



MARLBOROUGH  
DISTRICT COUNCIL



Only Marlborough

2015-16

# Annual Report



# Role of Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2015-16 performance against the policies, activities, objectives, performance targets and financial details contained in its 2015-16 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.



# Table of Contents

<b>Part 1: Executive Summary</b> .....	<b>3</b>
Mayor's Report.....	4
Chief Executive's Report.....	5
Elected Council Members as at 30 June 2016 .....	6
Key Achievements and Performance Overview .....	7
Financial Overview.....	14
Annual Report Disclosure Statement for Year Ended 30 June 2016 .....	17
<b>Part 2: Our Business</b> .....	<b>23</b>
Activity Group: People.....	25
Activity Group: Community Facilities .....	44
Activity Group: Roads and Footpaths .....	49
Activity Group: Flood Protection and Control Works .....	52
Activity Group: Sewerage Including Treatment and Disposal.....	57
Activity Group: Stormwater Drainage.....	60
Activity Group: Water Supply .....	63
Activity Group: Solid Waste Management .....	70
Activity Group: Environmental Management .....	73
Activity Group: Regulatory .....	84
Activity Group: Regional Development .....	100
<b>Part 3: Financial Statements</b> .....	<b>105</b>
Statement of Comprehensive Revenue and Expense.....	106
Statement of Changes in Net Assets/Equity .....	106
Statement of Financial Position .....	107
Statement of Cash Flows .....	108
Notes to Financial Statements .....	109
Funding Impact Statement.....	150
<b>Part 4: Policies</b> .....	<b>152</b>
Maori Capacity Development Policy .....	153
Council Controlled Organisations .....	154
<b>Part 5: Statement of Compliance and Audit Report</b> .....	<b>155</b>
Statement of Compliance.....	156
Audit Report .....	157
<b>Appendix</b> .....	<b>160</b>
MDC Directory.....	161

## 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 2016



# Mayor's Report

This is the final Annual Report of my 12 years as Mayor of Marlborough and I look back with considerable pride at how our district has coped with significant change during that time.

We've experienced the effects of a global financial crisis, natural calamities in the shape of earthquakes and storms, booming wine and aquaculture industries and a changing population. Yet at the same time Council has managed to

steadily renew regional infrastructure at a fiscally responsible pace.

Over the last year, Council has fulfilled its important role supporting the growth of the district while investing in the essential services and social amenities that make Marlborough a great place to live.

This year Council has also completed the lengthy and complicated task of preparing a single Marlborough Environment Plan to take the place of an array of resource management documents. This is now ready for the all-important stage of receiving public feedback before being finalised.

In Blenheim, a close partnership has been developed with the town's business community to deliver improvements to the CBD, particularly with more outdoor spaces which take advantage of our great weather. In March, the curtain went up at the district's largest new social amenity, the ASB Theatre Marlborough, to great acclaim from performers and audiences alike.

Welcome progress has been made in planning for the water supply upgrades agreed last year as part of the 2015-25 Long Term Plan; projects which advance domestic water supply solutions for both Renwick and Seddon. Seddon Sports Pavilion was upgraded to include a public toilet and Seddon Memorial underwent significant landscaping improvement and pathway reconstruction. Plans for a new Picton Library have advanced and a new facility will be opening by the end of 2017. The list of significant achievements are noted in the Key Achievements and Activities sections of this report.

Council's 2016-17 Annual Plan was adopted, addressing issues that generated many community submissions this year. Notable was the community agreement to district-wide sharing of the costs of providing good quality drinking water to our smaller communities. The consolidation of sporting facilities at Lansdowne Park won support and netball will be relocated there alongside rugby and softball. East Coast landowners urged Council to replicate its successful Southern Valleys' Irrigation Scheme with a similar project for Flaxbourne, with beneficiaries rated to meet the cost of irrigation to the dry southern reaches of Marlborough.

With the Marlborough region poised to experience a resurgent tourism sector, Council this year has completed expansions to Marlborough Airport's terminal and Council's port company is investing in facilities which will accommodate cruise ships in Picton.

Financially, the highlight of the year was the AA Long Term credit rating awarded to Council by the internationally recognised Standard and Poor's credit rating agency. This is the highest rating available to any local authority in New Zealand and follows a rigorous examination of the whole Council group, including MDC Holdings Ltd, Port Marlborough NZ Ltd and Marlborough Airport Ltd. It was extremely pleasing to receive this rating as it is powerful endorsement of the prudent manner in which Council has managed its finances.

This financial security puts Council in a good position to meet the challenges of the future and I wish the new Mayor and Council well in continuing to meet the future needs of our community.



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

**Alistair Sowman**  
Mayor

# Chief Executive's Report

The Annual Report looks back at the last financial year, 1 July 2015 to 30 June 2016 and explains how Council has met its commitments to the Marlborough community.

I took over the role of Chief Executive in December 2015 from Andrew Besley after serving as his deputy for many years. As a Marlburian, Andrew was very committed to the betterment of Marlborough. He supported Council and he very successfully led the staff of the organisation during a period of huge change to our economy and community.



*Mr. J. Wheeler*

Mark Wheeler  
**CHIEF EXECUTIVE**

This report shows how Council has performed over the course of the year, meeting more than 80% of the 218 targets set in our Long Term Plan. That is an impressive result but we will strive to improve on this achievement in the future.

Public satisfaction with Council services remains high, as demonstrated by the resident survey that we undertake each year. As a unitary authority, Council provides a huge range and variety of services to our public and it is very pleasing to see the consistently high level of satisfaction across all areas of our activity, particularly our core infrastructure services.

There is particularly a strong public acknowledgement of our Emergency Management activity. This is immensely satisfying as it shows the public appreciates the hard work done to prepare for the significant events that have affected our community in recent years, including fires and earthquakes. Our emergency response calls upon people from across Council departments as well as other local organisations and many volunteers from the community. This year, we faced very serious fires at Waikakaho and Wairau Valley and the professionalism of those involved ensured that no homes were lost or significant injuries sustained.

A key achievement this year has been the publication of the proposed Marlborough Environment Plan that will support the safekeeping of our special environment. This has been an enormous project led by a small team of staff over many years. Many people in our community have been involved in the formation of these plans and are now actively participating in the consultation process as we seek to refine this Plan.

Other key projects this year includes planning and implementation of a number of infrastructure projects including water supply, sewerage and stormwater improvements, commencing construction of the new Waste Sorting Centre, publication of the State of the Environment Report, earthquake strengthening of Stadium 2000 and Blenheim Library, the renewal of our Building Control Authority Accreditation, consultation and planning for Lansdowne Park's upgrade and getting underway a \$5M programme to bring improvements to our smaller townships.

Council continues to work alongside our key industries, recognising that their development is important to support our local economy and to sustain our standard of living. Working with the wine industry, Council has assisted the investigation of an irrigation scheme for Flaxbourne, the fostering of a new relationship with the Chinese wine region of Ningxia, and support for the local industry to develop worker accommodation. Council has also agreed to invest further in primary sector research via the Marlborough Research Centre and has offered its backing to the proposed Research Institute for Viticulture and Oenology. For the aquaculture sector Council is working alongside central government to help set the future regulatory direction for this industry. Council has also continued to invest in its Smart and Connected industry partnerships in three of the region's key employers; tourism, forestry and aquaculture.

I hope that you find this report to be informative. We welcome your feedback.

## Elected Council Members as at 30 June 2016



Back – left to right:

Clr Terry Sloan (Blenheim Ward) (Deputy Mayor)  
Clr Jamie Arbuckle (Blenheim Ward)  
Clr Jenny Andrews (Blenheim Ward)  
Clr 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)

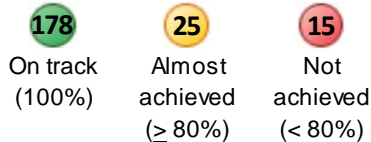
# Key Achievements and Performance Overview

The following is a summary of the activities and significant projects 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 81% of our targets for the 2015-16 year. We achieved 178 and almost achieved 25 of the 218 targets associated with the key performance indicators (KPI's).



### Budget ✓

The overall spending was 0.74% less than budgeted. Note: This is using note 2 activity expenditure (page 111 from the Annual Report) totals \$93,318k compared to a budget of \$94,009k or -\$691k variance equal to -0.074%.

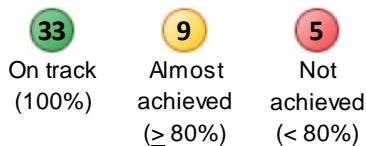
## People

### 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, total mobility and energy efficiency).
- Library Services.
- Emergency Management.

### Summary of how we did

We achieved 33 and almost achieved nine of the 47 targets associated with the KPI's for the 2015-16 year.



### Budget ~

The spending in this area was 7.63% more than budgeted.

### Achievements

- Art and operating grants were provided to key organisations in Marlborough.
- The Senior Expo was successfully held in March 2016.
- The Youth Civic Awards was successfully held profiling the contribution youth make in our community.
- A total of 69 advances summing \$350,000 were made for home insulation and solar water heating.
- The Blenheim bus service conveyed over 25,000 passengers and four new bus shelters were installed bringing the total number of shelters to 16.

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



- Plans for the new Picton library have progressed with the project due for completion by November 2017.
- Major earthquake strengthening was undertaken at the Blenheim library.
- Remarkable outcome achieved by fire fighters in suppressing the largest rural fire recorded in New Zealand in many years which burned 1,250 hectares of mature pine and took four days to be contained. No homes were lost or significant injuries sustained.

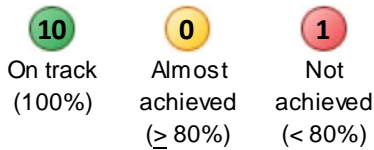
## Community Facilities

### Activities in this Group

This activity group comprises a single activity, Community Facilities.

### Summary of how we did

We achieved ten of the 11 targets associated with the KPI's for the 2015-16 year.



### Budget ~

The spending in this area was 7.09% more than budgeted.

### Achievements

- Blenheim's Seymour square fountain and clock tower and Picton's foreshore underwent major lighting upgrades.
- Mitchell Sport and City Hotel sites have been developed into pop up parks.
- A Christmas tree was purchased for display at Market Place during the festive season.
- Lansdowne Park north has been developed into a sport field. Softball specific infrastructure has been installed and continues to be developed.
- Seddon sports pavilion upgrade.
- New public toilets at Ohingaroa Bay, Seddon Sports Pavilion and Sheps Park.
- Earthquake strengthening continues at Stadium 2000.
- The Link Pathway track is now completed and a section of cycle path was installed at Rarangi.
- 100 new trees were planted in the District.

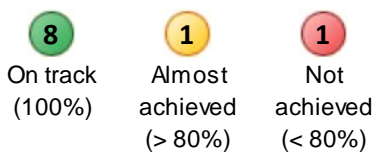
## Roads and Footpaths

### Activities in this Group

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

### Summary of how we did

We achieved eight and almost achieved one of the ten targets associated with the KPI's for the 2015-16 year.



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

## Budget ✓

The spending in this area was 19.22% below budget. This was due to the grant funding for the Middle Renwick Road Intersections, therefore less expenditure was incurred.

## Achievements

- Asphalt surfacing of High Street Blenheim, Seymour/Maxwell Roundabout and Symons Street Roundabouts was completed.
- Completion of 52.2 kilometres of chip sealing.
- Bridges were replaced on the Kenepuru (two), Para and Taimate Roads.

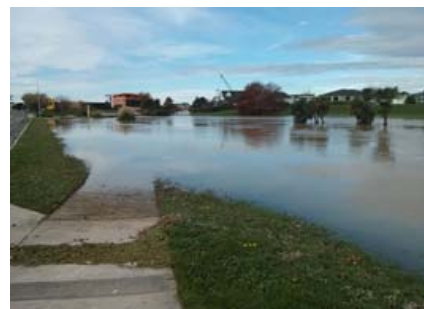
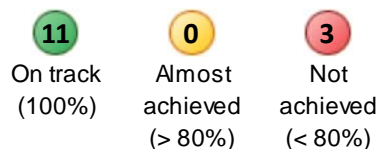
## Flood Protection and Control Works

### Activities in this Group

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

### Summary of how we did

We achieved 11 of the 14 targets associated with the KPI's for the 2015-16 year.



## Budget ~

The spending in this area was 6.40% 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

- Significant effort was made during the year to inspect and catalogue the condition of all the major floodgates and control gates that are an integral part of Council's flood and drainage network.
- Added an additional 6,000 metres of new drains into the lower Wairau drainage network.
- Completed investigations of the flood risk from Ruakanakana (Gibsons) Creek through the proposed Renwick lower terrace rezone area.

## 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

We achieved five and almost achieved two of the seven targets associated with the KPI's for the 2015-16 year.



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

**Budget ✓**

The spending in this area was 0.68% below budget.

**Achievements**

- Considerable effort was expended on sewer mains assessment and rehabilitation.
- Plans for the detailed design of a major capital project to renew the trunk sewer between Waikawa and the Dublin Street Pump Station have progressed.

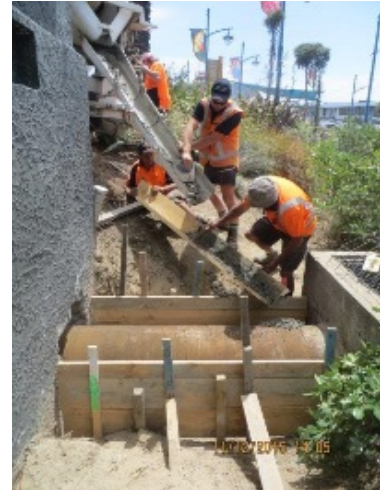
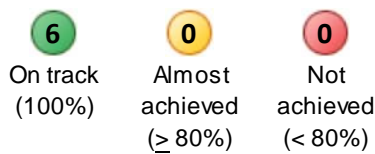
**Stormwater Drainage**

**Activities in this Group**

This activity group comprises a single activity, Stormwater.

**Summary of how we did**

We have achieved all of our six targets associated with the KPI's for the 2015-16 year.



**Budget ~**

The spending in this area was 5.68% more than budgeted.

**Achievements**

- Detailed design and resource consent application is proceeding for the stormwater infrastructure to serve the development of urban zones to the north-west of Blenheim.
- Regular meetings were held by stakeholder groups to help manage the future development of the Murphy's Creek catchment. An independent facilitator helped to ensure that the potential for water quality deterioration and increased flows from land development within the catchment is managed to the satisfaction of all stakeholders.

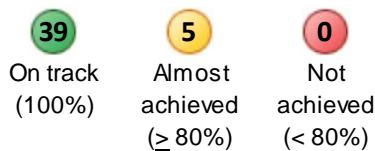
**Water Supply**

**Activities in this Group**

This activity group comprises a single activity, Water Supply.

**Summary of how we did**

We achieved 39 and almost achieved five of the 44 targets associated with the KPI's for the 2015-16 year.



**Budget ✓**

The spending in this area was 1.66% more than budgeted.

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

## Achievements

- Work has begun on the construction of the water treatment plant at Speeds Road, Koromiko.
- Plans for the construction of a water treatment plant for Seddon are underway. The proposals will be presented to the Seddon community for their consideration before final acceptance with construction due for completion by November 2017.

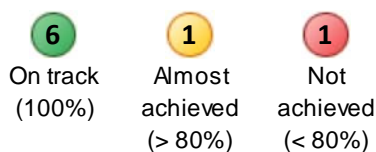
## Solid Waste Management

### Activities in this Group

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

### Summary of how we did

We achieved six and almost achieved one of the eight targets associated with the KPI's for the 2015-16 year.



### Budget ~

The spending in this area was 8.23% more than budgeted as the increase in waste tonnage, increased contract fees and levies paid.

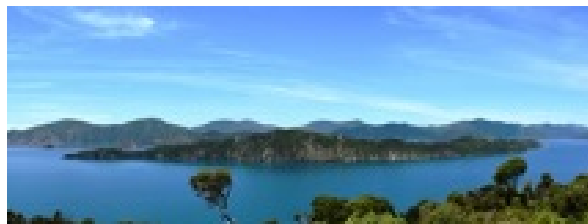
## Achievements

- Recovered 363,877 kilograms of recycling through the rural community recycling service.
- Collected 1,790 tonnes of recycling from the kerbside collection routes in Blenheim and Picton.
- Trialled a public place recycling scheme in Blenheim and Picton recovering 5,400 kilograms of recycling.
- Commenced construction of the waste sorting centre (formerly referred to as the CIF) at the Blenheim transfer station.
- Conducted a food waste survey with 550 residents and held a trial with selected participants to develop an understanding of why people throw out food.

## Environmental Management

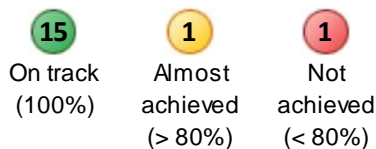
### Activities in this Group

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



### Summary of how we did

We achieved 15 and almost achieved one of the 17 targets associated with the KPI's for the 2015-16 year.



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

## Budget ✓

The spending in this area was 4.42% more than budgeted.

## Achievements

- The new Marlborough Resource Management Plan is completed. This project commenced in 2007 and has been a significant undertaking for the Council.
- The Council released the 'State of the Environment Report 2015, Our Land, Our Water, Our Place' in March 2016. The report provided a comprehensive health check of what's happening to our land, air, freshwater and coastal resources with biosecurity and biodiversity as cross cutting themes.
- All aquifers and 30 river flow and water level sites were continuously monitored during the year to determine effects from human induced impacts such as irrigation, regulating water take threshold levels and measuring the impacts over the long term from seasonal and climatic trends.

## Regulatory

### Activities in this Group

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

### Summary of how we did

We achieved 34 and almost achieved three of the 40 targets associated with the KPI's for the 2015-16 year.



## Budget ✓

The spending in this area was 1.45% less than budgeted.

## Achievements

- Council's biosecurity staff continue to inspect properties to ensure landowners were controlling pest species.
- Council has continued the important Chilean Needlegrass programme in conjunction with the community.
- Building Consent Authority accreditation was renewed for a further two years to 2018.
- Over 300 registered premises inspections were undertaken by environmental health staff.
- Council's Boat Safety and Tides brochure (formerly the Safe Sounds Boating brochure) was reviewed with 7,000 copies distributed to the community.

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

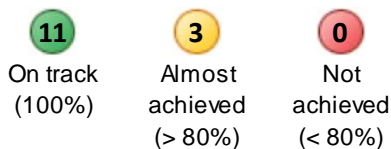
## Regional Development

### Activities in this Group

This activity group comprises a single activity, Regional Development.

### Summary of how we did

We achieved eleven and almost achieved three of the 14 targets associated with the KPI's for the 2015-16 year.



### Budget ~

The spending in this area was 6.99% more than budgeted due to the remedial work on the Alfred Street carpark. The settlement funds for this were received in the last financial year (2014-15).

### Achievements

- Marlborough Airport expansion was completed.
- Establishment of the Small Townships Programme.
- Summer and winter Follow Me event guides produced.
- Establishment of sister city relationship with the wine region of Ningxia, China.
- Development of the Marlborough Visitor Economy strategy.
- Major event (New Zealand Scout Jamboree) secured in the region in 2016 and 2025 with up to 5,000 visitors expected.
- The Blenheim and Picton parking strategies were reviewed and the changes implemented in March 2015.

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

# Financial Overview

Overall, Council is in very good financial health as evidenced by the recently received “AA Long Term – Stable” credit rating provided by Standard and Poors. Standard and Poors is an independent, internationally recognised credit rating agency. Council’s AA rating is the highest rating available to local authorities in New Zealand.

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 2015-25 Long Term Plan. Go to pages 220 – 249 in the Long Term Plan for detailed financial statements, policies and notes on:

“**Council**” – Marlborough District Council (MDC) including 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; and

“**Group**” – MDC plus Council’s holding company MDC Holdings Ltd and Marlborough Housing for the Elderly Trust. MDC Holdings Ltd includes the consolidated financial results of the 100% owned Port Marlborough NZ Ltd, Marlborough Airport Ltd.

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

## Council Surplus

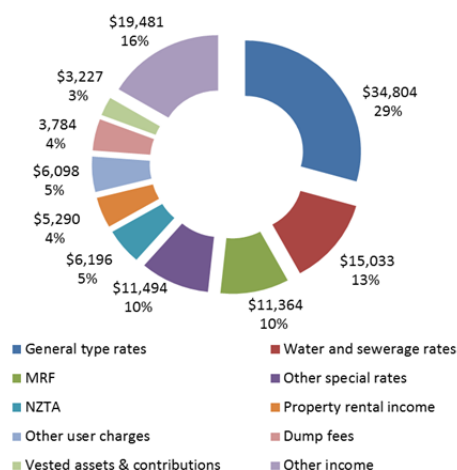
The surplus in the Statement of Comprehensive Revenue and Expense is an accounting calculated number. This number does NOT show excess cash or represent an operating surplus. The surplus includes:

- Non-cash values like vested assets and revaluations. Vested assets are typically the value of roads, water, sewerage, stormwater etc, transferred to Council following a subdivision. Council in turn meets the ongoing maintenance obligations for these assets. Revaluations include as an example the revaluation of Council’s forestry holdings. However, ultimately the value realised relies on the log price at the time of harvest;
- Dividends received from MDC Holding Ltd which are used to fund Reserves. Council’s

Reserves have been largely allocated to designated capital projects;

- Section sales from Council’s Boulevard Park on Taylor development. Section sales are well ahead of budget, especially in terms of the number of sections sold. However, the land available to sell is finite. As a result, sales proceeds are largely an acceleration of revenue budgeted in future years. Similar to dividends, section sales proceeds are allocated to Reserves, which in turn are allocated to fund future capital projects; and
- Development Contributions and subsidies which are legally required to fund specific capital as compared to operating items, like the NZTA payments for roads. It also includes rates designated for debt repayment.

## Council’s Revenue Sources \$000



*Budgeted revenue was \$104.6M and actual \$118.4M – an extra \$13.8M.*

- *\$8.4M of this variance is from gains, most of this is from the earlier than anticipated sale of sections in the Boulevard on Taylor subdivision. Gains also include \$2.7M in MRF, a gain in the value of forestry asset.*
- *MRF revenue was \$1.8M higher than budgeted due to log prices and quality. Also due to increased volume and harvesting in easier terrain. This is in the other revenue line.*
- *\$1.5M is from subsidies and grants due to the NZTA road subsidy for additional roading work.*
- *A further \$0.9M is from metered water due to a dry summer in 2015-16.*

- *Development and financial contributions increased \$0.8M due to the increase in subdivisions.*

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 150.

**RATES REVENUE showing the daily requirement for each activity group.**

Activity Group	Rates required per year	Average Cost per ratepayer per year	Average Cost per ratepayer per day
	\$000,s	\$s	\$s
People	\$6,772	\$258	\$0.71
Community facilities	\$7,446	\$283	\$0.78
Roads and footpaths	\$9,260	\$352	\$0.97
Flood protection and control works	\$3,921	\$149	\$0.41
Sewerage	\$7,915	\$301	\$0.82
Stormwater drainage	\$1,682	\$64	\$0.18
Water supply	\$7,118	\$271	\$0.74
Solid waste management	\$2,729	\$104	\$0.28
Environmental management	\$6,057	\$230	\$0.63
Regulatory	\$2,819	\$107	\$0.29
Regional development	\$2,582	\$98	\$0.27
	\$58,301	\$2,218	\$6.08

- *Flood Protection and controlled works were \$409k over budget due to unbudgeted draughting and survey work of the Wairau river cross sections, higher than anticipated drainage pump maintenance and river protection works and higher than expected fees for the Renwick lower terrace flood risk assessment mitigation options.*

- *The Alfred Street carpark remedial work, \$394k, for which the settlement proceeds were received last year.*
- *Water reticulation and treatment expenses were more than expected due to supplying higher volumes, \$348k.*
- *Energy efficiency costs were \$274k above budget, due to a high uptake of the scheme.*
- *Demolition of the Picton library budgeted as capital but required to be expensed was \$224k.*
- *Legal costs were \$176K higher than budgeted is due to higher than anticipated legal fees in defending Council's position at consent appeals. The majority of costs relate to mussel farm appeals for a Admiralty Bay consortium and three Beatrix Bay mussel farms as well as declaration costs to determine whether a water permit had lapsed.*
- *Replacement of the Blenheim Library roof \$95k, which was originally budgeted as capital.*

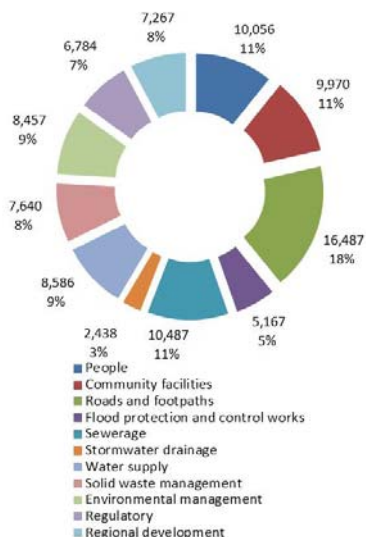
**Expenditure**

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

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

**OPERATING EXPENDITURE BY ACTIVITY - \$000**

*Budgeted operating expenditure was \$97.9M and actual \$100.1M – \$2.2M higher. Various costs make up the increases which include:*



**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".

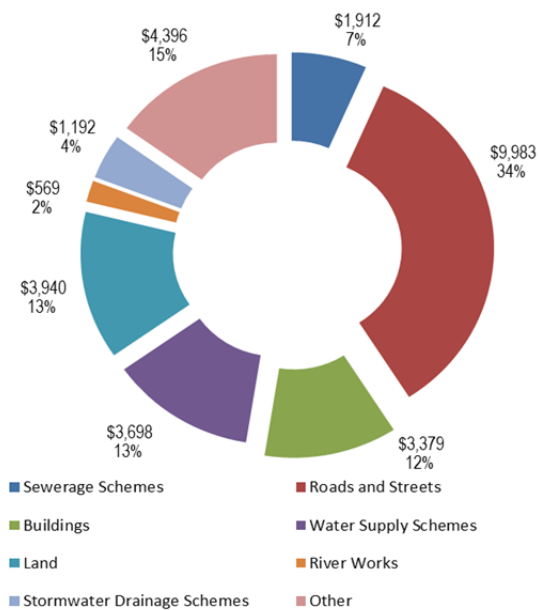
**CAPITAL EXPENDITURE BY ASSET CLASS - \$000**

*2015-16's capital expenditure budgeted was \$52.1M plus \$19.7M carried forward from the previous year, Actual spending was \$29.1M. In addition some projects, totalling \$34.6M, were delayed. Delays occurred in the Picton library development and various infrastructure projects including the Blenheim commercial and industrial waste sorting facility, the Picton sewer upgrade and the water reservoirs for Blenheim.*

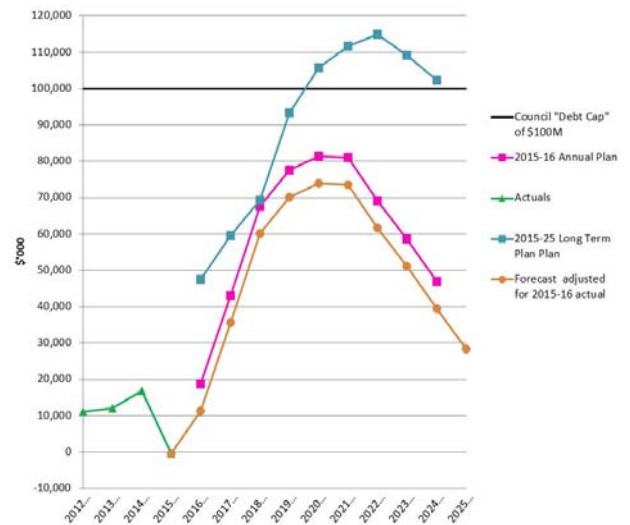
The remaining variance to budget is primarily made up of Queen Street property upgrade which is in inventory, stadium seismic strengthening which was moved to operating expenses and savings in capital projects.



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

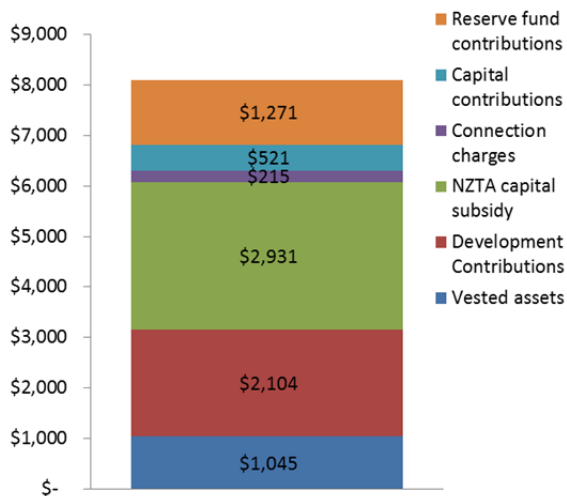


### COUNCIL DEBT NET OF INVESTMENTS AND CASH - \$000



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

### INCOME FOR CAPITAL SPENDING - \$000



### 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	9.79	yes
	Interest expense as a % of total operating revenue	≤12.5%	2.74%	yes
	Net cash flow from operating activities exceeds gross annual interest expense by at least 2 times (200%)	≥ 200%	1158%	yes
Local Government Funding Agency Covenants	Net debt as a % of Total Revenue	<175%	21.7%	yes
	Net interest as a % of Total Revenue	<20%	1.81%	yes
	Net interest as a % of Rates Revenue	<25%	3.49%	yes
	Liquidity	>110%	180%	yes

### Net debt levels

Council established a "debt cap" of \$100M as part of finalising its statutorily required Financial Strategy. This amount represents the maximum debt deemed prudent by Council. The graph also shows the July 2016 forecast of debt levels, net of investments and cash, for the next 10 years. This is the orange line. Council's net debt is now forecast to reach a maximum of \$73.93M in the 2020-21 financial year.

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

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

# Annual Report Disclosure Statement for Year Ended 30 June 2016

## What is the Purpose of this Statement?

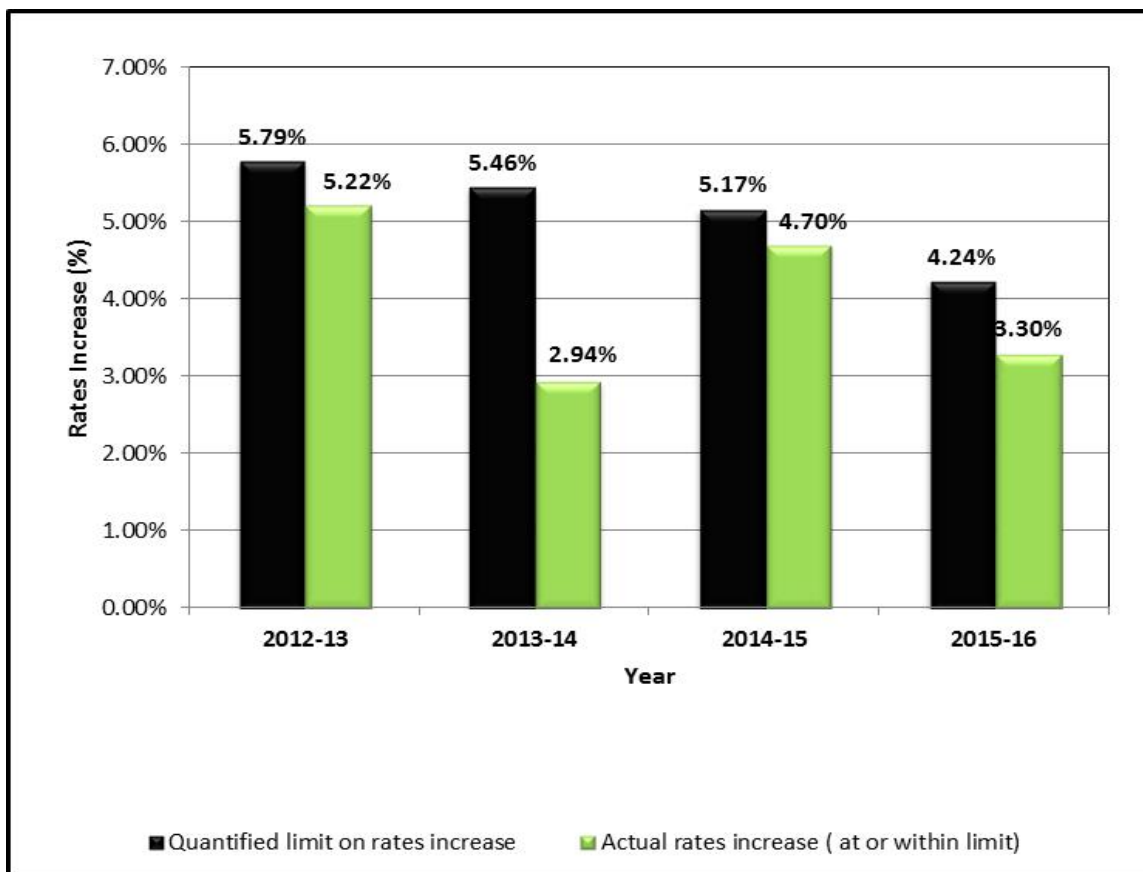
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

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.

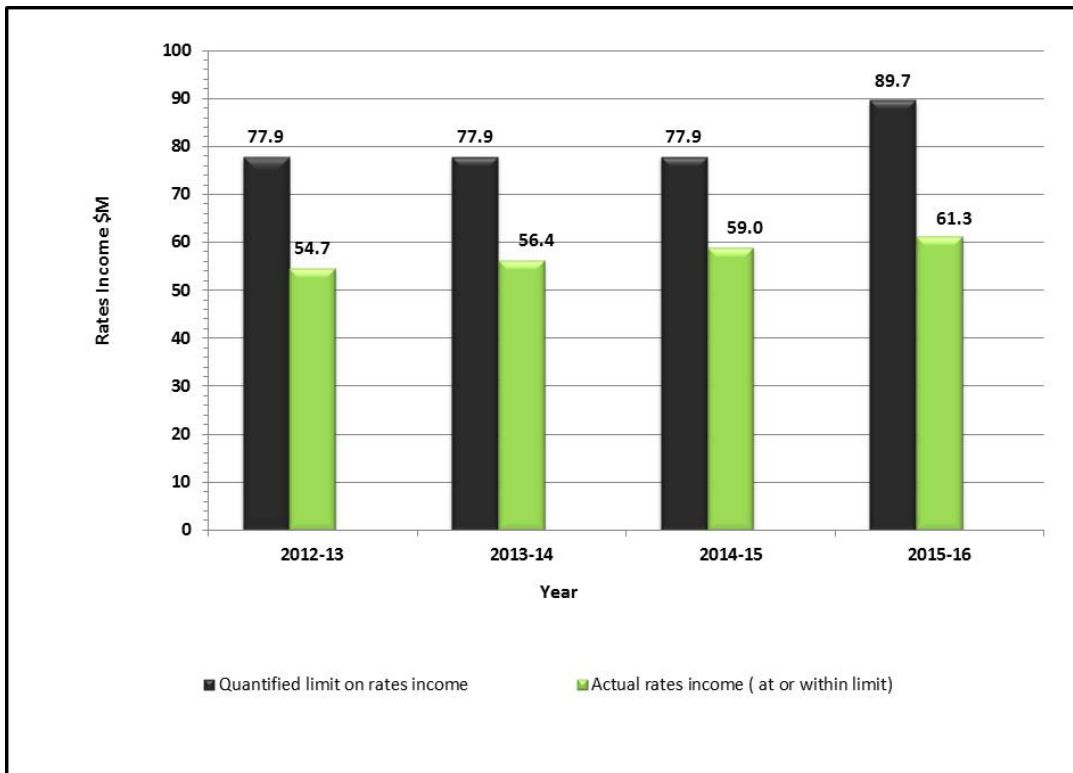
## Rates Affordability Benchmark

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%.



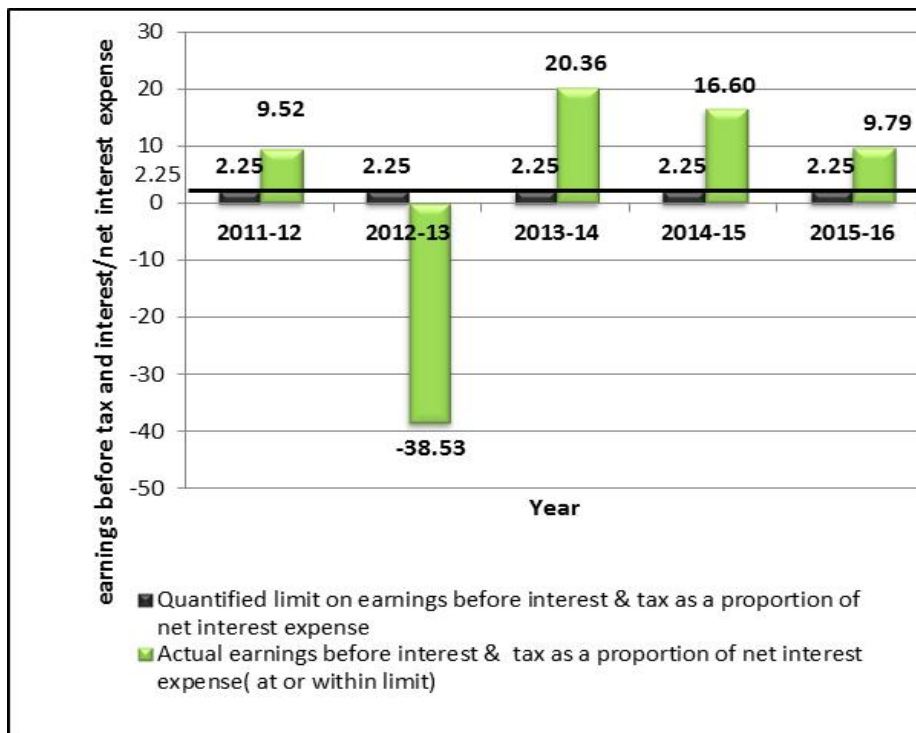
The following graph compares the Council's actual rates increases with a quantified limited on rates increases included in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is \$89.7M.



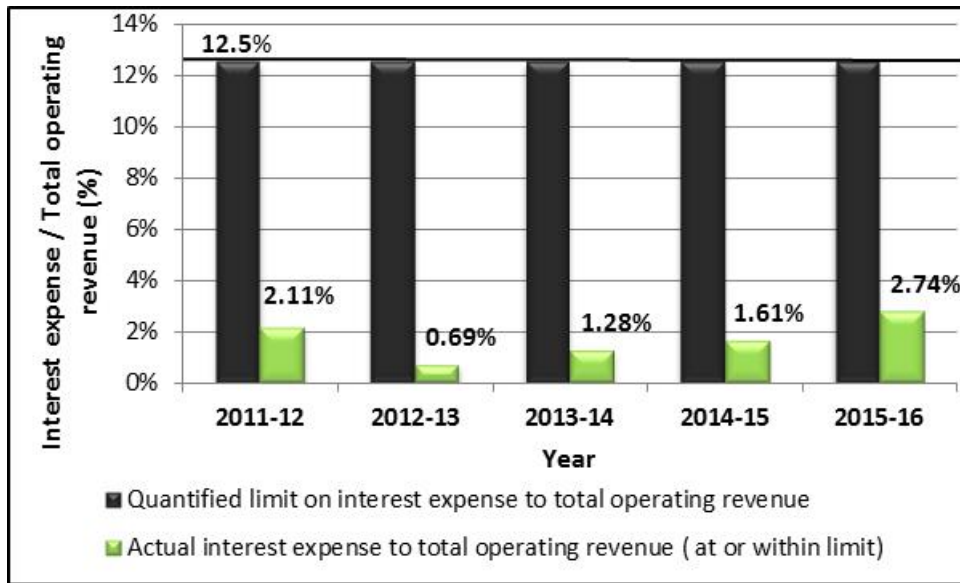
### Debt Affordability Benchmark

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 limits is earnings before interest and tax at least 2.25 times net interest expense measured as a factor of net interest. Positive numbers below 2.25 are an unfavourable result.

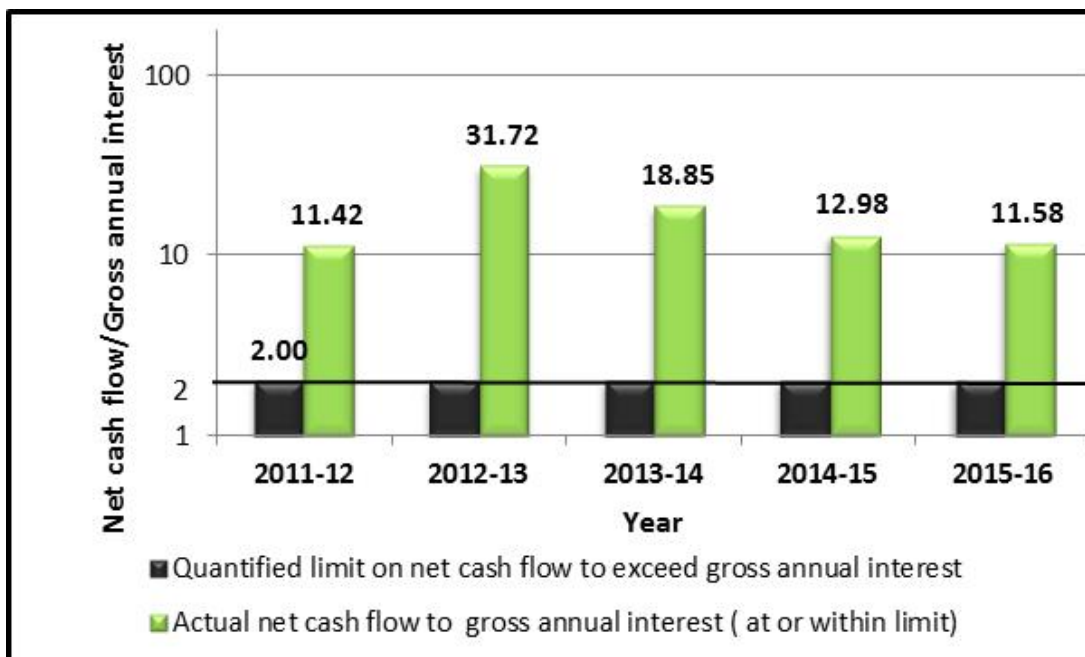


The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in Council's Long Term Plan. The quantified limit is annual interest expense cannot exceed 12.5% of total operating revenue and is measured as a percentage.



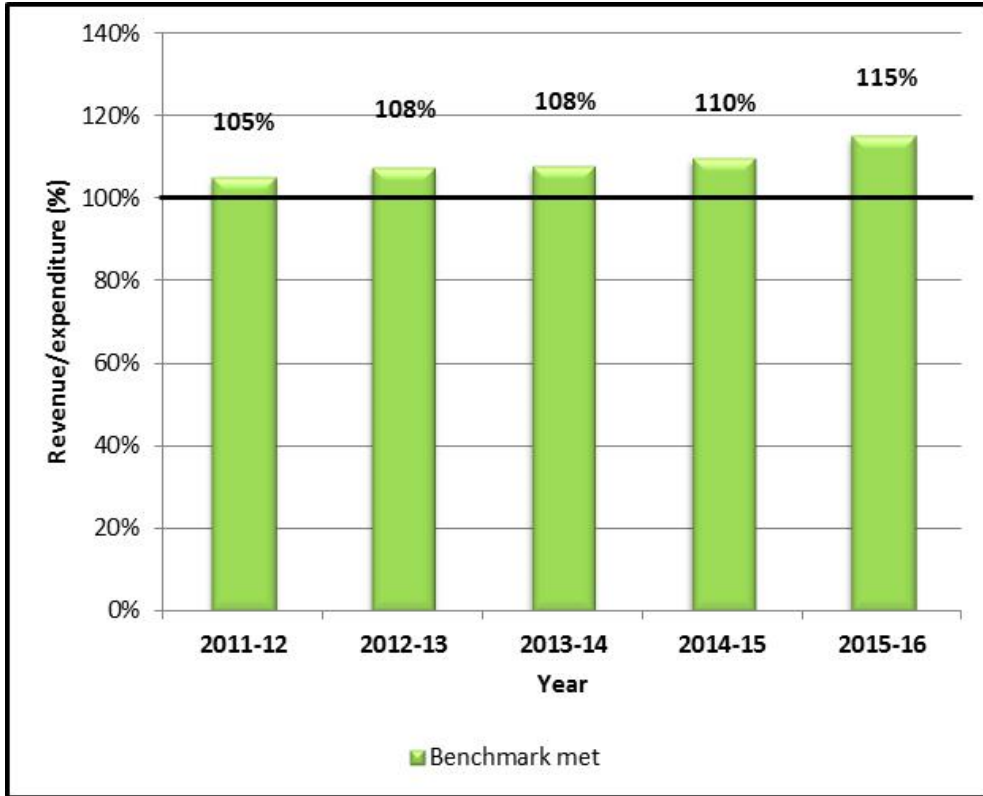
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in Council's Long Term Plan.

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.



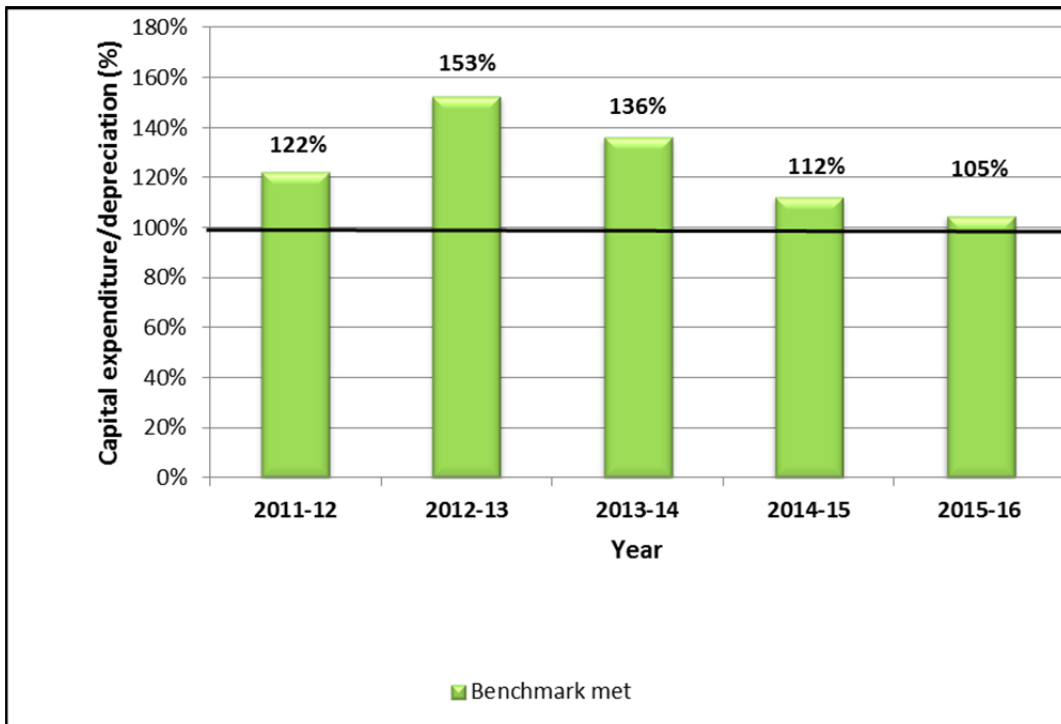
### Balance Budget Benchmark

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.



### Essential Services Benchmark

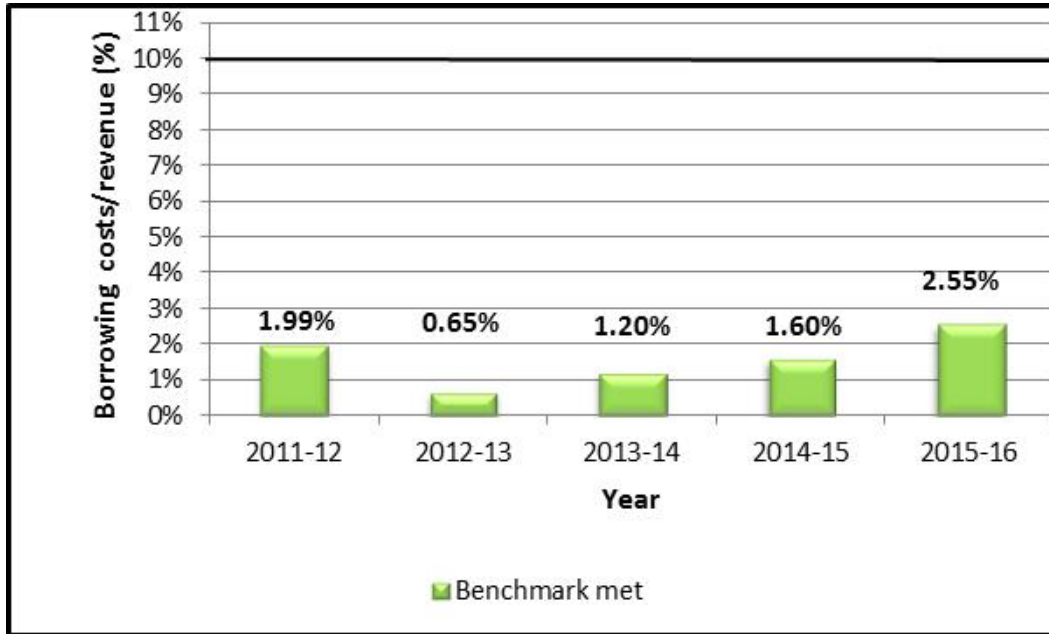
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.



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.

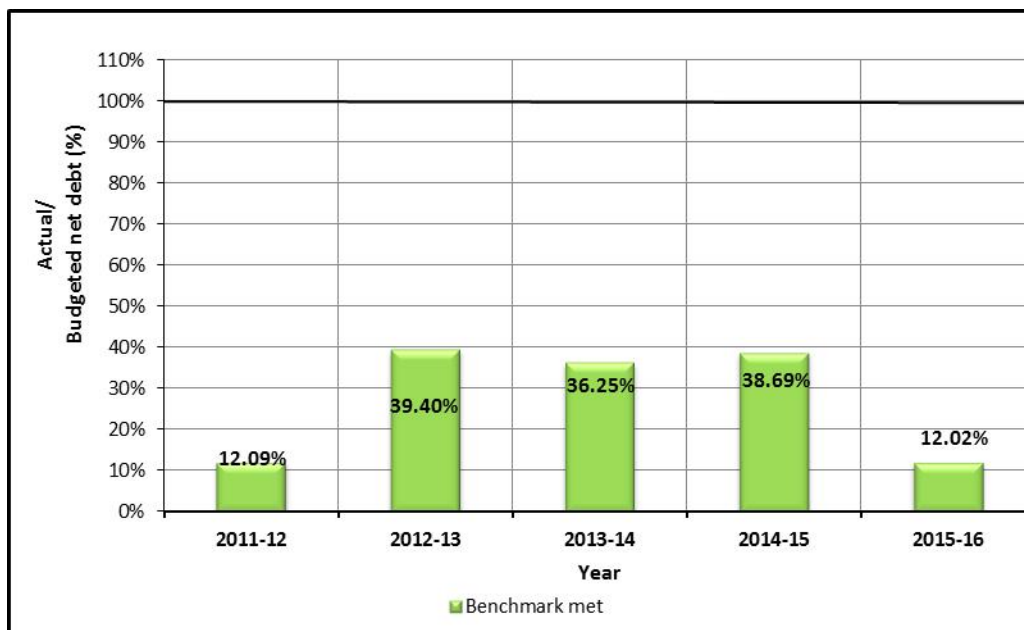


### Debt Control Benchmark

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.

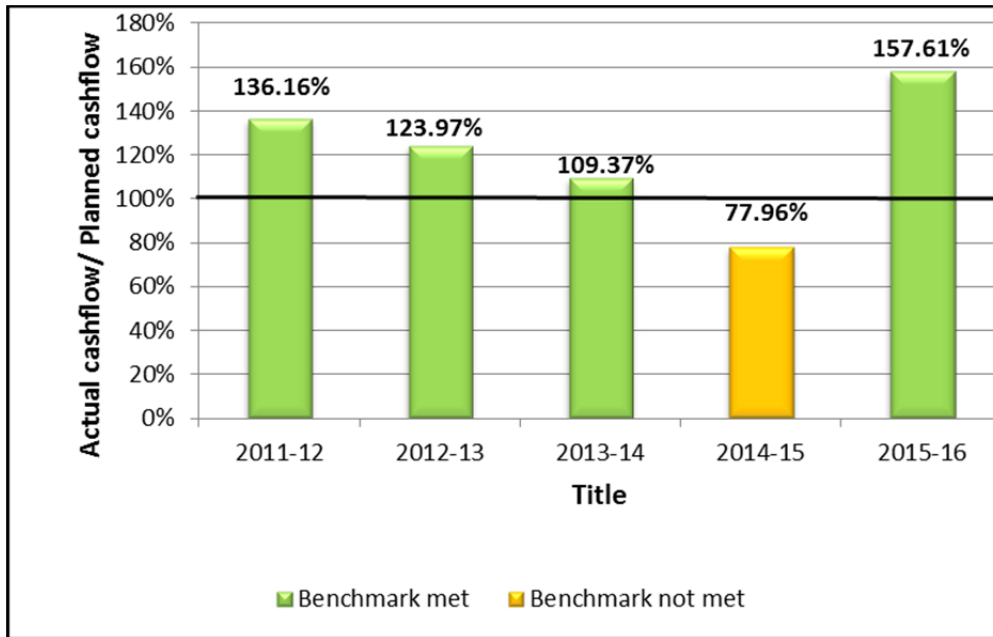


## Operations Control Benchmark

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 was 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





# Part 2: Our Business

## 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

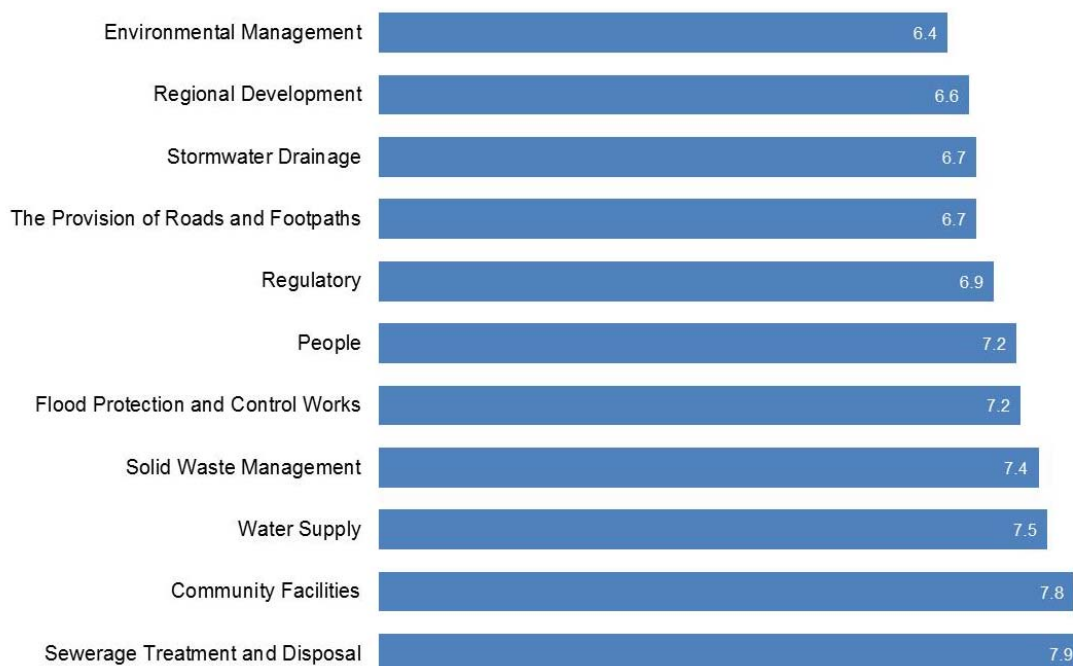
Resident satisfaction is a key performance measure for most Council services. Targets are set in the Annual and Long Term Plan (LTP) and survey results are reported in the Annual Report. A total of 800 people were surveyed this year by the independent Napier based company, SIL Research yielding a confidence level of better than 95 +/-5%. This confidence is considered acceptable for this type of survey.

**In general, responses from across the district were highly positive, with no service scoring lower than 6 out of 10. Council's overall performance increased from 7.0 in 2015 to 7.2 in 2016 but is in line with overall performance over the longer term. Overall satisfaction increased from 74.4% to 78.2%.**

The highly rated activity groups were Emergency Management, Sewerage and Community Facilities and the most lowly rated activity was Biosecurity.

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.

### 2015-16 Resident Satisfaction Survey average rating out of 10 per Activity Group



# 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, energy efficiency and total mobility).
- Library Services.
- Emergency Management.

## Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Mobility and Living. The effects that each activity within the Group has had on the community is contained under each activity.

## Funding Impact Statement for year ended 30 June:

PEOPLE	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	6,185	6,531	6,569
Targeted rates (other than for water supply)	120	137	203
Subsidies and grants for operating purposes	323	344	277
Fees and charges	21	24	30
Other receipts including fines and infringement fees	1,950	1,987	2,188
<b>Total operating funding</b>	<b>8,599</b>	<b>9,023</b>	<b>9,266</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,154	4,464	5,070
Finance costs	1	11	-
Internal charges and overheads applied	2,097	2,793	2,761
Other operating funding applications	1,154	1,432	1,422
<b>Total applications of operating funding</b>	<b>8,406</b>	<b>8,700</b>	<b>9,253</b>
<b>Surplus (deficit) of operating funding</b>	<b>193</b>	<b>323</b>	<b>14</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	10	10
Increase (decrease) in debt	-	310	-
Gross proceeds from sale of assets	-	-	60
<b>Total sources of capital funding</b>	<b>-</b>	<b>320</b>	<b>70</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	3,583	172	2,037
Capital expenditure to replace existing assets	798	1,231	442
Increase (decrease) in reserves	(4,188)	(760)	(2,395)
<b>Total applications of capital funding</b>	<b>193</b>	<b>643</b>	<b>84</b>
<b>Surplus (deficit) of capital funding</b>	<b>(193)</b>	<b>(323)</b>	<b>(14)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>8,406</b>	<b>8,700</b>	<b>9,253</b>
plus - Depreciation and amortisation	641	643	669
plus - Loss on sale of fixed assets	-	-	134
<b>Expenditure as per Note 2</b>	<b>9,047</b>	<b>9,343</b>	<b>10,056</b>

### Explanation of Variances

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

## Activity: Democratic Process

Operating costs of this activity represent approximately 3.0% of total activity expenditure.

### Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### What is this Activity About?

The Marlborough District Council is a unitary authority, with the functions, duties and powers of both a regional Council and a territorial authority conferred on it by the Local Government Act 2002. The Act 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 Council elections were held on 8 October 2016. Council uses the Single Transferable Vote method for the election of the Mayor (across the whole District) and 13 Councillors from three Wards (seven from the Blenheim Ward; three from the Marlborough Sounds Ward; and three from the Wairau-Awatere Ward).

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

- Following an appeal to Council's review of its representation arrangements the Local Government Commission upheld Council's decision; the result being no change to the representative arrangements for the 2016 and 2019 Council Elections with a slight change to the boundary between the Wairau-Awatere and Blenheim Wards.
- Prepared for the Council election held in October 2016.
- Seven citizenship ceremonies were held with 142 people receiving citizenship.

Levels of Service: Democratic Process				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.6		Actual score: 6.2 - almost on target. (Last year: 6.1 - almost achieved). Satisfaction with this service has improved from last year.
<b>Provide a service that is timely and responsive to residents needs.</b>				
% of agendas available to the public, by way of the website and counter enquiry, at least three working days prior to meetings.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Public contribution to decision making process</b>				
% of Council items of business open to the public	90%	90%		Actual score: 92.72% - on target. (Last year: 92% - on target).

## Funding Impact Statement for year ended 30 June:

Democratic Process	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,620	2,563	2,580
Other receipts	253	254	254
<b>Total operating funding</b>	<b>2,873</b>	<b>2,817</b>	<b>2,834</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,578	1,148	1,127
Internal charges and overheads applied	1,283	1,657	1,657
Other operating funding applications	6	6	6
<b>Total applications of operating funding</b>	<b>2,867</b>	<b>2,811</b>	<b>2,789</b>
<b>Surplus (deficit) of operating funding</b>	<b>6</b>	<b>6</b>	<b>45</b>
<b>Sources of capital funding</b>			
Gross Proceeds from sale of assets	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to replace existing assets	-	-	-
Increase (decrease) in reserves	6	6	45
<b>Total applications of capital funding</b>	<b>6</b>	<b>6</b>	<b>45</b>
<b>Surplus (deficit) of capital funding</b>	<b>(6)</b>	<b>(6)</b>	<b>(45)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>2,867</b>	<b>2,811</b>	<b>2,789</b>
plus - Depreciation and amortisation	6	6	11
<b>As within People activity per note 2</b>	<b>2,873</b>	<b>2,817</b>	<b>2,800</b>

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

There are no variances which are considered significant.

## Activity: Culture and Heritage

Operating costs of this activity represent approximately 0.9% of total activity expenditure.

### How this Activity Contributes to Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, economy and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### What is this Activity About?

This activity involves promoting the Marlborough Community's 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.

Council's Arts and Culture Strategy, and its Heritage Strategy, sets out the roles played by Council 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.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.





### What we did in 2015-16

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) was 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	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	6.9		Actual score: 7 - on target. (Last year: 6.5 - almost on target).
<b>Manage Council's arts and heritage grants and third party providers to ensure service quality and value.</b>				
% of grants administered, allocated and accounted for within timeframes.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target). Arts & Heritage operating grants were processed within set criteria and timeframes.
% of achievement of reporting requirements.	95%	95%		Actual score: 100% - on target. (Last year: 96% - on target). As 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.	100%	100%		Actual score: 100% - on target. (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	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	578	739	743
Other receipts	59	73	73
<b>Total operating funding</b>	<b>637</b>	<b>812</b>	<b>817</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	25	3	7
Finance costs	1	-	-
Internal charges and overheads applied	17	67	54
Other operating funding applications	599	760	762
<b>Total applications of operating funding</b>	<b>642</b>	<b>830</b>	<b>823</b>
<b>Surplus (deficit) of operating funding</b>	<b>(5)</b>	<b>(18)</b>	<b>(6)</b>
<b>Sources of capital funding</b>			
Increase/(decrease) in debt	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital Expenditure to improve the level of service	50	-	-
Increase (decrease) in reserves	(55)	(18)	(6)
<b>Total applications of capital funding</b>	<b>(5)</b>	<b>(18)</b>	<b>(6)</b>
<b>Surplus (deficit) of capital funding</b>	<b>5</b>	<b>18</b>	<b>6</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>642</b>	<b>830</b>	<b>823</b>
plus - Depreciation and amortisation	5	5	5
<b>As within People activity per note 2</b>	<b>647</b>	<b>835</b>	<b>828</b>
<b>Operating expenditure</b>			
Arts	250	386	357
Heritage	397	449	471
<b>Capital expenditure:</b>			
Heritage	50	-	-

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

There are no variances which are considered significant.



## Activity: Community Housing

Operating costs of this activity represent approximately 1.4% of total activity expenditure.

### Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### 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 also 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.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

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.

Levels of Service: Community Housing				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.1	7.1		Actual score: 7 - almost on target. (Last year: 6.6 - almost on target). Satisfaction with this service has improved from last year and was very close to the desired target.
Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0		Actual score: 8.28 - on target. (Last year: 7.9 - almost on target). Overall satisfaction with elderly housing is high.
<b>Provide up-to-date record of Occupancy levels.</b>				
Minimum occupancy in units to be maintained.	98%	98%		Actual score: 98% - on target. (Last year: 98% - on target).
<b>Provide community housing reactive maintenance service in two categories.</b>				
<b>Urgent Unplanned Maintenance</b> <sup>1</sup> - % of unplanned maintenance completed within 24 hours of notification.	98%	98%		Actual score: 95% - almost on target. (Last year: 98% - on target). Third party contractors were unable to complete work on time.
<b>Non-Urgent Unplanned Maintenance</b> <sup>2</sup> - % of unplanned non-urgent maintenance completed within	90%	90%		Actual score: 98% - on target. (Last year: 96% - on target).
<b>Provide an annual checklist of planned maintenance / projects as set out in budget and from Committee meetings.</b>				
% of planned maintenance/projects completed in financial year.	70%	70%		Actual score: 53% - not achieved. (Last year: 44% - not achieved). Planned maintenance was delayed until decision was made on the outcome of redevelopment plans.

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

<sup>2</sup> 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.

## Funding Impact Statement for year ended 30 June:

Community Housing	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
Other receipts including property rentals	1,155	1,126	1,135
<b>Total operating funding</b>	<b>1,155</b>	<b>1,126</b>	<b>1,135</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,113	801	763
Finance costs	-	-	-
Internal charges and overheads applied	46	150	155
Other operating funding applications	18	13	14
<b>Total applications of operating funding</b>	<b>1,177</b>	<b>964</b>	<b>933</b>
<b>Surplus (deficit) of operating funding</b>	<b>(22)</b>	<b>162</b>	<b>202</b>
<b>Sources of capital funding</b>			
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	60
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>60</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	-	150	-
Capital expenditure to replace existing assets	533	533	132
Increase (decrease) in reserves	(555)	(521)	131
<b>Total applications of capital funding</b>	<b>(22)</b>	<b>162</b>	<b>263</b>
<b>Surplus (deficit) of capital funding</b>	<b>22</b>	<b>(162)</b>	<b>(202)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>1,177</b>	<b>964</b>	<b>933</b>
plus - Depreciation and amortisation	274	262	279
plus - Loss on sale of fixed assets	-	-	81
<b>As within People activity per note 2</b>	<b>1,451</b>	<b>1,226</b>	<b>1,293</b>

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Payments to staff and suppliers are lower than budget as scheduled maintenance is being done as necessity arises due to the waiting on the outcome of the redevelopment plans.

Note 2: The capital actual is below budget as development was delayed and deferred as redevelopment plans have yet to be decided.

## Activity: Community Support

Operating costs of this activity represent approximately 1.9% of total activity expenditure.

### Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### What is this Activity About?

Community support is provided in a number of ways including via third parties including non-government (NGO) and not for profit (NFP) organisations. This activity combines a number of distinct ways Council is involved in supporting its community:

#### Community Development

Council acknowledges the needs of specific sectors in our community including our older people and youth. Council has worked in partnership with key organisations to establish the Positive Ageing Accord to identify the aspirations of this sector and actions needed to achieve them.

Similarly Council has developed, following active input from youth, a Youth Policy and Youth Initiatives Plan that works towards achieving a better environment and services for this sector. 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".

Council also assists through provision of community grants with set criteria to target needs in the community.

#### Energy Efficiency

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

- Home insulation.
- Solar water heating; plus in the near future.
- Clean 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. This is a voluntary targeted rate and is cost neutral to Council.

#### Passenger Transport and Mobility Scheme

Passenger transport that connects people to services and activities to enables them to enjoy a better quality of life. Council currently operates an urban bus service in Blenheim and a District wide mobility scheme for the disabled that meets community need within funding constraints.

#### Events Management

Provision of community based events contributes to the wellbeing, cultural identity and social cohesion. Events also have a role to play in attracting visitors to Marlborough along with showcasing and promoting the area. This activity provides for a number 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

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

**Positive Ageing** – Seniors Expo was successfully held on 16 March 2016 and Seniors Dance held on 11 October 2015. Older Persons Forums continued to be held to share information and advocate for services for older people. The Positive Ageing Booklet for Older People was updated and reprinted for circulation along with the Get Connected booklet for over 65's.











**Youth** – Key highlights in the year were the Youth Civic Awards successfully held profiling the contribution youth make in our community and the youth mural completed on the Health Hub /Noel Leeming building. The Youth Council continued to meet monthly 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 25,514 passengers during the year (26,979 in 2014-15) with four additional bus shelters being erected.








**Total Mobility scheme** - The Total Mobility scheme funded 22,251 trips (20,706 in 2014-15), including 2,981 trips (3,231 in 2014-15) by wheelchair users.

**Energy Efficiency** - Over the last 12 months a further 69 advances totalling almost \$350,000 were made for home insulation and solar water heating. Currently the amount advanced (net of repayments) is \$1.58 M to 422 ratepayers.

<b>Levels of Service: Community Support</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2015-16 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Provide an overall level of service that meets or exceeds residents' expectations (excludes passenger transport).</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
• Community Support.	7.2	7.2		Actual score: 6.9 - almost on target. (Last year: 6.7 - almost on target). Although not achieved, the score is an increase on last years result.
• Community Safety.	7.3	7.3		Actual score: 7.2 - almost on target. (Last year: 7.2 - almost on target). Although not achieved, last year's level of satisfaction was maintained. This year's score still a relatively high score.
• Events Management.	7.1	7.1		Actual score: 7 - almost on target. (Last year: 6.7 - almost on target). Although not achieved, the score is an increase on last years result.
<b>Manage Council's community grants and third party providers to ensure service quality and value.</b>				
% of grants administered, allocated and accounted for within timeframes.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target). Community Grants were processed within set criteria and timeframes.
Achievement of reporting requirements.	95%	95%		Actual score: 100% - on target. (Last year: 95% - on target). As 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.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target). Annual reports were submitted within set timeframes for Creative NZ and Sport NZ funding under Partnership Agreements.
<b>Manage third party providers to ensure service quality and value of community events.</b>				
Achievement of reporting requirements.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target). Annual report submitted to Council as per contract requirements.
Participation numbers match targets in contracts.	100%	95%		Actual score: 95% - on target. (Last year: 100% - on target). Contract targets achieved.
<b>Implement the Positive Ageing Accord.</b>				
Number of Older Persons Forums held annually with attendance exceeding quorum.	10	10		Actual score: 11 - on target. (Last year: 10 - on target). Older Persons Forums continue to be held monthly and are well attended.
Frequency of Seniors Expo.	Biennial Seniors Expo	Senior Expo held		Actual score: Senior Expo held - on target. (Last year: Not achieved). Seniors Expo held on 16 September with 68 stallholders and over 1,500 attendees.

## Levels of Service: Community Support

### Performance Targets

Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
% of actions in Positive Ageing Accord Plan completed each year.	New measure	95%		Actual score: 88% - almost on target. (Last year: New measure). The Accord is a three year plan so good progress made.
<b>Implement Youth Initiatives Plan.</b>				
Number of Youth Forums held annually with attendance exceeding quorum.	10	10		Actual score: 10 - on target. (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: 96.4% - on target. (Last year: 95% - on target). 27 out of 28 actions in the Youth Plan were achieved. The Youth Civic Awards and community mural were highlights.
<b>Build capacity of the Volunteer Sector through provision of training in partnership with key service providers.</b>				
Number of training courses provided per annum where attendance numbers meet targets.	3	3		Actual score: 4 - on target. (Last year: 9 - on target). Training courses were well received with positive feedback from the sector.
<b>Provide quality service that meets and exceeds the expectations of the funding ministries and thus providing quality service to the community.</b>				
Ensure contract reports are completed within timeframes.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of compliance with Ministry of Justice contract conditions met.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Monitor and manage services to agreed timeframes and budgets.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Provide a well used and affordable bus service in Blenheim that is timely and responsive to community needs.</b>				
Increase levels of customer patronage by 3% per annum.	2014-15 customer patronage numbers: 26,979	3% increase in 2014-15 customer patronage numbers		Actual score: -5.6% decrease in 2014-15 customer patronage numbers - not achieved. (Last year: 1.82% - not achieved). This was an unexpected result and a concerning trend for other South Island Authorities as well.
Complete annual passenger survey and reports results to Council by 30 June each year.	New measure	30-Jun-16		Actual score: Survey not conducted - not achieved. (Last year: 21-Jul-15 - not achieved). The passenger survey was not conducted due to prioritisation of resources.
Improve infrastructure to support bus service by adding a minimum of three bus shelter per year (as funding allows).	12 shelters	3 extra shelters		Actual score: 4 - on target. (Last year: 3 extra shelters - on target). Two new shelters were installed at Wither Road and one shelter at each Ashwood Park (Middle Renwick Road) and Hutcheson Street locations.

## Funding Impact Statement for year ended 30 June:

Community Support	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	849	886	887
Targeted rates (other than for water supply)	120	137	203
Subsidies and grants for operating purposes	305	326	261
Fees and charges	51	18	17
Other receipts	78	95	202
<b>Total operating funding</b>	<b>1,403</b>	<b>1,462</b>	<b>1,570</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	937	873	1,087
Internal charges and overheads applied	148	188	161
Finance Costs	-	11	-
Other operating funding applications	460	582	544
<b>Total applications of operating funding</b>	<b>1,545</b>	<b>1,654</b>	<b>1,792</b>
<b>Surplus (deficit) of operating funding</b>	<b>(142)</b>	<b>(192)</b>	<b>(222)</b>
<b>Sources of capital funding</b>			
Increase (decrease) in debt	-	310	-
Subsidies and grants for capital expenditure	-	10	10
<b>Total sources of capital funding</b>	<b>-</b>	<b>320</b>	<b>10</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	12	-	-
Capital expenditure to replace existing assets	-	320	38
Increase (decrease) in reserves	(154)	(192)	(250)
<b>Total applications of capital funding</b>	<b>(142)</b>	<b>128</b>	<b>(212)</b>
<b>Surplus (deficit) of capital funding</b>	<b>142</b>	<b>192</b>	<b>222</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>1,545</b>	<b>1,654</b>	<b>1,792</b>
plus - Depreciation and amortisation	2	4	1
<b>As within People activity per note 2</b>	<b>1,547</b>	<b>1,658</b>	<b>1,793</b>
<b>Operating expenditure</b>			
Grants and Donations	511	647	596
Safer Communities	144	150	108
Security	97	97	100
Events Management	174	174	181
Energy Efficiency	206	156	430
Recreation	74	69	30
Passenger transport	341	365	349
<b>Capital expenditure:</b>			
Passenger transport	12	320	38

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Targeted rates are higher than budget due to higher than anticipated uptake of energy efficiency services.

Note 2: Subsidies and grants for operating purposes are lower than budget due to lump sum repayments by ratepayers on their energy efficiency targeted loans. This usually occurs when a property is sold.

Note 3: 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.

# Activity Group: People

## Activity: Library Services

Operating costs of this activity represent approximately 2.7% of total activity expenditure.

### Related Community Outcomes

This activity contributes to the Community Outcomes of Governance, People, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### What is this Activity About?

Council provides library services to all Marlborough residents through a District Library in Blenheim, a Branch Library in Picton (a combined Library and Council Service Centre) and by supporting school based community libraries in Ward, Havelock, and Waitaria Bay, along with a community library in Renwick.







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. As well as providing comprehensive book collections for informational and recreational use, the library service provides access (and in some cases training) to a wide range of 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

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

Athfield Architects Ltd, worked with the project design team to prepare plans for the new library and service centre in Picton following consultation meetings with local Iwi and various user groups. An open day for the community was held on 17 February. The new facility is expected to be completed in November 2017.

Major earthquake strengthening work was also undertaken at the District Library. The bricks were replaced with a combination of windows and axon panel cladding. The single glazed metal framed windows were replaced with double glazed safety glass with aluminium framing.

Levels of Service: Library Services				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.1	8.1		Actual score: 7.7 - almost on target. (Last year: 7.3 - almost on target). Although not achieved the overall Library rating has improved from last year. While Public Libraries has scored the highest individual service rating in 2016 (8.5), Community Libraries has scored a lower rating of 6.8 (last year 6.4), bringing the overall Library satisfaction score to 7.7.
<b>Provide a range of current resources supporting the tastes, interests and reading levels of users.</b>				
Average age of resources (years).	10 years or less	> 10		Actual score: less than 8 years old - on target. (Last year: 8 - on target).
Frequency of books being taken out (turnover rate).	4 times per year	4		Actual score: 4.3 times per year - on target. (Last year: 4 - not achieved).
Average number of overdue items not returned 28 days after the due date each month.	185 items	< 185		Actual score: 119 - on target. (Last year: New measure).
<b>Provide a range of programmes or training opportunities that meet or exceed customers' expectations.</b>				
Evaluate the satisfaction of courses and programmes offered by the libraries by survey. Where 1=Unsatisfactory, 3=Good, and 5=Excellent.	>3	> 3		Actual score: 4 (Last year: New measure). 77% of attendees rated the usefulness of courses at 4 and above.
<b>Provide access to information electronically.</b>				
Number of e-book and e-audio loaned.	6,600 items	10% increase on baseline		Actual score: 9,881 - on target. (Last year: 7,445 - on target).

# Activity Group: People

<b>Funding Impact Statement for year ended 30 June:</b>			
<b>Library Services</b>	<b>2015 (LTP) \$000's</b>	<b>2016 (LTP) \$000's</b>	<b>2016 (Actual) \$000's</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,499	1,623	1,633
Subsidies and grants for operating purposes	-	-	4
Fees and charges	6	6	12
Other receipts including fines and infringement fees	272	313	304
<b>Total operating funding</b>	<b>1,777</b>	<b>1,942</b>	<b>1,953</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,065	1,122	1,637
Internal charges and overheads applied	393	490	492
<b>Total applications of operating funding</b>	<b>1,458</b>	<b>1,612</b>	<b>2,129</b>
<b>Surplus (deficit) of operating funding</b>	<b>319</b>	<b>330</b>	<b>(176)</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	22	-
Capital expenditure to improve the level of service	3,521	-	2,037
Capital expenditure to replace existing assets	238	350	210
Increase (decrease) in reserves	(3,440)	(42)	(2,423)
<b>Total applications of capital funding</b>	<b>319</b>	<b>330</b>	<b>(176)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(319)</b>	<b>(330)</b>	<b>176</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>1,458</b>	<b>1,612</b>	<b>2,129</b>
plus - Depreciation and amortisation	317	329	343
plus - Loss on sale of fixed assets	-	-	53
<b>As within People activity per note 2</b>	<b>1,775</b>	<b>1,941</b>	<b>2,526</b>

## Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Payments to staff and suppliers is due to the demolition and some preliminary costs for the new Picton library being expensed rather than capitalised. They were budgeted as a capital item.

Note 2: Capital expenditure is up compared to the 2016 LTP budget due to the work on the new Picton Library which was carried over from the 2014-15 budget.



## Activity: Emergency Management

Operating costs of this activity represent approximately 0.9% of total activity expenditure.

### Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### How this Activity Contributes to Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2015-25 Long Term Plan provides more information on how these are linked to our community.

### What is this Activity About?

This Activity has two major components:

- Civil Defence Emergency Management.
- Rural Fire.

#### Civil Defence Emergency Management

The Marlborough Civil Defence Emergency Management (CDEM) Group has responsibility for the administration and implementation of a CDEM Group Plan. Amongst other requirements the Plan describes:

- Emergency Management policies and procedures in place to manage hazards through risk reduction strategies.
- Arrangements for declaring a state of emergency in the area.
- Arrangements for cooperation and coordination with neighbouring CDEM Groups and key stakeholders.
- How hazards managed by CDEM are prioritised according to risk. The eight most significant hazards include earthquakes, local source tsunamis, marine accidents, terrorism, river floods, human pandemic, animal epidemic and plant and animal pests. Marlborough may need to deal with a number of other hazards not mentioned here.

Members of CDEM include Council, the Marlborough/Nelson District Health Board (MNDHB), Police, Fire Service, Marlborough Kaikoura Rural Fire Authority (MKRFA) and St Johns as well as a number of Non-Government Organisations such as Red Cross.

#### Rural Fire

The Marlborough Kaikoura Rural Fire Authority (MKRFA) manages all aspects of rural fire (reduction, readiness response and recover) in the Marlborough and Kaikoura Districts and sets the performance targets for the Authority. Many of these targets are set in Forest and Rural Fire legislation/regulation and are audited by the National Rural Fire Authority (NRFA) who provide a significant cash contribution to the MKRFA once they are met.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

#### Civil Defence Emergency Management

Marlborough experienced no civil defence emergencies that required the activation of the Emergency Operations Centre (EOC). **Flood warnings** from the MetService were passed onto key contacts in the affected areas so that communities could prepare early. National Warnings were received from the Ministry of CDEM for tsunamis in the Pacific but no evacuations were necessary.

A **Corrective Action Plan** has been completed to act on areas of improvement identified by the Ministry's 2014 Capability Assessment which ranked Marlborough as second out of 16 Groups in NZ.

The Readiness and Response Committee, Engineering Lifelines Group, the Recovery Planning Team and the Coordinating Executives Group all met three times during the year to discuss what **future hazards** exist. These committees of stakeholders ensure that a common agreement with a binding commitment to share future objectives exists amongst the CDEM.

GNS Science has developed **Tsunami** inundation models and maps for Council to respond to emergencies. The information was widely shared with the communities at risk through media releases and the Council website, including smart maps. Open days were held in all the main coastal communities (Havelock, Picton, Rarangi and Okiwi Bay) where residents shared their thoughts on how the hazard could be managed. Community response plans will be developed from this process in consultation with residents.

The **Marlborough Emergency Response Team** (MERT) has grown its volunteer membership from 10 members to 17. Their key roles are in setting up Community Response Centres and providing logistical support. The team train every fortnight and were invaluable in providing support during the major fires this summer.

The Darcy Christopher Trust has donated significant grants to CDEM. This has enabled the purchase of a response trailer and large tent for the MERT to operate from during an event.

**Community awareness campaigns** are given high priority with CDEM visiting many schools (Clued up Kids programme) and community organisations to talk about the risks to Marlborough and how to prepare for large emergency events. CDEM supports the Ministry's national awareness campaign ie; "Drop, Cover, Hold".

**Brian FM** radio has paid for the installation of transmitting equipment in the EOC which enables CDEM staff to break into live broadcasts and pass on emergency response information. This can be picked up by the majority of Marlborough's population as they have repeaters in Seddon, Picton, Havelock and Blenheim.

The Civil Defence page on Council's website was updated and simplified so that key messages are easier to find. A **Marlborough Emergency Twitter channel** <https://twitter.com/MarlEmergency> was also established which has a growing following and is regularly posted.

A funding bid for \$490,000 over two years was submitted to the Ministry Resilience Fund for a South Island wide project called **Alpine Fault Magnitude 8** (AF8). This project will look at what effect would such an event cause in the South Island and looks to develop an initial response plan based on scientific scenarios. The motivation behind the project is that the Alpine Fault ruptures on average every 300 years and the last event was in 1717. This is the first time such a significant piece of work has been carried out by multiple groups working collaboratively with the science fraternity.

## Rural Fire

The summer of 2015-16 was a drier summer than the previous year and as a result Marlborough experienced the **largest vegetation fires in New Zealand** with the two largest igniting within two weeks of each other. Both exhibited extreme fire behaviour which was very difficult to bring under control due to high winds and dry fuel. The EOC and National Incident Management Teams were activated on both occasions.

The **Waikakaho fire** started on 25 November and burnt a total area of 461 hectares including some of Marlborough Regional Forestry's forest. Suppression costs were approximately \$1.3M with an estimated loss of tree crops at over \$2M. Neighbouring homes were threatened, however only fences and some machinery were lost. Fourteen days later the **Parsons Road fire** (near Wairau Valley township) started. This was to become the largest forest fire in New Zealand for many years. It burnt 1,250 hectares of mature pine and took four days before it was contained. Suppression costs were relatively low at \$1.3M but there was over \$2.6M in lost tree crops. Residents were evacuated and no homes were lost or significant injuries sustained by the firefighters which was a remarkable outcome.









An Operational Review of both fires was carried out by NRFA and their conclusions were thus:

*'The review team noted that many of the recommendations of the Onamalutu (fire in 2014) operational review had been actioned by the RFA. Resources from around the country were quickly brought in to ensure a well organised, skilled and focussed approach to safely bring the fires under control. MKRFA is well-organised, well-prepared, with well-trained and resourced fire response crews. There are good systems in place and a culture of cooperation and support exists between support agencies.'*

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 again invested heavily in strategic and tactical fire management planning this year. This enables fire managers to identify the areas most at risk from wildfire and put in place strategies and tactics to respond appropriately to those risks. Work has been completed on the south of the Wairau and has begun at the Marlborough Sounds.

<b>Levels of Service: Emergency Management</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2015-16 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Provide an overall level of service that meets or exceeds resident's expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0		Actual score: 8.2 - on target. (Last year: 8.1 - on target).
<b>Provide a planned, tested capability to respond to major Civil Defence and Emergency (CDEM) Events.</b>				
Timeliness of completing the review of the CDEM Group Plan (every five years).	Review completed every 5 years	30-Jun-16		Actual score: 01-Feb-17 - not achieved. (Last year: Not applicable for 2014-15). This target was not achieved as the Ministry asked we delay the review to December 2016.
Timeliness for the completion of the update to emergency contact plans.	30-Jun	30-Jun-16		Actual score: 30-Jun-16 - on target. (Last year: 30-Jun-15 - on target).
Level of compliance with the 10 year exercise programme for testing the CDEM Plan.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% compliance with testing programme for radios, sector kits and emergency generator.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>As the Marlborough South Zone Manager provide support to the enlarged Rural Fire District.</b>				
% of registered Rural Fire Force members who have completed the Fire Fighter Unit Standards.	80%	80%		Actual score: 90% - on target. (Last year: 90% - on target).
% of three monthly checks on waterway equipment and vehicles completed.	78%	80%		Actual score: 75% - almost on target. (Last year: 80% - on target). The checks are performed during training sessions, however, due to reduced number of training sessions provided to Marlborough remote areas during winter months we have not reached our target.
Timeliness for completion of the annual vehicle maintenance.	Before 20 December	20-Dec-15		Actual score: 30-Jun-16 - not achieved. (Last year: 20-Dec-14 - on target). Although not achieved as at 20-Dec-15, all maintenance was completed by 30-Jun-16.

## Funding Impact Statement for year ended 30 June:

Emergency Management	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	639	721	726
Subsidies and grants for operating purposes	18	18	12
Other receipts	97	126	220
<b>Total operating funding</b>	754	865	957
<b>Applications of operating funding</b>			
Payments to staff and suppliers	436	516	448
Internal charges and overheads applied	210	241	242
Other operating funding applications	71	71	96
<b>Total applications of operating funding</b>	717	828	786
<b>Surplus (deficit) of operating funding</b>	37	37	171
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to replace existing assets	28	28	62
Increase (decrease) in reserves	9	9	109
<b>Total applications of capital funding</b>	37	37	171
<b>Surplus (deficit) of capital funding</b>	(37)	(37)	(171)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	717	828	786
plus - Depreciation and amortisation	37	37	30
<b>As within People activity per note 2</b>	754	865	816

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Other receipts are higher than LTP budget due to higher fire recoveries than budgeted including for the Waikakaho fires November and December 2015.

Note 2: Payments to staff and suppliers are under budget due to changes in funding the Marlborough Kaikoura Rural Fire Authority. Savings occurred in personnel costs and across the board partially offset by an increase in grants.

Note 3: The capital is higher than the LTP budget due to the building of a new storage shed for the fire operations. This was a carryover from the previous year's budget.

## Activity Group: Community Facilities

### Activities in this Group:

This activity group comprises a single activity; Community Facilities.

### Community Outcomes

This Activity group contributes to the Community Outcomes of Governance, Environment, People, Living and Mobility. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### What is this Activity About?

Council provides and maintains a wide range of open spaces and built facilities which meet a diversity of community needs through the development and maintenance of recreation reserves, sportsgrounds, cemeteries, public toilets, aquatic facilities, walking and cycling routes, community halls, streets and berms.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

In addition to the services provided under the levels of service tables a number of projects were performed during the year. The following new initiatives were undertaken in 2015-16:

#### Recreation Reserves

- New play area was implemented at Sheps Park.
- New playground upgraded at Oliver Park.
- New playground installed at Rutledge Reserve.
- New play equipment installed at Covent Garden.
- Blenheim's Seymour Square fountain and clock tower and Picton's foreshore underwent major lighting upgrades.
- Picton's Foreshore old changing sheds have been removed and the areas temporarily landscaped.
- Shelley Beach has undergone partial erosion protection works.

#### CBD developments

- Mitchell Sport and City Hotel sites have been developed into pop up parks.
- Planter boxes were placed in key places within the CBD.
- A statue was installed at the Stadium 2000 pocket park.
- A Christmas tree was purchase for display at Market Place during the festive season.

#### Sports Grounds

- Lansdowne Park North has been developed into a sport field. Softball specific infrastructure has been installed and continues to be developed.
- A new carpark was formed at College Park for hockey.
- A new carpark and stormwater was constructed at Oliver Park.
- Seddon Sports Pavilion was upgraded to now include a public toilet.
- Installation of training lights at Havelock Domain.

## Cemeteries

- Headstone restoration project at Omaka and in Picton.
- A niche wall was constructed at Fairhall Cemetery to provide another method of memorialisation.
- Sextons House at Omaka Cemetery has been removed and the site cleared for landscape enhancements and additional berms.
- Significant tree removal and landscaping at the Havelock cemetery.

## Public Toilets

- New facilities were installed at Ohingaroa Bay, Seddon Sports Pavilion and Sheps Park.
- The toilet at Brayshaw Park came into Council ownership.
- Liz Davidson Park toilets underwent a minor upgrade specifically painting.

## Aquatic Facilities

- Earthquake strengthening continues at Stadium 2000.

## Walking and Cycling Routes












- The Link Pathway is now completed and have opened another section of track between Moenui and Belvue Bay.
- A section of cycle path was installed at Rarangi between Pipatea Drive and Blue Gum corner.

## Street trees and Berms

- 100 new street trees were planted in the District.

## Memorials

- Tiered seating replacement and landscaping at Rai Valley Memorial along with repainting.
- Seddon Memorial underwent significant landscaping improvement and pathway reconstruction.
- Flaxbourne and Renwick War Memorials underwent groundwork and landscaping improvements.

Levels of Service: Community Facilities				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Customer satisfaction:</b> <b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.7	7.7		Actual score: 7.8 - on target. (Last year: 7.7 - on target).
<b>Neighbourhood Parks:</b> <b>Provision of neighbourhood parks in urban area within walking distance of home, providing play opportunities for all ages, open space and amenity values.</b>				
That within the urban environment 98% of the area is provided with a Neighbourhood Park which is either 500 metres approximately or ten minutes' walk.	98%	98%		Actual score: 98% - on target. (Last year: New measure).
<b>Public Gardens:</b> <b>Provision of high quality public gardens in key locations that provide opportunities for amenity horticultural displays, education and contemplative leisure experiences.</b>				
Three prime areas are allocated and maintained to high horticultural amenity standard. Offering at least five various displays, educational opportunities for the community and contemplative leisure experiences.	Five educational sessions are offered	5		Actual score: 5 - on target. (Last year: New measure).
<b>Cultural Heritage:</b> <b>The protection of specific cultural heritage sites and opportunities to experience and learn about our history.</b>				
War Memorial sites are protected, maintained and made available for memorial services.	Sites are available for at least 12 services	12		Actual score: 12 - on target. (Last year: New measure).
Provision of cemeteries will meet the future interment of the community to provide accessible and appropriate sites for burial.	300 burial sites are available	300		Actual score: over 300 burial sites were available. - on target. (Last year: New measure).
<b>Outdoor Adventure:</b> <b>Recreation activities and built facilities, requiring a large scale non-urban environment.</b>				
Provision of opportunities for outdoor adventure based Recreation activities such as walking tracks and mountain bike tracks (in kilometres).	158 kms	158		Actual score: 163 - on target. (Last year: New measure).
<b>Civic Space:</b> <b>Provision of open space within business/retail areas, with a high level of amenity development and maintenance designed to attract and cater for periodic high levels of use.</b>				
Provision and maintenance of central areas eg; Liz Davidson Place, Bythell Place, Stadium 2000 Pocket Park, Riverside Park and London Quay.	At least 12 areas are provided and maintained	12		Actual score: 12 - on target. (Last year: New measure).
Events are held at the Parks.	Five or more events are held	5		Actual score: 5 - on target. (Last year: New measure).
Identification and acquisition of identified sites eg; Taylor River, Spring Creek walk way. Esplanade acquisition.	At least four new identified sites were acquired each year	4		Actual score: 3 - not achieved. (Last year: New measure). The current practice is to acquire sites through the subdivision process or by making purchase offers to land owners. However, this year there were no offers accepted and there were limited consents with adjoining water bodies suitable for acquisition.
<b>Sport and Recreation:</b> <b>To provide and maintain sports field capacity to meet reasonable demand.</b> <b>Recreation facilities will be managed to meet the recreation needs of the community or sport code.</b>				
Provision of sports facilities meet reasonable demand.	New measure	85%		Actual score: 100% - on target. (Last year: New measure).
Delivery will achieve at least 85% resident satisfaction.	New measure	90%		Actual score: 90% - on target. (Last year: New measure).

## Funding Impact Statement for year ended 30 June:

Community Facilities	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	6,879	7,398	7,446
Subsidies and grants for operating purposes	40	45	40
Fees and charges	143	143	139
Other receipts	718	767	925
<b>Total operating funding</b>	<b>7,780</b>	<b>8,353</b>	<b>8,549</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,000	5,706	5,800
Finance costs	598	642	549
Internal charges and overheads applied	672	1,573	1,607
Other operating funding applications	191	351	898
<b>Total applications of operating funding</b>	<b>7,461</b>	<b>8,272</b>	<b>8,855</b>
<b>Surplus (deficit) of operating funding</b>	<b>319</b>	<b>81</b>	<b>(305)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	224
Development and financial contributions	1,102	885	1,503
Increase (decrease) in debt	125	-	244
Gross proceeds from sale of assets	-	-	59
<b>Total sources of capital funding</b>	<b>1,227</b>	<b>885</b>	<b>2,031</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	568	842	487
Capital expenditure to improve the level of service	1,238	2,291	958
Capital expenditure to replace existing assets	325	574	126
Increase (decrease) in reserves	(585)	(2,741)	155
<b>Total applications of capital funding</b>	<b>1,546</b>	<b>966</b>	<b>1,726</b>
<b>Surplus (deficit) of capital funding</b>	<b>(319)</b>	<b>(81)</b>	<b>305</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>7,461</b>	<b>8,272</b>	<b>8,855</b>
plus - Depreciation and amortisation	970	990	1,077
plus - Loss on sale of fixed assets	-	-	39
<b>Expenditure as per Note 2</b>	<b>8,431</b>	<b>9,262</b>	<b>9,970</b>
<b>Operating expenditure</b>			
Cemeteries	482	528	494
Memorials	95	94	78
Street berms, trees and plots	526	547	558
Halls	252	344	434
Public Conveniences	779	829	804
Reserves	4,606	5,150	5,272
Swimming Pools	1,691	1,772	1,817
<b>Capital expenditure:</b>			
Cemeteries	345	200	251
Memorials	25	43	41
Street berms, trees and plots	34	109	28
Halls	20	20	-
Public Conveniences	230	525	120
Reserves	1,477	1,475	1,130
Swimming Pools	-	1,335	-
<b>Internal borrowing used for the purpose of Community Facilities</b>			<b>7,870</b>
Funds borrowed during the year			604
Funds repaid during the year			359
Interest paid in relation to this borrowing			549



The finance costs and the internal charges and overheads applied under applications of operating funding varies to the LTP order due to an error in the LTP.

**Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)**

Note 1: Other receipts are above LTP budget primarily due to an insurance pay out on fire in the Wither Hills plantation (\$96k).

Note 2: Development and other financial contributions are higher than budget due to increased subdivision activity.

Note 3: Finance costs are lower than budget due to delays in capital this year reducing the required loans.

Note 4: Capital expenditure is lower than budget due to the delays in spending on reserves, cemetery and public conveniences upgrades.

# Activity Group: Roads and Footpaths

## Activities in this Group:

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

## Community Outcomes

This Activity group contributes to the Community Outcomes of Environment, Economy, People, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

## What is this Activity About?

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

As owner of the local road network Council provides and maintains a 1,535 kilometres roading network 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 car parks (accounted for in the Regional Development activity). 13 wharves are also owned and maintained by Council.

State Highways are the responsibility of the New Zealand Transport Agency (NZTA) and as such is a key partner in Council achieving community outcomes.

## Separate Roles

Council has developed a contract with the NZTA's Marlborough Roads office to manage Council's roads on its behalf. This is achieved through a formal contract and a close management relationship between Council and Marlborough Roads to ensure the Levels of Service in Council's 10 year Asset Management Plans (Roads) are met. Also the NZTA normally provides funding assistance of 51%.

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.











Further details on what this activity is about and the assets involved is contained in the 2015-25 Long Term Plan.

## What we did in 2015-16

In addition to the services provided under the Levels of Services table a number of projects were performed during the year. The following points summarise the major roading projects performed in 2015-16:

- Replacement of the Tynesfield Bridge commenced.
- Bridges were replaced on the Kenepuru (two), Para and Taimate Roads.
- Asphalt surfacing of High Street Blenheim, Seymour/Maxwell Roundabout and Symons Street Roundabouts was completed.
- Kerb and channel (1,142 metres).
- Completion of 52.2 kilometres of chip sealing.
- Jacksons Road/Old Renwick Road Intersection Improvements completed.
- 18,000 cubic metres of gravel spread on the unsealed network.
- 11.5 lane kilometres of pavement rehabilitated.
- 3.5 kilometres of footpath resurfaced.

## Levels of Service: Roads and Footpaths

Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.5		Actual score: 6.7 - on target. (Last year: 6.5 - on target).
<b>Road Safety: Provide a safe transport infrastructure.</b>				
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	8 (previous 10 year average)	No change expected.		Actual score: Not achieved (Last year achieved). There were 10 serious injuries recorded in our local roads in 2015-16 and four recorded in 2014-15. No fatal incidents were recorded. As this is a new measure there could be peaks above the target, which is the average for the last 10 years.
<b>Road condition: Provide a quality transport infrastructure.</b>				
Average quality of ride on a sealed local road network measured by Smooth Travel Exposure <sup>1</sup> for:				
(a) Urban roads	≥ 85%	≥ 84%		Actual score: 89% - on target. (Last year: 88% - almost on target).
(b) Rural roads	≥ 92%	≥ 92%		Actual score: 95% - on target. (Last year: 93% - on target).
Condition Index <sup>2</sup> .	≤ 6.5	< 6.1		Actual score: 4.9 - on target. (Last year: 4.8 - on target).
Average road roughness <sup>3</sup> standards for:				
(a) Urban sealed roads	< 110	< 115		Actual score: 106 - on target. (Last year: 109 - on target).
(b) Rural sealed roads	< 98	< 100		Actual score: 94 - on target. (Last year: 98 - on target).
<b>Road maintenance: Provide a sustainable land transport infrastructure.</b>				
The percentage of sealed road network that is resurfaced annually. Total sealed area is 7,995m <sup>2</sup> as 2014-15.	4.2%	4.2%		Actual score: 5.8% - on target. (Last year: New measure).
<b>Footpaths: To provide footpaths that meet the needs of an ageing community.</b>				
The % of footpaths within a territorial authority district that meets the Asset Management Plan rating of better than 4.	94%	94.4%		Actual score: 95% - on target. (Last year: New measure).
<b>Respond to services request.</b>				
% of customer services requests relating to roads and footpaths to which the territorial authority responds within 15 days.	New measure	≥ 90%		Actual score: 86.4% - almost on target. (Last year: New measure). The implementation of a new system means that not all results required for the calculation of this target were captured in the time frame required. Marlborough Roads has now processes in place to deal with this issue.

<sup>1</sup> Smooth Travel Exposure is the percentage of vehicle kilometres travelled on roads meeting a certain roughness standard. This indicator shows the extent to which Council has maintained the road asset. It records travel on the roading network which meets the roughness benchmarks therefore providing a measure of delivery of a safe and comfortable ride. Well maintained roads contribute to lower operating costs for road users. The Marlborough values compare favourably with peer agencies.

<sup>2</sup> 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.

<sup>3</sup> A newly sealed road has an average roughness of 50 – 70. A very rough gravel road will have a roughness value higher than 300.

## Funding Impact Statement for year ended 30 June:

Roads and Footpaths	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	8,958	9,135	9,196
Targeted rates (other than for water supply)	63	63	65
Subsidies and grants for operating purposes	3,236	4,498	3,131
Fees and charges	5	6	21
Other receipts	1,217	1,147	1,149
<b>Total operating funding</b>	13,479	14,849	13,561
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,830	9,897	6,551
Finance costs	439	590	432
Internal charges and overheads applied	1,119	1,361	922
Other operating funding applications	-	-	16
<b>Total applications of operating funding</b>	9,388	11,848	7,920
<b>Surplus (deficit) of operating funding</b>	4,091	3,001	5,641
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	2,172	3,097	2,921
Development and financial contributions	176	240	166
Increase (decrease) in debt	697	1,525	(426)
<b>Total sources of capital funding</b>	3,045	4,862	2,660
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	447	312	886
Capital expenditure to improve the level of service	514	2,026	1,037
Capital expenditure to replace existing assets	5,316	8,866	6,881
Increase (decrease) in reserves	859	(3,341)	(503)
<b>Total applications of capital funding</b>	7,136	7,863	8,301
<b>Surplus (deficit) of capital funding</b>	(4,091)	(3,001)	(5,641)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	9,388	11,848	7,920
plus - Depreciation and amortisation	8,588	8,560	8,556
<b>Expenditure as per Note 2</b>	17,976	20,408	16,476
<b>Capital expenditure (including vested assets):</b>	6,901	11,204	9,955

<b>Internal borrowing used for the purpose of Roads and Footpaths</b>	6,242
Funds borrowed during the year	0
Funds repaid during the year	426
Interest paid in relation to this borrowing	432

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Subsidies and grants are lower than budget due to lower than anticipated NZTA subsidies on capital expenditure projects as well as general operations. This is because they are reliant on the timing of expenditure incurred.

Note 2: Payments to staff and suppliers are lower than budget due to the following:

- Less than expected emergency reinstatement as no major events have occurred this year.
- No expenditure in 2015-16 for asset management planning and regional transport planning.
- Less than anticipated network and asset charges due to contract savings.
- Maintenance less than budgeted due to delays getting budgets approved by NZTA. The approval is required to allow the subsidy to be claimed.

Note 3: Capital expenditure is lower than budget due to delays in projects, including delayed allocations of the small township budgeted funds and delays to the Tyntesfield Bridge due to adjacent property concerns.

## Activity Group: Flood Protection and Control Works

Operating costs of this activity represents approximately 5.5% of total activity expenditure.

# Activity Group: Flood Protection and Control Works

## Activities in this Group:

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

## Community Outcomes

This activity group contributes primarily to the Community Outcomes of Environment, People, Economy, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

## 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.

Further details on these activities and the assets involved can be found in the 2015-25 Long Term Plan.

## What we did in 2015-16

The weather was generally settled and dry during 2015-16 with corresponding low river flows. Two exceptions were **flood events in February and March 2016** that mostly affected the Wairau and Waihopai Rivers. The larger of the events was the one in February with the Wairau recording an approximate three year return period flood and the Waihopai a larger, approximately six year return period event.

The **February flood** in the Waihopai River caused heavy silting of our Gibsons Creek intake and significant loss of buffer zone trees (mostly wilding wattle) upstream of SH 63. In the main Wairau a large area of berm erosion occurred upstream of the Condors Bend training bank. A total of 6,700 tonne of rock was placed over a 390 metre section of wall to complete the repair. It is proposed to replant the erosion bay once the eroding meander moves off the site.

A full annual **Wairau River maintenance programme** was again completed including fairway clearing, buffer zone replanting and rock repairs and strengthening at a number of sites.

A significant effort was made during the year to **inspect and catalogue** the condition of all the **major floodgates and control gates** that are an integral part of Council's flood and drainage network with routine maintenance completed at all gates as required. During the year the Opaoa loop inlet gate was removed (likely first time in 50 years) assessed for corrosion and then eventually a new one was manufactured and put back in place. Concept designs were completed for repair/upgrade of the Ruakanakana (Gibsons) Creek Waihopai intake control gate during 2016-17.

We continued the current programme of refurbishing and proactive maintenance of **rural and town stormwater pumps**, with a total of six pumps lifted out and overhauled in 2015-16. Late in the year the Parkes Bros. pump station at Tuamarina required an emergency overhaul due to damage as a result of being run dry.

**Capital upgrades** completed included a 70 metre section of lower Opaoa stopbank beside the Boathouse Theatre and an additional 6,000 metres of new drains into the lower Wairau drainage network.

Good progress was also made with preliminary design and landowner discussions for upgrading the lower Tuamarina channel and lower Wairau stopbanks in the vicinity of Pareraru Marae. The completion of the Main Street pump station upgrade is still awaiting landowner agreement on a new access easement.















Investigations of the **flood risk** from Ruakanakana (Gibsons) Creek through the proposed Renwick lower terrace rezone area and a **flood capacity assessment** of the Omaka River downstream of the Hawkesbury Road bridge were completed.

The **Wither Hills soil conservation maintenance programme** was also undertaken with gully faces with about 35 hectares of faces in Mapps West and Dungy's East mechanically worked and resown to grass. This was a major undertaking with techniques of nearly 50 years ago having to be relearnt.

Other Wither Hills work included rehabilitation of fire burnt Taylor River faces and general water supply, fencing and track maintenance and upgrades.

The **purchase of river edge land** on the lower Opaoa River at Butter Factory corner was finally concluded. A number of other proposed land purchase agreements were progressed but not able to be completed within the financial year.

## Levels of Service: Flood Protection and Control Works

Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7	7.0		Actual score: 7.2 - on target. (Last year: 6.8 - almost on target).
<b>Wairau River scheme - system and adequacy: These major flood protection and control works are maintained, repaired and renewed to the standards defined in Rivers and Drainage Asset Management Plan (AMP).</b>				
% of floodway network inspected annually for condition and maintenance requirements.	90%	90%		Actual score: 95% - on target. (Last year: 95% - on target).
% of programmed maintenance and renewal works identified in the Rivers Asset Management Plan (AMP) practically <sup>1</sup> completed.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of capital improvement works in the Annual Plan achieved.	80%	80%		Actual score: 45% - not achieved. (Last year: 45% - not achieved). Land ownership and flood damage priorities are main reasons for delay.
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).	Two months or less post event	Two months or less post event		Actual score: Completed within two months post event - on target. (Last year: Completed within two months post event). Flood report presented to Council Assets and Services Committee on 3-May-16.
<b>Wairau Plains: Effective drainage provided to the lower Wairau plains.</b>				
% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target). Twice yearly inspections completed.
% of drains weed sprayed each year.	90%	90%		Actual score: 90% - on target. (Last year: 96% - on target).
% of drains mechanically cleared each year.	6%	6%		Actual score: 3.4% - not achieved. (Last year: 4.6% - not achieved). Recent monitoring report suggests more frequent clearance may be appropriate.
% of the agreed and approved drain network extension upgraded and brought into Council management.	New measure	40%		Actual score: 45% - on target. (Last year: New measure). Good progress made with year 1 of upgrade programme.
<b>Picton Floodways: Monitor, maintain and upgrade key Picton floodways (Waitohi and Waikawa Rivers) to provide for a 1 in 50 year return period flood event.</b>				
% of floodway network inspected annually for condition and maintenance requirements.	100%	100%		Actual score: 100% (Last year: New measure).
% of programmed maintenance and renewal works identified in the AMP practically <sup>1</sup> completed.	100%	100%		Actual score: 100% (Last year: New measure).
<b>Blenheim Urban: Upgrade and maintain key Blenheim stormwater outfalls<sup>2</sup>.</b>				
% of programmed maintenance and renewal works identified in the AMP practically <sup>1</sup> completed.	100%	100%		Actual score: 100% - on target. (Last year: New measure).
% of capital improvement works in the AMP achieved.	80%	80%		Actual score: 25% - not achieved. (Last year: New measure). Preliminary berm work completed at Caseys outfall. Design work progressing well on Town Branch, Murphys and Caseys upgrades.
<b>Sound flood hazard advice provided.</b>				
Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	< 5	5		Actual score: 0 (Last year: 0 - on target). No new issues were notified.

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

<sup>2</sup> Channels and pump stations, including the Town Branch Caseys, Fulton and Murphys Creeks to provide for a 1 in 50 year return period storm event runoff including both infill and greenfield development.

## Funding Impact Statement for year ended 30 June:

Flood Protection and Controlled Works	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	259	273	275
Targeted rates (other than for water supply)	3,461	3,678	3,646
Fees and charges	510	605	619
Internal charges and overheads recovered	160	200	273
Other receipts including rental revenue	2,573	2,586	2,445
<b>Total operating funding</b>	6,963	7,342	7,258
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,728	3,090	3,499
Finance costs	62	97	45
Internal charges and overheads applied	746	1,671	1,734
Other operating funding applications	32	32	7
<b>Total applications of operating funding</b>	4,568	4,890	5,285
<b>Surplus (deficit) of operating funding</b>	2,395	2,452	1,972
<b>Sources of capital funding</b>			
Increase (decrease) in debt	37	300	(23)
<b>Total sources of capital funding</b>	37	300	(23)
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	200	340	161
Capital expenditure to improve the level of service	-	240	550
Capital expenditure to replace existing assets	793	915	17
Increase (decrease) in reserves	1,439	1,257	1,220
<b>Total applications of capital funding</b>	2,432	2,752	1,948
<b>Surplus (deficit) of capital funding</b>	(2,395)	(2,452)	(1,972)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	4,568	4,890	5,285
plus - Depreciation and amortisation	149	166	154
less - Internal charges and overheads recovered	160	200	273
<b>Expenditure as per Note 2</b>	4,557	4,856	5,166
<b>Operating expenditure</b>			
River Leases	216	231	235
Rivers Outside Wairau Floodplain	245	257	226
Wairau Floodplain Drainage	790	865	964
Wairau Floodplain Rivers	3,306	3,504	3,741
<b>Capital expenditure:</b>			
Rivers Outside Wairau Floodplain	20	20	-
Wairau Floodplain Drainage	330	230	219
Wairau Floodplain Rivers	643	1,245	509
<b>Internal borrowing used for the purpose of Flood Protection and Controlled Works</b>			630
Funds borrowed during the year			-
Funds repaid during the year			23
Interest paid in relation to this borrowing			45

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

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



Note 2: Other receipts are below budget due to a refund on an overcharged property lease that was backdated 12 months on renewal of the lease.

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

- Unbudgeted draughting and survey work for the survey of the Wairau River cross sections.
- Higher than anticipated drainage pump maintenance and river protection works, partially offset by reimbursements from private landowners.
- Higher than budgeted professional fees for the Renwick lower terrace flood risk assessment mitigation options analysis and recommendations.

Note 4: Capital expenditure is lower than budget due to land purchases still being negotiated or pending and delays in the Lower Wairau stop bank upgrade, delays in the Omaka and Tuamarina rock and gabion protection works, and the main street pump station delayed while access agreements are put in place.

## **Activity Group: Sewerage Including Treatment and Disposal**

### **Activities in this Group**

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

### **Community Outcomes**

This activity group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### **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.

Council's 2015-25 Long Term Plan provides further information on the areas served by Council's sewerage schemes and what is entailed in each scheme.







### **What we did in 2015-16**

Progress continues with the detailed 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.

The Blenheim wetlands tertiary treatment and effluent irrigation system was operated throughout the summer when conditions allowed. The irrigation system significantly reduces the total volume of effluent discharged into the estuary environment.

Considerable effort was expended on sewer mains assessment and rehabilitation. The ageing infrastructure, ground movement through seismic activity, corrosive effluents and increasing quantities of oils and fats discharged into the sewer system is causing increased maintenance activity.

## Levels of Service: Sewerage Including Treatment and Disposal

Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Customer satisfaction:</b>				
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0		Actual score: 7.9 - almost on target. (Last year: 7.4 - almost on target). Satisfaction with this service has improved since last year.
The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.	7.5	7.5		Actual score: 5.7 - on target. (Last year: New measure). 91 customer requests in total.
<b>System adequacy:</b>				
<b>Provide a level of service quality that minimises environmental risks.</b>				
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.3	0.3		Actual score: 0.38 - almost on target. (Last year: New measure). Six overflows throughout the year.
<b>Discharge compliance:</b>				
<b>Provide a reliable wastewater service with adequate system capacity and performance.</b>				
Number of wet weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	1	1		Actual score: 0.56 - on target. (Last year: New measure).
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	Nil	Nil		Actual score: On target. (Last year: New measure).
<b>Fault response times:</b>				
<b>Provide a service that is timely and responsive to customer needs.</b>				
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times are measured: (a) attendance time (in hours): from the time that the territorial authority receives notification to the time that service personnel reach the site, and (b) resolution time (in hours): from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	New measure	1.5		Actual score: 0.7 hours - on target. (Last year: New measure). On target at 41 minutes.
	New measure	4.5		Actual score: 1.2 hours - on target. (Last year: New measure). On target at 1 hour 11 minutes.

<b>Funding Impact Statement for year ended 30 June:</b>			
<b>Sewerage</b>	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
Targeted rates (other than for water supply)	7,753	7,898	7,915
Fees and charges	62	62	70
Other receipts	1,856	1,936	1,937
<b>Total operating funding</b>	<b>9,671</b>	<b>9,896</b>	<b>9,922</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,553	2,802	3,196
Finance costs	2,661	3,032	2,441
Internal charges and overheads applied	1,129	1,863	1,917
Other operating funding applications	-	-	7
<b>Total applications of operating funding</b>	<b>7,343</b>	<b>7,697</b>	<b>7,560</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,328</b>	<b>2,199</b>	<b>2,362</b>
<b>Sources of capital funding</b>			
Development and financial contributions	140	462	916
Lump sum contributions	-	-	250
Increase (decrease) in debt	(400)	11,370	(1,567)
<b>Total sources of capital funding</b>	<b>(260)</b>	<b>11,832</b>	<b>(401)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	1,035	5,787	992
Capital expenditure to improve the level of service	1,700	4,248	923
Capital expenditure to replace existing assets	560	4,013	330
Increase (decrease) in reserves	(1,227)	(17)	(283)
<b>Total applications of capital funding</b>	<b>2,068</b>	<b>14,031</b>	<b>1,962</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,328)</b>	<b>(2,199)</b>	<b>(2,362)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>7,343</b>	<b>7,697</b>	<b>7,560</b>
plus - Depreciation and amortisation	2,880	2,861	2,927
plus - Loss on sale of fixed assets	-	-	-
<b>Expenditure as per Note 2</b>	<b>10,223</b>	<b>10,558</b>	<b>10,487</b>
<b>Operating expenditure</b>			
Combined scheme	8,155	8,522	8,460
Riverlands Industrial	1,898	1,887	1,872
St Andrews	21	7	15
Private Works	-	-	2
Loan units (no-lump sum)	149	142	138
<b>Capital expenditure (including vested assets)</b>			
Combined scheme	3,227	14,093	2,590
Riverlands Industrial	128	51	-
St Andrews	-	-	-
<b>Internal borrowing used for the purpose of Sewerage</b>			<b>33,673</b>
Funds borrowed during the year			-
Funds repaid during the year			1,567
Interest paid in relation to this borrowing			2,441

#### **Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)**

Note 1: Other receipts are higher than the LTP budget due to receipt of an unbudgeted developer lump sum sewer contribution.

Note 2: Payments to staff and suppliers were higher than budget due to higher than budgeted pump station and reticulation maintenance expenses.

Note 3: Finance costs are lower than budget due to delays in the capital expenditure and therefore the loans have not yet been required.

Note 4: Capital costs are below budget due to the Picton sewer upgrade design and consultant delays.

# Activity Group: Stormwater Drainage

## Activities in this Group:

This activity group comprises a single activity; Stormwater Drainage.

## Community Outcomes

This activity group contributes to the Community Outcomes of Environment, Economy and People. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

## 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.

Council's 2015-25 Long Term Plan provides further information on the areas served by Council's stormwater drainage and what is entailed in each scheme.

## What we did in 2015-16

An outline design for the stormwater infrastructure to serve the development of urban zones to the north-west of Blenheim has been completed. Detailed design and resource consent application is proceeding.

A community stake-holder group has held regular meetings in a structured decision making process to help manage the future development of the Murphy's Creek catchment. An independent facilitator has assisted with the process to ensure that the potential for water quality deterioration and increased flows from land development within the catchment is managed to the satisfaction of all stake-holders.







An old 600 millimetre steel stormwater main in Francis Street, Blenheim was renewed and upgraded to a 1,050 millimetre pipe to improve drainage in the upstream catchment.

Stormwater mains in Auckland Street, Wynen Street and through Mayfield School were lined with a structural PVC lining. The 'low-dig' technique provided cost effective and speedy rehabilitation of old earthenware pipes. Ground movement from recent seismic activity may have contributed the poor condition of the mains. Further pipe assessment is being undertaken through CCTV surveys.

Hydraulic modelling has helped to establish a long term strategy to improve stormwater drainage for eastern Blenheim. Plans are being developed to implement engineering upgrades to remedy the issues.

## Levels of Service: Stormwater Drainage

### Performance Targets

Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Customer satisfaction:</b>				
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.6	6.7		Actual score: 6.7 - on target. (Last year: 7.3 - on target).
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	2	2		Actual score: 1.99 - on target. (Last year: New measure). 33 customer requests on an estimated 16,591 properties.
<b>System adequacy:</b>				
<b>Provide a reliable stormwater service.</b>				
The number of flooding events that occur in a territorial authority district.	Actual number to be reported	Actual number to be reported		Actual score: On target. (Last year: New measure). There were no civil defence recognised flooding events.
For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system.	3	3		Actual score: 0.08 - on target. (Last year: New measure). One incident reported.
<b>Discharge compliance:</b>				
<b>Minimise the environmental risks of stormwater discharge.</b>				
Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	Nil	Nil		Actual score: Nil - on target. (Last year: New measure).
<b>Response times:</b>				
<b>Provide a service that is timely and responsive to current needs.</b>				
The median response time (in hours) to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	1 hour	1		Actual score: 0.7 hours - on target. (Last year: New measure). Four events were categorised as Critical, Important or High with median response time of 40 minutes.

## Funding Impact Statement for year ended 30 June:

	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Stormwater drainage</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,526	1,671	1,682
Fees and charges	51	51	37
Other receipts	167	165	165
<b>Total operating funding</b>	<b>1,744</b>	<b>1,887</b>	<b>1,883</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	379	260	292
Finance costs	24	23	23
Internal charges and overheads applied	164	722	753
<b>Total applications of operating funding</b>	<b>567</b>	<b>1,005</b>	<b>1,068</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,177</b>	<b>882</b>	<b>815</b>
<b>Sources of capital funding</b>			
Development and financial contributions	40	25	47
Increase (decrease) in debt	(20)	-	(22)
<b>Total sources of capital funding</b>	<b>20</b>	<b>25</b>	<b>25</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	51	51	85
Capital expenditure to improve the level of service	1,020	20	21
Capital expenditure to replace existing assets	69	76	692
Increase (decrease) in reserves	57	760	43
<b>Total applications of capital funding</b>	<b>1,197</b>	<b>907</b>	<b>841</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,177)</b>	<b>(882)</b>	<b>(815)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>567</b>	<b>1,005</b>	<b>1,068</b>
plus - Depreciation and amortisation	1,206	1,303	1,370
<b>Expenditure as per Note 2</b>	<b>1,773</b>	<b>2,308</b>	<b>2,438</b>
<b>Operating expenditure</b>			
Blenheim Stormwater	1,252	1,704	1,850
Other Stormwater Schemes	521	604	588
<b>Capital expenditure (including vested assets):</b>			
Blenheim Stormwater	1,240	96	1,167
Other Stormwater Schemes	50	51	43

<b>Internal borrowing used for the purpose of Stormwater drainage</b>	309
Funds borrowed during the year	-
Funds repaid during the year	22
Interest paid in relation to this borrowing	23

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Capital expenditure in Blenheim stormwater is higher than the LTP budget due to the Muller Road/Town Branch drain upgrade.

# Activity Group: Water Supply

## Activities in this Group:

This activity group comprises a single activity; Water Supply.

## Community Outcomes

This activity group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

## 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.

Around 82% of the population of Marlborough are supplied from Council reticulated supplies with the majority of schemes either compliant with NZ Drinking Water Standards or planned to meet them in the relatively near future.

Council's 2015-25 Long Term Plan provides further information on the areas served by Council's water schemes and what is entailed in each scheme.

## What we did in 2015-16

Work has begun on the construction 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. An invite has been issued to consultant/contractors for a proposal to design and build a treatment plant to meet the Drinking Water Standards NZ. The proposals will be presented to the Seddon community for their consideration before final acceptance. Construction is planned for completion by November 2017.

Construction has commenced 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 second reservoir was constructed at the Elevation, Picton to provide security of supply.

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 but are proving elusive. The introduction of universal metering to all properties in Havelock may help to reduce demand and delay the need for an additional source. Consultation with the community has found this to be an acceptable solution.

Work has commenced on a pipeline to facilitate the testing of three bores at Conders Bend near Renwick. If the tests show sufficient quantity of good quality water and there are no impacts to existing nearby bores, the bores will be connected to the Renwick the treatment plant when it is upgraded around 2018-19.



















## Levels of Service: Water Supply















Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Customer satisfaction:</b>				
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0		Actual score: 7.5 - almost on target. (Last year: 7.7 - on target). Recent attention on drinking water and the cost of meeting the NZDWS may have contributed to the slight satisfaction down-turn.
The total number of complaints received by the local authority about any of the following, expressed per 1000 connections to the local authority's networked reticulation system <sup>1</sup> .				
(a) drinking water clarity	1.30	1.30		Actual score: 0.06 - on target. (Last year: New measure).
(b) drinking water taste	1.90	1.90		Actual score: 0.06 - on target. (Last year: New measure).
(c) drinking water odour	0.65	0.65		Actual score: 0.18 - on target. (Last year: New measure).
(d) drinking water pressure or flow	1.90	1.90		Actual score: 0.18 - on target. (Last year: New measure).
(e) continuity of supply, and	1.30	1.30		Actual score: 0.9 - on target. (Last year: New measure).
(f) the local authority's response to any of these issues	0.65	0.65		Actual score: 0 - on target. (Last year: New measure).
<b>Safety of drinking water:</b>				
<b>Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.</b>				
The extent to which the local authority's drinking water supply complies with:				
(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and	Blenheim	Yes		Actual score: On target. (Last year: New measure).
	Picton	Yes		Actual score: On target. (Last year: New measure).
	Havelock	Yes		Actual score: On target. (Last year: New measure).
	Renwick	Yes		Actual score: On target. (Last year: New measure).
	Riverlands	Yes		Actual score: On target. (Last year: New measure).
	Awatere	No		Actual score: On target. (Last year: New measure). We have budgeted to comply with Part 4 of the standards between 2018-25. Plans for a compliant water treatment plant for Seddon are progressing.
	Wairau Valley	No		Actual score: On target. (Last year: New measure). There are no current plans for compliance with Part 4 for the Wairau Valley region.

## Levels of Service: Water Supply

### Performance Targets

Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
(b) Part 5 of the drinking-water standards (protozoal compliance criteria).	Blenheim	Yes		Actual score: On target. (Last year: New measure).
	Picton	No		Actual score: On target. (Last year: New measure). We have budgeted to comply with Part 5 of the standards in 2016-17.
	Havelock	No		Actual score: On target. (Last year: New measure). We have budgeted to comply with Part 5 of the standards between 2018-25.
	Renwick	No		Actual score: On target. (Last year: New measure). We have budgeted to comply with Part 5 of the standards between 2018-25.
	Riverlands	No		Actual score: On target. (Last year: New measure). There are no current plans for compliance with Part 5 for Riverlands.
	Awatere	No		Actual score: On target. (Last year: New measure). We have budgeted to comply with Part 5 of the standards between 2018-25. Plans for a compliant water treatment plant for Seddon are progressing
	Wairau Valley	No		Actual score: On target. (Last year: New measure). There are no current plans for compliance with Part 5 for the Wairau Valley region.
<b>Maintenance of the reticulation network.</b>				
The percentage of real water loss from the local authority's networked reticulation system <sup>2</sup> .				
● Blenheim	≤44%	≤ 44%		Actual score: 37% - on target. (Last year: New measure).
● Picton	≤48%	≤ 48%		Actual score: 32% - on target. (Last year: New measure).
● Havelock	≤51%	≤ 51%		Actual score: 49% - on target. (Last year: New measure).
● Renwick	≤50%	≤ 50%		Actual score: 35% - on target. (Last year: New measure).
● Awatere	≤28%	≤ 28%		Actual score: 9% - on target. (Last year: New measure).
● Wairau Valley	≤42%	≤ 42%		Actual score: 15% - on target. (Last year: New measure).
<b>Fault response times:</b>				
<b>Provide a service that is timely and responsive to customer needs.</b>				
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:				
(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in minutes), and	30 minutes	30		Actual score: 12.5 minutes - on target. (Last year: New measure). 16 events of No Water classified as Critical or Important.
(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (in hours).	3 hours	3		Actual score: 2.2 hours - on target. (Last year: New measure).
(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in hours), and	8 hours	8		Actual score: 2.28 hours - on target. (Last year: New measure). Median response time of 2 hours 17 minutes.

## Levels of Service: Water Supply

Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (in hours).	13 hours	13		Actual score: 14.9 hours - almost on target. (Last year: New measure). 519 events were registered. Improvements to restoration time data collection from site will assist with future reporting.
<b>Demand management: Provide a reliable water supply service.</b>				
The average consumption of drinking water per day per resident within the territorial authority district (in litres).	800 litres	800		Actual score: 709 - on target. (Last year: New measure).
% of properties that receive a minimum water pressure of 300kPa at the property boundary (except in the Awatere Valley and Wairau Valley township).				
● Blenheim	99%	99%		Actual score: 98% - almost on target. (Last year: 98% - on target). Programmed reticulation upgrades have been deferred to commence in 2018-19.
● Picton	99%	99%		Actual score: 99% - on target. (Last year: 100% - on target).
● Havelock	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
● Renwick	69%	69%		Actual score: 89% - on target. (Last year: 89% - which almost achieved 2014-15 target of 98%).
% of system where fire flows are equal to greater 25 litres/sec.				
● Blenheim <sup>3</sup>	85%	85%		Actual score: 84% - almost on target. (Last year: 88% - on target). Programmed reticulation upgrades have been deferred to commence 2018-19.
● Picton <sup>3</sup>	87%	87%		Actual score: 88% - on target. (Last year: 88% - on target).
● Havelock <sup>3</sup>	100%	100%		Actual score: 98% - almost on target. (Last year: 98% - on target). Despite not being achieved we have maintained last year's score which was well above our target of 80%.
● Renwick <sup>3</sup>	55%	55%		Actual score: 69% - on target. (Last year: 69% - on target).
% of system where fire flows are less than 12.5 litres/sec.				
● Blenheim	0.7%	0.7%		Actual score: 0.5% - on target. (Last year: 1% - on target).
● Picton	1.0%	1.0%		Actual score: 1% - on target. (Last year: 1% - on target).
● Havelock	0.0%	0.0%		Actual score: 0% - on target. (Last year: 0% - on target).
● Renwick	2.0%	2.0%		Actual score: 0% - on target. (Last year: 0% - on target).

<sup>1</sup>. Assumes 15,591 connections. Estimated in accordance with DIA recommended option 2. Minimum night flow analysis. Riverlands not included as industrial night consumption volumes not available.

<sup>2</sup>. The water loss figures shown are based on the best available information and do not include legitimate commercial/industrial night usage, day/night adjustment factor or system specific issues that are not currently monitored. Water loss has been calculated in accordance with Method Option 2 (minimum night flow analysis) recommended by the Department of Internal Affairs guidance for non-financial performance measures for water supply.

Note: Riverlands is not measurable due to its industrial usage."

<sup>3</sup>. We have identified an error on Council's 2015-25 LTP where the baselines and targets set for these regions were a line out. This has been amended in this report to correctly reflect the targets we focus on towards achieving our goals.

## Funding Impact Statement for year ended 30 June:

Water Supply	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
Targeted rates	6,055	6,085	7,118
Fees, charges and targeted rates for water supply	2,790	2,853	2,156
Other receipts	-	-	104
<b>Total operating funding</b>	<b>8,845</b>	<b>8,938</b>	<b>9,378</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,031	2,300	2,648
Finance costs	1,547	1,734	1,413
Internal charges and overheads applied	998	1,612	1,640
Other operating funding applications	-	-	46
<b>Total applications of operating funding</b>	<b>5,576</b>	<b>5,646</b>	<b>5,748</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,269</b>	<b>3,292</b>	<b>3,631</b>
<b>Sources of capital funding</b>			
Development and financial contributions	155	285	532
Gross proceeds from sale of assets	-	-	3
Increase (decrease) in debt	3,125	1,700	395
<b>Total sources of capital funding</b>	<b>3,280</b>	<b>1,985</b>	<b>929</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	1,022	2,861	197
Capital expenditure to improve the level of service	5,212	2,915	2,543
Capital expenditure to replace existing assets	281	423	89
Increase (decrease) in reserves	34	(922)	1,731
<b>Total applications of capital funding</b>	<b>6,549</b>	<b>5,277</b>	<b>4,560</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,269)</b>	<b>(3,292)</b>	<b>(3,631)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>5,576</b>	<b>5,646</b>	<b>5,748</b>
plus - Depreciation and amortisation	2,640	2,792	2,830
plus - Loss on sale of fixed assets	-	-	-
<b>Expenditure as per Note 2</b>	<b>8,216</b>	<b>8,438</b>	<b>8,578</b>
<b>Operating expenditure</b>			
Awatere Water	631	736	773
Blenheim Water	4,524	4,452	4,785
Havelock Water	256	249	292
Picton Water	1,962	2,101	1,830
Renwick Water	464	464	489
Riverlands Water	342	400	372
Wairau Valley Water	37	36	36
<b>Capital expenditure (including vested assets):</b>			
Awatere Water	109	575	137
Blenheim Water	949	3,173	492
Havelock Water	78	26	15
Picton Water	3,986	2,473	2,399
Renwick Water	186	20	62
Riverlands Water	1,399	123	10
Wairau Valley Water	3	3	6
<b>Internal borrowing used for the purpose of Water Supply</b>			<b>19,841</b>
Funds borrowed during the year			1,211
Funds repaid during the year			780
Interest paid in relation to this borrowing			1,393

The operating expenditure by unit/location varies to the LTP order due to an error in the LTP.

**Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)**

Note 1: The total of targeted rates and fees charges and targeted rates for water supply was higher this year due to the dry summer and the increase in use of metered water, mainly for the Awatere and commercial and industrial for Blenheim and Havelock.

Note 2: Other receipts include unbudgeted contributions of water network upgrade levies.

Note 3: Payments to staff and suppliers are higher than budget due to reticulation and treatment expenses due to increased costs of supplying higher water volumes.

Note 4: Finance costs are below budget due to delays in capital projects.

Note 5: Capital expenditure is below budget due to capital projects taking longer than anticipated in particular the Blenheim reservoir which has carried over into 2016-17.

## **Activity Group: Solid Waste Management**

### **Activities in this Group:**

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

### **Community Outcomes**

This activity group contributes to the Community Outcomes of Environment, People and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### **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. MDC provides significant waste management infrastructure, including a network of seven transfer stations, central landfill, salvage yard, e-waste collection point, rural community recycling collection points, greenwaste acceptance facility, hazardous waste collection and storage, and resource recovery centre.

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 Waste Management Minimisation Plan (WMMP), in particular food waste.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.









### **What we did in 2015-16**

In addition to the services provided under the Levels of Services table a number of activities have been performed during the year. The following points summarise the work activities we performed in 2015-16:

- Trialled a public place recycling scheme in Blenheim and Picton recovering 5,400 kilograms of recycling.
- Commenced construction of the waste sorting centre (formerly referred to as the CIF) at the Blenheim transfer station.
- Conducted a food waste survey with 550 residents and held a trial with selected participants to develop an understanding of why people throw out food.
- Processed 16,087 cubic metres of greenwaste at the Blenheim site.
- Recycled 2,698 items of e-waste.
- Served 40,181 customers at the reuse shops.
- Recovered 363,877 kilograms of recycling through the rural community recycling service.
- Collected 1,790 tonnes of recycling from the kerbside collection routes in Blenheim and Picton.
- Trialled rubbish and recycling system at the Picton Marina.

## Levels of Service: Solid Waste Management

### Performance Targets

Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6		Actual score: 7.4 - almost on target. (Last year: 7 - almost on target). The current level of service provision didn't meet all residents expectations particularly the expansion of kerbside collection. This has been countered by the provision of the rural community recycling system to townships that do not have direct access to a recycling service through a transfer station or kerbside collection.
<b>Reduce the amount of waste sent to the landfill.</b>				
% growth in diverted material throughput at the Resource Recovery Centre (RRC).	4,425 tonnes per annum	2.5% growth from 2014-15 (4,512 tonnes)		Actual score: 5,083 tonnes - on target. (Last year: 4,512 tonnes - on target).
% growth in sales at the Reuse Shop (inclusive of GST).	\$100,000 per annum	2.5% growth from 2014-15 (\$134,413)		Actual score: \$148,982 - on target. (Last year: \$134,413 - on target).
Amount of organic material composted (in cubic metres).	14,000m <sup>3</sup> per annum	2.5% on 2014-15 actuals (12,596m <sup>3</sup> )		Actual score: 16,087m <sup>3</sup> - on target. (Last year: 12,596m <sup>3</sup> - on target).
<b>Effective operation of waste management and minimisation services.</b>				
Number of resident's complaints in regards to Bluegums Landfill operations.	12 per annum	< 11		Actual score: 2 - on target. (Last year: 2 - on target).
% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	< 1%		Actual score: 0.45% - on target. (Last year: 0.6% - on target).
Number of resident's complaints in regards to Composting Operation.	12 per annum	< 11		Actual score: 1 - on target. (Last year: 1 - on target).
Number of resident's complaints in regards to the transfer stations, Reuse Centre, Resource Centre, E-waste facility, coin skips and salvage yard.	24 per annum	< 20		Actual score: 33 - not achieved. (Last year: New measure). 16 out of 33 complaints (or 50%) were in regards to coin skips. These units were refurbished during the second half of 2016 and should now prove more reliable for the summer period ahead.



## Funding Impact Statement for year ended 30 June:

Solid Waste Management	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,130	1,283	1,291
Targeted rates (other than for water supply)	1,427	1,379	1,438
Subsidies and grants for operating purposes	125	135	182
Fees and charges	4,344	4,583	5,903
Other receipts	110	929	201
<b>Total operating funding</b>	<b>7,136</b>	<b>8,309</b>	<b>9,015</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,101	4,861	5,292
Finance costs	418	467	432
Internal charges and overheads applied	541	979	985
Other operating funding applications	505	407	494
<b>Total applications of operating funding</b>	<b>6,565</b>	<b>6,714</b>	<b>7,203</b>
<b>Surplus (deficit) of operating funding</b>	<b>571</b>	<b>1,595</b>	<b>1,811</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Gross proceeds from sales of assets	-	-	77
Increase (decrease) in debt	(382)	2,176	880
<b>Total sources of capital funding</b>	<b>(382)</b>	<b>2,176</b>	<b>957</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	161	211	154
Capital expenditure to improve the level of service	1,630	5,039	2,853
Capital expenditure to replace existing assets	-	45	-
Increase (decrease) in reserves	(1,602)	(1,524)	(239)
<b>Total applications of capital funding</b>	<b>189</b>	<b>3,771</b>	<b>2,768</b>
<b>Surplus (deficit) of capital funding</b>	<b>(571)</b>	<b>(1,595)</b>	<b>(1,811)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>6,565</b>	<b>6,714</b>	<b>7,203</b>
plus - Depreciation and amortisation	335	345	332
plus - Provision for landfill aftercare	-	-	105
plus - Loss on sale of fixed assets	-	-	-
<b>Expenditure as per Note 2</b>	<b>6,900</b>	<b>7,059</b>	<b>7,640</b>
<b>Operating expenditure</b>			
Landfills	2,888	2,804	2,935
Refuse Collections	1,633	1,552	1,598
Transfer Stations	1,385	1,515	1,916
Waste Minimisation	994	1,188	1,190
<b>Capital expenditure:</b>			
Landfills	1,669	2,253	1,538
Transfer Stations	122	2,952	1,399
Waste minimisation projects	-	90	70
<b>Internal borrowing used for the purpose of Solid Waste Management</b>			<b>6,499</b>
Funds borrowed during the year			-
Funds repaid during the year			500
Interest paid in relation to this borrowing			432

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Fees and charges have exceeded budget due to an increased revenue from dump fees and green waste charges.

Note 2: Other receipts are lower than budgeted as the Ministry of Environment capital contributions for the new sorting facilities are delayed and will be receipted next year as agreed milestones are completed.

Note 3: Payments to staff and suppliers are above budget as the increase in tonnage resulted in the increase in contract fees and levies paid

Note 4: Capital expenditure is lower than budgeted due to delays on completion of the commercial industrial sorting facility, stage seven construction of the Blenheim Regional Landfill and construction of the landfill gas collection system.

## Activity Group: Environmental Management

Operating costs for this group of activities represent approximately 9.1% of total group expenditure.

# Activity Group: Environmental Management

## Activities in this Group:

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

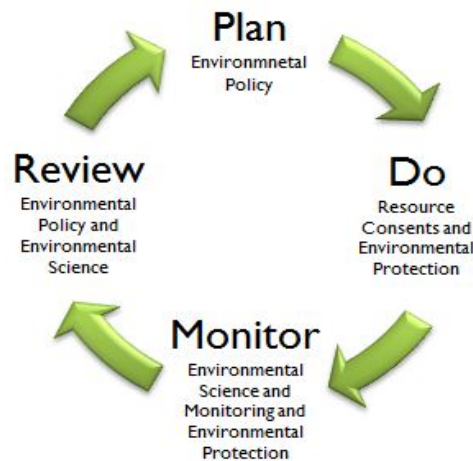
## Community Outcomes

This activity group contributes to the Community Outcomes of Governance, Environment, People, Economy, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

## What is this Activity Group About?

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:



Council as a unitary authority, 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.

## Funding Impact Statement for year ended 30 June:

ENVIRONMENTAL MANAGEMENT	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,967	6,017	6,057
Subsidies and grants for operating purposes	-	-	103
Fees and charges	1,401	1,495	1,381
Internal charges and overheads recovered	88	88	84
Other receipts including fines	715	670	922
<b>Total operating funding</b>	<b>8,171</b>	<b>8,270</b>	<b>8,546</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,207	5,855	6,171
Internal charges and overheads applied	1,961	2,206	2,242
Finance Costs	-	10	12
Other operating funding applications	15	15	15
<b>Total applications of operating funding</b>	<b>8,183</b>	<b>8,086</b>	<b>8,440</b>
<b>Surplus (deficit) of operating funding</b>	<b>(12)</b>	<b>184</b>	<b>106</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	3	153	-
Capital expenditure to replace existing assets	150	150	154
Increase (decrease) in reserves	(165)	(119)	(49)
<b>Total applications of capital funding</b>	<b>(12)</b>	<b>184</b>	<b>106</b>
<b>Surplus (deficit) of capital funding</b>	<b>12</b>	<b>(184)</b>	<b>(106)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>8,183</b>	<b>8,086</b>	<b>8,440</b>
plus - Depreciation and amortisation	93	100	100
less - Internal charges and overheads recovered	88	88	84
<b>Expenditure as per Note 2</b>	<b>8,188</b>	<b>8,098</b>	<b>8,456</b>

### Explanation of Variances

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

## Activity: Environmental Policy

Operating costs of this activity represent approximately 1.5% of total activity expenditure.

### Related Community Outcomes

This Activity contributes primarily to the Community Outcome of Governance, Environment, People, Economy, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### 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.


Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

The Council completed a rebuild of its resource management planning framework during 2015-16. This project has been a significant undertaking for the Council and commenced in 2007. There has been significant community engagement and consultation with respect to the content of the Marlborough Environment Plan (MEP) over that period.

As part of this review process, Council has decided to take the opportunity provided by section 80 of the RMA to combine the objectives, policies and methods of the two operative resource management plans with the RPS to create a single planning document for the district – the MEP. This will provide for more effective integrated management of Marlborough's natural and physical resources.

The MEP was notified for public submissions on 9 June 2016. This is a significant milestone and Council now looks forward to considering public submissions received on the MEP. The main task for the Environmental Policy Group is now assisting with the completion of the First Schedule process for the MEP.

Levels of Service: Environmental Policy				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>A second generation resource management framework for Marlborough.</b>				
A combined Regional Policy Statement and Resource Management Plan is publicly notified.	July 2015	31-Jul-15		Actual score: Not achieved. (Last year: Not achieved). The proposed Marlborough Environment Plan was publicly notified on 9-Jun-2016. This delay was due to Council's decision to restructure the plan before it was publicly notified.

## Funding Impact Statement for year ended 30 June:

Environmental Policy	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,220	1,296	1,304
Subsidies and grants for operating purposes	-	-	43
Fees and charges	-	-	-
Other receipts including fines	130	203	128
<b>Total operating funding</b>	<b>1,350</b>	<b>1,499</b>	<b>1,475</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,133	1,051	1,082
Internal charges and overheads applied	202	283	298
Other operating funding applications	15	15	15
<b>Total applications of operating funding</b>	<b>1,350</b>	<b>1,349</b>	<b>1,394</b>
<b>Surplus (deficit) of operating funding</b>	<b>-</b>	<b>150</b>	<b>81</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	-	150	-
Increase (decrease) in reserves	-	-	81
<b>Total applications of capital funding</b>	<b>-</b>	<b>150</b>	<b>81</b>
<b>Surplus (deficit) of capital funding</b>	<b>-</b>	<b>(150)</b>	<b>(81)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>1,350</b>	<b>1,349</b>	<b>1,394</b>
<b>As within Environment Management activity per note 2</b>	<b>1,350</b>	<b>1,349</b>	<b>1,394</b>

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: The completion of the E-water computer system has been carried over to 2016-17.

## Activity: Environmental Science and Monitoring

Operating costs of this activity represent approximately 3.5% of total activity expenditure.

### Related Community Outcomes

This activity contributes primarily to the Community Outcomes of Governance, Environment, Economy, People and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### 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.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

#### State of the Environment Monitoring

The Council released the 'State of the Environment Report 2015, Our Land, Our Water, Our Place' in March 2016. The report provided a comprehensive health check of what's happening to our land, air, freshwater and coastal resources with biosecurity and biodiversity as cross cutting themes. The information essentially helps the community gain a better understanding of our natural resources and assists to characterise the condition and trends of key natural resources to help planning decisions and foster environmental sustainability. Refer <http://www.marlborough.govt.nz/Environment/State-of-the-Environment-Report.aspx>.

#### Fresh Water

Specific 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. Water quality monitoring occurred at 34 river sites measuring a range of physical and biological parameters and provided 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.

Monitoring of groundwater quality occurred over a network of 22 monitoring wells measuring pesticide, microbes, nutrients, minerals and chemical contamination. Additionally, sentinel wells have been monitored along Te Koko-o-Kupe /Cloudy Bay coast for any earlier indication of seawater intrusion.

Thirty river flow and water level sites and all aquifers were continuously monitored during the year essentially to determine effects from human induced impacts such as irrigation, regulating water take threshold levels and measuring the impacts over the long term from seasonal and climatic trends.

Water quality investigations of the Linkwater Stream and Tuamarina River Catchments have been undertaken to assess the origin of contaminants that have resulted in the water quality of these catchments ranking as poor under the Councils water quality index.

#### Land and Air

Soil quality monitoring occurred at 13 sites resampling areas undertaken in 2010, measuring changes in 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 various land use activities. Air quality

monitoring continues measuring Pm10 levels in the Blenheim airshed reported that there was exceedances on four occasions during the winter of 2015 against national standards.







## Coastal

Council's investment into coastal environment research and gathering good quality information continues with a steady stream of work programmes.

Studying the health of the main estuaries in the Sounds has been a focus point in the Wairau Lagoon, Shakespeare Bay, Waikawa and Whangarae bays. These studies have provided 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.

Coastal water monitoring programme continues with sampling at 11 main representative sites on a monthly basis in the Totaranui/Queen Charlotte Sound and Te Hoiere/Pelorus Sound. The main parameters measured were nitrate, chlorophyll-a, and dissolved oxygen. These are important indicators of ecosystem health. We also have continued to measure the amount of sediment particles in the water. In addition Council completed an investigation highlighting impacts on the benthic habitats arising from the deposition of fine sediments from land use activities.

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.

Levels of Service: Environmental Science and Monitoring				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Fresh Water, Land, Air and Coastal.</b>				
Timeliness of completion data integrity audits and quality coding (in accordance with National Environmental Monitoring Standards (NEMS)).	30-Jun	30-Jun-16		Actual score: 30-Jun-16 - on target. (Last year: 30-Jun-15 - on target). Data is being quality coded in terms of the following NEMS standards: - Rainfall; - Water Level; and - Flow Gauging.
Number of technical SoE monitoring report cards completed.	5	5		Actual score: 6 - on target. (Last year: 5 - on target).
Timeliness completion of resource investigations and reporting to Council.	30-Jun	30-Jun-16		Actual score: 30-Jun-16 - on target. (Last year: 30-Jun-15 - on target).
<b>Effective real time environmental monitoring network is operated.</b>				
Percentage availability of the Environmental monitoring network.	99%	99%		Actual score: 99.65% - on target. (Last year: 99.9% - on target).
<b>Promotion of resource management programmes to help maintain or improve the condition of the environment.</b>				
Increase in the number of protected (either Council agreements and/or legal covenants) terrestrial or wetland indigenous biodiversity sites on private land.	80	84		Actual score: 88 - on target. (Last year: 85 - on target).
<b>Encourage the community and industry to look after and restore the environment through communication, education and advocacy.</b>				
Percentage of planned educational or communication programmes are completed annually.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).

## Funding Impact Statement for year ended 30 June:

Environmental Science and Monitoring	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,742	2,733	2,751
Subsidies and grants for operating purposes	73	-	59
Fees and charges	78	5	9
Internal charges and overheads recovered	65	65	65
Other receipts including fines	293	269	329
<b>Total operating funding</b>	3,251	3,072	3,213
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,655	2,262	2,489
Internal charges and overheads applied	606	767	774
Finance Costs	-	10	12
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	3,261	3,039	3,275
<b>Surplus (deficit) of operating funding</b>	(10)	33	(62)
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	150	150	154
Increase (decrease) in reserves	(160)	(117)	(216)
<b>Total applications of capital funding</b>	(10)	33	(62)
<b>Surplus (deficit) of capital funding</b>	10	(33)	62
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	3,261	3,039	3,275
plus - Depreciation and amortisation	90	99	99
less - Internal charges and overheads recovered	65	65	65
<b>As within Environment Management activity per note 2</b>	3,286	3,073	3,309

<b>Internal borrowing used for the purpose of Environmental Science and Monitoring</b>	204
Funds borrowed during the year	60
Funds repaid during the year	4
Interest paid in relation to this borrowing	12

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Subsidies received for marine monitoring and marine ecology.

Note 2: Payments to staff and suppliers are higher than budget due to using the 2014-15 carried over budget of \$181k for projects.



## Activity: Resource Consents

Operating costs of this activity represent approximately 2.7% of total activity expenditure.

### Related Community Outcomes

This activity primarily contributes to the Community Outcomes of Governance, Environment, Economy and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### What is this Activity About?





This activity involves discharging Council's statutory obligations under the Resource Management Act (RMA). 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 and the proposed Marlborough Environmental Plan. Specifically this activity processes five different types of resource consents:

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

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

During 2015-16 Council has received 1,268 applications for resource consents, this compares very similarly to the 1,271 applications received in 2014-15. Of the total applications received 1,173 were for new resource consents, 88 for variations to resource consent conditions, six for extension to lapse date and one for objection to costs. However, of the total received 108 (or 8.5%) were rejected for incompleteness as there are more stringent informational requirements due to RMA amendments. The intent of the amendment is to ensure only completed applications are received thus facilitating the decision making stage and avoiding delays in processing times in the long-run. Prior to the RMA amendments less than 1% of applications were rejected.

Levels of Service: Resource Consents				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0		Actual score: 6.1 - on target. (Last year: 6 - on target).
<b>Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.</b>				
% of resource consent applications processed within statutory timeframes.	99.7%	99%		Actual score: 100% - on target. (Last year: 87% - almost on target).
% of objections under section 357(b) compared to total number of applications processed <sup>1</sup> .	< 0.2%	< 0.5%		Actual score: 0.09% - on target. (Last year: 0.3% - on target).
<b>Provide consistent, appropriate and timely information to applicants and the public on the RMA, resource consent and approval process.</b>				
% of incomplete applications rejected under the requirements of RMA - section 88.	< 1.7%	< 15%		Actual score: 8.5% - on target. (Last year: 17% - almost on target).

<sup>1</sup> RMA, section 357(b) – Right of objection in relation to imposition of additional charges or recovery costs.

## Funding Impact Statement for year ended 30 June:

Resource Consents	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	999	884	890
Fees and charges	1,288	1,455	1,309
Internal charges and overheads recovered	22	23	19
Other receipts including fines	107	87	160
<b>Total operating funding</b>	2,416	2,449	2,377
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,661	1,685	1,771
Internal charges and overheads applied	759	762	772
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	2,420	2,447	2,542
<b>Surplus (deficit) of operating funding</b>	(4)	2	(165)
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	3	3	-
Increase (decrease) in reserves	(7)	(1)	(165)
<b>Total applications of capital funding</b>	(4)	2	(165)
<b>Surplus (deficit) of capital funding</b>	4	(2)	165
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	2,420	2,447	2,542
plus - Depreciation and amortisation	-	1	1
less - Internal charges and overheads recovered	22	23	19
<b>As within Environment Management activity per note 2</b>	2,398	2,425	2,524

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Fees and charges are lower than budgeted due to less than expected land use applications, water applications and subdivision applications.

Note 2: Other receipts including fines, is higher than budget due to court settlements received.

Note 3: The increase in payments to staff and suppliers is due to higher than anticipated legal fees in defending Council's position at consent appeals. The majority of costs relate to mussel farm appeals for a Admiralty Bay consortium and three Beatrix Bay mussel farms as well as declaration costs to determine whether a water permit had lapsed.

## Activity: Environmental Protection

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

### Related Community Outcomes

This activity primarily contributes to the Community Outcomes of Governance, Environment, People and Economy. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### 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.







Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

**Complaints** - During 2015-16, Council received 539 RMA complaints in regard to coastal, land use, land and water body disturbance, water take, discharge to air, land and fresh and marine water.

**Monitoring Resource Consents** – 2,564 individual Resource Consents were monitored in the 2015-16 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 2015-16 year we have issued 18 formal warnings, 12 abatement notices, and 20 infringement notices.

Levels of Service: Environmental Protection				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.5		Actual score: 6.2 - almost on target. (Last year: 6.3 - almost on target). Survey comments include "Too much red tape", "Slow/takes too long" and "No-follow up or enforcement".
<b>Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.</b>				
Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consents.	N/A	31-Aug-16 with improved or unchanged compliance level		Actual score: Report completed - on target. (Last year: 11-Jun-15 - on target). Reported to Environmnet Committee on the 5-May-16. Increased compliance reported.
Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	N/A	30-Nov-16 with improved or unchanged compliance level		Actual score: Report completed - on target. (Last year: 15-Oct-15 - not achieved). Reported to Environmnet committee on the 15-Oct-15. Increased compliance reported.
Report on resource consents for the discharge of sewerage from commercial operators to Marlborough Sounds' land or coastal waters.	N/A	31-Jul-16 with improved or unchanged compliance level		Actual score: Report completed - on target. (Last year: 26-Nov-15 - not achieved). Reported to Environment Committee on the 16-Jun-16. progress reported with reduced significant non-compliance.
<b>Monitor and investigate alleged breaches of the Resource Management Act, Resource Management Plans and Consents.</b>				
% of complaints assessed within one working day.	80%	80%		Actual score: 88% - on target. (Last year: 84% - on target).
% of complaints, either resolved or had a resolution strategy, developed within 90 days of receipt.	99%	99%		Actual score: 100% - on target. (Last year: 99.2% - almost on target).

## Funding Impact Statement for year ended 30 June:

<b>Environmental Protection</b>	2015	2016	2016
	(LTP)	(LTP)	(Actual)
	\$000's	\$000's	\$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,007	1,105	1,113
Fees and charges	35	35	63
Other receipts including fines	112	111	306
<b>Total operating funding</b>	1,154	1,251	1,481
<b>Applications of operating funding</b>			
Payments to staff and suppliers	758	857	830
Internal charges and overheads applied	395	394	399
<b>Total applications of operating funding</b>	1,153	1,251	1,229
<b>Surplus (deficit) of operating funding</b>	1	-	252
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	1	-	252
<b>Total applications of capital funding</b>	1	-	252
<b>Surplus (deficit) of capital funding</b>	(1)	-	(252)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,153	1,251	1,229
plus - Depreciation and amortisation	1	-	-
<b>As within Environment Management activity per note 2</b>	1,154	1,251	1,229

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

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

## Activity Group: Regulatory

### Activities in this Group:

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

### Community Outcomes

This activity group contributes to the Community Outcomes of Environment, People, Economy, Mobility and Living.

### What is this Activity Group About”

Council is charged with carrying out a number of statutory functions, on behalf of Central Government. These responsibilities are devolved to Local Government by statute. This grouping contains activities driven by various statutes which have little in common other than legal compliance.

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

Further details on what this activity group is about is contained in the 2015-25 Long Term Plan.

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.

<b>Funding Impact Statement for year ended 30 June:</b>			
<b>REGULATORY</b>	<b>2015 (LTP) \$000's</b>	<b>2016 (LTP) \$000's</b>	<b>2016 (Actual) \$000's</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,485	2,800	2,819
Fees and charges	3,059	3,367	3,420
Other receipts	981	765	1,025
<b>Total operating funding</b>	<b>6,525</b>	<b>6,932</b>	<b>7,264</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,764	4,998	4,897
Finance costs	-	34	6
Internal charges and overheads applied	1,542	1,659	1,676
Other operating funding applications	38	30	37
<b>Total applications of operating funding</b>	<b>6,344</b>	<b>6,721</b>	<b>6,616</b>
<b>Surplus (deficit) of operating funding</b>	<b>181</b>	<b>211</b>	<b>648</b>
<b>Sources of capital funding</b>			
Gross proceeds from sale of assets	-	-	46
Increase (decrease) in debt	-	247	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>247</b>	<b>46</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	102	320	367
Capital expenditure to replace existing assets	32	74	96
Increase (decrease) in reserves	47	64	231
<b>Total applications of capital funding</b>	<b>181</b>	<b>458</b>	<b>694</b>
<b>Surplus (deficit) of capital funding</b>	<b>(181)</b>	<b>(211)</b>	<b>(648)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>6,344</b>	<b>6,721</b>	<b>6,616</b>
plus - Depreciation and amortisation	145	161	137
plus - Loss on sale of fixed assets	-	-	30
<b>Expenditure as per Note 2</b>	<b>6,489</b>	<b>6,882</b>	<b>6,783</b>

#### **Explanation of Variances**

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

## Activity: Biosecurity (Pest Management)

Operating costs of this activity represent approximately 1.5% of total activity expenditure.

### Related Community Outcomes

This activity contributes to Community Outcomes of Environment, Economy, People and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### What is this Activity About?

The Biosecurity Act 1993 outlines the Marlborough District Council's leadership responsibilities to help prevent, reduce or eliminate adverse effects from harmful organisms that are present in the region.

The ways in which Council undertake its activities include:

- Promoting the alignment of pest management in the region.
- Facilitating the development and alignment of regional pest management plans and regional pathway management plans in the region.
- Promoting public support for pest management and facilitating communication and co-operation among those involved in pest management to enhance effectiveness, efficiency, and equity of programmes.
- Monitoring to determine whether or not pests are present and undertaking surveillance of pests, and unwanted organisms.
- Provide in accordance with relevant pest management plans, undertaking investigations, eradication or management of pests.

The main regulatory framework for managing pests is through the implementation of either a Regional Pest Management Plan (RPMP) or small scale management programmes which outlines programmes for pests that have a regional focus.

The Council also provides a range of non-regulatory pest management services through the provision of community partnerships and funding.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

#### 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. This saw a slight increase in the number of plants found and controlled within the wider programme. The key drivers for this increase were the Saffron thistle and Bathurst Bur programmes where higher than usual numbers of found at existing sites. Positively, the overall number of high priority sites reduced in 2015-16.

#### 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, 273 properties were inspected by Council for the purpose of assessing compliance for a range of containment pests. As a result of those inspections, only 15 properties were directed under enforcement provisions to carry out further work.

Council is continuing to build the important Chilean Needlegrass (CNG) programme in conjunction with the community. While still implementing regulatory measures, great gains are also being made by continued support for the community-led Chilean Needle Grass Action Group. Through this avenue, the level of buy-in into the programme is growing.






#### Research

Council has been supporting a number of research initiatives that look to improve pest management tools or explore new concepts. Trial work looking at better understanding Taskforce herbicide is still led by Council. Support has also been provided to a research project exploring biocontrol of *Vespula* sp. Wasps

(common and German). This project has shown the mite may not be a suitable classical agent to have expanded its scope to look at new genetic stock of a parasitic agent. Trials have also been conducted on the most suitable method to manage Tall Wheat Grass – a new potentially invasive species identified in 2014.

## Marine Biosecurity

Council has been continuing to lead regional incursion responses for marine pests. With the invasive sea squirt *Stylea clava*, confirmed to be established in Picton and Waikawa, focus has shifted to preventing the establishment of *Sabella spallanzanii* or Mediterranean fanworm. While only a small number of *Sabella* have been found and removed from Picton Marina, the ongoing threat of infested vessels is ever present. Two vessels harbouring *Sabella* were detected this year and addressed via voluntary compliance.

Levels of Service: Biosecurity (Pest Management)				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.3		Actual score: 6.1 - almost on target. (Last year: 6.4 - almost on target). The target has been reduced to 6.3 from 6.5 in 2014-15. Community concern over established pest issues reflected which are not the current priority for Council Biosecurity services.
<b>Monitoring and controlling the spread and impacts of animal and plant pests.</b>				
% of 'high priority' sites (land occupier obligations) inspected or audited to confirm compliance.	95%	95%		Actual score: 98% - on target. (Last year: 88% - on target).
% of 'active' pest sites managed annually through a service delivery programme.	95%	95%		Actual score: 100% - on target. (Last year: 98% - on target).
The number of hours spent searching (surveillance) for pests outside known areas.	500 hours	> 500		Actual score: 2442 hours - on target. (Last year: 990 hours - on target). Includes all containment and total control pests.
<b>Prepare, publish, and implement the RPMS operational plan.</b>				
Timeliness completion of annual plan to the Environment Committee.	30-Oct	30-Oct-15		Actual score: 03-Sep-15 - on target. (Last year: 24-Jul-14 - on target).



## Funding Impact Statement for year ended 30 June:

<b>Biosecurity (Pest Management)</b>	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,134	1,140	1,147
Fees and charges	-	20	9
Other receipts	156	124	192
<b>Total operating funding</b>	1,290	1,284	1,348
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,015	963	1,050
Internal charges and overheads applied	274	320	321
<b>Total applications of operating funding</b>	1,289	1,283	1,371
<b>Surplus (deficit) of operating funding</b>	1	1	(23)
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to replace existing assets	-	-	17
Increase (decrease) in reserves	1	1	(40)
<b>Total applications of capital funding</b>	1	1	(23)
<b>Surplus (deficit) of capital funding</b>	(1)	(1)	23
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,289	1,283	1,371
plus - Depreciation and amortisation	1	-	12
<b>As within Regulatory activity per note 2</b>	1,290	1,283	1,383

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Other receipts are higher due to contributions from Ministry of Primary Industries (MPI) for managing marine incursions and Didymo educational programmes.

Note 2: Payments to staff and suppliers are higher than the LTP budget due to carryover from the 2014-15 budget for Chilean Needle Grass and Wilding Pine control and the Regional Pest Plan Review. Costs were also incurred for the additional programmes funded by the additional MPI revenue.

## Activity: Building Control

Operating costs of this activity represent approximately 3.1% of total activity expenditure.

### Related Community Outcomes

This activity contributes to the Community Outcomes of Environment, Economy and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### 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.

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 2004.
- Council is required to have an accredited Building Control Authority (BCA).

### Land Information Memoranda (LIM)

Council is required to hold LIM pursuant to section 44A of the Local Government Information and Meetings Act 1987.







Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

- **BCA Accreditation** - On 28 July 2016 Council's building control team was reaccredited as a BCA for a further two years. The next accreditation audit is scheduled for 2018.
- **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 4,982 inspections for the financial year 2015-16. This compared to 4,599 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 the BCA and Territorial Authority (TA) roles.
- **Building Warrant of Fitness (BWoF) and Compliance Schedule Role** - The consequence of establishing this role continues to improve relationships, with building owners and their Independent Qualified Person (IQP) who perform the building owners required checks on specified systems. Over the past year we have greatly reduced the number of overdue BWoFs and activated a number of compliance schedules that had never been activated previously. This resulted in an additional 40 compliance schedules being created. There has been a huge increase in the amount of interaction between the MDC compliance officer, IQP's and property owners/tenants.

There has been a marked increase in the number of amendments to existing and new compliance schedules through the building consent process. This increased office bound activity means that we have only achieved 5% of our 20% target for Building Warrant of Fitness audits. This will hopefully be improved over the coming year with an additional compliance officer. We have also introduced an early warning letter which advises property owners/tenants when the Building Warrant of Fitness will take place. This is an effort to avoid inaction by the owner/tenant after receiving a new compliance schedule. To date this has had a positive effect.

- **Site Audits for the Fencing of Swimming Pools Act** - For the 2015-16 period the site audits have been carried out by the Building Control group. This differs to the two previous years where a contractor was used.
- **Earthquake Prone Buildings Amendment Act (EPBAA)** – The EPBAA received Royal Assent on 13 May 2016. The implementation of the EPBAA is currently delayed for two years unless MBIE can achieve implementation earlier. At present the Ministry of Business, Innovation & Employment (MBIE) is creating guidance documents for engineers and councils with an aim of making the EPBAA operative in April/May 2017.

Levels of Service: Building Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.2	6.2		Actual score: 6.2 - on target. (Last year: 6.2 - on target).
<b>Provide a service that is responsive to customer needs and minimise risks to public safety.</b>				
% of Building Consents applications granted within 20 working days of receipt of the application.	96.5%	96%		Actual score: 99% - on target. (Last year: 99% - almost on target).
% of Code Compliance Certificates issued within 20 working days of receipt of application.	86%	90%		Actual score: 98% - on target. (Last year: 93% - almost on target).
% of swimming pools inspected annually.	15%	> 15%		Actual score: 15.6% - on target. (Last year: 15% - on target). All required inspections were completed.
% of Building Warrants of Fitness audited annually.	20%	20%		Actual score: 5% - not achieved. (Last year: 6% - not achieved). Focus has been given to working with building owners and their IQPs.
<b>Provision of Land Information Memoranda.</b>				
Number of liability claims made because of incomplete or inaccurate information supplied.	1	< 3		Actual score: 0 - on target. (Last year: 0 - on target).

## Funding Impact Statement for year ended 30 June:

<b>Building Control</b>	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	403	464	467
Fees and charges	2,338	2,344	2,322
Other receipts	83	136	77
<b>Total operating funding</b>	2,824	2,944	2,866
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,839	1,975	1,926
Internal charges and overheads applied	931	936	945
Other operating funding applications	25	20	31
<b>Total applications of operating funding</b>	2,795	2,931	2,902
<b>Surplus (deficit) of operating funding</b>	29	13	(37)
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to replace existing assets	-	-	-
Increase (decrease) in reserves	29	13	(37)
<b>Total applications of capital funding</b>	29	13	(37)
<b>Surplus (deficit) of capital funding</b>	(29)	(13)	37
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	2,795	2,931	2,902
plus - Depreciation and amortisation	-	-	-
<b>As within Regulatory activity per note 2</b>	2,795	2,931	2,902
<b>Operating expenditure</b>			
Building Control	2,617	2,754	2,731
LIMs	178	177	171
<b>Capital expenditure:</b>			
	-	-	-

### **Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)**

Note 1: Payments to staff and suppliers are lower than the LTP due to less than anticipated expenditure for contracts, training and audit fees.

## Activity: Environmental Health

Operating costs of this activity represent approximately 0.4% of total activity expenditure.

### Related Community Outcomes

This activity primarily contributes to the Community Outcomes of People, Economy, and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### 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 2014. 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.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

All food premises, hair salons, campgrounds, offensive trades and funeral directors were inspected or audited during the 2015-16 registration year.

Type of Premises Inspected	Number
Registered Food premises	331
Registered Hairdressers	48
Registered Camping Grounds	22
Registered Offensive Trades	13
Registered Funeral Directors	2












- Two hundred and fifty two food stall permits were issued during this time period and 14 markets/events were inspected.
- In 2015-16 Environmental Health Officers carried out 111 compliance checks of the 119 on-licensed premises selling alcohol. This included a duty manager on site, availability of no-alcohol and low-alcohol drinks, food availability, transport options and signage.
- The Environmental Health Section has also 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.

The number of complaints received in 2015-16 are as follows:

Type of complaint	Number
Excessive noise	1042
Domestic smoke	36
Nuisance under the Bylaw or contravention of Bylaw	34
Unreasonable noise	33
Food hygiene or concern regarding premises operation	21
Sale of alcohol issues	9
Unsanitary living	9
Camping ground hygiene and registration	4
Hairdressers conduct and registration	3

## Levels of Service: Environmental Health

### Performance Targets

Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.</b>				
% of registered premises inspected once a year.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Number of annual inspection of markets and events with 10 or more food stalls.	≥ 12	≥ 12		Actual score: 14 - on target. (Last year: 14 - on target).
% of complaints of critical nature (food poisoning) responded within one working day.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of complaints of a non-critical nature assessed and acknowledged within seven working days.	100%	100%		Actual score: 96% - almost on target. (Last year: 100% - on target). Three complaints categorised as low priority were not responded to within 7 days.
<b>Administer the voluntary implementation of Food Control Plans.</b>				
Undertake annual audit of all existing food businesses with registered exemptions to ensure compliance with	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Undertake an initial audit of newly registered Food Control Plans under the voluntary implementation programme (VIP) within three months of registration.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target). There were no new VIP registrations as this no longer a requirement under the new Food Act.
<b>Administer Food Control Plans under the Food Act 2014.</b>				
Register businesses required under Food Act 2014 in Food Control Plans and National Programmes.	New measure	100%		Actual score: 100% - on target. (Last year: New measure).
Audit registered business as scheduled in the Food Act 2014 and Regulations.	New measure	100%		Actual score: 100% - on target. (Last year: New measure).
<b>Carryout the functions of Licensing Inspector controlling the sale and supply of liquor to the public with the aim of contributing to the reduction of liquor abuse.</b>				
% of "On Licences" <sup>1</sup> inspected once a year.	90%	90%		Actual score: 93% - on target. (Last year: 97% - on target).
<b>Provide a service for investigation of noise complaints.</b>				
Report on performance of noise control contract.	New measure	30-Sep-15		Actual score: 23-Jul-15 - on target. (Last year: 30-Sep-15).
Assess complaints concerning unreasonable noise within one working day.	89%	89%		Actual score: 91% - on target. (Last year: 88% - on target).

<sup>1</sup> 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	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	147	126	127
Fees and charges	10	10	8
Other receipts	310	322	421
<b>Total operating funding</b>	467	458	556
<b>Applications of operating funding</b>			
Payments to staff and suppliers	311	312	255
Internal charges and overheads applied	153	151	154
<b>Total applications of operating funding</b>	464	463	408
<b>Surplus (deficit) of operating funding</b>	3	(5)	148
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	2	-	-
Capital expenditure to replace existing assets	2	4	-
Increase (decrease) in reserves	(1)	(9)	148
<b>Total applications of capital funding</b>	3	(5)	148
<b>Surplus (deficit) of capital funding</b>	(3)	5	(148)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	464	463	408
plus - Depreciation and amortisation	3	3	4
<b>As within Regulatory activity per note 2</b>	467	466	412

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

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

Note 2: Payments to Staff and Suppliers are lower than the budgeted LTP primarily due to lower personnel costs by not using casual labour as budgeted.

## Activity: Animal Control

Operating costs of this activity represent approximately 0.8% of total activity expenditure.

### Related Community Outcomes

This activity contributes primarily to the Community Outcomes of Environment, People, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### 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 in accordance with the Dog Control Act. It is also responsible for providing services in relation to wandering livestock on public land and roads.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

There were 10,073 dogs registered in the Marlborough District, including 1,919 dogs registered as working dogs (including disability assist dogs and Police dogs).

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

Regular material regarding dogs was included in a local newspaper. Material included articles on dog health and dog behaviour and can also be viewed on Council's website.

A total of 2,194 complaints were received in the 2015-16 year. A majority related to lost or found dogs or dog nuisance. There were 94 complaints related to a dog attack or rush. All complaints were attended to, investigated and necessary action taken. There were an additional 129 complaints regarding livestock on roads.






A total of 252 infringement notices were issued with 194 of these notices for unregistered dogs and 41 were for uncontrolled or roaming dogs. The remainder were for a variety of other breaches.

There were 385 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 2015-16 year:

- A dog safety education course was available to schools and groups of primary school aged children. The purpose of this course is to promote safety around dogs as well as responsible dog ownership and care. This programme is provided free of charge.
- A new adult education programme was implemented offering information on dog behaviour, responsible dog ownership and bite prevention.
- Animal Control is also involved in a collaborative interactive safety programme that has developed from within the Marlborough Child Safety Group and is based on the "Clued up kids" project developed in Strathclyde, Scotland (2001). Year 5/6 students from Marlborough/Kaikoura Schools are taken in small groups of 4/8 on a 15 minute rotating circuit of eight safety sets scattered around Brayshaw Park ie; Police, St Johns, Rail safety, Water safety, Emergency Response, Personal safety, Dog safety, Cycle safety, ATV safety, Home Hazards and Fire safety. This event goes for one week in November each year.
- A survey was undertaken of all registered dog owners on service delivery and to identify areas where increased information is requested and how information is best delivered (eg; radio, website, paper etc).



Levels of Service: Animal Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.2	7.2		Actual score: 7.5 - on target. (Last year: 7.4 - on target).
<b>To provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).</b>				
% of compliance with the service specifications in the Animal Control contract. The key service specifications relate to Education, Unaccounted for Dogs and Complaints.	100%	100%		Actual score: 100% - on target. (Last year: 95.5% - almost on target).
Report on contract performance.	New measure	30-Sep-15		Actual score: 03-Sep-15 - on target. (Last year: 30-Sep-14 - on target).
Compliance with DCA requirements by:				
• Reviewing policies and bylaws; and	2012-13 review	Review completed		Actual score: Report not completed - not achieved. (Last year: Not applicable as review is done triennially). The Bylaw is in the process of review. When this is completed the policy will be reviewed to reflect changes in the Bylaw in line with the DCA requirements.
• Preparing and publicising a report annually.	30-Sep	30-Sep-15		Actual score: 03-Sep-15 - on target. (Last year: New measure).

Funding Impact Statement for year ended 30 June:			
Animal Control	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	40	131	132
Fees and charges	560	561	621
Other receipts	13	26	27
<b>Total operating funding</b>	<b>613</b>	<b>718</b>	<b>779</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	532	644	654
Internal charges and overheads applied	62	62	63
Other operating funding applications	9	9	4
<b>Total applications of operating funding</b>	<b>603</b>	<b>715</b>	<b>721</b>
<b>Surplus (deficit) of operating funding</b>	<b>10</b>	<b>3</b>	<b>58</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	10	3	58
<b>Total applications of capital funding</b>	<b>10</b>	<b>3</b>	<b>58</b>
<b>Surplus (deficit) of capital funding</b>	<b>(10)</b>	<b>(3)</b>	<b>(58)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>603</b>	<b>715</b>	<b>721</b>
plus - Depreciation and amortisation	6	3	3
<b>As within Regulatory activity per note 2</b>	<b>609</b>	<b>718</b>	<b>724</b>
<b>Operating expenditure</b>			
Dog Control	557	632	650
Other Animal Control	52	86	74

#### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: Fees and charges are higher than budget due to more dog registrations, impounding fees and more infringement collections than budgeted.

## Activity: Harbours

Operating costs of this activity represent approximately 1.5% of total activity expenditure.

### Related Community Outcomes

This activity contributes to the Community Outcomes of Governance, Environment, Economy, People, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### What is this Activity About?














This activity involves ensuring safety in Marlborough's extensive marine waterways. The Marlborough Sounds comprises approximately 1,800 kilometres of coastline (which is 18% of New Zealand's entire coastline) and 4,136 kilometres<sup>2</sup> of water area. The Sounds is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

### What we did in 2015-16

- 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.
- Council, in compliance with the Code has 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 which was started in the 2014-15 year has not been completed as yet and is now expected to be delivered in the second quarter of the 2016-17 financial year. The assessment is being undertaken by external consultants and has had a significant harbour stakeholder consultation component.
- Continuation of the in-house servicing of Aid to Navigation (AtoN) has continued to increase the reliability of the network. As appropriate, new technology has been introduced, particularly at some of the more remote lights where cellular dial-up allows for early warning of potential battery failure.
- Summer patrols commenced on a weekend basis from Labour weekend 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. Since Labour weekend 2015 a total of 7,000 have been distributed.
- 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 ENSCO 107 from Admiralty Bay, particularly with respect to potential oil spillage during the operation.
- To ensure that trained oil spill responders maintain the necessary skill levels, on-water as well as a separate desk-top exercise was completed. 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	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7.4		Actual score: 7.5 - on target. (Last year: 7.1 - almost on target).
<b>Provide a safe environment for all users through effective public education.</b>				
Safe Sounds Boating brochure reviewed, printed and ready for distribution annually.	Labour weekend	Labour weekend		Actual score: Brochure ready by Labour weekend. (Last year: Ready by Labour weekend).
Number of weekends in period commencing at Labour weekend through to end of Easter of the following year where patrols undertaken.	≥ 20	≥ 20		Actual score: 29 (Last year: 22 - on target).
Number of weekday patrols undertaken from mid-December through to end of January of the following year.	≥ 35	≥ 35		Actual score: 37 (Last year: 38 - on target).
% of navigation warnings issued within two hours of a reported event that may impact on navigation safety.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Ensure that Port and Harbour Safety Code requirements are met.</b>				
% of funded mitigation measures completed.	80%	80%		Actual score: 65% - almost on target. (Last year: 80% - on target). Almost on target. Awaiting new risk assessment in order to identify and implement risk mitigation measures.
<b>Ensure navigation safety and bylaw requirements in the Marlborough Sounds area are adhered to.</b>				
Number of random light inspections of marine farms undertaken.	> 200	> 200		Actual score: 223 - on target. (Last year: 219 - on target).
Information regarding accidents and incidents is received and, where relevant, passed onto MNZ within five days.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Ensure that navigation aids, swimming and water-ski lanes are maintained effectively.</b>				
% of time aids to navigation are working in compliance with the International Association of Lighthouse Authorities (IALA) standards.  • Cat 1 = 99.8%	99.8%	100%		Actual score: 100% - on target. (Last year: Results not available - target not achieved).
• Cat 2 = 99%	99%	100%		Actual score: 100% - on target. (Last year: Results not available - target not achieved).
• Cat 3 = 97%	97%	100%		Actual score: 100% - on target. (Last year: Results not available - target not achieved).
% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%	100%		Actual score: 0% - not achieved. (Last year: 100% - on target). Pre-season checks were undertaken but no documentation can be found.
Number of further inspections of swimming and water-ski lanes undertaken during the summer season.	4	4		Actual score: 4 - on target. (Last year: 10 - on target). Daily patrol records show that multiple visits were undertaken well in excess of the target.

## Funding Impact Statement for year ended 30 June:

Harbours	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	773	940	946
Fees and charges	151	432	461
Other receipts	407	158	308
<b>Total operating funding</b>	1,331	1,530	1,715
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,067	1,103	1,012
Internal charges and overheads applied	122	191	194
Finance costs	-	34	6
Other operating funding applications	4	1	1
<b>Total applications of operating funding</b>	1,193	1,329	1,213
<b>Surplus (deficit) of operating funding</b>	138	201	502
<b>Sources of capital funding</b>			
Gross proceeds from sale of assets	-	-	46
<b>Total sources of capital funding</b>	-	-	46
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	100	320	367
Capital expenditure to replace existing assets	30	70	79
Increase (decrease) in reserves	8	(189)	102
<b>Total applications of capital funding</b>	138	201	548
<b>Surplus (deficit) of capital funding</b>	(138)	(201)	(502)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,193	1,329	1,213
plus - Depreciation and amortisation	134	155	119
plus - Loss on sale of fixed assets	-	-	30
<b>As within Regulatory activity per note 2</b>	1,327	1,484	1,361

<b>Internal borrowing used for the purpose of Harbours</b>	167
Funds borrowed during the year	169
Funds repaid during the year	2
Interest paid in relation to this borrowing	6

### **Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)**

Note 1: Other receipts are higher than the LTP due to the unbudgeted revenue resulting from MDC staff being on standby in February during the oil rig "float" from the ENSCO 107 vessel in Admiralty Bay.

Note 2: Payments are lower than the LTP budget due to the consultancy delays with the Marlborough Harbours risk assessment and less than expected personnel expenses and contract charges.

## Activity Group: Regional Development

### Activities in this Group:

This activity group comprises a single activity; Regional Development.

### Community Outcomes

This activity group contributes to the Community Outcomes of Governance, Environment, People, Economy, Mobility and Living. Council's 2015-25 Long Term Plan provides more information on how this activity contributes to each outcome.

### 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.

Services provided by Council specifically for the benefit of the District's economy include:

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

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.

### Economic Development

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.
- Commercial and industrial development guidance, and
- International and education connections, including a new sister region relationship with the wine region of Ningxia, China.

The Small Townships Programme is a new activity to support the development of liveable towns through investment in outdoor public spaces. This \$5M fund over nine years will be used to develop plans with our small communities and to implement projects.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

## Marketing, Visitor Economy and Commercial Events

Destination marketing services are undertaken on Council's behalf by Destination Marlborough which exists to grow and support a sustainable visitor economy. Destination Marlborough also hosts the convention bureau, the purpose of which is to promote Marlborough as a location for business events.

The Regional Events Advisor supports quality events in accordance with the Regional Events Strategy, the delivery of quality commercial events in the region thus attracting visitors to stay and spend in the region. A Commercial Events Fund has been 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.

## 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 over 2,000 on and off-street parks in Blenheim and Picton.

## Irrigation

Council has developed an irrigation scheme for the Southern Valleys (SVIS) for horticultural and farming over an area of approximately 4,500 hectares to the south of Renwick.

Council is working with the community to develop an irrigation scheme in the Flaxbourne area.

Further details on what this activity is about is contained in the 2015-25 Long Term Plan.

## What we did in 2015-16

- Marlborough Airport expansion completed.
- Six community and industry Smart and Connected groups are now established: Picton, Havelock and Renwick communities and Aquaculture, Wood sector, Visitor economy and Blenheim CBD groups.
- Establishment of the Small Townships Programme.
- Summer and winter Follow Me event guides produced.
- Establishment of sister city relationship with the wine region of Ningxia, China.
- Development of the Marlborough Visitor Economy Strategy.
- Major events secured for the region – 2016 and 2025 New Zealand Scout Jamborees, with up to 5,000 visitors expected.
- The Blenheim and Picton parking strategies were reviewed and the changes implemented in March 2015. Picton was provided with an additional 32 carparks, with a new carpark established on the corner of Auckland and Dublin Streets.

Levels of Service: Regional Development				
Performance Targets				
Key Performance Indicators	LTP Baseline	2015-16 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
● Economic Development	6.4	6.4		Actual score: 6.2 - almost on target. (Last year: 6.3 - almost on target). Survey comments include 'too narrow focus on tourism and wine' and 'ineffective'.
● Tourism	7.2	7.2		Actual score: 7.2 - on target. (Last year: 6.8 - almost on target).
● Marlborough Research Centre	6.8	6.8		Actual score: 6.9 - on target. (Last year: 6.9 - almost on target).
● Parking	6.8	6.8		Actual score: 6.4 - almost on target. (Last year: 6.4 - almost on target). Survey comments include 'parking meters too expensive' and 'insufficient parking'.
● Irrigation	6.9	6.9		Actual score: 6.4 - almost on target. (Last year: 6.6 - almost on target). Survey comments include 'costs of supply' and 'restriction on water use'.
<b>Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.</b>				
Develop a three year Economic Development Action Plan.	New measure	31-Dec-15		Actual score: On target. (Last year: Not applicable for 2014-15). The plan was adopted by Council on 17 September 2015.
% of funded Action Plan targets achieved.	New measure	80%		Actual score: 88% - on target. (Last year: 80% - on target). Eight out of nine activities were achieved.
<b>Manage Marlborough Research Centre contract to ensure service quality and value.</b>				
Number of published research papers.	98	100		Actual score: 118 - on target. (Last year: 81 papers - on target).
<b>Effective promotion of Marlborough as a visitor destination.</b>				
% change in visitor nights in Marlborough compared to national trends.	Equal or better than national trends	Equal or better than national trends		Actual score: On target (Last year: Not achieved). Marlborough guest night growth 6.3% and New Zealand 5.8%.
% of achievement of Destination Marlborough business plan key performance measures.	80%	80%		Actual score: 93% - on target. (Last year: 94% - on target). 14 out of 15 measures were achieved.
<b>Provision of convenient and affordable car parks to support CBD businesses.</b>				
Occupancy rates of off-street car parks in Blenheim <sup>1</sup> :				
● Kerbside	65%	< 70%		Actual score: 68% - on target. (Last year: 72% - almost on target).
● Off street (Queen Street and Clubs only)	76%	< 85%		Actual score: 75% - on target. (Last year: 78% - on target).
● Parking building	30%	> 30%		Actual score: 35% - on target. (Last year: 35% - on target).
<b>Support for land based industries through the supply of irrigation water.</b>				
Number of events that cause a loss of supply during the season for more than 48 hours due to infrastructure breakdown.	≤ 1 event per annum	≤ 1		Actual score: 0 - on target. (Last year: 0 - on target).

<sup>1</sup>. These three targets reflect the objective of increasing the occupancy rate for the car park building in turn of freeing up parking on the other listed areas.

## Funding Impact Statement for year ended 30 June:

Regional Development	2015 (LTP) \$000's	2016 (LTP) \$000's	2016 (Actual) \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,243	1,530	1,353
Targeted rates (other than for water supply)	1,237	1,537	1,229
Subsidies and grants for operating purposes	-	-	121
Fees, charges and targeted rates for water supply	2,065	1,812	2,723
Other receipts	211	238	434
<b>Total operating funding</b>	<b>4,756</b>	<b>5,117</b>	<b>5,859</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,516	2,243	2,739
Finance costs	1,403	1,370	1,349
Internal charges and overheads applied	311	524	523
Other operating funding applications	508	1,982	2,012
<b>Total applications of operating funding</b>	<b>4,738</b>	<b>6,119</b>	<b>6,624</b>
<b>Surplus (deficit) of operating funding</b>	<b>18</b>	<b>(1,002)</b>	<b>(764)</b>
<b>Sources of capital funding</b>			
lump sum contributions	-	-	-
Increase (decrease) in debt	(854)	510	(1,011)
<b>Total sources of capital funding</b>	<b>(854)</b>	<b>510</b>	<b>(1,011)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	85	590	584
Capital expenditure to improve the level of service	53	60	-
Capital expenditure to replace existing assets	6	267	23
Increase (decrease) in reserves	(980)	(1,409)	(2,382)
<b>Total applications of capital funding</b>	<b>(836)</b>	<b>(492)</b>	<b>(1,775)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(18)</b>	<b>1,002</b>	<b>764</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>4,738</b>	<b>6,119</b>	<b>6,624</b>
plus - Depreciation and amortisation	642	672	645
plus - Loss on sale of fixed assets	-	-	-
<b>Expenditure as per Note 2</b>	<b>5,380</b>	<b>6,791</b>	<b>7,268</b>
<b>Operating expenditure</b>			
Economic Development	570	1,988	2,009
Marketing and Tourism	1,070	975	970
Research Centre	211	211	211
Irrigation	1,393	1,472	1,596
Parking	2,136	2,145	2,481
<b>Capital expenditure:</b>			
Irrigation	53	571	584
Parking	91	346	23

<b>Internal borrowing used for the purpose of Regional Development</b>	<b>18,736</b>
Funds borrowed during the year	451
Funds repaid during the year	1,497
Interest paid in relation to this borrowing	1,349

### Explanation of the funding impact variance between 2016 (Actual) and 2016 (LTP)

Note 1: General and targeted rates are lower than budget as this should have been budgeted as metered water supply.

Note 2: Subsidies and grants are above budget due to partial receipt of the Flaxbourne Irrigation Scheme development grant.

Note 3: Fees and charges for water supply have increased as the Southern Valleys' Irrigation Scheme metered water sales were higher this year due to the dry summer.



Note 4: Other receipts are above budget due to unbudgeted contributions received for the Southern Valleys' Irrigation scheme.

Note 5: Payments to staff and suppliers was above budget due the remedial work on the Alfred Street carpark. The settlement funds for this were received in the last financial year (2014-15).

Note 6: Capital expenditure is lower than budget as the replacement of the lollipop parking meters with box meters are still being decided.

## Part 3: Financial Statements

- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Net Assets/Equity
- Statement of Financial Position
- Statement of Cash Flows



# Statement of Comprehensive Revenue and Expense

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2015-16	2014-15	2015-16	2015-16	2014-15
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Revenue;</b>						
Rates, excluding targeted water rates	3	57,862	55,319	58,303	57,975	55,760
Targeted rates for metered water supply	3	2,794	2,913	3,028	2,150	3,243
Development and financial contributions	6	3,083	2,152	3,083	2,306	2,152
Subsidies and grants	6	6,690	7,229	6,690	5,004	7,229
Interest revenue		839	828	798	808	787
Gains	5	8,172	4,934	10,517	2,104	4,158
Other revenue	6	62,025	60,223	36,013	34,211	35,089
	2	<b>141,465</b>	<b>133,598</b>	<b>118,432</b>	<b>104,558</b>	<b>108,418</b>
<b>Expenditure:</b>						
Personnel costs	7	25,324	23,878	19,150	19,554	18,289
Finance costs	4	8,308	6,135	2,937	3,674	1,660
Depreciation and amortisation	8	23,547	22,563	20,694	20,350	19,955
Other expenses	8	65,297	62,422	57,379	54,420	54,896
<b>Total operating expenditure</b>	2	<b>122,476</b>	<b>114,998</b>	<b>100,160</b>	<b>97,998</b>	<b>94,800</b>
<b>Surplus before tax</b>		<b>18,989</b>	<b>18,600</b>	<b>18,272</b>	<b>6,560</b>	<b>13,618</b>
Income tax expense	9	585	1,247	-	-	-
<b>Surplus after tax</b>		<b>18,404</b>	<b>17,353</b>	<b>18,272</b>	<b>6,560</b>	<b>13,618</b>
<b>Other comprehensive revenue and expense:</b>						
Gain on property revaluations	22	56,598	23,740	31,157	32,440	23,740
Tax on property valuations	22	(5,759)	-	-	-	-
<b>Total other comprehensive revenue and expense</b>		<b>50,839</b>	<b>23,740</b>	<b>31,157</b>	<b>32,440</b>	<b>23,740</b>
<b>Total comprehensive revenue and expense</b>		<b>69,243</b>	<b>41,093</b>	<b>49,429</b>	<b>39,000</b>	<b>37,358</b>

# Statement of Changes in Net Assets/Equity

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2015-16	2014-15	2015-16	2015-16	2014-15
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July</b>		1,465,968	1,424,875	1,389,827	1,373,670	1,352,469
Total comprehensive revenue and expenses		69,243	41,093	49,429	39,000	37,358
<b>Balance at 30 June</b>	22	<b>1,535,211</b>	<b>1,465,968</b>	<b>1,439,256</b>	<b>1,412,670</b>	<b>1,389,827</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

	note:	Group		Council		
		Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Assets:</b>						
<b>Non-current assets:</b>						
Property, plant and equipment	10	1,514,351	1,447,632	1,414,919	1,442,180	1,376,523
Intangible assets	11	2,869	2,786	2,129	561	1,925
Forestry assets	12	15,472	15,837	15,472	14,612	15,837
Other financial assets:	13					
- Investment in CCOs and similar entities		-	-	6,000	6,000	6,000
- Other		5,439	5,819	5,439	6,348	5,819
Investment property	14	76,518	77,187	2,120	2,000	2,050
<b>Total non-current assets</b>		<b>1,614,649</b>	<b>1,549,261</b>	<b>1,446,079</b>	<b>1,471,701</b>	<b>1,408,154</b>
<b>Current assets:</b>						
Cash and cash equivalents	15	2,981	3,370	2,298	642	1,519
Debtors and other receivables	16	9,745	11,122	6,932	7,474	8,787
Other financial assets	13	22,993	7,762	22,993	6,528	7,762
Inventory	17	7,281	7,062	7,012	383	6,760
Non-current assets land and buildings held for sale		393	1,789	393	2,062	1,789
Current tax assets		392	(396)	-	-	-
<b>Total current assets</b>		<b>43,785</b>	<b>30,709</b>	<b>39,628</b>	<b>17,089</b>	<b>26,617</b>
<b>Total assets</b>		<b>1,658,433</b>	<b>1,579,970</b>	<b>1,485,706</b>	<b>1,488,790</b>	<b>1,434,771</b>
<b>Liabilities:</b>						
<b>Non-current liabilities:</b>						
Derivative financial instruments	29	6,103	2,192	1,632	-	216
Borrowings	18	84,855	84,475	28,000	60,500	28,500
Provisions	19	2,609	2,196	1,207	2,156	1,148
Deferred tax liability	9	12,638	8,110	-	-	-
<b>Total non-current liabilities</b>		<b>106,205</b>	<b>96,973</b>	<b>30,839</b>	<b>62,656</b>	<b>29,864</b>
<b>Current liabilities:</b>						
Creditors and other payables	20	13,947	14,022	13,380	11,287	12,472
Employee entitlements	21	2,978	2,869	2,139	2,177	2,098
Provisions	19	92	138	92	-	510
<b>Total current liabilities</b>		<b>17,017</b>	<b>17,029</b>	<b>15,611</b>	<b>13,464</b>	<b>15,080</b>
<b>Total liabilities</b>		<b>123,222</b>	<b>114,002</b>	<b>46,450</b>	<b>76,120</b>	<b>44,944</b>
<b>Net assets</b>		<b>1,535,211</b>	<b>1,465,968</b>	<b>1,439,256</b>	<b>1,412,670</b>	<b>1,389,827</b>
<b>Equity:</b>						
Accumulated funds	22	628,344	616,563	582,518	570,532	575,691
Other reserves	22	906,867	849,405	856,738	842,138	814,136
<b>Total equity</b>	22	<b>1,535,211</b>	<b>1,465,968</b>	<b>1,439,256</b>	<b>1,412,670</b>	<b>1,389,827</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

	note:	Group		Council		
		Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Cash flows from operating activities:</b>						
Receipts from rates revenue		60,742	58,163	61,417	60,125	58,934
Receipts from other revenue		72,221	66,198	45,185	37,458	41,086
Goods and Services Tax (net)		(92)	14	(92)	-	14
Interest received		855	842	798	808	787
Payments to suppliers and employees		(86,143)	(89,751)	(72,280)	(73,679)	(77,685)
Interest paid		(4,530)	(4,718)	(1,521)	(3,674)	(1,593)
Income tax paid		(2,604)	(1,570)	-	-	-
<b>Net cash flow from operating activities</b>	23	<b>40,449</b>	<b>29,178</b>	<b>33,507</b>	<b>21,038</b>	<b>21,543</b>
<b>Cash flows from investing activities:</b>						
Receipts from sale of property, plant and equipment		6,214	2,266	6,195	3,377	2,241
Sale / (acquisition) of investments		(14,931)	(450)	(14,932)	7,411	(451)
Advances received		-	-	135	-	906
Dividends received		12	13	1,158	222	236
Receipts from sale of non-current property held for sale		4,930	-	4,930	-	-
Purchase of investment property		(1,679)	(613)	-	-	-
Purchase of forestry assets		(336)	(470)	(336)	-	(470)
Purchase of intangible assets		(638)	(1,401)	(622)	-	(1,203)
Purchase of property, plant and equipment		(34,789)	(33,131)	(28,756)	(52,360)	(27,124)
<b>Net cash flow from investing activities</b>		<b>(41,217)</b>	<b>(33,786)</b>	<b>(32,228)</b>	<b>(41,350)</b>	<b>(25,865)</b>
<b>Cash flows from financing activities:</b>						
Proceeds from borrowings		13,480	36,580	9,000	20,000	34,000
Repayment of borrowings		(13,100)	(35,500)	(9,500)	-	(33,500)
<b>Net cash flow from financing activities</b>		<b>380</b>	<b>1,080</b>	<b>(500)</b>	<b>20,000</b>	<b>500</b>
<b>Net increase / (decrease)</b>		<b>(389)</b>	<b>(3,528)</b>	<b>779</b>	<b>(312)</b>	<b>(3,822)</b>
<b>Cash, cash equivalents and bank overdrafts:</b>						
At the beginning of the year		3,370	6,898	1,519	954	5,341
<b>At the end of the year</b>	15	<b>2,981</b>	<b>3,370</b>	<b>2,298</b>	<b>642</b>	<b>1,519</b>

The accompanying notes form part of these financial statements.

# Notes to Financial Statements

## 1. Statement of Accounting Policies for the year ended 30 June 2016

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 and the wholly owned subsidiaries of PMNZ: PMNZ Marina Holdings Limited and Waikawa Marina Trustee Limited.
- Marlborough Housing for the Elderly Trust.

The primary objective of MDC is to provide goods and services and benefit to the community 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 2016. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the year ended 31 March 2016.

The financial statements were authorised for issue by Council on 26 October 2016.

### 1.1 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 LGA which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Tier 1 PBE Accounting Standards.

#### (ii) Measurement Base

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

#### (iii) Functional and Presentational Currency

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

#### (iv) Changes in Accounting Policies

There have been no changes in accounting policies for the 2015-16 financial reporting year.

#### (v) 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, at the time. Actual results may differ from these estimates. The most significant is our estimate of the economic life of assets which impacts on depreciation. Further details are found in note 10.

*Accounting Policies not contained in the notes that follow on pages 111 to 149.*

**(i) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Council and enterprises controlled by Council. 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) Non-current Assets Held for Sale**

Non-current assets (or disposal groups) classified as held for sale are separately disclosed in the Statement of Financial Position at the lower of their carrying amount and fair value less costs to sell. The valuation of net realisable value was carried out by Alexander Hayward Limited.

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 as expenses.

**(iii) Impairment of assets**

At each balance sheet date the carrying amounts of tangible and intangible assets are reviewed 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 estimates are made of 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.

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

**(iv) Goods and Services Tax (GST)**

All items in the financial statements are stated exclusive of 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.

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.

(v) **Cost Allocation**

The costs 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.

(vi) **Budget Figures**

The budget figures are those approved by Council in its 2015-25 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

(vii) **Dividends**

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

## 2. Summary Cost of Services

	Council		
	2015-16 Actual \$000's	2015-16 Budget \$000's	2014-15 Actual \$000's
<b>Revenue:</b>			
People	9,277	9,032	8,781
Community facilities	10,313	9,238	9,225
Roads and footpaths	17,101	18,810	18,388
Flood protection and control works	6,984	7,142	7,619
Sewerage	11,322	10,418	11,019
Stormwater drainage	2,148	2,112	2,409
Water supply	10,024	9,418	10,055
Solid waste management	9,015	8,309	8,355
Environmental management	8,462	8,182	8,759
Regulatory	7,265	6,933	6,814
Regional development	5,859	5,117	5,787
<b>Total activity revenue</b>	<b>97,770</b>	<b>94,711</b>	<b>97,211</b>
Plus other revenue (including forestry)	28,162	18,323	18,469
Less internal revenue	(7,500)	(8,476)	(7,262)
<b>Total revenue</b>	<b>118,432</b>	<b>104,558</b>	<b>108,418</b>
<b>Expenditure:</b>			
People	10,056	9,343	9,402
Community facilities	9,970	9,263	8,791
Roads and footpaths	16,476	20,409	19,006
Flood protection and control works	5,166	4,856	5,345
Sewerage	10,487	10,559	10,316
Stormwater drainage	2,438	2,307	1,843
Water supply	8,578	8,438	8,503
Solid waste management	7,640	7,059	7,027
Environmental management	8,456	8,099	8,354
Regulatory	6,783	6,884	6,414
Regional development	7,268	6,792	5,648
<b>Total activity expenditure</b>	<b>93,318</b>	<b>94,009</b>	<b>90,649</b>
Plus other expenditure (including forestry)*	14,342	12,465	11,413
Less internal expenditure	(7,500)	(8,476)	(7,262)
<b>Total expenditure</b>	<b>100,160</b>	<b>97,998</b>	<b>94,800</b>

\*The "other revenue" and "other expenditure" in the summary cost of services includes revenue 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 revenue and expenditure and other Council wide items eg; rates remission.



### 3. Rates Activity

Rates, excluding rates for metered water supply:	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
People	6,772	6,302	6,772	6,668	6,302
Community facilities	7,446	6,879	7,446	7,398	6,879
Roads and footpaths	9,260	9,082	9,260	9,198	9,082
Flood protection and control works	3,921	3,728	3,921	3,951	3,728
Sewerage	7,915	7,824	7,915	7,898	7,824
Stormwater drainage	1,682	1,536	1,682	1,671	1,536
Water supply	7,118	6,817	7,118	7,130	6,817
Solid waste management	2,729	2,559	2,729	2,662	2,559
Environmental management	6,057	5,958	6,057	6,017	5,958
Regulatory	2,819	2,482	2,819	2,800	2,482
Regional development	2,582	2,591	2,582	2,580	2,591
<b>Total activity rates</b>	<b>58,301</b>	<b>55,758</b>	<b>58,301</b>	<b>57,973</b>	<b>55,758</b>
Plus non-activity rates	2	2	2	2	2
Less related party rates eliminated	(441)	(441)	-	-	-
<b>Total gross rates revenue</b>	<b>57,862</b>	<b>55,319</b>	<b>58,303</b>	<b>57,975</b>	<b>55,760</b>
Rates remissions	601	541	601	530	541
<b>Rates, excluding targeted water rates net of remissions</b>	<b>57,261</b>	<b>54,778</b>	<b>57,702</b>	<b>57,445</b>	<b>55,219</b>
<b>Targeted Rates for Metered Water Supply</b>					
Targeted rates for metered water supply	2,794	2,913	3,028	2,150	3,243

#### Accounting Policy

Rates are set annually by Council resolution 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.

### 4. Finance Expenses

Finance costs:	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
Interest expense:					
Interest on bank borrowings	4,419	4,603	1,521	3,674	1,593
Less related party interest	(23)	(16)	-	-	-
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	3,912	1,548	1,416	-	67
<b>Total finance expense</b>	<b>8,308</b>	<b>6,135</b>	<b>2,937</b>	<b>3,674</b>	<b>1,660</b>

#### Accounting Policy

Interest expense is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Interest rate swaps are measured at fair value with gains or losses on re-measurement recognised through the surplus or deficit.

## 5. Gains

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2015-16	2014-15	2015-16	2015-16	2014-15
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Non-financial instruments:</b>					
Property, plant and equipment - gains on disposal	4,300	636	4,300	2,104	636
Non-current assets held for sale- gains on disposal	3,355	1,371	3,355	-	1,371
Investment property - revaluation gain/(loss) (note 14)	(2,348)	780	70	-	50
Forestry - revaluation gain (note 12)	2,792	2,005	2,792	-	2,005
Other	73	142	-	-	96
<b>Total gains</b>	<b>8,172</b>	<b>4,934</b>	<b>10,517</b>	<b>2,104</b>	<b>4,158</b>

## 6. Other Revenue

Other revenue	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2015-16	2014-15	2015-16	2015-16	2014-15
	\$000's	\$000's	\$000's	\$000's	\$000's
User charges	15,981	15,692	15,984	20,144	15,694
Regulatory revenue	4,004	3,845	4,446	4,039	4,314
Infringements and fines	704	641	704	632	641
Vested assets	1,045	2,121	1,045	1,079	2,121
Land subdivision revenues	1,047	467	1,047	148	467
Rendering of services	18,745	17,416	-	-	-
Rental revenue from investment properties	9,180	8,780	165	161	162
MRF Revenue	8,515	6,698	8,515	6,660	6,698
Other revenue	2,804	4,563	4,107	1,348	4,992
<b>Total other revenue</b>	<b>62,025</b>	<b>60,223</b>	<b>36,013</b>	<b>34,211</b>	<b>35,089</b>

### Subsidies and grants

New Zealand Transport Agency roading subsidies	6,196	6,705	6,196	4,646	6,705
Other donations and grants	494	524	494	358	524
<b>Total subsidies and grants</b>	<b>6,690</b>	<b>7,229</b>	<b>6,690</b>	<b>5,004</b>	<b>7,229</b>

### Development and financial contributions

Capital contributions	521	-	521	798	-
Other contributions	446	-	446	310	-
Development contributions	2,104	1,992	2,104	1,038	1,992
Development impact levies	12	160	12	160	160
<b>Total development and financial contributions</b>	<b>3,083</b>	<b>2,152</b>	<b>3,083</b>	<b>2,306</b>	<b>2,152</b>

## Accounting Policies

### *Subsidies and Grants*

New Zealand Transport Agency roading subsidies (received in respect to maintaining and constructing the roading infrastructure) and other government grants/subsidies are recognised as revenue upon entitlement i.e. when conditions relating to eligible expenditure have been fulfilled. This revenue is shown 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.

### *Financial/Development Contributions*

Financial/development contributions are recognised as revenue when received. Development contributions are classified as part of "Other revenue". If the service for which the contribution as charged is not undertaken in the same year Financial/Development contributions received are allocated to the appropriate reserve until such time Council provides, or is able to provide, the service.

## 7. Personnel Costs

	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
Salaries and wages and related entitlements	24,305	22,933	18,388	18,775	17,570
Defined contribution plan employer contributions	1,019	945	762	779	719
<b>Total personnel costs</b>	<b>25,324</b>	<b>23,878</b>	<b>19,150</b>	<b>19,554</b>	<b>18,289</b>

## 8. Other Expenses

	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Other expenses Include:</b>					
Fees to auditors:					
<b>Audit New Zealand for:</b>					
audit of financial statements	121	121	121	124	121
audit of the 2015-25 LTP/LTP amendment	-	83	9	-	83
audit of MDCH financial statements	17	17	-	-	-
<b>Deloitte for</b> audit of PMNZL and MAL financial statements	83	71	-	-	-
Grants and donations	5,018	3,128	5,013	4,277	3,125
Insurance premiums	1,701	1,644	1,632	1,778	1,644
Impairment adjustment of receivables (note 16)	(186)	225	(186)	-	165
Directors' fees	227	227	-	-	-
Property plant and equipment loss on disposal	244	562	244	-	562
Investment properties direct operating expenses	3,536	3,420	17	-	6
Investment property revaluation loss (note 14)	2,348	-	-	-	-
Operating leases payments	413	427	385	313	398
Loss on fair value of investments	81	-	81	-	-
<b>Depreciation and amortisation:</b>					
Depreciation expense (note 10)	22,992	22,018	20,276	20,350	19,546
Amortisation of intangible assets (note 11)	555	545	418	-	409
<b>Total depreciation and amortisation</b>	<b>23,547</b>	<b>22,563</b>	<b>20,694</b>	<b>20,350</b>	<b>19,955</b>

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

### 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 provided an invoice.

## 9. Tax

	Group	
	2015-16 \$000's	2014-15 \$000's
<b>9.1 Components of tax expense</b>		
Current tax expense	1,816	1,613
Deferred tax expense	(1,231)	(366)
<b>Tax expense</b>	<b>585</b>	<b>1,247</b>
<b>9.2 Relationship between tax expense and accounting profit</b>		
Surplus before tax	18,989	18,600
Tax at 28% (2015: 28%)	5,317	5,208
Plus / (less) tax effect of:		
Non-deductible expenditure	20	(1)
Non-taxable income	(4,752)	(3,960)
<b>Tax expense</b>	<b>585</b>	<b>1,247</b>

Within MDC tax losses to carry forward are \$3,191,291 (2015: \$3,503,572).

9.3 Deferred tax asset/ (liability) Group	Property, plant & Investment equipment		Intangibles	Financial Instruments Provisions		Total \$000's
	\$000's	\$000's		\$000's	\$000's	
<b>Balance at 30 June 2014</b>	<b>(6,728)</b>	<b>(2,274)</b>	-	<b>139</b>	<b>387</b>	<b>(8,476)</b>
(Charged)/credited to surplus	251	(340)	(72)	404	123	366
<b>Balance at 30 June 2015</b>	<b>(6,477)</b>	<b>(2,614)</b>	<b>(72)</b>	<b>543</b>	<b>510</b>	<b>(8,110)</b>
(Charged)/credited to surplus	-	430	(72)	699	89	1,146
Charged to other comprehensive income	(5,674)	-	-	-	-	(5,674)
<b>Balance at 30 June 2016</b>	<b>(12,151)</b>	<b>(2,184)</b>	<b>(144)</b>	<b>1,242</b>	<b>599</b>	<b>(12,638)</b>

### Accounting Policy

#### 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 in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted as at balance date. 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.

Taxable profit differs from net surplus as reported in Statement of Comprehensive Revenue and Expense because it excludes items that are not taxable or deductible and it further excludes items of revenue or expense that are taxable or deductible in other years.

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.

## 10. Property, Plant and Equipment

	2015-16 GROUP		Carrying amount 1-Jul-2016		Accumulated depreciation 1-Jul-2016		Cost/valuation 1-Jul-2016		WIP & other reclassifications		Current year		Current year		Revaluation		Accumulated depreciation 30-Jun-2016		Carrying amount 30-Jun-2016	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>10.1 Infrastructural assets</b>																				
Work in progress	5,898	-	5,898	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,440
Infrastructure land	12,676	-	12,676	-	(2,332)	4,874	138	682	-	-	-	-	-	-	-	-	-	-	-	13,036
Land under roads	135,368	-	135,368	-	-	-	-	160	-	-	-	-	-	-	-	-	-	-	-	135,528
Flood protection and controlled works	142,798	277	142,521	-	-	415	-	-	-	153	-	-	-	-	-	-	-	-	-	156,510
Road and footpaths	508,867	-	508,867	-	735	8,992	-	-	-	-	-	-	-	-	-	-	-	-	-	512,382
Sewerage schemes other	109,248	-	109,248	-	-	983	-	-	-	-	-	-	-	-	-	-	-	-	-	111,318
Sewerage treatment and facilities	40,718	-	40,718	-	-	149	(5)	-	-	594	-	-	-	-	-	-	-	-	-	40,605
Stormwater drainage schemes	69,218	-	69,218	-	-	502	-	-	-	-	-	-	-	-	-	-	-	-	-	71,876
Water supply schemes - other	110,464	-	110,464	-	7,576	1,349	(11)	-	-	-	-	-	-	-	-	-	-	-	-	121,967
Water treatment and facilities	18,813	-	18,813	-	(6,306)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	13,080
Wharf infrastructure	30,799	2,434	28,365	-	-	-	-	-	-	-	305	1,157	3,725	12,570	(3,351)	46,789	240	-	-	46,549
	<b>1,184,867</b>	<b>2,711</b>	<b>1,182,156</b>	<b>(189)</b>	<b>-</b>	<b>18,112</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>305</b>	<b>17,441</b>	<b>3,725</b>	<b>25,335</b>	<b>(19,912)</b>	<b>1,231,531</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,231,291</b>
<b>10.2 Operational assets</b>																				
Work in progress	5,825	-	5,825	-	(211)	4,024	-	-	-	-	-	-	-	-	-	-	-	-	-	5,356
Buildings	76,345	3,189	73,156	-	179	5,868	(375)	(286)	970	2,369	-	-	-	-	-	-	-	-	-	79,493
Forest crops	1,138	-	1,138	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,603
Improvements at fair/market value	13,110	743	12,367	-	0	456	-	-	184	574	511	3,340	(841)	17,233	476	-	-	-	-	16,757
Land	98,245	543	97,702	-	-	3,062	(1,693)	-	1,462	66	-	5,877	-	104,030	609	-	-	-	-	103,421
Landfill	3,280	1,916	1,364	-	-	-	-	-	-	182	-	-	-	-	-	-	-	-	-	2,098
Library books	3,441	2,084	1,357	-	-	202	(1,385)	(1,334)	-	218	-	-	-	-	-	-	-	-	-	1,182
Other structures and improvements	29,072	2,631	26,441	-	100	832	-	-	-	344	-	-	-	-	-	-	-	-	-	2,258
Office equipment, furniture and fittings	5,833	4,715	1,118	-	-	743	(1,863)	(1,859)	-	334	-	-	-	-	-	-	-	-	-	968
Plant, machinery and equipment	18,369	9,851	8,518	-	-	1,805	(758)	(624)	6	1,296	46	(291)	(376)	19,165	10,147	-	-	-	-	27,028
	<b>254,658</b>	<b>25,672</b>	<b>228,986</b>	<b>68</b>	<b>-</b>	<b>16,992</b>	<b>(6,074)</b>	<b>(4,103)</b>	<b>2,622</b>	<b>5,383</b>	<b>(3,725)</b>	<b>10,641</b>	<b>(3,685)</b>	<b>269,938</b>	<b>23,267</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,671</b>
<b>10.3 Restricted assets</b>																				
Buildings	10,343	165	10,179	-	63	103	-	-	-	168	-	-	-	-	-	-	-	-	-	10,214
Land	26,311	-	26,311	-	-	6	(58)	-	-	-	-	-	-	-	-	-	-	-	-	26,175
	<b>36,654</b>	<b>165</b>	<b>36,490</b>	<b>63</b>	<b>-</b>	<b>109</b>	<b>(58)</b>	<b>-</b>	<b>-</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,389</b>
<b>Total operational and infrastructural assets</b>	<b>1,476,179</b>	<b>28,548</b>	<b>1,447,632</b>	<b>(19)</b>	<b>-</b>	<b>35,213</b>	<b>(6,148)</b>	<b>(4,103)</b>	<b>2,927</b>	<b>22,992</b>	<b>-</b>	<b>35,765</b>	<b>(23,762)</b>	<b>1,538,026</b>	<b>23,675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,514,351</b>

\*The carrying amount for assets in MDCH Ltd and therefore in Group has been adjusted for prior impairments which are now reported as part of impairment and cost adjustment. This has no impact on the carrying value of Property, Plant and Equipment.

2015-16 COUNCIL

	Cost/ valuation 1-Jul-2015 \$000's	Accumulated depreciation 1-Jul-2015 \$000's	Carrying amount 1-Jul-2015 \$000's	WIP & other reclassifications			Current year		Current year			Revaluation			Accumulated depreciation 30-Jun-2016 \$000's	Carrying amount 30-Jun-2016 \$000's
				Cost \$000's	Acmdp \$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-2016 \$000's			
<b>10.1 Infrastructural assets</b>																
Work in progress	5,898	-	5,898	(2,332)	-	4,874	-	-	-	-	-	-	-	8,440	8,440	
Infrastructure land	12,676	-	12,676	138	-	682	-	-	-	(460)	-	-	-	13,036	13,036	
Land under roads	135,368	-	135,368	-	-	160	-	-	-	-	-	-	-	135,528	135,528	
Flood protection and controlled works	142,800	277	142,523	-	-	415	-	153	-	13,295	(430)	-	-	156,510	156,510	
Road and footpaths	508,867	-	508,867	735	-	8,992	-	8,699	-	(6,212)	(8,699)	-	-	512,382	512,382	
Sewerage schemes other	109,248	-	109,248	-	-	983	-	2,332	-	1,087	(2,332)	-	-	111,318	111,318	
Sewerage treatment and facilities	40,718	-	40,718	-	-	149	(5)	594	-	(257)	(594)	-	-	40,605	40,605	
Stormwater drainage schemes	69,218	-	69,218	-	-	502	-	1,367	-	2,156	(1,367)	-	-	71,786	71,786	
Water supply schemes - other	110,464	-	110,464	7,576	-	1,349	(11)	2,394	-	2,589	(2,394)	-	-	121,967	121,967	
Water treatment and facilities	18,813	-	18,813	(6,306)	-	6	-	745	-	567	(745)	-	-	13,080	13,080	
	<b>1,154,070</b>	<b>277</b>	<b>1,153,793</b>	<b>(189)</b>	<b>-</b>	<b>18,112</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>12,765</b>	<b>(16,561)</b>	<b>-</b>	<b>-</b>	<b>1,184,742</b>	<b>1,184,742</b>	
<b>10.2 Operational assets</b>																
Work in progress	1,611	-	1,611	(211)	-	3,618	-	-	-	-	-	-	-	5,018	5,018	
Buildings	65,335	1,716	63,619	179	-	1,234	(39)	800	1,871	487	(1,717)	-	-	66,396	64,526	
Forest crops	1,138	-	1,138	-	-	-	-	-	-	465	-	-	-	1,603	1,603	
Improvements at fair/market value	4,302	236	4,066	-	-	456	-	240	-	-	-	-	-	4,758	4,282	
Land	81,727	-	81,727	0	-	3,046	(1,690)	-	-	6	-	-	-	83,090	83,090	
Landfill	3,280	1,916	1,364	-	-	-	-	-	182	-	-	-	-	3,280	1,182	
Library books	3,441	2,084	1,357	-	-	202	(1,385)	-	218	-	-	-	-	2,258	1,289	
Other structures and improvements	29,071	2,631	26,440	100	-	832	-	344	-	-	-	-	-	30,003	27,028	
Office equipment, furniture and fittings	5,822	4,705	1,117	-	-	743	(1,863)	334	-	-	-	-	-	4,702	1,522	
Plant, machinery and equipment	8,921	5,120	3,801	-	-	1,174	(585)	635	-	-	-	-	-	9,511	4,247	
	<b>204,648</b>	<b>18,408</b>	<b>186,240</b>	<b>68</b>	<b>-</b>	<b>11,305</b>	<b>(5,562)</b>	<b>800</b>	<b>3,824</b>	<b>959</b>	<b>(1,717)</b>	<b>-</b>	<b>959</b>	<b>210,619</b>	<b>193,788</b>	
<b>10.3 Restricted assets</b>																
Buildings	10,343	165	10,179	63	-	103	-	168	-	(127)	(165)	-	-	10,382	10,214	
Land	26,311	-	26,311	-	-	6	(58)	-	-	(84)	-	-	-	26,175	26,175	
	<b>36,654</b>	<b>165</b>	<b>36,490</b>	<b>63</b>	<b>-</b>	<b>109</b>	<b>(58)</b>	<b>-</b>	<b>168</b>	<b>(211)</b>	<b>(165)</b>	<b>-</b>	<b>(211)</b>	<b>36,557</b>	<b>36,389</b>	
<b>Total operational and infrastructural assets</b>	<b>1,395,372</b>	<b>18,850</b>	<b>1,376,523</b>	<b>(58)</b>	<b>0</b>	<b>29,526</b>	<b>(5,636)</b>	<b>800</b>	<b>20,276</b>	<b>13,513</b>	<b>(18,443)</b>	<b>-</b>	<b>13,513</b>	<b>1,431,918</b>	<b>1,414,919</b>	

2014-15 GROUP

	Cost/valuation 1-Jul-2014 \$'000's	Accumulated depreciation 1-Jul-2014 \$'000's	Carrying amount 1-Jun-2014 \$'000's	WIP & other reclassifications		Current year		Current year		Revaluation		Accumulated depreciation 30-Jun-2015 \$'000's	Carrying amount 30-Jun-2015 \$'000's
				Cost \$'000's	Acmdpn \$'000's	Disposals \$'000's	Impairment \$'000's	Depreciation \$'000's	Transfer adjustment \$'000's	Cost adjustment \$'000's	Depreciation adjustment \$'000's		
<b>10.1 Infrastructural assets</b>													
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	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)	(2,205)	(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	28,365
	<b>1,164,656</b>	<b>1,424</b>	<b>1,163,232</b>	<b>437</b>	<b>-</b>	<b>19,908</b>	<b>(331)</b>	<b>(2)</b>	<b>(1,170)</b>	<b>16,848</b>	<b>(971)</b>	<b>1,184,867</b>	<b>1,182,156</b>
<b>10.2 Operational assets</b>													
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	73,156
Forest crops	1,138	-	1,138	-	-	-	-	-	-	-	-	1,138	1,138
Improvements at fair/market value	7,332	246	7,086	5,487	-	290	-	-	497	-	-	13,110	12,367
Land	93,847	477	93,371	(4,224)	-	3,299	-	-	66	5,323	-	98,245	97,702
Landfill	3,329	1,734	1,595	(57)	-	8	-	-	182	-	-	3,280	1,364
Library books	3,236	1,893	1,343	-	-	205	-	191	-	-	-	3,441	1,357
Other structures and improvements	27,407	2,343	25,064	347	0	1,713	(123)	(31)	319	-	-	29,072	26,441
Office equipment/furniture and fittings	6,102	4,731	1,371	87	-	123	(479)	(466)	450	-	-	5,833	4,715
Plant, machinery and equipment	17,726	8,920	8,806	(137)	-	1,115	(335)	(265)	1,196	-	-	18,369	9,851
	<b>233,577</b>	<b>22,794</b>	<b>210,783</b>	<b>(1,760)</b>	<b>-</b>	<b>19,678</b>	<b>(2,586)</b>	<b>(778)</b>	<b>-</b>	<b>5,748</b>	<b>(1,349)</b>	<b>254,658</b>	<b>228,986</b>
<b>10.3 Restricted assets</b>													
Buildings	9,885	158	9,727	-	-	183	(22)	-	165	298	(158)	10,343	10,179
Land	25,882	-	25,882	-	-	-	-	-	-	429	-	26,311	26,311
	<b>35,767</b>	<b>158</b>	<b>35,609</b>	<b>-</b>	<b>-</b>	<b>183</b>	<b>(22)</b>	<b>-</b>	<b>165</b>	<b>727</b>	<b>(158)</b>	<b>36,654</b>	<b>36,490</b>
<b>Total operational and infrastructural assets</b>	<b>1,434,000</b>	<b>24,376</b>	<b>1,409,624</b>	<b>(1,323)</b>	<b>-</b>	<b>39,769</b>	<b>(2,939)</b>	<b>(780)</b>	<b>(1,170)</b>	<b>22,018</b>	<b>5,504</b>	<b>1,476,179</b>	<b>1,447,632</b>
	1,434,000	24,376	1,409,624	(1,323)	-	39,769	(2,939)	(780)	(1,170)	22,018	5,504	1,476,179	1,447,632



2014-15 COUNCIL

	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 depreciation 30-Jun-2015 \$000's	Carrying amount 30-Jun-2015 \$000's
				Cost \$000's	Acmdpn \$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		
<b>10.1 Infrastructural assets</b>														
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	142,523	
Road and footpaths	496,460	-	496,460	11	-	7,945	-	-	8,489	-	-	508,867	508,867	
Sewerage schemes other	108,474	-	108,474	404	-	2,389	(124)	(2)	(310)	2,112	-	109,248	109,248	
Sewerage treatment and facilities	38,547	-	38,547	-	-	909	-	-	604	-	-	40,718	40,718	
Stormwater drainage schemes	69,131	-	69,131	-	-	1,413	(24)	-	1,281	-	-	69,218	69,218	
Water supply schemes - other	106,944	-	106,944	24	-	1,905	(11)	-	(860)	2,240	-	110,464	110,464	
Water treatment and facilities	20,622	-	20,622	120	-	200	-	-	835	-	-	18,813	18,813	
	<b>1,134,380</b>	<b>137</b>	<b>1,134,243</b>	<b>57</b>	<b>-</b>	<b>19,765</b>	<b>(331)</b>	<b>(2)</b>	<b>(1,170)</b>	<b>15,700</b>	<b>(971)</b>	<b>1,154,070</b>	<b>1,153,793</b>	
<b>10.2 Operational assets</b>														
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	65,335	63,619	
Forest crops	1,138	-	1,138	-	-	-	-	-	-	-	-	1,138	1,138	
Improvements at fair/market value	-	-	-	4,029	-	272	-	-	236	-	-	4,302	4,065	
Land	77,334	-	77,334	(4,224)	-	3,294	-	-	-	5,323	-	81,727	81,727	
Landfill	3,329	1,734	1,595	(57)	-	8	-	-	182	-	-	1,916	1,364	
Library books	3,236	1,893	1,343	-	-	205	-	-	191	-	-	2,084	1,357	
Other structures and improvements	27,407	2,343	25,064	347	-	1,441	(123)	(31)	319	-	-	29,072	26,441	
Office equipment, furniture and fittings	6,019	4,659	1,360	87	-	123	(407)	(404)	450	-	-	5,822	1,117	
Plant, machinery and equipment	8,357	4,674	3,683	-	-	743	(179)	(137)	583	-	-	8,921	3,801	
	<b>188,867</b>	<b>16,651</b>	<b>172,216</b>	<b>(1,000)</b>	<b>-</b>	<b>13,362</b>	<b>(2,330)</b>	<b>(574)</b>	<b>-</b>	<b>3,680</b>	<b>5,748</b>	<b>204,648</b>	<b>186,240</b>	
<b>10.3 Restricted assets</b>														
Buildings	9,885	158	9,727	-	-	183	(22)	-	165	-	298	10,343	10,179	
Land	25,882	-	25,882	-	-	-	-	-	-	-	429	26,311	26,311	
	<b>35,767</b>	<b>158</b>	<b>35,609</b>	<b>-</b>	<b>-</b>	<b>183</b>	<b>(22)</b>	<b>-</b>	<b>165</b>	<b>-</b>	<b>727</b>	<b>36,654</b>	<b>36,490</b>	
<b>Total operational and infrastructural assets</b>	<b>1,359,014</b>	<b>16,946</b>	<b>1,342,068</b>	<b>(943)</b>	<b>0</b>	<b>33,311</b>	<b>(2,683)</b>	<b>(576)</b>	<b>(1,170)</b>	<b>19,546</b>	<b>5,504</b>	<b>1,395,372</b>	<b>1,376,523</b>	

## Council Core Infrastructure Asset Disclosures

2016	Closing Book Value \$'000	Additions \$'000		Most Recent Replacement Cost \$'000
		Constructed	Vested	
		Asset Class		
Flood protection and controlled works	156,510	415	-	162,458
Road and footpaths	512,382	8,538	454	661,576
Sewerage schemes-other	111,318	749	234	181,563
Sewerage treatment and facilities	40,605	149	-	45,194
Stormwater drainage	71,786	283	218	115,614
Water schemes-other	119,986	1,235	114	195,053
Water treatment and facilities	15,061	6	-	24,522

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.

## Council Depreciation and amortisation by group of activities

	2015-16	2014-15
	\$000's	\$000's
<b>Depreciation and amortisation by group of activities:</b>		
People	669	623
Community facilities	1,077	1,053
Roads and footpaths	8,556	8,436
Flood protection and control works	154	141
Sewerage	2,927	2,717
Stormwater drainage	1,370	1,278
Water supply	2,830	2,745
Solid waste management	332	328
Environmental management	100	96
Regulatory	137	125
Regional development	645	651

The above information is provided to meet the requirement of section 5(4) of the Local Government (Financial Reporting Regulations 2014). It does not include all of Council's depreciation and amortisation expense eg; MRF; investment activities

## Work in Progress

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

Group		
	2015	2016
	\$'000	\$'000
Roading	780	767
Sewerage treatment	125	156
Sewerage other	2,362	3,110
Water other	1,928	2,848
Water treatment	60	212
Stormwater	183	873
River and drainage	216	275
Buildings	3,820	2,654
Office equipment, furniture and fittings	83	135
Landfill	1,275	2,595
Other structures and improvements	99	164
Land	68	206
Wharf infrastructure	243	270
Plant machinery and equipment	187	36
Land improvements	294	6
<b>Total work in progress</b>	<b>11,723</b>	<b>14,307</b>

The larger work in progress items in the table for 2016 are as follows:

- In sewerage other the main items are Picton trunk sewer upgrade and the Battys Road sewer.
- In water other the primary items are the Speeds Road water upgrade and Flaxbourne Irrigation.
- In Buildings the significant item is the commercial industrial sorting facility.
- In landfill the only item is the stage 7 landfill development

## Property, Plant and Equipment (Ctd)

MDC has the following classes of property, plant and equipment:

- Infrastructural assets.
- Operational assets.
- Restricted assets

### *Infrastructural Assets*

Infrastructural assets usually display some of all of the following characteristics; part of a system or network, specialised in nature and usually do not have alternative uses, immovable and they may be subject to constraints on disposal. Examples are road networks, sewer systems and water systems.

### *Operational Assets*

Operational assets are acquired to enable the ongoing operations.

### *Restricted Assets*

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).

## Accounting Policies

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and any impairment losses.

### *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.

### *Disposals*

On the 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.

### *Revaluation of property, plant and equipment are accounted for on a class of asset basis*

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 expenses and then recognised in other comprehensive revenue and expense.

<b>Asset</b>	<b>Life</b>	<b>Rate</b>
<b>Roads, Streets and Bridges</b>	4 – 100 years	1 – 25%
- Land under roads and pavement formation	Not depreciated	
- Earth water channels	Not depreciated	
- Street berms	Not depreciated	
<b>Carparks</b>	5 – 50 years	2 – 20%
- Land and formation	Not depreciated	
<b>Buildings (excluding properties intended for sale)</b>	100 years	1%
<b>Council Computers</b>	4 - 5 years	20 - 25%
<b>Plant, equipment (excluding Council infrastructural assets)</b>	5 - 20 years	5 - 20%
<b>Mowers/chainsaws</b>	1 – 2.5 years	40 - 100%
<b>Sewerage</b>	10 to 100 years	1 – 10%
- Oxidation ponds:	Not depreciated	
<b>Stormwater</b>	25-100 years	1 – 4%
<b>Water</b>	20-100 years	1 - 5%
<b>Rivers and Drainage</b>	Mostly Not depreciated	
- Pump stations	25 - 100 years	1 - 4%
- Dam	100 years	1%
<b>Library books</b>	13.33 years	7.69%

### *Impairment*

Impairment losses of \$800,000 have been recognised this year relating to structural works required to eight community housing flats (five in Andrew Place, Blenheim and three in Buller Street, Picton).

The impairment loss was recognised through the building revaluation reserve and through other comprehensive revenue and expense.

### *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 2016 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 2016. 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 2016. 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.

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. Unit rates can vary, based on asset location, topography and ground conditions.
- Contracts in the region for similar assets.
- Estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be affected 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.
- 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.

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 again.

### *Land and Buildings including Restricted Land and Buildings*

Council land was valued by QV Valuations (Registered Valuers) as at 1 July 2015. The basis of valuation is fair value with reference to highest and best use, as at 1 July 2015.

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 and other costs incurred to bring the asset into use.

Buildings were valued by Alexander Hayward Limited (Registered Valuers) as at 1 July 2015. The basis of valuation was fair value. Assets acquired subsequent to valuation are shown at cost less depreciation.

In the case of MRF, land and improvements were valued by Alexander Hayward Limited (Registered Valuers) as at 30 June 2016.

Council's forest (soil erosion prevention) was valued at 30 June 2016 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 intensely. 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.
- 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 are 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 and MRF improvements. 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 estimated capacity of the landfill site.

#### *Library Books and Parking Meters*

These are stated at cost less accumulated depreciation plus additions at cost.

## 11. Intangible Assets

	Group			Council		
	Group total	Carbon credits	Computer software	Council total	Carbon credits	Computer software
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Cost:</b>						
<b>Balance at 30 June 2014</b>	<b>4,676</b>	<b>523</b>	<b>4,153</b>	<b>3,525</b>	<b>523</b>	<b>3,002</b>
Additions	1,394	-	1,394	1,264	-	1,264
Disposals	(102)	(61)	(41)	(61)	(61)	-
<b>Balance at 30 June 2015</b>	<b>5,968</b>	<b>462</b>	<b>5,506</b>	<b>4,728</b>	<b>462</b>	<b>4,266</b>
Additions	743	219	524	727	219	508
Disposals	(175)	(77)	(98)	(175)	(77)	(98)
<b>Balance at 30 June 2016</b>	<b>6,536</b>	<b>604</b>	<b>5,932</b>	<b>5,280</b>	<b>604</b>	<b>4,676</b>
<b>Accumulated amortisation and impairment:</b>						
<b>Balance at 30 June 2014</b>	<b>2,678</b>	<b>87</b>	<b>2,591</b>	<b>2,394</b>	<b>87</b>	<b>2,307</b>
Amortisation expense	545	-	545	409	-	409
Revaluation/ Impairment	-	-	-	-	-	-
Disposals	(41)	-	(41)	-	-	-
<b>Balance at 30 June 2015</b>	<b>3,182</b>	<b>87</b>	<b>3,095</b>	<b>2,803</b>	<b>87</b>	<b>2,716</b>
Amortisation expense	555	-	555	418	-	418
Disposals	(70)	-	(70)	(70)	-	(70)
<b>Balance at 30 June 2016</b>	<b>3,667</b>	<b>87</b>	<b>3,580</b>	<b>3,151</b>	<b>87</b>	<b>3,064</b>
<b>Carrying amount:</b>						
<b>Balance at 30 June 2014</b>	<b>1,998</b>	<b>436</b>	<b>1,562</b>	<b>1,131</b>	<b>436</b>	<b>695</b>
<b>Balance at 30 June 2015</b>	<b>2,786</b>	<b>375</b>	<b>2,411</b>	<b>1,925</b>	<b>375</b>	<b>1,550</b>
<b>Balance at 30 June 2016</b>	<b>2,869</b>	<b>517</b>	<b>2,352</b>	<b>2,129</b>	<b>517</b>	<b>1,612</b>

### Accounting Policy

An Intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected.

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

### 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 and websites have a finite life of four to five years. Amortisation is included in the surplus or deficit.

### Carbon Credits/ Emissions Trading Scheme (ETS)

Purchased carbon credits are recognised at cost on acquisition. 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.

All carbon credits are New Zealand Units (NZUs) and are all valued at fair value. Forestry NZUs were previously valued at \$nil. 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. The Council held other units are valued at \$152k.

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 the market rate as at 1 July 2013

Post 1989 NZU's received are recognised at the market rate as at 1 July 2013. Where there is an obligation to return units the expense and liability are recognised at the same figure. If operations proceed as planned there will always be post 1989 units on hand equal to any liability.

Council's regional landfill has entered the ETS to cover eliminated carbon emission obligations 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 at the same figure.

## 12. Forestry Assets (including jointly held assets)

Forestry assets are predominantly owned and managed by MRF.

The forestry estate is managed through a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (11.5%). The MRF estate covers 3,073 stocked hectares as at 30 June 2016 (2015: 3,161).

	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Balance at 1 July</b>	15,837	16,333	15,837	15,077	16,333
Increase due to purchases	336	470	336	262	470
Gains arising from changes attributable to physical changes (note 5)	2,019	1,036	2,019	603	1,036
Gains / (losses) arising from changes attributable to price changes (note 5)	773	969	773	-	969
Decreases due to sales	(3,493)	(2,971)	(3,493)	(1,330)	(2,971)
<b>Balance at 30 June</b>	<b>15,472</b>	<b>15,837</b>	<b>15,472</b>	<b>14,612</b>	<b>15,837</b>

Council's share of jointly controlled assets and any liabilities incurred jointly with KDC are recognised on a proportionate basis and classified according to their nature.

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 2016 of the MRF estate ranges from 1-14 years 78%; 15-28 years 13% and 29-43 years 9% (2015: 1-14 years 75%, 15-28 years 14% and 29-41 years 11%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2016. Buck Forestry Service Limited has prepared the forestry crop valuations as at 30 June 2016 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 2016			as at 30 June 2015		
	7%	8% (as used)	9%	7%	8% (as used)	9%
Tree crop value (\$000's)	19,967	17,482	15,476	20,206	17,895	16,022
MDC's 88.5% share (\$000's)	17,671	15,472	13,696	17,882	15,837	14,179



Key financial risks arise from increase in costs associated with logging/loads and cartage harvesting costs. Also there is a risk in sale price for forestry. Future yields in certain areas have shown lower volumes than expected which have been incorporated in the valuations.

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.

Marlborough Regional Forestry Joint Venture	Council and Group	
	2015-16 \$000's	2014-15 \$000's
Current assets	1,247	901
Non-current assets	23,705	23,726
Current liabilities	366	282
Non-current liabilities	-	-
Income	11,400	8,769
Expenses	7,659	6,745

### 13. Other Financial Assets

	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Current portion:</b>					
Term deposits and bonds with maturities of 4-12 months	22,993	7,762	22,993	6,528	7,762
<b>Total current portion</b>	<b>22,993</b>	<b>7,762</b>	<b>22,993</b>	<b>6,528</b>	<b>7,762</b>
<b>Non-current portion:</b>					
Term deposits and bonds with maturities 12 months plus	4,705	3,683	4,705	5,838	3,683
Community loans	-	1,402	-	-	1,402
Unlisted shares in subsidiaries	-	-	6,000	6,000	6,000
Shares: NZ Local Government Insurance Corporation and the Local Government Funding Agency	733	733	733	85	733
Shares other	1	1	1	425	1
<b>Total non-current portion</b>	<b>5,439</b>	<b>5,819</b>	<b>11,439</b>	<b>12,348</b>	<b>11,819</b>
<b>Total other financial assets</b>	<b>28,432</b>	<b>13,581</b>	<b>34,432</b>	<b>18,876</b>	<b>19,581</b>

The carrying value of term deposits, bonds, and community loans approximates their fair value.

Financial assets are classified into the following categories for the purpose of measurement:

- Term deposits and bonds which are held to maturity investment.
- Loans and receivables and investments in Council Controlled Organisations and similar entities.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

### Accounting Policy

#### *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.

#### *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. These include long and short term deposits with the bank. Council has a policy of holding investments to maturity and does not engage in the trading of investments. These investments are measured at their amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised and then are recognised in the deficit.

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit. 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. MDC has no impairment for the year ended 30 June 2016 (\$nil: 30 June 2015).

## 14. Investment Property

	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Balance at 1 July</b>	77,187	75,415	2,050	2,000	2,000
Additions from acquisition	1,140	161	-	-	-
Additions arising from work in progress	539	451	-	-	-
Transfer from property plant and equipment.	-	380	-	-	-
Fair valuation gains/(losses) (note 6)	(2,348)	780	70	-	50
<b>Balance at 30 June</b>	<b>76,518</b>	<b>77,187</b>	<b>2,120</b>	<b>2,000</b>	<b>2,050</b>

### Accounting Policy

#### *What is an investment property?*

"Investment Property" is based on the criteria in PBE IPSAS 16, The classification of property is a matter of professional judgement that requires analysis of the substance of the circumstances surrounding its occupation.

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.

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; for example if MDC leased a property to one of its service providers.
- The owner of the property is a public benefit entity like MDC, 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; for example like sewerage or water or cultural.
- 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. 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, and are reviewed on an ongoing basis.

The fair value of MDC's investment property at 30 June 2016 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 the MDCH group's investment property at 30 June 2016 has been arrived at on the basis of a valuation carried out at that date by Colliers International (2015: Colliers International), independent registered valuers not related to the Group. 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.

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

## 15. Cash and Cash Equivalents

### Accounting Policy

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.

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.

## 16. Debtors and Other Receivables

16.1 Debtors and other receivables from non-exchange transactions	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
Rates receivables	1,006	1,092	1,006	1,092
GST	756	997	756	664
Other	1,395	2,344	1,395	2,344
<b>Total non-exchange debtors and other receivables</b>	<b>3,157</b>	<b>4,433</b>	<b>3,157</b>	<b>4,100</b>

16.2 Debtors and other receivables from exchange transactions	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
Trade receivables	2,161	3,285	2,161	3,285
Related party receivables	-	-	46	82
Prepayments	126	584	126	584
Other	4,383	3,088	1,464	944
<b>Gross exchange debtors and other receivables</b>	<b>6,670</b>	<b>6,957</b>	<b>3,797</b>	<b>4,895</b>
Less provision for impairment	(82)	(268)	(22)	(208)
<b>Total exchange debtors and other receivables</b>	<b>6,588</b>	<b>6,689</b>	<b>3,775</b>	<b>4,687</b>

16.3 Total debtors and other receivables	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
<b>Gross total debtors and other receivables</b>	<b>9,827</b>	<b>11,390</b>	<b>6,954</b>	<b>8,995</b>
Less provision for impairment	(82)	(268)	(22)	(208)
<b>Total debtors and other receivables</b>	<b>9,745</b>	<b>11,122</b>	<b>6,932</b>	<b>8,787</b>

**Accounting Policy**

Trade receivables are initially measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the surplus or deficit where there is objective evidence that the asset is impaired.

There is no concentration of credit risk with respect to receivables as the Group has a large number of customers (refer to note 29.3).

Council has provided a sum of \$22,085 (2015 \$208,140) 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.

16.4 Impairment information	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
Past due 61-120 days	60	60	-	-
Past due >120 days	22	208	22	208
<b>Total individual impairment</b>	<b>82</b>	<b>268</b>	<b>22</b>	<b>208</b>
<b>At 1 July</b>	268	103	208	43
Additional provisions made during the year (note 8)	82	268	22	208
Provisions reversed during the year (note 8)	(268)	(103)	(208)	(43)
<b>At 30 June</b>	<b>82</b>	<b>268</b>	<b>22</b>	<b>208</b>

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

16.5 Ageing profile of total receivables	2015-16			2014-15		
	Gross \$000's	Impair- ment \$000's	Net \$000's	Gross \$000's	Impair- ment \$000's	Net \$000's
<b>Group</b>						
Not past due	9,526	-	9,526	10,156	-	10,156
Past due 1-60 days	181	-	181	504	-	504
Past due >61-120 days	120	82	38	730	268	462
<b>Total</b>	<b>9,827</b>	<b>82</b>	<b>9,745</b>	<b>11,390</b>	<b>268</b>	<b>11,122</b>
<b>Council</b>						
Not past due	6,653	-	6,653	7,947	-	7,947
Past due 1-60 days	181	-	181	424	-	424
Past due >61-120 days	120	22	98	624	208	416
<b>Total</b>	<b>6,954</b>	<b>22</b>	<b>6,932</b>	<b>8,995</b>	<b>208</b>	<b>8,787</b>

**17. Inventory**

	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Held for distribution inventory:</b>					
Goods held for maintenance	269	303	-	-	1
<b>Commercial inventory:</b>					
Quarry rock and gravel	394	252	394	383	252
<b>Other:</b>					
Inventory Queen Street Property	6,618	6,507	6,618	-	6,507
<b>Total inventory</b>	<b>7,281</b>	<b>7,062</b>	<b>7,012</b>	<b>383</b>	<b>6,760</b>

**Accounting Policy**

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.

\$6.818M of the inventory is the Queen Street property which is in process of being prepared for sale. Other small inventories are held of goods for maintenance and quarry rock and gravel.

**18. Borrowings****Accounting Policy**

All borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using effective interest method.

All loans and borrowings are initially recognised at fair value of the consideration received net of issue costs associated with the borrowing.

*Council*

Secured loans can be raised under a \$20M (2015: \$20M) 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. Council has the option to renew the facility in January 2017.

There is no current debt in 2016 (2015:\$0.5M). Any current debt is issued at floating rates of interest.

Further secured fixed term loans of \$28M (2015:\$28M) have been raised with the New Zealand Local Government Funding Agency Limited (NZLGFA). The \$28M (2015: \$28M) is fixed term borrowing and is fixed being issued with fixed interest or fixed by swaps. The fixed interest rates ranged between 5% and 6%. (2015: 5% and 6%)The loans mature between 15 March 2019 and 15 April 2023.

Council has interest rate swaps of \$14M (2015: \$14M) in place maturing between 2 May 2016 and 18 March 2025. During the year interest rates ranged between 3.79% and 4.23% (2015: 4.23% and 4.65%).

*MDCHL*

During the year interest rates ranged between 3.51% and 5.90% (2015: 3.55% and 5.90%).

Loan maturities - Funds have been raised via two facilities, \$30M Westpac Limited and \$35M with ASB Limited (ASB). The ASB \$35M facility was agreed for three years and expires December 2017, while the Westpac \$30M facility was entered into for three years and expires January 2017.

Term loans have been secured by way of uncalled capital issued to MDC.

*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.

## 19. Provisions

19.1 Balances	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
<b>Current portion:</b>				
Weathertightness claims	35	70	35	70
Other	57	68	57	440
<b>Total current portion</b>	<b>92</b>	<b>138</b>	<b>92</b>	<b>510</b>
<b>Non-current portion:</b>				
Landfill aftercare provision	1,207	1,148	1,207	1,148
Runway reseal provision	1,402	1,048	-	-
<b>Total non-current portion</b>	<b>2,609</b>	<b>2,196</b>	<b>1,207</b>	<b>1,148</b>
<b>Total provisions</b>	<b>2,701</b>	<b>2,334</b>	<b>1,299</b>	<b>1,658</b>

19.2 Movements	Weather-tightness claims	Other	Landfill aftercare	Council	Runway reseal	Group
<b>Balance at 30 June 2015</b>	<b>70</b>	<b>440</b>	<b>1,148</b>	<b>1,658</b>	<b>1,048</b>	<b>2,334</b>
Additional provisions made	20	57	105	182	354	536
Amounts used	(55)	(440)	(46)	(541)	-	(541)
<b>Balance at 30 June 2016</b>	<b>35</b>	<b>57</b>	<b>1,207</b>	<b>1,299</b>	<b>1,402</b>	<b>2,329</b>

### Accounting Policy

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.

### *Weathertightness Claims*

No new claims have been lodged with the Weathertight Homes Resolution Service (WHRS) in the year to 30 June 2016 (2015: nil).

Council has provided \$35,000 (2015: \$69,931) for existing claims that relate to weathertightness issues of homes in the Marlborough District Council area that name Council as well as other parties. This provision for these claims has been quantified based on an assessment by Council's legal advisor.

Two building related claims were settled in for \$55k (2015:nil).

### *Emission Trading Scheme Provision*

This provision recognises:

\$56,904 (2015: \$38,062) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2016.

### *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% (2015: 2.0%) and a discount rate of 7.0% (2015: 7.0%).

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 uninflated cash outflows for landfill post-closure

monitoring and maintenance are estimated at \$46,200 per annum (2015: \$46,200) average to occur in perpetuity.

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

#### *Current Landfill*

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.

The cash outflows for landfill post-closure are expected to occur in 53 to 84 years' time (ie: between 2069 and 2100). The estimated liability for closure and post-closure is \$1.87M (2015: \$1.87M).

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

- The remaining capacity of the site is 2.14M (2015: 2.17M) cubic metres (refuse, clean fill and cover).
- The estimated remaining life is 53 years (2015: 54 years) based on historical volume information.
- The granting of resource consent renewals.

To provide for these estimated costs of aftercare of the currently used Blenheim landfill, 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

#### *Runway Reseal*

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

## 20. Creditors and Other Payables

	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Creditors and other payables from exchange and non exchange transactions</b>					
Trade payables	8,180	5,601	6,611	5,043	3,435
Accrued expenses	2,054	4,429	2,054	2,670	4,429
Income in advance	2,350	2,351	1,848	1,685	1,866
Deposits	902	946	902	1,492	946
Other	461	695	1,965	397	1,796
<b>Total creditors and other payables</b>	<b>13,947</b>	<b>14,022</b>	<b>13,380</b>	<b>11,287</b>	<b>12,472</b>

#### **Accounting Policy**

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.

## 21. Employee Entitlements

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2015-16	2014-15	2015-16	2015-16	2014-15
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Current portion</b>					
Accrued pay	446	326	446	276	326
Annual leave and sick leave	2,252	2,211	1,413	1,413	1,440
Retirement and long service leave	280	332	280	488	332
<b>Total current portion</b>	<b>2,978</b>	<b>2,869</b>	<b>2,139</b>	<b>2,177</b>	<b>2,098</b>
<b>Total employee entitlements</b>	<b>2,978</b>	<b>2,869</b>	<b>2,139</b>	<b>2,177</b>	<b>2,098</b>

### Accounting Policy

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 current.



## 22. Equity and Capital Management

	Group		Council		
	Actual 2015-16 \$000's	Actual 2014-15 \$000's	Actual 2015-16 \$000's	Budget 2015-16 \$000's	Actual 2014-15 \$000's
<b>Accumulated funds</b>					
<b>Balance at 1 July</b>	616,563	598,917	575,691	558,506	561,780
Transfers (to) / from reserves	(11,903)	(713)	(11,903)	4,503	(713)
Transfers (to) / from restricted reserves	(291)	43	(291)	963	43
Transfers from property revaluation reserves on disposal	5,574	963	749	-	963
Surplus for the year	18,401	17,353	18,272	6,560	13,618
<b>Balance at 30 June</b>	<b>628,344</b>	<b>616,563</b>	<b>582,518</b>	<b>570,532</b>	<b>575,691</b>
<b>Ordinary and Council created reserves</b>					
<b>Balance at 1 July</b>	45,221	45,219	42,605	33,751	42,603
Transfers (to) / from accumulated funds	11,904	713	11,904	(4,503)	713
Reclassification to Restricted Reserves	-	(711)	-	-	(711)
<b>Balance at 30 June</b>	<b>57,125</b>	<b>45,221</b>	<b>54,509</b>	<b>29,248</b>	<b>42,605</b>
<b>Restricted reserves:</b>					
<b>Balance at 1 July</b>	1,247	579	1,247	(98)	579
Transfers (to) / from accumulated funds	291	(43)	291	(963)	(43)
Reclassification from ordinary Reserves	-	711	-	-	711
<b>Balance at 30 June</b>	<b>1,538</b>	<b>1,247</b>	<b>1,538</b>	<b>(1,061)</b>	<b>1,247</b>
<b>Restricted reserves consists of:</b>					
Development contribution reserves	(46)	711	(46)	(1,106)	711
Land subdivision reserve	1,584	536	1,584	45	536
<b>Property revaluation reserve:</b>					
<b>Balance at 1 July</b>	802,937	780,160	770,284	781,511	747,507
Net revaluation gains	56,600	23,739	31,156	32,440	23,739
Income tax recognised directly in other comprehensive revenue and expense	(5,759)	-	-	-	-
Transfers to accumulated funds on disposal of property	(5,574)	(962)	(749)	-	(962)
<b>Balance at 30 June</b>	<b>848,204</b>	<b>802,937</b>	<b>800,691</b>	<b>813,951</b>	<b>770,284</b>
<b>Total other reserves</b>	<b>906,867</b>	<b>849,405</b>	<b>856,738</b>	<b>842,138</b>	<b>814,136</b>
<b>Total equity</b>	<b>1,535,211</b>	<b>1,465,968</b>	<b>1,439,256</b>	<b>1,412,670</b>	<b>1,389,827</b>

### Capital Management

The LGA 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.

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 surpluses. The components of equity are:

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

Accumulated funds are the capital fund made up of accumulated surpluses and deficit. A surplus in any year is added to the fund and is a deficit in any year and deducted from the fund.

Ordinary reserves are reserves created by Council decision. Council may alter the purpose of a reserve without reference to a third party or the Courts. Transfers to and from these reserves is at the discretion of 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.

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

Ordinary Reserves	Activities to which the reserve is applied	Opening Balance 1 July \$000's	Transfer to reserve \$000's	Transfer from reserve \$000's	Closing Balance 30 June \$000's
<b>2016</b>					
Emergency Events	Infrastructural assets including roading network and Wairau floodplain river protection	9,027	2,634	(1,632)	10,029
Forest Park*	Community infrastructure	466	8,568	(7,194)	1,840
Forestry and Assets Sales*	All activities	2,773	3,629	(468)	5,934
Infrastructure Upgrade	Infrastructure such as water and sewerage and other activities as determined by Council from time to time	6,196	2,506	(1,766)	6,936
Land Subdivision loan reserve	Blenheim Swimming Pool loan	(1,600)	400	0	(1,200)
PMNZL Special Dividend	All activities	4,313	302	(302)	4,313
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety and learning	(630)	926	(821)	(525)
Community Facilities	Community facilities	932	579	(186)	1,325
Roads and footpaths	Roads and footpaths	3,768	4,379	(3,695)	4,452
Flood protection	Flood protection	3,368	737	(770)	3,335
Sewerage	Sewerage	862	2,373	(1,073)	2,162
Stormwater	Stormwater	1,796	1,370	(868)	2,298
Water supply	Water supply	4,648	3,861	(2,266)	6,243
Solid waste management	Solid waste management	1,255	1,089	(1,674)	670
Environmental management	Environmental management	275	99	(95)	279
Regulatory	Regulatory	256	333	(96)	493
Regional development	Regional development	1,852	670	(1,109)	1,413
Other non activity	All activities	4,322	2,688	(2,498)	4,512
<b>Total ordinary reserves 2016</b>		<b>43,852</b>	<b>37,143</b>	<b>(26,513)</b>	<b>54,509</b>

Restricted Reserves	Activities to which the reserve is applied	Opening Balance 1 July \$000's	Transfer to reserve \$000's	Transfer from reserve \$000's	Closing Balance 30 June \$000's
Land Subdivision	Community facilities	536	1,728	(680)	1,584
Roads and footpaths	Development contribution reserve	0	154	(154)	0
Sewerage	Development contribution reserve	(601)	913	(913)	(601)
Stormwater	Development contribution reserve	0	47	(47)	0
Water supply	Development contribution reserve	38	517	0	555
<b>Total restricted reserves 2016</b>		<b>(27)</b>	<b>3,359</b>	<b>(1,794)</b>	<b>1,538</b>

### Purpose of each Reserve Fund

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.

**Emergency Events Reserves:** This reserve is to protect Council's infrastructural assets: roads, water, sewerage, and river protection.

**Forest Park Reserve\*:** This reserve was set up to receive surpluses from the Solar Heights and Forest Hills, and more recently from Boulevard Park on Taylor Land Development. Traditionally this reserve funded Community Infrastructure, (as opposed to Core Infrastructure such as Water and Sewerage which are funded from other reserves). From 1 July 2016 this reserve will be combined with the Forestry and Asset Sale reserve to form the Forestry and Land Development Reserve.

**Forestry and Asset Sales Reserve\*:** Receives revenue from MRF and from the sale of non-activity assets for funding any projects approved by Council). From 1 July 2016 this reserve will be combined with the Forestry Park Reserve to form the Forestry and Land Development Reserve.

**Infrastructure Upgrade Reserve:** To be used to fund up to 50% of essential infrastructure.

**Land Subdivision Reserve:** To provide for Reserve Contributions and their utilisation in accordance with the provisions of the Local Government Act 2002.

**Port Marlborough NZ Limited Special Dividend Reserve:** Unspent elements of a \$10M special dividend available to the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas, or the interest on any unspent balance to be used to subsidise general rates in those areas.

**People, Community Facilities, Roads and footpaths, Flood protection, Sewerage, Stormwater, Water Supply, Solid Waste Management, Environmental Management, Regulatory, Regional Development, and other non-activity reserves** are for a specific activity or individual scheme etc. and exist for the following purposes:

- **General Reserve:** to accumulate targeted rates or other revenue for use in subsequent years.
- **Depreciation Reserve:** to accumulate rates levied to fund depreciation expense, which 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.

## 23. Reconciliation of Net Surplus/(deficit) After Tax to Net Cash Flow From Operating Activities

	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
<b>Surplus after tax</b>	<b>18,404</b>	<b>17,353</b>	<b>18,272</b>	<b>13,618</b>
<b>Add / (less) non-cash items:</b>				
Depreciation and amortisation expense	23,547	22,563	20,694	19,955
Decrease in forestry value due to harvest	3,493	2,971	3,493	2,971
Vested assets	(1,041)	(2,121)	(1,041)	(2,121)
Movement in deferred tax	(1,231)	(366)	-	-
Runway seal provision	354	336	-	-
Landfill aftercare provision	59	(245)	59	(245)
Weathertight homes and other provisions	(418)	(200)	(418)	(204)
Fair value of biological assets	(2,792)	(2,005)	(2,792)	(2,005)
Fair value of investment property	2,348	(780)	(70)	(50)
Fair value of non current assets	-	-	-	-
Fair value of investments	81	(96)	81	(96)
Derivative financial instruments	3,912	1,548	1,416	67
	<b>28,312</b>	<b>21,605</b>	<b>21,422</b>	<b>18,272</b>
<b>Add / (less) items classified as investing or financing activities:</b>				
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	(7,336)	(1,418)	(7,411)	(1,445)
(Inc) / Dec in capital creditors	(43)	(1,900)	(43)	(1,900)
Other	(135)	-	(135)	-
Dividend income	(10)	(17)	(1,155)	(239)
	<b>(7,524)</b>	<b>(3,335)</b>	<b>(8,744)</b>	<b>(3,584)</b>
<b>Add / (less) movements in working capital items:</b>				
Debtors and other receivables	1,811	(1,632)	1,865	(1,295)
Inventory	(219)	(6,357)	(252)	(6,385)
Creditors and other payables	411	1,522	903	938
Income tax payable/(receivable)	(788)	43	-	-
Employee entitlements	41	(21)	41	(21)
	<b>1,256</b>	<b>(6,445)</b>	<b>2,557</b>	<b>(6,763)</b>
<b>(Less) items reclassified as investing activities:</b>	-	-	-	-
<b>Net cash inflow / (outflow) from operating activities</b>	<b>40,449</b>	<b>29,178</b>	<b>33,507</b>	<b>21,543</b>

## 24. Capital Commitments and Operating Leases

	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
<b>Operating leases as lessee:</b>				
Not later than one year	261	323	228	290
Later than one year and not later than five years	314	463	314	463
Later than five years	138	216	138	216
<b>Total non-cancellable operating leases</b>	<b>713</b>	<b>1,002</b>	<b>680</b>	<b>969</b>

### *Operating Leases*

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.

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.

	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
<b>Operating leases as lessor:</b>				
Not later than one year	9,844	8,390	4,038	4,359
Later than one year and not later than five years	25,615	20,342	14,396	13,867
Later than five years	45,769	41,406	34,957	38,179
<b>Total non-cancellable operating leases</b>	<b>81,228</b>	<b>70,138</b>	<b>53,391</b>	<b>56,405</b>

Group operating leases relate to rental property owned by Port Marlborough (PMNZ) with lease terms of up to 30 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that PMNZ 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.

## 25. Contingent Liabilities

	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
Uncalled capital in MDC Holdings Limited	70,000	70,000	70,000	70,000
Financial guarantees	5,054	3,120	5,054	3,120
Ministry for the Environment security for funding	776	776	776	776
<b>Total contingent liabilities</b>	<b>75,830</b>	<b>73,896</b>	<b>75,830</b>	<b>73,896</b>

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.

### *Local Government Funding Agency*

Council is a shareholder and guarantor of 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 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, \$20M 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 NZLGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2016 NZLGFA had borrowings totalling \$6.445 billion (2015: \$4.998 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value Council's share of this guarantee is 1.4% (2015: 1.4%). We believe the 2016 fair value of the liability to be less than \$2M. Council has not recognised this and consider it extremely unlikely to ever be called on. This is because the LGFA maximum maturity in any one year from any one Council is \$505M which is more than covered by the LGFA held portfolio of liquid investments and their \$1 billion standby facility with the Crown.

### *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 remote.

The Council has guaranteed three Marlborough Civic Theatre Trust (the Trust) loans. Initially loans by the ASB and Rata Foundation for \$3.1 M and \$0.5M respectively, were approved in May 2015. An additional guarantee of \$1.5M was approved by Council in March 2016. Should the ASB guarantees be called upon, this could cost Council up to \$220,000 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. The amount outstanding on the loan at 30 June 2016 is \$5.034M.

### *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 financial 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 (2015: Nil).

## 26. Related Parties Transactions

The consolidated financial statements include the results and assets and liabilities of Council and other entities in which Council has a controlling interest. Any related party disclosures also have been made for transactions with entities within the Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Any related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that is it reasonable to expect Council and Group would have adopted in dealing with the party at arms-length in the same circumstances.

Key management personnel	Council	
	2015-16 \$000's	2014-15 \$000's
<b>Councillors including the Mayor:</b>		
Remuneration	737	707
Full-time equivalent members	14	14
<b>Senior management team including the Chief Executive:</b>		
Remuneration	1,531	1,408
Full-time equivalent members	7	7
<b>Total key management personnel compensation</b>	<b>2,268</b>	<b>2,115</b>
<b>Total full-time equivalent personnel</b>	<b>21</b>	<b>21</b>

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.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2015: nil).

## 27. Remuneration

27.1 Chief Executive	Council	
	2015-16 \$000's	2014-15 \$000's
The retired Chief Executive received the following remuneration :		
Salary including 2015-16 annual leave paid out on retirement	304	290
Vehicle, Superannuation and Other	13	20
<b>Total Chief Executive compensation</b>	<b>317</b>	<b>310</b>
The incumbent Chief Executive received the following remuneration:		
Salary	147	-
Vehicle, Superannuation and Other	9	-
<b>Total Chief Executive compensation</b>	<b>156</b>	<b>-</b>
<b>Total Chief Executive compensation</b>	<b>473</b>	<b>310</b>

27.2 Elected representatives	Group		Council	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
Elected representatives received the following remuneration:				
<b>Mayor:</b>				
Alistair Sowman*	147	143	137	133
<b>Councillors:</b>				
Jenny Andrews	36	34	36	34
Jamie Arbuckle	51	50	51	50
Jessica Bagge	36	34	36	34
Graeme Barsanti	53	47	53	47
Cynthia Brooks	47	47	47	47
Brian Dawson	37	35	37	35
Geoff Evans	38	39	38	39
Trevor Hook	51	49	51	49
Peter Jerram	47	44	47	44
John Leggett*	57	54	47	44
David Oddie	64	64	64	64
Laressa Shenfield	47	44	47	44
Terry Sloan	46	43	46	43
<b>Total elected representatives' remuneration</b>	<b>757</b>	<b>727</b>	<b>737</b>	<b>707</b>

Remuneration includes payment for attendance at resource consent hearings.

\*The Mayor and Councillor Leggett were directors of MDCH during the reporting periods 2015-16 and were paid directors' fees by MDCH. A Sowman \$9,512 (2015: \$9,512), J C Leggett \$9,512 (2015: \$9,517).

### 27.3 Staff employed Full Time Equivalent

At balance date the Council employed 205 full time employees (2014-15: 199) with the balance of staff representing 36 (2014-15: 38) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

### 27.4 Individuals receiving total annual remuneration of:

	2015	2016
Up to \$59,999	114	109
\$60,000 to \$79,999	71	72
\$80,000 to \$99,999	47	47
\$100,000 to \$119,999	6	11
\$120,000 to \$139,999	8	7
\$140,000 to \$219,999	6	8
\$220,000 to \$319,999	3	2
<b>Total</b>	<b>255</b>	<b>256</b>

Total remuneration includes the estimated values of non financial benefits provided to employees.

## 28. Severance Payments

For the year ended 30 June 2016 Council made no severance payments to employees, (2015: one of \$15,000), that required disclosure under the Local Government Act 2002.

## 29. Financial instruments

### 29.1 Financial instrument categories

The accounting policies for financial instruments have been applied to the financial instrument asset categories of term deposits and bonds, cash and cash equivalents, debtors and other receivables, Shares and community loans and to the financial instrument liability categories of derivative financial liability instruments, creditors and other payables, and secured loans. The carrying amount is the approximate fair value for each of these classes of financial instruments, as shown in the Statement of Financial Position.

### 29.2 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.

Financial derivatives valued as observable inputs (level 2) for the Group are \$6,103k (2015: \$2,192k) and for Council are \$1,632k (2015: \$216k).

### 29.3 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 \$1,150k (2015: NZTA \$2,090k). 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. These policies can be found on the MDC website. The web address is:

[http://www.marlborough.govt.nz/Council-Publications/Plans-Policies-and-Documents/~/\\_media/Files/MDC/Home/Your%20Council/Plan%20and%20Reports/Treasury\\_Management\\_Policies.pdf](http://www.marlborough.govt.nz/Council-Publications/Plans-Policies-and-Documents/~/_media/Files/MDC/Home/Your%20Council/Plan%20and%20Reports/Treasury_Management_Policies.pdf)

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	
	2015-16 \$000's	2014-15 \$000's	2015-16 \$000's	2014-15 \$000's
Cash at bank and term deposits and bonds	30,656	14,815	29,973	12,964
Debtors and other receivables	10,084	9,809	6,932	7,747
Community and related party loans	-	1,402	-	1,402
Financial guarantees	5,120	3,120	5,120	3,120
<b>Total credit risk</b>	<b>45,860</b>	<b>29,146</b>	<b>42,025</b>	<b>25,233</b>

ii) Credit quality of financial assets	2015-16	2014-15	2015-16	2014-15
	\$000's	\$000's	\$000's	\$000's
<b>Counterparties with credit ratings - cash at bank and term deposits</b>				
AA	532	542	532	542
AA-	29,104	12,217	28,421	10,366
BBB *	1,020	1,017	1,020	1,017
<b>Counterparties without credit ratings - cash at bank and term deposits</b>				
NR	-	1,039	-	1,039
<b>Total</b>	<b>30,656</b>	<b>14,815</b>	<b>29,973</b>	<b>12,964</b>
<b>Counterparties without credit ratings - existing counterparty with no defaults in the past</b>				
Term deposits	-	1,039	-	1,039
Community and related party loans	-	1,402	-	1,402
<b>Total</b>	<b>-</b>	<b>2,441</b>	<b>-</b>	<b>2,441</b>

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

## (b) Liquidity risk

### (i) Management of liquidity risk

Prudent liquidity risk management includes 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 has an AA credit rating with Standard and Poors and banks have indicated that they want to do business with Council. 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. The LGFA have a billion dollar facility. See their website at <http://www.lgfa.co.nz/about-lgfa/lgfa-news/news-lgfa-aims-to-arrange-1b-in-debt>.

These policies were adopted in 2014-15 and can be found on the Council website. The web address is:

[http://www.marlborough.govt.nz/Council-Publications/Plans-Policies-and-Documents/~/\\_media/Files/MDC/Home/Your%20Council/Plan%20and%20Reports/Treasury\\_Management\\_Policies.pdf](http://www.marlborough.govt.nz/Council-Publications/Plans-Policies-and-Documents/~/_media/Files/MDC/Home/Your%20Council/Plan%20and%20Reports/Treasury_Management_Policies.pdf)

<b>(ii) Contractual maturity analysis of financial liabilities</b>	<b>Carrying Amount</b>	<b>Contractual Cashflow</b>	<b>&lt; than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5+ years</b>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
This table analyses MDC's financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date.						
<b>Group 2015</b>						
Creditors and other payables	14,024	14,024	14,024	-	-	-
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
<b>Total financial liabilities</b>	<b>100,691</b>	<b>126,525</b>	<b>17,979</b>	<b>28,289</b>	<b>45,139</b>	<b>35,118</b>
<b>Group 2016</b>						
Creditors and other payables	13,948	13,948	13,948	-	-	-
Secured loans	84,855	108,884	3,804	28,121	48,325	28,634
Interest rate swaps	6,103	3,608	147	168	614	2,679
<b>Total financial liabilities</b>	<b>104,906</b>	<b>126,440</b>	<b>17,899</b>	<b>28,289</b>	<b>48,939</b>	<b>31,313</b>
<b>Council 2015</b>						
Creditors and other payables	12,474	12,474	12,474	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	28,500	39,237	1,426	1,422	8,065	28,324
Interest rate swaps	216	216	-	-	-	216
<b>Total financial liabilities</b>	<b>41,190</b>	<b>51,927</b>	<b>13,900</b>	<b>1,422</b>	<b>8,065</b>	<b>28,540</b>
<b>Council 2016</b>						
Creditors and other payables	13,381	13,381	13,381	-	-	-
Secured loans	28,000	37,812	1,422	1,422	11,865	23,103
Interest rate swaps	1,632	1,632	-	-	-	1,632
<b>Total financial liabilities</b>	<b>43,013</b>	<b>52,825</b>	<b>14,803</b>	<b>1,422</b>	<b>11,865</b>	<b>24,735</b>

The table following analyses Marlborough District Council's financial assets into maturity groupings based on the remaining period to the contractual maturity date as at the balance date.

<b>Contractual maturity analysis of financial assets</b>	<b>Carrying Amount</b>	<b>Contractual Cashflow</b>	<b>&lt; than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5+ years</b>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
This table analyses MDC's financial assets into maturity groupings based on the remaining period at the balance date to the contractual maturity date.						
<b>Group 2015</b>						
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	-	-	-
<b>Total financial assets</b>	<b>26,026</b>	<b>26,393</b>	<b>22,508</b>	<b>1,647</b>	<b>2,238</b>	<b>-</b>
<b>Group 2016</b>						
Cash and cash equivalents	2,958	2,958	2,958	-	-	-
Debtors and other receivables	9,745	9,745	9,745	-	-	-
Other financial assets:						
Term deposits	27,535	25,320	20,267	1,656	3,397	-
Local Authority stock and government bonds	448	625	-	-	174	451
<b>Total financial assets</b>	<b>40,686</b>	<b>38,648</b>	<b>32,970</b>	<b>1,656</b>	<b>3,571</b>	<b>451</b>
<b>Council 2015</b>						
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	-	-	-
<b>Total financial assets</b>	<b>22,113</b>	<b>22,480</b>	<b>18,595</b>	<b>1,647</b>	<b>2,238</b>	<b>-</b>
<b>Council 2016</b>						
Cash and cash equivalents	2,275	2,275	2,275	-	-	-
Debtors and other receivables	6,932	6,932	6,932	-	-	-
Other financial assets:						
Term deposits	27,535	25,320	20,267	1,656	3,397	-
Local Authority stock and government bonds	448	625	-	-	174	451
<b>Total financial assets</b>	<b>37,190</b>	<b>35,152</b>	<b>29,474</b>	<b>1,656</b>	<b>3,571</b>	<b>451</b>

**(c) Sensitivity analysis**

The table following illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) impact for reasonable possible market movements, with all other variables held constant, based on MDC's financial instrument exposures at balance date.

	2015-16		2014-15	
	-50bps	+50bps	-50bps	+50bps
	Surplus	Surplus	Surplus	Surplus
	\$000's	\$000's	\$000's	\$000's
<b>GROUP INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Other financial assets - term deposits	(146)	146	(64)	64
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Secured loans	150	(150)	136	(136)
Interest rate swaps	(1,840)	1,610	(1,791)	1,726
<b>Total sensitivity to interest rate risk</b>	<b>(1,836)</b>	<b>1,606</b>	<b>(1,720)</b>	<b>1,655</b>
<b>COUNCIL INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Other financial assets - term deposits	(138)	138	(57)	57
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Secured loans	70	(70)	73	(73)
Interest rate swaps	(566)	541	(549)	527
<b>Total sensitivity to interest rate risk</b>	<b>(634)</b>	<b>609</b>	<b>(534)</b>	<b>512</b>

**(d) Interest rate risk**

Interest rate risk is the risk that MDC may be affected by changes in the general level of interest rates. MDC is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swaps contracts.

Under interest rate swap contracts 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:

Outstanding fixed for floating	Average contract fixed interest rate		Notional principal amount		Fair value	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
	%	%	\$000's	\$000's	\$000's	\$000's
<b>Group</b>						
Less than one year	-	5.06%	-	16,500	-	(147)
1 to 2 years	5.00%	5.58%	10,900	3,500	(442)	(168)
2 to 5 years	4.30%	4.20%	23,000	20,900	(1,733)	(614)
Greater than 5 years	4.20%	4.32%	41,800	51,300	(3,928)	(1,263)
<b>Total sensitivity to interest rate risk</b>	<b>4.34%</b>	<b>4.47%</b>	<b>75,700</b>	<b>92,200</b>	<b>(6,103)</b>	<b>(2,192)</b>
<b>Council</b>						
2 to 5 years	-	-	-	-	-	-
Greater than 5 years	4.05%	4.05%	14,000	14,000	(1,632)	(216)
<b>Total sensitivity to interest rate risk</b>	<b>4.05%</b>	<b>4.05%</b>	<b>14,000</b>	<b>14,000</b>	<b>(1,632)</b>	<b>(216)</b>

**(e) Cash flow interest rate risk**

Cash flow interest rate risk is the risk that cash flows from an instrument will vary due to fluctuations in interest rates. A balance is achieved through having variable terms that spreads the risk of fluctuating interest rates. Council's subsidiaries mitigate exposure to fair value and cash flow interest rate risk by having a mixture of floating and fixed loans and by the use of interest rate swaps.

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2015-16	2014-15	2015-16	2015-16	2014-15
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Current liability portion:</b>					
Interest rate swaps	-	147	-	-	-
<b>Non-current liability portion:</b>					
Interest rate swaps	6,103	2,045	1,632	-	216
<b>Total derivative financial instruments liabilities</b>	<b>6,103</b>	<b>2,192</b>	<b>1,632</b>	<b>-</b>	<b>216</b>

**(f) Currency risk**

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

MDC has the following reserves:

- Reserves for different areas of benefit.
- 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.

### 30. Insurance

The total cost value of Council assets as at 30 June 2016 is \$1.41 billion.

Council has assessed its maximum probable loss from either, earthquake, tsunami or flood to be about \$78M.

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 \$10.0M.

	2015-16 Assets Value at Cost \$'000	2015-16 Maximum cover \$'000	2014-15 Assets Value at Cost \$'000	2014-15 Maximum cover \$'000
<b>Council Insurance</b>				
Total value of assets covered by Insurance contracts and maximum amount to which they are insured.	312,781	430,153	303,345	368,734
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements.	339,604	50,000	325,086	50,000
Total value of self-insured assets and value of any fund held for that purpose.	538,469	10,029	529,601	9,027
Land	263,724	-	262,924	-
<b>TOTAL</b>	<b>1,454,578</b>	<b>490,182</b>	<b>1,420,956</b>	<b>427,761</b>

- (a) The total value of assets held by the local authority that are covered by insurance contracts are insured to a maximum replacement value of \$430M.

**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 \$3.1M.

Council has an 88.5% share in the MRF. 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 \$564M. 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 \$538M and a further \$263M for land.

**Land:** includes **MRF land valued at \$8.6M and land under roads \$135M.**

**Roading and footpath assets excluding bridges and carparks:** These activities have a value of \$652M 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 \$35M. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 56%.

### 31. Variance Explanation

Significant financial variances are discussed in the Financial Overview Section. Other major budget variances are:

- Actual cash flow is significantly better than budget due to increased section sales and lower than budgeted capital expenditure.
- Inventory is over budget as the Queen Street building is being held in inventory while it is being prepared for sale.
- Non-current assets held for sale are below budget as the Boulevard on Taylor sections sold sooner than anticipated.
- Intangible assets are higher than budget as the actual opening balance for the year was higher than budget due to the acquisition software.
- Creditors and other payables are higher than budget due to the inter-company account advance from MDCH being some \$1M higher than budgeted primarily because dividends to Council have been higher than budgeted. This is also due to trade payables being \$1.5M higher than budgeted. This includes over \$2M owed to NZTA as at 30 June 2016 which was \$1M more than the average monthly NZTA account.
- Provisions for Council are less than budget. Landfill provision is \$200k less than budget and general provisions are \$600k less than budget. Provisions were used during the year, for example, for earthquake strengthening and new provisions have not been required.
- Equity is greater than budget as a result of all the other variations from budget since the 2015-16 (2015-25 Long Term Plan Plan) budget was first set late in 2014.
- Cashflow receipts from sale of property plant and equipment are higher than budget as the Boulevard on Taylor sections sold sooner than anticipated.
- Cashflow receipts from dividends received were higher than last year and budget due to timing of payments.

### 32. Events after the Balance Date

There have been no significant post balance day events between year-end and the signing of the report that have had a material effect on the assets and liabilities or disclosures in these statements.

# Funding Impact Statement

FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE:				
Marlborough District Council	2016 (Actual) \$000's	2016 (LTP) \$000's	2015 (Actual) \$000's	2015 (AP) \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	37,015	37,046	35,133	34,977
Targeted rates (other than a targeted rate for water supply)	21,615	20,574	20,956	21,599
Subsidies and grants for operating purposes	3,854	5,022	4,383	3,798
Fees, charges, and targeted rates for water supply	16,681	15,311	16,457	13,122
Interest and dividends from investments	1,948	1,658	1,007	1,572
Other receipts including fuel tax, fines and infringement fees	19,188	16,763	18,617	16,512
<b>Total operating funding</b>	<b>100,301</b>	<b>96,371</b>	<b>96,552</b>	<b>91,580</b>
Payments to staff and suppliers	63,149	69,066	62,352	59,200
Finance costs	2,937	3,674	1,660	2,337
Other operating funding applications	13,055	4,924	10,273	6,726
<b>Total applications of operating funding</b>	<b>79,141</b>	<b>77,664</b>	<b>74,284</b>	<b>68,263</b>
<b>Surplus of operating funding</b>	<b>21,160</b>	<b>18,708</b>	<b>22,268</b>	<b>23,317</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	3,155	3,107	2,967	(4,828)
Development and financial contributions	3,164	1,198	2,620	1,613
Lump sum contributions	250	0	0	0
Increase in debt	(500)	20,000	500	8,457
Gross proceeds from sale of assets	6,195	2,608	2,241	24
<b>Total sources of capital funding</b>	<b>12,264</b>	<b>26,913</b>	<b>8,328</b>	<b>5,266</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	4,616	14,364	6,413	3,710
Capital expenditure to improve the level of service	12,613	17,650	17,090	16,168
Capital expenditure to replace existing assets	10,315	20,115	12,766	9,129
Increase (decrease) in reserves	12,340	(6,508)	323	14
Increase (decrease) of investments	(6,461)	0	(5,997)	(438)
<b>Total applications of capital funding</b>	<b>33,424</b>	<b>45,621</b>	<b>30,596</b>	<b>28,583</b>
<b>(Deficit) of capital funding</b>	<b>(21,160)</b>	<b>(18,708)</b>	<b>(22,268)</b>	<b>(23,317)</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliation</b>				
<b>Total operating funding</b>	100,301	96,371	96,552	91,580
plus - Subsidies and grants for capital expenditure	3,154	3,107	2,967	(4,828)
plus - Development and financial contributions	3,164	1,198	2,620	1,613
plus - Lump sum contributions	250	0	0	0
plus - Gain on sale of fixed assets	7,655	2,104	0	0
plus - Contributions vested assets	1,045	1,778	2,121	8,029
plus - Fair value gains	70	0	2,153	0
plus - Forestry asset revaluation gain	2,792	0	2,005	0
<b>Total income as per Statement of Comprehensive Revenue and Expense</b>	<b>118,432</b>	<b>104,558</b>	<b>108,418</b>	<b>96,394</b>
<b>Total applications of operating funding</b>	79,141	77,664	74,284	68,263
plus - Depreciation and amortisation	20,694	20,334	19,953	20,111
plus - Fair value losses	81	0	0	(1)
plus - Loss on sale of fixed assets	244	0	562	0
<b>Expenditure as per Statement of Comprehensive Revenue and Expense</b>	<b>100,160</b>	<b>97,998</b>	<b>94,800</b>	<b>88,373</b>

**FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE:**

<b>Marlborough District Council</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>(Actual)</b>	<b>(LTP)</b>	<b>(Actual)</b>	<b>(AP)</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Surplus of operating funding</b>	21,160	18,708	22,268	23,317
less - Depreciation and amortisation	(20,694)	(20,334)	(19,953)	(20,111)
less - Loss on sale of fixed assets	(244)	0	(562)	1
less - Fair value losses	(81)	0	0	0
plus - Forestry asset revaluation gain	2,792	0	2,005	0
plus - Fair value gains	70	0	2,153	0
plus - Subsidies and grants for capital expenditure	3,154	3,107	2,967	(4,828)
plus - Development and financial contributions	3,164	1,198	2,620	1,613
plus - Lump sum contributions	250	0	0	0
plus - Gain on sale of fixed assets	7,655	2,104	0	0
plus - Contributions vested assets	1,045	1,778	2,121	8,029
<b>Surplus as per Statement of Comprehensive Revenue and Expense</b>	<b>18,272</b>	<b>6,560</b>	<b>13,618</b>	<b>8,021</b>



## Part 4: Policies

- Maori Capacity Development Policy
- Council Controlled Organisations



# 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.

# 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 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%. The return achieved for 2015-16 was 13.9%.

## 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



# Statement of Compliance

## Compliance

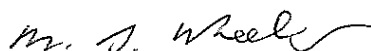
Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act have been complied with.

## 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 2016 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.



MARK WHEELER  
**CHIEF EXECUTIVE**  
26 October 2016



JOHN LEGGETT  
**MAYOR**  
26 October 2016

## Independent Auditor's Report

### To the readers of Marlborough District Council and group's annual report for the year ended 30 June 2016

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, on her behalf, to:

- audit the information included in the District Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the District Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 106 to 149:
  - present fairly, in all material respects:
    - the District Council and group's financial position as at 30 June 2016;
    - 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 and have been prepared in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on pages 150 to 151, 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 and group's Long-term plan;
- the levels of service of the District Council on pages 24 to 104:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 24 to 104, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council and group's Long-term plan; and
- the funding impact statement for each group of activities on pages 24 to 104, 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 and group's Long-term plan.

### Compliance with requirements

The District Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 17 to 151 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures

and accurately reflects the information drawn from the District Council and group's audited information.

Our audit was completed on 26 October 2016. 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 audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the 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 statements of service provision (referred to as Levels of Service) within the District 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 District Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

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 meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

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 annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

## **Independence**

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, an audit of the District Council's 2015-2025 Long-term plan amendment, and an independent assurance review of the District Council's Debenture Trust Deed, 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



# Appendix

- MDC Directory



# MDC Directory

## *Contact Details*

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Facsimile: (03) 520 7496

Email: [mdc@marlborough.govt.nz](mailto:mdc@marlborough.govt.nz)

Web: [www.marlborough.govt.nz](http://www.marlborough.govt.nz)

## *Addresses*

### *District Administration Building*

15 Seymour Street, Blenheim 7201

### *Picton Service Delivery Centre (includes Library)*

67 High Street, Picton

### *Harbour Control*

Mariner's Mall, Picton

### *Marlborough Library*

Corner Arthur and Seymour Streets, Blenheim

### *Works and Operations Depot*

Wither Road, Blenheim

### *Reserves Depot*

Pollard Park, Blenheim

### *Solicitor*

P J Radich of Radich Law, Blenheim

### *Bankers*

Bank of New Zealand, Blenheim

Westpac, Blenheim

### *Auditor*

Auditor-General, Audit New Zealand, Christchurch

## *General Statistics*

Population (Census count March 2013) 46,302

Population (Usually Resident March 2013) 43,416

Inter-Census Population Movement (+) 2.0%

District Area 17,517 square kilometres

### **as at 30 June 2016**

Rateable Land Value \$7,501,645,600

Rateable Capital Value \$15,289,306,350

Number of Rate Assessments 26,479

### **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