



**MARLBOROUGH  
DISTRICT COUNCIL**

**ANNUAL REPORT  
2012-13**





# Role of the Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2012-13 performance against the policies, activities, objectives, performance targets and financial details contained in its 2012-22 Long Term Plan.

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

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

Front Cover Photo: Taylor Dam, Blenheim



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# Part 1: Executive Summary

- ⑨ Mayor's Report
- ⑨ Chief Executive's Report
- ⑨ Elected Council Members
- ⑨ Key Achievements and Performance Overview
- ⑨ Financial Overview



Commencement of Grape Ride, Blenheim

## Mayor's Report

Over the past 12 months Council achieved its aim of maintaining quality services for our community while being prudent, efficient and delivering good value. With the Council in good financial heart and the regional economy recovering confidence, the Council has also instigated debate on the future direction of Marlborough, introducing its 'Smart and Connected' vision to audiences across the region.

This has been a year when Marlborough has been under the spotlight nationally due to a number of important issues directly affecting our community. The Government's decision to investigate moving the South Island gateway port from Picton to Clifford Bay provoked debate throughout the District. Council enabled communities to voice their views by holding public meetings in those communities most affected by the proposal. Salmon farming

expansion plans for the Marlborough Sounds generated widespread public debate with the proposal heard by the Environmental Protection Agency.

The generosity and persistence of Marlburians were rewarded this year as two new facilities got underway after many years of fundraising in the community. In Picton, the Port Marlborough Endeavour Pavilion was officially opened on 6 July 2013, providing a high-quality sports and community hub that will serve the community for many years. In Blenheim, the Civic Theatre Trust began construction of a new theatre that will be a valuable civic amenity, a centre of excellence for Marlborough's strong cultural community and a means of expanding returns from our valuable conference and visitor market. Within Blenheim's CBD, the Liz Davidson Place pocket park was completed; an amenity for shoppers and those who work in the town centre.

However, some of the biggest projects this year have been those involving Council's most important function – delivering core infrastructural services. For example, significant progress has been achieved in two core projects where Council has made enormous investment; the upgrade of Picton's sewerage system and Blenheim's large-scale sewage treatment upgrade at Riverlands. As well as future-proofing the capacity of an essential service, these projects address one of Council's priorities; the need to protect our water quality.

Council's decision to commit to an economic development strategy has kindled new relationships with our business community and the 'smart and connected' vision has been seized upon with enthusiasm in a series of meetings, discussions and presentations over the last 12 months. Improving the 'connectedness' within Marlborough is a key plank of this vision. One of the specific ways the Council has responded is by establishing a new Regional Events Co-Ordinator, a role requested and funded by the business community to support the events sector. A recent study of the hugely popular Omaka Classic Fighters Airshow at Easter demonstrated the economic benefit to the region of major events, estimating its value to the region of almost \$2 million, with a return of more than 600%.

The economic upturn in the District has also had a positive impact on the number of resource consents being sought around the District. Council's Regulatory Department has worked hard to maintain its good response times to enable certainty for those undertaking development.

The recent earthquakes that occurred in the Marlborough region just after the end of the 2012-13 financial year were severe, and Council, the community and other organisations pulled together very well to support those in need. Everyone's support is important and appreciated during emergencies and in the recovery period that follows.



**Alistair Sowman**  
Mayor

A handwritten signature in black ink, appearing to read 'Alistair Sowman', written on a white background.

## Chief Executive's Report

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This Annual Report looks back over the financial year 2012-13, which began on 1 July 2012 and concluded on 30 June 2013.

The Local Government environment is going through a period of transition with the second Local Government Act change in three years underway. Marlborough is already a unitary authority with both territorial and regional Council responsibilities that in other areas are shared between these Councils. Nevertheless, Council is seeking opportunities to work in partnership on shared services with other Councils where efficiencies and productivity gains can be made, and is also sharing its own best practice with other Councils, such as the Marlborough Roads model.



Andrew Besley  
**CHIEF EXECUTIVE**

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

In the recent economic downturn, rate increases and debt have been hot topics in Marlborough and across the country. Council has always sought to balance investment in core infrastructure and community facilities with prudent financial management, where rates and debt are as low as is feasible when maintaining the good levels of service we enjoy today. Council's financial position remains very strong with assets of \$1,339.0 million (or \$1.3 billion) and liabilities of \$40.8 million at the end of the 2012-13 financial year. Council's debt to external parties net of investments at 30 June 2013 was \$11.4 million.

Council staff have worked hard to maintain levels of service for the community and to ensure we are demonstrating the value of these services to the public. All Council services set targets in each Annual Plan, and these are reported in the Annual Report. 71% of these targets have been met or exceeded, with a further 17% close to the target. Each year Council undertakes a survey of its residents to gain a picture of how the services it provides are rated by a representative sample of the community. This year the overall average satisfaction score has again increased slightly to 7.1 out of 10, with all Council services scoring positive satisfaction scores of at least six out of 10, with four scoring eight or higher out of 10. These scores are consistent with those in previous years.

Planning is a critically important task for Council as a diverse organisation and in its role as a community leader. Progress has been made on a number of fronts this year. The Smart and Connected regional vision has been discussed widely with the community and will be very important for Council, business and the community in guiding the future direction of Marlborough in the coming years. Development of Council's key environmental plans continued, and this included the completion of the Growing Marlborough urban growth planning that has had wide public involvement over the past few years. One of the first outcomes of this project has been the notification of Plan Changes for new residential growth zones in north and west Blenheim.

Another responsibility for Council is responding to unplanned events such as flooding or emergencies. Council's stormwater and flood protection systems coped with winter flooding events, although there are always reinstatement and repair costs that must be met to return services to normal. Flooding in Blenheim in May reminded Councillors and staff that stormwater is the next big infrastructure challenge. A strategy has been developed to address both stormwater quality and quantity in Blenheim.

Thank you for taking the time to read the Annual Report. I invite your feedback and ideas about how Council can continue to work on behalf of the people of Marlborough.



## Elected Council Members



Mayor and Councillors as at the last financial year

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)  
Clr 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

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**

### Summary of how we did

Overall we achieved 74% of our targets for the 2012-13 year. We achieved 149 and almost achieved 37 of the 201 Council's targets associated with the key performance indicators (KPIs).

149  
 On track  
(100%)

37  
 Almost  
achieved  
(≥ 80%)

15  
 Not  
achieved  
(< 80%)



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

## People

### Activities in this Group:

- Democratic Process
- Culture and Heritage (including support for arts and museums)
- Community Housing
- Community Safety
- Community Support (including events management, passenger transport, and total mobility)
- Library Services
- Emergency Management

### Achievements

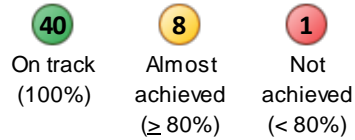
- Hosted nine citizenship ceremonies, 203 new citizens
- \$125,000 grant funding for arts, culture and heritage
- Renovation and refurbishment of several community housing units
- Two new bus shelters in Hospital Road and Howick Road (Blenheim)
- New district libraries website
- E-book borrowing up to almost 3,000 items (375 last year)
- Annual summer reading programme in Blenheim and Picton – 350 places
- Six firefighters sent to Australian wild fires



Opening of Liz Davidson Place, Blenheim

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved 40 and almost achieved eight of the 49 targets associated with the key performance indicators (KPI's).



### Budget ✓

The spending in this area was 8% 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





# Key Achievements and Performance Overview

## Community Facilities

This activity group comprises a single activity; Community Facilities.

**Achievements**

- Completion of Liz Davidson Place pocket park in Blenheim CBD
- Development of Port Marlborough Endeavour Pavilion in Picton
- Completion of Blenheim CBD wayfinding project

Port Marlborough Endeavour Pavilion, Picton

**Summary of how we did**

Overall we achieved most of our targets for the 2012-13 year. We achieved eight and almost achieved one of the ten targets associated with the key performance indicators (KPI's).

**8**

On track  
(100%)

**1**

Almost  
achieved  
(≥ 80%)

**1**

Not  
achieved  
(< 80%)

**Budget ✘**

Spending exceeded budget by 31.6%. This was mainly due to capital expenditure variances column:

- Cemetery variance due to the delay in progressing historic restoration works at Picton.
- Public convenience variance due to new toilets constructed as part of the Liz Davidson Park Development.
- Reserves variance due to construction of Endeavour Park Sports Pavilion, which was originally budgeted for in 2011-12 as a grant.
- Swimming pools variance due to final claims and retentions for Marlborough Aquatic Centre funded from capital contribution from the Stadium 2000 Trust.

## Roads and Footpaths

This activity group comprises a single activity; Roads and Footpaths.

**Achievements**

- Resealing programme of \$1.7 million across District
- Pavement renewals on Wakamarina and Northbank and Elaine Bay Roads



Resealing Programme across the District

**Summary of how we did**

Overall we achieved most of our targets for the 2012-13 year. We achieved seven and almost achieved three of the 10 targets associated with the key performance indicators (KPI's).

**7**

On track  
(100%)

**3**

Almost  
achieved  
(≥ 80%)

**0**

Not  
achieved  
(< 80%)

**Budget ~**

Spending exceeded budget by 9.6%.

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

## Flood Protection and Control Works

This activity group comprises a single activity; Flood Protection and Control Works.

**Achievements**

- Damage repair from flooding events at Southern Valleys in July and August 2012 and Wither Hills in May 2013
- Upgrade of Waterlea pump station



Flooding 2012

**Summary of how we did**

Overall we achieved most of our targets for the 2012-13 year. We achieved eight of the 12 targets associated with the key performance indicators (KPI's).

<span style="color: green; font-weight: bold; font-size: 24px;">8</span> On track (100%)	<span style="color: orange; font-weight: bold; font-size: 24px;">0</span> Almost achieved (≥ 80%)	<span style="color: red; font-weight: bold; font-size: 24px;">4</span> Not achieved (< 80%)
--	--	--

**Budget**

Spending exceeded budget by 8.9%.

## Sewerage Including Treatment and Disposal

This activity group comprises a single activity; Sewerage Including Treatment and Disposal.

**Achievements**

- Commissioning of new Picton sewerage outfall pipe
- Construction is progressing on \$17 million upgrade to Blenheim Sewage Treatment Plant



Sewerage upgrade – new wetlands

**Summary of how we did**

Overall we achieved most of our targets for the 2012-13 year. We achieved seven and almost achieved one of the nine targets associated with the key performance indicators (KPI's).

<span style="color: green; font-weight: bold; font-size: 24px;">7</span> On track (100%)	<span style="color: orange; font-weight: bold; font-size: 24px;">1</span> Almost achieved (≥ 80%)	<span style="color: red; font-weight: bold; font-size: 24px;">1</span> Not achieved (< 80%)
--	--	--

**Budget**

Spending was 32.2% less than budgeted mainly due to capital expenditure for Blenheim sewer treatment and pipelines and Riverlands sewer treatment progressing slower than anticipated.

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




# Key Achievements and Performance Overview

## Stormwater

This activity group comprises a single activity; Stormwater.

**Achievements**

- Upgrades to stormwater pipes in Percy Street and Muller Road underway
- Upgrades to Blenheim stormwater identified following storm event in May 2013



Upgrade to stormwater pipes

**Summary of how we did**

Overall we achieved most of our targets for the 2012-13 year. We achieved five and almost achieved three of the eight targets associated with the key performance indicators (KPI's).

<b>5</b>	<b>3</b>	<b>0</b>
On track (100%)	Almost achieved (≥ 80%)	Not achieved (< 80%)

**Budget ✓**


Spending in this area was 16.8% less than budgeted.

## Water Supply

This activity group comprises a single activity; Water Supply.

**Achievements**

- Water main upgrades in Girling Avenue and Pitchill Street (Blenheim)
- Earthquake strengthening design work for Picton and Blenheim reservoirs
- Installation of pressure reducing valves in Picton to reduce leakage and to extend the life of the network



Water Main Upgrade – Nelson Street

**Summary of how we did**

Overall we achieved most of our targets for the 2012-13 year. We achieved 14 and almost achieved three of the 19 targets associated with the key performance indicators (KPI's).

<b>14</b>	<b>3</b>	<b>2</b>
On track (100%)	Almost achieved (≥ 80%)	Not achieved (< 80%)

**Budget ✓**

Spending exceeded budget by 0.7%.


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

## Solid Waste Management

This activity group comprises a single activity; Solid Waste Management.

**Achievements**

- Commencement of the e-waste collection facility, including the TV takeback scheme
- Expansion of the kerbside collection service to Blenheim periphery was agreed
- Retendering of waste management and minimisation services began



**Summary of how we did**

Overall we achieved most of our targets for the 2012-13 year. We achieved nine and almost achieved three of the 12 targets associated with the key performance indicators (KPI's).

<b>9</b>	<b>3</b>	<b>0</b>
On track (100%)	Almost achieved (≥ 80%)	Not achieved (< 80%)

**Budget** ~

Spending was 33.2% less than budgeted mainly due to landfills stage seven construction deferred.


## Environmental Management

**Activities in this Group:**

- Environmental Policy
- Environmental Science and Monitoring
- Resource Consents
- Environmental Protection

**Achievements**

- Completion of the 'Growing Marlborough' urban growth strategy project which identifies future residential and industrial growth locations for Marlborough
- Development of a Coastal Monitoring Strategy and more emphasis on Fresh Water and Land Use
- 100% of resource consent applications processed within statutory timeframes



Momorangi Bay

**Summary of how we did**

Overall we achieved most of our targets for the 2012-13 year. We achieved 14 and almost achieved three of the 18 targets associated with the key performance indicators (KPI's).

<b>14</b>	<b>3</b>	<b>1</b>
On track (100%)	Almost achieved (≥ 80%)	Not achieved (< 80%)

**Budget** x

Spending exceeded budget by 12.8%.

Budget key, operating plus capital expenditure:					
✓	Within 20% below and 5% above budget	~	Within 40% below and 10% above budget	x	More than 40% below or 10% above budget



# Key Achievements and Performance Overview

## Regulatory

### Activities in this Group:

- Biosecurity (Pest Management)
- Building Control
- Environmental Health
- Animal Control
- Harbours

### Achievements

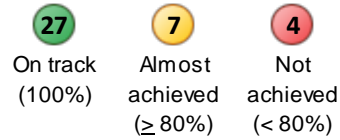
- Re-accreditation as a Building Consent Authority achieved
- Comprehensive review of Building Control activity initiated
- New dog by-laws came into effect
- Dog safety messages provided to 500 children
- Development of Picton Harbour website [www.pictonharbour.co.nz](http://www.pictonharbour.co.nz)



New dog by-laws came into effect

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved 27 and almost achieved seven of the 38 targets associated with the key performance indicators (KPI's).



### Budget ✓

Spending in this area was 2.1% less than budgeted.

## Regional Development

This activity group comprises a single activity; Regional Development.

### Achievements

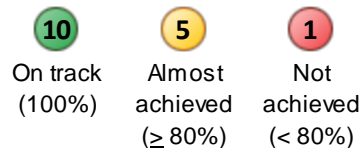
- Discussion of Marlborough Smart and Connected framework across the district
- Development of Marlborough Food and Beverage Strategy and Cluster, supporting innovation in this important sector
- Connecting Marlborough business to Christchurch rebuild opportunities
- Establishment of Regional Events Strategy and Co-Ordinator
- Pre-feasibility study of community irrigation scheme at Flaxbourne underway



Attendees at Arts and Craft Workshop Vision for Innovation Stocktake Meeting

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved 10 and almost achieved five of the 16 targets associated with the key performance indicators (KPI's).



### Budget ✓

Spending exceeded budget by 4.5%.

### 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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## Financial Overview

This section gives an overview of Council’s financial results – identifying Council’s revenue sources, operating and capital expenditure, showing trends and comparing actual results for the year to the budget set in the 2012-22 Long Term Plan.

Go to pages 130 to 188, for detailed financial statements, policies and notes on:

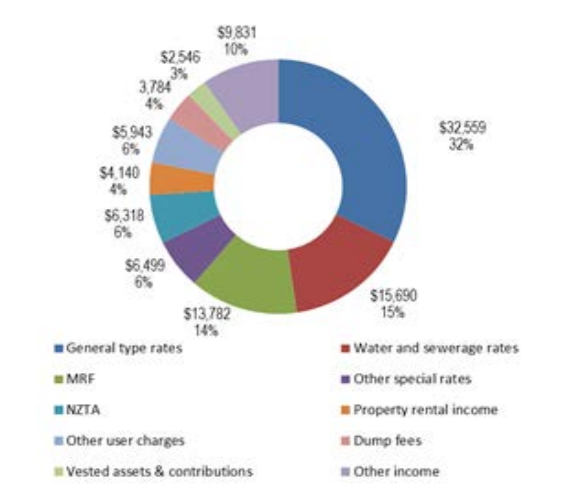
“**Council**” – MDC plus its 88.5% share of Marlborough Regional Forestry (MRF). It is also important to note that Council is a Unitary Authority with the powers and functions of both a Regional and Territorial Local Authority.

“**Group**” – Council plus Council’s Holding Company, Port Marlborough, Marlborough Airport and Marlborough Housing for the Elderly Trust.

Go to the next section – “Our Business and the Financial Statements” - for a summary (Cost of Services statement) and explanation of major variances from budget for each of Council’s Activities.

### Where do the funds come from?

#### REVENUE SOURCES - \$000



Budgeted revenue was \$89.7M and actual \$101.0M – an extra \$11.3M. MRF’s income was \$8.5M more than budget. 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. Vested Assets were \$1.3M more than budget due to the vesting of roads in the Kaiuma Park Estate development in the Marlborough Sounds. Again this does not have a cash impact on the Council, but it does increase the roading network the Council is responsible for.

While rates make up around half of Council’s income each activity has its own mix of income sources. This is explained in the “Funding Impact Statement” section on page 188.

### RATES REVENUE (budget) showing daily requirement for each activity group

RATES REVENUE showing the daily requirement for each activity group.

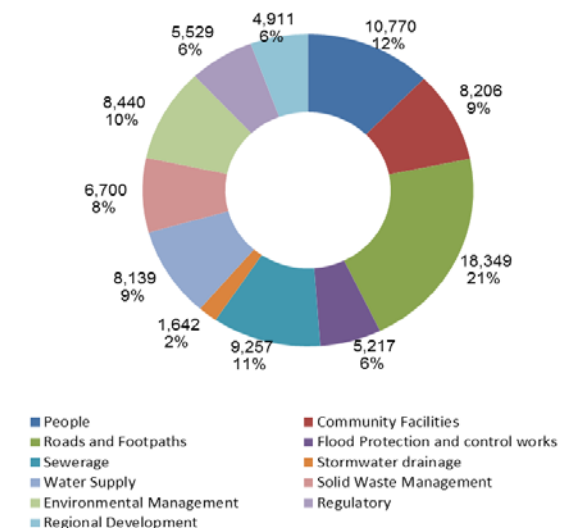
Activity group per ratepayer per day			
Activity Group	Rates required per year \$000,s	Cost per ratepayer per year \$s	Cost per ratepayer per day \$s
People	\$5,764	\$222	\$0.61
Community Facilities	\$6,301	\$243	\$0.66
Roads and Footpaths	\$8,512	\$328	\$0.90
Flood Protection and control works	\$3,517	\$135	\$0.37
Sewerage	\$7,001	\$270	\$0.74
Stormwater drainage	\$1,539	\$59	\$0.16
Water Supply	\$8,385	\$323	\$0.88
Solid Waste Management	\$2,435	\$94	\$0.26
Environmental Management	\$5,416	\$209	\$0.57
Regulatory	\$2,403	\$93	\$0.25
Regional Development	\$2,698	\$104	\$0.28
	\$53,971	\$2,078	\$5.69

### Expenditure

Operational expenditure is the cost of providing the level of service in a given year and includes depreciation on assets.

Depreciation is defined as the measure of consumption of the economic benefits of an asset arising from its use overtime. Those who benefit from the use of an asset should contribute towards its cost/consumption.

### OPERATING EXPENDITURE BY ACTIVITY - \$000



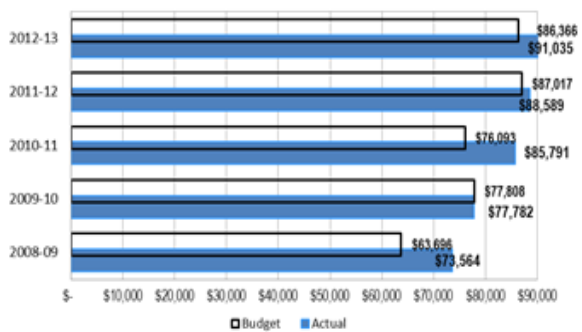


# Financial Overview

Budgeted operating expenditure was \$86.4M and actual \$91.0M – \$4.6M higher. The most significant increase in expenditure at \$2.65M has arisen because of flood damage to roads and flood protection and control works. This is additional cost is partially offset by NZTA subsidy revenue for road repairs. A further \$0.8M was due to legal costs in Environmental policy for the submission to the Environmental Protection Agency re the NZ King Salmon plan change and to the Environmental Court for the Colonial Vineyards plan change appeal. Unbudgeted was \$0.7M for the cost sharing with Marlborough Lines to move the Middle Renwick Road power services underground. MRF expenditure was \$1.9M more than budgeted as more logging and therefore more costs were incurred. (MRF revenue was over by \$2.7M).

There was also saving in interest paid of \$1.48M, (budget \$2.12M, actual \$0.64M), because of delays in completing major capital projects

## ACTUAL & BUDGETED OPERATING EXPENDITURE FOR THE LAST FIVE YEARS - \$000

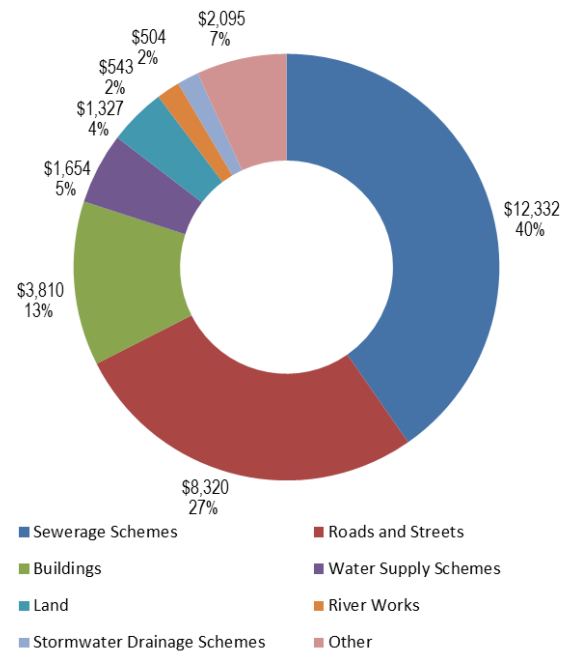


In 2010-11 expenditure was higher than budget mainly due to flood damage repairs. In 2011-12 it was higher mainly due to increased MRF activity and insurance. This year the main reasons are flood damage and again increased MRF activity.

## Capital spending

This is money spent to buy assets which Council will use in future to maintain or improve the service to ratepayers. Major projects are highlighted on the “Key Achievements and Performance Overview”.

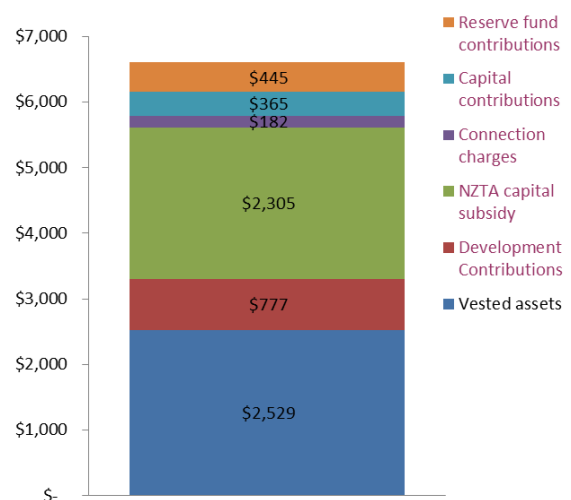
## CAPITAL EXPENDITURE BY ASSET CLASS - \$000



2012-13's capital expenditure budgeted was \$43.1M plus \$14.7M carried forward from the previous year. Actual spending was \$30.6M. Budget savings of \$11.1M were made, primarily in the areas of Sewerage, Solid Waste Management and Water Supply. In addition some projects, totalling \$17.8M, were delayed. Delays occurred primarily in the Picton, Seddon and Blenheim sewer treatment upgrades, purchase of property in Queen Street and some roading projects.

Capital expenditure is mainly funded by loans and depreciation reserves. The difference is the amount funded by other revenue sources, as displayed in the following table.

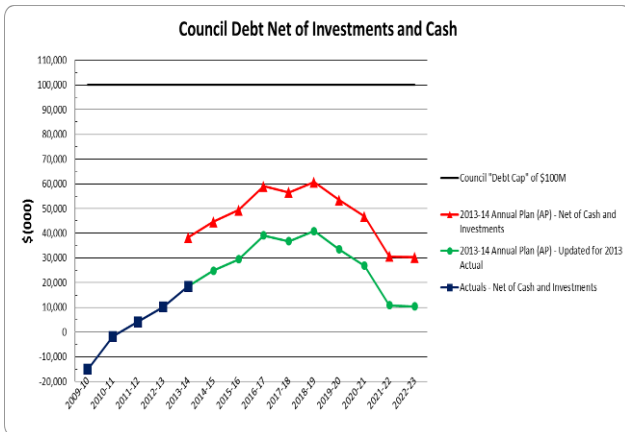
## INCOME FOR CAPITAL SPENDING - \$000



## Is this sustainable?

This graph shows the Council decision as part of finalising its statutorily required Financial Strategy to establish a “debt cap” of \$100M. This amount represents the maximum debt deemed prudent by Council. The graph also shows the July 2013 forecast of debt levels, net of investments and cash, for the next ten years. Council’s net debt is now forecast to reach a maximum of \$41M in the 2018-19 financial year.

## NET DEBT LEVELS - \$000



Council’s Treasury Management Policy also established the following financial ratios to ensure debt levels are reasonable.

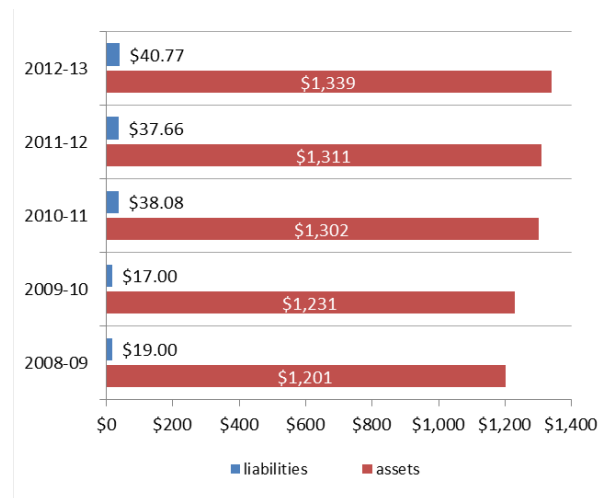
## PERFORMANCE COMPARED TO COUNCIL’S TREASURY MANAGEMENT POLICY

		Policy Limit	Actual	Compliance
Council Treasury Management Policy Parameters	Earnings before interest and tax divided by net interest	≥2.25	42.12	yes
	Interest expense as a % of total expenditure	≤12.5%	1.0%	yes
	Net cash flow from operating activities exceeds gross annual interest expense by at least 2 times (200%)	≥ 200%	2790%	yes
Local Government Funding Agency Conventions	Net debt as a % of Total Revenue	<175%	21.5%	yes
	Net Interest as a % of Total Revenue	<20%	0.47%	yes
	Net Interest as a % of Rates Revenue	<25%	0.25%	yes
	Liquidity	>110%	138%	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 re-valued annually and their current value is over \$1.3 billion.

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 - \$M



## Part 2: Our Business

- ⑨ Activity Groups
  - ⑨ People
  - ⑨ Community Facilities
  - ⑨ Roads and Footpaths
  - ⑨ Flood Protection and Control Works
  - ⑨ Sewerage Including Treatment and Disposal
  - ⑨ Stormwater Drainage
  - ⑨ Water Supply
  - ⑨ Solid Waste Management
  - ⑨ Environmental Management
  - ⑨ Regulatory
  - ⑨ Regional Development



Nydia Bay,  
Marlborough Sounds



## Introduction

The recent change to the Local Government Act refocused the purpose of local government from delivering ‘community wellbeing’ in the way it deemed appropriate to (a) enable democratic local decision-making and action, by, and on behalf of, communities; and (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and the performance of regulatory functions in a way that is most cost effective for businesses.

In this Annual Report, the Council has structured its activities into eleven Activity Groups:

People.	Community Facilities.
The Provision of Roads and Footpaths.	Flood Protection and Control Works.
Sewerage Including Treatment and Disposal.	Stormwater Drainage.
Water Supply.	Solid Waste Management.
Environmental Management.	Regulatory.
Regional Development.	

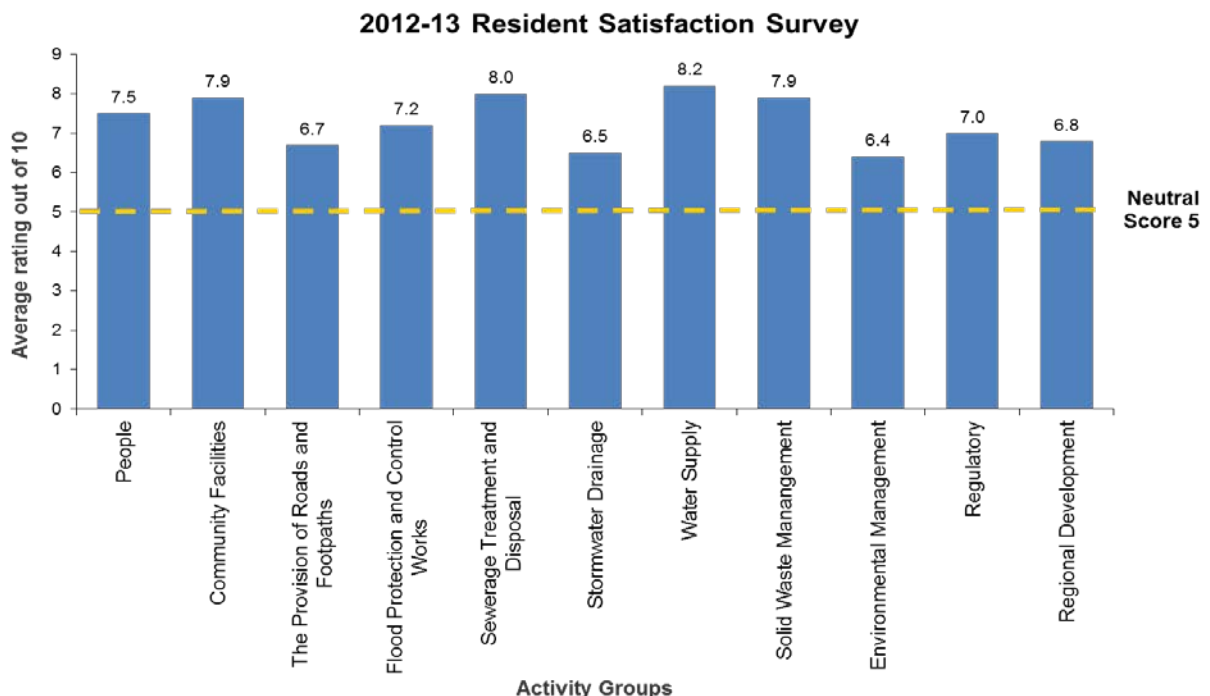
The 2012-22 Long Term Plan set out how these activities meet the Council and Community Outcomes.

## Resident Satisfaction Survey

Resident satisfaction is a key performance measure for most Council services. Targets are set in the Annual and Long Term Plan (LTP) and survey results are reported in the Annual Report. A total of 804 people participated in the survey this year. Participants were divided into two groups which each answered questions about half of Council's services, with a few additional questions asked of all participants. The overall survey has a maximum margin of error of 3.3% (4.8% for the questions asked of half of the participants) which is considered to be an acceptable margin for this type of survey. The survey was undertaken by telephone between 11 June and 24 June 2013. Council used Research First, a Christchurch based company, to undertake the survey. The demographic makeup 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 2012. The Council's performance increased by 0.1 to 7.1 compared to 2012 and overall 75% of respondents were satisfied with Council performance.

The most highly rated services were the Library Services, Emergency Management, Water and Sewerage, which all scored eight or above whilst the most lowly rated services was Biosecurity which scored 6.4, however it has increased by 0.1 compared to 2012. No activity received an overall dissatisfied rating.



### Activity Group: People

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#### Activities in this Group:

- Democratic Process
- Culture and Heritage (including support for arts and museums).
- Community Housing.
- Community Safety.
- Community Support (including events management, passenger transport, and total mobility).
- Library Services.
- Emergency Management.

#### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved 40 and almost achieved eight of the 49 targets associated with the key performance indicators (KPI's).

40

On track  
(100%)

8

Almost  
achieved  
(≥ 80%)

1

Not  
achieved  
(< 80%)

#### Rationale for Grouping these Activities

These activities encompass a range of services that require Council input because of the positive input they make to the Marlborough community. The activities encompass a range of People focused services from support to the youth and elderly, community services, culture and heritage, housing and energy efficiency, democratic participation, safety and learning.

The Local Government Act 2002 requires the presentation of a Funding Impact Statement for each group of activities. The People Activity Group Statement is below but a separate Funding Impact Statement is included for each activity in the relevant section.

<b>Funding Impact Statement for year ended 30 June:</b>			
<b>PEOPLE</b>	<b>2012 (LTP) \$000's</b>	<b>2013 (LTP) \$000's</b>	<b>2013 (Actual) \$000's</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,489	5,707	5,767
Targeted rates (other than for water supply)	29	56	63
Subsidies and grants for operating purposes	390	508	396
Fees and charges	17	18	23
Other receipts including fines and infringement fees	1,817	1,867	1,876
<b>Total operating funding</b>	<b>7,742</b>	<b>8,156</b>	<b>8,125</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,599	4,675	5,290
Finance costs	1	5	-
Internal charges and overheads applied	1,725	1,956	1,892
Other operating funding applications	3,982	4,592	2,895
<b>Total applications of operating funding</b>	<b>10,307</b>	<b>11,228</b>	<b>10,077</b>
<b>Surplus (deficit) of operating funding</b>	<b>(2,565)</b>	<b>(3,072)</b>	<b>(1,952)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	6	3
Increase (decrease) in debt	-	134	-
Gross proceeds from sale of assets	-	-	129
<b>Total sources of capital funding</b>	<b>-</b>	<b>140</b>	<b>132</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	238	156	346
Capital expenditure to replace existing assets	264	608	544
Increase (decrease) in reserves	(3,067)	(3,696)	(2,710)
<b>Total applications of capital funding</b>	<b>(2,565)</b>	<b>(2,932)</b>	<b>(1,820)</b>
<b>Surplus (deficit) of capital funding</b>	<b>2,565</b>	<b>3,072</b>	<b>1,952</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		11,228	10,077
plus - Depreciation and amortisation		646	629
plus - Loss on sale of fixed assets		108	64
<b>Expenditure as per Note 2</b>		<b>11,982</b>	<b>10,770</b>

Note 2 can be found on page 146.

#### Explanation of Variances

Explanations for this Group Activity are included in the individual Activity Funding Impact Statements.



## Activity: Democratic Process

Activity: Democratic Process		
Operating costs of this activity represent approximately 2.8% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
The District's communities are able to participate in the decision-making processes that affect them.	Full participation.	A place where people enjoy living.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcome of full participation and the Council Outcome of a place where people enjoy living, by providing timely, understandable information to the community to enable its participation in Local Government.

### What is this Activity About?

The Marlborough District Council is a unitary authority, with the functions, duties and powers of both a regional Council and a territorial authority conferred on it by the Local Government Act 2002. This Act was recently amended and now describes the purpose of Local Government as being to enable democratic local decision-making and action by and on behalf of communities and to meet the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost effective for households and businesses.

In considering the range and diversity of the communities that are represented in Marlborough, Marlborough District Council recognises the special relationship it has with tangata whenua and acknowledges the specific responsibilities it has to Maori under the Local Government Act 2002 and under the Resource Management Act 1991.




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

The next Council elections are to be held in October 2013 (and every three years thereafter). In the two years prior to the 2016 election, Council will be reviewing its election method (currently Single Transferable Vote) and also its representation arrangements (ward structure, etc). This review will again be taken in the two years prior to the 2022 election.

### What we did in 2012-13

During the 2012-13 there were nine citizenship ceremonies at the Council with 203 people gaining citizenship (in 2011-12 there were five citizenship ceremonies).

As well a number of other functions were either organised by Council or attended by the Mayor and/or Councillors.

Levels of Service: Democratic Process				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.6		Actual score: 6.5 (Last year: 6.7). Almost on target.
<b>Provide a service that is timely and responsive to residents needs.</b>				
% of agendas and attachments available to the public at least three working days prior to meetings.	100%	100%		Actual score: 97% (Last year: 100%). Almost on target. The Extraordinary Council meeting on 3 July 2012 was called with only two working days notice (pursuant to Standing Order 2.14.4).
<b>Public contribution to decision making process</b>				
% of Council items of business open to the public	89%	89%		Actual score: 92.42% (Last year: New measure). On target. 329 of a total of 356 items were in open session leaving 27 in public excluded.

### Funding Impact Statement for year ended 30 June:

Democratic Process	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,293	2,386	2,416
Other receipts	249	248	246
<b>Total operating funding</b>	<b>2,542</b>	<b>2,634</b>	<b>2,662</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,441	1,445	1,342
Internal charges and overheads applied	1,082	1,177	1,172
Other operating funding applications	8	6	5
<b>Total applications of operating funding</b>	<b>2,531</b>	<b>2,628</b>	<b>2,519</b>
<b>Surplus (deficit) of operating funding</b>	<b>11</b>	<b>6</b>	<b>143</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	11	6	143
<b>Total applications of capital funding</b>	<b>11</b>	<b>6</b>	<b>143</b>
<b>Surplus (deficit) of capital funding</b>	<b>(11)</b>	<b>(6)</b>	<b>(143)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		2,628	2,519
plus - Depreciation and amortisation		6	12
<b>Expenditure as per Income Statement</b>		<b>2,634</b>	<b>2,531</b>

Note 1: Explanation of funding impact statement variance – payments to staff and suppliers variance due to less than anticipated legal fees and Councillors' salaries.

## Activity: Culture and Heritage

Activity: Culture and Heritage		
Operating costs of this activity represent approximately 2.8% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
<p>Marlborough's heritage resources are acknowledged, valued and enjoyed by present and future generations.</p> <p>Marlborough is an enlivened and creative region in which the arts are widely practised and enjoyed, and where they are recognised as being essential to a healthy and prosperous community.</p>	Heritage, Creativity.	A place where people can enjoy quality leisure opportunities.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of heritage and creativity by making funding available to arts and heritage providers in accordance with Council's arts and heritage strategies. It also contributes to the related Council Outcome of a place where people can enjoy quality leisure opportunities by supporting culture and heritage places and events for locals and visitors to participate in.

### What is this Activity About?

This activity involves promoting the Marlborough communities' cultural wellbeing. Council defines "culture" as encompassing the customs, practices, languages, values and world views that define social groups in Marlborough.

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

The Marlborough culture is unique: nowhere else in the world is there the same combination of people, place and practice. Cultural identity – the sense of connection with other people through a shared culture – can make a strong contribution to a person's overall wellbeing. Responding to community changes requires a continual balance between the old and the new.

The Council's Arts and Culture Strategy, and its Heritage Strategy, sets out the roles played by Council in details, and the ways in which it proposes working with the community to achieve 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 in a sustainable manner.

### What we did in 2012-13

Council also provides annual heritage operating grants and a pool of contestable arts, culture and heritage grant funds.





Contestable funds totalling \$75,000 was available for heritage and \$50,000 for arts and culture project assistance that:

- Supports the infrastructure of heritage/arts and culture service providers.
- Promote the sustainable use and enjoyment of Marlborough heritage/arts resources.
- Establishes closer linkages between heritage/arts and regional promotion and development.

In addition, a range of operating contracts/grants is provided to key heritage, arts and culture organisations in Marlborough. These include:

- Marlborough Historical Society, including funding for the "Past Perfect" database of Marlborough heritage collections.
- Edwin Fox, Renwick, Havelock and Flaxbourne museums.
- District Brass Band.
- Millennium Art Gallery.
- Picton Historical Society.



Levels of Service: Culture and Heritage				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.0	≥ 7.0		Actual score: 6.9 (Last year: 6.9). Almost on target. The Resident Satisfaction score has been maintained at the same level as 2012 and 2011 and is still a comparatively high score.
<b>Manage Council's arts and heritage grants and third party providers to ensure service quality and value.</b>				
% of grants administered, allocated and accounted for within timeframes.	100%	100%		Actual score: 100% (Last year: New measure). On target. Arts & Heritage grants were processed within set criteria and timeframes.
% of achievement of reporting requirements.	≥95	≥ 95%		Actual score: 100% (Last year: New measure). On target. Timeframes for reporting do not align with the end of financial year. An annual review is undertaken to ensure that all grants have accountability requirements met.
% of contract requirements are met.	New measure	100%		Actual score: 100% (Last year: New measure). On target. Accountability reports were received for heritage contracts and partnership agreements.

## Funding Impact Statement for year ended 30 June:

Culture and Heritage	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	521	527	532
Other receipts	59	57	62
<b>Total operating funding</b>	580	584	594
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7	4	22
Finance costs	1	-	-
Internal charges and overheads applied	34	36	15
Other operating funding applications	3,534	4,040	2,441
<b>Total applications of operating funding</b>	3,576	4,080	2,478
<b>Surplus (deficit) of operating funding</b>	(2,996)	(3,496)	(1,884)
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	(2,996)	(3,496)	(1,884)
<b>Total applications of capital funding</b>	(2,996)	(3,496)	(1,884)
<b>Surplus (deficit) of capital funding</b>	2,996	3,496	1,884
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		4,080	2,478
plus - Depreciation and amortisation		4	4
<b>Expenditure as per Income Statement</b>		4,084	2,482
<b>Operating expenditure</b>			
Arts	3,205	3,730	2,128
Heritage	375	354	354

Note 1: Explanation of funding impact statement variance:

- Arts includes actual payments (\$1.92M) made to the Marlborough Civic Theatre Trust towards the cost of the new Civic Theatre. A total of \$2.34M is carried over to 2013-14.

## Activity: Community Housing

Activity: Community Housing		
Operating costs of this activity represents approximately 1.6% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
Marlborough residents have access to affordable housing options.	Affordable housing, Positive ageing.	A place where people enjoy living.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of affordable housing and positive ageing and related Council Outcome of a place where people enjoy living through the provision of attractive, affordable housing for the elderly units.

### 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 providing an option for elderly people to access appropriate and affordable housing.

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.

### Policy on Social Housing

Council will own and maintain a stock of housing, for the purpose of assisting elderly people to have access to housing they could not otherwise afford.

### Principles and Criteria

Council resources for the provision of housing assistance are limited, and therefore applications will be assessed according to the following principles and criteria:

- To prioritise clients according to prevailing demand.  
Given the current and projected demographic profile of the District, the prevailing demand for assistance with affordable housing is considered to lie with older people. Priority will therefore be given to people over age 65. Prevailing demand will be reassessed periodically.
- To focus assistance on those with low incomes.  
The threshold for access to Council housing will be reviewed periodically, and will be based on a combined assessment of household income and assets.
- To provide for needs not met by other providers.  
Council considers itself to be the housing option of last resort. Applicants must be able to demonstrate that their housing needs cannot be met from alternative sources.
- To match applicants with housing suited to their needs.  
Within a limited portfolio, the type of housing that may be available at any time may not be suited to the specific needs of an applicant. This may require applicants to be waitlisted until suitable housing becomes available. Suitable housing is housing that is appropriate to household size, is proximate to essential services, and is located within a neighbourhood and community context that will foster integration and participation.

### Rents

Rents are reviewed annually. The current policy is that rents will increase by the lower of the Consumer Price Index (CPI) or the NZ Superannuation (GRI) rate benchmarks.

### Governance







The Housing Policy will be administered by the Council's Housing for the Elderly Sub-Committee. Day to day administration of the portfolio, including assessing applications, will be provided by the Council's property managers, according to this policy and to the provisions of the Housing Asset Management Plan.



### What we did in 2012-13

As well as the many major projects as listed under the Levels of Service table the following works were also carried out:

- All George Street units were converted from bedsits to one bedroom with a total revamp carried out – including brand new kitchen and bathroom, installation of extra batts where possible and redecorating throughout.
- Two bedsit units at Vevian Place were converted into one bedroom. As above total revamp throughout.
- Two one bedroom units also at Vevian Place were refurbished – with the kitchen/living area being turned into open plan living, brand new kitchen fitted and the rest of the unit totally redecorated with installation of extra batts where possible.
- Burden Street – These units are some of our bigger one bedroom ones and are very dated. Two units as above also had their kitchen/living areas converted as well as a total redecoration throughout the units.
- George Street complex has never had proper car parking for the tenants and most just park up on the grass either in front or behind their units or out on the road. Now that all 11 units have been completely converted and refurbished, the construction of new parking for all units is well underway, with the driveway also been upgraded. New clotheslines are also being added.
- Exterior painting of each complex is on a rotation basis. Havelock Street/Havelock Street are underway now. As soon as George Street carparks and driveway is completed, the exterior painting of this complex will be next.
- Andrew Place redevelopment – with this complex experiencing some land movement issues, this has necessitated the closing of the most affected units due to doors/windows not shutting properly, some uneven floor levels etc, plans are underway for the eventual demolition of these units and a complete rebuild if approved by Council.
- Buller Street, Picton redevelopment – complex of four units is also earmarked for redevelopment in the near future, depending on availability of funds.
- On-going upgrading of units as set out in the annual budgets and LTP as well as other extra works scheduled.
- Upgrade of kitchens at Arthur Street/Beaver Road – these units are bedsits. This has been an on-going project in-between our major projects as finances are available. As the bathrooms were upgraded to wet floor showers in 2009, the kitchens and the living areas are now being completed.
- New fencing was installed at Broadway, Picton where there was nothing there prior. Thus giving privacy to both parties. Replacing screen fencing up driveway in Litchfield Street has also taken place. Along with general repairs as required to fencing at other complexes.
- Replacing shubs with new showers – this is now almost completed throughout all complexes with the main focus being at Cleghorn Street for the 2012-13 financial year.
- New hot water cylinders replaced as required – four in 2012-13 financial year. Also some hot water cylinders needed to be secured since the earthquakes.
- Clotheslines upgraded as situation presents itself.
- Clearing/cleaning of guttering – to minimise blockage and long term problems.
- Ramps – built for tenants where mobility is confined to wheelchair access.
- Redecorating of many units as tenants either move out or after annual inspections are carried out – particularly where there has been a smoker or the unit has not been renovated in a very long time. This includes, new carpet, drapes/blinds, painting throughout, updating bathroom where required.
- Replacing of some guttering as required.
- The old solar panels were replaced on the 24 units in Cleghorn Street complex that have them.
- Going Digital – this was achieved on time for the date given by GD. A high percentage of tenants were already linked to Sky or Freeview. There was the free install under the Government funded scheme which left only approximately 20+ tenants who needed to have a dish installed. They were required to supply their own set-top box.
- Maintenance programme is kept up to date with the urgent and non-urgent policy allowing a better rotation and attendance to the required works as is necessary, hence helping with costs and time management for all concerned.

Levels of Service: Community Housing				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.1	7.1		Actual score: 7 (Last year: 7.2 at EOY). Almost on target. Minor change in rating.
Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	New measure	Benchmark to be set		Actual score: 80% (Last year: New measure). On target. 80% satisfaction recorded in survey. Survey will be annual.
<b>Provide up-to-date record of Occupancy levels .</b>				
Minimum occupancy in units to be maintained.	New measure	90%		Actual score: 98% (Last year: New measure). On target. This was calculated from the monthly reports prepared for MDC.
<b>Provide community housing reactive maintenance service in two categories</b>				
<b>Urgent Unplanned Maintenance</b> – Percentage of unplanned maintenance completed within 24 hours of notification.	New measure	90%		Actual score: 98% (Last year: New measure). On target. Tradesmen are required to record on their invoice the date and time of their visit to the job they were given. This is then compared with our Purchase Order information and recorded on our internal maintenance spreadsheet either as achieved or not achieved in the required timeframe.
<b>Non-Urgent Unplanned Maintenance</b> - Percentage of unplanned non-urgent maintenance completed within 20 working days of notification.	New measure	80%		Actual score: 95% (Last year: New measure). On target. Tradesmen are required to record on their invoice the date and time of their visit to the job they were given. This is then compared with our Purchase Order information and recorded on our internal maintenance spreadsheet either as achieved or not achieved in the required timeframe.
<b>Provide an annual checklist of planned maintenance / projects as set out in budget and from Committee meetings.</b>				
% of planned maintenance/projects completed in financial year.	90%	95%		Actual score: 78% (Last year: 73% at EOY). Almost on target. Four remaining programmes were not completed during this financial year due to timing to fit in with other projects. Not significant impact on levels of service. Outstanding projects are to be completed by the end of 2013-14.

## Funding Impact Statement for year ended 30 June:

Community Housing	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
Other receipts including property rentals	1,037	1,074	1,085
<b>Total operating funding</b>	<b>1,037</b>	<b>1,074</b>	<b>1,085</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	848	863	1,140
Finance costs	-	5	-
Internal charges and overheads applied	36	40	40
Other operating funding applications	38	11	11
<b>Total applications of operating funding</b>	<b>922</b>	<b>919</b>	<b>1,191</b>
<b>Surplus (deficit) of operating funding</b>	<b>115</b>	<b>155</b>	<b>(106)</b>
<b>Sources of capital funding</b>			
Increase (decrease) in debt	-	134	-
Gross proceeds from sale of assets	-	-	129
<b>Total sources of capital funding</b>	<b>-</b>	<b>134</b>	<b>129</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	170	75	314
Capital expenditure to replace existing assets	-	354	265
Increase (decrease) in reserves	(55)	(140)	(556)
<b>Total applications of capital funding</b>	<b>115</b>	<b>289</b>	<b>23</b>
<b>Surplus (deficit) of capital funding</b>	<b>(115)</b>	<b>(155)</b>	<b>106</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		919	1,191
plus - Depreciation and amortisation		227	252
plus - Loss on sale of fixed assets		108	2
<b>Expenditure as per Income Statement</b>		<b>1,254</b>	<b>1,445</b>

Note 1: Explanation of funding impact statement variance – Payments to staff and suppliers includes higher than anticipated repairs to units together with geotechnical survey costs, coordination/concept design and initial costs associated with the project to replace units in Andrew Place.

Note 2: Significant Capital Expenditure to improve the level of service and variance – Relates to the upgrade of 13 units over two Blenheim complexes.

This has been funded from the depreciation reserve.



## Activity: Community Safety

### Activity: Community Safety

Operating costs of this activity represent approximately 0.7% of total activity expenditure.

Outcome	Related Community Outcome	Related Council Outcome
People in Marlborough enjoy personal safety and security and are free from victimisation, abuse, violence and avoidable injury.	Safety and security, Positive Ageing, Youth.	A place where people enjoy living.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes primarily to the Community Outcome of safety and security and related Council Outcome of a place where people enjoy living by identifying (through survey and police liaison) and addressing safety issues in our community. Providing a safe and secure environment also contributes to Community Outcomes of positive ageing and youth.

### What is this Activity About?

This activity involves Council in a number of activities and relationships aimed at addressing some of the root causes of behaviours that affect community safety. This necessarily entails working closely with agencies in the policing, education, and health sectors. Council's role is to facilitate a regional programme of community safety initiatives that is mostly funded by government with a much smaller element of local contribution.

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

These projects are delivered, via Government funding, directly by Council and include:

Significant positive outcomes are provided to the Marlborough community at very low direct cost to the Council. The majority of this area is self funding via Government grants.

Safer Communities Marlborough has historically provided services that other community groups are not providing in Marlborough. It does not compete with other community organisations to provide its services. The favoured model is to form partnerships with other organisations.

The security camera network in the Blenheim CBD is managed by the Support Services Department of Council and is funded by rates.

### What we did in 2012-13

As a result of a review of services Safer Communities Marlborough underwent a significant reorganisation during the year. It was deemed that some of the existing services provided by Safer Communities Marlborough could be in a suitable manner by other community agencies and so Safer Communities Marlborough transitioned these services to the appropriate community agencies.








1. It was considered that it was more appropriate for the Youth Services contract to be managed by a community organisation other than the Council. Therefore this contract was transitioned to a community provider.  
Services under the Youth Services contract were provided to youth in Marlborough by Safer Communities Marlborough until 28 February 2013. All terms of the contract were met up until 28 February 2013.
2. A tender as a lead provider for the truancy/attendance service was unsuccessful. The successful tenderer approached Safer Communities Marlborough about the option of continuing as a sub-contractor. It was deemed that this was not a suitable arrangement for Council to enter into and there was a clear community organisation well suited to do this work. Safer Communities Marlborough transitioned this work to the community organisation.  
Safer Communities Marlborough provided truancy services to Marlborough until 31 December 2012. All terms of the contract were met up until 31 December 2012.
3. It was deemed that Neighbourhood Support Marlborough fitted well with the emergency management area of the Marlborough District Council. Therefore this service was transitioned to the emergency management area of the Council. Safer Communities Marlborough ceased to provide Neighbourhood Support Services as on 31 March 2013. Up until this time Neighbourhood Support Marlborough had been active in managing and developing the Neighbourhood Support network in Marlborough.

## Activity Group: People

4. It was deemed that there was a community agency that was better suited to provide the Correspondence School student supervision and so this was transitioned to a community agency. Safer Communities Marlborough ceased to provide this service as on 31 March 2013. Until this time all aspects of this contract had been met.
5. World Health Organisation Safe Community Accreditation - Safer Communities Marlborough's involvement as a lead agency ceased as of 31 March 2013. This work was transferred to the Manager of Support Services. Safer Communities Marlborough had played a lead role in this project up until 31 March 2013.

It was decided that Safer Communities Marlborough would continue to provide the following services:

- Crime prevention through environmental design street intensive programmes. As per the contract two programmes and associated follow ups were provided. All aspects of the contract were met.
- Turnaround Marlborough Restorative Justice - Restorative justice services were provided to the Blenheim and Kaikoura Courts. 119% of the contract was delivered in this period.

Levels of Service: Community Safety				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.3	7.3		Actual score: 7.3 (Last year: 7.3). On target.
<b>Provide quality service that meets and exceeds the expectations of the funding ministries and thus providing quality service to the community.</b>				
Ensure contract reports are completed within timeframes.	New measure	100%		Actual score: 100% (Last year: New measure). On target.
% of compliance with MoJ, MSD and MoE contract conditions met.	New measure	100%		Actual score: 100% (Last year: New measure). On target.
Monitor and manage services to agreed timeframes and budgets.	New measure	100%		Actual score: 100% (Last year: New measure). On target.
<b>Provide services relevant to our community</b>				
Number of reports presented to Council annually.	New measure	2		Actual score: 1 (Last year: New measure). Not on target. Due to the restructure of Safer Communities Marlborough the reporting has been reduced. It has been decided that an update on the restructure will be provided to the new Council after the election.
% of programmes approved by Council.	70%	100%		Actual score: 100% (Last year: 100%). On target. Programmes were approved by Council but restructure resulted in a reduction of programmes provided. No effect on levels of service as reduced programmes are now either managed by community organisations or other areas of MDC. Please refer to the "What we did in 2012-13" section for more detailed information.
Annual review of Community Safety Programmes completed.	31-Aug-13	31-Aug-13		Actual score: 31-Dec-12 (Last year: New measure). On target.

<b>Funding Impact Statement for year ended 30 June:</b>			
<b>Community Safety</b>	<b>2012 (LTP) \$000's</b>	<b>2013 (LTP) \$000's</b>	<b>2013 (Actual) \$000's</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	95	102	103
Subsidies and grants for operating purposes	184	287	190
Other receipts	13	30	20
<b>Total operating funding</b>	<b>292</b>	<b>419</b>	<b>313</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	228	349	507
Internal charges and overheads applied	15	16	18
<b>Total applications of operating funding</b>	<b>243</b>	<b>365</b>	<b>525</b>
<b>Surplus (deficit) of operating funding</b>	<b>49</b>	<b>54</b>	<b>(212)</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	50	50	-
Increase (decrease) in reserves	(1)	4	(212)
<b>Total applications of capital funding</b>	<b>49</b>	<b>54</b>	<b>(212)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(49)</b>	<b>(54)</b>	<b>212</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		365	525
plus - Depreciation and amortisation		54	29
plus - Loss on sale of fixed assets		-	60
<b>Expenditure as per Income Statement</b>		<b>419</b>	<b>614</b>
<b>Operating expenditure</b>			
Safer Communities	224	346	223
Security	68	73	391
<b>Capital expenditure:</b>			
Security	50	50	-

Note 1: Explanation of funding impact statement variances are explained under operating expenditure:

- o Safer Communities due to reduced grants as previously budgeted projects now being undertaken by other organisations. The reduction in revenue is offset by savings in wages and fewer projects.
- o Security due to leasing security cameras as compared to the originally planned purchase.

## Activity: Community Support

Activity: Community Support		
Operating costs of this activity represent approximately 1.4% of total activity expenditure.		
Outcomes	Related Community Outcome	Related Council Outcome
Marlborough's communities are robust and resilient. Young people are supported in their lifestyle choices. More people, more active, more often. Older people are valued and recognised as an integral part of the community. A community where energy use is efficient. A prosperous community where people participate fully in society.	Full participation; Positive youth; Physical activity; Positive ageing; Energy Efficiency, Environmental Sustainability, Health Choices, Prosperity, Fun and Recreation.	A place where people can enjoy quality leisure opportunities. A place where people enjoy living. A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of:

- Full participation, positive youth and positive ageing by coordinating a series of forums with the elderly and youth and working with these groups to implement the key activities identified. This activity also contributes to the related Council Outcome of a place where people enjoy living by supporting the youth and elderly.
- Prosperity, Fun and Recreation and Full Participation and related Council Outcomes of a prosperous community and economy for all Marlburians and a place where people can enjoy quality leisure opportunities by providing funding to the Marlborough Festival and Events Trust to organise events for Marlburians to enjoy and to attract visitors to the District.
- Energy efficiency and environmental sustainability for the HeatSmart and Solar Heating schemes to encourage the uptake of energy efficient products in the home. This activity also contributes to the related Council Outcome of a place where people enjoy living by helping people to make their homes warm whilst using less energy.
- Prosperity, full participation, positive ageing, positive youth and the related Council Outcome of a place where people enjoy living by providing a passenger transport and mobility scheme.

### What is this Activity About?

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, provision of funding, advocacy or addressing specific issues directly through service provision. This activity combines a number of distinct ways Council are involved in supporting their community:

- Community development: 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.
- Energy efficiency: Facilitation of Central Government objectives of promoting energy efficiency, energy conservation, and the use of renewable energy resources.
- Passenger transport and mobility scheme: providing transport options for our community, including those with mobility issues to help access key services.
- Providing (via contract) free community festivals and events for Marlburians to enjoy and to attract visitors to the District.

### Community Development

Council acknowledges the needs of specific sectors in our community including our older people and youth. Council has worked in partnership with key organisations 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 and 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 on-going issue particularly given the changes being experienced in the age and ethnicity of the community. Relationships are being 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:

- The contestable grant provides one-off funding for not-for-profit organisations providing essential services in the Marlborough community supporting community welfare, social services, environment and/or sports and recreation.
- Council contracts the Youth Trust to deliver youth services, including the HQ centre in Blenheim and Volunteer Marlborough to build the capacity of the voluntary sector through training.

### Energy Efficiency

Marlborough District Council is participating in the Energy Efficiency and Conservation Authority’s (EECA) home insulation and clean heating scheme, by providing financial assistance to help fund that proportion of the costs not covered by an EECA grant – the ‘HeatSmart scheme’. In addition Council has initiated a solar heating programme. Council’s role will extend to providing home owner services for such energy promotions within available resources, and recovering the cost of those services together with interest and an appropriate administration charge over nine years through a targeted rate on those properties that obtain a service. This is a voluntary targeted rate and is cost neutral to Council.

### Passenger Transport and Mobility Scheme

Passenger transport is a fundamental service that connects people to services and activities for better quality of life. Maintaining an affordable, accessible service within funding constraints that meets community need is an on-going challenge. Council currently operates an urban bus service in Blenheim and a District wide mobility scheme for the disabled. Expansion of service delivery will be investigated and implemented within available funding where verification of the demand can be established.

### Events Management

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 and Go Marlborough deliver a range of events including the summer concert series, Blenheim Christmas parade, senior citizens concerts, Christmas festival, Southern Jam youth festival, Children’s theatre and New Year celebrations – these events attract up to 5,000 attendees per event. The Trust also maintains the calendar of events/events guide.

### What we did in 2012-13

Two new bus shelters were installed in Hospital Road and Howick Road.

Positive Ageing – Seniors Expo was held on 20 March 2013, biennial survey was undertaken and the Positive Ageing booklet was updated and republished.





Youth – the youth website [www.myvoicemarlborough.govt.nz](http://www.myvoicemarlborough.govt.nz) was completed and launched in October 2012. An intergenerational event was held in conjunction with older people in the community.

Volunteer sector: Volunteer Marlborough under contract with Council provided training for the not for profit sector to build the capacity of the sector. Also ran a successful Funding Expo at the Convention Centre.

A total of 103 energy efficient Heat Smart applications were approved to the value of almost \$250,000.

A 5.79% increase in customer patronage of the Blenheim bus service was achieved (25,149 customers in 2012-13, 23,772 in 2011-12).

Levels of Service: Community Support				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
• Community Support.	7.2	7.2		Actual score: 7.5 (Last year: 7.2). On target. The target has been exceeded showing an increase in satisfaction for services provided.
• Events Management.	7.3	≥ 7.3		Actual score: 7.2 (Last year: 7.3). Almost on target. Resident Satisfaction score is at a similar level to last year and still a comparatively high score. The majority of the comments recorded were positive.
<b>Manage Council's community grants and third party providers to ensure service quality and value.</b>				
% of grants administered, allocated and accounted for within timeframes.	100%	100%		Actual score: 100% (Last year: 100%). On target. Community Grants were processed within set criteria and timeframes.
Achievement of reporting requirements.	≥ 95%	≥ 95%		Actual score: 95% (Last year: New measure). On target. Timeframes for reporting do not align with the end of financial year. An annual review is undertaken to ensure that all grants have accountability requirements met.
Contract requirements met.	New measure	100%		Actual score: 100% (Last year: New measure). On target. Annual reports were submitted within set timeframes for Creative NZ and Sport NZ funding under partnership agreements.
<b>Manage third party providers to ensure service quality and value of community events</b>				
Achievement of reporting requirements.	100%	100%		Actual score: 100% (Last year: 100%). On target. Annual report submitted to Council.
Participation numbers match targets in contracts.	N/A	≥ 95%		Actual score: 100% (Last year: New measure). On target. Contract targets achieved.
<b>Implement Positive Ageing Accord.</b>				
Number of Older Persons Forums held annually with minimum 90% attendance.	10	10		Actual score: 11 (Last year: 11). On target. Older Persons Forums continue to be held monthly and are well attended and an active voice for older people in the Marlborough community.
Frequency of Seniors Expo.	Biennial Seniors Expo	Senior expo held		Actual score: 20-Mar-13 (Last year: N/A). On target. Seniors Expo was held on the 20-Mar-13 with over 1,500 people attending.
Biennial survey undertaken to monitor Positive Ageing Information Strategy.	New measure	Survey completed		Actual score: 30-Jun-13 (Last year: N/A). On target. The survey was undertaken on the 30-Jun-13 in conjunction with the Older Persons Forum. Results are being summarised and actions identified for implementation.
<b>Implement Youth Initiative Plan.</b>				
Number of Youth Forums held annually with minimum 90% attendance.	10	10		Actual score: 10 (Last year: 10). On target. Monthly Youth Council meetings are held along with additional meetings for event planning.
% of Actions in Youth Initiatives Plan completed each year.	≥ 95%	≥ 95%		Actual score: 100% (Last year: 100%). On target. Targets in the Youth Plan were achieved. An Intergenerational event was held which received positive community feedback. In addition the youth website was launched.

<b>Build capacity of the Volunteer Sector through provision of training in partnership with key providers.</b>				
Number of training courses provided per annum where attendance numbers meet targets.	3	> 3		Actual score: 3 (Last year: 3). On target. Training courses were held along with a Funding Expo. A contract has been re-entered with Volunteer Marlborough to continue to provide this level of service to build the capacity of the sector.
<b>Provide a well used and affordable bus service in Blenheim that is timely and responsive to community needs.</b>				
Increase levels of customer patronage by 3% per annum.	New measure	3% > previous year		Actual score: 5.79% (Last year: New measure). On target. Total patronage for 2012-13 year was 25,149. (2011-12 was 23,772)
Complete annual passenger survey and reports results to Council by 30 June each year.	New measure	30-Jun-13		Actual score: 31-Dec-12 (Last year: New measure). On target. Focus has been on revising the lower patronised North route. Approval obtained June 2013 for implementation of changes in July 2013. A survey will be conducted after 3 months of operation to determine success.
Improve infrastructure to support bus service by adding a minimum of one bus shelter per year. (as funding allows)	3	1 extra		Actual score: 2 (Last year: New measure). On target. New shelters installed in Hospital Road and Howick Road.

## Funding Impact Statement for year ended 30 June:

Community Support	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	682	748	755
Targeted rates (other than for water supply)	29	56	63
Subsidies and grants for operating purposes	188	203	196
Fees and charges	14	15	15
Other receipts	77	81	98
<b>Total operating funding</b>	990	1,103	1,127
<b>Applications of operating funding</b>			
Payments to staff and suppliers	631	626	798
Internal charges and overheads applied	158	174	131
Other operating funding applications	346	429	343
<b>Total applications of operating funding</b>	1,135	1,229	1,272
<b>Surplus (deficit) of operating funding</b>	(145)	(126)	(145)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	6	4
<b>Total sources of capital funding</b>	-	6	4
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	-	12	14
Increase (decrease) in reserves	(145)	(132)	(155)
<b>Total applications of capital funding</b>	(145)	(120)	(141)
<b>Surplus (deficit) of capital funding</b>	145	126	145
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		1,229	1,272
plus - Depreciation and amortisation		-	1
<b>Expenditure as per Income Statement</b>		1,229	1,273
<b>Operating expenditure</b>			
Grants and Donations	404	466	423
Events Management	163	173	166
Energy Efficiency	169	183	293
Recreation	95	73	72
Passenger transport	304	334	319
<b>Capital expenditure:</b>			
Passenger transport	-	12	14

Note 1: Explanation of funding impact statement variances to payments to staff and suppliers and other operating funding applications are explained under the following operating expenditure items:

- Grants and Donations – Some unspent budgeted grants were carried over to 2013-14.
- Energy efficiency due to increased energy efficiency services provided and funded from reserves. These services will be recovered by the targeted energy efficiency rate over nine years and transferred to reserves.



## Activity: Library Services

Activity: Library Services		
Operating costs of this activity represents approximately 1.8% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
Lifelong learning opportunities and improved knowledge, literacy and information skills for Marlborough's residents.	Full participation; knowledge and learning; creativity; heritage.	A place where people can enjoy quality leisure opportunities.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to knowledge and learning, creativity, full participation and heritage Community Outcomes and related Council Outcome of a place where people can enjoy quality leisure opportunities through the provision of well resourced, accessible facilities that provide information in both print and digital formats, in an environment that stimulates and supports lifelong learning.

### 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.

### Asset Description

To undertake this Activity, the following assets are held:

#### District Library, Blenheim

The Marlborough District Library was opened in 1989. Since that time, the library has seen patronage and issues increase. The library requires extra space that the current building cannot provide. It is proposed that a new library be built by 2020-21.

In 2012-13 433,272 items were issued. Its central location has proven popular as a central meeting place for those visiting the CBD. As the collection has expanded, free space has become a premium. The number of people visiting the District Library in 2012-13 was 386,478 (413,321 in 2011-12).

#### Picton Library and Service Centre

The Picton Library and Service Centre became a combined facility in 1998. It is located in part of a Council owned building built in the 1970's. As a combined facility it provides access to library resources, as well as Council information and services. There is a severe shortage of space at Picton Library and Service Centre and Council is proposing to expand this facility by 2021.

In 2012-13, 63,102 items were issued. As a combined Council facility there is little space available to encourage class visits, children's holiday activities and groups of adults to meet within the library. The number of people visiting Picton Library and Service Centre in 2012-13 was 111,265 (125,061 in 2011-12).

## Collections

The libraries' collection consists of over 129,000 items with current value estimated at \$4.1 million, covering a wide range of general interest and popular titles, both fiction and non-fiction, pre-school and children's titles, large print, local history, bicultural, along with non-book resources. The Collection Development Policy identifies how the collections will be maintained and developed to meet the needs of a growing and diverse population.

The comprehensive book collections are complimented by providing access to electronic authoritative databases, national online catalogues and websites, including access to national and international newspapers, along with the World Wide Web.

Non-book resources include Music CDs, sheet music, DVDs, talking books in various formats, magazines and jigsaw puzzles. Downloadable audio books are also available.

## IT

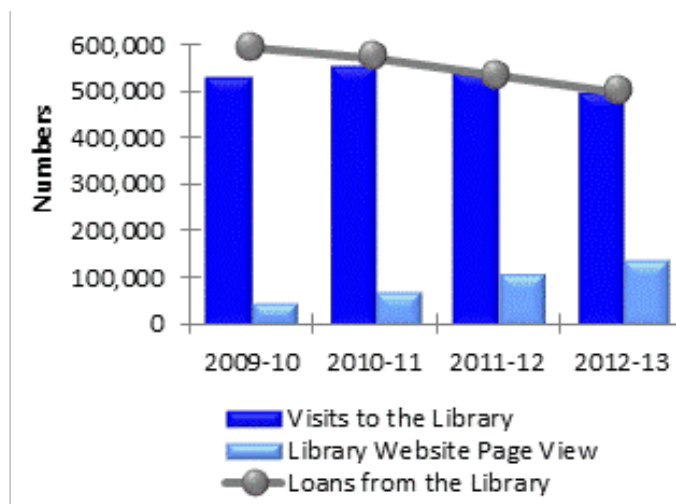
A new library management and searching system (catalogue) was implemented in September 2011 as part of a New Zealand wide Public Library Consortium called Kotui. In addition, downloadable audio books were available to library members in early 2012 through another New Zealand wide Public Libraries Consortium project provided by OverDrive Digital Library. OverDrive is a free digital media platform which allows library customers to download audiobooks. Titles include fiction and non-fiction items for adults, young adults and children, with regular additions of new material.

The libraries automated system provides the day to day control of the collection. The on-line catalogue can be accessed 24/7 and allows members to self-manage the items they have out on loan and reserve items they wish to lend. Members with email addresses receive a reminder email three days prior to their items being due.

The Aotearoa Peoples Network Kaharoa is a managed network separate from Council and provided by the National Library of New Zealand. The new Library Management System, Kotui, is supported through this same framework.

## What we did in 2012-13

- The District Libraries launched their new website in June 2013.
- A CCTV system was installed in the District Library in October 2012.
- The borrowing of e-book/e-audio resources has increased from 375 to 2,962 borrowings since their introduction in February 2012, as this media becomes more familiar.
- Visits to the library have dropped by 8% while the libraries website page views have increased by 29% since 2011-12:



Levels of Service: Library Services				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.5	8.5		Actual score: 8.4 (Last year: 8.3). Almost on target. Slight increase from last year result.
<b>A range of current resources supporting the tastes, interests and reading levels of users is provided.</b>				
Average age of library resources (years).	10 years or less	10 years or less		Actual score: 9 (Last year: 9). On target.
Frequency of books being taken out (times per year).	4.5 times per year	4.5 times per year		Actual score: 3.83 (Last year: 3.85). Almost on target. Decrease on last year correlating to decrease in issues.
% of books requested from the catalogue, not currently available, provided within five days.	95%	95%		Actual score: 98% (Last year: 94%). On target.
<b>Provide access to information electronically.</b>				
Number of website page views.	69,630	≥ baseline +5%		Actual score: 137,110 (Last year: 106,369). On target. 29% increase from last year.
Number of e-book and e-audio loaned.	375	10% increase on baseline		Actual score: 2,962 (Last year: New measure). On target.

### Funding Impact Statement for year ended 30 June:

Library Services	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,254	1,283	1,299
Fees and charges	3	3	8
Other receipts including fines and infringement fees	275	273	253
<b>Total operating funding</b>	<b>1,532</b>	<b>1,559</b>	<b>1,560</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	974	913	1,029
Internal charges and overheads applied	232	334	331
<b>Total applications of operating funding</b>	<b>1,206</b>	<b>1,247</b>	<b>1,360</b>
<b>Surplus (deficit) of operating funding</b>	<b>326</b>	<b>312</b>	<b>200</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	18	19	18
Capital expenditure to replace existing assets	233	226	241
Increase (decrease) in reserves	75	67	(59)
<b>Total applications of capital funding</b>	<b>326</b>	<b>312</b>	<b>200</b>
<b>Surplus (deficit) of capital funding</b>	<b>(326)</b>	<b>(312)</b>	<b>(200)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		1,247	1,360
plus - Depreciation and amortisation		312	298
<b>Expenditure as per Income Statement</b>		<b>1,559</b>	<b>1,658</b>

Note 1: Explanation of funding impact statement variance – Payments to staff and suppliers variance due to personnel costs for Blenheim and Picton weekend opening and the new library management system costs.

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

## Activity: Emergency Management

Activity: Emergency Management		
Operating costs of this activity represent approximately 0.9% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
The region is well prepared for emergency events and any harm or loss from emergency events is minimised.	Safety and security.	A place where people enjoy living.

### How this Activity Contributes to Related Community and Council Outcomes

This Activity contributes to the Safety and Security Community Outcome and related Council Outcome of a place where people enjoy living through the provision and testing of Emergency Management Plans and a well-planned, maintained and competent rural fire fighting capability as part of the Marlborough/Kaikoura Rural Fire District.

### 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 all other Civil Defence Emergency Management Groups.
- The hazards and risks to be managed by the Group are prioritised according to risk. The eight most major risks include:
  - Earthquake.
  - Human disease epidemic.
  - Biological pests and new organisms.
  - Flooding.
  - Wildfire/rural fire.
  - Dam failure.
  - Drought.
  - Electricity failure.

Marlborough may need to deal with a number of other hazards not mentioned here. The vision and goals of the Marlborough Civil Defence Emergency Management Group Plan are:

#### Vision

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

#### Goals

- Goal 1. To coordinate efforts to reduce the risk posed by hazards that threaten the life, wellbeing, infrastructure, economic fabric and ecological systems that support the lifestyle of the area.
- Goal 2. To improve an awareness of the remaining risks faced by residents 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

The Council from 2012 surrendered its role as a Rural Fire Authority to Marlborough Kaikoura Rural Fire Authority (MKRFA) which will set policy and ensure fire protection is provided for in the wider Marlborough and Kaikoura District Council areas.

The preparation of fire plans, business plans and all high level administration is the responsibility of the Principal Rural Fire Officer and the Marlborough Kaikoura Rural Fire District Board.

Council provides a member of the Board alongside representatives of the Department of Conservation, Federated Farmers, Kaikoura District Council, New Zealand Fire Service and an independent. It continues to provide rural fire readiness and response services within the Marlborough South zone.

### Changes to Rural Fire Protection Rating

A number of changes to rural fire governance and management have taken place since the Boxing Day fires in 2000, most notably the establishment of the MKRFA on 1 July 2012. The major changes are to redistribute the rating incidence from the General Rural geographic rating area to Blenheim Vicinity and Picton Vicinity geographic rating areas. This reflects the MKRFA's ultimate responsibility for fire suppression, governance and management in these three geographic rating areas. The effects on the geographic rating areas and individual properties are not significant.

### Preparedness for Major Hazards and Events

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

Risk reduction is carried out for the Marlborough District Council by the Emergency Management Group (Group). The Group is well prepared and ready to respond to an event. Exercises are carried out regularly and the Group is actively involved in the Ministry of Civil Defence and Emergency Management 10 year training programme. Our current contact list has been reviewed by the Emergency Management Office.

An Engineering Lifelines Group has been established to ensure that lifelines in Marlborough are planned to withstand a major event and to ensure that damaged lifelines during an event are repaired as soon as possible.

Community awareness campaigns are given high priority within the allocated budget provided. The Group has visited many groups and organisations talking about the risk to Marlborough and how to prepare for large emergency events.

The Emergency Management Office received numerous weather warnings throughout the year 24/7 and staff responded to these appropriately.

The Group has established a recovery group incorporating Council, Work and Income NZ, Child Youth and Family, Insurance Industry, Chamber of Commerce, Health inspectors to help with planning for the recovery phase of a major emergency event.

The Group's Civil Defence/Welfare centres are well resourced. The training of volunteers is given high priority.

A programme is underway to train Council staff to work in an incident control structure and to increase training for welfare and sector groups.

Buildings below the earthquake standard have been identified and building owners have been advised.

A new building evaluation plan has been formulated incorporating the lessons learned from the Christchurch event.

The Council is well prepared for an emergency, however many of our communities still believe it will not happen here. Our Group supports the national awareness campaign and the Group spends considerable resources each year encouraging residents to prepare for disaster.








### What we did in 2012-13

A training needs analysis was distributed to all stakeholders including Council staff during the financial year. The outcome will be to provide sufficient funding and target the training of individuals most in need and to standards acceptable to the industry.

- Ran level two and level four CIMS courses.
- Trained both Council staff and volunteers at all levels.

## Activity Group: People

- Provided public awareness to the residents of Marlborough through public speaking engagements and print media.
- Introduced the new Emergency Management Incident System (EMIS) and train both volunteers and Council staff on its application.
- The Group has taken an active part in the national exercise training programme.
- The Group has also taken an active role in the “Get Ready Get Through” campaign.
- The Readiness and Response Working Group has met quarterly.
- Participated in the South Island CDEM Earthquake Exercise, Te Ripa Hapa.
- Continuation of the building remote rural community resilience project, with two new sectors being created in Seddon and Rai Valley. This is an on-going project.
- In the later part of the 2012-13 financial year coordination of Neighbourhood Support Marlborough was taken over by the Emergency Management office in cooperation with Police.
- A number of rural fire training sessions were undertaken from protect personal safety, work safely around aircraft, load water and water additives, fire behaviour, crew leader, respond under lights and sirens to four by four drivers training.
- In response to a request for assistance to the wild fires in Australia the Marlborough Kaikoura Rural Fire Authority was able to send six Marlborough District Council zone rural fire fighters.
- Annual Wajax pump competitions were held at Rarangi. These competitions enable greater cooperation and coordination between the various fire services, such as Rural Fire, Department of Conservation, Woodbourne Airbase Crash Rescue and the NZ Fire Service.
- While slightly outside the financial year 2012-13 the emergency management activity supported the response to two significant earthquakes in Seddon on 21 July and 16 August 2013.

Levels of Service: Emergency Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds resident's expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = “service delivered extremely well”.	8.0	8.0		Actual score: 8.3 (Last year: 7.8). On target.
<b>Provide a planned, tested capability to respond to major Civil Defence and Emergency Events.</b>				
Timeliness for the completion of the update to emergency contact plans.	30-Jun-13	30-Jun-13		Actual score: 30-Jun-13 (Last year: 30-Oct-12). On target.
Level of compliance with the 10 year exercise programme for testing the CDEM Plan.	100%	100%		Actual score: 100% (Last year: 100%). On target.
% compliance with testing programme for radios, sector kits and emergency generator.	100%	100%		Actual score: 100% (Last year: 100%). On target.
<b>As the Marlborough South Zone Manager provide support to the enlarged rural Fire District.</b>				
% of registered Rural Fire Force members who have completed the Fire Fighter Unit Standards.	75%	75%		Actual score: 75% (Last year: 75%). On target.
% of three monthly checks on waterway equipment and vehicles completed.	70%	70%		Actual score: 70% (Last year: 75%). On target.
Timeliness for completion of the annual vehicle maintenance.	Before 20-Dec-12	20-Dec-12		Actual score: 20-Dec-12 (Last year: 30-Nov-12). On target.

<b>Funding Impact Statement for year ended 30 June:</b>			
<b>Emergency Management</b>	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	644	661	663
Subsidies and grants for operating purposes	18	18	10
Other receipts	107	105	111
<b>Total operating funding</b>	<b>769</b>	<b>784</b>	<b>784</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	470	475	452
Internal charges and overheads applied	168	179	185
Other operating funding applications	56	107	95
<b>Total applications of operating funding</b>	<b>694</b>	<b>761</b>	<b>732</b>
<b>Surplus (deficit) of operating funding</b>	<b>75</b>	<b>23</b>	<b>52</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to replace existing assets	31	28	38
Increase (decrease) in reserves	44	(5)	14
<b>Total applications of capital funding</b>	<b>75</b>	<b>23</b>	<b>52</b>
<b>Surplus (deficit) of capital funding</b>	<b>(75)</b>	<b>(23)</b>	<b>(52)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		761	732
plus - Depreciation and amortisation		41	35
<b>Expenditure as per Income Statement</b>		<b>802</b>	<b>767</b>

Note 1: Explanation of funding impact statement variance – There are no significant operating expenditure variances.

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

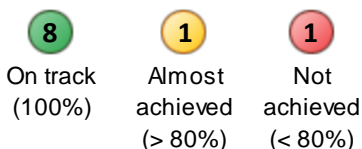
## Activity Group: Community Facilities

### Activities in this Group:

This activity group comprises a single activity; Community Facilities.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved eight and almost achieved another one of the ten targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

This activity is a grouping of several types of community facilities that are mostly delivered within the reserves and amenities department.

Activity: Community Facilities		
Operating costs of this activity represent approximately 9.1% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
<p>Marlborough's communities and visitors experience the District's open spaces and recreation facilities for recreation, relaxation and physical activity.</p> <p>Marlborough people have a respectful and comforting environment to remember those they have lost.</p>	<p>Fun and recreation, physical activity, heritage.</p>	<p>A place where people can enjoy quality leisure opportunities.</p>

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of fun and recreation, physical activity and heritage and the related Council Outcome of a place where people can enjoy quality leisure opportunities through the creation of a place where people enjoy living, by supporting the development of facilities and services that strengthen the community. It encourages quality leisure activities and physical activity by providing attractive parks, reserves, open spaces, and cultural facilities for the community. The activity also contributes towards the commemorative needs of the community through the provision of cemeteries and memorials.

### What is this Activity About?

Council provides and maintains a wide range of open spaces and built facilities which meet a diversity of community needs. To ensure these facilities are highly utilised by both residents and visitors to the Marlborough region, Council also provides both electronic and print information on these facilities. These services have a statutory base, either under the Local Government Act 2002's broad objectives to meet community outcomes and specific legislation covering the provision of some assets and services such as the Reserves Act 1977, Burial and Cremation Act 1964, and the New Zealand Walkway Act 1990. The Resource Management Act 1991 also provides Council with important responsibilities and powers in relation to sustaining natural and physical resources and the environment.

Community facilities can be categorised as follows:

#### Recreation Reserves

Marlborough District Council provides, maintains and protects reserves, gardens, trees, lawns, playgrounds other open spaces and amenity facilities that meet the community needs while enhancing people's appreciation of the environment and encouraging active lifestyles. The provision of reserves and acquisition of new reserves is based on the Council's target of ensuring that all urban households are in walking distance to an open space for leisure activities. Recreation reserve provision includes the management and maintenance of reserve assets including trees, gardens, lawn, structures, outdoor furniture and Council owned buildings.



## Sports Grounds

Throughout the Marlborough District we provide and maintain sports grounds for year round use by residents and visitors for both formal and informal use. The Council endeavours to cater for a wide range of sporting codes. The management agreement for Lansdowne Park with the Tasman Rugby Union expired in 2012 and is currently being renegotiated. The restructure of the management agreement may place the maintenance of the park under contract.

Port Marlborough Endeavour Pavilion in Picton has been completed and was officially opened on 6 July 2013. It will provide a high quality multi-sport facility for the town.

## Cemeteries

Marlborough District 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

Marlborough District Council undertakes to plan for, provide and maintain accessible and safe public toilets for use by residents and visitors at appropriate locations throughout the District. Both CBD and toilets located on Reserves are provided for and managed. The current allocation of public toilets in the CBD is higher than most other towns of a comparable size. New toilets were recently installed in Queen Street, Blenheim as part of the Liz Davidson Place development.

## Aquatic Facilities

A major \$14 million development of the Regional Aquatic Centre has taken place with significant improvements to the aquatic facilities. The Regional Aquatic Centre is operated by Stadium 2000. Picton is part of Queen Charlotte College and is maintained by the Ministry of Education. Seddon pool is a MDC asset and is operated by the Awatere Community Association.

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

## Walking and Cycling Routes

Marlborough District Council currently provides, maintains and manages some 100 kilometres of reserve based walking and cycle tracks throughout the District which enables people to have safe and unimpeded access to the outdoors for the benefit of physical recreation and enjoyment of the outdoor environment.

## Community Halls

Council owns and assists with the maintenance of a number of community halls, usually in conjunction with local community groups. With increased awareness of earthquake risk Council is assessing its public buildings for seismic evaluation. Depending on the results additional spend may be required to bring up to Building Act 2004 requirement.

## Street trees and Berms

Council maintains and manages street trees, plots and road berms throughout the District. There is a planting plan to establish 100 new trees per year. This activity also monitors over hanging growth from private property encroaching onto Public footpaths.

## Asset Description

There are several different types of Assets which are managed by the Reserves Section. They can be broken into various categories:

Reserve Category	Number	Land(hectares)
Reserves	260	2,770
Sports grounds	21	107
Community Building Reserve Land	32	9
Cemeteries	13	35
Access ways	57	6










## Activity Group: Community Facilities

Reserve Category	Number	Land(hectares)
Other Reserves (e.g. road reserves and berms)	88	428
<b>Total</b>	<b>471</b>	<b>3,356</b>

Major Asset Category	Number
Public conveniences	51
Aquatic Facilities	2
Playgrounds/Youth facilities	41
Sports Facilities	571
Bridges, Boardwalks, Structures	1,931
Carpark/roading	173
Walkways and Cycle Routes	215 routes
Park Fixtures	2,218
Street Trees and Garden Plots	18,866

### What we did in 2012-2013

- Port Marlborough Endeavour Pavilion has been completed and was officially opened on 6 July 2013.
- Endeavour Park drainage of two fields.
- Liz Davidson Place pocket park completed (along with a new toilet block).
- Way finding project completed Blenheim CBD.
- Draft Reserve Management Plans have been developed during the 2012-13 year with approval to go ahead with development of an additional sport park adjoining Lansdowne Park.

Levels of Service: Community Facilities				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.7	7.7		Actual score: 7.9 (Last year: 7.9). On target. Unprompted comments were overwhelmingly positive. The most common response was that the facilities were well maintained and in good condition. The most common negative comment was regarding public toilets being poorly maintained and unhygienic, however MDC has scheduled cleaning contracts for all public toilets.
<b>Access to information: Provide up to date and relevant information to residents and visitors.</b>				
Provide leaflets on all key facilities on website and/or print for: Freedom camping, Picton and Wither Hills tracks, Blenheim by foot or by bike, Walking and Biking Strategy (Central Wairau Plains route map).	New measure	100%		Actual score: 100% (Last year: New measure). On target.
<b>Access to facilities: Provide reserves and amenities that are equitably distributed to all.</b>				
% of urban areas that lie within 10 minutes walk or 500m radius from a District or neighbour reserve.	98%	100%		Actual score: 98% (Last year: 98%). Almost on target. Lybster Street is outside of the Blenheim 500m radius. Currently waiting for subdivision to develop so further areas can be acquired.
Number of plots available annually for burials.	300	300		Actual score: >300 (Last year: > 300). On target.
Options for interment and memorialisation.	New measure	4		Actual score: 4 (Last year: New measure). On target.
Land is allocated to organised sports association to meet demand for seasonal play.	New measure	100%		Actual score: 100% (Last year: New measure). On target.
<b>Safety and maintenance: Ensure reserves and amenities are maintained in a clean, safe and functional condition.</b>				
Any contracted levels of service that are identified as not compliant in the maintenance contract monthly report are rectified within the month.	New measure	100%		Actual score: 100% (Last year: New measure). On target.
% of new reserves, public conveniences and reported problem areas that receive a Crime Prevention through Environmental Design (CPTED) audit.	100%	100%		Actual score: 100% (Last year: No Crime Prevention Audit received). On target. Alfred Street, Liz Davidson place completed.
<b>Current and future planning: Provide strategic planning and on-going improvement programmes for reserves and amenities.</b>				
% of reserves with management plans.	50%	50%		Actual score: 51% (Last year: 51%). On target.
% of capital works projects from Land Subdivision Account that are completed.	70%	70%		Actual score: 50% (Last year: 173%). Not on target. There were 21 projects in total, 1 cancelled and 9 not completed. The Bike Park project was cancelled as Marlborough Cycling says project is no longer required and have not contributed the 50% share towards the project. The other 9 projects were bequests for cemetery work not completed.

## Activity Group: Community Facilities

<b>Funding Impact Statement for year ended 30 June:</b>			
<b>Community Facilities</b>	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,751	6,301	6,374
Subsidies and grants for operating purposes	10	10	10
Fees and charges	141	142	139
Other receipts	693	718	1,048
<b>Total operating funding</b>	<b>6,595</b>	<b>7,171</b>	<b>7,571</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,430	5,626	5,939
Finance costs	256	585	505
Internal charges and overheads applied	653	687	621
Other operating funding applications	2,263	22	67
<b>Total applications of operating funding</b>	<b>8,602</b>	<b>6,920</b>	<b>7,132</b>
<b>Surplus (deficit) of operating funding</b>	<b>(2,007)</b>	<b>251</b>	<b>439</b>
<b>Sources of capital funding</b>			
Development and financial contributions	1,050	1,102	550
Increase (decrease) in debt	1,752	61	1,410
Gross proceeds from sale of assets	-	-	34
<b>Total sources of capital funding</b>	<b>2,802</b>	<b>1,163</b>	<b>1,994</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	445	70	13
Capital expenditure to improve the level of service	1,917	1,055	3,576
Capital expenditure to replace existing assets	71	106	3
Increase (decrease) in reserves	(1,638)	183	(1,159)
<b>Total applications of capital funding</b>	<b>795</b>	<b>1,414</b>	<b>2,433</b>
<b>Surplus (deficit) of capital funding</b>	<b>2,007</b>	<b>(251)</b>	<b>(439)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		6,920	7,132
plus - Depreciation and amortisation		798	841
plus - Loss on sale of fixed assets		-	233
<b>Expenditure as per Income Statement</b>		<b>7,718</b>	<b>8,206</b>
<b>Operating expenditure</b>			
Cemeteries	468	431	411
Memorials	93	90	109
Street berms, trees and plots	497	438	500
Halls	275	266	351
Public Conveniences	682	728	919
Reserves	6,107	4,163	4,243
Swimming Pools	1,102	1,601	1,674
<b>Capital expenditure:</b>			
Cemeteries	56	233	122
Memorials	48	58	3
Street berms, trees and plots	28	28	48
Halls	10	10	-
Public Conveniences	170	150	500
Reserves	2,101	702	2,604
Swimming Pools	20	50	315
<b>Internal borrowing used for the purpose of Community Facilities</b>			7,856
Funds borrowed during the year			1,668
Funds repaid during the year			258
Interest paid in relation to this borrowing			505

Note 1: Explanation of funding impact statement variance:

- Other receipts variances due to Stadium 2000's contribution towards the Marlborough Aquatic Centre (\$350,000).
- Development and financial contributions variance due to reduced revenue from subdivisions because of current economic conditions.
- Public conveniences operating variance due to the loss on write off/disposal of public conveniences in High and Queen Streets in Blenheim and Waikawa Foreshore.

Note 2: Significant capital expenditure and capital expenditure variances:

- Cemeteries variance due to delay in progressing historic cemetery restoration works at Picton.
- Public conveniences variance due to new toilets constructed as part of the Liz Davidson Park Development.
- Reserves variance due to construction of Endeavour Park Sports Pavilion which was originally budgeted for in 2011-12 as a grant.
- Swimming pools variance due to final claims and retentions for Marlborough Aquatic Centre funded from capital contribution from the Stadium 2000 Trust.



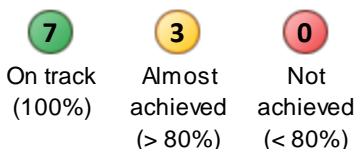
## Activity Group: Roads and Footpaths

### Activities in this Group:

This activity group comprises a single activity; Provision of Roads and Footpaths.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved seven and almost achieved three of the ten targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

It is mandatory that roads and footpaths is an activity group.

Activity: Roads and Footpaths		
Operating costs of this activity represent approximately 20.3% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcomes
Marlborough's land transport system is integrated, safe, responsive and sustainable.	Essential Services, Prosperity; Physical activity; Environmental sustainability.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Essential Services and Prosperity Community Outcomes and related Council Outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by providing an efficient and safe transport network for the District to facilitate the movement of people and goods. The network also contributes to the Physical Activity and Environmental Sustainability Community Outcomes by enabling walking and cycling and as a conveyance for community services.

### What is this Activity About?

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, kerb and channelling, street lighting and carparks (carparking is now accounted for in the Regional Development activity). Some wharves are also owned and maintained. There has recently been an increased emphasis on moving freight more efficiently. This has resulted in a number of structurally inadequate bridges being replaced. Emphasis has been placed on routes where high volumes of freight and produce, such as logging on the Northbank Road.

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

### Separate Roles

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of the New Zealand Transport Agency (NZTA).

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

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

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

## Meeting Standards

One of the key tools for management of the network is the Asset Management Plan (Roads) which determines levels of service to be provided for the next 10 years. Detail programmes are included in the NZTA's three year programme for which Council receives financial assistance, at rates between 46% and 56%.

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

## Asset Description

The table below provides an overview of Council's roading assets:

Asset	Length / Quantity
Road Length	1531.6km (891 km sealed, 640.6 km unsealed)
Bridges	363
Jetties	13
Urban Footpaths	242km (146 km concrete; 75 km asphalt; 9 km sealed; other 12 km)

The total asset value for the Roads and Footpaths activity as at 30 June 2013 is \$609.7 million.

## What we did in 2012-13

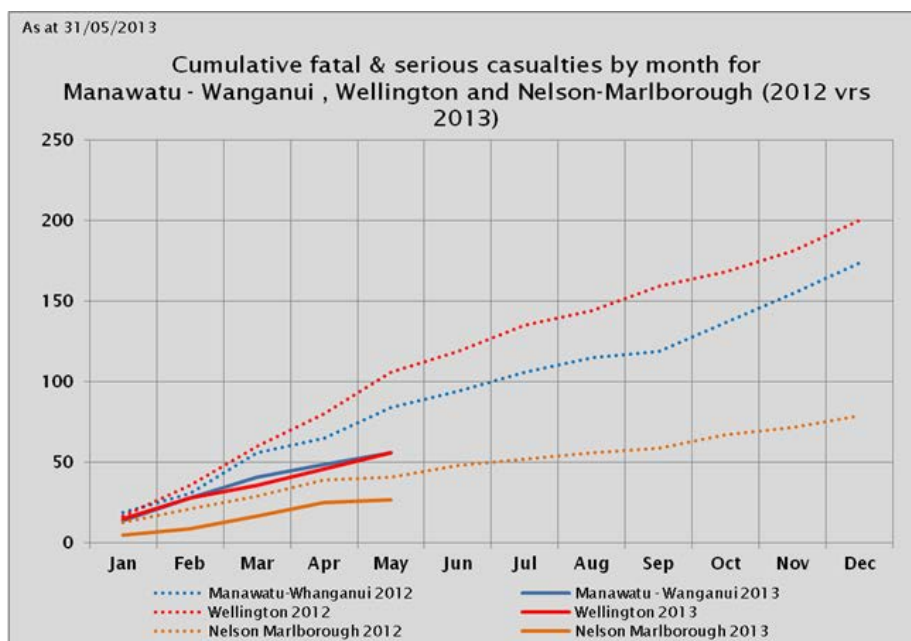
### Road Safety

NZTA produces a Road Safety Report which analyses all crashes in the Nelson/Marlborough Region and makes comparison with peer authorities throughout NZ. The report includes both State Highways and local roads.

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

Council also undertakes a road safety programme which provides educational advice to current and future road users.

The graph below shows how Nelson/Marlborough are tracking:



### Road Quality

Council maintains the quality of its roads by monitoring trends in pavement condition, the age of surfacing and undertakes structural inspections and repairs. Marlborough Roads schedules a renewals programme to optimise total

## Activity Group: Roads and Footpaths

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costs by ensuring maintenance costs do not become excessive. The proposed standards and forward programme of work are reviewed by the funding agency (NZTA) through annual programme reviews and compared with peer Councils (selected from agencies with similar rural/urban mix of roads/number of bridges etc.)

The renewals are determined from approved (by NZTA) pavement modelling systems verified by physical inspection by experienced engineers. The pavement modelling system DTIMS (Deighton Total Infrastructure Modelling System) confirms that the planned quantities are those required to maintain the asset. A regime of planned inspections determines standards are being maintained, programmed and delivered.

The 2012-13 significant renewal activities were:

- Pavement renewals on Wakamarina and Northbank Roads.
- Drainage and pavement renewals on Elaine Bay Road.
- Resealing programme of around \$1.7 million.

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

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

It is likely that reduction in funding will result in reduced levels of service over time and this has been recognised in the reduced performance targets contained in the levels of service table on page 53. The Asset Management Plan will also require updating and Council will be reviewing all programmes to attempt to minimise the impact of those funding cuts.

### Technical Audit

During the year a Technical Audit was undertaken by the Planning and Investment Section of NZTA.

The objective of the Audit was to provide assurance that the NZ Transport Agency's (NZTA) investment in Marlborough District Council's Land Transport Programme is being well managed and delivering value for money. The Audit also sought assurance that the Council is appropriately managing risk associated with NZTA's investment and recommended improvements where appropriate.

*The Executive Summary of the Audit states the roads in the district are owned by the Marlborough District Council and managed for Council by Marlborough Roads. Marlborough Roads is unique in that a single purpose office manages both the State Highways and the district road networks.*

*Marlborough District Council is one of the lowest priced road networks in New Zealand. During our visit, Council and Marlborough Roads demonstrated robust programme development and prioritisation and we consider that they are producing excellent results at a low cost. They are a good example of success.*

*At the time of our visit there were no material risks apparent – the network was well managed and the staff well informed. There was a good awareness of Government Policy Statement (GPS) expectations and strong relationships between Council, Marlborough roads and local industry.*

*We noted the choice of more expensive surfacing treatments and rehabilitation of full widths over lower cost treatments. We suggest that the pavement programme has opportunities for further efficiency.*











*Regulatory signs need to be better maintained and a higher standard required by Council of the signs' maintenance contractor. Council is addressing signage and delineation inconsistencies as noted during the RISA review. These aspects of the traffic corridor are directly related to improve road safety and require attention by Council.*

### Footpaths and Street Parking

A formal monitoring system is now established to assess footpath condition in urban areas. Council provides parking on urban streets where it is practicable and safe to do so. Within areas kerbside parking is either metered or time restricted to ensure a good turn-over of usage to encourage a vibrant retail environment. Off street parking and parking buildings are managed by Marlborough Roads (via a sub-contractor). This is part of the Regional Development activity later in the report.

### 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.

Levels of Service: Roads and Footpaths				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.5		Actual score: 6.7 (Last year: 6.5). On target.
<b>Provide a safe transport infrastructure.</b>				
Number of vehicle crashes per year involving injury where contributing factor is 'Road Conditions' <sup>1</sup> .	3	< 4		Actual score: 2 (Last year: 3). On target.
<b>Provide a quality transport infrastructure.</b>				
Average road roughness <sup>2</sup> standards for:				
1. Urban sealed roads.	<100	< 110		Actual score: 107 (Last year: 108).
2. Rural Sealed roads.	<100	< 100		Actual score: 94 (Last year: 88). On target. Some deterioration over the years for storm damage.
Smooth Travel Exposure <sup>3</sup> for:				Actual score: 88% (Last year: 89%). Almost on target. Scores still favourable and has maintained same level as last year and an improvement on previous years. A measure of > 95% is a very tough measure for an urban environment, where there is an abundance of utility trenches, manholes, etc that can cause a rough ride.
1. Urban Sealed roads	≥ 95%	95%		
2. Rural Sealed roads	≥ 95%	95%		Actual score: 94% (Last year: 95%). Almost on target. This measure was not achieved for the first time but only by 1%. Reasons include: - Measuring is a one off measure and could be some variation. - At the time of measuring, some maintenance work could have been outstanding.
Condition Index <sup>4</sup> .	5	≤ 6		Actual score: 5.9 (Last year: 5.9). On target.
<b>To provide footpaths that meet the needs of an ageing community.</b>				
Reduce length (kms) of 4 (poor) and 5 (very poor) rated footpath.	New measure	< 15		Actual score: 14.7 (Last year: New measure). On target.
<b>Provide a sustainable land transport infrastructure.</b>				
% of programmed maintenance works in the Asset Management Plan achieved.	100%	100%		Actual score: 99.4% (Last year: 106%). Almost on target. The measure was not achieved as a % of Budget spent (99.4%) however all programmed maintenance work was completed.
% of renewal and improvement works included in the Asset Management Plan achieved.	95%	95%		Actual score: 97.3% (Last year: 93%). On target.

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.

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 (See Smooth Travel Exposure above).

4. Condition Index is an addition of weighted percentages of defects like alligator cracking, scabbing, potholes, pothole patches and flushing. It does not include age of the surfacing treatment. Lower values indicate a higher standard, where the maximum score is 100 and a lower score such as five is a very good outcome.

Because of short term pressures with funding reducing an allowance was made for some increase in the Condition Index reflecting less renewal and more maintenance.

## Activity Group: Roads and Footpaths

### Funding Impact Statement for year ended 30 June:

Roads and footpaths	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	8,410	8,450	8,507
Targeted rates (other than for water supply)	122	63	64
Subsidies and grants for operating purposes	3,339	3,065	3,878
Fees and charges	5	5	53
Other receipts	1,270	1,709	1,247
<b>Total operating funding</b>	<b>13,146</b>	<b>13,292</b>	<b>13,749</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,902	7,603	9,690
Finance costs	286	418	281
Internal charges and overheads applied	1,044	1,071	1,068
<b>Total applications of operating funding</b>	<b>9,232</b>	<b>9,092</b>	<b>11,039</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,914</b>	<b>4,200</b>	<b>2,710</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	2,517	2,699	2,193
Development and financial contributions	163	165	272
Increase (decrease) in debt	999	443	1,153
Gross proceeds from sale of assets	-	-	75
<b>Total sources of capital funding</b>	<b>3,679</b>	<b>3,307</b>	<b>3,693</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	717	525	848
Capital expenditure to improve the level of service	825	250	646
Capital expenditure to replace existing assets	5,866	6,136	5,000
Increase (decrease) in reserves	185	596	(91)
<b>Total applications of capital funding</b>	<b>7,593</b>	<b>7,507</b>	<b>6,403</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,914)</b>	<b>(4,200)</b>	<b>(2,710)</b>
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		9,092	11,039
plus - Depreciation and amortisation		7,368	7,310
<b>Expenditure as per Income Statement</b>		<b>16,460</b>	<b>18,349</b>
<b>Capital expenditure (including vested assets):</b>	<b>8,031</b>	<b>7,534</b>	<b>8,358</b>

#### **Internal borrowing used for the purpose of Roads and footpaths**

Funds borrowed during the year	4,511
Funds repaid during the year	1,435
Interest paid in relation to this borrowing	282
	281

Note 1: Explanation of funding impact statement variance:

- o Payments to staff and suppliers includes additional emergency reinstatement works (\$1.77M) which has attracted additional operating subsidy revenue of \$930,000. Depreciation and loan interest were less than expected due to lower 2011-12 capital expenditure. Other expenditure variation due to Middle Renwick Road power undergrounding (cost share with Marlborough Lines - \$714,000), funded from debt; partially offset by unused provision for local share funding of bridge renewal projects awaiting NZTA approval (\$286,000).
- o Other receipts variance due to additional net contributions and levies and vested assets. (Kaiuma Bay Development \$1.24M) These have been partially offset by reduced subsidies for budgeted projects which were not approved by NZTA.

Note 2: Significant capital expenditure:

- o Renewals as per Asset Management Plan (\$5.0M), seal extensions (\$291,000), CBD upgrades (\$478,000) and cycleways (\$255,000).

Note 3: Significant capital expenditure variances:

- o To meet additional demand due to Riverlands cycleway (\$255,000) funded from debt.
- o To improve the level of service due to Queen Street pocket park development funded from reserves.



## Activity Group: Roads and Footpaths

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- To replace existing assets due to reduced bridge renewals (\$907,000) which is partially offset by reduced capital subsidy revenue.
- Increased vested assets (\$1.24M).

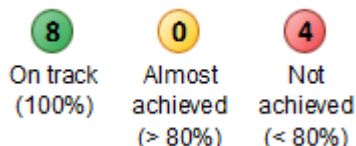
## Activity Group: Flood Protection and Control Works

### Activities in this Group:

This activity group comprises a single activity; Flood Protection and Control Works.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved eight of the 12 targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

It is mandatory that Flood Protection and Control Works is an Activity Group.

Activity: Flood Protection and Control Works		
Operating costs of this activity represents approximately 5.8% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
Residents and their property are safeguarded from the risks of river and stream flooding.  Agricultural drainage of the lower Wairau Plains is provided.  Environmental disadvantages of river control and drainage works are mitigated against.	Essential services, Environmental sustainability, Prosperity.	A place where people enjoy living.

### How this Activity Contributes to Related Community and Council Outcomes

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

### What is this Activity About?

The activity is primarily about managing flood hazard and focused on drainage of the more developed areas of Marlborough. Requirements in different areas have developed according to the history of flood risks, development of drainage improvements and from 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 one 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 one in 50 years 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 one in 50 years 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 into 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.













## Asset Description

Asset	Length / Quantity
Stopbanks, training banks, the Taylor Dam, and other minor dams in total comprising 4.8 million cubic metres volume of earthworks.	180 km
Large rock rip rap for river bank erosion protection purpose.	575,000 m <sup>3</sup>
Managed tree plantings (willows, poplars etc) for riverbank erosion protection purposes.	61 hectares
Excavated minor water courses for agricultural drainage and urban stormwater disposal purposes.	160 km
Major river diversions.	2
Pumping stations for agricultural drainage purposes.	17
Pumping stations for urban stormwater disposal purposes.	12
Culverts under stopbanks etc of various sizes and lengths, usually floodgated.	290
Control gates or weirs.	20
Floodway land.	3,000 hectares

The total asset value for the Flood Protection and Control Works activity as at 30 June 2013 is \$170.3 million.

### What we did in 2012-13

- Our annual work programme was significantly affected by two flood events, the Southern Valleys flood event of July and August 2012 and more recently the Wither Hills flood event of May 2013. However, the summer in between was generally fine and dry.
- The Southern Valleys flood event caused significant bank erosion in the Omaka, Upper Fairhall and Taylor Rivers with an estimated scheme repair cost of \$240,000. This work was all completed. Staff also managed six bank protection works jobs in the upper Omaka on behalf of the adjacent landowners.
- August 2012 also saw a lot of surface water on the lower Wairau plains and put the existing drainage and pump station network under considerable strain. The pump stations coped however the event did highlight a small number of sites where pump overhauls are required. This work is underway.
- In May 2013 heavy overnight rain caused large flows in most Wither Hills tributary streams east of the Taylor River. The flows were generally contained within their respective waterways but the flood did highlight a couple of areas for improvement including in Mapps Stream at Dry Hills and at the Cloudy Bay industrial area. Watercourse repair works consisting mostly of either erosion repairs or sediment removal are largely complete. Work is also required within the Wither Hills Farm Park to repair access tracks, clean out detention dams and repair detention structures.
- The remaining Wairau River bank repairs from the March 2012 flood event were completed. In total about 16,500 tonnes of rock and rubble was carted and placed at various sites.
- The fine summer enabled Rileys Drain to be piped over 240 metres downstream from Puketea Place. This tidies up what was an unsatisfactory open drain in the back of six residential properties and enables the development at Harakeke Place to proceed.
- The Waterlea pump station upgrade was completed. This required construction of a new discharge pipe through the stopbank, a new outlet chamber on the edge of Nelson Street, and a new outlet pipe under Nelson Street. The pump station can now be operated on one pump before Taylor River levels close Nelson Street.
- Preliminary design work was completed on a new stormwater pump station to serve the Kinross Street catchment. Design was also completed on the proposed lower Wairau stopbank upgrade at Jones Road.
- The lower Wairau channel was surveyed to determine whether the erodible bank was having a beneficial effect on channel sedimentation. The results were very pleasing with an average bed lowering of 200mm over the lower half of the channel only three years since the erodible bank was constructed.
- A review was completed on Taylor River design flood levels through Blenheim. This information is a necessary step in the design of any new stormwater pump stations and assessing the flood risk in tributary streams including Murphys Creek.
- 14 hectares of upper Conders Forest was logged providing a good return to Council. The area will be replanted in winter 2014.

Levels of Service: Flood Protection and Control Works				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	7.0		Actual score: 7.2 (Last year: 7.1). On target.
<b>Monitor, maintain and upgrade flood-ways to provide a capacity for a flood size of up to 1 in 100 year return period event for the lower Wairau Plain, and 1 in 50 year return period event for Blenheim stormwater outfalls, and Waitohi and Waikawa Rivers, Picton.</b>				
% of floodway network inspected annually for condition and maintenance requirements.	90%	90%		Actual score: 92.5% (Last year: 90%). On target. Includes post flood event inspections.
% of programmed maintenance and renewal works identified in the Rivers AMP practically[1] completed.	100%	100%		Actual score: 100% (Last year: 95%). On target. Expenditure was 118% of budget due to flood damage repairs.
% of capital improvement works in the Annual Plan achieved.	80%	80%		Actual score: 35% (Last year: 40%). Not on target. Programme delayed by focus on flood response and land access issues.
Timeliness of providing a report to the Assets and Services Committee on the damage to the Floodway network and potential problem areas following significant flood events (generally exceeding a 1:2 year return).	New measure	2 months or less post event		Actual score: 2 (Last year: New measure). On target. Two flood reports completed - Southern Valleys in August 2012 and Wither Hills in May 2013, both within target time frame.
<b>Effective drainage provided to the lower Wairau plains.</b>				
% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%		Actual score: 100% (Last year: 100%). On target. All inspections completed.
Timeliness in completing a Review of the Drainage Network to determine appropriate maintenance standards and network upgrades in conjunction with landowners.	New measure	30-Jun-13		Actual score: 0 (Last year: New measure). Not completed - delayed by other work priorities including flood response and underway capital improvement projects.
% of drains weed sprayed each year.	New measure	> 90%		Actual score: 90% (Last year: New measure). On target. Drain spraying programme completed.
% of drains mechanically cleared each year.	New measure	> 8%		Actual score: 4% (Last year: New measure). Not on target. Less required than target - indicator of drains in good condition.
<b>River channels for tributaries of the Wairau floodplain (including the upper Wairau River) kept clear of trees and debris as economically practical.</b>				
% of tributaries inspected at least every two years to assess for blockages and willow growth as measured on a two year rolling basis.	New measure	100%		Actual score: 100% (Last year: New measure). On target. The 2012-13 Annual Report inspections reflect year 1 of a 2 year performance measure. All tributaries listed to be inspected on year 1 have been inspected. All other remaining tributaries are to be inspected during the 2013-14 financial year.
Landowner concerns investigated and responded to within 48 hours.	95%	95%		Actual score: 0% (Last year: Not measured). Not on target. Record of landowner contacts not made - however where possible initial response within 48 hour target. Recording system requires careful design.
<b>Sound flood hazard advice provided.</b>				
Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	<5	< 5		Actual score: 0 (Last year: 0). On target. None recorded for 2012-13.



## Activity Group: Flood Protection and Control Works

### Funding Impact Statement for year ended 30 June:

Flood protection and control works	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	299	271	270
Targeted rates (other than for water supply)	3,238	3,246	3,276
Fees and charges	660	510	694
Internal charges and overheads recovered	185	145	221
Other receipts including rental revenue	3,033	2,331	2,807
<b>Total operating funding</b>	7,415	6,503	7,268
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,547	3,571	4,298
Finance costs	152	57	50
Internal charges and overheads applied	684	724	912
Other operating funding applications	24	25	-
<b>Total applications of operating funding</b>	4,407	4,377	5,260
<b>Surplus (deficit) of operating funding</b>	3,008	2,126	2,008
<b>Sources of capital funding</b>			
Increase (decrease) in debt	358	50	(19)
<b>Total sources of capital funding</b>	358	50	(19)
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	200	200	-
Capital expenditure to improve the level of service	850	840	640
Increase (decrease) in reserves	2,316	1,136	1,349
<b>Total applications of capital funding</b>	3,366	2,176	1,989
<b>Surplus (deficit) of capital funding</b>	(3,008)	(2,126)	(2,008)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		4,377	5,260
plus - Depreciation and amortisation		152	132
plus - Loss on sale of fixed assets		-	46
less - Internal charges and overheads recovered		145	221
<b>Expenditure as per Income Statement</b>		4,384	5,217
<b>Operating expenditure</b>			
River Leases	209	217	226
Rivers Outside Wairau Floodplain	281	263	251
Wairau Floodplain Drainage	790	771	799
Wairau Floodplain Rivers	3,082	3,133	3,941
<b>Capital expenditure:</b>			
Rivers Outside Wairau Floodplain	20	20	3
Wairau Floodplain Drainage	470	540	254
Wairau Floodplain Rivers	560	480	383

#### **Internal borrowing used for the purpose of Flood protection and control works**

Funds borrowed during the year	-
Funds repaid during the year	19
Interest paid in relation to this borrowing	50

Note 1: Explanation of funding impact statement variance:

- o Fees and charges due to increased gravel extraction and log sales.
- o Other receipts due to increased lease rentals and recoveries for private erosion control works.
- o Wairau Floodplain and tributary Rivers due to flood damage costs and erosion control works.

Note 2: Significant capital expenditure:

- o Wairau Floodplain Drainage – Rileys Drain piping (\$224,000).
- o Wairau Floodplain Rivers – rock protection (\$102,000), stopbanks (\$79,000) and land purchases (\$95,000).

## Activity Group: Flood Protection and Control Works

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Note 3: This activity has a significant surplus due to lease revenue (included in other receipts) 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 upgrade.

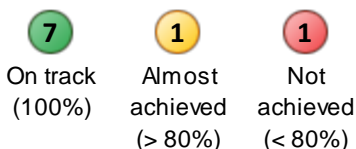
## Activity Group: Sewerage Including Treatment and Disposal

### Activities in this Group:

This activity group comprises a single activity; Sewerage Including Treatment and Disposal.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved seven and almost achieved one of the nine targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

It is mandatory that Sewerage Including Treatment and Disposal is an activity group.

Activity: Sewerage Including Treatment and Disposal		
Operating costs of this activity represents approximately 10.3% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
Public and environmental health risks of urban sewage are minimised. Sewage from industrial zones is able to be processed at the Blenheim Sewage Treatment Plant.	Environmental sustainability; Essential services.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the environmental sustainability and essential services Community Outcomes by providing a collection network and treatment facility that allows for the safe return to the environment of liquid waste. It also contributes to the related Council Outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by treating domestic and industrial liquid waste.

### 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.

### What We Do and Where We Do It

Council operates four wastewater schemes - in Blenheim, Picton, Havelock and Seddon. The reticulation networks at Blenheim, Renwick, Grovetown, Spring Creek, Riverlands, Cloudy Bay and Woodbourne drain to the sewage treatment facility at Hardings Road, Blenheim. The plant has evolved over many years. The original aeration ponds have been augmented with the treatment ponds that formerly served the PPCS meat processing plant. There have been major upgrades to the plant in recent years to meet the rapidly growing demands of the wine industry. Work has commenced on the construction of a major new wetland tertiary treatment and outfall that will deliver improved effluent quality and facilitate irrigation to land. The current Opawa River discharge will then no longer be required.

Picton and Waikawa are served by a modern extended aeration treatment plant, completed in 1999. The plant performs very well and produces an effluent of consistent high quality. The old outfall pipeline that used to be conspicuous along the shore of Kaipupu Point has now been replaced by a new and improved under water pipe, and the old pipeline has been removed. Traditional oxidation ponds are used to treat effluent at Havelock and Seddon.

The cost of providing wastewater infrastructure is high and becomes increasingly expensive as larger and more complex equipment is installed to meet the higher standards of discharge quality and reliability demanded by modern society. It is common policy for the costs of the scheme to be borne only by the beneficiaries. Subsequently the installation and

maintenance of wastewater infrastructure becomes tenable only for reasonably large and concentrated population centres.

Around 85% of Marlborough's population is on the reticulated wastewater system. Rural locations rely on individual on-site treatment /disposal systems or small community based reticulation and treatment. The initial cost of on-site treatment is often more affordable for small and dispersed settlements but require suitable ground conditions for percolation of supernatant liquors and an on-going monitoring and maintenance commitment. Permeable soils, a low residual water table and a reasonably flat topography are good attributes for an efficient on-site treatment system. There are many areas of Marlborough where on-site sewage disposal are operated in difficult conditions. For example, further growth in many areas of the Marlborough Sounds is inhibited by the lack of sewage disposal options. Failing treatment systems cause insanitary conditions and pollution of local water courses and groundwater with a subsequent deterioration to the ecological, recreational and living environment. In these circumstances, a community wide treatment scheme may become more attractive to residents of small communities.

Reticulation has recently been installed in Grovetown, St Andrews, and the David/Severne Street areas of Blenheim. Installation costs were reduced by using a modern grinder pump system but connection costs were still considered high by some residents.

### Asset Description

The table provides an overview of the extent of Council's sewerage reticulation network:

Area	Sub Area	Pipeline Length (kilometres)	Number of Connections
Blenheim	Blenheim	199.6	12,106
	Renwick	13.9	Included in Blenheim
	Spring Creek	4	Included in Blenheim
	Riverlands	3.7	Included in Blenheim
	Grovetown	16.5	Included in Blenheim
Picton		49.5	2,497
Havelock		10.2	287
Seddon		7.3	224
<b>Total</b>		<b>304.7</b>	<b>15,114</b>

There are four treatment plants at Blenheim (Hardings Road), Havelock, Picton, Seddon; (Spring Creek decommissioned); 59 sewer pump stations and 150 sewer grinder pumps. The asset base has grown considerably over the last 10 years to meet the growth in wastewater (domestic and industrial) and the higher standards imposed by an increasingly environmentally conscious population.

The total asset value for the Sewerage activity as at 30 June 2013 is \$129.3 million. Detailed information on these assets is provided in the Wastewater Asset Management Plans.

### Why We Provide The Service We Do

The levels of service for the wastewater service have been determined by the features of the activity most valued by our customers.

**Environmental Risks** – the marine and riverine environments are important commercial, recreational and cultural environments. Fisheries, aquaculture, tourism, water sports and leisure activities depend on good quality water. Iwi have a deep cultural relationship with the natural environment. Effluent quality from the treatment plants is strictly controlled by resource consent. Sampling routines have been imposed to check the quality of the outfall discharge of each of the plants and on the shellfish ecology in the vicinity.

Treatment plants can become overloaded by highly concentrated wastewater. Vigilance is required to monitor trade wastes discharging into the catchments particularly of the smaller treatment plants.

Excessive wastewater volumes can lead to inadequate treatment at the plants and overflows from the reticulation. Most surcharging in the system is derived from rainwater entering the reticulation through inflow and infiltration during storms. There is a continuous programme to identify and remedy sources of leakage into the system. There is a formal process for Assets and Services Department to advise Council's Regulatory Department, public health and major stakeholders if an overflow occurs, so that a recovery plan can be agreed and monitored.

**Reliability and capacity** - Blockages and pump breakdowns can cause occasional problems. They need rapid detection and response to prevent wastewater build-up and overflow into the environment. Repeated breakdowns in the system may be of considerable inconvenience to customers who are unable to drain wastewater from their property and may also be an indication to Council of a deteriorating asset or inadequate operational maintenance.

**Timely and responsive service** – A constant and reliable wastewater service is often taken for granted, however all systems are likely to breakdown or fail from time to time. The Council cannot guarantee a 24/7 wastewater drainage but does endeavour to remedy faults as quickly as possible.

Many blockages occur on laterals (the smaller pipes connecting the property to the mains in the road). Customer Service staff are trained to question customers reporting blockages to try to establish whether the problem is on the customers pipe within the property or is the responsibility of the Council. Sewers maybe partially blocked causing them to drain slowly and restricting the service. More severely blocked sewers will quickly back-up and be at risk of overflowing. Service requests are prioritised based on the severity and the number of customers affected.

Council aims to restore toilet facilities to customers within six hours of the notification of a breakdown, either by repairing the fault or by providing temporary toilet facilities where significant repairs are required.

**Sustainable Service** - Responsible stewardship of major infrastructure requires the Council to repair, renew and upgrade the assets in a timely fashion and avoid accumulating a legacy of decrepit assets. Decisions have to be made as to when it is cost effective to replace failing assets rather than to continue to repair them. Routine maintenance is important for wastewater systems to ensure assets are clean and functioning correctly and plant is serviced to prevent premature failure.

### What we did in 2012-13










The new Picton sewage outfall pipe was commissioned in early 2013. The pipe was carefully designed and installed to meet high standards of a new resource consent. The commissioning allowed the removal of the old outfall pipe that was located in an unsightly position above the tideline along Kaipupu Point.

Construction work has commenced and is progressing on the \$17 million upgrade of the Blenheim Sewage Treatment Plant. New wetland ponds will provide an additional treatment stage to the current process to ensure a consistent high effluent quality. A facility is being built to allow the final effluent to be returned for irrigation to surrounding land and reduce the total volume of discharge to the aquatic environment. When soil and wind conditions are not suitable for irrigation the effluent will be discharged through a new outfall pipeline to Wairau Estuary on the out-going tide. The two existing outfalls to the Omaka River and the Wairau Estuary will be de-commissioned. There will be an overall improvement to the water quality to the benefit of the aquatic environment and recreational users of the lower Omaka River and the lower Wairau River and Estuary.

Work is progressing on the investigation and design of seismic strengthening to the Blenheim main pumping station at Springlands.

Design work has also commenced on the upgrade of the main trunk sewer between Waikawa and Picton. The upgrade will provide valuable additional sewer capacity for these drainage areas which has seen significant growth in recent years and suffers from the ingress of ground water during storm events.



Levels of Service: Sewerage Including Treatment and Disposal				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.9	8.0		Actual score: 8 (Last year: 8.1). On target.
<b>Provide a level of service quality that minimises environmental risks.</b>				
Publish sewage treatment plant annual performance report in accordance with the resource consent.	New measure	All		Actual score: All (Last year: New measure). On target. Annual Monitoring Reports have been posted to the MDC web-site. Recommendations on consent conditions compliance were made in the report and are being addressed.
Number of dry weather overflows from all Council reticulation systems.	New measure	≤ 6		Actual score: 3 (Last year: New measure). On target.
<b>Provide a reliable wastewater service with adequate system capacity and performance.</b>				
Total number of wet weather overflows.	New measure	≤ 18		Actual score: 32 (Last year: New measure). Not on target. Severe storms highlighted problems with stormwater ingress into the sewer reticulation. Strict public health clean-up and reporting procedures are adopted after any overflow event.
Number of blockages occurring per 100 km of sewer main per year (excluding property connection pipes).	15	≤ 15		Actual score: 5.2 (Last year: 6). On target. 16 blocks on mains, 308 kms of sewer therefore 16 blocks/308 = 0.052 *100= 5.2 blockages per 100 kms.
<b>Provide a service that is timely and responsive to customer needs.</b>				
% of unplanned service interruptions or blockages responded to within two hours.	82%	85%		Actual score: 100% (Last year: 95.7%). On target. 29 events recorded, all responded within two hours (last year: 44 out of 46 were responded within two hours).
% of toilet facilities restored to all customers affected by unplanned interruptions within six hours of notification.	86%	90%		Actual score: 100% (Last year: 83.3%). On target. 23 events recorded, all restored within six hours (last year: 25 out of 30 were restored within six hours).
<b>Provide a sustainable wastewater service.</b>				
% renewal works in the Wastewater Asset Management Plan completed.	New measure	70%		Actual score: 134% (Last year: 97% including maintenance). On target. Picton and Seddon pipeline renewals funded by 2011-12 carryovers.
% of improvement works included in the Wastewater Asset Management Plan completed.	New measure	70%		Actual score: 59% (Last year: 28%). Almost on target. Blenheim Sewerage Treatment Plant upgrade works delayed in commencement of construction . New scheduled for completion Nov 2013.

## Activity Group: Sewerage Including Treatment and Disposal

### Funding Impact Statement for year ended 30 June:

Sewerage	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than for water supply)	6,510	7,001	7,111
Fees and charges	92	92	59
Other receipts	1,473	1,377	1,256
<b>Total operating funding</b>	<b>8,075</b>	<b>8,470</b>	<b>8,426</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,112	3,350	3,369
Finance costs	1,577	2,141	1,822
Internal charges and overheads applied	1,025	1,100	1,077
Other operating funding applications	-	-	12
<b>Total applications of operating funding</b>	<b>5,714</b>	<b>6,591</b>	<b>6,280</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,361</b>	<b>1,879</b>	<b>2,146</b>
<b>Sources of capital funding</b>			
Development and financial contributions	420	350	235
Gross proceeds from sale of assets	-	-	8
Increase (decrease) in debt	3,348	17,660	8,455
<b>Total sources of capital funding</b>	<b>3,768</b>	<b>18,010</b>	<b>8,698</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	8,637	5,192	3,283
Capital expenditure to improve the level of service	53	12,876	7,291
Capital expenditure to replace existing assets	360	2,604	1,619
Increase (decrease) in reserves	(2,921)	(783)	(1,349)
<b>Total applications of capital funding</b>	<b>6,129</b>	<b>19,889</b>	<b>10,844</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,361)</b>	<b>(1,879)</b>	<b>(2,146)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		6,591	6,280
plus - Depreciation and amortisation		2,576	2,231
plus - Loss on sale of fixed assets		-	746
<b>Expenditure as per Income Statement</b>		<b>9,167</b>	<b>9,257</b>
<b>Operating expenditure</b>			
Combined scheme	6,555	7,431	7,669
Riverlands Industrial	1,333	1,557	1,375
St Andrews	4	19	18
Private Works	-	-	37
Loan units (no-lump sum)	139	160	159
<b>Capital expenditure (including vested assets)</b>			
Combined scheme	7,774	16,663	10,023
Riverlands Industrial	1,457	4,230	2,297
St Andrews	40	-	18

#### **Internal borrowing used for the purpose of Sewerage**

	29,937
Funds borrowed during the year	9,524
Funds repaid during the year	1,069
Interest paid in relation to this borrowing	1,822

Note 1: Explanation of funding impact statement variance:

- o Other receipts includes lower than anticipated tradewaste and connection fees and development and vested asset contributions.
- o Loss on write off disposal of the old Picton sewer outfall pipeline carrying book value.

## Activity Group: Sewerage Including Treatment and Disposal

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- Reduced finance costs and depreciation due to deferred and reduced capital expenditure.

Note 2: Significant capital expenditure – Picton sewer outfall pipeline (\$3.93M) and Blenheim Sewage Treatment plant upgrade (\$7.16M).

Note 3: Significant capital expenditure variances – Blenheim Sewer – Treatment (\$4.67M), Blenheim Sewer – Pipelines (\$432,000), Picton Sewer – Treatment (\$149,000) and Riverlands Sewer – Treatment (\$1.88M) carried over to 2013-14 and budget savings of \$3.43M for Blenheim Sewage Treatment plant upgrade.

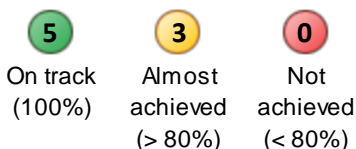
## Activity Group: Stormwater Drainage

### Activities in this Group:

This activity group comprises a single activity; Stormwater Drainage.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved five and almost achieved three of the eight targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

It is mandatory that Stormwater Drainage is an activity group.

Activity: Stormwater Drainage		
Operating costs of this activity represents approximately 1.8% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
Residents and their property are protected from the risks of stormwater flooding.	Essential services, Environmental sustainability.	A place where people enjoy living.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of environmental sustainability and essential services and the related Council Outcome of a place where people enjoy living by providing an urban drainage network that effectively manages flood risk and possible surface contamination.

### What is this activity about?

Council provides a stormwater drainage system to manage stormwater run-off from urban catchments. Collection and disposal of stormwater contributes to:

- Safety of the community by minimising the incidence of flooding.
- Minimising damage to properties from flooding.
- Reduced erosion.
- Facilitating commercial and residential development.
- The aquatic environment through the management of quality of urban stormwater run-off.

### What We Do and Where We Do It

The cost of providing stormwater infrastructure is high and becomes increasingly expensive as larger capacity is provided to meet higher standards of drainage and flood protection. It is policy for only the beneficiaries of a scheme to bear the associated costs. Therefore the construction and maintenance of stormwater infrastructure only becomes tenable for reasonably large and concentrated population centres. Rural locations frequently rely on natural channels and local experience to avoid flooding of dwellings and out-buildings. In some areas, flood protection works are undertaken by Council's Rivers and Land Drainage department that provides a wider protection to rural land and properties.

The urban stormwater systems can be categorised into two parts: The natural components comprise waterways and ponding areas whilst the constructed system consists of stormwater mains, manholes, inlet sumps, pump stations, retention areas, secondary flow paths and soak holes. Picton and Blenheim account for over 90% of the stormwater reticulation (see table below.)

The flat terrain on which much of Blenheim is sited means that the stormwater reticulation is laid at very flat grades. The reticulation drains to either the natural water courses or man-made drains that were constructed primarily for agricultural drainage purposes. Accommodating growth into the existing infrastructure whilst maintaining standards is proving challenging. Picton/Waikawa lie at the base of a number of steep catchments that quickly accumulate and concentrate stormwater into natural watercourses that run through the urban area.

## Asset Description

The table below provides a summary of stormwater reticulation lengths by area:

Area	Reticulation length (Kilometres)
Blenheim	108.4
Picton/Waikawa	22.2
Renwick	3.2
Okiwi Bay	0.3
Riverlands	4.4
Spring Creek	3.4
Rai Valley	0.3
Havelock	0.7
<b>Total</b>	<b>142.9</b>

The total asset value for the Stormwater Drainage activity at 30 June 2013 is \$65.9 million. Detailed information on these assets, including information on levels of service performance is provided in the Stormwater Asset Management Plan.

Urban populations are required to site their building platforms at an elevation that provides them with a level of flood protection whilst the stormwater infrastructure is designed and sized to drain the water to natural or man-made water courses. Buried pipes and open channels are expensive to build and maintain and it is often expedient to use road surfaces as secondary flow paths to channel away high rain flows. Whilst this can be an efficient method of dealing with high volumes of stormwater it can lead to temporary inconvenience for road users.

The stormwater system is managed in close cooperation with Rivers and Drainage networks. Planning of future stormwater infrastructure must ensure the downstream water course has sufficient capacity for the proposed development.

## Why We Provide the Service We Do

The levels of service have been determined on the features of the activity that are most valued by our customers:

**Environmental Risks** - Rainwater falling on urban areas pick-up and carry all-sorts of materials and also dissolve harmful substances into solution. The stormwater is then discharged into natural watercourses. Council owned stormwater systems must take reasonable care to prevent the conveying of pollutants into the natural environment. Pro-active measures to prevent the deliberate and reckless tipping of contaminants into the stormwater system is undertaken by education and regulation. High risk activities are required to install interceptors into their drains and cover impermeable areas from rain. If a pollution event occurs Council will respond to mitigate the effects and investigate the cause.

The quality of stormwater outfalls are regulated through resource consents. There is a legacy of many old and outdated consents throughout Marlborough. A major project to consolidate, rationalise and update the legal framework is currently underway through the Blenheim Stormwater Strategy and is likely to be extended to other areas once it has been successfully implemented.

**Reliable stormwater system** - The efficacy of stormwater drainage can be difficult to assess as it is only required to perform at optimum capacity during relatively rare storm events. Mathematical models are used to model storms and their outcomes.

The design of the stormwater infrastructure is based on the study of historical rainfall events and the resultant flood levels to help predict the frequency that similar events will occur in the future – the average return interval (ARI). Pipes, channels, pump stations, etc are then sized to provide a level of flood protection to the community based on a chosen ARI. However, each storm event has a unique set of characteristics – the intensity and duration of the rain storm, the area over which the storm occurs, the rainfall patterns preceding the storm and changes to permeability as a result of urban infill, etc. The historical record is relatively short and it can therefore be difficult to categorise a storm by its annual return interval or accurately predict the impact it will have.

The outcome of rainfall events is also complicated by changing land use patterns and run-off characteristics from the land, weather patterns and the changing expectations and living standards of the public.

**Provide a timely response** - During severe storm events when flooding is predicted the Council will mobilise an incident management centre to coordinate the response to emergency calls. All calls are assessed and prioritised. Those areas where there is a possibility of water entering houses or commercial buildings are given first priority. Second priority is given to areas where there is a possibility of water entering garages or outbuildings, followed by areas where water may pond on garden areas and roads. In the worst storms there may be little Council can do to manage the flood water as the infrastructure and natural waterways are overloaded. In these circumstances the response is to do whatever is possible to save life and reduce the damage to property.



## Activity Group: Stormwater Drainage

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Providing and maintaining an accurate log of responses during an emergency event can be challenging and the Council continue to refine their recording systems.

Sustainable stormwater - Responsible stewardship of major infrastructure requires the Council to repair, renew and upgrade the assets in a timely fashion and avoid accumulating a legacy of decrepit assets. Decisions have to be made as to when it is no longer cost effective to continue to repair failing assets and to replace them instead. The decision making process is influenced by the need for additional capacity, higher quality and rising standards.

### **What we did in 2012-13**









During the year Blenheim and the Lower Wairau Plain were subject to a number of relatively intense storm events.

A storm in early May 2013 was of particular note. Heavy rainfall started in and around Blenheim at approximately 9.00 pm on Sunday, 5 May and continued through to Monday, 6 May. A total of 67.5mm of rainfall was recorded over the period. A maximum intensity of 12mm falling in a single 15 minute period in the early hours of Monday morning. At its worst the rainfall was equivalent to a storm that, on average, is only likely to occur once every 25 years. The storm was preceded by a period of relatively wet weather, the soils were wet and their capacity to absorb more of the rain was limited.

As a consequence of the storm there were reports of flooding to 10 properties in the Blenheim urban area. Flood waters had entered some garages and outbuildings and had ponded in property gardens but there was no incidents of water entering dwellings. The main areas affected were the low lying areas of the town close to the Taylor and Opawa rivers.

Following the storm event of 6 May a paper was presented to Council identifying the vulnerable areas of the town and identifying the remedial upgrades to pipes and pumps required. Wherever possible the upgrades will be integrated with the replacement of assets that are reaching the end of their natural lives or need replacing to accommodate future urban growth. Work is continuing in order to coordinate the stormwater asset upgrades with the Rivers asset management plan and the overall stormwater strategy. The detail will be updated into a revised Stormwater Asset Management Plan.

During the year the stormwater main in Percy Street was upgraded and design of an upgrade to the mains in Muller Road was initiated.

Levels of Service: Stormwater Drainage				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.7		Actual score: 6.5 (Last year: 6.8). Almost on target. Significant storm events throughout the year drew attention to stormwater drainage issues. The use of roads as secondary overflow paths is common practice but can be inconvenient to road users.
<b>Minimise the environmental risks of stormwater discharge.</b>				
Reported stormwater discharges to the aquatic environment, that cause a deterioration to the receiving water.	≤6	≤ 6		Actual score: 4 (Last year: 5). On target. This indicator is consistent with the direction of the Draft Stormwater Strategy.
<b>Provide a reliable stormwater service.</b>				
Number of dwellings, commercial and industrial buildings flooded as a result of a storm event with a five year average return interval.	New measure	≤ 20		Actual score: 0 (Last year: New measure). On target.
Number of residential properties (dwellings including outbuildings and garages) flooded as the result of a storm event with a two year, or less, average return interval (ARI).	New measure	≤ 10		Actual score: 9 (Last year: New measure). On target. Two storms on 8th & 12th of August with an estimated ARI of < 2.33 years caused flooding to nine properties. A storm on 6th May caused flooding to 10 domestic properties in Blenheim. The estimated ARI of the event was 9 years.
<b>Provide a service that is timely and responsive to current needs.</b>				
% of complaints of flood water threatening a dwelling responded to in less than one hour.	New measure	99%		Actual score: 98% (Last year: New measure). Almost on target. 222 calls were received during normal operations and 4 serious storm events. Four complaints failed to record the time or were responded to outside the target time.
% of all storm related complaints received during an event responded to within four hours.	New measure	85%		Actual score: 99% (Last year: New measure). On target. 227 calls were received during for serious flood events. Two calls had response times outside of the target time.
<b>Provide a stormwater service that is sustainable.</b>				
% of annual renewal works completed.	New measure	75%		Actual score: 73% (Last year: 99% including maintenance). Almost on target. Budget provision for Picton and Renwick not required.
% of capital improvement works completed.	New measure	70%		Actual score: 115% (Last year: 100%). On target. Total actual expenditure is boosted by vested asset value component.

## Funding Impact Statement for year ended 30 June:

Stormwater drainage	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,430	1,539	1,546
Fees and charges	83	83	39
Other receipts	176	180	202
<b>Total operating funding</b>	1,689	1,802	1,787
<b>Applications of operating funding</b>			
Payments to staff and suppliers	288	297	272
Finance costs	155	135	109
Internal charges and overheads applied	140	144	142
<b>Total applications of operating funding</b>	583	576	523
<b>Surplus (deficit) of operating funding</b>	1,106	1,226	1,264
<b>Sources of capital funding</b>			
Development and financial contributions	52	62	8
Increase (decrease) in debt	(226)	(228)	(1,247)
<b>Total sources of capital funding</b>	(174)	(166)	(1,239)
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	83	83	46
Capital expenditure to improve the level of service	782	32	-
Capital expenditure to replace existing assets	71	71	65
Increase (decrease) in reserves	(4)	874	(86)
<b>Total applications of capital funding</b>	932	1,060	25
<b>Surplus (deficit) of capital funding</b>	(1,106)	(1,226)	(1,264)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		576	523
plus - Depreciation and amortisation		1,143	1,119
<b>Expenditure as per Income Statement</b>		1,719	1,642
<b>Operating expenditure</b>			
Blenheim Stormwater	1,052	1,133	1,127
Other Stormwater Schemes	554	586	515
<b>Capital expenditure (including vested assets):</b>			
Blenheim Stormwater	1,130	380	310
Other Stormwater Schemes	66	66	165
<b>Internal borrowing used for the purpose of Stormwater drainage</b>			370
Funds borrowed during the year			-
Funds repaid during the year			1,247
Interest paid in relation to this borrowing			109

Note 1: Explanation of funding impact statement variance – There are no significant variances.

Note 2: Significant capital expenditure variances – Other stormwater schemes vested assets (\$150,000).

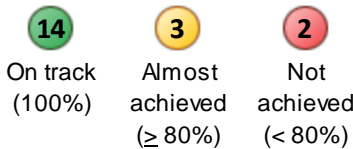
## Activity Group: Water Supply

### Activities in this Group:

This activity group comprises a single activity; Water Supply.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved 14 and almost achieved three of the 19 targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

It is mandatory that Water Supply is an activity group.

Activity: Water Supply		
Operating costs of this activity represents approximately 9.0% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
Residents have access to a safe and reliable water supply.	Environmental Sustainability and Essential services.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of environmental sustainability and essential services and the related Council Outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by providing an adequate supply of drinking water for domestic and industrial properties.

### What is this Activity About?

Council drinking water supplies are necessary so that larger communities can receive an adequate supply of potable, ie; 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.

### What We Do and Where We Do It

Council operates seven drinking water supply schemes - in Blenheim, Picton, Havelock, Renwick, Riverlands, Wairau Valley and Awatere. Council also operates a piped irrigation scheme for the Southern Valleys' area (see Regional Development activity) of the Wairau Plains and provides a small irrigation supply to the Riverlands area. Providing reticulated irrigation supply enables a wider range of land uses contributing to the economic wellbeing of the community.

Around 82% of the population of Marlborough are supplied from Council reticulated supplies. Underground water reticulation systems are expensive to install and maintain and are only cost effective at a certain level of population density. The Awatere water supply scheme for example was initiated as rural water scheme predominantly to provide water for stock. It has a similar length of reticulation as Blenheim but only 7% of the population. Funding depreciation and upgrades (particularly to meet drinking water standards) is an on-going issue for schemes of this sort.

Many of the smaller Marlborough settlements have individual private boreholes, springs, surface water abstraction, rainwater harvesting or are part of a small community run scheme.

## Activity Group: Water Supply

Drinking Water	Source	Reticulation Length (kilometres)	Service connections	Current Treatment	NZDWS <sup>1</sup> met?
Awatere	Birch Stream	153	748	MIOX disinfection completed July 2012. Twelve months operational data being gathered to show compliance with bacteriological section of Drinking Water Standards. Bacteriological compliance expected in 2013-14.	No (compliance required by 2014 but delayed <sup>1</sup> )
Blenheim	Grove Road, Bomford Street, Auckland Street, and Middle Renwick Road wells.	165	10,999	pH correction, UV disinfection at Middle Renwick Road and Central Water Treatment Plant. Andrew Street currently mothballed.	Yes
Picton	Speeds Road wells Barnes Dam (river)	54	2,444	Filtration, chlorination and pH correction.	No (compliance required by 2014)
Havelock	Kaituna wells	9	283	Chlorination.	No (compliance required by 2014 but delayed <sup>1</sup> )
Renwick	Terrace Road wells	16	801	Chlorination and pH correction.	No (compliance required by 2014 but delayed <sup>1</sup> )
Riverlands	Malthouse and Hardings wells	9	103	-	Yes: microbiological No: aesthetic
Wairau Valley	Well	3	51	Chlorination.	No (compliance required by 2015 but delayed <sup>1</sup> )

Irrigation	Source	Reticulation length (kilometres)	Area (hectares)
Riverlands	Hardings Road well	3	52

### Asset Description

The asset base has grown considerably over the last 10 years partly to meet the growth in demand (domestic and industrial) and more recently to meet the drinking water standards imposed by Health (Drinking Water) Amendment Act 2007. Total asset value on 30 June 2013 was assessed as \$104.3 million and is depreciating at a rate of more than \$2.9 million/year, a sum collected through the rating system.

Our pipe and service connection assets are identified in the preceding tables and our other assets are identified in the following tables:

<sup>1</sup> Continuing problems with small communities meeting the costs of compliance with the New Zealand Drinking Water Standards (NZDWS) has led to the Council petitioning the Ministry of Health on the communities behalf. Dates for achieving compliance will be delayed whilst a solution is sought.



Number of assets per location / Asset description	Blenheim	Picton	Renwick	Havelock	Awatere	Riverlands	Wairau Valley	Riverlands Irrigation
Borehole	9	3	3	1	0	3	1	0
Bore Pumps	9	3	3	1	0	3	1	0
Abstraction Gallery	0	0	0	0	1	0	0	0
Impounding Dam	0	1	0	0	0	0	0	0
Treatment Works	3	2	1	1	0	2	1	0
Distribution Pumps	6	1	2	0	0	2	2	0
Storage Tanks	18	30	10	5	17	2	0	0
Booster Pumps	5	6	0	0	5	0	0	0
Valves	1,049	367	81	74	194	38	9	0
Hydrants	1,002	249	72	32	48	35	4	0
Meters	314	138	34	24	748	103	51	9

## Why We Provide The Service We Do?

The levels of service have been determined on the features of a water supply scheme that are most valued by our customers.

**Water quality** – Since the introduction of the Health (Amendment) Act 2007 water suppliers have been forced to plan to meet the New Zealand Drinking Water Standards (NZDWS). Compliance is phased over a number of years depending on the population each scheme serves. The NZDWS are very detailed and complex covering physical, chemical, bacteriological and protozoa parameters. The standards insist on a thorough sampling regime from the source water, treatment plant and the distribution network. Council take well over 2,000 water samples every year to monitor the water quality.

Possibly the greatest threat to public health is the bacteriological infection of the drinking water supply. The detection of the bacteria *E.coli* is a reliable and readily detected indicator of bacteriological contamination. *E.coli* is a bacteria found in the gut of all warm blooded animals. Scrupulous sampling techniques are required to ensure representative samples are collected from the treatment plants and customers' supplies. Early detection of *E.coli* immediately provokes a confirmatory sampling programme of the area of supply to verify the initial result and extent of the contamination. If confirmed an emergency disinfection and flushing programme is initiated to clear the supply and an advisory 'Boil Water Notice' is issued to all affected customers. The procedures are maintained until three consecutive days of negative samples indicate the problem has been resolved. Awatere water is abstracted from an upland river catchment. A MIOX water disinfection plant has recently been commissioned to improve the bacteriological quality of the Awatere supply.

**Flow and pressure** - Customers value an unlimited supply of water at a desirable pressure for showers, domestic irrigation and multiple household outlets. The Fire Fighting Code of Practice also recommends certain flows and pressures from hydrants to facilitate fire fighting. The pressure of the delivered water decreases as demand increases. Pumps and pipes are therefore sized to deliver the minimum levels on peak demand day. Due to either recent rapid growth or a legacy of undersized pipework there are small areas in Blenheim, Picton, Renwick and Havelock that do not achieve the minimum standard during the peak days of summer. Pipe upgrades will be required to alleviate these occasional problems. Achievement of the minimum pressures can be monitored through advanced mathematical models of the distribution network. Awatere and Wairau Valley networks were not designed to meet the Fire Fighting Code and are not included in this metric.

In the steep hills around Picton high pressure can also be problematic. In order to achieve the minimum pressure at the top of the hills the properties at the bottom of the valley will receive high pressure water. This can cause problems with domestic plumbing, increased leakage and wear and tear on fittings. Pressure zone management is one of the options considered for water demand management.

**Continuity and reliability** – A constant and reliable water supply is often taken for granted, however all systems are likely to breakdown or fail from time to time. The Council cannot guarantee a 24/7 water supply but do endeavour to remedy faults as quickly as possible. All requests for service are prioritised based on the severity and impact.

## Activity Group: Water Supply

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Customers occasionally suffer from leaks inside their property and rely on the Council to turn-off the water. The Council do not routinely maintain toilets and cannot guarantee their serviceability. Customers should have a control valve fitted at the point of entry into the property for such emergencies. However, Council makes best endeavours when such calls are received.

Sustainable asset management – Responsible stewardship of major infrastructure requires the Council to repair, renew and upgrade the assets in a timely fashion to avoid accumulating a legacy of decrepit assets. Decisions have to be made as to when it is no longer cost effective to repair failing assets and to replace them instead. The decision making process is influenced by the need for additional capacity, higher quality or greater security.

### **What we did in 2012-13**

The long, hot dry summer experienced in many parts of Marlborough put considerable strain on the water supply resources throughout the region. The water level in the underground aquifer serving Renwick fell to its lowest point since 1982. It was necessary to impose water usage restrictions on Renwick residents in both early and late summer. The response from residents was good and more stringent restrictions were avoided.

















Following the commissioning of the upgrade to the Essons Valley Water Treatment Plant plans are progressing with the design of additional water treatment at the Speeds Road plant. The upgrade is required for Picton water supply to meet the Drinking Water Standards New Zealand by 2014.

Monitoring and adjustment to the MIOX Water Treatment Plant at Blarich on the Awatere water supply has continued throughout the year following commissioning of the plant in July 2012.




New pressure reducing valves have been installed to parts of the Picton water reticulation to help reduce leakage from the system and extend the life of the pipework. The work is part of an on-going water demand management strategy for the area.

Work has continued with the planning and design of strengthening works to the water storage reservoirs at The Elevation, Picton and at Cloudy Bay Business Park. The works will help to extend the life of the reservoirs and improve their resilience to earthquake damage.

Water mains were upgraded in Girling Avenue/Pitchill Street, Blenheim to improve water flows and pressures in these areas.

Levels of Service: Water Supply				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.3	7.4		Actual score: 8.2 (Last year: 8). On target.
<b>Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.</b>				
% compliance with E.coli criteria for Priority one (P1) bacteriological determinant of New Zealand Drinking Water Standards. (excludes Awatere until 2013)	99%	≥ 99.5%		Actual score: 99.7% (Last year: 100%). On target. 2,648 bacteriological water samples were taken throughout the year. E.coli was detected on eight occasions but was not detected in the follow-up investigation. All systems comply with P1 criteria.
<b>Provide a reliable water supply service.</b>				
% of properties that receive a minimum water pressure of 300kPa at the property boundary (except in the Awatere Valley and Wairau Valley township).				
• Blenheim	98%	98%		Actual score: 98% (Last year: 99.7%). On target.
• Picton	98%	98%		Actual score: 99% (Last year: 99.7%). On target.
• Havelock	98%	98%		Actual score: 100% (Last year: New measure). On target.
• Renwick	98%	98%		Actual score: 69% (Last year: New measure). Not on target. Renwick estimated compliance was 69% due to very high demand during summer period.
% of system where fire flows are equal to greater 25 litres/sec:				
• Blenheim	New measure	87%		Actual score: 86% (Last year: New measure). Almost on target. Blenheim: Hydraulic modelling has identified infrastructure upgrades to be included in future capital works programme.
• Picton	New measure	70%		Actual score: 87% (Last year: New measure). On target.
• Havelock	New measure	80%		Actual score: 100% (Last year: New measure). On target.
• Renwick	New measure	30%		Actual score: 55% (Last year: New measure). On target.
% of system where fire flows are less than 12.5 litres/sec:				
• Blenheim	New measure	1%		Actual score: 0.9% (Last year: New measure). On target.
• Picton	New measure	5%		Actual score: 1% (Last year: New measure). On target.
• Havelock	New measure	8%		Actual score: 0% (Last year: New measure). On target.
• Renwick	New measure	3%		Actual score: 2% (Last year: New measure). On target.
<b>Provide a service that is timely and responsive to customer needs.</b>				
% 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.	95%	95%		Actual score: 100% (Last year: 100%). On target. There were 6 events recorded, all responded within 30 minute (last year: 12 out of 12 incidents were responded within 30 minutes).
• 60 minutes for substantial leaks causing interruption to multiple properties.	95%	95%		Actual score: 94% (Last year: 95.9%). Almost on target. 29 out of 31 incidents were responded within 60 minutes, 2 customers were not warned of planned shut downs (last year: 47 out of 49 incidents were responded within 60 minutes).

## Activity Group: Water Supply

% of interrupted supplies restored to customers within eight hours of notification.	98%	98%		Actual score: 91% (Last year: 94.4%). Almost on target. 21 out of 23 "No Water" complaints were responded within eight hours. Two properties were turned-off without warning during planned maintenance work and could not be restored within eight hours.
<b>Provide a sustainable water supply.</b>				
% of renewal works in the Water Supply Asset Management Plan completed.	New measure	70%		Actual score: 24% (Last year: 100% including maintenance). Not on target. Lateral replacements and pipeline renewals activity minimal.
% of improvement works included in the Water Supply Asset Management Plan completed.	New measure	70%		Actual score: 118% (Last year: 117%). On target. Pressure zoning and reservoir strengthening design works in Picton funded by 2011/12 carryovers, while land purchase for Awatere treatment site and Riverlands reservoir strengthening were both deferred.

### Funding Impact Statement for year ended 30 June:

Water Supply	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
Targeted rates (other than for water supply)	6,513	6,820	6,636
Fees, charges and targeted rates for water supply	1,537	1,692	2,096
Other receipts	-	-	6
<b>Total operating funding</b>	<b>8,050</b>	<b>8,512</b>	<b>8,738</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,853	2,894	2,920
Finance costs	1,693	1,611	1,535
Internal charges and overheads applied	988	1,083	1,056
Other operating funding applications	-	-	51
<b>Total applications of operating funding</b>	<b>5,534</b>	<b>5,588</b>	<b>5,562</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,516</b>	<b>2,924</b>	<b>3,176</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	48
Development and financial contributions	280	280	157
Gross proceeds from sale of assets	-	-	6
Increase (decrease) in debt	(285)	(642)	(686)
<b>Total sources of capital funding</b>	<b>(5)</b>	<b>(362)</b>	<b>(475)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	2,980	196	425
Capital expenditure to improve the level of service	24	865	936
Capital expenditure to replace existing assets	353	352	130
Increase (decrease) in reserves	(846)	1,149	1,210
<b>Total applications of capital funding</b>	<b>2,511</b>	<b>2,562</b>	<b>2,701</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,516)</b>	<b>(2,924)</b>	<b>(3,176)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		5,588	5,562
plus - Depreciation and amortisation		2,574	2,515
plus - Loss on sale of fixed assets		-	62
<b>Expenditure as per Income Statement</b>		<b>8,162</b>	<b>8,139</b>
<b>Operating expenditure</b>			
Awatere Water	582	670	708
Blenheim Water	4,713	4,818	4,726
Havelock Water	233	252	247
Picton Water	1,530	1,674	1,725

Renwick Water	367	370	418
Riverlands Water	320	337	280
Wairau Valley Water	41	41	36
<b>Capital expenditure (including vested assets):</b>			
Awatere Water	337	336	13
Blenheim Water	1,554	571	601
Havelock Water	25	30	4
Picton Water	1,299	164	741
Renwick Water	77	19	66
Riverlands Water	238	489	217
Wairau Valley Water	21	-	6

**Internal borrowing used for the purpose of Water Supply**

	21,314
Funds borrowed during the year	370
Funds repaid during the year	1,056
Interest paid in relation to this borrowing	1,535

Please note that as required by the Local Government Act 2002:

- The line “targeted rates (other than for water supply)” contains amounts rated under section 16 of that Act (uniform annual charges and land value based rates).
- The line “fees, charges and targeted rates for water supply)” includes amounts rated under section 19 of that Act (metered water charges) together with other fees and charges.

Note 1: Explanation of funding impact statement variance:

- Water supply charges – increased metered water usage as a result of the long, hot, dry summer.
- There are no significant operating expenditure variances.

Note 2: Significant capital expenditure – Blenheim Central Water Treatment upgrade (\$201,000) and vested assets (\$158,000), Blenheim Pipeline upgrades (\$189,000), Picton Pipeline upgrades and pressure zoning (\$424,000) and Elevation reservoir seismic strengthening (\$136,000).

Note 3: Significant capital expenditure variances – Awatere water treatment plant (\$250,000) deferred and Riverlands water reservoir strengthening deferred (\$391,000) offset by Picton pipeline upgrade carried over from previous year (\$490,000).

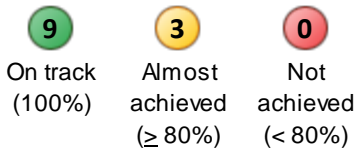
## Activity Group: Solid Waste Management

### Activities in this Group:

This activity group comprises a single activity; Solid Waste Management.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved nine and almost achieved three of the 12 targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

Solid Waste Management comprises of the full range of activities to manage solid waste, and is of sufficient size to be an activity group.

Activity: Solid Waste Management		
Operating costs of this activity represent approximately 7.4% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
Public and environmental health risks of solid and hazardous waste are minimised.	Essential services, environmental sustainability.	A place where people enjoy living.  A prosperous community and economy for all Marlburians.

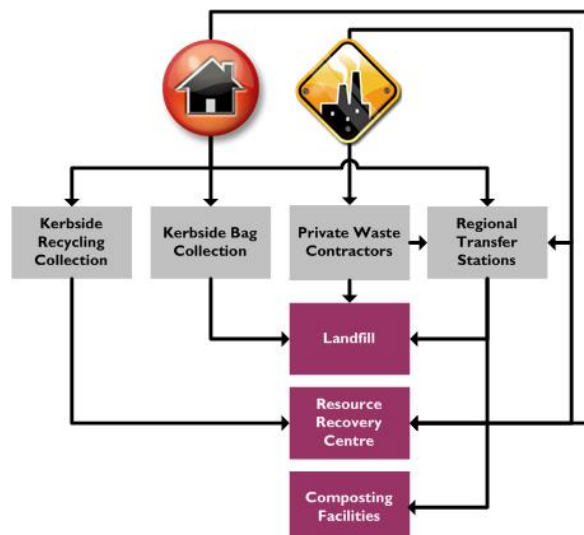
### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of essential services and environmental sustainability and related Council Outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by providing safe disposal facilities by means of a sanitary, environmentally sustainable landfill and recycling facilities.

### What is this Activity About?

The Council is bound by legislation to ensure that our solid waste is managed in a safe and sanitary manner that reduces any potential environmental impact and protects public health. For the Marlborough District the Council is the main provider of waste management infrastructure, providing a network of seven transfer stations, central landfill and resource recovery centre, all operated under contract to the Council.

These facilities are designed and operated to ensure the minimum impact on people's amenity and the environment. By promoting the reduction, reuse and recycling of diverted materials we will reduce our reliance on Landfill for disposal and also have the ability to influence the direction that our waste management and minimisation plan heads. Council collects, through a contract, refuse and recyclables from the kerbside in Blenheim and Picton.





## The Waste Situation

The transfer stations and the Resource Recovery Centre provide the opportunity for source segregation of recyclables by the public.

The Bluegums landfill site is an engineered containment facility for the depositing of waste residues. The landfill is estimated to be useable until 2049 based on current waste inputs. It is likely that the lifespan will be further extended if the projects outlined below proceed. The Bluegum landfill has met all resource consent conditions.

A composting facility is operating on leased Council land adjacent to the Blenheim transfer station and currently takes green waste deliveries from the public and private contractors.

Hazardous waste materials, such as oils, paints, and solvents can be dropped at each of the transfer stations. These materials are then collected and returned to a storage facility adjacent to the Blenheim transfer station pending onward movement for disposal or recycling.

The region has a number of clean fill sites for the disposal of materials such as brick, concrete, rubble and non-contaminated soils. In addition the region has a number of scrap yards for the receipt of ferrous and non-ferrous metals as well as scrap vehicles. These sites are operated by private contractors.

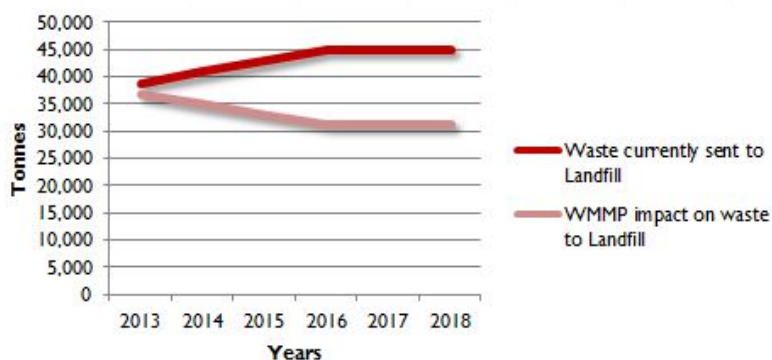
## Waste Management and Minimisation Plan (WMMP)

The Council is the territorial authority for the Marlborough District and as such is required to develop and adopt a WMMP. This document sets out the strategy for managing and minimising the District's waste for the period 2012 to 2018.

### Expansion of the Blenheim Residential Refuse and Kerbside Recycling Collection Service to the Blenheim Periphery

An expansion of the Blenheim residential refuse and kerbside recycling collection service to the Blenheim periphery (Burleigh, West Springlands, St Andrews and Dry Hills) has started on 1 July 2013. The purpose of the expansion is to increase material diversion and provide access to recycling for a higher percentage of the Marlborough community, in accordance with Council's Waste Management and Minimisation Plan. The targeted residential refuse and kerbside recycling collection service charge is \$110 per annum for 2013-14. This expansion followed a separate consultation exercise in March/April 2013.

The WMMP includes the proposal for the expansion of the kerbside recycling collection routes to other areas of the region by 2018 (Renwick, Havelock, Grovetown, Spring Creek, Tuamarina and Rarangi). The WMMP sets out plans to reduce the amount of putrescible (food) waste being generated by households by the use of home composting or digester systems. The cost of this service could be covered by a targeted rate. Also included are plans for a skip sorting facility. This facility has the potential to reduce the tonnage going to the landfill by 10,000 tonnes per annum. The cost of this project is estimated at \$3.24 million. Whether Council will proceed with this project is dependent upon the receipt of a Government subsidy and consideration of a final business case. The following graph outlines the projected growth in waste tonnage should no additional minimisation methods occur, and the impact if it is implemented:



The reduction in biodegradable and other recyclable materials into the landfill site will continue to be the focus of waste management activities over the life of the next WMMP.

## The Waste Levy

The Waste Minimisation Act 2008 introduced a waste levy to all disposal sites. The current rate is \$10 per tonne of waste sent to the Landfill. This charge is paid for by the depositor of the waste who could be a private contractor, business or Council on behalf of the ratepayer.

## Activity Group: Solid Waste Management

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The levy is split into three areas:

- Approximately 50% is returned to Council based on population for waste minimisation activities.
- Costs for administering the levy are taken out by Central Government.
- The remainder is put into a contestable fund to which the Council can apply.

The Council have made one successful application for funding to date, receiving \$120,000 over three years to set up a business resource efficiency programme to assist industry in minimising their waste streams going forward. The monitoring of this project is set out in the initial funding application which was approved by the Ministry for the Environment. In essence a monthly review meeting will track the outcomes during the period 2012-15 with a summary report on progress issued each January.

### Emissions Trading Scheme (ETS)

The landfill generates and emits gas as a by-product of the decomposition of the waste. This emission will be liable for charges under the ETS scheme from 2013 onwards. The site is now registered with the New Zealand Emissions Unit and mandatory reporting commenced in 2012.

The landfill has a flare and associated collection system which burns the gas on site. The efficiency of this system along with the percentage of biodegradable material within the incoming waste will allow the site to define its Unique Emissions Factor (UEF). This UEF will allow the site to reduce its liability for ETS charges.

Any reduction or diversion scheme that can reduce the biodegradable waste inputs to the landfill will have a positive impact on reducing the ETS charges liability.

### Asset Description

The Council's principal assets supporting this activity are the regional landfill facility, the network of transfer stations and the Resource Recovery Centre/Re-Use shop facility.

### What we did in 2012-13

The E waste collection facility has now been in operation for a full year and took part in the recent TV Takeback scheme.

The expansion of the kerbside collection routes to up the periphery of Blenheim has been implemented with effect from the 1 July 2013.

A Request for Expressions of Interest (REOI) for our waste management and minimisation services was issued in May 2013 and responses received in July 2013. This information will now be used in the formation of a Request for Proposal (RFP) or Request for Tender (RFT) document which will be issued in September 2013. The purpose of this process is to select appropriate, competent contractor(s) to deliver waste management and minimisation service to the Marlborough region from 2014 through to 2022.













Discussions with the wine industry in relation to the handling of grape marc were progressed during this year culminating in an application to the waste minimisation fund for financial support in relation to a proposal to establish a grape marc processing facility in the Riverlands area. The purpose of this facility will be to extract added value from the grape marc, initially by composting the material and delivering back to participating vineyards. The wine industry is taking a collaborative approach through the formation of a company called Marlborough Grape Marc Limited which consists of a number of interested parties. Council has acted as a facilitator to this group.

Our link to the schools continues to be developed with the introduction of visits to the landfill as part of school tours during the last year. This has demonstrated to the students and accompanying adults the ultimate consequence of generating rubbish which ends up at the landfill site.

The possibility of generating energy (electricity) from the landfill gas continues to be explored.

The introduction of a commercial and industrial waste sorting facility continues to be explored and is covered in the re-tendering process now currently underway. This facility would divert materials from the transfer station and commercial sector, including builder's skips. Items such as brick, soil, rubble, GIB (plasterboard), metal, glass, cardboard, and plastics are all contained in these waste streams. The idea would be to provide a facility that could process this material and divert it from landfill. To achieve this we need to have established markets for the materials diverted and we need to work with local industry to present the materials to this facility in a format that allows for easy sorting. The challenges are the costs and the limited tonnage of material available within Marlborough. The estimates on potential material diversion range 4,000 to 8,000 tonnes per annum. This facility will be subject to Council approval.

## Activity Group: Solid Waste Management

Levels of Service: Solid Waste Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6		Actual score: 7.9 (Last year: 7.9). On target.
<b>Reduce the amount of waste sent to the landfill.</b>				
% growth in diverted material throughput at the Resource Recovery Centre (RRC).	3,000 tonnes per annum	5% growth from LTP baseline		Actual score: 4,260 (Last year: New measure (3,864 Jul 2011 to Jun 2012)). On target. Increase in direct deliveries to the Resource Centre i.e. people bringing material to the site in their own vehicle.
% growth in sales at the Reuse Shop.	\$100,000	10% growth from prior year		Actual score: \$102,975 (Last year: New measure (\$106,452 Jul 2011 to Jun 2012)). Almost on target. The sales receipts are split between: Reuse Shop - \$189,261, and Reuse Salvage Yard - \$16,689. This is the total revenue which is then split 50:50 with the Contractor through Contract No 2011/07. During the 2012/13 period additional reuse shop outlets opened in Blenheim providing more competition for items and hence a reduction in our revenue at the Council facility.
% growth in materials diversion from the Regional Transfer Stations.	2,000m <sup>3</sup>	5% growth from LTP baseline		Actual score: 10,314 (Last year: New measure (11,250 Jul 2011 to Jun 2012)). On target. This includes total recycling, whiteware and greenwaste.
% reduction in Kerbside Refuse Collection tonnage going to Landfill.	3,500 tonnes per annum	5% reduction from LTP baseline		Actual score: 3,808 (Last year: New measure (3,592 Jul 2011 to Jun 2012)). Almost on target. 40,000 bags or 246 tonnes diverted from transfer stations onto kerbside routes which has increased tonnage.
% increase in Kerbside Recyclable Collection volume going to RRC.	18,000m <sup>3</sup>	5% increase from LTP baseline		Actual score: 16,462 (Last year: New measure (17,718 Jul 2012 to Jun 2012)). Almost on target. A drop of 1,256 m <sup>3</sup> on the previous year. Residents to be encouraged to use the kerbside system for collection of recycling rather than delivering themselves.
Amount of organic material composted.	12,000m <sup>3</sup> per annum	> 13,000 m <sup>3</sup>		Actual score: 15,081 (Last year: New measure (15,937 Jul 2012 to Jun 2012)). On target. The long term receipt of grass clippings is in question due to a lack of demand for the composted product. This equates to 1,478m <sup>3</sup> annually.
<b>Effective operation of waste management and minimisation services.</b>				
Number of resident's complaints in regards to Bluegums Landfill operations.	24 per annum	< 20		Actual score: 4 (Last year: New measure). On target.
% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	< 5%		Actual score: 1.1% (Last year: New measure ). On target. 147 contacts to Council were made regarding the service.
Number of resident's complaints in regards to Hazardous Waste Collection and Storage.	24 per annum	< 20		Actual score: 0 (Last year: New measure ). On target.
Reduce amount of material stored at compost site.	10,000m <sup>3</sup>	< 9,000 m <sup>3</sup>		Actual score: 7,775 (Last year: New measure ). On target.
Number of resident's complaints in regards to Composting Operation.	24 per annum	< 20		Actual score: 2 (Last year: New measure ). On target.

## Activity Group: Solid Waste Management

### Funding Impact Statement for year ended 30 June:

Solid Waste Management	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	986	1,244	1,259
Targeted rates (other than for water supply)	1,404	1,191	1,221
Subsidies and grants for operating purposes	150	150	129
Fees and charges	4,872	3,989	4,195
Other receipts	630	130	190
<b>Total operating funding</b>	<b>8,042</b>	<b>6,704</b>	<b>6,994</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,581	4,491	4,855
Finance costs	529	492	483
Internal charges and overheads applied	376	429	431
Other operating funding applications	457	669	380
<b>Total applications of operating funding</b>	<b>6,943</b>	<b>6,081</b>	<b>6,149</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,099</b>	<b>623</b>	<b>845</b>
<b>Sources of capital funding</b>			
Increase (decrease) in debt	(350)	(324)	(483)
Subsidies and grants for capital expenditure	-	160	-
<b>Total sources of capital funding</b>	<b>(350)</b>	<b>(164)</b>	<b>(483)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	127	-	-
Capital expenditure to improve the level of service	-	3,708	163
Capital expenditure to replace existing assets	95	-	18
Increase (decrease) in reserves	527	(3,249)	181
<b>Total applications of capital funding</b>	<b>749</b>	<b>459</b>	<b>362</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,099)</b>	<b>(623)</b>	<b>(845)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		6,081	6,149
plus - Depreciation and amortisation		348	313
plus - Provision for landfill aftercare		-	208
plus - Loss on sale of fixed assets		-	30
<b>Expenditure as per Income Statement</b>		<b>6,429</b>	<b>6,700</b>
<b>Operating expenditure</b>			
Landfills	2,955	2,647	2,795
Refuse Collections	1,721	1,326	1,452
Transfer Stations	1,316	1,445	1,321
Waste Minimisation	1,395	1,010	1,132
<b>Capital expenditure:</b>			
Landfills	222	3,508	163
Transfer Stations	-	-	18
Waste minimisation projects	-	200	-
<b>Internal borrowing used for the purpose of Solid Waste Management</b>			6,541
Funds borrowed during the year			-
Funds repaid during the year			483
Interest paid in relation to this borrowing			483

Note 1: Explanation of funding impact statement variance:

- Landfill includes increased contract costs and closed landfills aftercare provision, partially offset by reduced levy payments.
- Refuse Collections include increased landfill charges and processing of household recycling.
- Transfer Stations include reduced contract costs.

- Waste Minimisation includes increased consultancy, professional fees and freight costs; partially offset by reduced contract costs.

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

Note 3: Significant capital expenditure variances:

- Landfills stage seven construction deferred.
- Waste Minimisation Fund project application unsuccessful.

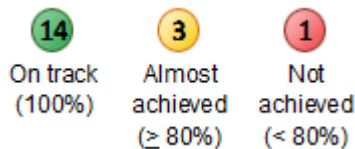
## Activity Group: Environmental Management

### Activities in this Group:

- Environmental Policy.
- Environmental Science and Monitoring.
- Resource Consents.
- Environmental Protection.

### Summary of how we did

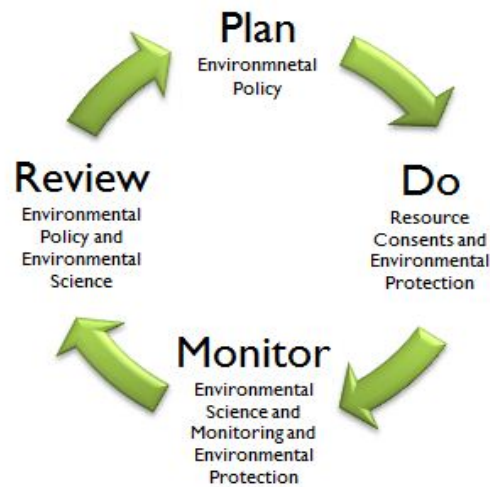
Overall we achieved most of our targets for the 2012-13 year. We achieved 14 and almost achieved three of the 18 targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

Marlborough's social and economic wellbeing relies on the use, development and protection of natural and physical resources. The Environmental Management activity group is responsible for enabling appropriate use of land, water, air, indigenous ecosystems and the built environment, while protecting the environment within which resource use occurs. This service is delivered through the implementation of the Resource Management Act (RMA) requirements.

Each activity delivers separate services under the RMA, but each of these services plays an integral role in a wider system of environmental management. This system can be described as the Plan-Do-Monitor-Review cycle and is represented by the following diagram:



The role of the Environmental Policy activity is to develop, maintain and review a resource management framework consisting of a regional policy statement, a regional coastal plan, regional plans and a District plan. The planning documents play an important role in strategically guiding the use, development and protection of natural and physical resources by enabling appropriate resource use (through the use of permitted activity rules and through the allocation of public resources) and by identifying the circumstances under which resource consent is required.

The resource management framework is implemented by the Resource Consent activity through the processing of resource consent and certificate of compliance applications and through the provision of planning information. The processing of resource consent applications utilises the guidance provided by the planning documents to ensure that any adverse effects of resource use are appropriately managed. Non regulatory methods specified in the planning documents are also being implemented by various parts of the Council. This is the "Do" part of the cycle.

The Council monitors the effect of implementing regulatory and non-regulatory methods by monitoring compliance with the conditions of permitted activity rules and resource consents, and by monitoring the state of the Marlborough environment. This monitoring is undertaken by the Environmental Protection and the Environmental Science and Monitoring activities respectively. The results of the monitoring allow conclusions to be drawn about the efficiency and effectiveness of the resource management framework. This is the "Review" part of the cycle.



If the objectives established in the planning documents are not being achieved, then this signals the need to adjust or change the planning provisions through further planning, completing the Plan-Do-Monitor-Review cycle.

It is important to note that as a unitary authority, the Council has the functions of both a regional Council and a territorial authority. This influences the way in which the Environmental Management activity group delivers its services. It means that the full suite of planning documents required under the RMA must be prepared and that all resource consents required under the planning documents are processed by one consent authority. This allows the Group to integrate the management of land use (for which territorial authorities are generally responsible for) with the management of other natural resources (for which regional Councils are responsible for), leading to reduced costs to resource users and improved environmental outcomes.

### Review Processes

It is important to note that the Council is currently reviewing its operative resource management framework. A draft regional policy statement and resource management plan will be completed in 2013. These documents will commence to have effect from notification, which will influence the way in which activities in the Environmental Management Group deliver their services. In some cases, there may be substantial changes to the services or the way in which they are delivered. The nature of these changes cannot be confirmed until the new planning documents are made operative.

### Measuring Success

Monitoring the state of the Marlborough environment is a statutory requirement under the RMA. The data the Council collects is reported on an annual basis.

The data is also used to monitor the effectiveness and efficiency of the policies and methods included in the resource management framework. Again, this monitoring is a statutory requirement under the RMA. The planning documents set environmental results anticipated as a result of the implementation of the policies and methods.

The State of the Environment Report data is used to assess whether the specified results have been achieved and, as a result, whether the provisions are effective or efficient in resolving or managing the environmental issue they are addressing. The results of this monitoring must be reported at intervals of not more than five years.

Increasingly, monitoring is having to be undertaken to meet national requirements as part of the Government's national State of the Environment reporting system.

A comprehensive set of anticipated environmental results has been developed for inclusion in the new regional policy statement. A measurable indicator has been specified for each result. Given this process, which is a statutory requirement, it is not necessary to set environmental performance indicators in either the Long Term Plan or Annual Plan.

The Local Government Act 2002 requires the presentation of a Funding Impact Statement for each group of activities. The Environment Management Statement is below but a separate Funding Impact Statement is included for each activity in the relevant section.

## Funding Impact Statement for year ended 30 June:

ENVIRONMENTAL MANAGEMENT	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,121	5,416	5,453
Subsidies and grants for operating purposes	-	-	65
Fees and charges	1,625	1,316	1,302
Internal charges and overheads recovered	88	88	83
Other receipts including fines	629	627	723
<b>Total operating funding</b>	<b>7,463</b>	<b>7,447</b>	<b>7,626</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,522	5,553	6,544
Internal charges and overheads applied	1,942	1,917	1,885
Other operating funding applications	-	-	13
<b>Total applications of operating funding</b>	<b>7,464</b>	<b>7,470</b>	<b>8,442</b>
<b>Surplus (deficit) of operating funding</b>	<b>(1)</b>	<b>(23)</b>	<b>(816)</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	60	-	-
Capital expenditure to improve the level of service	49	3	-
Capital expenditure to replace existing assets	3	99	101
Increase (decrease) in reserves	(113)	(125)	(917)
<b>Total applications of capital funding</b>	<b>(1)</b>	<b>(23)</b>	<b>(816)</b>
<b>Surplus (deficit) of capital funding</b>	<b>1</b>	<b>23</b>	<b>816</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		7,470	8,442
plus - Depreciation and amortisation		78	81
less - Internal charges and overheads recovered		88	83
<b>Expenditure as per Note 2</b>		<b>7,460</b>	<b>8,440</b>

Note 2 can be found on page 146.

### Explanation of Variances

Explanations for this Group Activity are included in the individual Activity Funding Impact Statements.

## Activity: Environmental Policy

Activity: Environmental Policy		
Operating costs of this activity represents approximately 2.8% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
Sustainable management of Marlborough's natural and physical resources.	Environmental sustainability, prosperity.	A place where people enjoy living. A place where people can enjoy quality leisure opportunities. A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes primarily to the Community Outcome of environmental sustainability and related Council Outcomes of a place where people enjoy living and a place where people can enjoy quality leisure opportunities by providing a planning framework for the sustainable management of Marlborough's natural and physical resources. This activity also contributes to the prosperity Community Outcome and Council Outcome of a prosperous community and economy for all Marlburians and by enabling the growth of new and existing economic activity.

### 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.

The Council has an existing resource management policy framework, which is described below. Significant effort has gone into getting this framework to an **operative** status in the past to provide greater certainty to resource users and the wider community.

#### The Marlborough Regional Policy Statement (RPS)

This is an operative document that provides a community-based vision and direction for managing the natural and physical resources of Marlborough. It identifies regionally significant issues for Marlborough and how they are to be addressed.

#### The Marlborough Sounds Resource Management Plan (MSRMP)

This is an operative combined Regional Plan, Regional Coastal Plan and District Plan that provides the framework by which the natural and physical resources of the Marlborough Sounds area are to be managed.

#### The Wairau/Awatere Resource Management Plan (WARMP)

This is an operative combined Regional Plan, Regional Coastal Plan and District Plan that provides the framework by which the natural and physical resources of the Wairau and Awatere areas of Marlborough are to be managed.

The RPS and the resource management plans identify resource management issues, establish objectives for addressing these issues, provide policies for achieving the objectives and identify regulatory and non-regulatory methods for implementing the policies. The provisions collectively seek to enable resource use, but in a manner that ensures any adverse effects arising from that use are avoided, remedied or sufficiently mitigated.

Marlborough's social and economic wellbeing relies on the use, development and protection of natural and physical resource. The framework described above plays an important role in strategically guiding this use, development and protection. In particular, provisions in this document enable appropriate resource use through the use of permitted activity rules and through the allocation of public resources (such as water, gravel and coastal space).

### Asset Description

Although not an asset in the conventional sense, the RPS, MSRMP and WARMP are assets in that the Council and the community rely upon these planning documents. The planning documents guide development within Marlborough as they determine the status of resource use activities occurring within the environment (ie; whether an activity requires a resource consent), allocate public resources (such as water and coastal space) and contain policies to guide the determination of resource consent applications.

## Activity Group: Environmental Management

Given the above, it is important that the currency and accuracy of the RPS, MSRMP and WARMP are maintained at all times. The Environmental Policy Team is in the process of finalising a Quality Management System to ensure that the correct version of the plans are being used internally and are available externally.

### What we did in 2012-13


Activities in the 2012-13 financial year concentrated on commencing and continuing projects that support the current review of the RPS, MSRMP and WARMP.

One of the most significant issues that the review is addressing is the full and over allocation of water resources (as required under the NPS Freshwater Management 2011). The Council has made a conscious decision to adopt a collaborative process and involve water users in the process of addressing these issues. Following on from a Marlborough Water Forum held in February 2012, a Water Allocation Working Group was established in May 2012 involving a range of water users. The group has met monthly over the financial year to identify key issues and commence addressing these issues. This has often involved the need to secure additional technical reports. The outcome of this process will assist to inform the drafting of the new generation of water allocation and use provisions for the RPS/RMP. However, a collaborative process does not necessarily mean a quick process as there has been a need to reconcile different views held by participants during the process.

Another significant project was the completion of the growth strategy for Marlborough or "Growing Marlborough". Following earlier geotechnical investigations that identified high risk areas from a liquefaction perspective, the Council was in a position of having to find additional land to accommodate the growth of Blenheim. This involved planning, servicing, recreational and environmental considerations, and also required another round of geotechnical investigations which were completed and reported in February 2013. This was a significant undertaking and the Growing Marlborough document was received by the Council in February 2013.

Consultation with landowners affected by various management overlays (eg; significant landscapes, significant wetlands) for the new RPS/RMP continued over the financial year and was close to completion by the end of the financial year.

Meanwhile, staff considered feedback on a draft RPS/RMP provisions released for public comment in March 2013. It was reassuring to see that the Council's previous efforts at testing draft provisions through the use of focus groups seemed to result in a low level of feedback on the draft provisions.

Levels of Service: Environmental Policy				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>A second generation resource management framework for Marlborough.</b>				
A combined regional policy statement (RPS) and resource management plan is publicly notified.	New measure	1-Dec-12		Actual score: Not on target (1). (Last year: New measure).

1. The Environmental Policy Team was very involved in the New Zealand King Salmon Board of Inquiry process from August 2011 through to October 2012. During this time, the equivalent of 1.5 EFT was committed firstly, supporting the Environmental Protection Agency in terms of the Council's statutory functions and secondly, supporting the Council's submission in opposition. This diverted staff resources away from the review process and therefore had a significant effect on the work programme set through the last performance review. Other four Council initiated plan changes have also been notified in the financial year which have resulted in a similar effect. A draft RPS has been completed but for three chapters. These chapters have or still do rely on other processes to be completed (e.g., Growing Marlborough). The current version of the draft was released for public comment in March 2013 to be completed by 21-Dec-13 or on completion of supporting projects.

## Funding Impact Statement for year ended 30 June:

Environmental Policy	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,227	1,282	1,291
Subsidies and grants for operating purposes	-	-	14
Fees and charges	-	-	129
Other receipts	147	147	175
<b>Total operating funding</b>	<b>1,374</b>	<b>1,429</b>	<b>1,609</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,015	1,096	2,203
Internal charges and overheads applied	359	333	310
Other operating funding applications	-	-	20
<b>Total applications of operating funding</b>	<b>1,374</b>	<b>1,429</b>	<b>2,533</b>
<b>Surplus (deficit) of operating funding</b>	<b>-</b>	<b>-</b>	<b>(924)</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	-	-	(924)
<b>Total applications of capital funding</b>	<b>-</b>	<b>-</b>	<b>(924)</b>
<b>Surplus (deficit) of capital funding</b>	<b>-</b>	<b>-</b>	<b>924</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		<b>1,429</b>	<b>2,533</b>
<b>Expenditure as per Income Statement</b>		<b>1,429</b>	<b>2,533</b>

Note 1: Explanation of funding impact statement variance:

- o Increased costs include legal costs associated with defending Council's submission to the Environmental Protection Agency Court re NZ King Salmon plan change and to the Environmental Court for the Colonial Vineyard's plan change appeal.
- o Fees and charges includes District Plan change applications for Colonial Vineyard Limited and Maxwell Hills Zone and New Zealand King Salmon Environmental Court consent process.

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

## Activity: Environmental Science and Monitoring

Activity: Environmental Science and Monitoring		
Operating costs of this activity represents approximately 3.2% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
Knowledge, information and services to enable the management of Marlborough's natural and physical resources in a sustainable way.	Environmental sustainability, prosperity.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes primarily to the Community Outcome of environmental sustainability and related Council Outcome of a place where people enjoy living by undertaking resource monitoring, investigations, and providing information to measure our progress toward desired Environmental Outcomes for Marlborough's key natural and physical resources. This activity also contributes to the prosperity Community Outcome and related Council Outcome of a prosperous community and economy for all Marlburians by ensuring resources are available to support economic growth.

### What is this Activity About?

The activity involves establishing and maintaining an efficient environmental resource information base to allow Council to properly discharge its resource management functions and to provide advice to the community on environmental resources and on issues affecting the resources of the District. The activity includes the investigation, monitoring and analysis of the District's natural resources (land, air, water, coastal).

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

- Obtain information about the condition of the environment and raise awareness of environment 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.
- Allow Council to assess the effectiveness of its policies and methods contained in the RMA policy and planning documents.

This activity is also responsible for implementing a range of non-regulatory resource management methods to effectively promote the sustainable management of our natural and physical resources. This also includes education and advocacy of resource users and the wider community, and provides support for flood and other environmental emergency responses.

Emphasis has been placed on the monitoring and development of sustainable programmes associated with fresh water resources and this is expected to continue into the future. This reflects the value of water to the community and its overall vulnerability to over use and contamination. While there are other important programmes associated with measuring air quality, land resource monitoring and the protection of biodiversity, it is expected over the next ten years that more investment may also be necessary in monitoring of the coastal marine environment and freshwater eco systems.

### Asset Description

Council operates 85 automated real time monitoring stations that measure a number of environmental parameters to support a range of resource monitoring programmes and emergency responses such as flooding.

Environmental parameters (automated)	Number of parameters monitored
Rainfall	27
Surface Water level	31
River Flow	21
Groundwater Level	33
Groundwater Temperature	11
Groundwater Conductivity	7
Air Quality (PM10)	2
River Water Quality	3
<b>Total</b>	<b>135</b>



### What we did in 2012-13

#### Development of a Coastal Monitoring Strategy

A Coastal Monitoring Strategy had been prepared which will provide an opportunity to be in a positive position long term by gathering good quality information to gain a better understanding of the coastal environment. This information will be available for input in to the region's policy and plans and will help promote sustainable economic development while ensuring the protection of the environment.






The strategy, in broad terms is intended to determine a water quality baseline, and assess the state of the coastal marine area and to validate hydrodynamic and ecological models. Other programmes will relate to surveys of benthic intertidal habitats, and baseline monitoring of biological communities.

#### Fresh Water and Land Use



More emphasis is being placed on recognising the interdependence of rivers, aquifers and wetlands and the associated effects from land use. Integrated monitoring and non-regulatory programmes are increasingly being targeted to catchments where monitoring identifies problems with either water quality or issues with the availability of water for users. For example, the fresh water quality issues in the Pelorus catchment are being co-managed by Council working closely with the dairy sector providing environmental farm planning services in conjunction with industry indicatives, and our own dairy farm compliance programmes. Fresh water and soil monitoring programmes continue to be strengthened in this catchment to provide overall support to help provide improvements in the quality of the environment.

The Council also continues to review the science, which is underpinned by good quality monitoring data in essence to review the sustainable water quantity limits for all of our river and ground water systems. The review is part of the process in ensuring adequate safe yields are determined while accommodating allocation limits for our fresh water systems that our economy and environment is so dependent upon.

## Activity Group: Environmental Management

Levels of Service: Environmental Science and Monitoring				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources including:</b>				
<b>Fresh Water, Land, Air and Coastal.</b>				
Timeliness of completion data integrity audits.	30-Jun-13	30-Jun-13		Actual score: 30-Jun-13 (Last year: 30-Jun-13). On target. Data reviews were compiled for all river, rainfall and groundwater level stations by 30-Jun-13. Existing ground water data integrity audits include a laboratory balance of the major chemical constituents and a review of all results by the MDC staff including duplicate sampling to ensure laboratory precision.
Number of technical monitoring report cards completed.	5	5		Actual score: 5 (Last year: 6). On target. SOE reports include; Recreational Bathing Water Quality reports for 2011-12 and 2012-13 ; Air Quality 2011-12 (*1); Soil Quality 2007-12 ; Ground Water Quality 2011-12.
Timeliness completion of resource investigations and reporting to Council.	30-Jun-13	30-Jun-13		Actual score: 30-Jun-13 (Last year: 30-Jun-13). On target. Technical reports include: Soil Compaction Survey Under Drystock; Rai-Pelorus Gravels Aquifer Exploratory Well Report; Soil Properties in the Havelock, Kaituna and Linkwater District; Tui To Town 2008-12 Summary; Coastal Monitoring Strategy 2011-12; Summary Report on the Results of the Significant Natural Areas programme 2011-12.
<b>Effective environmental monitoring network is operated.</b>				
Percentage availability of the Environmental monitoring network.	99%	99%		Actual score: 99.38% (Last year: 99.78%). On target.
<b>Promotion of resource management programmes to help maintain or improve the condition of the environment.</b>				
Long term trend in the number of protected terrestrial or wetland indigenous biodiversity sites on private land.	70	70		Actual score: 80 (Last year: 74). On target. Six new protection projects were undertaken along with 8 additional on-going projects. 4 of the new projects (31ha) involved fencing areas to prevent stock access and allow regeneration. 2 projects involved extending animal pest control on two adjoining properties being managed for conservation purposes.

## Activity Group: Environmental Management

<b>Encourage the community and industry to look after and restore the environment through communication, education and advocacy.</b>				
Marlborough Environment Awards are held biennially.	2010-11	Awards held		Actual score: 100% (Last year: N/A). On target. Marlborough Environmental Awards was held on 01/03/2013, followed by 6 public field trips and a range of publicity measures to showcase the category winners.
Percentage of planned educational or communication programmes are completed annually.	90%	90%		Actual score: 100% (Last year: 100%). On target. Education: A number of public and targeted primary school educational initiatives occurred during the year, including: primary school classes and educators participated in the Wai Korero waterways, pest fish and pest water weeds, living landscape, mountains to the sea and the fish on the drains programmes. Communication: A number of media articles, newsletters and presentations to community groups occurred including the Environmental Farm Plan; Tui to Town; the soils and fresh water programmes and a broader newsletter to the wider sounds community. Council formally coordinated various community groups and provided environmental information to the Sounds Advisory Group, Marlborough Landscape Group and Grovetown Lagoon Group.

(\*1) Air quality monitoring is carried out at two sites in the Blenheim urban area. The contaminant monitored is PM10. The concentrations of PM10 are compared against a National Environmental Standard, and during 2012 concentrations exceeded the standard on 8 occasions. This is the highest number of exceedances since 2006. The primary cause of the exceedances is a result of discharges from domestic fires and outdoor burning.

No substantial issues were found in comparison to prior years. Results are displayed at the MDC website.

## Funding Impact Statement for year ended 30 June:

Environmental Science and Monitoring	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,126	2,339	2,355
Subsidies and grants for operating purposes	-	-	51
Fees and charges	5	5	14
Internal charges and overheads recovered	65	65	65
Other receipts	255	268	273
<b>Total operating funding</b>	<b>2,451</b>	<b>2,677</b>	<b>2,758</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,005	2,179	2,325
Internal charges and overheads applied	451	525	524
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>2,456</b>	<b>2,704</b>	<b>2,849</b>
<b>Surplus (deficit) of operating funding</b>	<b>(5)</b>	<b>(27)</b>	<b>(91)</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	60	-	-
Capital expenditure to improve the level of service	46	-	-
Capital expenditure to replace existing assets	3	99	101
Increase (decrease) in reserves	(114)	(126)	(192)
<b>Total applications of capital funding</b>	<b>(5)</b>	<b>(27)</b>	<b>(91)</b>
<b>Surplus (deficit) of capital funding</b>	<b>5</b>	<b>27</b>	<b>91</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		2,704	2,849
plus - Depreciation and amortisation		74	80
less - Internal charges and overheads recovered		65	65
<b>Expenditure as per Income Statement</b>		<b>2,713</b>	<b>2,864</b>

Note 1: Explanation of funding impact statement variance – Increased costs includes \$108,000 of Coastal Monitoring Strategies carried forward from 2011-12.

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

## Activity: Resource Consents

Activity: Resource Consents		
Operating costs of this activity represents approximately 2.3% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
A high quality and equitable resource consent service that effectively manages Marlborough's built environment and natural resources in a way that best secures a sustainable level of development that meets the needs of the community.	Environmental sustainability, prosperity.	A place where people enjoy living.  A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community Outcomes

This activity primarily contributes to the Community Outcomes of environmental sustainability and prosperity by managing the physical and built environment through the administration of the resource consenting process in a manner consistent with Council's plans and policies developed under the Resource Management Act 1991. This activity contributes to the related Council Outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by supporting development for community and economic benefit.

### What is this Activity About?

This Activity involves discharging Council's statutory obligations under the Resource Management Act (RMA). RMA 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 RMA 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.

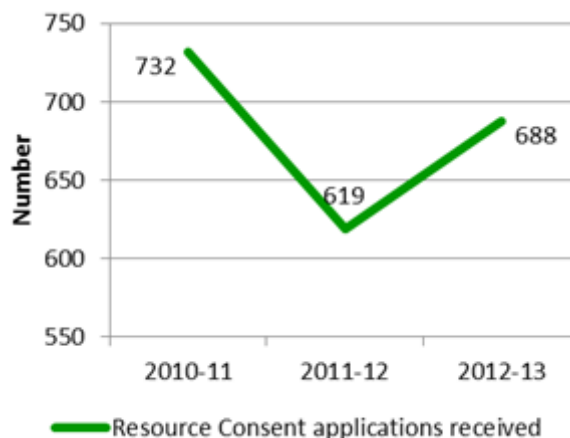
Specifically this activity processes five different types of resource consents:

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





The Resource Consent activity provides information to potential applicants, interest groups and the general public on all resource management matters. The activity maintains and manages a consents data base 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.

### What we did in 2012-13

The activity level of the group varies from year to year. The graph below shows there has been an increase in numbers since last year. Within each year there are also daily, weekly and monthly fluctuations in the number and types of application.



## Activity Group: Environmental Management

Levels of Service: Resource Consents				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0		Actual score: 6.1 (Last year: 6.2). On target.
<b>Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers needs.</b>				
% of resource consent applications processed within statutory timeframes.	90%	90%		Actual score: 100% (Last year: 99%). On target. A total of 688 applications were received, all processed within statutory timeframes.
% of objections under section 357(b) compared to total number of applications processed <sup>1</sup> .	<0.5%	< 0.5%		Actual score: 0.17% (Last year: 0.4%). On target.
<b>Provide consistent, appropriate and timely information to applicants and the public on the RMA, resource consent and approval process.</b>				
% of incomplete applications rejected under the requirements of RMA - section 88.	<20%	< 18%		Actual score: 1.3% (Last year: 3.4%). On target. 9 out of 688 applications were rejected.

### Funding Impact Statement for year ended 30 June:

Resource Consents	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	916	891	897
Fees and charges	1,565	1,250	1,129
Internal charges and overheads recovered	23	23	19
Other receipts	111	102	137
<b>Total operating funding</b>	<b>2,615</b>	<b>2,266</b>	<b>2,182</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,811	1,565	1,393
Internal charges and overheads applied	800	700	692
Other operating funding applications	-	-	(8)
<b>Total applications of operating funding</b>	<b>2,611</b>	<b>2,265</b>	<b>2,077</b>
<b>Surplus (deficit) of operating funding</b>	<b>4</b>	<b>1</b>	<b>105</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	3	3	-
Increase (decrease) in reserves	1	(2)	105
<b>Total applications of capital funding</b>	<b>4</b>	<b>1</b>	<b>105</b>
<b>Surplus (deficit) of capital funding</b>	<b>(4)</b>	<b>(1)</b>	<b>(105)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		2,265	2,077
plus - Depreciation and amortisation		1	2
less - Internal charges and overheads recovered		23	19
<b>Expenditure as per Income Statement</b>		<b>2,243</b>	<b>2,060</b>

Note 1: Explanation of funding impact statement variance:

- o Lower fees and charges have been recovered as a result of a lesser number of resource consent applications processed.
- o Operating costs reductions resulting from lower resource consent hearing costs and legal fees.



## Activity: Environmental Protection

Activity: Environmental Protection		
Operating costs of this activity represent approximately 1.1% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
Ensuring statutory compliance with the Resource Management Act 1991, Resource Management Plans, resource consents, bylaws and Local Government Act.	Environmental sustainability, Health choices.	A place where people enjoy living.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of Environmental sustainability by ensuring that Resource Management Act (RMA), Resource Management Plans and resource consents are complied with. Also contributions are made to the Community Outcome Health choices by monitoring land uses, subdivisions, discharges, water takes and coastal activities. The activity contributes to the related Council Outcome of a place where people enjoy living by ensuring that the community enjoyment of the environment is protected.

### What is this Activity About?

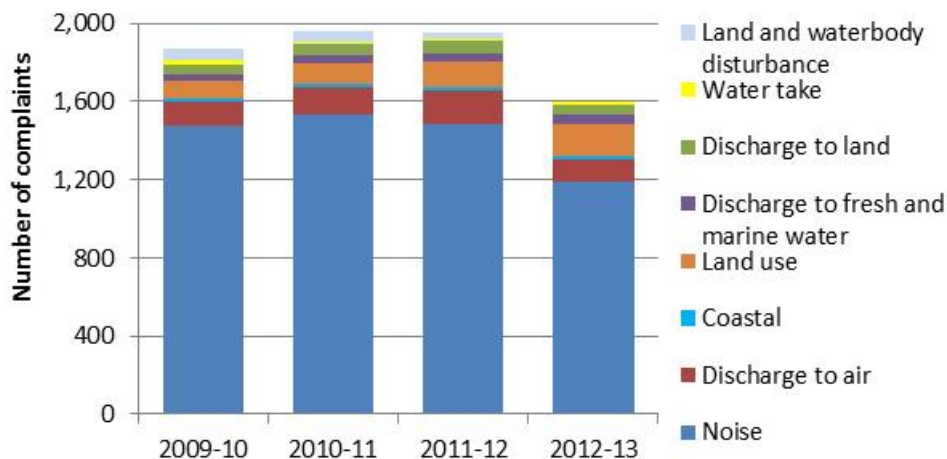
The Council monitors the effect of implementing its Resource Management Plans by monitoring compliance with the conditions of permitted activity rules and Resource Consent conditions.

The main activities of the Environmental Protection section are:

- **Monitoring** – Proactively monitor activities that have either a greater environmental impact warranting special consideration, generate community concern or are related to trends highlighted through the State of the Environment Report.
- **Complaint Response** - Investigate alleged breaches of the RMA, Resource Management Plans and consents. Council receives over 1,500 complaints on an annual basis in regard to alleged breaches of the RMA or Resource Consent conditions, all of which require investigation. The follow up involved in resolving a complaint can vary from a relatively simplistic desk top exercise to a complex investigation and Court action. As any complaint could escalate, a high level of data recording is essential.
- **Emergency Response** – Respond to emergencies that have the potential to affect the environment (eg; spillages, discharges).
- **Education:** Good education leads to the community understanding and taking ownership of an issue and its resolution. It is an effective way of bringing about a long-term change in environmental behaviour and also allows Council and the community to foster good relationships and deal with issues in a proactive as opposed to a regulatory manner.

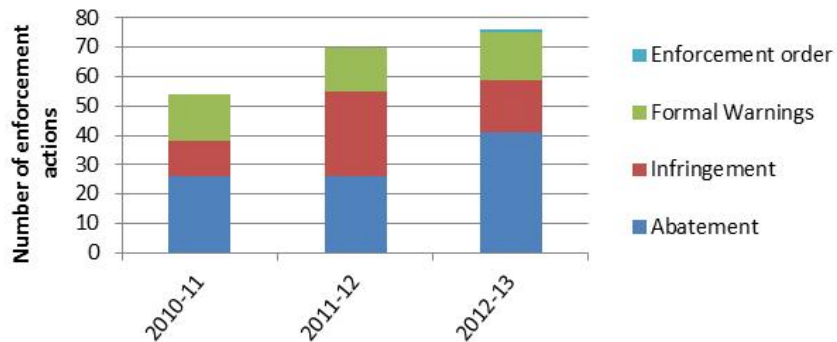
### What we did in 2012-13

During 2012-13, Council received 1,669 complaints (2011-12: 2,031). Noise complaints are the most common complaints received. Land use complaints have increased in recent years mainly due to issues with commercial use in areas where it is not permitted.









## Activity Group: Environmental Management

The total number of enforcement actions of 76 was above the five years average of 74. The graph below shows the trends in different types of enforcement actions for the last three years. There were no prosecutions in 2012-13 but one application for enforcement orders was lodged with the Environment Court.



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				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.5		Actual score: 6.3 (Last year: 6.2). Almost on target. Although the target has not been met, the introduction of a monitoring strategy has resulted in a gradual improvement in residential satisfaction since 2010.
<b>Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.</b>				
Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consents.	New measure	31-Jul-13		Actual score: 01-Aug-13 (Last year: New measure). Almost on target. Report presented to the Environment Committee on the 01-Aug-2013. There was one particular farm with non compliant issues sent to the Environmental Court. The Environmental Court proceedings still continuing.
Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	New measure	31-Jul-13		Actual score: 05-Sep-13 (Last year: New measure). Not on target. Inspections were undertaken at vintage time. Report to be presented to the Environment Committee 05-Sep-2013. Delay due to one month extension given to consultant to complete annual wastewater reports and staff changes.
Report on resource consents for the discharge of sewerage from commercial operators to Marlborough Sounds' land or coastal waters.	New measure	31-Jul-13		Actual score: 18-Jun-13 (Last year: New measure). On target. Report presented to the Environment Committee on the 18-Jun-2013. There were two issues reported to the Committee. These are now being resolved through the resource consent process.
<b>Monitor and investigate alleged breaches of the RMA, Resource Management Plans and Consents.</b>				
% of complaints assessed and acknowledged within one working day.	New measure	80%		Actual score: 87.8% (Last year: New measure). On target. 388 out of 442 complaints were acknowledged within one working day.
% of complaints, either resolved or had a resolution strategy, developed within 90 days of receipt.	99%	99%		Actual score: 99% (Last year: 100%). On target. 457 out of 461 complaints were resolved within 90 days.

## Funding Impact Statement for year ended 30 June:

Environmental Protection	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	852	904	910
Fees and charges	55	61	29
Other receipts including fines	116	111	139
<b>Total operating funding</b>	1,023	1,076	1,078
<b>Applications of operating funding</b>			
Payments to staff and suppliers	691	713	623
Internal charges and overheads applied	332	361	360
<b>Total applications of operating funding</b>	1,023	1,074	983
<b>Surplus (deficit) of operating funding</b>	-	2	95
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	-	2	95
<b>Total applications of capital funding</b>	-	2	95
<b>Surplus (deficit) of capital funding</b>	-	(2)	(95)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		1,074	983
plus - Depreciation and amortisation		2	-
<b>Expenditure as per Income Statement</b>		1,076	983

Note 1: Explanation of funding impact statement variance – Other receipts variance due to ACC funding of \$10,000 for an Alcohol Harm Research Report and increased revenues received for food premises and liquor licensing.

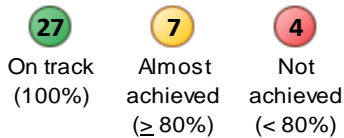
## Activity Group: Regulatory

### Activities in this Group:

- Biosecurity (Pest Management).
- Building Control.
- Environmental Health.
- Animal Control.
- Harbours.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved 27 and almost achieved six of the 38 targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

Council is charged with carrying out a number of statutory functions, on behalf of Central Government. These responsibilities are denoted down to Local Government by statute. This grouping contains activities driven by various statutes which have nothing in common and no real interrelationships.

The responsibility for managing this group of activities has been given to the Regulatory Group to manage.

The following Funding Impact Statement (FIS) is for the Activity Group, throughout this section a separate FIS is included for each activity and these should be referred to for more detailed information.

The Local Government Act 2002 requires the presentation of a Funding Impact Statement for each group of activities. The Regulatory Statement is below but a separate Funding Impact Statement is included for each activity in the relevant section.

## Funding Impact Statement for year ended 30 June:

<b>REGULATORY</b>	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,387	2,403	2,412
Fees and charges	2,935	2,665	2,190
Other receipts	623	622	768
<b>Total operating funding</b>	<b>5,945</b>	<b>5,690</b>	<b>5,370</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,220	4,062	4,001
Internal charges and overheads applied	1,392	1,415	1,411
Other operating funding applications	6	31	(14)
<b>Total applications of operating funding</b>	<b>5,618</b>	<b>5,508</b>	<b>5,398</b>
<b>Surplus (deficit) of operating funding</b>	<b>327</b>	<b>182</b>	<b>(28)</b>
<b>Sources of capital funding</b>			
Gross proceeds from sale of assets	-	-	4
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	145	-	-
Capital expenditure to improve the level of service	202	62	90
Capital expenditure to replace existing assets	33	75	38
Increase (decrease) in reserves	(53)	45	(152)
<b>Total applications of capital funding</b>	<b>327</b>	<b>182</b>	<b>(24)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(327)</b>	<b>(182)</b>	<b>28</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		5,508	5,398
plus - Depreciation and amortisation		111	111
plus - Loss on sale of fixed assets		-	20
<b>Expenditure as per Note 2</b>		<b>5,619</b>	<b>5,529</b>

Note 2 can be found on page 146.

### Explanation of Variances

Explanations for this Group Activity are included in the individual Activity Funding Impact Statements.



## Activity: Biosecurity (Pest Management)

### Activity: Biosecurity (Pest Management)

Operating costs of this activity represent approximately 1.3% of total activity expenditure.

Outcome	Related Community Outcome	Related Council Outcome
The economic and ecological impacts of pests in the District are minimised.	Prosperity, environmental sustainability.	A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to Community Outcomes of environmental sustainability and prosperity and the related Council Outcome of a prosperous community and economy for all Marlburians by reducing the impacts of animal and plant pests on the primary sector and our natural environment.

### What is this Activity About?

The Biosecurity Act 1993 enables Council to have a significant regional role in carrying out pest management activities. In Marlborough there is a long history of pests which impact on our economy and the environment. Furthermore the potential of new pest threats are continuous and require an active regime in order to understand and manage any impacts.

The framework for managing pests has been through the development and implementation of a Regional Pest Management Strategy (RPMS). The RPMS includes pests that have a regional focus, rather than being of national significance. The RPMS defines and declares 37 plant and animal pests and contains a variety of methods, both regulatory and non-regulatory, on how the listed pests are to be managed. Broadly the listed pests are classified into three main groups;

**Total Control Pests** – pests of limited distribution which potentially would have a high impact if left unmanaged. The objective is to eradicate these species throughout the region. The onus for pest control is shared between the land occupiers, Council and in particular circumstances, the Department of Conservation.

**Containment Pests** - pests that are more widespread in nature which have a high impact on the environment and 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 and require further information gathering. The only management intervention is the banning of sale, propagation and distribution.

Council undertakes a coordinated approach to manage the risks and impact of pest threats to the terrestrial, freshwater and marine environments.

The major part of Council's pest management activity is directed towards providing advice to land occupiers and the public on identifying and controlling pests and monitoring to ensure land owner compliance with pest control programmes.

The activity is predominantly focused in the Wairau/Awatere catchment to protect the productive state of Marlborough's primary industries.

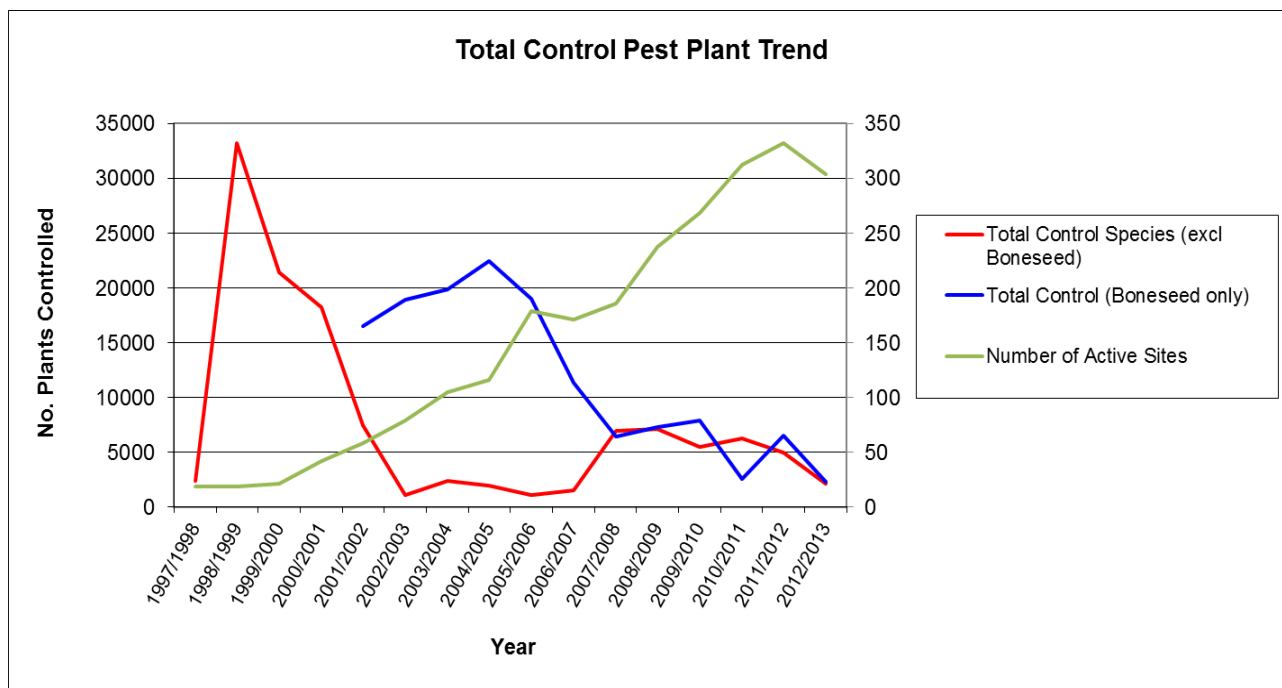
The Council also provides funding to the Animal Health Board for the purpose of the vector control programme, pursuant to the National Pest Management Strategy for Bovine Tb.

### What we did in 2012-13

#### 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 continue to be achieved over the last 13 years with a reduction in plants controlled for many of the target species. An increase in surveillance to detect new sites also continues to be a priority.

The graph below shows the Total Control Pest Plant trend over the last 13 years:



### Chilean Needle Grass






Council completed an initial review of Chilean Needle Grass (CNG) in conjunction with the Ministry of Primary Industries and other affected Regional Councils. The problem of continued spread and the broader impacts of CNG were collectively seen as a major concern nationally. The outcome of the review has seen various initiatives promoted under the umbrella of a nationally coordinated partnership. An increase in resourcing to assist landowners with control is intended along with a strong educational and research focus to help reduce the overall impact of the pest on our environment.

### Research

The registration of Taskforce® in 2010 as a tool to help control of Nassella Tussock and Chilean Needle Grass has been further strengthened by Council seeking the registration of the product to enable the herbicide to be applied aerially. The successful registration for aerial application in July 2012 provides another method for landowners to effectively control these significant pest plants. Council continue to be involved in strengthening best practise use and understanding alongside landholders utilising Taskforce® on their properties.

### Regional Pest Management Strategy Review

The Regional Pest Management Strategy (RPMS) was due to expire in 2012 after a five year period. A “roll-over” statutory review was completed during the year given impending major legislation changes to Biosecurity Amendment Act. In effect the reviewed RPMS is substantially based on the previous Strategy with minor corrections and amendments. The next stage of the process is to commence a more comprehensive review of the Strategy, taking into account the new requirements under the Biosecurity Act and the National Policy Direction.

Levels of Service: Biosecurity (Pest Management)				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.4	6.5		Actual score: 6.4 (Last year: 6.3). Almost on target. The resident satisfaction score is similar to previous years. The most common positive response was that Council services rated highly where residents had directly been involved in services. The most common negative response was from residents that had no direct service or involvement with the activity. The geographical areas where there was a lower satisfaction rating was the Marlborough Sounds and Picton. Any potential change to residents satisfaction in these areas would only be influenced by providing an additional level of service.
<b>Monitoring and controlling the spread and impacts of animal and plant pests.</b>				
Percentage of sites (Containment Pests) inspected or audited to confirm that control programmes have been undertaken to standard.	80%	85%		Actual score: 86.5% (Last year: 89%). On target. Out of 505 pest control programmes that were issued to land owners, 437 properties were inspected or audited to determine compliance. Of the 437 properties, 411 properties were physically inspected, while 26 were audited via compliance returns. 36 land occupiers were escalated for non compliance and were issued with a Notice of Direction.
Percentage of known active Total Control Pest sites controlled annually.	New measure	95%		Actual score: 73% (Last year: 100%). Not on target. A prioritisation process was developed which effectively meant that only high priority pest sites (73% of all sites) were controlled. The sites uncontrolled were determined not to pose a threat from spreading.
The number of hours spent searching (surveillance) for pests outside known areas.	New measure	500 hours or more		Actual score: 666 (Last year: 521). On target.
<b>Prepare, publish, and implement the RPMS operational plan.</b>				
Timeliness completion of annual plan to the Environment Committee.	30-Oct-12	30-Oct-12		Actual score: 06-Sep-12 (Last year: 31-Jul-11). On target.

### Funding Impact Statement for year ended 30 June:

<b>Biosecurity (Pest Management)</b>	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,098	1,067	1,068
Other receipts	155	145	221
<b>Total operating funding</b>	<b>1,253</b>	<b>1,212</b>	<b>1,289</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	991	950	905
Internal charges and overheads applied	260	260	260
<b>Total applications of operating funding</b>	<b>1,251</b>	<b>1,210</b>	<b>1,165</b>
<b>Surplus (deficit) of operating funding</b>	<b>2</b>	<b>2</b>	<b>124</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	2	2	124
<b>Total applications of capital funding</b>	<b>2</b>	<b>2</b>	<b>124</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2)</b>	<b>(2)</b>	<b>(124)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		1,210	1,165
plus - Depreciation and amortisation		2	14
<b>Expenditure as per Income Statement</b>		<b>1,212</b>	<b>1,179</b>

Note 1: Explanation of funding impact statement variance:

- Other receipts includes funding for Crown contribution for Regional Pest Management Strategy Review, didymo and Fluproponate.
- Payments to staff and suppliers budgeted for the year included Regional Pest Management Strategy Review (\$23,000) and Fluproponate task force (\$35,000) registration to be carried over to 2013-14.

## Activity: Building Control

Activity: Building Control		
Operating costs of this activity represents approximately 2.5% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
Residents and visitors live and work in buildings that are healthy and safe.	Affordable housing and Energy efficiency.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of affordable housing and energy efficiency by ensuring that all buildings are constructed in accordance with the minimum standards of the New Zealand Building Code. New Zealand Building Code aims to reduce the use of non-renewable energy sources. The activity also contributes to the related Council Outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by supporting development of residential and industrial property.

### 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.

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:

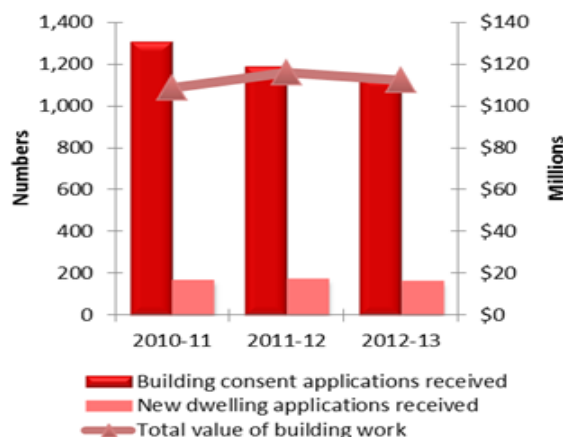
- Monitoring swimming pool fencing under the Fencing of Swimming Pools Act 1987.
- Investigating building related complaints under the Local Government Act and the Building Act 2002.
- The Council is required to have an accredited Building Consent Authority.

### Land Information Memoranda

The issuing of a Land Information Memorandum involves the timely, accurate and complete supply of information Council either holds, or has been statutorily advised of, by means of a memorandum to the applicant. Council is required to hold Land Information Memoranda (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 activity level of the Group varies from year to year. The following table lists the numbers of Building Consents handled during the past few years:



### What we did in 2012-13

- Re-accreditation as a Building Consent Authority was achieved during August 2012. This process included evidence that the BCA was meeting the requirements of regulation 17 (Quality Management Systems). The next audit round occurs in May 2014.
- Altered procedures and policies to reflect the introduction of “Restricted Work” (residential work only) and the Licenced Building Practitioners scheme.
- Altered procedures and policies to reflect the introduction of changes to the Building Code.
- During October 2012 the Ministry for Building Innovation and Employment undertook a technical review of the Building Control Unit function dealing with Building Warrant of Fitness audits and Compliance Schedule system in regards to specified systems in public buildings. The review highlighted areas for improvement.
- Change of management for the Building Control Group. Graham Roberts retired at the end of October 2012. Bill East commenced in this role in November 2012.
- Matthew Campbell was appointed as the new Building Control Officer during February 2013.
- A comprehensive review of the activity and its components has been initiated in regards to numbers of staff required in order to maintain the statutory requirements for this activity. The review will be completed during the 2013-14 year.



Levels of Service: Building Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0		Actual score: 6.2 (Last year: New measure). On target.
<b>Provide a service that is responsive to customer needs and minimise risks to public safety.</b>				
% of Building Consents (BC) applications granted within 20 working days of receipt of the application.	100%	100%		Actual score: 95% (Last year: New measure). Almost on target. 1,072 out of 1,127 BC applications were granted within 20 working days. All effort has been made to achieve this figure. This result has only been achieved by placing other roles on hold. See below.
% of Code Compliance Certificates (CCC) issued within 20 working days of receipt of application.	New measure	100%		Actual score: 83% (Last year: New measure). Almost on target. 1,181 out of 1,415 CCC's were issued within 20 working days. Percentages are affected by old consents in the system. Most post Building Act 2004 consents have had their CCC within 20 days as required.
% of swimming pools inspected annually.	15%	> 15%		Actual score: 65.6% (Last year: 8%). On target. 132 out of 200 pools were inspected. This duty was placed on hold during 2013 as building control staff had to concentrate all efforts towards the BCA role, processing, issuing and inspecting building consents. During 2013 -14 all inspections will be undertaken by Property Check under contract. 100% of performance has been set.
% of Building Warrants of Fitness (BWOFF) audited annually.	20%	20%		Actual score: 1.3% (Last year: 9%). Not on target. Seven out of 516 required BWOFF were audited during 2012-13. This duty was placed on hold due to the Building Control Team not having the resources to cover this role. As from 1st July 2013 this role has now been contracted out to Davidson Group.
<b>Provision of Land Information Memoranda.</b>				
Number of liability claims made because of incomplete or inaccurate information supplied.	1	< 3		Actual score: 0 (Last year: 1). On target.

## Funding Impact Statement for year ended 30 June:

<b>Building Control</b>	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	405	384	386
Fees and charges	2,011	1,986	1,463
Other receipts	72	114	93
<b>Total operating funding</b>	<b>2,488</b>	<b>2,484</b>	<b>1,942</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,645	1,604	1,471
Internal charges and overheads applied	841	854	849
Other operating funding applications	1	25	(20)
<b>Total applications of operating funding</b>	<b>2,487</b>	<b>2,483</b>	<b>2,300</b>
<b>Surplus (deficit) of operating funding</b>	<b>1</b>	<b>1</b>	<b>(358)</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to replace existing assets	1	1	-
Increase (decrease) in reserves	-	-	(358)
<b>Total applications of capital funding</b>	<b>1</b>	<b>1</b>	<b>(358)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1)</b>	<b>(1)</b>	<b>358</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		2,483	2,300
plus - Depreciation and amortisation		1	(1)
<b>Expenditure as per Income Statement</b>		<b>2,484</b>	<b>2,299</b>
<b>Operating expenditure</b>			
Building Control	2,317	2,311	2,146
LIMs	170	173	154
<b>Capital expenditure:</b>			
Building Control	1	1	-

Note 1: Explanation of funding impact statement variance:

- o Lower user charges have been recovered as a result of lower numbers of building consents issued and inspections and project information memoranda no longer being compulsory.
- o Lower operating costs due to lower Weathertight Home settlements, consultancy, contracts and Department of Building and Housing accreditation audit fees partially offset by higher than anticipated legal fees.

## Activity: Environmental Health

Activity: Environmental Health		
Operating costs of this activity represent approximately 0.4% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
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.	A place where people enjoy living.  A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of Health choices and related Council Outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by providing an effective permitting and inspection regime of registered food and alcohol premises to ensure public health is maintained. Statutory nuisances are managed and bylaws enforced.

### What is this Activity About?

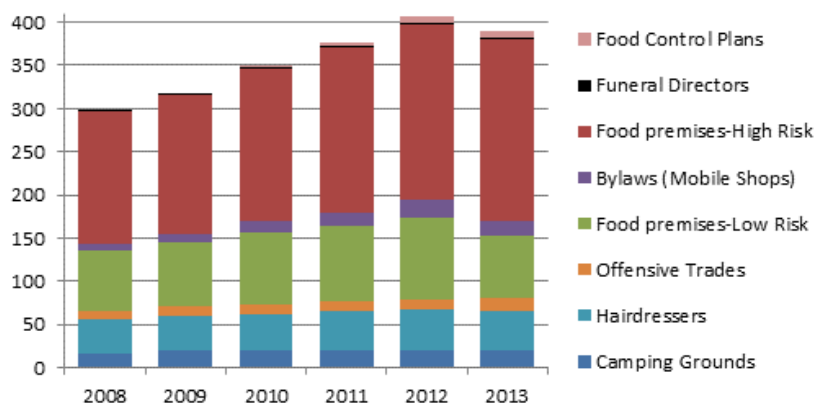
This activity provides services to protect the public health through registration and inspection of premises that prepare or sell food and the investigation of food complaints, as required by the Health Act 1956 and Food Act 1981. The activity also promotes public health and food safety by undertaking 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 investigate 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<sup>1</sup> that may directly or indirectly have the potential to threaten public health. All complaints regarding these threatening conditions are responded within seven working days.











### What we did in 2012-13

The following graph shows that the activity levels have steadily increased in recent years especially inspections of food premises:



<sup>1</sup> With particular emphasis on statutory nuisances, bylaw, air quality and noise complaints.

## Activity Group: Regulatory

Levels of Service: Environmental Health				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.</b>				
% of registered premises inspected once a year.	100%	100%		Actual score: 100% (Last year: 100%). On target.
Number of annual random inspection of markets and events with 10 or more food stalls.	≥12 of each	12 or more of each		Actual score: 12 (Last year: 13). On target.
% of complaints of critical nature (food poisoning) responded within one working day.	100%	100%		Actual score: 100% (Last year: 100%). On target.
% of complaints of a non-critical nature assessed and acknowledged within seven working days.	100%	100%		Actual score: 100% (Last year: 99.8%). On target. Two complaints were reallocated.
<b>Administer the voluntary implementation of Food Control Plans.</b>				
Undertake annual audit of all existing food businesses with registered exemptions to ensure compliance with the Food Control Plans.	New measure	100%		Actual score: 50% (Last year: New measure). Not on target. Remaining FCP audits scheduled and are within MPI timeframes.
Undertake an initial audit of newly registered Food Control Plans within 3 months of registration and then annually thereafter.	New measure	100%		Actual score: 100% (Last year: New measure). On target. No new Registered FCP.
<b>Carryout the functions of Licensing Inspector controlling the sale and supply of liquor to the public with the aim of contributing to the reduction of liquor abuse.</b>				
% of "On Licences <sup>1</sup> inspected once a year.	New measure	90%		Actual score: 91% (Last year: New measure). On target.
Review Council's Liquor Licensing Policy.	New measure	31-Jul-13		Actual score: 31-Jul-13 (Last year: New measure). On target. Change in Statute with the Sale and Supply of Alcohol Act 2012. Introduction of Local Alcohol Policy.
<b>Provide a service for investigation of noise complaints.</b>				
% of compliance with specifications in the Excessive Noise Control contract, which includes the contractor's obligations regarding response times.	New measure	80%		Actual score: 95% (Last year: New measure). On target. This data is based on the period from February 2013 to 30 June 2013. There were no systems in place for the calculation of this target prior to these dates.
Assess and acknowledge complaints concerning unreasonable noise within one working day.	New measure	80%		Actual score: 91% (Last year: New measure). On target.

1. An "On Licence" allows the sale or supply of liquor to any person on the premises, for consumption on the premises.

## Funding Impact Statement for year ended 30 June:

<b>Environmental Health</b>	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	179	181	183
Fees and charges	5	5	5
Other receipts	227	226	265
<b>Total operating funding</b>	<b>411</b>	<b>412</b>	<b>453</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	270	269	260
Internal charges and overheads applied	136	138	140
<b>Total applications of operating funding</b>	<b>406</b>	<b>407</b>	<b>400</b>
<b>Surplus (deficit) of operating funding</b>	<b>5</b>	<b>5</b>	<b>53</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	2	2	-
Capital expenditure to replace existing assets	2	2	-
Increase (decrease) in reserves	1	1	53
<b>Total applications of capital funding</b>	<b>5</b>	<b>5</b>	<b>53</b>
<b>Surplus (deficit) of capital funding</b>	<b>(5)</b>	<b>(5)</b>	<b>(53)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		407	400
plus - Depreciation and amortisation		5	4
<b>Expenditure as per Income Statement</b>		<b>412</b>	<b>404</b>

Note 1: Explanation of funding impact statement variance – There are no significant variances.

## Activity: Animal Control

Activity: Animal Control		
Operating costs of this activity represent approximately 0.7% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
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.	A place where people enjoy living.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcome of safety and security and related Council Outcome of a place where people enjoy living.

### 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 (DCA) 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.

### What we did in 2012-13

Below are listed some of the activities performed by Animal Control during the 2012-13 year:

- August 2012 – Firearms safety evaluation completed.
- October 2012 – new Dog Bylaws came into effect.
- October 2012 – electronic gates installed at pound.
- November 2012 – authorisation to euthanize all dogs by injection.
- November 2012 – Dog Safety Presentation at Clued up Kids – dog safety messages to 500 children.
- March 2013 – Enforcement Workshop.

Levels of Service: Animal Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.2	7.2		Actual score: 7.7 (Last year: 7.3). On target.
<b>To provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).</b>				
% of compliance with the service specifications in the Animal Control contract with MW. The key service specifications relate to Education, Unaccounted for Dogs and Complaints.	100%	100%		Actual score: 96.8% (Last year: 100%). Almost on target (1).
Report on how MW has met their obligations under the contract.	New measure	30-Sep-12		Actual score: 30-Sep-12 (Last year: New measure). On target.
Compliance with DCA requirements by: · Reviewing policies and bylaws; and	New measure	Completed		Actual score: 01-Oct-12 (Last year: New measure). Review completed.
· Preparing and publicising a report annually.	New measure	30-Sep-12		Actual score: 30-Sep-12 (Last year: New measure). Report published.

(1) CRM 13070116 logged 9 Jan 13 - Complaint was dealt with within the required timeframe however information was not inputted until 16/1/2013. CRM13071237 logged 2 Jun 13 - Complaint was dealt with within the required timeframe however information inputted did not include dates which indicates the timeframe was not met.



## Funding Impact Statement for year ended 30 June:

<b>Animal Control</b>	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	41	39	39
Fees and charges	564	544	582
Other receipts	15	14	21
<b>Total operating funding</b>	<b>620</b>	<b>597</b>	<b>642</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	564	505	528
Internal charges and overheads applied	44	51	51
Other operating funding applications	7	6	2
<b>Total applications of operating funding</b>	<b>615</b>	<b>562</b>	<b>581</b>
<b>Surplus (deficit) of operating funding</b>	<b>5</b>	<b>35</b>	<b>61</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	5	35	61
<b>Total applications of capital funding</b>	<b>5</b>	<b>35</b>	<b>61</b>
<b>Surplus (deficit) of capital funding</b>	<b>(5)</b>	<b>(35)</b>	<b>(61)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		562	581
plus - Depreciation and amortisation		5	5
<b>Expenditure as per Income Statement</b>		<b>567</b>	<b>586</b>
<b>Operating expenditure</b>			
Dog Control	565	516	530
Other Animal Control	54	52	56

Note 1: Explanation of funding impact statement variance – There are no significant variances.

## Activity: Harbours

Activity: Harbours		
Operating costs of this activity represents approximately 1.2% of all the activity expenditure		
Outcome	Related Community Outcome	Related Council Outcome
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.	A place where people enjoy living. A place where people can enjoy quality leisure opportunities. A prosperous community and economy for all Marlburians.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Safety and Security (on the waterways) Community Outcome by providing aids to navigation as well as on-water patrols to monitor compliance with bylaws. Fun and recreation Community Outcome is contributed to by the establishment and regular patrols of water-ski lanes and swimming areas when established. The Environmental sustainability Community Outcome is contributed to by providing approved response plans to manage marine oil spills. This activity contributes to the related Council Outcomes of a place where people enjoy living and a place where people can enjoy quality leisure opportunities by helping to deliver safe recreation in the Sounds and a prosperous community and economy for all Marlburians by supporting economic use of the Sounds.

### 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 kilometres<sup>2</sup> of water area. The Sounds is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries.

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

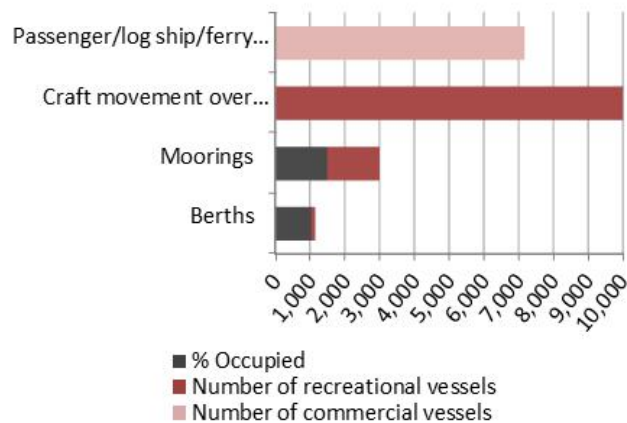
More generally, the purpose of the Harbours Activity is to:

- 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 Activities in meeting their responsibilities within Marlborough's marine area.
- Promote the public image of the Council in the management of its marine responsibilities.

### Activity Level

The Marlborough Sounds are busy waterways, particularly during the summer months. To provide a brief statistical overview of some of the typical Harbours Activity matters. A variety of craft use the Sounds:

The graph below provides a brief statistical overview of the estimated commercial and recreational vessels movement<sup>1</sup> at the Sounds:



## Recreational Vessels

Recreational use is important in the Sounds, both in terms of access to property and for leisure uses. Currently there are 1,158 berths in the Port Marlborough marinas of which over 90% are occupied. In addition, there are in excess of 3,000 moorings in the Sounds and it is estimated that 50% are occupied on a continuous basis. Further, during the summer season, it is estimated that up to 10,000 additional recreational crafts make use of the Sounds.

## Commercial Vessels

The Marlborough Sounds is important for commercial use. There were almost 7,000 ferry movements, which according to the New Zealand Standards demonstrate that the area is the second busiest harbour after Wellington. In addition there are over 170 movements of passenger and log ships within the Sounds, the majority of these calling at Picton.

An important aspect of Council as Harbour Authority is to patrol these busy waters to ensure safety and to provide education. Patrols are regularly undertaken with a particular emphasis on the summer months. Records are kept of patrols as well as reported incidents.

## Oil Spill Response

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

## What we did in 2012-13

### Harbour Control

This year saw the Introduction of a 12 month tidal information in the Safe Sounds Boating brochure resulting in the boating public retaining the brochures for the entire year and also enabling a continued distribution of the brochure throughout the year.

Following consultation with stakeholders in Havelock, the marking of the approach channel into the Havelock marina from seaward at number one was reviewed and additional markers introduced. The new marking was reviewed following the summer season resulting in a few minor changes based on experience gained during the summer. Feedback indicated a positive acceptance of these changes which were aimed at the irregular user in particular.

A new directional light was established at the Northern Entrance to enhance safety for inbound ships from seaward. Basically, an intensified white sector of the light marks the safe passage inwards with red and green sectors indicating deviation to the left or right of the recommended track.

The established wireless LAN to Tory Channel/West Head was enhanced to accommodate transfer of increased data flows allowing:

<sup>1</sup>A movement is defined as a transit inwards or outwards.

## Activity Group: Regulatory

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- Establishment of a wave-rider buoy to seaward of the Tory Channel entrance provided under contract from NIWA. Real-time data providing wave height, period and maximum wave heights are available to all users on the Council's website.
- Establishment of a weather station at West Head able to provide real-time weather conditions such as wind direction and strength, barometric pressure and rainfall. This information will be available to all users during the 2103-14 financial year.
- Ability to operate the leading lights at the Tory Channel entrance remotely from the Harbour office – previously it worked on a daylight switch but now have the ability to activate remotely on request from in-bound shipping.

It is difficult for our stakeholders and customers to find relevant and up-to-date information that relates specifically to Harbour operations on the Council's website. In conjunction with Marlborough Sounds maritime pilots the website [www.pictonharbour.co.nz](http://www.pictonharbour.co.nz) was developed, allowing those seeking information to select either the pilots or harbour hyperlink which in turn is linked to the relevant pages on the two websites.

During the year an electronic Port Information Guide was posted on the Council's website. This document provides a 'one-stop shop' for shipping companies, ships, agents and other parties needing information relating to port entry and the such like. The document follows the outline developed by the International Harbour Masters' Association. The document is also held and made available by the International Hydrographic Office.

Following discussions with local residents at Ngakuta Bay, the existing water-ski lane in the area was enhanced through the introduction of additional signage and the establishment of seaward demarcation buoyage.

The summer season patrols were augmented during the peak period 27 December - 4 January by double shift patrols, to dispel the notion that patrols only occurred between 8.00 am – 5.00 pm.

Additional five knot speed signage was established at Bull Head, the Wedge and Mistletoe Bay.











### Oil Spill Response

Staff received targeted training at National level in the use and operation of the oil spill recovery (ORV) barge stationed at Picton with the aim of these individuals being deployed in the field in the event of a significant oil spill anywhere in New Zealand.



Further training in the operation and use of the ORV was provided for additional trained responders in Marlborough.

An equipment exercise was utilising containment and recovery equipment located in the District was undertaken to maintain responder familiarity with equipment. Response staff from within Council as well as external attended the exercise in addition to invited industry guests.

A table top exercise focussed on documenting environmental data capture of the Port Gore area was completed.

Levels of Service: Harbours				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7.0		Actual score: 7.6 (Last year: 7.7). On target.
<b>Provide a safe environment for all users through effective public education.</b>				
Safe Sounds Boating brochure reviewed, printed and ready for distribution annually.	Labour weekend	100%		Actual score: 100% (Last year: 100%). On target. Brochure reviewed, printed and ready for distribution prior to Labour weekend.
Number of weekends in period commencing at Labour Weekend through to end of Easter of the following year where patrols undertaken.	≥15	≥ 20		Actual score: 18 (Last year: 20). Almost on target. Early Easter - 30/3-1/4 precluded completion of 20 patrol weekends.
Number of weekday patrols undertaken from mid-December through to end of January of the following year.	New measure	≥ 30		Actual score: 41 (Last year: 38). On target. 41 patrol days completed. Double shift patrols on 27, 28, 29, 30, 31/12, 2, 4/1.
% of navigation warnings issued within two hours of a reported event that may impact on navigation safety.	100%	100%		Actual score: 100% (Last year: 100%). On target. A total of 88 navigation warnings were issued.
<b>Ensure that Port and Harbour Safety Code requirements are met.</b>				
Full review of the Harbour Safety Plan.	Triennially	Completed		Actual score: 100% (Last year: N/A). On target. New risk assessment commenced which will result in a revised Harbour Safety Plan.
% of funded mitigation measures completed.	80%	80%		Actual score: 37% (Last year: 50%). Not on target. Mitigation measure implementation deferred until a new risk assessment identifies the areas where funding is required. It is anticipated that the risk assessment will be completed during August 2013.
<b>Ensure navigation safety and bylaw requirements in the Marlborough Sounds area are adhered to.</b>				
Number of random light inspections of marine farms undertaken.	>200	> 200		Actual score: 172 (Last year: 186). Almost on target. Three months of auditing not undertaken while work with industry was progressed on lighting compliance standards.
Information regarding accidents and incidents is received and, where relevant, passed onto MNZ within five days.	100%	100%		Actual score: 100% (Last year: 100%). On target. A total of 207 incidents are recorded in the database. Where appropriate, incident information was transmitted to MNZ.
<b>Ensure that navigation aids, swimming and water-ski lanes are maintained effectively.</b>				
% of time aids to navigation are working in compliance with the International Association of Lighthouse Authorities (IALA) standards.	100%	100%		Actual score: 97.33% (Last year: 99.91%). Almost on target. Average made up of: Category 1= 98.9% delays in manufacturing of specialist parts for East Head; Category 2 = 93.3% delay in delivery of parts and materials for Motuara and Wedge lights; #1 beacon, Havelock destroyed, requiring replacement; Category 3 = 99.8%.

## Activity Group: Regulatory

% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%	100%		Actual score: 100% (Last year: 100%). On target. Pre-season inspections completed.
Number of further inspections of swimming and water-ski lanes undertaken during the summer season.	>4 (2 of each)	> 4 (2 of each)		Actual score: 156 (Last year: 6). On target. A total of 156 visits to water-ski lanes were undertaken as part of patrol activities.

### Funding Impact Statement for year ended 30 June:

Harbours	2012	2013	2013
	(LTP)	(LTP)	(Actual)
	\$000's	\$000's	\$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	664	732	736
Fees and charges	355	130	140
Other receipts	155	124	168
<b>Total operating funding</b>	<b>1,174</b>	<b>986</b>	<b>1,044</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	750	734	837
Internal charges and overheads applied	111	112	111
Other operating funding applications	-	-	5
<b>Total applications of operating funding</b>	<b>861</b>	<b>846</b>	<b>953</b>
<b>Surplus (deficit) of operating funding</b>	<b>313</b>	<b>140</b>	<b>91</b>
<b>Sources of capital funding</b>			
Gross proceeds from sale of assets	-	-	4
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	145	-	-
Capital expenditure to improve the level of service	200	60	90
Capital expenditure to replace existing assets	30	72	38
Increase (decrease) in reserves	(62)	8	(33)
<b>Total applications of capital funding</b>	<b>313</b>	<b>140</b>	<b>95</b>
<b>Surplus (deficit) of capital funding</b>	<b>(313)</b>	<b>(140)</b>	<b>(91)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		846	953
plus - Depreciation and amortisation		98	88
plus - Loss on sale of fixed assets		-	20
<b>Expenditure as per Income Statement</b>		<b>944</b>	<b>1,061</b>

Note 1: Explanation of funding impact statement variance – Due to additional Harbour patrols and casual wage costs over the summer period partially offset by contract savings.

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



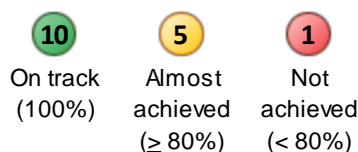
## Activity Group: Regional Development

### Activities in this Group:

This activity group comprises a single activity; Regional Development.

### Summary of how we did

Overall we achieved most of our targets for the 2012-13 year. We achieved 10 and almost achieved five of the 16 targets associated with the key performance indicators (KPI's).



### Rationale for Grouping these Activities

Council decisions and actions can significantly assist the development of the regional economy by encouraging local business initiatives and innovation, attracting new investments, and by presenting Marlborough as an attractive tourist destination. As a provider of infrastructure (such as roading, water, parking and irrigation), as a regulator of many business activities, Council is both a facilitator and encourager of development in the District.

Activity: Regional Development		
Operating costs of this activity represents approximately 5.4% of total activity expenditure.		
Outcome	Related Community Outcome	Related Council Outcome
Improved quality of life for all residents.  A prosperous community.	Prosperity, Enterprise and Endeavour, Full Participation.	A prosperous community and economy for Marlburians.  A place where people can enjoy quality leisure opportunities.

### How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of prosperity, enterprise and endeavour and full participation by working collaboratively with key industries to identify and take advantage of commercial development opportunities within the District to the related Council Outcomes of a prosperous community and economy for Marlburians and a place where people can enjoy quality leisure opportunities by supporting the sustainable growth of the District's economy.

### What is this Activity About?

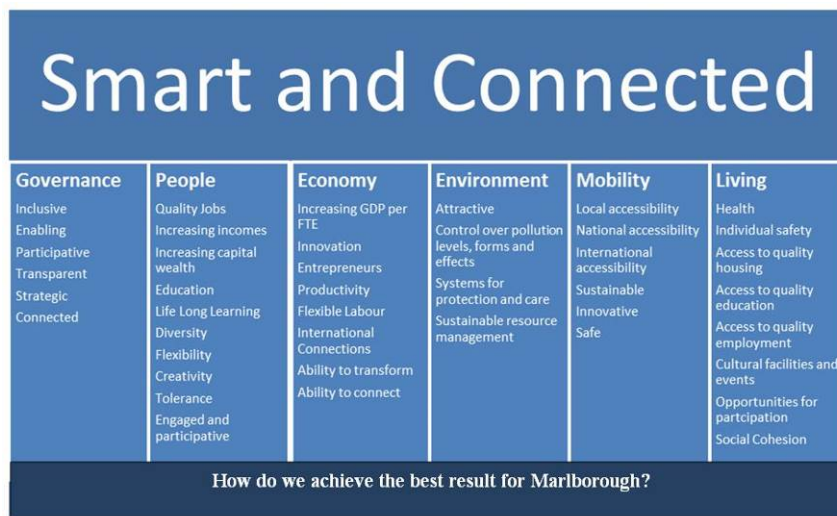
This activity is aimed at developing the District's economy to achieve long term economic growth to the benefit of the Marlborough community. It is about identifying where the direction of growth needs to be, how we will get there and what needs to be done. It is important to recognise that regional 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.

Some services are provided by Council specifically for the benefit of the District's economy:

- Economic development.
- Marketing and tourism.
- Marlborough Research Centre.
- Parking.
- Irrigation.

## Economic Development

Council has recently embarked on developing a regional vision and strategic framework. The 'Smart and Connected' vision seeks to foster the economic development of the region, by balancing achieving economic growth with protecting Marlborough's special environment, providing quality jobs and services for the community, and maintaining consistency with the culture of the District. This vision will require all of the community to input to ensure it is achieved, and Council's role is to encourage participation whilst focusing its own activities around the Smart and Connected framework.



Council made a start on the implementing of the framework in 2012-13 and is proposing to accelerate internal and external implementation in 2013-14. Progress to date includes:

- Smart Business Marlborough service was inaugurated to provide a single point of contact for business development proposals within Council.
- Connecting Marlborough businesses to opportunities associated with the \$40 billion rebuild of Christchurch.
- Working with Marlborough Research Centre to connect innovative Marlborough business to scientific and market support, and in developing a Food and Beverage Strategy for Marlborough that aims to develop high value nutraceutical and pharmaceutical products from the food products that are produced in this region.

The Council also plays a key role in the local economy through its core services of roading and water infrastructure and regulatory activity, and through its investment in community infrastructure such as libraries and leisure facilities.

## Marketing and Tourism

Council's role is to market and promote 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. Currently approximately 1.5 million travellers (75% domestic, 25% international) visit the District per year spending in excess of \$200 million 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.

The Regional Tourism Organisation, Destination Marlborough, delivers this activity with funding from Council and other organisations.

In addition, Council as part of its consideration of submissions, decided to allocate \$60,000 towards the establishment of an Event Co-ordinator role to develop and manage a Regional Event Strategy for Marlborough. The role will improve alignment of event opportunities and communication between event organisers, facilities, businesses, the community and marketing channels to improve the attractiveness and value of visiting Marlborough. A particular focus will be on the shoulder seasons, when visitor numbers tend to drop off. This role should provide significant benefit to the Marlborough business community.

## Marlborough Research Centre (MRC)

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.

MRC 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. MRC are a key partner in the implementation of the Smart and Connected vision.

MRC, Riddet Institute and Massey University are working jointly to implement a Food and Beverage Strategy for Marlborough. Council has provided \$90,000 to support this activity in 2013-14.

### Parking

A large number of our businesses are located in or close to our main town centres of Blenheim and Picton. The ability for customers, staff and visitors to access these businesses is supported by the provision of convenient and affordable car parks, as well as support for other modes such as public transport, biking and walking. Council provides, operates and maintains over 2,000 on and off-street parks in Blenheim and Picton. This service is contracted to Marlborough Roads, which currently sub-contracts parking enforcement to ADT Armourguard and the Cash Collection contract, which is held by Gary Ching Ltd.

This provision of car parking in Blenheim and Picton town centres is guided by parking strategies for each town. Blenheim and Picton's parking strategies are due to be adopted in 2014. Measurement of parking occupancy levels in Blenheim is carried out by contract, and will possibly extend to Picton following the adoption of the Picton parking strategy during 2014. The table below provides a summary of Blenheim and Picton kerbside and off-street parking numbers:

Parking	Length / Quantity
Blenheim Car Parks	357 kerbside metered; 918 off-street metered (includes 348 car park building); 130 off-street leased; 640 off-street time restricted.
Picton Car Parks	201 off-street metered; 65 off-street time restricted.






### Irrigation

Sourcing water for irrigation is of critical importance to our primary industries, particularly in areas of shortage such as south Marlborough. Council has significant expertise and experience in providing water infrastructure in Marlborough, and has developed an irrigation scheme for the Southern Valleys (SVIS) for horticultural, farming and rural residential properties over an area of approximately 4,500 ha to the south of Renwick. The scheme is operated during the drier months of the year providing there is sufficient water available in the Wairau River.

A pre-feasibility study is underway for a community irrigation scheme for the Flaxbourne area around Ward. Council supports in principle other community irrigation schemes if environmental effects can be managed and mitigated. The table below provides a summary of the SVIS assets:

Southern Valleys' Irrigation Scheme (SVIS)	Length/Quantity
Reticulation length	57 km
Service connections	4,500 hectares
Abstraction Gallery	2
Distribution Pumps	9
Booster Pumps	8
Meters	261

Levels of Service: Regional Development				
Performance Targets				
Key Performance Indicators	LTP Baseline	2012-13 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.4	6.3		Actual score: 6.3 (Last year: 6.1). On target.
• Regional Development.				
• Tourism	7.3	7.5		Actual score: 7.3 (Last year: 7.1). Almost on target. The main negative comment provided was that more funding and promotion is needed. Destination Marlborough is reviewing its strategic plan and funding requirements.
• Research Centre	7.0	7.0		Actual score: 6.5 (Last year: 7). Almost on target. The main negative comment provided was that there is too much focus on grapes. This is being addressed by refocusing MRC's strategic aims.
• Parking.	6.3	7.0		Actual score: 6.7 (Last year: 6.8). Almost on target. The main negative comment related to the usage of the new parking building in Blenheim. Increasing visitation to the CBD and the new Civic Theatre may improve usage.
• Irrigation.	6.9	7.0		Actual score: 7.1 (Last year: 7.1). On target.
<b>Complete a strategy for Council's role in regional development.</b>				
Complete a strategy for Council's role in regional development.	New measure	31-Dec-12		Actual score: 31-Dec-12 (Last year: New measure). On target. Vision discussions with the community completed by December 2012.
Develop a work programme from Regional Development Strategy.	New measure	30-Jun-13		Actual score: 30-Jun-13 (Last year: New measure). On target. Work programme developed by June 2013.
% of funded work programme targets achieved.	New measure	Work programme under development		Actual score: 100% (Last year: New measure). On target. Work programme developed by June 2013.
<b>Manage Research Centre contract to ensure service quality and value.</b>				
Number of published research papers.	70	≥ 50		Actual score: 74 (Last year: 100). On target. 2011-12 number of published papers was unusually high. This year's result is consistent with the two years preceding 2011-12.
<b>Effective promotion of Marlborough as a visitor destination.</b>				
% change in visitor nights in Marlborough than compared to national trends.	Equal or better than national trends	0.7%		Actual score: 2% (Last year: -1.9%). On target. Marlborough guest nights increased by 2% for year ended June 2013 compared to 1.3% nationally.
% of achievement of Destination Marlborough business plan key performance measures	New measure	80%		Actual score: 71% (Last year: New measure). Almost on target. Of the 26 key performance targets, 18 were achieved and 8 not achieved (including 1 deferred).

<b>Provision of convenient and affordable car parks to support CBD businesses.</b>				
Regularly review the parking strategies for Blenheim and Picton. (five yearly)	New measure	Picton – Dec 2012 Blenheim - Dec 2013		Actual score: N/A (Last year: New measure). On target. Research has been done and awaiting review of strategies after Elections.
Occupancy rates of off-street car parks in Blenheim:  • Kerbside  • Off street (Queen Street and Clubs only)  • Parking building	65%	< 70%		Actual score: 59% (Last year: 68%). On target.
	76%	< 85%		Actual score: 79% (Last year: 65%). On target. Queen St 72%, Clubs of Marlborough 85%. Note: Both car parks were reduced in size this year due to new developments.
	New measure	70%		Actual score: 40% (Last year: New measure). Not achieved. The parking building is a new facility for Blenheim, and figures show improving usage throughout the year.
<b>Support for land based industries through the supply of irrigation water.</b>				
Number of events that cause a loss of supply during the season for more than 48 hours due to infrastructure breakdown.	New measure	event or 1 less per annum		Actual score: 0 (Last year: New measure). On target. There were four shutdowns in 2012/13. These were all rectified within 48 hours.

## Funding Impact Statement for year ended 30 June:

Regional Development	2012 (LTP) \$000's	2013 (LTP) \$000's	2013 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	879	970	976
Targeted rates (other than for water supply)	1,215	1,235	1,231
Fees, charges and targeted rates for water supply	2,237	2,097	2,167
Other receipts	230	199	207
<b>Total operating funding</b>	4,561	4,501	4,581
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,807	1,882	1,967
Finance costs	1,335	1,468	1,509
Internal charges and overheads applied	273	291	290
Other operating funding applications	766	448	554
<b>Total applications of operating funding</b>	4,181	4,089	4,320
<b>Surplus (deficit) of operating funding</b>	380	412	261
<b>Sources of capital funding</b>			
Increase (decrease) in debt	(19)	(681)	(671)
<b>Total sources of capital funding</b>	(19)	(681)	(671)
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	675	105	147
Capital expenditure to improve the level of service	69	67	6
Capital expenditure to replace existing assets	-	18	-
Increase (decrease) in reserves	(383)	(459)	(563)
<b>Total applications of capital funding</b>	361	(269)	(410)
<b>Surplus (deficit) of capital funding</b>	(380)	(412)	(261)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>		4,089	4,320
plus - Depreciation and amortisation		552	581
plus - Loss on sale of fixed assets		-	10
<b>Expenditure as per Income Statement</b>		4,641	4,911
<b>Operating expenditure</b>			
Economic Development	207	107	317
Marketing and Tourism	780	856	812
Research Centre	70	136	136
Irrigation	1,444	1,406	1,442
Parking	2,238	2,137	2,204
<b>Capital expenditure:</b>			
Irrigation	69	67	6
Parking	675	123	147

### **Internal borrowing used for the purpose of Regional Development**

Funds borrowed during the year	21,008
Funds repaid during the year	147
Interest paid in relation to this borrowing	818
	1,509

Note 1: Explanation of funding impact statement variance – Economic Development includes a grant for interest charges for the Aviation Heritage Centre loan as conditions have been met. This was originally budgeted to be charged at maturity in 2015-16.

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



## Part 3: Financial Statements

- ⑨ Income Statement
- ⑨ Statement of Comprehensive Income
- ⑨ Statement of Changes in Equity
- ⑨ Statement of Financial Position
- ⑨ Statement of Cash Flows
- ⑨ Notes to Financial Statements
- ⑨ Funding Impact Statement – Marlborough District Council

East Coast, off Cape Campbell, Marlborough



## Income Statement

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2012-13	2011-12	2012-13	2012-13	2011-12
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Income:</b>						
Rates, excluding targeted water rates	3	51,775	49,623	52,161	52,345	49,987
Targeted rates for water supply	3	2,587	2,047	2,587	1,627	2,047
Development and financial contributions	5	776	279	776	1,135	279
Subsidies and Grants	5	6,739	6,982	6,739	5,910	6,982
Finance income	4	926	1,152	897	877	1,115
Other revenue	5	52,194	48,756	30,662	27,137	29,088
Gains	6	8,202	5,556	7,372	722	5,516
<b>Total income</b>	<b>2</b>	<b>123,199</b>	<b>114,395</b>	<b>101,194</b>	<b>89,753</b>	<b>95,014</b>
<b>Expenditure:</b>						
Personnel costs	7	21,574	20,922	16,422	16,903	16,202
Finance costs	4	1,987	6,164	640	2,115	1,869
Other expenses	8	63,582	60,461	56,615	49,611	54,150
Depreciation and amortisation	8	19,444	18,340	17,358	17,737	16,368
<b>Total operating expenditure</b>	<b>2</b>	<b>106,587</b>	<b>105,887</b>	<b>91,035</b>	<b>86,366</b>	<b>88,589</b>
<b>Surplus before tax</b>		<b>16,612</b>	<b>8,508</b>	<b>10,159</b>	<b>3,387</b>	<b>6,425</b>
Income tax expense / (credit)	9	1,447	1,113	-	-	-
<b>Surplus after tax</b>		<b>15,165</b>	<b>7,395</b>	<b>10,159</b>	<b>3,387</b>	<b>6,425</b>

## Statement of Comprehensive Income

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2012-13	2011-12	2012-13	2012-13	2011-12
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Surplus for the year</b>		<b>15,165</b>	<b>7,395</b>	<b>10,159</b>	<b>3,387</b>	<b>6,425</b>
<b>Other comprehensive income:</b>						
Gain on property revaluations	25	24,986	2,569	15,470	41,693	2,569
Tax on property valuations	9	(2,860)	-	-	-	-
<b>Total other comprehensive income</b>		<b>22,126</b>	<b>2,569</b>	<b>15,470</b>	<b>41,693</b>	<b>2,569</b>
<b>Total comprehensive income</b>		<b>37,291</b>	<b>9,964</b>	<b>25,629</b>	<b>45,080</b>	<b>8,994</b>

## Statement of Changes in Equity

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2012-13	2011-12	2012-13	2012-13	2011-12
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July</b>		<b>1,329,903</b>	<b>1,319,939</b>	<b>1,273,151</b>	<b>1,263,435</b>	<b>1,264,157</b>
Total comprehensive income for the year		37,291	9,964	25,629	45,080	8,994
<b>Balance at 30 June</b>	<b>25</b>	<b>1,367,194</b>	<b>1,329,903</b>	<b>1,298,780</b>	<b>1,308,515</b>	<b>1,273,151</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

	note:	Group		Council		
		Actual 2012-13 \$000's	Actual 2011-12 \$000's	Actual 2012-13 \$000's	Budget 2012-13 \$000's	Actual 2011-12 \$000's
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	10	1,997	4,364	1,252	9,787	3,736
Debtors and other receivables	11	11,662	9,539	9,717	8,456	7,766
Other financial assets	13	5,356	4,253	5,356	3,330	4,253
Inventory	14	626	682	351	332	418
Non-current assets held for sale	15	-	1,252	-	-	1,252
<b>Total current assets</b>		<b>19,641</b>	<b>20,090</b>	<b>16,676</b>	<b>21,905</b>	<b>17,425</b>
<b>Non-current assets:</b>						
Other financial assets:	13					
- Investment in CCOs and similar entities		-	-	6,000	6,000	6,000
- Investment in other entities		7,477	8,530	7,477	7,543	8,530
Property, plant and equipment	16	1,358,354	1,320,755	1,291,001	1,333,560	1,263,648
Intangible assets	17	1,066	1,170	1,022	538	1,133
Forestry assets	18	15,478	12,354	15,478	9,015	12,354
Investment property	19	70,629	62,663	1,890	1,720	1,720
<b>Total non-current assets</b>		<b>1,453,004</b>	<b>1,405,472</b>	<b>1,322,868</b>	<b>1,358,376</b>	<b>1,293,385</b>
<b>Total assets</b>		<b>1,472,645</b>	<b>1,425,562</b>	<b>1,339,544</b>	<b>1,380,281</b>	<b>1,310,810</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Creditors and other payables	21	14,621	13,078	13,222	16,699	12,143
Derivative financial instruments	12	137	238	-	-	-
Provisions	24	377	1,119	749	-	1,492
Current tax liabilities	9	105	25	-	-	-
Employee entitlements	23	2,632	2,747	1,936	1,475	2,076
Borrowings	22	45,700	29,455	22,500	-	-
<b>Total current liabilities</b>		<b>63,572</b>	<b>46,662</b>	<b>38,407</b>	<b>18,174</b>	<b>15,711</b>
<b>Non-current liabilities:</b>						
Derivative financial instruments	12	2,079	3,872	529	-	927
Borrowings	22	29,205	37,450	-	50,994	19,000
Employee entitlements	23	-	-	-	781	-
Provisions	24	2,361	2,383	1,828	1,817	2,021
Deferred tax liability	9	8,234	5,292	-	-	-
<b>Total non-current liabilities</b>		<b>41,879</b>	<b>48,997</b>	<b>2,357</b>	<b>53,592</b>	<b>21,948</b>
<b>Total liabilities</b>		<b>105,451</b>	<b>95,659</b>	<b>40,764</b>	<b>71,766</b>	<b>37,659</b>
<b>Net assets</b>		<b>1,367,194</b>	<b>1,329,903</b>	<b>1,298,780</b>	<b>1,308,515</b>	<b>1,273,151</b>
<b>Equity:</b>						
Accumulated funds	25	590,456	578,311	557,311	555,948	550,172
Other reserves	25	776,738	751,592	741,469	752,567	722,979
<b>Total equity</b>	25	<b>1,367,194</b>	<b>1,329,903</b>	<b>1,298,780</b>	<b>1,308,515</b>	<b>1,273,151</b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

	note:	Group		Council		
		Actual 2012-13 \$000's	Actual 2011-12 \$000's	Actual 2012-13 \$000's	Budget 2012-13 \$000's	Actual 2011-12 \$000's
<b>Cash flows from operating activities:</b>						
Receipts from rates revenue		54,392	51,584	54,778	53,972	51,948
Receipts from other revenue		57,354	55,695	35,178	32,485	35,758
Goods and services tax (net)		(425)	188	(425)	-	188
Interest received		849	1,152	897	877	1,115
Payments to suppliers and employees		(80,356)	(77,990)	(69,090)	(66,216)	(66,564)
Interest paid		(4,077)	(4,044)	(1,038)	(1,755)	(1,097)
Income tax paid		(1,285)	(1,225)	-	-	-
<b>Net cash flow from operating activities</b>	26	<b>26,452</b>	<b>25,360</b>	<b>20,300</b>	<b>19,363</b>	<b>21,348</b>
<b>Cash flows from investing activities:</b>						
Receipts from sale of property, plant and equipment		221	580	418	2,004	580
Sale / (acquisition) of investments		(184)	-	(166)	5,601	394
Dividends received		-	-	680	695	477
Receipts from sale of non-current property held for sale		1,934	401	2,699	-	1,776
Purchase of forestry assets		(401)	(453)	(401)	-	(453)
Purchase of intangible assets		(204)	(674)	(167)	-	(664)
Purchase of property, plant and equipment		(38,185)	(34,031)	(29,347)	(42,045)	(27,437)
<b>Net cash flow from investing activities</b>		<b>(36,819)</b>	<b>(34,177)</b>	<b>(26,284)</b>	<b>(33,745)</b>	<b>(25,327)</b>
<b>Cash flows from financing activities:</b>						
Proceeds from borrowings		8,250	5,300	3,500	19,488	2,000
Repayment of borrowings		(250)	(250)	-	-	-
<b>Net cash flow from financing activities</b>		<b>8,000</b>	<b>5,050</b>	<b>3,500</b>	<b>19,488</b>	<b>2,000</b>
<b>Net increase / (decrease)</b>		<b>(2,367)</b>	<b>(3,767)</b>	<b>(2,484)</b>	<b>5,106</b>	<b>(1,979)</b>
<b>Cash, cash equivalents and bank overdrafts:</b>						
At the beginning of the year		4,364	8,131	3,736	4,681	5,715
<b>At the end of the year</b>	10	<b>1,997</b>	<b>4,364</b>	<b>1,252</b>	<b>9,787</b>	<b>3,736</b>

The accompanying notes form part of these financial statements.

## Notes to Financial Statements

### 1. Statement of Accounting Policies for the year ended 30 June 2013

#### 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 2013. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the year ended 31 March 2013.

The financial statements were authorised for issue by Council on 31 October 2013.

#### 1.2 Basis of Preparation

##### (i) Statement of Compliance

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

##### (ii) Measurement Base

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

##### (iii) Functional and Presentational Currency

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

##### (iv) Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

##### (v) 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 168) 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 depreciated replacement cost 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 NZIAS 39. The new standard is required to be adopted for the year ended 30 June 2016. 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

New Zealand Transport Agency 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 except land under roads and infrastructural assets are revalued with sufficient regularity that the carrying amount does not differ materially from that which would be determined using fair values at balance date, generally every year.

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

### Additions

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

### Depreciation

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

Depreciation on revalued assets is charged to the Income Statement.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows: <b>Asset</b>	<b>Life</b>	<b>Rate</b>
<b>Roads, Streets and Bridges</b>		
- Land under roads and pavement formation	Not depreciated	
- Pavement layers	55 - 100 years	1 - 1.82%
- Pavement surface	8.25 years	4 – 12.5%
- 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	4 - 50 years	2 - 25%
- Traffic islands	50 years	2%
- Street trees	80 years	1.5%
- 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%
<b>Carparks</b>		
- Parking meters	10 years	10%
- Land and formation	Not depreciated	
- Basecourse	50 years	2%
- Surfacing	25 years	4%
- Markings	5 years	20%
<b>Buildings (excluding properties intended for sale)</b>	100 years	1%
<b>Council Computers</b>	4 - 5 years	20 - 25%
<b>Plant, equipment (excluding Council infrastructural assets)</b>	5 - 20 years	5 - 20%
<b>Mowers/chainsaws</b>	1 – 2.5 years	40 - 100%
<b>Sewerage</b>		
- Pipes	43 - 128 years	0.78 - 1.25%
- Pump stations	25 - 100 years	1 - 5%
- Oxidation ponds:	Not depreciated	
- Treatment plant	25 - 100 years	1 - 5%
- Grinder pump unit	10 – 40 years	
- Odour beds	25 – 40 years	
- Bores	60 years	
<b>Stormwater</b>		
- Pipes	50 - 128 years	0.78 - 1.25%
- Pump stations	25 - 100 years	1 - 5%
<b>Water</b>		
- 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%
<b>Rivers and Drainage</b>		
- Pump stations	35 - 100 years	1 - 2.86%
- Stopbanks/earthworks	Not depreciated	
- Rock and gabion protection	Not depreciated	
- Trees and tree retards	Not depreciated	
- Culverts and gates	Not depreciated	
- Channels	Not depreciated	
- Dam	100 years	1%
<b>Library books</b>	13.33 years	7.69%

### Disposals

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

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

## (xvii) Intangible Assets

### (a) 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.

### **(b) Carbon Credits**

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

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

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

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

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

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

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

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

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

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

#### Financial guarantee contracts

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

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

### (xxvi) Equity

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

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

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

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

Council created reserves are reserves established by Council decision. The Council may alter the purpose of the reserve without reference to any third party or the Courts. Transfer to and from these reserves is at the discretion of Council. Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

The Council and group's objectives, policies and processes for managing capital are explained in note 34.

### (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 2012-22 Long Term 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 incurred 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.

## 2. Summary Cost of Services

	<b>Council</b>		
	<b>2012-13 Actual \$000's</b>	<b>2012-13 Budget \$000's</b>	<b>2011-12 Actual \$000's</b>
<b>Income:</b>			
People	8,128	8,163	7,950
Community Facilities	8,121	8,273	7,970
Roads and Footpaths	18,078	16,780	16,332
Flood Protection and control works	7,047	6,358	7,450
Sewerage	8,805	9,041	8,237
Stormwater drainage	2,157	2,124	2,006
Water Supply	9,101	8,987	8,545
Solid Waste Management	6,994	6,864	6,872
Environmental Management	7,543	7,359	7,025
Regulatory	5,370	5,690	5,450
Regional Development	4,581	4,501	4,055
<b>Total activity income</b>	<b>85,925</b>	<b>84,140</b>	<b>81,892</b>
Plus other income (including forestry)	21,564	12,666	18,932
Less internal income	(6,296)	(7,053)	(5,790)
<b>Total income</b>	<b>101,193</b>	<b>89,753</b>	<b>95,014</b>
<b>Expenditure:</b>			
People	10,770	11,982	8,971
Community Facilities	8,206	7,718	7,841
Roads and Footpaths	18,349	16,460	17,479
Flood Protection and control works	5,217	4,384	4,393
Sewerage	9,257	9,167	7,804
Stormwater drainage	1,642	1,719	1,584
Water Supply	8,139	8,162	7,789
Solid Waste Management	6,700	6,429	6,756
Environmental Management	8,440	7,460	7,386
Regulatory	5,529	5,619	6,583
Regional Development	4,911	4,641	5,055
<b>Total activity expenditure</b>	<b>87,160</b>	<b>83,741</b>	<b>81,641</b>
Plus other expenditure (including forestry)	10,171	9,678	12,738
Less internal expenditure	(6,296)	(7,053)	(5,790)
<b>Total operating expenditure</b>	<b>91,035</b>	<b>86,366</b>	<b>88,589</b>

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.



## Notes to Financial Statements

The Council has changed presentation of activities in income to comply with the Local Government Act 2002 Amendment Act 2012. The effect of the changes 2011-12 income are shown in the table below.

	2011-12 before reclassification \$000's	<b>Council Reclassification</b> \$000's	2011-12 after reclassification \$000's
<b>Income:</b>			
Democratic Process	2,579	(2,579)	-
Culture and Heritage	776	(776)	-
Community Housing	1,053	(1,053)	-
Community Safety	341	(341)	-
Community Support	527	(527)	-
Library Services	1,527	(1,527)	-
Emergency Management	778	(778)	-
Land Transport	18,888	(18,888)	-
Rivers and Land Drainage	7,449	(7,449)	-
Wastewater (Sewerage)	8,179	(8,179)	-
Stormwater	2,006	(2,006)	-
Environmental Policy and Information	5,304	(5,304)	-
Resource Consents	2,187	(2,187)	-
Building Control	1,708	(1,708)	-
Compliance	1,575	(1,575)	-
Animal Control	648	(648)	-
Harbour Control	1,129	(1,129)	-
People	-	7,950	7,950
Community Facilities	6,796	1,174	7,970
Roads and Footpaths	-	16,332	16,332
Flood Protection and control works	-	7,450	7,450
Sewerage	-	8,237	8,237
Stormwater drainage	-	2,006	2,006
Water Supply	10,048	(1,503)	8,545
Solid Waste Management	6,872	-	6,872
Environmental Management	-	7,025	7,025
Regulatory	-	5,450	5,450
Regional Development	1,184	2,871	4,055
<b>Total activity income</b>	<b>81,554</b>	<b>338</b>	<b>81,892</b>
Plus other income (including forestry)	19,250	(338)	18,912
Less internal income	(5,790)	-	(5,790)
<b>Total income</b>	<b>95,014</b>	<b>-</b>	<b>95,014</b>

	2011-12 before reclassification \$000's	Council Reclassification \$000's	2011-12 after reclassification \$000's
<b>Expenditure:</b>			
Democratic Process	2,701	(2,701)	
Culture and Heritage	1,523	(1,523)	
Community Housing	1,051	(1,051)	
Community Safety	295	(295)	
Community Support	732	(732)	
Library Services	1,595	(1,595)	
Emergency Management	703	(703)	
Land Transport	20,850	(20,850)	
Rivers and Land Drainage	4,381	(4,381)	
Wastewater (Sewerage)	7,762	(7,762)	
Stormwater	1,584	(1,584)	
Environmental Policy and Information	5,374	(5,374)	
Resource Consents	2,257	(2,257)	
Building Control	3,244	(3,244)	
Compliance	1,571	(1,571)	
Animal Control	587	(587)	
Harbour Control	1,018	(1,018)	
People	-	8,971	8,971
Community Facilities	7,282	559	7,841
Roads and Footpaths	-	17,479	17,479
Flood Protection and control works	-	4,393	4,393
Sewerage	-	7,804	7,804
Stormwater drainage	-	1,584	1,584
Water Supply	9,184	(1,395)	7,789
Solid Waste Management	6,756	-	6,756
Environmental Management	-	7,386	7,386
Regulatory	-	6,583	6,583
Regional Development	1,379	3,676	5,055
<b>Total activity expenditure</b>	<b>81,829</b>	<b>(188)</b>	<b>81,641</b>
Plus other expenditure (including forestry)	12,550	188	12,738
Less internal expenditure	(5,790)	-	(5,790)
<b>Total operating expenditure</b>	<b>88,589</b>	<b>-</b>	<b>88,589</b>

The Democratic Process has moved into the People category.

Memorials which were in Culture and Heritage have moved into Community Facilities as they are managed by Community Facilities.

The remainder of the Culture and Heritage is now included in People.

Community Housing, Community Safety, Community Support, Library Services, and Emergency Management are all under the People category.

Passenger transport, and Street trees, berms and plots have moved from Land Transport to People and Community Facilities.

Parking has moved from Land transport to Regional Development as it is designed to provide access to offices and shops.

The remainder of Land transport is now categorised as Roads and Footpaths.

Rivers and Land Drainage is now renamed Flood Protection and control works.

Wastewater (sewerage) has transferred to the Sewerage activity.

Stormwater is renamed Stormwater drainage.

Water Supply is mostly unchanged except for Southern Valleys' Water Supply which has moved into Regional Development

Resource Consents are now in Environmental Management except for Public information consents which are merged into Other Income

Environmental policy, Environmental science and monitoring transferred from Environmental policy and Information to Environmental management.

Environmental protection and Environmental health transferred from Compliance to Environmental management.

Building Control, Animal Control and Harbours are now merged in with Regulatory.

Also in Regulatory are Environmental Health transferred from Compliance and Biosecurity ( pest management) transferred from Environmental policy and information.

## 3. Rates Activity

Rates, excluding targeted water rates:	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
People	5,830	5,578	5,830	5,578
Community Facilities	6,368	5,791	6,368	5,791
Roads and Footpaths	8,571	8,586	8,571	8,586
Flood Protection and control works	3,546	3,582	3,546	3,582
Sewerage	7,111	6,548	7,111	6,548
Stormwater drainage	1,546	1,439	1,546	1,439
Water Supply	5,992	5,927	5,992	5,927
Solid Waste Management	2,480	2,438	2,480	2,438
Environmental Management	5,453	5,153	5,453	5,153
Regulatory	2,412	2,401	2,412	2,401
Regional Development	2,850	2,535	2,850	2,535
<b>Total activity rates</b>	<b>52,160</b>	<b>49,978</b>	<b>52,160</b>	<b>49,979</b>
Plus non-activity rates	1	10	1	9
Less related party rates eliminated	(386)	(364)	-	-
<b>Total gross rates revenue</b>	<b>51,775</b>	<b>49,624</b>	<b>52,161</b>	<b>49,988</b>
Rates remissions (as below)	566	462	566	462
<b>Rates, excluding targeted water rates net of remissions</b>	<b>51,209</b>	<b>49,162</b>	<b>51,595</b>	<b>49,526</b>
<b>Targeted Water Supply rates</b>				
Targeted water supply rates	2,587	2,047	2,587	2,047

Council has a number of rate remission policies which enable ratepayers to qualify for various remission amounts providing certain conditions and criteria are met.

### Rates remissions:

Community sporting & other organisations	27	28	27	28
Protected land	3	2	3	2
Residential land in commercial/industrial areas	26	27	26	27
Single entity non-contiguous pastoral units & separate ownership contiguous units	20	20	20	20
Subdivisions creating four or more units	18	33	18	33
Subdivisions creating 10 or more units	43	31	43	31
Karaka Point	70	-	70	-
Lansdowne Park	1	-	1	-
Separately used/inhabited parts of rating unit	67	55	67	55
Rate penalties	51	61	51	61
Statute barred	-	-	-	-
Water remission	51	27	51	27
Multi-ownership Maori land	189	178	189	178
<b>Total remissions</b>	<b>566</b>	<b>462</b>	<b>566</b>	<b>462</b>

The Council and Group has changed the presentation of items within income to comply with the new presentation requirements of the Local Government (Financial Reporting Regulations 2011). The effect of the changes 2011-12 income are shown in the table below.

	2011-12 before reclassification \$000's	<b>Council</b> Reclassification \$000's	2011-12 after reclassification \$000's
<b>Council</b>			
<b>Income:</b>			
Rates revenue	52,034	(52,034)	-
Rates, excluding targeted water rates	-	49,986	49,986
Targeted rates for water supply	-	2,047	2,047
Development and financial contributions	-	279	279
Subsidies and Grants	-	6,982	6,982
Finance income	1,115	-	1,115
Other revenue	36,349	(7,260)	29,089
Gains	5,516	-	5,516
<b>Total income</b>	<b>95,014</b>	<b>-</b>	<b>95,014</b>

	2011-12 before reclassification \$000's	<b>Group</b> Reclassification \$000's	2011-12 after reclassification \$000's
<b>Group'</b>			
<b>Income:</b>			
Rates revenue	51,670	(51,670)	-
Rates, excluding targeted water rates	-	49,622	49,622
Targeted rates for water supply	-	2,047	2,047
Development and financial contributions	-	279	279
Subsidies and Grants	-	6,982	6,982
Finance income	1,152	-	1,152
Other revenue	56,017	(7,260)	48,757
Gains	5,556	-	5,556
<b>Total income</b>	<b>114,395</b>	<b>-</b>	<b>114,395</b>

Rates revenue has been split and transferred to rates, excluding targeted water rates and targeted rates for water supply.

Other revenue is also split out and transferred to development and financial contributions, subsidies and grants and other revenue.

## 4. Finance Income and Finance Costs

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Finance income:</b>				
Interest income:				
Term deposits and bonds	821	1,056	792	1,019
Community Loans	104	91	104	91
Related party loans	1	5	1	5
<b>Total finance income</b>	<b>926</b>	<b>1,152</b>	<b>897</b>	<b>1,115</b>
<b>Finance costs:</b>				
Interest expense:				
Interest on bank borrowings	3,897	4,070	1,038	1,097
Less related party interest	(17)	(11)	-	-
Interest derivatives (presented net):				
Fair value movement on interest rate swaps	(1,893)	2,105	(398)	772
<b>Total finance costs</b>	<b>1,987</b>	<b>6,164</b>	<b>640</b>	<b>1,869</b>
<b>Net finance income / (costs)</b>	<b>(1,061)</b>	<b>(5,012)</b>	<b>257</b>	<b>(754)</b>

## 5. Other Revenue

Other Revenue	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
User charges	11,381	11,928	11,587	12,083
Regulatory revenue	3,526	3,583	3,684	3,749
Lump sum contributions	17	129	17	129
Land subdivision revenues	445	336	445	336
Infringements and fines	649	464	649	464
Petrol tax	363	367	363	367
Rendering of services	14,992	13,362	-	-
Vested assets	2,529	770	2,529	770
Dividend income related party	-	-	679	476
Rental income from investment properties	7,906	7,460	158	156
Marlborough Regional Forestry revenue	8,048	7,594	8,048	7,594
Other income	2,337	2,763	2,502	2,964
<b>Total other revenue</b>	<b>52,193</b>	<b>48,756</b>	<b>30,661</b>	<b>29,088</b>

### Subsidies and Grants

New Zealand Transport Roothing Subsidies	6,318	6,392	6,318	6,392
Other Donations and Grants	421	590	421	590
<b>Total Subsidies and Grants</b>	<b>6,739</b>	<b>6,982</b>	<b>6,739</b>	<b>6,982</b>

### Development and Financial Contributions

Development Contributions	542	194	542	194
Development Impact Levies	234	85	234	85
<b>Total Development and financial contributions</b>	<b>776</b>	<b>279</b>	<b>776</b>	<b>279</b>



## 6. Gains

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Non-financial instruments:</b>				
Property, plant and equipment gains on disposal	27	444	7	416
Non-current assets held for sale gains on disposal	1,448	113	1,448	732
Investment property revaluation gain (note 19)	930	558	170	-
Forestry asset revaluation gain (note 18)	5,734	4,368	5,734	4,368
Other	50	73	-	-
<b>Total non-financial instrument gains</b>	<b>8,189</b>	<b>5,556</b>	<b>7,359</b>	<b>5,516</b>
<b>Financial instruments:</b>				
Gain on fair value of investments	13	-	13	-
<b>Total financial instruments gains</b>	<b>13</b>	<b>-</b>	<b>13</b>	<b>-</b>
<b>Total gains</b>	<b>8,202</b>	<b>5,556</b>	<b>7,372</b>	<b>5,516</b>

## 7. Personnel Costs

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
Salaries and wages	20,682	20,026	15,732	15,492
Defined contribution plan employer contributions	834	770	632	584
Increase in employee entitlements	58	126	58	126
<b>Total personnel costs</b>	<b>21,574</b>	<b>20,922</b>	<b>16,422</b>	<b>16,202</b>

## 8. Other Expenses

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
Fees to auditors:				
Audit New Zealand for:				
audit of Council's financial statements	116	110	116	110
audit of the 2012-22 LTP	-	73	-	73
audit of MDCH financial statements	17	15	-	-
Deloitte for audit of PMNZL and MAL financial statements	66	65	-	-
Grants & donations	4,065	2,755	4,049	2,743
Insurance premiums	955	2,387	955	2,387
Impairment adjustment of receivables (note 11)	18	(52)	13	(20)
Councillors remuneration (note 30)	614	596	596	578
Directors fees	206	199	-	-
Property plant and equipment loss on disposal	1,212	640	1,212	640
Direct operating expenses of investment properties	3,087	2,695	6	1
Investment property revaluation loss (note 19)	-	50	-	50
Payments under operating leases	627	441	604	419
Loss on fair value of investments	116	171	116	171
Other operating expenses	52,483	50,316	48,948	46,998
<b>Total other expenses</b>	<b>63,582</b>	<b>60,461</b>	<b>56,615</b>	<b>54,150</b>
<b>Depreciation and amortisation:</b>				
Depreciation expense (note 16)	19,137	18,105	17,080	16,152
Amortisation of intangible assets (note 17)	307	235	278	216
<b>Total depreciation and amortisation</b>	<b>19,444</b>	<b>18,340</b>	<b>17,358</b>	<b>16,368</b>

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

<b>Depreciation and amortisation by group of activities:</b>	<b>Council 2012-13</b>
	\$000's
People	629
Community Facilities	841
Roads and Footpaths	7,310
Flood Protection and control works	132
Sewerage	2,231
Stormwater drainage	1,119
Water Supply	2,515
Solid Waste Management	313
Environmental Management	81
Regulatory	111
Regional Development	581

The above information is provided to meet the requirement of section 4(4) of the Local Government (Financial Reporting Regulations 2011). It does not include all of Council's depreciation and amortisation expense eg;. MRF; investment activities. Please also note to refer to note 16 Property, plant and equipment and 17 Intangible assets for a complete breakdown of depreciation and amortisation.

## 9. Tax

	<b>Group</b>		<b>Council</b>	
	<b>2012-13</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2011-12</b>
	\$000's	\$000's	\$000's	\$000's
<b>9.1 Components of tax expense</b>				
Current tax expense	1,365	1,117	-	-
Adjustments to current tax in prior years	1	24	-	-
Deferred tax expense	81	(28)	-	-
<b>Tax expense</b>	<b>1,447</b>	<b>1,113</b>	<b>-</b>	<b>-</b>
<b>9.2 Relationship between tax expense and accounting profit</b>				
Surplus before tax	16,612	8,508	10,159	6,425
Tax at 28% (2012: 28%)	4,651	2,383	2,845	1,799
Plus / (less) tax effect of:				
Non-deductible expenditure	17	308	-	-
Non-taxable income	(3,221)	(1,489)	(2,845)	(1,799)
Deferred tax on building depreciation removal	-	(89)	-	-
Deferred tax on change in tax rate	-	-	-	-
<b>Tax expense</b>	<b>1,447</b>	<b>1,113</b>	<b>-</b>	<b>-</b>

Within the group tax losses to carry forward are \$696,071 (2012: \$16,072).

	<b>Group</b>		<b>Council</b>	
	<b>2012-13</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2011-12</b>
	\$000's	\$000's	\$000's	\$000's
<b>9.3 Income tax recognised in comprehensive income</b>				
Deferred tax on property revaluations	(2,860)	-	-	-
<b>9.4 Current tax assets / (liabilities)</b>				
Tax (payable) / receivable	(105)	(25)	-	-

9.5 Deferred tax asset/ (liability)	Property, plant & equipment	Investment property	Financial Instruments	Provisions	Total
Group	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July 2011</b>	<b>(4,624)</b>	<b>(1,417)</b>	<b>517</b>	<b>204</b>	<b>(5,320)</b>
(Charged)/credited to surplus	235	(649)	374	68	28
<b>Balance at 30 June 2012</b>	<b>(4,389)</b>	<b>(2,066)</b>	<b>891</b>	<b>272</b>	<b>(5,292)</b>
(Charged)/credited to surplus	282	(4)	(419)	59	(82)
Charged to other comprehensive income	(2,860)	-	-	-	(2,860)
<b>Balance at 30 June 2013</b>	<b>(6,967)</b>	<b>(2,070)</b>	<b>472</b>	<b>331</b>	<b>(8,234)</b>

## 10. Cash and Cash Equivalents

	Group		Council	
	2012- 13	2011- 12	2012- 13	2011- 12
	\$000's	\$000's	\$000's	\$000's
Cash at bank and on hand	1,997	4,364	1,252	3,736
<b>Total cash and cash equivalents</b>	<b>1,997</b>	<b>4,364</b>	<b>1,252</b>	<b>3,736</b>

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

Cash at bank and on hand	1,997	4,364	1,252	3,736
<b>Total as per statement of cash flows</b>	<b>1,997</b>	<b>4,364</b>	<b>1,252</b>	<b>3,736</b>

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

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

## 11. Debtors and Other Receivables

11.1 Debtors and other receivables	Group		Council	
	2012-13	2011-12	2012-13	2011-12
	\$000's	\$000's	\$000's	\$000's
Rates receivables	1,131	1,161	1,131	1,161
Other receivables				
Related party receivables	-	-	45	96
Goods and services tax (net)	1,151	600	1,151	726
Prepayments	2,255	407	2,255	407
Other	7,196	7,424	5,169	5,397
<b>Gross debtors and other receivables</b>	<b>11,733</b>	<b>9,592</b>	<b>9,751</b>	<b>7,787</b>
Less provision for impairment	(71)	(53)	(34)	(21)
<b>Total debtors and other receivables</b>	<b>11,662</b>	<b>9,539</b>	<b>9,717</b>	<b>7,766</b>

The values of debtors and other receivables approximate fair value.

With the exception of the roading subsidy there is no concentration of credit risk with respect to receivables as the group has a large number of customers (refer to note 33.3, page 181).

Council has provided a sum of \$34,000 (2012 \$21,000) 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	2012-13			2011-12		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
<b>Group</b>						
Not past due	10,734	-	10,734	8,588	-	8,588
Past due 1-60 days	440	-	440	384	-	384
Past due 61-120 days	345	32	313	386	32	354
Past due >120 days	214	39	175	234	21	213
<b>Total</b>	<b>11,733</b>	<b>71</b>	<b>11,662</b>	<b>9,592</b>	<b>53</b>	<b>9,539</b>
<b>Council</b>						
Not past due	9,006	-	9,006	7,011	-	7,011
Past due 1-60 days	256	-	256	225	-	225
Past due 61-120 days	275	-	275	317	-	317
Past due >120 days	214	34	180	234	21	213
<b>Total</b>	<b>9,751</b>	<b>34</b>	<b>9,717</b>	<b>7,787</b>	<b>21</b>	<b>7,766</b>

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

11.3 Impairment information	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
Individual impairment	71	53	34	21
Collective impairment	-	-	-	-
<b>Total provision for impairment</b>	<b>71</b>	<b>53</b>	<b>34</b>	<b>21</b>
Past due 1-60 days	-	-	-	-
Past due 61-120 days	32	32	-	-
Past due >120 days	39	21	34	21
<b>Total individual impairment</b>	<b>71</b>	<b>53</b>	<b>34</b>	<b>21</b>
<b>At 1 July</b>	53	105	21	41
Additional provisions made during the year (note 8)	71	53	34	21
Provisions reversed during the year (note 8)	(53)	(105)	(21)	(41)
<b>At 30 June</b>	<b>71</b>	<b>53</b>	<b>34</b>	<b>21</b>

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

## 12. Derivative Financial Instruments

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Current asset portion:</b>				
Interest rate swaps	-	-	-	-
<b>Non-current asset portion:</b>				
Interest rate swaps	-	-	-	-
<b>Total derivative financial instruments assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liability portion:</b>				
Interest rate swaps	137	238	-	-
<b>Non-current liability portion:</b>				
Interest rate swaps	2,079	3,872	529	927
<b>Total derivative financial instruments liabilities</b>	<b>2,216</b>	<b>4,110</b>	<b>529</b>	<b>927</b>

### *Fair Value*

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

### *Interest Rate Swaps*

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$14M (2012: \$14M) and for the group were \$70.70M (2012: \$75.56M). At 30 June 2013 the fixed interest rates of interest rate swaps (MDC) varied from 4.45% to 5.28% (2012: 4.45% to 4.89%).

## 13. Other Financial Assets

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Current portion:</b>				
Term deposits and bonds with maturities of 4-12 months	5,356	4,179	5,356	4,179
Community loans	-	29	-	29
Loan to joint venture MRF	-	45	-	45
<b>Total current portion</b>	<b>5,356</b>	<b>4,253</b>	<b>5,356</b>	<b>4,253</b>
<b>Non-current portion:</b>				
Term deposits and bonds with maturities 12 months plus	5,771	6,927	5,771	6,927
Community loans	1,420	1,517	1,420	1,517
Unlisted shares in subsidiaries	-	-	6,000	6,000
Shares: NZ Local Govt. Insurance Corp and LGFA	285	85	285	85
Shares other	1	1	1	1
<b>Total non-current portion</b>	<b>7,477</b>	<b>8,530</b>	<b>13,477</b>	<b>14,530</b>
<b>Total other financial assets</b>	<b>12,833</b>	<b>12,783</b>	<b>18,833</b>	<b>18,783</b>

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

## 14. Inventory

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Held for distribution inventory:</b>				
Goods held for maintenance	276	265	1	1
<b>Commercial inventory:</b>				
Quarry rock and gravel	350	417	350	417
<b>Total inventory</b>	<b>626</b>	<b>682</b>	<b>351</b>	<b>418</b>

## 15. Non-current Assets Held for Sale

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Non-current assets held for sale are:</b>				
Buildings	-	765	-	765
Land	-	487	-	487
<b>Total non-current assets held for sale</b>	<b>-</b>	<b>1,252</b>	<b>-</b>	<b>1,252</b>

## Notes to Financial Statements

### 16. Property, Plant and Equipment

2011-12 GROUP	Cost/	Accumulated	Carrying amount 1-Jul-2011 \$000's	WIP & other reclassifications		Current year		Current year			Revaluation			Accumulated	Carrying amount 30-Jun-2012 \$000's	
	valuation	depreciation		Cost	Acm dpn	Additions	Disposals	Disposals	Impairment	Depreciation	Transfer	Cost	Depreciation	Cost		lated depreciation
	1-Jul-2011 \$000's	1-Jul-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		30-Jun-2012 \$000's
<b>16.1 Operational Assets</b>																
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
	<b>218,555</b>	<b>17,897</b>	<b>200,658</b>	<b>6,828</b>	<b>9</b>	<b>9,773</b>	<b>(1,281)</b>	<b>(578)</b>	<b>-</b>	<b>4,875</b>	<b>(2,675)</b>	<b>(11,327)</b>	<b>(1,878)</b>	<b>219,872</b>	<b>20,325</b>	<b>199,547</b>
<b>16.2 Infrastructural Assets</b>																
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,114,085</b>	<b>1,220</b>	<b>1,112,865</b>	<b>(6,828)</b>	<b>(9)</b>	<b>16,965</b>	<b>(611)</b>	<b>(20)</b>	<b>(606)</b>	<b>13,230</b>	<b>-</b>	<b>(261)</b>	<b>(12,885)</b>	<b>1,122,744</b>	<b>1,536</b>	<b>1,121,208</b>
<b>Total Operational and Infrastructural Assets</b>	<b>1,332,640</b>	<b>19,117</b>	<b>1,313,523</b>	<b>-</b>	<b>-</b>	<b>26,738</b>	<b>(1,892)</b>	<b>(598)</b>	<b>(606)</b>	<b>18,105</b>	<b>(2,675)</b>	<b>(11,588)</b>	<b>(14,763)</b>	<b>1,342,616</b>	<b>21,861</b>	<b>1,320,755</b>



2012-13 GROUP	Cost/	Accumulated	Carrying amount 1-Jul-2012 \$000's	WIP & other		Current year		Current year			Revaluation			Accumulated		Carrying amount 30-Jun-2013 \$000's	
	valuation	depreciation		reclassifications	Cost	Acum dpn	Additions	Disposals	Disposals	Impairment	Depreciation	Transfer	Cost	Depreciation	Cost		lated
	1-Jul-2012	1-Jul-2012		Cost	\$000's	\$000's	\$000's	\$000's	adjustment	\$000's	\$000's	adjustment	adjustment	/revaluation	30-Jun-2013		30-Jun-2013
	\$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
<b>16.1 Operational Assets</b>																	
Work in Progress	623	-	623	(59)	-	5,349	-	-	-	-	(1,404)	-	-	4,509	-	4,509	
Buildings	87,058	4,174	82,884	-	-	1,298	(131)	-	(144)	2,447	1,343	4,787	(4,451)	94,355	2,314	92,041	
Forest Crops	543	-	543	-	-	49	-	-	-	-	-	539	-	1,131	-	1,131	
Land and improvements	96,981	811	96,170	29	-	547	(164)	-	(279)	495	-	(3,853)	(1,166)	93,540	419	93,121	
Landfill	3,139	1,375	1,764	-	-	163	(30)	-	-	177	-	-	-	3,272	1,552	1,720	
Library Books	2,847	1,515	1,332	-	-	189	-	-	-	187	-	-	-	3,036	1,702	1,334	
Other Structures and Improvements	26,893	1,726	25,167	-	-	429	(58)	(4)	-	309	-	-	-	27,264	2,031	25,233	
Office Equip, Furnishings & Fittings	5,632	3,831	1,801	58	-	161	(81)	(80)	-	503	-	-	-	5,770	4,254	1,516	
Plant, Machinery & Equipment	16,529	8,125	8,404	-	-	1,736	(905)	(796)	-	1,135	-	(261)	(321)	17,099	8,143	8,956	
	<b>240,245</b>	<b>21,557</b>	<b>218,688</b>	<b>28</b>	<b>-</b>	<b>9,921</b>	<b>(1,369)</b>	<b>(880)</b>	<b>(423)</b>	<b>5,252</b>	<b>(61)</b>	<b>1,212</b>	<b>(5,938)</b>	<b>249,976</b>	<b>20,414</b>	<b>229,562</b>	
<b>16.2 Infrastructural Assets</b>																	
Work in Progress	4,059	-	4,059	(1,470)	-	8,168	(73)	-	-	-	-	-	-	10,684	-	10,684	
Infrastructure Land	12,470	-	12,470	-	-	-	-	-	-	-	-	(491)	-	11,979	-	11,979	
Land Under Roads	134,929	-	134,929	-	-	149	(75)	-	-	-	-	-	-	135,003	-	135,003	
River Works	137,230	135	137,095	-	-	392	-	-	-	131	-	3,581	(266)	141,203	-	141,203	
Roads and Streets	472,851	-	472,851	344	-	8,237	-	-	-	7,436	-	(4,036)	(7,436)	477,395	-	477,395	
Sewerage Schemes	121,809	-	121,809	1,098	-	4,535	(746)	-	-	2,230	-	2,619	(2,230)	129,315	-	129,315	
Stormwater Drainage Schemes	63,016	-	63,016	-	-	504	-	-	-	1,119	-	2,408	(1,119)	65,928	-	65,928	
Water Supply Schemes	121,190	-	121,190	-	-	1,521	(6)	-	-	2,807	-	(216)	(2,807)	122,489	-	122,489	
	<b>1,067,554</b>	<b>135</b>	<b>1,067,419</b>	<b>(28)</b>	<b>-</b>	<b>23,506</b>	<b>(900)</b>	<b>-</b>	<b>-</b>	<b>13,723</b>	<b>-</b>	<b>3,865</b>	<b>(13,858)</b>	<b>1,093,996</b>	<b>-</b>	<b>1,093,996</b>	
<b>16.3 Restricted Assets</b>																	
Buildings	9,888	169	9,719	-	-	31	(228)	(3)	-	159	-	176	(169)	9,867	156	9,711	
Land	24,929	-	24,929	-	-	-	(34)	-	-	-	-	190	-	25,085	-	25,085	
	<b>34,817</b>	<b>169</b>	<b>34,648</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>(262)</b>	<b>(3)</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>366</b>	<b>(169)</b>	<b>34,952</b>	<b>156</b>	<b>34,796</b>	
<b>Total Operational and Infrastructural Assets</b>	<b>1,342,616</b>	<b>21,861</b>	<b>1,320,755</b>	<b>-</b>	<b>-</b>	<b>33,458</b>	<b>(2,531)</b>	<b>(883)</b>	<b>(423)</b>	<b>19,134</b>	<b>(61)</b>	<b>5,443</b>	<b>(19,965)</b>	<b>1,378,924</b>	<b>20,570</b>	<b>1,358,354</b>	

# Notes to Financial Statements

## Reclassification of Asset Groups

2011-12 GROUP	Cost	Accumulated	Carrying amount	WIP & other reclassifications		Cost	Accumulated	Carrying amount
	/revaluation	depreciation		Cost	Acm dprn	/revaluation	depreciation	
	30-Jun-2012	30-Jun-2012	30-Jun-2012	30-Jun-2012	30-Jun-2012	30-Jun-2012	30-Jun-2012	30-Jun-2012
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>16.1 Operational Assets</b>								
Work in Progress	623	-	623	-	-	623	-	623
Buildings	83,146	4,002	79,144	3,912	172	87,058	4,174	82,884
Forest Crops	543	-	543	-	-	543	-	543
Land and improvements	95,596	811	94,785	1,385	-	96,981	811	96,170
Landfill	4,524	1,375	3,149	(1,385)	-	3,139	1,375	1,764
Library Books	2,847	1,515	1,332	-	-	2,847	1,515	1,332
Other Structures and Improvements	6,520	494	6,026	20,373	1,232	26,893	1,726	25,167
Office Equip, Furnishings & Fittings	5,580	3,831	1,749	52	-	5,632	3,831	1,801
Paintings	52	-	52	(52)	-	0	-	0
Parking Meters	883	504	379	(883)	(504)	0	-	0
Plant, Machinery & Equipment	19,558	7,793	11,765	(3,029)	332	16,529	8,125	8,404
	<b>219,872</b>	<b>20,325</b>	<b>199,547</b>	<b>20,373</b>	<b>1,232</b>	<b>240,245</b>	<b>21,557</b>	<b>218,688</b>
<b>16.2 Infrastructural Assets</b>								
Work in Progress	4,059	-	4,059	-	-	4,059	-	4,059
Bridges	37,501	-	37,501	(37,501)	-	0	-	0
Car parks	13,707	-	13,707	(13,707)	-	0	-	0
Infrastructure Land	-	-	-	12,470	-	12,470	-	12,470
Land Under Roads	-	-	-	134,929	-	134,929	-	134,929
Public Conveniences	3,076	48	3,028	(3,076)	(48)	0	-	0
Reserves and Parks	51,490	1,324	50,166	(51,490)	(1,324)	0	-	0
River Works	138,954	135	138,819	(1,724)	-	137,230	135	137,095
Roads and Streets	567,318	-	567,318	(94,467)	-	472,851	-	472,851
Sewerage Schemes	121,809	-	121,809	-	-	121,809	-	121,809
Stormwater Drainage Schemes	63,016	-	63,016	-	-	63,016	-	63,016
War Memorials	624	29	595	(624)	(29)	-	-	-
Water Supply Schemes	121,190	-	121,190	-	-	121,190	-	121,190
	<b>1,122,744</b>	<b>1,536</b>	<b>1,121,208</b>	<b>(55,190)</b>	<b>(1,401)</b>	<b>1,067,554</b>	<b>135</b>	<b>1,067,419</b>
<b>16.3 Restricted Assets</b>								
Buildings	-	-	-	9,888	169	9,888	169	9,719
Land	-	-	-	24,929	-	24,929	-	24,929
	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,817</b>	<b>169</b>	<b>34,817</b>	<b>169</b>	<b>34,648</b>
<b>Total Operational, Infrastructural and Restricted Assets</b>	<b>1,342,616</b>	<b>21,861</b>	<b>1,320,755</b>	<b>-</b>	<b>-</b>	<b>1,342,616</b>	<b>21,861</b>	<b>1,320,755</b>

### Reclassification and Restatement

The Council and group has changed the presentation of items within Property, Plant and Equipment to report the class wholly within each asset group to comply with NZ IAS 16.

Land under roads has been split out into it's own category - this is not intended to be revalued, therefore could not be part of roads anymore.

Bridges and carparks have been transferred into roads.

Reserves and parks - this category has completely disappeared - split between land, buildings and other structures and improvements.

Roads and streets has had additions from bridges and carparks, and land under roads has come out.

The additions to the land category have come from the reserves category.

The movement in Plant and Machinery relates to the plant portion of the Aquatic Centre transferred to Buildings as it is now included in the Building revaluation.

2011-12 COUNCIL	Cost/	Accumulated	Carrying amount	WIP & other reclassifications		Current year		Current year			Revaluation			Accumulated	Carrying amount	
	valuation	depreciation		Cost	Acn dpn	Additions	Disposals	Disposals	Impairment	Depreciation	Transfer	Cost	Depreciation	Cost		depreciation
	1-Jul-2011	1-Jul-2011	1-Jul-2011	Cost	Acn dpn	000's	000's	depreciation	ment	iation	adjustment	adjustment	/revaluation	30-Jun-2012	30-Jun-2012	
	\$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	
<b>16.1 Operational Assets</b>																
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
	<b>153,404</b>	<b>11,690</b>	<b>141,714</b>	<b>6,828</b>	<b>9</b>	<b>6,978</b>	<b>(876)</b>	<b>(177)</b>	<b>-</b>	<b>2,922</b>	<b>-</b>	<b>(11,327)</b>	<b>(1,878)</b>	<b>155,006</b>	<b>12,566</b>	<b>142,440</b>
<b>16.2 Infrastructural Assets</b>																
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,114,085</b>	<b>1,220</b>	<b>1,112,865</b>	<b>(6,828)</b>	<b>(9)</b>	<b>16,965</b>	<b>(611)</b>	<b>(20)</b>	<b>(606)</b>	<b>13,230</b>	<b>-</b>	<b>(261)</b>	<b>(12,885)</b>	<b>1,122,744</b>	<b>1,536</b>	<b>1,121,208</b>
<b>Total Operational and Infrastructural Assets</b>	<b>1,267,489</b>	<b>12,910</b>	<b>1,254,579</b>	<b>-</b>	<b>-</b>	<b>23,943</b>	<b>(1,487)</b>	<b>(197)</b>	<b>(606)</b>	<b>16,152</b>	<b>-</b>	<b>(11,588)</b>	<b>(14,763)</b>	<b>1,277,750</b>	<b>14,102</b>	<b>1,263,648</b>

# Notes to Financial Statements

2012-13 COUNCIL	Cost/	Accumulated	Carrying amount 1-Jul-2012 \$000's	WIP & other reclassifications		Current year		Current year			Revaluation			Accumulated depreciation		Carrying amount 30-Jun-2013 \$000's	
	valuation 1-Jul-2012 \$000's	depreciation 1-Jul-2012 \$000's		Cost	Acm dpn \$000's	Additions \$000's	Disposals \$000's	Disposals depreciation adjustment \$000's	Impair- ment \$000's	Deprec- iation \$000's	Transfer adjust- ment \$000's	Cost adjustment \$000's	Deprec- iation adjustment \$000's	Cost /revaluation 30-Jun-2013 \$000's	30-Jun-2013 \$000's		30-Jun-2013 \$000's
<b>16.1 Operational Assets</b>																	
Work in Progress	344	-	344	(59)	-	3,702	-	-	-	-	-	-	-	3,987	-	3,987	
Buildings	54,072	1,046	53,026	-	-	1,216	(131)	-	-	1,260	-	(364)	(1,047)	54,793	1,259	53,534	
Forest Crops	543	-	543	-	-	49	-	-	-	-	-	539	-	1,131	-	1,131	
Land and improvements	73,710		73,710	29	-	532	(164)	-	-	203	-	(4,214)	(203)	69,893		69,893	
Landfill	3,139	1,375	1,764	-	-	163	(30)	-	-	177	-	-	-	3,272	1,552	1,720	
Library Books	2,847	1,515	1,332	-	-	189	-	-	-	187	-	-	-	3,036	1,702	1,334	
Other Structures and Improvements	26,893	1,726	25,167	-	-	429	(58)	(4)	-	309	-	-	-	27,264	2,031	25,233	
Office Equip, Furnishings & Fittings	5,549	3,763	1,786	58	-	161	(81)	(80)	-	498	-	-	-	5,687	4,181	1,506	
Plant, Machinery & Equipment	8,282	4,373	3,909	-	-	607	(785)	(701)	-	562	-	-	-	8,104	4,234	3,870	
	<b>175,379</b>	<b>13,798</b>	<b>161,581</b>	<b>28</b>	<b>-</b>	<b>7,048</b>	<b>(1,249)</b>	<b>(785)</b>	<b>-</b>	<b>3,195</b>	<b>-</b>	<b>(4,039)</b>	<b>(1,250)</b>	<b>177,167</b>	<b>14,959</b>	<b>162,208</b>	
<b>16.2 Infrastructural Assets</b>																	
Work in Progress	4,059	-	4,059	(1,470)	-	8,168	(73)	-	-	-	-	-	-	10,684	-	10,684	
Infrastructure Land	12,470	-	12,470	-	-	-	-	-	-	-	-	(491)	-	11,979	-	11,979	
Land Under Roads	134,929	-	134,929	-	-	149	(75)	-	-	-	-	-	-	135,003	-	135,003	
River Works	137,230	135	137,095	-	-	392	-	-	-	131	-	3,581	(266)	141,203	-	141,203	
Roads and Streets	472,851	-	472,851	344	-	8,237	-	-	-	7,436	-	(4,036)	(7,436)	477,396	-	477,396	
Sewerage Schemes	121,809	-	121,809	1,098	-	4,535	(746)	-	-	2,230	-	2,619	(2,230)	129,315	-	129,315	
Stormwater Drainage Schemes	63,016	-	63,016	-	-	504	-	-	-	1,119	-	2,408	(1,119)	65,928	-	65,928	
Water Supply Schemes	121,190	-	121,190	-	-	1,521	(6)	-	-	2,807	-	(216)	(2,807)	122,489	-	122,489	
	<b>1,067,554</b>	<b>135</b>	<b>1,067,419</b>	<b>(28)</b>	<b>-</b>	<b>23,506</b>	<b>(900)</b>	<b>-</b>	<b>-</b>	<b>13,723</b>	<b>-</b>	<b>3,865</b>	<b>(13,858)</b>	<b>1,093,997</b>	<b>-</b>	<b>1,093,997</b>	
<b>16.3 Restricted Assets</b>																	
Buildings	9,888	169	9,719	-	-	31	(228)	(3)	-	159	-	176	(169)	9,867	156	9,711	
Land	24,929	-	24,929	-	-	-	(34)	-	-	-	-	190	-	25,085	-	25,085	
	<b>34,817</b>	<b>169</b>	<b>34,648</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>(262)</b>	<b>(3)</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>366</b>	<b>(169)</b>	<b>34,952</b>	<b>156</b>	<b>34,796</b>	
<b>Total Operational and Infrastructural Assets</b>	<b>1,277,750</b>	<b>14,102</b>	<b>1,263,648</b>	<b>-</b>	<b>-</b>	<b>30,585</b>	<b>(2,411)</b>	<b>(788)</b>	<b>-</b>	<b>17,077</b>	<b>-</b>	<b>192</b>	<b>(15,277)</b>	<b>1,306,116</b>	<b>15,115</b>	<b>1,291,001</b>	

## Reclassification of Asset Groups

2011-12 COUNCIL	Cost	Accummu- lated depreciation	Carrying amount	WIP & other reclassifications		Cost	Accummu- lated depreciation	Carrying amount
	/revaluation 30-Jun-2012	30-Jun-2012	30-Jun-2012	Cost	Acum dpr	/revaluation 30-Jun-2012	30-Jun-2012	30-Jun-2012
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>16.1 Operational Assets</b>								
Work in Progress	344	-	344	-	-	344	-	344
Buildings	50,160	874	49,286	3,912	172	54,072	1,046	53,026
Forest Crops	543	-	543	-	-	543	-	543
Land and improvements	72,325	-	72,325	1,385	-	73,710	-	73,710
Landfill	4,524	1,375	3,149	(1,385)	-	3,139	1,375	1,764
Library Books	2,847	1,515	1,332	-	-	2,847	1,515	1,332
Other Structures and Improvements	6,520	494	6,026	20,373	1,232	26,893	1,726	25,167
Office Equip, Furnishings & Fittings	5,497	3,763	1,734	52	-	5,549	3,763	1,786
Paintings	52	-	52	(52)	-	0	-	0
Parking Meters	883	504	379	(883)	(504)	0	-	0
Plant, Machinery & Equipment	11,311	4,041	7,270	(3,029)	332	8,282	4,373	3,909
	<b>155,006</b>	<b>12,566</b>	<b>142,440</b>	<b>20,373</b>	<b>1,232</b>	<b>175,379</b>	<b>13,798</b>	<b>161,581</b>
<b>16.2 Infrastructural Assets</b>								
Work in Progress	4,059	-	4,059	-	-	4,059	-	4,059
Bridges	37,501	-	37,501	(37,501)	-	0	-	0
Car parks	13,707	-	13,707	(13,707)	-	0	-	0
Infrastructure Land	-	-	-	12,470	-	12,470	-	12,470
Land Under Roads	-	-	-	134,929	-	134,929	-	134,929
Public Conveniences	3,076	48	3,028	(3,076)	(48)	0	-	0
Reserves and Parks	51,490	1,324	50,166	(51,490)	(1,324)	0	-	0
River Works	138,954	135	138,819	(1,724)	-	137,230	135	137,095
Roads and Streets	567,318	-	567,318	(94,467)	-	472,851	-	472,851
Sewerage Schemes	121,809	-	121,809	-	-	121,809	-	121,809
Stormwater Drainage Schemes	63,016	-	63,016	-	-	63,016	-	63,016
War Memorials	624	29	595	(624)	(29)	-	-	-
Water Supply Schemes	121,190	-	121,190	-	-	121,190	-	121,190
	<b>1,122,744</b>	<b>1,536</b>	<b>1,121,208</b>	<b>(55,190)</b>	<b>(1,401)</b>	<b>1,067,554</b>	<b>135</b>	<b>1,067,419</b>
<b>16.3 Restricted Assets</b>								
Buildings	-	-	-	9,888	169	9,888	169	9,719
Land	-	-	-	24,929	-	24,929	-	24,929
	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,817</b>	<b>169</b>	<b>34,817</b>	<b>169</b>	<b>34,648</b>
<b>Total Operational, Infrastructural and Restricted Assets</b>	<b>1,277,750</b>	<b>14,102</b>	<b>1,263,648</b>	<b>-</b>	<b>-</b>	<b>1,277,750</b>	<b>14,102</b>	<b>1,263,648</b>

### Reclassification and Restatement

The Council and group has changed the presentation of items within Property, Plant and Equipment to report the class wholly within each asset group to comply with NZ IAS 16.

Land under roads has been split out into it's own category - this is not intended to be revalued, therefore could not be part of roads anymore.

Bridges and carparks have been transferred into roads.

Reserves and parks - this category has completely disappeared - split between land, buildings and other structures and improvements.

Roads and streets has had additions from bridges and carparks, and land under roads has come out.

The additions to the land category have come from the reserves category.

The movement in Plant and Machinery relates to the plant portion of the Aquatic Centre transferred to Buildings as it is now included in the Building revaluation.

## Property, Plant and Equipment (Ctd)

### Land and Buildings including Restricted Land and Buildings

Council land was valued by QV Valuations (Registered Valuers) as at 1 July 2012. The basis of valuation is fair value with reference to highest and best use, as at 1 July 2012.

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 2012. 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 2013.

Council's forest (soil erosion prevention) was valued at 30 June 2013 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, carparks, wharves, street lighting, street berms and street furniture assets were valued at optimised depreciated replacement cost as at 30 June 2013 by John Vessey and Jaimie Cable of Opus International Consultants Limited.

River control and drainage assets were valued at optimised depreciated replacement cost as at 30 June 2013. 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.

Water, Sewer and Stormwater assets were valued at depreciated replacement cost and optimised depreciated replacement cost where possible as at 30 June 2013. 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.

Land under roads was valued on a fair value basis as at 30 June 2009 by Lex Hayward of Alexander Hayward Limited. There is no intention to revalue these assets in the future.

### 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 \$423,000 have been recognised in this year relating to Port Marlborough New Zealand Limited, land and improvements and buildings and wharf infrastructure. In 2012 Impairment losses for the Council were \$2,004,304. These were for earthquake strengthening based on the estimated costs to repair the buildings, reservoirs and memorials to the required earthquake strengthening standard.

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



## 17. Intangible Assets

	Group			Council		
	Group total	Carbon credits	Computer software	Council total	Carbon credits	Computer software
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Cost:</b>						
<b>Balance at 1 July 2011</b>	<b>2,594</b>	<b>12</b>	<b>2,582</b>	<b>2,244</b>	<b>12</b>	<b>2,232</b>
Additions	708	239	469	676	239	437
Disposals	(35)	(12)	(23)	(35)	(12)	(23)
<b>Balance at 30 June 2012</b>	<b>3,267</b>	<b>239</b>	<b>3,028</b>	<b>2,885</b>	<b>239</b>	<b>2,646</b>
Additions	203	-	203	167	-	167
Disposals	(27)	-	(27)	(27)	-	(27)
<b>Balance at 30 June 2013</b>	<b>3,443</b>	<b>239</b>	<b>3,204</b>	<b>3,025</b>	<b>239</b>	<b>2,786</b>
<b>Accumulated amortisation and impairment:</b>						
<b>Balance at 1 July 2011</b>	<b>1,885</b>	-	<b>1,885</b>	<b>1,559</b>	-	<b>1,559</b>
Amortisation expense	235	-	235	216	-	216
Disposals	(23)	-	(23)	(23)	-	(23)
<b>Balance at 30 June 2012</b>	<b>2,097</b>	-	<b>2,097</b>	<b>1,752</b>	-	<b>1,752</b>
Amortisation expense	307	-	307	278	-	278
Disposals	(27)	-	(27)	(27)	-	(27)
<b>Balance at 30 June 2013</b>	<b>2,377</b>	-	<b>2,377</b>	<b>2,003</b>	-	<b>2,003</b>
<b>Carrying amount:</b>						
<b>Balance at 1 July 2011</b>	<b>709</b>	<b>12</b>	<b>697</b>	<b>685</b>	<b>12</b>	<b>673</b>
<b>Balance at 30 June 2012</b>	<b>1,170</b>	<b>239</b>	<b>931</b>	<b>1,133</b>	<b>239</b>	<b>894</b>
<b>Balance at 30 June 2013</b>	<b>1,066</b>	<b>239</b>	<b>827</b>	<b>1,022</b>	<b>239</b>	<b>783</b>

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 (2012: 30,000) NZUs which were purchased to fix the cost of operating Council's landfill when it came into the Emissions Trading Scheme in 2013.
- 117,373 (2012: 652) post 1989 Forestry NZUs.
- 60,934 (2012: 60,934) pre-1990 Forestry NZUs.

## 18. Forestry Assets

	Group		Council	
	2012-13	2011-12	2012-13	2011-12
	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July</b>	12,354	9,263	12,354	9,263
Increase due to purchases	401	453	401	453
Gains arising from changes attributable to physical changes (note 6)	(373)	840	(373)	840
Gains / (losses) arising from changes attributable to price changes (note 6)	6,107	3,528	6,107	3,528
Decreases due to sales	(3,011)	(1,730)	(3,011)	(1,730)
<b>Balance at 30 June</b>	<b>15,478</b>	<b>12,354</b>	<b>15,478</b>	<b>12,354</b>

The forestry estate called Marlborough Regional Forest (MRF) is managed as a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (11.5%). The MRF estate covers 3,050 stocked hectares as at 30 June 2013 (2012: 3,024)

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 2013 of the MRF estate ranges from 1-14 years 68%; 15-28 years 26% and 29-37 years 6% (2012: 1-14 years 63%, 15-28 years 32% and 29-37 years 5%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2013. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2013 based on methodology recommended by the New Zealand Institute of Forestry. A pre-tax discount rate of 8% has been used in discounting the present value of expected cash flows. The sensitivity of crop value to discount rate is shown below:

	as at 30 June 2013			as at 30 June 2012		
	7%	8%	9%	7%	8%	9%
Discount rate:		(as used)			(as used)	
Tree crop value (\$000's)	19,326	17,490	15,965	15,201	13,960	12,917
MDC's 88.5% share (\$000's)	17,104	15,478	14,129	13,453	12,354	11,432

## 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	
	2012-13	2011-12	2012-13	2011-12
	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July</b>	62,663	54,859	1,720	1,770
Additions from acquisition	3,205	2,998	-	-
Additions from work in progress	3,831	4,298	-	-
Fair valuation gains (note 6)/(losses) (note 8)	930	508	170	(50)
<b>Balance at 30 June</b>	<b>70,629</b>	<b>62,663</b>	<b>1,890</b>	<b>1,720</b>

The fair value of MDC's investment property at 30 June 2013 has been arrived at on the basis of a valuation carried out at that date by Jim Sampson, A.N.Z.I.V., S.P.I.N.Z. 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 2013 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	
	2012-13 \$000's	2011-12 \$000's
Current assets	1,941	1,345
Non-current assets	23,009	19,705
Current liabilities	767	1,199
Non-current liabilities	5,348	5,348
Income	13,830	11,997
Expenses	7,160	7,775

## 21. Creditors and Other Payables

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
Trade payables	9,458	7,836	7,511	6,347
Accrued expenses	2,023	2,131	2,023	2,131
Income in advance	1,780	1,835	1,303	1,386
Deposits	1,005	1,000	1,005	1,000
Agency account	111	88	111	88
Trust funds	244	236	244	236
Amounts due to related parties (note 29)	-	(48)	1,025	955
<b>Total creditors and other payables</b>	<b>14,621</b>	<b>13,078</b>	<b>13,222</b>	<b>12,143</b>

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

## 22. Borrowings

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Current portion</b>				
Secured loans	45,700	29,455	22,500	-
<b>Total current portion</b>	<b>45,700</b>	<b>29,455</b>	<b>22,500</b>	<b>-</b>
<b>Non-current portion</b>				
Secured loans	29,205	37,450	-	19,000
<b>Total non-current portion</b>	<b>29,205</b>	<b>37,450</b>	<b>-</b>	<b>19,000</b>
<b>Total borrowings</b>	<b>74,905</b>	<b>66,905</b>	<b>22,500</b>	<b>19,000</b>

### Council

Secured loans have been raised under a \$30M (2012: \$30M) 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. Council will renew the facility in December 2013.

The \$22.5M (2012: \$19M) of debt is issued at floating rates of interest. Council has interest rate swaps of \$14M (2012: \$14M) in place maturing between 2 May 2016 and 16 May 2018. During the year interest rates ranged between 3.43% and 3.88% (2012: 3.43% and 3.90%).

### Internal Borrowings

Information about internal borrowings is provided in Group of Activity Funding Impact Statement sections. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

## MDC Holdings Limited

During the year interest rates ranged between 3.43% and 7.88% (2012: 3.01% and 7.88%).

Loan Maturities - Funds have been raised under a \$60M multi-option facility agreement with the Bank of New Zealand (2012: \$60M). The terms of that agreement includes two facilities of \$30M each, one is due for renewal on 22 December 2013, the other 22 December 2014.

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

## 23. Employee Entitlements

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Current portion</b>				
Accrued pay	195	186	195	186
Annual leave	1,893	1,868	1,197	1,197
Sick leave	50	41	50	41
Retirement and long service leave	494	652	494	652
<b>Total current portion</b>	<b>2,632</b>	<b>2,747</b>	<b>1,936</b>	<b>2,076</b>
<b>Non-current portion</b>				
Retirement and long service leave	-	-	-	-
<b>Total non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total employee entitlements</b>	<b>2,632</b>	<b>2,747</b>	<b>1,936</b>	<b>2,076</b>

## 24. Provisions

### 24.1 Balances

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Current portion:</b>				
Weather-tightness claims	31	940	31	940
Other	346	179	718	552
<b>Total current portion</b>	<b>377</b>	<b>1,119</b>	<b>749</b>	<b>1,492</b>
<b>Non-current portion:</b>				
Landfill aftercare provision	1,828	1,695	1,828	1,695
Weather-tightness claims	-	326	-	326
Other	-	-	-	-
Runway reseal provision	533	362	-	-
<b>Total non-current portion</b>	<b>2,361</b>	<b>2,383</b>	<b>1,828</b>	<b>2,021</b>

### 24.2 Movements

	Weather-tightness claims	Other	Landfill aftercare	Council	Runway reseal	Group
<b>Balance at 1 July 2011</b>	376	373	1,782	2,531	199	2,358
Additional provisions made	1,103	179	24	1,306	163	1,469
Amounts used	(213)	-	(111)	(324)	-	(324)
<b>Balance at 30 June 2012</b>	<b>1,266</b>	<b>552</b>	<b>1,695</b>	<b>3,513</b>	<b>362</b>	<b>3,503</b>
Additional provisions made	-	192	205	397	171	568
Unused Amounts Reversed	(382)	(20)	-	(402)	-	(402)
Amounts used	(853)	(6)	(72)	(931)	-	(931)
<b>Balance at 30 June 2013</b>	<b>31</b>	<b>718</b>	<b>1,828</b>	<b>2,577</b>	<b>533</b>	<b>2,738</b>

## **Weathertightness Claims**

This provision recognises:

- Two claims which have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2013 (2012: three).
- Two claims which were registered with the Government Financial Assistance Package were settled in 2012-13 (2012: two).

These claims relate to weathertightness issues of homes in the Marlborough District Council area and name the Council as well as other parties. A current provision of \$30,750 for these claims has been established based on an assessment by Council's legal advisor.

- Outstanding RiskPool of nil (2012: \$489,177) of which none is current (2012: \$163,059).

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. Last year RiskPool had 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. The July 2012 payment was made and we were advised the other calls would not be made. Therefore the provisions for the 2013 and 2014 calls totalling \$326,118 were reversed.

## **Other**

This provision recognises:

- A legal obligation to settle a historical debt of \$372,500 (2012: \$372,500) due to Port Marlborough. The nature of payment is being resolved between the parties.
- \$191,919 (2012: \$80,000) for earthquake strengthening a former Council building now in community ownership.
- \$40,004 (2012: \$nil) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2013.
- \$nil (2012: \$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% (2012: 20%).
- A discount rate of 7.0% (2012: 70%).

## **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 needling for cover and control systems; ongoing site maintenance for drainage systems and final cover and vegetation.

The cash outflows for landfill post-closure are expected to occur in 37 to 57 years time (ie: between 2050 and 2070). The estimated liability for closure and post-closure is \$1.81M (2012: \$1.81M). This has increased due to a design update and reduced refuse projection, due to waste minimisation strategies.

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

- The remaining capacity of the site is 2.25M (2012: 1.92) cubic metres (refuse, clean fill and cover).
- The estimated remaining life is 36 years (2012: 37) 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 \$50,046 (2012: \$51,645) average.

### Runway Reseal

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

## 25. Equity

	Group		Council	
	2012-13	2011-12	2012-13	2011-12
	\$000's	\$000's	\$000's	\$000's
<b>Accumulated funds</b>				
<b>Balance at 1 July</b>	578,311	574,357	550,172	547,188
Transfers (to) / from reserves	(4,719)	(3,727)	(4,719)	(3,727)
Transfers (to) / from restricted reserves	999	(12)	999	(12)
Transfers from property revaluation reserves on disposal	700	298	700	298
Surplus for the year	15,165	7,395	10,159	6,425
<b>Balance at 30 June</b>	<b>590,456</b>	<b>578,311</b>	<b>557,311</b>	<b>550,172</b>
<b>Ordinary and Council created reserves</b>				
<b>Balance at 1 July</b>	35,720	31,993	33,104	29,377
Transfers (to) / from accumulated funds	4,719	3,727	4,719	3,727
<b>Balance at 30 June</b>	<b>40,439</b>	<b>35,720</b>	<b>37,823</b>	<b>33,104</b>
<b>Restricted reserves:</b>				
<b>Balance at 1 July</b>	1,255	1,243	1,255	1,243
Transfers (to) / from accumulated funds	(999)	12	(999)	12
<b>Balance at 30 June</b>	<b>256</b>	<b>1,255</b>	<b>256</b>	<b>1,255</b>
<b>Restricted reserves consists of:</b>				
Development contribution reserves	-	-	-	-
Land subdivision reserve	256	1,255	256	1,255
<b>Property revaluation reserve:</b>				
<b>Balance at 1 July</b>	714,617	712,346	688,620	686,349
Net revaluation gains	24,986	2,569	15,470	2,569
Income tax recognised directly in other comprehensive income	(2,860)	-	-	-
Transfers to accumulated funds on disposal of property	(700)	(298)	(700)	(298)
<b>Balance at 30 June</b>	<b>736,043</b>	<b>714,617</b>	<b>703,390</b>	<b>688,620</b>
<b>Total other reserves</b>	<b>776,738</b>	<b>751,592</b>	<b>741,469</b>	<b>722,979</b>
<b>Total equity</b>	<b>1,367,194</b>	<b>1,329,903</b>	<b>1,298,780</b>	<b>1,273,151</b>



Reserve	Activities to which the reserve relates	Opening Balance 1 July \$000's	Transfer to reserve \$000's	Transfer from reserve \$000's	Closing Balance 30 June \$000's
<b>2013</b>					
Emergency Events	Infrastructural assets including roading network and Wairau floodplain river protection	5,310	3,512	(2,428)	6,394
Forest Park	Community infrastructure	6,899	1,853	(3,206)	5,546
Forestry and Assets Sales	All activities	242	2,329	(674)	1,897
Infrastructure Upgrade	Infrastructure such as Water and Sewerage and other activities as determined by Council from time to time	3,975	2,290	(1,302)	4,963
Land Subdivision	Community facilities	(1,545)	987	(1,586)	(2,144)
PMNZL Special Dividend	All activities	4,313	0	0	4,313
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety and learning.	488	786	(1,587)	(313)
Community Facilities	Community Facilities	(308)	802	(380)	114
Roads and footpaths	Roads and footpaths	1,837	4,044	(3,067)	2,814
Flood protection	Flood protection	3,969	1,096	(1,005)	4,060
Sewerage	Sewerage	1,487	3,199	(4,011)	675
Stormwater	Stormwater	2,321	1,121	(1,272)	2,170
Water Supply	Water Supply	965	3,449	(1,961)	2,453
Solid Waste Management	Solid Waste Management	836	607	(552)	891
Environmental Management	Environmental Management	47	81	(101)	27
Regulatory	Regulatory	87	235	(118)	204
Regional Development	Regional Development	275	171	(414)	32
Other non activity	All activities	3,161	3,159	(2,337)	3,983
<b>Total reserves 2013</b>		<b>34,359</b>	<b>29,721</b>	<b>(26,001)</b>	<b>38,079</b>

Reserve	Activities to which the reserve relates	Opening Balance 1 July \$000's	Transfer to reserve \$000's	Transfer from reserve \$000's	Closing Balance 30 June \$000's
<b>2012</b>					
Emergency Events	Infrastructural assets including roading network and Wairau floodplain river protection	5,243	852	(785)	5,310
Forest Park	Community infrastructure	7,385	872	(1,358)	6,899
Forestry and Assets Sales	All activities	(298)	885	(345)	242
Infrastructure Upgrade	Infrastructure such as Water and Sewerage and other activities as determined by Council from time to time	2,186	2,623	(834)	3,975
Land Subdivision	Community facilities	(1,863)	733	(415)	(1,545)
PMNZL Special Dividend	All activities	4,313	0	0	4,313
Trusts and Bequests reserve	Reserves and Library	90	0	(90)	0
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety and learning.	916	708	(1,136)	488
Community Facilities	Community Facilities	628	356	(1,292)	(308)
Roads and footpaths	Roads and footpaths	1,491	3,812	(3,466)	1,837
Flood protection	Flood protection	3,878	730	(639)	3,969
Sewerage	Sewerage	1,695	2,032	(2,240)	1,487
Stormwater	Stormwater	2,281	1,060	(1,020)	2,321
Water Supply	Water Supply	1,074	2,453	(2,562)	965
Solid Waste Management	Solid Waste Management	804	631	(599)	836
Environmental Management	Environmental Management	337	80	(370)	47
Regulatory	Regulatory	101	138	(152)	87
Regional Development	Regional Development	(1,302)	2,123	(546)	275
Other non activity	All activities	1,661	3,074	(1,574)	3,161
<b>Total reserves 2012</b>		<b>30,620</b>	<b>23,162</b>	<b>(19,423)</b>	<b>34,359</b>

### Purpose of each Reserve Fund

**Emergency Events reserves:** Council's Emergency events reserve, which is part of Council's risk management strategy, exists to: - protect Council's infrastructural assets; - make a provision for restoration of Council's roading network in the event of extraordinary flood damage; - provide for the restoration of Council's Wairau floodplain river protection assets.

**Forest Park reserve:** This reserve was set up to receive surpluses from the Solar Heights and Forest Hills Land Development Accounts, and for the proceeds to fund projects as determined by Council. Traditionally this reserve funded Community Infrastructure, (as opposed to Core Infrastructure such as Water and Sewerage etc which are funded from other reserves).

**Forestry and Asset Sales reserve:** Receives revenue from Marlborough Regional Forestry and from the sale of non-activity assets for funding any projects approved by Council.

**Infrastructure Upgrade reserve:** To be used for essential infrastructure; to assist funding of new assets (up to a maximum of 50%), and to assist the funding of significant capital upgrades which will increase the targeted level of service supplied to the community.

**Land Subdivision reserve:** To provide for Development Contributions and their utilisation in accordance with the provisions of the Local Government Act 2002.

**Port Marlborough NZ Ltd Special Dividend reserve:** Defined amounts to be available to the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas, or the interest on any unspent balance to be used to subsidise General rates in those areas.

**People, Community Facilities, Roads and footpaths, Flood protection, Sewerage, Stormwater, Water Supply, Solid Waste Management, Environmental Management, Regulatory, Regional Development, and**

**other non activity reserves** are for a specific activity or individual scheme etc. and exist for the following purposes:

General reserve: to accumulate targeted rates or other revenue for use in subsequent years.

Depreciation reserve: to accumulate rates levied to fund depreciation expense, may be used to fund capital expenditure or repayment of debt raised to fund capital expenditure.

Landfill aftercare reserve: to accumulate "dump fees" charged from the operation of the landfill (or of a stage) required to fund its closure and management once it is fully utilised.

Development contribution reserve: to accumulate development and financial contributions to fund qualifying capital expenditure.

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

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Surplus after tax</b>	<b>15,165</b>	<b>7,395</b>	<b>10,159</b>	<b>6,425</b>
<b>Add / (less) non-cash items:</b>				
Depreciation and amortisation expense	19,444	18,340	17,358	16,368
Decrease in forestry value due to harvest	3,011	1,730	3,011	1,730
Vested assets	(2,529)	(770)	(2,529)	(770)
Movement in deferred tax	82	(28)	-	-
(Gains) / losses in fair value of biological assets	(5,734)	(4,368)	(5,734)	(4,368)
(Gains) / losses in fair value of investment property	(930)	(508)	(170)	50
(Gains) / losses in fair value of non current assets	-	-	-	-
(Gains) / losses on fair value of investments	116	171	116	171
(Gains) / losses on derivative financial instruments	(1,893)	2,105	(398)	772
	<b>11,567</b>	<b>16,672</b>	<b>11,654</b>	<b>13,953</b>
<b>Add / (less) items classified as investing or financing activities:</b>				
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	(276)	82	(256)	(508)
Other	-	(55)	-	-
Dividend income	-	-	(679)	(477)
(Inc) / Dec in capital creditors	(67)	4,503	(67)	4,093
	<b>(343)</b>	<b>4,530</b>	<b>(1,002)</b>	<b>3,108</b>
<b>Add / (less) movements in working capital items:</b>				
(Inc) / Dec in debtors and other receivables	(628)	480	(581)	768
(Inc) / Dec in inventory	56	(108)	67	(108)
(Inc) / Dec in income tax receivable	-	-	-	-
Inc / (Dec) in Runway seal provision	171	163	-	-
Inc / (Dec) in Landfill aftercare provision	(230)	(87)	(230)	(87)
Inc / (Dec) in Weathertight homes and other provisions	(706)	1,069	(706)	1,069
Inc / (Dec) in creditors and other payables	1,459	(4,611)	1,079	(3,744)
Inc / (Dec) in income tax payable	81	(107)	-	-
Inc / (Dec) in employee entitlements	(140)	(36)	(140)	(36)
	<b>63</b>	<b>(3,237)</b>	<b>(511)</b>	<b>(2,138)</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>26,452</b>	<b>25,360</b>	<b>20,300</b>	<b>21,348</b>

## 27. Capital Commitments and Operating Leases

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Capital commitments:</b>				
Property, plant and equipment	19,874	14,930	15,649	8,846
<b>Total capital commitments</b>	<b>19,874</b>	<b>14,930</b>	<b>15,649</b>	<b>8,846</b>

Capital commitments includes the purchase of the Queen Street Civic Theatre, \$6M and the Blenheim sewerage treatment plant, \$6.9M. Council's Annual Plan 2013-14, which is available from Council offices, website and agencies, shows details of our intentions for the coming year.

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Operating leases as lessee:</b>				
Not later than one year	320	189	310	178
Later than one year and not later than five years	699	503	697	495
Later than five years	374	-	374	-
<b>Total non-cancellable operating leases</b>	<b>1,393</b>	<b>692</b>	<b>1,381</b>	<b>673</b>

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

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2011 \$nil).

	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Operating leases as lessor:</b>				
Not later than one year	8,031	7,957	3,360	2,961
Later than one year and not later than five years	21,944	24,698	11,128	11,031
Later than five years	38,818	41,017	34,169	35,610
<b>Total non-cancellable operating leases</b>	<b>68,793</b>	<b>73,672</b>	<b>48,657</b>	<b>49,602</b>

Operating leases relate to rental property owned by Port Marlborough with lease terms of up to 30 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that Port Marlborough exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

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	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
Uncalled capital in MDC Holdings Ltd	65,000	65,000	65,000	65,000
Financial guarantees	520	100	520	100
Other legal proceedings	-	607	-	607
<b>Total contingent liabilities</b>	<b>65,520</b>	<b>65,707</b>	<b>65,520</b>	<b>65,707</b>

### 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 2012, the scheme had a past service surplus of \$37.582M (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 \$30,750 (2012: \$776,276) has been recognised for weathertightness claims where the Council has received notice of the claim. A further nil (2012: \$0.61M) 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.

### Unquantified Claims

The Supreme Court decision in October 2012 on a Council's liability for non-residential buildings may affect the liability of the Council for weathertightness claims for non-residential buildings. The impact of the decision is yet to be quantified by the Council. The Council is yet to receive any claims as a result of this ruling.

### Local Government Funding Agency

The Council is a shareholder and guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poors of AA+.

The Council is one of 37 local authority shareholders. In that regard the Council has uncalled capital of \$180,000. When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of a proportion of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2013, NZLGFA had borrowings totalling \$2.48 billion (2012 \$835 million).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- It is not aware of any local authority debt default events in New Zealand; and
- Local Government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### 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.

### Local Authority Protection Programme (LAPP)

The Council is a member of the Local Authority Protection Programme (LAPP). If there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then LAPP may make a call for additional contributions from its members. Council's financial exposure to this is up to five times of its annual insurance premium and up to a maximum of two times a year. Council is not aware of any calls for additional contributions from LAPP in the current year (2012: Nil).

## 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	
	2012-13 \$000's	2011-12 \$000's
<b>Subsidiaries:</b>		
<b>MDC Holdings Limited</b>		
Services provided to MDC	-	-
Interest received from MDC	11	11
Dividend paid to MDC	679	476
Loans receivable from MDC	958	939
Receivable from MDC	17	11
<b>Marlborough Airport Limited</b>		
Services provided to MDC	3	1
Rates paid to MDC	4	3
Services provided by MDC	44	40
Payable to MDC	40	49
<b>Port Marlborough (NZ) Limited</b>		
Services provided to MDC	73	42
Assets purchased from MDC	962	1,375
Rates paid to MDC	383	362
Services provided by MDC	403	354
Receivable from MDC	376	377
Payable to MDC	-	49
<b>Marlborough Housing for the Elderly Trust</b>		
Grants provided by MDC	5	9
<b>29.2 Key management personnel</b>		
<b>Compensation:</b>		
Salaries and other short term employee benefits	1,957	1,949
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>1,957</b>	<b>1,949</b>

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

During the year Council contracted with:

- The domestic partner of a key management team member to the value of \$3,887 (2012: \$3,312), negotiated on normal commercial terms. There was no balance (2012: nil) outstanding at year end.
- A company of which Jessica Bagge, a Councillor, is a director and shareholder for signage costing \$506 (2012: \$3,450) and supplied on normal commercial terms. There was no balance outstanding at year end (2012: nil).
- A company of which David Dew, a Councillor, is a director and shareholder for professional fees costing \$333 (2012: nil) and supplied on normal commercial terms. There was no balance outstanding at year end (2012: nil).
- Francis Maher, a Councillor, for planting as part of the Tui to Town project costing \$350 (2012: nil) and supplied on normal commercial terms. There was no balance outstanding at year end (2012: nil).
- A business of which Terry Sloan, a Councillor, is a director and shareholder for accommodation costing \$60 (2012: \$318) and supplied on normal commercial terms. There was no balance outstanding at year end (2012: nil).

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2012: nil).

## 30. Remuneration

30.1 Chief Executive	Council	
	2012-13 \$000's	2011-12 \$000's
The Chief Executive received the following remuneration:		
Salary	287	287
Vehicle	15	16
Superannuation contribution	6	6
<b>Total Chief Executive compensation</b>	<b>308</b>	<b>309</b>

30.2 Elected representatives	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
Elected representatives received the following remuneration:				
<b>Mayor:</b>				
Alistair Sowman*	137	133	128	124
<b>Councillors:</b>				
Jenny Andrews	42	41	42	41
Jamie Arbuckle	32	30	32	30
Jessica Bagge	28	28	28	28
Graeme Barsanti	37	35	37	35
David Dew	45	48	45	48
Geoff Evans	33	29	33	29
Trevor Hook	32	28	32	28
Peter Jerram	44	41	44	41
John Leggett	28	28	28	28
Francis Maher*	51	50	42	41
David Oddie	35	36	35	36
Terry Sloan	28	28	28	28
Graeme Taylor	42	41	42	41
<b>Total elected representatives' remuneration</b>	<b>614</b>	<b>596</b>	<b>596</b>	<b>578</b>

Remuneration includes payment for attendance at resource consent hearings.

\*The Mayor and Councillor Maher were directors of MDC Holdings Limited during the reporting periods 2011-12 and 2012-13 and were paid Directors' fees by MDC Holdings Limited. A Sowman \$8,500 (2012: \$8,500), F Maher \$8,500 (2012: \$8,500).



30.3 Staff employed Full Time Equivalent	Council			
	2012-13		2011-12	
	Male	Female	Male	Female
<b>General Management</b>				
Management and Support	3.0	3.0	3.0	3.0
<b>Assets and Services</b>				
Development and Project Management	6.4	0.7	6.7	0.7
Engineering	10.0	-	10.7	-
Operations	16.0	5.0	13.0	5.0
Reserves and Amenities	9.2	5.4	9.4	5.3
Rivers and Land Drainage	6.8	-	7.0	-
Management and Support	3.0	1.0	3.0	1.0
Civil Defence/Emergency Management	2.0	-	2.0	-
<b>Corporate Finance</b>				
Management and Support	2.0	1.0	2.0	1.0
Treasury	1.0	10.4	2.0	7.6
<b>Regulatory</b>				
Animal and Plant Pests	3.0	-	5.0	-
Building Control	13.0	3.8	13.0	3.8
Environmental Health and Liquor	-	3.4	-	2.4
Environmental Unit	9.0	5.0	8.0	5.0
Environmental Policy	2.0	3.3	2.0	3.0
Harbour Functions	2.0	-	2.5	-
Resource Management Control	6.6	6.4	6.8	6.0
Compliance	4.8	1.4	4.0	2.4
Management and Support	2.0	1.0	2.0	1.0
<b>Support Services</b>				
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	-	12.3	-	12.0
Risk and Contracts Management	1.0	-	1.0	-
Human Resources	-	1.0	-	1.0
Information Services	7.0	13.3	7.0	13.4
Customer Service Centres	0.8	11.6	0.8	10.9
Libraries	3.6	13.9	3.6	13.9
<b>Total</b>	<b>116.2</b>	<b>106.4</b>	<b>116.5</b>	<b>101.9</b>
Staff in the Safer Community Area (on fixed term contracts whose employment is contingent upon continued Government funding)	0.5			6.0

At balance date the Council employed 190 full time employees (2012: 187) with the balance of staff representing 27.6 (2012:31.4) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

#### 30.4 Individuals receiving total annual remuneration of:

	2013	2012
Up to \$59,999	113	118
\$60,000 to \$79,999	71	73
\$80,000 to \$99,999	32	28
\$100,000 to \$119,999	8	7
\$120,000 to \$139,999	7	6
\$140,000 to \$219,999	6	6
\$300,000 to \$319,999	1	1
<b>Total</b>	<b>238</b>	<b>239</b>

Total remuneration includes non financial benefits provided to employees.

## 31. Severance Payments

For the year ended 30 June 2013 Council made one severance payment to employees, totalling \$40,000 (2012: no payments) that required disclosure under the Local Government Act 2002.

## 32. Events after the Balance Date

On 21 July 2013 and on 16 August 2013 the region experienced two major earthquake events, now called the Cook Strait earthquakes.

Although the seismic activity was high with the two quakes measuring 6.5 and 6.6 respectively on the Richter scale, with subsequent aftershocks, they have not had a material effect on the assets and liabilities of Council.

There have been no other 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 MDC.

## 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	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Financial assets:</b>				
<b>Fair value through surplus or deficit:</b>				
Term deposits and bonds	11,127	11,106	11,127	11,106
<b>Loans and receivables:</b>				
Cash and cash equivalents	1,997	4,364	1,252	3,736
Debtors and other receivables	8,327	8,712	6,345	6,654
Shares	286	86	286	86
Loans to related parties	-	45	-	45
Community loans	1,420	1,546	1,420	1,546
<b>Total loans and receivables</b>	<b>12,030</b>	<b>14,753</b>	<b>9,303</b>	<b>12,067</b>
<b>Financial liabilities:</b>				
<b>Fair value through surplus or deficit :</b>				
Derivative financial liability instruments	2,216	4,110	529	927
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	14,621	13,078	13,222	12,143
Bank overdraft	-	-	-	-
Secured loans	74,905	66,905	22,500	19,000
<b>Total financial liabilities at amortised cost</b>	<b>89,526</b>	<b>79,983</b>	<b>35,722</b>	<b>31,143</b>

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

### 33.2 Fair value hierarchy disclosures

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

Quoted market price (level 1) financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

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

Fair value hierarchy disclosures	Valuation technique:			
	Total	Quoted market price	Observable inputs	Significant nonobservable inputs
	\$000's	\$000's	\$000's	\$000's
<b>Group 2011-12</b>				
<b>Financial assets</b>				
Term deposits and bonds	11,106	11,106	-	-
<b>Financial liabilities</b>				
Derivatives	4,110	-	4,110	-
<b>Group 2012-13</b>				
<b>Financial assets</b>				
Term deposits and bonds	11,127	11,127	-	-
<b>Financial liabilities</b>				
Derivatives	2,216	-	2,216	-
<b>Council 2011-12</b>				
<b>Financial assets</b>				
Term deposits and bonds	11,106	11,106	-	-
<b>Financial liabilities</b>				
Derivatives	927	-	927	-
<b>Council 2012-13</b>				
<b>Financial assets</b>				
Term deposits and bonds	11,127	11,127	-	-
<b>Financial liabilities</b>				
Derivatives	529	-	529	-

### 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 \$1,333,296 (2012: \$957,542). 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:

i) Maximum exposure to credit risk	Group		Council	
	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
Cash at bank and term deposits	13,124	15,470	12,379	14,842
Debtors and other receivables	8,327	8,712	6,345	6,654
Community and related party loans	1,420	1,591	1,420	1,591
Financial guarantees	520	100	520	100
<b>Total credit risk</b>	<b>23,391</b>	<b>25,873</b>	<b>20,664</b>	<b>23,187</b>

ii) Credit quality of financial assets	2012-13	2011-12	2012-13	2011-12
	\$000's	\$000's	\$000's	\$000's
<b>Counterparties with credit ratings - cash at bank and term deposits</b>				
AA	2,789	2,233	2,044	1,605
AA-	7,214	8,196	7,214	8,196
A+	1,041	1,071	1,041	1,071
A	-	-	-	-
A-	-	1,894	-	1,894
BBB *	1,001	971	1,001	971
<b>Counterparties without credit ratings - cash at bank and term deposits</b>				
NR	1,080	1,105	1,080	1,105
<b>Total</b>	<b>13,125</b>	<b>15,470</b>	<b>12,380</b>	<b>14,842</b>
<b>Counterparties without credit ratings - existing counterparty with no defaults in the past</b>				
Term deposits	1,080	1,105	1,080	1,105
Community and related party loans	1,420	1,591	1,420	1,591
<b>Total</b>	<b>2,500</b>	<b>2,696</b>	<b>2,500</b>	<b>2,696</b>

\* 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 Plan.

<b>(ii) Contractual maturity analysis of financial liabilities</b>	<b>Carrying Amount</b>	<b>Contractual Cashflow</b>	<b>&lt; than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5+ years</b>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Group 2011-12</b>						
Creditors and other payables	13,078	13,078	13,078	-	-	-
Bank overdraft	-	-	-	-	-	-
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
<b>Total Financial Liabilities</b>	<b>84,093</b>	<b>97,061</b>	<b>46,223</b>	<b>40,765</b>	<b>8,819</b>	<b>1,254</b>
<b>Group 2012-13</b>						
Creditors and other payables	14,621	14,621	14,621	-	-	-
Secured loans	74,905	86,047	48,996	32,113	4,413	525
Interest rate swaps	2,216	2,216	137	35	2,042	3
<b>Total Financial Liabilities</b>	<b>91,742</b>	<b>102,884</b>	<b>63,754</b>	<b>32,148</b>	<b>6,455</b>	<b>528</b>
<b>Council 2011-12</b>						
Creditors and other payables	12,143	12,143	12,143	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	19,000	23,528	982	19,982	2,431	133
Interest rate swaps	927	927	201	201	498	27
<b>Total Financial Liabilities</b>	<b>32,070</b>	<b>36,598</b>	<b>13,326</b>	<b>20,183</b>	<b>2,929</b>	<b>160</b>
<b>Council 2012-13</b>						
Creditors and other payables	13,222	13,222	13,222	-	-	-
Secured loans	22,500	25,837	23,428	928	1,481	-
Interest rate swaps	529	529	-	-	529	-
<b>Total Financial Liabilities</b>	<b>36,251</b>	<b>39,588</b>	<b>36,650</b>	<b>928</b>	<b>2,010</b>	<b>-</b>

(iii) *Contractual maturity analysis of financial assets*

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

<b>Contractual maturity analysis of financial assets</b>	<b>Carrying Amount</b>	<b>Contractual Cashflow</b>	<b>&lt; than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5+ years</b>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
This table analyses MDC's financial assets into maturity groupings based on the remaining period at the balance date to the contractual maturity date.						
<b>Group 2011-12</b>						
Cash and cash equivalents	4,364	4,364	4,364	-	-	-
Debtors and other receivables	8,712	8,712	8,712	-	-	-
Other financial assets:						
Term deposits	11,106	11,106	4,179	2,154	2,232	2,541
Community loans	1,591	1,591	74	-	1,517	-
<b>Total Financial Assets</b>	<b>25,773</b>	<b>25,773</b>	<b>17,329</b>	<b>2,154</b>	<b>3,749</b>	<b>2,541</b>
<b>Group 2012-13</b>						
Cash and cash equivalents	1,997	1,997	1,997	-	-	-
Debtors and other receivables	8,327	8,327	8,327	-	-	-
Other financial assets:						
Term deposits	11,127	11,127	5,401	1,097	4,099	530
Community loans	1,420	1,420	-	-	1,420	-
<b>Total Financial Assets</b>	<b>22,871</b>	<b>22,871</b>	<b>15,725</b>	<b>1,097</b>	<b>5,519</b>	<b>530</b>
<b>Council 2011-12</b>						
Cash and cash equivalents	3,736	3,736	3,736	-	-	-
Debtors and other receivables	6,654	6,654	6,654	-	-	-
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	-
<b>Total Financial Assets</b>	<b>23,087</b>	<b>23,087</b>	<b>14,643</b>	<b>2,154</b>	<b>3,749</b>	<b>2,541</b>
<b>Council 2012-13</b>						
Cash and cash equivalents	1,252	1,252	1,252	-	-	-
Debtors and other receivables	6,345	6,345	6,345	-	-	-
Other financial assets:						
Term deposits	11,127	11,127	5,401	1,097	4,099	530
Community and related party loans	1,420	1,420	-	-	1,420	-
<b>Total Financial Assets</b>	<b>20,144</b>	<b>20,144</b>	<b>12,998</b>	<b>1,097</b>	<b>5,519</b>	<b>530</b>

(c) **Sensitivity analysis**

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

	2012-13		2011-12	
	-50bps Surplus \$000's	+50bps Surplus \$000's	-50bps Surplus \$000's	+50bps Surplus \$000's
<b>GROUP INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Other financial assets - term deposits	(61)	61	(60)	60
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Bank overdraft	-	-	-	-
Secured loans	164	(164)	81	(81)
Interest rate swaps	(887)	284	(1,777)	783
<b>Total sensitivity to interest rate risk</b>	<b>(784)</b>	<b>181</b>	<b>(1,756)</b>	<b>762</b>
<b>COUNCIL INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Other financial assets - term deposits	(56)	56	(56)	56
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Bank overdraft	-	-	-	-
Secured loans	113	(113)	95	(95)
Interest rate swaps	(10)	(545)	(770)	(172)
<b>Total sensitivity to interest rate risk</b>	<b>47</b>	<b>(602)</b>	<b>(731)</b>	<b>(211)</b>

(d) **Interest rate risk**

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

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

Outstanding fixed for floating	Average contract fixed interest rate		Notional principal amount		Fair value	
	2012-13 %	2011-12 %	2012-13 \$000's	2011-12 \$000's	2012-13 \$000's	2011-12 \$000's
<b>Group</b>						
Less than one year	5.17%	6.60%	7,500	11,860	(137)	(238)
1 to 2 years	5.27%	5.17%	800	7,500	(35)	(316)
2 to 5 years	5.09%	5.13%	47,400	39,800	(2,042)	(2,522)
Greater than 5 years	4.22%	4.46%	15,000	17,400	(3)	(1,034)
<b>Total sensitivity to interest rate risk</b>	<b>4.91%</b>	<b>5.21%</b>	<b>70,700</b>	<b>76,560</b>	<b>(2,217)</b>	<b>(4,110)</b>
<b>Council</b>						
2 to 5 years	4.63%	4.60%	14,000	12,000	(529)	(762)
Greater than 5 years	-	4.84%	-	2,000	-	(165)
<b>Total sensitivity to interest rate risk</b>	<b>4.63%</b>	<b>4.63%</b>	<b>14,000</b>	<b>14,000</b>	<b>(529)</b>	<b>(927)</b>



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

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

**(f) Currency risk**

The Council and Group 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 and some Statement of Financial Position variances are discussed in the Financial Overview Section. Other major budget variances are:

- Revaluation on property is significantly below budget (\$26.2 million). This is due to two main factors:
  - the roading revaluation methodology changing last financial year after the budget was finalized;
  - project related capital expenditure being lower than budgeted. As these projects were not completed, expenditure on these projects is captured in work in progress which is not revalued.
- Cash required was set in the budget at a level to make working capital positive. The actual result is dependent on the relative level of debts outstanding and amounts owing to suppliers at 30 June 2013.
- Debtors and Other Receivables are higher this year due to the year-end prepayment of the 1 July 2013 settlement of the 2 Wither Road depot purchase.
- Intangible assets are higher than budget as the actual opening balance for the year was higher than budget due to the acquisition of carbon credits in 2011-12 and software in 2012-13.
- Equity, often referred to as Council's net worth, is greater than budget as a result of all the other variations from budget since the 2012-13 budget was first set late in 2011.
- A liability for derivative financial instruments has arisen due to the year-end valuation of the interest rate swaps which was not possible to predict at budget preparation time.
- MRF's income was \$8.5 million more than budget. \$5.8 million of the additional income is a gain on the value of forestry assets and \$2.7 million was from additional log sales.
- Personnel costs were 2.85% below budget (\$481k) due to savings arising from the change in insurance provider (\$135k) and salary savings due to the time taken to fill vacancies.
- Cash was received from property held for sale for London Quay and for sections in the Boulevard Park on Taylor Pass sub-division which was not budgeted, offsetting the lower than budgeted sales proceeds received for Property Plant and Equipment.

## FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE:

Marlborough District Council	2013 (Actual) \$000's	2013 (AP) \$000's	2012 (Actual) \$000's	2012 (AP) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	32,903	32,600	31,350	31,032
Targeted rates (other than a targeted rate for water supply)	19,604	19,614	19,011	19,040
Subsidies and grants for operating purposes	4,479	3,734	4,792	3,889
Fees, charges, and targeted rates for water supply	12,983	12,639	12,190	14,238
Interest and dividends from investments	1,565	1,572	1,615	1,933
Other receipts including fuel tax, fines and infringement fees	16,245	13,471	16,926	14,110
<b>Total operating funding</b>	<b>87,779</b>	<b>83,630</b>	<b>85,884</b>	<b>84,242</b>
Payments to staff and suppliers	60,176	55,335	57,214	55,647
Finance costs	640	1,755	1,877	2,706
Other operating funding applications	11,548	11,431	12,590	12,260
<b>Total applications of operating funding</b>	<b>72,364</b>	<b>68,521</b>	<b>71,681</b>	<b>70,613</b>
<b>Surplus of operating funding</b>	<b>15,415</b>	<b>15,109</b>	<b>14,203</b>	<b>13,629</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,305	2,864	2,257	2,516
Development and financial contributions	1,222	1,959	615	1,966
Increase in debt	3,500	19,488	2,000	6,227
Gross proceeds from sale of assets	3,117	1,142	2,356	1,610
<b>Total sources of capital funding</b>	<b>10,144</b>	<b>25,453</b>	<b>7,228</b>	<b>12,319</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	4,713	10,371	8,043	15,464
Capital expenditure to improve the level of service	13,383	19,989	5,751	5,069
Capital expenditure to replace existing assets	9,641	11,436	9,199	7,942
Increase (decrease) in reserves	8,032	(16)	(1,821)	(1,480)
Increase (decrease) of investments	(10,210)	(1,218)	259	(1,047)
<b>Total applications of capital funding</b>	<b>25,559</b>	<b>40,562</b>	<b>21,431</b>	<b>25,948</b>
<b>(Deficit) of capital funding</b>	<b>(15,415)</b>	<b>(15,109)</b>	<b>(14,203)</b>	<b>(13,629)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total operating funding</b>	<b>87,779</b>	<b>83,630</b>	<b>85,884</b>	
plus - Subsidies and grants for capital expenditure	2,305	2,864	2,257	
plus - Development and financial contributions	1,222	1,959	615	
plus - Contributions Vested Assets	2,529	1,300	770	
plus - Fair value gains	1,625	-	1,120	
plus - Forestry asset revaluation gain	5,734	-	4,368	
<b>Total income as per Income Statement</b>	<b>101,194</b>	<b>89,753</b>	<b>95,014</b>	
<b>Total applications of operating funding</b>	<b>72,364</b>	<b>68,521</b>	<b>71,681</b>	
plus - Depreciation and amortisation	17,358	17,737	16,368	
plus - Fair value losses	103	-	221	
plus - Loss on sale of fixed assets	1,210	108	319	
<b>Expenditure as per Income Statement</b>	<b>91,035</b>	<b>86,366</b>	<b>88,589</b>	

<b>Surplus of operating funding</b>	15,415	15,109	14,203
less - Depreciation and amortisation	(17,358)	(17,737)	(16,368)
less - Loss on sale of fixed assets	(1,210)	(108)	(319)
less - Fair value losses	(103)	-	(221)
plus - Forestry asset revaluation gain	5,734	-	4,368
plus - Fair value gains	1,625	-	1,120
plus - Subsidies and grants for capital expenditure	2,305	2,864	2,257
plus - Development and financial contributions	1,222	1,959	615
plus - Contributions Vested Assets	2,529	1,300	770
<b>Surplus as per Income Statement</b>	<b>10,159</b>	<b>3,387</b>	<b>6,425</b>

## Part 4: Policies

- ⑨ Maori Capacity Development Policy
- ⑨ Council Opportunities Policy
- ⑨ Council Controlled Organisations



## Maori Capacity Development Policy

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### 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

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#### Equal Employment Policy

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

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

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

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

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



## 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: to generate a tax paid return on opening shareholder funds of 16%. Actual 18% (2012: 8% actual 5%).

### 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

Winter in the  
Vineyard, Blenheim



## Statement of Compliance

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### Compliance

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

### Responsibility

The Council and management of Marlborough District Council accept responsibility for the preparation of the annual report, including the 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 report for the year ended 30 June 2013 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.



ANDREW BESLEY  
**CHIEF EXECUTIVE**  
31 October 2013



ALISTAIR SOWMAN  
**MAYOR**  
31 October 2013

## Audit Report

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### Independent Auditor's Report

#### To the readers of Marlborough District Council and group's Annual Report for the year ended 30 June 2013

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 audit:

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2013 on page 131;
  - the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 130 and 132; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 133 to 189;
- the statement of service provision (referred to as Levels of Service) of the District Council, and each group of activities carried out by the District Council on pages 17 to 128;
- the funding impact statements in relation to each group of activities of the District Council on pages 17 to 128;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 17 to 128; and
- the funding impact statement of the District Council on page 188.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on pages 17 to 128;
  - reserve funds on pages 172 to 174;
  - remuneration paid to the elected members and certain employees of the District Council on page 178;
  - employee staffing levels and remuneration on page 179; and

- severance payments on page 180;
- council-controlled organisations on page 193;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 191; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 195.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council and group on pages 130 to 189:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2013; and
    - the results of its operations and cash flows for the year ended on that date.
- the statement of service provision (referred to as Levels of Service) of the District Council on pages 17 to 128:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 17 to 128, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 17 to 128, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.

the funding impact statement of the District Council on page 188, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.

## **Compliance with the other requirements of schedule 10**

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 31 October 2013. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service provision (referred to as Levels of Service). If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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 information we audited;
- determining the appropriateness of the reported statement of service provision (referred to as Levels of Service) within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.



When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service provision (referred to as Levels of Service) 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;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

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



## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other* Requirements of schedule 1 0, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## Independence

When carrying out this audit, which includes our report on the *Other* Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, which includes our report on the Other Requirements, we have carried an assurance engagement providing an auditor's report to the District Council's bond trustees, which are compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the District Council or any of its subsidiaries.



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

# Appendices

- ⑨ Council Committee and Members
- ⑨ MDC Directory
- ⑨ Council Staff Structure



**Cape Campbell  
Lighthouse, Marlborough**

## Council Committee and Members

(AS AT 30 JUNE 2013)

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

### ASSETS & SERVICES COMMITTEE

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

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

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

The delegation to act as this Group (formed in accordance with the Civil Defence and Emergency Management Act 2002) is given to the Assets and Services Committee. The Assets and Services Committee (acting as the Group) is responsible for overseeing the development, maintenance, monitoring and evaluation, and implementation of the Group Plan required by section 17(1)(i) of the Civil Defence and Emergency Management Act 2002.

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

### Regional Transport Committee (Statutory Committee)

This Committee prepares for approval by Council the Regional Land Transport Strategy, or any variations to or any report on the Strategy; the Regional Land Transport Programme, or any variations to the Programme; any regional fuel tax scheme for its region; and provides Council with any advice and assistance in relation to its transport responsibilities. Membership of the Committee (refer section 105 of the Land Transport Management Act 2003) is limited to five persons to represent the unitary authority; and one person to represent the Agency; and one person to represent the objective of economic development; and one person to represent the objective of safety and personal security; and one person to represent the objective of public health; and one person to represent the objective of access and mobility; and one person to represent the objective of environmental sustainability; and one person to represent cultural interests.

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

### COMMUNITY & FINANCIAL PLANNING COMMITTEE

This committee is responsible for the Long Term Plan; Annual Plan; Annual Report; economic development; community and social development; youth, elderly and access issues; arts; culture and heritage; grants and donations; sister cities; financial performance; general administration; property management; Council subsidiaries; libraries; customer services; and democratic process. Individual Committee members have been allocated a particular involvement with individual functions of the Committee's work.

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

### Grants Sub-Committee

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

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

## Housing for the Elderly Sub-Committee

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

Clr Jenny Andrews – Chairperson  
Clr 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  
Three youth representatives (one from each College)

Chair, Community & Financial Planning (Clr Francis Maher)

## 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 Jamie Arbuckle - Chairperson  
Clr Graeme Barsanti

Clr Peter Jerram  
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)  
Chair of Community & Financial Planning Committee - Clr Francis Maher (Director)

Chief Executive - Andrew Besley (Director)

### Port Marlborough NZ Limited

Manager, Corporate Finance CFO - 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

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### Contact Details

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Facsimile: (03) 520 7496

Email: [mdc@marlborough.govt.nz](mailto:mdc@marlborough.govt.nz)

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

### Addresses

#### District Administration Building

15 Seymour Street, Blenheim 7201

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

67 High Street, Picton

#### Harbour Control

Mariner's Mall, Picton

#### Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

#### 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

Westpac, 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 (2012 estimate) 45,700

Inter-Census Population Movement (+) 8.6%

District Area 17,517 square kilometres

as at 30 June 2013

Rateable Land Value \$7,012,450,150

Rateable Capital Value \$13,576,928,250

Number of Rate Assessments 25,973



# Council Staff Structure

