



**MARLBOROUGH  
DISTRICT COUNCIL**



**2013-14**

**ANNUAL REPORT**

# Role of the Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2013-14 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 Alison Trustrum-Rainey, Financial Accountant on (03) 520 7400.



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# Part 1: Executive Summary

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- ☉ **Chief Executive's Report**
- ☉ **Elected Council Members**
- ☉ **Key Achievements and Performance Overview**
- ☉ **Financial Overview**
- ☉ **Annual Report Disclosure Statement for Year Ended 30 June 2014**



## Mayor's Report

The last 12 months has been a year of contrasts; much of it very much work-as-usual but punctuated by two significant events for Council, the Seddon-Grassmere earthquakes and the local body elections.

The previous Council decided that its priorities would be to continue to progress the important projects already underway and to plan for a time when finances would allow new ideas to be considered. A revamp of Blenheim's CBD heads the list of those new ideas and preliminary planning has begun on a future library-art gallery complex near the riverside.

We have moved ahead with the extensions to Marlborough's Airport terminal to support business and tourism growth and we've seen very satisfactory progress on long-term projects like the renewal of Blenheim's aging stormwater system as well as the upgrade of the sewerage systems for Blenheim and Picton – two multi-million dollar projects which are long-term environmental advances, taking us another step toward fulfilling the Council's clean water goals.

Picton is ready for its next chapter now that a decision has made to retain the ferry service; the Council has a new foreshore management plan in place and the waterfront is looking very attractive.

Management of our coastal waters and the aquaculture industry based in the Marlborough Sounds have challenged Council over the last 12 months. As both planner and regulator Council has had to grapple with the issues surrounding the use of public water space for private commercial activity but I am pleased that, despite a difficult period of legal proceedings, Council is working constructively with both the environmental lobby and the aquaculture industry to create new guidelines balancing the needs of production and protection.

How we can best help the region to prosper has been at the heart of much that has been done this last year with our 'smart and connected' philosophy providing a guide to Council, community and business. The timber sector, the food and beverage initiative and the Havelock community all offer good examples of how Council has been able to work in partnership to help progress plans and aspirations. After the local body elections in October I altered the Council committee structure to create a new Regional Planning and Development Committee, in line with our greater focus on advancing our regional economy.

Despite the disruption and costs of the earthquakes, and with some new faces around the Council table, the last year has been one of steady progress with Council in a satisfactory financial position and well placed to consider the 2014-15 year.



**Alistair Sowman**  
Mayor

A handwritten signature in black ink, appearing to read 'Alistair Sowman', written in a cursive style.

## Chief Executive's Report

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Welcome to Marlborough District Council's Annual Report 2013-14.

This document is an opportunity to look back on the last financial year and report on Council's performance in meeting its commitments to the Marlborough community.

This has been a year in which I can report increased efficiency through our advances in the use of information technology and the continuing analysis and fine-tuning of some of our internal management systems.

For the public, the completion of the huge project to digitise property files has been an enormous improvement in making Council-held information more easily accessible, generating very positive feedback from the business community. At the same time our innovative use of IT to create 'smart maps' offering easy-to-use website links to large amounts of Council data has earned plaudits at national level.

It has also been a year in which Council has been tested by the challenges of natural disasters; significant earthquake and flood damage had made big calls on our resources in the last 12 months.

The earthquakes centred on the east coast of the district in July and August placed heavy demands on various sections of Council and on individual staff but it was reassuring to see the professional response from everyone, both in terms of emergency response and in the extended recovery phase.

An earthquake focusses a great deal of attention on building control functions and processes so it was also pleasing to see Council retain its IANZ accreditation after a review this year, ensuring no disruption to its role as building consent authority.

Overall, a continued focus on controlling costs has enabled Council to produce another strong financial result for the Marlborough community. Council holds \$1.4 billion in assets and carries just \$44 million in liabilities. The net debt (total debt minus investments) is \$11.5 million.

In its role as planner tasked with considering the future needs of the District, Council has concentrated on key infrastructural projects in order to maintain current services and meet future growth. For example, there has been impressive progress on Picton's major sewage system improvements and the \$17 million Riverlands sewerage system upgrade serving urban Blenheim - which also helps fulfil Council's commitment to improving our urban waterways. Several areas of rural land on the outskirts of Blenheim have been re-zoned to meet the demands of future residential expansion.

Maintaining momentum in an election year places extra demands on staff as newly elected councillors grapple with the issues and with the decisions made by their predecessors. However, it is reassuring to see that the public perception of Council continues to be strongly supportive. The annual Resident Satisfaction Survey suggested Marlborough residents are very satisfied with the services Council provides and overall results showing a very pleasing upward trend for yet another year.



Andrew Besley  
**CHIEF EXECUTIVE**

A handwritten signature in black ink, appearing to read 'And Besley'. The signature is written in a cursive, slightly slanted style.

## Elected Council Members



Back – left to right:

Clr Terry Sloan (Blenheim Ward) (Deputy Mayor)  
Clr Jamie Arbuckle (Blenheim Ward)  
Clr Jenny Andrews (Blenheim Ward)  
Graeme Barsanti (Marlborough Sounds Ward)  
Clr Laressa Shenfield (Blenheim Ward),  
Clr David Oddie (Marlborough Sounds Ward)  
Clr Brian Dawson (Blenheim Ward)

Front – left to right:


Clr John Leggett (Blenheim Ward)  
Clr Geoff Evans (Wairau/Awatere Ward)  
Clr Cynthia Brooks (Wairau/Awatere Ward)  
Mayor Alistair Sowman  
Clr Jessica Bagge (Blenheim Ward)  
Clr Trevor Hook (Marlborough Sounds Ward)  
Clr Peter Jerram (Wairau/Awatere Ward)


# Key Achievements and Performance Overview

## Key Achievements and Performance Overview

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

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

Overall Council		
<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our goals for the 2013-14 year. We achieved 142 and almost achieved 35 of the 193 targets associated with the key performance indicators (KPI's).</p> <p> <span style="color: green;">142</span>    <span style="color: orange;">35</span>    <span style="color: red;">16</span>                      On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)                 </p>	<p><b>Budget ✓</b></p> <p>The overall spending was 3.59% more than budgeted.</p>	


People		
<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our goals for the 2013-14 year. We achieved 37 and almost achieved eight of the 48 targets associated with the key performance indicators (KPI's).</p> <p> <span style="color: green;">37</span>    <span style="color: orange;">8</span>    <span style="color: red;">3</span>                      On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)                 </p>	<p><b>Budget ✗</b></p> <p>The spending in this area was 32.47% more than budgeted.</p> <ul style="list-style-type: none"> <li>This is due to \$2.3M payments to the Marlborough Civic Theatre Trust for the new theatre which were budgeted for in 2012-13.</li> </ul>	
<p><b>Activities in this Group:</b></p> <ul style="list-style-type: none"> <li>Democratic Process</li> <li>Culture and Heritage (including support for arts and museums).</li> <li>Community Housing.</li> <li>Community Safety.</li> <li>Community Support (including events management, passenger transport, and total mobility).</li> <li>Library Services.</li> <li>Emergency Management.</li> </ul>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>New ASB Civic Theatre construction underway.</li> <li>Earthquakes – 21 July 2013 (Cook Strait/Seddon) 16 August 2013 (Lake Grassmere) – cross Council staff response and recovery.</li> <li>New Marlborough Libraries website.</li> <li>WHO International accreditation for Marlborough 'Safe and Sound at the Top'.</li> </ul>	

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

<p><b>Summary of how we did</b></p> <p>We achieved five and almost achieved four of the ten targets associated with the key performance indicators (KPI's) for the 2013-14 year.</p> <p> <span style="color: green; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">5</span> On track (100%)             <span style="margin-left: 20px; color: gold; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">4</span> Almost achieved (≥ 80%)             <span style="margin-left: 20px; color: red; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">1</span> Not achieved (&lt; 80%)         </p>	<p><b>Budget</b> ~</p> <p>The spending in this area was 6.32% more than budgeted.</p>	
<p><b>Activities in this Group:</b> This activity group comprises a single activity; Community Facilities.</p>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>• Port Marlborough Endeavour Park pavilion opening (6 July 2013).</li> <li>• Taylor River Floodway Reserve Recreation Plan finalised.</li> <li>• Picton Foreshore Management Plan completed.</li> <li>• Royal visit April 2014.</li> </ul>	

## Roads and Footpaths


<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved nine and almost achieved one of the ten targets associated with the key performance indicators (KPI's).</p> <p> <span style="color: green; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">9</span> On track (100%)             <span style="margin-left: 20px; color: gold; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">1</span> Almost achieved (≥ 80%)             <span style="margin-left: 20px; color: red; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">0</span> Not achieved (&lt; 80%)         </p>	<p><b>Budget</b> ✓</p> <p>The spending in this area was 3.41% more than budgeted.</p>	
<p><b>Activities in this Group:</b> This activity group comprises a single activity; Roads and Footpaths.</p>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>• Earthquakes – 21 July 2013 (Cook Strait/Seddon) 16 August 2013 (Lake Grassmere) – cross Council staff response and recovery.</li> <li>• Springlands roundabouts construction underway.</li> <li>• Otta-seal on 2.5 km of Waikakaho Road to reduce vehicle generated dust.</li> <li>• Unbudgeted road repairs due to winter 2014 flooding.</li> </ul>	

### Budget key, operating plus capital expenditure:


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

## Flood Protection and Control Works

<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved eight and almost achieved one of the 11 targets associated with the key performance indicators (KPI's).</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p><b>8</b></p> <p>On track (100%)</p> </div> <div style="text-align: center;"> <p><b>1</b></p> <p>Almost achieved (≥ 80%)</p> </div> <div style="text-align: center;"> <p><b>2</b></p> <p>Not achieved (&lt; 80%)</p> </div> </div>	<p><b>Budget ✘</b></p> <p>The spending in this area was 13.01% more than budgeted.</p> <ul style="list-style-type: none"> <li>Taylor Dam safety and seismic review and increased costs associated with the management of the Wither Hills soil conservation area.</li> </ul>	
<p><b>Activities in this Group:</b></p> <p>This activity group comprises a single activity; Flood Protection and Control Works.</p>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>Wairau River flood plain protection works.</li> </ul>	


## Sewerage Including Treatment and Disposal


<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved six and almost achieved one of the nine targets associated with the key performance indicators (KPI's).</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p><b>6</b></p> <p>On track (100%)</p> </div> <div style="text-align: center;"> <p><b>1</b></p> <p>Almost achieved (≥ 80%)</p> </div> <div style="text-align: center;"> <p><b>2</b></p> <p>Not achieved (&lt; 80%)</p> </div> </div>	<p><b>Budget ~</b></p> <p>The spending in this area was 8.45% less than budgeted.</p> <p>One of the “not achieved” targets was due to Blenheim and Picton pipeline and pump station renewal works not being required as projected.</p>	
<p><b>Activities in this Group:</b></p> <p>This activity group comprises a single activity; Sewerage Including Treatment and Control.</p>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>Blenheim Sewage Treatment Ponds and wetlands completion.</li> <li>Wairau Road, Picton sewer upgrade.</li> <li>Seddon sewer and treatment upgrades.</li> </ul>	

### Budget key, operating plus capital expenditure:

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


Stormwater		
<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved six and almost achieved two of the eight targets associated with the key performance indicators (KPI's).</p> <p style="text-align: center;"> <span style="color: green; font-weight: bold; border: 1px solid green; border-radius: 50%; padding: 2px 6px;">6</span>                <span style="color: gold; font-weight: bold; border: 1px solid gold; border-radius: 50%; padding: 2px 6px;">2</span>                <span style="color: red; font-weight: bold; border: 1px solid red; border-radius: 50%; padding: 2px 6px;">0</span> </p> <p style="text-align: center;">             On track (100%)                  Almost achieved (≥ 80%)                  Not achieved (&lt; 80%)           </p>	<p><b>Budget</b> ✓</p> <p>The spending in this area was 2.20% more than budgeted.</p>	
<p><b>Activities in this Group:</b></p> <p>This activity group comprises a single activity; Stormwater.</p>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>Investigation into Murphy's Creek (Blenheim) stormwater issues undertaken.</li> <li>Development of Redwood Street (Blenheim) renewal scheme.</li> </ul>	

Water Supply		
<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved 16 and almost achieved one of the 19 targets associated with the key performance indicators (KPI's).</p> <p style="text-align: center;"> <span style="color: green; font-weight: bold; border: 1px solid green; border-radius: 50%; padding: 2px 6px;">16</span>                <span style="color: gold; font-weight: bold; border: 1px solid gold; border-radius: 50%; padding: 2px 6px;">1</span>                <span style="color: red; font-weight: bold; border: 1px solid red; border-radius: 50%; padding: 2px 6px;">2</span> </p> <p style="text-align: center;">             On track (100%)                  Almost achieved (≥ 80%)                  Not achieved (&lt; 80%)           </p>	<p><b>Budget</b> ✓</p> <p>The spending in this area was 1.09% more than budgeted.</p>	
<p><b>Activities in this Group:</b></p> <p>This activity group comprises a single activity; Water Supply.</p>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>Picton water supply and treatment upgrades.</li> </ul>	

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


Solid Waste Management		
<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved eight and almost achieved three of the 12 targets associated with the key performance indicators (KPI's).</p> <p style="text-align: center;"> <span style="color: green; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">8</span>                <span style="color: gold; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">3</span>                <span style="color: red; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">1</span> </p> <p style="text-align: center;">             On track (100%)                  Almost achieved (≥ 80%)                  Not achieved (&lt; 80%)           </p>	<p><b>Budget</b> ✓</p> <p>The spending in this area was 2.29% less than budgeted.</p>	
<p><b>Activities in this Group:</b></p> <p>This activity group comprises a single activity; Solid Waste Management.</p>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>Expansion of Blenheim kerbside refuse collection to Burleigh, West Springlands, St Andrew and Dry Hills.</li> <li>Tarac grape marc processing plant proposal at Riverlands.</li> </ul>	

Environmental Management		
<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved 13 and almost achieved one of the 17 targets associated with the key performance indicators (KPI's).</p> <p style="text-align: center;"> <span style="color: green; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">13</span>                <span style="color: gold; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">1</span>                <span style="color: red; font-weight: bold; border: 1px solid black; border-radius: 50%; padding: 2px 6px;">3</span> </p> <p style="text-align: center;">             On track (100%)                  Almost achieved (≥ 80%)                  Not achieved (&lt; 80%)           </p>	<p><b>Budget</b> ✓</p> <p>The spending in this area was 3.36% more than budgeted.</p>	
<p><b>Activities in this Group:</b></p> <ul style="list-style-type: none"> <li>Environmental Policy.</li> <li>Environmental Science and Monitoring.</li> <li>Resource Consents.</li> <li>Environmental Protection.</li> </ul>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>New Blenheim residential zoning (Plan Changes 64-71).</li> <li>Environmental education at A&amp;P show and Garden Marlborough.</li> <li>Rai River award – most improved waterway in Marlborough.</li> <li>Wairau Aquifer studies.</li> </ul>	

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

Regulatory		
<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved 27 and almost achieved seven of the 35 targets associated with the key performance indicators (KPI's).</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: green; color: white; border-radius: 50%; padding: 2px 6px;">27</span>              On track (100%)         </div> <div style="text-align: center;"> <span style="background-color: yellow; color: black; border-radius: 50%; padding: 2px 6px;">7</span>              Almost achieved (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: red; color: white; border-radius: 50%; padding: 2px 6px;">1</span>              Not achieved (&lt; 80%)         </div> </div>	<p><b>Budget</b> ✓</p> <p>The spending in this area was 3.26% more than budgeted.</p>	
<p><b>Activities in this Group:</b></p> <ul style="list-style-type: none"> <li>• Biosecurity (Pest Management).</li> <li>• Building Control.</li> <li>• Environmental Health.</li> <li>• Animal Control.</li> <li>• Harbours.</li> </ul>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>• Earthquakes – 21 July 2013 (Cook Strait/Seddon) 16 August 2013 (Lake Grassmere) – cross Council staff response and recovery.</li> <li>• Biosecurity response to 'sea squirt' in Sounds.</li> <li>• Electronic information signage installed at Havelock and Picton harbours.</li> </ul>	

Regional Development		
<p><b>Summary of how we did</b></p> <p>Overall we achieved most of our targets for the 2013-14 year. We achieved seven and almost achieved six of the 14 targets associated with the key performance indicators (KPI's).</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: green; color: white; border-radius: 50%; padding: 2px 6px;">7</span>              On track (100%)         </div> <div style="text-align: center;"> <span style="background-color: yellow; color: black; border-radius: 50%; padding: 2px 6px;">6</span>              Almost achieved (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: red; color: white; border-radius: 50%; padding: 2px 6px;">1</span>              Not achieved (&lt; 80%)         </div> </div>	<p><b>Budget</b> ✓</p> <p>The spending in this area was 3.55% more than budgeted.</p>	
<p><b>Activities in this Group:</b></p> <p>This activity group comprises a single activity; Regional Development.</p>	<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>• Smart and Connected innovation stocktake completed.</li> <li>• Business Trust Marlborough established.</li> <li>• Successful application for government funding for Havelock Community Association.</li> <li>• Regional Events Strategy adopted.</li> <li>• 'Follow-ME' Events Marlborough website developed .</li> </ul>	

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

## 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 2013-14 Annual Plan.

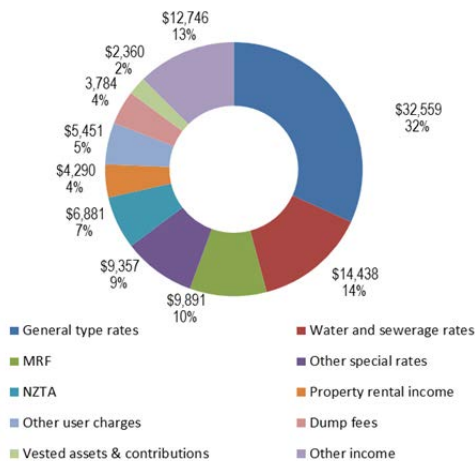
Go to pages 134 to 189 for detailed financial statements, policies and notes on:

**“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 \$93.3M and actual \$102.4M – an extra \$9.1M. \$3.3M 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. A further \$1.7M is from above budget gain on sale from the Boulevard on Taylor land development and sales. The NZTA road subsidy is up \$0.9M due to increased costs from flooding events.

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 189.

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

RATES REVENUE showing the daily requirement for each activity group.

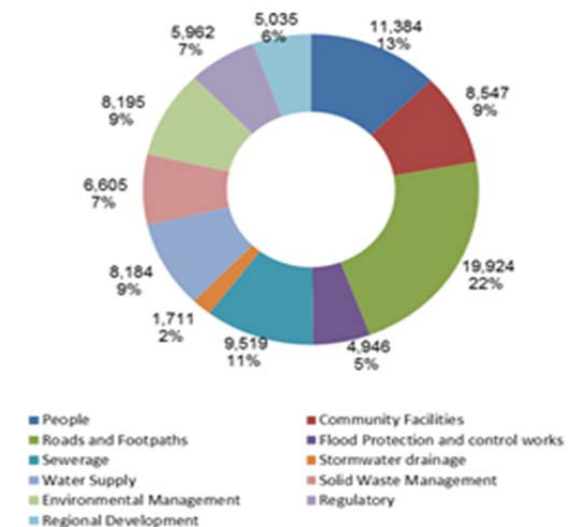
Activity group per ratepayer per day	Rates required per year \$000,s	Cost per ratepayer per year \$s	Cost per ratepayer per day \$s
People	\$5,920	\$228	\$0.62
Community Facilities	\$6,611	\$255	\$0.70
Roads and Footpaths	\$8,772	\$338	\$0.93
Flood Protection and control works	\$3,612	\$139	\$0.38
Sewerage	\$7,752	\$298	\$0.82
Stormwater drainage	\$1,507	\$58	\$0.16
Water Supply	\$6,005	\$231	\$0.63
Solid Waste Management	\$2,532	\$97	\$0.27
Environmental Management	\$5,464	\$210	\$0.58
Regulatory	\$2,414	\$93	\$0.25
Regional Development	\$2,977	\$115	\$0.31
<b>Total</b>	<b>\$53,566</b>	<b>\$2,062</b>	<b>\$5.65</b>

### 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



Budgeted operating expenditure was \$88.2M and actual \$93.6M – \$5.4M higher. The most significant increase in expenditure at \$2.3M is the grant to the Marlborough Civic Theatre Trust for

the new theatre which was budgeted to occur in the previous year and carried over into 2013-14 due to building delays. A further \$2.0M 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. MRF expenditure was \$0.8M more than budgeted as more logging and therefore more costs were incurred.

The Seddon earthquakes also resulted in additional expenditure including earthquake audits and emergency response expenses.

There was also saving in interest paid of \$1.53M, (budget \$2.75M, actual \$1.21M), because of delays in completing major capital projects.

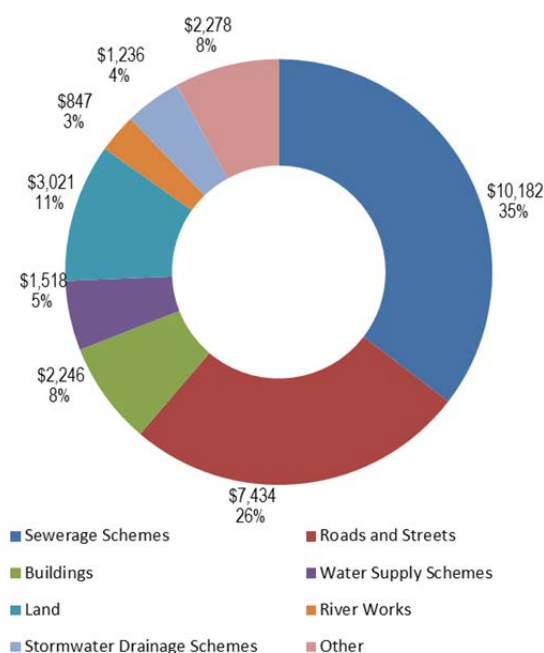
## ACTUAL AND BUDGETED OPERATING EXPENDITURE FOR THE LAST FIVE YEARS - \$000

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. In 2012-13, as noted in operating expenditure by activity. The main reasons were 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".

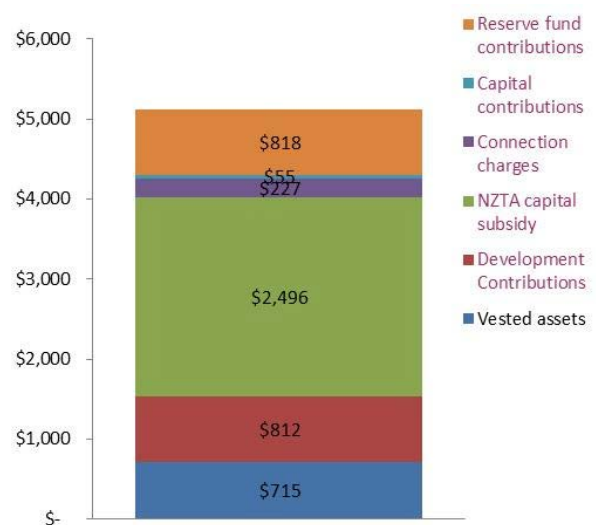
## CAPITAL EXPENDITURE BY ASSET CLASS - \$000



2013-14's capital expenditure budgeted was \$30.1M plus \$14.4M carried forward from the previous year. Actual spending was \$28.7M. Budget savings of \$4.7M were made, primarily in the areas of Sewerage, Solid Waste Management and Water Supply. In addition some projects, totalling \$11.4M, were delayed. Delays occurred primarily in the Middle Renwick Road intersection upgrades, the Muller Road storm-water upgrade and Blenheim and Picton sewer treatment upgrades.

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

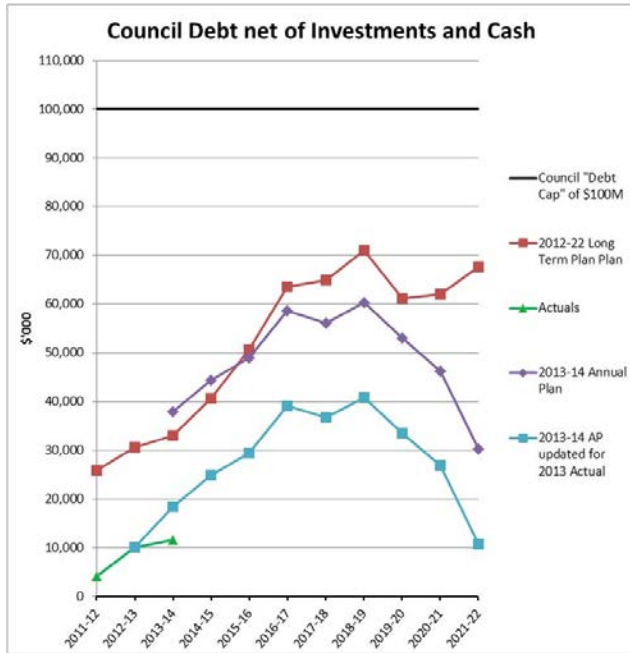


## Is this sustainable?

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 2014 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 \$71M in the 2018-19 financial year.

# Financial Overview

## NET DEBT LEVELS - \$000



## COMPARING THE VALUE OF ASSETS OWNED AND LIABILITIES OWED OVER FIVE YEARS - \$M



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	20.36	yes
	Interest expense as a % of total operating revenue	≤12.5%	1.28%	yes
	Net cash flow from operating activities exceeds gross annual interest expense by at least 2 times (200%)	≥ 200%	1885%	yes
Local Government Funding Agency Convenants	Net debt as a % of Total Revenue	<175%	22.1%	yes
	Net interest as a % of Total Revenue	<20%	0.82%	yes
	Net interest as a % of Rates Revenue	<25%	1.48%	yes
	Liquidity	>110%	176%	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 almost \$1.4 billion.

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



## Annual Report Disclosure Statement for Year Ending 30 June 2014

### What is the Purpose of this Statement?

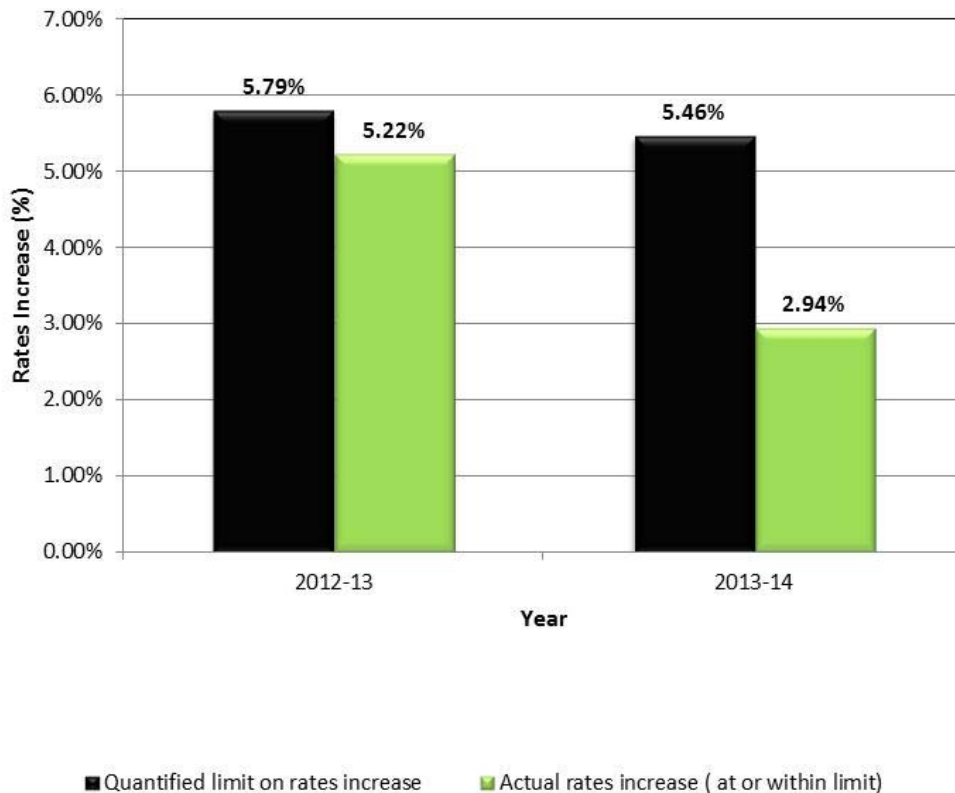
The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information including definitions of some of the terms used in this statement.

### Rates Affordability Benchmark

The Council meets the rates affordability benchmark if its actual rates increases equal are less than each quantified limit on rates increases.

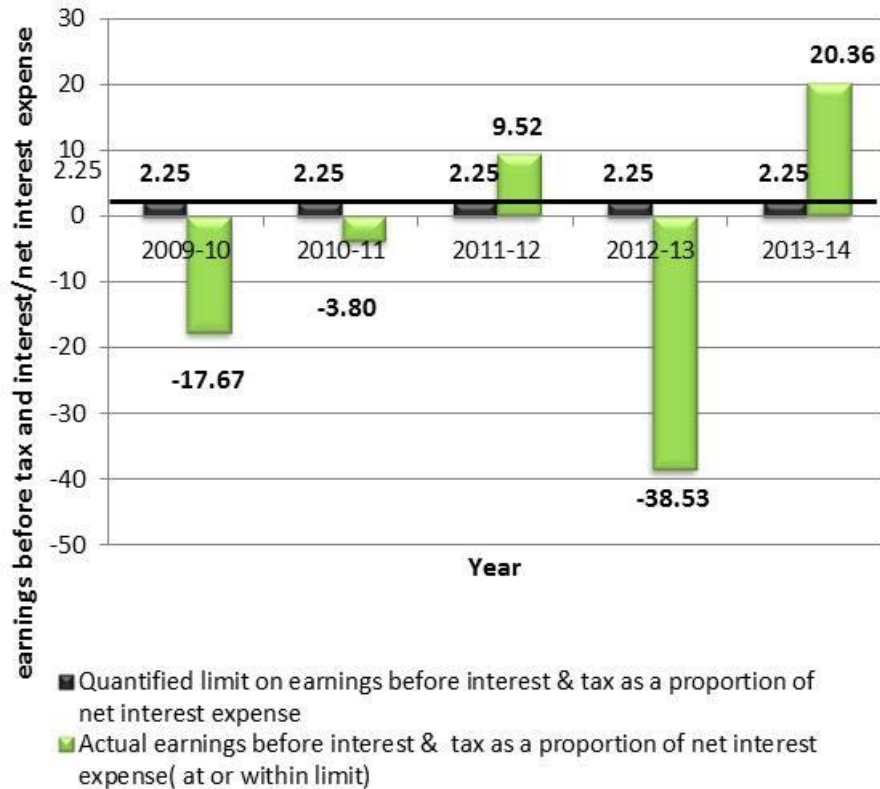
The following graph compares Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index plus 2%.



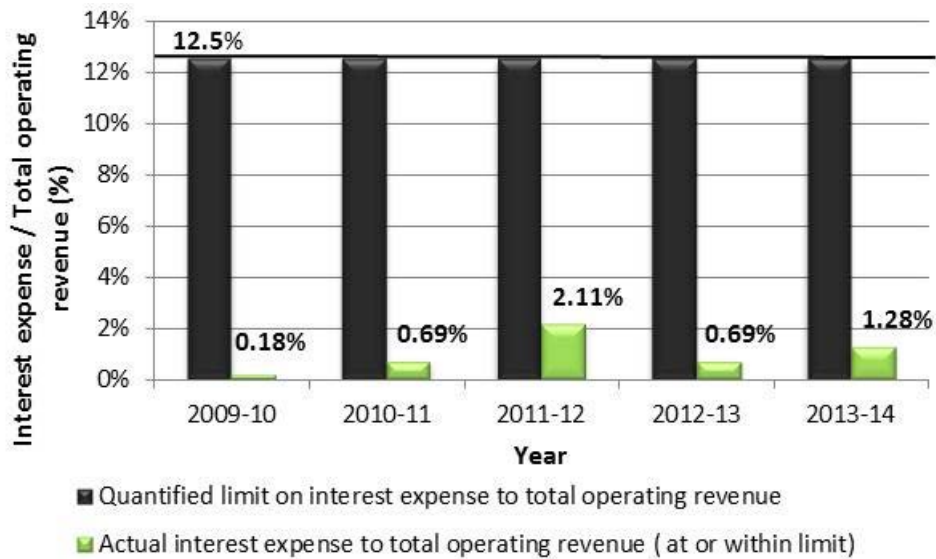
## Debt Affordability Benchmark

The Council meets the rates affordability benchmark if its actual borrowing is within each quantified limit on borrowing. A negative number means there was net interest income and this is a favourable result.

The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limits is earnings before interest and tax at least 2.25 times net interest expense measured as a factor of net interest. Positive numbers below 2.25 are an unfavourable result.



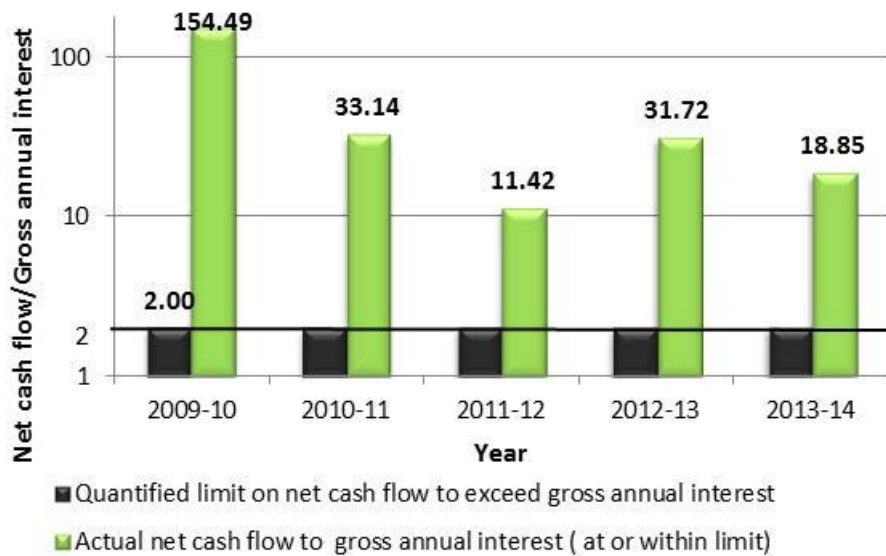
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is annual interest expense cannot exceed 12.5% of total operating revenue and is measured as a percentage.



# Annual Report Disclosure Statement for Year Ending 20 June 2014

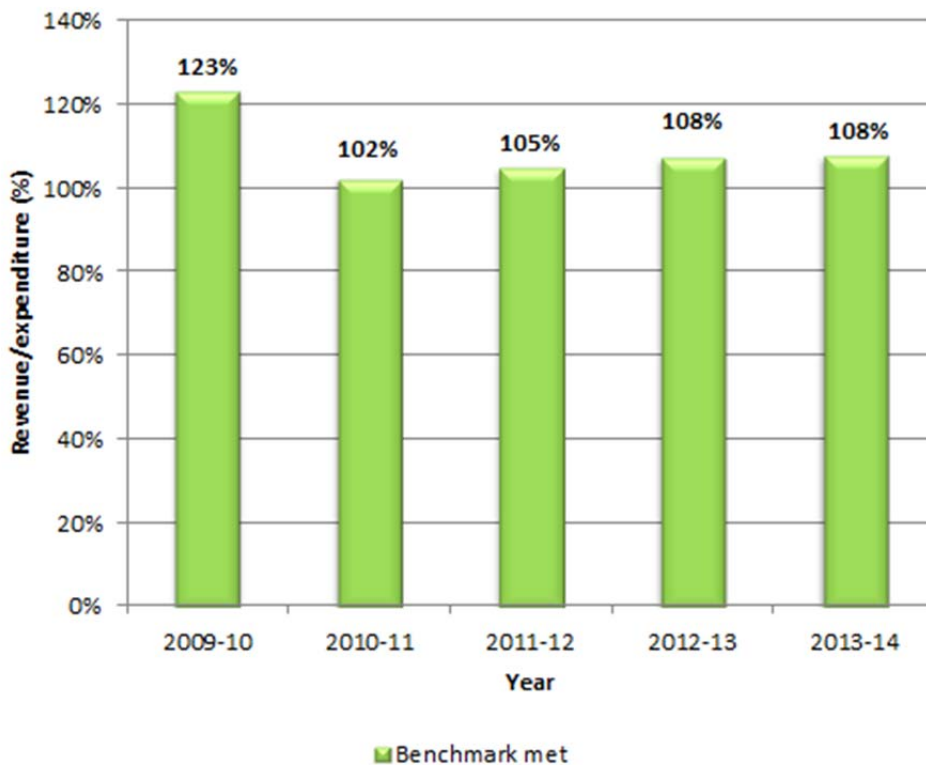
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan.

The quantified limit is net cash flow from operating activities to exceed gross annual interest expense by at least two times measured as a factor of operating activities cashflow.



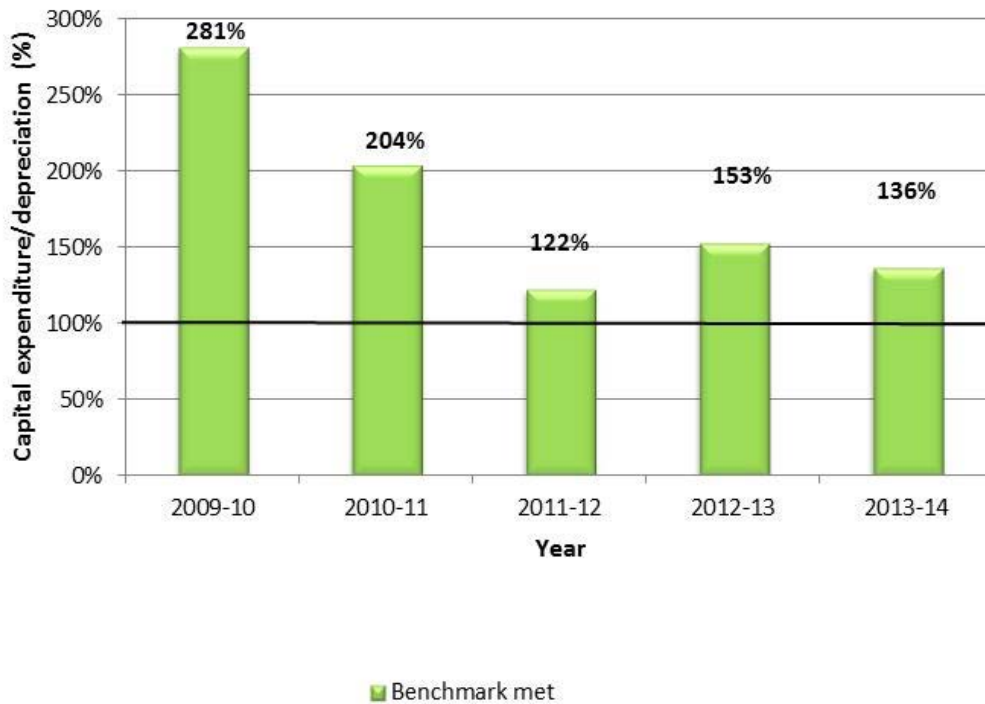
## Balance Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivatives financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



## Essential Services Benchmark

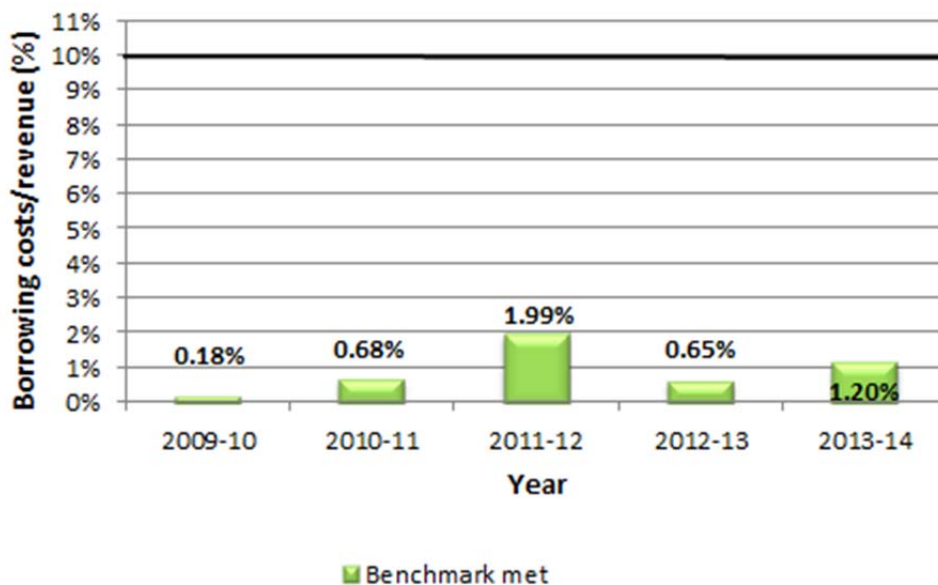
The following graph displays the Council capital expenditure on network services as a proportion of depreciation on network services.



The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

## Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth, it meets the debt servicing benchmark if its borrowing costs are equal or less than 10% of its revenue.

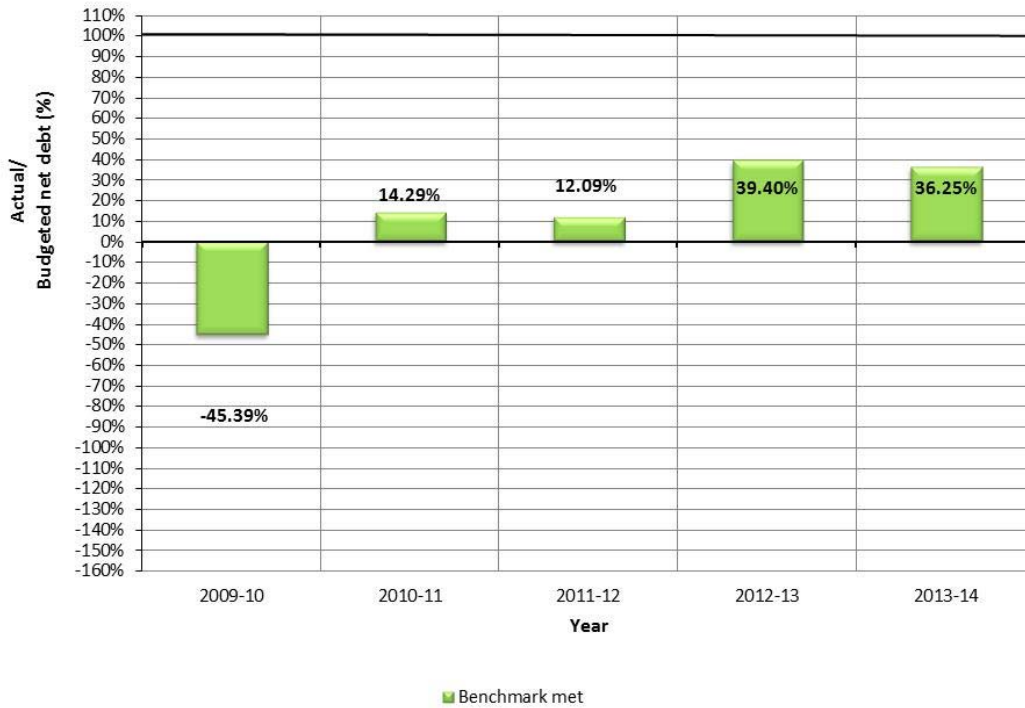


## Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

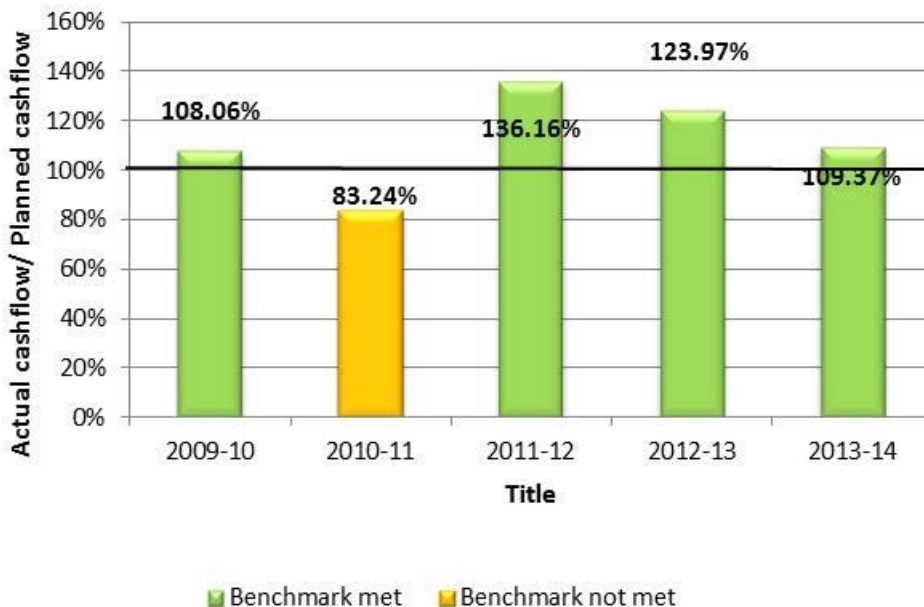
The benchmark shows as negative when the actual is a net asset not a net debt.



## Operations Control Benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# Part 2: Our Business

## Activity Groups

- People
- Community Facilities
- 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



Endeavour Park, Picton



Harling Park, Blenheim

## 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 11 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.	

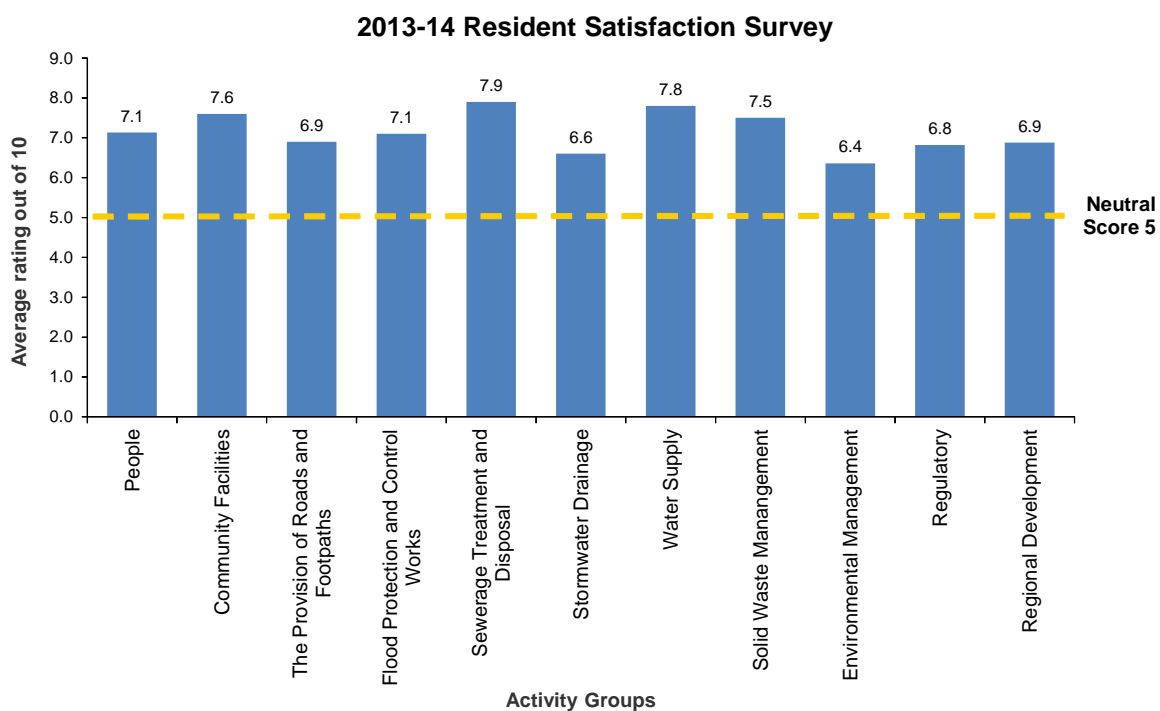
The 2012-22 Long Term Plan sets out how these activities meet the Council and Community Outcomes.

## 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 800 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 95% confidence level of +/-3.42% (+/- 4.87% 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 (88.5%) and online (11.5%) in June and July 2014. Council used SIL Research, a Napier based company, to undertake the survey. The demographic makeup of those surveyed is weighted to match Marlborough's demographics identified in the 2013 Census, eg; age, sex, location. The survey identifies a headline satisfaction score for each of the services in question, analyses trend information, collects specific comments from residents about our services and asks residents to rate the priority of each service.

In general, responses from across the district were highly positive, with no service scoring lower than 6 out of 10. The Council's overall performance increased from 7.1 in 2013 to 7.4 in 2014 and demonstrated an ongoing improvement trend since the first survey in 2007. Overall satisfaction increased from 75% to 82%. In most instances residents living in Blenheim rated Council services slightly higher than residents in other areas.

The highly rated activity groups were Sewerage, Water Supply and Community Facilities and the most lowly rated activity was Environmental Management.



### Activity Group: People

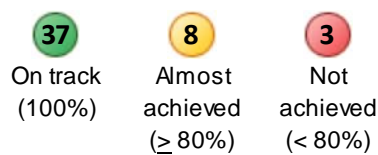
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#### Activities in this Group:

- Democratic Process.
- Culture and Heritage (including support for the 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 goals for the 2013-14 year. We achieved 37 and almost achieved eight of the 48 targets associated with the key performance indicators (KPI's).



#### 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>2013 (LTP) \$000's</b>	<b>2014 (LTP) \$000's</b>	<b>2014 (AP) \$000's</b>	<b>2014 (Actual) \$000's</b>
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	5,707	6,016	5,796	5,841
Targeted rates (other than for water supply)	56	80	80	100
Subsidies and grants for operating purposes	508	518	438	361
Fees and charges	18	19	19	22
Other receipts including fines and infringement fees	1,867	1,969	1,957	2,016
<b>Total operating funding</b>	<b>8,156</b>	<b>8,602</b>	<b>8,290</b>	<b>8,339</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,675	4,899	5,022	4,812
Finance costs	5	22	-	-
Internal charges and overheads applied	1,956	2,050	1,952	2,520
Other operating funding applications	4,592	1,145	1,000	3,327
<b>Total applications of operating funding</b>	<b>11,228</b>	<b>8,116</b>	<b>7,974</b>	<b>10,659</b>
<b>Surplus (deficit) of operating funding</b>	<b>(3,072)</b>	<b>486</b>	<b>316</b>	<b>(2,320)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	6	6	3	5
Increase (decrease) in debt	134	365	10	-
Gross proceeds from sale of assets	-	20	407	17
<b>Total sources of capital funding</b>	<b>140</b>	<b>391</b>	<b>420</b>	<b>22</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service	156	148	42	278
Capital expenditure to replace existing assets	608	850	1,127	527
Increase (decrease) in reserves	(3,696)	(121)	(433)	(3,103)
<b>Total applications of capital funding</b>	<b>(2,932)</b>	<b>877</b>	<b>736</b>	<b>(2,298)</b>
<b>Surplus (deficit) of capital funding</b>	<b>3,072</b>	<b>(486)</b>	<b>(316)</b>	<b>2,320</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>11,228</b>	<b>8,116</b>	<b>7,974</b>	<b>10,659</b>
plus - Depreciation and amortisation	646	667	623	603
plus - Loss on sale of fixed assets	108	216	-	125
<b>Expenditure as per Note 2</b>	<b>11,982</b>	<b>8,999</b>	<b>8,597</b>	<b>11,387</b>

Note 2 can be found on page 150.

#### 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 (reviewed after the election in 2013) 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 2016 (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 2013-14

During the 2013-14 there were seven citizenship ceremonies at the Council with 150 people gaining citizenship (in 2012-13 there were nine citizenship ceremonies).

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

The 2013 Council elections were held in October, with three new Councillors being elected, one in the Wairau/Awatere ward and two in the Blenheim Ward.

Levels of Service: Democratic Process				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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	6.7		Actual score: 6.5 (Last year: 6.5). Almost on target. Consistent with previous year.
<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: 100% (Last year: 97%). On target. All agendas available to the public within three working days.
<b>Properly managed local elections.</b>				
Elections and polls will comply with the provisions of the Local Electoral Act 2001 with no petitions for enquiry.	New measure	No petitions for enquiry		Actual score: 0 (Last year: non-existent). On target. No petitions received.
<b>Public contribution to decision making process</b>				
% of Council items of business open to the public	89%	89%		Actual score: 92.49% (Last year: 92.42%). On target. 92.49% of Council business is transacted when the meetings are open to the public.

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

Democratic Process	2013	2014	2014	2014
	(LTP)	(LTP)	(AP)	(Actual)
	\$000's	\$000's	\$000's	\$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	2,386	2,584	2,475	2,493
Other receipts	248	297	290	321
<b>Total operating funding</b>	<b>2,634</b>	<b>2,881</b>	<b>2,765</b>	<b>2,814</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,445	1,636	1,536	1,227
Internal charges and overheads applied	1,177	1,230	1,217	1,586
Other operating funding applications	6	6	6	6
<b>Total applications of operating funding</b>	<b>2,628</b>	<b>2,872</b>	<b>2,759</b>	<b>2,819</b>
<b>Surplus (deficit) of operating funding</b>	<b>6</b>	<b>9</b>	<b>6</b>	<b>(5)</b>
<b>Sources of capital funding</b>				
Gross Proceeds from sale of assets		20	20	17
<b>Total sources of capital funding</b>	<b>-</b>	<b>20</b>	<b>20</b>	<b>17</b>
<b>Applications of capital funding</b>				
Capital expenditure to replace existing assets		41	40	41
Increase (decrease) in reserves	6	(12)	(14)	(29)
<b>Total applications of capital funding</b>	<b>6</b>	<b>29</b>	<b>26</b>	<b>12</b>
<b>Surplus (deficit) of capital funding</b>	<b>(6)</b>	<b>(9)</b>	<b>(6)</b>	<b>5</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>2,628</b>	<b>2,872</b>	<b>2,759</b>	<b>2,819</b>
plus - Depreciation and amortisation	6	9	6	11
<b>Expenditure as per Income Statement</b>	<b>2,634</b>	<b>2,881</b>	<b>2,765</b>	<b>2,830</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – 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 (e.g.; 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 2013-14

Council provided annual arts and heritage operating grants to key organisations including:

- 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.

In addition a pool of contestable arts and heritage funds (\$75,000 for Heritage and \$50,000 for Arts) is available under set criteria for 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.

Levels of Service: Culture and Heritage				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7 (Last year: 6.9). The Resident Satisfaction score has increased slightly reflecting 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: 100%). On target. Arts & heritage grants were processed within set criteria and timeframes.
% of achievement of reporting requirements.	≥95	≥ 95%		Actual score: 95% (Last year: 100%). 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 met accountability requirements.
% of contract requirements are met.	New measure	100%		Actual score: 100% (Last year: 100%). On target. Accountability reports were received for heritage contracts and partnership agreements.

## Funding Impact Statement for year ended 30 June:

Culture and Heritage	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	527	621	479	483
Other receipts	57	65	51	50
<b>Total operating funding</b>	<b>584</b>	<b>686</b>	<b>530</b>	<b>533</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4	4	24	29
Finance costs	-	-	-	-
Internal charges and overheads applied	36	38	17	40
Other operating funding applications	4,040	639	484	2,826
<b>Total applications of operating funding</b>	<b>4,080</b>	<b>681</b>	<b>528</b>	<b>2,895</b>
<b>Surplus (deficit) of operating funding</b>	<b>(3,496)</b>	<b>5</b>	<b>5</b>	<b>(2,362)</b>
<b>Sources of capital funding</b>				
Increase/(decrease) in debt		10	10	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital Expenditure to improve the level of service		10	10	-
Increase (decrease) in reserves	(3,496)	5	5	(2,362)
<b>Total applications of capital funding</b>	<b>(3,496)</b>	<b>15</b>	<b>15</b>	<b>(2,362)</b>
<b>Surplus (deficit) of capital funding</b>	<b>3,496</b>	<b>(5)</b>	<b>(5)</b>	<b>2,362</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>4,080</b>	<b>681</b>	<b>525</b>	<b>2,895</b>
plus - Depreciation and amortisation	4	5	3	5
<b>Expenditure as per Income Statement</b>	<b>4,084</b>	<b>686</b>	<b>528</b>	<b>2,900</b>
<b>Operating expenditure</b>				
Arts	3,730	330	196	2,575
Heritage	354	356	334	326
<b>Capital expenditure:</b>				
Heritage	-	10	10	-

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP):

- o Arts payments are over the LTP budget (\$2.3M) due to payments to the Marlborough Civic Theatre Trust for the cost of the new theatre which were originally budgeted for 2012-13.

## 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 2013-14

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

- Market Street renovations – complete refurbishment of all five units at this complex commenced in April 2014. This included relining all block walls and insulating, taking out the old kitchens and putting in new kitchens in all units, upgrading the bathroom with new shower, vanity, toilet, take out louvre window where applicable, and new furnishings throughout. As at the end of June 2014, one unit was finished and another half way through. This project is expected to be finished by the end of October 2014.
- Burden Street – renovations – Flat 1, 27 Burden Street (two bedroom unit) – This included relining all block walls and insulating, taking out the old kitchen, opening up the area to modernise and putting in a new kitchen, upgrading the bathroom with new shower, vanity, toilet, alter the laundry/kitchen thoroughfare, add a door for heating purposes and fit new furnishings throughout. Unit due to be completed in September 2014.
- George Street – existing partitions between units to be taken down and new modern ones to be erected. This is following on from the modernisation of the units and the new driveway and garden areas. Once the partitions have been completed then the complex exterior will be repainted.
- Havelock /Uxbridge Street painted – the exterior of this complex has been totally repainted giving a more modern, fresh look. Two units have had the bathroom and kitchen upgraded including new furnishings.
- Arthur Street/Beaver Road – completed kitchen renovations – this is now completed with all units having their kitchens upgraded with new furnishings also where applicable.
- Upgrade of bathrooms at various complexes on-going.
- Bathroom extractor fans – many units throughout have had an extractor fan fitted to the bathroom to help with condensation. This is ongoing.
- Entrance garden redone at Cleghorn Street. This area was causing vision issues for drivers, with a steady traffic flow from the retirement village next door with vehicles coming and going most of the day.
- Upgrade of units – floor coverings, drapes, extractor fans, vanity units, painting throughout is ongoing as need arises or money permits.
- Harling Court – window rubber hardware has perished due to weather exposure ie; sun /rain/wind. After inspections ended in 2013, these have all been replaced where required.
- 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.
- Six bathrooms in total were completely refurbished in 2013-14. There has also been the replacement of furnishings, floor coverings and painting internally as required.
- New hot water cylinders replaced as required – four in 2013-14 financial year. New cylinders are also being fitted in the refurbishment of Market Street complex and Burden Street.
- Clearing/cleaning of guttering – to minimise blockage and long term problems.
- Ramps – built for tenants – these are becoming more in demand as the need for tenants to have a mobility scooter increases.
- 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.
- 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.
- Cleghorn Street – water mains at this complex have presented many problems which is due to some of the large trees planted near to the services or buildings. After discussions with Council three have been identified to be cut down. There are several others identified that will also be taken out in the future with a planting plan put in place in conjunction with Council personnel.
- Vevian Place also has a large conifer tree identified to be cut down – this tree is very large, in a small area and totally shades two units. Another one in Arthur Street has also been identified to be cut down for the same reasons as Vevian Place. This will happen in 2014.
- Annual inspections help to identify not only the more urgent jobs but also identify any such works that need to be worked into the budget for the future.



Levels of Service: Community Housing				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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	7.3		Actual score: 7 (Last year: 7). Almost on target. Comments included not enough housing available.
Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	New measure	≥ benchmark (2012-13 score)		Actual score: 8 (Last year: 8). On target.
<b>Provide up-to-date record of Occupancy levels .</b>				
Minimum occupancy in units to be maintained.	New measure	92%		Actual score: 98% (Last year: 98%). On target.
<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	92%		Actual score: 97% (Last year: 98%). On target.
<b>Non-Urgent Unplanned Maintenance</b> - Percentage of unplanned non-urgent maintenance completed within 20 working days of notification.	New measure	82%		Actual score: 92% (Last year: 95%). On target.
<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: 50% (Last year: 78%). From the 10 projects planned five were completed, three were estimated to be 80% completed, with the two remainder being Market St refurbishment of units and the exterior painting of George St, which are underway. Uncompleted projects will be prioritised and are expected to be completed within the next financial year.

## Funding Impact Statement for year ended 30 June:

Community Housing	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
Other receipts including property rentals	1,074	1,124	1,112	1,105
<b>Total operating funding</b>	<b>1,074</b>	<b>1,124</b>	<b>1,112</b>	<b>1,105</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	863	841	921	906
Finance costs	5	22	-	-
Internal charges and overheads applied	40	41	43	139
Other operating funding applications	11	21	21	24
<b>Total applications of operating funding</b>	<b>919</b>	<b>925</b>	<b>985</b>	<b>1,070</b>
<b>Surplus (deficit) of operating funding</b>	<b>155</b>	<b>199</b>	<b>127</b>	<b>35</b>
<b>Sources of capital funding</b>				
Increase (decrease) in debt	134	354	-	-
Gross proceeds from sale of assets	-	-	395	-
<b>Total sources of capital funding</b>	<b>134</b>	<b>354</b>	<b>395</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service	75	54	-	-
Capital expenditure to replace existing assets	354	546	833	273
Increase (decrease) in reserves	(140)	(47)	(311)	(238)
<b>Total applications of capital funding</b>	<b>289</b>	<b>553</b>	<b>522</b>	<b>35</b>
<b>Surplus (deficit) of capital funding</b>	<b>(155)</b>	<b>(199)</b>	<b>(127)</b>	<b>(35)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>919</b>	<b>925</b>	<b>985</b>	<b>1,070</b>
plus - Depreciation and amortisation	227	239	258	265
plus - Loss on sale of fixed assets	108	216	-	121
<b>Expenditure as per Income Statement</b>	<b>1,254</b>	<b>1,380</b>	<b>1,243</b>	<b>1,455</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) - Payments and staff and suppliers are higher due to insurance increases, preliminary work on the redevelopment of Andrew Place and a loss on sale of the Seddon pensioner housing which was transferred to assets intended for sale.

Note 3: Capital Expenditure is lower than budgeted due to the delay in the redevelopment of Andrew Place.

## 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.

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 2013-14

Safer Communities Marlborough provided the following services:

1. 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. An open tender process was undertaken by Ministry of Justice (MoJ) during the year and Safer Communities Marlborough was successful in obtaining a further contract from 1 January 2014 to 30 June 2015.
2. Turnaround Marlborough Restorative Justice - Restorative justice services were provided to the Blenheim and Kaikoura Courts as per the contract. An open tender process was conducted by MoJ during the year and Safer Communities Marlborough/Turnaround Marlborough was successful in regaining a contract from 1 October 2013 to 30 June 2015. As part of this tender process Turnaround Marlborough formed an alliance with six other restorative justice providers in the South Island to create the South Island Restorative Justice coalition.

Levels of Service: Community Safety				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7.4 (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: 100%). On target.
% of compliance with MoJ contract conditions met <sup>1</sup> .	New measure	100%		Actual score: 100% (Last year: 100%). On target.
Monitor and manage services to agreed timeframes and budgets.	New measure	100%		Actual score: 100% (Last year: 100%). 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: 1). Not achieved. Reduced scale of the activity has changed the reporting requirement to once a year.
% of programmes approved by Council.	70%	100%		Actual score: 100% (Last year: 100%). On target.
Annual review of Community Safety Programmes completed.	31-Aug-14	31-Aug-14		Actual score: 14-Aug-14 (Last year: 31-Dec-12). On target.

Note 1: In the LTP 2012-22 contract conditions for Ministry of Social Development and Ministry of Education were included in this target. These contracts have now ended.

<b>Funding Impact Statement for year ended 30 June:</b>				
<b>Community Safety</b>	<b>2013 (LTP) \$000's</b>	<b>2014 (LTP) \$000's</b>	<b>2014 (AP) \$000's</b>	<b>2014 (Actual) \$000's</b>
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	102	107	90	91
Subsidies and grants for operating purposes	287	296	228	134
Other receipts	30	31	44	27
<b>Total operating funding</b>	<b>419</b>	<b>434</b>	<b>362</b>	<b>252</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	349	358	358	245
Internal charges and overheads applied	16	17	17	33
<b>Total applications of operating funding</b>	<b>365</b>	<b>375</b>	<b>375</b>	<b>278</b>
<b>Surplus (deficit) of operating funding</b>	<b>54</b>	<b>59</b>	<b>(13)</b>	<b>(26)</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service	50	52	-	-
Increase (decrease) in reserves	4	7	(13)	(26)
<b>Total applications of capital funding</b>	<b>54</b>	<b>59</b>	<b>(13)</b>	<b>(26)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(54)</b>	<b>(59)</b>	<b>13</b>	<b>26</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>365</b>	<b>375</b>	<b>375</b>	<b>278</b>
plus - Depreciation and amortisation	54	59	-	-
plus - Loss on sale of fixed assets	-	-	-	-
<b>Expenditure as per Income Statement</b>	<b>419</b>	<b>434</b>	<b>375</b>	<b>278</b>
<b>Operating expenditure</b>				
Safer Communities	346	355	288	181
Security	73	79	87	98
<b>Capital expenditure:</b>				
Security	50	52	-	-

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variances between 2014 (Actual) and 2014 (LTP) 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
<p>Marlborough's communities are robust and resilient.</p> <p>Young people are supported in their lifestyle choices.</p> <p>More people, more active, more often.</p> <p>Older people are valued and recognised as an integral part of the community.</p> <p>A community where energy use is efficient.</p> <p>A prosperous community where people participate fully in society.</p>	<p>Full participation; Positive youth; Physical activity; Positive ageing; Energy Efficiency, Environmental Sustainability, Health Choices, Prosperity, Fun and Recreation.</p>	<p>A place where people can enjoy quality leisure opportunities.</p> <p>A place where people enjoy living.</p> <p>A prosperous community and economy for all Marlburians.</p>

### 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 and Volunteer Marlborough to build the capacity of the voluntary sector through training.

### Energy Efficiency

Marlborough District Council is offering an energy efficiency funding service to ratepayers for:

- An approved home insulation solution (Home Insulation).
- An approved solar water heating solution (Solar Water Heating).

For these services Council provides funding for the cost of an approved solution which will be recovered over nine years through a targeted homeowner property rate. (The rates recovery amount will also include interest, an administration charge and GST on all costs). This is a voluntary targeted rate and is cost neutral to Council.

Applications for the Marlborough District Council Heat Smart Programme closed in September 2013 following the Government's programme ceasing grants to the wider community. Existing targeted rates will run over a nine year period, unless repaid earlier.

### 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 2013-14

Four new bus shelters were installed in Budge Street, McLauchlan Street, Weld Street and Wither Road.

Positive Ageing – Seniors Dance was successfully held in September 2013. Older Persons Forums continue to be held to share information and advocate for services for older people.

Youth – the inaugural Youth Civic Awards were achieved in September 2013 in conjunction with a Variety Concert showcasing youth talent. The youth art exhibition "Toi Ora" was held in conjunction with the colleges and the Millennium Art Gallery in June/July 2013.





Volunteer sector: Volunteer Marlborough under contract with Council provided training for the not for profit sector to build the capacity of the sector.

A total of 53 energy efficient Heat Smart, Home Insulation and Solar Water Heating applications were approved to the value of almost \$126,000.

A 5.36% increase in customer patronage of the Blenheim bus service was achieved (26,498 customers in 2013-14, 25,149 in 2012-13).

Levels of Service: Community Support				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 6.8 (Last year: 7.5). Almost on target. While the score has dropped it is still a comparatively high score. The majority of the comments recorded were positive.
• Events Management.	7.3	≥ 7.3		Actual score: 6.9 (Last year: 7.2). Almost on target. While the score has dropped it is 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: 96% (Last year: 95%). On target. Timeframes for reporting do not align with the end of the 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: 100%). 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: 100%). 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: 10 (Last year: 11). On target. Older Persons Forum continue to be held monthly and are well attended. They provide an active voice for older people in the Marlborough community.
<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: 91% (Last year: 100%). Almost on target. Actions in the Youth Plan were on the whole achieved. The inaugural Youth Civic Awards were held in conjunction with a youth variety concert which was well received.



<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: 4 (Last year: 3). On target. Training courses were held as contracted to build the capacity of the Not for Profit 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 (total patronage for 2011-12 year was 23,773).	New measure	3% > previous year		Actual score: 5.36% (Last year: 5.79%). On target. Passenger numbers increased from 25,149 in 2012/13 to 26,498 in 2013/14
Complete annual passenger survey and reports results to Council by 30 June each year.	New measure	30-Jun-14		Actual score: Not achieved. (Last year: 31-Dec-12. The survey was not conducted in 2013/14 as other projects were prioritised. Survey is scheduled for November 2014.
Improve infrastructure to support bus service by adding a minimum of one bus shelter per year (as funding allows).	3	1 extra		Actual score: 4 (Last year: 2). Four shelters were installed in 2013/14 with two being funded from public donations.

<b>Funding Impact Statement for year ended 30 June:</b>				
<b>Community Support</b>	<b>2013 (LTP) \$000's</b>	<b>2014 (LTP) \$000's</b>	<b>2014 (AP) \$000's</b>	<b>2014 (Actual) \$000's</b>
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	748	747	704	710
Targeted rates (other than for water supply)	56	80	80	100
Subsidies and grants for operating purposes	203	204	192	228
Fees and charges	15	16	16	17
Other receipts	81	77	74	88
<b>Total operating funding</b>	<b>1,103</b>	<b>1,124</b>	<b>1,066</b>	<b>1,143</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	626	638	699	682
Internal charges and overheads applied	174	189	119	161
Other operating funding applications	429	407	419	400
<b>Total applications of operating funding</b>	<b>1,229</b>	<b>1,234</b>	<b>1,237</b>	<b>1,243</b>
<b>Surplus (deficit) of operating funding</b>	<b>(126)</b>	<b>(110)</b>	<b>(171)</b>	<b>(100)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	6	6	3	5
<b>Total sources of capital funding</b>	<b>6</b>	<b>6</b>	<b>3</b>	<b>5</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service	12	12	12	260
Increase (decrease) in reserves	(132)	(116)	(180)	(355)
<b>Total applications of capital funding</b>	<b>(120)</b>	<b>(104)</b>	<b>(168)</b>	<b>(95)</b>
<b>Surplus (deficit) of capital funding</b>	<b>126</b>	<b>110</b>	<b>171</b>	<b>100</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>1,229</b>	<b>1,234</b>	<b>1,237</b>	<b>1,243</b>
plus - Depreciation and amortisation	-	1	-	0
<b>Expenditure as per Income Statement</b>	<b>1,229</b>	<b>1,235</b>	<b>1,237</b>	<b>1,243</b>
<b>Operating expenditure</b>				
Grants and Donations	466	455	46	461
Events Management	173	177	176	214
Energy Efficiency	183	192	196	176
Recreation	73	75	74	30
Passenger transport	334	336	329	362
<b>Capital expenditure:</b>				
Passenger transport	12	12	12	260

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variances between 2014 (Actual) and 2014 (LTP) to payments to staff and suppliers are higher than budget as Grants and Donations that were unspent budgeted grants in 2012-13 were carried over to 2013-14.

Note 3: Capital Expenditure for Passenger Transport is higher due to the building of the two Picton bus shelters.

## 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, Havelock, and Waitaria Bay, along with a community library in Renwick. Currently Seddon and Rai Valley School/Community Libraries are not operating as joint facilities.

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 2013-14 408,115 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 2013-14 was 370,520 (386,478 in 2012-13).

#### 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 2013-14, 59,361 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 2013-14 was 105,255 (111,265 in 2012-13).

### Collections

The libraries' collection consists of over 123,860 items with current value estimated at \$3.95 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 e-books and e-audio books are also available.

### IT

A replacement 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 e-books and e-audio books were available to library members in early 2012 through another South Island 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 free internet and Wi-Fi service delivered by 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 2013-14

The libraries adopted the Vanguard method of Systems Thinking with the purpose of finding out what matters to library customers and to improve the services the library delivers to them. The Vanguard method facilitates continuous improvement from the customer's point of view.

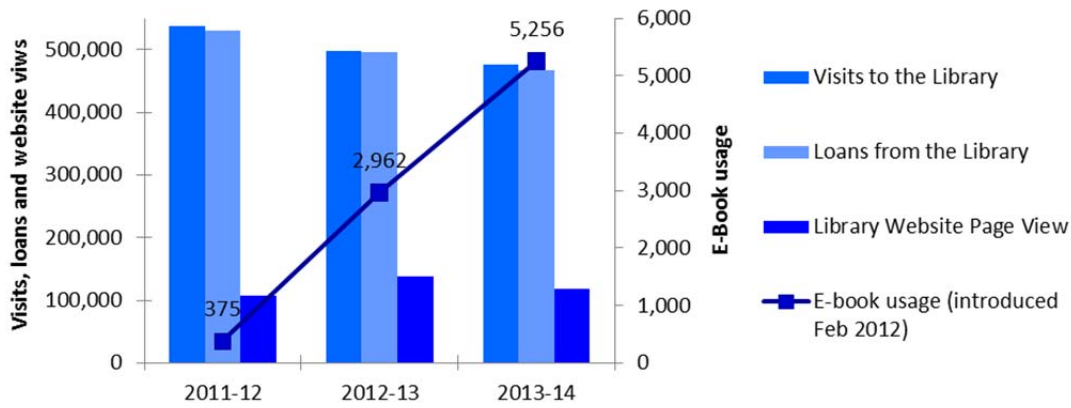
The framework has enabled the library to make improvements for customers based on data not assumptions and challenge the status quo. For example the decision was made to redesign the process of signing up new members without them having to fill out a form. Other redesigned processes so far include how we deal with overdue items, magazines and lost cards.

Each redesign is based around what matters to library customers. Any work that does not directly contribute to this is designed out of the process. We found what matter to library customers was:

- A safe, non-threatening, neutral environment.
- A free service.
- Consistency.
- Understand my circumstances - Don't judge me.
- Have in what I want, when I want it.
- I want your opinion/knowledge.
- Timely and clear information.

All of the library's processes will be resigned using this method. Adopting this approach to continuous improvement and focusing on customer need in a direct way (ie; the demands customers make on the service) means customer views are actively taken into account as part of any redesign.

- The District library installed software (GO-GO) to manage its internet bookings.
- Visits to/loans from the library have dropped by 4% and 6% respectively, while borrowing of e-book/e audio resources increased by 77% (2013-14: 5,256 loans, 2012-13: 2,962 loans).



### Levels of Service: Library Services

#### Performance Targets

Key Performance Indicators	LTP Baseline	2013-14 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: 7.5 (Last year: 8.4). Almost achieved. Lower level of satisfaction recorded regarding rural school/community libraries
<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 (turnover rate).	4.5 times per year	4.5 times per year	●	Actual score: 4.03 (Last year: 3.83). On target.
% of books requested from the catalogue, not currently available, provided within five days.	95%	> 95%	●	Actual score: 94% (Last year: 98%). Almost achieved. Staff involved in System Thinking process which took priority over KPIs.
<b>Provide access to information electronically.</b>				
Number of website page views.	69,630	≥ baseline +7.5%	●	Actual score: 117,634 (Last year: 137,110).
Number of e-book and e-audio loaned.	375	10% increase on previous year	●	Actual score: 5,256 (Last year: 2,962).

## Funding Impact Statement for year ended 30 June:

Library Services	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,283	1,318	1,433	1,443
Fees and charges	3	3	4	4
Other receipts including fines and infringement fees	273	275	280	260
<b>Total operating funding</b>	<b>1,559</b>	<b>1,596</b>	<b>1,717</b>	<b>1,707</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	913	938	1,052	1,077
Internal charges and overheads applied	334	350	351	365
<b>Total applications of operating funding</b>	<b>1,247</b>	<b>1,288</b>	<b>1,403</b>	<b>1,443</b>
<b>Surplus (deficit) of operating funding</b>	<b>312</b>	<b>308</b>	<b>314</b>	<b>264</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service	19	21	20	19
Capital expenditure to replace existing assets	226	234	227	184
Increase (decrease) in reserves	67	53	67	62
<b>Total applications of capital funding</b>	<b>312</b>	<b>308</b>	<b>314</b>	<b>264</b>
<b>Surplus (deficit) of capital funding</b>	<b>(312)</b>	<b>(308)</b>	<b>(314)</b>	<b>(264)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>1,247</b>	<b>1,288</b>	<b>1,403</b>	<b>1,443</b>
plus - Depreciation and amortisation	312	308	314	289
<b>Expenditure as per Income Statement</b>	<b>1,559</b>	<b>1,596</b>	<b>1,717</b>	<b>1,731</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – Payments to staff and suppliers variance due to personnel costs for Blenheim and Picton weekend opening and the new library management system costs.

Note 3: 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 in 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.

### 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: District Health Board, Police, Fire Service, St Johns) but does have administration responsibility for the Group.

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 2013-14

The major event of 2013 was the Seddon earthquakes, especially 16 August earthquake which measured 6.6 on the Richter scale causing major damage to housing and other buildings such as community halls and churches. Infrastructure such as roading, water, phones and power were all affected. A number of people were displaced from their homes either going to family and friends or registering at the community welfare centre set up.

The communities' response to this event was a credit to those communities affected along with the individuals, families, companies and emergency services who responded to support the communities' response. In a recent survey carried out on behalf of the Ministry of Civil Defence Emergency Management Marlborough was the second most prepared province behind Canterbury for a natural disaster in the country. There is still a lot we as a community can do to better prepare ourselves as individuals, families and a community as a whole and becoming part of the Neighbourhood Support Network is certainly a step in the right direction.



Other activities run throughout the year:

- Level two and level four Coordinated Incident Management (CIMS) courses.
- Trained both Council staff and volunteers at all levels.
- Provided public awareness to the residents of Marlborough through public speaking engagements and print media.
- Continued joint training with the Emergency Management Information System (EMIS) between the Nelson/Tasman and West Coast Groups training 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 radio advertising campaign continues with regular advertisements and a fortnightly interview with CDEM staff.
- The Readiness and Response Working Group has met quarterly.
- Community engagement continues with an integrated approach with the NZ Fire Service, Rural Fire Authority through both their “Fire Wise and Fire Smart” programmes along with our CDEM and Neighbourhood Support messages. This programme is focussed on building our remote communities resilience and is an on-going project.
- Our annual involvement with the Child Safety Week through the “Clued Up Kids” programme based at Brayshaw Park continues to be a great success with 550 students passing through the programme which remains successful through the agencies involved and through the continued support of the various groups at Brayshaw Park itself.
- The 2013-14 year has seen the profile of Neighbourhood Support grow with a number of new groups being formed, along with a street coordinators’ meeting being held enabling all coordinators to meet each other to discuss what they are doing and what support we can provide. This programme is strongly supported by both the Marlborough District Council through the Emergency Management Office and the 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.

A recent audit of the Marlborough Kaikoura Rural Fire Authority carried out by the National Rural Fire Authority provided confirmation that the enlarged rural fire district and the processes and systems put in place over the last two years are working reducing duplication and enabling greater coordination and cooperation in the reduction and response to fires across the whole District.

Levels of Service: Emergency Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7.9 (Last year: 8.3). Almost 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-14	30-Jun-14		Actual score: 30-Jun-14 (Last year: 30-Jun-13). 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: 96% (Last year: 75%). On target. Remaining crew members are working their way through the unit standards and attend courses when available.
% of three monthly checks on waterway equipment and vehicles completed.	70%	70%		Actual score: 90% (Last year: 70%). On target. Have created a new electronic system for managing and recording the three monthly checks enabling better monitoring of Fire Forces and compliance.
Timeliness for completion of the annual vehicle maintenance.	Before 20-Dec-13	20-Dec-13		Actual score: 30-Nov-13 (Last year: 20-Dec-12). On target.

## Funding Impact Statement for year ended 30 June:

Emergency Management	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penaltic	661	638	614	621
Subsidies and grants for operating purposes	18	19	18	1
Other receipts	105	100	98	165
<b>Total operating funding</b>	<b>784</b>	<b>757</b>	<b>730</b>	<b>786</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	475	484	432	646
Internal charges and overheads applied	179	185	188	196
Other operating funding applications	107	70	71	70
<b>Total applications of operating funding</b>	<b>761</b>	<b>739</b>	<b>691</b>	<b>911</b>
<b>Surplus (deficit) of operating funding</b>	<b>23</b>	<b>18</b>	<b>39</b>	<b>(125)</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to replace existing assets	28	29	28	29
Increase (decrease) in reserves	(5)	(11)	11	(154)
<b>Total applications of capital funding</b>	<b>23</b>	<b>18</b>	<b>39</b>	<b>(125)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(23)</b>	<b>(18)</b>	<b>(39)</b>	<b>125</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>761</b>	<b>739</b>	<b>691</b>	<b>911</b>
plus - Depreciation and amortisation	41	48	39	34
plus - Loss on sale of fixed assets	-	-	-	-
<b>Expenditure as per Income Statement</b>	<b>802</b>	<b>787</b>	<b>730</b>	<b>945</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – Payments to staff and suppliers were higher than budget in 2013-14 due to costs incurred in the July and August 2013 Seddon earthquakes and particularly the emergency earthquake works for the Haldon Dam.

Note 3: Capital Expenditure – There has been no significant capital expenditure or capital expenditure variances.

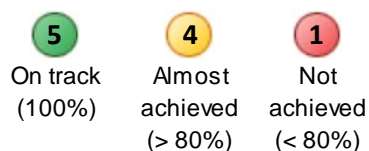
## Activity Group: Community Facilities

### Activities in this Group:

This activity group comprises a single activity; Community Facilities.

### Summary of how we did

We achieved five and almost achieved four of the ten targets associated with the key performance indicators (KPI's) for the 2013-14 year.



### 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.

## Activity Group: Community Facilities

### 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. Lansdowne Park is under development to create a softball specific sports park as part of the Marlborough outdoor sports facility plan concept of establishing Lansdowne as a multi code sports park. Endeavour Park in Picton will undergo additional drainage infrastructure works in 2014-2015.

### 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. Waikawa Bay Reserve and Seddon both received replacement facilities. Seddon required replacement due to earthquake damage.

### Aquatic Facilities

The Regional Aquatic Centre is operated by the Stadium 2000 Trust. Picton's pool is located at 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. The Seddon Pool is under construction for earthquake repairs.

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

### 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. Decisions from the community on the future of the Awatere Hall are being assessed for best options. Earthquake re and strengthening is outstanding.

### 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
Other Reserves (e.g. road reserves and berms)	88	428

Reserve Category	Number	Land(hectares)
<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 2013-2014

- Toilet at Waikawa Bay Reserve.
- Toilet at Seddon (earthquake replacement).
- Endeavour Park lighting.
- Bothams Bend development of Equestrian Park underway.
- Playground matting replacement of 21 playgrounds across Marlborough.
- Adopted Management Plan for the Taylor River flood way reserve.
- Adopted Management Plan for Picton Foreshore.
- Pollard Park Management Plan drafted.

Levels of Service: Community Facilities				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7.6 (Last year: 7.9). Almost achieved. The six facilities all recorded positive satisfaction rating percentages with Parks and reserves (90.1%), Sports grounds (85.4%), Community Halls (59.9%), Swimming Pools (91.2%) and Cemeteries (84.3%). Across most community facility provisions, in 2014 a continued increase or maintenance in performance ratings was recorded with the exception of community halls which recorded a decrease. Community Halls lower rating was due mostly to complaints about outstanding earthquake repairs.
<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: 100%). On target. There were 34,469 page views to the Parks and Reserves webpage.
<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 neighbourhood Reserve.	98%	100%		Actual score: 100% (Last year: 98%). On target. Two Acquisitions awaiting development (BOT & Rutledge).
Number of plots available annually for burials.	300	300		Actual score: 300 (Last year: >300). On target. Beam development is ongoing
Options for interment and memorialisation.	New measure	5		Actual score: 4 (Last year: 4). Almost achieved. Burial, ashes, RSA, still borne in place. Natural burial area and memorial wall still under development and is due for completion this year.
Land is allocated to organised sports association to meet demand for seasonal play.	New measure	100%		Actual score: 100% (Last year: 100%). On target. Endeavour Park now fully functional after gravel banding.
<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: 99.3% (Last year: 100%). Almost achieved. One non-compliance out of 144 notifications.
% of new Reserves, public conveniences and reported problem areas that receive a Crime Prevention through Environmental Design (CPTED) audit.	100%	100%		Actual score: 0% (Last year: 100%). Not achieved as at 30 June 2014, however the two newly developed public conveniences have now been reported (Seddon & Waikawa).
<b>Current and future planning: Provide strategic planning and on-going improvement programmes for reserves and amenities.</b>				
% of Reserves with management plans.	50%	60%		Actual score: 52% (Last year: 51%). Almost achieved. Picton foreshore completed. Pollard Park in draft.
% of capital works projects from Land Subdivision Account are completed.	70%	70%		Actual score: 86% (Last year: 50%). On target. 6/7 completed. Taylor River path concrete to Burleigh was not completed due to insufficient income.

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

Community Facilities	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalitic	6,301	6,464	6,599	6,640
Subsidies and grants for operating purposes	10	11	10	52
Fees and charges	142	146	142	129
Other receipts	718	706	736	870
<b>Total operating funding</b>	<b>7,171</b>	<b>7,327</b>	<b>7,487</b>	<b>7,691</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,626	5,734	5,755	5,503
Finance costs	585	589	589	550
Internal charges and overheads applied	687	703	681	1,425
Other operating funding applications	22	23	131	137
<b>Total applications of operating funding</b>	<b>6,920</b>	<b>7,049</b>	<b>7,156</b>	<b>7,616</b>
<b>Surplus (deficit) of operating funding</b>	<b>251</b>	<b>278</b>	<b>331</b>	<b>75</b>
<b>Sources of capital funding</b>				
Development and financial contributions	1,102	1,172	1,135	898
Increase (decrease) in debt	61	52	50	(139)
Gross proceeds from sale of assets	-	-	-	-
<b>Total sources of capital funding</b>	<b>1,163</b>	<b>1,224</b>	<b>1,185</b>	<b>759</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	70	103	100	-
Capital expenditure to improve the level of service	1,055	1,073	1,721	417
Capital expenditure to replace existing assets	106	56	344	333
Increase (decrease) in reserves	183	270	(649)	85
<b>Total applications of capital funding</b>	<b>1,414</b>	<b>1,502</b>	<b>1,516</b>	<b>835</b>
<b>Surplus (deficit) of capital funding</b>	<b>(251)</b>	<b>(278)</b>	<b>(331)</b>	<b>(75)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>6,920</b>	<b>7,049</b>	<b>7,156</b>	<b>7,616</b>
plus - Depreciation and amortisation	798	834	883	902
plus - Loss on sale of fixed assets	-	-	-	26
<b>Expenditure as per Income Statement</b>	<b>7,718</b>	<b>7,883</b>	<b>8,039</b>	<b>8,544</b>
<b>Operating expenditure</b>				
Cemeteries	431	454	450	421
Memorials	90	96	96	99
Street berms, trees and plots	438	449	488	549
Halls	266	235	287	340
Public Conveniences	728	756	743	754
Reserves	4,163	4,268	4,331	4,524
Swimming Pools	1,601	1,625	1,645	1,860
<b>Capital expenditure:</b>				
Cemeteries	233	152	151	60
Memorials	58	11	131	-
Street berms, trees and plots	28	29	28	28
Halls	10	21	120	-
Public Conveniences	150	262	255	169
Reserves	702	756	1,450	493
Swimming Pools	50	-	30	-
<b>Internal borrowing used for the purpose of Community Facilities</b>				<b>7,716</b>
Funds borrowed during the year				160
Funds repaid during the year				298
Interest paid in relation to this borrowing				550

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – Payments to staff and suppliers were higher due to flood clean up of reserves, street trees and berm maintenance, earthquake building audits and increased insurance costs.

Note 3: Capital Expenditure is lower in 2013-14 due to the delay on some projects carried forward to 2014-15. The main ones being: development of the sportsground at Lansdowne Park and the Bothams Bend Equestrian Park.

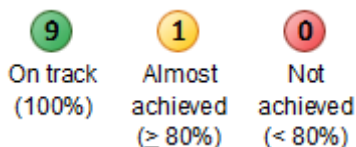
## Activity Group: Roads and Footpaths

### 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 2013-14 year. We achieved nine and almost achieved one 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 are transported, 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. Detailed 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	1529.5km (890.9 km sealed, 638.6 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 2014 is \$631.5 million.

## What we did in 2013-14

### Road Safety

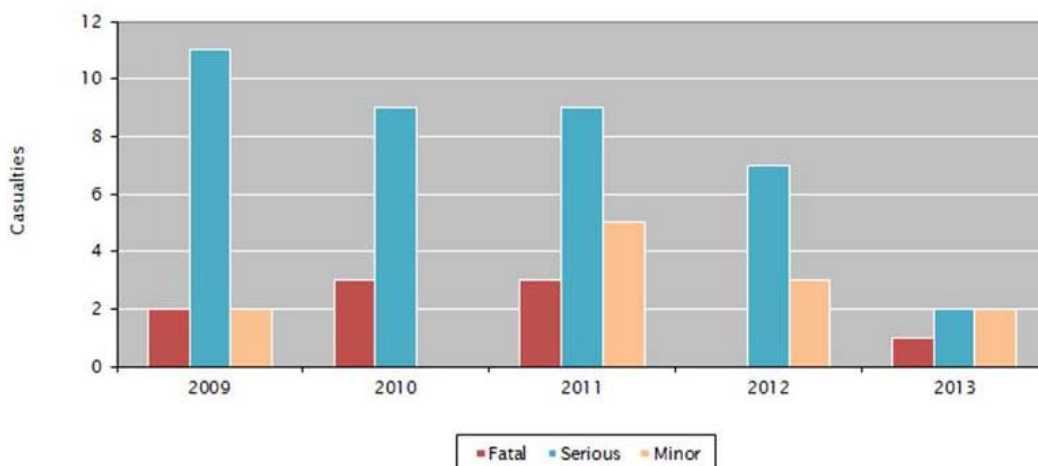
Marlborough Roads frequently report to the Marlborough Regional Transport Committee on road safety in the region. The reports include both state highways and local roads.

Marlborough Roads allocates Council funding to local road minor safety projects each year, and regularly attends Road Safety Action Plan, Walk Bike Marlborough, School and Motorcycle meetings. Council also undertakes a road safety programme which provides educational advice to current and future road users.

Over the five year period 2009 to 2013, there has been a significant reduction in the number of casualties (fatalities (F), serious injuries (SI) and minor injuries (MI)) resulting from vehicle crashes in the Marlborough region. A total of 150 casualties occurred in 2009 (7F, 26SI, 117MI), last year 127 casualties (3F, 10SI, 114MI) were reported (a 15% reduction in crashes over the five year period). The social cost of crashes has reduced from \$40 million in 2009 to \$18 million last year (a 54% reduction in the social cost of crashes). We are hopeful that through the work of all partners in road safety this downward trend will continue and reduce the number of fatal and serious casualties on our network.

The graph below indicates a decline in the number of fatal and serious casualties on the local roading network in the last five years. Over half of those casualties have resulted from rural loss of control/head on crashes.

Casualties resulting from F&S crashes



# Activity Group: Roads and Footpaths

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## 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 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 2013-14 significant renewal activities were:

- Pavement renewals on Waihopai Valley and Onamalutu Roads.
- Bridge renewals, Pine Valley, Storeys and Weavers.
- 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.

Central Government's funding outlook for roading is very constrained and it is likely that a reduction in funding will result in reduced levels of service over time. This has been recognised in the reduced performance targets contained in the levels of service table on page 57. The Asset Management Plan is being updated and Council will be reviewing all programmes to attempt to minimise the impact of those funding cuts.

## 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 CBD 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.











Urban Roads are inherently rougher than rural roads, generally because of service trenches and service infrastructure such as manholes, valves and hydrants.

## Network Outcomes Contract

Marlborough Roads were the first road controlling authority to procure its maintenance under the Network Outcomes Contract. This contract commenced on 1 July 2013.

The Networks Outcomes Contract engages a primary supplier to deliver professional services, maintenance and renewals under one contract.

The first year of the contract has delivered a \$500,000 saving in maintenance.

Levels of Service: Roads and Footpaths				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 6.9 (Last year: 6.7). 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: 3 (Last year: 2). 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: 110 (Last year: 107). On target.
2. Rural Sealed roads.	<100	< 100		Actual score: 98 (Last year: 94). On target.
Smooth Travel Exposure <sup>3</sup> for:				
1. Urban Sealed roads	≥ 95%	94%		Actual score: 86% (Last year: 88%). Almost on target. Scores still favourable and has maintained similar levels to last year. A measure of >90% is a very tough measure for a urban environment where there is an abundance of utility trenches and manholes that can cause a rough ride.
2. Rural Sealed roads	≥ 95%	94%		Actual score: 94% (Last year: 94%). On target.
Condition Index <sup>4</sup> .	5	≤ 6.5		Actual score: 5.8 (Last year: 5.9). On target.
<b>To provide footpaths that meet the needs of an ageing community.</b>				
Reduce length of 4 (poor) and 5 (very poor) rated footpath.	New measure	< 13 km		Actual score: 12.4 (Last year: 14.7). On target.
<b>Provide a sustainable land transport infrastructure.</b>				
% of programmed maintenance works in the Asset Management Plan achieved.	100%	100%		Actual score: 100% (Last year: 99.4%). All maintenance works were completed with an 11% saving to budget.
% of renewal and improvement works included in the Asset Management Plan achieved.	95%	95%		Actual score: 99.7% (Last year: 97.3%). 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. Smooth Travel Exposure is the percentage of vehicles kilometres travelled on roads meeting a certain roughness standard. This indicator shows the extent to which Council has maintained the road asset.

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	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	8,450	9,070	8,721	8,814
Targeted rates (other than for water supply)	63	63	63	65
Subsidies and grants for operating purposes	3,065	3,019	3,157	4,209
Fees and charges	5	5	5	63
Other receipts	1,709	1,265	1,492	1,074
<b>Total operating funding</b>	<b>13,292</b>	<b>13,422</b>	<b>13,438</b>	<b>14,225</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	7,603	7,887	7,611	9,186
Finance costs	418	459	398	346
Internal charges and overheads applied	1,071	1,118	1,060	1,420
Other operating funding applications	-	-	1,992	685
<b>Total applications of operating funding</b>	<b>9,092</b>	<b>9,464</b>	<b>11,061</b>	<b>11,637</b>
<b>Surplus (deficit) of operating funding</b>	<b>4,200</b>	<b>3,958</b>	<b>2,377</b>	<b>2,588</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,699	2,445	2,602	2,491
Development and financial contributions	165	173	168	172
Increase (decrease) in debt	443	720	753	699
Gross proceeds from sale of assets	-	-	-	-
<b>Total sources of capital funding</b>	<b>3,307</b>	<b>3,338</b>	<b>3,523</b>	<b>3,362</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	525	605	526	499
Capital expenditure to improve the level of service	250	258	586	273
Capital expenditure to replace existing assets	6,136	5,720	6,019	5,716
Increase (decrease) in reserves	596	713	(1,231)	(538)
<b>Total applications of capital funding</b>	<b>7,507</b>	<b>7,296</b>	<b>5,900</b>	<b>5,950</b>
<b>Surplus (deficit) of capital funding</b>	<b>(4,200)</b>	<b>(3,958)</b>	<b>(2,377)</b>	<b>(2,588)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>9,092</b>	<b>9,464</b>	<b>11,062</b>	<b>11,637</b>
plus - Depreciation and amortisation	7,368	7,725	8,207	8,259
<b>Expenditure as per Income Statement</b>	<b>16,460</b>	<b>17,189</b>	<b>19,268</b>	<b>19,896</b>
<b>Capital expenditure (including vested assets):</b>	<b>7,534</b>	<b>7,228</b>	<b>7,755</b>	<b>7,449</b>

<b>Internal borrowing used for the purpose of Roads and Footpaths</b>	5,211
Funds borrowed during the year	1,031
Funds repaid during the year	332
Interest paid in relation to this borrowing	346

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP):

- o Payments to staff and suppliers are higher due to flooding events taking the emergency reinstatement costs to \$2M over budget and due to the start of the Middle Renwick Road intersection projects that were not in the LTP.

Note 3: Significant capital expenditure:

- o Renewals as per Asset Management Plan (\$5.7M), seal extensions (\$122,000).

Note 4: Significant capital expenditure variances:

- o The Picton CBD upgrade was delayed and the budget carried over to the 2014-15 year (\$274,000).

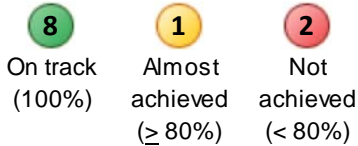
## Activity Group: Flood Protection and Control Works

### 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 2013-14 year. We achieved eight and almost achieved one of the 11 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 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 (for the outfall).

### 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 2014 is \$176.9 million.

### What we did in 2013-14

- Two significant flood events occurred in the year. These were the easterly storms of April and June 2014. The events caused significant flood events in Picton rivers and streams, the Tuamarina catchment and in the Taylor River catchment. Omaka River also had a moderate flood in the June storm that caused further bank erosion adjacent to vineyards.
- Immediate flood damage repairs have been completed but permanent bank erosion repairs in both the Taylor and Omaka Rivers will take some time to complete including those being largely landowner funded. In the Taylor River a new 300m long rock lining is proposed immediately upstream of Benmorven Road.
- A normal year's maintenance programme was completed including flood damage repairs in the Wither Hills farm park and downstream floodways following the May 2013 Blenheim storm. At risk assets were also inspected for damage following the Seddon earthquakes. Nothing of consequence was found.
- A 500m section of lower Wairau stopbank at Jones Road was raised and strengthened as part of a programme of works to ensure that the lower Wairau floodway is up to design flood capacity. The remaining three sections of stopbank to be completed are on the north side of the lower Wairau channel.
- Two further sections of lower Opawa stopbank (Hardings Road and Dillons Point) were upgraded. Opawa River floodway land was purchased at Beacon Road and at the end of Rowley Crescent.
- New bank protection works were constructed on the Wairau River at Bothams Bend, and a large control groyne in the upper Condors area was strengthened. These two jobs involved the quarrying, transport and placement of 6700 tonnes of large rock.
- Following discussions with the adjacent landowners Council agreed to pipe the remaining 130m of Rileys Drain to the Town Branch confluence.
- Pace is picking up on the refurbishment and overhaul of our rural pumps stations. Major overhauls were completed at three locations, including lower Wairau.
- Significant input was made into the investigation of the adequacy of the existing Redwood Street catchment pipe network and outfall channels. This included a review of stormwater design parameters for Blenheim.
- An interim upgrade of the Redwood Street pump station was commenced. This included opening up a second gravity outfall line to the Taylor River to improve capacity during the early stage of a Blenheim stormwater flood event.
- The Camerons Creek flood channel was computer modelled to determine likely upgrade requirements in the event the proposed upper catchment residential zone change was approved. In the end this zone change was declined but the work has provided a much better understanding of the flood risk in this area. Further analysis of Murphys Creek was also undertaken to better understand the likely impacts of any additional stormwater inputs.
- A comprehensive safety review of the Taylor Dam was completed, asset maintenance undertaken including refurbishment of the outlet control gates and repainting of the inlet orifice plate.
- 5.4 hectares of Wairau River reserve forest at Gibsons Road was logged following significant windfall in a westerly storm. A good return for Council was achieved.

## Activity Group: Flood Protection and Control Works

Levels of Service: Flood Protection and Control Works				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7.1 (Last year: 7.2). 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: 100% (Last year: 92.5%). On target. Additional inspections of Taylor, Omaka and Picton floodways required following April and Easter flood events.
% of programmed maintenance and renewal works identified in the Rivers AMP practically <sup>1</sup> completed.	100%	100%		Actual score: 100% (Last year: 100%). On target. Comprehensive programme of renewal and maintenance works completed
% of capital improvement works in the Annual Plan achieved.	80%	80%		Actual score: 50% (Last year: 35%). Not achieved. Key capital works not completed were lower Wairau stopbank upgrades, Main Street pump station and rural drain network upgrades. Work is currently underway at lower Wairau, with Main Street work expected to be completed during 2014/15. Construction of the rural drain network is planned for 2014/15 and project should be largely completed during 2015/16.
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 post event		Actual score: 2 (Last year: 2). On target. Two significant flood events - 17 April 14 and 12 June 14, both reported to Committee within timeframes.
<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. Inspections completed.
% of drains weed sprayed each year.	New measure	> 90%		Actual score: 95% (Last year: 90%). On target. Some complaints that weed control is too comprehensive.
% of drains mechanically cleared each year.	New measure	> 8%		Actual score: 7.7% (Last year: 4%). Almost on target. Cleaning almost completed.
<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: 100%). On target. April and June 2014 easterly storms required additional inspection of affected waterways.
Landowner concerns investigated and responded to within 48 hours.	95%	95%		Actual score: 40% (Last year: 0%). Not achieved. However urgent landowner concerns were responded within the 48 hr target.



## Activity Group: Flood Protection and Control Works

<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: 1 (Last year: 0). On target. No known new liability consequences.

1. NZS 3910:2013 defines practical completion as when the contract works or any separable portion are complete except minor omissions and minor defects.

## Activity Group: Flood Protection and Control Works

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

Flood Protection and Controlled Works	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	271	279	256	261
Targeted rates (other than for water supply)	3,246	3,394	3,313	3,355
Fees and charges	510	526	510	828
Internal charges and overheads recovered	145	150	150	221
Other receipts including rental revenue	2,331	2,322	2,440	2,604
<b>Total operating funding</b>	<b>6,503</b>	<b>6,671</b>	<b>6,669</b>	<b>7,269</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,571	3,671	3,584	3,185
Finance costs	57	62	60	48
Internal charges and overheads applied	724	747	710	1,763
Other operating funding applications	25	25	24	6
<b>Total applications of operating funding</b>	<b>4,377</b>	<b>4,505</b>	<b>4,378</b>	<b>5,002</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,126</b>	<b>2,166</b>	<b>2,291</b>	<b>2,267</b>
<b>Sources of capital funding</b>				
Increase (decrease) in debt	50	88	17	(20)
Gross proceeds from sale of assets	-	-	-	27
<b>Total sources of capital funding</b>	<b>50</b>	<b>88</b>	<b>17</b>	<b>7</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	200	206	200	189
Capital expenditure to improve the level of service	840	745	620	934
Increase (decrease) in reserves	1,136	1,303	1,488	1,150
<b>Total applications of capital funding</b>	<b>2,176</b>	<b>2,254</b>	<b>2,308</b>	<b>2,273</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,126)</b>	<b>(2,166)</b>	<b>(2,291)</b>	<b>(2,267)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>4,377</b>	<b>4,505</b>	<b>4,378</b>	<b>5,002</b>
plus - Depreciation and amortisation	152	156	149	137
plus - Loss on sale of fixed assets	-	-	-	35
less - Internal charges and overheads recovered	145	150	150	221
<b>Expenditure as per Income Statement</b>	<b>4,384</b>	<b>4,511</b>	<b>4,377</b>	<b>4,953</b>
<b>Operating expenditure</b>				
River Leases	217	223	215	244
Rivers Outside Wairau Floodplain	263	68	245	271
Wairau Floodplain Drainage	771	799	778	886
Wairau Floodplain Rivers	3,133	3,221	3,138	3,544
<b>Capital expenditure:</b>				
Rivers Outside Wairau Floodplain	20	21	20	1
Wairau Floodplain Drainage	540	435	270	198
Wairau Floodplain Rivers	480	495	530	924

#### **Internal borrowing used for the purpose of Flood Protection and Controlled Works**

Funds borrowed during the year	675
Funds repaid during the year	-
Interest paid in relation to this borrowing	20
	48

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP):

## Activity Group: Flood Protection and Control Works

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- Taylor Dam safety and seismic review.
- Increased costs associated with the management of the Wither Hills Soil Conservation area.
- Wairau Floodplain and tributary Rivers due to flood damage costs and erosion control works.

Note 3: Significant capital expenditure is higher than budget due to the Jones' stopbank project carried forward from 2012-13 year.

Note 4: 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.

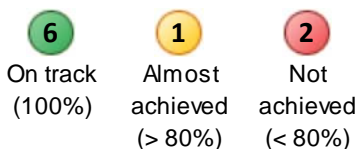
## Activity Group: Sewerage Including Treatment and Disposal

### 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 2013-14 year. We achieved six 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. During 2014 the construction of a major new wetland tertiary treatment and outfall was completed.

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 was replaced in 2012 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 risk 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 2014 is \$149.2 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.

## Activity Group: Sewerage Including Treatment and Disposal

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 2013-14










The \$17 million upgrade of the Blenheim Sewage Treatment Plant was completed in early 2014. New wetland ponds will provide an additional treatment stage to the current process to ensure a consistent high effluent quality. A pump station has been built to return a portion of the final effluent 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 existing outfall to the Omaka River has been de-commissioned. A new outfall pipeline has been built into the estuary flow path of the out-going tide. The old outfall pipe has been retained to provide an alternative outlet during maintenance or emergency use. 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.

Following lessons learned from the Canterbury earthquakes the Blenheim main sewage pumping station at Riverlands has been identified as requiring seismic strengthening. However the costs of remedial works on the existing station have been found to be prohibitive and it has been decided to build a new replacement station in approximately seven year's time. Work has commenced on nine of the smaller pump stations in Blenheim to improve their resilience to earthquake damage.

Design work on the upgrade of the main trunk sewer between Waikawa and Picton is continuing. Eastern Picton and Waikawa have seen significant urban growth in recent years and suffers from the ingress of groundwater during storm events. Pump stations at Waikawa Road, Beach Road and Fishermens Reserve are currently prone to sewage overflow during heavy rainfall events. The upgrade will provide valuable additional sewer capacity for these drainage areas to prevent future recurrence.

The ultra violet disinfection plant at the outlet of Picton Sewage Treatment Plant was upgraded during the year to reduce levels of bacteria discharged from the outfall.

## Activity Group: Sewerage Including Treatment and Disposal

Levels of Service: Sewerage Including Treatment and Disposal				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7.9 (Last year: 8). Almost achieved. The slight decline this year may be a reflection of the overflows from the over-taxed system especially in Picton, and as a result of earthquake damage in Seddon.
<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: All). On target. Reports are published to Council website as soon as they are available. Time delays may occur whilst reports are prepared.
Number of dry weather overflows from all Council reticulation systems.	New measure	≤ 6		Actual score: 6 (Last year: 3). On target. Score influenced by four power outages at Havelock sewage pump stations during the year.
<b>Provide a reliable wastewater service with adequate system capacity and performance.</b>				
Total number of wet weather overflows.	New measure	≤ 16		Actual score: 30 (Last year: 32). Not achieved. Mainly capacity issues on the Picton/Waikawa trunk sewer. Design of the upgrade is progressing.
Number of blockages occurring per 100 km of sewer main per year (excluding property connection pipes).	15	≤ 15		Actual score: 2.95 (Last year: 5.2). On target. Nine blocks on 304.7 kilometres of sewer main.
<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%	90%		Actual score: 100% (Last year: 100%). On target. 20 events recorded, all responded within two hours (Last year: 29 out of 29 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: 100%). On target. 19 events recorded, all restored within six hours (Last year: 23 out of 23 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: 39% (Last year: 134%). Not achieved. Blenheim and Picton pipeline and pump stations renewal works not required as projected.
% of improvement works included in the Wastewater Asset Management Plan completed.	New measure	70%		Actual score: 168% (Last year: 59%). On target. Actual expenditure was boosted by the completion of the domestic and industrial components of Blenheim Sewerage Treatment Plant at Hardings Rd. The project was partially funded by 2012-13 carry overs. Projects were prioritised with work planned for the Seddon Pump Station and Treatment Plant deferred to 2014/15 and 2015/16 respectively.

## Activity Group: Sewerage Including Treatment and Disposal

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

Sewerage	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates (other than for water supply)	7,001	7,741	7,629	7,752
Fees and charges	92	95	57	83
Other receipts	1,377	1,481	1,394	1,859
<b>Total operating funding</b>	<b>8,470</b>	<b>9,317</b>	<b>9,080</b>	<b>9,693</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,350	3,674	3,362	2,522
Finance costs	2,141	2,823	3,038	2,358
Internal charges and overheads applied	1,100	1,124	1,126	1,897
Other operating funding applications	-	-	-	6
<b>Total applications of operating funding</b>	<b>6,591</b>	<b>7,621</b>	<b>7,526</b>	<b>6,783</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,879</b>	<b>1,696</b>	<b>1,554</b>	<b>2,910</b>
<b>Sources of capital funding</b>				
Development and financial contributions	350	361	135	422
Gross proceeds from sale of assets	-	-	-	-
Increase (decrease) in debt	17,660	1,747	3,152	6,751
<b>Total sources of capital funding</b>	<b>18,010</b>	<b>2,108</b>	<b>3,287</b>	<b>7,173</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	5,192	1,233	1,557	2,245
Capital expenditure to improve the level of service	12,876	3,530	4,260	7,372
Capital expenditure to replace existing assets	2,604	564	689	254
Increase (decrease) in reserves	(783)	(1,523)	(1,665)	213
<b>Total applications of capital funding</b>	<b>19,889</b>	<b>3,804</b>	<b>4,841</b>	<b>10,084</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,879)</b>	<b>(1,696)</b>	<b>(1,554)</b>	<b>(2,910)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>6,591</b>	<b>7,621</b>	<b>7,526</b>	<b>6,783</b>
plus - Depreciation and amortisation	2,576	2,909	2,871	2,507
plus - Loss on sale of fixed assets	-	-	-	229
<b>Expenditure as per Income Statement</b>	<b>9,167</b>	<b>10,530</b>	<b>10,397</b>	<b>9,519</b>
<b>Operating expenditure</b>				
Combined scheme	7,431	8,473	8,403	7,897
Riverlands Industrial	1,557	1,884	1,819	1,622
St Andrews	19	19	21	-
Private Works	-	-	-	-
Loan units (no-lump sum)	160	154	1,994	-
<b>Capital expenditure (including vested assets)</b>				
Combined scheme	16,663	4,391	5,437	7,733
Riverlands Industrial	4,230	1,164	1,119	2,450
St Andrews	-	-	-	-

<b>Internal borrowing used for the purpose of Sewerage</b>	36,688
Funds borrowed during the year	8,104
Funds repaid during the year	1,353
Interest paid in relation to this borrowing	2,358

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.



## Activity Group: Sewerage Including Treatment and Disposal

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Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – Payments to staff and suppliers were lower due to favourable treatment costs as the original budget was for a full year of operational expenses following the Blenheim sewerage treatment plant upgrade. Construction delays meant the plant was operational for only half the financial year. Depreciation and loan interest were less than budget also due to delays in the construction of the Blenheim treatment plant upgrade.

Note 3: Significant capital expenditure – Sewerage capital is nearly \$5.0M higher than budget due to the budget carry over from 2012-13 year as a result of project delays in the Blenheim sewerage 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 2013-14 year. We achieved six and almost achieved two 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, man-made channels manholes, inlet sumps, pump stations, retention areas, secondary flow paths and soak pits. 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 current total asset value for the Stormwater Drainage activity at 30 June 2014 is \$69.1 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 picks up and carries some materials and can 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 to prevent rainfall from washing contaminants into the drains. If a pollution event occurs Council will respond to mitigate the effects and investigate the cause.

The quality of stormwater outfalls is 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 that affect the run-off characteristics from the land. Changing weather patterns, public expectations and living standards also affect the demand for the service.

**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

## Activity Group: Stormwater Drainage

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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.

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 2013-14**









During the year there were a number of notable rain storm events that affected the urban areas of Marlborough.

Heavy rainfall in the week before Easter 2014 led to some local flooding particularly around Blenheim, Picton and Seddon. An Incident Management Team was mobilised by the Assets and Services Department on Thursday 17 April to co-ordinate the response and provide assistance to the public affected by the storm.

Within Council the Stormwater Action Group have been implementing the recommendations of the Blenheim Stormwater Strategy. Considerable effort has been focused on the drainage capabilities for the urban development areas to the north and west of the town and the impact of those redevelopments on the existing drainage channels and adjacent properties.

Design investigations are continuing on the eastern side of Blenheim to increase the drainage capacity around the Redwood Street area and enhance the stormwater flows out of town to the east. Work has started on the upgrade of the stormwater main in Muller Road to contribute to the improvements and relieve local flooding problems.

A further project is underway to assess the water quality of the urban waterways and the impact of stormwater discharges into them. Routine sample monitoring has been extended to improve the background data and 'first-flush' surveys undertaken to investigate the effects from rain run-off after a prolonged dry spell.

Levels of Service: Stormwater Drainage				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 6.6 (Last year: 6.5). Almost on target.
<b>Minimise the environmental risks of stormwater discharge.</b>				
Reported stormwater discharges to the aquatic environment, that cause a deterioration to the receiving water (as in the draft stormwater strategy).	≤6	≤ 6		Actual score: 5 (Last year: 4). On target.
<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: 1 (Last year: 0). On target. Stormwater entered hairdressers shop during 17th April event.
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.	New measure	≤ 10		Actual score: 2 (Last year: 9). On target. Two garages flooded during 17th April flood event.
<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: 96.3% (Last year: 98%). Almost on target. 27 calls received of stormwater flooding, one failed to meet the target time.
% of all storm related complaints received during an event responded to within four hours.	New measure	85%		Actual score: 100% (Last year: 99%). On target.
<b>Provide a stormwater service that is sustainable.</b>				
% of annual renewal works completed.	New measure	75%		Actual score: 109% (Last year: 73%). On target. Total expenditure for Blenheim pipelines have slightly exceeded budget.
% of capital improvement works completed.	New measure	70%		Actual score: 118% (Last year: 115%). On target. Total expenditure for Blenheim and Picton connections have slightly exceeded budget.

## Activity Group: Stormwater Drainage

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

Stormwater drainage	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,539	1,591	1,509	1,527
Fees and charges	83	86	46	74
Other receipts	180	178	174	153
<b>Total operating funding</b>	<b>1,802</b>	<b>1,855</b>	<b>1,729</b>	<b>1,755</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	297	307	278	251
Finance costs	135	119	26	26
Internal charges and overheads applied	144	148	155	243
<b>Total applications of operating funding</b>	<b>576</b>	<b>574</b>	<b>459</b>	<b>520</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,226</b>	<b>1,281</b>	<b>1,270</b>	<b>1,236</b>
<b>Sources of capital funding</b>				
Development and financial contributions	62	71	30	8
Increase (decrease) in debt	(228)	(218)	(21)	(19)
<b>Total sources of capital funding</b>	<b>(166)</b>	<b>(147)</b>	<b>9</b>	<b>(11)</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	83	87	46	294
Capital expenditure to improve the level of service	32	21	20	22
Capital expenditure to replace existing assets	71	72	69	75
Increase (decrease) in reserves	874	954	1,144	834
<b>Total applications of capital funding</b>	<b>1,060</b>	<b>1,134</b>	<b>1,279</b>	<b>1,225</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,226)</b>	<b>(1,281)</b>	<b>(1,270)</b>	<b>(1,236)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>576</b>	<b>574</b>	<b>459</b>	<b>520</b>
plus - Depreciation and amortisation	1,143	1,195	1,215	1,164
<b>Expenditure as per Income Statement</b>	<b>1,719</b>	<b>1,769</b>	<b>1,674</b>	<b>1,684</b>
<b>Operating expenditure</b>				
Blenheim Stormwater	1,133	1,169	1,134	1,186
Other Stormwater Schemes	586	600	540	498
<b>Capital expenditure (including vested assets):</b>				
Blenheim Stormwater	380	394	235	1,169
Other Stormwater Schemes	66	54	50	31
<b>Internal borrowing used for the purpose of Stormwater drainage</b>				<b>351</b>
Funds borrowed during the year				-
Funds repaid during the year				19
Interest paid in relation to this borrowing				26

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – There are no significant variances.

Note 3: Significant capital expenditure variances – The Muller Road pipeline renewal was not spent in 2013-14 and took place in the first quarter of 2014-15.

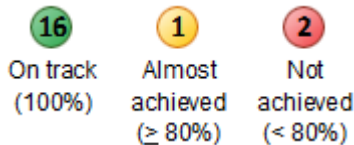
## Activity Group: Water Supply

### 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 2013-14 year. We achieved 16 and almost achieved one 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 firefighting 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..	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). Updates programmed.
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> )

Note 1: There are continuing problems with small communities meeting the costs of compliance with the New Zealand Drinking Water Standards (NZDWS). Dates for achieving compliance have been delayed whilst affordable solutions are investigated.

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 current asset value on 30 June 2014 was assessed as \$108.9 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:



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	2	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 firefighting. 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 a combination of rapid growth and 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 valves 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 2013-14

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.



The Awatere water supply continues to receive disinfection from the MIOX Water Treatment Plant at Blarich. The plant was temporarily closed down around Easter 2014 after heavy rainfall. The storm altered the course of the Black Birch Stream; caused damage to the intake structures at the infiltration gallery and caused very discoloured water to be collected. Remedial works were required to reinstate the intake and redirect the stream. The MIOX plant was reinstated after six days. The 'Boil Water' notice for the Awatere had remained in place and customers were reminded to be particularly vigilant whilst the disinfection plant was turned off.

There was considerable damage to the Awatere water supply reticulation following the earthquakes in August 2013. Immediate repairs were instigated and most supplies were quickly restored. Some old concrete storage tanks at Flaxbourne, Wheelers Hill and Blind River were damaged beyond repair and were replaced during the summer.

One of the three wells at Speeds Road Picton was re-drilled to a greater depth. This has brought the three wells to a similar standard and helps to ensure the security of supply.

Levels of Service: Water Supply				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7.8 (Last year: 8.2). 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, including Awatere.	99%	≥ 99%		Actual score: 99% (Last year: 99.7%). On target.
<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: 99.6% (Last year: 98%). On target.
● Picton	98%	98%		Actual score: 99% (Last year: 99%). On target.
● Havelock	98%	98%		Actual score: 100% (Last year: 100%). On target.
● Renwick	98%	98%		Actual score: 69% (Last year: 69%). Not achieved. Water restrictions were imposed during the summer.
% of system where fire flows are equal to greater 25 litres/sec.				
● Blenheim	New measure	87%		Actual score: 84% (Last year: 86%). Almost achieved. Pipeline upgrades have been identified and awaiting prioritisation.
● Picton	New measure	70%		Actual score: 87% (Last year: 87%). On target.
● Havelock	New measure	80%		Actual score: 100% (Last year: 100%). On target.
● Renwick	New measure	30%		Actual score: 55% (Last year: 55%). On target.
% of system where fire flows are less than 12.5 litres/sec.				
● Blenheim	New measure	1%		Actual score: 0.5% (Last year: 0.9%). On target.
● Picton	New measure	5%		Actual score: 1% (Last year: 1%). On target.
● Havelock	New measure	8%		Actual score: 0% (Last year: 0%). On target.
● Renwick	New measure	3%		Actual score: 2% (Last year: 2%). 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.
· 60 minutes for substantial leaks causing interruption to multiple properties.	95%	98%		Actual score: 100% (Last year: 94%). On target.
% of interrupted supplies restored to customers within eight hours of notification.	98%	98%		Actual score: 100% (Last year: 91%). On target.

## Activity Group: Water Supply

Provide a sustainable water supply.				
% of renewal works in the Water Supply Asset Management Plan completed.	New measure	70%		Actual score: 16% (Last year: 24%). Budget was exclusively for connections and pipelines, however very little renewal work was required during the year with only 16% of the budget been utilised. The budget allocated for Awaterere has been carried over to 2014/15.
% of improvement works included in the Water Supply Asset Management Plan completed.	New measure	70%		Actual score: 81% (Last year: 118%). On target.

## Funding Impact Statement for year ended 30 June:

Water Supply	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
Targeted rates (other than for water supply)	6,820	6,876	6,929	6,686
Fees, charges and targeted rates for water supply	1,692	1,710	1,737	2,216
Other receipts	-	-	-	134
<b>Total operating funding</b>	<b>8,512</b>	<b>8,586</b>	<b>8,666</b>	<b>9,036</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,894	3,064	2,906	2,373
Finance costs	1,611	1,612	1,449	1,473
Internal charges and overheads applied	1,083	1,106	1,019	1,723
Other operating funding applications	-	-	-	51
<b>Total applications of operating funding</b>	<b>5,588</b>	<b>5,782</b>	<b>5,374</b>	<b>5,620</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,924</b>	<b>2,804</b>	<b>3,292</b>	<b>3,416</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	280	289	135	105
Gross proceeds from sale of assets	-	-	-	-
Increase (decrease) in debt	(642)	597	(1,100)	(1,116)
<b>Total sources of capital funding</b>	<b>(362)</b>	<b>886</b>	<b>(965)</b>	<b>(1,011)</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	196	1,362	410	407
Capital expenditure to improve the level of service	865	1,893	1,161	327
Capital expenditure to replace existing assets	352	763	388	504
Increase (decrease) in reserves	1,149	(328)	368	1,166
<b>Total applications of capital funding</b>	<b>2,562</b>	<b>3,690</b>	<b>2,327</b>	<b>2,405</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,924)</b>	<b>(2,804)</b>	<b>(3,292)</b>	<b>(3,416)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>5,588</b>	<b>5,782</b>	<b>5,374</b>	<b>5,620</b>
plus - Depreciation and amortisation	2,574	2,688	2,721	2,516
plus - Loss on sale of fixed assets	-	-	-	48
<b>Expenditure as per Income Statement</b>	<b>8,162</b>	<b>8,470</b>	<b>8,095</b>	<b>8,184</b>
<b>Operating expenditure</b>				
Awatere Water	670	701	706	817
Blenheim Water	4,818	4,937	4,631	4,481
Havelock Water	252	256	238	261
Picton Water	1,674	1,778	1,738	1,792
Renwick Water	370	393	436	428
Riverlands Water	337	362	306	367
Wairau Valley Water	41	43	42	38
<b>Capital expenditure (including vested assets):</b>				
Awatere Water	336	470	124	474
Blenheim Water	571	1,177	558	724
Havelock Water	30	228	6	9
Picton Water	164	2,285	1,177	222
Renwick Water	19	52	214	74
Riverlands Water	489	7	66	31
Wairau Valley Water	-	-	9	-
<b>Internal borrowing used for the purpose of Water Supply</b>				<b>20,198</b>

## Activity Group: Water Supply

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Funds borrowed during the year	-
Funds repaid during the year	1,117
Interest paid in relation to this borrowing	1,473

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 (metred water charges) together with other fees and charges.

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – There are no significant variances.

Note 3: Significant capital expenditure – Capital Expenditure is below budget due to the Picton and Renwick water projects being delayed and carried over to the 2014-15 year.

## 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 2013-14 year. We achieved eight 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.

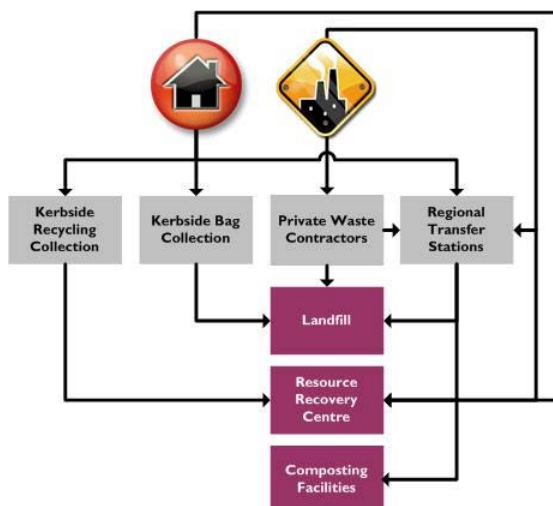
### How this Activity Contributes to Related Community and Council Outcomes

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.



# Activity Group: Solid Waste Management

## 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 2068 based on current waste inputs. It is likely that the lifespan will be further extended if the projects outlined below proceed. The Bluegums 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)

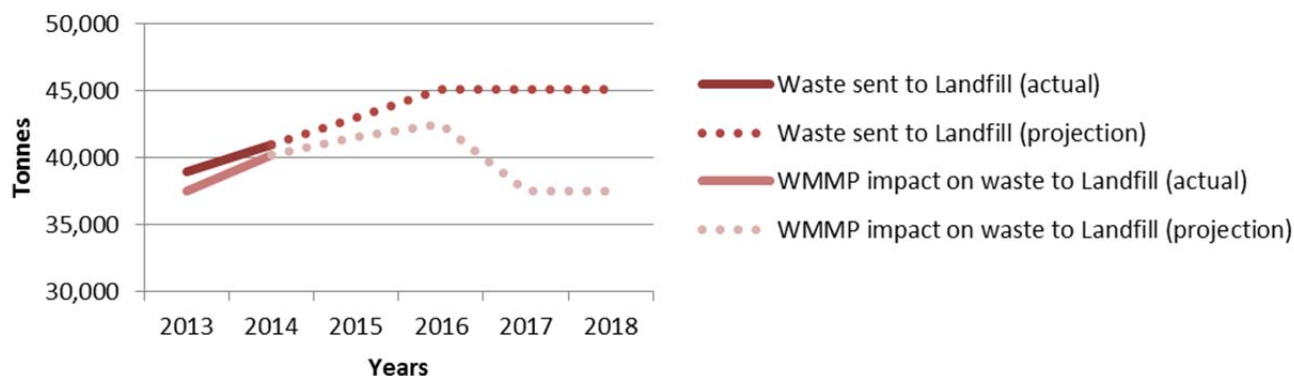
The Council is the territorial authority for the Marlborough District and as such is required to develop and adopt a WMMP. This document sets out the strategy for managing and minimising the District's waste for the period 2012 to 2018. The plan will be reviewed during 2014 in time for submission with the next Long Term Plan (2015-2025).

## Rural Community Recycling

The WMMP identified an opportunity to expand kerbside collection services to the areas of Renwick, Grovetown, Spring Creek, Tuamarina and Rarangi. A survey of these residents in 2014 gave no clear mandate for this expansion. Council are currently trialling a recycling container at these locations for the collection of glass, plastic and cans. The container was paid for through a grant from the Coca Cola foundation. Further expansion of this trial will be progressed during 2014 including the ability to collect cardboard. The container is unmanned and relies on the public to use it appropriately.

## Commercial Industrial Sorting Facility (CIF)

The WMMP includes the proposal for a waste sorting facility. This facility would be located at the current Blenheim transfer station. This facility has the potential to reduce the tonnage going to the landfill by 8,000 tonnes per annum. The facility will divert materials such as brick, soil, rubble, wood, metal, plastic, paper, cardboard, glass and GIB. The cost of this project is estimated at \$2.952 million. The facility would be funded through a user pays gate fee. 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.

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.

Council have also made an application for the proposed Commercial and Industrial Sorting facility (CIF) for the amount of \$776k. The outcome of this application will be determined during 2014.

### Emissions Trading Scheme (ETS)

The landfill generates and emits gas as a by-product of the decomposition of the waste. The site is charged for its emissions and has to meet this obligation by purchasing carbon credits.

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 allows the site to define its Unique Emissions Factor (UEF). Bluegums landfill has ten UEF's which 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.

For the 2013/14 period the site surrendered 6,689 carbon credits to satisfy its obligation. The input tonnage to the site was 40,181 for the same period.

### 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 2013-14

The Waste Management and Minimisation Services contract was tendered and awarded. This contract consolidates the operation of the facilities and the kerbside collections into one contract. The contract is for seven years and commenced on 1 July 2014.

The supply of domestic refuse bags was tendered and awarded. A trial of the new bags will take place in August and September 2014 with the first deliveries due for 1 July 2015. The contract is for three years.

The operation of the Greenwaste Acceptance Facility on Wither Road was tendered. The outcome of this process is still being finalised and is linked to a possible solution for the processing of waste from the wine industry (Grape Marc) into a form of compost. Contract start date is 1 January 2016.

A Rural Community Recycling trial has been established covering the areas of Renwick, Grovetown, Spring Creek, Tuamarina and Rarangi. The trial will conclude in November 2014.

The option of using landfill gas as source of fuel is being explored in conjunction with the Marlborough Nelson District Health Board.

An expansion of the Reuse Centre on Wither Road has been approved with works scheduled for completion by the end of 2014.

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.

## Activity Group: Solid Waste Management

Levels of Service: Solid Waste Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7.5 (Last year: 7.9). Almost on target. Households commenting on services they don't receive e.g. kerbside.
<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	10% growth from 2011-12 (3,864 tonnes)		Actual score: 4,425 (Last year: 4,260). On target.
% growth in sales at the Reuse Shop.	\$100,000	10% growth from prior year		Actual score: \$107,061 (Last year: \$102,975). Almost on target. The Reuse Shop availability has now been spread across five other transfer stations and we are expanding the site at Wither Road to increase revenue.
% growth in materials diversion from the Regional Transfer Stations.	2,000m <sup>3</sup>	10% growth from 2011-12 (11,250m <sup>3</sup> )		Actual score: 13,855 (Last year: 10,314). On target.
% reduction in Kerbside Refuse Collection tonnage going to Landfill.	3,500 tonnes per annum	7.5% reduction from 2011-12 (3,592 tonnes)		Actual score: 4,079 (Last year: 3,808). Not achieved. Servicing an additional 450 properties since 2011/12.
% increase in Kerbside Recyclable Collection volume going to RRC.	18,000m <sup>3</sup>	15% increase from 2011-12 (17,718m <sup>3</sup> )		Actual score: 17,323 (Last year: 16,462). Almost on target. This service has changed to a new contract with effect from 1 July 2014. This new contract combines the collection and processing of kerbside recycling materials which should lead to an increase for the 2014/15 period.
Amount of organic material composted.	12,000m <sup>3</sup> per annum	> 14,000 m <sup>3</sup>		Actual score: 14,433 (Last year: 15,081). On target.
<b>Effective operation of waste management and minimisation services.</b>				
Number of resident's complaints in regards to Bluegums Landfill operations.	24 per annum	< 18		Actual score: 3 (Last year: 4). On target.
% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	< 5%		Actual score: 0.48% (Last year: 1.1%). On target.
Number of resident's complaints in regards to Hazardous Waste Collection and Storage.	24 per annum	< 18		Actual score: 0 (Last year: 0). On target.
Reduce amount of material stored at compost site.	10,000m <sup>3</sup>	< 8,500 m <sup>3</sup>		Actual score: 7,775 (Last year: 7,775). On target.
Number of resident's complaints in regards to Composting Operation.	24 per annum	< 18		Actual score: 1 (Last year: 2). On target.

## Activity Group: Solid Waste Management

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

Solid waste Management	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,244	1,318	1,168	1,175
Targeted rates (other than for water supply)	1,191	1,223	1,340	1,358
Subsidies and grants for operating purposes	150	155	125	164
Fees and charges	3,989	4,424	4,332	4,783
Other receipts	130	131	119	158
<b>Total operating funding</b>	<b>6,704</b>	<b>7,251</b>	<b>7,084</b>	<b>7,638</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,491	4,602	4,966	4,214
Finance costs	492	489	456	449
Internal charges and overheads applied	429	444	445	840
Other operating funding applications	669	967	565	406
<b>Total applications of operating funding</b>	<b>6,081</b>	<b>6,502</b>	<b>6,432</b>	<b>5,909</b>
<b>Surplus (deficit) of operating funding</b>	<b>623</b>	<b>749</b>	<b>652</b>	<b>1,729</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	160	2,529	-	-
Gross proceeds from sales of assets	-	-	-	55
Increase (decrease) in debt	(324)	222	(384)	(505)
<b>Total sources of capital funding</b>	<b>(164)</b>	<b>2,751</b>	<b>(384)</b>	<b>(451)</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	3,708	3,287	161	274
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(3,249)	213	107	1,004
<b>Total applications of capital funding</b>	<b>459</b>	<b>3,500</b>	<b>268</b>	<b>1,278</b>
<b>Surplus (deficit) of capital funding</b>	<b>(623)</b>	<b>(749)</b>	<b>(652)</b>	<b>(1,729)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>6,081</b>	<b>6,502</b>	<b>6,432</b>	<b>5,909</b>
plus - Depreciation and amortisation	348	1,127	329	321
plus - Provision for landfill aftercare	-	-	-	375
plus - Loss on sale of fixed assets	-	-	-	-
<b>Expenditure as per Income Statement</b>	<b>6,429</b>	<b>7,629</b>	<b>6,761</b>	<b>6,605</b>
<b>Operating expenditure</b>				
Landfills	2,647	3,725	2,877	2,359
Refuse Collections	1,326	1,363	1,500	1,597
Transfer Stations	1,445	1,470	1,353	1,545
Waste Minimisation	1,010	1,071	1,030	1,104
<b>Capital expenditure:</b>				
Landfills	3,508	154	150	265
Transfer Stations	-	-	-	9
Waste minimisation projects	200	3,132	11	-

#### **Internal borrowing used for the purpose of Solid waste Management**

Funds borrowed during the year	6,035
Funds repaid during the year	-
Interest paid in relation to this borrowing	505
	449

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP):

## Activity Group: Solid Waste Management

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- Payments to staff and suppliers are less due to a reduction in the landfill after care costs provision.
- Refuse collections include increased landfill costs for processing of household recycling and the expansion of the collection area.

Note 3: Significant capital expenditure – Capital was lower than budgeted in the LTP due to the commercial sorting facility construction being deferred, now proposed to occur in 2015-16.

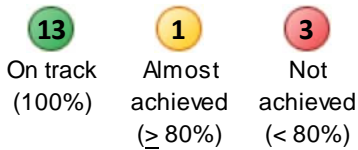
## Activity Group: Environmental Management

### 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 2013-14 year. We achieved 13 and almost achieved one of the 17 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

## Activity Group: Environmental Management

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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 with an objective of combining the current Marlborough RPS, Wairau/Awatere Resource Management Plan and Marlborough Sounds Resource Management Plan. The reviewed planning provisions 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.

<b>Funding Impact Statement for year ended 30 June:</b>				
<b>ENVIRONMENTAL MANAGEMENT</b>	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	5,416	5,487	5,464	5,457
Subsidies and grants for operating purposes	-	-	-	106
Fees and charges	1,316	1,513	1,291	1,303
Internal charges and overheads recovered	88	88	88	74
Other receipts including fines	627	608	620	660
<b>Total operating funding</b>	<b>7,447</b>	<b>7,696</b>	<b>7,463</b>	<b>7,600</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,553	5,716	5,852	6,121
Internal charges and overheads applied	1,917	1,999	1,940	2,065
Other operating funding applications	-	-	15	-
<b>Total applications of operating funding</b>	<b>7,470</b>	<b>7,718</b>	<b>7,807</b>	<b>8,186</b>
<b>Surplus (deficit) of operating funding</b>	<b>(23)</b>	<b>(19)</b>	<b>(344)</b>	<b>(586)</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	3	3	3	-
Capital expenditure to replace existing assets	99	71	69	78
Increase (decrease) in reserves	(125)	(93)	(416)	(664)
<b>Total applications of capital funding</b>	<b>(23)</b>	<b>(19)</b>	<b>(344)</b>	<b>(586)</b>
<b>Surplus (deficit) of capital funding</b>	<b>23</b>	<b>19</b>	<b>344</b>	<b>586</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>7,470</b>	<b>7,715</b>	<b>7,807</b>	<b>8,186</b>
plus - Depreciation and amortisation	78	81	81	82
less - Internal charges and overheads recovered	88	88	88	74
	<b>7,460</b>	<b>7,708</b>	<b>7,800</b>	<b>8,194</b>

Note 2 can be found on page 150.

#### **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.	<p>A place where people enjoy living.</p> <p>A place where people can enjoy quality leisure opportunities.</p> <p>A prosperous community and economy for all Marlburians.</p>

### 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 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 (i.e.; 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 2013-14

Environmental Policy Group activities in the 2013-14 financial year focused on projects supporting the current review of the RPS, MSRMP and WARMP and on the drafting of RPS and RMP provisions.

A draft RPS has been available for public comment on the Council's website over the financial year.

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 2014). The Council has made a conscious decision to adopt a collaborative process and involve water users in the process of addressing these issues. The Water Allocation Group, formed in 2012, continued to meet on a monthly basis over the financial year to identify and advance options for addressing full and over-allocation. The options have largely been confirmed and draft RPS and RMP provisions have been prepared. The collaborative process has necessitated the reconciliation of different views held by participants, resulting in a longer process than was initially envisaged.


Another focus for the Environmental Policy Group over the financial year has been a review of the rules in the MSRMP and WARMP to implement the draft RPS policy. This review is ongoing: Drafting of reviewed rules is progressing well with regional coastal plan rules, air discharge rules, discharge to land rules, water quality classifications, rules for Council activities in river beds, wetland rules, landscape rules, amenity rules for residential and commercial development and rules for open space all completed.

Consultation with landowners affected by various proposed management overlays (eg; significant landscapes, significant wetlands) was completed in the financial year. This was a significant undertaking for the Environmental Policy Group, involving consultation with over 3,500 landowners. Feedback from landowners has assisted to modify management boundaries and the nature of the rules that are proposed to apply to the significant areas.

An evaluation of the natural character of Marlborough rivers and coastal environment has been completed in the financial year. The results will be used to support the review process.

The Council chose to promote eight changes to the WARMP in the financial year ahead of the review process in order to provide for the demand for residentially zoned land in and around Blenheim. Decisions on Plan Changes 64-71 were publicly notified in June 2014. Five areas of rurally zoned land have been rezoned to enable residential subdivision and development.

Four further plan changes were processed in the financial year in order to improve the administration of existing RMP provisions and to introduce a consenting requirement to convert rural land to dairying. Plan Changes 26, 27, 61 and 62 were made operative in May 2014.

Levels of Service: Environmental Policy				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 Target	How did we do?	Comments
<b>A second generation resource management framework for Marlborough.</b>				
A combined regional policy statement and resource management plan is publicly notified.	New measure	Draft statements completed <sup>1</sup>		Actual score: Not achieved (Last year: Not achieved). 18 of the 21 draft RPS chapters were completed. Drafting of reviewed rules is progressing well with regional coastal plan rules, air discharge rules, discharge to land rules, water quality classifications, rules for Council activities in river beds, wetland rules, landscape rules, amenity rules for residential and commercial development and rules for open space all completed.

1. Target in 2012-22 Long Term Plan was for these statements to be completed by December 2012.

## Activity Group: Environmental Management

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

Environmental Policy	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,282	1,247	1,221	1,235
Subsidies and grants for operating purposes	-	-	-	14
Fees and charges	-	-	-	0
Other receipts	147	137	137	123
<b>Total operating funding</b>	<b>1,429</b>	<b>1,384</b>	<b>1,358</b>	<b>1,373</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,096	1,040	1,028	1,425
Internal charges and overheads applied	333	344	315	330
Other operating funding applications	-	-	15	-
<b>Total applications of operating funding</b>	<b>1,429</b>	<b>1,384</b>	<b>1,358</b>	<b>1,755</b>
<b>Surplus (deficit) of operating funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(382)</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Increase (decrease) in reserves	-	-	-	(382)
<b>Total applications of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(382)</b>
<b>Surplus (deficit) of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>382</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>1,429</b>	<b>1,384</b>	<b>1,358</b>	<b>1,755</b>
<b>Expenditure as per Income Statement</b>	<b>1,429</b>	<b>1,384</b>	<b>1,358</b>	<b>1,755</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP):

- o Payments to staff and suppliers are higher due to higher legal costs for the Colonial Vineyard Plan Change Appeal and for unbudgeted Council initiated Plan Changes (Blenheim Growth Area, Marlborough Ridge Rezoning and the New Dairy Farm Plans).

Note 3: 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 will also be necessary in monitoring of the coastal marine environment and freshwater eco-systems in a more integrated way.

### 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 2013-14

#### Coastal Monitoring Strategy

A Coastal Monitoring Strategy continues to be implemented by gathering good quality information to gain a better understanding of the coastal environment. The Strategy, in broad terms is intended to define a water quality baseline, and assess the state of the coastal marine area and to validate hydrodynamic and ecological models. Other programmes 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, extensive water quality studies continue in the Taylor River and Are Are catchments to determine the extent of any contaminate source from rural and urban runoff.

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. Associated with determining allocation limits is the continued work of Council ensuring compliance with the Resource Management (Measuring and Reporting of water Takes Regulation 2010). Sound progress continues with up to 380 water permit holders verifying water meters and 490 returning water use data to Council in various formats.

Soil monitoring programmes continue to strengthen our knowledge of specific catchment soil attributes in the Tuamarina and Koromiko catchments in essence to provide better information for landowners on the characteristics of soil profiles.

## Levels of Service: Environmental Science and Monitoring

### Performance Targets

Key Performance Indicators	LTP Baseline	2013-14 Target	How did we do?	Comments
<b>Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Fresh Water, Land, Air and Coastal.</b>				
Timeliness of completion data integrity audits.	30-Jun-14	30-Jun-14		Actual score: 30-Jun-14 (Last year: 30-Jun-13). On target. All audits of data completed on time.
Number of technical monitoring report cards completed.	5	6		Actual score: 6 (Last year: 5). On target. Monitoring reports have been completed for fresh water quality, recreational bathing, air quality and soil quality, ground water quality, quantity and water use.
Timeliness completion of resource investigations and reporting to Council.	30-Jun-14	30-Jun-14		Actual score: 30-Jun-14 (Last year: 30-Jun-13). On target.
<b>Effective environmental monitoring network is operated.</b>				
Percentage availability of the Environmental monitoring network.	99%	99%		Actual score: 99.64% (Last year: 99.38%). On target. 99.64% of data that was programmed to be collected was actually collected. Overall 75% of monitoring stations had no missing data at all.
<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	73		Actual score: 81 (Last year: 80). On target.
<b>Encourage the community and industry to look after and restore the environment through communication, education and advocacy.</b>				
Percentage of planned educational or communication programmes are completed annually.	90%	90%		Actual score: 100% (Last year: 100%). On target. A range of public presentations and attendance occurred at several community events.  For example, the environmental education in schools programme continued with environmental programmes delivering the Wai Korerod and Living Landscapes programme.  Presentations on the state of Marlborough's Wetlands were given to the Kaipupu Point Sounds Wildlife Sanctuary membership, The Whatamango Residents association. Environmental education displays were taken to the Annual Blenheim AMP show and the Picton Festival.

## Activity Group: Environmental Management

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

Environmental Science and Monitoring	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	2,339	2,517	2,379	2,405
Subsidies and grants for operating purposes	-	-	-	92
Fees and charges	5	5	5	46
Internal charges and overheads recovered	65	65	64	65
Other receipts	268	276	267	256
<b>Total operating funding</b>	<b>2,677</b>	<b>2,863</b>	<b>2,715</b>	<b>2,864</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,179	2,339	2,521	2,379
Internal charges and overheads applied	525	547	546	663
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>2,704</b>	<b>2,886</b>	<b>3,067</b>	<b>3,042</b>
<b>Surplus (deficit) of operating funding</b>	<b>(27)</b>	<b>(23)</b>	<b>(352)</b>	<b>(178)</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	-	-	0
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	99	71	69	78
Increase (decrease) in reserves	(126)	(94)	(421)	(256)
<b>Total applications of capital funding</b>	<b>(27)</b>	<b>(23)</b>	<b>(352)</b>	<b>(178)</b>
<b>Surplus (deficit) of capital funding</b>	<b>27</b>	<b>23</b>	<b>352</b>	<b>178</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>2,704</b>	<b>2,886</b>	<b>3,067</b>	<b>3,042</b>
plus - Depreciation and amortisation	74	78	77	81
less - Internal charges and overheads recovered	65	65	64	65
<b>Expenditure as per Income Statement</b>	<b>2,713</b>	<b>2,899</b>	<b>3,080</b>	<b>3,058</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – Increased costs includes \$108,000 of Coastal Monitoring Strategies.

Note 3: 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.

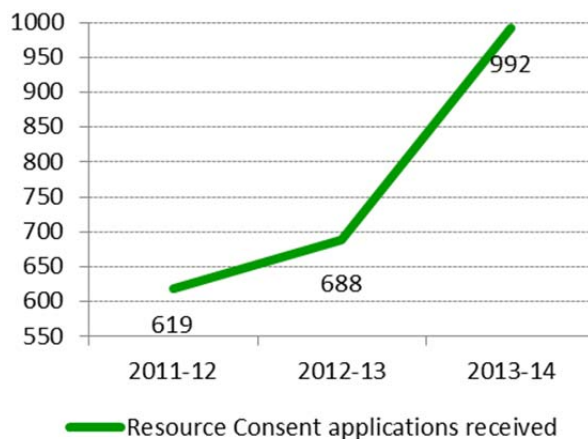
Specifically this activity processes five different types of resource consents:

- 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 2013-14





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 applications.



# Activity Group: Environmental Management

## Levels of Service: Resource Consents

### Performance Targets

Key Performance Indicators	LTP Baseline	2013-14 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: 6.1). 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: 100%). On target.
% of objections under section 357(b) compared to total number of applications processed <sup>1</sup> .	<0.5%	< 0.5%		Actual score: 0% (Last year: 0.17%). 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%	< 16%		Actual score: 0.3% (Last year: 1.3%). On target.

## Funding Impact Statement for year ended 30 June:

Resource Consents	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	891	785	908	918
Fees and charges	1,250	1,445	1,225	1,228
Internal charges and overheads recovered	23	23	22	9
Other receipts	102	86	102	93
<b>Total operating funding</b>	<b>2,266</b>	<b>2,339</b>	<b>2,257</b>	<b>2,248</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,565	1,605	1,542	1,521
Internal charges and overheads applied	700	731	709	688
Other operating funding applications	-	-	-	(0)
<b>Total applications of operating funding</b>	<b>2,265</b>	<b>2,336</b>	<b>2,251</b>	<b>2,209</b>
<b>Surplus (deficit) of operating funding</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>39</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service	3	3	3	-
Increase (decrease) in reserves	(2)	-	3	39
<b>Total applications of capital funding</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>39</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1)</b>	<b>(3)</b>	<b>(6)</b>	<b>(39)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>2,265</b>	<b>2,336</b>	<b>2,251</b>	<b>2,209</b>
plus - Depreciation and amortisation	1	1	-	1
less - Internal charges and overheads recovered	23	23	22	9
<b>Expenditure as per Income Statement</b>	<b>2,243</b>	<b>2,314</b>	<b>2,229</b>	<b>2,201</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP):

- 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?

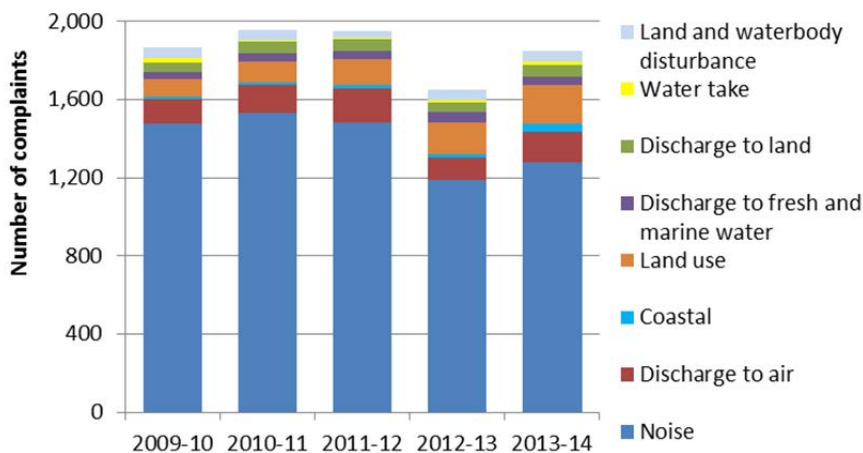
The Council monitors the effect of implementing its Resource Management Plans by monitoring compliance with the conditions of permitted activity rules and Resource Consent conditions.

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.

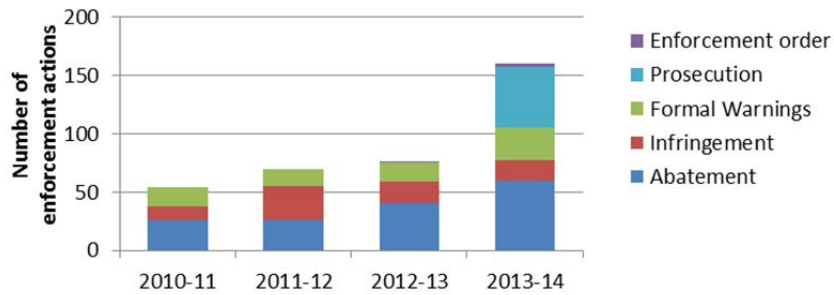
### What we did in 2013-14

During 2013-14, Council received 1,848 complaints (2012-13: 1,650). Noise complaints are the most common complaints received. The types of complaints that have increased are, noise, land use, discharges to air and coastal.









## Activity Group: Environmental Management

There were 160 enforcement actions for the 2013-14 year. This included a number of prosecutions, three enforcement order applications and 60 abatement notices. Enforcement actions during 2013-2014 increased significantly causing pressure on staff resources. The graph below shows the trends in different types of enforcement actions for the last four years.



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	2013-14 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: 6.2 (Last year: 6.3). Almost on target within the limits of accuracy.
<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	30-Jun-14		Actual score: 04-Sep-14 (Last year: 01-Aug-13). Not achieved. Dairy survey and stream crossing inspections were all completed by mid-May. Report presented to the Environment Committee on 4 September 2014. Environment Court proceedings still continuing with one farmer who has numerous issues of non-compliance.
Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	New measure	31-Jul-14		Actual score: 16-Oct-14 (Last year: 05-Sep-13). Not achieved. Inspections were undertaken at vintage time. Report presented to the Environment Committee on 16 October 2014. Timeframe for this measure needs to be reviewed as some of the Annual Reports are not received until August.
Report on resource consents for the discharge of sewerage from commercial operators to Marlborough Sounds' land or coastal waters.	New measure	31-Jul-14		Actual score: 01-May-14 (Last year: 18-Jun-13). On target. Report on the High Water Wastewater management in the Marlborough Sounds presented to the Environment Committee on 1 May 2014.
<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: 82% (Last year: 87.8%). On target. 538 out of 655 complaints were acknowledged within one working day.
% of complaints, either resolved or had a resolution strategy, developed within 90 days of receipt.	99%	100%		Actual score: 100% (Last year: 99%). On target. 603 out of 603 complaints were either resolved or had a resolution strategy, developed within 90 days of receipt.

## Funding Impact Statement for year ended 30 June:

Environmental Protection	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	904	937	956	968
Fees and charges	61	63	61	29
Other receipts including fines	111	111	115	119
<b>Total operating funding</b>	<b>1,076</b>	<b>1,111</b>	<b>1,132</b>	<b>1,116</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	713	732	761	795
Internal charges and overheads applied	361	377	369	385
<b>Total applications of operating funding</b>	<b>1,074</b>	<b>1,109</b>	<b>1,130</b>	<b>1,180</b>
<b>Surplus (deficit) of operating funding</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>(64)</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Increase (decrease) in reserves	2	2	2	(64)
<b>Total applications of capital funding</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>(64)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>64</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>1,074</b>	<b>1,109</b>	<b>1,130</b>	<b>1,180</b>
plus - Depreciation and amortisation	2	2	2	-
<b>Expenditure as per Income Statement</b>	<b>1,076</b>	<b>1,111</b>	<b>1,132</b>	<b>1,180</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – Payments to staff and suppliers include higher than anticipated legal fees.

## Activity Group: Regulatory

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### 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 2013-14 year. We achieved 27 and almost achieved seven of the 35 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>	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	2,403	2,496	2,417	2,445
Fees and charges	2,665	2,778	2,806	2,508
Other receipts	622	633	594	945
<b>Total operating funding</b>	<b>5,690</b>	<b>5,907</b>	<b>5,817</b>	<b>5,898</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,062	4,207	4,145	4,284
Internal charges and overheads applied	1,415	1,479	1,455	1,553
Other operating funding applications	31	32	33	16
<b>Total applications of operating funding</b>	<b>5,508</b>	<b>5,718</b>	<b>5,633</b>	<b>5,853</b>
<b>Surplus (deficit) of operating funding</b>	<b>182</b>	<b>189</b>	<b>184</b>	<b>45</b>
<b>Sources of capital funding</b>				
Gross proceeds from sale of assets	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	69	-	-
Capital expenditure to improve the level of service	62	2	136	60
Capital expenditure to replace existing assets	75	67	176	58
Increase (decrease) in reserves	45	51	(128)	(73)
<b>Total applications of capital funding</b>	<b>182</b>	<b>189</b>	<b>184</b>	<b>45</b>
<b>Surplus (deficit) of capital funding</b>	<b>(182)</b>	<b>(189)</b>	<b>(184)</b>	<b>(45)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>5,508</b>	<b>5,718</b>	<b>5,633</b>	<b>5,853</b>
plus - Depreciation and amortisation	111	128	146	114
plus - Loss on sale of fixed assets	-	-	-	0
<b>Expenditure as per Note 2</b>	<b>5,619</b>	<b>5,846</b>	<b>5,779</b>	<b>5,968</b>

Note 2 can be found on page 150.

#### 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 2.5% 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.

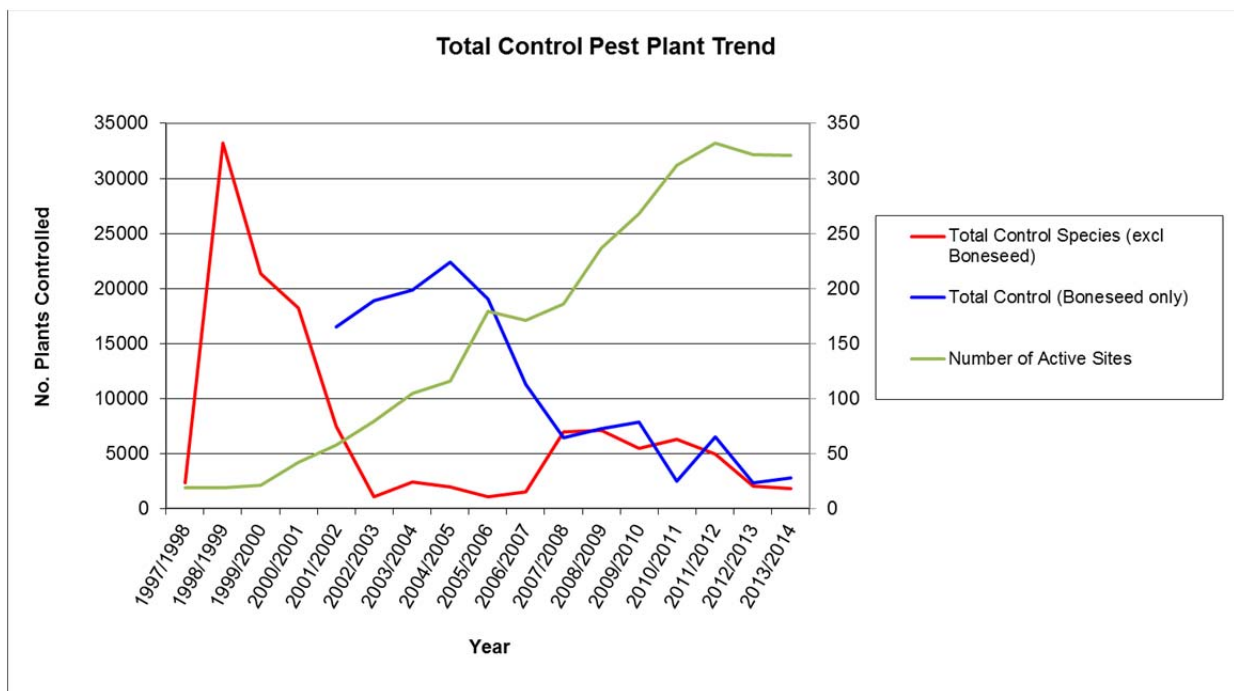
The Council also provides funding to the TBFree New Zealand for the purpose of the vector control programme, pursuant to the National Pest Management Strategy for Bovine Tb.

### What we did in 2013-14

#### 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 16 years with an overall reduction in plants controlled for many of the target species. As many of these species are now near zero levels, there can be some unexpected seasonal fluctuations as happened in 2013-14. Two species – Saffron Thistle and Bathurst Bur saw small population spikes this year due to the re-emergence of an historical site and a new site discovered respectively. This shows the importance of monitoring not only active sites but those that have also been 'dormant' for a period of time.

The graph below shows the Total Control Pest Plant trend over the last 16 years:



## Chilean Needle Grass

There continues to be an increase of support both regionally and nationally for the improved management and awareness of Chilean Needle Grass. Over 2013-14, Council piloted an assistance programme and began building a greater resource base to improve the implementation of Council RPMS programme. In April 2014, the rural community in South Marlborough established a Chilean Needle Grass Action Group which Council has also provided input. A national partnership established between the Ministry for Primary Industries (MPI), Environment Canterbury, Hawkes Bay Regional Council and this Council is also proving to provide a good platform to coordinate national initiatives – including all important research into the understand the ongoing use of flupropane herbicide as a control tool.






## Marine Biosecurity

Council has been leading the response to two recent marine pest incursions into Marlborough. Firstly, the discovery of the invasive sea squirt *Styela clava* in Picton Marina in June 2013, then a vessel with mature Mediterranean Fanworm in Waikawa Bay in February 2014. Both these incursion responses have been supported from MPI and other stakeholders. There is also the continuous threat of new marine pests arriving into Marlborough waters. As a result, Council has active involvement in the Top of the South Marine Biosecurity Partnership and is involved in the early stages of a national project led by MPI where pathway management is being explored to reduce the risk of marine pests moving between and within regional waters.

## Regional Pest Management Strategy Review

The Regional Pest Management Strategy (RPMS) was “rolled-over” in 2012 given legislation changes to the Biosecurity Act 1993. While the Act was amended in 2012, the accompanying National Policy Direction (NPD) and relevance guidance material is still being prepared. Once the NPD is fully ratified it’s expected that a full review of the RPMS will be required. In anticipation of these changes Council are already progressing a technical review of existing pest programmes and investigating some opportunities for additional programmes.



Levels of Service: Animal and Plant Pests (Biosecurity)				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 6.1 (Last year: 6.4). Almost achieved. There remains a disjunction between community expectations and affordable, strategic priorities for pest management within Marlborough.
<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: 86.4% (Last year: 86.5%). On target. Active compliance inspections/audits by Council Biosecurity staff continue to be carried out in an effective manner.
Percentage of known active Total Control Pest sites controlled annually.	New measure	95%		Actual score: 100% (Last year: 73%). On target. All High Priority Total Control Pest sites were visited and control undertaken.
The number of hours spent searching (surveillance) for pests outside known areas.	New measure	> 500 hrs		Actual score: 472 (Last year: 666). Almost achieved. A total of 472hrs was spent specifically by Council Biosecurity staff. However, a further 1,276hrs of work was carried out by DOC staff during the spartina control programme of which the majority could be attributed to pest surveillance given the very low plant densities.
<b>Prepare, publish, and implement the RPMS operational plan.</b>				
Timeliness completion of annual plan to the Environment Committee.	30-Oct-13	30-Oct-13		Actual score: 05-Sep-13 (Last year: 06-Sep-12). On target. The annual Operational Report and new Operational Plan was tabled at the Environment Committee on 5 September 2013.

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

<b>Biosecurity (Pest Management)</b>	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,067	1,126	1,068	1,080
Other receipts	145	147	142	227
<b>Total operating funding</b>	<b>1,212</b>	<b>1,273</b>	<b>1,210</b>	<b>1,307</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	950	1,001	946	822
Internal charges and overheads applied	260	271	263	320
<b>Total applications of operating funding</b>	<b>1,210</b>	<b>1,272</b>	<b>1,209</b>	<b>1,142</b>
<b>Surplus (deficit) of operating funding</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>165</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	-	-	-	-
<b>Applications of capital funding</b>				
Increase (decrease) in reserves	2	1	1	165
<b>Total applications of capital funding</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>165</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>(165)</b>
<b>Funding balance</b>	-	-	-	-
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	1,210	1,272	1,209	1,142
plus - Depreciation and amortisation	2	1	1	13
<b>Expenditure as per Income Statement</b>	<b>1,212</b>	<b>1,273</b>	<b>1,210</b>	<b>1,155</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP):

- o Other receipts includes funding for Crown contribution for Regional Pest Management Strategy Review, didymo and Taskforce.
- o Payments for staff and suppliers are lower than budget. This is due to staff changes, recruitment occurring and the consequences of unfinished activities associated with the Chilean Needlegrass programme, the review of the Pest Plan and Taskforce collaborative research programme which carried over to the 2014-15 year (\$105,000)..

## 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 (TA) 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:

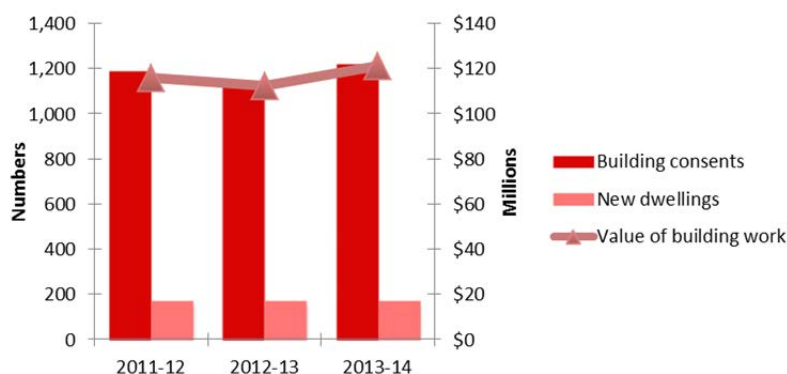
- Monitoring swimming pool fencing under the Fencing of Swimming Pools Act 1987.
- Investigating building related complaints under the Local Government Act and the Building Act 2002.
- The Council is required to have an accredited Building Consent Authority.

### 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 2013-14

- Re-accreditation as a Building Consent Authority was achieved during July 2014. This process included evidence that the BCA continues to meet the requirements of regulations 5 to 18. The next audit round occurs in May 2016. The initial accreditation for regulation 18 was achieved on 14 August 2013. This regulation required all Building Control Officers to either have or be working towards a recognised qualification before 30 November 2013. All BCO's were registered with the Skills Organisation to achieve this requirement. To date seven officers have achieved their diplomas and it is expected that all Officers will have their diplomas by the end of 2014.
- Altered procedures and policies to reflect the introduction of changes to the Building Code.
- A new Building Control Officer (BCO) was appointed in December 2013. The new BCO, whilst a qualified Building Control Officer, his main duty is to clear the backlog of old consents which to date do not have Code Compliance Certificates issued.
- A full review of the Building Control Group roles as both a Territorial Authority (TA) and a Building Consent Authority (BCA) was undertaken during 2013. As a result of the review the compliance officer role was seconded out to Davidson Group. This role liaises between Council and building owners to manage the Building Warrant of Fitness requirements for all buildings with specified systems, ie; fire alarms etc.
- Compliance Officer continued "Levels of Service" for this role requires that 20% of all buildings with specified systems are site audited each year. Due to the back log of work (amendments to Compliance Schedules brought about by a change to requirements under the Building Act 2004) The TA has been unable to meet the LOS this financial year. To meet the full "Levels of Service" for this activity the Building Control Group will require a full time staff member committed to the task of managing the Building Warrant of fitness and Compliance Schedule system. It has only been since the technical review carried out by MBIE in November 2012 and the secondment of a Compliance Officer in July 2013, that the full requirements of this role have been identified.
- TA Role "Fencing of Swimming Pools Act" site audits - this TA role was contracted out to Property Check Marlborough in July 2013. Levels of Service require that 15% of all pools in the Marlborough area are site audited each year. This requirement was achieved prior to the end of 2013. Property Check have been contracted for the financial year 2014-15 and it is expected that the same result as 2013 will be achieved.

Levels of Service: Building Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 6.29 (Last year: 6.2). On target.
<b>Provide a service that is responsive to customer needs and minimise risks to public safety.</b>				
% of Building Consents applications granted within 20 working days of receipt of the application.	100%	100%		Actual score: 98% (Last year: 95%). Almost on target. This good result has been achieved by processing consents out of working hours when required.
% of Code Compliance Certificates issued within 20 working days of receipt of application.	New measure	100%		Actual score: 89% (Last year: 83%). Almost on target. Result has improved from previous years. Clock is not always being stopped when Officer is waiting for further information to enable the consent to be finalized.
% of swimming pools inspected annually.	15%	> 15%		Actual score: 15% (Last year: 9.84%). On target. Fully meet using Kevin Maitland from Property Check under contract. All work completed prior to 24-Dec-2013. Property Check is contracted to undertake 2014-15 audits and it is expected that target will be fully met once again.
% of Building Warrants of Fitness audited annually.	20%	20%		Actual score: 1% (Last year: 1.3%). Not achieved. Davidson Group were seconded to carry out the Compliance role for the Territorial Authority starting July 2013. The backlog of amendments to existing Compliance Schedules has now been cleared. Site Audits have commenced, however these began late in the financial year. Davidson Group has been seconded for a further year. It is planned that site audits will be increased over this coming financial year to at least one site audit a week.
<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: 0). On target.

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

<b>Building Control</b>	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	384	373	369	373
Fees and charges	1,986	2,078	2,086	1,740
Other receipts	114	113	70	66
<b>Total operating funding</b>	<b>2,484</b>	<b>2,564</b>	<b>2,525</b>	<b>2,179</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,604	1,644	1,612	1,738
Internal charges and overheads applied	854	893	871	905
Other operating funding applications	25	26	24	10
<b>Total applications of operating funding</b>	<b>2,483</b>	<b>2,563</b>	<b>2,507</b>	<b>2,653</b>
<b>Surplus (deficit) of operating funding</b>	<b>1</b>	<b>1</b>	<b>18</b>	<b>(474)</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</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	-	-	18	(474)
<b>Total applications of capital funding</b>	<b>1</b>	<b>1</b>	<b>18</b>	<b>(474)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1)</b>	<b>(1)</b>	<b>(18)</b>	<b>474</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>2,483</b>	<b>2,563</b>	<b>2,507</b>	<b>2,653</b>
plus - Depreciation and amortisation	1	1	1	-
<b>Expenditure as per Income Statement</b>	<b>2,484</b>	<b>2,564</b>	<b>2,508</b>	<b>2,653</b>
<b>Operating expenditure</b>				
Building Control	2,311	2,386	2,339	2,488
LIMs	173	178	169	166
<b>Capital expenditure:</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP):

- 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 Payments to staff and suppliers are higher due to contracts expenditure for compliance inspections, increased personnel costs and 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?

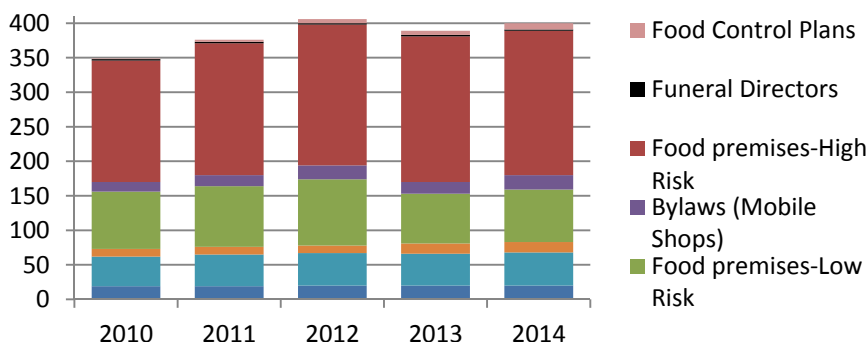
This activity provides services to protect the public health through registration and inspection of premises that prepare or sell food and the investigation of food complaints, as required by the Health Act 1956 and Food Act 1981. The activity also promotes public health and food safety by undertaking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

Further, our Environmental Health Officers have duties under the Sale and Supply of Alcohol Act 2012, which requires reporting on licence applications 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 reporting on applications and inspection of premises that sell or supply alcohol, 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 2013-14

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.

Levels of Service: Environmental Health				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 Actual	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. All registered
Number of annual random inspection of markets and events with 10 or more food stalls.	12	12		Actual score: 12 (Last year: 12). On target. 12 market/event inspections.
% 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: 100%). On target.
<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: 100% (Last year: 50%). On target. All registered Food Control Plans Audited.
Undertake an initial audit of newly registered Food Control Plans within three months of registration and then annually thereafter.	New measure	100%		Actual score: 100% (Last year: 100%). On target. All new FCP audited within three months.
<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: 96% (Last year: 91%). On target.
<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: 78.5% (Last year: 95%). Almost on target. This was not achieved by 1.5%. Council's noise control contractor has not achieved the response time target.
Assess and acknowledge complaints concerning unreasonable noise within one working day.	New measure	80%		Actual score: 87% (Last year: 91%). On target.

1. An "on-licence" allows the sale or supply of liquor to any person present on the premises, for consumption on the premises.



## Funding Impact Statement for year ended 30 June:

Environmental Health	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	181	187	183	184
Fees and charges	5	5	10	14
Other receipts	226	233	242	275
<b>Total operating funding</b>	<b>412</b>	<b>425</b>	<b>435</b>	<b>473</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	269	276	284	271
Internal charges and overheads applied	138	144	143	148
<b>Total applications of operating funding</b>	<b>407</b>	<b>420</b>	<b>427</b>	<b>419</b>
<b>Surplus (deficit) of operating funding</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>53</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service	2	2	2	-
Capital expenditure to replace existing assets	2	2	2	-
Increase (decrease) in reserves	1	1	4	53
<b>Total applications of capital funding</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>53</b>
<b>Surplus (deficit) of capital funding</b>	<b>(5)</b>	<b>(5)</b>	<b>(8)</b>	<b>(53)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>407</b>	<b>420</b>	<b>427</b>	<b>419</b>
plus - Depreciation and amortisation	5	5	4	4
<b>Expenditure as per Income Statement</b>	<b>412</b>	<b>425</b>	<b>431</b>	<b>424</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – 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 2013-14

Below are listed some of the activities performed by Animal Control during the 2013-14 year:

- August 2013 – Education programme over two days at Waikawa Bay School – 150 children.
  - Bite Prevention Seminar presented to 18 Council staff.
- September 2013 – NZIACO Conference and Training Seminar, Wellington (bite stick training, investigation skills training, plan and execute search warrants, national/branch uniforms, forming relationships with other Territorial Authorities).
  - Dogs Day Out, Taylor River Reserve – community event hosted by Alabama Vets.
- October 2013 – Unaccounted for dog checks.
  - Bite Prevention Seminar presented to 25 Probation staff.
- November 2013 – Animal Control moved premise to Main Street.
  - Dog Safety presentation at Clued up Kids – dog safety messages to 500 children.
- December 2013 – Rebecca Payne involved in the finalisation of microchipping procedures.
- January 2014 – Rebecca Payne involved in the development of a dog indicator web map, indicating where dog owners can take their dogs.
- February 2014 – Rebecca Payne involved in reviewing the Barking Complaints Standard Operating Procedures.
  - Animal Control Officer, Wayne Wytenburg completed a validation course for Traffic Management.
- March 2014 – Rebecca Payne involved in dogs-on-line system ready for registration June/July 2014.
  - Wayne Wytenburg and Mate attended the International Safe Communities Awards for being part of 'Clued up Kids' Marlborough.
  - Dog Safety presentations at Renwick School and Linkwater School.
  - Presentation to DOC providing education on dealing with dogs.
  - New Animal Control Officer on Traffic Management Plan.
  - New Animal Control Officer on First Aid Course.
- April 2014 – Dog Safety presentations at Redwood Kindergarten, Springlands, Opawa and Blenheim Schools.
- May 2014 – Blenheim Police Dog Handlers gave Animal Control staff a presentation.
- June 2014 – Registration forms posted out, dog-on-line went live.

Levels of Service: Animal Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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: 7.4 (Last year: 7.7). 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: 98% (Last year: 96.8%). Almost on target. Out of the 182 complaints received, four could not be verified to meet the service specification of response within 24 hours
Report on how MW has met their obligations under the contract.	New measure	30-Sep-13		Actual score: 30-Sep-13 (Last year: 30-Sep-12). On target.
Compliance with DCA requirements by preparing and publicising a report annually.	N/A	30-Sep-13		Actual score: 30-Sep-13 (Last year: 30-Sep-12). On target.

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

<b>Animal Control</b>	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	39	40	39	40
Fees and charges	544	562	560	586
Other receipts	14	14	14	19
<b>Total operating funding</b>	<b>597</b>	<b>616</b>	<b>613</b>	<b>644</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	505	531	529	535
Internal charges and overheads applied	51	54	63	61
Other operating funding applications	6	6	4	4
<b>Total applications of operating funding</b>	<b>562</b>	<b>591</b>	<b>596</b>	<b>600</b>
<b>Surplus (deficit) of operating funding</b>	<b>35</b>	<b>25</b>	<b>17</b>	<b>44</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Increase (decrease) in reserves	35	25	17	44
<b>Total applications of capital funding</b>	<b>35</b>	<b>25</b>	<b>17</b>	<b>44</b>
<b>Surplus (deficit) of capital funding</b>	<b>(35)</b>	<b>(25)</b>	<b>(17)</b>	<b>(44)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding plus - Depreciation and amortisation</b>	<b>562</b>	<b>591</b>	<b>596</b>	<b>600</b>
<b>plus - Depreciation and amortisation</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>2</b>
<b>Expenditure as per Income Statement</b>	<b>567</b>	<b>597</b>	<b>601</b>	<b>603</b>
<b>Operating expenditure</b>				
Dog Control	516	544	550	547
Other Animal Control	52	53	52	56

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – 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.	<p>A place where people enjoy living.</p> <p>A place where people can enjoy quality leisure opportunities.</p> <p>A prosperous community and economy for all Marlburians.</p>

### 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 1,800 kilometres 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.

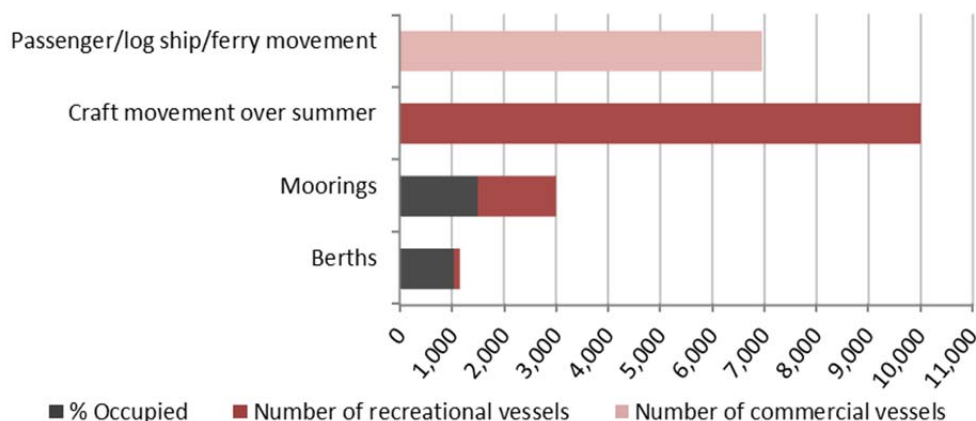
More generally, the purpose of the Harbours Activity is to:

- 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 (a movement is defined as a transit inwards or outwards) 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 2013-14

### Harbour Control

This year saw the continuation of the 12 month tidal information in the Safe Sounds Boating brochure to encourage the boating public to retain the brochures for the entire year and also enabling a continued distribution of the brochure throughout the year. A total of 7,000 brochures were printed with 200-300 remaining at the time of reporting.

The marking of the approach channel into the Havelock marina from seaward at number one has been received positively by users. In addition, a tide board has been established at number six beacon following a request from the marine farming interests.

The established wireless LAN to Tory Channel/West Head continues to cope with increased demands of data transfer following enhancement in order to accommodate transfer of increased data flows allowing:

- 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 Motuara Island in order to provide real-time weather conditions such as wind direction and strength. The intent is for this information to be available to all users but recent technical issues have presented some on-going problems that may involve relocation of the sensors.
- The ability to remotely activate the leading lights in the event of poor visibility during daylight hours.

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.

## Activity Group: Regulatory

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A pre-arrival form for ships greater than 500 gross tonnes has been introduced to provide the Harbour Master Group with relevant information regarding the arriving ship and her suitability to transit to Port Marlborough facilities. The form additionally introduces the ability for a pilot to provide verbal instructions to safely bring the vessel to a safer area for boarding should weather conditions preclude boarding at the promulgated pilot station. This requires a signed agreement from the master and must be received 24 hours prior to the vessel's arrival at the pilot station. If there is no signed declaration, the ship will be required to wait until improved weather conditions allow for a safe pilot transfer.

During this year electronic scrolling signs have been established at Picton and Havelock marina tip heads. The messages on these signs are managed from the Harbour office allowing for relevant and targeted messages to be displayed. Initial feedback indicates that the information provided is well received.

At the start of the financial year, maintenance and servicing of Aids to Navigation was taken in-house, as a result of the then Contractor failing to renew the contract and the inability to find a cost-effective solution. To undertake this work, a specialist vessel was acquired and commissioned in October 2013. The Harbour Master Group staff have been able to respond to and rectify failures within the required time-frames.

An additional blue light has been fitted at the entrance to the Picton marina. The established blue light on the seaward end of Waitohi wharf was established following the timeless incident with its primary purpose being to alert incoming small craft of an outward ferry movement. Marina occupants, particularly small commercial operators indicated that the additional light would serve to warn outbound small vessels of a ferry movement. Both lights have presented technical challenges during the past year but these have now been solved with both lights being operational.

Following numerous complaints about vessel speed particularly in mooring areas, the use and location of strategically placed five knot buoys was investigated. Buoys have been acquired and will be located in known 'hot spots'

Maritime Rule part 90 sets out the requirements for regions to develop and have approved Pilot Exemption Training schemes whilst the rule itself defines minimum transit/recent experience requirements. Owing to the fact that there are two entrances to the Sounds – the Northern Entrance and Tory Channel – and that each differs significantly from the other, different minimum transit/recent experience requirements apply. Noting that plans approved for interisland ferry operators differed from the plan approved for Council, work was commenced but remains underway to remedy the differences in the plans.

Additional summer patrols were put in place as a direct benefit of a second vessel, targeting the Havelock area in particular. Feedback from locals indicated that this has been well received.

Revision of Council's component of Harbour Safety Management System (SMS), a requirement of the NZ Port and Harbour Marine Safety Code, was completed following the completion of the most recent review of the Harbour risk assessment. The SMS document has been submitted to Maritime NZ for confirmation that it complies with the Code. It is anticipated that the SMS will be reviewed and audited by the end of March 2015.

### Oil Spill Response

Specialist staff continue to receive and remain involved in targeted specialist training opportunities at a 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 qualifying two of the Harbour Master Group personnel to become accredited trainers for this type of vessel.

A scenario based desk-top exercise was completed in addition to an equipment exercise utilising containment and recovery equipment located in the District to maintain responder familiarity with equipment. Response staff from within Council as well as external providers attended these exercises. The appointed alternate Regional On-Scene Commander attended a revalidation course to retain currency of skills and knowledge.

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: 7.2 (Last year: 7.6). 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% by Labour weekend		Actual score: 100% (Last year: 100%). On target. Brochure reviewed, printed and distributed by Labour weekend 2013.
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: 27 (Last year: 18). On target. Additional patrols were achieved at Havelock with the second vessel.
Number of weekday patrols undertaken from mid-December through to end of January of the following year.	New measure	≥ 30		Actual score: 39 (Last year: 41). On target. Additional patrols undertaken in the Havelock area with the second vessel.
% 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 34 Navigation Warnings issued.
<b>Ensure that Port and Harbour Safety Code requirements are met.</b>				
% of funded mitigation measures completed.	80%	80%		Actual score: 80% (Last year: 37%). On target. Establishment of scrolling signs at Havelock and Picton marinas, upgrade of VTS soft- and hardware. Establishment of a weather station at Motuara. Procurement of 5-knot buoys for deployment in known trouble areas. Acquisition of a second vessel (second hand) to undertake Aids to Navigation servicing and maintenance.
<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: 204 (Last year: 172). On target. Audits were undertaken in a variety of areas across the entire Sounds.
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 216 incidents were recorded in the Incident Database. Of these 23 were advised to MNZ, based on the type of incident.
<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: 97.63% (Last year: 97.33%). Almost on target. Arithmetic average: Cat 1 = 100%, Cat 2 = 96% , Cat 3 = 96.9%. Cat 3 score due to the beacons at Motuara and Pickersgill being destroyed and delays in re-instating same.
% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%	100%		Actual score: 100% (Last year: 100%). On target.
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: 106 (Last year: 156). On target. Actual inspections recorded was 106 - Patrols check on these facilities on a regular basis.

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

Harbours	2013 (LTP) \$000's	2014 (LTP) \$000's	2014 (AP) \$000's	2014 (Actual) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	732	769	758	767
Fees and charges	130	134	150	168
Other receipts	124	126	126	358
<b>Total operating funding</b>	<b>986</b>	<b>1,029</b>	<b>1,034</b>	<b>1,294</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	734	755	774	917
Internal charges and overheads applied	112	117	115	119
Other operating funding applications	-	-	5	1
<b>Total applications of operating funding</b>	<b>846</b>	<b>872</b>	<b>894</b>	<b>1,037</b>
<b>Surplus (deficit) of operating funding</b>	<b>140</b>	<b>157</b>	<b>140</b>	<b>256</b>
<b>Sources of capital funding</b>				
Gross proceeds from sale of assets	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	69	-	-
Capital expenditure to improve the level of service	60	-	134	60
Capital expenditure to replace existing assets	72	64	174	58
Increase (decrease) in reserves	8	24	(168)	138
<b>Total applications of capital funding</b>	<b>140</b>	<b>157</b>	<b>140</b>	<b>256</b>
<b>Surplus (deficit) of capital funding</b>	<b>(140)</b>	<b>(157)</b>	<b>(140)</b>	<b>(256)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>846</b>	<b>872</b>	<b>894</b>	<b>1,037</b>
plus - Depreciation and amortisation	98	115	134	94
plus - Loss on sale of fixed assets	-	-	-	1
<b>Expenditure as per Income Statement</b>	<b>944</b>	<b>987</b>	<b>1,028</b>	<b>1,132</b>

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – Other receipts in revenue and operating expenditure are both higher than budget due to the unbudgeted offloading of the Kan Tan IV oil rig.

Note 3: Capital Expenditure – There has been no significant expenditure or capital expenditure variances.



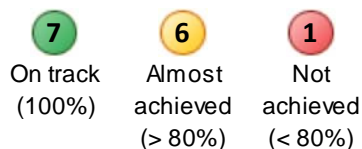
## Activity Group: Regional Development

### 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 2013-14 year. We achieved seven and almost achieved six of the 14 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?

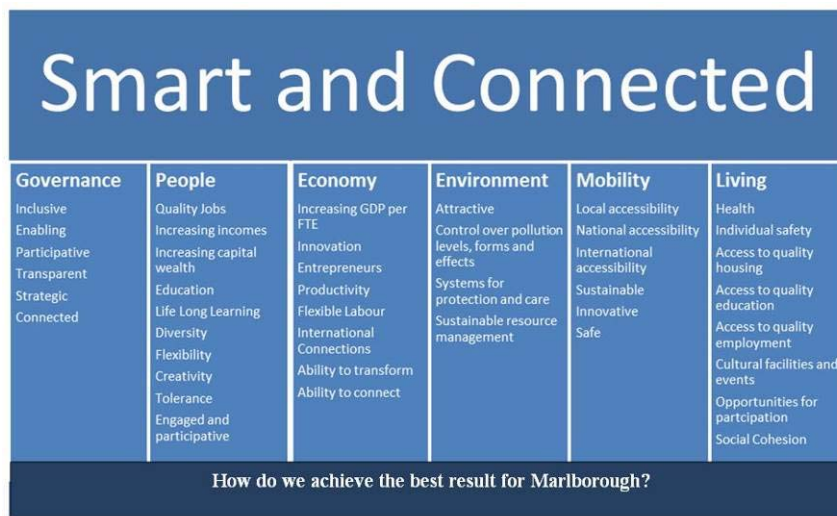
This activity is aimed at developing the District's economy to achieve long term economic growth to the benefit of the Marlborough community. It is about identifying where the direction of growth needs to be, how we will get there and what needs to be done. It is important to recognise that regional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



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, Tourism and Commercial Events

Destination marketing services are undertaken on Council's behalf by Destination Marlborough. Destination Marlborough exists to grow and support a sustainable visitor economy that contributes to achieving a Smart and Connected economy for Marlborough. It is funded through a combination of Council and private sector investment. The organisation's core marketing priorities are to position Marlborough as a compelling destination to visit, to prioritise effort on smoothing seasonality and to deliver a single collaborate voice to grow visitor spend in the region. To the year ending March 2013 visitor spend contributed \$253 million into the Marlborough economy. The target is to grow this to \$366 million by year end March 2018.

The recently established Regional Events Coordinator post, based at Council, completed its full year. The purpose of the role is to support the delivery of quality commercial events in the region thus attracting visitors to stay and spend in the region. A Regional Events Strategy has been adopted and Commercial Events Fund established in 2013-14.

## 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.

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

Marlborough Research Centre, 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

## What we did in 2013-14

### Economic Development

- Initiated two Smart and Connected Industry leadership groups – wood sector and visitor economy.
- Completed Smart and Connected community project in Havelock. As a result of this project, key governance changes were undertaken and a successful application was made for government funding to provide a community development person.
- Significant progress in developing the Marlborough Story - a consistent message and story about Marlborough to be used by businesses, Council and other organisations to market the region.
- Provision of advice and mentoring to 60 local start-up businesses by Nelson Tasman Business Trust.
- Successful operation of the Food and Beverage Cluster with an increased level of membership (now 22 companies) and \$700,000 income growth for member companies attributable to the cluster.

### Tourism

- Marlborough guest nights for the year July 2013-June 2014 rose 6.7% to 703,805 (of which 330,495 international, 373,309 domestic).
- Average length of stay rose from 1.69 nights to 1.80 nights.
- Hosted 100 strong media entourage during Royal visit in April.
- Leverage of the Pelorus River film location for the second Hobbit movie.
- Focus on marketing to Australian visitors, including live broadcasting to Australian TV during the Marlborough Wine and Food Festival in February, contributed to annual Australian visitor spend of \$32m.

### Parking

- Continuation of Parking Enforcement and Maintenance contract to Armourguard Security Ltd until 2016.
- Improved observed relationship between parking wardens and drivers.
- Additional enforcement in Picton has been welcomed by local businesses and led to improved driver behaviour.

Levels of Service: Regional Development				
Performance Targets				
Key Performance Indicators	LTP Baseline	2013-14 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".				
● Regional Development	6.4	6.4		Actual score: 6.7 (Last year: 6.3). On target
● Tourism	7.3	7.5		Actual score: 7.3 (Last year: 7.3). Almost on target.
● Research Centre	7.0	7.0		Actual score: 6.9 (Last year: 6.5). Almost on target. Significant increase in previous year score and close to target.
● Parking	6.3	7.0		Actual score: 7 (Last year: 6.7). On target
● Irrigation	6.9	7.0		Actual score: 6.5 (Last year: 7.1). Almost on target.
<b>Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.</b>				
% of funded work programme targets achieved.	New measure	80%		Actual score: 78% (Last year: 100%). Almost on target. Seven of the nine funded projects achieved, two other funded projects reprioritised.
<b>Manage Research Centre contract to ensure service quality and value.</b>				
Number of published research papers.	70	≥ 50		Actual score: 121 (Last year: 74). On target. Exceedence achieved by partner funding contributions for research from Plant and Food Research, and NZ Winegrowers
<b>Effective promotion of Marlborough as a visitor destination.</b>				
% change in visitor nights in Marlborough compared to national trends.	Equal or better than national trends	Equal or better than national trends		Actual score: 1.3% over national trend (Last year: 2%). On target. Marlborough +6.7% for year ended June 2014, NZ up 5.4% for same period.
% of achievement of Destination Marlborough business plan key performance measures	New measure	80%		Actual score: 70% (Last year: 71%). Almost on target.
<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	Blenheim - Dec 2013		Actual score: 01-Dec-14 (Last year: N/A). Not achieved. Parking strategy to be implemented by 01-Dec-14.
Occupancy rates of off-street car parks in Blenheim				
● Kerbside	65%	< 70%		Actual score: 56% (Last year: 59%). On target.
● Off street (Queen Street and Clubs only)	76%	< 85%		Actual score: 88% (Last year: 79%). Almost on target. Both off-street car parks reduced in size due to pocket park development (Queen St) and new theatre (Clubs).
● Parking building	New measure	< 70%		Actual score: 20% (Last year: 40%). On target. New methodology developed to measure occupancy.
<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	≤ 1		Actual score: 0 (Last year: 0). On target.

<b>Funding Impact Statement for year ended 30 June:</b>				
<b>Regional Development</b>	<b>2013 (LTP) \$000's</b>	<b>2014 (LTP) \$000's</b>	<b>2014 (AP) \$000's</b>	<b>2014 (Actual) \$000's</b>
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	970	1,032	1,067	1,076
Targeted rates (other than for water supply)	1,235	1,241	1,235	1,231
Fees, charges and targeted rates for water supply	2,097	2,200	2,030	2,151
Other receipts	199	204	197	274
<b>Total operating funding</b>	<b>4,501</b>	<b>4,677</b>	<b>4,529</b>	<b>4,732</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,882	1,939	2,049	1,972
Finance costs	1,468	1,419	1,457	1,455
Internal charges and overheads applied	291	300	290	375
Other operating funding applications	448	503	468	613
<b>Total applications of operating funding</b>	<b>4,089</b>	<b>4,161</b>	<b>4,264</b>	<b>4,415</b>
<b>Surplus (deficit) of operating funding</b>	<b>412</b>	<b>516</b>	<b>265</b>	<b>317</b>
<b>Sources of capital funding</b>				
Development and financial contributions	-	-	-	24
Increase (decrease) in debt	(681)	(758)	(776)	(878)
<b>Total sources of capital funding</b>	<b>(681)</b>	<b>(758)</b>	<b>(776)</b>	<b>(855)</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	105	88	85	427
Capital expenditure to improve the level of service	67	-	-	-
Capital expenditure to replace existing assets	18	19	18	4
Increase (decrease) in reserves	(459)	(349)	(614)	(969)
<b>Total applications of capital funding</b>	<b>(269)</b>	<b>(242)</b>	<b>(511)</b>	<b>(538)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(412)</b>	<b>(516)</b>	<b>(265)</b>	<b>(317)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>4,089</b>	<b>4,161</b>	<b>4,264</b>	<b>4,415</b>
plus - Depreciation and amortisation	552	544	599	620
plus - Loss on sale of fixed assets	-	-	-	-
<b>Expenditure as per Income Statement</b>	<b>4,641</b>	<b>4,705</b>	<b>4,863</b>	<b>5,035</b>
<b>Operating expenditure</b>				
Economic Development	107	110	251	417
Marketing and Tourism	856	910	873	856
Research Centre	136	136	226	226
Irrigation	1,406	1,411	1,407	1,355
Parking	2,137	2,138	2,105	2,181
<b>Capital expenditure:</b>				
Irrigation	67	-	-	4
Parking	123	106	103	426

<b>Internal borrowing used for the purpose of Regional Development</b>	<b>20,129</b>
Funds borrowed during the year	-
Funds repaid during the year	878
Interest paid in relation to this borrowing	1,455

Note 1: The 2013-14 Annual Plan payments to staff and suppliers includes some reallocations of internal charges. In 2013-14 Actual they are classified as internal charges.

## Activity Group: Regional Development

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Note 2: Explanation of funding impact statement variance between 2014 (Actual) and 2014 (LTP) – 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 3: Capital Expenditure – Is higher in parking due the purchase of 12 Kinross Street. This has been funded in 2014-15 by the sale of 19 Kinross Street.

## Part 3: Financial Statements

- ☉ **Income Statement**
- ☉ **Statement of Comprehensive Income**
- ☉ **Statement of Changes in Equity**
- ☉ **Statement of Financial Position**
- ☉ **Statement of Cash Flows**
- ☉ **Notes to Financial Statements**
- ☉ **Funding Impact Statement**



ANZAC, Seymour Square, Blenheim



Seymour Square, Blenheim

## Income Statement

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2013-14	2012-13	2013-14	2013-14	2012-13
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Revenue:</b>						
Rates, excluding targeted water rates	3	53,150	51,775	53,567	53,588	52,161
Targeted rates for water supply	3	2,790	2,587	2,790	2,122	2,587
Development and financial contributions	5	812	776	812	754	776
Subsidies and Grants	5	7,280	6,739	7,280	6,336	6,739
Finance income	4	782	926	756	878	897
Other revenue	5	52,463	52,194	30,450	27,957	30,662
Gains	6	7,207	8,202	6,746	1,628	7,372
<b>Total revenue</b>	<b>2</b>	<b>124,484</b>	<b>123,199</b>	<b>102,401</b>	<b>93,263</b>	<b>101,194</b>
<b>Expenditure:</b>						
Personnel costs	7	22,458	21,574	17,193	17,307	16,422
Finance costs	4	2,920	1,987	1,211	2,750	640
Other expenses	8	63,381	63,582	56,373	48,766	56,615
Depreciation and amortisation	8	21,145	19,444	18,816	19,342	17,358
<b>Total operating expenditure</b>	<b>2</b>	<b>109,904</b>	<b>106,587</b>	<b>93,593</b>	<b>88,165</b>	<b>91,035</b>
<b>Surplus before tax</b>		<b>14,580</b>	<b>16,612</b>	<b>8,808</b>	<b>5,098</b>	<b>10,159</b>
Income tax expense / (credit)	9	1,780	1,447	-	-	-
<b>Surplus after tax</b>		<b>12,800</b>	<b>15,165</b>	<b>8,808</b>	<b>5,098</b>	<b>10,159</b>

## Statement of Comprehensive Income

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2013-14	2012-13	2013-14	2013-14	2012-13
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Surplus for the year</b>		<b>12,800</b>	<b>15,165</b>	<b>8,808</b>	<b>5,098</b>	<b>10,159</b>
<b>Other comprehensive income:</b>						
Gain on property revaluations	25	44,542	24,986	44,542	113,806	15,470
Tax on property valuations	9	-	(2,860)	-	-	-
<b>Total other comprehensive income</b>		<b>44,542</b>	<b>22,126</b>	<b>44,542</b>	<b>113,806</b>	<b>15,470</b>
<b>Total comprehensive income</b>		<b>57,342</b>	<b>37,291</b>	<b>53,350</b>	<b>118,904</b>	<b>25,629</b>

## Statement of Changes in Equity

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2013-14	2012-13	2013-14	2013-14	2012-13
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July</b>		<b>1,367,194</b>	<b>1,329,903</b>	<b>1,298,780</b>	<b>1,313,897</b>	<b>1,273,151</b>
Total comprehensive revenue and expenses		57,342	37,291	53,350	118,904	25,629
<b>Balance at 30 June</b>	<b>25</b>	<b>1,424,536</b>	<b>1,367,194</b>	<b>1,352,130</b>	<b>1,432,801</b>	<b>1,298,780</b>

The accompanying notes form part of these financial statements.



## Statement of Financial Position

	note:	Group		Council		
		Actual 2013-14 \$000's	Actual 2012-13 \$000's	Actual 2013-14 \$000's	Budget 2013-14 \$000's	Actual 2012-13 \$000's
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	10	6,898	1,997	5,341	1,617	1,252
Debtors and other receivables	11	10,064	11,662	8,036	7,887	9,717
Other financial assets	13	6,528	5,356	6,528	3,582	5,356
Inventory	14	705	626	375	428	351
Non-current assets held for sale	15	2,062	-	2,062	780	-
<b>Total current assets</b>		<b>26,257</b>	<b>19,641</b>	<b>22,342</b>	<b>14,294</b>	<b>16,676</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		6,506	7,477	6,506	9,232	7,477
Property, plant and equipment	16	1,409,624	1,358,354	1,342,069	1,456,807	1,291,001
Intangible assets	17	1,659	1,066	792	588	1,022
Forestry assets	18	16,333	15,478	16,333	11,264	15,478
Investment property	19	75,415	70,629	2,000	2,000	1,890
<b>Total non-current assets</b>		<b>1,509,537</b>	<b>1,453,004</b>	<b>1,373,700</b>	<b>1,485,891</b>	<b>1,322,868</b>
<b>Total assets</b>		<b>1,535,794</b>	<b>1,472,645</b>	<b>1,396,042</b>	<b>1,500,185</b>	<b>1,339,544</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Creditors and other payables	21	13,044	14,621	11,537	12,385	13,222
Derivative financial instruments	12	12	137	-	-	-
Provisions	24	342	377	714	-	749
Current tax liabilities	9	353	105	-	-	-
Employee entitlements	23	2,898	2,632	2,119	1,459	1,936
Borrowings	22	28,895	45,700	-	-	22,500
<b>Total current liabilities</b>		<b>45,544</b>	<b>63,572</b>	<b>14,370</b>	<b>13,844</b>	<b>38,407</b>
<b>Non-current liabilities:</b>						
Derivative financial instruments	12	632	2,079	149	-	529
Borrowings	22	54,500	29,205	28,000	50,605	-
Employee entitlements	23	-	-	-	667	-
Provisions	24	2,105	2,361	1,393	2,268	1,828
Deferred tax liability	9	8,476	8,234	-	-	-
<b>Total non-current liabilities</b>		<b>65,713</b>	<b>41,879</b>	<b>29,542</b>	<b>53,540</b>	<b>2,357</b>
<b>Total liabilities</b>		<b>111,257</b>	<b>105,451</b>	<b>43,912</b>	<b>67,384</b>	<b>40,764</b>
<b>Net assets</b>		<b>1,424,537</b>	<b>1,367,194</b>	<b>1,352,130</b>	<b>1,432,801</b>	<b>1,298,780</b>
<b>Equity:</b>						
Accumulated funds	25	598,578	590,456	561,441	561,368	557,311
Other reserves	25	825,958	776,738	790,689	871,433	741,469
<b>Total equity</b>	25	<b>1,424,536</b>	<b>1,367,194</b>	<b>1,352,130</b>	<b>1,432,801</b>	<b>1,298,780</b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2013-14	2012-13	2013-14	2013-14	2012-13
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Cash flows from operating activities:</b>						
		56,048	54,392	56,465	55,710	54,778
		59,926	57,354	36,601	32,177	35,178
		473	(425)	473	-	(425)
		743	849	756	878	897
		(82,609)	(80,356)	(70,152)	(66,336)	(69,090)
		(4,320)	(4,077)	(1,320)	(2,389)	(1,038)
		(1,289)	(1,285)	-	-	-
<b>Net cash flow from operating activities</b>	26	<b>28,972</b>	<b>26,452</b>	<b>22,823</b>	<b>20,040</b>	<b>20,300</b>
<b>Cash flows from investing activities:</b>						
		4,420	221	4,420	5,313	418
		(330)	(184)	(331)	(5,094)	(166)
		-	-	-	-	-
		13	-	1,337	827	680
		-	1,934	-	-	2,699
		(4,306)	-	-	-	-
		(470)	(401)	(470)	-	(401)
		(853)	(204)	(74)	-	(167)
		-	-	(474)	-	-
		(31,035)	(38,185)	(28,642)	(26,351)	(29,347)
<b>Net cash flow from investing activities</b>		<b>(32,561)</b>	<b>(36,819)</b>	<b>(24,234)</b>	<b>(25,305)</b>	<b>(26,284)</b>
<b>Cash flows from financing activities:</b>						
		91,190	8,250	88,200	866	39,000
		(82,700)	(250)	(82,700)	-	(35,500)
<b>Net cash flow from financing activities</b>		<b>8,490</b>	<b>8,000</b>	<b>5,500</b>	<b>866</b>	<b>3,500</b>
<b>Net increase / (decrease)</b>		<b>4,901</b>	<b>(2,367)</b>	<b>4,089</b>	<b>(4,399)</b>	<b>(2,484)</b>
<b>Cash, cash equivalents and bank overdrafts:</b>						
		1,997	4,364	1,252	6,016	3,736
<b>At the end of the year</b>	10	<b>6,898</b>	<b>1,997</b>	<b>5,341</b>	<b>1,617</b>	<b>1,252</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 2014

#### 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 2014. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the year ended 31 March 2014.

The financial statements were authorised for issue by Council on 30 October 2014.

#### 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 169) 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 and Group 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), infrastructural assets and wharves 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.

: Asset	Life	Rate
<b>Roads, Streets and Bridges</b>		
- Land under roads and pavement formation	Not depreciated	
- Pavement layers	50 - 100 years	1 - 2%
- Pavement surface	6 - 25 years	4 – 16.67%
- 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>	10 - 100 years	1% - 10%
<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 - 100 years	1 - 2.33%
- Pump stations	25 - 100 years	1 - 4%
- Oxidation ponds:	Not depreciated	
- Treatment plant	25 - 100 years	1 - 4%
- Grinder pump unit	10 – 40 years	2.5 - 10%
- Odour beds	25 – 40 years	2.5 - 4%
- Bores	60 years	1.67%
<b>Stormwater</b>		
- Pipes	50 - 100 years	1 - 2%
- Pump stations	25 - 100 years	1 - 4%
<b>Water</b>		
- Pipes	38 - 100 years	1 - 2.63%
- Reservoirs	35 - 80 years	1.25 - 2.86%
- Pumps	20 years	5%
- Pump stations	20 - 100 years	1 - 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 arm's 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 2013-14 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

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

Marlborough Regional Forestry (MRF) is a participant in the ETS with regard to both its significant holdings of "pre 1990" forests and currently minor holding of "post 1989" forests. Pre 1990 emission units (NZU's) received are recognised at cost (\$nil) and subsequently measured at cost subject to impairment. It is not anticipated that MRF will have any future liabilities or obligations with regard to its pre 1990 forests.

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

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

Council's regional landfill has entered the ETS and 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>2013-14 Actual \$000's</b>	<b>2013-14 Budget \$000's</b>	<b>2012-13 Actual \$000's</b>
<b>Revenue:</b>			
People	8,344	8,294	8,128
Community Facilities	9,102	8,623	8,121
Roads and Footpaths	16,897	16,832	18,078
Flood Protection and control works	7,048	6,519	7,047
Sewerage	10,168	9,265	8,805
Stormwater drainage	1,843	1,909	2,157
Water Supply	9,202	8,996	9,101
Solid Waste Management	7,638	7,084	6,994
Environmental Management	7,526	7,375	7,543
Regulatory	5,898	5,817	5,370
Regional Development	4,756	4,529	4,581
<b>Total activity revenue</b>	<b>88,422</b>	<b>85,243</b>	<b>85,925</b>
Plus other income (including forestry)	20,628	15,893	21,565
Less internal income	(6,649)	(7,873)	(6,296)
<b>Total revenue</b>	<b>102,401</b>	<b>93,263</b>	<b>101,194</b>
<b>Expenditure:</b>			
People	11,384	8,597	10,770
Community Facilities	8,547	8,039	8,206
Roads and Footpaths	19,924	19,266	18,349
Flood Protection and control works	4,946	4,377	5,217
Sewerage	9,519	10,397	9,257
Stormwater drainage	1,711	1,674	1,642
Water Supply	8,184	8,095	8,139
Solid Waste Management	6,605	6,761	6,700
Environmental Management	8,195	7,800	8,440
Regulatory	5,962	5,779	5,529
Regional Development	5,035	4,863	4,911
<b>Total activity expenditure</b>	<b>90,012</b>	<b>85,648</b>	<b>87,160</b>
Plus other expenditure (including forestry)	10,230	10,390	10,171
Less internal expenditure	(6,649)	(7,873)	(6,296)
<b>Total operating expenditure</b>	<b>93,593</b>	<b>88,165</b>	<b>91,035</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.



3. Rates Activity

Rates, excluding targeted water rates:	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
People	5,920	5,830	5,920	5,877	5,830
Community Facilities	6,611	6,368	6,611	6,599	6,368
Roads and Footpaths	8,772	8,571	8,772	8,784	8,571
Flood Protection and control works	3,612	3,546	3,612	3,569	3,546
Sewerage	7,752	7,111	7,752	7,629	7,111
Stormwater drainage	1,507	1,546	1,507	1,509	1,546
Water Supply	6,005	5,992	6,005	6,436	5,992
Solid Waste Management	2,532	2,480	2,532	2,508	2,480
Environmental Management	5,464	5,453	5,464	5,464	5,453
Regulatory	2,414	2,412	2,414	2,417	2,412
Regional Development	2,977	2,850	2,977	2,795	2,850
<b>Total activity rates</b>	<b>53,566</b>	<b>52,160</b>	<b>53,566</b>	<b>53,588</b>	<b>52,160</b>
Plus non-activity rates	1	2	1	-	1
Less related party rates eliminated	(417)	(386)	-	-	-
<b>Total gross rates revenue</b>	<b>53,150</b>	<b>51,776</b>	<b>53,567</b>	<b>53,588</b>	<b>52,161</b>
Rates remissions (as below)	442	566	442	510	566
<b>Rates, excluding targeted water rates net of remissions</b>	<b>52,708</b>	<b>51,210</b>	<b>53,125</b>	<b>53,078</b>	<b>51,595</b>

Targeted Water Supply rates

Targeted water supply rates	2,790	2,587	2,790	2,122	2,587
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Council has a number of rate remission policies which enable ratepayers to qualify for various remission amounts providing certain conditions and criteria are met.

Rates remissions:	Group		Council	
	Actual	Actual	Actual	Actual
	2013-14	2012-13	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's
Community sporting & other organisations	26	27	26	27
Protected land	3	3	3	3
Residential land in commercial/industrial areas	27	26	27	26
Single entity non-contiguous pastoral units & separate ownership contiguous units	21	20	21	20
Subdivisions creating four or more units	15	18	15	18
Subdivisions creating 10 or more units	44	43	44	43
Karaka Point	(70)	70	(70)	70
Lansdowne Park	1	1	1	1
Separately used/inhabited parts of rating unit	76	67	76	67
Rate penalties	57	51	57	51
Statute barred	1	-	1	-
Water remission	51	51	51	51
Multi-ownership Maori land	190	189	190	189
<b>Total remissions</b>	<b>442</b>	<b>566</b>	<b>442</b>	<b>566</b>

## 4. Finance Income and Finance Costs

	Group		Council		
	Actual 2013-14 \$000's	Actual 2012-13 \$000's	Actual 2013-14 \$000's	Budget 2013-14 \$000's	Actual 2012-13 \$000's
<b>Finance income:</b>					
Interest income:					
Term deposits and bonds	683	821	658	766	792
Community Loans	98	104	98	112	104
Related party loans	1	1	-	-	1
<b>Total finance income</b>	<b>782</b>	<b>926</b>	<b>756</b>	<b>878</b>	<b>897</b>
<b>Finance costs:</b>					
Interest expense:					
Interest on bank borrowings	4,512	3,897	1,591	2,750	1,038
Less related party interest	(20)	(17)	-	-	-
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	(1,572)	(1,893)	(380)	-	(398)
<b>Total finance costs</b>	<b>2,920</b>	<b>1,987</b>	<b>1,211</b>	<b>2,750</b>	<b>640</b>
<b>Net finance income / (costs)</b>	<b>(2,138)</b>	<b>(1,061)</b>	<b>(455)</b>	<b>(1,872)</b>	<b>257</b>

## 5. Other Revenue

Other Revenue	Group		Council		
	Actual 2013-14 \$000's	Actual 2012-13 \$000's	Actual 2013-14 \$000's	Budget 2013-14 \$000's	Actual 2012-13 \$000's
User charges	13,071	11,381	13,334	11,881	11,587
Regulatory revenue	3,637	3,526	3,810	4,097	3,684
Lump sum contributions	18	17	18	-	17
Land subdivision revenues	818	445	818	849	445
Infringements and fines	604	649	604	635	649
Petrol tax	373	363	373	367	363
Rendering of services	15,839	14,992	-	-	-
Vested assets	715	2,529	715	1,019	2,529
Dividend income related party	13	-	1,336	827	679
Rental income from investment properties	8,263	7,906	161	156	158
Marlborough Regional Forestry revenue	6,603	8,048	6,603	6,595	8,048
Other income	2,508	2,337	2,677	1,531	2,502
<b>Total other revenue</b>	<b>52,462</b>	<b>52,193</b>	<b>30,449</b>	<b>27,957</b>	<b>30,661</b>

### Subsidies and Grants

New Zealand Transport Roothing Subsidies	6,881	6,318	6,881	5,894	6,318
Other Donations and Grants	399	421	399	442	421
<b>Total Subsidies and Grants</b>	<b>7,280</b>	<b>6,739</b>	<b>7,280</b>	<b>6,336</b>	<b>6,739</b>

### Development and Financial Contributions

Development Contributions	679	542	679	594	542
Development Impact Levies	133	234	133	160	234
<b>Total Development and Financial Contributions</b>	<b>812</b>	<b>776</b>	<b>812</b>	<b>754</b>	<b>776</b>

## 6. Gains

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Non-financial instruments:</b>					
Property, plant and equipment gains on disposal	3,367	27	3,367	1,628	7
Non-current assets held for sale gains on disposal	-	1,448	-	-	1,448
Investment property revaluation gain (note 19)	516	930	110	-	170
Forestry asset revaluation gain (note 18)	3,269	5,734	3,269	-	5,734
Other	55	50	-	-	-
<b>Total non-financial instrument gains</b>	<b>7,207</b>	<b>8,189</b>	<b>6,746</b>	<b>1,628</b>	<b>7,359</b>
<b>Financial instruments:</b>					
Gain on fair value of investments	-	13	-	-	13
<b>Total financial instruments gains</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Total gains</b>	<b>7,207</b>	<b>8,202</b>	<b>6,746</b>	<b>1,628</b>	<b>7,372</b>

## 7. Personnel Costs

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
Salaries and wages	21,409	20,682	16,365	16,568	15,732
Defined contribution plan employer contributions	893	834	672	667	632
Increase in employee entitlements	156	58	156	72	58
<b>Total personnel costs</b>	<b>22,458</b>	<b>21,574</b>	<b>17,193</b>	<b>17,307</b>	<b>16,422</b>

## 8. Other Expenses

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
Fees to auditors:					
Audit New Zealand for:					
audit of Council's financial statements	119	116	119	120	116
audit of MDCH financial statements	17	17	-	-	-
Deloitte for audit of PMNZL and MAL financial statements	71	66	-	-	-
Grants & donations	5,104	4,065	5,109	3,311	4,049
Insurance premiums	1,630	955	1,630	1,449	955
Impairment adjustment of receivables (note 11)	32	18	9	-	13
Councillors remuneration (note 30)	637	614	619	660	596
Directors fees	214	206	-	-	-
Property plant and equipment loss on disposal	584	1,212	584	-	1,212
Direct operating expenses of investment properties	3,166	3,087	2	-	6
Investment property revaluation loss (note 19)	-	-	-	-	-
Payments under operating leases	424	627	401	-	604
Loss on fair value of investments	130	116	130	-	116
Other operating expenses	51,253	52,483	47,770	43,226	48,948
<b>Total other expenses</b>	<b>63,381</b>	<b>63,582</b>	<b>56,373</b>	<b>48,766</b>	<b>56,615</b>
<b>Depreciation and amortisation:</b>					
Depreciation expense (note 16)	20,817	19,137	18,512	19,342	17,080
Amortisation of intangible assets (note 17)	328	307	304	-	278
<b>Total depreciation and amortisation</b>	<b>21,145</b>	<b>19,444</b>	<b>18,816</b>	<b>19,342</b>	<b>17,358</b>

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

Depreciation and amortisation by group of activities:	Council 2013-14	Council 2012-13
	\$000's	\$000's
People	603	629
Community Facilities	902	841
Roads and Footpaths	8,259	7,310
Flood Protection and control works	137	132
Sewerage	2,507	2,231
Stormwater drainage	1,164	1,119
Water Supply	2,516	2,515
Solid Waste Management	321	313
Environmental Management	82	81
Regulatory	114	111
Regional Development	620	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

	Group		Council	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
<b>9.1 Components of tax expense</b>				
Current tax expense	1,537	1,365	-	-
Adjustments to current tax in prior years	-	1	-	-
Deferred tax expense	243	81	-	-
<b>Tax expense</b>	<b>1,780</b>	<b>1,447</b>	<b>-</b>	<b>-</b>

### 9.2 Relationship between tax expense and accounting profit

Surplus before tax	14,580	16,612	8,808	10,159
Tax at 28% (2013: 28%)	4,081	4,651	2,466	2,845
Plus / (less) tax effect of:				
Non-deductible expenditure	(6)	17	-	-
Non-taxable income	(2,296)	(3,221)	(2,466)	(2,845)
<b>Tax expense</b>	<b>1,779</b>	<b>1,447</b>	<b>-</b>	<b>-</b>

	Group		Council	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$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	(353)	(105)	-	-

Within the group tax losses to carry forward are \$1,666,072 (2013: \$696,071).

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 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>
(Charged)/credited to surplus	239	(204)	(333)	56	(242)
<b>Balance at 30 June 2014</b>	<b>(6,728)</b>	<b>(2,274)</b>	<b>139</b>	<b>387</b>	<b>(8,476)</b>

## 10. Cash and Cash Equivalents

	Group		Council		
	Actual 2013-14	Actual 2012-13	Actual 2013-14	Budget 2013-14	Actual 2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash at bank and on hand	6,898	1,997	5,341	1,617	1,252
<b>Total cash and cash equivalents</b>	<b>6,898</b>	<b>1,997</b>	<b>5,341</b>	<b>1,617</b>	<b>1,252</b>
Cash, cash equivalents and bank overdrafts include the following for the purpose of the Statement of Cashflows:					
Cash at bank and on hand	6,898	1,997	5,341	1,617	1,252
<b>Total as per statement of cash flows</b>	<b>6,898</b>	<b>1,997</b>	<b>5,341</b>	<b>1,617</b>	<b>1,252</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	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
Rates receivables	1,023	1,131	1,023	1,131
Other receivables				
Related party receivables	1	-	48	45
Goods and services tax (net)	678	1,151	678	1,151
Prepayments	938	2,255	938	2,255
Other	7,527	7,196	5,392	5,169
<b>Gross debtors and other receivables</b>	<b>10,167</b>	<b>11,733</b>	<b>8,079</b>	<b>9,751</b>
Less provision for impairment	(103)	(71)	(43)	(34)
<b>Total debtors and other receivables</b>	<b>10,064</b>	<b>11,662</b>	<b>8,036</b>	<b>9,717</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 \$43,168 (2013 \$34,000) for the impairment of Trade Debtors. The provision has been based on an analysis of previous year's losses and a review of specific debtors.

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	2013-14			2012-13		
	Gross \$000's	Impair- ment \$000's	Net \$000's	Gross \$000's	Impair- ment \$000's	Net \$000's
<b>Group</b>						
Not past due	8,757	-	8,757	10,734	-	10,734
Past due 1-60 days	493	-	493	440	-	440
Past due 61-120 days	150	60	90	345	32	313
Past due >120 days	767	43	724	214	39	175
<b>Total</b>	<b>10,167</b>	<b>103</b>	<b>10,064</b>	<b>11,733</b>	<b>71</b>	<b>11,662</b>
<b>Council</b>						
Not past due	6,862	-	6,862	9,006	-	9,006
Past due 1-60 days	390	-	390	256	-	256
Past due 61-120 days	60	-	60	275	-	275
Past due >120 days	767	43	724	214	34	180
<b>Total</b>	<b>8,079</b>	<b>43</b>	<b>8,036</b>	<b>9,751</b>	<b>34</b>	<b>9,717</b>

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

11.3 Impairment information	Group		Council	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
Individual impairment	103	71	43	34
Collective impairment	-	-	-	-
<b>Total provision for impairment</b>	<b>103</b>	<b>71</b>	<b>43</b>	<b>34</b>
Past due 1-60 days	-	-	-	-
Past due 61-120 days	60	32	-	-
Past due >120 days	43	39	43	34
<b>Total individual impairment</b>	<b>103</b>	<b>71</b>	<b>43</b>	<b>34</b>
<b>At 1 July</b>	71	53	34	21
Additional provisions made during the year (note 8)	103	71	43	34
Provisions reversed during the year (note 8)	(71)	(53)	(34)	(21)
<b>At 30 June</b>	<b>103</b>	<b>71</b>	<b>43</b>	<b>34</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		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$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>-</b>
<b>Current liability portion:</b>					
Interest rate swaps	12	137	-	-	-
<b>Non-current liability portion:</b>					
Interest rate swaps	632	2,079	149	-	529
<b>Total derivative financial instruments liabilities</b>	<b>644</b>	<b>2,216</b>	<b>149</b>	<b>-</b>	<b>529</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 (2013: \$14M) and for the group were \$68.2M (2013: \$70.70M). At 30 June 2014 the fixed interest rates of interest rate swaps (MDC) varied from 4.45% to 5.31% (2013: 4.45% to 5.28%).

## 13. Other Financial Assets

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Current portion:</b>					
Term deposits and bonds with maturities of 4-12 months	6,528	5,356	6,528	3,582	5,356
<b>Total current portion</b>	<b>6,528</b>	<b>5,356</b>	<b>6,528</b>	<b>3,582</b>	<b>5,356</b>
<b>Non-current portion:</b>					
Term deposits and bonds with maturities 12 months plus	4,582	5,771	4,582	7,440	5,771
Community loans	1,414	1,420	1,414	1,717	1,420
Unlisted shares in subsidiaries	-	-	6,000	6,000	6,000
Shares: NZ Local Govt. Insurance Corp and LGFA	509	285	509	74	285
Shares other	1	1	1	1	1
<b>Total non-current portion</b>	<b>6,506</b>	<b>7,477</b>	<b>12,506</b>	<b>15,232</b>	<b>13,477</b>
<b>Total other financial assets</b>	<b>13,034</b>	<b>12,833</b>	<b>19,034</b>	<b>18,814</b>	<b>18,833</b>

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

## 14. Inventory

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Held for distribution inventory:</b>					
Goods held for maintenance	331	276	1	-	1
<b>Commercial inventory:</b>					
Quarry rock and gravel	374	350	374	428	350
<b>Total inventory</b>	<b>705</b>	<b>626</b>	<b>375</b>	<b>428</b>	<b>351</b>

## 15. Non-current Assets Held for Sale

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Non-current assets held for sale are:</b>					
Buildings	450	-	450	780	-
Land	1,612	-	1,612	-	-
<b>Total non-current assets held for sale</b>	<b>2,062</b>	<b>-</b>	<b>2,062</b>	<b>780</b>	<b>-</b>



## 16. Property, Plant and Equipment

2012-13 GROUP	Cost/ valuation 1-Jul-2012 \$000's	Accumulated depreciation 1-Jul-2012 \$000's	Carrying amount 1-Jul-2012 \$000's	WIP & other reclassifications		Current year				Current year		Revaluation		Cost /revaluation 30-Jun-2013 \$000's	Accumulated depreciation 30-Jun-2013 \$000's	Carrying amount 30-Jun-2013 \$000's
				Cost	Acm dpn	Additions	Disposals	Disposals depreciation adjustment	Impair- ment	Depreci- ation	Transfer adjust- ment	Cost adjustment	Depreci- ation adjustment			
<b>16.1 Operational Assets</b>																
Work in Progress	623	-	623	(59)	-	5,349	-	-	-	-	(1,404)	-	-	4,509	-	4,509
Buildings	61,939	2,242	59,697	-	-	1,298	(131)	-	-	1,528	1,320	598	(1,679)	65,024	2,091	62,933
Forest Crops	543	-	543	-	-	49	-	-	-	-	-	539	-	1,131	-	1,131
Improvements at Fair Value	6,686	452	6,234	-	-	-	-	-	279	232	-	636	(963)	7,322	-	7,322
Land and improvements	90,295	359	89,936	29	-	547	(164)	-	-	263	-	(4,489)	(203)	86,218	419	85,799
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>215,126</b>	<b>19,625</b>	<b>195,501</b>	<b>28</b>	<b>-</b>	<b>9,921</b>	<b>(1,369)</b>	<b>(880)</b>	<b>279</b>	<b>4,333</b>	<b>(84)</b>	<b>(2,977)</b>	<b>(3,166)</b>	<b>220,645</b>	<b>20,191</b>	<b>200,454</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
Flood Protection and Controlled Works	137,230	135	137,095	-	-	392	-	-	-	131	-	3,581	(266)	141,203	-	141,203
Road and Footpaths	472,851	-	472,851	344	-	8,237	-	-	-	7,436	-	(4,037)	(7,436)	477,395	-	477,395
Sewerage Schemes Other	121,809	-	121,809	(17,525)	-	4,400	(746)	-	-	1,933	-	692	(1,933)	108,630	-	108,630
Sewerage Treatment and Facilities				18,623	-	135	-	-	-	297	-	1,928	(297)	20,685	-	20,685
Stormwater Drainage Schemes	63,016	-	63,016	-	-	504	-	-	-	1,119	-	2,408	(1,119)	65,928	-	65,928
Water Supply Schemes - Other	121,190	-	121,190	(21,046)	-	1,270	(6)	-	-	2,047	-	167	(2,047)	101,575	-	101,575
Water Treatment and Facilities				21,046	-	251	-	-	-	760	-	(383)	(760)	20,914	-	20,914
Wharf Infrastructure	25,119	1,932	23,187	-	-	-	-	-	144	919	23	4,189	(2,772)	29,331	223	29,108
	<b>1,092,673</b>	<b>2,067</b>	<b>1,090,606</b>	<b>(28)</b>	<b>-</b>	<b>23,506</b>	<b>(900)</b>	<b>-</b>	<b>144</b>	<b>14,642</b>	<b>23</b>	<b>8,054</b>	<b>(16,630)</b>	<b>1,123,327</b>	<b>223</b>	<b>1,123,104</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

2012-13 COUNCIL	Cost/			WIP & other reclassifications		Current year		Current year			Revaluation		Cost	Accumulated		
	valuation	Accumulated depreciation	Carrying amount	Cost	Acm dpn	Additions	Disposals	Disposals	Impairment	Depreciation	Transfer	Depreciation	/revaluation	depreciation	Carrying amount	
	1-Jul-2012	1-Jul-2012	1-Jul-2012	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	adjustment	adjustment	30-Jun-2013	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	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
Flood Protection and Controlled Works	137,230	135	137,095	-	-	392	-	-	-	131	-	3,581	(266)	141,203	-	141,203
Road and Footpaths	472,851	-	472,851	344	-	8,237	-	-	-	7,436	-	(4,037)	(7,436)	477,395	-	477,395
Sewerage Schemes Other	121,809	-	121,809	(17,525)	-	4,400	(746)	-	-	1,933	-	692	(1,933)	108,630	-	108,630
Sewerage Treatment and Facilities	-	-	-	18,623	-	135	-	-	-	297	-	1,928	(297)	20,686	-	20,686
Stormwater Drainage Schemes	63,016	-	63,016	-	-	504	-	-	-	1,119	-	2,408	(1,119)	65,928	-	65,928
Water Supply Schemes - Other	121,190	-	121,190	(21,046)	-	1,270	(6)	-	-	2,047	-	167	(2,047)	101,575	-	101,575
Water Treatment and Facilities	-	-	-	21,046	-	251	-	-	-	760	-	(383)	(760)	20,914	-	20,914
	<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>

2013-14 GROUP	Cost/ valuation 1-Jul-2013 \$000's	Accumulated depreciation 1-Jul-2013 \$000's	Carrying amount 1-Jul-2013 \$000's	WIP & other reclassifications		Current year				Current year		Revaluation		Accumulated depreciation 30-Jun-2014 \$000's	Carrying amount 30-Jun-2014 \$000's	
				Cost \$000's	Acmd p n \$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-2014 \$000's
<b>16.1 Operational Assets</b>																
Work in Progress	4,509	-	4,509	(2,867)	-	4,076	(1,457)	-	-	-	(1,302)	-	-	2,959	-	2,959
Buildings	65,024	2,091	62,933	2,795	-	2,332	(753)	(54)	-	1,673	-	1,103	(1,260)	70,501	2,450	68,051
Forest Crops	1,131	-	1,131	-	-	7	-	-	-	-	-	-	-	1,138	-	1,138
Improvements at Fair Value	7,322	-	7,322	-	-	10	-	-	-	246	-	-	-	7,332	246	7,086
Land and improvements	86,218	419	85,799	(78)	-	2,259	(1,229)	(3)	-	278	-	6,678	(217)	93,847	477	93,370
Landfill	3,272	1,552	1,720	-	-	57	-	-	-	182	-	-	-	3,329	1,734	1,595
Library Books	3,036	1,702	1,334	-	-	200	-	-	-	191	-	-	-	3,236	1,893	1,343
Other Structures and Improvements	27,264	2,031	25,233	3	-	140	-	-	-	312	-	-	-	27,407	2,343	25,064
Office Equip, Furnishings & Fittings	5,770	4,253	1,517	183	-	167	(18)	(8)	-	486	-	-	-	6,102	4,731	1,371
Plant, Machinery & Equipment	17,099	8,143	8,956	-	-	671	(444)	(417)	-	1,194	400	-	-	17,726	8,920	8,806
	<b>220,645</b>	<b>20,191</b>	<b>200,454</b>	<b>36</b>	<b>-</b>	<b>9,918</b>	<b>(3,901)</b>	<b>(482)</b>	<b>-</b>	<b>4,562</b>	<b>(902)</b>	<b>7,781</b>	<b>(1,477)</b>	<b>23,357</b>	<b>22,794</b>	<b>210,783</b>
<b>16.2 Infrastructural Assets</b>																
Work in Progress	10,684	-	10,684	(8,647)	-	711	(89)	-	-	-	-	-	-	2,659	-	2,659
Infrastructure Land	11,979	-	11,979	-	-	-	-	-	-	-	-	(511)	-	11,468	-	11,468
Land Under Roads	135,003	-	135,003	-	-	-	-	-	-	-	-	-	-	135,003	-	135,003
Flood Protection and Controlled Works	141,203	-	141,203	22	-	847	-	-	-	137	-	-	-	142,072	137	141,935
Road and Footpaths	477,395	-	477,395	109	-	7,398	(27)	-	-	8,397	-	14,585	(8,397)	499,460	-	499,460
Sewerage Schemes Other	108,630	-	108,630	-	-	1,294	(169)	-	310	2,084	-	(971)	(2,084)	108,474	-	108,474
Sewerage Treatment and Facilities	20,685	-	20,685	8,480	-	8,429	-	-	-	421	-	952	(421)	38,547	-	38,547
Stormwater Drainage Schemes	65,928	-	65,928	-	-	1,179	(27)	-	-	1,164	-	2,051	(1,164)	69,131	-	69,131
Water Supply Schemes - Other	101,575	-	101,575	-	-	1,310	(51)	(3)	-	2,008	-	4,110	(2,005)	106,944	-	106,944
Water Treatment and Facilities	20,914	-	20,914	-	-	49	-	-	-	821	-	(341)	(821)	20,622	-	20,622
Wharf Infrastructure	29,331	223	29,108	-	-	59	-	-	-	1,064	886	-	-	30,276	1,287	28,989
	<b>1,123,327</b>	<b>223</b>	<b>1,123,104</b>	<b>(36)</b>	<b>-</b>	<b>21,276</b>	<b>(363)</b>	<b>(3)</b>	<b>310</b>	<b>16,096</b>	<b>886</b>	<b>19,875</b>	<b>(14,892)</b>	<b>1,164,656</b>	<b>1,424</b>	<b>1,163,232</b>
<b>16.3 Restricted Assets</b>																
Buildings	9,867	156	9,711	-	-	20	(26)	-	-	158	-	24	(156)	9,885	158	9,727
Land	25,085	-	25,085	-	-	149	-	-	-	-	-	648	-	25,882	-	25,882
	<b>34,952</b>	<b>156</b>	<b>34,796</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>672</b>	<b>(156)</b>	<b>35,767</b>	<b>158</b>	<b>35,609</b>
<b>Total Operational and Infrastructural Assets</b>	<b>1,378,924</b>	<b>20,570</b>	<b>1,358,354</b>	<b>(0)</b>	<b>-</b>	<b>31,363</b>	<b>(4,290)</b>	<b>(485)</b>	<b>310</b>	<b>20,816</b>	<b>(16)</b>	<b>28,328</b>	<b>(16,525)</b>	<b>1,434,000</b>	<b>24,376</b>	<b>1,409,624</b>

# Notes to Financial Statements

2013-14 COUNCIL	Cost/		Carrying amount 1-Jul-2013 \$000's	WIP & other reclassifications		Current year				Current year		Revaluation		Cost /revaluation 30-Jun-2014 \$000's	Accumu- lated depreciation 30-Jun-2014 \$000's	Carrying amount 30-Jun-2014 \$000's	
	valuation 1-Jul-2013 \$000's	Accumulated depreciation 1-Jul-2013 \$000's		Cost	Acn dpn	Additions	Disposals	Disposals depreciation adjustment	Impair- ment	Deprec- iation	Transfer adjust- ment	Cost adjustment	Deprec- iation adjustment				
				\$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	3,987	-	3,987	(2,867)	-	2,117	(1,438)	-	-	-	-	-	-	-	1,799	-	1,799
Buildings	54,793	1,259	53,534	2,795	-	2,226	(668)	(18)	-	1,367	-	1,103	(1,260)	60,249	1,348	58,901	
Forest Crops	1,131	-	1,131	-	-	7	-	-	-	-	-	-	-	1,138	-	1,138	
Land and improvements	69,893	-	69,893	(78)	-	2,061	(1,220)	-	-	217	-	6,678	(217)	77,334	-	77,334	
Landfill	3,272	1,552	1,720	-	-	57	-	-	-	182	-	-	-	3,329	1,734	1,595	
Library Books	3,036	1,702	1,334	-	-	200	-	-	-	191	-	-	-	3,236	1,893	1,343	
Other Structures and Improvements	27,264	2,031	25,233	3	-	140	-	-	-	312	-	-	-	27,407	2,343	25,064	
Office Equip, Furnishings & Fittings	5,687	4,181	1,506	183	-	167	(18)	(8)	-	486	-	-	-	6,019	4,659	1,360	
Plant, Machinery & Equipment	8,104	4,234	3,870	-	-	403	(150)	(126)	-	566	-	-	-	8,357	4,674	3,683	
	<b>177,167</b>	<b>14,959</b>	<b>162,208</b>	<b>36</b>	<b>-</b>	<b>7,377</b>	<b>(3,494)</b>	<b>(152)</b>	<b>-</b>	<b>3,321</b>	<b>-</b>	<b>7,781</b>	<b>(1,477)</b>	<b>188,867</b>	<b>16,651</b>	<b>172,216</b>	
<b>16.2 Infrastructural Assets</b>																	
Work in Progress	10,684	-	10,684	(8,647)	-	711	(89)	-	-	-	-	-	-	2,659	-	2,659	
Infrastructure Land	11,979	-	11,979	-	-	-	-	-	-	-	-	(511)	-	11,468	-	11,468	
Land Under Roads	135,003	-	135,003	-	-	-	-	-	-	-	-	-	-	135,003	-	135,003	
Flood Protection and Controlled Works	141,203	-	141,203	22	-	847	-	-	-	137	-	-	-	142,072	137	141,935	
Road and Footpaths	477,395	-	477,395	109	-	7,398	(27)	-	-	8,397	-	14,585	(8,397)	496,460	-	496,460	
Sewerage Schemes Other	108,630	-	108,630	-	-	1,294	(169)	-	310	2,084	-	(971)	(2,084)	108,474	-	108,474	
Sewerage Treatment and Facilities	20,686	-	20,686	8,480	-	8,429	-	-	-	421	-	952	(421)	38,547	-	38,547	
Stormwater Drainage Schemes	65,928	-	65,928	-	-	1,179	(27)	-	-	1,164	-	2,051	(1,164)	69,131	-	69,131	
Water Supply Schemes - Other	101,575	-	101,575	-	-	1,310	(51)	(3)	-	2,008	-	4,110	(2,005)	106,944	-	106,944	
Water Treatment and Facilities	20,914	-	20,914	-	-	49	-	-	-	821	-	(341)	(821)	20,622	-	20,622	
	<b>1,093,997</b>	<b>-</b>	<b>1,093,997</b>	<b>(36)</b>	<b>-</b>	<b>21,217</b>	<b>(363)</b>	<b>(3)</b>	<b>310</b>	<b>15,032</b>	<b>-</b>	<b>19,875</b>	<b>(14,892)</b>	<b>1,134,380</b>	<b>137</b>	<b>1,134,243</b>	
<b>16.3 Restricted Assets</b>																	
Buildings	9,867	156	9,711	-	-	20	(26)	-	-	158	-	24	(156)	9,885	158	9,727	
Land	25,085	-	25,085	-	-	149	-	-	-	-	-	648	-	25,882	-	25,882	
	<b>34,952</b>	<b>156</b>	<b>34,796</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>672</b>	<b>(156)</b>	<b>35,767</b>	<b>158</b>	<b>35,609</b>	
<b>Total Operational and Infrastructural Assets</b>	<b>1,306,116</b>	<b>15,115</b>	<b>1,291,001</b>	<b>(0)</b>	<b>0</b>	<b>28,763</b>	<b>(3,883)</b>	<b>(155)</b>	<b>310</b>	<b>18,511</b>	<b>-</b>	<b>28,328</b>	<b>(16,525)</b>	<b>1,359,014</b>	<b>16,946</b>	<b>1,342,068</b>	

## Reclassification and Restatement

The Council and group has changed the presentation of items within Property, Plant and Equipment to report the split of both water and sewerage asset classes to further identify the treatment plants and facilities from other assets to comply with Local Government (Financial Reporting and Prudence) Regulations 2014. The 2012/13 report was updated to include comparatives.

The addition of Sewerage Treatment and Facilities as a separate category are assets split from the original Sewerage Schemes class.

Sewerage Schemes class has been changed to Sewerage Schemes –other and includes reticulation pipes and pump stations.

The addition of Water Treatment and Facilities as a separate category are assets split from the original Water Schemes class.

Water Schemes class has been changed to Water Schemes –other and includes reticulation pipes, pump stations and storage

The group includes reclassification of Land and Building assets for improved understanding of the asset classes.

Improvements at fair value has been split out into its own category – transferred from Land.

Wharf infrastructure has been split out into its own category - transferred from Buildings.

To comply with the Local Government (Financial Reporting and Prudence) Regulations 2014 additions for the five required categories as shown on page 162 are:

Asset Class	Additions \$'000		Most Recent Replacement Cost \$'000
	Constructed	Vested	
Flood Protection and Controlled Works	847	-	146,254
Road and Footpaths	7,389	9	645,364
Sewerage Schemes-Other	1,241	52	167,640
Sewerage Treatment and Facilities	8,429	-	41,737
Stormwater Drainage	1,100	79	107,029
Water Schemes-Other	1,249	61	171,649
Water Treatment and Facilities	49	-	29,072

The Flood Protection and Controlled Works in the above table does not include additional assets held in other classes, for example land.

## 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 2013. The basis of valuation is fair value with reference to highest and best use, as at 1 July 2013.

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 2013. 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 2014.

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 2014 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 2014. 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 \$310,170 have been recognised this year relating to strengthening works required at 10 Blenheim sewer pump stations. Last year losses of \$423,000 were recognised relating to Port Marlborough New Zealand Limited, land and improvements and buildings and wharf infrastructure.

The impairment loss was recognised through the Sewerage revaluation reserve.

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 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>
Additions	1,063	-	1,063	216	-	216
Disposals	(169)	(55)	(114)	(55)	(55)	-
<b>Balance at 30 June 2014</b>	<b>4,337</b>	<b>184</b>	<b>4,153</b>	<b>3,186</b>	<b>184</b>	<b>3,002</b>
<b>Accumulated amortisation and impairment:</b>						
<b>Balance at 1 July 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>
Amortisation expense	328	-	328	304	-	304
Revaluation/ Impairment	87	87	-	87	87	-
Disposals	(114)	-	(114)	-	-	-
<b>Balance at 30 June 2014</b>	<b>2,678</b>	<b>87</b>	<b>2,591</b>	<b>2,394</b>	<b>87</b>	<b>2,307</b>
<b>Carrying amount:</b>						
<b>Balance at 1 July 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>
<b>Balance at 30 June 2014</b>	<b>1,659</b>	<b>97</b>	<b>1,562</b>	<b>792</b>	<b>97</b>	<b>695</b>

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

### Carbon Credits

- 23,131 (2013: 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 (2013: 117,373) post 1989 Forestry NZUs.
- 60,934 (2013: 60,934) pre-1990 Forestry NZUs.

## 18. Forestry Assets

	Group		Council		
	Actual 2013-14 \$000's	Actual 2012-13 \$000's	Actual 2013-14 \$000's	Budget 2013-14 \$000's	Actual 2012-13 \$000's
<b>Balance at 1 July</b>	15,478	12,354	15,478	11,671	12,354
Increase due to purchases	470	401	470	343	401
Gains arising from changes attributable to physical changes (note 6)	2,998	(373)	2,998	460	(373)
Gains / (losses) arising from changes attributable to price changes (note 6)	271	6,107	271	-	6,107
Decreases due to sales	(2,884)	(3,011)	(2,884)	(1,210)	(3,011)
<b>Balance at 30 June</b>	<b>16,333</b>	<b>15,478</b>	<b>16,333</b>	<b>11,264</b>	<b>15,478</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 3,132 stocked hectares as at 30 June 2014 (2013: 3,050)

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 2014 of the MRF estate ranges from 1-14 years 72%; 15-28 years 21% and 29-41 years 7% (2013: 1-14 years 68%, 15-28 years 26% and 29-40 years 6%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2014. This is included in note 16. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2014 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 2014			as at 30 June 2013		
	7%	8% (as used)	9%	7%	8% (as used)	9%
Tree crop value (\$000's)	20,638	18,456	16,670	19,326	17,490	15,965
MDC's 88.5% share (\$000's)	18,265	16,333	14,753	17,104	15,478	14,129

## 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		
	Actual 2013-14 \$000's	Actual 2012-13 \$000's	Actual 2013-14 \$000's	Budget 2013-14 \$000's	Actual 2012-13 \$000's
<b>Balance at 1 July</b>	70,629	62,663	1,890	2,000	1,720
Additions from acquisition	3,261	3,205	-	-	-
Additions from work in progress	1,045	3,831	-	-	-
Fair valuation gains (note 6)/(losses) (note 8)	516	930	110	-	170
Disposals	(36)	-	-	-	-
<b>Balance at 30 June</b>	<b>75,415</b>	<b>70,629</b>	<b>2,000</b>	<b>2,000</b>	<b>1,890</b>

The fair value of MDC's investment property at 30 June 2014 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 2014 has been arrived at on the basis of a valuation carried out at that date by Colliers International (2013: Crighton Anderson), 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	
	2013-14	2012-13
	\$000's	\$000's
Current assets	1,100	1,941
Non-current assets	24,041	23,009
Current liabilities	489	767
Non-current liabilities	-	-
Income	9,907	8,096
Expenses	6,407	7,160

## 21. Creditors and Other Payables

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
Trade payables	6,920	9,458	5,416	6,451	7,511
Accrued expenses	2,611	2,023	2,611	2,202	2,023
Income in advance	2,084	1,780	1,597	1,007	1,303
Deposits	1,028	1,005	1,028	1,437	1,005
Agency account	119	111	119	90	111
Trust funds	264	244	264	236	244
Amounts due to related parties (note 29)	17	-	501	962	1,025
<b>Total creditors and other payables</b>	<b>13,043</b>	<b>14,621</b>	<b>11,536</b>	<b>12,385</b>	<b>13,222</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		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Current portion</b>					
Bank overdraft (note 10)	-	-	-	-	-
Secured loans	28,895	45,700	-	-	22,500
<b>Total current portion</b>	<b>28,895</b>	<b>45,700</b>	<b>-</b>	<b>-</b>	<b>22,500</b>
<b>Non-current portion</b>					
Secured loans	54,500	29,205	28,000	50,605	-
<b>Total non-current portion</b>	<b>54,500</b>	<b>29,205</b>	<b>28,000</b>	<b>50,605</b>	<b>-</b>
<b>Total borrowings</b>	<b>83,395</b>	<b>74,905</b>	<b>28,000</b>	<b>50,605</b>	<b>22,500</b>

## Council

Secured loans have been raised under a \$30M (2013: \$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 2016.

The \$14.0M (2013: \$22.5M) of debt is issued at floating rates of interest. Council has interest rate swaps of \$14M (2013: \$14M) in place maturing between 2 May 2016 and 16 May 2018. During the year interest rates ranged between 3.58% and 4.37% (2013: 3.43% and 3.88%).

Further secured fixed term loans of \$14M (2013: \$0) have been raised with the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

The \$14.0M (2013:\$0M) of debt is issued with fixed interest. The interest rates range between 5.47% and 5.99%. The loans mature between 15 March 2019 and 15 April 2023.

## 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 3.15% and 6.80% (2013: 3.43% and 7.88%).

Loan Maturities - Funds have been raised under a \$60M multi-option facility agreement (2013: \$60M). ). The terms of that agreement includes two facilities of \$30 million one each with BNZ and Westpac. The BNZ \$30 million facility was agreed for two years and expires December 2014, while the Westpac \$30 million facility was entered into for three years and expires December 2016.

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		
	Actual 2013-14 \$000's	Actual 2012-13 \$000's	Actual 2013-14 \$000's	Budget 2013-14 \$000's	Actual 2012-13 \$000's
<b>Current portion</b>					
Accrued pay	259	195	259	190	195
Annual leave	2,111	1,893	1,332	1,227	1,197
Sick leave	50	50	50	42	50
Retirement and long service leave	478	494	478	-	494
<b>Total current portion</b>	<b>2,898</b>	<b>2,632</b>	<b>2,119</b>	<b>1,459</b>	<b>1,936</b>
<b>Non-current portion</b>					
Retirement and long service leave	-	-	-	667	-
<b>Total non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>667</b>	<b>-</b>
<b>Total employee entitlements</b>	<b>2,898</b>	<b>2,632</b>	<b>2,119</b>	<b>2,126</b>	<b>1,936</b>

## 24. Provisions

### 24.1 Balances

	Group		Council	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
<b>Current portion:</b>				
Weathertightness claims	135	31	135	31
Other	207	346	579	718
<b>Total current portion</b>	<b>342</b>	<b>377</b>	<b>714</b>	<b>749</b>
<b>Non-current portion:</b>				
Landfill aftercare provision	1,393	1,828	1,393	1,828
Weathertightness claims	-	-	-	-
Other	-	-	-	-
Runway reseal provision	712	533	-	-
<b>Total non-current portion</b>	<b>2,105</b>	<b>2,361</b>	<b>1,393</b>	<b>1,828</b>
<b>Total provisions</b>	<b>2,447</b>	<b>2,738</b>	<b>2,107</b>	<b>2,577</b>

### 24.2 Movements

	Weather-tightness claims	Other	Landfill aftercare	Council	Runway reseal	Group
<b>Balance at 1 July 2012</b>	1,266	552	1,695	3,513	362	3,503
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>
Additional provisions made	104	14	-	118	179	297
Unused Amounts Reversed	-	(94)	(375)	(469)	-	(469)
Amounts used	-	(59)	(60)	(119)	-	(119)
<b>Balance at 30 June 2014</b>	<b>135</b>	<b>579</b>	<b>1,393</b>	<b>2,107</b>	<b>712</b>	<b>2,447</b>

#### Weathertightness Claims

This provision recognises:

- Two claims which have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2014 (2013: 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 \$134,750 for these claims has been established based on an assessment by Council's legal advisor.

- Outstanding RiskPool of nil (2013:nil) of which none is current (2013: nil).

RiskPool provides public liability and professional indemnity insurance for its members, Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the Board may make a call on members for that fund year.

#### Other

This provision recognises:

- Two building related claims were settled in 2013-14 (2013: two).
- A legal obligation to settle a historical debt of \$372,500 (2013: \$372,500) due to Port Marlborough. The nature of payment is being resolved between the parties.
- \$191,919 (2013: \$191,919) for earthquake strengthening a former Council building now in community ownership.
- \$14,277 (2013: \$40,004) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2013.

- \$nil (2013: \$nil) 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% (2013: 2.0%).
- A discount rate of 7.0% (2013: 7.0%).

### Current Landfill

Marlborough District Council gained a resource consent in November 1995 to operate the Bluegums landfill. Closure responsibilities occur at the closure of each stage of the landfill and upon final closure. Council has provided for closure of the stage currently in use and closure of the entire landfill in 2069.

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

The Council has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. Post-closure responsibilities include treatment and monitoring of leachate; groundwater and surface monitoring; gas monitoring and recovery; implementation of remedial measures such as needing for cover and control systems; ongoing site maintenance for drainage systems and final cover and vegetation.

The cash outflows for landfill post-closure are expected to occur in 55 to 86 years' time (ie; between 2069 and 2100). The estimated liability for closure and post-closure is \$1.87M (2013: \$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 2.21M (2013: 2.25M) cubic metres (refuse, clean fill and cover).
- The estimated remaining life is 55 years (2013: 36) 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 \$46,200 (2013: \$50,046) 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		
	Actual	Actual	Actual	Budget	Actual
	2013-14	2012-13	2013-14	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Accumulated funds</b>					
<b>Balance at 1 July</b>	590,456	578,311	557,311	558,652	550,172
Transfers (to) / from reserves	(4,780)	(4,719)	(4,780)	(2,362)	(4,719)
Transfers (to) / from restricted reserves	(323)	999	(323)	(20)	999
Transfers from property revaluation reserves on disposal	425	700	425		700
Surplus for the year	12,800	15,165	8,808	5,098	10,159
<b>Balance at 30 June</b>	<b>598,578</b>	<b>590,456</b>	<b>561,441</b>	<b>561,368</b>	<b>557,311</b>
<b>Ordinary and Council created reserves</b>					
<b>Balance at 1 July</b>	40,439	35,720	37,823	27,218	33,104
Transfers (to) / from accumulated funds	4,780	4,719	4,780	2,413	4,719
Reclassification to Restricted Reserves	(711)	-	(711)	-	-
<b>Balance at 30 June</b>	<b>44,508</b>	<b>40,439</b>	<b>41,892</b>	<b>29,631</b>	<b>37,823</b>
<b>Restricted reserves:</b>					
<b>Balance at 1 July</b>	256	1,255	256	(12)	1,255
Transfers (to) / from accumulated funds	323	(999)	323	(30)	(999)
Reclassification from ordinary Reserves	711	-	711	-	-
<b>Balance at 30 June</b>	<b>1,290</b>	<b>256</b>	<b>1,290</b>	<b>(42)</b>	<b>256</b>
<b>Restricted reserves consists of:</b>					
Development contribution reserves	711	-	711	-	-
Land subdivision reserve	579	256	579	(42)	256
<b>Property revaluation reserve:</b>					
<b>Balance at 1 July</b>	736,043	714,617	703,390	728,038	688,620
Net revaluation gains	44,542	24,986	44,542	113,806	15,470
Income tax recognised directly in other comprehensive income	-	(2,860)	-	-	-
Transfers to accumulated funds on disposal of property	(425)	(700)	(425)	-	(700)
<b>Balance at 30 June</b>	<b>780,160</b>	<b>736,043</b>	<b>747,507</b>	<b>841,844</b>	<b>703,390</b>
<b>Total other reserves</b>	<b>825,958</b>	<b>776,738</b>	<b>790,689</b>	<b>871,433</b>	<b>741,469</b>
<b>Total equity</b>	<b>1,424,536</b>	<b>1,367,194</b>	<b>1,352,130</b>	<b>1,432,801</b>	<b>1,298,780</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>2014</b>					
Emergency Events	Infrastructural assets including roading network and Wairau floodplain river protection	6,394	1,908	799	7,503
Forest Park	Community infrastructure	5,546	4,393	6,874	3,065
Forestry and Assets Sales	All activities	1,897	3,160	1,187	3,870
Infrastructure Upgrade	Infrastructure such as Water and Sewerage and other activities as determined by Council from time to time	4,963	3,008	1,865	6,106
Land Subdivision	Community facilities	(2,144)	1,298	575	(1,421)
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	(313)	713	934	(534)
Community Facilities	Community Facilities	114	477	123	468
Roads and footpaths	Roads and footpaths	2,814	4,420	4,591	2,643
Flood protection	Flood protection	4,060	783	1,215	3,628
Sewerage	Sewerage	675	3,517	2,621	1,571
Stormwater	Stormwater	2,170	1,164	329	3,005
Water Supply	Water Supply	2,453	3,663	2,144	3,972
Solid Waste Management	Solid Waste Management	891	1,091	667	1,315
Environmental Management	Environmental Management	27	82	78	31
Regulatory	Regulatory	204	156	117	243
Regional Development	Regional Development	32	379	402	9
Other non activity	All activities	3,983	2,207	2,795	3,395
<b>Total reserves 2014</b>		<b>38,079</b>	<b>32,419</b>	<b>27,316</b>	<b>43,182</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>

## 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	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
<b>Surplus after tax</b>	<b>12,800</b>	<b>15,165</b>	<b>8,808</b>	<b>10,159</b>
<b>Add / (less) non-cash items:</b>				
Depreciation and amortisation expense	21,145	19,444	18,816	17,358
Decrease in forestry value due to harvest	2,884	3,011	2,884	3,011
Vested assets	(715)	(2,529)	(715)	(2,529)
Movement in deferred tax	242	82	-	-
(Gains) / losses in fair value of biological assets	(3,269)	(5,734)	(3,269)	(5,734)
(Gains) / losses in fair value of investment property	(516)	(930)	(110)	(170)
(Gains) / losses in fair value of non current assets	-	-	-	-
(Gains) / losses on fair value of investments	130	116	130	116
(Gains) / losses on derivative financial instruments	(1,572)	(1,893)	(380)	(398)
	<b>18,329</b>	<b>11,567</b>	<b>17,356</b>	<b>11,654</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	(2,768)	(276)	(2,783)	(256)
(Inc) / Dec in capital creditors	1,446	(67)	1,446	(67)
Other	474	-	474	-
Dividend income	(13)	-	(1,336)	(679)
	<b>(861)</b>	<b>(343)</b>	<b>(2,199)</b>	<b>(1,002)</b>
<b>Add / (less) movements in working capital items:</b>				
(Inc) / Dec in debtors and other receivables	772	(628)	855	(581)
(Inc) / Dec in inventory	(79)	56	(24)	67
(Inc) / Dec in income tax receivable	-	-	-	-
Inc / (Dec) in Runway seal provision	179	171	-	-
Inc / (Dec) in Landfill aftercare provision	(435)	(230)	(435)	(230)
Inc / (Dec) in Weathertight homes and other provisions	(25)	(706)	(35)	(706)
Inc / (Dec) in creditors and other payables	(2,139)	1,459	(1,686)	1,079
Inc / (Dec) in income tax payable	248	81	-	-
Inc / (Dec) in employee entitlements	183	(140)	183	(140)
	<b>(1,296)</b>	<b>63</b>	<b>(1,142)</b>	<b>(511)</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>28,972</b>	<b>26,452</b>	<b>22,823</b>	<b>20,300</b>



## 27. Capital Commitments and Operating Leases

	Group		Council	
	2013-14	2012-13	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's
<b>Capital commitments:</b>				
Property, plant and equipment	20,391	19,874	15,696	15,649
<b>Total capital commitments</b>	<b>20,391</b>	<b>19,874</b>	<b>15,696</b>	<b>15,649</b>

Capital commitments includes the purchase of the Queen Street Civic Theatre, \$6M, the purchase of the Smith City building 18 Kinross Street \$4.741M and various plant for sewer, water and storm water, \$4.955M. Council entered into a sale and purchase agreement during the year to acquire the Queen Street Civic Theatre for \$6M. The agreement is on a deferred settlement basis and the transaction is expected to conclude during 2015-16. Council's Annual Plan 2014-15, which is available from Council offices, website and agencies, shows details of our intentions for the coming year.

	Group		Council	
	2013-14	2012-13	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's
<b>Operating leases as lessee:</b>				
Not later than one year	303	320	298	310
Later than one year and not later than five years	673	699	673	697
Later than five years	295	374	295	374
<b>Total non-cancellable operating leases</b>	<b>1,271</b>	<b>1,393</b>	<b>1,266</b>	<b>1,381</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.

	Group		Council	
	2013-14	2012-13	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's
<b>Operating leases as lessor:</b>				
Not later than one year	8,843	8,031	3,900	3,360
Later than one year and not later than five years	19,694	21,944	11,443	11,128
Later than five years	40,845	38,818	35,635	34,169
<b>Total non-cancellable operating leases</b>	<b>69,382</b>	<b>68,793</b>	<b>50,978</b>	<b>48,657</b>

Group 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	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
Uncalled capital in MDC Holdings Ltd	65,000	65,000	65,000	65,000
Financial guarantees	520	520	520	520
Contractual variation Claims	734		734	
Other legal proceedings				
<b>Total contingent liabilities</b>	<b>66,254</b>	<b>65,520</b>	<b>66,254</b>	<b>65,520</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 2014, the scheme had a past service surplus of \$16.186M (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 \$134,750 (2013: \$30,750) has been recognised for weathertightness claims where the Council has received notice of the claim. No amount is identified here as a contingent liability (2013: nil) 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 local currency credit rating from Standard and Poors of AA+ and a foreign currency rating of AA.

The Council is one of 30 local authority shareholders and 36 local authority guarantors of the NZLGFA. In that regard the Council has uncalled capital of \$200,000. 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 2014, NZLGFA had borrowings at face value totalling \$3,695M (2013 \$2,481M).

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 (2013: 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	
	2013-14 \$000's	2012-13 \$000's
<b>Subsidiaries:</b>		
<b>MDC Holdings Limited</b>		
Services provided to MDC	-	-
Interest received from MDC	20	11
Dividend paid to MDC	1,323	679
Loans receivable from MDC	484	958
Receivable from MDC	20	17
<b>Marlborough Airport Limited</b>		
Services provided to MDC	1	3
Rates paid to MDC	11	4
Services provided by MDC	51	44
Payable to MDC	49	40
<b>Port Marlborough (NZ) Limited</b>		
Services provided to MDC	56	73
Assets purchased from MDC	-	962
Rates paid to MDC	406	383
Services provided by MDC	472	403
Receivable from MDC	373	376
Payable to MDC	-	-
<b>Marlborough Housing for the Elderly Trust</b>		
Grants provided by MDC	23	5
<b>Council</b>		
29.2 Key management personnel	2013-14 \$000's	2012-13 \$000's
<b>Compensation:</b>		
Salaries and other short term employee benefits	2,009	1,957
Post-employment benefits	-	-
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>2,009</b>	<b>1,957</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 \$10,245 (2013: \$3,887), negotiated on normal commercial terms. There was no balance (2013: nil) outstanding at year end.
- A company of which Jessica Bagge, a Councillor, is a director and shareholder for signage costing \$340 (2013: \$506) and supplied on normal commercial terms. There was no balance outstanding at year end (2013: nil).
- A company of which David Dew, a Councillor, is a director and shareholder for professional fees costing nil (2013: \$333) and supplied on normal commercial terms. There was no balance outstanding at year end (2013: nil).
- Francis Maher, a Councillor, for planting as part of the Tui to Town project costing \$380 (2013: \$350) and supplied on normal commercial terms. There was no balance outstanding at year end (2013: nil).
- A business of which Terry Sloan, a Councillor, is a director and shareholder for accommodation costing \$68 (2013: \$60) and supplied on normal commercial terms. There was no balance outstanding at year end (2013: nil).

- A company, (Marlborough Sounds Maritime Pilots Limited) that is a 100% subsidiary of Port Marlborough New Zealand Limited to the value of \$nil (2013:\$943) supplied on normal commercial terms. There was no balance (2013: nil) outstanding at year end.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2013: nil)

## 30. Remuneration

30.1 Chief Executive	Council	
	2013-14 \$000's	2012-13 \$000's
The Chief Executive received the following remuneration:		
Salary	289	287
Vehicle	15	15
Superannuation contribution	9	6
<b>Total Chief Executive compensation</b>	<b>312</b>	<b>308</b>

30.2 Elected representatives	Group		Council	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
Elected representatives received the following remuneration:				
<b>Mayor:</b>				
Alistair Sowman*	143	137	134	128
<b>Councillors:</b>				
Jenny Andrews	36	42	36	42
Jamie Arbuckle	34	32	34	32
Jessica Bagge	32	28	32	28
Graeme Barsanti	37	37	37	37
Cynthia Brooks	24	-	24	-
Brian Dawson	24	-	24	-
David Dew	13	45	13	45
Geoff Evans	34	33	34	33
Trevor Hook	42	32	42	32
Peter Jerram	42	44	42	44
John Leggett*	45	28	39	28
Francis Maher*	15	51	12	42
David Oddie	43	35	43	35
Laressa Shenfield	23	-	23	-
Terry Sloan	37	28	37	28
Graeme Taylor	13	42	13	42
<b>Total elected representatives' remuneration</b>	<b>637</b>	<b>614</b>	<b>619</b>	<b>596</b>

Remuneration includes payment for attendance at resource consent hearings.

\*The Mayor and Councillors Maher and Leggett were directors of MDC Holdings Limited during the reporting periods 2012-13 and 2013-14 and were paid Directors' fees by MDC Holdings Limited. A Sowman \$8,500 (2013: \$8,500), F Maher \$2,833 (resigned) (2013: \$8,500), J C Leggett \$5,667 (new) (2013:\$nil).

30.3 Staff employed Full Time Equivalent	Council			
	2013-14		2012-13	
	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	6.6	0.7	6.4	0.7
Engineering	16.0	5.0	16.0	5.0
Operations	9.8	-	10.0	-
Reserves and Amenities	8.4	6.2	9.2	5.4
Rivers and Land Drainage	6.0	-	6.8	-
Management and Support	3.0	1.0	3.0	1.0
Civil Defence/Emergency Management	2.0	1.0	2.0	-
<b>Corporate Finance</b>				
Management and Support	2.0	1.6	2.0	1.0
Treasury	1.0	9.4	1.0	10.4
<b>Regulatory</b>				
Animal and Plant Pests	4.0	1.0	3.0	-
Building Control	14.0	6.7	13.0	3.8
Dog Control	-	1.0	-	-
Environmental Health and Liquor	-	2.4	-	3.4
Environmental Unit	9.0	6.0	9.0	5.0
Environmental Policy	2.0	3.0	2.0	3.3
Harbour Functions	4.0	-	2.0	-
Resource Management Control	5.8	7.1	6.6	6.4
Compliance	4.7	2.0	4.8	1.4
Management and Support	1.0	1.0	2.0	1.0
<b>Support Services</b>				
Support Services Management	1.0	1.8	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	-	10.0	-	12.3
Risk and Contracts Management	1.0	-	1.0	-
Human Resources	-	2.0	-	1.0
Information Services	9.0	11.3	7.0	13.3
Customer Service Centres	1.0	11.8	0.8	11.6
Libraries	3.6	13.7	3.6	13.9
	<b>119.8</b>	<b>110.1</b>	<b>116.2</b>	<b>106.4</b>
<b>Total</b>		<b>229.9</b>		<b>222.6</b>
Staff in the Safer Community Area (on fixed term contracts whose employment is contingent upon continued Government funding)		-		0.5

At balance date the Council employed 199 full time employees (2012-13: 190) with the balance of staff representing 30.9 ( 2012-13: 27.6) 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:

	2014	2013
Up to \$59,999	114	113
\$60,000 to \$79,999	71	71
\$80,000 to \$99,999	40	32
\$100,000 to \$119,999	7	8
\$120,000 to \$139,999	9	7
\$140,000 to \$229,999	7	6
\$300,000 to \$319,999	1	1
<b>Total</b>	<b>249</b>	<b>238</b>

Total remuneration includes non financial benefits provided to employees.

## 31. Severance Payments

For the year ended 30 June 2014 Council made no severance payment to employees, \$nil (2013: \$40,000) that required disclosure under the Local Government Act 2002.

## 32. Events after the Balance Date

There have been no significant post balance day events between year-end and the signing of the report that have had a material effect on the assets and liabilities of 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	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
<b>Financial assets:</b>				
<b>Fair value through surplus or deficit:</b>				
Term deposits and bonds	11,110	11,127	11,110	11,127
<b>Loans and receivables:</b>				
Cash and cash equivalents	6,898	1,997	5,341	1,252
Debtors and other receivables	8,551	8,327	6,463	6,345
Shares	510	286	510	286
Community loans	1,414	1,420	1,414	1,420
<b>Total loans and receivables</b>	<b>17,373</b>	<b>12,030</b>	<b>13,728</b>	<b>9,303</b>
<b>Financial liabilities:</b>				
<b>Fair value through surplus or deficit :</b>				
Derivative financial liability instruments	644	2,216	149	529
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	13,043	14,621	11,536	13,222
Secured loans	83,395	74,905	28,000	22,500
<b>Total financial liabilities at amortised cost</b>	<b>96,438</b>	<b>89,526</b>	<b>39,536</b>	<b>35,722</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 \$000's	Quoted market price \$000's	Observ- able inputs \$000's	Significant nonobserv- able inputs \$000's
<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>Group 2013-14</b>				
<b>Financial assets</b>				
Term deposits and bonds	11,110	11,110	-	-
<b>Financial liabilities</b>				
Derivatives	644	-	644	-
<b>Council 2012-13</b>				
<b>Financial assets</b>				
Term deposits and bonds	11,127	11,127	-	-
<b>Financial liabilities</b>				
Derivatives	529	-	529	-
<b>Council 2013-14</b>				
<b>Financial assets</b>				
Term deposits and bonds	11,110	11,110	-	-
<b>Financial liabilities</b>				
Derivatives	149	-	149	-

### 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 \$1,001,154 (2013: \$1,333,296). 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	
	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
Cash at bank and term deposits	18,008	13,124	16,451	12,379
Debtors and other receivables	8,551	8,327	6,463	6,345
Community and related party loans	1,414	1,420	1,414	1,420
Financial guarantees	520	520	520	520
<b>Total credit risk</b>	<b>28,493</b>	<b>23,391</b>	<b>24,848</b>	<b>20,664</b>

ii) Credit quality of financial assets	2013-14	2012-13	2013-14	2012-13
	\$000's	\$000's	\$000's	\$000's
<b>Counterparties with credit ratings - cash at bank and term deposits</b>				
AA	534	1,079	534	1,079
AA-	15,434	8,924	13,877	8,179
A+	-	1,041	-	1,041
A	-	-	-	-
A-	-	-	-	-
BBB *	988	1,001	988	1,001
<b>Counterparties without credit ratings - cash at bank and term deposits</b>				
NR	1,052	1,080	1,052	1,080
<b>Total</b>	<b>18,008</b>	<b>13,125</b>	<b>16,451</b>	<b>12,380</b>
<b>Counterparties without credit ratings - existing counterparty with no defaults in the past</b>				
Term deposits	1,052	1,080	1,052	1,080
Community and related party loans	1,414	1,420	1,414	1,420
<b>Total</b>	<b>2,466</b>	<b>2,500</b>	<b>2,466</b>	<b>2,500</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.



(ii) Contractual maturity analysis of financial liabilities	Carrying Amount \$000's	Contractual Cashflow \$000's	< than 1 year \$000's	1-2 years \$000's	2-5 years \$000's	5+ years \$000's
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This table analyses MDC's financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date.

**Group 2012-13**

Creditors and other payables	14,621	14,621	14,621	-	-	-
Bank overdraft	-	-	-	-	-	-
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>

**Group 2013-14**

Creditors and other payables	13,043	13,043	13,043	-	-	-
Secured loans	83,395	101,049	32,972	3,717	52,130	12,230
Interest rate swaps	644	644	12	318	139	175
<b>Total Financial Liabilities</b>	<b>97,082</b>	<b>114,736</b>	<b>46,027</b>	<b>4,035</b>	<b>52,269</b>	<b>12,405</b>

**Council 2012-13**

Creditors and other payables	13,222	13,222	13,222	-	-	-
Bank overdraft	-	-	-	-	-	-
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>	-

**Council 2013-14**

Creditors and other payables	11,536	11,536	11,536	-	-	-
Secured loans	28,000	34,959	1,609	1,565	20,654	11,131
Interest rate swaps	149	149	-	-	149	-
<b>Total Financial Liabilities</b>	<b>39,685</b>	<b>46,644</b>	<b>13,145</b>	<b>1,565</b>	<b>20,803</b>	<b>11,131</b>

(ii) *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>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
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 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>Group 2013-14</b>						
Cash and cash equivalents	6,898	6,898	6,898	-	-	-
Debtors and other receivables	8,551	8,551	8,551	-	-	-
Other financial assets:						
Term deposits	11,110	11,110	6,561	1,052	3,497	-
Community loans	1,414	1,414	-	-	1,414	-
<b>Total Financial Assets</b>	<b>27,973</b>	<b>27,973</b>	<b>22,010</b>	<b>1,052</b>	<b>4,911</b>	<b>-</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 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>
<b>Council 2013-14</b>						
Cash and cash equivalents	5,341	5,341	5,341	-	-	-
Debtors and other receivables	6,463	6,463	6,463	-	-	-
Other financial assets:						
Term deposits	11,110	11,110	6,561	1,052	3,497	-
Community loans	1,414	1,414	-	-	1,414	-
<b>Total Financial Assets</b>	<b>24,328</b>	<b>24,328</b>	<b>18,365</b>	<b>1,052</b>	<b>4,911</b>	<b>-</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.

	2013-14		2012-13	
	-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	(58)	58	(61)	61
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Bank overdraft	-	-	-	-
Secured loans	208	(208)	164	(164)
Interest rate swaps	(1,321)	765	(887)	284
<b>Total sensitivity to interest rate risk</b>	<b>(1,171)</b>	<b>615</b>	<b>(784)</b>	<b>181</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	140	(140)	113	(113)
Interest rate swaps	(318)	177	(10)	(545)
<b>Total sensitivity to interest rate risk</b>	<b>(234)</b>	<b>93</b>	<b>47</b>	<b>(602)</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	
	2013-14 %	2012-13 %	2013-14 \$000's	2012-13 \$000's	2013-14 \$000's	2012-13 \$000's
<b>Group</b>						
Less than one year	5.27%	5.17%	800	7,500	(12)	(137)
1 to 2 years	5.31%	5.27%	16,500	800	(318)	(35)
2 to 5 years	4.63%	5.09%	32,900	47,400	(139)	(2,042)
Greater than 5 years	4.95%	4.22%	18,000	15,000	(175)	(3)
<b>Total sensitivity to interest rate risk</b>	<b>4.89%</b>	<b>4.91%</b>	<b>68,200</b>	<b>70,700</b>	<b>(644)</b>	<b>(2,217)</b>
<b>Council</b>						
Less than one year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 5 years	4.63%	4.63%	14,000	14,000	(149)	(529)
Greater than 5 years	-	-	-	-	-	-
<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>(149)</b>	<b>(529)</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. Insurance

The total cost value of Council assets as at 30 June 2014 is \$1.3 billion.

Council has assessed its maximum probable loss from either, earthquake, tsunami or flood to be about \$75M.

Council has taken the approach of a mix of full insurance, risk sharing and self-insurance including self-insurance of all assets below \$500k, taking into account the following:

- Not all assets are likely to be impacted on one event, given their diverse nature and location.
- Immediate replacement of all damaged assets will not be required, immediately following an event.
- The balance between premium costs and risk.
- Councils do not generally insure roads or other land. Roads reinstatement is subject to NZTA subsidies.

The Council has an Emergency Events Reserve, currently at \$7.5M.

	2013-14 Assets Value at Cost \$'000	2013-14 Maximum cover \$'000
<b>Council Insurance</b>		
Total value of assets covered by Insurance contracts and maximum amount to which they are	270,222	301,948
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements.	314,102	40,000
Total value of self-insured assets and value of any fund held for that purpose.	546,002	7,503
Land	252,086	-
<b>TOTAL</b>	<b>1,382,412</b>	<b>349,451</b>

- (a) The total value of assets held by the local authority that are covered by insurance contracts are insured to a maximum replacement value of \$302M.

**Community Assets:** with a few exceptions, this replacement cover is for community assets valued over \$500k for example sewerage treatment plant, buildings, library books, computers and office equipment. This totals \$279.7M.

**Vehicles:** All vehicles including the leased fleet, mowers, trucks, mobile pumps are insured at replacement value for \$3.8M.

**Marlborough Regional Forestry (MRF):** The council has an 88.5% share in the Marlborough Regional Forestry. Their assets and standing timber are insured at replacement/ reinstatement value of \$18.5M.

- (b) **Underground Reticulation and flood protection assets:** These assets are covered by the financial risk sharing arrangement, the Local Authority Protection Programme, with the replacement value of \$519M. The cover is for \$40M for a first event and a further \$40M for a second event, in any one cover year.

A further 60% of central government funding is available for eligible events.

- (c) The total value of all assets that Council has self-insured is \$543M and a further \$252M for land.

**Land:** includes MRF land valued at \$7.694M and land under roads \$135M.

**Roading, and Footpath Assets excluding Bridges and Carparks:** These activities have a value of \$454M and are not insured. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 46%.

**Bridges:** Uninsured bridges have a value of \$33M. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 56%.

**Community Assets:** With a few exceptions, community assets valued less than \$500k are self-insured.

### 36. 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 at \$45 million is significantly below budget, \$114 million. This is due to 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 2014. Cash is higher this year due to additional debt drawdown for the settlement of the Smith City building which was delayed into July 2014.

Intangible assets are higher than budget as the actual opening balance for the year was higher than budget due to the acquisition software in 2012-13 and 2013-14.

Unbudgeted provisions include \$135k for weather tightness claims, \$191k for seismic strengthening and \$14k provision for carbon credit usage.

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.

Equity, often referred to as Council's net worth, is less than budget as a result of all the other variations from budget since the 2013-14 Annual Plan budget was first set late in 2012.

## Funding Impact Statement

## FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE:

Marlborough District Council	2014 (Actual) \$000's	2014 (AP) \$000's	2013 (Actual) \$000's	2013 (AP) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	33,361	33,371	32,903	32,600
Targeted rates (other than a targeted rate for water supply)	20,548	20,592	19,604	19,614
Subsidies and grants for operating purposes	4,894	3,731	4,479	3,734
Fees, charges, and targeted rates for water supply	14,317	13,006	12,983	12,639
Interest and dividends from investments	2,074	1,705	1,565	1,572
Other receipts including fuel tax, fines and infringement fees	15,618	15,631	16,245	13,471
<b>Total operating funding</b>	<b>90,813</b>	<b>88,036</b>	<b>87,779</b>	<b>83,630</b>
Payments to staff and suppliers	60,830	56,249	60,176	55,335
Finance costs	1,211	2,389	640	1,755
Other operating funding applications	12,021	10,185	11,548	11,431
<b>Total applications of operating funding</b>	<b>74,062</b>	<b>68,823</b>	<b>72,364</b>	<b>68,521</b>
<b>Surplus of operating funding</b>	<b>16,750</b>	<b>19,213</b>	<b>15,415</b>	<b>15,109</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,496	2,605	2,305	2,864
Development and financial contributions	1,629	1,603	1,222	1,959
Increase in debt	5,500	866	3,500	19,488
Gross proceeds from sale of assets	4,504	2,469	3,117	1,142
<b>Total sources of capital funding</b>	<b>14,129</b>	<b>7,543</b>	<b>10,144</b>	<b>25,453</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	5,215	8,598	4,713	10,371
Capital expenditure to improve the level of service	11,315	8,709	13,383	19,989
Capital expenditure to replace existing assets	9,008	10,051	9,641	11,436
Increase (decrease) in reserves	5,633	(2,383)	8,032	(16)
Increase (decrease) of investments	(292)	1,781	(10,210)	(1,218)
<b>Total applications of capital funding</b>	<b>30,879</b>	<b>26,756</b>	<b>25,559</b>	<b>40,562</b>
<b>(Deficit) of capital funding</b>	<b>(16,750)</b>	<b>(19,213)</b>	<b>(15,415)</b>	<b>(15,109)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total operating funding</b>	90,813	88,036	87,779	83,630
plus - Subsidies and grants for capital expenditure	2,497	2,605	2,305	2,864
plus - Development and financial contributions	1,629	1,603	1,222	1,959
plus - Contributions Vested Assets	715	1,019	2,529	1,300
plus - Fair value gains	3,477	-	1,625	-
plus - Forestry asset revaluation gain	3,269	-	5,734	-
<b>Total income as per Income Statement</b>	<b>102,401</b>	<b>93,263</b>	<b>101,194</b>	<b>89,753</b>
<b>Total applications of operating funding</b>	74,062	68,823	72,364	68,521
plus - Depreciation and amortisation	18,816	19,342	17,358	17,737
plus - Fair value losses	131	-	103	-
plus - Loss on sale of fixed assets	584	-	1,210	108
<b>Expenditure as per Income Statement</b>	<b>93,594</b>	<b>88,165</b>	<b>91,035</b>	<b>86,366</b>

## Funding Impact Statement

<b>Surplus of operating funding</b>	16,750	19,213	15,415	15,109
less - Depreciation and amortisation	(18,816)	(19,342)	(17,358)	(17,737)
less - Loss on sale of fixed assets	(584)	-	(1,210)	(108)
less - Fair value losses	(131)	-	(103)	-
plus - Forestry asset revaluation gain	3,269	-	5,734	-
plus - Fair value gains	3,477	-	1,625	-
plus - Subsidies and grants for capital expenditure	2,497	2,605	2,305	2,864
plus - Development and financial contributions	1,629	1,603	1,222	1,959
plus - Contributions Vested Assets	715	1,019	2,529	1,300
<b>Surplus as per Income Statement</b>	<b>8,808</b>	<b>5,098</b>	<b>10,159</b>	<b>3,387</b>



## Part 4: Policies

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

MARLBOROUGH  
airport  
BLENHEIM



Marlborough Airport, Blenheim



Tukutuku Panel, Council Chambers

### 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

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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 15%. Actual 16% (2013: 16% actual 18%).

#### **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



Taylor River, Blenheim



Queen Charlotte Sound

### Statement of Compliance

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#### Compliance

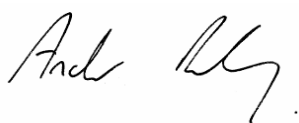
The Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

#### Responsibility

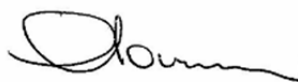
The Council and management of Marlborough District Council accept responsibility for the preparation of the annual report, including the Financial Statements and the judgments used in them.

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 2014 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.



ANDREW BESLEY  
**CHIEF EXECUTIVE**  
30 October 2014



ALISTAIR SOWMAN  
**MAYOR**  
30 October 2014

# Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Marlborough District Council and Group's Annual Report for the year ended 30 June 2014

The Auditor-General is the auditor of Marlborough District Council (the District Council) and group. The Auditor-General has appointed me, Andy Burns, 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 2014 on page 135;
  - the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended 30 June 2014 on pages 134 to 136;
  - the funding impact statement of the District Council on page 189 to 190;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 21 to 132; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 137 to 188;
- the statement of service provision (referred to as Levels of Service) of the District Council on pages 21 to 132 and the funding impact statements in relation to each group of activities of the District Council on pages 21 to 132; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 15 to 19 and 163.

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 21 to 132;
  - council-controlled organisations on page 194;
  - reserve funds on pages 172 to 174;
  - each group of activities carried out by the District Council on pages 21 to 132;
  - remuneration paid to the elected members and certain employees of the District Council on page 178;
  - employee staffing levels and remuneration on page 179;
  - severance payments on page 180;
  - rating base units on page 203; and
  - insurance of assets on page 187.
- 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 192; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 196.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council and group on pages 134 to 188:
  - comply with generally accepted accounting practice in New Zealand; and

- fairly reflect:
  - the District Council and group's financial position as at 30 June 2014; and
  - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 189 to 190, 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 statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 21 to 132, 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 description used by the District Council for the statement of service provision of the District Council on pages 21 to 132:
  - 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 2014, 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 21 to 132, 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 disclosures on pages 15 to 19, and page 163 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

## 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 30 October 2014. 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 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 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 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;
- 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;
- 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;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- 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 10, 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.



Andy Burns  
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



Vineyards in the Autumn, Marlborough

## Council Committee and Members

For the new term of Council, the following Committee structure (and membership) was put into place on 31 October 2013. It has five standing committees, a joint committee with Kaikoura District Council, three statutory committees and six sub-committees. Pursuant to section 41A(5) of the Local Government Act 2002 the Mayor is a member of each Committee of Council.

### 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; waste management (including recycling); reserves; halls; cemeteries; public conveniences; and civil defence and emergency (including rural fire).

Clr Terry Sloan – Chairperson	Clr Geoff Evans – Deputy
Clr Jenny Andrews	Clr Jessica Bagge
Clr Brian Dawson	Clr Trevor Hook
Clr John Leggett	Iwi representative – Richard Hunter

### 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 Terry Sloan – Chairperson	Clr Geoff Evans – Deputy
Clr Jenny Andrews	Clr Jessica Bagge
Clr Brian Dawson	Clr Trevor Hook
Clr John Leggett	Iwi representative – Richard Hunter

### Regional Transport Committee (Statutory Committee)

This Committee prepares for approval by Council the Regional Land Transport Plan (the Plan), or any variations to the Plan and provides Council with any advice and assistance in relation to its transport responsibilities. The Committee must adopt a policy that determines significance in respect of variations made to the Plan (under section 18D of the Land Transport Management Act 2003 (the Act) and the activities that are included in the Plan (under Section 16 of the Act). Membership of the Committee (refer Section 105 of the Act) is limited to four persons representing Council and one person representing the New Zealand Transport Agency.

Clr Terry Sloan – Chairperson	Clr Geoff Evans – Deputy
Clr Brian Dawson	Clr John Leggett
New Zealand Transport Agency representative	

### COMMUNITY AND FINANCE COMMITTEE

This Committee is responsible for community and social issues, youth, elderly and access issues, culture and heritage, social policies (ie; gaming and psychoactive substances policies), grants and donations, sister cities,

libraries, customer services, democratic process, parking, Long Term Plan, Annual Plan, Annual Report, general administration, audit issues, property management, Council Subsidiaries, risk management, health and safety.

Clr John Leggett – Chairperson	Clr Jamie Arbuckle – Deputy
Clr Jenny Andrews	Clr Jessica Bagge
Clr Graeme Barsanti	Clr Cynthia Brooks
Clr Brian Dawson	Clr David Oddie
Clr Laessa Shenfield	Clr Terry Sloan
Iwi representative – to be confirmed	

### Audit Sub-Committee

The focus of this Sub-Committee is to oversee the audit of Council's Annual Report and Annual/Long Term Plan and consider and report as necessary on the findings of any audit management report.

Clr John Leggett - Chairperson	Clr Jamie Arbuckle
Mayor Alistair Sowman	A minimum of one independent professional to be appointed.

### 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 Cynthia Brooks
Sports Trust appointee – Karen Hartshorne	Arts Sector appointee – Kate Parker
Community representatives – Patricia Clay, Graeme Duncan, Graeme Haymes, Lisa Ivamy, Two iwi representatives (to be confirmed)	

### Housing for the Elderly Sub-Committee

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

Clr Jenny Andrews – Chairperson	Clr Cynthia Brooks
Clr Terry Sloan	GreyPower Marlborough representative (Mr Russell Hopkins)

## 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  
Mayor – Alistair Sowman  
Clr Jamie Arbuckle  
Community representatives (at least five)

## Youth Sub-Committee

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

Mayor Alistair Sowman – Chairperson  
Clr Jenny Andrews  
Clr Laressa Shenfield

## REGIONAL PLANNING AND DEVELOPMENT COMMITTEE

This Committee is responsible for development of Regional Policy Statement, Resource Management Plan Maintenance, District Plan Development and implementation of Growing Marlborough and "Smart and Connected" Economic Development strategies, CBD and Small Township Revitalisation programmes, Destination Marlborough, Picton Forum, Sounds Advisory Group.

Clr Trevor Hook - Chairperson  
Clr Geoff Evans  
Clr John Leggett  
Clr Terry Sloan  
Mayor Alistair Sowman - Deputy  
Clr Peter Jerram  
Clr David Oddie  
Iwi representative (to be confirmed)

## ENVIRONMENT COMMITTEE

This Committee is responsible for environmental science and monitoring, monitoring of consents, enforcement and prosecution policies, biosecurity, animal control, building control, resource consent processing, dangerous goods, fencing of swimming pools, food and health monitoring, harbour management and landscape group.

Clr Peter Jerram – Chairperson  
Clr Jamie Arbuckle  
Clr Cynthia Brooks  
Iwi representative – Mr Raymond Smith  
Clr David Oddie – Deputy  
Clr Graeme Barsanti  
Clr Laressa Shenfield

## 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 Peter Jerram  
Clr Graeme Barsanti

## 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 Oddie – Chairperson  
Clr Graeme Barsanti  
Clr Laressa Shenfield  
Clr Jamie Arbuckle  
Clr Cynthia Brooks

## District Licensing Committee (Statutory Committee)

This Committee considers and determines applications, pursuant to the Sale and Supply of Alcohol Act 2012 (the Act) for licences and manager's certificate; temporary authorities to carry on the sale and supply of alcohol in accordance with s136 of the Act; the variation, suspension, or cancellation of special licences; the variation of licences (other than special licences) unless the application is brought under s280 of the Act; with the leave of the Chairperson for the licensing authority, to refer applications to the licensing authority and conduct inquiries and to make reports as may be required of it by the licensing authority under s175 of the Act. This Committee is also responsible for hearing and deciding on applications to Council's Gambling Venue Policy pursuant to the Gambling Act 2003.

Clr John Leggett – Chairperson  
Two members appointed by the Chairperson from the following:  
Clr Graeme Barsanti (Deputy Chairperson)  
Ms Liz Hawthorne  
Ms Norma Livingstone  
Clr Graeme Barsanti – Deputy Chairperson  
Mr Hamish Beard  
Mr John Hill  
Ms Margaret McHugh

## APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

MDC Holdings Limited and Marlborough Airport Limited.

Mayor Alistair Sowman (Director)  
Chair of Community and Finance Committee – Clr John Leggett (Director)  
Chief Executive - Andrew Besley (Director)

## Port Marlborough NZ Limited

Manager, Corporate Finance - Martin Fletcher (Director)

## Marlborough Regional Forestry

Marlborough Regional Forestry is a joint committee of Marlborough District Council and the Kaikoura District Council. Council owns 88.62% of the forestry estate and Kaikoura District Council owns the remaining 11.38%. 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 Peter Jerram - Chairperson  
Kaikoura District Council representative  
Mayor Alistair Sowman  
Forestry representative – Leo Jelinek

## MDC Directory

### 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 March 2013) 46,302

Population (Usually Resident March 2013) 43,416

Inter-Census Population Movement (+) 2.0%

District Area 17,517 square kilometres

as at 30 June 2014

Rateable Land Value \$7,033,395,150

Rateable Capital Value \$13,691,761,250

Number of Rate Assessments 26,095

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

