



MARLBOROUGH
DISTRICT COUNCIL



2014-15 Annual
Report

Role of Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2014-15 performance against the policies, activities, objectives, performance targets and financial details contained in its 2014-15 Annual Plan.

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

If any member of the public wishes to discuss any aspect of this report, a Council officer will be more than pleased to meet with you. In the first instance please telephone Alison Trustrum-Rainey, Financial Accountant on (03) 520 7400.

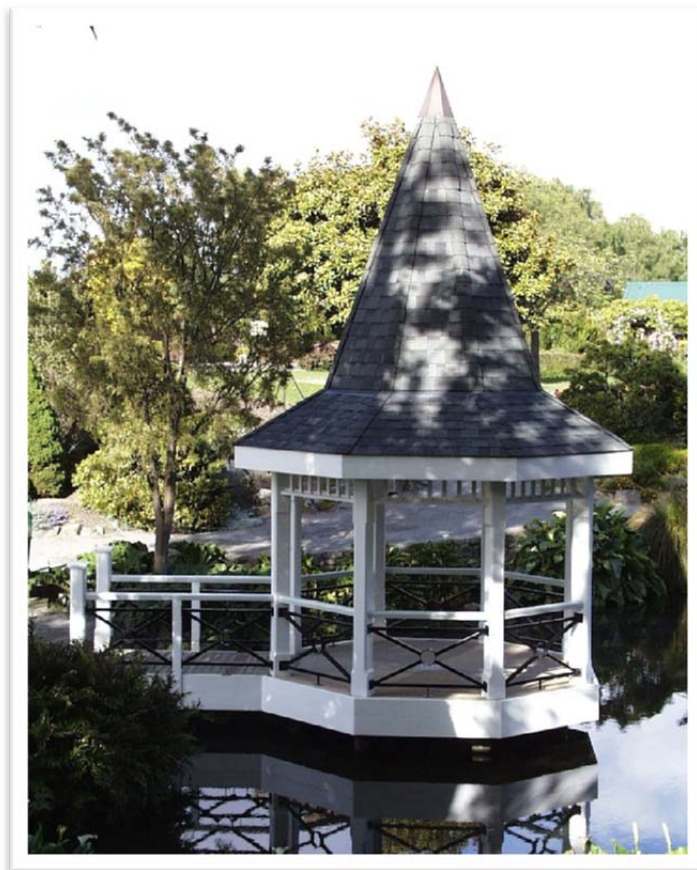


Photo: Pollard Park, Blenheim

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Part 1: Executive Summary

- Mayor's Report
- Chief Executive's Report
- Elected Council Members
- Key Achievements and Performance Overview
- Financial Overview
- Annual Report Disclosure Statement for Year Ended 30 June 2015



Photo: Pollard Park, Blenheim

Mayor's Report

It's been a challenging year with some big decisions required from councillors for the Long Term Plan that maps Council's overall direction over the next ten years. The LTP, signed off in June, coupled with a 30-year infrastructure strategy, underscores this Council's commitment to its core responsibilities. Councillors were emphatic that Council's services should not be reduced and that action was required on some existing issues; water supplies to the smaller townships declared a top priority.

With some important projects already well underway – the expansion of Marlborough Airport terminal, a new civic theatre and major renewals of sewerage systems for both Blenheim and Picton - some prioritisation of future spending was required. A decision was made to go ahead with a new library-community hub for Picton but Blenheim's CBD-Library upgrade was postponed. The revamp of the CBD's riverside area will continue in stages but the rebuild of the library-art gallery itself has been delayed until a later date.

At a community grassroots level, Council continued to deliver the high standards which ratepayers have come to expect, ranging from the expansion of cycleways and sports facilities, to roading improvements like the Middle Renwick Road roundabouts, to the highly proficient response to significant rural fires. It's pleasing to see too that, with the development over the last year of the 'smart & connected' community groups in our townships, a sense of community connectedness is being fostered and a greater understanding of Council's role is gradually emerging. This has proved particularly helpful as Council looks to progress its township water supply projects.

Council's role and responsibility as an investor in regional infrastructure was debated at length this year as efforts were made to interpret government signals on regional development. Consensus has yet to emerge as to whether Council should do more to define and deliver economic development for the region and, if so, how that should be executed. However, Council did back the launch of fresh regional branding and threw its support behind a bid for funding to extend the reach of broadband into rural Marlborough.

The responsibility for environmental regulations and enforcement has weighed heavily on Council resources. Two major areas of work have been the long-running review of the region's resource management plans and the development of a water allocation transfer model for the region's water users. Each is important as part of the framework within which economic development occurs and therefore has important implications for our primary sector in particular.

As the year drew to a close, overall regional prosperity was looking healthy and, I am pleased to report, Council has also reached year's end in a secure financial position, able to maintain services while restraining rates and planning for growth.



A handwritten signature in black ink, appearing to read 'Alistair Sowman'.

Alistair Sowman
Mayor

Chief Executive's Report

Welcome to Marlborough District Council's Annual Report 2014-15.

This document looks back at the last financial year and explains how Council has met its commitments to the Marlborough community.

Much of the most substantial work of Council occurs with the large-scale infrastructure renewal projects which keep our essential services functional and, in the last year, a major upgrade to the Riverlands sewage treatment ponds was completed delivering a significant environmental benefit and this was another step toward Council's clean water goals. Similarly, further progress was made with the upgrade of Picton's sewerage network upgrade.

These major projects continue to be timetabled and funded so that facilities will be in place to meet future demand while the cost is spread over the generations who will get the direct benefit.

This has been a year of extensive consultation and information exchange between Council and community.

Council moved into the latter stages of the review of its various resource management documents which has required many hours of discussion with those affected. The consolidation of these resource management plans and the regional policy statement is a major piece of work designed to guide the future management and protection of the region's resources and environment.

In the course of the year, the 'smart & connected' group structure has been used to develop better communication channels with the townships and two of the region's key industry sector groups, tourism and forestry. These channels will continue to assist as Council continues the search for solution to the summer's water supply issues for Renwick and Havelock.

Public feedback about Council activities was also absorbed through the Long Term Plan process during 2014-15 and some major decisions were reached on significant projects; commitment to water treatment for Seddon and the Flaxbourne irrigation scheme, a new library-information hub for Picton and the postponement of Blenheim's proposed Library-art gallery.

During this period, public attention focussed on Council finances, in particular the level of debt. Audit NZ confirms that Council is in strong financial position, with \$1.4 billion in assets and just \$45 million in liabilities. The net debt (total debt minus investments) stands at \$15.5 million. It should also be noted that Council's borrowing programme continues to be well within the conservative local government guidelines.

This will be my last report as Chief Executive and I am proud of the excellent standards of service and professionalism that have been maintained by the organisation. It has been satisfying to see external recognition for the staff's excellent advances in the practical application of information technology and environmental monitoring. I leave in the knowledge that Council's finances are in a very sound state and that the past focus on forward planning and infrastructural upgrades will serve this region well for the future.



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

Andrew Besley
CHIEF EXECUTIVE

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

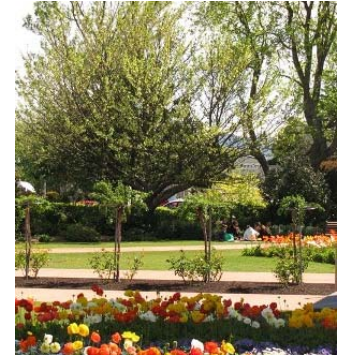
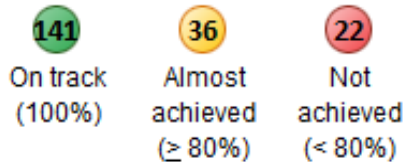
Key Achievements and Performance Overview

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

Summary of how we did

Overall we achieved most of our goals for the 2014-15 year. We achieved 141 and almost achieved 36 of the 197 targets associated with the key performance indicators (KPI's).



Seymour Square, Blenheim

Budget ✓

The overall spending was 3.98% more than budgeted. *Note: This is using note 2 activity expenditure (page 142) totals \$90,649k compared to budget of \$87,179k or \$3470k variance equal to 3.98%.*

People

Activities in this Group

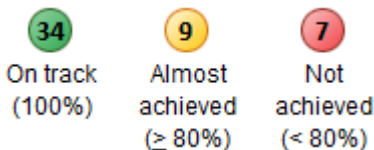
- Democratic Process.
- Culture and Heritage (including support for arts and museums).
- Community Housing.
- Community Safety.
- Community Support (including events management, passenger transport, and total mobility).
- Library Services.
- Emergency Management.



Consulting Marlborough about Council projects- Deputy Mayor Sloan and Mayor Sowman with the draft LTP consultation document

Summary of how we did

Overall we achieved most of our goals for the 2014-15 year. We achieved 34 and almost achieved 9 of the 50 targets associated with the key performance indicators (KPI's).



Budget ✓

The spending in this area was 3.92% more than budgeted.

Achievements

- Progressing the plans for new libraries for Blenheim and Picton over the next 10 years.
- Ongoing construction of ASB theatre, Blenheim.
- Swift and effective response to rural fires at Onamalutu (600 hectares) and Dashwood Pass (54 hectares).
- Refurbishment of a number of elderly housing units in Blenheim, Picton and Renwick.
- Successful Intergenerational Games and youth BoardArt projects.
- Blenheim bus service conveyed almost 27,000 passengers over the years, 3 new bus shelters.

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

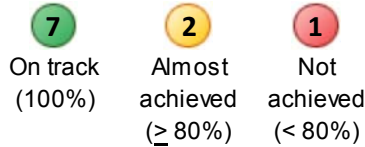
Community Facilities

Activities in this Group

This activity group comprises a single activity, Community Facilities.

Summary of how we did

We achieved seven and almost achieved two of the ten targets associated with the key performance indicators (KPI's) for the 2014-15 year.



Pollard Park Playground, Blenheim

Budget ✓

The spending in this area was 4.27% more than budgeted.

Achievements

- Picton foreshore lighting upgrade commenced.
- Development of Lansdowne Park (North) for softball.
- Seddon swimming pool upgrade.
- New public toilets at Picton, Waikawa, Linkwater and Sheps Park, Blenheim.
- Earthquake strengthening of Flaxbourne sheep pavilion.

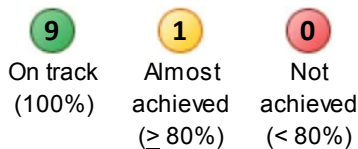
Roads and Footpaths

Activities in this Group

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

Summary of how we did

Overall we achieved most of our targets for the 2014-15 year. We achieved nine and almost achieved one of the 10 targets associated with the key performance indicators (KPI's).



Maxwell Road, Blenheim

Budget ~

The spending in this area was 5.73% over budget. This was due to the grant funding for the Middle Renwick Road Intersections.

Achievements

- Completion of new roundabouts on Middle Renwick Road, Springlands, Blenheim.
- Intersection improvements at Jacksons Road/Old Renwick Road, Woodbourne.
- Completion of 30 year Infrastructure Strategy.

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

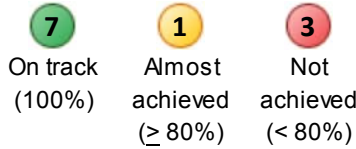
Flood Protection and Control Works

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 2014-15 year. We achieved seven and almost achieved one of the 11 targets associated with the key performance indicators (KPI's).



Rivers Team making the most of the "big dry".

Budget ✘

The spending in this area was 17.29% above budget. This was due to:

1. Unbudgeted (but fully reimbursed) Omaka river protections works.
2. Unbudgeted stopbank repairs to maintain the integrity of the river protection network system.
3. Investigations relating to the impacts of liquefaction on the Town Branch drainage network.
4. Internal metal /nursery recharges higher than expected due to flood protection works predominately for the Taylor river.

Achievements

- Repair of flood protection damage to Taylor, Omaka and Tuamarina rivers.
- Completion of Condors rock training bank on the Wairau River.
- Design and upgrade of various pump stations completed.

Activity Group: Sewerage Including Treatment and Disposal

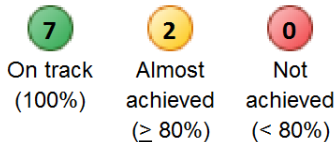
Activities in this Group

This activity group comprises a single activity, Sewerage Including Treatment and Control.

Summary of how we did

Overall we achieved most of our targets for the 2014-15 year. We achieved seven and almost achieved two of the nine targets associated with the key performance indicators (KPI's).

Sewerage Treatment and Disposal



Blenheim Sewerage Treatment Plant major upgrade; the main contractor, HEB Construction Ltd, is shown starting excavation on the landward section of the outfall pipe.

Budget ✔

The spending in this area was 1.00% more than budgeted.

Achievements

- Design work progressing for major Blenheim and Picton sewerage pipe upgrades.
- Nursery Road, Seddon sewer installation completed.
- Completion of 30 year Infrastructure Strategy.

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

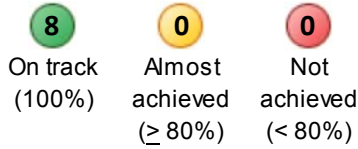
Stormwater Drainage

Activities in this Group

This activity group comprises a single activity, Stormwater.

Summary of how we did

We achieved all eight targets associated with the key performance indicators (KPI's) for the 2014-15 year.



Lansdowne Park, Blenheim

Budget ✓

The spending in this area was 3.95% more than budgeted.

Achievements

- Redwood Street and Town Branch drain stormwater upgrade.
- Upgrade planning for Murphy's Creek, North West Blenheim, Caseys Creek and Town Branch Drain.
- Completion of 30 year Infrastructure Strategy.

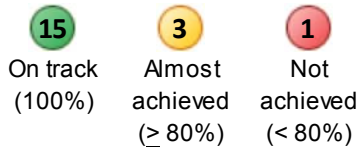
Water Supply

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 2014-15 year. We achieved 15 and almost achieved three of the 19 targets associated with the key performance indicators (KPI's).



Wairau River, Marlborough

Budget ✓

The spending in this area was 3.49% more than budgeted.

Achievements

- Seddon, Havelock and Renwick water treatment, increased supply and reservoirs approved in Long Term Plan for future development.
- Completion of 30 year Infrastructure Strategy.

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

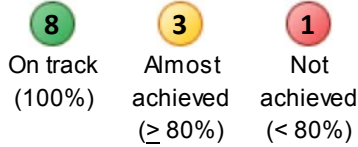
Solid Waste Management

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 2014-15 year. We achieved eight and almost achieved three of the 12 targets associated with the key performance indicators (KPI's).



Recycle Trucks, Blenheim

Budget ✓

The spending in this area was 1.81% more than budgeted.

Achievements

- Awarding of a seven year contract for Waste Management and Minimisation saving an estimated \$1.4 million over the contract term.
- Redevelopment of Ward transfer station to allow for recycling.
- Successful trial of the Rural Community Recycling programme.
- Publication of the Waste Management and Minimisation Plan 2015-21.

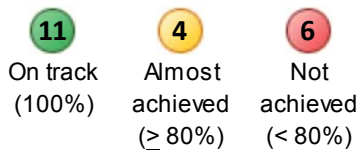
Environmental Management

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 2014-15 year. We achieved 11 and almost achieved four of the 21 targets associated with the key performance indicators (KPI's).



Awatere Valley, Seddon

Budget ✓

The spending in this area was 2.03% more than budgeted.

Achievements

- New Marlborough Resource Management Plans close to notification.
- Online E-Plan launch on Council website.
- Development of water quality monitoring programme.
- 1,271 applications for resource consents were received, 11% increase year-on-year.
- 1,608 complaints for noise, discharge etc received in 2014-15, 15% decrease year-on-year.

Budget key, operating plus capital expenditure:

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

Regulatory

Activities in this Group

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

Summary of how we did

Overall we achieved most of our targets for the 2014-15 year. We achieved 28 and almost achieved five of the 35 targets associated with the key performance indicators (KPI's).



Harbour patrols, Picton Harbour.

28

On track
(100%)

5

Almost
achieved
(≥ 80%)

2

Not
achieved
(< 80%)

Budget ✓

The spending in this area was 1.16% less than budgeted.

Achievements

- Building Consent Authority accreditation renewed.
- 11% more building consent applications received (25% increase in total value of building consent applications received - \$153.2 million).
- 400 inspections of registered premises by environmental health staff.
- 315 properties were inspected by biosecurity staff to ensure landowners were controlling pest species.
- Additional summer patrols in the Marlborough Sounds by Harbours staff enabled by additional vessel.

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 2014-15 year. We achieved seven and almost achieved six of the 14 targets associated with the key performance indicators (KPI's).

7

On track
(100%)

6

Almost
achieved
(≥ 80%)

1

Not
achieved
(< 80%)



Only Marlborough

Only Marlborough logo

Budget ✓

The spending in this area was 4.98% more than budgeted.

Achievements

- Marlborough Airport expansion underway.
- Six community and industry Smart and Connected groups are now established.
- Summer and winter Follow Me event guides produced.
- Major event (New Zealand Scout Jamboree) secured in the region in 2016 and 2025 with up to 5,000 visitors expected for 10 days.
- Launch of Only Marlborough and marlboroughnz.com website.

Budget key, operating plus capital expenditure:

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

This section gives an overview of Council’s financial results – identifying Council’s revenue sources, operating and capital expenditure, showing trends and comparing actual results for the year to the budget set in the 2014-15 Annual Plan.

Go to pages 126 to 184 for detailed financial statements, policies and notes on:

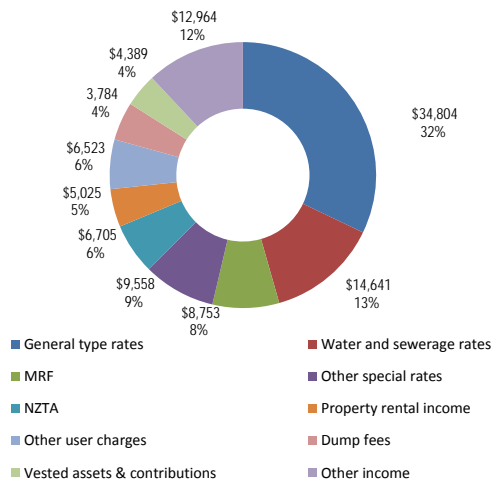
“**Council**” – MDC plus its 88.5% share of Marlborough Regional Forestry (MRF). It is also important to note that Council is a Unitary Authority with the powers and functions of both a Regional and Territorial Local Authority.

“**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 \$96.4M and actual \$108.4M an extra \$12.0M.

- \$2.0M of the increase in MRF is a gain in the value of forestry assets as can be seen in the Statement of Comprehensive Revenue and Expense. However, this will not produce extra cash until the trees are harvested.
- \$1.6M is from additional metered water due to the dry 2014/15 summer.
- User charges are up \$2.0M due to increased income from consent fees and dump fees.
- The NZTA road subsidy is up \$1.2M due to increased costs from flooding events.
- Vested assets were \$1M more than budgeted.

- Court settlements were \$0.5M higher than budgeted.

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 183.

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

RATES REVENUE showing the daily requirement for each activity group.

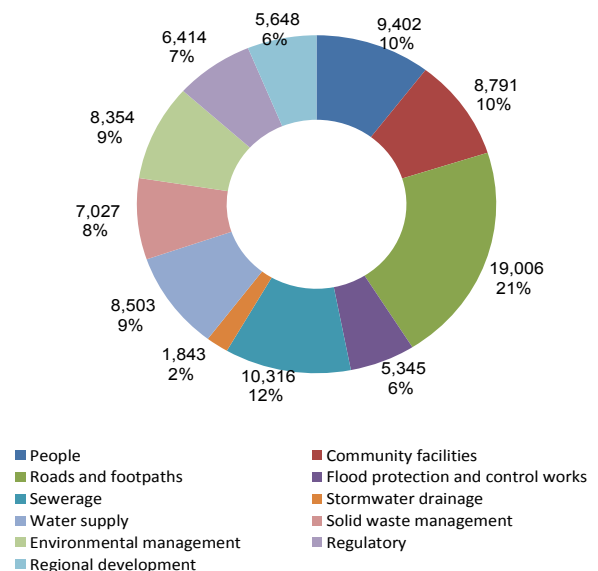
Activity group per ratepayer per day	Rates required per year	Average Cost per ratepayer per year	Average Cost per ratepayer per day
Activity Group	\$000,s	\$s	\$s
People	\$6,302	\$240	\$0.66
Community facilities	\$6,879	\$262	\$0.72
Roads and footpaths	\$9,082	\$345	\$0.95
Flood protection and control works	\$3,728	\$142	\$0.39
Sewerage	\$7,824	\$297	\$0.81
Stormwater drainage	\$1,536	\$58	\$0.16
Water supply	\$6,817	\$259	\$0.71
Solid waste management	\$2,559	\$97	\$0.27
Environmental management	\$5,958	\$226	\$0.62
Regulatory	\$2,482	\$94	\$0.26
Regional development	\$2,591	\$98	\$0.27
	\$55,758	\$2,120	\$5.81

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 estimated 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



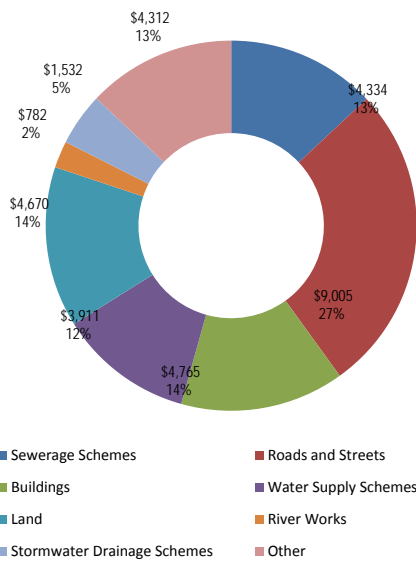
Budgeted operating expenditure was \$88.4M and actual \$94.8M – \$6.4M higher.

- The most significant increase in expenditure at \$1.5M is the grant for the Middle Renwick Road roundabouts/intersection projects.
- Various other smaller costs make up the other increases including:
 - Energy efficiency costs due to a high uptake of the scheme.
 - Wither farm park and Onamalutu fires.
 - Seismic assessments on all community halls, memorials and buildings.
 - Legal costs partially offset by the increase in revenue from court settlements.

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”.

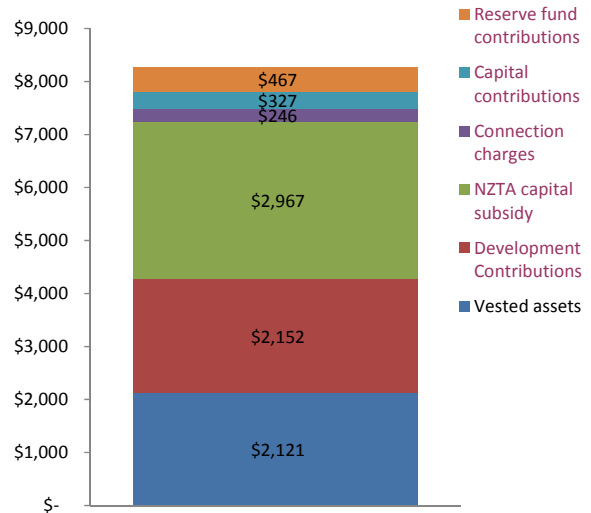
CAPITAL EXPENDITURE BY ASSET CLASS - \$000



2014-15's capital expenditure budgeted was \$30.1M plus \$18.45M carried forward from the previous year, and an additional \$6.98M Council approved expenditure for strategic land acquisitions. Actual spending was \$39.9M. This includes \$6.5M for the Queen Street property inventory. In addition some projects, totalling \$18.38M, were delayed. Delays occurred primarily in the Library precinct development and various infrastructure projects including Picton water reservoir and the Blenheim sewerage upgrade.

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.

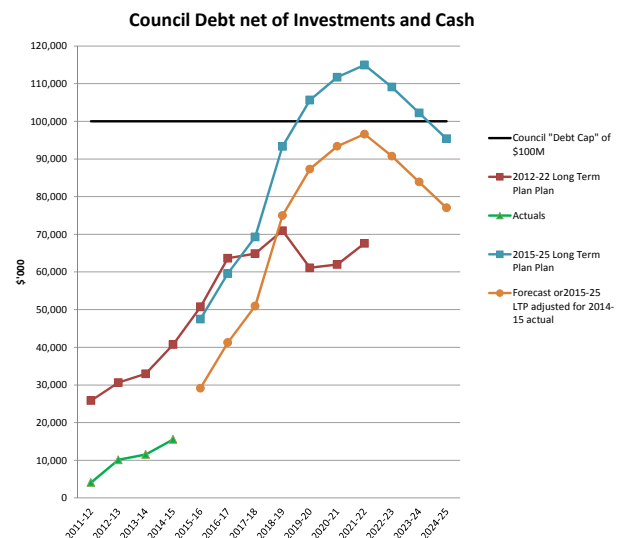
INCOME FOR CAPITAL SPENDING - \$000



Is this sustainable?

This graph shows 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 2015 forecast of debt levels, net of investments and cash, for the next ten years. This is the orange line. Council's net debt is now forecast to reach a maximum of \$96.6M in the 2020-21 financial year.

NET DEBT LEVELS - \$000



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

Financial Overview

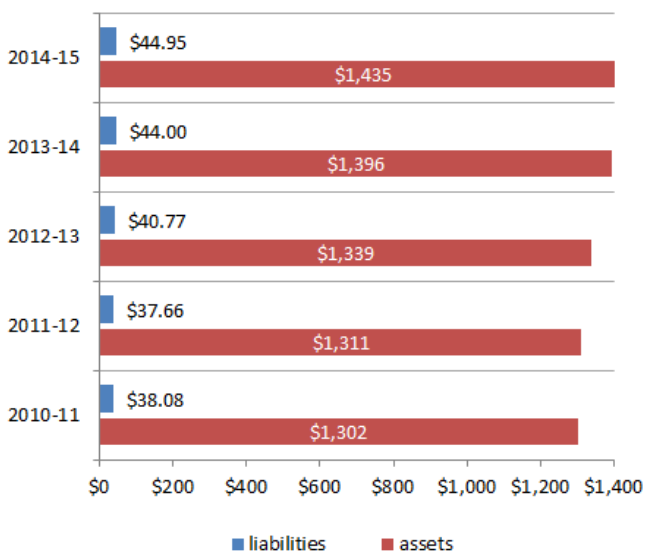
PERFORMANCE COMPARED TO COUNCIL'S TREASURY MANAGEMENT POLICY

		Policy limit	Actual	Compliance
Council Treasury Management Policy Parameters	Earnings before interest and tax divided by net interest	≥2.25	16.60	yes
	Interest expense as a % of total operating revenue	≤12.5%	1.61%	yes
	Net cash flow from operating activities exceeds gross annual interest expense by at least 2 times (200%)	≥ 200%	1352%	yes
Local Government Funding Agency Convenants	Net debt as a % of Total Revenue	<175%	24.9%	yes
	Net interest as a % of Total Revenue	<20%	0.74%	yes
	Net interest as a % of Rates Revenue	<25%	1.37%	yes
	Liquidity	>110%	174%	yes

Council borrows to invest in assets that will enable it to provide services to ratepayers for many years to come. Most of Council's assets are re-valued annually and their current value is over \$1.4 billion.

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

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



Annual Report Disclosure Statement for Year Ended 30 June 2015

What is the Purpose of this Statement?

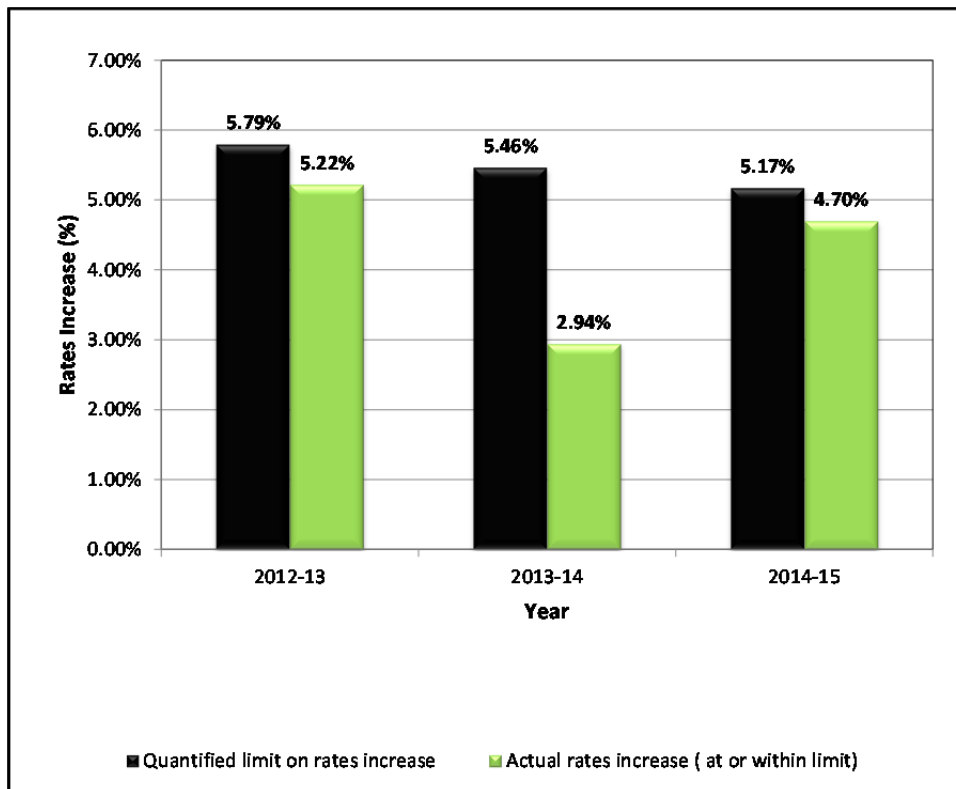
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

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

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 Council's Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index plus 2%.

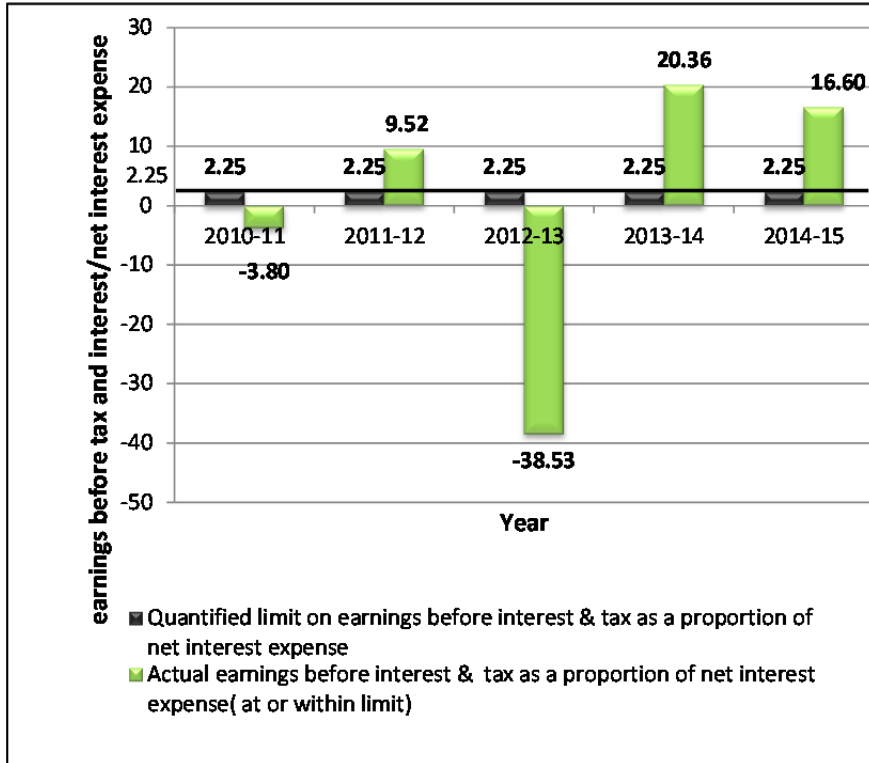


Annual Report Disclosure Statement for Year Ended 30 June 2015

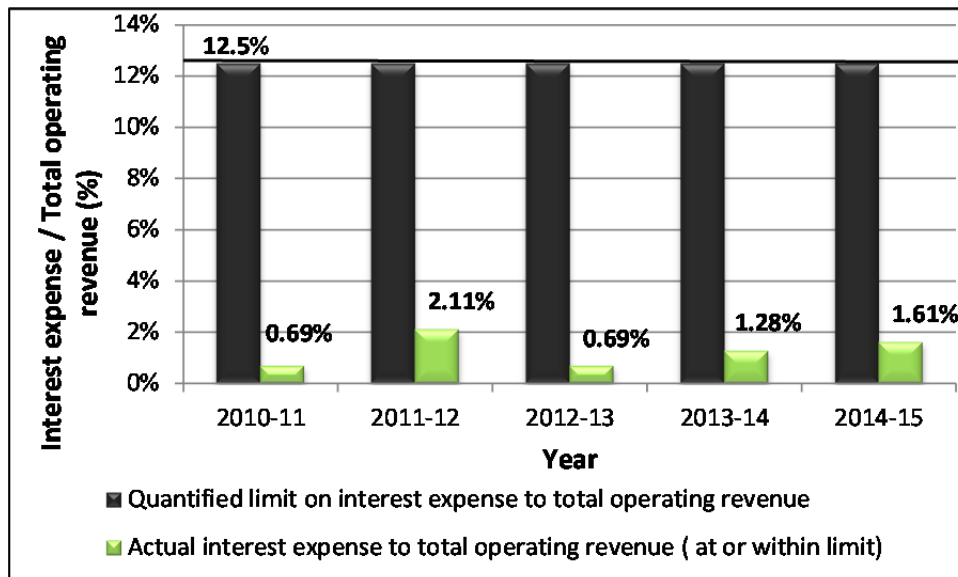
Debt Affordability Benchmark

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 Council's Long Term Plan. The quantified limit 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.



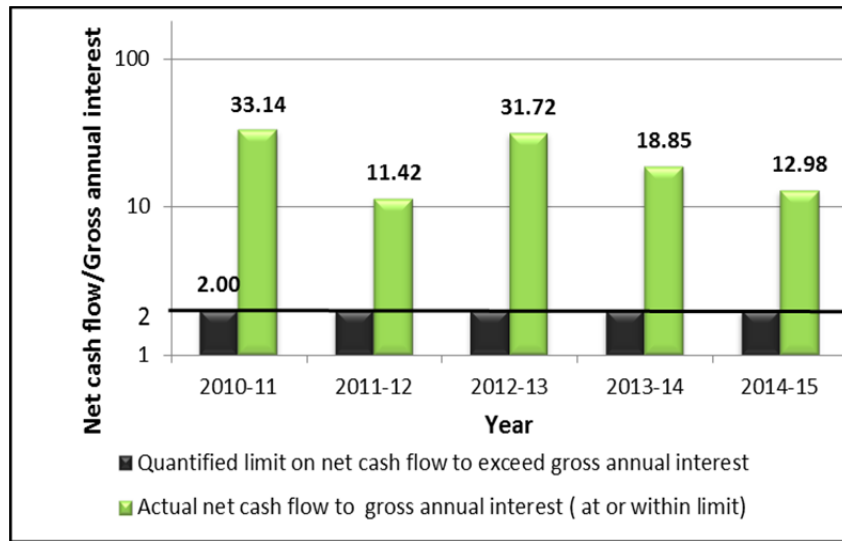
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in Council's Long Term Plan. The quantified limit is annual interest expense cannot exceed 12.5% of total operating revenue and is measured as a percentage.



Annual Report Disclosure Statement for Year Ended 30 June 2015

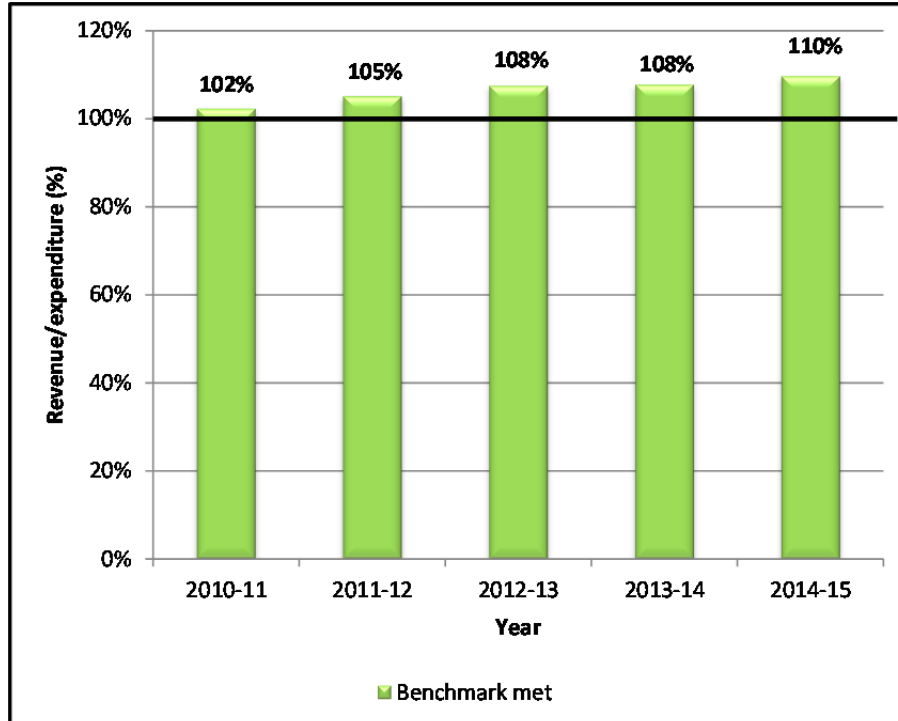
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in Council's Long Term Plan.

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

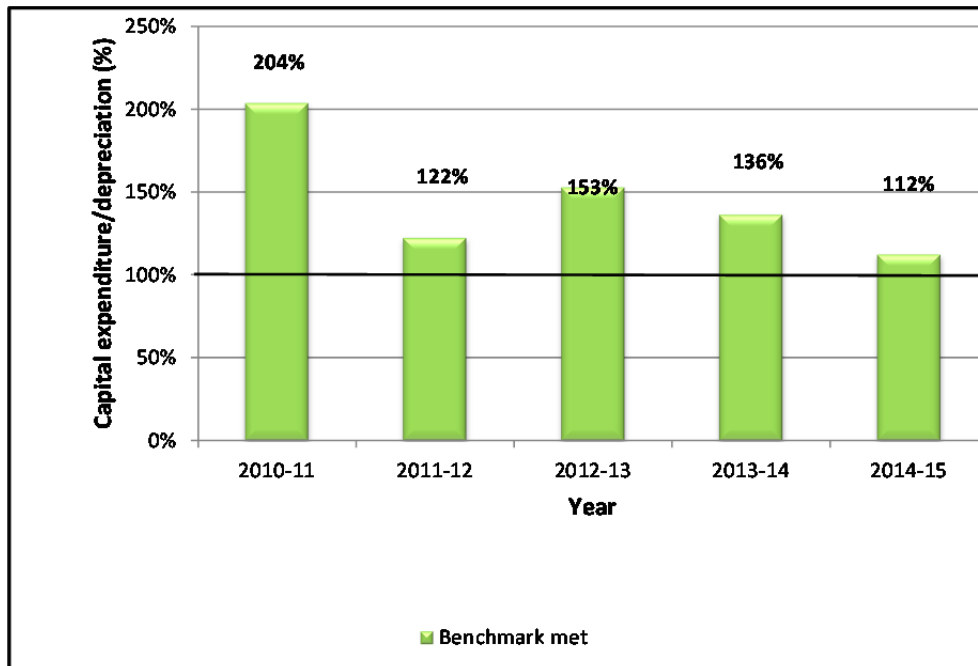
The following graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivatives financial instruments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



Annual Report Disclosure Statement for Year Ended 30 June 2015

Essential Services Benchmark

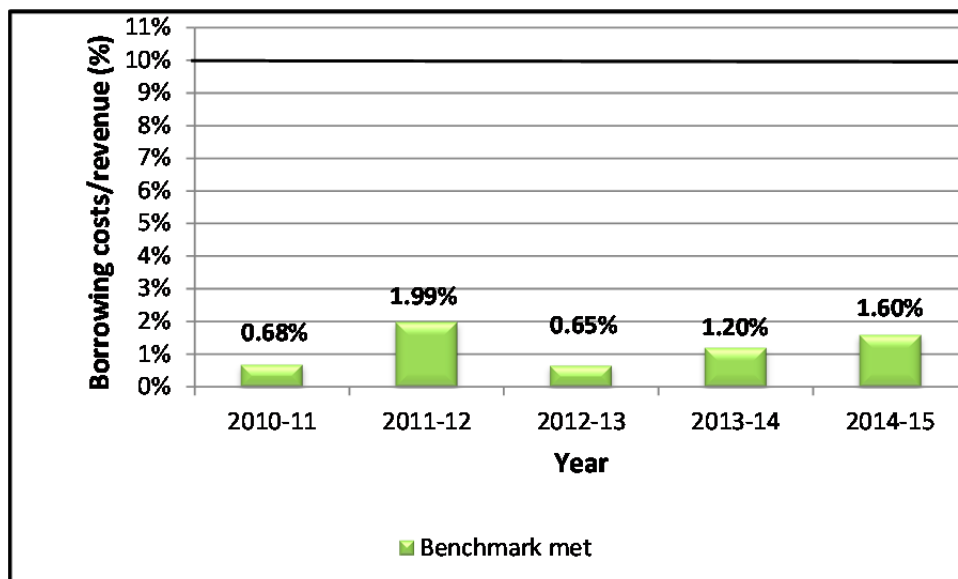
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.



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 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 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.

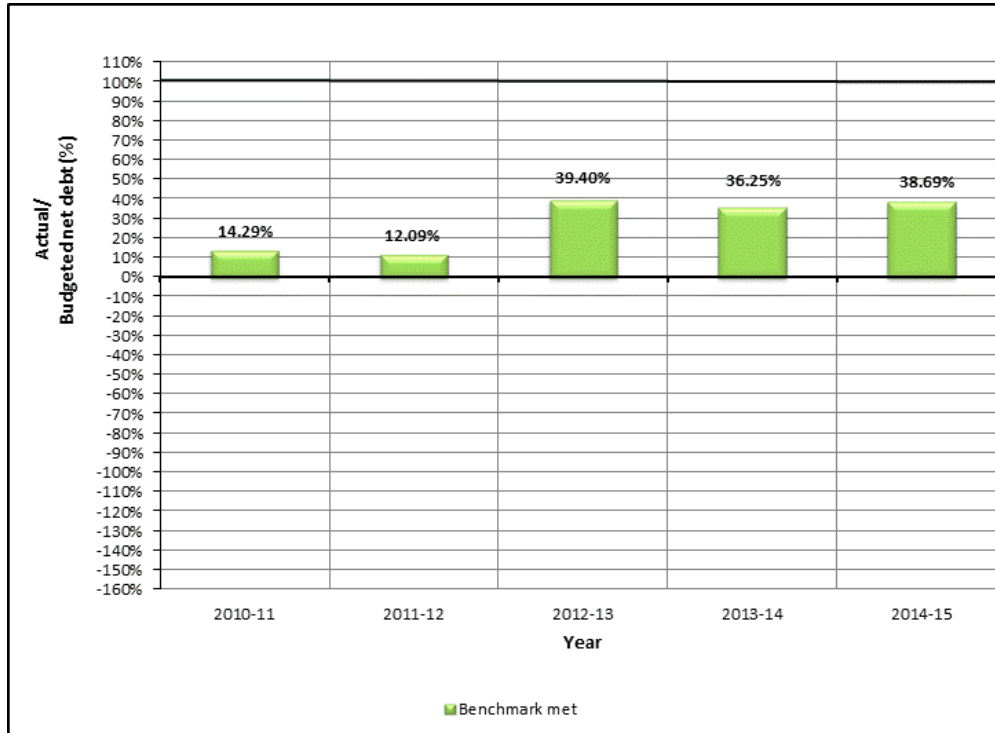


Debt Control Benchmark

The following graph displays 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).

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.

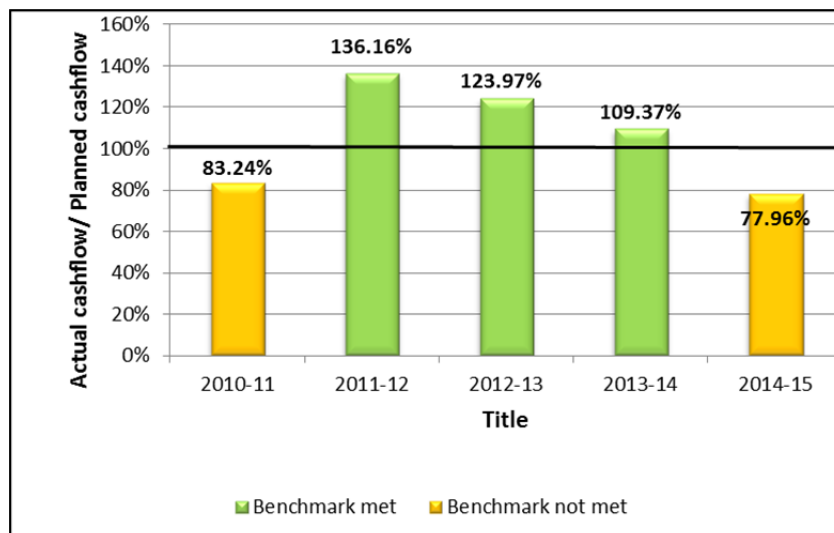


Operations Control Benchmark

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

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.

The operating cashflow in 2014/15 is below that budgeted because the Queen Street building purchase was budgeted as investing activity and now it is going to be sold. It has been accounted for, in actual, as inventory and an operating cash outflow.



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



Photo: Market Square, 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, 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.	

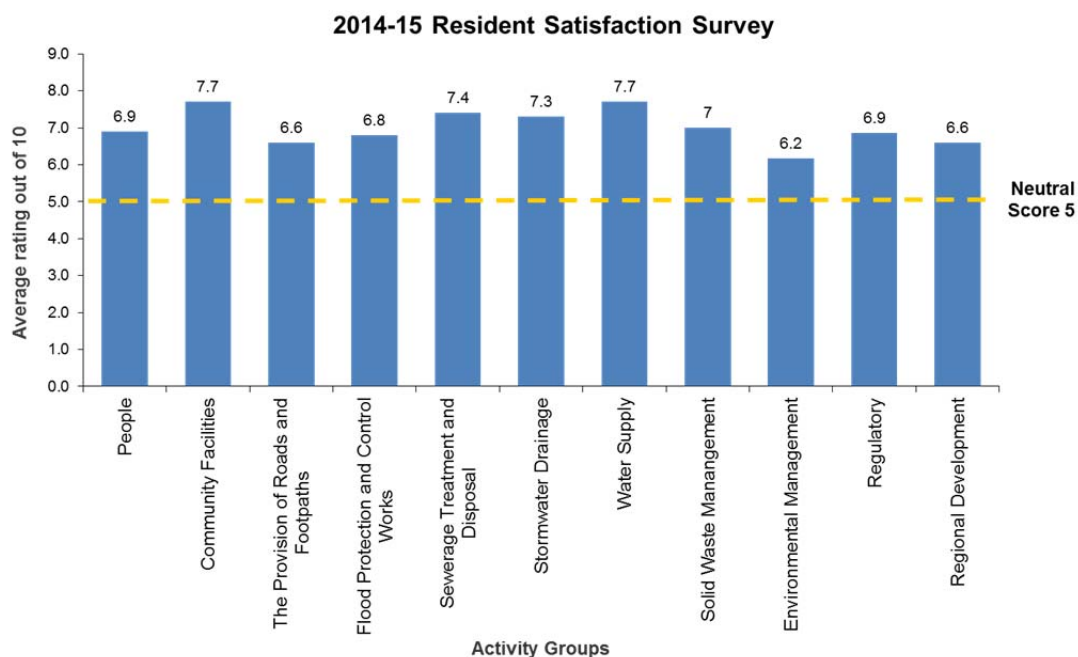
The 2015-25 Long Term Plan sets out how these activities meet the Community Outcomes.

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 (91.4%) and online (8.6%) in June 2015. 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. Council's overall performance decreased from 7.4 in 2014 to 7.0 in 2015 but is in line with overall performance over the longer term. Overall satisfaction decreased from 82% to 74%.

The highly rated activity groups were Emergency management, Provision of drinking water and Community Facilities and the most lowly rated activity was Democratic Process.



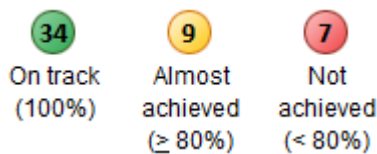
Activity Group: People

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 2014-15 year. We achieved 34 and almost achieved nine of the 50 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.

Funding Impact Statement for year ended 30 June:

PEOPLE	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	6,016	6,327	6,185	6,185
Targeted rates (other than for water supply)	80	104	120	118
Subsidies and grants for operating purposes	518	534	323	329
Fees and charges	19	19	21	23
Other receipts including fines and infringement fees	1,969	1,999	1,950	2,127
Total operating funding	8,602	8,983	8,599	8,781
Applications of operating funding				
Payments to staff and suppliers	4,899	5,014	4,799	5,281
Finance costs	22	39	1	-
Internal charges and overheads applied	2,050	2,118	2,452	2,506
Other operating funding applications	1,145	1,245	1,154	991
Total applications of operating funding	8,116	8,416	8,406	8,777
Surplus (deficit) of operating funding	486	567	193	4
Sources of capital funding				
Subsidies and grants for capital expenditure	6	7	-	-
Increase (decrease) in debt	365	102	-	-
Gross proceeds from sale of assets	19	-	-	132
Total sources of capital funding	391	109	-	132
Applications of capital funding				
Capital expenditure to improve the level of service	148	196	3,583	522
Capital expenditure to replace existing assets	850	583	798	389
Increase (decrease) in reserves	(121)	(103)	(4,188)	(775)
Total applications of capital funding	877	676	193	136
Surplus (deficit) of capital funding	(486)	(567)	(193)	(4)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	8,116	8,416	8,406	8,777
plus - Depreciation and amortisation	667	690	641	623
plus - Loss on sale of fixed assets	216	200	-	2
Expenditure as per Note 2	8,999	9,306	9,047	9,402

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 3.0% 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 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 reviews 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 2014-15

- Council resolved to keep the Single Transferable Vote election method for the next two elections (2016 and 2019).
- Council also commenced the review of its representation arrangements.
- Seven citizenship ceremonies were held with 145 people receiving citizenship.

Levels of Service: Democratic Process

Performance Targets

Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.8		Actual score: 6.1 (Last year: 6.5). Almost on target. The results show that there was a decreasing trend in satisfaction with the Democratic Process activity, especially in regards to information on Council meetings. These findings suggest that this is an area in which improvements can be made by Council.
Provide a service that is timely and responsive to residents needs.				
% of agendas and attachments available to the public at least three working days prior to meetings.	100%	100%		Actual score: 100% (Last year: 100%). On target.
Public contribution to decision making process				
% of Council items of business open to the public	89%	89%		Actual score: 92.38% (Last year: 92.49%). On target.

Funding Impact Statement for year ended 30 June:

Democratic Process	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,584	2,688	2,620	2,617
Other receipts	297	254	253	277
Total operating funding	2,881	2,942	2,873	2,894
Applications of operating funding				
Payments to staff and suppliers	1,636	1,659	1,243	1,208
Internal charges and overheads applied	1,230	1,266	1,618	1,615
Other operating funding applications	6	5	6	6
Total applications of operating funding	2,872	2,930	2,867	2,828
Surplus (deficit) of operating funding	9	12	6	66
Sources of capital funding				
Gross Proceeds from sale of assets	20	-	-	-
Total sources of capital funding	20	-	-	-
Applications of capital funding				
Capital expenditure to replace existing assets	41	-	-	-
Increase (decrease) in reserves	(12)	12	6	66
Total applications of capital funding	29	12	6	66
Surplus (deficit) of capital funding	(9)	(12)	(6)	(66)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	2,872	2,930	2,867	2,828
plus - Depreciation and amortisation	9	12	6	11
Expenditure as per Income Statement	2,881	2,942	2,873	2,839

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Payments to staff and suppliers is less due to less than anticipated consultancy and general expenses.

Activity: Culture and Heritage

Activity: Culture and Heritage		
Operating costs of this activity represent approximately 0.7% 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.

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

- Forming partnerships with organisations and institutions that contribute to cultural wellbeing (eg; Marlborough Museum Past Perfect museums database project);
- Supporting projects that reflect and strengthen Marlborough cultural identity.
- Managing the cultural and heritage assets and resources in a sustainable manner.

What we did in 2014-15

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	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.0	≥ 7.0		Actual score: 6.5 (Last year: 7). Almost on target. While a lower
Manage Council's arts and heritage grants and third party providers to ensure service quality and value.				
% 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: 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 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	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	621	717	578	579
Other receipts	65	71	59	62
Total operating funding	686	788	637	641
Applications of operating funding				
Payments to staff and suppliers	4	5	5	3
Finance costs	-	1	1	-
Internal charges and overheads applied	38	39	37	40
Other operating funding applications	639	738	599	573
Total applications of operating funding	681	783	642	616
Surplus (deficit) of operating funding	5	5	(5)	25
Sources of capital funding				
Increase/(decrease) in debt	10	-	-	-
Total sources of capital funding	10	-	-	-
Applications of capital funding				
Capital Expenditure to improve the level of service	10	53	50	-
Increase (decrease) in reserves	5	(48)	(55)	25
Total applications of capital funding	15	5	(5)	25
Surplus (deficit) of capital funding	(5)	(5)	5	(25)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding plus - Depreciation and amortisation	681	783	642	616
Expenditure as per Income Statement	686	788	647	621
Operating expenditure				
Arts	330	431	250	209
Heritage	356	357	397	412
Capital expenditure:				
Heritage	10	53	50	-

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: The Other operating funding applications is less than the LTP as the Grants budget was reduced in the Annual Plan and the Actual is just below the Annual Plan budget.

Activity: Community Housing

Activity: Community Housing		
Operating costs of this activity represents approximately 1.3% 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 Council's Housing for the Elderly Sub-Committee. Day to day administration of the portfolio, including assessing applications, will be provided by Council's property managers, according to this policy and to the provisions of the Housing Asset Management Plan.







What we did in 2014-15

As well as many major projects listed under the Levels of Service table a number of projects have been completed during the year, including painting, refurbishment and furnishings of units. Mobility Scooter RCD plugs are being installed as requested.

Bathrooms are an on-going project for upgrading, particularly where there are still shubs or their showers are showing signs of leak. This usually includes new vanity, floor coverings (if required), and now shower seats are fitted into all new showers that are installed. Other on-going works has been the installing of extractor fans to help with steam build up and ventilation in the bathrooms and toilet areas causing damage to these rooms.

Wooden clotheslines are being upgraded with aluminium ones as the need arises and a lot of them are showing signs of rot and likely to fall over very easily.

As the opportunity arises, the old nightstore heaters are being removed. These are not being used by tenants, particularly now they all have heat pumps and also as they are costly to run.

Levels of Service: Community Housing				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.1	7.3		Actual score: 6.6 (Last year: 7). Almost on target. Overall 61.5% of surveyed residents were satisfied with Council services. Lower ratings included the need for Council to improve maintenance and not enough housing.
Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	New measure	≥ 8		Actual score: 7.9 (Last year: 8). Almost on target. While target was just below achievement it still a comparatively high score.
Provide up-to-date record of Occupancy levels.				
Minimum occupancy in units to be maintained.	New measure	94%		Actual score: 98% (Last year: 98%). On target.
Provide community housing reactive maintenance service in two categories.				
Urgent Unplanned Maintenance ¹ - % of unplanned maintenance completed within 24 hours of notification.	New measure	94%		Actual score: 98% (Last year: 97%). On target.
Non-Urgent Unplanned Maintenance ² - % of unplanned non-urgent maintenance completed within 20 working days of notification.	New measure	84%		Actual score: 96% (Last year: 92%). On target.
Provide an annual checklist of planned maintenance / projects as set out in budget and from Committee meetings.				
% of planned maintenance/projects completed in financial year.	90%	95%		Actual score: 44% (Last year: 50%). Not achieved. From the nine projects planned four were completed, one was estimated to be 80% completed and one 40% completed. The remainder three projects were delayed due to work carried forward from previous years and urgent jobs been prioritised. Changing in staff levels has also contributed to the delay in planned maintenance.

¹ Urgent unplanned maintenance is for events that would make the unit unliveable if left for an extended period.

² Non urgent unplanned maintenance is for events that do not pose a risk to the tenant if not dealt with straight away but does need to be dealt with in the near future.

Activity Group: People

Funding Impact Statement for year ended 30 June:

Community Housing	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
Other receipts including property rentals	1,124	1,185	1,155	1,123
Total operating funding	1,124	1,185	1,155	1,123
Applications of operating funding				
Payments to staff and suppliers	841	862	1,113	900
Finance costs	22	38	-	-
Internal charges and overheads applied	41	42	46	54
Other operating funding applications	21	21	18	9
Total applications of operating funding	925	963	1,177	964
Surplus (deficit) of operating funding	199	222	(22)	159
Sources of capital funding				
Increase (decrease) in debt	354	103	-	-
Gross proceeds from sale of assets	-	-	-	132
Total sources of capital funding	354	103	-	132
Applications of capital funding				
Capital expenditure to improve the level of service	54	55	-	-
Capital expenditure to replace existing assets	546	297	533	134
Increase (decrease) in reserves	(47)	(27)	(555)	157
Total applications of capital funding	553	325	(22)	291
Surplus (deficit) of capital funding	(199)	(222)	22	(159)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	925	963	1,177	964
plus - Depreciation and amortisation	239	250	274	259
plus - Loss on sale of fixed assets	216	201	-	2
Expenditure as per Income Statement	1,380	1,414	1,451	1,224

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: The payments to staff and suppliers is slightly over the LTP budget and well below the Annual Plan budget with delays to scheduled maintenance and delays with finalising tender documents.

Note 2: The capital actual is below budget as development was delayed and deferred into 2016.

Activity: Community Safety

Activity: Community Safety		
Operating costs of this activity represent approximately 0.3% 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 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 networks in the Blenheim and Picton CBD are managed by the Support Services Department of Council and is funded by rates.

What we did in 2014-15

The CCTV network was reviewed with NZ Police and changes made to improve coverage for both Blenheim and Picton.

Activity Group: People

Levels of Service: Community Safety				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.3	7.4		Actual score: 7.2 (Last year: 7.4). Almost on target. While the score has dropped it still a comparatively high score.
Provide quality service that meets and exceeds the expectations of the funding ministries and thus providing quality service to the community.				
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. ¹	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.
Provide services relevant to our community				
Number of reports presented to Council annually.	New measure	2		Actual score: 1 (Last year: 1). Not achieved. As contracts didn't change until February 2015 it was decided that only one report was required for the period.
% of programmes approved by Council.	70%	100%		Actual score: 100% (Last year: 100%). On target.
Annual review of Community Safety Programmes completed.	31-Aug	31-Aug-15		Actual score: 01-Feb-15 (Last year: 14-Aug-14). On target.

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.

Funding Impact Statement for year ended 30 June:

Community Safety	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	107	112	73	73
Subsidies and grants for operating purposes	296	305	109	106
Other receipts	31	32	36	57
Total operating funding	434	449	218	236
Applications of operating funding				
Payments to staff and suppliers	358	368	222	263
Internal charges and overheads applied	17	17	19	33
Total applications of operating funding	375	385	241	296
Surplus (deficit) of operating funding	59	64	(23)	(60)
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to improve the level of service	52	53	-	-
Increase (decrease) in reserves	7	11	(23)	(60)
Total applications of capital funding	59	64	(23)	(60)
Surplus (deficit) of capital funding	(59)	(64)	23	60
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	375	385	241	296
plus - Depreciation and amortisation	59	64	-	-
plus - Loss on sale of fixed assets	-	-	-	-
Expenditure as per Income Statement	434	449	241	296
Operating expenditure				
Safer Communities	355	364	144	184
Security	79	85	97	112
Capital expenditure:				
Security	52	53	-	-

Explanation of the funding impact variance between 2015 (Actual) and 2015(LTP)

Note 1: Payments to staff and suppliers has reduced in line with the Annual Plan budget.

Activity: Community Support

Activity: Community Support		
Operating costs of this activity represent approximately 1.7% 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.

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

Facilitation of Central Government objectives of promoting energy efficiency, energy conservation, and the use of renewable energy resources.

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.

Passenger Transport and Mobility Scheme

Providing transport options for our community, including those with mobility issues to help access key services and enabling community participation.

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

Providing (via contract) free community festivals and events for Marlburians to enjoy and to attract visitors to the District.

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 2014-15

Positive Ageing – Seniors Dance was successfully held in September 2014. Older Persons Forums continued to be held to share information and advocate for services for older people.



Youth – Key highlights in the year were the Intergenerational Games successfully being held along with a youth Boardart exhibition in the Millennium Art Gallery as part of a Top of the South initiative. The Youth Council continued to be held to provide a valuable voice for young people.





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

Bus service - The Blenheim bus service conveyed 26,979 passengers during the year (26,498 in 2013-14). Three additional bus shelters were erected in Colemans Road, Ida Street and Middle Renwick Road.

Total Mobility scheme - The Total Mobility scheme funded 20,706 trips (23,242 in 2013-14), including 3,231 trips (3,530 in 2013-14) by wheelchair users.

Activity Group: People

Levels of Service: Community Support				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations (excludes passenger transport).				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
• Community Support.	7.2	7.2		Actual score: 6.7 (Last year: 6.8). Almost on target. While the score has dropped it is still a comparatively high score.
• Events Management.	7.3	≥ 7.3		Actual score: 6.7 (Last year: 6.9). Almost on target. While the score has dropped it is still a comparatively high score.
Manage Council's community grants and third party providers to ensure service quality and value.				
% of grants administered, allocated and accounted for within timeframes.	100%	100%		Actual score: 100% (Last year: 100%). On target. Community Grants were processed within set criteria and timeframes.
Achievement of reporting requirements.	≥ 95%	≥ 95%		Actual score: 95% (Last year: 96%). On target. Timeframes for reporting do not align with the end of the financial year. An annual review is undertaken to ensure 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.
Manage third party providers to ensure service quality and value of community events.				
Achievement of reporting requirements.	100%	100%		Actual score: 100% (Last year: 100%). On target. Annual report submitted to Council as per contract requirements.
Participation numbers match targets in contracts.	N/A	≥ 95%		Actual score: 100% (Last year: 100%). On target. Contract targets achieved.
Implement the Positive Ageing Accord.				
Number of Older Persons Forums held annually with minimum 90% attendance.	10	10		Actual score: 10 (Last year: 10). On target. Older Persons Forums continue to be held monthly and are well attended. They provide a voice for older people's issues in the Marlborough community.
Frequency of Seniors Expo.	Biennial Seniors Expo	Senior Expo held		Actual score: Not achieved (Last year: N/A). The Seniors Expo was postponed until March 2016 due to the venue having earthquake strengthening.
Biennial survey undertaken to monitor Positive Ageing Information Strategy.	New measure	Survey completed		Actual score: Not achieved (Last year: N/A). This is usually undertaken in conjunction with the Seniors Expo so will be considered in 2016.
Implement Youth Initiatives Plan.				
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: 95% (Last year: 91%). On target. Actions in the Youth Plan were on the whole achieved. The Board Art exhibition and the Intergenerational Games were highlights.

Build capacity of the Volunteer Sector through provision of training in partnership with key service providers.				
Number of training courses provided per annum where attendance numbers meet targets.	3	> 3		Actual score: 9 (Last year: 4). On target. Training course numbers were up this year due to demand. Feedback from the sector was positive.
Provide a well used and affordable bus service in Blenheim that is timely and responsive to community needs.				
Increase levels of customer patronage by 3% per annum (total patronage for 2012-13 year was 25,149).	New measure	3% > previous year		Actual score: 1.82% (Last year: 5.36%). Not achieved. The Service conveyed 26,979 passengers in 2014-15 compared to prior year patronage of 26,498.
Complete annual passenger survey and reports results to Council by 30 June each year.	New measure	30-Jun-15		Actual score: Not achieved. (Last year: Not achieved. Not achieved. A passenger survey was not conducted. An annual report on the operation of the service was presented to assets and services Committee on 21 July 2015.
Improve infrastructure to support bus service by adding a minimum of one bus shelter per year (as funding allows).	3	1 extra		Actual score: 3 (Last year: 4). Not achieved. Three new bus shelters were erected in Coleman's Road, Ida Street and Middle Renwick Road.

Activity Group: People

Funding Impact Statement for year ended 30 June:

Community Support	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	747	761	776	777
Targeted rates (other than for water supply)	80	104	120	118
Subsidies and grants for operating purposes	204	210	196	210
Fees and charges	16	17	15	17
Other receipts	77	75	78	145
Total operating funding	1,124	1,167	1,185	1,267
Applications of operating funding				
Payments to staff and suppliers	638	650	715	1,142
Internal charges and overheads applied	189	201	129	169
Other operating funding applications	407	410	460	348
Total applications of operating funding	1,234	1,261	1,304	1,659
Surplus (deficit) of operating funding	(110)	(94)	(119)	(392)
Sources of capital funding				
Subsidies and grants for capital expenditure	6	6	-	-
Total sources of capital funding	6	6	-	-
Applications of capital funding				
Capital expenditure to improve the level of service	12	13	12	21
Increase (decrease) in reserves	(116)	(101)	(131)	(413)
Total applications of capital funding	(104)	(88)	(119)	(392)
Surplus (deficit) of capital funding	110	94	119	392
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,234	1,261	1,304	1,659
plus - Depreciation and amortisation	1	-	2	1
Expenditure as per Income Statement	1,235	1,261	1,306	1,660
Operating expenditure				
Grants and Donations	455	458	511	437
Events Management	177	181	174	140
Energy Efficiency	192	200	206	679
Recreation	75	77	74	58
Passenger transport	336	345	341	346
Capital expenditure:				
Passenger transport	12	13	12	21

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Payments to staff and suppliers have increased due to higher than anticipated uptake of energy efficiency services, predominately the solar water heating scheme which is recovered from rates over the next nine years. This unfavourable variance has been partially offset by grants not yet uplifted.

Activity: Library Services

Activity: Library Services		
Operating costs of this activity represents approximately 2.0% 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?

The purpose of this activity is to provide the community with a professional library service which assists customers to help themselves by encouraging 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 one of the highest Council provided services in the annual Resident's Satisfaction Survey.

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). Both of these facilities are open seven days a week. 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 housebound service).

The promotion of literature and literacy is the main focus of library services to children across the District, offered through the summer and winter reading programmes, school visits, and school holiday activities. Picton Library's 'Library on Wheels' project takes 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, the library service provides access to electronic databases and the World Wide Web. Free internet and Wi-Fi access is provided to all library visitors via the Aotearoa People's Network Kaharoa with a maximum 25% financial contribution from Council.

IT skills and training programmes are offered at both facilities as part of the Stepping Up project.

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 2014-15 405,689 items were issued (408,115 in 2013-14). Its central location has proven popular as a meeting place for those visiting the CBD. As the collection has expanded and new services introduced free space has become a premium with no areas for quiet reading or study. The number of people visiting the District Library in 2014-15 was 302,126 (370,520 in 2013-14).

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 1970s. 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 intending to replace this facility by 2017.

Activity Group: People

In 2014-15 57,608 items were issued (59,361 in 2013-14). As a combined Council facility there is little space available to encourage class visits, children's holiday activities and groups of adults to meet in the library. The number of people visiting Picton Library and Service Centre in 2014-15 was 72,819 (105,255 in 2013-14).

Collections

The libraries' collection consists of over 118,089 items with a current estimated value of \$3.78 million. The collection covers a wide range of general interest and popular titles (both fiction and non-fiction), pre-school, children's and teens titles, large print, local history and 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 authoritative electronic databases, national online catalogues and websites, including access to national and international newspapers, and Ancestry.com, along with the World Wide Web.

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

IT

In September 2011, Marlborough joined a New Zealand wide Public Library Consortium called Kotui to provide its library management and searching system (catalogue). In addition, downloadable e-books and e-audio books were made available to library members in early 2012 via a South Island wide Public Libraries Consortium project provided by OverDrive Digital Library. This service was expanded in April 2015 when the library established another consortium with Tasman District Libraries to provide more e-resources via BorrowBox. OverDrive and BorrowBox are digital media platforms that allow library customers to download e-books and e-audio books. Titles include fiction and non-fiction items for adults, teens and children, with regular additions of new material. In 2014-15 7,445 e-resources were issued.

The libraries automated library management system facilitates the day to day control and circulation of the collection. The online catalogue can be accessed 24/7 and allows members to self-manage the items they have on loan and reserve items they wish to borrow. 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 Library Management System, Kotui, is supported through this same framework.

Community Engagement

Both the District Library and the Picton Library and Service Centre continue to be a community hub for activities and events. This year saw the continuation of regular events for adults including BookChat, Stepping Up computer classes, Lunchtime Law information sessions in partnership with Community Law Marlborough, booksales, author events and numerous events and activities for children.

What we did in 2014-15







District Library staff continued to gain knowledge of the Vanguard Method of Systems Thinking by working through various library processes. The purpose is to establish what matters to library customers and to improve the services from the customer's point of view.

Library processes were redesigned based on what we learnt, evidence and data. Processes re-designed this year include the overdue process (ie; how to get items returned on time), and the selection and display of DVDs. How stock suggestions from the customers are managed continue to be reviewed as part of the wider process of how library material is acquired. This continuous improvement journey adds to those processes previously reviewed and redesigned ie; how people become members of the library, how magazines are acquired and what happens when a customer loses their library card.

Council confirmed its decision to build a new library and service centre in Picton with a completion date in late 2017 while deferring the new library facility in Blenheim until 2018-21.

Levels of Service: Library Services

Performance Targets

Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.5	8.5		Actual score: 7.3 (Last year: 7.5). Almost on target. Libraries received the second highest service rating. 89% of residents across the district were satisfied with library services, with 60% satisfied with community libraries. This resulted in the reduced score.
A range of current resources supporting the tastes, interests and reading levels of users is provided.				
Average age of library resources (years).	10 years or less	10 years or less		Actual score: 8 (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: 3.99 (Last year: 4.03). Not achieved. Fewer items were loaned (-1,971) than in the previous year resulting in a 0.4 drop. The target has been revised down to four times per year in the 2015-25 Long Term Plan.
% of books requested from the catalogue, not currently available, provided within five days.	95%	> 95%		Actual score: 96% (Last year: 94%). On target.
Provide access to information electronically.				
Number of website page views.	≥ previous year	≥ previous year		Actual score: 101,929 (Last year: 117,634). Almost on target. Fewer website views were recorded in 2014-15. As the number of website views is measured by clicks, the reduced number could have resulted from customers saving shortcuts to their favourite areas of the site.
Number of e-book and e-audio loaned.	375	10% increase on previous year		Actual score: 7,445 (Last year: 5,256).

Activity Group: People

Funding Impact Statement for year ended 30 June:

Library Services	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,318	1,365	1,499	1,497
Subsidies and grants for operating purposes	-	-	-	13
Fees and charges	3	3	6	6
Other receipts including fines and infringement fees	275	278	272	275
Total operating funding	1,596	1,646	1,777	1,791
Applications of operating funding				
Payments to staff and suppliers	938	971	1,065	1,183
Internal charges and overheads applied	350	361	393	387
Total applications of operating funding	1,288	1,332	1,458	1,571
Surplus (deficit) of operating funding	308	314	319	220
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to improve the level of service	21	22	3,521	501
Capital expenditure to replace existing assets	234	253	238	184
Increase (decrease) in reserves	53	39	(3,440)	(465)
Total applications of capital funding	308	314	319	220
Surplus (deficit) of capital funding	(308)	(314)	(319)	(220)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,288	1,332	1,458	1,571
plus - Depreciation and amortisation	308	314	317	317
Expenditure as per Income Statement	1,596	1,646	1,775	1,887

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Payments to staff and suppliers is due to higher than budgeted personnel expenses due to an overlap of staff pending retirements and a full time replacement for a previously part time employee.

Note 2: Capital expenditure is up compared to the 2015 LTP budget due to the investigation into the proposed new library. Capital expenditure is lower than the Annual Plan budget due to the delayed Blenheim library project.

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 Safe and Secure Community Outcome and related Council Outcomes for Marlborough as 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 hazards through risks reduction.
- Arrangements for declaring a state of emergency in the area.
- Arrangements for cooperation and coordination with all other Civil Defence Emergency Management Groups.
- How hazards managed by the Group are prioritised according to risk. The eight most significant hazards 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

Council has surrendered its role as a Rural Fire Authority to the Marlborough Kaikoura Rural Fire Authority (MKRFA) which sets policy and ensures fire is appropriately managed 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 Council is a key member, is prepared and capable to respond and recover from a major event such as earthquake and floods.

Council is only one of the organisations that has emergency management responsibilities. Others include the District Health Board, Police, Fire Service and St Johns. Council does provide administration support for the Group.

Risk reduction is carried out for 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. The 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 lifelines damaged 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. These have been held in conjunction with lifelines such as Marlborough Lines, Rural Fire and the New Zealand Fire Service.

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, 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 to train Council staff to work in an incident control structure and to increase training for welfare and sector groups is ongoing. 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.

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

What we did in 2014-15

Rural Fire

The 2014-15 summer had a campaign fire season not seen since 2000-01. Council assets were used to extinguish a significant number of rural fires and Council assisted with the purchase of a new 4x4 medium rural appliance for the Rarangi Rural Fire Force. The Marlborough Kaikoura Rural Fire Authority managed the response to and suppression of all the fires with assistance, in the case of the 600 hectare Onamalutu fire and 54 hectare Calrossie fire, from other rural fire authorities from across the country. Total suppression costs by the end of the fire season were close to \$2 million dollars. No homes were lost and no-one was seriously injured fighting the fires which is a credit to the skills and effectiveness of the MKRFA leadership. A total fire ban was imposed from January to April. Ignitions were varied but included rail locomotives, machinery, arson and fireworks.

The Firesmart programmes continued with the smaller rural communities at risk from rural fire. These involved meetings with residents and combined safety messages from Marlborough Lines, Civil Defence, the New Zealand Fire Service as well as rural fire. These have been very successful in providing a complete package of risks faced by rural communities.

The Fire Authority has invested heavily in Strategic and Tactical Fire Management Planning (STFMP) this year. This will enable it to identify the areas most at risk from wildfire and put in place strategies and tactics to respond appropriately to those risks. The Marlborough District south of the Wairau focussed on these strategies this year while the Sounds will follow next year.

Civil Defence

The Ministry of Civil Defence carried out a Capability Assessment on the Marlborough Group. Previously the Group had scored a below par 62.2 out of a 100, however, with the effort over the last two to three years the Ministry scored Marlborough a 80.2. This is to be celebrated and reflects on the fact that Marlborough Civil Defence benefits from a strong and stable workforce within Council and solid working relationships with its stakeholders and supporting agencies.









Readiness and Response Committee meetings have again been instigated. These facilitate the coordination of responses to events and foster closer working relationships between all the responding agencies.

Tsunami inundation modelling has been developed by GNS and maps produced for Council to respond to. There is now a need to consult appropriately with the communities at risk and develop strategies to minimise those risks posed by the hazard. A consultation document is currently being developed.

An Emergency Response Team of 10 members has been established, trained and kitted out to provide logistical support to responding agencies in an emergency situation. This team was used at the Onamalutu fire where they provided valuable support which enabled fire fighters to concentrate on what they were trained to do.

A five bay shed has been built at the Emergency Operations Centre to house assets which have been exposed to the weather in the past. These include the response caravan, the earthquake demonstration trailer and a new trailer for the Response Teams equipment. One of Rural Fire's medium appliances and a trailer will also be stored in the other two bays.

Work has begun on two response plans. The Rainbow Ski Field access is significantly hazardous and could result in hundreds of people being stuck on the mountain. There is also a need for a Mass Rescue Plan in the event that a ferry or cruise liner strikes problems in the Sounds. These should be completed next year.

Levels of Service: Emergency Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds resident's expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0		Actual score: 8.1 (Last year: 7.9). On target.
Provide a planned, tested capability to respond to major Civil Defence and Emergency Events.				
Timeliness for the completion of the update to emergency contact plans.	30-Jun	30-Jun-15		Actual score: 30-Jun-15 (Last year: 30-Jun-14). 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.
As the Marlborough South Zone Manager provide support to the enlarged Rural Fire District.				
% of registered Rural Fire Force members who have completed the Fire Fighter Unit Standards.	75%	75%		Actual score: 90% (Last year: 96%). On target.
% of three monthly checks on waterway equipment and vehicles completed.	70%	70%		Actual score: 80% (Last year: 90%). On target.
Pressure tests are carried out on pumps, hose and waterway equipment biennially.	New measure	Tests completed		Actual score: Tests completed (Last year: New measure). On target. Council's pumps were tested by Department of Conservation Fire Depot.
Timeliness for completion of the annual vehicle maintenance.	20-Dec	20-Dec-14		Actual score: 20-Dec-14 (Last year: 30-Nov-13). On target. This work is carried out throughout the year as it is done when COF's/WOF's are due for each vehicle.

Activity Group: People

Funding Impact Statement for year ended 30 June:

Emergency Management	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	638	684	639	641
Subsidies and grants for operating purposes	19	19	18	-
Other receipts	100	103	97	188
Total operating funding	757	806	754	829
Applications of operating funding				
Payments to staff and suppliers	484	499	436	581
Internal charges and overheads applied	185	192	210	208
Other operating funding applications	70	71	71	55
Total applications of operating funding	739	762	717	844
Surplus (deficit) of operating funding	18	44	37	(15)
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to replace existing assets	29	34	28	71
Increase (decrease) in reserves	(11)	10	9	(86)
Total applications of capital funding	18	44	37	(15)
Surplus (deficit) of capital funding	(18)	(44)	(37)	15
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	739	762	717	844
plus - Depreciation and amortisation	48	44	37	31
plus - Loss on sale of fixed assets	-	-	-	-
Expenditure as per Income Statement	787	806	754	875

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Payments to staff and suppliers are over budget due to ongoing work on the Haldon Dam following the 2013 earthquakes and the Onamalutu fire expenses.

Note 2: The capital is higher than the LTP budget due to the building of a new storage shed.

Activity Group: Community Facilities

Activities in this Group:

This activity group comprises a single activity; Community Facilities.

Summary of how we did

We achieved seven and almost achieved two of the ten targets associated with the key performance indicators (KPI's) for the 2014-15 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 9.2% 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 build 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 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. 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 installed 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 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 strengthening work 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 (eg; road reserves and berms)	88	428
Total	471	3,356

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 2014-2015

Recreation Reserves

- The implementation of the landscape plan for Sheps' Park started in 2015.
- Council acquired a new reserve in the Rutledge subdivision, development of the reserve is to be completed in 2015-16.
- The Flaxbourne sheep pavilion was stabilised as a result of earthquake strengthening requirements.

Sports Grounds

- Lansdowne Park north has been developed into a sport field. Softball specific infrastructure still required along with associated facilities which are to be installed in 2015-16.
- Endeavour Park in Picton had another round of drainage upgrade.
- Reseal of cycle track at Athletic Park which included upgrading the drainage.

Cemeteries

- Headstone restoration project began in 2014-15 in Picton.
- The Sexton's house and yard at the Omaka Cemetery has been removed to allow for landscaping and additional burial sites to be developed.

Public Toilets

- Replacement of public conveniences at Waikawa Foreshore and Shelly Beach.
- New installation at Sheps' Park.
- A new installation at Linkwater associated with the community hall.

Aquatic Facilities

- Awatere swimming pool underwent an upgrade of the changing rooms, office and pool surround which had been necessitated by earthquake repairs.











Walking and Cycling Routes

- Council was successful in gaining national cycleway funding for the development of new cycle paths at Spring Creek, Taylor River and Eltham Road.
- New mountain bike tracks have been installed at Victoria Domain in Picton.
- A new off road cycle path has been developed at Conder's Bend.

Street trees and Berms

- 100 new street trees were planted in the District.
- Additional street plots have been installed at Riverlands Butter Factory corner and Seymour Street. Alterations to the Nelson Street/Middle Renwick Road roundabouts were also completed.

Activity Group: Community Facilities

Levels of Service: Community Facilities				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.7	7.7		Actual score: 7.7 (Last year: 7.6). On target.
Access to information: Provide up to date and relevant information to residents and visitors.				
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.
Access to facilities: Provide reserves and amenities that are equitably distributed to all.				
% of urban areas that lie within 10 minutes walk or 500 metres radius from a District or neighbourhood reserve.	98%	100%		Actual score: 99% (Last year: 100%). Almost on target. Opportunities for acquisitions in the area will arise in near future bringing target to 100%.
Number of plots available annually for burials.	300	300		Actual score: 300+ (Last year: 300+). On target.
Options for interment and memorialisation.	New measure	6		Actual score: 6 (Last year: 4). On target.
Land is allocated to organised sports association to meet demand for seasonal play.	New measure	100%		Actual score: 100% (Last year: 100%). On target.
Safety and maintenance: Ensure reserves and amenities are maintained in a clean, safe and functional condition.				
Any contracted levels of service that are identified as not compliant in the maintenance contract monthly report are rectified within the month.	New measure	100%		Actual score: 100% (Last year: 99.3%). On target.
% of new Reserves, public conveniences and reported problem areas that receive a Crime Prevention through environmental Design (CPTED) audit.	100%	100%		Actual score: 100% (Last year: Not achieved). On target.
Current and future planning: Provide strategic planning and on-going improvement programmes for reserves and amenities.				
% of Reserves with management plans.	50%	65%		Actual score: 53.7% (Last year: 52%). Almost on target. While target was not fully met, a reserve plan was completed for the Taylor River Reserve. The reserves team is in the proces of creating an Omnibus Plan, which allow for the target of 65% to be met.
% of capital works projects from Land Subdivision Account are completed.	70%	70%		Actual score: 0% (Last year: 86%). Not achieved. Insufficient income to complete capital works projects from the land subdivision account.

Activity Group: Community Facilities

Funding Impact Statement for year ended 30 June:

Community Facilities	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	6,464	6,686	6,879	6,879
Subsidies and grants for operating purposes	11	11	40	41
Fees and charges	146	151	143	149
Other receipts	706	699	718	977
Total operating funding	7,327	7,547	7,780	8,046
Applications of operating funding				
Payments to staff and suppliers	5,734	5,866	6,000	6,339
Finance costs	589	597	598	543
Internal charges and overheads applied	703	720	672	549
Other operating funding applications	23	22	191	164
Total applications of operating funding	7,049	7,205	7,461	7,594
Surplus (deficit) of operating funding	278	342	319	452
Sources of capital funding				
Development and financial contributions	1,172	1,245	1,102	1,158
Increase (decrease) in debt	52	147	125	(94)
Gross proceeds from sale of assets	-	-	-	-
Total sources of capital funding	1,224	1,392	1,227	1,064
Applications of capital funding				
Capital expenditure to meet additional demand	103	37	568	1,103
Capital expenditure to improve the level of service	1,073	1,338	1,238	504
Capital expenditure to replace existing assets	56	59	325	928
Increase (decrease) in reserves	270	300	(585)	(1,019)
Total applications of capital funding	1,502	1,734	1,546	1,516
Surplus (deficit) of capital funding	(278)	(342)	(139)	(452)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	7,049	7,205	7,461	7,594
plus - Depreciation and amortisation	834	873	970	1,053
plus - Loss on sale of fixed assets	-	-	-	114
Expenditure as per Income Statement	7,883	8,078	8,431	8,761
Operating expenditure				
Cemeteries	454	480	482	442
Memorials	96	97	95	102
Street berms, trees and plots	449	461	526	533
Halls	235	242	252	244
Public Conveniences	756	788	779	786
Reserves	4,268	4,363	4,606	4,823
Swimming Pools	1,625	1,648	1,691	1,783
Capital expenditure:				
Cemeteries	152	292	345	93
Memorials	11	26	25	128
Street berms, trees and plots	29	36	34	5
Halls	21	21	20	20
Public Conveniences	262	244	230	236
Reserves	756	815	1,477	1,554
Swimming Pools	-	-	-	499
Internal borrowing used for the purpose of Community Facilities				7,623
Funds borrowed during the year				230
Funds repaid during the year				324
Interest paid in relation to this borrowing				543

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Other receipts are above LTP budget due to the sculpture donated by the Coulthard Arts Trust.

Note 2: Payments to staff and suppliers have a negative variance due to various factors including the costs of the Wither Hills Farm Park fire, more minor works maintenance required than anticipated, and seismic assessments on all the community halls, memorials and buildings and also due to a loss on write-off of obsolete fixed assets (mainly Horton Park).

Note 3: Capital expenditure to meet demand is up compared to the LTP due to additional funding approved since the LTP in 2012 for items such as Lansdowne Park development, Equestrian Park development, Picton Foreshore lighting and Kinross Street pocket park development.

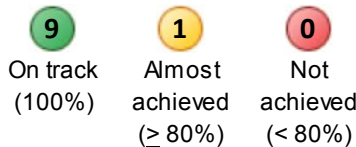
Activity Group: Roads and Footpaths

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 2014-15 year. We achieved nine and almost achieved one of the 10 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 19.9% 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 , it also relates to Council Outcomes of a place where people enjoy living as well as a prosperous community and economy for all Marlburians . This is achieved 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). 13 wharves are also owned and maintained by Council.

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. Northbank Road is now fully HPMV Compliant.

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 (Transport Agency).

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

The Transport Agency 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 reviews a Road Safety Action Plan 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 Regional Land Transport Plan (RLTP) 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. Council 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	1535km (894.1 km sealed, 640.9 km unsealed)
Bridges	364
Jetties	13
Urban Footpaths	237.6 (150 km concrete; 73.8 km asphalt; 7 km sealed; other 6.8 km)











The total asset value for the Roads and Footpaths activity as at 30 June 2015 is \$642 million.

What we did in 2014-15

The following major roading projects were undertaken during the year:

- Springlands intersection and roundabout was completed.
- Northbank HPMV Bridge Programme. These bridges included Geoffs, Bartletts, Fabians, Kaka, Northbank No.5 and Northbank No. 6.
- Awatere Bridge.
- Speeds Bridge (flood damage).
- Completed new Asset Management Plan.
- Developed the Regional Land Transport Plan.
- Asphalt surfacing Alabama Road roundabouts, High Street roundabout and corners of Maxwell Road and Scott Street.
- Resurfacing of 2.7 kilometres of footpath.
- Kerb and Channel (849 metres).
- Completion of 49 kilometres of chip sealing.

Activity Group: Roads and Footpaths

Levels of Service: Roads and Footpaths				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.4		Actual score: 6.5 (Last year: 6.9). On target.
Provide a safe transport infrastructure.				
Number of vehicle crashes per year involving injury where contributing factor is 'Road Conditions' ¹ .	3	< 4		Actual score: 4 (Last year: 3). On target. Review of the CAS database shows four crashes where road condition was a causing factor, however, two of these could be disregarded.
Provide a quality transport infrastructure.				
Average road roughness ² standards for:				
(a) Urban sealed roads.	<100	< 115		Actual score: 109 (Last year: 110). On target.
(b) Rural Sealed roads.	<100	< 105		Actual score: 98 (Last year: 98). On target.
Smooth Travel Exposure ³ for:				
(a) Urban Sealed roads	95%	93%		Actual score: 88% (Last year: 86%). Almost on target. It is recognised that the target set in the 2012-22 LTP was over ambitious and has been reviewed. The financial investment required to achieve the 2012-22 target was not sustainable.
(b) Rural Sealed roads	95%	93%		Actual score: 93% (Last year: 94%). On target.
Condition Index ⁴ .	5	≤ 7		Actual score: 4.8 (Last year: 5.8). On target.
To provide footpaths that meet the needs of an ageing community.				
Reduce length (in kilometres) of 4 (poor) and 5 (very poor) rated footpath.	New measure	< 11		Actual score: 10.4 (Last year: 12.4). On target.
Provide a sustainable land transport infrastructure.				
% of programmed maintenance works in the Asset Management Plan achieved.	100%	100%		Actual score: 100% (Last year: 100%). On target.
% of renewal and improvement works included in the Asset Management Plan achieved.	95%	95%		Actual score: 95.8% (Last year: 99.7%). 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	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	9,070	9,676	8,958	9,017
Targeted rates (other than for water supply)	63	63	63	65
Subsidies and grants for operating purposes	3,019	3,098	3,236	3,586
Fees and charges	5	5	5	17
Other receipts	1,265	1,286	1,217	1,564
Total operating funding	13,422	14,128	13,479	14,249
Applications of operating funding				
Payments to staff and suppliers	7,887	8,315	7,830	8,355
Finance costs	459	511	439	395
Internal charges and overheads applied	1,118	1,191	1,119	1,120
Other operating funding applications	-	-	-	790
Total applications of operating funding	9,464	10,017	9,388	10,660
Surplus (deficit) of operating funding	3,958	4,111	4,091	3,589
Sources of capital funding				
Subsidies and grants for capital expenditure	2,445	2,454	2,172	2,967
Development and financial contributions	173	187	176	276
Increase (decrease) in debt	720	735	697	655
Gross proceeds from sale of assets	-	-	-	-
Total sources of capital funding	3,338	3,376	3,045	3,898
Applications of capital funding				
Capital expenditure to meet additional demand	605	630	447	640
Capital expenditure to improve the level of service	258	326	514	614
Capital expenditure to replace existing assets	5,720	5,783	5,316	6,114
Increase (decrease) in reserves	713	748	859	119
Total applications of capital funding	7,296	7,487	7,136	7,487
Surplus (deficit) of capital funding	(3,958)	(4,111)	(4,091)	(3,589)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	9,464	10,017	9,388	10,660
plus - Depreciation and amortisation	7,725	8,134	8,588	8,346
Expenditure as per Income Statement	17,189	18,151	17,976	19,006
Capital expenditure (including vested assets):	7,228	7,228	6,901	9,000
Internal borrowing used for the purpose of Roads and Footpaths				5,865
Funds borrowed during the year				1,035
Funds repaid during the year				380
Interest paid in relation to this borrowing				395

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Other operating funding applications is the grant funding for the Middle Renwick Road intersection projects that were not in the LTP.

Note 2: Capital is over the LTP budget due to carried over delayed capital expenditure from 2014.

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 2014-15 year. We achieved seven 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 5.6% 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.

Activity Group: Flood Protection and Control Works

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 270 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.	585,000 m ³
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.	18
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 2015 is \$179.1 million.

Activity Group: Flood Protection and Control Works

What we did in 2014-15

We completed flood damage repairs in the Taylor and Omaka Rivers following the June 2014 flood event. The Taylor River work included a new 330 metres long section of rock wall at Benmorven Road plus reinstatement of cycling and walking tracks on both sides of the river.

The April and June flood events also caused extensive bank erosion damage in the lower Tuamarina River, including toppling trees into the channel and erosion at the Wairau River confluence. Immediate repairs involved the removal of undermined poplars and other trees along 630 metres of the western bank and construction of a new temporary mouth control groyne at the confluence. Design of permanent repairs including minor channel realignment, berm reconstruction and rip-rap protection on the stopbank side, and a new Wairau outlet control groyne was got underway.

A full annual Wairau River maintenance programme that included reconstruction of a 255 metres section of the high importance Condors rock training bank was completed. The reconstruction required the carting and placement of 4,000 tonnes of rock. Maintenance also included repairs to stopbanks at Wairau Bar Road (following landowner tree removal) and upstream of the State Highway 1 bridge at Barnettts.

We continued to make enhancements to Council's river reserve areas. During 2014-15 we completed the purchase and tidied up of an additional six hectares in the Upper Opawa River opposite Lansdowne Park. Similarly further progress continues to be made in the Taylor River reserve including bank tidying along the former landfill edge upstream of Wither Road extension and at the Olive Grove by Richardson Avenue.

We completed the review of the lower Wairau drainage network and recommended enhancements involving 45 additional drains being added to the network. Upgrading of these drains to bring to standard will commence in 2015-16 where land owner agreement is in place.

We continued the current programme of refurbishing and proactive maintenance of rural pumps. A total of five pumps were lifted out and overhauled in 2014-15, two at Dillons Point, and one at Roberts, Rouses and Chaytors Roads.

We completed a technical assessment and preliminary costing of options to upgrade the Town Branch – Redwood Street stormwater network with the aim of achieving the desired level of flood capacity. The work involved computer modelling the combined pipe network and open channel outfalls to the Taylor/lower Opawa River and costing of the various options. It is proposed to recommend the preferred upgrade option to the Assets & Services Committee for implementation later in the year.

We also completed preliminary design of upgrades required over the lower 1.2 kilometres of Caseys Creek to provide for residential development anticipated by Plan Change 64. The development of this currently rural land will require additional outfall capacity to cope with expected stormwater volumes. The Caseys Creek upgrade includes larger pipes under a number of private access crossings, a new gravity outfall pipe through the Opawa River stopbanks and channel capacity upgrades.

The upgrade of the Main Street pump station was commenced but not completed. The work completed included a new access road, upgrade of the adjacent stopbank, refurbishment of the existing pump house building and assembling a new (reconditioned) higher capacity pump. Installation of the pump and the power supply upgrade is still awaiting completion of the electrical design. It is proposed to install telemetry in the upgraded pump station so it can be remotely monitored during a lower Opawa River flood event.

Blenheim pump station upgrades also included the overhaul and refurbishment of the Redwood Street stormwater pumping station. This included full mechanical overhaul of the pump, new steel discharge line and new electrical starter controls. The works should significantly improve the reliability of this pump station and see its life extended for at least another 20 years. One pump in the Waterlea Creek pump station also had to be lifted out and repaired after vandals broke into the pump station over the Christmas holiday period and ran the pumps dry.

The 2014-15 was also the first year of the enhanced Wither Hills soil conservation maintenance programme. The generally dry and settled weather was great for machinery work but the summer drought conditions looked to have killed large numbers of conservation plantings through water stress and fire – Taylor River Road pine block. Work completed included aerial spraying of broom and gorse, control of Chilean Needlegrass along the Taylor Road area, cultivation and re-sowing of some lower Quail catchment faces, and maintenance of roads, water supply and debris dams. A design for an extension and upgrade of the Redwood Street wool shed was completed and tendered. Unfortunately the tender prices for the building work exceeded available budget. Alternative building options will be considered.

Activity Group: Flood Protection and Control Works

Levels of Service: Flood Protection and Control Works				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	7.0		Actual score: 6.8 (Last year: 7.1). Almost on target. While a lower score it still a comparatively high score.
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.				
% of floodway network inspected annually for condition and maintenance requirements.	90%	90%		Actual score: 95% (Last year: 100%). On target.
% of programmed maintenance and renewal works identified in the Rivers AMP practically ¹ completed.	100%	100%		Actual score: 100% (Last year: 100%). On target. Comprehensive maintenance programme completed including two additional pump overhauls.
% of capital improvement works in the Annual Plan achieved.	80%	80%		Actual score: 45% (Last year: 50%). Not achieved. Drainage network upgrades delayed until review approved. Other works including Lower Wairau stopbank upgrades still require landowner agreement.
Timeliness of providing a report to the Assets and Services Committee on the damage to the Floodway network and potential problem areas following significant flood events (generally exceeding a 1:2 year return).	New measure	2 months or less post event		Actual score: Completed within 2 months post event (Last year: On target). On target. June 2014 flood event reported and flood damage repair approval provided at 22 July 2014 meeting.
Effective drainage provided to the lower Wairau plains.				
% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%		Actual score: 100% (Last year: 100%). On target.
% of drains weed sprayed each year.	New measure	> 90%		Actual score: 96% (Last year: 95%). On target. Twice yearly spray programme completed.
% of drains mechanically cleared each year.	New measure	> 6%		Actual score: 4.6% (Last year: 7.7%). Not achieved. Drain maintenance programme required less drains to be excavated than target.
River channels for tributaries of the Wairau floodplain (including the upper Wairau River) kept clear of trees and debris as economically practical.				
% 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. All tributaries inspected including aerial inspection of upper Wairau.
Landowner concerns investigated and responded to within 48 hours.	95%	95%		Actual score: 70% (Last year: 40%). Not achieved. Still some final responses required to issues raised through drainage review consultation.
Sound flood hazard advice provided.				
Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	<5	< 5		Actual score: 0 (Last year: 1). On target.

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	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	279	286	259	261
Targeted rates (other than for water supply)	3,394	3,508	3,461	3,467
Fees and charges	526	543	510	777
Internal charges and overheads recovered	150	154	160	273
Other receipts including rental revenue	2,322	2,144	2,573	3,113
Total operating funding	6,671	6,635	6,963	7,892
Applications of operating funding				
Payments to staff and suppliers	3,671	3,767	3,728	4,664
Finance costs	62	68	62	47
Internal charges and overheads applied	747	766	746	766
Other operating funding applications	25	26	32	-
Total applications of operating funding	4,505	4,627	4,568	5,477
Surplus (deficit) of operating funding	2,166	2,008	2,395	2,415
Sources of capital funding				
Increase (decrease) in debt	88	118	37	(22)
Gross proceeds from sale of assets	-	-	-	-
Total sources of capital funding	88	118	37	(22)
Applications of capital funding				
Capital expenditure to meet additional demand	206	212	200	84
Capital expenditure to improve the level of service	745	780	793	879
Increase (decrease) in reserves	1,303	1,134	1,439	1,430
Total applications of capital funding	2,254	2,126	2,432	2,393
Surplus (deficit) of capital funding	(2,166)	(2,008)	(2,395)	(2,415)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	4,505	4,627	4,568	5,477
plus - Depreciation and amortisation	156	166	149	141
plus - Loss on sale of fixed assets	-	-	-	-
less - Internal charges and overheads recovered	150	154	160	273
Expenditure as per Income Statement	4,511	4,639	4,557	5,345
Operating expenditure				
River Leases	223	229	216	239
Rivers Outside Wairau Floodplain	68	272	245	225
Wairau Floodplain Drainage	799	835	790	875
Wairau Floodplain Rivers	3,221	3,303	3,306	4,006
Capital expenditure:				
Rivers Outside Wairau Floodplain	21	21	20	62
Wairau Floodplain Drainage	435	461	330	356
Wairau Floodplain Rivers	495	510	643	545
Internal borrowing used for the purpose of Flood Protection and Controlled Works				653
Funds borrowed during the year				-
Funds repaid during the year				22
Interest paid in relation to this borrowing				47

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: The internal recoveries revenue is above the LTP budget due to above budgeted gravel extraction for use in Council.

Note 2: Other receipts is above budget due to higher than anticipated gravel extraction, and quarry sales, and increased property rentals (mainly from a change in land lease from grazing to viticulture land) and increased rent backdated to November 2013.

Note 3: Payments to staff and suppliers are above budget due to:

- Unbudgeted but fully reimbursed Omaka river protections works.
- Unbudgeted stopbank repairs to maintain the integrity of the river protection network system.
- Investigations relating to the impacts of liquefaction on the Town Branch drainage network.
- Internal metal/nursery recharges higher than expected due to flood protection works predominately for the Taylor river.

Activity Group: Sewerage Including Treatment and Disposal

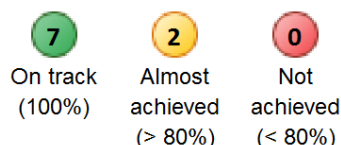
Activities in this Group:

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 2014-15 year. We achieved seven and almost achieved two of the nine targets associated with the key performance indicators (KPI's).

Sewerage Treatment and Disposal



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 10.8% 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, outfall and land irrigation network 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

Activity Group: Sewerage Including Treatment and Disposal

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.

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	184.9	12,106
	Renwick	13.8	Included in Blenheim
	Spring Creek	3.9	Included in Blenheim
	Riverlands	20.4	Included in Blenheim
	Grovetown	16.5	Included in Blenheim
Picton		48.5	2,497
Havelock		10.1	287
Seddon		7.4	224
Total		305.9	15,114

Council operates four treatment plants at Blenheim (Hardings Road), Havelock, Picton, Seddon; (Spring Creek decommissioned); 59 sewer pump stations and around 190 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 2015 is \$155.2 million. Detailed information on these assets is provided in the Wastewater Asset Management Plan.

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 of the outfall.

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.

Activity Group: Sewerage Including Treatment and Disposal

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. Council cannot guarantee a 24/7 wastewater drainage but does endeavour to remedy faults as quickly as possible.

Many blockages occur on laterals (the smaller pipes connecting the property to the mains in the road). Customer Service staff are trained to question customers reporting blockages to try to determine whether the problem is on the customers pipe within the property or is the responsibility of 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 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 2014-15

There has been considerable progress in the design of a major capital project to renew the trunk sewer between Waikawa and the Dublin Street Pump Station. The project includes the upgrade of the main pump station, two intermediate pump stations, the refurbishment of two further pump stations and the construction of a new treatment and overflow facility. The new main will reduce the incidence of overflows during storms and permit the controlled overflow of treated effluent during very severe but rare storms.

Some outstanding completion works were undertaken on the Blenheim Wetlands Tertiary treatment and effluent irrigation system was utilised when conditions allowed. The irrigation system reduces the total volume of effluent discharged into the estuary environment.

The Vernon Street sewer pump station was completely refurbished after corrosive effluent from the wineries had caused accelerated corrosion to the concrete wet-well and parts of the pump.










A small pump station and new main was installed at Nursery Lane Seddon to accommodate several adjacent properties.

Sewer main renewals were undertaken in Ida Street, Dillon Street, Argosy Place and Seymour Street, Blenheim.

A new asset management information system was introduced in December 2014. The new system incorporates the customer request management into the operational work management system. The migration, implementation and familiarisation of the new system was a major project for many staff within the organisation.

The long term planning of wastewater services was described and put into a wider context in the Marlborough 30 Year Infrastructure Strategy. Whilst the medium term planning was updated into a re-draft of the Wastewater Asset Management Plan.

Activity Group: Sewerage Including Treatment and Disposal

Levels of Service: Sewerage Including Treatment and Disposal				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.9	8.0		Actual score: 7.4 (Last year: 7.9). Almost on target. Satisfaction within the sewerage areas remained largely unchanged. The main variation was from residents in non-sewered areas.
Provide a level of service quality that minimises environmental risks.				
Publish sewage treatment plant annual performance report in accordance with the resource consent.	New measure	Report published		Actual score: Report published (Last year: Report published). On target.
Number of dry weather overflows from all Council reticulation systems.	New measure	≤ 5		Actual score: 2 (Last year: 6). On target.
Provide a reliable wastewater service with adequate system capacity and performance.				
Total number of wet weather overflows.	New measure	≤ 16		Actual score: 1 (Last year: 30). On target.
Number of blockages occurring per 100 km of sewer main per year (excluding property connection pipes).	15	≤ 15		Actual score: 2.66 (Last year: 2.95). On target.
Provide a service that is timely and responsive to customer needs.				
% of unplanned service interruptions or blockages responded to within two hours.	82%	90%		Actual score: 79% (Last year: 100%). Almost on target. Total of 19 events
% of toilet facilities restored to all customers affected by unplanned interruptions within six hours of notification.	86%	90%		Actual score: 93.3% (Last year: 100%). On target.
Provide a sustainable wastewater service.				
% renewal works in the Wastewater Asset Management Plan completed.	New measure	70%		Actual score: 101% (Last year: 39%). On target.
% of improvement works included in the Wastewater Asset Management Plan completed.	New measure	70%		Actual score: 130% (Last year: 168%). On target. Additional expenditure was funded through 2013-14 budget carry-overs.

Activity Group: Sewerage Including Treatment and Disposal

Funding Impact Statement for year ended 30 June:

Sewerage	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates (other than for water supply)	7,741	8,473	7,753	7,824
Fees and charges	95	98	62	56
Other receipts	1,481	1,565	1,856	2,106
Total operating funding	9,317	10,136	9,671	9,986
Applications of operating funding				
Payments to staff and suppliers	3,674	3,985	3,553	3,643
Finance costs	2,823	3,201	2,661	2,547
Internal charges and overheads applied	1,124	1,169	1,129	973
Other operating funding applications	-	-	-	180
Total applications of operating funding	7,621	8,355	7,343	7,343
Surplus (deficit) of operating funding	1,696	1,781	2,328	2,643
Sources of capital funding				
Development and financial contributions	361	373	140	680
Gross proceeds from sale of assets	-	-	-	-
Increase (decrease) in debt	1,747	8,890	(400)	(1,416)
Total sources of capital funding	2,108	9,262	(260)	(736)
Applications of capital funding				
Capital expenditure to meet additional demand	1,233	5,248	1,035	1,643
Capital expenditure to improve the level of service	3,530	3,140	1,700	2,043
Capital expenditure to replace existing assets	564	4,504	560	218
Increase (decrease) in reserves	(1,523)	(1,849)	(1,227)	(1,998)
Total applications of capital funding	3,804	11,043	2,068	1,907
Surplus (deficit) of capital funding	(1,696)	(1,781)	(2,328)	(2,643)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	7,621	8,355	7,343	7,343
plus - Depreciation and amortisation	2,909	3,205	2,880	2,717
plus - Loss on sale of fixed assets	-	-	-	256
Expenditure as per Income Statement	10,530	11,560	10,223	10,316
Operating expenditure				
Combined scheme	8,473	9,347	8,155	8,429
Riverlands Industrial	1,884	2,045	1,898	1,718
St Andrews	19	19	21	13
Private Works	-	-	-	148
Loan units (no-lump sum)	154	149	149	7
Capital expenditure (including vested assets)				
Combined scheme	4,391	12,971	3,227	4,077
Riverlands Industrial	1,164	134	128	277
St Andrews	-	22	-	-
Internal borrowing used for the purpose of Sewerage				35,272
Funds borrowed during the year				145
Funds repaid during the year				1,561
Interest paid in relation to this borrowing				2,547

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Other receipts is higher than the LTP budget due to higher than anticipated trade waste revenue.

Note 2: Payments to staff and suppliers were below budget due to lower treatment costs as a result of the shorter vintage season and due to lower reticulation maintenance costs.

Note 3: Capital expenditure is below budgeted due to design delays with Blenheim pump station and pipeline modelled upgrades as well as less for the balance of land for the replacement sewer pump station.

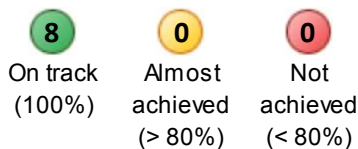
Activity Group: Stormwater Drainage

Activities in this Group:

This activity group comprises a single activity; Stormwater Drainage.

Summary of how we did

We achieved all eight targets associated with the key performance indicators (KPI's) for the 2014-15 year.



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 1.9% 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	122.0
Picton/Waikawa	28.6
Renwick	4.9
Okiwi Bay	0.8
Riverlands	5.4
Spring Creek	3.4
Rai Valley	0.3
Havelock	1.4
Total	168.7

The current total asset value for the Stormwater Drainage activity at 30 June 2015 is \$69.2 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. 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 Council will mobilise an incident management centre to coordinate the response to emergency calls. All calls are assessed and prioritised. Those areas where there is a possibility of water entering houses or commercial buildings are given first priority. Second priority is given to areas where there is a possibility of water entering garages or outbuildings, followed by areas where water may pond on garden areas and roads. In the worst storms there may be little Council can do to manage the flood water as the

Activity Group: Stormwater Drainage

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 Council continue to refine their recording systems.

Sustainable stormwater - Responsible stewardship of major infrastructure requires 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 2014-15

Detailed hydrological modelling was commissioned for the Redwood Street drainage catchment. A number of design options were proposed to improve the stormwater drainage for a large part of the south eastern part of Blenheim. An option that could be readily phased over a number of years was recommended to council.

Work continues to progress with the design of stormwater infrastructure to permit the development of urban zones to the north-west of Blenheim. An independent facilitator is to be commissioned to undertake a structured decision making process with key stakeholders to the Murphy's Creek catchment to ensure water quality and flooding is not jeopardised by future development.

Over 350 metres of stormwater pipe was renewed in Muller Road to replace a badly corroded main. A mains renewal in Stephenson Street is being planned for 2016

Long term planning of stormwater services were included in the 30 Year Infrastructure Strategy and the medium term plan was updated through the Stormwater Asset Management Plan

Levels of Service: Stormwater Drainage				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.7		Actual score: 7.3 (Last year: 6.6). On target. There were no major storm events during the year.
Minimise the environmental risks of stormwater discharge.				
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: 4 (Last year: 5). On target.
Provide a reliable stormwater service.				
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: 1). On target. Accumulated SW caused seepage through an outside wall into a commercial property
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: 1 (Last year: 2). On target.
Provide a service that is timely and responsive to current needs.				
% of complaints of flood water threatening a dwelling responded to in less than one hour.	New measure	99%		Actual score: 100% (Last year: 96.3%). On target.
% of all storm related complaints received during an event responded to within four hours.	New measure	85%		Actual score: 100% (Last year: 100%). On target. There were no major storm events during the year
Provide a stormwater service that is sustainable.				
% of annual renewal works completed.	New measure	80%		Actual score: 104% (Last year: 109%). On target.
% of capital improvement works completed.	New measure	70%		Actual score: 109% (Last year: 118%). On target. Includes vested assets.

Activity Group: Stormwater Drainage

Funding Impact Statement for year ended 30 June:

Stormwater drainage	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,591	1,649	1,526	1,536
Fees and charges	86	88	51	52
Other receipts	178	177	167	163
Total operating funding	1,855	1,914	1,744	1,752
Applications of operating funding				
Payments to staff and suppliers	307	319	379	233
Finance costs	119	104	24	24
Internal charges and overheads applied	148	154	164	275
Total applications of operating funding	574	577	567	532
Surplus (deficit) of operating funding	1,281	1,337	1,177	1,220
Sources of capital funding				
Development and financial contributions	71	77	40	46
Increase (decrease) in debt	(218)	(206)	(20)	(20)
Total sources of capital funding	(147)	(129)	20	26
Applications of capital funding				
Capital expenditure to meet additional demand	87	90	51	526
Capital expenditure to improve the level of service	21	1,103	1,020	-
Capital expenditure to replace existing assets	72	75	69	24
Increase (decrease) in reserves	954	(60)	57	696
Total applications of capital funding	1,134	1,208	1,197	1,246
Surplus (deficit) of capital funding	(1,281)	(1,337)	(1,177)	(1,220)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	574	577	567	532
plus - Depreciation and amortisation	1,195	1,249	1,206	1,278
Expenditure as per Income Statement	1,769	1,826	1,773	1,810
Operating expenditure				
Blenheim Stormwater	1,169	1,210	1,252	1,299
Other Stormwater Schemes	600	616	521	538
Capital expenditure (including vested assets):				
Blenheim Stormwater	394	1,489	1,240	1,365
Other Stormwater Schemes	54	56	50	40

Internal borrowing used for the purpose of Stormwater drainage	331
Funds borrowed during the year	-
Funds repaid during the year	20
Interest paid in relation to this borrowing	24

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Finance costs have reduced due to delayed capital works.

Note 2: Capital expenditure in Blenheim stormwater has reduced due to connection fees and invested assets as a result from reduced subdivision activity.

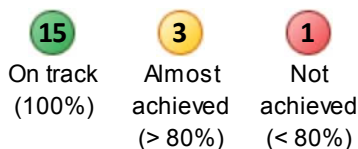
Activity Group: Water Supply

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 2014-15 year. We achieved 15 and almost achieved three of the 19 targets associated with the key performance indicators (KPI's).



Rationale for Grouping these Activities

It is mandatory that Water Supply is an activity group.

Activity: Water Supply		
Operating costs of this activity represents approximately 8.9% 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 ¹ met?
Awatere	Black Birch Stream	153	752	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 ¹)
Blenheim	Grove Road, Bomford Street, Auckland Street, and Middle Renwick Road wells.	165	11,107	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	2,419	Filtration, chlorination and pH correction.	No (compliance required by 2014). Updates programmed.
Havelock	Kaituna wells	9	309	Chlorination.	No (compliance required by 2014 but delayed ¹)
Renwick	Terrace Road wells	16	892	Chlorination and pH correction.	No (compliance required by 2014 but delayed ¹)
Riverlands	Malthouse and Hardings wells	9	112	-	Yes: microbiological No: aesthetic
Wairau Valley	Well	3	59	Chlorination.	No (compliance required by 2015 but delayed ¹)

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 are: Picton 2016, Havelock 2019, Awatere 2018 and Renwick 2019. The other non compliant areas 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 2015 was assessed as \$113.3 million and is depreciating at a rate of more than \$3.1 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:

Activity Group: Water Supply

Number of assets per location	Blenheim	Picton	Renwick	Havelock	Awatere	Riverlands	Wairau Valley	Riverlands Irrigation
Asset description								
Borehole	9	3	3	2	0	3	0	0
Bore Pumps	9	3	3	2	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	1	2	1	0
Distribution Pumps	7	1	2	0	0	2	2	0
Storage Tanks	18	20	10	2	29	8	0	0
Booster Pumps	6	7	0	0	4	0	0	0
Valves	1,314	454	105	75	177	55	11	0
Hydrants	1090	285	84	34	62	37	4	0
Meters	632	163	40	33	810	125	55	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. 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.

Customers occasionally suffer from leaks inside their property and rely on Council to turn-off the water. Council do not routinely maintain stopcocks 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 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 2014-15

Significant progress was made on the design of the water treatment plant at Speeds Road, Koromiko. The new ultra-violet treatment process will ensure the water supply meets the requirements of the Drinking Water Standards New Zealand when the plant is commissioned in 2016.

In August 2015 a subsidy of just over \$1M was granted by Ministry of Health to assist with the costs of water treatment for the Seddon township. The subsidy will make a significant contribution to the overall cost and will permit detailed design and final community acceptance to proceed.

Earthquake strengthening was completed on the Cloudy Business Park water supply reservoir to improve its resistance to a natural disaster. Further design was undertaken on a new high level reservoir to be sited at Taylor Pass Road, Blenheim. The additional storage will permit the Weld Street Reservoir to be de-commissioned whilst strengthening works are undertaken.

A new stand-by emergency generator was installed at the Renwick water treatment plant to assist the security of supply and the treatment building was upgraded.

A second reservoir was constructed at the Elevation, Picton and will be commissioned in the spring of 2015.

Water restrictions were imposed on Renwick and Havelock during the summer as the aquifer replenishment of the supply bores struggled to meet the demand. Alternative sources of supply are being investigated for Havelock. Existing bores at Conders Bend are likely to be connected to the Renwick supply when the treatment plant is upgraded around 2018-19.






The long term planning of water services was described into the Marlborough 30 Year Infrastructure Strategy. Whilst the medium term planning was updated into a re-draft of the Water Asset Management Plan.

A new asset management information system was introduced in December 2014. The new system incorporates the customer request management into the Operational Work Management System. The migration, implementation and familiarisation of the new system was a major project for many staff within the organisation.

Activity Group: Water Supply

Levels of Service: Water Supply				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.3	7.4		Actual score: 7.7 (Last year: 7.8). On target. Havelock and Renwick were subject to water restrictions during the summer. Efforts continue to find an acceptable solution to upgrading the Awatere supply to meet the Drinking Water Standards NZ.
Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.				
% compliance with E.coli criteria for Priority one (P1) bacteriological determinant of New Zealand Drinking Water Standards.	99%	≥ 99%		Actual score: 100% (Last year: 99%). On target. E.coli sampling continued at Blenheim WTPs whilst continuous monitoring report protocol is agreed with DWA.
Provide a reliable water supply service.				
% of properties that receive a minimum water pressure of 300kPa at the property boundary (except in the Awatere Valley and Wairau Valley township).				
● Blenheim	98%	98%		Actual score: 98% (Last year: 99.6%). On target.
● Picton	98%	98%		Actual score: 100% (Last year: 99%). On target.
● Havelock	98%	98%		Actual score: 100% (Last year: 100%). On target.
● Renwick	98%	98%		Actual score: 89% (Last year: 69%). Almost on target. Water restrictions were imposed during the summer which stifled peak demand. Upgrades will be considered with future reticulation renewals.
% of system where fire flows are equal to greater 25 litres/sec.				
● Blenheim	New measure	88%		Actual score: 88% (Last year: 84%). On target.
● Picton	New measure	70%		Actual score: 88% (Last year: 87%). On target.
● Havelock	New measure	80%		Actual score: 98% (Last year: 100%). On target. Water restrictions were imposed during the summer which stifled peak demand.
● Renwick	New measure	30%		Actual score: 69% (Last year: 55%). On target. Water restrictions were imposed during the summer which stifled peak demand. Upgrades will be considered with future reticulation renewals.
% of system where fire flows are less than 12.5 litres/sec.				
● Blenheim	New measure	1%		Actual score: 1% (Last year: 0.5%). 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: 0% (Last year: 2%). On target.

Activity Group: Water Supply

Provide a service that is timely and responsive to customer needs.				
% of service interruptions responded to within: • 30 minutes for major loss of supply creating a situation causing or likely to cause damage to persons or property.	95%	95%		Actual score: 50% (Last year: 100%). Not achieved. 8 incidents in total, 4 missed the target. Some categorisation difficulties were experienced following the introduction of a new data management system that contributed to the lower score.
	95%	95%		Actual score: 82% (Last year: 100%). Almost on target. 11 Incidents, 2 missed the target. One was outside the target time, one had no time recorded for the response.
% of interrupted supplies restored to customers within eight hours of notification.	98%	98%		Actual score: 100% (Last year: 100%). On target. 13 incidents all restored within time target.
Provide a sustainable water supply.				
% of renewal works in the Water Supply Asset Management Plan completed.	New measure	70%		Actual score: 58% (Last year: 16%). Almost on target. Upgrades to the Picton water supply were deferred to 2015-16.
% of improvement works included in the Water Supply Asset Management Plan completed.	New measure	70%		Actual score: 103% (Last year: 81%). On target. Cost of repairs were covered by additional meter water sales.

Activity Group: Water Supply

Funding Impact Statement for year ended 30 June:

Water Supply	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
Targeted rates (other than for water supply)	6,876	7,128	7,536	6,817
Fees, charges and targeted rates for water supply	1,710	1,767	1,309	2,461
Other receipts	-	-	-	49
Total operating funding	8,586	8,895	8,845	9,326
Applications of operating funding				
Payments to staff and suppliers	3,064	3,245	3,031	3,364
Finance costs	1,612	1,747	1,547	1,425
Internal charges and overheads applied	1,106	1,151	998	871
Other operating funding applications	-	-	-	53
Total applications of operating funding	5,782	6,143	5,576	5,713
Surplus (deficit) of operating funding	2,804	2,752	3,269	3,614
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	289	352	155	483
Gross proceeds from sale of assets	-	-	-	-
Increase (decrease) in debt	597	3,191	3,125	(303)
Total sources of capital funding	886	3,543	3,280	180
Applications of capital funding				
Capital expenditure to meet additional demand	1,362	1,000	1,022	238
Capital expenditure to improve the level of service	1,893	5,796	5,212	2,993
Capital expenditure to replace existing assets	763	1,422	281	202
Increase (decrease) in reserves	(328)	(1,923)	34	361
Total applications of capital funding	3,690	6,295	6,549	3,794
Surplus (deficit) of capital funding	(2,804)	(2,752)	(3,269)	(3,614)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	5,782	6,143	5,576	5,713
plus - Depreciation and amortisation	2,688	2,859	2,640	2,745
plus - Loss on sale of fixed assets	-	-	-	46
Expenditure as per Income Statement	8,470	9,002	8,216	8,503
Operating expenditure				
Awatere Water	701	732	631	745
Blenheim Water	4,937	5,020	4,522	4,570
Havelock Water	256	275	256	298
Picton Water	1,778	2,140	1,962	1,955
Renwick Water	393	420	464	504
Riverlands Water	362	370	342	381
Wairau Valley Water	43	44	37	50
Capital expenditure (including vested assets):				
Awatere Water	470	459	109	97
Blenheim Water	1,177	1,835	949	624
Havelock Water	228	27	78	23
Picton Water	2,285	5,373	3,986	1,768
Renwick Water	52	702	186	221
Riverlands Water	7	29	1,399	1,054
Wairau Valley Water	-	-	3	-
Internal borrowing used for the purpose of Water Supply				19,895
Funds borrowed during the year				-
Funds repaid during the year				1,197
Interest paid in relation to this borrowing				1,425

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Metered water rate revenue was higher this year due to the 2014-15 dry summer.

Note 2: Finance costs are below budget due to delays in capital projects.

Note 3: Capital expenditure is below budget as projects budgeted in the LTP were delayed into future years. This includes Renwick Awatere and Havelock.

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 2014-15 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.

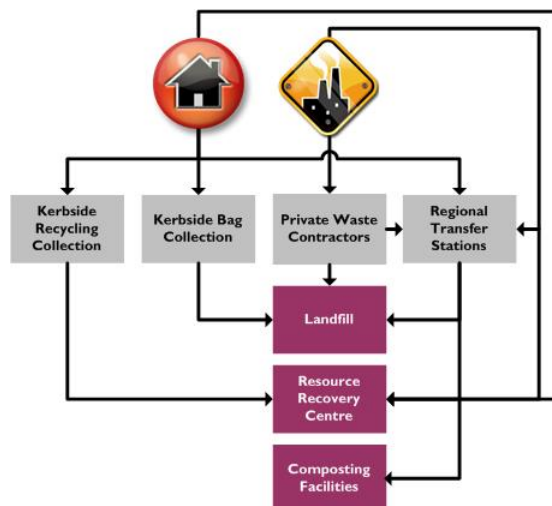
How this Activity Contributes to Related Community and Council Outcomes

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?

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 Council is the main provider of waste management infrastructure, providing a network of seven transfer stations, central landfill, salvage yard, ewaste collection point, hazardous waste collection and storage, and resource recovery centre, all operated under contract to 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. The landfill lifespan will be extended by up to 13 years when the Commercial Industrial Sorting Facility (CIF) becomes operational in 2016-17. 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. Council will take control of this facility from January 2016 and operate under contract.

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)

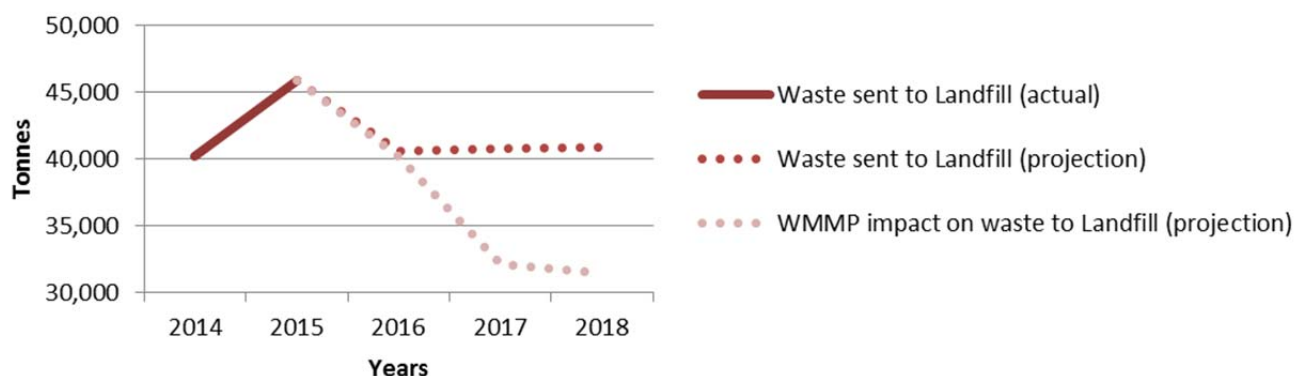
Council is the territorial authority for the Marlborough District and as such is required to develop and adopt a WMMP. This document sets out the strategy for managing and minimising the District's waste for the period 2015 to 2021.

Rural Community Recycling

After a successful trial period (2014-15) Council have adopted this as a permanent service and will roll out additional containers during the remainder of 2015. These containers allow the community to recycle plastics, cardboard, papers, cans and glass. The containers will be available in Renwick, Grovetown, Spring Creek, Tua Marina, and Rapaura. Additional areas such as Rarangi may be considered during 2016 if a suitable location can be secured.

Commercial Industrial Sorting Facility (CIF)

The WMMP includes the proposal for a waste sorting facility. This facility will 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 will be funded through a user pays gate fee. Construction of the facility will be completed during 2016. The following graph outlines the projected growth in waste tonnage should no additional minimisation methods occur (waste sent to landfill), and the impact of implementing the WMMP:



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, in particular food waste.

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 the Waste Minimisation Fund (WMF) to which Council can apply for financial support.

Council have been awarded \$776k after a successful application to the 2014 WMF funding round. This money will be used in support of the construction of the CIF.

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 2014 period the site surrendered 14,477 carbon credits to satisfy its obligation. The input tonnage to the site was 41,663 for the same period.

Asset Description













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 2014-15

The following points summarise the work activities for the above period:

- Awarded a seven year contract for Waste Management and Minimisation Services saving the community an estimated \$1.4 million over the contract term.
- Awarded a three year contract for the supply of refuse bags saving the community an estimated \$240k over the contract term.
- Redeveloped the Ward transfer station to allow for recycling.
- Successfully trialled the Rural Community Recycling (RCR) programme with permanent adoption of this service being approved through the 2015-25 Long Term Plan.
- Developed the CIF operational layout and tendered contracts for the supply and installation of the weighbridges and waste sorting equipment.
- Awarded a 5.5 year contract for Greenwaste and Composting to start in January 2016.
- Expanded the Reuse Centre and relocated the Salvage Yard and ewaste facility.
- Developed and issued the Waste Management and Minimisation Plan 2015 to 2021.

Activity Group: Solid Waste Management

Levels of Service: Solid Waste Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6		Actual score: 7 (Last year: 7.5). Almost on target. Reasons for positive and negative ratings varied across services. Across the district just under 75% of the surveyed residents indicated they were satisfied with the performance of the Council with these services.
Reduce the amount of waste sent to the landfill.				
% growth in diverted material throughput at the Resource Recovery Centre (RRC).	3,000 tonnes per annum	12.5% growth from 2011-12 (3,864 tonnes)		Actual score: 4,512 (Last year: 4,425). On target.
% growth in sales at the Reuse Shop.	\$100,000 per annum	10% growth from prior year		Actual score: \$134,413 (Last year: \$107,061). On target.
% growth in materials diversion from the Regional Transfer Stations.	2,000m ³ per annum	12.5% growth from 2011-12 (11,250m ³)		Actual score: 14,334 (Last year: 13,855). On target.
% reduction in Kerbside Refuse Collection tonnage going to Landfill.	3,500 tonnes per annum	10% reduction from 2011-12 (3,592 tonnes)		Actual score: 4,040 (Last year: 4,079). Not achieved. Investigating food waste reduction for 2015-16.
% increase in Kerbside Recyclable Collection volume going to RRC.	18,000m ³ per annum	17.5% increase from 2011-12 (17,718m ³)		Actual score: 19,139 (Last year: 17,323). Almost on target. Investigating co-mingled recycling to increase volumes.
Amount of organic material composted.	12,000m ³ per annum	> 15,000 m ³		Actual score: 12,596 (Last year: 14,433). Almost on target. No longer accept grass which has reduced input volumes.
Effective operation of waste management and minimisation services.				
Number of resident's complaints in regards to Bluegums Landfill operations.	24 per annum	< 16		Actual score: 2 (Last year: 3). On target.
% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	< 5%		Actual score: 0.6% (Last year: 0.48%). On target.
Number of resident's complaints in regards to Hazardous Waste Collection and Storage.	24 per annum	< 16		Actual score: 0 (Last year: 0). On target.
Reduce amount of material stored at compost site.	10,000m ³ per annum	< 8,000 m ³		Actual score: 6,500 (Last year: 7,775). On target. Subject to final survey in Dec 2015.
Number of resident's complaints in regards to Composting Operation.	24 per annum	< 16		Actual score: 1 (Last year: 1). On target.

Activity Group: Solid Waste Management

Funding Impact Statement for year ended 30 June:

Solid Waste Management	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,318	1,360	1,130	1,129
Targeted rates (other than for water supply)	1,223	1,254	1,427	1,431
Subsidies and grants for operating purposes	155	160	125	176
Fees and charges	4,424	4,565	4,344	5,472
Other receipts	131	130	110	148
Total operating funding	7,251	7,469	7,136	8,355
Applications of operating funding				
Payments to staff and suppliers	4,602	4,720	5,101	5,614
Finance costs	489	478	418	417
Internal charges and overheads applied	444	454	541	410
Other operating funding applications	967	969	505	462
Total applications of operating funding	6,502	6,621	6,565	6,902
Surplus (deficit) of operating funding	749	848	571	1,453
Sources of capital funding				
Subsidies and grants for capital expenditure	2,529	-	-	-
Gross proceeds from sales of assets	-	-	-	61
Increase (decrease) in debt	222	(531)	(382)	(529)
Total sources of capital funding	2,751	(531)	(382)	(468)
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	161	102
Capital expenditure to improve the level of service	3,287	21	1,630	1,075
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	213	296	(1,602)	(192)
Total applications of capital funding	3,500	317	189	985
Surplus (deficit) of capital funding	(749)	(848)	(571)	(1,453)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	6,502	6,621	6,565	6,902
plus - Depreciation and amortisation	1,127	1,154	335	328
plus - Provision for landfill aftercare	-	-	-	(203)
plus - Loss on sale of fixed assets	-	-	-	-
Expenditure as per Income Statement	7,629	7,775	6,900	7,027
Operating expenditure				
Landfills	3,725	3,745	2,888	2,664
Refuse Collections	1,363	1,397	1,633	1,672
Transfer Stations	1,470	1,502	1,385	1,485
Waste Minimisation	1,071	1,130	994	1,207
Capital expenditure:				
Landfills	154	21	1,669	1,019
Transfer Stations	-	-	-	45
Waste minimisation projects	3,132	-	122	112
Internal borrowing used for the purpose of Solid Waste Management				5,619
Funds borrowed during the year				-
Funds repaid during the year				529
Interest paid in relation to this borrowing				417

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Fees and charges have exceeded budget due to an increase of 5,612 tonnes received, including 4,966 tonnes of contaminated soil (nil in the previous three years tonnage). This accounts for most of the increase in fee revenue and is considered a "one-off" event. In addition there have been increased waste levy grants, sales of recyclables, rubbish bags and unbudgeted E waste charges.

Note 2: The increase in tonnage also resulted in the increase in contract fees payable that resulted in the payments to staff and suppliers being above budget.

Note 3: The capital expenditure is above the LTP budget due to the costs for the development of stage seven improvements in waste management enabled a delay in the requirement for the development of stage seven.

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 2014-15 year. We achieved 11 and almost achieved four of the 21 targets associated with the key performance indicators (KPI's).

11	4	6
On track (100%)	Almost achieved (≥ 80%)	Not achieved (< 80%)

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 Council. This is the "Do" part of the cycle.

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

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, 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 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.

Activity Group: Environmental Management

Funding Impact Statement for year ended 30 June:

ENVIRONMENTAL MANAGEMENT	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	5,487	5,754	5,967	6,001
Subsidies and grants for operating purposes	-	-	-	151
Fees and charges	1,513	1,583	1,401	1,654
Internal charges and overheads recovered	88	88	88	74
Other receipts including fines	608	608	715	952
Total operating funding	7,696	8,033	8,171	8,833
Applications of operating funding				
Payments to staff and suppliers	5,716	5,993	6,207	6,329
Internal charges and overheads applied	1,999	2,056	1,961	1,967
Finance Costs	-	-	-	5
Other operating funding applications	-	-	15	30
Total applications of operating funding	7,715	8,049	8,183	8,332
Surplus (deficit) of operating funding	(19)	(16)	(12)	501
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	3	3	3	-
Capital expenditure to replace existing assets	71	52	150	150
Increase (decrease) in reserves	(93)	(71)	(165)	351
Total applications of capital funding	(19)	(16)	(12)	501
Surplus (deficit) of capital funding	19	16	12	(501)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	7,715	8,049	8,183	8,332
plus - Depreciation and amortisation	81	86	93	96
less - Internal charges and overheads recovered	88	88	88	74
	7,708	8,047	8,188	8,354

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 1.3% of total activity expenditure.		
Outcome	Related Community Outcomes	Related Council Outcome
Sustainable management of Marlborough's natural and physical resources.	Environmental sustainability, prosperity.	A place where people enjoy living. A place where people can enjoy quality leisure opportunities. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

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

What is this Activity About?

This activity involves the development and review of environmental policy and planning provisions under the Resource Management Act (RMA) in response to resource management issues for Marlborough. These provisions are aimed at the sustainable use, development and protection of Marlborough's natural and physical resources, including land, water, air, indigenous ecosystems and the built environment. Many of the provisions are mandatory: 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.

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 resources. 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 Council and the community rely upon these planning documents. The planning documents guide development within Marlborough as they determine the status of resource use activities occurring within the environment (ie; whether an activity requires a resource consent), allocate public resources (such as water and coastal space) and contain policies to guide the determination of resource consent applications.

Given the above, it is important that the currency and accuracy of the RPS, MSRMP and WARMP are maintained at all times.

What we did in 2014-15

Environmental Policy Group activities in the 2014-15 financial year focused on projects supporting the current review of the Regional Policy Statement (RPS), Marlborough Sounds Resource Management Plan (MSRMP) and Wairau Awatere Resource Management Plan (WARMP) and on the drafting of RPS and RMP provisions.

A draft RPS has been available for public comment on 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). 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 collaborative process has necessitated the reconciliation of different views held by participants, resulting in a longer process than was initially envisaged.

The Water Allocation Working Group reported its recommendations to Council progressively from February 2015. Council adopted these recommendations for the purpose of community consultation. This involved a second Marlborough Water Forum in May 2015, followed by 14 catchment based meetings. Following incorporation of feedback into the proposals, the draft RPS and RMP provisions for water allocation and use have been completed and are ready for notification.

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, rules establishing allocation limits and minimum flows, rules for the taking, use damming and diversion of water, heritage protection rules, forestry rules and rules for open space all completed.

The zoning of land and coastal space for the reviewed RMP has also been completed, resulting in a consolidation on the total number of zones utilised.

An evaluation of the landscape values has been completed in the financial year. This has been a significant process and has involved consultation with over 3,500 landowners. The results will be used to support the review process.

The Environmental Policy Group continues to work toward completing the review of the RPS, WARMP and MSRMP with an objective of notifying a combined RPS and RMP in 2015.

Council chose to promote two changes to the WARMP in the financial year ahead of the review process in order to address administrative issues created by the zoning of land not reflecting the pattern of land use. Plan changes 47 and 72 were notified in July 2014 and a decision was notified in January 2015.

During the financial year the Environmental Policy Group completed a process of developing a Quality Management System to ensure that the correct version of the plans are being used internally and are available externally.

Activity Group: Environmental Management

Levels of Service: Environmental Policy

Performance Targets

Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
A second generation resource management framework for Marlborough.				
A combined regional policy statement and resource management plan is publicly notified.	New measure	N/A ¹	●	Actual score: Not achieved (Last year: Not achieved). See the "What we did in 2014-15" section for information on progress with the review process.
Decisions on submissions publicly notified.	New measure	N/A ²	●	Actual score: Not achieved (Last year: Not achieved). As a reviewed RPS/RMP is yet to be notified, this target could not be achieved.
Implementation of the direction of the new resource management framework.				
% of plans for implementing non-regulatory methods from the regional policy statement completed.	New measure	50%	●	Actual score: Not achieved (Last year: N/A). As a reviewed RPS/RMP is yet to be notified, this target could not be achieved.

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

² Target in 2012-22 Long Term Plan was for submissions to be publicly notified by October 2013.

Funding Impact Statement for year ended 30 June:

	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Environmental Policy				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,247	1,284	1,220	1,226
Subsidies and grants for operating purposes	-	-	-	50
Fees and charges	-	-	-	2
Other receipts including fines	137	134	130	129
Total operating funding	1,384	1,418	1,350	1,407
Applications of operating funding				
Payments to staff and suppliers	1,040	1,065	1,133	935
Internal charges and overheads applied	344	353	202	285
Other operating funding applications	-	-	15	30
Total applications of operating funding	1,384	1,418	1,350	1,250
Surplus (deficit) of operating funding	-	-	-	157
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Increase (decrease) in reserves	-	-	-	157
Total applications of capital funding	-	-	-	157
Surplus (deficit) of capital funding	-	-	-	(157)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,384	1,418	1,350	1,250
Expenditure as per Income Statement	1,384	1,384	1,350	1,250

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

There are no variances which are considered significant.

Activity: Environmental Science and Monitoring

Activity: Environmental Science and Monitoring		
Operating costs of this activity represents approximately 3.4% 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
Total	135

What we did in 2014-15

State of the Environment Monitoring

An ongoing emphasis continues with monitoring the state of our key natural resources in the fresh water environment by measuring river levels, flows and ground water levels. The information is critical for ensuring that these resources remain sustainable for water users, the public and the environment. Water quality monitoring occurred at 34 river sites measuring a range of physical and biological parameters and provides an update of information on the current quality of these resources as well as trends. While a further nine river and 13 coastal sites have been monitored for bacteria levels in order to determine the health risk to recreational users from water borne diseases.

Soil quality monitoring occurred at 20 sites measuring a range of soil chemical characteristics, biological and physical parameters across a range of land uses. This monitoring helps to measure and detect trends and impacts from the various land use activities. Air quality monitoring also continues measuring Pm10 levels in the Blenheim airshed.

The state of the environment reports are all accessible on Council's web site, while the environment real time data and information is available for the public through our online services; <http://hydro.marlborough.govt.nz/>.

Council also continues to develop systems and processes to ensure that our monitoring data we collect is of a high standard. This year we have invested additional resources and upgraded 64% of our real time rainfall sites to ensure that they meet national standards and conform with the respective quality assurance standards, while 98% of our river and ground water level real time monitoring sites currently meet these national standards.

Coastal Monitoring

Council's investment into coastal environment research and gathering good quality information continues with a steady stream of work programmes. Council's coastal web site has been reviewed and now provides the public with an interface for accessing a comprehensive range of information.

Hydrodynamic models are now developed for the Queen Charlotte and Pelorus sounds. These models simulate how the tides and currents flush in and out of the Sounds, and how nutrients come and go and the ecological effects of marine farming and land-uses.









Studying the health of the main estuaries in the Sounds has been a focus point in the Wairau Lagoon and Havelock estuary. These studies have provided us a useful measure of the state and condition of these ecosystems and helps us understand the pressures on the habitat, flora and fauna from both human induced activities and natural variability.

Ongoing monitoring of a sub set of the 129 individual sites Ecologically Significant Marine Sites in Marlborough is continuing and we now have a better understanding of how these sites are functioning and what activities are causing any impacts to those habitats.

Activity Group: Environmental Management

Levels of Service: Environmental Science and Monitoring

Performance Targets

Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Fresh Water, Land, Air and Coastal.				
Timeliness of completion data integrity audits.	30-Jun	30-Jun-15		Actual score: 30-Jun-15 (Last year: 30-Jun-14). On target. Rainfall and river sites are currently being upgraded and data quality coded in accordance with the relevant National Environmental Monitoring Standards.
Number of technical monitoring report cards completed.	5	5		Actual score: 5 (Last year: 6). On target.
Completion of comprehensive state of the environment report every six years.	Published 2008-09	Report published		Actual score: Not achieved (Last year: N/A). The state of the environment report is in draft form. The published report is delayed due to other Council priorities including commitments for reviewing the Resource Management Plan.
Timeliness completion of resource investigations and reporting to Council.	30-Jun	30-Jun-15		Actual score: 30-Jun-15 (Last year: 30-Jun-14). On target.
Effective environmental monitoring network is operated.				
Percentage availability of the Environmental monitoring network.	99%	99%		Actual score: 99.9% (Last year: 99.64%). On target.
Promotion of resource management programmes to help maintain or improve the condition of the environment.				
Long term trend in the number of protected terrestrial or wetland indigenous biodiversity sites on private land.	70	76		Actual score: 85 (Last year: 81). On target.
Encourage the community and industry to look after and restore the environment through communication, education and advocacy.				
Marlborough Environmental Awards are held biennially.	2010-11	Awards held		Actual score: Awards held (Last year: N/A). On target.
Percentage of planned educational or communication programmes are completed annually.	90%	90%		Actual score: 100% (Last year: 100%). On target.

Activity Group: Environmental Management

Funding Impact Statement for year ended 30 June:

Environmental Science and Monitoring	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,517	2,719	2,742	2,757
Subsidies and grants for operating purposes	-	-	73	102
Fees and charges	5	5	78	7
Internal charges and overheads recovered	65	65	65	65
Other receipts including fines	276	284	293	300
Total operating funding	2,863	3,073	3,251	3,231
Applications of operating funding				
Payments to staff and suppliers	2,339	2,532	2,655	2,617
Internal charges and overheads applied	547	562	606	582
Finance Costs	-	-	-	5
Other operating funding applications	-	-	-	-
Total applications of operating funding	2,886	3,094	3,261	3,204
Surplus (deficit) of operating funding	(23)	(21)	(10)	27
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	71	52	150	150
Increase (decrease) in reserves	(94)	(73)	(160)	(124)
Total applications of capital funding	(23)	(21)	(10)	27
Surplus (deficit) of capital funding	23	21	10	(27)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	2,886	3,094	3,261	3,204
plus - Depreciation and amortisation	78	83	90	96
less - Internal charges and overheads recovered	65	65	64	65
Expenditure as per Income Statement	2,899	3,112	3,286	3,235

Internal borrowing used for the purpose of Environmental Science and Monitoring	149
Funds borrowed during the year	150
Funds repaid during the year	2
Interest paid in relation to this borrowing	5

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Capital expenditure is above the LTP budget but agrees with the higher Annual Plan budget which was for additional instrumentation.

Activity: Resource Consents

Activity: Resource Consents		
Operating costs of this activity represents approximately 2.7% 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 database that is responsive to the needs and requirements of central government, applicants, submitters and the general public. The activity also manages objections and appeals to the Environment Court on resource consent decisions and conditions.





What we did in 2014-15

Over the 2014-15 year Council received 1,271 applications for resource consent. Of that total, 1,175 were new applications for resource consent. Council also received 86 applications under section 127 (variations to resource consent conditions) and six section 125 applications (extension to lapse date). Over the same period in 2012-13 and 2013-14 Council received 898 and 992 applications respectively. This represented a 41% increase in resource consent applications received in 2014-15 over the same period in 2012-13 and an 11% increase over 2013-14. The average number of applications received weekly in the 2014-15 year was 24. In 2013-14 the average was 22 and in 2012-13 the average was 17.

Over the 2014-15 year Council issued 1,141 applications. Of that total, 1,055 were applications for resource consent. Council also issued 80 section 127 decisions (variations to resource consent conditions) and two section 125 (extension to lapse date). This represented a 24% increase in resource consent applications issued over the 2013-14 year and a 35% increase over the 2012-13 year.

Since the final part of the Resource Management Amendment Act 2013 came into effect on 3 March 2015 Council has rejected 74 applications for resource consent for incompleteness. In previous years Council has rejected less than 1% of all applications received. Since the more stringent informational requirements have been in effect Council has rejected 17% of all applications received.

Activity Group: Environmental Management

Levels of Service: Resource Consents				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0		Actual score: 6 (Last year: 6.2). On target.
Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.				
% of resource consent applications processed within statutory timeframes.	90%	95%		Actual score: 87% (Last year: 100%). Almost on target. The volume and complexity of coastal applications received resulted in an inability to meet statutory timeframes.
% of objections under section 357(b) compared to total number of applications processed ¹ .	<0.5%	< 0.5%		Actual score: 0.3% (Last year: 0%). On target.
Provide consistent, appropriate and timely information to applicants and the public on the RMA, resource consent and approval process.				
% of incomplete applications rejected under the requirements of RMA - section 88.	<20%	< 15%		Actual score: 17% (Last year: 0.3%). Almost on target. Legislative changes resulted in more stringent informational requirements for applications to be accepted.

¹ RMA, section 357(b) - Right of objection in relation to imposition of additional charges or recovery costs.

Activity Group: Environmental Management

Funding Impact Statement for year ended 30 June:

Resource Consents	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	785	784	999	1,004
Fees and charges	1,445	1,512	1,288	1,608
Internal charges and overheads recovered	23	24	22	9
Other receipts including fines	86	81	107	118
Total operating funding	2,339	2,401	2,416	2,739
Applications of operating funding				
Payments to staff and suppliers	1,605	1,646	1,661	1,864
Internal charges and overheads applied	731	751	759	707
Other operating funding applications	-	-	-	-
Total applications of operating funding	2,336	2,397	2,420	2,570
Surplus (deficit) of operating funding	3	4	(4)	168
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to improve the level of service	3	3	3	-
Increase (decrease) in reserves	-	1	(7)	168
Total applications of capital funding	3	4	(4)	168
Surplus (deficit) of capital funding	(3)	(4)	4	(168)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	2,336	2,397	2,420	2,570
plus - Depreciation and amortisation	1	3	-	1
less - Internal charges and overheads recovered	23	24	22	9
Expenditure as per Income Statement	2,314	2,376	2,398	2,562

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Rates have increased as per the Annual Plan.

Note 2: Fees and charges are higher than budgeted due to higher than expected water and coastal permits (mostly mooring renewal applications), together with water applications and consent hearings partially offset by less than expected land use applications.

Note 3: The increase in payments to staff and suppliers is due to higher than anticipated legal costs associated with defending Council's decision to decline resource consent for a marine farm in Beatrix Bay.

Activity: Environmental Protection

Activity: Environmental Protection		
Operating costs of this activity represent approximately 1.4% 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. The activity also contributes 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?

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 Resource Consents and Permitted Activities – Proactively monitor activities with priority on those that have either a greater environmental impact, generate community concern or are related to trends highlighted through the State of the Environment Report.

Complaint Response – Investigate alleged breaches of the Resource Management Act 1991 (RMA), Resource Management Plans, Resource Consents and Marlborough District Council Bylaws. All complaints received by the Environmental Protection Section are required to be logged and responded to. The follow up involved in resolving a complaint can vary from a relatively simplistic desk top exercise to a complex investigation and enforcement.

Enforcement – Undertake enforcement action for breaches of the RMA and Marlborough District Council Bylaws.

Reporting – Monitor and analyse trends and issues. This analysis is used in reviewing education opportunities and monitoring programmes. Relevant trends and issues are feedback to the Policy, Resource Consents and Science and Monitoring Groups. Reporting RMA activity to the Ministry for the Environment.

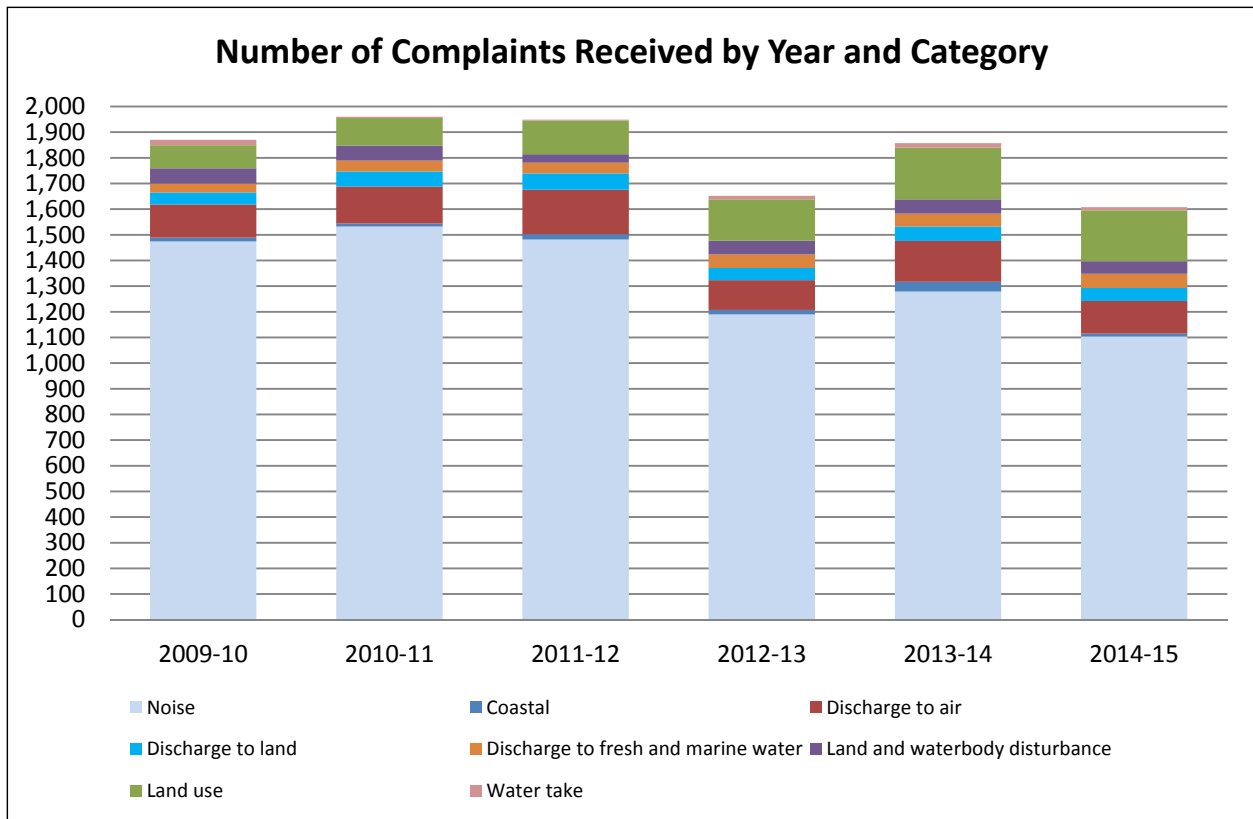
Emergency Response – Respond to emergencies that have the potential to affect the environment (eg: spillages, discharges).

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.

Activity Group: Environmental Management

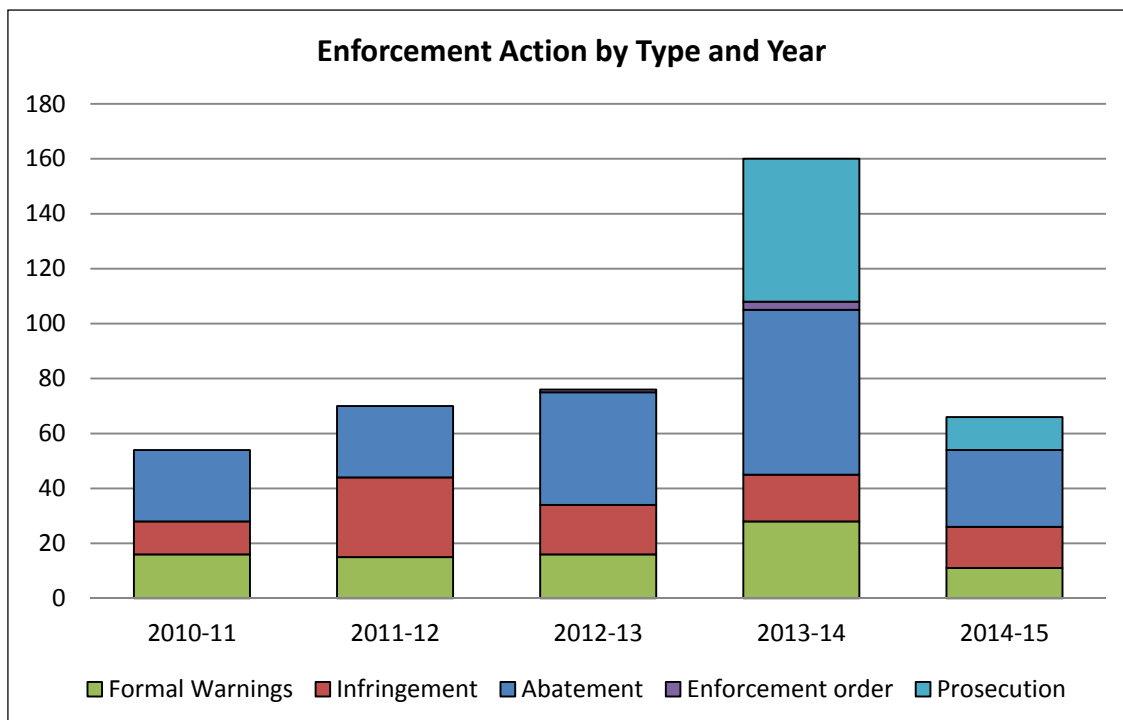
What we did in 2014-15

Complaints - During 2014-15, Council received 1,608 complaints (2013-14: 1,857). Noise complaints are the most common type of complaint received.



Monitoring Resource Consents – 3,048 individual Resource Consents were monitored in the 2014-15 year. This does not include any consents which were monitored as part of a complaints investigation. A number of consents required follow up monitoring due to non-compliance with conditions of consent.

Enforcement – In the 2014-15 year we have issued 11 formal warnings, 28 abatement notices, 15 infringement notices and 12 charges were laid for prosecution.



Activity Group: Environmental Management

Levels of Service: Environmental Protection

Performance Targets

Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.5		Actual score: 6.3 (Last year: 6.2). Almost on target. While the target was not met it has improved in comparison to last year.
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.				
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-15		Actual score: 11-Jun-15 (Last year: 04-Sep-14). On target.
Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	New measure	31-Jul-15		Actual score: 15-Oct-15 (Last year: 16-Oct-14). Not achieved. This report is scheduled for the 15 October 2015 Environment Committee meeting. Reports from wineries are still being provided to complete this document.
Report on resource consents for the discharge of sewerage from commercial operators to Marlborough Sounds' land or coastal waters.	New measure	31-Jul-15		Actual score: 26-Nov-15 (Last year: 01-May-14). Not achieved. This report is scheduled for the 26 November 2015 Environment Committee meeting. Reports from commercial operators are still being provided to complete this document.
Monitor and investigate alleged breaches of the RMA, Resource Management Plans and Consents.				
% of complaints assessed and acknowledged within one working day.	New measure	80%		Actual score: 84% (Last year: 82%). On target.
% of complaints, either resolved or had a resolution strategy, developed within 90 days of receipt.	99%	100%		Actual score: 99.2% (Last year: 100%). Almost on target. Five out of 504 complaints were not completed within targeted times due to change in personnel and resources. This has now been resolved and target is on track.

Activity Group: Environmental Management

Funding Impact Statement for year ended 30 June:

Environmental Protection	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	937	967	1,007	1,014
Fees and charges	63	65	35	38
Other receipts including fines	111	108	112	404
Total operating funding	1,111	1,140	1,154	1,456
Applications of operating funding				
Payments to staff and suppliers	732	750	758	913
Internal charges and overheads applied	377	388	395	394
Total applications of operating funding	1,109	1,138	1,153	1,307
Surplus (deficit) of operating funding	2	2	1	149
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Increase (decrease) in reserves	2	2	1	149
Total applications of capital funding	2	2	1	149
Surplus (deficit) of capital funding	(2)	(2)	(1)	(149)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,109	1,138	1,153	1,307
plus - Depreciation and amortisation	2	2	1	-
Expenditure as per Income Statement	1,111	1,140	1,154	1,307

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Other receipts are higher than anticipated due to unbudgeted court awards.

Note 2: Payments to staff and suppliers are above budget due to higher than anticipated legal costs.




Activity Group: Regulatory

Activities in this Group:

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

Summary of how we did

Overall we achieved most of our targets for the 2014-15 year. We achieved 28 and almost achieved five of the 35 targets associated with the key performance indicators (KPI's).

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

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.

Activity Group: Regulatory

Funding Impact Statement for year ended 30 June:

REGULATORY	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,496	2,592	2,485	2,500
Fees and charges	2,778	2,899	3,059	3,093
Other receipts	633	642	981	1,221
Total operating funding	5,907	6,133	6,525	6,814
Applications of operating funding				
Payments to staff and suppliers	4,207	4,373	4,764	4,724
Internal charges and overheads applied	1,479	1,520	1,542	1,527
Other operating funding applications	32	34	38	15
Total applications of operating funding	5,718	5,927	6,344	6,265
Surplus (deficit) of operating funding	189	206	181	549
Sources of capital funding				
Gross proceeds from sale of assets	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	69	-	-	-
Capital expenditure to improve the level of service	2	109	102	104
Capital expenditure to replace existing assets	67	35	32	28
Increase (decrease) in reserves	51	62	47	417
Total applications of capital funding	189	206	181	549
Surplus (deficit) of capital funding	(189)	(206)	(181)	(549)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	5,718	5,927	6,344	6,265
plus - Depreciation and amortisation	128	140	145	125
plus - Loss on sale of fixed assets	-	-	-	23
Expenditure as per Note 2	5,846	6,067	6,489	6,414

Explanation of Variances

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

Activity: Biosecurity (Pest Management)

Activity: Biosecurity (Pest Management)		
Operating costs of this activity represent approximately 1.4% 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.

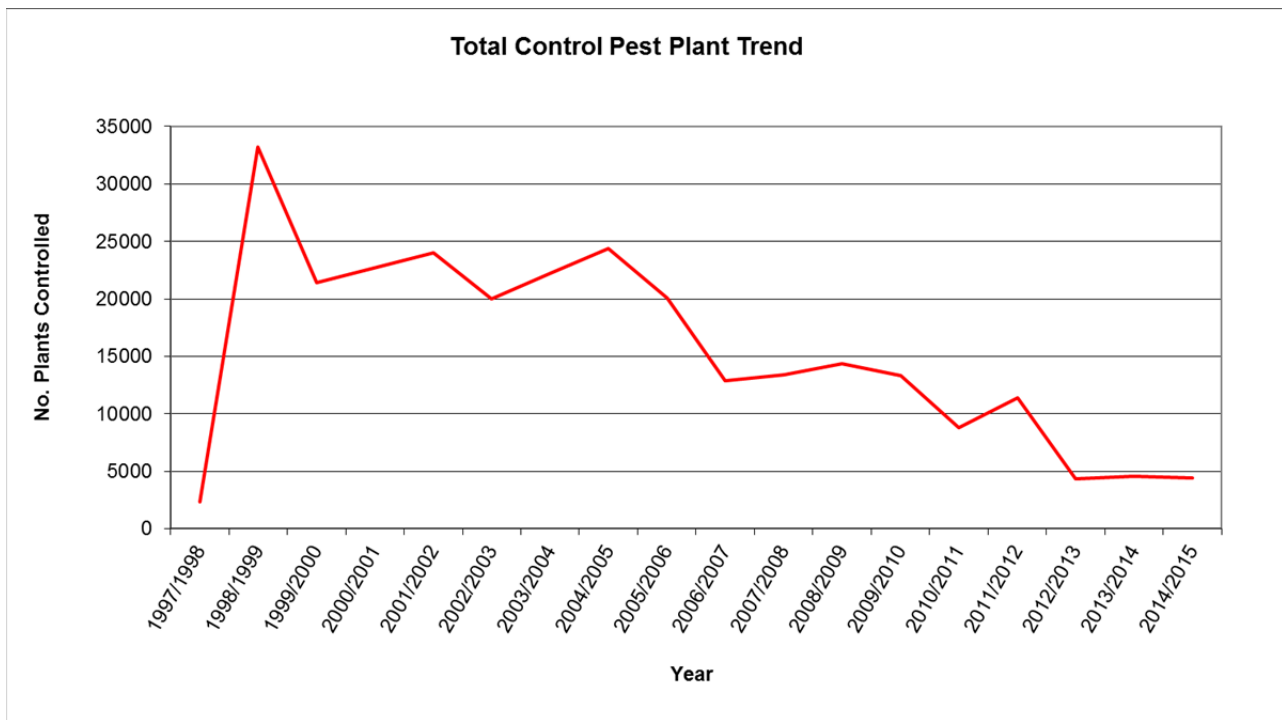
The activity is predominantly focused in the Wairau/Awatere catchment to protect the productive state of Marlborough's primary industries.

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 2014-15

Total Control pest plant programme

A number of invasive pest plant species fall under the management of Council through the Regional Pest Management Strategy as Total Control pests. This year progress working toward the eradication and containment of the species continues. Overall, the trend for total control species continues to be downward with the exception of Boneseed where suppression is the only feasible option and increase in plant numbers has been reported this year.



Containment pest programme

A large focus for Council's Biosecurity programme is carrying out property inspections to ensure land occupiers are controlling containment pest species. In total, 315 properties were inspected by Council for the purpose of assessing compliance for a range of containment pests. As a result of those inspections, only 26 properties were directed under enforcement provisions to carry out further work.

Council has increased its focus on the Chilean Needlegrass (CNG) programme. In addition to land occupier compliance inspections, a collaborative non-regulatory approach supporting a community-led CNG Action Group combined with a national Sustainable Farming Fund Awareness project have all contributed to a greater awareness and support from the community.

Research

Council has been supporting a number of research initiatives that look to improve pest management tools or explore new concepts. Support has involved research projects investigating a potential biological control agent on a mite found on Common and German wasps. Other investigations involved identifying the various strains of Rabbit Haemorrhagic Disease Virus (RHDV) present in feral rabbit populations and exploring their relative lethal and humane characteristics. This work is designed to identify more virulent strains that could potentially be re-released and improve the effectiveness of RHDV.

Marine Biosecurity

Council has been continuing to lead regional incursion responses for two marine pests that have been detected in Marlborough. The marine organisms are the invasive sea squirt *Styela clava* and Mediterranean fanworm (*Sabella spallanzanii*). The responses have been undertaken in collaboration with the crown and industry and iwi. The investigations have concluded that *Styela clava* is well established in Picton and Waikawa, however only five individual Mediterranean fanworm specimens have been found in the Picton Marina.

Levels of Service: Animal and Plant Pests (Biosecurity)				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.4	6.5		Actual score: 6.4 (Last year: 6.1). Almost on target. While the score has not been met it has improved in comparison to last year.
Monitoring and controlling the spread and impacts of animal and plant pests.				
% of sites (Containment Pests) inspected or audited to confirm that control programmes have been undertaken to standard.	80%	85%		Actual score: 88% (Last year: 86.4%). On target.
% of known active Total Control Pest sites controlled annually.	New measure	95%		Actual score: 98% (Last year: 100%). On target.
The number of hours spent searching (surveillance) for pests outside known areas.	New measure	> 500 hrs		Actual score: 990 (Last year: 472). On target.
Prepare, publish, and implement the RPMS operational plan.				
Timeliness completion of annual plan to the Environment Committee.	30-Oct-13	30-Oct-14		Actual score: 24-Jul-14 (Last year: 05-Sep-13). On target.

Funding Impact Statement for year ended 30 June:

	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Biosecurity (Pest Management)				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,126	1,214	1,134	1,141
Other receipts	147	152	156	198
Total operating funding	1,273	1,366	1,290	1,339
Applications of operating funding				
Payments to staff and suppliers	1,001	1,087	1,015	1,047
Internal charges and overheads applied	271	278	274	263
Total applications of operating funding	1,272	1,368	1,289	1,310
Surplus (deficit) of operating funding	1	1	1	29
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Increase (decrease) in reserves	1	1	1	30
Total applications of capital funding	1	1	1	30
Surplus (deficit) of capital funding	(1)	(1)	(1)	(30)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,272	1,365	1,289	1,310
plus - Depreciation and amortisation	1	1	1	12
Expenditure as per Income Statement	1,273	1,366	1,290	1,322

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

There are no variances which are considered significant.

Activity: Building Control

Activity: Building Control		
Operating costs of this activity represents approximately 2.7% 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 the 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). 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:

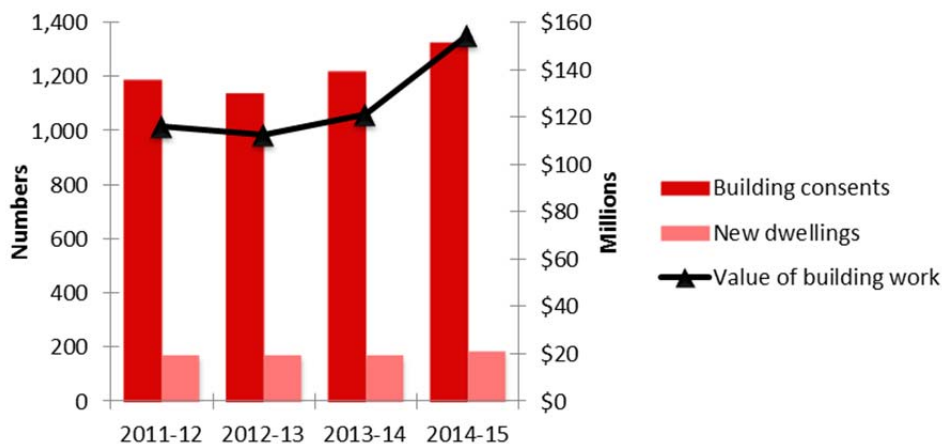
- Monitoring swimming pool fencing under the Fencing of Swimming Pools Act 1987.
- Investigating building related complaints under the Local Government Act and the Building Act 2002.
- Council is required to have an accredited Building Consent Authority.

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 2014-15

- **BCA Accreditation** - On 8 July 2014 Council's building control team was reaccredited as a Building Consent Authority for a further two years. The next accreditation audit is scheduled for May 2016.
- **Project Information Memorandums (PIMs) and Related Information (RI) activity** - The PIM/RI team provided planning/rivers/roads and services information for all issued building consents, less log fire consents.
- **Inspections** - The building control group undertook 4,599 inspections for the financial year 2014-15. This compared to 3,865 for the previous year.
- **Staff members** - Over the past year the Group has recruited two new staff to provide a full complement of staff enabling the group to cover all roles for the Building Consent Authority and the Territorial Authority.
- **Building Warrant of Fitness and Compliance Schedule Role** - The consequence of establishing this role is a much improved relationship with building owners and their IQP's who perform the building owners required checks on specified systems. Over the past year site audits have been performed by Council staff (as per the level of service requirements) however, due to the amount of time required to improve Council's in house systems and the time required to bring better awareness to both property owners and their IQP's the number of site audits has not yet met the 20% levels of service required.
- **Site Audits for the Fencing of Swimming Pools Act** - For the second year the site audits have been carried out by Property Check under contract. Once again Property Check managed to complete site audits for 15% (as per level of service) of all pools in Marlborough. As a result of the increase to staffing in the Building Control Group the pools inspections for 2015-16 will be carried out by a Building Control staff member. These inspections will commence on or near 1 November 2015.
- **Earthquake Prone Buildings** - MBIE provided recommendations to Councils through New Zealand to enable further submissions. Council's building control team is developing processes in expectation of the new bill but the methodology cannot be developed until the bill is enacted.
- **Dam Safety Assurance Programme** - MBIE announced that the Dam Safety Assurance Programme is to be removed from the Building Act. Therefore the building group will not have to budget for the provisions of the programme.
- **Electronic and Digital Development** - The Building Control Group implemented its "online application" system in February 2015. The system is working well with an increasing number of applicants taking up the online option. Continuing improvements are being made to the digital inspection system. Council's Building Control team won an award, the "Carter Holt Harvey, 2015 Building Control Innovations of the Year Award", for its development in implementation of the digital inspection device.

Activity Group: Regulatory

Levels of Service: Building Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0		Actual score: 6.2 (Last year: 6.3). On target.
Provide a service that is responsive to customer needs and minimise risks to public safety.				
% of Building Consents applications granted within 20 working days of receipt of the application.	100%	100%		Actual score: 99% (Last year: 98%). Almost on target. Despite not been on target this is a very good result considering the rise in work load.
% of Code Compliance Certificates issued within 20 working days of receipt of application.	New measure	100%		Actual score: 93% (Last year: 89%). Almost on target. This is a good result in comparison to prior year which confirms improved systems are working.
% of swimming pools inspected annually.	15%	> 15%		Actual score: 15% (Last year: 15%). On target. All inspections completed by contactor.
% of Building Warrants of Fitness audited annually.	20%	20%		Actual score: 6% (Last year: 1%). Not achieved, however showing improvement from last year. Due to other workload constrains and staff levels this has only been a full time role since January 2015. 31 out of 486 compliance schedules have been site audited. There was a significant amount of time dedicated to building better systems and improving dialogue with building owners and their IQP's.
Provision of Land Information Memoranda.				
Number of liability claims made because of incomplete or inaccurate information supplied.	1	< 3		Actual score: 0 (Last year: 0). On target. No claims confirmed.

Funding Impact Statement for year ended 30 June:

Building Control	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	373	346	403	406
Fees and charges	2,078	2,176	2,338	2,305
Other receipts	113	110	83	79
Total operating funding	2,564	2,632	2,824	2,790
Applications of operating funding				
Payments to staff and suppliers	1,644	1,685	1,839	1,853
Internal charges and overheads applied	893	919	931	932
Other operating funding applications	26	27	25	-
Total applications of operating funding	2,563	2,631	2,795	2,785
Surplus (deficit) of operating funding	1	1	29	4
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to replace existing assets	1	1	-	-
Increase (decrease) in reserves	-	-	29	4
Total applications of capital funding	1	1	29	4
Surplus (deficit) of capital funding	(1)	(1)	(29)	(4)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	2,563	2,631	2,795	2,785
plus - Depreciation and amortisation	1	1	-	-
Expenditure as per Income Statement	2,564	2,632	2,795	2,785
Operating expenditure				
Building Control	2,386	2,449	2,618	2,613
LIMs	178	183	178	173
Capital expenditure:	1	1	-	-

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Fees and charges along with payments to staff and suppliers have both increased since the LTP due to increased demand for building consents.

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?

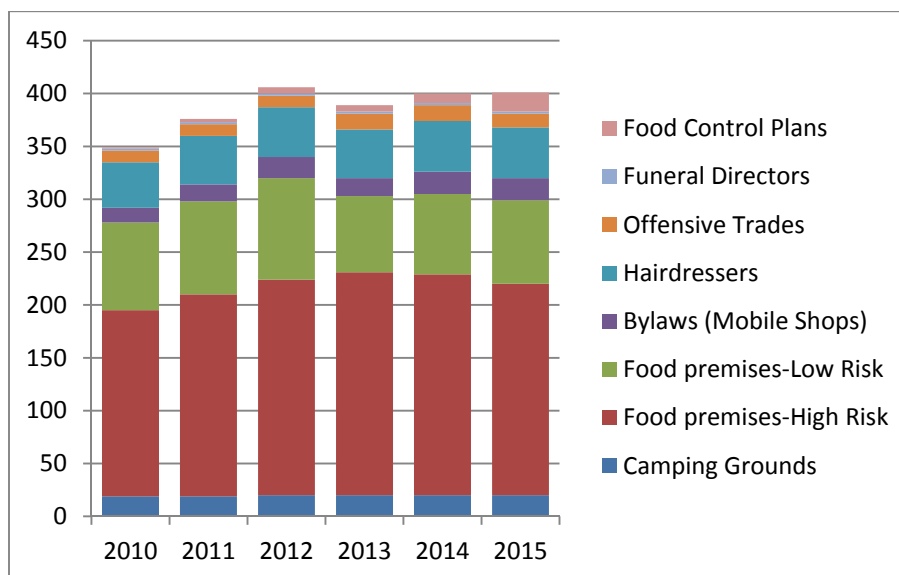
This activity provides services to protect the public health through registration and inspection of premises that prepare or sell food and the investigation of food complaints, as required by the Health Act 1956 and Food Act 1981. The activity also promotes public health and food safety by undertaking education activities and providing 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.
- 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 conditions¹ that may directly or indirectly have the potential to threaten public health.

¹ With particular emphasis on statutory nuisances, bylaw, air quality and noise complaints.

What we did in 2014-15



- 100% of all food premises, hair salons, campgrounds, offensive trades and funeral directors were inspected or audited during the 2014-15 registration year.
- 324 food stall permits were issued during this time period and 14 markets/events were inspected.
- The Environmental Health Section has investigated complaints regarding food and food premises, along with nuisances under the Marlborough District Council Bylaw 2010, Unreasonable Noise, Sale of Alcohol concerns and unsanitary housing.
- Complaints received from 1 July 2014 to 30 June 2015:










Food hygiene or concern regarding premises operation	29
Sale of alcohol issues	9
Nuisance under the Bylaw or contravention of Bylaw	54
Domestic smoke	20
Excessive noise	1076
Unreasonable noise	24
Unsanitary living	5

- In 2014-15 Environmental Health Officers carried out 114 compliance checks of the 117 on-licensed premises selling alcohol. This included duty manager on site, availability of no-alcohol and low-alcohol drinks, food availability, transport options and signage.

Activity Group: Regulatory

Levels of Service: Environmental Health

Performance Targets

Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.				
% of registered premises inspected once a year.	100%	100%		Actual score: 100% (Last year: 100%). On target.
Number of annual random inspection of markets and events with 10 or more food stalls.	≥12	≥ 12		Actual score: 14 (Last year: 12). On target.
% of complaints of critical nature (food poisoning) responded within one working day.	100%	100%		Actual score: 100% (Last year: 100%). On target.
% of complaints of a non-critical nature assessed and acknowledged within seven working days.	100%	100%		Actual score: 100% (Last year: 100%). On target.
Administer the voluntary implementation of Food Control Plans.				
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: 100%). On target.
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.
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.				
% of "On Licences" ¹ inspected once a year.	New measure	90%		Actual score: 97% (Last year: 96%). On target.
Provide a service for investigation of noise complaints.				
% of compliance with specifications in the Excessive Noise Control contract, which includes the contractor's obligations regarding response times.	New measure	80%		Actual score: 89% (Last year: 78.5%). On target.
Assess and acknowledge complaints concerning unreasonable noise within one working day.	New measure	80%		Actual score: 88% (Last year: 87%). 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	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	187	190	147	134
Fees and charges	5	5	10	5
Other receipts	233	240	310	383
Total operating funding	425	435	467	522
Applications of operating funding				
Payments to staff and suppliers	276	283	311	254
Internal charges and overheads applied	144	149	153	151
Total applications of operating funding	420	432	464	405
Surplus (deficit) of operating funding	5	3	3	117
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
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)	(1)	116
Total applications of capital funding	5	3	3	116
Surplus (deficit) of capital funding	(5)	(3)	(3)	(116)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	420	432	464	405
plus - Depreciation and amortisation	5	3	3	4
Expenditure as per Income Statement	425	435	467	409

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Other receipts have increased since the LTP budget due to the implementation of new liquor licencing fees.

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, and training.

What we did in 2014-15

There were 10,371 dogs registered in the Marlborough District. 1,966 dogs were registered as working dogs (including disability assist dogs and Police dogs) and 8,405 were registered as non-working dogs.

Information on various aspects of dog behaviour, care and responsible ownership is available from Animal Control. Information on relevant topics is distributed to owners of dogs that come to Animal Control's attention.

There were monthly articles regarding dogs in the Marlborough local newspapers. These articles were on dog health and dog behaviour. This information could also be viewed on Council website and other social media including Facebook.

A total of 2,015 complaints were received in the 2014-15 year. A majority related to lost or found dogs or dog nuisance. There were 155 complaints related to a dog attack or rush. All complaints were attended to, investigated and necessary action taken. There were an additional 194 complaints regarding livestock on roads.

A total of 157 infringement notices were issued. 75 of these notices were for unregistered dogs and 45 were for uncontrolled or roaming dogs. The remainder were for a variety of other breaches.

There were 384 dogs impounded for various reasons. The majority of these dogs were released to their owners. Dogs that were not claimed were either transferred to the SPCA or destroyed. All dogs that are surrendered or not claimed undergo an assessment by the Animal Control Officers. Those dogs determined to have the temperament and characteristics suitable for family environments are transferred to the SPCA for re-homing.

Below are listed some of the other activities performed by Animal Control during the 2014-15 year:

- NZIACO Conference and training seminar involved discussion on bite stick training, investigation skills training, plan and execute search warrants, national/branch uniforms, forming relationships with other territorial authorities.
- Presentation from Christchurch City Council on the New Dog Smart Children's Education Programme Initiative. This Programme is to be adopted nationally.
- Dog Safety Presentation to Mayfield Kindergarten.
- Staff training on dog obedience, protection or detection with prominent dog handler.
- Animal Control attended Grovetown School Pet Day which involved judging dogs on temperament and obedience.
- An Animal Control Officer and their dog attended the Dog Safety presentation at Clued up Kids – dog safety messages to 500 children.
- Adult Education and Information Talk conducted with Reap Marlborough in Blenheim.

Levels of Service: Animal Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.2	7.2		Actual score: 7.4 (Last year: 7.4). On target.
To provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).				
% 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: 95.5% (Last year: 98%). Almost on target. Delays in entering response dates in the system has affected this target. On going discussions are carried between MW and Council to improve record keeping.
Report on how MW has met their obligations under the contract.	New measure	30-Sep-14		Actual score: 30-Sep-14 (Last year: 30-Sep-13). On target.
Compliance with DCA requirements by preparing and publicising a report annually.	N/A	30-Sep-14		Actual score: 30-Sep-14 (Last year: 30-Sep-13). On target.

Funding Impact Statement for year ended 30 June:

	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Animal Control				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	40	41	40	40
Fees and charges	562	580	560	603
Other receipts	14	14	13	15
Total operating funding	616	635	613	658
Applications of operating funding				
Payments to staff and suppliers	531	543	532	566
Internal charges and overheads applied	54	55	62	62
Other operating funding applications	6	7	9	13
Total applications of operating funding	591	605	603	641
Surplus (deficit) of operating funding	25	30	10	16
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Increase (decrease) in reserves	25	30	10	16
Total applications of capital funding	25	30	10	16
Surplus (deficit) of capital funding	(25)	(30)	(10)	(16)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	591	605	603	641
plus - Depreciation and amortisation	6	6	6	3
Expenditure as per Income Statement	597	611	609	644
Operating expenditure				
Dog Control	544	557	557	587
Other Animal Control	53	54	52	58

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

There are no variances which are considered significant.

Activity: Harbours

Activity: Harbours		
Operating costs of this activity represents approximately 1.3% 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 kilometres² of water area. The Sounds is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries.

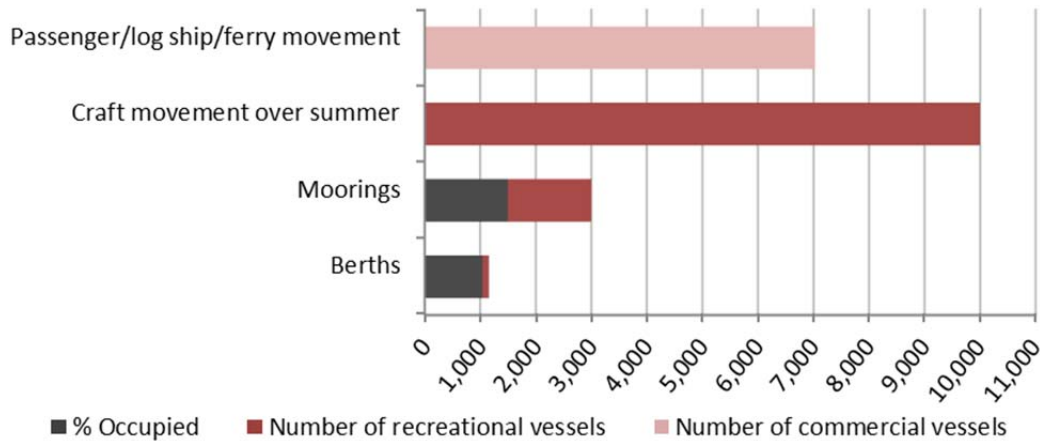
The purpose of the Harbours Activity is to ensure that Council's statutory functions, duties and powers as a Harbour Authority are discharged in an accountable way and, where appropriate, educate the users of the Sounds waterways so that non-compliance with statutes and bylaws and, potentially, enforcement 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 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) in 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 126 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 New Zealand (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 2014-15

- Following failure by the Aids to Navigation (AtoN) contractor to renew the contract, expressions of interest were sought from the market place to gauge cost implications. After careful consideration of returns by various parties, it was determined that the work of maintaining and servicing Council's 98 AtoNs would be taken in-house and delivered by the Harbour Master Group. A dedicated vessel for this work was acquired and fitted out for this purpose. As part of ongoing work, where appropriate, new technology has been introduced.
- Summer patrols commenced on a week-end basis from Labour week-end through to Easter with daily patrols being implemented from the week before Christmas through to the end of January. The additional vessel allowed for extra patrols particularly in the Havelock/Pelorus Sound area.
- Council's Boat Safety and Tides brochure (formerly the Safe Sounds Boating brochure) was reviewed, printed and ready for distribution from Labour weekend. A total of 7,000 were printed and distributed.
- The vessel monitoring system hardware and software were upgraded to keep abreast of changes in technology.
- Council's Safety Management System, required to comply with the NZ Port and Harbour Marine Safety Code (the Code) was audited and external team led by Maritime NZ and confirmed as complying with the Code requirements. The audit included a concurrent review of Port Marlborough's SMS.
- Regular audits of marine farms were undertaken to ensure compliance with lighting and marking requirements.
- There was close oversight of the float-on and subsequent outward shipment of the rig KAN TAN IV from Admiralty Bay, particularly with respect to potential oil spillage during the operation.
- Council, in compliance with the Code, initiated a Harbour risk assessment in 2005-06. The assessment was updated in 2009 and again in 2013 by simply looking at the identified risks, assessing the effect of the risk control measures and generating a revised ranked hazard list. Since the original assessment is now outdated, a new risk assessment was started in the 2014-15 year and will continue into the next financial year. The assessment is being undertaken by external consultants and will have a significant harbour stakeholder consultation component.

Activity Group: Regulatory

- The Regional Oil Spill Response Contingency Plan required review and submission to Maritime NZ for approval. This was completed by end of June and submitted to MNZ - now awaiting approval.
- To ensure that trained oil spill responders maintain the necessary skill levels, on-water as well as a separate desk-top exercise was completed. Both exercises were attended by and reported on by Maritime NZ staff. Separate quarterly oil recovery vessel drills were undertaken. Oil spill response equipment was inspected and maintained in accordance with quarterly schedules.

Levels of Service: Harbours

Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7.2		Actual score: 7.1 (Last year: 7.2). Almost on target. While the score has dropped slightly it is still a comparatively high score.
Provide a safe environment for all users through effective public education.				
Safe Sounds Boating brochure reviewed, printed and ready for distribution annually.	Labour weekend	Ready by Labour weekend		Actual score: Brochure ready by Labour weekend. (Last year: Ready by Labour weekend). On target. The brochure was substantively reviewed prior to printing and distribution.
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: 22 (Last year: 27). On target. Additional patrols undertaken with the second vessel in Havelock/Pelorus Sound.
Number of weekday patrols undertaken from mid-December through to end of January of the following year.	New measure	≥ 30		Actual score: 38 (Last year: 39). On target. Additional patrols undertaken with the second vessel in Havelock/Pelorus Sound.
% 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. Navigation warnings issued as appropriate.
Ensure that Port and Harbour Safety Code requirements are met.				
% of funded mitigation measures completed.	80%	80%		Actual score: 80% (Last year: 80%). On target. Harbour Safety Plan provides the guidance in mitigations. This will require revision following the completion of the current risk assessment.
Ensure navigation safety and bylaw requirements in the Marlborough Sounds area are adhered to.				
Number of random light inspections of marine farms undertaken.	>200	> 200		Actual score: 219 (Last year: 204). On target. Continuation of the rolling 3-year programme ensuring each farm is visited at least once during this period.
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. Information forwarded to MNZ as appropriate.
Ensure that navigation aids, swimming and water-ski lanes are maintained effectively.				
% of time aids to navigation are working in compliance with the International Association of Lighthouse Authorities (IALA) standards.	100%	100%		Actual score: 49% (Last year: 97.63%). Not achieved. A change in system recording resulted in data over-write and subsequent loss of data from 1 July to 31 December 2014. However, data collected from 1 January to 30 June 2015 shows compliance with IALA standards for Cat 1 and 2, with Cat 3 just below its target by 0.2% due to ongoing issues with replacement of Motuara Cardinal beacon - now being replaced with a buoy.
% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%	100%		Actual score: 100% (Last year: 100%). On target from 1 January to 30 June 2015.
Number of further inspections of swimming and water-ski lanes undertaken during the summer season.	>10 (5 of each)	> 10 (5 of each)		Actual score: 10 (Last year: 106). On target from 1 January to 30 June 2015.

Activity Group: Regulatory

Funding Impact Statement for year ended 30 June:

Harbours	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	769	801	773	778
Fees and charges	134	138	151	180
Other receipts	126	126	407	546
Total operating funding	1,029	1,065	1,331	1,504
Applications of operating funding				
Payments to staff and suppliers	755	775	1,067	1,002
Internal charges and overheads applied	117	119	122	119
Other operating funding applications	-	-	4	2
Total applications of operating funding	872	894	1,193	1,123
Surplus (deficit) of operating funding	157	171	138	381
Sources of capital funding				
Gross proceeds from sale of assets	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	69	-	-	-
Capital expenditure to improve the level of service	-	107	100	104
Capital expenditure to replace existing assets	64	32	30	28
Increase (decrease) in reserves	24	32	8	250
Total applications of capital funding	157	171	138	382
Surplus (deficit) of capital funding	(157)	(171)	(138)	(382)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	872	894	1,193	1,123
plus - Depreciation and amortisation	115	130	134	108
plus - Loss on sale of fixed assets	-	-	-	24
Expenditure as per Income Statement	987	1,024	1,327	1,254

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Fees and charges are higher than budget due to higher navigation levies.

Note 2: Other receipts are higher than the LTP due to the unbudgeted revenue resulting from Marlborough District Council staff being on standby in March during the oil rig "off load" from the Kan Tan IV vessel in Admiralty Bay.

Note 3: Payments are below the Annual Plan budget but higher than the LTP budget due to the introduction into the 2014-15 Annual Plan of the implementation of the Harbour Safety Management System.

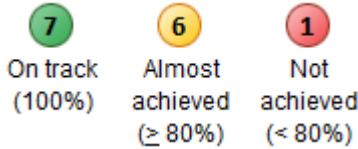
Activity Group: Regional Development

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 2014-15 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 5.9% 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.



Council undertakes a number of actions targeted at assisting business growth and development under the 'Smart Business Marlborough' banner. These are focused around providing access to information, advice, resources and other specific guidance. The actions include:

- Up to date regional economic data.
- Supporting regional promotion via the Only Marlborough toolkit.
- Start-up business advice and mentoring delivered by Business Trust Marlborough.
- Support for the Food and Beverage Innovation Cluster delivered via Marlborough Research Centre, and
- Commercial and industrial development guidance.

Council also plays a key role in the local economy through its core services of roading, water infrastructure, 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.

The Regional Events Coordinator post, based at Council, supports 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.

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 \$75,000 to support this activity in 2014-15.

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 were reviewed and adopted in November 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. 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 hectares 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 feasibility study was developed for a community irrigation scheme for the Flaxbourne area around Ward and considered as part of the 2015-25 Long Term Plan process. 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 kilometres
Service connections	4,500 hectares
Abstraction Gallery	2
Distribution Pumps	7
Booster Pumps	6
Meters	311






What we did in 2014-15

- Marlborough Airport expansion underway.
- Six community and industry Smart and Connected groups are now established: Picton, Havelock and Renwick communities and Wood sector, Visitor economy and Blenheim CBD groups.
- Summer and winter Follow Me event guides produced.
- Major events secured for the region – 2016 and 2025 New Zealand Scout Jamborees, with up to 5,000 visitors expected.
- Launch of Only Marlborough in November 2014.
- Fully upgraded regional tourism website marlboroughnz.com was launched.
- The Blenheim and Picton parking strategies were reviewed and the changes implemented in December 2014, January 2015 and March 2015.

Activity Group: Regional Development

Levels of Service: Regional Development				
Performance Targets				
Key Performance Indicators	LTP Baseline	2014-15 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
● Regional Development	6.4	6.4		Actual score: 6.3 (Last year: 6.7). Almost on target. Survey comments indicated positive and negative views on the activity's role in supporting business and a geographical variation in satisfaction levels, with higher levels in Havelock, Picton and Marlborough Sounds, and lower in Awatere and Blenheim vicinity.
● Tourism	7.3	7.5		Actual score: 6.8 (Last year: 7.3). Almost on target. Survey comments indicated positive and negative views on how the activity is managed, and a geographical variation in satisfaction, with higher levels in and around Blenheim, and lower in the Sounds and the Awatere.
● Research Centre	7.0	7.0		Actual score: 6.9 (Last year: 6.9). Almost on target. Survey comments indicated that the Research Centre does a good and thorough job, but others thought that Council should not be involved in this service. The highest levels of satisfaction were in Havelock and Blenheim vicinity, the lowest in western Wairau.
● Parking	6.3	7.0		Actual score: 6.4 (Last year: 7). Almost on target. Survey comments indicated that respondents felt that there is plenty of parking available, but that the parking meters were too expensive. There was no significant geographical variation in satisfaction.
● Irrigation	6.9	7.0		Actual score: 6.6 (Last year: 6.5). Survey comments indicated that the service was well maintained, but some felt it was costly. The service scored 6.67 in Blenheim vicinity and 5.93 by residents in Western Wairau where the service is based.
Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.				
% of funded work programme targets achieved.	New measure	80%		Actual score: 80% (Last year: 78%). On target.
Manage Research Centre contract to ensure service quality and value.				
Number of published research papers.	70	≥ 50		Actual score: 81 (Last year: 121). On target. 17 refereed scientific publications, four client reports, 30 popular articles, 30 issues of Vinefacts.
Effective promotion of Marlborough as a visitor destination.				
% change in visitor nights in Marlborough compared to national trends.	Equal or better than national trends	Equal or better than national trends		Actual score: Not achieved (Last year: 1.3% over national trend). Marlborough visitor nights fell 1.7% for year ended June 2015, compared to national increase of 5.3%. However, visitor spend has increased 7% for domestic and 10.4% international.
% of achievement of Destination Marlborough business plan key performance measures	New measure	80%		Actual score: 94% (Last year: 70%). On target.

Activity Group: Regional Development

Provision of convenient and affordable car parks to support CBD businesses.				
Regularly review the parking strategies for Blenheim and Picton (five yearly).	New measure	N/A ¹		Actual score: On target (Last year: Not achieved (Blenheim)). On target. Both strategies reviewed November 2014.
Occupancy rates of off-street car parks in Blenheim				
● Kerbside	65%	< 70%		Actual score: 72% (Last year: 56%). Almost on target. The target was not met due to the transition between the old and new parking policy/regime.
● Off street (Queen Street and Clubs only)	76%	< 85%		Actual score: 78% (Last year: 88%). On target.
● Parking building	New measure	< 70%		Actual score: 35% (Last year: 20%). On target.
Support for land based industries through the supply of irrigation water.				
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.

¹ Target in 2012-22 Long Term Plan was for Blenheim strategy to be reviewed by December 2013. The review of Picton strategy was completed within target in December 2012.

Activity Group: Regional Development

Funding Impact Statement for year ended 30 June:

Regional Development	2014 (LTP) \$000's	2015 (LTP) \$000's	2015 (AP) \$000's	2015 (Actual) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,032	1,043	1,243	1,359
Targeted rates (other than for water supply)	1,241	1,247	1,237	1,232
Fees, charges and targeted rates for water supply	2,200	2,308	2,065	2,519
Other receipts	204	202	211	700
Total operating funding	4,677	4,800	4,756	5,811
Applications of operating funding				
Payments to staff and suppliers	1,939	1,979	2,516	2,749
Finance costs	1,419	1,365	1,403	1,397
Internal charges and overheads applied	300	310	311	398
Other operating funding applications	503	520	508	454
Total applications of operating funding	4,161	4,174	4,738	4,997
Surplus (deficit) of operating funding	516	626	18	813
Sources of capital funding				
Development and financial contributions	-	-	-	(24)
Increase (decrease) in debt	(758)	(831)	(854)	(942)
Total sources of capital funding	(758)	(831)	(854)	(966)
Applications of capital funding				
Capital expenditure to meet additional demand	88	91	85	55
Capital expenditure to improve the level of service	-	-	53	72
Capital expenditure to replace existing assets	19	6	6	22
Increase (decrease) in reserves	(349)	(302)	(980)	(302)
Total applications of capital funding	(242)	(205)	(836)	(153)
Surplus (deficit) of capital funding	(516)	(626)	(18)	(813)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	4,161	4,174	4,738	4,997
plus - Depreciation and amortisation	544	562	642	651
plus - Loss on sale of fixed assets	-	-	-	-
Expenditure as per Income Statement	4,705	4,736	5,380	5,648
Operating expenditure				
Economic Development	110	114	570	566
Marketing and Tourism	910	905	1,070	1,020
Research Centre	136	136	211	211
Irrigation	1,411	1,411	1,393	1,485
Parking	2,138	2,170	2,136	2,366
Capital expenditure:				
Irrigation	-	-	53	37
Parking	106	97	91	111
Internal borrowing used for the purpose of Regional Development				19,298
Funds borrowed during the year				-
Funds repaid during the year				942
Interest paid in relation to this borrowing				1,397

Explanation of the funding impact variance between 2015 (Actual) and 2015 (LTP)

Note 1: Fees and charges and targeted rates from water supply has increased as the Southern Valley's Irrigation Scheme metered water sales was higher this year due to the dry summer.

Note 2: Other receipts is above budget due to unbudgeted settlement proceeds for the Alfred Street car park building which is being used to fund a new top floor membrane.

Note 3: Payments to staff and suppliers was above budget due to Southern Valley's pump station and reticulation costs offset by higher metered water sales and unbudgeted work on the Alfred Street car park remedial works. Economic development projects are higher than budget. \$100k is funding as a result of the withdrawal of the Marlborough Regional Development Trust. A further \$177k is for salaries for strategic planning and economic development that were not in the LTP. The smart and connected project was introduced post LTP and this was \$194k in 2014-15.

Part 3: Financial Statements

- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Net Assets/Equity
- Statement of Financial Position
- Statement of Cashflows
- Notes to Financial Statements
- Funding Impact Statement



Photo: Momorangi Bay,
Queen Charlotte Sound

Statement of Comprehensive Revenue and Expense

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2014-15	2013-14	2014-15	2014-15	2013-14
		\$000's	\$000's	\$000's	\$000's	\$000's
Revenue;						
Rates, excluding targeted water rates	3	55,319	53,150	55,760	56,224	53,567
Targeted rates for water supply	3	2,913	2,790	3,243	1,668	2,790
Development and financial contributions	5	2,152	812	2,152	789	812
Subsidies and grants	5	7,229	7,280	7,229	5,970	7,280
Interest revenue	4	828	782	787	808	756
Other revenue	5	60,223	52,463	35,089	30,107	30,450
Gains	6	4,934	7,207	4,158	828	6,746
	2	133,598	124,484	108,418	96,394	102,401
Expenditure:						
Personnel costs	7	23,878	22,458	18,289	18,224	17,193
Finance costs	4	6,135	2,920	1,660	2,516	1,211
Other expenses	8	62,422	63,381	54,896	47,575	56,373
Depreciation and amortisation	8	22,563	21,145	19,955	20,058	18,816
Total operating expenditure	2	114,998	109,904	94,800	88,373	93,593
Surplus before tax		18,600	14,580	13,618	8,021	8,808
Income tax expense	9	1,247	1,780	-	-	-
Surplus after tax		17,353	12,800	13,618	8,021	8,808
Other comprehensive revenue and expense:						
Gain on property revaluations	26	23,739	44,542	23,739	23,735	44,542
Total other comprehensive revenue and expense		23,739	44,542	23,739	23,735	44,542
Total comprehensive revenue and expense		41,092	57,342	37,357	31,756	53,350

Statement of Changes in Net Assets/Equity

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2014-15	2013-14	2014-15	2014-15	2013-14
		\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July		1,424,875	1,367,533	1,352,469	1,322,938	1,299,119
Total comprehensive revenue and expenses		41,092	57,342	37,357	31,756	53,350
Balance at 30 June	26	1,465,967	1,424,875	1,389,826	1,354,694	1,352,469

The accompanying notes form part of these financial statements.

Statement of Financial Position

	note:	Group		Council		
		Actual 2014-15 \$000's	Actual 2013-14 \$000's	Actual 2014-15 \$000's	Budget 2014-15 \$000's	Actual 2013-14 \$000's
Assets:						
Current assets:						
Cash and cash equivalents	10	3,370	6,898	1,519	4,711	5,341
Debtors and other receivables from non-exchange transactions	11	4,433	2,876	4,100	4,694	2,876
Debtors and other receivables from exchange transactions	12	6,689	7,188	4,687	5,015	5,160
Other financial assets	13	7,762	6,528	7,762	3,582	6,528
Inventory	14	7,062	705	6,760	351	375
Non-current assets held for sale	15	1,789	2,062	1,789	809	2,062
Total current assets		31,105	26,257	26,617	19,162	22,342
Non-current assets:						
Other financial assets:	13					
- Investment in CCOs and similar entities		-	-	6,000	6,000	6,000
- Investment in other entities		5,819	6,506	5,819	8,300	6,506
Property, plant and equipment	16	1,447,632	1,409,624	1,376,523	1,371,532	1,342,069
Intangible assets	17	2,786	1,998	1,925	556	1,131
Forestry assets	18	15,837	16,333	15,837	14,901	16,333
Investment property	19	77,187	75,415	2,050	2,000	2,000
Total non-current assets		1,549,261	1,509,876	1,408,154	1,403,289	1,374,039
Total assets		1,580,366	1,536,133	1,434,771	1,422,451	1,396,381
Liabilities:						
Current liabilities:						
Creditors and other payables from non-exchange transactions	21	351	616	62	-	269
Creditors and other payables from exchange transactions	21	13,671	12,429	12,410	13,475	11,268
Derivative financial instruments	25	147	12	-	-	-
Provisions	24	138	342	510	-	714
Current tax liabilities	9	396	353	-	-	-
Employee entitlements	23	2,816	2,898	2,045	1,476	2,119
Borrowings	22	-	28,895	-	-	-
Total current liabilities		17,519	45,545	15,027	14,951	14,370
Non-current liabilities:						
Derivative financial instruments	25	2,045	632	216	-	149
Borrowings	22	84,475	54,500	28,500	50,039	28,000
Employee entitlements	23	53	-	53	347	-
Provisions	24	2,196	2,105	1,148	2,420	1,393
Deferred tax liability	9	8,110	8,476	-	-	-
Total non-current liabilities		96,879	65,713	29,917	52,806	29,542
Total liabilities		114,398	111,258	44,944	67,757	43,912
Net assets		1,465,968	1,424,875	1,389,827	1,354,694	1,352,469
Equity:						
Accumulated funds	26	616,563	598,917	575,691	571,894	561,780
Other reserves	26	849,405	825,958	814,136	782,800	790,689
Total equity	26	1,465,968	1,424,875	1,389,827	1,354,694	1,352,469

The accompanying notes form part of these financial statements.

Statement of Cashflows

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2014-15	2013-14	2014-15	2014-15	2013-14
		\$000's	\$000's	\$000's	\$000's	\$000's
Cash flows from operating activities:						
Receipts from rates revenue		58,163	56,048	58,934	57,892	56,465
Receipts from other revenue		66,198	59,926	41,086	36,113	36,601
Goods and Services Tax (net)		14	473	14	-	473
Interest received		842	743	787	808	756
Payments to suppliers and employees		(89,751)	(82,609)	(77,685)	(65,607)	(70,152)
Interest paid		(4,718)	(4,320)	(1,593)	(2,337)	(1,320)
Income tax paid		(1,570)	(1,289)	-	-	-
Net cash flow from operating activities	27	29,178	28,972	21,543	26,869	22,823
Cash flows from investing activities:						
Receipts from sale of property, plant and equipment		2,266	4,420	2,241	852	4,420
Sale / (acquisition) of investments		(450)	(330)	(451)	(4,982)	(331)
Advances received		-	-	906	-	-
Dividends received		13	13	236	764	1,337
Purchase of investment property		(613)	(4,306)	-	-	-
Purchase of forestry assets		(470)	(470)	(470)	-	(470)
Purchase of intangible assets		(1,401)	(853)	(1,203)	-	(74)
Advances made		-	-	-	-	(474)
Purchase of property, plant and equipment		(33,131)	(31,035)	(27,124)	(28,123)	(28,642)
Net cash flow from investing activities		(33,786)	(32,561)	(25,865)	(31,489)	(24,234)
Cash flows from financing activities:						
Proceeds from borrowings		36,580	91,190	34,000	8,457	88,200
Repayment of borrowings		(35,500)	(82,700)	(33,500)	-	(82,700)
Net cash flow from financing activities		1,080	8,490	500	8,457	5,500
Net increase / (decrease)		(3,528)	4,901	(3,822)	3,837	4,089
Cash, cash equivalents and bank overdrafts:						
At the beginning of the year		6,898	1,997	5,341	874	1,252
At the end of the year	10	3,370	6,898	1,519	4,711	5,341

The accompanying notes form part of these financial statements.

Notes to Financial Statements

1. Statement of Accounting Policies for the year ended 30 June 2015

1.1 Reporting entity

Marlborough District Council is a unitary authority located in New Zealand that is governed by the Local Government Act 2002 (LGA). The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Marlborough District Council Group (MDC or Group) 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).

These financial statements of MDC are for the year ended 30 June 2015. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the year ended 31 March 2015.

The financial statements were authorised for issue by Council on 29 October 2015.

1.2 Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

(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.

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE Standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

(ii) Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. Council will apply these updated standards in preparing its 30 June 2016 financial statements. Council expects that there will be minimal or no change in applying these updated accounting standards.

(iii) Measurement Base

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

(iv) 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.

(v) Changes in Accounting Policies

These financial statements are the first financial statements presented according to the new PBE accounting standards. Adjustments on transactions to the new PBE standards were the recognition of revenue and debtors and creditors as exchange and non-exchange transitions, and other minor disclosure adjustments. There has been a minor financial adjustment for the recognition of carbon credits (\$339K) as at 1 July 2013 which has increased both intangible assets and opening equity.

(vi) Critical Accounting Estimates and Assumptions and Critical Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with NZ PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense. 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 162) 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 comprehensive revenue and expense. 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 revenue and expense.

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.

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.

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 Statement of Comprehensive Revenue and Expense 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 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 Council Controlled Organisations and similar entities

Investments in subsidiaries are recorded in Council'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. Joint control is the agreed sharing of control over an activity.

Council's share of jointly controlled assets and any liabilities incurred jointly with KDC are recognised in 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. Revenue 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 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 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 is recognised by Council as being revenue when Council has struck the rates and provided the rates assessment. It is a non-exchange revenue.

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 revenue. 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 partial cost recovery/subsidised

Revenue from a subsidised sale of services is recognised as non-exchange revenue. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date.

Provision of Services full Cost Recovery

Significant revenue from full cost recovery sale of services is recognised as exchange revenue. 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, at fair value, 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 revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend revenue 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 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 Council provides, or is able to provide, the service. Development contributions are classified as part of "Other revenue".

(v) Borrowing Costs

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 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 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 revenue 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 Statement of Comprehensive Revenue and Expense because it excludes items that are never taxable or deductible and it further excludes items of revenue 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 surplus or deficit, except when it relates to transactions recognised in other comprehensive revenue or expense or items charged or credited directly to equity, in which case the deferred tax is also dealt with in other comprehensive revenue and expense.

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 revenue 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 revenue 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 revenue 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 surplus or deficit 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. MDC does not apply hedge accounting.

(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 revenue and expense.

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 revenue and expense

Financial assets at fair value through other comprehensive revenue and expense 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 thereof within 12 months of balance date or if the instrument is not expected to be realised within 12 months of balance date. Included in this category are::

- investments to be held long-term but which may be realised before maturity; and
- shareholdings held for strategic purposes.

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

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense 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 revenue and expense

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 counterparty, probability that the counterparty 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 revenue and expense, 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 revenue) 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 is 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.

Notes to Financial Statements

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; and
- 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.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense. Each year the revaluations are checked for reasonableness.

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 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 rates and useful lives are reviewed annually.

Depreciation on assets is charged to the surplus and deficit.

: Asset	Life	Rate
Roads, Streets and Bridges		
- Land under roads and pavement formation	Not depreciated	
- Pavement layers	55 - 100 years	1% - 1.81%
- Pavement surface	8 - 25 years	4 - 12.5%
- Unsealed roads	13.17 years	7.59%
- 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%

: Asset	Life	Rate
- Street lighting	4 - 50 years	2 - 25%
- Traffic islands	50 years	2%
- Street trees	80 years	1.5%
- Street furniture	25 - 30 years	4%
- Paved and cobbled areas	30 years	3.33% - 4%
- Council wharves	40 - 60 years	1.67 - 2.5%
- Port Marlborough wharves and marinas	10 - 50 years	2 - 10%
Carparks		
- Parking meters	10 years	10%
- Land and formation	Not depreciated	
- Basecourse	50 years	2%
- Surfacing	25 years	4%
- Markings	5 years	20%
Buildings (excluding properties intended for sale)	100 years	1%
Council Computers	4 - 5 years	20 - 25%
Plant, equipment (excluding Council infrastructural assets)	5 - 20 years	5 - 20%
Mowers/chainsaws	1 – 2.5 years	40 - 100%
Sewerage		
- Pipes	43 - 100 years	1 - 1.25%
- Pump stations	25 - 100 years	1 - 5%
- Oxidation ponds:	Not depreciated	
- Treatment plant	25 - 100 years	1 - 5%
- Grinder pump unit	10 – 40 years	
- Odour beds	25 – 40 years	
- Bores	60 years	
Stormwater		
- Pipes	50 - 100 years	1 - 1.25%
- Pump stations	25 - 100 years	1 - 5%
Water		
- Pipes	38 - 100 years	1 - 1.67%
- Reservoirs	35 - 80 years	1.25%
- Pumps	20 years	10%
- Pump stations	20 - 100 years	1.67 - 5%
- Treatment plant	20 - 100 years	1 - 5%
- Dams	150 years	.667%
Rivers and Drainage		
- Pump stations	35 - 100 years	1 - 2.86%
- Stopbanks/earthworks	Not depreciated	
- Rock and gabion protection	Not depreciated	
- Trees and tree retards	Not depreciated	
- Culverts and gates	Not depreciated	
- Channels	Not depreciated	
- Dam	100 years	1%
Library books	13.33 years	7.69%

Disposals

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

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

(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 surplus or deficit.

(b) Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. 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.

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

(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 surplus or deficit. 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 PBE IPSAS 16, Investment Property and recognising the following:

Properties leased to third parties under operating leases will generally be classified as "Investment Property" unless one or more of the following apply:

- 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) 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 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 higher of: the present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

(xxv) 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 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. 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.

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

(xxvi) 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.

(xxvii) Cost Allocation

The cost of providing support services for Council are accumulated and are allocated to each activity using appropriate allocation bases which reflect the usage and /or capacity for each significant activity.

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

(xxix) Budget Figures

The budget figures are those approved by Council in its 2014-15 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.

(xxx) 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 deemed cost ie; market rate as at 1 July 2013 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 deemed cost ie; market rate as at 1 July 2013) 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

	Council		
	2014-15 Actual \$000's	2014-15 Budget \$000's	2013-14 Actual \$000's
Revenue:			
People	8,781	8,600	8,344
Community facilities	9,225	8,882	9,102
Roads and footpaths	18,388	16,451	16,897
Flood protection and control works	7,619	6,803	7,048
Sewerage	11,019	9,871	10,168
Stormwater drainage	2,409	1,934	1,843
Water supply	10,055	9,195	9,202
Solid waste management	8,355	7,136	7,638
Environmental management	8,759	8,083	7,526
Regulatory	6,814	6,525	5,898
Regional development	5,787	4,756	4,756
Total activity revenue	97,211	88,236	88,422
Plus other revenue (including forestry)	18,469	16,225	20,628
Less internal revenue	(7,262)	(8,067)	(6,649)
Total revenue	108,418	96,394	102,401
Expenditure:			
People	9,402	9,047	11,384
Community facilities	8,791	8,431	8,547
Roads and footpaths	19,006	17,976	19,924
Flood protection and control works	5,345	4,557	4,946
Sewerage	10,316	10,222	9,519
Stormwater drainage	1,843	1,773	1,711
Water supply	8,503	8,216	8,184
Solid waste management	7,027	6,900	6,605
Environmental management	8,354	8,188	8,195
Regulatory	6,414	6,489	5,962
Regional development	5,648	5,380	5,035
Total activity expenditure	90,649	87,179	90,012
Plus other expenditure (including forestry)	11,413	9,261	10,230
Less internal expenditure	(7,262)	(8,067)	(6,649)
Total operating expenditure	94,800	88,373	93,593

The "other income" and "other expenditure" 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
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
People	6,302	5,920	6,302	6,305	5,920
Community facilities	6,879	6,611	6,879	6,879	6,611
Roads and footpaths	9,082	8,772	9,082	9,021	8,772
Flood protection and control works	3,728	3,612	3,728	3,720	3,612
Sewerage	7,824	7,752	7,824	7,753	7,752
Stormwater drainage	1,536	1,507	1,536	1,526	1,507
Water supply	6,817	6,005	6,817	8,705	6,005
Solid waste management	2,559	2,532	2,559	2,557	2,532
Environmental management	5,958	5,464	5,958	5,967	5,464
Regulatory	2,482	2,414	2,482	2,485	2,414
Regional development	2,591	2,977	2,591	2,973	2,977
Total activity rates	55,758	53,566	55,758	57,891	53,566
Plus non-activity rates	2	1	2	1	1
Less related party rates eliminated	(441)	(417)	-	-	-
Total gross rates revenue	55,319	53,150	55,760	57,892	53,567
Rates remissions (as below)	541	442	541	462	442
Rates, excluding targeted water rates net of remissions	54,778	52,708	55,219	57,430	53,125

Targeted Water Supply rates

Targeted water supply rates	2,913	2,790	3,243	1,668	2,790
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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
	2014-15	2013-14	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's
Community sporting and other organisations	26	26	26	26
Protected land	3	3	3	3
Residential land in commercial/industrial areas	25	27	25	27
Single entity non-contiguous pastoral units & separate ownership contiguous units	22	21	22	21
Subdivisions creating four or more units	11	15	11	15
Subdivisions creating 10 or more units	70	44	70	44
Karaka Point	-	(70)	-	(70)
Lansdowne Park	1	1	1	1
Separately used/inhabited parts of rating unit	80	76	80	76
Rate penalties	51	57	51	57
Statute barred	-	1	-	1
Water remission	53	51	53	51
Multi-ownership Maori land	199	190	199	190
Total remissions	541	442	541	442

Notes to Financial Statements

4. Finance Income and Finance Costs

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Interest revenue:					
Interest revenue:					
Term deposits and bonds	731	683	689	710	658
Community loans	98	98	98	98	98
Related party loans	(1)	1	-	-	-
Total interest revenue	828	782	787	808	756
Finance costs:					
Interest expense:					
Interest on bank borrowings	4,603	4,512	1,593	2,516	1,591
Less related party interest	(16)	(20)	-	-	-
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	1,548	(1,572)	67	-	(380)
Total finance expense	6,135	2,920	1,660	2,516	1,211
Net finance expense	(5,307)	(2,138)	(873)	(1,708)	(455)

5. Other Revenue

Other revenue	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
User charges	15,692	13,071	15,694	13,650	13,334
Regulatory revenue	3,845	3,637	4,314	4,460	3,810
Lump sum contributions	18	18	18	-	18
Infringements and fines	641	604	641	625	604
Petrol tax	386	373	386	367	373
Vested assets	2,121	715	2,121	1,029	715
Land subdivision revenues	467	818	467	148	818
Rendering of services	17,416	15,839	-	-	-
Dividend income	14	13	236	764	1,336
Rental income from investment properties	8,780	8,263	162	161	161
Marlborough Regional Forestry revenue	6,698	6,603	6,698	6,542	6,603
Other revenue	4,145	2,508	4,352	2,361	2,677
Total other revenue	60,223	52,462	35,089	30,107	30,449

Subsidies and grants

New Zealand Transport Roading Subsidies	6,705	6,881	6,705	5,547	6,881
Other Donations and Grants	524	399	524	423	399
Total Subsidies and Grants	7,229	7,280	7,229	5,970	7,280

Development and financial contributions

Development contributions	1,992	679	1,992	629	679
Development impact levies	160	133	160	160	133
Total Development and Financial Contributions	2,152	812	2,152	789	812

6. Gains

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Non-financial instruments:					
Property, plant and equipment gains on disposal	636	3,367	636	828	3,367
Non-current assets held for sale gains on disposal	1,371	-	1,371	-	-
Investment property revaluation gain (note 19)	780	516	50	-	110
Forestry asset revaluation gain (note 18)	2,005	3,269	2,005	-	3,269
Other	46	55	-	-	-
Total non-financial instrument gains	4,838	7,207	4,062	828	6,746
Financial instruments:					
Gain on fair value of investments	96	-	96	-	-
Total financial instruments gains	96	-	96	-	-
Total gains	4,934	7,207	4,158	828	6,746

7. Personnel Costs

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Salaries and wages	22,855	21,409	17,492	17,389	16,365
Defined contribution plan employer contributions	945	893	719	739	672
Increase in employee entitlements	78	156	78	96	156
Total personnel costs	23,878	22,458	18,289	18,224	17,193

8. Other Expenses

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Fees to auditors:					
Audit New Zealand for:					
audit of Council's financial statements	121	119	121	122	119
audit of the 2015-25 LTP	83	-	83	93	-
audit of MDCH financial statements	17	17	-	-	-
Deloitte for audit of PMNZL and MAL financial statements	71	71	-	-	-
Grants and donations	3,128	5,104	3,125	1,581	5,109
Insurance premiums	1,644	1,630	1,644	1,773	1,630
Impairment adjustment of receivables (note 12)	225	32	165	-	9
Councillors remuneration (note 31)	727	637	707	694	619
Directors' fees	227	214	-	-	-
Property plant and equipment loss on disposal	562	584	562	-	584
Direct operating expenses of investment properties	3,420	3,166	6	-	2
Investment property revaluation loss (note 19)	-	-	-	-	-
Payments under operating leases	427	424	398	305	401
Loss on fair value of investments	-	130	-	-	130
Other operating expenses	51,770	51,253	48,085	43,007	47,770
Total other expenses	62,422	63,381	54,896	47,575	56,373
Depreciation and amortisation:					
Depreciation expense (note 16)	22,018	20,817	19,546	20,058	18,512
Amortisation of intangible assets (note 17)	545	328	409	-	304
Total depreciation and amortisation	22,563	21,145	19,955	20,058	18,816

Amortisation expense is included in the line item "depreciation and amortisation" in the Statement of Income and Revenue Expense.

Notes to Financial Statements

	Council 2014-15	Council 2013-14
	\$000's	\$000's
Depreciation and amortisation by group of activities:		
People	623	603
Community facilities	1,053	902
Roads and footpaths	8,436	8,259
Flood protection and control works	141	137
Sewerage	2,717	2,507
Stormwater drainage	1,278	1,164
Water supply	2,745	2,516
Solid waste management	328	321
Environmental management	96	82
Regulatory	125	114
Regional development	651	620

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	
	2014-15	2013-14	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's
9.1 Components of tax expense				
Current tax expense	1,613	1,537	-	-
Adjustments to current tax in prior years	-	-	-	-
Deferred tax expense	(366)	243	-	-
Tax expense	1,247	1,780	-	-

9.2 Relationship between tax expense and accounting profit

	Group		Council	
	2014-15	2013-14	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's
Surplus before tax	18,600	14,580	13,618	8,808
Tax at 28% (2014: 28%)	5,208	4,082	3,813	2,466
Plus / (less) tax effect of:				
Non-deductible expenditure	(1)	(6)	-	-
Non-taxable income	(3,960)	(2,296)	(3,813)	(2,466)
Tax expense	1,247	1,780	-	-

	Group		Council	
	2014-15	2013-14	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's
9.3 Income tax recognised in comprehensive income				
Deferred tax on property revaluations	-	-	-	-
9.4 Current tax assets / (liabilities)				
Tax (payable) / receivable	(396)	(353)	-	-

Within the group tax losses to carry forward are \$3,503,572 (2014: \$1,666,072).

9.5 Deferred tax asset/ (liability) Group	Property, plant & Investment equipment property		Intangibles	Financial Instruments Provisions		Total \$000's
	\$000's	\$000's		\$000's	\$000's	
Balance at 1 July 2013	(6,967)	(2,070)	-	472	331	(8,234)
(Charged)/credited to surplus	239	(204)	-	(333)	56	(242)
Balance at 30 June 2014	(6,728)	(2,274)	-	139	387	(8,476)
(Charged)/credited to surplus	251	(340)	(72)	404	123	366
Balance at 30 June 2015	(6,477)	(2,614)	(72)	543	510	(8,110)

10. Cash and Cash Equivalents

	Group		Council		
	Actual 2014-15	Actual 2013-14	Actual 2014-15	Budget 2014-15	Actual 2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash at bank and on hand	3,370	6,898	1,519	4,711	5,341
Total cash and cash equivalents	3,370	6,898	1,519	4,711	5,341

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

	Actual 2014-15	Actual 2013-14	Actual 2014-15	Budget 2014-15	Actual 2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash at bank and on hand	3,370	6,898	1,519	4,711	5,341
Total as per statement of cash flows	3,370	6,898	1,519	4,711	5,341

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 From Non Exchange Transactions

11.1 Debtors and other receivables from non-exchange transactions	Group		Council	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Rates receivables	1,092	1,023	1,092	1,023
Goods and Services Tax (net)	997	678	664	678
Other	2,344	1,175	2,344	1,175
Gross debtors and other receivables	4,433	2,876	4,100	2,876
Less provision for impairment	-	-	-	-
Total debtors and other receivables	4,433	2,876	4,100	2,876

The values of debtors and other receivables approximate fair value.

There is no concentration of credit risk with respect to non-exchange receivables as the group has a large number of customers (refer to note 33.3, page 175).

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 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 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.

Notes to Financial Statements

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

11.2 Ageing profile of receivables from non-exchange transactions	2014-15			2013-14		
	Gross \$000's	Impair- ment \$000's	Net \$000's	Gross \$000's	Impair- ment \$000's	Net \$000's
Group						
Not past due	4,433	-	4,433	2,715	-	2,715
Past due 1-60 days	-	-	-	-	-	-
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	173	-	173	161	-	161
Total	4,606	-	4,606	2,876	-	2,876
Council						
Not past due	4,100	-	4,100	2,715	-	2,715
Past due 1-60 days	-	-	-	-	-	-
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	173	-	173	161	-	161
Total	4,273	-	4,273	2,876	-	2,876

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

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

12. Debtors and Other Receivables From Exchange Transactions

12.1 Debtors and other receivables from exchange transactions	Group		Council	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Trade receivables	3,285	3,154	3,285	3,154
Related party receivables	-	1	82	48
Prepayments	584	938	584	938
Other	3,088	3,198	944	1,063
Gross debtors and other receivables	6,957	7,291	4,895	5,203
Less provision for impairment	(268)	(103)	(208)	(43)
Total debtors and other receivables	6,689	7,188	4,687	5,160

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 175).

Council has provided a sum of \$208,140 (2014 \$43,168) 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 ageing profile of receivables at year end is detailed below:

12.2 Ageing profile of receivables from exchange transactions	2014-15			2013-14		
	Gross \$000's	Impair- ment \$000's	Net \$000's	Gross \$000's	Impair- ment \$000's	Net \$000's
Group						
Not past due	5,896	-	5,896	6,248	-	6,248
Past due 1-60 days	504	-	504	438	-	438
Past due 61-120 days	148	60	88	149	60	89
Past due >120 days	409	208	201	456	43	413
Total	6,957	268	6,689	7,291	103	7,188
Council						
Not past due	4,020	-	4,020	4,353	-	4,353
Past due 1-60 days	424	-	424	335	-	335
Past due 61-120 days	42	-	42	59	-	59
Past due >120 days	409	208	201	456	43	413
Total	4,895	208	4,687	5,203	43	5,160

12.3 Impairment information	Group		Council	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Individual impairment	268	103	208	43
Total provision for impairment	268	103	208	43
Past due 1-60 days	-	-	-	-
Past due 61-120 days	60	60	-	-
Past due >120 days	208	43	208	43
Total individual impairment	268	103	208	43
At 1 July	103	71	43	34
Additional provisions made during the year (note 8)	268	103	208	43
Provisions reversed during the year (note 8)	(103)	(71)	(43)	(34)
At 30 June	268	103	208	43

13. Other Financial Assets

	Group		Council		
	Actual 2014-15 \$000's	Actual 2013-14 \$000's	Actual 2014-15 \$000's	Budget 2014-15 \$000's	Actual 2013-14 \$000's
Current portion:					
Term deposits and bonds with maturities of 4-12 months	7,762	6,528	7,762	3,582	6,528
Total current portion	7,762	6,528	7,762	3,582	6,528
Non-current portion:					
Term deposits and bonds with maturities 12 months plus	3,683	4,582	3,683	6,821	4,582
Community loans	1,402	1,414	1,402	1,404	1,414
Unlisted shares in subsidiaries	-	-	6,000	6,000	6,000
Shares: NZ Local Government Insurance Corporation and the Local Government Funding Agency	733	509	733	74	509
Shares other	1	1	1	1	1
Total non-current portion	5,819	6,506	11,819	14,300	12,506
Total other financial assets	13,581	13,034	19,581	17,882	19,034

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

14. Inventory

	Group		Council		
	Actual 2014-15 \$000's	Actual 2013-14 \$000's	Actual 2014-15 \$000's	Budget 2014-15 \$000's	Actual 2013-14 \$000's
Held for distribution inventory:					
Goods held for maintenance	303	331	1	-	1
Commercial inventory:					
Quarry rock and gravel	252	374	252	351	374
Other:					
Inventory Queen Street Property	6,507	-	6,507	-	-
Total inventory	7,062	705	6,760	351	375

The Queen Street property is shown as an inventory item as the property is being prepared for sale.

15. Non-current Assets Held for Sale

	Group		Council		
	Actual 2014-15 \$000's	Actual 2013-14 \$000's	Actual 2014-15 \$000's	Budget 2014-15 \$000's	Actual 2013-14 \$000's
Non-current assets held for sale are:					
Buildings	285	450	285	-	450
Land	1,504	1,612	1,504	809	1,612
Total non-current assets held for sale	1,789	2,062	1,789	809	2,062

16. Property, Plant and Equipment

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		Acum dpn \$000's	Additions \$000's	Disposals \$000's	Disposals depreciation adjustment \$000's	Impair- ment \$000's	Deprec- iation \$000's	Transfer adjust- ment \$000's	Cost adjustment \$000's	Deprec- iation adjustment \$000's			Cost /revaluation 30-Jun-2014 \$000's
				\$000's	\$000's												
16.1 Operational assets																	
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)	-	1,674	-	1,103	(1,260)	70,502	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 equipment, furniture and fittings	5,770	4,253	1,517	183	-	167	(18)	(8)	-	486	-	-	-	6,102	4,731	1,371	
Plant, machinery and equipment	17,099	8,143	8,956	-	-	671	(444)	(417)	-	1,194	400	-	-	17,726	8,920	8,806	
	220,645	20,191	200,454	36	-	9,918	(3,901)	(482)	-	4,563	(902)	7,781	(1,477)	233,578	22,794	210,783	
16.2 Infrastructural assets																	
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	
	1,123,327	223	1,123,104	(36)	-	21,276	(363)	(3)	310	16,096	886	19,875	(14,892)	1,164,656	1,424	1,163,232	
16.3 Restricted assets																	
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	
	34,952	156	34,796	-	-	169	(26)	-	-	158	-	672	(156)	35,767	158	35,609	
Total operational and infrastructural assets	1,378,924	20,570	1,358,354	(0)	-	31,363	(4,290)	(485)	310	20,817	(16)	28,328	(16,525)	1,434,001	24,376	1,409,624	

Notes to Financial Statements

2013-14 COUNCIL	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	Acmdpn \$000's	Additions \$000's	Disposals \$000's	Disposals depreciation adjustment \$000's	Impair- ment \$000's	Depreci- ation \$000's	Transfer adjust- ment \$000's	Cost adjustment \$000's	Depreci- ation adjustment \$000's	Cost /revaluation 30-Jun-2014 \$000's			
16.1 Operational assets																	
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 equipment, furniture and fittings	5,687	4,181	1,506	183	-	167	(18)	(8)	-	486	-	-	-	6,019	4,659	1,360	
Plant, machinery and equipment	8,104	4,234	3,870	-	-	403	(150)	(126)	-	566	-	-	-	8,357	4,674	3,683	
	177,167	14,959	162,208	36	-	7,377	(3,494)	(152)	-	3,321	-	7,781	(1,477)	188,867	16,651	172,216	
16.2 Infrastructural assets																	
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	20,686	-	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	
	1,093,997	-	1,093,997	(36)	-	-	(363)	(3)	310	15,032	-	19,875	(14,892)	1,134,380	137	1,134,243	
16.3 Restricted assets																	
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	
	34,952	156	34,796	-	-	169	(26)	-	-	158	-	672	(156)	35,767	158	35,609	
Total operational and infrastructural assets	1,306,116	15,115	1,291,001	(0)	0	28,763	(3,883)	(155)	310	18,511	-	28,328	(16,525)	1,359,014	16,946	1,342,068	

Notes to Financial Statements

2014-15 GROUP	Cost/ valuation 1-Jul-2014 \$000's	Accumulated depreciation 1-Jul-2014 \$000's	Carrying amount 1-Jul-2014 \$000's	WIP & other reclassifications		Current year				Current year			Revaluation		Accumulated		Carrying amount 30-Jun-2015 \$000's
				Cost	Ac m d p n	Additions	Disposals	Disposals depreciation adjustment	Impair- ment	Deprec- iation	Transfer adjust- ment	Cost adjustment	Deprec- iation /revaluation	Cost 30-Jun-2015	Accumulated depreciation 30-Jun-2015		
																\$000's	
16.1 Operational assets																	
Work in progress	2,959	-	2,959	(3,744)	-	8,006	(1,396)	-	-	-	-	-	-	5,825	-	-	5,825
Buildings	70,501	2,450	68,051	481	-	5,191	(253)	(16)	-	2,104	-	425	(1,349)	76,345	3,189	-	73,156
Forest crops	1,138	-	1,138	-	-	-	-	-	-	-	-	-	-	1,138	-	-	1,138
Improvements at fair value	7,332	246	7,086	1,458	-	18	-	-	-	261	-	-	-	8,808	507	-	8,301
Land and improvements	93,847	477	93,370	(4,224)	-	3,299	-	-	-	66	-	5,323	-	98,245	543	-	97,702
Landfill	3,329	1,734	1,595	(57)	-	8	-	-	-	182	-	-	-	3,280	1,916	-	1,364
Library books	3,236	1,893	1,343	-	-	205	-	-	-	191	-	-	-	3,441	2,084	-	1,357
Other structures and improvements	27,407	2,343	25,064	4,376	-	1,713	(123)	(31)	-	555	-	-	-	33,374	2,867	-	30,507
Office equipment, furniture and fittings	6,102	4,731	1,371	87	-	123	(479)	(466)	-	450	-	-	-	5,833	4,715	-	1,118
Plant, machinery and equipment	17,726	8,920	8,806	(137)	-	1,115	(335)	(265)	-	1,196	-	-	-	18,369	9,851	-	8,518
	233,578	22,794	210,783	(1,760)	-	19,678	(2,586)	(778)	-	5,005	-	5,748	(1,349)	254,658	25,672	-	228,986
16.2 Infrastructural assets																	
Work in progress	2,659	-	2,659	(614)	-	4,025	(172)	-	-	-	-	-	-	5,898	-	-	5,898
Infrastructure land	11,468	-	11,468	(2)	-	-	-	-	-	-	-	1,210	-	12,676	-	-	12,676
Land under roads	135,003	-	135,003	61	-	304	-	-	-	-	-	-	-	135,368	-	-	135,368
Flood protection and controlled works	142,072	137	141,935	53	-	675	-	-	-	141	-	-	-	142,798	277	-	142,521
Road and footpaths	499,460	-	499,460	11	-	7,945	-	-	-	8,489	-	1,451	(8,489)	508,867	-	-	508,867
Sewerage schemes other	108,474	-	108,474	404	-	2,389	(124)	(2)	(310)	2,112	-	(2,205)	(2,110)	109,248	-	-	109,248
Sewerage treatment and facilities	38,547	-	38,547	-	-	909	-	-	-	604	-	1,262	(604)	40,718	-	-	40,718
Stormwater drainage schemes	69,131	-	69,131	-	-	1,413	(24)	-	-	1,281	-	(1,302)	(1,281)	69,218	-	-	69,218
Water supply schemes - other	106,944	-	106,944	24	-	1,905	(11)	-	(860)	2,239	-	742	(2,239)	110,464	-	-	110,464
Water treatment and facilities	20,622	-	20,622	120	-	200	-	-	-	835	-	(2,129)	(835)	18,813	-	-	18,813
Wharf infrastructure	30,276	1,287	28,989	380	-	143	-	-	-	1,147	-	-	-	30,799	2,434	-	28,365
	1,164,656	1,424	1,163,232	437	-	19,908	(331)	(2)	(1,170)	16,848	-	(971)	(15,558)	1,184,867	2,711	-	1,182,156
16.3 Restricted assets																	
Buildings	9,885	158	9,727	-	-	183	(22)	-	-	165	-	298	(158)	10,343	165	-	10,179
Land	25,882	-	25,882	-	-	-	-	-	-	-	-	429	-	26,311	-	-	26,311
	35,767	158	35,609	-	-	183	(22)	-	-	165	-	727	(158)	36,654	165	-	36,490
Total operational and infrastructural assets	1,434,000	24,376	1,409,624	(1,323)	-	39,770	(2,939)	(780)	(1,170)	22,018	-	5,504	(17,065)	1,479,180	28,548	-	1,447,632

Notes to Financial Statements

2014-15 COUNCIL	Cost/ valuation 1-Jul-20 14 \$000's	Accumulated depreciation 1-Jul-20 14 \$000's	Carrying amount 1-Jul-20 14 \$000's	WIP & other reclassifications		Current year				Current year			Revaluation			Accumulated		Carrying amount 30-Jun-20 15 \$000's
				Cost \$000's	Ac m d 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 /revaluation \$000's	Cost 30-Jun-20 15 \$000's	Accumulated depreciation 30-Jun-20 15 \$000's			
16.1 Operational assets																		
Work in progress	1,799	-	1,799	(1,182)	-	2,390	(1,396)	-	-	-	-	-	-	-	1,611	-	-	1,611
Buildings	60,249	1,348	58,901	-	-	4,886	(225)	(2)	-	1,719	-	425	(1,349)	65,335	1,716	-	63,619	
Forest crops	1,138	-	1,138	-	-	-	-	-	-	-	-	-	-	1,138	-	-	1,138	
Land and improvements	77,334	-	77,334	(4,224)	-	3,294	-	-	-	-	-	5,323	-	81,727	-	-	81,727	
Landfill	3,329	1,734	1,595	(57)	-	8	-	-	-	182	-	-	-	3,280	1,916	-	1,364	
Library books	3,236	1,893	1,343	-	-	205	-	-	-	191	-	-	-	3,441	2,084	-	1,357	
Other structures and improvements	27,407	2,343	25,064	4,376	-	1,713	(123)	(31)	-	555	-	-	-	33,373	2,867	-	30,506	
Office equipment, furniture and fittings	6,019	4,659	1,360	87	-	123	(407)	(404)	-	450	-	-	-	5,822	4,705	-	1,117	
Plant, machinery and equipment	8,357	4,674	3,683	-	-	743	(179)	(137)	-	583	-	-	-	8,921	5,120	-	3,801	
	188,867	16,651	172,216	(1,000)	-	13,362	(2,330)	(574)	-	3,680	-	5,748	(1,349)	204,648	18,408	-	186,240	
16.2 Infrastructural assets																		
Work in progress	2,659	-	2,659	(614)	-	4,025	(172)	-	-	-	-	-	-	5,898	-	-	5,898	
Infrastructure land	11,468	-	11,468	(2)	-	-	-	-	-	-	-	1,210	-	12,676	-	-	12,676	
Land under roads	135,003	-	135,003	61	-	304	-	-	-	-	-	-	-	135,368	-	-	135,368	
Flood protection and controlled works	142,072	137	141,935	53	-	675	-	-	-	140	-	-	-	142,800	277	-	142,523	
Road and footpaths	496,460	-	496,460	11	-	7,945	-	-	-	8,489	-	1,451	(8,489)	508,867	-	-	508,867	
Sewerage schemes other	108,474	-	108,474	404	-	2,389	(124)	(2)	(310)	2,112	-	(2,205)	(2,110)	109,248	-	-	109,248	
Sewerage treatment and facilities	38,547	-	38,547	-	-	909	-	-	-	604	-	1,262	(604)	40,718	-	-	40,718	
Stormwater drainage schemes	69,131	-	69,131	-	-	1,413	(24)	-	-	1,281	-	(1,302)	(1,281)	69,218	-	-	69,218	
Water supply schemes - other	106,944	-	106,944	24	-	1,905	(11)	-	(860)	2,240	-	742	(2,239)	110,464	-	-	110,464	
Water treatment and facilities	20,622	-	20,622	120	-	200	-	-	-	835	-	(2,129)	(835)	18,813	-	-	18,813	
	1,134,380	137	1,134,243	57	-	19,765	(331)	(2)	(1,170)	15,700	-	(971)	(15,558)	1,154,070	277	-	1,153,793	
16.3 Restricted assets																		
Buildings	9,885	158	9,727	-	-	183	(22)	-	-	165	-	298	(158)	10,343	165	-	10,179	
Land	25,882	-	25,882	-	-	-	-	-	-	-	-	429	-	26,311	-	-	26,311	
	35,767	158	35,609	-	-	183	(22)	-	-	165	-	727	(158)	36,654	165	-	36,490	
Total operational and infrastructural assets	1,359,014	16,946	1,342,068	(943)	0	33,311	(2,683)	(576)	(1,170)	19,546	-	5,504	(17,065)	1,395,372	18,850	-	1,376,523	

Core Infrastructure Asset Disclosures

2014	Closing Book Value \$'000	Additions \$'000		Most Recent Replacement Cost \$'000
		Constructed	Vested	
		Asset Class		
Flood protection and controlled works	141,935	847	-	146,254
Road and footpaths	496,460	7,389	9	645,364
Sewerage schemes-other	108,474	1,241	52	167,640
Sewerage treatment and facilities	38,547	8,429	-	41,737
Stormwater drainage	69,131	1,100	79	107,029
Water schemes-other	106,944	1,249	61	171,649
Water treatment and facilities	20,622	49	-	29,072

2015	Book Value \$'000	Additions \$'000		Most Recent Replacement Cost \$'000
		Constructed	Vested	
		Asset Class		
Flood protection and controlled works	142,523	675	-	146,254
Road and footpaths	508,867	7,049	896	657,566
Sewerage schemes-other	109,248	2,036	353	177,975
Sewerage treatment and facilities	40,718	909	-	44,026
Stormwater drainage	69,218	801	612	111,803
Water schemes-other	110,464	1,660	245	177,889
Water treatment and facilities	18,813	200	-	30,129

The Flood Protection and Controlled Works in the above tables 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 2014. The basis of valuation is fair value with reference to highest and best use, as at 1 July 2014.

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 2014. 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 2015.

Council's forest (soil erosion prevention) was valued at 30 June 2013 by Merrill & Ring New Zealand Limited.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively. Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For Council's earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.

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- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake-prone buildings and the associated lost rental during the time to undertake the strengthening work.

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 54 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 cost less accumulated depreciation plus additions at cost..

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 2015 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 Council's Rivers and Drainage Engineer and 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 2015.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction.
- contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over-or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand 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 asset management planning activities, which provides further assurance over useful life estimates.

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 reversal of \$310,170 have been recognised this year relating to strengthening works completed at 10 Blenheim sewer pump stations. Further reversal impairment losses of \$860,000 have been recognised this year for

Riverlands reservoir capital upgrade works. Last year losses of \$310,170 were recognised relating to strengthening works required at 10 Blenheim sewer pump stations.

The impairment loss was recognised through the Sewerage revaluation reserve.

The impairment loss was recognised in Other Comprehensive Revenue and Expense.

Restrictions

Land and buildings in the “Restricted Asset” category are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977) or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used).

Work in Progress

Property, plant and equipment in the course of construction by class of asset is detailed below:

Council and Group		
	2015	2014
	\$'000	\$'000
Roading	780	38
Sewerage treatment	125	176
Sewerage other	2,362	1,854
Water other	1,928	239
Water treatment	60	122
Stormwater	183	106
River and drainage	216	123
Buildings	3,820	528
Office equipment, furniture and fittings	83	1,052
Landfill	1,275	265
Other structures and improvements	99	349
Land	68	156
Wharf infrastructure	243	403
Plant machinery and equipment	187	7
Land improvements	294	200
Total work in progress	11,723	5,618

17. Intangible Assets

	Group			Council		
	Group total \$000's	Carbon credits \$000's	Computer software \$000's	Council total \$000's	Carbon credits \$000's	Computer software \$000's
Cost:						
Balance at 1 July 2013	3,782	578	3,204	3,364	578	2,786
Additions	1,063	-	1,063	216	-	216
Disposals	(169)	(55)	(114)	(55)	(55)	-
Balance at 30 June 2014	4,676	523	4,153	3,525	523	3,002
Additions	1,394	-	1,394	1,264	-	1,264
Disposals	(102)	(61)	(41)	(61)	(61)	-
Balance at 30 June 2015	5,968	462	5,506	4,728	462	4,266
Accumulated amortisation and impairment:						
Balance at 1 July 2013	2,377	-	2,377	2,003	-	2,003
Amortisation expense	328	-	328	304	-	304
Revaluation/ Impairment	87	87	-	87	87	-
Disposals	(114)	-	(114)	-	-	-
Balance at 30 June 2014	2,678	87	2,591	2,394	87	2,307
Amortisation expense	545	-	545	409	-	409
Disposals	(41)	-	(41)	-	-	-
Balance at 30 June 2015	3,182	87	3,095	2,803	87	2,716
Carrying amount:						
Balance at 1 July 2013	1,405	578	827	1,361	578	783
Balance at 30 June 2014	1,998	436	1,562	1,131	436	695
Balance at 30 June 2015	2,786	375	2,411	1,925	375	1,550

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

Carbon Credits

All carbon credits are NZUs and are all valued at fair value. Forestry NZUs were previously valued at \$nil. This year as transition under IPSAS 26 the deemed cost of Forestry NZUs are now at the NZU market rate as at 1 July 2013. The Forestry NZUs are now valued at \$339k.

Council owns:

- 8,653 (2014: 23,131) 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 (2014: 117,373) post 1989 Forestry NZUs.
- 60,934 (2014: 60,934) pre 1990 Forestry NZUs.

18. Forestry Assets

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July	16,333	15,478	16,333	15,179	15,478
Increase due to purchases	470	470	470	299	470
Gains arising from changes attributable to physical changes (note 6)	1,036	2,998	1,036	607	2,998
Gains / (losses) arising from changes attributable to price changes (note 6)	969	271	969	-	271
Decreases due to sales	(2,971)	(2,884)	(2,971)	(1,184)	(2,884)
Balance at 30 June	15,837	16,333	15,837	14,901	16,333

The forestry estate called Marlborough Regional Forest (MRF) is managed through a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (11.5%). The MRF estate covers 3,161 stocked hectares as at 30 June 2015 (2014: 3,132).

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 75%; 15-28 years 14% and 29-41 years 11% (2014: 1-14 years 72%, 15-28 years 21% and 29-40 years 7%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2015. Buck Forestry Service Limited has prepared the forestry crop valuations as at 30 June 2015 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 2015			as at 30 June 2014		
	7%	8%	9%	7%	8%	9%
Discount rate:		(as used)			(as used)	
Tree crop value (\$000's)	20,206	17,895	16,022	20,638	18,456	16,670
MDC's 88.5% share (\$000's)	17,882	15,837	14,179	18,265	16,333	14,753

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	Actual	Actual	Budget	Actual
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July	75,415	70,629	2,000	2,000	1,890
Additions from acquisition	161	3,261	-	-	-
Additions arising from work in progress	451	1,045	-	-	-
Transfer from property plant and equipment.	380	-	-	-	-
Fair valuation gains (note 6)/(losses) (note 8)	780	516	50	-	110
Disposals	-	(36)	-	-	-
Balance at 30 June	77,187	75,415	2,050	2,000	2,000

The fair value of MDC's investment property at 30 June 2015 has been arrived at on the basis of a valuation carried out at that date by Jim Sampson, ANZIV, SPINZ of Alexander Hayward Limited, independent registered valuers not related to the consolidated entity. The fair value of investment property has been determined using the capitalisation of net income and discounted cash flow methods. These methods are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rates.

The fair value of the MDCH group's investment property at 30 June 2015 has been arrived at on the basis of a valuation carried out at that date by Colliers International (2014: Colliers International), independent registered

Notes to Financial Statements

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 (MRF) 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	
	2014-15 \$000's	2013-14 \$000's
Current assets	901	1,100
Non-current assets	23,726	24,041
Current liabilities	282	489
Non-current liabilities	-	-
Income	8,769	9,907
Expenses	6,745	6,407

There are no contingent capital commitments or contingent liabilities and assets in relation to the joint venture (2014:\$nil)

21. Creditors and Other Payables

	Group		Council		
	Actual 2014-15 \$000's	Actual 2013-14 \$000's	Actual 2014-15 \$000's	Budget 2014-15 \$000's	Actual 2013-14 \$000's
Creditors and other payables from non exchange transactions					
Taxes payable (GST, PAYE, FBT and rates)	310	372	21	-	25
Grants payable	41	244	41	-	244
Non exchange creditors and other payables	351	616	62	-	269
Creditors and other payables from exchange transactions					
Trade payables	5,562	6,403	3,396	7,679	5,253
Accrued expenses	4,429	2,506	4,429	2,089	2,506
Income in advance	2,351	2,084	1,866	944	1,597
Deposits	946	1,028	946	1,417	1,028
Other	385	400	1,775	1,346	884
Exchange creditors and other payables	13,673	12,421	12,412	13,475	11,268
Total creditors and other payables	14,024	13,037	12,474	13,475	11,537

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 2014-15 \$000's	Actual 2013-14 \$000's	Actual 2014-15 \$000's	Budget 2014-15 \$000's	Actual 2013-14 \$000's
Current portion					
Secured loans	-	28,895	-	-	-
Total current portion	-	28,895	-	-	-
Non-current portion					
Secured loans	84,475	54,500	28,500	50,039	28,000
Total non-current portion	84,475	54,500	28,500	50,039	28,000
Total borrowings	84,475	83,395	28,500	50,039	28,000

Council

Secured loans have been raised under a \$20M (2014: \$30M) wholesale advance facility agreement with Westpac New Zealand Limited (Westpac). 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 has the option to renew the facility in December 2016.

The \$0.5m (2014: \$14.0) of debt is issued at floating rates of interest.

Further secured fixed term loans of \$28M (2014; \$14M) 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 \$28.0M (2014:\$14M) of debt is issued with fixed interest. The interest rates range between 5.00% and 6.00%. The loans mature between 15 March 2019 and 15 April 2023.

Council has interest rate swaps of \$14M (2014: \$14M) in place maturing between 2 May 2016 and 18 March 2025. During the year interest rates ranged between 4.23% and 4.65% (2014: 3.58% and 4.37%).

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 Council's financial statements.

MDC Holdings Limited

During the year interest rates ranged between 3.55% and 5.90% (2014: 3.43% and 7.883.15% and 6.80%).

Loan Maturities - Funds have been raised under a \$65M multi-option facility agreement (2014: \$60M).). The terms of that agreement includes two facilities, \$30 million Westpac and \$35 million with ASB Limited ("ASB"). The ASB \$35 million facility was agreed for three years and expires December 2017, 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. and Marlborough Airport Limited.

23. Employee Entitlements

	Group		Council		
	Actual 2014-15 \$000's	Actual 2013-14 \$000's	Actual 2014-15 \$000's	Budget 2014-15 \$000's	Actual 2013-14 \$000's
Current portion					
Accrued pay	326	259	326	199	259
Annual leave	2,157	2,111	1,386	1,225	1,332
Sick leave	54	50	54	51	50
Retirement and long service leave	279	478	279	-	478
Total current portion	2,816	2,898	2,045	1,475	2,119
Non-current portion					
Retirement and long service leave	53	-	53	347	-
Total non-current portion	53	-	53	347	-
Total employee entitlements	2,869	2,898	2,098	1,822	2,119

24. Provisions

24.1 Balances

	Group		Council	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Current portion:				
Weathertightness claims	70	135	70	135
Other	68	207	440	579
Total current portion	138	342	510	714
Non-current portion:				
Landfill aftercare provision	1,148	1,393	1,148	1,393
Runway reseal provision	1,048	712	-	-
Total non-current portion	2,196	2,105	1,148	1,393
Total provisions	2,334	2,447	1,658	2,107

24.2 Movements

	Weather-tightness claims	Other	Landfill aftercare	Council	Runway reseal	Group
Balance at 1 July 2013	31	718	1,828	2,577	533	2,738
Additional provisions made	104	14	-	118	179	297
Unused amounts reversed	-	(94)	(375)	(469)	-	(469)
Amounts used	-	(59)	(60)	(119)	-	(119)
Balance at 30 June 2014	135	579	1,393	2,107	712	2,447
Additional provisions made	-	38	-	38	336	374
Unused amounts reversed	-	-	-	-	-	-
Amounts used	(65)	(177)	(245)	(487)	-	(487)
Balance at 30 June 2015	70	440	1,148	1,658	1,048	2,334

Weathertightness Claims

This provision recognises:

- No new claims have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2015 (2014: two).

Existing claims that relate to weathertightness issues of homes in the Marlborough District Council area and name Council as well as other parties, have a current provision of \$69,931 for these claims has been established based on an assessment by Council's legal advisor.

No building related claims were settled in 2014-15 (2014:two).

- Outstanding RiskPool of nil (2014:nil) of which none is current (2014: 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 RiskPool may make a call on members for that fund year. The provisions include:

- A legal obligation to settle a historical debt of \$372,500 (2014: \$372,500) due to Port Marlborough. The nature of payment is being resolved between the parties.
- \$29,582 (2014: \$191,919) for remaining earthquake strengthening a former Council building now in community ownership.
- \$38,062 (2014: \$14,277) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2015.

\$nil (2014: \$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% (2014: 2.0%).
- A discount rate of 7.0% (2014: 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.

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 54 to 85 years' time (ie: between 2069 and 2100). The estimated liability for closure and post-closure is \$1.87M (2014: \$1.87M).

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

- The remaining capacity of the site is 2.17M (2014: 2.21M) cubic metres (refuse, clean fill and cover).
- The estimated remaining life is 54 years (2014: 55 years) based on historical volume information.
- The granting of resource consent renewals.

Closed landfills

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

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 (2014: \$46,200) 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. Derivative Financial Instruments

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2014-15	2013-14	2014-15	2014-15	2013-14
	\$000's	\$000's	\$000's	\$000's	\$000's
Current asset portion:					
Interest rate swaps	-	-	-	-	-
Non-current asset portion:					
Interest rate swaps	-	-	-	-	-
Total derivative financial instruments assets	-	-	-	-	-
Current liability portion:					
Interest rate swaps	147	12	-	-	-
Non-current liability portion:					
Interest rate swaps	2,045	632	216	-	149
Total derivative financial instruments liabilities	2,192	644	216	-	149

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 Council were \$14M (2014: \$14M) and for the Group were \$93.0M (2014: \$68.2M). At 30 June 2015 the fixed interest rates of interest rate swaps (MDC) varied from 3.88% to 5.58% (2014: 4.45% to 5.31%).

26. Equity

	Group		Council		
	Actual 2014-15 \$000's	Actual 2013-14 \$000's	Actual 2014-15 \$000's	Budget 2014-15 \$000's	Actual 2013-14 \$000's
Accumulated funds					
Balance at 1 July	598,917	590,795	561,780	563,684	557,650
Transfers (to) / from reserves	(713)	(4,780)	(713)	339	(4,780)
Transfers (to) / from restricted reserves	43	(323)	43	(150)	(323)
Transfers from property revaluation reserves on disposal	963	425	963	-	425
Surplus for the year	17,353	12,800	13,618	8,021	8,808
Balance at 30 June	616,563	598,917	575,691	571,894	561,780
Ordinary and Council created reserves					
Balance at 1 July	44,508	40,439	41,892	35,676	37,823
Transfers (to) / from accumulated funds	713	4,780	713	(340)	4,780
Reclassification to Restricted Reserves	-	(711)	-	-	(711)
Balance at 30 June	45,221	44,508	42,605	35,336	41,892
Restricted reserves:					
Balance at 1 July	1,290	256	1,290	(699)	256
Transfers (to) / from accumulated funds	(43)	323	(43)	150	323
Reclassification from ordinary Reserves	-	711	-	-	711
Balance at 30 June	1,247	1,290	1,247	(549)	1,290
Restricted reserves consists of:					
Development contribution reserves	711	711	711	(533)	711
Land subdivision reserve	536	579	536	(16)	579
Property revaluation reserve:					
Balance at 1 July	780,160	736,043	747,507	724,278	703,390
Net revaluation gains	23,739	44,542	23,739	23,735	44,542
Transfers to accumulated funds on disposal of property	(962)	(425)	(962)	-	(425)
Balance at 30 June	802,937	780,160	770,284	748,013	747,507
Total other reserves	849,405	825,958	814,136	782,800	790,689
Total equity	1,465,968	1,424,875	1,389,827	1,354,694	1,352,469

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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
2015					
Emergency Events	Infrastructural assets including roading network and Wairau floodplain river protection	7,503	2,760	(1,236)	9,027
Forest Park	Community infrastructure	3,065	3,298	(5,897)	466
Forestry and Assets Sales	All activities	3,870	2,468	(3,565)	2,773
Infrastructure Upgrade	Infrastructure such as water and sewerage and other activities as determined by Council from time to time	6,106	1,907	(1,817)	6,196
Land Subdivision	Community facilities	(1,421)	1,579	(1,222)	(1,064)
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	(534)	1,224	(1,320)	(630)
Community Facilities	Community facilities	468	570	(106)	932
Roads and footpaths	Roads and footpaths	2,643	4,506	(3,982)	3,167
Flood protection	Flood protection	3,628	862	(1,122)	3,368
Sewerage	Sewerage	1,571	3,310	(4,019)	862
Stormwater	Stormwater	3,005	393	(1,602)	1,796
Water supply	Water supply	3,972	3,848	(3,134)	4,686
Solid waste management	Solid waste management	1,315	857	(917)	1,255
Environmental management	Environmental management	31	244	0	275
Regulatory	Regulatory	243	151	(138)	256
Regional development	Regional development	9	2,296	(453)	1,852
Other non activity	All activities	3,395	2,315	(1,388)	4,322
Total reserves 2015		43,182	32,588	(31,918)	43,852

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
2014					
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
Total reserves 2014		38,079	32,419	(27,316)	43,182

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 Limited 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

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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.

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

	Group		Council	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Surplus after tax	17,353	12,800	13,618	8,808
Add / (less) non-cash items:				
Depreciation and amortisation expense	22,563	21,145	19,955	18,816
Decrease in forestry value due to harvest	2,971	2,884	2,971	2,884
Vested assets	(2,121)	(715)	(2,121)	(715)
Movement in deferred tax	(366)	242	-	-
Runway seal provision	336	179	-	-
Landfill aftercare provision	(245)	(435)	(245)	(435)
Weathertight homes and other provisions	(200)	(25)	(204)	(35)
Fair value of biological assets	(2,005)	(3,269)	(2,005)	(3,269)
Fair value of investment property	(780)	(516)	(50)	(110)
Fair value of non current assets	-	-	-	-
Fair value of investments	(96)	130	(96)	130
Derivative financial instruments	1,548	(1,572)	67	(380)
	21,605	18,048	18,272	17,356
Add / (less) items classified as investing or financing activities:				
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	(1,418)	(2,768)	(1,445)	(2,783)
(Inc) / Dec in capital creditors	(1,900)	1,446	(1,900)	1,446
Other	-	474	-	474
Dividend income	(17)	(13)	(239)	(1,336)
	(3,335)	(861)	(3,584)	(2,199)
Add / (less) movements in working capital items:				
Debtors and other receivables	(1,632)	772	(1,295)	855
Inventory	(6,357)	(79)	(6,385)	(24)
Income tax receivable	-	-	-	-
Creditors and other payables	1,522	(2,139)	938	(1,686)
Income tax payable	43	248	-	-
Employee entitlements	(21)	183	(21)	183
	(6,445)	(1,296)	(6,763)	(1,142)
Net cash inflow / (outflow) from operating activities	29,178	28,972	21,543	22,823

28. Capital Commitments and Operating Leases

	Group		Council	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Capital commitments:				
Property, plant and equipment	7,479	20,391	6,340	15,696
Total capital commitments	7,479	20,391	6,340	15,696

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	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Operating leases as lessee:				
Not later than one year	323	303	290	298
Later than one year and not later than five years	463	673	463	673
Later than five years	216	295	216	295
Total non-cancellable operating leases	1,002	1,271	969	1,266

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	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Operating leases as lessor:				
Not later than one year	8,390	8,843	4,359	3,900
Later than one year and not later than five years	20,342	19,694	13,867	11,443
Later than five years	41,406	40,845	38,179	35,635
Total non-cancellable operating leases	70,138	69,382	56,405	50,978

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.

MDC 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.

29. Contingencies

	Group		Council	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Uncalled capital in MDC Holdings Limited	70,000	65,000	70,000	65,000
Financial guarantees	3,120	520	3,120	520
Ministry for the Environment security for funding	776	-	776	-
Contractual variation claims	-	734	-	734
Total contingent liabilities	73,896	66,254	73,896	66,254

Weathertight homes

As disclosed in note 24 a provision of \$69,931 (2014: \$134,750) has been recognised for weathertightness claims where Council has received notice of the claim. No amount is identified here as a contingent liability (2014: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

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 RiskPool may make a call on members for that Fund year.

Local Government Funding Agency

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 Poor's of AA+ and a foreign currency rating of AA..

Council is one of 30 local authority shareholders and 11 local authority guarantors of the NZLGFA. In that regard 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, 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 2015

NZLGFA had borrowings totalling \$4.998 billion (2014: 3.728 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. 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

Council is listed as sole guarantor for a small number of community organisation bank loans. 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. The possibility of any call on these guarantees is mostly remote.

There is a loan guarantee for the Marlborough Civic Theatre Trust (the Trust) with ASB on a loan of \$3.1 million. If called on this could cost Council up to \$170,500 per year. The agreement provides for payments made under the guarantee to be claimed back from the Trust, but the ability of the Trust to make payment would be limited. Council approved the guarantee in May 2015 and entered into the Guarantee Agreement with the Marlborough Civic Theatre Trust on 9 October 2015.

Local Authority Protection Programme (LAPP)

Council is a member of the 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 (2014: Nil).

30. Related Parties Transactions

The consolidated financial statements include the results and assets and liabilities of the Marlborough District Council and other entities in which Council has a significant interest. All inter entity transactions and balances as listed below have been eliminated in the consolidated financial statements.

30.1 Subsidiaries and joint venture	Council	
	2014-15 \$000's	2013-14 \$000's
Subsidiaries:		
MDC Holdings Limited		
Services provided to MDC	-	-
Interest received from MDC	16	20
Dividend paid to MDC	222	1,323
Loans receivable from MDC	1,390	484
Receivable from MDC	16	20
Marlborough Airport Limited		
Services provided to MDC	2	1
Rates paid to MDC	11	11
Services provided by MDC	94	51
Payable to MDC	82	49
Port Marlborough (NZ) Limited		
Services provided to MDC	47	56
Assets purchased from MDC	-	-
Rates paid to MDC	430	406
Services provided by MDC	839	472
Receivable from MDC	373	373
Payable to MDC	-	-
Marlborough Housing for the Elderly Trust		
Grants provided by MDC	9	23

MDC Holdings Limited issued five million ordinary shares during the year to Council. These shares are uncalled.

30.2 Key management personnel	Council	
	2014-15 \$000's	2013-14 \$000's
Councillors including the Mayor:		
Remuneration	707	619
Full-time equivalent members	14	14
Senior management team including the Chief Executive:		
Remuneration	1,408	1,393
Full-time equivalent members	7	7
Total key management personnel compensation	2,115	2,012
Total full-time equivalent personnel	21	21

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

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 \$nil (2014: \$10,245), negotiated on normal commercial terms. There was no balance (2014: nil) outstanding at year end.
- A company of which Jessica Bagge, a Councillor, is a director and shareholder for signage costing \$265 (2014: \$340) and supplied on normal commercial terms. There was no balance outstanding at year end (2014: nil).

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- A business of which Terry Sloan, a Councillor, is a director and shareholder for accommodation costing \$nil (2014: \$60) and supplied on normal commercial terms. There was no balance outstanding at year end (2014: nil).

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2014: nil).

31. Remuneration

31.1 Chief Executive	Council	
	2014-15 \$000's	2013-14 \$000's
The Chief Executive received the following remuneration:		
Salary	290	289
Vehicle	11	15
Superannuation contribution	9	9
Total Chief Executive compensation	310	313

31.2 Elected representatives	Group		Council	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Elected representatives received the following remuneration:				
Mayor:				
Alistair Sowman*	143	143	133	134
Councillors:				
Jenny Andrews	34	36	34	36
Jamie Arbuckle	50	34	50	34
Jessica Bagge	34	32	34	32
Graeme Barsanti	47	37	47	37
Cynthia Brooks	47	24	47	24
Brian Dawson	35	24	35	24
David Dew	-	13	-	13
Geoff Evans	39	34	39	34
Trevor Hook	49	42	49	42
Peter Jerram	44	42	44	42
John Leggett*	54	45	44	39
Francis Maher*	-	15	-	12
David Oddie	64	43	64	43
Laressa Shenfield	44	23	44	23
Terry Sloan	43	37	43	37
Graeme Taylor	-	13	-	13
Total elected representatives' remuneration	727	637	707	619

Remuneration includes payment for attendance at resource consent hearings.

*The Mayor and Councillors Leggett and Maher were directors of MDC Holdings Limited during the reporting periods 2013-14 and/or 2014-15 and were paid Directors' fees by MDC Holdings Limited. A Sowman \$9,512 (2014: \$8,500), J C Leggett \$9,517 (2014: \$5,667 part year) and F Maher \$0 (2014: \$2,833 part year).

31.3 Staff employed Full Time Equivalent	Council			
	2014-15		2013-14	
	Male	Female	Male	Female
General Management				
Management and support	3.0	3.0	3.0	3.0
Assets and Services				
Development and project management	5.4	0.7	6.6	0.7
Engineering	16.6	4.0	16.0	5.0
Operations	10.7	1.0	9.8	-
Reserves and amenities	10.4	4.9	8.4	6.2
Rivers and land drainage	6.0	-	6.0	-
Management and support	3.0	1.0	3.0	1.0
Civil defence/emergency management	2.0	0.8	2.0	1.0
Corporate Finance				
Management and support	2.0	1.6	2.0	1.6
Treasury	1.0	10.9	1.0	9.4
Regulatory				
Animal and plant pests	3.0	1.0	4.0	1.0
Building control	15.0	6.0	14.0	6.7
Dog control	-	1.0	-	1.0
Environmental health and liquor	-	2.4	-	2.4
Environmental unit	8.9	6.0	9.0	6.0
Environmental policy	2.0	3.0	2.0	3.0
Harbour functions	4.0	0.8	4.0	-
Resource management control	5.8	9.4	5.8	7.1
Compliance	1.8	3.9	4.7	2.0
Management and support	1.0	1.0	1.0	1.0
Support Services				
Support services management	1.0	1.8	1.0	1.8
Community development management	-	1.0	-	1.0
Democratic services management	1.0	1.6	1.0	1.6
Office services/secretarial	-	10.8	-	10.0
Risk and contracts management	1.0	-	1.0	-
Human resources	-	2.0	-	2.0
Information services	10.0	12.5	9.0	11.3
Customer service centres	1.0	11.5	1.0	11.8
Libraries	2.4	14.9	3.6	13.7
	117.8	118.5	119.8	110.1
Total		236.3		229.9

At balance date the Council employed 199 full time employees (2013-14: 199) with the balance of staff representing 37.4 (2013-14: 30.9) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

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	2014
Up to \$59,999	114
\$60,000 to \$79,999	71
\$80,000 to \$99,999	40
\$100,000 to \$119,999	7
\$120,000 to \$139,999	9
\$140,000 to \$239,999	7
\$300,000 to \$319,999	1
Total	249

	2015
Up to \$59,999	114
\$60,000 to \$79,999	71
\$80,000 to \$99,999	47
\$100,000 to \$119,999	6
\$120,000 to \$139,999	8
\$140,000 to \$219,999	6
\$220,000 to \$319,999	3
Total	255

32. Severance Payments

For the year ended 30 June 2015 Council made one severance payment to an employee, \$15,000 (2014: \$nil) that required disclosure under the Local Government Act 2002.

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	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Financial assets:				
Fair value through surplus or deficit:				
Term deposits and bonds	11,445	11,110	11,445	11,110
Loans and receivables:				
Cash and cash equivalents	3,370	6,898	1,519	5,341
Debtors and other receivables	9,809	8,551	7,747	6,463
Shares	734	510	734	510
Community loans	1,402	1,414	1,402	1,414
Total loans and receivables	15,315	17,373	11,402	13,728
Financial liabilities:				
Fair value through surplus or deficit :				
Derivative financial liability instruments	2,192	644	216	149
Financial liabilities at amortised cost				
Creditors and other payables	14,024	13,044	12,474	11,537
Secured loans	84,475	83,395	28,500	28,000
Total financial liabilities at amortised cost	98,499	96,439	40,974	39,537

The carrying amount is the approximate 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	Total \$000's	Valuation technique:		
		Quoted market price \$000's	Observ- able inputs \$000's	Significant nonobserv- able inputs \$000's
Group 2013-14				
Financial assets				
Term deposits and bonds	11,110	11,110	-	-
Financial liabilities				
Derivatives	644	-	644	-
Group 2014-15				
Financial assets				
Term deposits and bonds	11,445	11,445	-	-
Financial liabilities				
Derivatives	2,192	-	2,192	-
Council 2013-14				
Financial assets				
Term deposits and bonds	11,110	11,110	-	-
Financial liabilities				
Derivatives	149	-	149	-
Council 2014-15				
Financial assets				
Term deposits and bonds	11,445	11,445	-	-
Financial liabilities				
Derivatives	216	-	216	-

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.

Council (both itself and through its funds manager) places its cash and short term deposits in high rating financial institutions. 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 \$2,090,642 (2014: NZTA \$1,001,154). 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. 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. The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 29.

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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	
	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Cash at bank and term deposits and bonds	14,815	18,008	12,964	16,451
Debtors and other receivables	9,809	8,551	7,747	6,463
Community and related party loans	1,402	1,414	1,402	1,414
Financial guarantees	3,120	520	3,120	520
Total credit risk	29,146	28,493	25,233	24,848

ii) Credit quality of financial assets	2014-15		2013-14	
	\$000's	\$000's	\$000's	\$000's
Counterparties with credit ratings - cash at bank and term deposits				
AA	542	534	542	534
AA-	12,217	15,434	10,366	13,877
A+	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
BBB *	1,017	988	1,017	988
Counterparties without credit ratings - cash at bank and term deposits				
NR	1,039	1,052	1,039	1,052
Total	14,815	18,008	12,964	16,451
Counterparties without credit ratings - existing counterparty with no defaults in the past				
Term deposits	1,039	1,052	1,039	1,052
Community and related party loans	1,402	1,414	1,402	1,414
Total	2,441	2,466	2,441	2,466

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

(b) Liquidity risk

(i) Management of liquidity risk

Liquidity risk is the risk that MDC 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.

MDC 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. The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 29.

These policies have been adopted as part of the MDC'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 2013-14

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

Group 2014-15

Creditors and other payables	14,024	14,024	14,024	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	84,475	110,309	3,808	28,121	44,525	33,855
Interest rate swaps	2,192	2,192	147	168	614	1,263
Total financial liabilities	100,691	126,525	17,979	28,289	45,139	35,118

Council 2013-14

Creditors and other payables	11,536	11,536	11,536	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	28,000	34,959	1,609	1,565	20,654	11,131
Interest rate swaps	149	149	-	-	149	-
Total financial liabilities	39,685	46,644	13,145	1,565	20,803	11,131

Council 2014-15

Creditors and other payables	12,474	12,474	12,474	-	-	-
Secured loans	28,500	39,237	1,426	1,422	8,065	28,324
Interest rate swaps	216	216	-	-	-	216
Total financial liabilities	41,190	51,927	13,900	1,422	8,065	28,540

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.

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Contractual maturity analysis of financial assets	Carrying Amount	Contractual Cashflow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
This table analyses MDC's financial assets into maturity groupings based on the remaining period at the balance date to the contractual maturity date.						
Group 2013-14						
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	-
Total financial assets	27,973	27,973	22,010	1,052	4,911	-
Group 2014-15						
Cash and cash equivalents	3,370	3,370	3,370	-	-	-
Debtors and other receivables	9,809	9,809	9,809	-	-	-
Other financial assets:						
Term deposits	11,445	11,812	7,927	1,647	2,238	-
Community loans	1,402	1,402	1,402	-	-	-
Total financial assets	26,026	26,393	22,508	1,647	2,238	-
Council 2013-14						
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	-
Total financial assets	24,328	24,328	18,365	1,052	4,911	-
Council 2014-15						
Cash and cash equivalents	1,519	1,519	1,519	-	-	-
Debtors and other receivables	7,747	7,747	7,747	-	-	-
Other financial assets:						
Term deposits	11,445	11,812	7,927	1,647	2,238	-
Community loans	1,402	1,402	1,402	-	-	-
Total financial assets	22,113	22,480	18,595	1,647	2,238	-

(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.

	2014-15		2013-14	
	-50bps Surplus \$000's	+50bps Surplus \$000's	-50bps Surplus \$000's	+50bps Surplus \$000's
GROUP INTEREST RATE RISK				
Financial assets				
Other financial assets - term deposits	(64)	64	(58)	58
Financial liabilities				
Borrowings:				
Secured loans	136	(136)	208	(208)
Interest rate swaps	(1,791)	1,726	(1,321)	765
Total sensitivity to interest rate risk	(1,720)	1,655	(1,171)	615
COUNCIL INTEREST RATE RISK				
Financial assets				
Other financial assets - term deposits	(57)	57	(56)	56
Financial liabilities				
Borrowings:				
Secured loans	73	(73)	140	(140)
Interest rate swaps	(549)	527	(318)	177
Total sensitivity to interest rate risk	(534)	512	(234)	93

(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 the 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:

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2014-15 %	2013-14 %	2014-15 \$000's	2013-14 \$000's	2014-15 \$000's	2013-14 \$000's
Outstanding fixed for floating						
Group						
Less than one year	5.06%	5.27%	16,500	800	(147)	(12)
1 to 2 years	5.58%	5.31%	3,500	16,500	(168)	(318)
2 to 5 years	4.20%	4.63%	20,900	32,900	(614)	(139)
Greater than 5 years	4.32%	4.95%	51,300	18,000	(1,263)	(175)
Total sensitivity to interest rate risk	4.47%	4.89%	92,200	68,200	(2,192)	(644)
Council						
2 to 5 years	-	4.63%	-	14,000	-	(149)
Greater than 5 years	4.05%	-	14,000	-	(216)	-
Total sensitivity to interest rate risk	4.05%	4.63%	14,000	14,000	(216)	(149)

(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

Council and the Group have minimal currency risk given that financial instruments are transacted in New Zealand dollars.

34. Capital Management

Council's capital is its equity (or ratepayers' funds), which comprises accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires 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 Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, 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 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 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 Council's LTP.

MDC has the following reserves:

- Reserves for different areas of benefit; and
- 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 2015 is \$1.38 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 for any applicable excess 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.

Council has an Emergency Events Reserve, currently at \$9.0M.

	2014-15 Assets Value at Cost \$'000	2014-15 Maximum cover \$'000	2013-14 Assets Value at Cost \$'000	2013-14 Maximum cover \$'000
Council Insurance				
Total value of assets covered by Insurance contracts and maximum amount to which they are insured.	303,345	368,734	270,222	301,948
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements.	325,086	50,000	314,102	40,000
Total value of self-insured assets and value of any fund held for that purpose.	529,601	9,027	546,002	7,503
Land	262,924	-	252,086	-
TOTAL	1,420,956	427,761	1,382,412	349,451

- (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 \$368M.

Community assets: with a few exceptions, this replacement cover is for community assets on Council or Council controlled land, for example sewerage treatment plant, buildings, library books, computers and office equipment.

Vehicles: All vehicles including the leased fleet, mowers, trucks, mobile pumps are insured at replacement value for \$3.6M.

Marlborough Regional Forestry (MRF): Council has an 88.5% share in the Marlborough Regional Forestry. Their assets and standing timber are insured at replacement/ reinstatement value of \$19.5M.

- (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 \$542M. The cover is for \$50M for a first event and a further \$50M 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 \$530M and a further \$262M for land.

Land: includes MRF land valued at \$8.1M and land under roads \$135M.

Roading, and footpath assets excluding bridges and carparks: These activities have a value of \$466M 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 \$34M. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 56%.

36. Variance Explanation

Significant Statement of Comprehensive Revenue and Expense and some Statement of Financial Position variances are discussed in the Financial Overview Section. Other major budget variances are:

- 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 2015. Cash management this year has resulted in lower cash holdings at year end.
- Intangible assets are higher than budget as the actual opening balance for the year was higher than budget due to the acquisition software.

Provisions for Council are not budgeted for and this year include \$70k for weather tightness claims, \$30k for seismic strengthening and \$38k 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 greater than budget as a result of all the other variations from budget since the 2014-15 (2014-15 Annual Plan) budget was first set late in 2013

37. 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 or disclosures in these statements.

Funding Impact Statement

FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE:				
Marlborough District Council	2015 (Actual) \$000's	2015 (AP) \$000's	2014 (Actual) \$000's	2014 (AP) \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	35,133	34,977	33,361	33,371
Targeted rates (other than a targeted rate for water supply)	20,956	21,599	20,548	20,592
Subsidies and grants for operating purposes	4,383	3,798	4,894	3,731
Fees, charges, and targeted rates for water supply	16,457	13,122	14,317	13,006
Interest and dividends from investments	1,007	1,572	2,074	1,705
Other receipts including fuel tax, fines and infringement fees	18,617	16,512	15,618	15,631
Total operating funding	96,552	91,580	90,813	88,036
Payments to staff and suppliers	62,352	59,200	60,830	56,249
Finance costs	1,660	2,337	1,211	2,389
Other operating funding applications	10,273	6,726	12,021	10,185
Total applications of operating funding	74,284	68,263	74,062	68,823
Surplus of operating funding	22,268	23,317	16,750	19,213
Sources of capital funding				
Subsidies and grants for capital expenditure	2,967	(4,828)	2,496	2,605
Development and financial contributions	2,620	1,613	1,629	1,603
Increase in debt	500	8,457	5,500	866
Gross proceeds from sale of assets	2,241	24	4,504	2,469
Total sources of capital funding	8,328	5,266	14,129	7,543
Applications of capital funding				
Capital expenditure to meet additional demand	6,413	3,710	5,215	8,598
Capital expenditure to improve the level of service	17,090	16,168	11,315	8,709
Capital expenditure to replace existing assets	12,766	9,129	9,008	10,051
Increase (decrease) in reserves	323	14	5,633	(2,383)
Increase (decrease) of investments	(5,997)	(438)	(292)	1,781
Total applications of capital funding	30,596	28,583	30,879	26,756
(Deficit) of capital funding	(22,268)	(23,317)	(16,750)	(19,213)
Funding balance	-	-	-	-
Reconciliation				
Total operating funding	96,552	91,580	90,813	88,036
plus - Subsidies and grants for capital expenditure	2,967	(4,828)	2,497	2,605
plus - Development and financial contributions	2,620	1,613	1,629	1,603
plus - Contributions vested assets	2,121	8,029	715	1,019
plus - Fair value gains	2,153	-	3,477	-
plus - Forestry asset revaluation gain	2,005	-	3,269	-
Total income as per Income Statement	108,418	96,394	102,401	93,263
Total applications of operating funding	74,284	68,263	74,062	68,823
plus - Depreciation and amortisation	19,953	20,111	18,816	19,342
plus - Fair value losses	-	(1)	131	-
plus - Loss on sale of fixed assets	562	-	584	-
Expenditure as per Income Statement	94,800	88,373	93,594	88,165
Surplus of operating funding	22,268	23,317	16,750	19,213
less - Depreciation and amortisation	(19,953)	(20,111)	(18,816)	(19,342)
less - Loss on sale of fixed assets	(562)	1	(584)	-
less - Fair value losses	-	-	(131)	-
plus - Forestry asset revaluation gain	2,005	-	3,269	-
plus - Fair value gains	2,153	-	3,477	-
plus - Subsidies and grants for capital expenditure	2,967	(4,828)	2,497	2,605
plus - Development and financial contributions	2,620	1,613	1,629	1,603
plus - Contributions vested assets	2,121	8,029	715	1,019
Surplus as per Income Statement	13,618	8,021	8,808	5,098

Part 4: Policies

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



Marlborough Lines Stadium 2000 and Park, Blenheim

Maori Capacity Development Policy

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 wellbeing 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 each of Council's main Standing 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.

Equal Employment Opportunities Policy

Council's Equal Employment Opportunities Policy is designed to achieve equal opportunity in Council workplace. The Policy involves the identification and elimination of institutional barriers that cause or perpetuate inequality. The following is a summary of 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

Marlborough District Council operates the following Council Controlled Organisations (CCO's):

- MDC Holdings Limited.

Marlborough Housing for the Elderly Trust would be a CCO but Council has exempted it under section 7(3-6) of the Local Government Act 2002.

The Local Government Act 2002 (Schedule 10 section 7) requires Council to include in the Long Term Plan information on CCO's, including:

- The nature and scope of the activities to be provided by the CCO;
- Council's significant policies and objectives in relation to the ownership and control of the organisation; and
- The key performance targets and other measures by which performance is to be judged.

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.

MDC Holdings Limited wholly owns the subsidiaries Port Marlborough New Zealand Limited and Marlborough Airport Limited.

Port Marlborough New Zealand Limited undertakes all the activities typically associated with a port and also wholly owns subsidiaries PMNZ Marina Holdings Limited, Marlborough Sounds Maritime Pilots Limited and 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.

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 10% of the value of the company's assets before acquisition.
 - Dispose of any 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.

Consistent with an entity operating in a commercial manner, there is only one significant target which is to generate a long-term tax paid return on opening shareholder funds at 7.0%. This target is reviewed at the beginning of each year when MDC Holdings Limited's Statement of Corporate Intent is considered.

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.

Part 5: Statement of Compliance and Audit Report



Picton Harbour, Picton

Statement of Compliance

Compliance

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

Responsibility

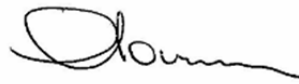
Council and management of Marlborough District Council accept responsibility for the presentation of the annual report, including the Financial Statements and the judgments used in them.

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 Council and management of Marlborough District Council, the annual report for the year ended 30 June 2015 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.



ANDREW BESLEY
CHIEF EXECUTIVE
29 October 2015



ALISTAIR SOWMAN
MAYOR
29 October 2015

Audit Report

Independent Auditor's Report

To the readers of Marlborough District Council's and group's annual report for the year ended 30 June 2015

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 2015 on page 127;
 - the statement of comprehensive revenue and expense on page 126, statement of changes in net assets/equity on page 126 and statement of cash flows for the year ended 30 June 2015 on page 128;
 - the funding impact statement of the District Council on page 183;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 21 to 124; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 129 to 182;
- the statement of service provision (referred to as Levels of Service) of the District Council on pages 21 to 124 and the funding impact statements in relation to each group of activities of the District Council on pages 21 to 124; 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.

In addition, the Auditor-General has appointed me to report on whether the District Council's 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 page 21 to 124;
 - council-controlled organisations on page 187;
 - reserve funds on page 166 to 168;
 - each group of activities carried out by the District Council on pages 21 to 124;
 - remuneration paid to the elected members and certain employees of the District Council on page 172;
 - employee staffing levels and remuneration on page 173 to 174;
 - severance payments on page 174;
 - rating base units on page 197; and
 - insurance of assets on page 181;
- 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 185; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 189.

Opinion

Audited information

In our opinion:

- The financial statements of the District Council and group on pages 126 to 182:
 - present fairly, in all material respects:
 - the District Council's and group's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and

- comply with generally accepted accounting practice in New Zealand.
- The funding impact statement of the District Council on page 183, presents fairly, in all material respects, 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 124, present fairly, in all material respects, 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 District Council's levels of service on pages 21 to 124:
 - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand.
- The funding impact statements in relation to each group of activities of the District Council on pages 21 to 124, present fairly, in all material respects, 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 represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Compliance with the other requirements of schedule 10

The District Council's 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 29 October 2015. 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 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 the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision (referred to as Levels of Service) within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we

audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service provision (referred to as Levels of Service) that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council's and group's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;
 - a funding impact statement that presents fairly 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 presents fairly 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 presents fairly 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's responsibilities arise under 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.

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.

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 audited the District Council's 2015-25 Long Term Plan and have been engaged to provide a limited assurance report to the District Council's debenture trustee. These audit and assurance engagements are compatible with those independence requirements.

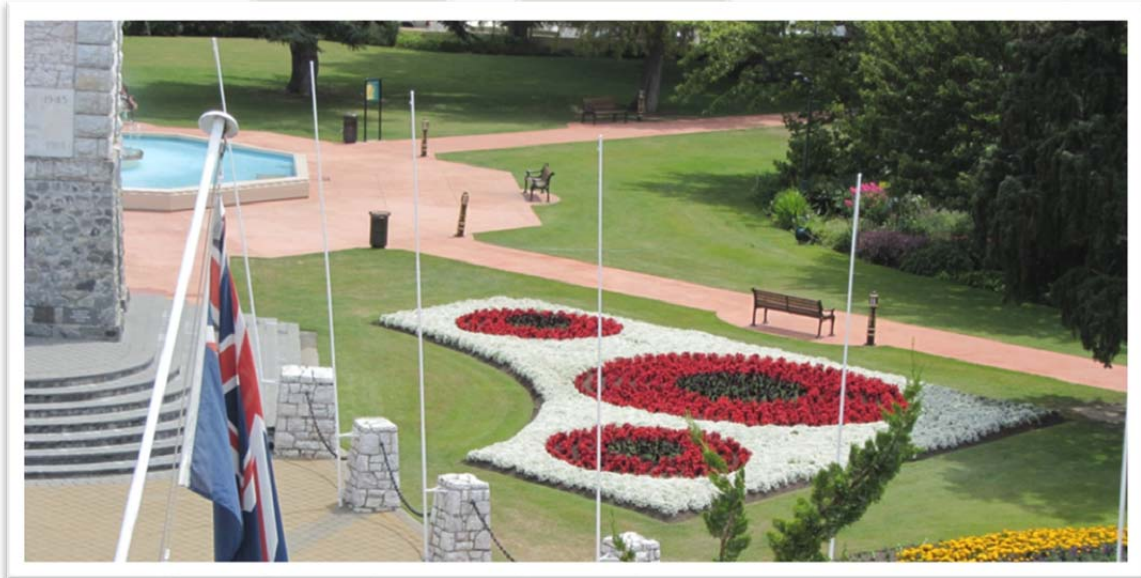
Other than this audit and these engagements, we have no relationship with or interests in the District Council or any of its subsidiaries.



Andy Burns
Audit New Zealand
On behalf of the Auditor-General Christchurch, New Zealand

Appendices

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



Seymour Square, Blenheim

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 Laressa 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	Ian Marshall

Grants Sub-Committee

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

Clr Jenny Andrews – Chairperson
Sports Trust appointee – Karen Hartshorne
Clr Cynthia Brooks
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 Terry Sloan
Clr Cynthia Brooks
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 Laressa Shenfield
Clr Jenny Andrews

REGIONAL PLANNING AND DEVELOPMENT COMMITTEE

This Committee is responsible for development, maintenance and review of the Regional Policy Statement and Resource Management Plan 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 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

Council Committee and Members

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

APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

MDC Holdings Limited and Marlborough Airport Limited.

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

Web: www.marlborough.govt.nz

Addresses

District Administration Building

15 Seymour Street, Blenheim 7201

Picton Service Delivery Centre (includes Library)

67 High Street, Picton

Harbour Control

Mariner's Mall, Picton

Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

Works and Operations Depot

Wither Road, Blenheim

Reserves Depot

Pollard Park, Blenheim

Solicitor

P J Radich of Radich Law, Blenheim

Bankers

Bank of New Zealand, Blenheim

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 2015

Rateable Land Value \$7,467,922,100

Rateable Capital Value \$15,091,674,350

Number of Rate Assessments 26,305

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

Council Staff Structure

