

Meeting of the

***LONG TERM PLAN WORKING GROUP to be held in the
COUNCIL CHAMBERS, 15 Seymour Street, Blenheim
on WEDNESDAY, 31 JANUARY 2024***

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Record No: 2420506

File Ref: D050-001-L24

1. LTP Working Group - Minutes

1. The Minutes of the LTP Working Group meeting held on 28 November 2023 are **attached** for confirmation by the Working Group.

RECOMMENDATION

That the Minutes of the Long Term Plan Working Group meeting held on 28 November 2023 be confirmed as a true and correct record.

1. Matters arising.



**Report of the LONG TERM PLAN WORKING GROUP
held in the Council Chambers, 15 Seymour Street, Blenheim
on TUESDAY, 28 NOVEMBER 2023 commencing at 1.35 pm**

Present

Clrs J D N Croad (in the Chair), S R W Adams, D A Dalliesi, B Dawson, B A Faulls, R J Innes and Mayor N P Taylor

Also Present

Clrs S J Arbuckle, A R Burgess and B J Minehan

Also Present via Teams

Clr J A Arbuckle

In Attendance

Mark Wheeler (Chief Executive), Geoff Blake (Chief Financial Officer), Martin Fletcher (Manager Strategic Finance), Gina Ferguson (Consents & Compliance Manager), Chris Lake (Financial Services Manager), Tessa Dever (Financial Accountant), Rainbow Zhao (Systems Accountant) and Nicole Chauval (Committee Secretary)

Apologies

That the apology for absence from Clr G A Hope be received and sustained and the apology for non-attendance from Clr M R K Flight be noted.

Carried

1. LTP Working Group – Minutes

Clr Croad/The Mayor:

That the Minutes of the Long Term Plan Working Group meeting held on 17 October 2023 be confirmed as a true and correct record.

Carried

2. LTP Working Group Items and Timings

D050-001-L24

Martin Fletcher presented the LTP Working Group Items and Timings document for members' information, advised of the progress to date and noted that the majority of items have been completed.

The Mayor noted that while LOS workshops have been held the new government has signalled a range of actions and queried whether there was planning in place to deal with the effect of any changes on our LOS. Mr Wheeler advised that this was being discussed at Executive and Management level and noted there would be sufficient time to adjust budgets and LOS if required but are also keeping in mind that some changes may take time before they come into effect.

Clrs Dawson/Faulls:

That the LTP Working Group note the updates and progress made to date on the items contained in Attachment 1.

Carried

3. Dog Control Funding

E305-000-001

Ms Ferguson noted the purpose of the report was to consider the funding options of Dog Control/Animal Control functions undertaken by Marlborough District Council. The report provided members with two options (either “status quo” or “reduce the rates funding revenue to 10% for Dog Control functions”).

By way of background Ms Ferguson advised that in 2013 Council had agreed to fund 20% of Animal Control functions from general rates, commencing in the 2015/2016 financial year. The 20% was in recognition of the public good element of the functions delivered. It was noted that under the Dog Control Act 1996 revenue can only be spent on Dog Control functions. The budget is operated as a separate budget to other Animal Control functions.

Members were advised that the dog control registration fees have not been increased for the last couple of years. This has been due to no increase in the dog control contract price. From the next financial year, the contract is able to be renegotiated and it is likely that the contractors will seek to increase the contract price.

During discussion members noted the public benefit activities which were listed in the agenda item and considered that the 80/20 split still fairly reflects the public benefit of the dog control operation.

Clr J Arbuckle noted that he had hoped a budget for cat management would have been covered in the agenda item. Ms Ferguson advised that it wasn't included in the paper as it would be an increase in LOS and therefore would be a separate consideration that Council would need to look at.

NB: Correction paragraph 10 - percentage figure is 12% ~~30%~~

Cirs Innes/Dawson:
That the LTP Working Group recommend to Council that it retain the user pays to rates funding ratio of 80% for Dog Control functions.

Carried

4. Sounds Roads Recovery Zone Principles

Mr Fletcher noted that the purpose of the report was to establish the principles for determining which rating zone, if any, a property should be in for funding the Sounds Road Recovery Programme.

Mr Fletcher noted the development of the principles was an iterative process which will cover multiple meetings and as such direction reached in one meeting will likely be further developed in future meetings. As a result any positions reached may change and will only be final once the LTP is adopted.

Mr Fletcher provided a demonstration using Council's GIS mapping software showing the impact on properties from applying the principles detailed below.

Members were advised that the rationale for the principles was to provide clear delineation between zones which aligns with areas of a similar potential to benefit as per s101(3)(a) of the Local Government Act 2002.

The following draft principles were discussed:

- a. All properties should sit within the zone of the road used to access that property.
- b. Where practicably possible the boundaries to zones will be based on either a ridge line, river or other relevant geographic feature that provides separation.
- c. Where a geographic feature cannot be used as a boundary, the location of faults will be used.

Comment: Suggested that the following be included which would identify improvements 'location of faults and associated corrective actions'

- d. Where practicably possible the boundary of any zone should align with property boundaries. Consistent with this principle, where the legal/surveyed boundary differs from the physical, the legal/surveyed boundary will prevail.
 - 1. *Comment: The exception to this may be non-rateable DOC land where the size of the property may traverse geographic features. Where privately owned properties traverse a geographic feature significantly an apportionment may be made as a last resort.*
- e. Picton will be excluded until the beginning of Port Underwood Road.
- f. Havelock will be excluded until the beginning of the Mahikipawa Hill.
 - Comment: Rai Valley to be included.*
- g. Sounds Administration Geographic Rating area will be excluded.
 - 2. *Comment: This Geographic Rating Area is excluded because there are no roads in this Area and marine works except for initial investigations are not scheduled to start for many years. A separate rate to cover marine works closer to the time these works are due to commence is possible.*
 - 3. *Comment: Arapawa Island be excluded but other Sounds areas be included as they do have road access albeit informal in some cases to main roads.*

Following considerable discussion members agreed on the principles but noted that there is still work to do regarding the finer points.

The Mayor/Clr Innes:

- 1. **That the Working Group recommend to Council that the seven principles be further developed to test their rigour and that work be continued to refine the rating zones.**
- 2. **That the Working Group recommend to Council that principle (g) be amended to 'Arapawa Island will be excluded'.**

Carried

5. Review whether Council should have a continuing role in Energy Efficiency/Clean Heating Loans

F230-L24-06

Ms Lake reported that the purpose of the report was to review whether Council should have a continuing role in Energy Efficiency/Clean Heating loans and if so, what that role should be.

In summary Ms Lake advised that Council set up the Energy Efficiency Scheme in 2010 to assist ratepayers to take advantage of government subsidy schemes for insulation and clean heating on a rate neutral basis. Loans were for a maximum of \$15,000 and were added to the property's rates for the next nine years. Interest is charged at the Council interest rate. Council currently has advanced a total of \$2.8m on 783 loans.

Ms Lake further advised that the Credit Contracts and Consumer Finance Act (CCCF Act) was amended in April 2021 and a new Part 5A added ("the Amendment"). This came into effect on 1 October 2021 and has placed additional burdens on Council following the Responsible Lending and Fit and Proper Person Certification legislation.

It was noted that the Council Energy Efficiency schemes were considered a benefit to our ratepayers, so they were continued after the CCCF Act changes were enforced. Local Government, as a sector, attempted to gain exemption (as permitted by the Act) from the requirements, and in part were successful in gaining the Minister's agreement just before the election. Unfortunately, the necessary procedural steps were not completed in time for the exemption to take effect.

In response to a query on whether the new coalition government are likely to address this in the future it was noted that it is on the list but given the workload of the coalition its priority is unclear.

Members were supportive of the scheme but noted their disappointment that the restrictive requirements have come about through unintended consequences of legislation that was set to protect lenders.

Members agreed that to reflect the uncertainty of when a decision from the government is likely, it was proposed that the recommendation be amended to change the word 'discontinue' to 'suspend' and that it take effect from 31 December 2023.

The Mayor/Clr Innes:

That the LTP Working Group recommend to Council that it agree to suspend the Energy Efficiency Funding Schemes until such time as the Government reviews the triple CCCFA by way of exemption for councils and/or improves the basis on which councils process new loans with effect from 31 December 2023.

Carried

ATTENDANCE: Clr Burgess withdrew from the meeting at 3.00 pm during the above item.

ATTENDANCE: Clr Dawson withdrew from the meeting at 3.14 pm at the conclusion of the above meeting.

6. Possible Streamlining of Groups of Activities

Ms Dever noted that the purpose of the report was to review Council's current activity groups with the aim of consolidating these where possible and creating a new activity group 'corporate' to comply with the LGA.

Members were advised the LGA requires Council to identify Groups of Activities in its Long Term Plan. Council must consider water supply, sewerage and the treatment and disposal of sewerage, stormwater drainage, flood protection and control works and the provision of roads and footpaths as separate groups of activities.

It was noted there are various other reporting requirements in the Long-Term Plan, Annual Plan and Annual Reports of Council which require disclosure by group of activity (such as service performance information and funding impact statements). Council currently has 11 groups of activities. Underneath these 11 groups there are 6 activities identified under People, 4 under Environmental Management and 5 under the Regulatory groups of activities.

Ms Dever noted that when deciding to add a new group it provides an opportunity to review the total number of groups of activities and the treatment of activities under them in Council's Long-Term Plan. It is also an opportunity to have a reset of measures to ensure they are meaningful and fit for purpose.

In response to a query on whether Housing for Seniors would stand outside this as it is a portfolio and a unique way of operating. Mr Blake advised that the question could be covered in the further engagement which would also provide the opportunity to determine whether there were others to consider.

Mr Blake advised that the team would confirm the structure with the non-activity expenditure to be reviewed to see if any areas could be added to the existing groups of activities rather than corporate. Staff will also engage with Department Managers to secure their buy in to this proposal and develop new disclosures at the group of activities level.

Cls Croad/Innes:

That the LTP Working Group:

- 1. Recommends to Council that it agree to consolidate the disclosures for the activities within People, Environmental Management and Regulatory to be only at the groups of activities level unless required under the LGA to be at the activity level.**
- 2. Recommends to Council that it agrees to create a new group of activities called "Corporate" and the overhead and non-activity areas of Council be included.**

Carried

ATTENDANCE: Clrs Innes and Adams withdrew from the meeting at 3.25 pm at the conclusion of the above item.

7. Draft Assumptions for the Preparation of the Long Term Plan

Mr Fletcher reported that the purpose of the report was to provide a draft of the assumptions made in the preparation of the 2024-34 Long Term Plan Revenue and Financing Policy.

Mr Fletcher advised that Council is legally required to document its significant forecasting assumptions by Clause 17, Schedule 10 of the Local Government Act 2002 as part of preparing its Long Term Plan (LTP). It was noted that many of the assumptions are the same as that made in the 2021-31 LTP. Changes have been identified in “track change” format and areas that need to be updated are highlighted in “yellow”. A marked-up copy was attached to the agenda item. The biggest area to be finalised is Legislation as there isn’t a government or a documented Coalition Agreement that clearly identifies the legislative direction the government wishes to take.

It was noted that Standard & Poors have reconfirmed Council’s credit rating as AA with the negative credit watch to remain. Management had taken steps to mitigate areas raised which contributed to Council retaining a AA rating. Funding for the next 12 months has been organised.

It was queried whether it needed to be mentioned in the assumption that a paper on the Emergency Events Reserve was being considered as part of Council’s emergency response, noting that we are not going to be able to replenish it to \$10M. Mr Fletcher advised that he didn’t think it needed to be mentioned as a specific assumption as there is an assumption being made that Council will quantify the loss and will have the capacity to raise funds to meet that obligation as it falls due.

Also queried was the outstanding valuation of the network and whether that needed to be addressed. Mr Fletcher advised that at the moment the outstanding issue relates to 3waters and it is still being worked through what that impact will be.

The Mayor/Clr Dalliessi:

That the LTP Working Group note the proposed changes in Assumptions to date.

Carried

8. Draft Revenue and Financing Policy

Mr Blake noted that the purpose of the report was to provide an update on the potential changes to the Revenue and Financing Policy. (A marked-up copy of the Policy was attached to the agenda item for members’ information.)

Members were advised that the Council’s Revenue and Financing Policy provides a summary of Council’s funding policies in respect of both operating expenses and capital expenditures. Council is legally required to review the Policy every three years, with the last review occurring as part of the 2021-2031 LTP process.

Mr Blake spoke to the proposed changes to the existing Policy and these were also detailed in point 14 of the policy. The following was noted during discussion:

Te Ture Whenua Māori Act 1993 – this was absent from the previous policy and strong advice has been received for its inclusion.

It was noted that this was part of a paper to a previous LTP that had been presented regarding Māori land that had been changed to general land. The outcome had been that the item lie on the table for further investigation. Ms Lake advised that it is still being investigated and it is unclear how long it might take for an answer. The Mayor noted there is whanau waiting on an outcome so it may come to the point that we move forward regardless.

The Rates Remission and Postponement Policy noted in this paragraph wasn't available to present to the meeting. It was suggested that it be included on the LTP Working Group's work stream.

The Mayor requested that the group be updated on where things are at with the 1967 Land Act.

In the Distribution of Benefits table the Mayor noted that under Regional Development - Research Centre had 100% for district wide but noted that they presented at the Economic, Finance and Community Committee meeting (28 November 2023) that it was targeted to commercial and general rural and queried whether it should be moved from district wide to targeted area. Mr Blake will investigate further and clarify whether that is the case.

Clr J Arbuckle requested further information on the SUIPs in regard to motels, and hotels being used on a permanent basis and how that is picked up. Mr Blake to investigate.

Minor amendments noted:

- The word 'future' be added to the last sentence of 8.7 to read ... There have been no identified **future** adverse impacts on Social, Economic, Environmental and Cultural well-being of the community because of this policy.
- Point 14.1 take effect from 1 July 2024 ~~2024~~
- Point 14.1 second to last bullet point to add – ... A section has been added to the policy **to** reflect this.

The Mayor/Clr Faults:

That the LTP Working Group note the proposed changes in the policy to date.

Carried

Action Items

	Description	Responsible	Date Required
1.	Rates Remission and Postponement Policy noted be included on the LTP Working Group's work stream.	Geoff Blake	As soon as practical
2.	Supply further information to Clr J Arbuckle on the SUIPs in regard to motels, and hotels being used on a permanent basis and how that is picked up.	Geoff Blake	As soon as practical

There being no further business the meeting closed at 4.01pm.

Attachment 1

Items for Review		Progress to Date/Responsibility	Depart	When	Comment
1	Funding of depreciation of Community Facilities to fund their replacement.	This item has already been considered, with the decision being that while funding depreciation may be the better option in the long term, that in the interim replacements would be funded by a mix of debt and "Land Sub" funding, depending on the level of growth that's driving the need for a particular project.	Finance	0	No further action
2	Council's policy on providing rates relief for heritage buildings in private ownership – carryover from previous LTP Working Group.	This item has already been considered, with WG minute being, <i>"That the LTP Working Group thanked management for the work undertaken in drafting the Heritage Buildings in Private Ownership Rates Remission Policy but resolved not to proceed until after the completion of the Heritage Strategy."</i>	Finance	0	No Further action until the completion of the Heritage Strategy
3	How the maintenance of the Picton Foreshore will be undertaken – requested by Councillor Taylor.	Possibly this item has been completed. The following is a media extract based on the minutes of Council's 13 June 2022 meeting, <i>"A \$100,000 proposal to lift Picton Foreshore and Shelly Beach maintenance to premier park status was supported by Councillors but the expenditure withdrawn until landscape design is completed and costed. The landscape work will be carried out by Council's Gardening Team, which designs and maintains Council's premier parks at Seymour Square and Pollard Park."</i>	P&OS	0	No further action
4	Explaining Council's Rating System.	Finance – On this Agenda - Martin	Finance	0	No further action
5	In-house resourcing or outsourced contracts	Raised by Chair. This item was considered for a number of Council Activities as part of the recent S17A review. The challenge with outsourcing in a relatively small district like Marlborough for many of Council's regulatory activities is maintaining sufficient independence.		0	No further action
6	Endeavour Park future Developments	Raised by Chair following Annual Plan hearings. While this item could be considered as part of the LTP, it is best to allocate to the Assets and Services Committee, under the leadership of Jamie Lyall.	P&OS	0	No further action by LTPWG
7	Halls Study on the maintenance requirements, improvements,	Annual Plan hearing decision. While this item could be considered as part of the LTP, it is best to allocate to the Assets and Services	P&OS	0	No further action by LTPWG

Items for Review		Progress to Date/Responsibility	Depart	When	Comment
	rationalisation and funding	Committee, under the leadership of Jamie Lyall.			
8	The definition of properties paying the Kenepuru and French Pass Road rates.	It is proposed to remit the balance of the Kenepuru Road Rate – Approved by Council on 12 June 2023.	Finance	0	No further action
13	The process for Levels of Service Reviews.	Finance – Martin	Finance	0	Process in place. First review has already taken place - Roding
9	Related to the above is understanding more fully the financial impacts of losing the Three Waters if current policy settings remain including Stranded Overheads.	Finance - Martin	Finance	1	
10	Council's Debt Cap – Is it better to have a fixed amount as has been the case to date or would a percentage of a revenue base be more appropriate?	Finance – Martin	Finance	1	

Items for Review	Progress to Date/Responsibility	Depart	When	Comment	
11	Council's Rates Cap – Currently LGCI + 3%. In the 2021-31 LTP the percentage was increased to allow for the impact of increased Government requirements	Finance – Martin	Finance	1	
12	The possibility of establishing a Central Government Rate – as has been done in Hamilton CC. This will need to be linked to the wording of the Rates Cap.	Finance	Finance	1	Hamilton City Council advised as follows, "The Govt Rates calc that we used back in 2018 – was made up of 2 parts. One was for additional compliance costs in the Waters activity and the other part was for the cost of our District Plan. The business calculated out what these costs were, and then we just used our rule of thumb to determine what the additional rate would be to cover it. In Hamilton's rating system, their General Rates only have differentials for Commercial (34.25%), Residential (57.2%), BID Commercial and Other. The same differentials apply for the Government

Items for Review		Progress to Date/Responsibility	Depart	When	Comment
					Rate. Because of the complex Activity weighting and rating area system system used in Marlborough, adding another layer of complexity is not considered justified. Plus the cost of additional Government requirements is already in the Rates Cap and obtaining audit clearance will be challenging. As a result, it is proposed that no further work be undertaken on this item.
14	Review the assumptions upon which the LTP will be prepared, eg the assumed financial Assistance Rate from Waka Kotahi.	Finance – Martin	Finance	2	On Agenda
16	Review of rates weightings for the funding of Tourism Activities, along with reviewing the total funding for DM.	Dean/Neil	Finance and Econ Dev	3	With the changes at DM and the reviews being undertaken for the future delivery of this service, it is recommended that no further action be taken on this item.
17	Review the funding and breadth of activity for animal control, including the 80:20 apportionment between Dog Fees and Rates for Dog Control Funding	Raised by Cllr Arbuckle following a meeting of the Animal Control Sub-Committee on 20 April 2023	Finance & Reg	2	On this Agenda
18	Council's interest rate assumption	This has already been considered for 2023-24 with an increase to 5% but needs to be reconsidered for the LTP. - Chris	Finance	3	Agreed to recommend 5.5%

Items for Review		Progress to Date/Responsibility	Depart	When	Comment
19	The definition of properties in General Rural Geographic Rating Area and whether or not they should be classified Sounds Administration Geographic Rating Area.	This item is a more focused review than the general review contained in "20" below. – Chris/Linda	Finance	4	Based on the decision and recommendation made in item 20, no further work is proposed.
20	Review the appropriateness of the Geographic Rating Areas. See item 19 as well	Finance, following a high-level review by the WG, to determine if there is any need. So far the current boundaries, together with their automatic adjustment to urban based on the provision of water and sewer works well. NB the more focused review on the boundary between Sounds Admin Rural and General Rural above.	Finance	3	Agreed to recommend the continuance of the current Geographic Rating Areas and boundaries, largely to avoid any confusion regarding consultation of the Sounds Future Access Study
21	Capital Budgets - CBD	Raised by Chair	A&S	3	CBD Capital Budgets were presented to the meeting for information.
22	Review the application of Annual CPI adjustments to Grants	Annual Plan hearing decision	Finance and Community	3	Recommended that Council freeze CPI adjustments for a period of three years.
23	Community Grants - review what organisations get ongoing support and what is contestable?	Raised by Clr Croad and as part of Annual Plan deliberations	Finance and Community	3	Further paper to be prepared on the development of criteria Annual and Community Grants per minutes of 17 October Meeting.
24	Investigate the possible streamlining of Activity Groups and Activities.	Finance – Tessa	Finance	3	On Agenda
25	Council's Revenue and Financing Policy including Land Value versus Capital Value Rating.	Council has already decided that it will retain Land Value Rating, except for those activities that are already capital value rated, e.g Wairau River Rate	Finance	4	On Agenda
26	Council's Financial and Infrastructure Strategies.	Financial Strategy - Finance	Finance	4	On Agenda
27	Council's policy on Waste Charges versus Rating – requested by	Finance and Solid Waste	Finance + A&S	0	Agreed at 29 June meeting that this item should be removed

Items for Review		Progress to Date/Responsibility	Depart	When	Comment
	Councillor, (now Mayor) Taylor.				
28	Prepare an Iwi Engagement Strategy;	Kaihautū – Hara Adams	TBA	4	Actual delivery will depend on our ability to recruit a new Kaihautū
29	Be briefed on the Rating implication of the 2023 Triennial Revaluation.	Finance – Martin/Rainbow	Finance	4	The impact of the 2023 Revaluation was presented at the 2 October Councillor briefing.
30	Review whether Council should have a continuing role in Energy Efficiency/Clean Heating loans, bearing in mind the issues surrounding compliance and that there are new private sector providers.	Finance – Chris/Linda	Finance	5	On Agenda
31	Council's Financial and Infrastructure Strategies.	The Infrastructure Strategy - Assets and Services and the Assets and Services Committee, noting that the two Strategies need to align as the Infrastructure Strategy can't be delivered without funding. Currently legislation doesn't require an Infrastructure Strategy to be prepared for 3 Waters assets, but with the delay in starting this situation is likely to change. As a result Assets and Services need a contingency plan is needed should there be a change in Government.	A&S	5	Infrastructure Strategy is difficult to progress without a government in place and a clear direction established and legislated. It is recommended that consideration of the Infrastructure Strategy be deferred until the first Assets and Services Committee meeting in the new year.
32	Wairau River Rating Review.	Finance – John Patterson/Andy	A&S + Finance	5	Deferred from this LTP to undertake a more fundamental review of LoS and area
33	Marlborough Heritage Strategy and its funding	Dean Heiford	Community	5	Deferred until transition completed.

Items for Review		Progress to Date/Responsibility	Depart	When	Comment
34	Council's engagement with the Community as part of preparing the 2024-34 LTP including pre-engagement and consultation. Related to this is a possible review of Community Outcomes.	Communications	Comms	6	Following discussion at the LTPWG meeting it was decided not to pursue pre-consultation, because of the time and level of resource required as already experienced with Sounds Roding and expectations that it creates when we are already facing a very significant rates increase in 2023-24. The next major Comms focus will be the Consultation Document.
35	Council's Debt and Treasury Management Policies.	Previously this has been addressed by the Audit and Risk Sub-Committee following advice from Finance and Bancorp. NB , the funding of IREX debt will need its own policy to match the pricing reset dates contained in the agreement with Kiwi Rail – Bancorp/Adrian/Martin.	Finance	6	Will be considered by Audit and Risk Committee of 21 December 2023
36	How Council wants to further advance senior/social housing?	While this item could be considered as part of the LTP, it is best to allocate to the Senior Housing Sub-Committee, serviced by Jamie Lyall.	Senior Housing	6	
37	Review of storm damaged roads levels of service funding options for Kenepuru, Awatere Valley Road, Northbank and Waihopai.	Extensive studies already underway to identify options, costs, willingness to pay etc which will ultimately lead to increased debt and rates.	CEO	6	This is a separate workstream

2. LTP Working Group – Work Programme

1. An update of the LTP Work Programme is attached with items yet to be covered updated for status.

RECOMMENDATION
That the Work Programme be received.

LTP Working Group Items and Timings

(Report prepared by Martin Fletcher)

D050-001-L24

Purpose of Report

1. To document proposed LTP Working Group Items, their timing and progress to date.

RECOMMENDATION

That the LTP Working Group note the updates and progress made to date on the items contained in Attachment 1.

Background

1. The attached list of items for consideration by the LTP Working Group has been developed and agreed over recent meetings, following input from Councillors. Those items highlighted in "green" are considered complete.
2. Below is a schedule of LTP Working Group's meeting dates. The numbers in the below table match the numbers in the fifth column of the attached schedule. This way Councillors can identify topics and timings that they have a particular wish to attend.



	Date	Time	Venue
1.	8 September	9.00 – 11.00 AM	Committee Room
2.	21 September	To follow Council Meeting	Council Chambers
3.	17 October	1.00 – 3.00 PM	Council Chambers
4.	2 November	To follow Council Meeting	Council Chambers
5.	28 November	1.00 – 3.00 PM	Council Chambers
6.	31 January 2024	1.00 – 3.00 PM	Council Chambers



Items for Review		Progress to Date/Responsibility	Department	When	Comment
1	Funding of depreciation of Community Facilities to fund their replacement.	This item has already been considered, with the decision being that while funding depreciation may be the better option in the long term, that in the interim replacements would be funded by a mix of debt and "Land Sub" funding, depending on the level of growth that's driving the need for a particular project.	Finance	0	No further action
2	Council's policy on providing rates relief for heritage buildings in private ownership – carryover from previous LTP Working Group.	This item has already been considered, with WG minute being, " <i>That the LTP Working Group thanked management for the work undertaken in drafting the Heritage Buildings in Private Ownership Rates Remission Policy but resolved not to proceed until after the completion of the Heritage Strategy.</i> "	Finance	0	No Further action until the completion of the Heritage Strategy
3	How the maintenance of the Picton Foreshore will be undertaken – requested by Councillor Taylor.	Possibly this item has been completed. The following is a media extract based on the minutes of Council's 13 June 2022 meeting, " <i>A \$100,000 proposal to lift Picton Foreshore and Shelly Beach maintenance to premier park status was supported by Councillors but the expenditure withdrawn until landscape design is completed and costed. The landscape work will be carried out by Council's Gardening Team, which designs and maintains Council's premier parks at Seymour Square and Pollard Park.</i> "	P&OS	0	No further action
4	Explaining Council's Rating System.	Finance – On this Agenda - Martin	Finance	0	No further action
5	In-house resourcing or outsourced contracts	Raised by Chair. This item was considered for a number of Council Activities as part of the recent S17A review. The challenge with outsourcing in a relatively small district like Marlborough for many of		0	No further action

Items for Review		Progress to Date/Responsibility	Department	When	Comment
		Council's regulatory activities is maintaining sufficient independence.			
6	Endeavour Park future Developments	Raised by Chair following Annual Plan hearings. While this item could be considered as part of the LTP, it is best to allocate to the Assets and Services Committee, under the leadership of Jamie Lyall.	P&OS	0	No further action by LTPWG
7	Halls Study on the maintenance requirements, improvements, rationalisation and funding	Annual Plan hearing decision. While this item could be considered as part of the LTP, it is best to allocate to the Assets and Services Committee, under the leadership of Jamie Lyall.	P&OS	0	No further action by LTPWG
8	The definition of properties paying the Kenepuru and French Pass Road rates.	It is proposed to remit the balance of the Kenepuru Road Rate – Approved by Council on 12 June 2023.	Finance	0	No further action
13	The process for Levels of Service Reviews.	Finance – Martin	Finance	0	Process in place. First review has already taken place - Roading
9	Related to the above is understanding more fully the financial impacts of losing the Three Waters if current policy settings remain including Stranded Overheads.	Finance - Martin	Finance	1	
10	Council's Debt Cap – Is it better to have a fixed amount as has been the case to date or would a percentage of a revenue base be more appropriate?	Finance – Martin	Finance	1	

Items for Review	Progress to Date/Responsibility	Department	When	Comment	
11	Council's Rates Cap – Currently LGCI + 3%. In the 2021-31 LTP the percentage was increased to allow for the impact of increased Government requirements	Finance – Martin	Finance	1	
12	The possibility of establishing a Central Government Rate – as has been done in Hamilton CC. This will need to be linked to the wording of the Rates Cap.	Finance	Finance	1	Hamilton City Council advised as follows, "The Govt Rates calc that we used back in 2018 – was made up of 2 parts. One was for additional compliance costs in the Waters activity and the other part was for the cost of our District Plan. The business calculated out what these cost were, and then we just used our rule of thumb to determine what the additional rate would be to cover it. In Hamilton's rating system, their General Rates only have differentials for Commercial (34.25%), Residential (57.2%), BID Commercial and Other. The same differentials apply for the Government Rate. Because of the complex Activity weighting and rating area system system used in Marlborough,

Items for Review		Progress to Date/Responsibility	Department	When	Comment
					adding another layer of complexity is not considered justified. Plus the cost of additional Government requirements is already in the Rates Cap and obtaining audit clearance will be challenging. As a result, it is proposed that no further work be undertaken on this item.
14	Review the assumptions upon which the LTP will be prepared, eg the assumed financial Assistance Rate from Waka Kotahi.	Finance – Martin	Finance	2	On Agenda
16	Review of rates weightings for the funding of Tourism Activities, along with reviewing the total funding for DM.	Dean/Neil	Finance and Econ Dev	3	With the changes at DM and the reviews being undertaken for the future delivery of this service, it is recommended that no further action be taken on this item.
17	Review the funding and breadth of activity for animal control, including the 80:20 apportionment between Dog Fees and Rates for Dog Control Funding	Raised by Clr Arbuckle following a meeting of the Animal Control Sub-Committee on 20 April 2023	Finance & Reg	2	LTPWG recommend to Council that it retain the user pays to rates funding ratio of 80% for Dog Control functions.

Items for Review		Progress to Date/Responsibility	Department	When	Comment
18	Council's interest rate assumption	This has already been considered for 2023-24 with and increase to 5% but needs to be reconsidered for the LTP. - Chris	Finance	3	Agreed to recommend 5.5%
19	The definition of properties in General Rural Geographic Rating Area and whether or not they should be classified Sounds Administration Geographic Rating Area.	This item is a more focused review than the general review contained in "20" below. – Chris/Linda	Finance	4	Based on the decision and recommendation made in item 20, no further work is proposed.
20	Review the appropriateness of the Geographic Rating Areas. See item 19 as well	Finance, following a high-level review by the WG, to determine if there is any need. So far the current boundaries, together with their automatic adjustment to urban based on the provision of water and sewer works well. NB the more focused review on the boundary between Sounds Admin Rural and General Rural above.	Finance	3	Agreed to recommend the continuance of the current Geographic Rating Areas and boundaries, largely to avoid any confusion regarding consultation of the Sounds Future Access Study
21	Capital Budgets - CBD	Raised by Chair	A&S	3	CBD Capital Budgets were presented to the meeting for information.
22	Review the application of Annual CPI adjustments to Grants	Annual Plan hearing decision	Finance and Community	3	Recommended that Council freeze CPI adjustments for a period of three years.
23	Community Grants - review what organisations get ongoing support and what is contestable?	Raised by Clr Croad and as part of Annual Plan deliberations	Finance and Community	3	Further paper to be prepared on the development of criteria Annual and Community Grants per minutes of 17 October Meeting.

Items for Review		Progress to Date/Responsibility	Department	When	Comment
24	Investigate the possible streamlining of Activity Groups and Activities.	Finance – Tessa	Finance	3	The LTP Working Group recommends: 1. that it agree to consolidate the disclosures for the activities within People, Environmental Management and Regulatory to be only at the groups of activities level unless required under the LGA to be at the activity level. 2. that it agrees to create a new group of activities called “Corporate” and the overhead and non-activity areas of Council be included.
25	Council's Revenue and Financing Policy including Land Value versus Capital Value Rating.	Council has already decided that it will retain Land Value Rating, except for those activities that are already capital value rated, e.g Wairau River Rate	Finance	4	On Agenda
26	Council's Financial and Infrastructure Strategies.	Financial Strategy - Finance	Finance	4	On Agenda
27	Council's policy on Waste Charges versus Rating – requested by Councillor, (now Mayor) Taylor.	Finance and Solid Waste	Finance + A&S	0	Agreed at 29 June meeting that this item should be removed
28	Prepare an Iwi Engagement Strategy;	Kaihautū – Hara Adams	TBA	4	Actual delivery will depend on our ability to recruit a new Kaihautū. Johnny Joseph has now been appointed. NB , this review only need to be adopted by Council before the 2024-34 LTP is adopted.
29	Be briefed on the Rating implication of the 2023 Triennial Revaluation.	Finance – Martin/Rainbow	Finance	4	The impact of the 2023 Revaluation was presented at the 2 October Councillor briefing.

Items for Review		Progress to Date/Responsibility	Department	When	Comment
30	Review whether Council should have a continuing role in Energy Efficiency/Clean Heating loans, bearing in mind the issues surrounding compliance and that there are new private sector providers.	Finance – Chris/Linda	Finance	5	The LTP Working Group recommend to Council that it agree to suspend the Energy Efficiency Funding Schemes until such time as the Government reviews the triple CCCFA by way of exemption for councils and/or improves the basis on which councils process new loans with effect from 31 December 2023. NB, for implementation reasons a date of 28 February will be recommended.
31	Council's Infrastructure Strategy.	The Infrastructure Strategy - Assets and Services and the Assets and Services Committee, noting that the two Strategies need to align as the Infrastructure Strategy can't be delivered without funding. Currently legislation doesn't require an Infrastructure Strategy to be prepared for 3 Waters assets, but with the delay in starting this situation is likely to change. As a result Assets and Services need a contingency plan is needed should there be a change in Government.	A&S	5	On Agenda
32	Wairau River Rating Review.	Finance – John Patterson/Andy	A&S + Finance	5	On Agenda
33	Marlborough Heritage Strategy and its funding	Dean Heiford	Community	5	Deferred until transition completed.
34	Council's engagement with the Community as part of preparing the 2024-34 LTP including pre-engagement and consultation. Related to this	Communications	Comms	6	Following discussion at the LTPWG meeting it was decided not to pursue pre-consultation, because of the time and level of resource required as already experienced with Sounds Roding and expectations that it creates when we are already facing a very

Items for Review		Progress to Date/Responsibility	Department	When	Comment
	is a possible review of Community Outcomes.				significant rates increase in 2023-24. The next major Comms focus will be the Consultation Document.
35	Council's Debt and Treasury Management Policies.	Previously this has been addressed by the Audit and Risk Sub-Committee following advice from Finance and Bancorp. NB , the funding of IREX debt will need its own policy to match the pricing reset dates contained in the agreement with Kiwi Rail – Bancorp/Adrian/Martin.	Finance	6	Will be considered by Audit and Risk Committee of 21 December 2023
36	How Council wants to further advance senior/social housing?	While this item could be considered as part of the LTP, it is best to allocate to the Senior Housing Sub-Committee, serviced by Jamie Lyall.	Senior Housing	6	
37	Review of storm damaged roads levels of service funding options for Kenepuru, Awatere Valley Road, Northbank and Waihopai.	Extensive studies already underway to identify options, costs, willingness to pay etc which will ultimately lead to increased debt and rates.	CEO	6	This is a separate workstream

3. Review of Community Funding

(Report prepared by Jodie Griffiths)

Purpose of Report

1. Provide guidance on how Community Funding can be structured to offer efficiency, flexibility, and review processes.

Executive Summary

2. Review Community Grants, consideration of grant breakdown – Annual v Contestable.
 3. Review process for Annual Operating Grants.
-

RECOMMENDATION

That Council confirm overall Community Funding remain at \$1,209,200. This reflects a combination of Annual Operating grants and Community Grants awarded annually. The composition of these grant types will be determined by the points below:

- a) Appointment of a sub-committee to undertake a review of the Annual Operating Grants in line with the Long Term Plan cycle using a Review Matrix (refer Attachment 1), ensuring they are still fit for purpose and meeting community need.
 - b) Assign delegation for the Grant Sub-committee to assign Annual Operating Grants through the Community Grant process.
-

Background/Context

4. Council's mission statement is "We invest in Marlborough's future, our people, quality lifestyle and outstanding natural environment".
5. In 2019 Government reinstated the "four Well Beings", i.e. social, economic environmental and cultural. Each of Council's Activities contributes to one or more of these well beings.
6. Community funding is a mechanism which enables Council to fulfil its commitment to all four wellbeing pillars and contributes to a positive and cohesive community.
7. Community funding is only available to Not-for-Profit and charitable groups. Individuals and commercial activities are not permitted to apply. The activity or service must take place in Marlborough, as well as demonstrate clear and measurable benefit to the community. Every group is required make their own contribution towards a project or activity and an accountability report is required for all funding.
8. An additional benefit of Council's contribution, is that organisations are often able to gain external funding via other funding sources or large fundraising efforts made themselves. The vast volunteer component enabled via partial funding of groups is also a much lower cost option than Council providing the services.

Assessment/Analysis

9. Following the LTP Working Group confirming Community Funding would not be reduced or increased Council staff were asked to create a process for approving new and reviewing existing Annual Operating Grant funding as well as consideration for the split between fixed Annual Operating grants and the contestable Community Grant funding.
10. Several organisations apply annually to the Community Grants for operational funding. Their needs are ongoing however they are required to submit a new application every year. There is also no certainty for these organisations as it is a decision made by the appointed Grants Subcommittee and impacted for by the variation in needs of other applications also up for consideration each year.

11. If assessment made to discontinue a grant, consideration could be given to phasing these Annual Operating grants out, reducing the level of funding over several years, giving the organisation sufficient time to explore alternative funding.

Advantages

12. Ongoing community funding (Annual Operating grants) will reviewed to ensure they are meeting current community need. Council will have increased engagement and awareness of funding,
13. More efficient process (for Council and applicants) with Grants Subcommittee assigning Annual Operating grants.
14. Any Annual Operating grants deemed no longer fit for purpose and discontinued can return funding to the contestable Community Grant fund.

Disadvantages

15. Potential to lower the contestable fund as any new Annual Operating grants assigned by the Grants Subcommittee will reduce the Community Grant budget.
16. This will be a significant change and could be met with resistance from organisations who have been receiving Annual Operating grants for many years.

Attachment

Attachment 1 – Draft Review Matrix

page [27]

Author	Jodie Griffiths, Community Development Administrator
Authoriser	Dean Heiford, Manager Economic, Community & Support Services

Attachment 1

DRAFT - Review matrix for Annual Operating Grants			
Fit with purpose of Community Support			
Include a brief summary of the service they provide to the community ...			
Fit with Council expectation of community funding			
	<i>Below expectations (5)</i>	<i>Achieved (10)</i>	<i>Above and beyond (15)</i>
Accountability for previous 3 years level of service/activity delivered			
Financial position – Has an appropriate level of reserve and seeks funding from other sources			
Meeting a range of needs			
Across region need			
Older adults/disabilities			
Youth			
Arts, Culture, Sports, Recreation and/or Heritage			
Numbers benefitting from funding			
Recognition for Councils contribution			
Ranges of score			
Grant scoring below 100 must be discussed by Council as it raises some concerns and consider discontinuing or reducing the funding.			
Grants scoring 100 - 120 can be reviewed by Council.			
Grants scoring 120 or more to continue			
Financial considerations			
Description of other funding sources and financial sustainability			
Impacts to the community with the grant discontinuing			
Additional comments and feedback			

4. LoS - Arts Culture and Creativity Strategy / Implementation

(Mayor Taylor) (Report prepared by Nicola Neilson)

A200-0000-01

Purpose of Report

1. The purpose of the report is to provide Council with the Arts Culture and Creativity Strategy 2024 and implementation plan for Marlborough.

Executive Summary

2. During 2023, engagement and extensive consultation with key stakeholders was undertaken. This gathering of data and input provided the framework for the Arts, Culture and Creativity Strategy which has been developed with the six pathways outlined below. The strategy is for a ten-year period, with a review after the first three to 5 years depending on progress.
3. Iwi engagement has been undertaken with an Iwi Advisory Panel (led by Dr Peter Meihana), established to help guide the strategy development.
4. The implementation plan is based around projects and further research, investigation and collaborations that will rely on partnership and co-funding as Council cannot provide all of the outcomes set out in the strategy and implementation plan. Effective measures and performance indicators will need to be developed.
5. Costs associated with the implementation plan are presented based on costs relating to the three stages of the strategy:

a)	Stage 1 total:	\$59,000
b)	Stage 2 total:	\$157,000
c)	Stage 3 total:	\$277,000
	TOTAL:	\$493,000
6. The staging is not based around years, the implementation will be spread across 3 to 5 years depending on progress, funding and development of the key items in the plan. It is planned that year 1 will require \$50,000 (and may be spread across 2 years), year 2 will require \$75,000 and years 3 to 5 \$120,000 per annum.
7. Implementation budget beyond year 5 will be reviewed against progress on the implementation of the strategy and other projects for years 6 to 10.

RECOMMENDATIONS

1. **The Arts, Culture and Creativity Strategy and Implementation Plan be referred to the Economic, Finance and Planning Committee for adoption.**
2. **That a budget request be submitted for Year 1 \$50,000 / Year 2 \$75,000 / Years 3 to 5 \$120,000 annually for the implementation plan.**

Background/Context

8. Council's Arts and Culture Strategy was last reviewed in 2008. Council approved a strategy refresh in 2022 which coincided with the employment of a dedicated Arts, Culture and Heritage staff member. Consultation with community, and development of the strategy took place throughout 2023.
9. Investment in the arts delivers strong economic results, with employment, business and GDP growing in 2022. The arts and creative sector contributed a GDP to Marlborough of \$78.6 million in 2022 (a 0.5% increase compared to 10.6% increase nationally). * *Statistics by Manatū Taonga Ministry for Culture and Heritage (MCH)*

10. In 2022, more than 800 people were employed in the sector in Marlborough, (a 0.7% increase compared to 3.8% increase nationally). * *Statistics by Manatū Taonga Ministry for Culture and Heritage (MCH)*
11. Adopting the new Arts, Culture and Creativity strategy would bring Council's approach in line with other regions that aim to collaboratively establish the essential resources, platforms, skills, partnerships and infrastructure to build a vibrant and flourishing creative economy.

The Strategy

12. The Arts, Culture and Creativity Strategy identifies six pathways to supporting the creative sector:
 - **Te Ara tuatahi: Facilities** - A variety of venues for both performance and creation.
 - **Te Ara tuarua: Education** - Capability building programmes across the whole sector.
 - **Te Ara tuatoru: Accessibility** - Removing access barriers and promoting inclusivity.
 - **Te Ara tuawha: Culture** - Visible content that cultivates a deeper understanding of the region's diverse population and the region's unique cultural identity.
 - **Te Ara tuarima: Visibility** - Revealing local stories, talent and opportunities.
 - **Te Ara tua: Communication** - Making connections, facilitating creative partnerships, and the prominence of creatives in Marlborough is realised.
13. The Arts, Culture and Creativity Strategy is attached. (Refer Attachment 1) It includes an implementation plan that is broken down into three stages as a starting point.
14. Once adopted the strategy document will be widely distributed to encourage the creative sector and community organisations to align with the goals and aspirations and become stronger collectively. Council departments will have a role in creating good outcomes for the creative sector.

Attachment

Attachment 1 – Arts, Culture & Creativity Strategy & Implementation Plan

page [30]

Author	Nicola Neilson, Project Lead – Arts Culture and Heritage
Authoriser	Dean Heiford, Manager Economic, Community & Support Services

Marlborough District Council
Arts, Culture & Creativity Strategy
2024-2034

Final text January 2024

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2. Foreword by the Mayor
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6. The Creative Economy
7. The role of Council
8. Our Vision
9. Our Mission
10. Strategy Pathways
11. **Te Ara tuatahi:** Facilities
12. **Te Ara tuarua:** Education
13. **Te Ara tuatoru:** Accessibility
14. **Te Ara tuawha:** Culture
15. **Te Ara tuarima:** Visibility
16. **Te Ara tua:** Communication

Appendix A: Summary of engagement and consultation

Appendix B: Definitions

Appendix C: Implementation plan - separate document

1. Whakataukī

Te toi whakairo, ka ihiihi, ka wehiwehi, ka aweawe te ao katoa.

Artistic excellence makes the world sit up and wonder.

2. Foreword by the Mayor

Every great city and region has a great arts, culture and creativity strategy.

Marlborough has the ingredients to be a highly successful creative region - talented artists and creative people, wonderful community facilities and stunning landscapes, arts education for our young people, and visitors who want to experience the special things we have to offer.

This new strategy brings together all those strands into a short, medium and long term plan for the arts, culture and creativity, right here in Marlborough.

My deepest thanks to the many people who contributed to the development of this strategy, who are far too numerous to mention by name. There have been many meetings and discussions which have generated some exciting ideas and plans – which you will now find embedded in this strategy. I want to underscore that this was not a 'top-down' council planning exercise - it's a grassroots inspired strategy generated by the energy and drive that exists within our creative community. My special thanks to the Arts Steering Group and Iwi Advisory Panel for their leadership in bringing this together into one strategy and implementation plan.

By working together, we are stronger collectively. I believe that once implemented this strategy will foster more cultural development in Marlborough, better support our artists and creatives, attract more visitors, stimulate the economy and enhance our quality of life, by supporting more creativity and engagement in the arts.

Successful implementation will inspire more innovation, provide more platforms for diverse voices, and consolidate Marlborough's unique identity.

I encourage you to read and digest the contents of this strategy - it sets a clear, positive path forward for Marlborough's dynamic creative sector.

Nadine Taylor
Mayor of Marlborough

3. Our story

Art plays a pivotal role in shaping the identity, cohesion, and vitality of communities. It fosters a sense of belonging, expression, and collective understanding. Its importance goes beyond aesthetics; it serves as a catalyst for social change, education, and emotional well-being within communities. Supporting and promoting art within communities is an essential investment in the enrichment and cohesion of society as a whole.

Our region has a long and deep history of artistic endeavour, extending back beyond the establishment of the province in 1859. Te Pokohiwi o Kupe holds immense significance as a wāhi tapu and an archaeological site. Excavations at the Wairau Bar uncovered taonga, including tools and jewellery offering tangible connections to the ancestral heritage and daily activities of the Aotearoa's first people. They provide crucial insights into Māori craftsmanship, social structures, and trade networks, unraveling the complexities of their migration, settlement, and cultural practices.

Drawing inspiration from its stunning landscapes and cultural heritage our region has fostered a creative environment that has birthed and nurtured numerous artists. Showcasing a rich array of creativity spanning various mediums, our artistic community continues to shape the region's artistic legacy while adding their distinct perspectives to the wider New Zealand art landscape.

Art has the power to stimulate economic growth within communities. Cultural events, galleries, theatres, and art-related initiatives attract tourists, businesses, and investments, contributing to the local economy. It enhances education by nurturing creativity, critical thinking, and problem-solving skills among individuals, particularly in young minds. Exposure to diverse art forms encourages open-mindedness and innovation, contributing to a well-rounded education.

4. Why arts, culture and creativity matter in Te Taihū o te Waka

Marlborough boasts essential elements for a vibrant cultural environment, drawing visitors year-round with its renowned natural beauty and top-tier cultural facilities that surpass national standards.

The shifting needs of Marlborough's diverse communities, emerging technological prospects, and a deepening understanding of the responsibilities as a Tiriti partner converge to create an opportune moment for a fresh creative strategy. At the same time, more people recognize the powerful role of the arts in connecting whānau and communities.

Providing a robust framework to support the work of creative individuals is crucial. A thriving arts and cultural sector contribute to an exciting and captivating region, with strategic actions vital to its sustainability and vibrancy in the broader Marlborough region.

Leadership within this sector doesn't solely emanate from the Council but emerges from diverse innovative individuals, organisations, and enterprises. Our population is a tapestry of diversity and talent, housing a community of passionate creators, practitioners, participants, organisations, and audiences.

Urban scenery is evolving due to shifting functions within central business districts, enhancements to the region's infrastructure, threats from climate change, and the increased housing demand. Arts, culture, and creativity are positioned to play a transformative role in shaping our developing urban landscape.

The COVID-19 pandemic intensified challenges of social inequality, mental health, and economic fragility. Arts and culture played a vital role in addressing these issues and the pandemic sparked a surge in creativity, with a global interest in culture evident in online events. Post-pandemic, engagement with the arts has persisted, signalling a change in how we approach and enjoy artistic expressions.

The lessons drawn from the pandemic and climate change prompt us to contemplate how we lead our lives, and how we channel our creativity. Community enthusiasm shown in creating this strategy can unite creatives, national organisations, economic drivers and institutions to drive real cultural change.

5. Te Tiriti o Waitangi

While formulating this strategy, we worked to ensure it was consistent with the principles of Te Tiriti o Waitangi. The Council, along with the broader community, is steadily enhancing its knowledge, comprehension, and application of partnership. This strategy aims to foster the ongoing development of the creative sector and integrate our efforts into a crucial bicultural foundation. Over the next few years, we will reassess our bicultural practices and understanding, evaluate the current level of awareness within the creative sector and determine the Māori capabilities required to support our endeavours. We are committed to adopting a Te Ao Māori approach across all our actions and actively engage Māori in this process.

Values

In crafting this strategy, we laid down a set of core values to steer our path, ensuring that the initiative encapsulates the essence of what is significant to Marlborough and how we will collaboratively strive to achieve our goals.

Kaitiakitanga | Guardianship - Tending to our artistic endeavours: We responsibly oversee and enhance access to our arts, recognising that we safeguard them on behalf of all of Marlborough.

Oranga tonutanga | Wellbeing - We recognise the powerful role of arts and creativity in enhancing wellbeing for individuals, communities, and society. Actively integrating them into Marlborough's community and economic foundations, the arts serve as pillars offering joy, entertainment, solace in adversity, and fostering cultural connections and learning opportunities.

Ōhanga | Economy – We recognise that arts and creativity are foundational to innovation and economic growth. Their presence revitalises urban spaces, injecting dynamism into the urban landscape for residents and enhances its attractions for visitors. Creative regions attract innovative talents, businesses, and industries.

Mana motuhake | Identity - Through artistic expression, we communicate our narratives, intricately weaving together elements of arts, culture and heritage. By serving as a canvas for our values and reflecting our rich diversity, the arts become a defining characteristic of our region.

Mātauranga | Knowledge - We actively seek and share knowledge, value traditional and innovative skills, and encourage questioning and debate within both the creative and broader communities.

Manaakitanga | Community – We actively seek and share knowledge, value traditional and innovative skills, and encourage questioning and discussion within both the creative and broader communities.

6. The Creative Economy

This strategy aims to strengthen our creative sector, boosting economic progress and enhancing Marlborough's competitiveness at a national level, attracting investment, talent, and tourism.

The creative sector is an important part of our economy, providing jobs and attracting investment, talent, and visitors. However, we lag behind in creative employment compared to the rest of the country and creative practitioners here tell us they often feel undervalued. If we value art, we must value the people who produce that art and recognise their work as essential, not discretionary. Recognising the importance of art requires valuing the people behind it.

Post-Covid-19, our retail, accommodation and hospitality sectors face challenges. The arts can help revitalize our region, attracting visitors and boosting recovery by increasing footfall and spending. Nationally, we are increasingly recognizing the arts' benefits for individual wellbeing, communities, and the economy.

Creativity and innovation are closely intertwined in today's context. Creativity sparks inspiration and belief in possibilities, while innovation translates ideas into tangible outcomes. This dynamic can inform local government decisions, evaluate potentials, fosters business collaborations, and inspire distinctive forms of local expression.

A thriving artistic culture relies on a complete ecosystem, including spaces for presenting work, collaborators for creation, access to materials and technology for craftsmanship, and engaged audiences. Often, these elements operate on volunteer efforts and goodwill, but this is not sustainable.

New statistics released by Manatū Taonga Ministry for Culture and Heritage (MCH) have found that the Government investment in arts delivers strong economic results, with employment, business and GDP growing in 2022.*

Nationally, \$14.9 billion GDP was generated by the arts and creative sector to March 2022. In Marlborough the sector contributed a GDP of \$78.6 million, a 12-month increase of 0.5% compared to 10.6% nationally

Nationally, there are more than 115,000 people whose primary employment is in the arts and creative sector. This was a 3.8% increase from March 2021 to March 2022. In Marlborough, more than 800 people are employed in the sector, a 0.7% increase

To foster flexible, inventive communities well-versed in technology, nurturing imaginative and inquisitive thinking is imperative. A region known for welcoming artists attracts and retains imaginative individuals, driving innovation and creating a cutting-edge and appealing area.

* Infometrics 2022 Sector Profile – Arts and Creative, published November 2023.

7. The role of Council

Council's assume multiple roles - that of facilitator, financier, collaborator, enabler, promoter, and overseer - all focused on enhancing cultural welfare.

Council shoulders the crucial responsibility of advocating for our creative community by influencing government bodies, the private sector and national collaborators. This involves championing Marlborough as a destination that attracts and retains talent, students, tourists and investments.

The recommendations in this strategy will not only benefit the creative community but will also feed into and help deliver the following:

Te Taihū Intergenerational Strategy
Marlborough District Council Long Term Plan
Marlborough District Council Positive Ageing Strategy
Destination Marlborough Destination Management Plan

Council's role in fostering arts, culture and creativity is varied:

Leader: Council assumes diverse roles in nurturing a robust and dynamic arts sector. These roles encompass leadership, provision of facilities, funding distribution, policymaking, support, advocacy, and guardianship.

Provider and promoter of facilities and amenities: As a provider and promoter, the Council becomes a custodian of valuable community assets. Te Kahu o Waipuna, parks and open spaces, community halls, are held in its stewardship.

Provider and distributor of funding: In its capacity as a provider and distributor of funding, the Council facilitates community grants. It effectively channels government grants through the Creative Communities Scheme, and actively facilitates the installation of regional artworks.

Policy maker and planner: The Council takes on the role of a policy maker and planner by owning and steering the Arts, Culture and Creativity Strategy, along with its comprehensive implementation plan. It evaluates progress against the objectives articulated in the plan and subsequently offers comprehensive reporting.

Supporter and facilitator of groups and activities: Functioning as a supporter and facilitator, the Council dedicates staff time and resources to bolster arts and culture events. It extends the availability of Council-owned facilities to these endeavours, actively promotes community and cultural networks, and nurtures community groups toward achieving excellence.

Advocate and promoter: As an advocate and promoter, the Council acknowledges and celebrates local talent, marking their contributions. It magnifies instances of excellence and positions Marlborough as a vibrant destination.

While no single agency or organisation can provide a comprehensive solution, the Council, as the entity ultimately accountable for community welfare, stands in a prime position to take on the role of instigator and enabler.

8. Our Vision

Marlborough is creative, vibrant, inclusive, and thriving. Through collaboration the threads of creativity and innovation are seamlessly integrated into everything we do.

9. Our Mission

To collaboratively establish the essential resources, platforms, skills and infrastructure to nurture the advancement of arts, culture and creativity in Marlborough.

10. Strategy Pathways

This strategy, shaped by community insights, follows six essential pathways to achieve the envisioned outcomes. Developed through public engagement, research and collaboration with iwi, these pathways serve as a blueprint for Marlborough's future arts and cultural vitality.

Te Ara tuatahi: Facilities - A variety of venues for both performance and creation.

Te Ara tuarua: Education - Capability building programmes across the whole sector.

Te Ara tuatoru: Accessibility - Removing access barriers and promoting inclusivity.

Te Ara tuawha: Culture - Visible content that cultivates a deeper understanding of the region's diverse population and the region's unique cultural identity.

Te Ara tuarima: Visibility - Revealing local stories, talent and opportunities.

Te Ara tua: Communication - Making connections, facilitating creative partnerships, and the prominence of creatives in Marlborough is realised.

11. Te Ara tuatahi: Facilities

Our settings showcase Marlborough's identity as one of Aotearoa New Zealand's oldest settlements. Beyond artistic displays, our facilities aim to inject vitality into life through cultural vibrancy and communal activities, spanning the spectrum from creation and practice to exhibition and presentation.

Urban landscapes, including venues, open spaces, and parks will feature innovative infrastructure for artistic representation day and night, fostering collaborative and diverse ideas. Arts and culture extend beyond venues, captivating streets through creative placemaking collaborations, revitalising architectural structures and streetscapes.

Marlborough boasts successful arts spaces like Te Kahu o Waipuna and ASB Theatre, exceeding expectations in their localities and bringing immense value to the community. The Marlborough District Council has committed substantial financial resources to develop and maintain these artistic establishments, which hold considerable regional importance and consistently attract top tier shows and exhibitions.

Despite these achievements, there are notable deficiencies in our infrastructure, including the need for budget-friendly space for creation and a vibrant arts community. Alongside addressing existing gaps there is an imperative to concentrate on maximising the potential of current venues. This approach will breathe new life into buildings, streetscapes and structures, enhancing the sustainability of local businesses.

What we will see

Increased opportunities for engaging in and observing creative activities
Venues that are suitable for current and future needs
Creative industries that are familiar with and capable of utilising Council procedures
Involvement of artists and creative individuals in the initial phases of infrastructure projects

Opportunities to experience the heritage and artistic expression of the region within our urban spaces

12. Te Ara tuarua: Education

To build a creative economy, we aim to strengthen ties with educational institutions and cultural organisations, creating pathways for the growth of our creative industries. Our focus is on retaining individuals in their 20s and 30s in creative employment, expanding the market and capacity of creative industries, and celebrating arts institutions that contribute to employment in Marlborough.

We are committed to supporting emerging and expanding creative enterprises, particularly from underrepresented communities. The goal is not to teach creativity but to equip artists with essential tools for sustainable, thriving careers, including rarely taught business skills.

Through mentorship, grant application guidance, and skill development opportunities, we aim to position our creative sector as a local and national leader in arts, culture and creativity.

What we will see

Awareness and use of local practitioners
Creative industries are sustainable in Marlborough
Provided programs bring about a positive impact and foster growth in the creative sector
Acknowledgement and celebration of Ngā toi Māori and Te Reo Māori
Existing partnerships are nurtured, and new ones developed

13. Te Ara tuatoru: Accessibility

Our places and spaces will be accessible and affordable. They will be planned and equipped with the necessary infrastructure and technology to encourage dynamic and inclusive creative expression for all individuals.

It's important to recognise the diverse spectrum of individuals in our community and the various obstacles that might hinder their engagement. These barriers encompass factors such as transportation, childcare, distance, expenses, disabilities and mental health issues, among others. Our goal is for the entire community not just to enjoy and hold the arts in high regard, but also to actively partake in them.

As Marlborough grows, we will collaborate with the infrastructure developers to guarantee that arts, culture and creativity continue to invigorate our region, catering to all individuals. Budget-friendly, fitting, and easily reachable locations, environments and sites will be prevalent.

What we will see

Affordable access to venues, spaces, and resources
Creative thinkers and practitioners from all cultures and abilities are seen and celebrated
Supported creativity through simple, efficient, enabling processes
Creative spaces in Marlborough are inclusive and welcoming

14. Te Ara tuawha: Culture | Ngā toi Māori

A recent Creative New Zealand study shows over half of New Zealanders view the arts as a significant link to their cultural heritage, and two-thirds gain insights into diverse cultures through artistic expressions. Marlborough, one of Aotearoa New Zealand's oldest settlements and our home, is an ideal destination for accessible cultural treasures.

The Council acknowledges the mana whenua of Te Taihū o te Waka iwi, committing to collaborate for favourable results for the Māori population. The eight iwi significantly contribute to the welfare of both the Māori community and society.

We recognise the importance of spaces shared with mana whenua for arts and cultural expression. Our commitment is firm in collaborating to integrate Māori knowledge and narratives into the region's infrastructure, locales and environments for generations to come.

Dedicated to empowering the region as a hub for Ngā Toi Māori, we aim to centre Māori knowledge and promote it as Aotearoa's first knowledge system, reimagining our heritage roots to provoke and motivate.

Collectively, we will explore innovative avenues through which Māori can:

- Engage in the processes that influence Māori culture and its creations.
- Enable signature events including Matariki.
- Tell stories of our region and ensure that ngā toi Māori and te reo Māori are highly visible.
- Encourage respectful use of tikanga.

What we will see

Consultation with mana whenua and Māori early and often
Enhanced understanding and implementation of tikanga within Marlborough
Increased use of te reo Māori
A robust and flourishing Māori creative economy

15. Te Ara tuarima: Visibility

A captivating way of life garners national and international recognition, drawing in the necessary investment and skilled individuals required for a vibrant community and economy. A visibly strong and collaborative leadership for the arts is crucial for creating an environment where artists can prosper, and the sector can grow.

Fostering advocates for the arts throughout the region is essential for promoting cross-sector involvement and embedding artistic expression into every facet of our existence. These advocates have the potential to enhance and solidify ties with the business and private sectors.

Marlborough boasts a lively and dynamic creative community; however, it frequently operates with limited visibility and insufficient backing to elevate its prominence. The creative community is ready for ambitious guidance, which will broaden our networks and generate prospects for investment.

What we will see

The rich layered history of Marlborough and its significance for Aotearoa New Zealand reflected in our creative and cultural landscape
Enhanced national recognition of Marlborough as a flourishing hub for creative individuals
A relevant digital presence of our creative industries
Recognition of the arts' impact on the community's economy, health, and wellbeing
A well connected and recognised creative sector in Marlborough

16. Te Ara tua: Communication

In the creative sector, effective communication is crucial for collaboration and idea exchange within diverse teams. It creates an environment where individuals can share insights, brainstorm innovative concepts, and work harmoniously.

The success of the creative sector depends on its capacity to connect with audiences. Skilful communication bridges the gap between creative vision and audience understanding. Thoughtful storytelling, engaging narratives, and interactive experiences deepen appreciation and build a loyal following.

Advocating for the sector's needs requires clear communication of its societal and economic contributions to policymakers, sponsors and funders, ensuring sustained growth and vitality.

Networking events, workshops and industry gatherings facilitated by strong communication platforms create opportunities for artists, organisations, and professionals to connect, share knowledge, and expand their opportunities.

What we will see

A collaboratively designed, dynamic, and ever-evolving strategy nurtured through collaboration
Effective communication and information sharing platforms
Opportunities for establishing and nurturing relationships throughout the arts and creative sector
Acknowledgment of the arts' contribution to the economy and suitable investment
An alignment of primary stakeholders e.g. performing arts, film, crafts

Appendix A

Summary of engagement and consultation

This strategy replaces the 2008 Marlborough District Council Arts and Culture Strategy. Developed through a 12-month community engagement process, it aims to establish a synchronised, well-informed and cooperative approach in the arts, culture and creativity sector. Input from arts advocates led to the adoption of a collaborative method, involving both the creative sector and the wider community.

In early 2023, the Arts Steering Group and the Iwi Advisory Panel, formed a partnership to conduct research, aid communication, and compose the strategy.

The first group, led by the MDC Project Lead for Arts, Culture and Heritage included representatives from various creative sectors including performing arts, literary arts, craft and objects, visual arts, and Pacific arts.

The second group, led by Dr Peter Meihana, focused on traditional Māori arts and culture with representation from the eight iwi of Te Taihū o te Waka.

The strategy's evolution involved workshops, consultations, written submissions, conversations and open forums.

In early 2023, community workshops gathered input on vital factors for Arts, Culture and Creativity to thrive in Marlborough. Participants ranked their responses by importance, discussed the Council's connection to the arts sector, community leadership, and identified skill gaps for creative success in the region. They also acknowledged Marlborough's strengths and achievements.

Over 130 individuals and organisations participated in workshops, and many in-person meetings occurred, shaping prevalent themes for subsequent online inquiries and discussions.

Several distinct themes were identified:

- The arts are crucial for storytelling, linking us to our history and place
- Creativity and innovation within the region find their foundation in the arts
- The arts have a tangible impact on daily lives
- Funding for the arts must be on par with other sectors e.g. sports
- Māori must be central in the planning and decision-making for the sector
- Improve communications on the benefits of the arts to the local economy
- Increased resources are needed including infrastructure and capability programs
- The strategy must translate into concrete, actionable initiatives

Appendix B

Definitions

Culture - is our identity (owners)

Arts - is the expression of our identity (users)

Creativity - is the use of imagination to innovate

Creative Economy - The creative economy involves utilising and generating novel ideas and innovations to propel economic activities. It encompasses various sectors such as arts, culture, design, media, advertising, technology and other knowledge-based industries. The creative economy places value on ideas, innovation and cultural expression, recognising their economic potential. The concept highlights the economic impact of creativity and innovation in driving economic growth, creating jobs and fostering cultural development.

The Arts - In this strategy, when we refer to the Arts, we encompass a broad array of disciplines (as defined by Creative New Zealand), including but not limited to:

Craft/Object: The traditional applied arts and contemporary practices of all the peoples of Aotearoa/New Zealand. Genres include, but are not limited to, ceramics, furniture, glass, jewellery, object making, studio-based design, raranga, tāniko, tapa making, textiles, tivaevae, typography and weaving.

Community Art: Community arts are created by, with, and for a community - e.g. workshops or wānanga - participants are involved receptively in the learning, practice, presentation and appreciation of their traditional arts practices.

Dance: Includes classical and contemporary dance; street, experimental and integrated dance; and traditional and contemporary Māori and Pacific Island dance.

Interarts: Interarts projects integrate artforms of any cultural tradition, combining them to create a new and distinct work. The result of this integration is a hybrid or fusion of artforms outside of Creative New Zealand's artform categories.

Literature: A broad, inclusive concept of writers and illustrators of fiction and non-fiction. Fiction includes novels, novellas, short stories, poetry, graphic novels, illustrated picture books, and speculative fiction such as fantasy fiction, science fiction, detective fiction, and historical fiction. Non-fiction includes autobiography, biography, essays, social commentary, literary criticism, reviews, analytical prose and writing about the physical and natural sciences.

Multi-disciplinary: Projects and activities that do not feature one main artform and that involve at least two different artforms, of any cultural tradition.

Music: Includes classical and contemporary music; orchestral, choral, and band music; opera; jazz and improvised music; sound art; contemporary popular music; 'world' music; and traditional and contemporary Māori and Pacific Island music.

Ngā toi Māori: Includes Māori heritage arts practice such as: taonga pūoro, tārai waka, Kaupapa waka, whakairo, raranga, tāniko, kākahu, tukutuku, kōwhaiwhai, tā moko, kapa haka, mōteatea, waiata ā-ringa, waiata tawhito, poi, waiata haka, pao, mau rākau, whaikōrero, karanga, whakapapa recitation, te reo me onā tikanga, kōrero paki, kōrero tuku iho, pakiwaitara, karetao, whare tapere

and whakaraka. It also includes the work of Māori artists across all forms of contemporary arts practice.

Pacific Arts: Includes Pasifika artists undertaking contemporary and heritage arts projects in all art forms.

Theatre: Includes both classical and contemporary theatre, and all genres such as comedy, drama, physical theatre, devised theatre, street theatre, musical theatre, circus, puppetry, mask and theatre for children.

Visual Arts: Includes drawing, experimental sound/audio and moving-image arts projects, installation, kōwhaiwha, painting, performance within a visual arts context, photography, printmaking, sculpture, tā moko and typography.

Marlborough District Council
Arts, Culture & Creativity Strategy
2024-2034

1. Implementation Plan

The Arts, Culture and Creativity Strategy constitutes a collaborative plan involving multiple stakeholders. The subsequent implementation plan reinforces this strategy and encompasses various measures to ensure successful outcomes.

Taking on the role of the principal entity, Council's Community Partnerships team will serve as the initial contact for the creative sector. This team will collaborate with organisations and public agencies to execute the plan.

The implementation plan sets the stage for the upcoming decade, with specific emphasis on the immediate three years and the attainable goals to be reached by 2027.

This is a 'living' document that will be overseen by Council in partnership with the Arts Steering Group and Iwi Advisory Group that produced this strategy.

Additional primary agents and supporting partners might be identified over time and they will be integrated into this document.

Council's Community Partnerships team will monitor and report regularly on progress to Council through the Economic, Finance and Community Committee.

The Arts Steering Group and the Iwi Advisory Panel, collaborating to formulate this strategy, are presumed to play pivotal roles as key stakeholders in the implementation plan. They will actively propel the actions forward, necessitating the inclusion of an Arts, Culture, and Creativity role within the council staff structure.

Innovation				
Action	What we need to support this	Potential partners	Timeframe	Cost
Develop and execute a Council Public Art Policy aligned with this strategy, encompassing a collaborative and implementation blueprint.	Advice and support from Ministry for Culture & Heritage and other relevant authorities, a communication strategy	Marlborough Art Gallery, MDC Comms team, Creative NZ	1-3 years Stage 1: Research Stage 2: Public consultation Stage 3: Implementation	-
Champion the Creative Sector as an 'enabler' for innovation, entrepreneurship, and creative expression.	Relevant and strong relationships in the local economy, access to economic drivers and facilitators, digital platform	MDC Economic Development team, MDC Communications team, Marlborough Chamber of Commerce	1-5 years Stage 1: Relationship building, research Stage 2: Identify actions/champions Stage 3: Ongoing execution and evaluation	S1 - \$2k S2 - \$2k S3 - \$5k
Recognise personnel shortages within the creative sector and execute a Talent Attraction Program aimed at attracting individuals with creative expertise.	Budget, partnerships with Marlborough education sector	MDC Economic Development team, Marlborough Chamber of Commerce	2-5 years Stage 1: Consultation with sector and ED team Stage 2: Produce project plan and budget proposal (if required) Stage 3: Implementation	
Establish a Sculpture Trust in collaboration with funding partners.	Advice and support from Ministry for Culture and Heritage, Creative NZ and	Marlborough Art Gallery, business associations	3-5 years Stage 1: Research, identify partnerships	S1 - \$2k S2 - \$5k

	other relevant authorities, potential trustees, budget		Stage 2: Establish Trust Stage 3: Provide support, Trust independent of council	S3 - \$5k
Explore innovative methods to bring arts closer to communities.	Access and research opportunities with other regional approaches in NZ, budget	Marlborough Art Gallery, business associations, Creative NZ, The Arts Foundation, Arts Council Nelson	5-10 years Stage 1: Research/partnerships Stage 2: Funding and project plan Stage 3: Implementation	-
Dedicate financial resources to research conducted by entities such as Creative New Zealand and the Ministry of Culture and Heritage that explores the lasting impact and significance of the creative arts in the broader Marlborough economy, providing evidence of their economic and social importance. Strategically use research findings to guide and advance local creative initiatives and funding needs.	Budget	Creative NZ, Ministry for Culture and Heritage, market research agency	3-5 years	Year 3: \$10k for CNZ opt in research
Sustain liveliness during significant infrastructure projects by temporarily activating spaces.	Budget, access to and partnerships with infrastructure project managers and building owners	Local artists, infrastructure project managers	3-5 years Stage 1: Research, project plan Stage 2: Design promotional package and digital content Stage 3: Implementation	S1 - \$2k S2 - \$10k S3 - \$20k
Determine the actions Council can take within its own facilities and programs to improve visibility of art and culture.	Partnerships with other council departments, budget.	Council departments including parks and open spaces, assets and services, Access Aotearoa, Creative NZ	5-10 years Stage 1: Research, public consultation Stage 2: Propose response (if required)	S1 - S2 - \$10k

Foster and support incubation initiatives for up-and-coming artists. including capability workshops, tools, and templates. This involves capability workshops, tools, and templates. Explore the possibility of creating a mentorship program within the creative sector, focusing on skills, business management, and sustainability. Collaborate with educational and training institutions, as well as other relevant stakeholders, to enhance educational opportunities in the creative sector of Marlborough.	Budget, accessible facilities, mentors, digital platform	Creative NZ, local education providers, The Arts Foundation	5-10 years Stage 1: Research, project plan Stage 2: Design digital content, capability building programmes. Stage 3: Implementation	S1 - \$2k S2 - \$10k S3 - \$10k
Advocate for increased funding and provision for arts therapy and arts activities that support community wellbeing and mental health.		Te Whatu Ora, Marlborough Health Hub, CARE Marlborough, Creative Kids Marlborough	5-10 years Stage 1: Research, relationship building Stage 2: Establish support areas and advocate	-
Support the work of Screen Marlborough to encourage the development of the local film sector.		MDC Economic Development team, Screen Marlborough	Ongoing	-
TOTAL BUDGET STAGE 1				\$8k
TOTAL BUDGET STAGE 2				\$37k
TOTAL BUDGET STAGE 3				\$50k

Infrastructure				
Action	What we need to support this	Potential partners	Timeframe	Cost
Allocate resources to support and promote emerging artists skilled in creating art within community settings. Identify venues for creative expression, such as vacant structures, parks, and other communal facilities. Collaborate with creative organizations like Gap Filler from Christchurch to gather insights and input.	Budget, access to creative entities for guidance/partnerships, digital platform	Business associations, established creative entities in other regions	1-3 years Stage 1: Research Stage 2: Project plan Stage 3: Implementation	S1 - \$2k S2 - \$5k S3 - \$10k

Assist organisers of programs and events in ensuring that individuals with disabilities can access and fully enjoy art and cultural experiences.	Funding, facility/event manager partnerships	MDC Events Advisor, event organisers, facility managers, Arts Access Aotearoa Putanga Toi ki Aotearoa	1-3 years Stage 1: Research Stage 2: Project plan Stage 3: Implementation	S1 - \$2k S2 - \$5k S3 - \$10k
Support the Powerhouse Picton Arts and Environment Hub proposal.	Funding, community buy-in, trustees	Powerhouse Trust, Te Ātiawa	1-3 years Stage 1: Site clearance/management Stage 2: Establish Trust Stage 3: Provide support, Trust independent of council	S1 - \$10k S2 - \$10k S3 - \$10k
Advocate for community engagement in the processes of placemaking throughout the region to strengthen a sense of place and unique identity in planning and design process.	Community buy-in	MDC Small Townships team	1-3 years	-
Create and oversee a comprehensive maintenance strategy for public art installations.	Budget, access to expertise and guidance	Specialist conservation providers, parks and open spaces	1-3 years Stage 1: Public art audit Stage 2: Produce maintenance plan Stage 3: Implementation	S1 - S2 - \$15k S3 - \$15k
Map out the current arts venues and spaces across the district. Develop a strategy for community centres that caters to the creative needs of the community. Identify shortcomings in areas with limited access to creative arts facilities. In response, commission a feasibility study into potential solutions.	Budget	MDC property managers	5-10 years Stage 1: Audit of venues/spaces Stage 2: Identify gaps and future requirements Stage 3: If required, commission feasibility study	S1 - S2 - S3 - \$40k

Incorporate innovative thinking and artistic expression into future urban planning. Advocate for the consultation with arts and creativity representatives in the design process for major urban developments.	Access to early development stages of key infrastructure projects, , digital platform	MDC Property and Community Facilities dept, Marlborough Chamber of Commerce, BBA, PBA	5-10 years	
			Stage 1: Audit of current processes around creative involvement	S1 -
			Stage 2: Identify areas for improvement and relationships requirements	S2 - S3 -
			Stage 3: Implementation	
			TOTAL BUDGET STAGE 1	\$14k
			TOTAL BUDGET STAGE 2	\$35k
			TOTAL BUDGET STAGE 3	\$85k

Collaboration				
Action	What we need to support this	Potential partners	Timeframe	Cost
Create an advocacy group for the creative sector with diverse representation. Build a strong brand and identity through regular meetings with iwi, local groups, Creative New Zealand, and key stakeholders. Conduct a feasibility study for a regional arts body to foster sector development and activate arts, culture, and creativity.	Budget, partnerships, relationships with existing regional councils, creative sector buy-in, digital platform	Regional Arts Network Aotearoa, Arts Council Nelson, Creative NZ, local trusts, creative sector	5-10 years Stage 1: Research, relationship building, establish group and processes Stage 2: Produce a paper on the relevance of an Arts Body and its role (if any) in Marlborough Stage 3: Commission feasibility study, if appropriate	S1 - \$10k S2 - \$10k S3 - \$30k
Map arts, programs, events, public collections, and creativity to pinpoint areas for enhancement and identify gaps for resolution.	Access to relevant data	Marlborough Art Gallery, event providers	1-3 years Stage 1: Research Stage 2: Identify gaps and potential actions/budget requirements	S1 - S2 -

Develop networking opportunities for the creative sector including consultative sessions for feedback and future planning. Produce regular newsletters.	Budget, digital platform	Arts sector	1-3 years	
			Stage 1: Identify format, potential guest speakers	S1 - S2 - \$10k
			Stage 2: Project plan/calendar of events	S3 - \$10k
			Stage 3: Implementation	
			TOTAL BUDGET STAGE 1	\$10k
			TOTAL BUDGET STAGE 2	\$20k
			TOTAL BUDGET STAGE 3	\$40k

Economy and funding				
Action	What we need to support this	Potential partners	Timeframe	Cost
Foster strong partnerships with funding collaborators. Establish relationships with business associations and corporate partners to explore potential collaborations between the arts sector and industry. Examples of such collaboration: www.makeshiftspaces.nz , www.activatevacantspaces.co.nz , www.urbandreambrokerage.co.nz	Access to data, stakeholder relationships	Funding providers e.g., Rata Foundation, business associations, MDC Economic Development Team	5-10 years Stage 1: Research, partnership building Stage 2: Project proposal Stage 3: Implementation	S1 - \$2k S2 - \$2k S3 - \$10k
Evaluate the present sector investments and examine forthcoming requirements and deficiencies.	Access to data, stakeholder relationships	Creative New Zealand, Marlborough Chamber of Commerce, Economic Development Team	1-5 years Stage 1: Research Stage 2: Produce paper and recommendations	S1 - S2 -
Review the Creative Communities Scheme committee structure and implement changes required to ensure a diverse arts focused framework.		Creative New Zealand	1-2 years	S1 - S2 -

			Stage 1: Make recommendations to council Stage 2: Implement	
Arrange regular funding sessions with specified partners. Aid creative organizations in succession planning and the development of sustainable funding models.	Relationships with funding providers, governance training providers, digital platform	Funding partners, governance training providers	1-3 years Stage 1: Research Stage 2: Produce paper and recommendations Stage 3: Implementation	S1 - S2 - \$2k S3 - \$5k
TOTAL BUDGET STAGE 1				\$2k
TOTAL BUDGET STAGE 2				\$4k
TOTAL BUDGET STAGE 3				\$15k

Marketing				
Action	What we need to support this	Potential partners	Timeframe	Cost
Develop a digital arts directory and Creative Marlborough website, including a Marlborough specific toolkit	Budget, design department capacity, digital platform	Creative NZ, MDC Communications, MDC designers	2-5 years Stage 1: Design, content creation Stage 2: Produce content and accompanying social media channels Stage 3: Launch	S1 – 0 (if inhouse design!) S2 - \$30k S3 - \$5k
Ensure that the community of creative individuals remains connected to the broader creative network in Aotearoa, enabling them to access professional growth opportunities and online resources.	Digital platform	Creative New Zealand, MDC designers	1-3 years Stage 1: Establish relationships	S1 - S2 - \$1k S3 - \$5k

			Stage 2: Create channels for communication and advertising Stage 3: Implementation	
Forge more robust collaborative connections with local and national media outlets to effectively enhance the promotion of arts and cultural events taking place within the region and highlight achievements and local champions of creative innovation.	Access to media entities and buy-in from the creative community, digital platform	MDC Communications, media sector, Inspire Foundation	1-3 years Stage 1: Establish relationships Stage 2: Create channels for communication Stage 3: Implementation	S1 - S2 - S3 - \$2k
Support and encourage the creative sector to collaborate and showcase their indispensability, not only for local economic expansion but also for fostering all four dimensions of well-being (social, economic, environmental and cultural). Back audience development initiatives.	Budget, current knowledge and expertise, digital platform	Media partners	3-5 years Stage 1: Research, design initiatives Stage 2: Advocate	S1 - S2 - S3 -
TOTAL BUDGET STAGE 1				\$
TOTAL BUDGET STAGE 2				\$31k
TOTAL BUDGET STAGE 3				\$12k

Nga toi Māori Culture				
Action	What we need to support this	Potential partners	Timeframe	Cost
Respect protocols for engaging with mana whenua and te ao Māori in the management and consultation aspects of arts and cultural activities.	Cultural advisor/Kaihautū role within council		1-3 years Stage 1: Education/research Stage 2: Implementation	S1 - S2 -

Advocate for the representation of ngā toi Māori (Māori arts) and te reo Māori (Māori language) within Marlborough facilities and programs.	Cultural advisor/Kaihautū role within council	Council departments and executive team, facility and programme providers	1-5 years Stage 1: Education/research Stage 2: Implementation Stage	S1 - S2 -
Amplify engagement with tangata whenua in the creative sector, aiming for more relevant cultural initiatives, Māori festivals (including Matariki), and educational workshops.	Budget, digital platform		1-5 years Stage 1: Education/research Stage 2: Planning Stage 3: Implementation	S1 - \$25k S2 - \$25k S3 - \$25k For Matariki funding which currently sits under community events
Work with the multicultural agencies to increase opportunities for cultural creativity. Use arts and culture to engage, welcome, and support immigrant communities.	Budget, stakeholder relationships, digital platform	Marlborough Multicultural Centre, Red Cross, MDC Welcoming Communities team	3-5 years Stage 1: Relationship building Stage 2: Program audit Stage 3: Recommendation/implementation	S1 - S2 - S3 - \$5k
Support iwi to establish tailored place-making endeavours that pay tribute to Māori narratives and important cultural and heritage sites.	Budget, engagement across council departments	Marlborough Museum, MDC Small Townships team	5-10 years Stage 1: Relationship building Stage 2: Advocate Stage 3:	S1 - S2 - S3 -
Collaborate with mana whenua and Māori organisations to address their aspirations for establishing spaces dedicated to art creation.			5-10 years Stage 1: Relationship building Stage 2: Facilities/requirement audit	S1 - S2 - S3 - \$5k

			Stage 3: Recommendation/implementation	
			TOTAL BUDGET STAGE 1	\$25
			TOTAL BUDGET STAGE 2	\$25
			TOTAL BUDGET STAGE 3	\$45k

Youth				
Action	What we need to support this	Potential partners	Timeframe	Cost
Gather insights into youth-focused programs and offer support to program providers. Maintain and support creative youth activities, e.g. Folio student exhibition.	Digital platform, stakeholder relationships, budget	Marlborough Art Gallery, youth sector agencies	1-5 years Stage 1: Audit of current provisions Stage 2: Establish support areas and advocate	S1 - S2 - \$5k
Provide opportunities for young individuals to showcase their creativity in unconventional spaces, such as pocket parks.	Budget, engagement across council departments	Youth sector entities, parks & open spaces dept, education sector, business associations	3-5 years Stage 1: Research Stage 2: Design project process Stage 3: Implementation	S1 - S2 - S3 - \$10k
			TOTAL BUDGET STAGE 1	\$
			TOTAL BUDGET STAGE 2	\$5k
			TOTAL BUDGET STAGE 3	\$10k

Environment				
Action	What we need to support this	Potential partners	Timeframe	Cost
Support the sector to consider ways of delivering arts and culture that minimise their impact on the climate.	Guidance from environmental experts, access to existing arts and climate partnerships, digital platform	MDC Environment dept, MDC Solid Waste Manager, community environmental groups, Enviroschools, refuse centres	2-5 years Stage 1: Research, partnerships Stage 2: Produce digital content and identify workshops opportunities including guest speakers Stage 3: Implementation	S1 - S2 - S3 - \$10k
Explore collaborations between climate and arts sectors to delve into the influential role that arts can assume in motivating climate action (e.g. Track Zero www.trackzero.nz). Identify ways this work can drive change within the Marlborough region.	Guidance from environmental experts, access to existing arts and climate partnerships, digital platform	MDC Environment dept, MDC Solid Waste Manager, community environmental groups, Enviroschools, refuse centres	2-5 years Stage 1: Research, partnerships Stage 2: Identify actions and project plan Stage 3: Implementation	S1 - S2 - S3 - \$10k
			TOTAL BUDGET STAGE 1	\$
			TOTAL BUDGET STAGE 2	\$
			TOTAL BUDGET STAGE 3	\$20k

Stage 1 total: \$59k
 Stage 2 total: \$157k
 Stage 3 total: \$277k
 TOTAL: \$493k

NB. Not in years, e.g. 3 stages could span 5 years

Budget

Year 1 \$50,000

Year 2 \$75,000

Years 3 to 5 \$120,000 annually

5. LoS - Heritage

(Report prepared by Dean Heiford / Liz Ward)

A200-000-01

Purpose of Report

1. The purpose of the report is to present the LTP Working Group with the LoS impacts of the Heritage resources being managed by Council.

Executive Summary

2. In July 2023 the Council took over the functions of the Marlborough Heritage Trust. These included the day to day running of the Marlborough Museum and the Edwin Fox Ship and Visitor Centre. The Trust managed the Marlborough Museum object collection and archives and played a role in promoting heritage in Marlborough. The Trust also ran a heritage education programme based at the Marlborough Museum.
 3. Previously the Council provided the Trust with an operating grant which was approximately \$500,000. The other main source of funding the Trust received was a \$80,000 per annum grant from the Ministry of Education (MOE) for heritage education. This source of funding ceased in December 2022, as the Trust was unsuccessful in its application for a further three years funding.
 4. When the Heritage Trust functions were taken over by Council it was agreed that funding levels would remain at the amount of the previous Council grant with a submission to be made to the 2024/34 LTP. At present both the Marlborough Museum and Edwin Fox operate within that budget.
-

RECOMMENDATIONS

1. That the information be received.
 2. That Council consider increasing the funding for heritage per year to enable the Marlborough Museum and the Edwin Fox Visitor Centre to meet the levels of service and progress the projects outlined in the presentation.
 3. That Council consider one off capital funding for heritage IT/IS systems upgrades and replacements for the Marlborough Museum and the Edwin Fox Visitor Centre in 2024/25.
 4. That the levels of service increase is subject to budget approval as part of the 2024/34 Long Term Plan.
-

Background

Level of Service

5. Currently the Marlborough Museum aims to provide the following services:
 - An excellent experience to those visiting the museum
 - Care for the collection and taonga in the museum using standard museum practices
 - Support and encourage heritage in Marlborough
 - Work with all Marlborough heritage groups to promote Marlborough heritage
 - Inform and educate those who live in Marlborough about their heritage
 - Provide access to Marlborough heritage for all New Zealanders, whether that is in person, or via digital means
6. Currently the Edwin Fox aims to provide the following services:
 - Excellent customer service to those visiting the Edwin Fox Centre, including cruise ship tours
 - Operating the gift shop, keeping it attractive and well stocked
 - Preservation and protection of the heritage listed, category one, Edwin Fox ship
 - Connecting and promoting the Edwin Fox story to Marlborough, New Zealand and the rest of the world
 - Cooperating with other heritage and tourism groups in Picton
 - Managing the relationship with Port Marlborough as the owner of the land the ship and the centre occupy

7. With staff restructuring and careful budget management, significant savings have been achieved at the Marlborough Museum and Edwin Fox to stay within the budget set for 2023/24.
8. Core services at the Marlborough Museum and Edwin Fox can be met within the present budget. However to provide the levels of service outlined above, a budget increase to enable the implementation of a digitisation project and begin some exhibition renewal will be required. This would enable the development of an excellent and informative visitor experience at the museum and make Marlborough heritage more widely available.
9. Digitisation at the Museum is many years behind comparable museums and this needs attention. Marlborough Heritage needs to become more accessible to the public.
10. The digitisation project will encompass the regional museums and software options will be explored to make a Marlborough wide online site, particularly for photographs.

Maintenance and Future Capital Projects – Edwin Fox & Marlborough Museum

11. There are budget needs around building maintenance. Neither the Marlborough Museum or the Edwin Fox Visitor centre were sufficiently maintained by previous operators.
12. The Edwin Fox ship needs a new stabilising system, which is a major project. The Edwin Fox Preservation Trust is available to help with funding this, and further funding via fundraising and funding partnerships with government agencies, and NGOs will be investigated. This project is programmed to commence with seed funding required within 5 years.
13. The Edwin Fox Visitor Centre building needs budget to undertake some deferred maintenance.

IT / IS Systems

14. Core IT systems at the Marlborough Museum and Edwin Fox are at the end of their useful life.
15. Councils IT/IS Team have supplied estimates to replace the hardware and bring both the Marlborough Museum and Edwin Fox operations into the Councils systems and standards.
16. Hardware is a one off cost, operating and licensing costs are included in the budget request.

Presentation

Liz Ward – Museum’s Manager will present a Level of Service outline for the Council operated heritage assets (10 minutes).

Author	Dr Liz Ward, Marlborough Museum Manager
Authoriser	Dean Heiford, Manager Economic, Community & Support Services

6. Draft Assumptions for the Preparation of the Long Term Plan

(Report prepared by Martin Fletcher)

D050-001-L24

Purpose of Report

1. To provide a draft of the assumptions made in the preparation of the 2024-34 Long Term Plan Revenue and Financing Policy.

RECOMMENDATION

That the LTP Working Group recommend that Council adopt the Assumptions contained in Attachment 1, subject to there being no material changes resulting from the population of the two missing “yellow highlighted” pieces of information.

Background

2. Council is legally required to document its significant forecasting assumptions by Clause 17, Schedule 10 of the Local Government Act 2002 as part of preparing its Long Term Plan (LTP).
3. Many of the assumptions are the same as that made in the 2021-31 LTP. Changes have been identified in “track Change” format and areas that need to be updated are highlighted in “yellow”.
4. Track Changes, in the Assumptions presented to the November 2023 meeting of the LTP Work Group have been reviewed and accepted if valid.
5. Additional words have been added to the legislation assumption. These minor word changes are the only substantive change to the Assumptions.
6. An updated marked up copy of the Draft Assumptions document is attached

Attachment

Attachment 1 – Draft Assumptions Document

page [57]

Author	Martin Fletcher, Manager Strategic Finance
Authoriser	Geoff Blake, CFO

DRAFT

Assumptions, Disclosure and Compliance

Assumptions

With any financial forecasting, several assumptions must be made. The following assumptions have been made in the preparation of this document. Also presented for each assumption is the "Level of uncertainty", "Risk" and "Financial impact" for each.

Legislative

Assumption

Local Government could be significantly affected by changes in legislation as a result of the new National Party led Government being elected in October 2023. As a result, it is likely that changes in direction will occur, especially in the areas of the environment and RMA reform and the delivery of the Three Waters. However, there are high levels of uncertainty on the exact path government will take and the implementation requirements and impacts on Council. As a result of this uncertainty, the consequential Financial impacts on Council can't be quantified with certainty yet. Therefore, it is assumed that legislative and Government Policy changes will not significantly impact upon Council's current responsibilities and activities for the purposes of this LTP as suggested in guidance from Government and the Taituarā (formerly the Society of Local Government Managers - SOLGM), especially in regard to the Three Waters.

The potential changes in direction by Government may provide an opportunity for Council to undertake a slight pause, while the new Government finalises its direction, as the pace of reform under the previous Government was very high.

Level of uncertainty

High.

Risk

It is highly likely that the new Government will want to advance its agenda. As a result of local government having a very broad range of activities it is also very probable the cumulative effect on Council will be significant.

Financial impact

To date Government's reforms have not reduced legislative obligations, costs or the impact on the ratepayer. It is too early to assess the likely financial impact of the Government's expected policy announcements. However, it is expected that there will be specific requirements resulting from National Policy Statements and legislative change, to undo the currently legislated changes including for delivering the "three waters" in response to the Havelock North Water Quality Inquiry. It should be noted that Council has already moved to address many of the recommendations of the Havelock North Inquiry in its infrastructure planning.

Infrastructure impact

Upon recommendation from Central Government, whilst changes will occur with the impending Three Waters Reform, we are continuing to do all Long Term Planning as per the status quo.

Civil engineering labour, plant and materials have already been in high demand in New Zealand. Current procurement costs are already high and timing on projects is somewhat dictated by the availability of contractors.

Significant changes in national standards or deadlines for compliance with statutory requirements may accelerate the delivery of specific capital projects accordingly.

Inflation

Assumption

The costs, revenues and asset values reflected in this plan reflect the following "Forecasts of Price Level Change Adjustors to 2034" produced by Business Economic Research Limited (BERL) in October 2023 for the Society of Local Government Managers. Normally only the years relating to the current LTP are included in the table below, in this LTP the previous three years have also been included to high light the recent high inflation.

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Label Year Ending	Planning and Regulation	Roading	Transport	Community Activities	Water and Environmental
% change on year earlier					
June 2020	1.3	1.1	1.2	1.5	2.3
June 2021	2.5	1.0	2.1	1.6	2.8
June 2022	7.3	7.6	7.0	6.5	9.3
June 2023	5.0	4.8	4.9	4.3	5.5
June 2024	3.4	3.8	3.4	3.5	5.0
June 2025	2.6	2.9	2.6	2.7	3.6
June 2026	2.1	2.0	2.1	2.0	2.5
June 2027	2.2	2.3	2.2	2.2	2.7
June 2028	2.1	2.3	2.2	2.2	2.6
June 2029	2.0	2.2	2.1	2.1	2.5
June 2030	1.9	2.1	2.0	2.0	2.3
June 2031	1.9	2.0	2.0	1.9	2.3
June 2032	1.9	2.0	1.9	1.9	2.2
June 2033	1.8	2.0	1.9	1.9	2.1
June 2034	1.8	1.9	1.9	1.8	2.1
20 year average % pa	2.4	2.6	2.4	2.4	3.1

BERL also consolidates the above adjustors into a consolidated Local Government Cost Index (LGCI) which is further split between operating and capital expenditure.

Year ending	OPEX	CAPEX	TOTAL
	annual average % change		
June 2020	1.5	1.6	1.6
June 2021	2.3	2.3	2.3
June 2022	7.6	7.8	7.7
June 2023	4.9	5.0	5.0
June 2024	3.8	4.0	3.9
June 2025	2.9	3.0	2.9
June 2026	2.2	2.2	2.2
June 2027	2.3	2.4	2.3
June 2028	2.3	2.3	2.3
June 2029	2.2	2.2	2.2
June 2030	2.1	2.1	2.1
June 2031	2.0	2.1	2.0
June 2032	2.0	2.0	2.0
June 2033	1.9	2.0	1.9
June 2034	1.9	1.9	1.9
20 year average % pa	2.6	2.7	2.6

Level of uncertainty

Medium to high.

Risk

There is a risk that the local inflation rates may be higher or lower than the national averages forecast by BERL.

Financial impact

If inflation is higher than that predicted by BERL, it will increase the costs of maintaining existing Levels of Service and the cost of capital projects which

will place pressure on rates. It will also increase debt and potentially put pressure on Council credit rating, unless capital projects are deferred.

If inflation is lower than predicted by BERL, the opposite to the above will occur.

Infrastructure impact

Deferral of capital projects which may impact upon the level of service that can be provided.

Interest rate on Council borrowings

Assumption

Council has assumed a long term interest rate on loans of 5.5% for the entire 10 years covered by the Long Term Plan. However, actual interest rates may vary depending on the term of the debt and prevailing market conditions.

Level of uncertainty

Medium.

Risk

As a result of continuing high inflation in New Zealand and internationally and the high interest rates used by Central Banks to bring it under control, the expectation higher interest rates for longer remains.

However, there are signs that Central Banks are "winning" the war on inflation with the signalling further increases reducing in terms of frequency and quantum. Council has adopted a conservative position compared to current market rates to mitigate the risk associated with interest rate movements. Council has also mitigated the impact of interest rate rises with a prudent hedging programme that operates in accordance with its Treasury Policy.

Financial impact

Increases in interest rates above 5.5% will result in higher debt servicing costs and rates funding requirements. Council only debt (internal and external) is currently forecast to peak at approximately \$246 million. As a result a 1% increase in interest rates above the 5.5% forecast would result in increased interest costs of \$2.5 million.

Infrastructure impact

Deferral of capital projects which may impact upon the level of service that can be provided.

Population growth

Assumption

In preparing the Long Term Plan Council has assumed based on actual results that population growth will occur above the 31 March 2021 Statistics New Zealand medium population growth projections. Population growth is further discussed in the Key Issues and Financial and Infrastructure Strategy sections of the Long Term Plan.

Level of uncertainty

Low.

Risks

If population growth occurs at a slower rate than forecast, then the level of development contributions received will be lower than expected. However, there is the opportunity to mitigate the Financial impact by slowing the Capital Expenditure programme. It is not expected that levels of service will be impacted upon significantly.

Financial impact

If population growth occurs at a slower rate than forecast, then the level of development contributions received will be lower than expected. However, there is the opportunity to mitigate the Financial impact by slowing the Capital Expenditure programme. It is not expected that levels of service will be impacted upon significantly.

Infrastructure impact

If the population declines, meeting the fixed costs (including operation and maintenance, depreciation, financing and insurance) of the infrastructure could place a significant burden on the remaining residents and businesses.

COVID-19

Assumption

That while disease itself remains serious, it is assumed that through a combination of measures including awareness, vaccination and other preventative measures, COVID-19 will not have a significant on Marlborough.

Level of uncertainty

Low.

Risk

In the unlikely event that COVID-19 re-enters the community, the potential impact/risks for Marlborough are threefold, including:

1. the reinstatement of either Level 3 or 4. Reinstatement of level 3 or 4 could have significant impact on Marlborough's retail, tourism and hospitality sectors. Also, it could delay the completion of Capital Projects and Council's ability to deliver services.
2. Government closing the borders with the result that Marlborough's industries are unable to recruit the labour they need at critical times during the year. The consequence is that these industries are unable to produce their normal quantities of product.
3. The economies of Marlborough's trading partners suffer a significant downturn, resulting in a diminished market for Marlborough's product.

Financial impact

Should the above risks manifest, this will have a significant impact on Marlborough's economy, resulting in reduced revenue to Council and the probability that Council will be called upon to provide support to the Community. The likelihood is that this will result in increased Council debt.

Infrastructure impact

Delays in capital works projects due to future lockdowns are unknown but provided they are short in duration, cause little upset to the final delivery schedule. The delays in receiving parts and equipment from overseas however does have a significant impact on delivery. Large lead times on specific infrastructure can be overcome with suitable planning, however this also changes the procurement process on specific projects therefore reducing

opportunities for innovation and removing a degree of competition in the tendering the process.

Aside from these delays affecting the capital programme, should unforeseen asset failure occur prior to the planning for replacement, there is also the risk of reduction to the level of service should asset failure occur before parts and equipment can be received.

Economic life

Assumption

Council has made a number of assumptions about the useful lives of its assets. The detail for each asset category is shown in the Statement of Accounting Policies. The useful lives are consistent with Council's experience with respect to its ongoing replacement programme.

Level of uncertainty

Low - above ground.

Medium – below ground.

Risk

Assets either wear out or become technically obsolescent and need to be replaced earlier than anticipated.

Financial impact

Depreciation and borrowing costs would increase if replacement Capital Expenditure was required earlier than anticipated. However, these impacts could be mitigated in part by reprioritising the Capital Expenditure programme. There may also be an increase in maintenance costs to keep the asset operational until it is decided to proceed with replacement.

Infrastructure impact

If useful lives of assets are shorter than what is assumed, forward works programmes need to be reprioritised and non-critical assets will be 'sweated' for a longer period to allow for the required change in programme. Should useful lives of assets be found to be longer than assumed, forward works programmes can be adjusted and renewal programmes can be deferred as appropriate.

Subsidy rates

Assumption

It is assumed that Council will retain, for the period of the Plan, its current subsidy rate of 51% for road maintenance and construction works and 71% for qualifying emergency works.

Level of uncertainty

Low.

Risk

Waka Kotahi will either reduce the subsidy rate and/or toughen the criteria for the inclusion of works in the qualifying programme.

Financial impact

If the subsidy rate is reduced, either a reduction in the level of service or an increase in rates would be required. Council is already receiving very good pricing for road maintenance compared to other Local Authorities, through its collaboration with NZTA in the form of Marlborough Roads.

Infrastructure impact

If the subsidy rate is reduced, either a reduction in the level of service or an increase in rates would be required. Council is already receiving very good pricing for road maintenance compared to other Local Authorities, through its collaboration with NZTA in the form of Marlborough Roads.

Natural disasters

Assumption

Should a major natural disaster occur the District could be faced with significant repair and reconstruction costs. In 2017 Council estimated the maximum probable loss (MPL) cost as a result of a major earthquake, flood or tsunami at approximately \$485 million, following a joint Treasury supported exercise with AON and Tonkin and Taylor. Inflation adjusted this figure would now be approximately **\$548 million (2021-22: \$535 million) at 30 June 2023.**

Council has engaged Gallagher Re to update its catastrophe modelling, as part of a joint study with Nelson City and Tasman District Councils.

It is assumed that the resulting forecast will be accurate. It is also assumed that:

- 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 forecast contributions from the Local Authority Protection Programme (LAPP), insurance, Government and Waka Kotahi will be received.
- Through a combination of Council's reserves, investment realisation, credit facilities and rescheduling capital and other works, Council can meet the remaining costs associated with a major disaster over a ten year period.
- As a result of a second earthquake occurring in Christchurch, Council has also modelled the Financial impact of second significant event. Through the use of the same mechanisms identified in the two bullet points above, Council could meet the remaining costs associated with a second major disaster over a ten year period post the second event.

The LAPP fund is a mutual pool set up to assist Councils cover their share of damage to "below ground" and river protection assets resulting from a significant natural event. At the time the fund was formed commercial insurance alternatives for these assets was not available. There was also a clear requirement from Central Government, and still is, that any assistance given to rebuild infrastructure following a disaster will only be made available if Council has made adequate financial provisions to cover its own repair obligations.

Above ground assets are insured through commercial insurance. These costs are in addition to LAPP contributions. Insurance costs have increased over recent years as a direct result of national and international disasters. Council has mitigated the effect by joining with Nelson City and Tasman District Councils.

Level of uncertainty

Low.

Risks

The actual costs of recovery from a major natural disaster are higher than the forecast Maximum Probable Loss (MPL) of approximately \$520 million.

Financial impact

Should Council's current estimate of MPL and existing arrangements prove inadequate, either an increase in debt and corresponding increase in rates or a slowing in the rebuild would need to occur.

Infrastructure impact

Significant disruption of service immediately and reduction in the level of service able to be provided for a reasonable length of time following an event dependant on the damage and extent of the event. High costs of emergency response, combined with the lead times and costs for parts and equipment from overseas exacerbate the situation.

Taxation framework

Assumption

Council has assumed that the existing taxation framework for the Marlborough District Council group will continue for the period of the Long Term Plan.

Level of uncertainty

Low.

Risks

That the Inland Revenue Department takes the view that Council has used an incorrect tax treatment for any of its activities. Council while being generally exempt from Income Tax, is taxable on income received from subsidiaries. Council also has to account for GST, FBT, Withholding Tax and PAYE.

To mitigate this risk, Council seeks advice from PricewaterhouseCoopers (PWC) and obtains legal opinions and IRD Binding Rulings where appropriate. Every three years Council also requests PWC to undertake a review of its

taxation activities. The last review was in December 2023 with the resulting recommendations implemented.

Financial impact

The likely Financial impact is low, because of the steps Council takes to mitigate its risks.

Asset ownership and valuation

In the preparation of the Long Term Plan it has been assumed that Council will retain:

- Ownership of MDC Holdings Limited and its subsidiaries:

Its ownership share (88.5%) in Marlborough Regional Forestry, with Kaikoura District Council owning the remaining 11.5%. Ownership of all substantial assets currently owned. It has also been assumed that Council will revalue its major assets annually.

Level of uncertainty

Low.

Risk

The asset values shown in the Long Term Plan have been adjusted based on the BERL indices. The risk is that the results of actual revaluations may be higher or lower than those disclosed in the Long Term Plan.

Financial impact

If asset revaluations are higher than forecast, this will increase the resulting depreciation cost and rates as Council moves to provide for asset replacement.

Infrastructure impact

Upon recommendation from Taituara, whilst changes will occur with the impending Three Waters Reform, we are continuing to do all Long Term Planning as per the status quo. With this in mind, should the valuation increase occur due to higher than anticipated replacement rates, the increased cost in delivery of the capital budget may require projects to be deferred and non-critical assets to be 'sweated' from longer than intended.

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Sources of funds for capital expenditure

Page 72 of the Financial Strategy identifies the expected sources of funds for Council's Capital Expenditure programme. It has been assumed that the funds identified for each of these sources will be received.

Level of uncertainty

Low.

Risk

That the forecast funding will not be received as forecast.

Financial impact

As it is proposed to fund Capital Expenditure from a range of sources it should be possible to compensate a funding shortfall from one source with funding from another i.e. borrowing. If it is decided to increase borrowing a debt servicing cost and a corresponding increase in rates will arise. The alternative is to slow Capital Expenditure especially if the project is growth related and the funding shortfall relates to Development Contributions.

Infrastructure impact

With a reduced level of funding, the capital projects may be required to be deferred and non-critical assets would be made to 'sweat' for longer than intended.

Climate change

Council has assumed that the climate changes in relation to rainfall, temperature and sea level will occur as predicted. It has been further assumed that climate change will have minimal impact over the period of the 2024-2034 Long Term Plan. This topic is considered in greater depth in Council's Infrastructure Strategy. This is appropriate given this Strategy covers a longer 30 year period.

Level of uncertainty

Low.

Risk

That asset and hazard planning has not adequately assessed climate change.

Financial impact

For the period of the Long Term Plan, the Financial impact is assessed as low as climate change on the whole is occurring very slowly, providing extended lead times for mitigation measures if required.

Infrastructure impact

Remedial programmes may need to be accelerated and lower levels of service tolerated until works can be completed.

As understanding of the effects of climate change on infrastructure in Marlborough improves, all capital projects will give consideration of the effects of climate change in their regards to their priority and their design. The effects of climate change on demand, sustainability, future level of service and resiliency of infrastructure assets will be considered in operational and capital planning and expenditure.

High impact on flood risk if the rate of change is much faster than what is currently predicted, 0.3m by 2050 and a 1% AEP flood will increase in size by 10-15%.

Council has commissioned further studies on this topic so it can better understand the likely impact and timing of climate change.

Emissions Trading Scheme (ETS)

Any direct impacts of the ETS through potential price increases are assumed to be covered by Council's inflation assumptions and thus factored into the forecasts.

Specific ETS costs relating to waste and landfill have been incorporated into those estimates, together with the increased revenue that will be received.

Pre 1990 forestry has been registered. Any costs associated with ETS will be minimal given Council's rotation and replanting policy.

Level of uncertainty

Low.

Risk

The impact and scope of the ETS may be more than assumed.

Financial impact

The Council will face increased compliance and operating costs, which if significant enough, may require higher fees and charges or increased rating requirements to fund them. However, Council had already taken steps to reduce the landfill liability and fix the price of the Emission Trading Units that will be required to be surrendered during the Scheme's operation.

Infrastructure impact

Consideration is given to sustainability and emissions in the planning of maintaining, replacing, upgrading and extending all infrastructure. A cost benefit analysis will be applied where proven products, practices and principles exist.

Resource consents

Council has assumed that it will continue to hold and comply with appropriate resource consents to enable it to continue its activities, especially in relation to water, sewerage and stormwater.

Level of uncertainty

Low.

Risk

Appropriate consents are either not renewed or require improvements in level of service before being granted. The trends in Resource Consent requirements are covered more fully in the Infrastructure Strategy.

Financial impact

The main Financial impact could occur if levels of service require improvement before a resource consent renewal is granted. The resulting increase in costs will likely require an increase in borrowing which in turn will impact on rates.

Infrastructure impact

Delays in approval of future resource consents due to factors beyond our reasonable control e.g. time extension for consultation, puts us at risk of not meeting our legislative requirements and incurring unnecessary costs and damage to our reputation. Any failure to meet the requirements of existing resource consents is also potentially damaging to the environment and our

reputation. Working with the Regulatory Department to ensure compliance is met and improving the software in which we record and report on compliance will minimize the risk of failures.

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7. Draft Infrastructure Strategy

- 1. A verbal report will be provided by Richard Coningham, Manager Assets & Services at the meeting.
-

RECOMMENDATION
That the information be received.

8. Draft Financial Strategy

(Report prepared by Geoff Blake)

Purpose of Report

1. To present a draft of the Financial Strategy for the 2024-34 LTP.
-

RECOMMENDATION

That the Committee receives the current draft Financial Strategy.

Background/Context

2. The Financial Strategy is one of the cornerstones of the LTP describing the key financial direction of Council for the next 10 years
3. The strategy is largely consistent with the prior LTP. The following are key points to note about this draft:
 - a) The principle of LGCI + 3% rates cap remains
 - b) Population estimates and charts have been updated
 - c) Depreciation funding is subject to the revaluation of Councils Three Waters assets
 - d) The unwinding of the COVID Rates Relief Reserve, including the sale of NZ Units, is mentioned
 - e) All numbers and charts that result from the current budget process are yet to be updated
4. The Financial Strategy will continue to be updated as we move through the LTP process, to the Budget meeting, and then on to adoption.

Attachment

Attachment 1 – Draft Financial Strategy for the 2024-2034 LTP

Page [2]



Financial Strategy					
Version no	2	CM Reference	2168994		
Approved by					
Last review date (if applicable)	31.01.2024	Next review date	2027		
		Select review period	1 yr	2yr	3yr
Policy owner	Chief Financial Officer				

Introduction

The financial strategy outlines our overall approach to managing our finances. It sets our limits on rates increases and debt, illustrates the overall financial impacts of decisions made in the Long Term Plan and is key in demonstrating prudent financial management.

Council key financial outcomes

Council aims to achieve the following financial outcomes over the next 10 years:

- Maintain a credit rating of at least AA ~~(negative watch)~~ from S&P Global.
- Generate sufficient funds to deliver the levels of service and undertake the capital investments within the ~~2024-2034 LTP, including the recovery of the storm damaged Marlborough Sounds roads.~~
- Minimise the impact on ratepayers through the appropriate use of reserves and debt, while ensuring intergenerational equity.

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- Remain within a rates cap of the Local Government Cost Index plus 3%. The 3% comprises 1% for the cost of rising Government requirements and 2% for growth and improved levels of service.

	2024	2026	2027	2028	2029	2030	2031	2032	2033	2034
LGOI	2.8	2.2	2.3	2.2	2.2	2.3	2	2	1.9	1.8
LGOI + 3%	5.8	5.2	5.3	5.2	5.2	5.3	5	5	4.8	4.6

- Maintain a net debt cap whereby debt servicing costs are less than 15% of rates revenue.
- Maintain investments in MDC Holdings Ltd, Marlborough Regional Forestry, Local Government Funding Agency, and set aside easily accessible funds for emergencies.

A balanced budget is essential to achieving these financial outcomes, and Council has considered how to balance:

- the levels of service to be provided and the cost of achieving and maintaining them during periods of growth,
- the priorities and timing of expenditure across all activities, especially expenditure of a capital nature and the link to the Infrastructure Strategy,
- the proposed levels of rates and charges across the full 10-year period of the LTP and their impact on the community,
- the proposed level of borrowing that current and future ratepayers will need to service.

Overall, Council considers that it has successfully balanced these four key elements in preparing the draft Long Term Plan 2024-2034. Community input is welcome on how the current result contained in this LTP can be improved.

Council must, under the Local Government Act 2002, manage its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that sustainably promotes the current and future interests of the community.

Strategic direction of Council

Council's Mission Statement is set out on page 2 and Community Outcomes are set out on pages 24 of this Plan. Each Activity in this Long Term Plan identifies the outcomes that it contributes to.

Outline of factors that are expected to have a significant impact on the Long Term Plan

1. Environment

Marlborough provides a unique lifestyle opportunity for residents and visitors with the full range of geological features from mountains to fertile plains, rivers and the magnificent Marlborough Sounds, coupled with high sunshine hours and available water. These features support a wide range of business and leisure opportunities. Business opportunities have predominantly centred on "land and sea" based activities i.e. viticulture, forestry, horticulture, pastoral farming, aquaculture, tourism and the servicing sectors. The common thread for almost all these activities is having a quality environment with an emphasis on maintaining and possibly improving it. Availability of quality water is also a key factor.

2. Economy

The major industries identified above rely upon favourable international markets to provide a strong economic foundation for the District.

Source: Infometrics Quarterly Economic Monitor

Marlborough's economic growth has been slowing over recent years. Infometrics provisionally estimates that GDP grew by 1.7%^{na} over the year to September 2023, similar to the national economy. However, economic activity in the September 2023 quarter was down 0.2%^{na} compared to the same quarter last year.

The wine industry and its support services were the bright spot* for Marlborough, both in terms of contribution to economic growth and employment. The wine industry added 150 new jobs over the year to September.

Overall, employment of Marlborough residents grew by a very strong 3.3%^{na} above the national rate of 3%. The average number of Jobseeker Support recipients declined by 5.1%^{na} over the year to September 2023 and the unemployment rate bucked the national upward trend and continued its

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downward trajectory to reach 2.3%. *The Marlborough wine industry is heavily influenced by our export trading partners economic performance. There is uncertainty around future demand and the impact future pricing movements will have on the industry and the broader economy.*

3. Inflation projections

Council, along with the majority of other Councils in New Zealand, uses inflation projections provided by Business and Economic Research Ltd (BERL). These projections are used to inflate Council's forecast operating and capital expenditure in years two to 10 of the Long Term Plan.

BERL prepares projections for road, property, water, energy, staff, earth-moving, pipe lines and private sector wages. These are consolidated into an overall Local Government Cost Index (LGCI). To generate its forecasts, BERL estimates relationships based on historic data between price indices and a set of driver economic variables (e.g. GDP, employment, oil prices, construction, investment and CPI).

With recent central government announcements regarding three waters once again coming back into local government control, the preparation of this LTP has been subject to uncertainty. With the decisions now made Council has prepared this LTP using BERL indices including three waters. This "Legacy LGCI" is comparable to prior years.

In October 2023 BERL released the following increases in its LGCI basket:

Forecast BERL Legacy LGCI*

2025	2026	2027	2028	2029	2020	2031	2032	2033	2034
2.9	2.2	2.3	2.3	2.2	2.1	2.0	2.0	1.9	1.9

*insurance is not explicitly included in these forecasts due to significant cost increases in premiums being experienced.

These increases make up a significant portion of the proposed rates increase over 10 years of the Long Term Plan contained on page 7 of this Strategy.

4. Growth and population composition

The number of people in the District, (both permanent residents and visitors), where they choose to live and the growth in economic activity directly affects the demand for land for development, infrastructure and other services the

Council provides. This growth underpins land use planning, infrastructure developments, where and when new services and facilities are required and their cost.

In June 2023, Marlborough's population was estimated at 62,200, an annual growth rate of 1.2% per annum over the 2022 population estimate of 51,000. More than 50% of the Marlborough population lives in Blenheim, with a further 14% in Picton and Renwick. Most population growth since 2006 has occurred in Blenheim and Renwick. Although Picton has recently seen an overall decline in usual resident population, there was strong growth in Waikawa. Prime building land in Waikawa is becoming less readily available and future growth in this area may be limited.

On 31 March 2021, Statistics New Zealand provided a range of population projections. These were updated for latest

numbers at the end of 2023. The low, medium and high growth scenarios for the Marlborough region for both population and houses are shown on the following graph. As the sunniest area in New Zealand, our climate, beautiful environments and healthy economy will continue to attract people to our area. This will help to counter balance the general trend for provincial New Zealand to loose population to the major centres.

Partly because of this uncertainty planners use the medium to high projection as a basis for planning future service provision in Marlborough. There are long lead-in-times-for-major-projects-due-to-public-consultation-land-purchase-negotiations, resource consent approval and construction. Planning conservatively for medium/high growth also provides some future proofing for assets that may have a useful life in excess of 80 years. **This approach has proved sound with Marlborough's actual growth exceeding the "High" predictions.**

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Deleted: This year because of COVID-19, BERL provided three inflation scenarios, i.e. Stalled Rebuild scenario, Mid-scenario and a Faster rebuild scenario. Council is using the Mid scenario as it is seen by BERL as the most likely. ¶

BERL comments: ¶
That its mid-scenario might be thought of as a likely scenario. In line with the RBNZ scenario, the risks to this scenario are mostly on the downside. It is more likely that growth and employment is more likely to be lower than higher in this scenario. The assumptions are consistent with Treasury and RBNZ forecasts and include BERL's adjustment for the historic record of time taken to recover from previous economic crises. ¶

This scenario is likely to be applicable to most councils, and especially for those in areas that: ¶

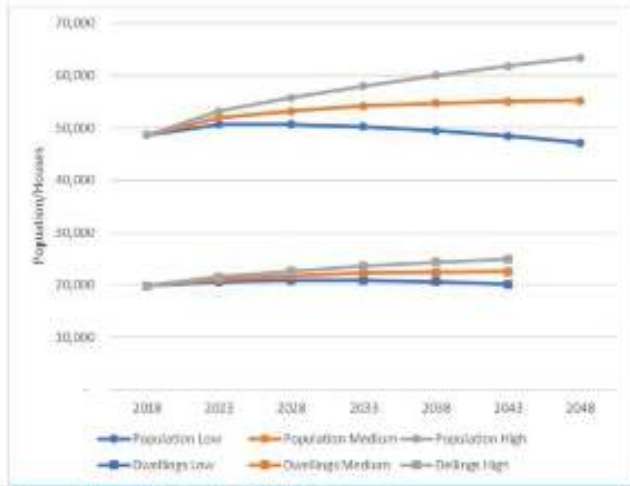
a) Have a diverse economy without an overreliance on the worst affected industries of tourism and retail trade; ¶
b) Have relatively sound infrastructure and do not expect to engage in significant infrastructure upgrades in the next decade; ¶

c) Have a growing young population; ¶
d) Have a high proportion of employment in local and central government; and ¶

a) Have a high proportion of employment in knowledge work generally. ¶
We expect that areas of New Zealand whose economies fit this description are likely to experience a prolonged but generally healthy recovery. This assumes continued support from local and central government. ¶
Currently

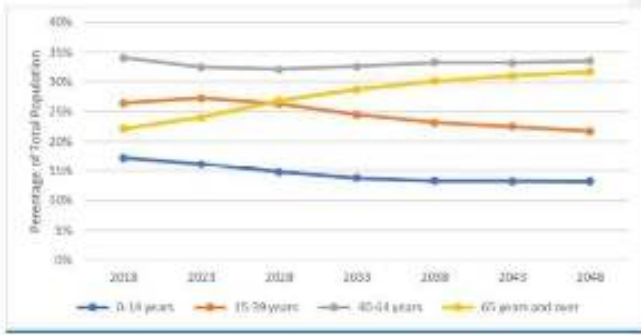
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(source: Statistics New Zealand 2018-2048 projections)

Marlborough has one of the highest proportion of older people in New Zealand, with 22.2% of our population aged 65 or more in 2018. By June 2023 that had increased to 23.5% (23.9% in 2021) and is forecast to increase further to almost 35% by 2048. The change in Marlborough's age distribution between now and 2048 is clearly shown in the graph below.



(source: Statistics New Zealand 2018-2048 projections, updated 2023)

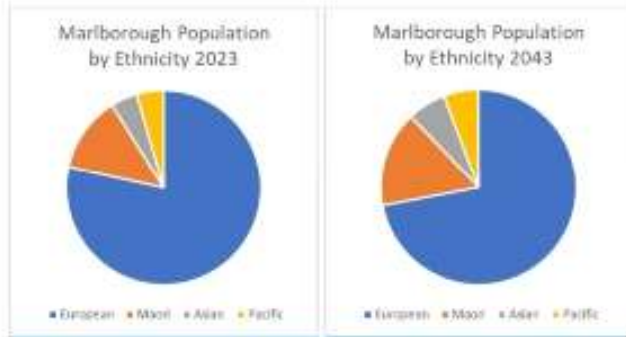
The increasingly elderly population and fewer working age people needs to be taken into consideration in financial planning, particularly when setting rates as affordability issues could arise as a large percentage of this group are on relatively fixed incomes.

The trend for growing urban centres and fewer people living in rural areas is expected to continue, as older people generally prefer to live closer to the services provided in larger centres. The provision of infrastructure in smaller settlements and the method of funding may need to be considered in the light of these projections. This may also result in new and or different levels of services being requested.

Older people are also more likely to prefer smaller houses and units, near the urban centres. Providing for this market could lead to urban intensification through regeneration of the existing housing stock.

Marlborough is also becoming a more ethnically diverse community. The Maori population is forecast to increase from 7,380 (14% of the total population) in 2023 to 10,550 (19%) by 2043. Increases in all other ethnic groups are also forecast to occur, however proportions will change. For example while NZ Europeans will still be making up the largest percentage of the population, it will marginally drop from 48% in 2023 to 47% in 2043.

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(source: Statistics New Zealand ethnic population projections, updated 2023)

Changes in the age of our population and increasing ethnic diversity could change the demand for different Council services.

Also changing are settlement patterns. The current urban settlement pattern consists of an average of 10-11 properties per hectare. The Development Contribution Policy helps to encourage urban infill by offering reduced charges for the subdivision of small residential sections. Urban intensification would help to reduce further urban spread and subsequent extension to the linear infrastructure. Costs per connection would decrease and improve the affordability of these services. According to historic Building Consent and Development Contribution information, growth is estimated to increase by 125 household equivalent units annually for the next ten years within Blenheim. This demand is expected to be much higher in the first few years, and drop off over time. Blenheim traditionally accounts for about 60% of all building consents for new dwellings, the remainder in the wider district.

Council believes that, as development increases the consumption of its current infrastructure capacity and accelerates the requirement for new infrastructure, developers should bear the cost of this increased demand.

Through the application of its Development Contributions Policy to fund the cost of this additional infrastructure, Council is seeking to achieve an appropriate balance between encouraging growth and reduce the potential for additional burden on the ratepayer.

Undertaking development in a planned, co-ordinated manner can reduce costs as infrastructure development is not responding to "ad hoc requests" for isolated, scattered, piecemeal development. Responding to ad hoc development can mean that parts of the infrastructure networks are replaced earlier in their life than optimum while allowing other parts of the network to remain comparatively underutilised.

5. Government requirements

Currently existing government requirements are having a significant impact on Council's cost structures. Government requirements affect the whole of Council, with requirements ranging from the level of training required for staff, to Traffic Management Requirements, to infrastructure standards to monitoring standards. The anticipated impact is of such significance that Council continues with its increased "Rates Cap". In addition to previously known Government requirements, there are further National Environment Standards, Environmental Policy Statements, Resource Management Act reviews and the reverting to Council of the delivery of the Three Waters. Council has included into its budgets the anticipated costs of delivering Government's requirements where they can be identified with some certainty.

[Council has included the full cost of operating, maintaining and developing the Marlborough Three Waters assets in this LTP.](#)

Balancing the budget

The Council is required under the Local Government Act 2002 to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses i.e. Council must demonstrate financial prudence.

In assessing financial prudence consideration is to be given to:

- The estimated expenses and required revenue to achieve and maintain the predicted levels of service provision set out in the Long Term Plan, including the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life;
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life;
- The funding and financing policies.

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During the development of the 2024-34 Long Term Plan, the Council considered how to maintain its current levels of service, operating expenditure and capital expenditure needed to replace existing assets and provide new infrastructure and facilities to meet the levels of growth that are forecast within the 10 years of the Long Term Plan. The Long Term Plan as presented should, for the majority of activities, enable Council to maintain current levels of service.

The Council is forecasting that its Activity expenditure will increase from \$114 million in 2020-21 to \$171 million in 2030-31 an increase of 50%. The increase is primarily due to investments in infrastructure including Community Facilities, improvements in levels of service, especially in the environmental and Solid Waste Management areas, the projected movement in the LGCI and additional central government requirements.

Borrowing over the period of the Long Term Plan will increase. Borrowings net of investments and debt raised on behalf of subsidiaries (Port Marlborough and Marlborough Airport) are proposed to increase from the \$84 million shown in the 2020-21 Annual Plan to \$234 million in 2030-31 year, to fund a \$729 million capital program. Council is anticipating that it may be outside this "Cap" from 2027 onwards. Also based on the experience gained from Council's previous plans actual requirements are likely to be less than currently forecast.

Much of the increase in debt has been driven by Council's need to invest in infrastructure. Investment is needed to renew assets that are reaching the end of their economic life, to meet new standards and Resource Consent conditions and growth. Marlborough is currently experiencing higher levels of population growth than has been the case over the not too distant past. Higher levels of growth increases the demand for additional Council infrastructure and while the growth component is paid for via Development Contributions in the long term, Council must fund the cost upfront.

Development contributions have been reviewed accordingly to fund growth related expenditure. The "Financial Trends and Summaries" section of the report below provides the extent of capital works and the funding sources.

Over the course of the Long Term Plan borrowing specifically related to the recovery of the storm damaged roads in the Marlborough Sounds grows to circa \$100m. Council has developed a cost recovery strategy that sees costs shared amongst the communities affected as well as those ratepayers outside

areas of direct impact. This methodology has resulted in an equitable distribution considering the social and economic benefits of the work being undertaken.

Under section 101 of the Local Government Act 2002, Council considered its financial management responsibilities where it must manage revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The Council also considered whether it was sustainable to undertake the level of capital expenditure proposed in the Long Term Plan together with increased operating costs associated with the higher debt level. If the Council has too much debt then future ratepayers will subsidise current ratepayers. If population growth, which is expected to fund the growth portion of assets incorporated into the capital expenditure programme, does not occur or occurs at a slower rate this may either increase rates or slow the delivery of capital projects.

Council has had the policy of fully funding depreciation except for Community Assets has been continued in the Long Term Plan and is considered an appropriate measure to ensure the concept of intergenerational equity is maintained. That is, current ratepayers will pay for its use and a share of its replacement cost in relation to the assets provided.

In summary, the rate movements have been affected as a result of:

- Price increases – cost adjusters (inflation) that have been applied to the estimates within the Long Term Plan.
- Price increases – in many cases, particularly for infrastructure assets, recent cost adjusters have not matched what Council is actually seeing in terms of cost increases
- Growth – while development contributions fund much of the growth related capital expenditure, additional developed land and services need to be maintained and add to the Council's operational expenditure. Generally the additional costs are met by the rates recovered from the extra ratepayers.
- Service levels increases – for some services, such as water supply, sewerage and environmental activities, a greater total rate take will be required.

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- Depreciation and interest payments – the increased capital expenditure programme will mean that there will be a corresponding increase in depreciation and debt servicing costs that will be required to be met through fees and charges and rates.
- Additional central government requirements.

Rates, rates increases and rate increase limit

Council is very conscious of the impacts of rates increases in the community, the community's wish to maintain or enhance current levels of service and the underlying cost drivers that Council has limited ability to control. The underlying cost drivers particularly relate to the materials that go into building and maintaining infrastructural assets i.e. diesel, bitumen, pipes and other construction materials. Council has reviewed the Capital Expenditure Programme and looked to defer projects where possible without significantly affecting levels of service.

Existing Reserves and Development Contributions are the first sources for funding capital expenditure. The balance is generally funded by loans, predominantly on a 20 year table mortgage basis. Loans have a rating impact, but as their repayment is spread, they reduce the burden on current rates and spread the costs over those future ratepayers who will also benefit from the asset being created. Increased operating and in the longer term maintenance costs also result.

Because Council's costs are not the same as the costs faced by households e.g. food, housing, transportation etc as measured by the CPI, Council has decided to use the specifically developed LGCI as its inflation benchmark. It has further decided that it will aim to keep increases in total rates below the LGCI movement plus 3%. Council has decided to lift its previous "Rates Cap" to recognise the additional costs being imposed on Council by central government. The following table shows forecast rates increases, LGCI movements and the difference between the two showing where Council has exceeded the LGCI plus 3% stated above.

The impact of the voluntary targeted rates (clean heating and irrigation) has been removed as they only affect a relatively small number of ratepayers and are only incurred after voluntarily agreeing to receive the service.

The table shows that Council is outside its "Rates Cap" between 2023-2028. In 2023 and 2024 Council marginally exceeds the rates cap due to operating

costs associated with an increased capital programme. In 2026 the cap is slightly exceeded due to the start of the Flaxbourne voluntary targeted rate.

In 2021 Council introduced the concept of the COVID Rates Relief Reserve which was to be funded by unallocated revenue from river leases and subsidiary dividends that would have become available had the previous Government's three waters reforms occurred. Council now needs to repay the arising funding deficit. This will be achieved over the following 3 years, 2025-2027, by a phased partial sale of NZ Units, which Council holds as part of the New Zealand's Emissions Trading Scheme.

The amounts shown above are the total rates increases across the District. There will be properties that will pay less and others that will pay more, depending on the services that they receive. Samples for areas across the District are provided within the Long Term Plan, "Rates Movements" section. The other point to note is that while this document sets out Council's plans for the next 10 years, each year it reviews its priorities and need to undertake capital projects with the objective of reducing rates.

Financial trends and summaries within the ten year plan

Operating expenditure

The following graph shows that total Activity related operating expenditure is forecast to increase from \$114 million in 2020-21 to \$171 million in 2030-31 an increase of 50%.

Operating revenues

Total Operating revenue (from the Funding Impact Statement) is forecast to rise from \$111 million in 2020-21 to \$182 million in 2030-31.

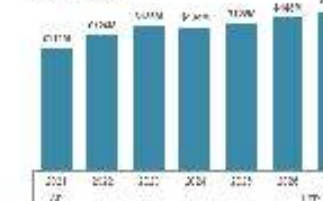
The following graph shows the sources of operating revenue throughout the Long Term Plan.

Deleted: In 2025 the main reason is cessation of assistance from the COVID Rates Relief Reserve. Recognising that the impact of rates increases on the community, Council has decided to establish a new Reserve called the COVID Rates Relief Reserve funded by anticipated unallocated revenue from river leases and subsidiary dividends. Council also decided to make allocations from this Reserve for a period of three years. Three years was decided as it is hoped that COVID will be well behind us by then and the likely Government reforms on the delivery of the Three Waters will prompt a significant review of the whole structure of Council's rating.

	2021	2023	2024	2025	2026
Rates	5.1%	6.4%	5.7%	9.7%	5.7%
Rates Cap	6.7%	5.9%	5.5%	5.5%	5.6%
Delta (Below Rates Cap)	1.6%	-0.5%	-0.2%	-4.2%	0.1%

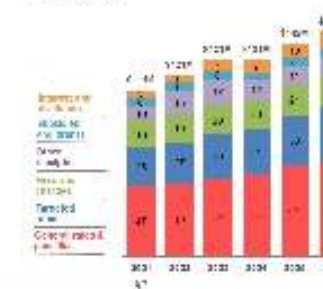
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Activity operating expenditure per annum (in millions)



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Annual Operating Revenue by Category (in millions)



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Capital expenditure

The Council currently has assets worth almost \$1.6 billion. During the next 10 years the Council is planning to undertake capital expenditure of:

- \$170 million to meet additional demand (including vested assets)
- \$259 million to improve the levels of service
- \$300 million to replace existing asset
- \$729 million in total

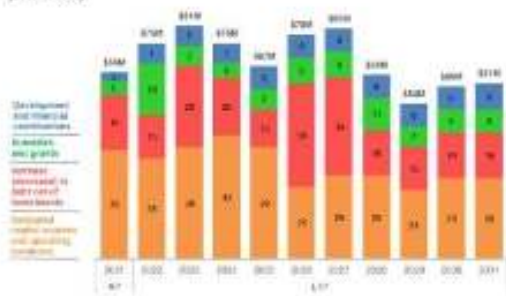
The following graph shows the amounts being spent on each capital expenditure category to meet community expectations (levels of service), replacement of existing assets and additional demand/growth over the Long Term Plan.

In each Activity section there is a list of major capital projects planned over the 10 years of the Long Term Plan. A number of these projects have been spread out to coincide with growth, need and/or affordability.

Capital funding sources

The following graph shows the capital funding sources planned to fund the capital expenditure.

Annual Capital Funding Sources (in millions)



External debt

Council will continue to assess market interest rates and look to lock in longer term rates where possible and appropriate to do so.

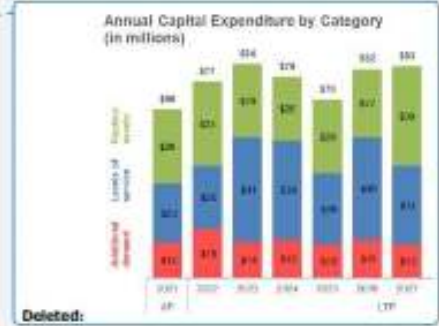
External debt is only raised after development contributions, reserves and other funding sources have been used. Despite using external debt as a last resort, net borrowing is proposed to increase from the \$84 million shown in the 2023-24 Annual Plan to \$234 million in 2033-34 year, to fund the \$729 million capital program. However, as stated earlier in actuality this level of debt is very unlikely.

Note these values are Net Debt, after deducting the \$12 million of investments held as part of its disaster recovery planning and the borrowings made on behalf of the 100% owned MDC Holdings Ltd Group, which includes Port Marlborough NZ Ltd and Marlborough Airport Ltd.

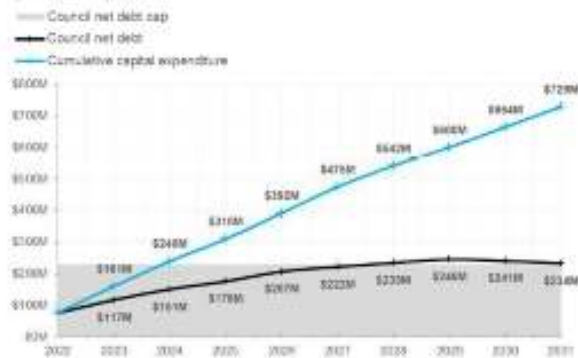
The graph below shows the trend over the Long Term Plan for Council's net debt and cumulative capital expenditure. This graph includes an allowance for price movements based on the BERL forecasts. This graph clearly shows the capital expenditure programme in the initial years is linked to a corresponding movement in loans required to fund this work. In outer years depreciation on the increased asset base funds capital expenditure and there is a reduced reliance on debt.

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Council net debt compared to cumulative capital expenditure (in millions)



Debt levels and interest costs

The Council Treasury Policy includes the Investment and Liability Management Policies. The Council has established a net debt cap of **\$230 million**.

Council has adopted the LGFA's borrowing covenants in accordance with advice received from the Council's Treasury Advisor.

The Council is a shareholder and lender of the LGFA. This has enabled Council to achieve a lower cost of funding. The Council comfortably meets all the covenants the LGFA has set for Councils to borrow from it.

The table below identifies each covenant and how Council compares against each one.

FINANCIAL COVENANTS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net debt / total revenue <250%	54%	64%	100%	116%	128%	132%	133%	136%	132%	122%
Net interest / total revenue <20%	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Net interest / annual rates income <30%	4%	5%	6%	6%	6%	6%	6%	6%	6%	6%
Liability > 10%	152%	136%	120%	125%	121%	120%	116%	118%	119%	110%

Security on borrowing

The Council generally does not offer assets, other than a charge over rates or rate revenue, as security for general borrowing programmes through its Debenture Trust Deed.

Limit on borrowing

Borrowing is a means by which those who pay the cost of providing an asset can be better matched with those who benefit from the use of these assets.

Current ratepayers may form the view that borrowing is the answer to reducing rates increases. However, borrowing is not without cost. The immediate cost is interest. The less obvious costs are:

1. The loss of flexibility Council would face if debt levels rose too high. At the extreme is when Sovereign nations are directed to undertake certain actions by their bankers as happened in the GFC. In Council's case it would be by its Debenture Trustee.
2. Council and, as a consequence, ratepayers are impacted upon more severely by increases in interest rates.

As a result Council must also look to keep debt within acceptable levels. The best way of doing this is to constrain capital expenditure. Council has done this by managing its investment levels in Capital Projects.

There are a number of benchmarks that exist for evaluating if Council's proposed level of debt is too high. These include obtaining a credit rating and adopting the LGFA's parameters as set out above. Currently Council has AA₊ negative watch credit rating from S&P Global Ratings (formerly Standard and Poors). As can be seen from the above table Council easily meets the covenants outlined above. To ensure Council continues to meet these tests it

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is proposed that net debt remain below \$230 million for the period of the Long Term Plan.

Interest rate risk

The Council enters into swap arrangements to mitigate against interest rate risk. However, because of Council's comparatively low level of current debt, it is unable to fix the interest rates until the forecast increased level of debt is actually required. In the event that interest rates moved resulting in a 1% movement above that provided for in the 10 Year Plan for Council only debt, this would provide the following increase in rates:

For the year ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
1% interest rate movement (\$000)	927	1,434	1,838	2,524	2,744	2,967	3,281	3,452	3,484	3,460
Average cost per rateable property (\$)	35	54	70	96	104	113	124	131	132	133

Funding depreciation

Council intends to continue funding depreciation in accordance with its Revenue and Financing Policy, which requires the funding of depreciation for all assets except for some Community Facilities (cemeteries, street trees, plots and berms, halls and reserves) and rivers, quarries, drains. Roading where depreciation is only half funded because of the NZTA financial assistance rate of 51%), and Southern Valleys Irrigation Scheme. The revenue collected to fund depreciation will initially be used to repay the debt and then to finance new and replacement assets. Any unused revenue from depreciation will be separately accounted for in the appropriate depreciation reserve.

[Following the 2024 revaluation of three water assets a significant increase in depreciation was signalled. Council has looked to re-align depreciation funding back to 100% following this change.](#)

Operating surpluses

Council also generates operating surpluses each year. These accounting surpluses shown in the Forecast Statement of Comprehensive Revenue and Expense are driven primarily by:

- The need for revenue to meet the principal repayments relating to increasing levels of debt that have arisen as a result of Council's significant Capital Expenditure Programme; and
- That Generally Accepted Accounting Practice requires vested assets and capital contributions, including development contributions, and NZTA financial assistance for roading capital works to be treated as operating revenue. In reality these items are used to fund capital as compared to operating expenditure.

Any remaining surpluses will be used to defer the need for increasing debt. As a result of the significant recent expenditure on new assets, Council is currently in a period of low renewals. However, as these assets age, the need for renewals will increase, as shown in Council's Infrastructure Strategy, particularly in the years post this Plan. As a result, it is important for Council to retain a strong balance sheet and continue to fund depreciation.

Equity investments and other interests

Council holds investments in:

- MDC Holdings Ltd and its subsidiaries - Port Marlborough NZ Ltd and Marlborough Airport Ltd.
- Marlborough Regional Forestry.
- Investment Bonds and Term Deposits.

MDC Holdings Limited

MDC Holdings Ltd was established to:

- Separate Council's commercial trading activities from the other functions it carries out; and
- Bring Council's main trading activities into one structure.

For the most part MDC Holdings Ltd is charged with operating in a completely commercial manner. As such the only significant target is to generate a tax

paid return on shareholder's funds of at least 7.0%. This target is reviewed annually when Council considers the MDC Holdings Ltd's Statement of Intent.

In addition to the commercial returns received, Council through MDC Holdings Ltd's subsidiaries (Port Marlborough NZ Ltd and Marlborough Airport Ltd) promotes Regional Economic Development as it provides means for the arrival and departure of visitors and the import and export of goods.

Marlborough Regional Forestry (MRF)

The Council has an 88.5% ownership interest in MRF, with Kaikoura District Council owning the remaining 11.5%. MRF, a Joint Operating Committee of both Councils, has approximately 5,000 hectares of commercial forest with 4,321 hectares owned and the balance in predominantly leasehold title. This forest is managed on a rotation period of approximately 30 years with minor variations in this period based on market conditions. The forest had a value of \$35.2 million as at 30 June 2023. As a result of this holding Council is entitled to a share of 110,000 NZ Emission Trading Units (NZETUs) almost entirely from pre 1990 forest (current value circa \$8.5 million). The current intention is to replant the forest following harvest. Providing the replanting policy is maintained MRF should not be required to surrender NZETUs to meet the obligations imposed by the Emissions Trading Scheme on harvest. Council has recently sold xx units in order to fund the purchase of an additional forestry block and will sell further units to finance the purchase of a further block.

Council is not expecting to generate cash proceeds from its investment in MRF for the majority of the period covered by the LTP as there will be insufficient mature trees available for harvest to generate a profit. It is currently projected that harvesting will begin in 2028-29 and from this period onwards significant returns should be generated depending on the internationally determined market price as the forest will be on its second rotation and not require expenditure on the development of roads and other infrastructure.

Council also has significantly smaller holdings of trees in its own right, but these are held predominantly for river protection and not for financial return.

Investment bonds and term deposits

Council holds approximately \$12.0 million of investment bonds and term deposits as part of its Disaster Recovery Planning. It is expected that the rate of return received should be similar to the cost of Council's external debt.

LGFA

Council is a shareholder/member of the LGFA. The LGFA is a Council Controlled Trading Organisation (CCTO) set up by specific legislation. A key objective of the LGFA is to provide a funding vehicle that would enable local authorities to borrow at lower interest margins than would otherwise be available.

The LGFA is 'AA+' rated from S&P Global Ratings. This is the same as the New Zealand government's domestic rating.

All local authorities are able to borrow from the LGFA. As at 30 June 2023 the LGFA had advanced 24.7 billion to local authorities generating an estimated saving of approximately 0.2% in interest costs. The amount expected to be advanced by 30 June 2024 is \$18.2 billion.

The LGFA's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA cost of funds plus 2.00% over the medium term. Noting however, that the payment of any dividend will be subject to the LGFA Board meeting its legal obligations and its views on appropriate capital structure.

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9. Draft Revenue and Financing Policy

(Report prepared by Geoff Blake)

D050-001-L24

Purpose of Report

1. To provide a further update on the potential changes to the Revenue and Financing Policy.
-

RECOMMENDATION

That the LTP Working Group note the proposed changes in the policy to date.

Background

2. The policy was reviewed at the last LTP working group and minor changes have been made subsequent to the meeting, with the overall intent remaining as originally submitted.
3. A marked up copy of the Policy is attached.

Attachment

Attachment 1 – Draft Revenue and Financing Policy

page [79]

Author/Authoriser	Geoff Blake, CFO
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Attachment 1

2024-34 Revenue and Financing Policy					
Version no	1	CM Reference	2100965		
Approved by	Council				
Last review date (if applicable)	31.01.2024	Next review date	2027		
		Select review period	1yr	2yr	3yr
Policy owner	Chief Financial Officer				

Revenue and Financing Policy

- The Revenue and Financing Policy provides a summary of Council's funding policies in respect of both operating expenses and capital expenditures. Council reviews its funding policy at least every three years. The last review was completed prior to the initiation of the 2024-34 Long Term Plan (LTP), and changes adopted are detailed in paragraph 14.
- Sources of funds available to Council are as follows:
 - General rates.
 - Targeted rates.
 - Lump sum contributions.
 - Fees and charges.
 - Interest and dividends from investments.
 - Borrowing.
 - Proceeds from asset sales.
 - Development contributions.
 - Financial contributions.
 - Grants and subsidies.
 - Regional Fuel Taxes.

- Other sources permitted by statute.

- Council's Revenue and Expenditure Policy deals with the revenue and financing mechanisms at a "Sub-Activity" level. Sub-Activities are a sub-set of "Activities", which in turn are a sub-set of "Activity Groups" using two examples:
 - One of Council's Activity Groups is "People".
One of People's Activities is "Community Support".
One of Community Support's Sub-Activities is "Grants and Donations".
 - One of Council's Activity Groups is "Community Facilities".
One of Community Facilities' Activities is "Reserves".
- In determining which funding sources were appropriate, Council gave consideration to the following matters in relation to each activity to be funded:
 - How Activities contribute to Current/Future Social, Economic, Environmental and Cultural Well-Being of the Community (5.1);
 - The community outcomes to which the Activity primarily contributes (5.2);
 - The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals (5.3);

- The period in or over which those benefits are expected to occur (5.4);
 - The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity (5.5);
 - The costs and benefits, including consequences, for transparency and accountability, of funding the activity distinctly from other activities (5.6); and
 - The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.
5. Prior to determining the "Residual amount to be funded by General-type Rates", Council identified all other funding sources appropriate to each activity. These other sources, and the approach taken by Council are listed in Tables 9.1 Operating Expenditure and 9.2 Capital Expenditure, which highlight the funding sources for every Council activity and any sub-activity which may exist.

The table in paragraph 10 illustrates how the residual rate funding requirement for each activity/sub-activity is proposed to be met, after provision has been made for the revenue sources identified Tables 9.1 and 9.2 and having given consideration to the matters in paragraph 5.

Council believes that its use of these rating tools will result in a fair and equitable funding result for each Activity.

Fees and Charges

These have been set at a level to recover private benefits where it is practical and economic to do so, unless there have been determinations arising from previous funding reviews to fund all or part of such benefits from rates as is the case for Libraries.

Grants and Subsidies

These are sought and applied for whenever they are available.

General Revenues

These are allocated to Geographic Rating Areas in proportion to the gross general-type rates and charges applicable to those Areas.

General-Type Targeted Rates and Charges

The proportion of each activity's costs to be met from general-type targeted rates and charges is detailed in Table 9. The allocations in that table reflect Council's assessment of the benefits, and demands, which should be funded by land value rates, and the benefits and requirements which should be funded by uniform annual charge. In these instances Council believes separate general targeted rates and charges are the most equitable funding mechanism based on the benefits assessed for each targeted geographic area.

Separate differential categories are utilised for general-type rates and charges, and these are specified in each year's Funding Impact Statement. Council currently has six geographic areas and three categories of land use for each of these areas.

Separate Targeted Rates and Charges

Targeted rates and charges are levied to meet the full cost of water and sewerage schemes, refuse and recycling collections, defined roading improvements, Wairau River catchment flood protection works, defined marketing and tourism activities and for other services where Council has been requested to levy such rates. In these instances Council believe separate targeted rates are the most equitable funding mechanism based on the benefits assessed for the targeted area.

Council has adopted differential land value rates to fund the debt servicing requirement of the Combined sewerage and water schemes, which takes account of the median land values for each scheme; and of funding operating costs by way of a common uniform annual charge for the Combined sewerage scheme and a differential uniform annual charge for the Combined Water Scheme. The most significant benefits derived from these combined single sewerage and water funding schemes are a smoothing of rating spikes in smaller schemes and better cash flow management through the timing of capital works.

Council has adopted differential capital value rates to fund Wairau River catchment flood protection works.

Note:

The combined sewerage and water rates and charges do not include the initial debt servicing requirements for any new schemes not paid by lump sum contributions.

For the 2024-2034 LTP there is a separate identified rate proposal which has been developed for the recovery of the storm damaged roads in the Matihemuroh Sounds. Councils share of the recovery costs, net of NZTA's financial assistance rate, will be funded by debt which this targeted rate will recover.

6. The following explanations will give readers an understanding of terminology used in this policy statement. Unless otherwise specified, the term:

- Uniform Annual Charge (UAC) or Charge refers to a targeted rate of a uniform amount calculated on each separately used or inhabited part of every rating unit; or for some charges, on every rating unit.
- General-type targeted Rates are rates that are targeted to a particular geographic rating area or a differential rating area group. (These rates are based on the land value of each property).
- General-type targeted Charges are charges that are targeted to a particular geographic rating area. (These charges are set differentially for the six geographic areas as a fixed amount on every separately used or inhabited part of a rating unit).
- Separate targeted Rates are rates that are targeted to a particular area of benefit, e.g. Water, Sewerage, Sounds Roads. (Separate targeted rates are based on the land value of each property other than Wairau Valley River Works Rates and the Kenepuru Road Rate which are levied on capital value, or the Southern Valleys' Irrigation Loan Rate and the Fiakbourne Community Irrigation Scheme Loan Rate which are based on irrigable hectares) or the Energy Efficiency rates which are based on the service amount.
- Separate targeted Charges are charges that are targeted to a particular area of benefit e.g. Water, Sewerage.
- Land values, capital values or rating units refers to rateable land values, rateable capital values or rateable rating units as the case may be.
- Residual Rate Funding Percentages refer to the residual amount to be funded, after allowance for sources of funds other than rates.

- Funding relationship weightings refer to a methodology for allocating the various general-type rates and charges where the highest weighting is always expressed as 100.
 - Where a weighting shows as zero, there is no contribution from that area. Where a weighting shows as a number between zero and 100 (e.g. 55), that area will pay a rate or uniform charge (as the case may be) of 55% of any area that has a weighting of 100.
 - If all areas have a weighting of 100, the rate in the dollar or uniform charge (as the case may be) will be the same for all areas.

Separately used or inhabited part of a rating unit (SUIP)

A SUIP includes any portion inhabited or used by the owner or a person other than the owner who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement. It includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.

A rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

Vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.

Exceptions to the definition:

- Predominantly residential rating units where the owner of the unit resides and operates a business (including a homestay or farmstay activity) from the same rating unit will be charged as being one SUIP.



- Motels, and hotels used for commercial rental and dwellings used by owners or managers of a hotel or motel are treated as one business use even though each accommodation unit may be capable of separate use.



Examples of the application of the definition

- Where a rating unit has two separately used parts, whether or not actually occupied at any particular time, they will be treated as two SUIPs.



- Where a rating unit contains both a commercial or industrial type use, and a residential or rural type use they will be treated as two SUIPs.



- Where a number of different businesses are located on one rating unit, each separate business will be assessed as a SUIP.



The Council has adopted the following differential rating categories for general-type rates:

Residential or Rural

All land used for a private residence and all land used for rural purposes. "Private residence" excludes rest homes and residential establishments that provide residential care. It also excludes all forms of commercial accommodation.

"Rural purposes" means any agricultural, horticultural or pastoral purpose and includes the keeping of bees, poultry or livestock. This group will

include all rating units not otherwise categorised within a specified differential category.

Forestry is included in this category for the purposes of the General Works and Services Rate.

Commercial or Industrial

All land used for a commercial or industrial purpose. "Commercial purposes" includes but is not limited to, any trade or service or activity undertaken or provision of facilities, by any person with a view to making a profit irrespective of whether a profit is actually made, or charging any fee or deriving any other consideration in relation to the trade or service or activity or provision. "Industrial" includes a business, manufacturer, undertaking, or service associated with the production of any type of goods. For the purposes of the General Works and Services Rate, this differential category includes residential rest homes and residential establishments that provide residential care and all forms of commercial accommodation as well as rating units otherwise assessed as "utilities".

Commercial accommodation includes but is not limited to the provision of accommodation for a fee or other consideration with the exemption of:

- Properties where the principal purpose is the provision of longstay accommodation, i.e. 25 days or more.
- Properties that provide accommodation for five or less people.
- Properties that were originally constructed as residential properties that provide accommodation for six or more, which are included in the homestay or farmstay category.

Homestay or Farmstay

Includes all rating units that are used for a homestay or farmstay activity on land predominantly used for residential or rural purposes, where a Building Act or Resource Consent was required for such a use.

Utilities

Land used for an essential service such as water, electricity, gas, telecommunications or sewerage.

Multiple Land Uses

The Council will partition a rating unit where there are two or more land uses that fit into different differential rating categories except for

predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.

Te Ture Whenua Maori Act 1993

7. The Council will promote the retention of Maori land in the hands of its owners, their whanau, and their hapu; and to protect wahi tapu; and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau and their hapu. Council will do this through the consideration of applications for remission or postponement of rates on Maori freehold land in accordance with the policy adopted by Council regarding remissions and postponements of rates on other land. The Rates Remission and Postponement Policy

Property Valuation System

8. Independent property valuations are provided to Council, under contract by Quotable Value Ltd. The Marlborough District was last revalued on 1 July 2023 and the new values apply from the 2024-25 rating year.

Compliance with Financial Management Requirements

9. The "Activities" that comprise the twelve "Activity Groups" of People, Community Facilities, Roads and Footpaths, Flood Protection and Control, Sewerage, Stormwater Drainage, Water Supply, Solid Waste Management, Environmental Management, Regulatory, Regional Development and Corporate are listed in the following tables together with a summary of Council's consideration of whether activities contribute to the four well beings contained in the Local Government Act 2002 and Council's outcomes in the table below.

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8.1 How activities contribute to Current/Future Social, Economic, Environmental and Cultural Well-Being of the Community:

Democratic Process	The provision of effective decision making and leadership for the community, and through effective public information.
Culture and Heritage	The positive promotion of cultural enrichment, giving residents the opportunity to gain valuable knowledge of their heritage.
Housing for Seniors	The provision of safe and comfortable Senior Housing.
Community Support	Promoting cultural enrichment and opportunities for residents to participate in community life.
Library Services	Providing individuals with the opportunity to enhance learning and contributes to the wellbeing of the community.
Emergency Management	Maintaining readiness to respond to adverse events, and assisting with the health, safety and well-being of the community.
Community Facilities	Promoting recreation and cultural enrichment and opportunities for residents to be involved in community life.
Roads and Footpaths	An efficient road transport network enables the efficient and safe movement of people and goods.
Flood Protection and Control	Adequate river protection minimises the likelihood and potential damage from significant flood events.
Sewerage	Treatment and disposal will protect the health of the community and the environment from adverse effects of untreated or uncontrolled effluent disposal.

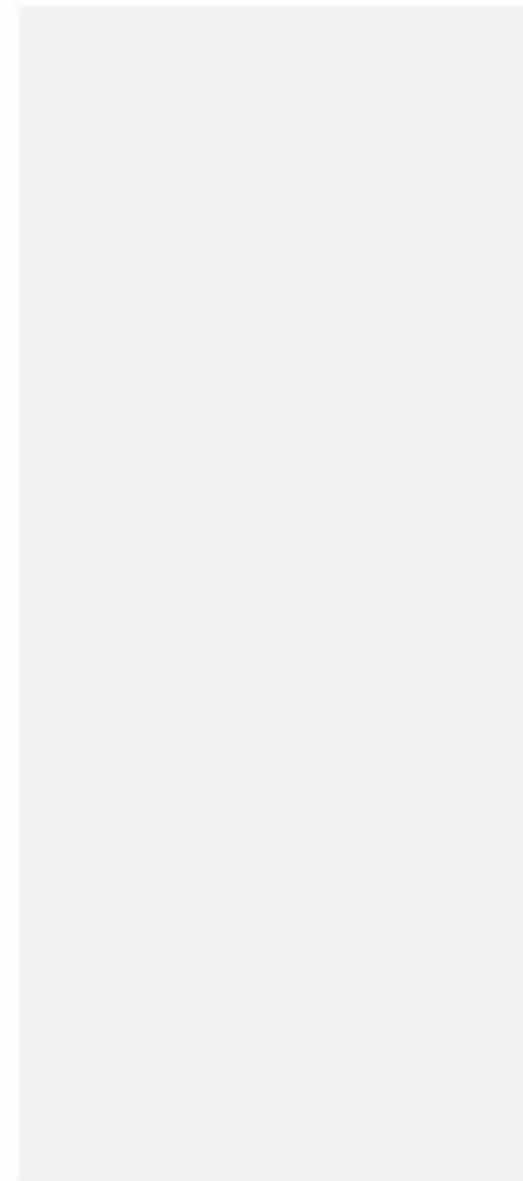
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Stormwater Drainage	An adequate drainage system minimises the likelihood and potential damage of significant rainfall events.
Water Supply	Water is a necessity of life and the supply of water is a critical activity for the health and well-being of the community.
Solid Waste Management	Protecting the health of the community and the environment through the effective collection and treatment of Solid Waste, including recycling.
Environmental Policy	Protecting the sustainability of the community through the development and maintenance of the Marlborough Environment Plan.
Environmental Science and Monitoring	Protecting the sustainability of the community by providing robust science to inform the development of Environmental Policy.
Resource Consents	Providing effective public information and applying due diligence in processing in accordance with the provisions of the Marlborough Environment Plan.
Environmental Protection	Providing effective public information and applying due diligence in processing and maintaining compliance with the conditions contained in Resource Consents.
Biosecurity	Protecting the sustainability of the community as pests have the potential to severely impact Marlborough's largely land and water based industries.
Building Control	Providing effective public information and applying due diligence in processing and maintaining compliance with building industry codes of practise.
Environmental Health	Providing effective public information and applying due diligence in processing and maintaining compliance with food and alcohol legislative requirements in particular.
Animal Control	Through education and diligent policing of this activity.
Harbours	Promoting the safe use and passage of people and goods in Marlborough's extensive waterways.
Regional Development	Promotion of the Marlborough economy and the provision of irrigation and CBD parking.
Corporate	Funding received through these activities contributes to specific community or infrastructure projects or to the reduction of general rates.

8.2 Community Outcomes to which Activities Contribute:

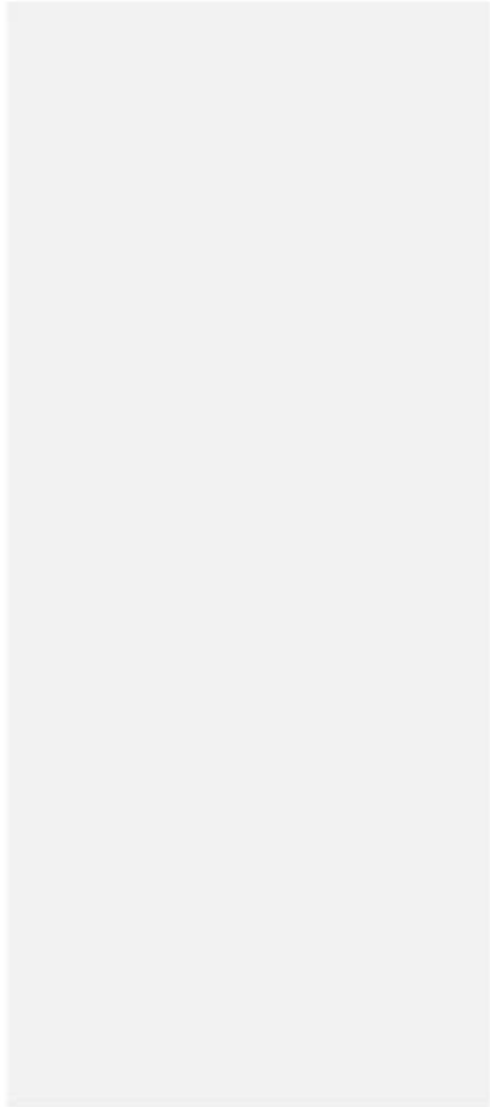


Democracy Process	✓	✓	✓	✓	✓	✓
Culture and Heritage	✓		✓	✓		✓
Hoarding for Services			✓		✓	✓
Community Support	✓	✓	✓		✓	✓
Library Services	✓		✓	✓	✓	✓
Emergency Management	✓	✓	✓	✓		✓
Community Facilities	✓	✓	✓	✓	✓	✓
The Provision of Roads and Footpaths		✓	✓	✓	✓	✓
Flood Protection and Control Works		✓	✓	✓	✓	✓
Sewerage Including Treatment and Disposal		✓	✓	✓		✓
Stormwater Drainage		✓	✓	✓		✓
Water Supply		✓	✓	✓		✓
Solid Waste Management		✓	✓	✓	✓	✓
Environmental Policy	✓	✓	✓	✓	✓	✓
Environmental Science and Monitoring	✓	✓	✓	✓		✓
Resource Consents	✓	✓		✓		✓
Environmental Protection	✓	✓	✓	✓		✓
Biosecurity		✓	✓	✓		✓
Building Control		✓		✓		✓
Environmental Health	✓		✓			✓
Animal Control	✓	✓	✓		✓	✓
Harbours	✓	✓	✓	✓	✓	✓
Regional Development	✓	✓	✓	✓	✓	✓
Corporate	✓	✓	✓	✓	✓	✓



8.3 Distribution of Benefits

Group	Activity	District-wide	Targeted area	Individuals
People	Democratic Process	100%		
	Culture and Heritage	100%		
	Housing for Seniors			100%
	Community Support	100%		
	<ul style="list-style-type: none"> • Community Support and Development • Events Management • Energy Efficiency • Passenger Transport • Smart and Connected Communities 	100%	50% 90%	100% 50%
	Library Services	50%		20%
	Emergency Management	100%		
	Community Facilities	50%	50%	
	Roads and Footpaths	100%		
	Flood Protection and Control	20%	50%	
	Sewerage		100%	
	Stormwater Drainage		100%	
	Water Supply		100%	
	Solid Waste Management	15%	15%	70%



Environmental Management	Environmental Policy	100%		
	Environmental Science and Monitoring	100%		
	Resource Consents	40%		60%
	Environmental Protection	40%		60%
Regulatory	Biosecurity	60%	20%	
	Building Control	20%		60%
	Environmental Health	40%		60%
	Animal Control	20%		60%
	Harbours	10%	50%	40%
Regional Development	Regional Development			
	• Economic Development	60%	20%	
	• Marketing and Tourism	70%		30%
	• Research Centre	100%		
	• Commercial Events	100%		
	• Irrigation			100%
	• CBD Parking			100%
• Business Improvement District		100%		
Corporate	Corporate			
	• Investment Income	100%		
	• Petroleum Tax	100%		
	• Non Activity Asset Sales	100%		
	• Development & Financial Contributions		100%	
• Forestry	100%			

8.4 The period in or over which those benefits are expected to occur

Benefits are expected to occur for at least the duration of the 10 year Plan. However, many benefits, particularly in the infrastructure intensive Activities such as Roads and Footpaths, Flood Protection and Control, Sewerage, Stormwater Drainage, Water Supply and Solid Waste Management will last for generations. To better match the time over which benefits are

generated with who pays, Council may use debt as one means of achieving this.

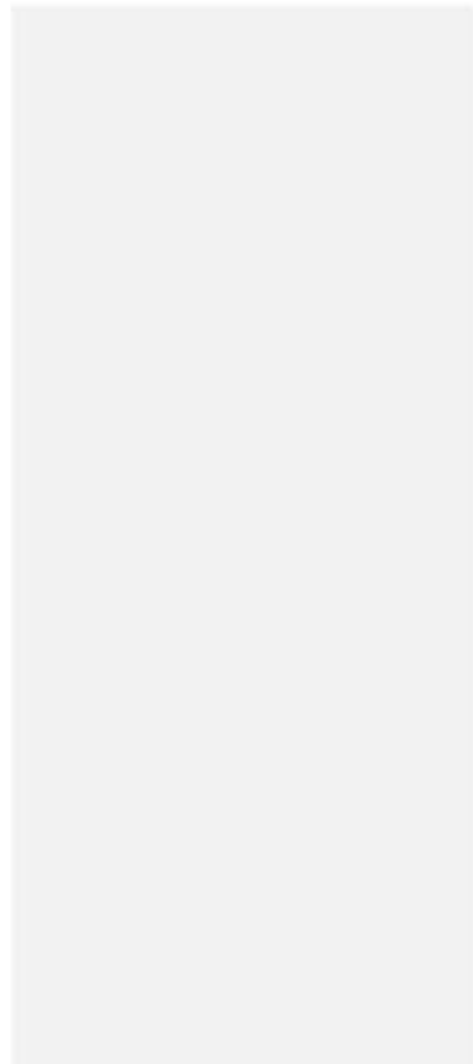
8.5 Extent to which the Actions or Inaction of Particular Individuals or a Group Contribute to the Need to Undertake the Activity.

Democratic Process	Ratepayers and residents are becoming increasingly interested in Council's activities and wanting to become better informed and involved in Council decision making.
Culture and Heritage	Many residents are interested and consider these activities an important part of a balanced community. Arts and culture are seen as essential to the health and well-being of society. Also, a strong community needs to be knowledgeable of its heritage and past achievements to help guide its future.
Housing for Seniors	The social and economic position of some seniors creates the need for Senior Housing.
Community Support	This Activity is very diverse in that it enables the community demand to access a broad range of recreational, arts, cultural, social opportunities, <u>and</u> passenger transport (including Total Mobility).
Library Services	The library is often viewed as one of the cornerstones of society. As such the demand to have a well-resourced functioning library comes from right across the community, because of the opportunity it creates to develop a lifestyle that enhances learning and creates recreational, cultural and social opportunities.
Emergency Management	Regional and national communities need an emergency response capability; knowledge of hazards; and measures to mitigate and contain harmful effects to minimise the damage to the community and speed recovery. Also, individual users need hazard information to provide knowledge of risks that directly affect them and learn how to mitigate the effects.
Community Facilities	As leisure time availability and the diversity of sport and other recreational activities increases there is demand on Council to provide facilities to enable residents to participate and enjoy those activities.
Roads and Footpaths	Users of the roading network create the need for further development and maintenance of the networks from the number of trips that are made and which type of vehicle is used. Light vehicles typically create the need for network capacity, while heavy vehicles create the need for road strength and much of the network's maintenance. There are also requests to further extend Marlborough's sealed road network. In this case the area of benefit will typically make a contribution to those works. <u>In relation to the recovery of the Marlborough Council's storm damaged roads the directly affected area will contribute a greater amount on an individual property basis with a broader targeted rate help to keep the overall rate affordable for all areas in Marlborough.</u>
Flood Protection and Control	Ratepayers have invested heavily in the land, buildings and other developments they own. They want the value in those assets, human life and community access to be protected from flood events. As rain falls across Marlborough and ultimately finishes in the river systems, all property owners are contributing to varying degrees the water volumes in rivers and potential to flood. There is also a desire from residents to preserve or enhance the environment and amenity values of river corridors.
Sewerage	People who are connected to sewer schemes are creating the need for the Council to collect and treat sewerage to protect public health and minimise the environmental damage to the District's waterways. New residential and industrial developments are adding to the demands placed on schemes, requiring Council to undertake new capital works and increase operating costs.
Stormwater Drainage	Owners of developed properties require that there are systems for the collection and disposal of stormwater. New residential and industrial developments are adding to the demands placed on schemes, requiring Council to undertake new capital works and increase operating costs.

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Deleted: and energy efficiency financial assistance

Water Supply	People connected to water schemes are creating the need for the Council to undertake work relating to the availability of potable water. It is considered appropriate for these people to fund the work through targeted rates. New residential and industrial developments are adding to the demands placed on schemes, requiring Council to undertake new capital works and increase operating costs.
Solid Waste Management	Council provides waste management services for public health reasons and to protect the environment. Benefits apply directly to those who are in an area which has kerbside refuse or kerbside refuse and recycling collection services. The Council considers that properties that receive, or will receive, a waste collection service should be responsible for funding expenditure relating to collection and those that dispose of refuse at the transfer stations should pay a disposal fee.
Environmental Policy	The whole Community needs sound policy development, reviews and planning to enable the sustainable management of the District's resources.
Environmental Science and Monitoring	The Community is the primary beneficiary of this activity as the information collected provides the basis for monitoring and reporting, sound policy development, reviews and planning. It should be noted that an increasing proportion of this activity is driven by national requirements.
Resource Consents	Persons or organisations applying for Resource Consents are wanting a fair, transparent approach to the allocation of regional resources in accordance with the Marlborough Environment Plan. Also, other residents want protection of their current rights and ability to peacefully enjoy their property.
Environmental Protection	The whole community needs this Activity to ensure the conditions attached to Resource Consents are in fact met.
Biosecurity	Because of Marlborough's land and water industry, this Activity is needed by the whole community as the management of pests is essential for the District's continued prosperity, environmental sustainability and health.
Building Control	Property owners require assurance that the building that they're looking to purchase has been constructed in a manner that meets building code requirements and earthquake resilience rating requirements.
Environmental Health	As this Activity has a significant food and alcohol focus, all members of the community need to be assured of their health and safety. In addition, with Marlborough having a significant hospitality industry the Activity is needed to protect the district's reputation as visitor destination.
Animal Control	With Marlborough having over 10,000 dogs, this Activity is needed to ensure the safe interaction between dogs, their owners and the remainder of the Community.
Harbours	Marlborough has the largest coastline of any district in NZ. This Activity is needed to ensure the safe use of its waterways by a wide diversity of users including commercial shipping, commercial fishing owners, marine farmers and recreational harbour users. Safe use includes avoiding natural and other hazards e.g., collisions, maintaining a clean marine environment and shorter duration of pollution.
Regional Development	Regional Development is needed by significant portions of the Marlborough community to assist the District to achieve its economic development outcomes, in particular attracting visitors, residents and investment to Marlborough, irrigation, CBD parking and in turn adding value to Marlborough enterprises and enriching the quality of life for Marlborough residents.
Corporate	Corporate activities are needed to provide some balance to the District's funding strategies by providing support to specific projects or events and, in some cases, general rates.

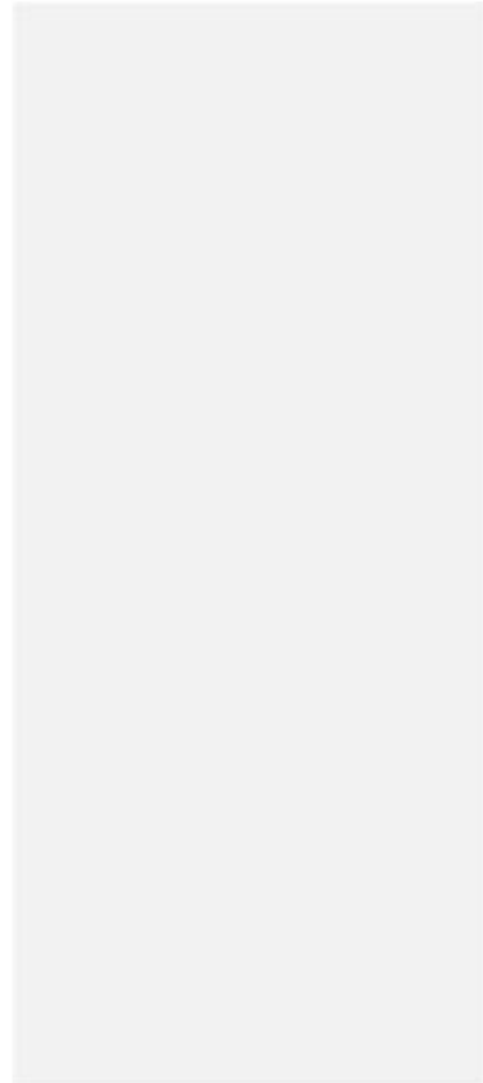


8.6 Costs and Benefits of Funding the Activity Distinctly from Other Activities:

Council has reviewed its Activity and sub activity structure plus its underlying highly detailed Rates Funding Allocation Model and believes that the costs associated with further disaggregation would outweigh the benefits.

8.7 The overall impact of Funding on the Social, Economic, Environmental and Cultural well-being of the community

This Revenue and Financing Policy contains few changes to previous versions, apart from the Sounds Roads Recovery funding, has undergone consultation with this and previous LTP processes, and has delivered significant outcomes for the community. There have been no identified adverse impacts on the community because of this policy.



9.0 Funding of Operating and Capital Expenditure Requirements

9.1 Operating Expenses Funding Policy

The following table summarises Council's possible Operating Expenses Funding Policy at an Activity level:

Group	Activities	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	No	No	No	Yes	Yes
	Culture and Heritage	Yes	No	Yes	No	No	No	Yes	Yes
	Housing for Seniors	No	Yes	No	No	No	No	Yes	Yes
	Community Support	Yes	Yes	Yes	No	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	No	No	No	Yes	Yes
	Emergency Management	Yes	No	Yes	No	No	No	Yes	Yes
	Community Facilities	Yes	Yes	Yes	No	No	No	Yes	Yes
	Roads and Footpaths	Yes	Yes	Yes	No	No	No	Yes	Yes
	Flood Protection and Control	Yes	Yes	Yes	No	No	No	Yes	Yes
	Sewerage	Yes	Yes	No	No	No	No	Yes	Yes
	Stormwater Drainage	Yes	Yes	Yes	No	No	No	Yes	Yes
	Water Supply	Yes	Yes	No	No	No	No	Yes	Yes
	Solid Waste Management	Yes	Yes	Yes	No	No	No	Yes	Yes
Environmental Management	Environmental Policy	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Science and Monitoring	Yes	Yes	Yes	No	No	No	Yes	Yes
	Resource Consents	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Protection	Yes	Yes	Yes	No	No	No	No	Yes
Regulatory	Biosecurity (Pest Management)	Yes	Yes	Yes	No	No	No	Yes	Yes
	Building Control	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Health	Yes	Yes	Yes	No	No	No	No	Yes
	Animal Control	Yes	Yes	Yes	No	No	No	Yes	Yes
	Harbours	Yes	Yes	Yes	No	No	No	No	Yes
	Regional Development	Yes	Yes	Yes	No	No	No	Yes	Yes
	Corporate	No	Yes	Yes	No	No	No	Yes	Yes

9.2 Capital Expenditure Funding Policy

The following table summarises Council's possible Capital Expenditure Funding Policy at an Activity level: The utilisation order of the various funding sources is detailed in paragraph 10, Funding of Capital Requirements.

Group	Activity	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	Yes	Yes	No	Yes	Yes
	Culture and Heritage	Yes	No	Yes	Yes	No	No	Yes	Yes
	Housing for Seniors	No	Yes	No	Yes	Yes	No	Yes	Yes
	Community Support	Yes	No	Yes	Yes	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Emergency Management	Yes	No	Yes	Yes	Yes	No	Yes	Yes
	Community Facilities	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Roads and Footpaths	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
	Flood Protection and Control	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Sewerage	Yes	Yes	No	Yes	No	Yes	Yes	Yes
	Stormwater Drainage	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
	Water Supply	Yes	Yes	No	Yes	No	Yes	Yes	Yes
	Solid Waste Management	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Environmental Management	Environmental Policy	Yes	No	Yes	Yes	No	No	No	Yes
	Environmental Science and Monitoring	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Resource Consents	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Environmental Protection	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Regulatory	Biosecurity (Pest Management)	Yes	No	Yes	No	No	No	Yes	Yes
	Building Control	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Health	Yes	No	Yes	No	No	No	No	Yes
	Animal Control	Yes	Yes	Yes	Yes	No	No	No	Yes
	Harbours	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Regional Development	Yes	No	Yes	Yes	No	No	No	Yes
	Corporate	No	Yes	Yes	Yes	Yes	No	Yes	Yes

10. Funding of Capital Requirements In general, the sources of funds for capital expenditure will be utilised in the following order:

- Capital grants and subsidies (where available).
- Development and financial contributions.
- User charges.
- General revenue sources (see below).
- Council financial reserves, including Depreciation Reserves, Infrastructure Upgrade Reserve and the Forestry and Land Development Reserve.
- Loan raising (which will impact on rates in the form of loan servicing charges).
- Targeted rates (directly charged).

11. Funding of Depreciation and Debt Servicing Costs

In this Plan Council has funded Depreciation and Debt Servicing Costs on the following basis:

- (i) Depreciation has been fully funded for all assets with the following exceptions:
 - Roads, where funding has been adjusted to take account of NZ Transport Agency financial contributions.
 - Halls, Convention Centre, reserves, drains, river channels, retards and Taylor Dam as it is planned that these assets are either maintained in perpetuity, or their replacement is not certain because of changing community needs.
 - Southern Valleys' Irrigation Scheme, where funding is capped at current levels in accordance with practice established following community consultation.
 - Activities with loans as well as a high value of non-depreciable assets, as below.
- (ii) Debt Servicing Costs have been funded from depreciation reserves with the following exceptions:

- In activities with loans as well as a high value of non-depreciable assets debt servicing costs are fully funded from revenues and/or reserves and depreciation is not funded.

Where there is a specific rate or dedicated part of any rate to meet debt servicing costs.

12. General Revenue Sources

There are some revenue sources which are grouped into a separate Activity, labelled Corporate, which are utilised by Council to assist in funding a number of Council activities either directly or indirectly.

These include:

Dividends and Interest from Investments

- Funded to specified Reserves for particular purposes or events (eg. Emergency Events Reserve).
- Used to subsidise general-type rates and charges by way of general revenue allocation.
- Used to fund interest and funding costs on external borrowings.

Petroleum Tax

- Used to subsidise general-type rates and charges by way of general revenue allocation.

Asset Sale Proceeds

- Proceeds from the sale of non-activity assets are used to fund the Forestry and Land Development Reserve.

Development and Financial Contributions

- Contributions received from developments and subdivisions are applied towards the cost of infrastructure to mitigate the effects of growth. (Where capital expenditure can be funded from these contributions, Council will generally use these sources of funding to meet the cost of growth of the District in preference to other sources).

Forestry Income

- Currently used to fund the Forestry and Land Development Reserve which is used to fund projects as determined by Council.

Commented [GB81]: We may need to revise this with a potential increase in asset valuations driving increased depreciation

13. Funding of Expenditure by Activity

The following table illustrates how the Residual Rate funding requirement for each activity/sub-activity is proposed to be met, after provision has been made for any applicable Fees, Charges, Grants, and Subsidies; or other Direct Revenue that relates to the activity/sub-activity; and having given consideration to the matters in paragraph 5.

A separate supplementary Rate Funding Allocations report outlining "Relationship determinations, Area Funding %'s, and Geo-type Rates in \$, (or) Uniform Charge Amounts" is available on request, which provides a detailed analysis of the Geographic Rating Areas contribution to the General-type Targeted Rates and Charges; as well as the Relationship between the general-type rates and charges in those areas.

Table 9 Residual Rate Funding Basis

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (%) where applic.	Grants and Subsidies (%) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UACs" %	
People	Democratic Process	Democratic Process		*	0	100	0	0	
	Culture and Heritage	Arts: Marlborough Art Gallery Grants			*	40	60	0	0
		Arts: Other Grants			*	40	60	0	0
		Heritage: Marlborough Historical			*	40	60	0	0
		Heritage: Other Grants			*	40	60	0	0
		Museums – Picton				100	0	0	0
		Museums: Renwick				100	0	0	0
		Museums – Rural				100	0	0	0
	Housing for Seniors		*	*	0	0	0	0	
	Community Support	Community: Grants and Donations				40	60	0	0
		Community: Recreation				0	100	0	0
		Community: Security Cameras				100	0	0	0
		Energy Efficiency Initiatives			*	0	0	100	0
		Smart and Connected Communities				40	60		
		Events Management				0	100	0	0
		Passenger Transport			*	100	0	0	0
	Library Services		*		0	100	0	0	
Emergency Management			*	40	60	0	0		

Group	Activities/ Sub- activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UACs" %	
Community Facilities	Cemeteries		*	*	0	100	0	0	
	Halls	Group 1 - Awarua Park			100	0	0	0	
		Group 2 - Waitara			100	0	0	0	
		Group 3 - Gen Rural Halls			100	0	0	0	
		Group 4 - Blenheim			100	0	0	0	
		Group 5 - Fairhall Hall			100	0	0	0	
		Group 7 - Wairau Road C/Centre			100	0	0	0	
		Group 8 - Queen Charlotte College			100	0	0	0	
		Group 9 - B/Vic. Halls			100	0	0	0	
		Group 10 - Cleghorn Rotunda			100	0	0	0	
	Memorials	Picton			100	0	0	0	
		Seymour Square			100	0	0	0	
		Town Centre Clock			100	0	0	0	
		Other			100	0	0	0	
	Public Conveniences				0	100	0	0	
	Reserves	Group 1a - Bin Neighbourhood		*	*	1	99	0	0
		Group 1b - B/V Neighbourhood		*	*	1	99	0	0
		Group 2a - Ptn Neighbourhood		*		1	99	0	0
		Group 2b - P/V Neighbourhood			*	1	99	0	0
		Group 3 - WV Domain				1	99	0	0
		Group 4 - Bin Vicinity Domains		*	*	4	96	0	0
		Group 5 - Endeavour Park/Waitohi		*		4	96	0	0
		Group 6 - A&P/Horton Park		*		10	90	0	0
		Group 7 - Athletic Park/Oliver Park		*		10	90	0	0
		Group 8 - Bobs Bay/Picton Foreshore		*		40	60	0	0
		Group 9 - Churchward Park				25	72	0	0
		Group 10 - Rural Domains		*		4	96	0	0
		Group 11 - Nelson Square				25	72	0	0
		Group 12 - Pollard/Seymour/Riverside		*		40	60	0	0
	Group 13 - Wither Walkway etc				40	60	0	0	

Group	Activities/ Sub- activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UACs" %
		Group 14 - Rural Reserves		*	100	0	0	0
		Group 15 - Misc Leased Reserves	*		100	0	0	0
	Street Trees, Berms and Plots				100	0	0	0
	Street Trees, Berms and Plots	Landscaping (Urban 1)			0	0	0	100
	Street Trees, Berms and Plots	Landscaping (Urban 2)			0	0	0	100
	(Separate Targeted Rates)	Landscaping (Rural 1)			0	0	0	100
	(Separate Targeted Rates)	Landscaping (Rural 2)			0	0	0	100
	Swimming Pools	Aquatic Centre	*		3	97	0	0
	Swimming Pools	Awatere	*		3	97	0	0
	Swimming Pools	Picton	*		3	97	0	0

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Roads And Footpaths	Subdivisional Works		*		100	0	0	0	
	Rooding Network		*	*	100	0	0	0	
	Rooding Related Works		*		100	0	0	0	
	Roads: Small Township Upgrades (Blenheim Vicinity)				100	0	0	0	
	Roads: Small Township Upgrades (General Rural)				100	0	0	0	
	Roads: Sounds Roads Recovery				?	?	?	?	
	CBD Works			*	100	0	0	0	
	Picton			*	100	0	0	0	
	Targeted	French Pass Road			*	0	0	0	100
		Kenepuru Road			*	0	0	100	0
Other Roads (as approved)			*	0	0	0	100		
Flood Protection and Control	Rivers in Wairau Valley District - (Separate Targeted Rate)		*	*	0	0	100	0	
	Rivers outside WV Rating District		*		100	0	0	0	
Sewerage (Targeted Rates)	Combined Sewerage Scheme	Capital (Includes Blenheim, Grovetown, Renwick, Spring Creek, Picton, Seddon and Havelock)	*	*	0	0	100	0	
		Operating (Includes Blenheim, Grovetown, Renwick, Spring Creek, Picton, Seddon and Havelock)			0	0	0	100	
	Loans - No Lump Sum	Grovetown Sewerage				0	0	100	0
		Renwick Sewerage				0	0	100	0
		St Andrews Sewerage				0	0	100	0
	Riverlands	Riverlands Industrial (Tradewaste)		*		0	0	0	0

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Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %" "	Separate Targeted Rates %	Separate Targeted Charges "UACs" %
Water Supply: Combined Water Scheme (Separate Targeted Rates)	Blenheim, Havelock, Picton, Koromiko and Renwick	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Seddon Water	Metered	*	*	0	0	100	0
		UAC			0	0	0	100
	Wairau Valley	Metered	*	*	0	0	100	0
		UAC			0	0	0	100
	Commercial Metered Water	Blenheim, Havelock, Picton, Picton Onsolid, Renwick, Seddon and Wairau Valley			0	0	100	0
	Rural Awatere Water	Metered	*	*	0	0	100	0
		UAC			0	0	0	100
Riverlands Water	Metered	*				100		
Solid Waste Management	Residential Refuse and Kerbside Recycling Collection (Separate targeted rates) <u>Blenheim, Grovetown, Havelock, Picton, Renwick, Rai Valley, Renwick, Seddon, Spring Creek, and Tuamanga</u> and any additional areas for which the service is offered.				0	0	0	100
	Blenheim/Picton (Residential) and Commercial/Industrial) Refuse Collection (Separate targeted rates) and any additional areas for which the service is offered.				0	0	0	100
	Sounds Area Waste Projects				0	100	0	0
	Landfills, Transfer Stations, Waste Minimisation		*	*	0	100	0	0
Environmental Management	Environment Policy				50	20	0	0
	Environment Science and Monitoring		*	*	50	20	0	0
	Resource Consents	Resource Consents	*		100	0	0	0
		Hearings	*		0	100	0	0
		Advocacy and Practice Integration			100	0	0	0
Environmental Protection		*		100	0	0	0	

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Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UACs" %	
Regulatory	Biosecurity	Biosecurity: Regional Pest Control	*	*	100	0	0	0	
		Bovine TB Control	*	*	100	0	0	0	
	Building Control	Building Control	*		100	0	0	0	
		LIM Section	*		100	0	0	0	
		Pool Inspection			0	0	0	100	
	Environmental Health		*		0	100	0	0	
	Animal Control	Dog Control		*		100	0	0	0
		Other Animal Control		*		100	0	0	0
	Harbours			*		100	0	0	0
	Regional Development	Parking	Blenheim	*		100	0	0	0
Picton			*		0	100	0	0	
Economic Development					100	0	0	0	
Events					100	0	0	0	
Business Improvement District					0	0	100*	100**	
Marketing and Tourism					100	0	0	0	
Tourism (separate targeted rates)					0	0	0	100	
Research Centre					100	0	0	0	
Flaxbourne Irrigation		Capital – No Lump Sum			*	0	0	100	0
		Metered		*		0	0	100	0
Southern Valleys' Irrigation		Capital – No Lump Sum			*	0	0	100	0
		Metered		*		0	0	100	0
Other Developments					*		100	0	0

** Final % between separate targeted rate and separate targeted Uniform Annual Charge (UAC) will be determined following the approval of each Business Improvement District (BID) under Council's BID Policy and the subsequent referendum by affected ratepayers in each possible BID area. The sum percentage of targeted rate plus UAC will not exceed 100%.

Non-Group Activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %" "	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Forestry		*		100	0	0	0
Land Development		*		100	0	0	0
Rental Housing		*		100	0	0	0
Commercial Leases		*		100	0	0	0
River Leases		*		100	0	0	0
MDC Holdings				100	0	0	0
Land Subdivision Reserve Grants		*		0	0	0	0
Agencies				0	0	0	100
Special Revenues				100	0	0	0
General Revenues (allocated on the basis of gross general-type rates and charges)		*		variable	variable	0	0

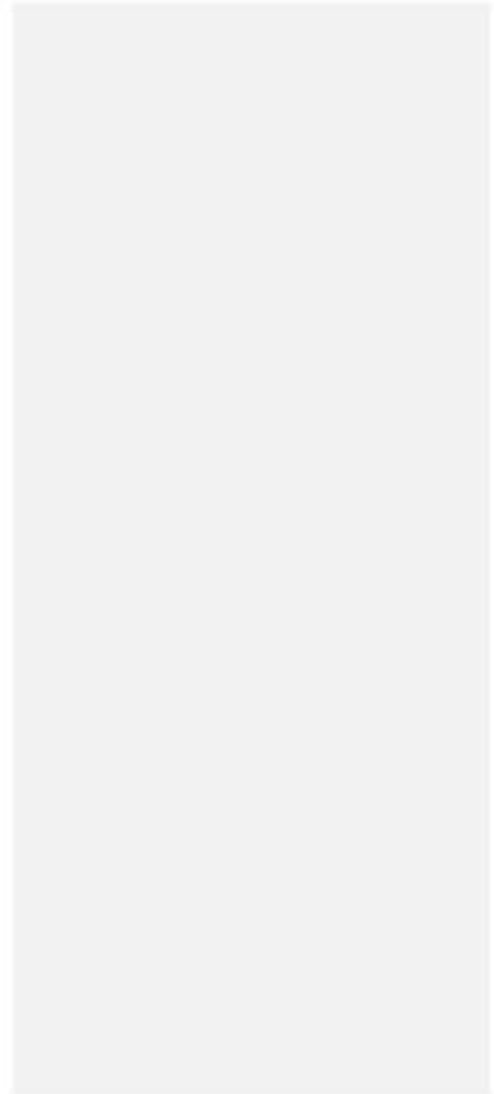
14. Changes to Existing Funding Policy

14.1 Following an in-depth review of its Revenue and Financing Policy, Council initiated a very few funding changes that will take effect from 1 July 2021.

The review included the following issues:

- Consideration of the background to the existing funding policies.
- A review of user charges.
- An examination of the provisions of the Local Government (Rating) Act 2002.
- The appropriateness of the existing geographic areas for levying general-type rates and charges.
- The advantages and disadvantages of using either Land Value or Capital Value for levying general-type rates. (The current system is based on property land values).
- Review of the "funding relationship weightings system" (see explanation of this in Terminology), to ensure that appropriate funding allocations are made to take account of the Financial Management considerations outlined in section 101 of the Local Government Act 2002.
- Consideration of the pre-ambles to the Te Tura Whenua Maori Act 1993 which promotes the retention, and facilitation of the use, of land that is of special significance to Maori people, in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu. A section has been added to the policy reflect this.
- The addition of a "Corporate" activity which amalgamates unallocated Overheads together with the General Revenue sources identified in Section 12 of this Policy.
- The addition of a Sounds Road Recovery Item in the Roads and Footpaths activity group, reflecting the costs associated with the repairs and improvements to the roads in the Marlborough Sounds that were subject to significant damage following the 2021 storms.

14.2 The review of the "funding relationship weighting system" identified that no changes were required.



10. Statutory Review of Rates Remission and Postponement Policies

(Report prepared by Chris Lake)

D050-001-L24

Purpose of Report

1. To review Council's rates remission and postponement policies. This review is required to be carried out under sections 109 (2A) and 110 (2A) of the Local Government Act 2002 at least once every six years.

RECOMMENDATION

That the LTP Working Group recommends to Council that it approves the draft policies attached for consultation with the public in the 2024-2034 Long Term Consultation paper.

Background

2. While the majority of the remission and postponement policies remain largely unchanged since the last review in 2021. The changes are:

The addition of a new section called Maori Freehold and under development. This is required to support the principles set out in the Preamble of the Te Ture Whenua Act 1993 and in relation to section 114a of the Local Government (Rating) Act 2002. The details of the sections in these two acts are:

Preamble

Nā te mea i riro nā te Tiriti o Waitangi i motuhake ai te noho a te iwi me te Karauna: ā, nā te mea e tika ana kia whakaūtia anō te wairua o te wā i riro atu ai te kāwanatanga kia riro mai ai te mau tonu o te rangatiratanga e takoto nei i roto i te Tiriti o Waitangi: ā, nā te mea e tika ana kia mārama ko te whenua he taonga tuku iho e tino whakaaro nuitia ana e te iwi Māori, ā, nā tērā he whakahau kia mau tonu taua whenua ki te iwi nōna, ki ō rātou whānau, hapū hoki, a, a ki te whakangungu i ngā wāhi tapu hei whakamāmā i te nohotanga, i te whakahaeretanga, i te whakamahitanga o taua whenua hei painga mō te hunga nōna, mō ō rātou whānau, hapū hoki: ā, nā te mea e tika ana kia tū tonu he Kooti, ā, kia whakatakotia he tikanga hei āwhina i te iwi Māori kia taea ai ēnei kaupapa te whakatinana.

Whereas the Treaty of Waitangi established the special relationship between the Maori people and the Crown: And whereas it is desirable that the spirit of the exchange of kawanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed: And whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Maori people and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu: And whereas it is desirable to maintain a court and to establish mechanisms to assist the Maori people to achieve the implementation of these principles.

Preamble: amended, on 29 November 2022, by section 4 of the Māori Purposes Act 2022 (2022 No 73).

Preamble: amended, on 1 July 2002, by section 3(1)(a) of Te Ture Whenua Maori Amendment Act 2002 (2002 No 16).

Preamble: amended, on 1 July 2002, by section 3(2) of Te Ture Whenua Maori Amendment Act 2002 (2002 No 16).

114A Remission of rates for Māori freehold land under development

- (1) The purpose of this section is to facilitate the occupation, development, and utilisation of Māori freehold land for the benefit of its owners.
- (2) A local authority must consider an application by a ratepayer for a remission of rates on Māori freehold land if—
 - (a) the ratepayer has applied in writing for a remission on the land; and
 - (b) the ratepayer or another person is developing, or intends to develop, the land.
- (3) The local authority may, for the purpose of this section, remit all or part of the rates (including penalties for unpaid rates) on Māori freehold land if the local authority is satisfied that the development is likely to have any or all of the following benefits:
 - (a) benefits to the district by creating new employment opportunities;
 - (b) benefits to the district by creating new homes;
 - (c) benefits to the council by increasing the council's rating base in the long term;
 - (d) benefits to Māori in the district by providing support for marae in the district;
 - (e) benefits to the owners by facilitating the occupation, development, and utilisation of the land.
- (4) The local authority may remit all or part of the rates—
 - (a) for the duration of a development; and
 - (b) differently during different stages of a development; and
 - (c) subject to any conditions specified by the local authority, including conditions relating to—
 - (i) the commencement of the development; or
 - (ii) the completion of the development or any stage of the development.
- (5) In determining what proportion of the rates to remit during the development or any stage of the development, the local authority must take into account—
 - (a) the expected duration of the development or any stage of the development; and
 - (b) if the land is being developed for a commercial purpose, when the ratepayer or ratepayers are likely to generate income from the development; and
 - (c) if the development involves the building of 1 or more dwellings, when the ratepayer or any other persons are likely to be able to reside in the dwellings.
- (6) [Sections 85\(2\)](#) and [86](#) apply to a remission made under subsection (3).
- (7) This section does not limit the application of [section 85](#) or [114](#) to Māori freehold land.

Section 114A: inserted, on 13 April 2021, by [section 50](#) of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).

3. The rates penalties policy has been updated to take into account that payment is no longer posted and a change in the process regarding payment plans.
4. Other changes are for consistency and clarification.

Attachment 1

Attachment 1 - Rates Remission and Postponement Policies

Page [104]

Author	Chris Lake, Financial Services Manager
Authoriser	Geoff Blake, CFO

2024-34 Rates Remission and Postponement Policies					
Version no	1	CM Reference			
Approved by	Council				
Last review date (if applicable)	26.01.24	Next review date	2025		
		Select review period	1yr	2yr	3yr
Policy owner	Chief Financial Officer				

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Rates Remission and Postponement Policies

Rates Remission Policy

This policy was prepared pursuant to sections 102 and 109 of the Local Government Act 2002 for consultation using the special consultative procedure detailed in the same Act for the 2024-2034 Long Term Plan.

While the majority of the policy remains largely unchanged since the last consultation in 2021, ~~one~~ new section. These are rates remissions for:

~~Māori freehold land under development.~~

~~Updates due to act amendments or business changes.~~

Community, Sporting and Other Organisations

Objective of the Policy

To facilitate the ongoing provision of community services or recreational opportunities for the residents of Marlborough where there is no statutory provision in Schedule 1 Part 2 of the Local Government (Rating) Act 2002.

The purpose of granting rates remission to an organisation is to:

- Assist the organisation's survival; and

- Make membership of the organisation more accessible to the general public, particularly children, youth, young families, aged people, and economically disadvantaged people.

Conditions and Criteria

The land must be owned by the Council or owned, occupied or leased by an organisation (with liability for rates), which is used exclusively or principally for ~~sporting, recreation, or community purposes.~~

The organisation must not operate for private pecuniary profit.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Organisations making application should include the following documents in support of their application:

- Statement of Objectives;
- Most recent financial accounts (preferably audited);
- Details of any leases (where applicable);
- Information on activities and programmes;
- Details of membership or clients.

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- Deleted: Separately used or inhabited parts (SUIPs) of a commercial rating unit where the SUIP area is less than 20m². Rural or residential land connected to the combined water scheme and/or combined sewer scheme where the water and/or sewerage capital works rates would be calculated on a land value that is disproportionate to the land value of an urban section and the benefit received.

Application

Generally, the Policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only. The policy does not apply to areas of the rating unit covered by a club licence under the Sale and Supply of Alcohol Act 2012.

The Policy shall apply to such organisations as approved by the Council (or Council Officers with delegated authority) as meeting the relevant criteria.

Remissions to any qualifying organisation shall be on the basis of a 50% reduction in rates and charges except that no remission will be granted on targeted rates/charges for water supply, sewerage disposal or refuse and recycling collection.

Land Protected for Natural, Historic or Cultural Conservation Purposes

Objective of the Policy

To preserve and promote natural resources and heritage; to encourage the protection of land for natural, historic or cultural purposes.

Conditions and Criteria

Ratepayers with rating units which have some feature of cultural, natural or historic heritage on the land which is voluntarily protected, may qualify for remission of rates under this part of the Policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for targeted rates covering water supply, sewerage disposal or refuse and recycling collection will not qualify for remission under this part of the Policy.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Applications should be supported by documentary evidence of the protected status of the land on the rating unit eg: a copy of the Covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:

- The extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit.

- The degree to which features of natural, cultural or historic heritage are present on the land.
- The degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land.

Application

The extent of any remission shall be determined by the Council or its delegated officer[s] on a case by case basis.

In granting remissions under this part of the Policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Residential Land in Commercial or Industrial Areas

Objective

To ensure that owners of residential rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and the former authorities.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must:

- Be situated within an area of land that has been zoned for commercial or industrial use. (Ratepayers can determine how their property has been zoned by consulting the Marlborough Environment Plan (MEP), copies of which are available from either the Council offices, or on Council's website www.marborough.govt.nz).
- Be listed as a "residential" property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the Council offices, or obtain that information from the rate records on Council's website www.marborough.govt.nz.

Application

Following triennial revaluation Council will direct its valuation service provider to prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the District. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

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The extent of any remission shall be determined by the Council or its delegated officer(s) and will be based on valuations supplied by its valuation service provider.

Land Affected by Natural Disaster

Residential Land Affected by Natural Disaster

Objective of the Policy

To enable rate relief to be provided where the use that may be made of any land used for a private residence has been detrimentally affected by natural disaster.

Conditions and Criteria

Council may remit wholly or in part, any rate or charge made and levied in respect of the land, where it considers it to be fair and reasonable to do so.

All applications must be on the prescribed form.

Application

The extent of any remission shall be determined by the Council or its delegated officer(s).

General -Type Uniform Annual Charges and Targeted Charges on Non-Contiguous Pastoral Rating Units

Objective of the Policy

To provide relief from General-type Uniform Charges and Targeted Charges on rural pastoral land which is non-contiguous, provided it is farmed as a single entity with the ratepayer(s) in common.

Conditions and Criteria

Non-contiguous pastoral units may qualify for a remission of uniform annual general charges and targeted rates calculated as a fixed amount per rating unit where Council agrees that the economics of each farm property are inter-dependent on the other.

The ratepayer will remain liable for at least one uniform annual general charge and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Only one residential unit can exist on the qualifying rating units except where the farm contains accommodation on a rent free basis for the owner or staff associated with the farm.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Council or its delegated officer(s) shall determine whether the criteria are met.

General -Type Uniform Annual Charges and Targeted Charges on Contiguous Rating Units in Separate Ownership, Used Jointly as a Single Entity

Objective of the Policy

To limit the incidence of multiple charges where a farming or other business entity consists of a number of contiguous rating units with different owners.

Conditions and Criteria

Each rating unit must be leased to the operator for a term not less than five years.

The operator must provide Council with a declaration confirming that each unit will be operated as part of the entity.

The ratepayer will remain liable for at least one uniform annual general charge-type and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

The extent of any remission shall be determined by the Council or its delegated officer(s).

Limitation of General-Type Uniform Annual Charges and Targeted Charges in Certain Circumstances

Objective of the Policy

To limit the incidence of General-Type Uniform Annual Charges and targeted rates calculated as a fixed amount per rating unit in certain circumstances.

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Conditions and Criteria

Council will assess the General-Type Uniform Annual Charges and targeted rates (calculated as a fixed amount per rating unit) on the basis of every separately used or inhabited part of a rating unit (SUIP) but, the following situations will be deemed not to create a separately used or inhabited part of a rating unit:

In the case of a farm, orchard, other horticultural type property, or business:

- Where the farm, orchard, horticultural operation, or business contains additional accommodation on a rent free basis for the owner, or staff associated with the farm, orchard, horticultural operation or business.

In the case of a rating unit that contains one additional separately inhabited unit or dwelling, occupied by family members:

- Where members of the owner's family inhabit the separate part of the property on a rent free basis.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Council will remit any rates in excess of those payable under this policy. Ratepayers in receipt of this remission will be periodically required to declare that the SUIP has not been rented out on either a short term or long term basis.

Where the second SUIP is inhabited by the owner's family on a rent free basis the rating unit will retain its second water allowance where water metering is applicable.

Urban Residential 2 Land in Rural Areas

Objective of the Policy

To ensure that owners of residential rating units situated in rural areas are not unduly penalised by the zoning decisions of Council.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must:

- Be situated within an area of land that has been zoned 'Urban Residential 2 Greenfield Zone' in the [Proposed](#) Marlborough Environment Plan (PMEP) (Ratepayers can determine how their property has been zoned by [viewing](#)

[PMEP](#) [spring on the relevant Council Smart Map](#) (www.marlborough.govt.nz/smaps) and

- Remain unsubdivided i.e. subdivision title has not been granted [and](#),
- Continue, for any remaining unsubdivided area, to have a land use that's consistent with the rural character that existed on approval of the zone

Application

All rating units located within the 'Urban Residential 2 Greenfield Zone' will be rated on the basis of the underlying land being zoned Rural 3 [Rural Environment](#)

Following triennial revaluation Council will direct its valuation service provider to prepare a valuation that will treat the rating unit as if it were a comparable rating unit in zoned Rural 3. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

The extent of any remissions shall be determined by the Council or its delegated officer(s) and will be based on valuations supplied by its valuation service provider.

Subdivisions That Create Four or More but Less than Ten Rating Units

Objective of the Policy

To provide a positive development incentive to commercial developers by remitting general-type uniform charges on unsold subdivided land without an occupied dwelling or commercial building, for a maximum period of three years.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must remain in the developer's name.

Remission will not apply to water, sewerage or other targeted rates calculated as a fixed amount per rating unit.

Remission will cease on those rating units which are sold. Remission will also cease on rating units which remain unsold after three years of the lots being created.

The ratepayer will remain liable for at least one uniform annual general-type charge and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Application

Council or its delegated officer(s) shall determine whether the criteria are met.

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Subdivisions That Create Ten or More Rating Units

Objective of the Policy

To provide a positive development incentive to commercial developers by remitting general-type rates and uniform charges on all unsold subdivided land without an occupied dwelling or commercial building (other than any balance of land) for a maximum period of five years. This policy only applies to subdivisions that are deposited after 1 July 2009.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must remain in the developer's name.

Remission will not apply to water, sewerage or other targeted rates calculated as a fixed amount per rating unit.

Remission will cease on those rating units which are sold. Remission will also cease on rating units which remain unsold after five years of the lots being created.

The ratepayer will remain liable for all rates and charges on the un-subdivided lot (balance of land).

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

Rate Penalties

Objective of the Policy

To enable Council to remit penalties where:

- payment has not been received by the penalty date, due to circumstances outside the ratepayer's control; or
- it is deemed equitable to remit the penalty for other reasons.

Conditions and Criteria

Each application will be considered on its merits and remission may be granted where it is considered just and equitable to do so.

The Council will consider remission of rate penalties where an application is made and meets any of the following criteria:

- payment has been late due to significant family disruption. [Significant family disruption would include death, illness, or accident of a family member]; or
- ~~the late payment has resulted from matters outside their control; or~~
- penalties have arisen through processing errors in Council's records; or
- the ratepayer provides a reasonable explanation of the circumstances which caused the late payment, and this is the first occasion on which late payment has occurred.

Application

The extent of any remission will be determined by the Council or its delegated officer[s].

Water Losses

Objective of the Policy

To provide ratepayers with a measure of relief, by way of partial rates remission where, as a result of the existence of a water leak on the property which they occupy, the payment of full water rates is inequitable.

Conditions and Criteria

This Remission Policy does not apply to Council's irrigation water supplies (Southern Valleys' Irrigation Scheme and Riverlands Irrigation Scheme). There will be no refunds for water losses for irrigation supplies.

The existence of a significant leak on the occupied property has been established and there is evidence that steps have been taken to repair the leak as soon as possible after its detection.

Application

Council will calculate the volume of water lost based on average water consumptions during similar periods of previous years.

When an application for water rates remission is approved pursuant to this policy, the amount of the remission will depend on when the leak is repaired.

If the leak is repaired before the following scheduled ~~quarterly~~ reading, the remission will be equivalent to the assessed volume of water that has been lost through the leak since the scheduled ~~quarterly~~ reading prior to the leak being discovered; or

If the leak is not repaired before the following ~~quarterly~~ scheduled reading, the remission calculation will be assessed on the next scheduled reading interval; or

~~Deleted:~~ the ratepayer is able to provide evidence that their payment has gone astray in the post, or

~~Deleted:~~ otherwise

~~Deleted:~~ an outstanding balance has arisen as a result of a shortfall caused by the operation of an agreed payment plan; or

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Where there are extenuating circumstances, Council or its delegated officer[s] may extend the period for a re-assessment of the water rate.

A property displaying ongoing leakage showing likely system failure of the pipe network within the property will be provided with no more than three remissions for water loss.

The maximum remission for any one water loss will be \$3,000 unless there are extenuating circumstances verified by the Operations and Maintenance Engineer.

Council or its delegated officer[s] shall determine whether the criteria are met.

Extreme Financial Hardship

Objective of the Policy

To enable Council to grant remission, for cases of extreme financial hardship, on a case by case basis, of all or part of the rates.

Conditions and Criteria

Council may remit rates in accordance with the policy where the application meets all of the following criteria:

- The ratepayer(s) must be the current occupier(s) of the rating unit which must be solely used for their personal residential purposes.
- The Council must be satisfied that extreme financial hardship exists or would be caused by requiring payment of the whole or part of the rates.
- The ratepayer[s] must provide any evidence that Council deems appropriate to support the claim of extreme financial hardship.
- The ratepayer[s] must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Applications for remissions shall be considered by the Council or its delegated officer[s].

Sundry Remissions

Objective of the Policy

To remit rates and charges that are the result of fundamental errors; or where the balance owing is considered uneconomic to recover; or where the amount levied is unable to be recovered pursuant to sections 67-76 of the Local Government (Rating) Act 2002, or where Council or its delegated officer(s) consider the levy impractical to recover; or where Council considers it equitable in the particular circumstances to remit rates.

Conditions and Criteria

The extent of any remission shall be determined by the Council or its delegated officer[s].

General -Type Uniform Annual Charges and Targeted Charges on Commercial SUIPs less than 20m²

Objective of the Policy

To provide relief from General-type Uniform Charges and Targeted Charges on separately used or inhabited parts (SUIPs) of a commercial rating unit where the SUIPs have less than 20m² floor area and where the extra charges assessed would economically disadvantage the ratepayers and where Council deems it equitable to do so.

Conditions and Criteria

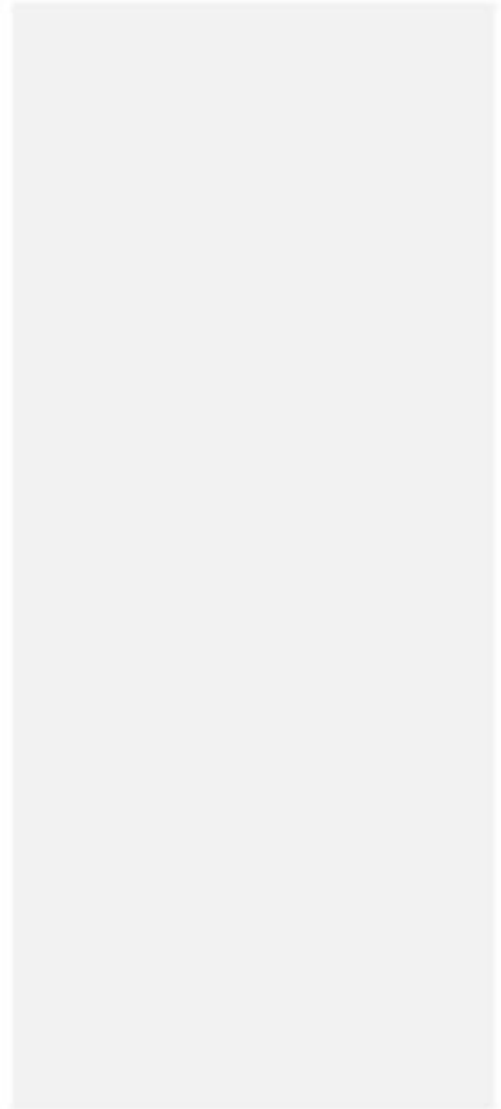
Council may remit rates in accordance with the policy where the application meets all of the following criteria:

- The separately used or inhabited part (SUIP) of the commercial rating unit must have a floor area of less than 20m²
- The Council must be satisfied that financial hardship exists or would be caused by requiring payment of the uniform or targeted charges.
- The ratepayer must inform Council if a commercial business expands and occupies a total area greater than 20m²

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Applications for remissions shall be considered by the Council or its delegated officer[s].



Residential Rural Rating Units with an Out of District Connection to the Combined Water or Sewerage Scheme

Objective of the Policy

To provide relief to Residential Rural rating units with an out of district connection to the combined water scheme and/or combined sewer scheme where the water and/or sewerage capital works rates would be calculated on a land value that is disproportionate to the land value of an urban section and the benefit received.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must be identified by Council staff as paying higher combined water scheme capital works rates and/or combined sewerage capital works rates because of its disproportionately higher land value.

Remission will only apply to the combined water scheme capital works rate and combined sewerage scheme capital works rate on the affected properties.

Remission will cease on those rating units which are sub-divided and where the land value subsequently ceases to be disproportionately higher than the value of an urban section.

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

Māori Freehold Land Under Development

Objective of Policy

To facilitate the occupation, development, and utilisation of Māori freehold land for the benefit of its owners if the ratepayer or another person is developing, or intends to develop, the land.

Conditions and Criteria

The land must be Māori freehold land.

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Māori Land Court by freehold order.

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Māori freehold land where the development is likely to have any or all the following benefits:

- (a) benefits to the district by creating new employment opportunities;
- (b) benefits to the district by creating new homes;
- (c) benefits to the council by increasing the council's rating base in the long term;
- (d) benefits to Māori in the district by providing support for marae in the district;
- (e) benefits to the owners by facilitating the occupation, development, and utilisation of the land.

Applications received during the rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

Rates Postponement Policies

Extreme Financial Hardship

Objective of the Policy

To assist ratepayers experiencing extreme financial hardship.

Conditions and Criteria

All applications must be on the prescribed form.

When considering whether extreme financial circumstances exist, all of the ratepayer(s) personal circumstances will be relevant.

The Council must postpone rates in accordance with the Policy where the application meets all of the following criteria:

The ratepayer(s) must be the current occupier(s) of the rating unit which must be solely used for their personal residential purposes.

The Council must be satisfied that the ratepayer(s) is/are unlikely to have sufficient funds left over after the payment of rates, for normal health care, appropriate provision for maintenance of his/her home and chattels at an adequate standard, as well as making provision for normal day to day living expenses.

The ratepayer(s) must not own any other rating units or investment properties or other realisable assets.

The ratepayer(s) must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Even if rates are postponed, as a general rule the ratepayer(s) will be required to pay the first \$645 of the annual rate levy.

The Council may add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the Council's administration and financial costs.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

Any postponed rates will be postponed until:

- The death of the ratepayer(s); or
- The ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- The ratepayer(s) ceases to use the property as his/her residence; or
- A date determined by the Council in any particular case.

At any time, the applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this Policy by paying the postponed rates or any part thereof.

Application

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title.

Applications for rate postponements shall be considered by the Council or its delegated officer(s).

Residential Ratepayers aged 65 and over

Objective of the Policy

To offer ratepayers aged 65 years and over a facility to unlock the equity in their residential property by postponing all or part of their rates to a future date, at no cost or risk to Council.

Conditions and Criteria

All applications must be on the prescribed form.

Rates postponement is available on properties that are occupied by the ratepayer applicant(s) as their principal place of residence. Holiday homes are not eligible.

Postponement is available to applicant(s) who are the legal owners of their property or Units in retirement villages held under licences to occupy and any other arrangement where the applicant is not the registered owner are only eligible for postponement if the amount of the rates for the unit/dwelling that is lived in is clearly identified for rating purposes (i.e. separately rated), and that the full benefit of the postponement is passed on to the resident.

Postponement is available only for ratepayers age 65 or over. In the case of the couple, at least one applicant must be of that age.

Applicants must have at least one "decision facilitation" interview with a decision facilitator engaged by Council, to ensure that independent advice has been provided on the implications of the postponement offer.

Rates may be postponed until:

- The death of the ratepayer(s) (the Council will allow up to 12 months for any resolution of estate or trust affairs required to enable repayment); or
- The ratepayer(s) ceases to be the owner of the rating unit; or
- The rating unit ceases to be the principal place of residence of the ratepayer(s) – this means that if the ratepayer(s) moves out of the home into residential care, technically the postponed rates become due and payable. In practice, if

Deleted: Property that is Maori freehold land is not eligible for postponement as councils do not have adequate rights to recover postponed or overdue rates on Maori freehold land.†

Deleted: who live in a property owned by a family trust

Deleted: The application will require any mortgagee's consent and a decision facilitator completion certificate before a formal postponement offer is made by Council.†

the council is satisfied that the principal reason for moving out is to go into care, the postponement will remain in place.

The Council will offer full postponement unless testing the expected outcome through the council's actuarial model suggests that equity on expected repayment (the death of the applicant or the survivor of joint applicants) would be less than 20%. If that is the case, then postponement entitlement will be based on the maximum proportion projected to leave a minimum of 20% equity available at the end of the postponement period.

The property must be kept insured to its full value and evidence of this produced annually.

Postponed rates and any part thereof may be paid at any time. Applicants may elect to postpone a lesser amount than the maximum they would be entitled to under the council's policy.

If accrued rates and charges reach 80% of the value of the property, the Council will not postpone any further rates but instead require that all further rates are paid as they fall due. Accrued rates and charges will remain payable only on an event of repayment (eg. death, sale) and will continue to accrue interest and other annual charges.

One-off costs to the ratepayer will relate to the initial postponement application fee, a contribution to the facilitation process, and any other incidental fees and charges relevant to the particular application.

Other costs to the ratepayer (or their estate) will be the amount of the postponed rates and charges, interest on the accumulated postponement amount, and an annual administration fee to cover management and the scheme's operating costs.

All of the above fees and charges will be added to the postponed rates.

Legal Fees – if an applicant wishes to consult a lawyer, the applicant will need to meet the costs of doing so.

Application

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title.

Applications will be considered by delegated officers in accordance with the scheme's criteria.

Maori Freehold Land

Remission and Postponement of Rates on Maori Freehold Land

Objectives of the Policy

Section 102(2)(e) of the Local Government Act 2002 requires Council to adopt a policy on the remission and postponement of rates on Maori freehold land; section 108 and Schedule 11 set out the matters to be considered.

Conditions and Criteria

Council has reviewed the matters set out in section 108 and Schedule 11 and has decided that the appropriate policy is to consider applications for remission or postponement of rates on Maori freehold land in terms of the policies adopted by Council regarding remissions and postponements of rates on other land.

Deleted: This policy will remain in force until such time as the Local Government (Rating of Whenua Maori) Amendment Bill is enacted and Council subsequently consults on amendments to this policy to comply with the new Act.

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