

Council Meeting

10 April 2024

Separate Attachment

This attachment relates to Item 9
in your Agenda

*Separate Attachment 9.1 -
2024-34 Long Term Plan Supporting Information*

9. 2024-34 Long Term Plan Supporting Information

- Council's 26 February Budget Meeting Agenda including attachments - link: <https://www.marlborough.govt.nz/your-council/meetings?item=id:2o1vsf4hl1cxbyl4kzb6>
 - The minutes of Council's 26 February Budget Meeting – link (included in the agenda for 10 April 2024): <https://www.marlborough.govt.nz/your-council/meetings?item=id:2o1vsn7f31cxby72yh4j>
- Appendix 9.1.1 Draft Statement of Contributions to Decision Making Processes by Māori – (page **1**).
- Appendix 9.1.2 Draft Assumptions – (page **4**).
- Appendix 9.1.3 The Draft 2024-2054 Infrastructure Strategy (when all graphs included) – (page **14**).
- Appendix 9.1.4 The Draft Financial Strategy – (page **72**).
- Appendix 9.1.5 Draft unaudited Financial Statements for the 2024-34 period – (page **86**).
- Appendix 9.1.6 Draft Financial Impact Statements for Council as a whole and for each Activity Group – (page **102**).

Record No. 2493121

Statement on contributions to decision-making processes by Māori

Introduction

Council provides a wide range of services which make important contributions to the many communities in Marlborough. People should have the opportunity to participate in decisions about those services that affect them.

Context

Council recognises the uniqueness accorded to Māori as tangata whenua.

There are a wide range of Māori, iwi, hapū, business and community organisations in the Marlborough District as well as social and cultural organisations.

Māori make up more than 13% of the population of the Marlborough region (2013 Census), of which a significant number are mana whenua. Iwi authorities are an increasingly significant component of the Marlborough economy, following Te Taihū Tiriti settlements.

There are eight iwi groups within Marlborough, who have completed Te Tiriti settlements. Most of these iwi have interests across Te Taihū —

- Ngāti Kuia, Rangitāne o Wairau, and Ngāti Apa ki te Rā Tō (*Kurahaupō waka*)
- Ngāti Koata, Ngāti Rārua and Ngāti Toa Rangatira (*Tainui waka*)
- Te Ātiawa o Te Waka-a-Māui, (*Tokomaru waka*)
- Ngāi Tahu (*Uruao waka*)

Council recognises and respects the Crown's responsibility to take appropriate account of the principles of Te Tiriti, and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

Contributions to decision-making

Council is charged with the responsibility to promote opportunities for Māori and tauhū (other members of the public) to contribute to its decision-making processes.

These obligations apply to all Māori in the district. Council acknowledges that Māori other than tangata whenua may be resident in the area.

Council engages with the iwi authorities that have settled, for day-to-day business operations.

A number of key themes emerge from the various pieces of legislation including,

- (a) in Council decision-making processes:
 - i. to consider Te Tiriti o Waitangi principles;
 - ii. facilitating iwi participation;

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- iii. recognising and understanding Māori cultural values and perspectives including mātauranga Māori (Māori knowledge), tikanga Māori (Māori principles and protocols); and kaitiakitanga (Māori guardianship).
- (b) Council's duty to contribute to Māori capacity and to enable and promote Māori well-being as part of a comprehensive and effective long-term strategy of the Council; and
- (c) the Māori contribution to the social, economic, environmental, and cultural well-being of Marlborough.

Council has identified three main areas on which it needs to focus:

- (a) Assist Māori to build capacity to engage with Council;
- (b) Developing contributions to decision-making processes by iwi; and
- (c) Building Council capacity.

Assist iwi to build capacity

Council needs to find out how it can help with resourcing so that iwi can better engage in Council processes and decision-making.

To do this, Council needs to understand from iwi:

- What are their aspirations
- What are their expectations of Council

Council has historically provided assistance to iwi through their Tiriti settlement negotiation processes. Council provides information to iwi on infrastructure provision and various economic development opportunities. However, post-settlement there may be more that Council can do.

Together we can assess what iwi need to be able to fully participate in Council decision-making processes.

Council decision-making

There is a need for iwi to be involved in Council decision-making which requires us to develop relationships of mutual respect, co-operation and goodwill.

Council will engage with iwi to ensure that its decision-making processes provide opportunities for iwi to take part.

Strong on-going personal relationships and structural arrangements can assist with this.

Regular relationship meetings with key iwi stakeholders allow Council and iwi at governance and management levels to focus on long-term strategic engagement, understanding each others goals and aspirations.

Council will also review how iwi can have influence at the governance level.

In particular, Council continues to:

- (a) invite iwi authorities to take part in its annual and three-yearly strategic planning to develop the Annual Plan and the Long-Term Plan;
- (b) have a Māori Ward established from the 2022 Local Government elections (but this may require a confirmation referendum in 2025);
- (c) have positions available for iwi on Council's main standing committees;

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- (d) consult on new and revised bylaws and other regulatory or planning instruments; and
- (e) engage with iwi over Policy statements and Plans under the RMA.

“Kia Kotahi Te Taiuhu – A Partnership Agreement for a Stronger Te Taiuhu”

This agreement provides a platform for a stronger Te Taiuhu by affirming a strong partnership between Ngā Iwi o Te Taiuhu (the “iwi”) and Ngā Kaunihera o Te Taiuhu (the “councils”) - to enhance the wellbeing of Te Taiuhu now and in to the future.

The Agreement follows and enhances this statement. It will be reviewed annually through a partnership Wānanga where priority outcomes will be aligned.

The agreement can be found on Council's website:

https://www.marlborough.govt.nz/repository/libraries/id:2ifzri1o01cxbymxkwz/hierarchy/documents/your-council/Te_Taiuhu-iwi_2023/Together%20Te%20Taiuhu%20Partnership%20Agreement%20-%20B%26W.pdf

Proposed Marlborough Environment Plan (PMEP)

The Proposed Marlborough Environment Plan (PMEP) includes Volume 1 Chapter 3.

“Marlborough’s Tangata Whenua iwi” developed with Marlborough iwi to determine resource management issues of significance to them. It is a comprehensive chapter providing objectives and policies to address the identified issues. The PMEP can be found on Council's website.

Build Council capacity

Council needs to have a good understanding of Māori in our community, their aspirations and expectations. Knowing about and respecting tikanga, kawa, tē reo, tē Ao Māori will aid in developing relationships for effective engagement.

Council can do some basic things that will make staff and Councillors more at ease in moving in a Māori world.

Council will:

- employ a Kahautū – Māori Partnership Manager;
- promote appreciation and understanding of tē Ao Māori;
- develop resources and provide training for Councillors and staff to better engage with iwi and Māori and provide opportunities to understand Council's obligations; and
- Facilitate the securing and application of government funds to assist iwi capacity to engage in Council decision making processes.

Appendix 9.1.2

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. Assumptions have been made on the following:

- Legislation
- Inflation
- Interest rate on Council borrowings
- Population growth
- Climate change
- COVID -19
- Subsidy rates
- Natural disasters
- Taxation framework
- Asset ownership and valuation
- Sources of funds for capital expenditure
- Resource consents
- Capital Expenditure
- Economic life of assets
- Emissions trading scheme
- Port Marlborough NZ Ltd dividends
- Waitohi Picton Ferry Precinct Redevelopment

Legislation

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 highlight the recent high inflation.

Label Year Ending	Planning and Regulation	Roading	Salary & Wages L/Govt	Community Activities	Water and Environmental
% change on year earlier					
June 2020	1.3	1.1	2.1	1.5	2.3
June 2021	2.5	1.0	1.1	1.6	2.8
June 2022	7.3	7.6	3.3	6.5	9.3
June 2023	5.0	4.8	5.1	4.3	5.5
June 2024	3.4	3.8	2.8	3.5	5.0
June 2025	2.6	2.9	2.4	2.7	3.6

Label Year Ending	Planning and Regulation	Roading	Salary & Wages L/Govt	Community Activities	Water and Environmental
% change on year earlier					
June 2026	2.1	2.0	2.2	2.0	2.5
June 2027	2.2	2.3	2.1	2.2	2.7
June 2028	2.1	2.3	2.1	2.2	2.6
June 2029	2.0	2.2	2.0	2.1	2.5
June 2030	1.9	2.1	1.9	2.0	2.3
June 2031	1.9	2.0	1.9	1.9	2.3
June 2032	1.9	2.0	1.9	1.9	2.2
June 2033	1.8	2.0	1.8	1.9	2.1
June 2034	1.8	1.9	1.8	1.8	2.1
20 year average % pa	2.4	2.6	2.2	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

Year ending	OPEX	CAPEX	TOTAL
	annual average % change		
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. A 1% variation on what has projected will result in an approximate 1% variation in rates.

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 \$290 million in 2031. As a result a 1% change in interest rates above the 5.5% forecast would result in changed interest costs of \$2.9 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

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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.

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.

As a result of the Sounds Roads Recovery subsidy levels are expected to peak in in 2025-26 at \$52M, before returning to a more level of circa \$20M per annum. As a result a one percent variation in Financial Assistance Rate will generate a change between \$0.2M and \$0.5M which equates to 0.2% to 0.5% of 2024-25 rates.

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 to medium.

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

Assumption

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

- Ownership of its core assets, i.e roads, water, sewerage, stormwater, river protection, community facilities and senior housing
- Ownership of MDC Holdings Limited and its subsidiaries; and
- Its ownership share (88.5%) in Marlborough Regional Forestry, with Kaikoura District Council owning the remaining 11.5%.

It has also been assumed that Council will either revalue, or fair value adjust its major assets annually.

Level of uncertainty

Low to medium

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. To mitigate this

risk, Council has recently completed external valuations for its core assets, roads, water, sewerage, storm water and river protection.

Financial impact

The external valuations for the three waters assets increased asset values by \$260M and required depreciation by \$13.8M. Council is proposing to fully this additional depreciation by a progressive increase in rates of \$1.7M per year over the 2026-27 to 2033-34 period. It is considered that the latest external valuations are at the higher end of the range and that future uplifts of valuations of this magnitude are unlikely. However, if that view proves incorrect, Council will most likely look to phase in any depreciation increase.

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' for longer than intended.

Sources of funds for capital expenditure

Page ??? 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. However, to mitigate this risk, the impact of climate change is constantly measured and monitored.

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.

Where the need to undertake mitigation has already been identified, the financial impact has already been incorporated into budgets.

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. An example of one such report NIWA were commissioned to provide an initial Climate Change Projections and Impacts for Marlborough which was presented to Council in 2023. NIWA have now been engaged to carry out more detailed analysis so that all future planning can be based on the same climate change predictions.

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.

Capital Expenditure

Assumption

In preparing this Long Term Plan, Council assumed that capital expenditure as budgeted will occur.

Level of uncertainty

Low.

Risk

Capital expenditure can be impacted upon for many reasons including finalising community consultation, obtaining land access, obtaining resource consents, the availability of external professional expertise and receiving an acceptable contract price and contractor availability. Council in its budgetary process recognises these potential impacts in programming the timing of individual projects. Council further recognises that unforeseen events may still occur and has made global budget reductions. The result has been that over recent years capital expenditure has been largely in accord with the funding provided.

Financial impact

Based on recent years' experience, the potential financial impact should be low. If Capital expenditure varies by 1% the impact will be approximately \$1M on projected debt levels which will have an operating expenditure impact of circa \$40,000.

Infrastructure impact

The impact on infrastructure should again be minimal, because with a programme of work greater than the available budget, project managers can reprioritise projects and accelerate another project if delays occur.

Economic life of assets

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. With the ability to reprioritise the financial impact should be minimal.

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.

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.

Port Marlborough NZ Ltd dividends

Assumption

That forecast dividends from Port Marlborough NZ Ltd (PMNZ) will be received.

Level of uncertainty

Low.

Risk

The risk is that the forecast dividends from PMNZ may not be received. The probability of this occurring is seen as low because of the following reasons:

- PMNZ is largely located in Picton, the gateway to the South Island;
- PMNZ has a very diversified revenue stream with income from ferry operations, logs and general freight, three large marinas, commercial property, cruise ships and aquaculture. As a result of this diversification even when COVID prevented cruise ships coming to Picton other revenue streams picked up to compensate.
- PMNZ has delivered dividends ahead of budget for a significant majority of the last 10 years.

Financial impact

The potential financial impact is seen as low, as dividends are credited to Infrastructure Upgrade Reserve, which has a healthy balance so any impact would not be felt immediately. A 1% reduction in dividends is approximately \$40,000.

Waitohi Picton Ferry Precinct Redevelopment

Assumption

The proposed Waitohi Picton Ferry Precinct Redevelopment as originally proposed has been stopped by Government, pending a review by a Ministerial Advisory Group. Port Marlborough has however budgeted for the replacement of the Ferry terminal wharf structure over the four-year period ending in June 2029.

Level of uncertainty

Low to medium because we have budgeted for a normal replacement.

Risk

The Ministerial Advisory Group recommends a significant variation in ship size than what has been anticipated. Very Early indications are that ship size will

be smaller than that contemplated under the IREX project, thereby reducing risk.

Financial impact

The financial impact should be minimal as the budget is within the dollar value previously consulted upon as part of IREX development.

Infrastructure impact

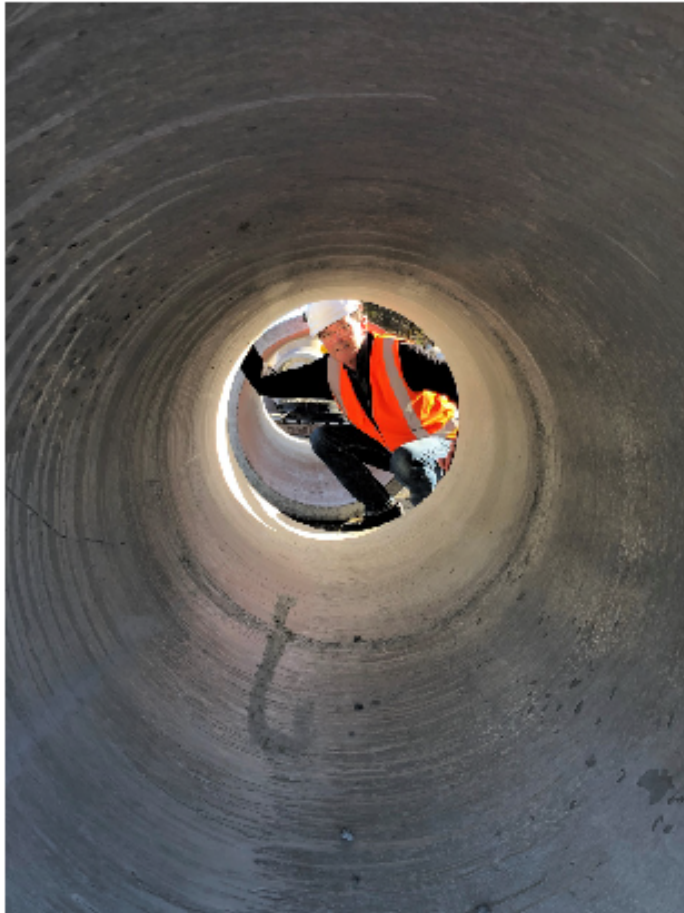
Again this should not be high as Port Marlborough is working on normal wharf redevelopment with an extended programme build timetable to allow for any potential delays.



Infrastructure Strategy

2024 – 2034





Infrastructure Strategy						
Version no	1	CM Reference	XXXXXX			
Approved by	Council					
Last review date (if applicable)	2024	Next review date	2027			
		Select review period	1yr	2yr	3yr	<input checked="" type="checkbox"/>
Policy owner	Assets & Services Manager					

Executive summary

Planning for change is an essential business practice — to identify potential risks and to ensure we are well placed to make the most of our opportunities.

The purpose of this strategy is to consider how our infrastructure assets will continue to support our community and our economy over the next 30 years. Changes over this time period are likely to include:

- population growth slightly above the midpoint of Statistics NZ Regional population projections based on recent development;
- opportunities to use technology and increasing automation to be even smarter and more connected;
- making our infrastructure more resilient to climate changes and natural disasters.

Our overall approach to asset management is to maintain flexibility wherever possible, enabling us to take action when circumstances change, our knowledge improves and as technology develops.

Council's major strategic priority for infrastructure is to:

- maintain our target levels of service and make improvements where required;
- extend our infrastructure as efficiently as possible to meet demand;
- access various funding sources and ultimately maintain debt at a sustainable level.

Infrastructure summary

Key infrastructure challenges

This strategy identifies critical challenges for our roads, wastewater, water supply, stormwater, rivers and land drainage and community facility assets over the next 30 years, and the options for responding to them.

The key infrastructure challenges remain:

- to respond to the changes in population growth, distribution and age profile;
- meet changes to customers' expectations;
- meet changes to legislative requirements;
- the need to replace infrastructure which has reached the end of its useful life;
- the need to build resilience to natural hazards (including the effects of climate change and earthquakes).

Implications for our assets

Significant asset management challenges for each asset type are summarised below.

Roads:

- Increasing frequency and intensity of adverse natural events are significantly damaging the network. Emergency responses result in resource re-allocation, affecting delivery of planned business-as-usual activity, let alone a pro-active work plan.

- Intensive heavy vehicle movements associated with forestry, quarrying and other operations are causing damage to under-strength pavements and structures resulting in reduced asset lives and unacceptable safety and amenity issues.
- We are facing a bow-wave of renewal need in asphalt surfacing and chip sealing. This will need to be addressed in order to avoid damage occurring to underlying pavement assets and to maintain ride quality.
- Rapidly rising construction costs and inflation results in a reduced programme of work.
- Existing roading infrastructure design does not promote safe multi-modal transport options.

Water:

- Investment in new water treatment plants to comply with the NZ Drinking Water Standards and legislative changes in the Water Act 2021 and overseen by Taumata Arowai.
- The need for water demand management (particularly in Picton) to ensure the water sources can meet future demand.
- Continued development of a targeted and efficient renewal programme for up to \$79.5M of water network over the next 30 years.

Wastewater:

- Meet increasing national standards and cultural sensitivities of effluent discharges to the environment.
- Anticipated growth in wastewater flows particularly industrial effluents from the wine industry.
- Continued development of a targeted and efficient renewals programme for up to \$60.0 million of wastewater network over the next 30 years.
- Continuing to reduce the vulnerability of some older wastewater pipes to ground movement during an earthquake.
- Increasing likelihood of infiltration of stormwater into the wastewater network as a result of ageing pipe network and climate change.

Stormwater:

- The effects of urban growth and climate change on stormwater volumes.
- The need to improve the quality of stormwater discharges.
- Continued development of a targeted and efficient renewals programme for up to \$71.0 million of stormwater network over the next 30 years.

Rivers and land drainage:

- The need to meet levels of service in areas where land use has been changed and development is occurring.
- The impacts of climate change on coastal storm waves, sea level rise and flood flows on the effectiveness of the existing land drainage system.
- Managing gravel extraction to ensure sustainability of the resource and good river management.

Community Facilities:

- Can adapt to meet needs that inevitably change over time.
- Facilities meet an evidenced and identified need within the community.
- Facilities should be developed to maximise usage of assets by many groups to ensure sustainability.

Preferred options for responding to these challenges

The Council's preferred options to address the challenges are summarised below.

Legislation

Changes in legislation particularly affect our water-related assets. We intend to complete existing water treatment plant upgrades for Renwick and Havelock and install treatment to Wairau Valley and Riverlands and point-of-entry treatment devices for each household in Awatere Rural to meet the Water Services Act and regulatory requirements of Taumata Arowai.

National guidance on environmental standards will continue to be provided through the National Policy Statements. In particular the National Policy Statement for Freshwater Management, National Coastal Policy Statement and the National Policy Statement on Urban Development Capacity. Local implementation of the policies will be through the Marlborough Environment Plan.

Improving the quality and the quantities of water used and discharged back into the natural environment will require ongoing investment in our wastewater and stormwater assets. Actions include:

- -progressive implementation of the Blenheim Stormwater Strategy and its extension to other urban areas in the region;
- upgrade of the Blenheim wastewater treatment plant to meet increasing volumes of wastewater particularly from the wine industry;
- upgrades across all wastewater treatment plants to comply with increasingly stringent standards for effluent discharge and to meet the cultural requirement to avoid or restrict the volume of waste returned to the aquatic environment;
- to deploy water demand management tools to promote more efficient water supply, reduce leakage and ensure water resources are sustained for future generations.

Renewals

For all types of assets, the preferred option is to implement a proactive, planned renewals programme and invest in more condition assessment technology, field data collection and data management. This will enable informed decision-making on the most cost effective timing of renewals. Enhanced condition assessments will be particularly valuable for our underground assets.

Resilience to climate change and natural hazards

Ongoing investment in our resilience plan will ensure roads are reopened as soon as possible after a major natural event or other disruption.

Council will soon begin a review of the core Wairau River Floodway Management Plan. The review will examine the current level of service,

customers' expectations and land use changes. It will also model flood flows under different conditions so that the range of effects that may result from climate change and sea-level rise can be more accurately predicted.

Building infrastructure to the latest standards and with the most suitable materials increases resilience to flood events, earthquakes and changes in the climate. We are also prioritising the replacement of pipework and other assets made of older materials that are susceptible to natural hazards or have deteriorated more quickly than anticipated.

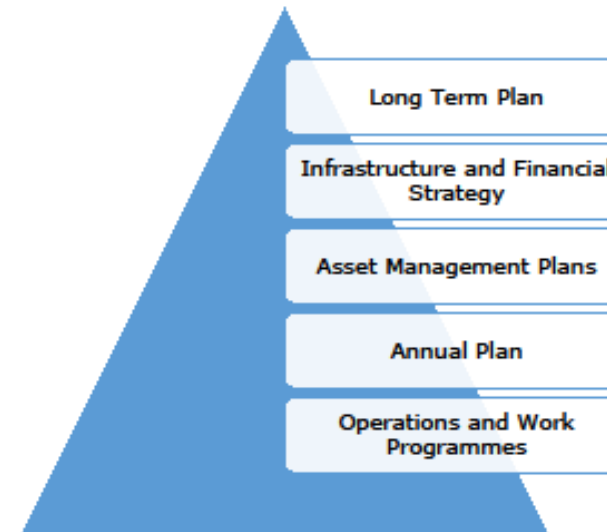
Our financial planning is another way we will ensure we can recover as quickly as possible from emergency events. Ensuring we have reserves, flexible capital programmes and insurance to meet the expected losses. Our financial strategy addresses mechanisms to ensure access to sufficient funds in the event of an emergency.

Strategic planning

There are a number of documents that make up the Asset Management System which enables the successful delivery of this strategy.

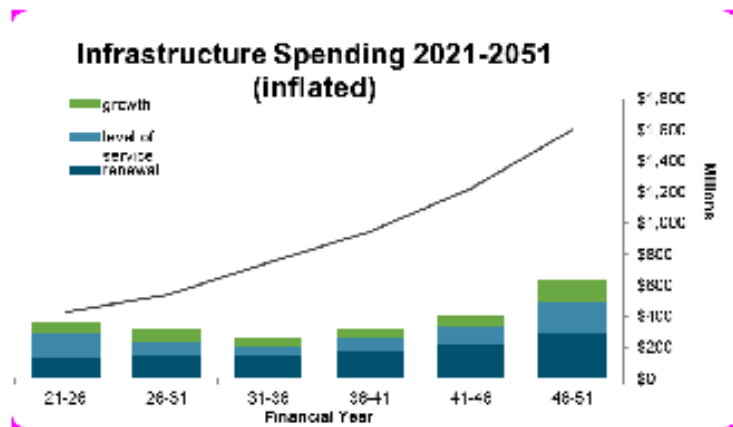
Engagement and Significance Policy

The following diagram demonstrates the hierarchy of this documentation:



Financial implications

This graph provides an overall picture of the proposed capital and operating expenditure for our infrastructure over the next 30 years.



Introduction

Why infrastructure matters

We often take for granted the infrastructure we rely on for the very basics of everyday life — clean water from the tap, a readily available flushing toilet and a safe drive to work or school. We tend not to think about how infrastructure works unless something goes wrong — roads are closed through land slips, homes or businesses are flooded, or there is a public health scare from contaminated water. That’s when we realise how essential infrastructure is to all aspects of our lives.

This strategy covers the infrastructure owned and operated by Council that delivers the core services — roads, wastewater, water supply, rivers and land drainage, and urban stormwater drainage. Community facilities have also been included as they are important part of the fabric of the community.

An infrastructure strategy needs to answer three basic questions:

1. What are the significant infrastructure challenges over the next 30 years?
2. What are the main options for resolving those challenges and which of these is Marlborough District Council’s preferred option?
3. What will it cost, and what does that mean for rates and debt?

In order to fully recognise the challenges faced by the region it is necessary to describe what Marlborough will look like in 30 years’ time; consider the aspirations of the community and what we need to do differently to ensure infrastructure will still be meeting the needs of the people who will live here in 2054 and beyond.

We know the size and composition of the New Zealand population will be quite different. Climate change is almost certain to affect our daily lives. The massive advances of computer technology and automation will continue to change the way we work and live.

These questions will be answered in the three parts of this strategy as outlined below.

Part One – context, opportunities and key challenges

In this section Marlborough’s unique combination of people, economy and environment are examined. The region is a wonderful place to live and work. The Council aims to enhance and develop the potential of the region to ensure the community is prosperous, healthy and educated; the lifestyle is attractive; the natural environment is protected and enriched and society is resilient to the inevitable challenges of the future. However we must consider recent changes to lifestyle, technology and the environment and identify trends that can be projected forward to try to understand what the region will look like in 30 years’ time.

The economic environment will change as businesses prosper or decline. New employment opportunities will be created and different work patterns will emerge. Workers and their families will move in and out of the region in response to the opportunities. There will be many more elderly people who may, or may not, have retired from the workforce.

Both the ethnic composition and wealth distribution throughout the population will be different.

Lifestyles will change as computer based technology matures. Automated vehicles, Artificial Intelligence, 3D printers, robotic manufacture, and remote control through the 'internet of things' will almost certainly become commonplace.

Climate change will affect weather patterns, which will alter cultivation practices and the associated industries, building design, urban planning and many other aspects of daily life.

The fundamental Council infrastructure required to support the community — road transport, land drainage and water and wastewater services will need to adapt to the changing environment. In some cases the infrastructure will evolve and adapt in response to the changes but often it will need to be planned and implemented in advance to keep the community safe and facilitate the new developments.

Over the next 30 years technology will provide new opportunities that have strong potential to positively affect the management of infrastructure.

Part One concludes with an outline of the key challenges facing our region's infrastructure, including:

- the need to replace infrastructure which has reached the end of its useful life;
- changes to legislative requirements;
- the response to climate change predictions;
- preparation for a major earthquake.

Part Two — Specific challenges, options and preferred solutions for each of our infrastructure assets

These chapters provide a more comprehensive summary of the significant asset management challenges for each asset type, the main options Council has to address these, and the implications of those options. Where possible, a preferred option is indicated.

The anticipated capital investment and the ongoing costs of operating infrastructure has been estimated. Financial information is provided in detail for each of the first ten years, and then in five year blocks after that. These forecasts also include the expected impact of price changes for projects over time expressed at current prices and adjusted for price inflation.

Part Three — Financial summary

This section takes the financial information from Part Two and combines it to provide an overall picture of how much money needs to be invested over the next 30 years. A timeline for that spending is included.

Infrastructure is the biggest proportion of Council spending (81%) and this strategy informs, and is closely aligned with, Marlborough's Financial Strategy 2024-2034. This Infrastructure Strategy will also inform our long term plans, asset management plans and annual plans.

Part One — Context, Opportunities and Strategic Challenges

Context and Opportunities – what sets our region apart

Our vision is that over the next 30 years Marlborough will become a globally-connected district; known for progressive, high-value enterprise and economic efficiency. Residents will enjoy an enviable lifestyle and natural environment. The region will achieve a world-wide reputation as a visitor destination. Marlborough will be 'smart and connected'.

Infrastructure has a key role to play in supporting this vision — including an abundant supply of drinking water direct from the tap; a clean, safe and sanitary environment; and the connectivity to safely link the region's communities together and to the outside world.

Marlborough is regularly recorded as one of the sunniest places in New Zealand. The good weather combined with the beautiful Marlborough Sounds, the Wairau and Awatere Valleys, a gateway to the Nelson Lakes National Park and the welcome awaiting at the numerous winery cellar doors makes the region a very popular destination for both national and international tourists. After a hiatus during the COVID pandemic tourist numbers have been increasing rapidly. Cruise ships regularly visit Picton with more than 5000 passengers aboard.

The Marlborough economy has a number of significant industries — wine production, farming, forestry and aquaculture — and a booming tourism sector. The GDP generated by these activities in 2023 is shown below.

In September 2023 Waka Kotahi - New Zealand Transport Agency (NZTA) published its Long Term Strategic View - Arataki. Their projections for the South Island were that the current economic drivers will remain consistent, with a continued emphasis on primary production. However regionally wine production and tourism are forecast to be the key growth areas.

Longer term, economic growth will be reliant on adding value to the raw primary products through manufacturing processes. In this respect the wine industry is well ahead, turning their raw material into a high value product. Marlborough wine is marketed as a high quality product and has achieved a premium status in international marketplaces.

The gross domestic product in Marlborough in 2023 is represented by the following:

- There are opportunities for aquaculture to increase the value of fish and seafood. The pharmaceutical and nutraceutical industries are also finding new markets for seafood-based products.
- The timber industry has the opportunity to manufacture boards, milled timber, joinery and other timber products to lift the value of the logs that are currently exported.
- Marlborough has a well-established engineering industry and is a national centre for aircraft maintenance. The wine industry has attracted stainless steel fabrication, irrigation and wastewater processing and other production engineering.
- New industries using computers and the internet do not need to be located in close proximity to traditional markets in busy cities. Employees in these fields are choosing to work remotely and some are relocating to Marlborough to take advantage of the enviable lifestyle.

Viticulture & Wine Production

New Zealand's wine exports continue to grow strongly and reached the \$2.4 billion mark in 2023. This is significant for Marlborough as the region produces 81% of the New Zealand total output. Vineyards now occupy 29,854 hectares of land in the region and in 2023 produced 393,865 tonnes of grapes.

The statistics for 2023 show 1,511 people are employed in grape growing and another 1,355 in wine making. The industry continues to forecast an increase in future production which will create jobs for an even larger workforce.

There are a number of related infrastructure implications:

- Managing the additional liquid trade waste from the wineries.
- Increased stormwater runoff from changing land use to vineyards.
- Managing freshwater resources as demand increases for process and drinking water.

- Increased demands for flood protection as the value of the crop increases.
- Road traffic increases to transport both product and workers related to the industry.

The wine industry employs a large and growing number of seasonal workers. Specialist residential accommodation is being provided and much of it is sited on the outskirts of Blenheim. This creates new demand at the edges of the water and wastewater distribution networks, which was not anticipated at the time the services were designed and installed.

Tourism

International and domestic visitors are a vital element of our economy due to the demand they create for local goods and services — accommodation, food and beverages, retail and transport. This sector has been expanding rapidly as Marlborough's unique climate and wonderful environment attract visitors from around the world.

Aquaculture, seafood and fishing

Aquaculture, seafood and fishing make a major contribution to the local economy. Marlborough salmon and green lipped mussels are a luxury product valued around the world. It is estimated that around 553 people work specifically in seafood processing, and another 2,091 work in other agriculture and fishing support services.

There may be some potential to increase the productivity of aquaculture in the Marlborough Sounds but there is growing concern over the negative environmental consequences of intensive fish farming. Further expansion is likely to meet with some resistance.

There is growing recognition of the health benefits of fish oil and fish-based products. There may be more opportunity to add value and open new markets through developing pharmaceutical and nutraceutical products than on increasing sales of the traditional products. However, seafood processing typically uses large volumes of clean water and produces equivalent volumes of liquid waste. Meeting the additional demand for water supply and wastewater treatment may become a challenge.

Sheep and beef farming

Sheep and beef cattle farming continues to be a strong contributor to the regional economy, with an estimated 414 people working directly in stock farming. Many more workers are employed in the farm services sector, supplying everything from animal feed to tractor repairs to fencing services.

Remotely located farms rely on strong roads and bridges for access by heavy vehicles. Dairy farms are particularly reliant on constant road access to take the daily milk for processing.

Forestry

Forestry also contributes to the local economy and harvesting is expected to increase in the future. Maintaining roads and bridges in remote forestry areas which are strong enough to take the weight of larger, heavier vehicles is an infrastructure challenge for Marlborough.

As more tourists travel into the remote areas, maintaining safety for all the road users requires more consideration. Heavy vehicles travelling on unsealed roads also create large dust clouds. These can become both a hazard and a nuisance to other road users, visitors and the growing numbers of residents living on lifestyle blocks.

Population

In preparing the Long Term Plan Council has assumed population growth will occur at slightly above the Statistics New Zealand medium population growth projections. This estimate is based on better than national average economic forecasts and the actual regional growth that has occurred over recent years.

Many migrants are attracted to, and settle in, the larger cities. The elderly also tend to move to urban areas where social and medical services are more readily available. For both these reasons statisticians are predicting a general decline in rural provincial populations and growth in the major urban areas, especially Auckland.

As one of the sunniest area's in New Zealand, our climate, beautiful environments and healthy economy will continue to attract people to our area. This helps to counterbalance the general trend of slowing population growth in provincial New Zealand. Planners are taking a conservative

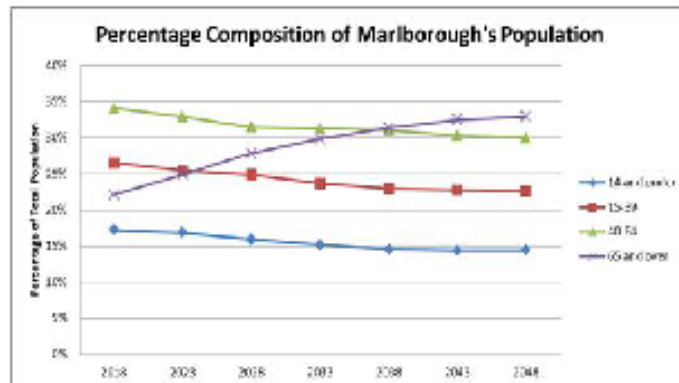
approach to these contradictory trends and the medium to high projection as a basis for planning future service provision in Marlborough. There are long lead-in times for major projects with public consultation, land purchase negotiations, resource consent approval and construction. Planning conservatively for medium/high growth also provides some future proofing for assets designed to have a useful life in excess of 80 years.

Marlborough has had an average annual increase in population by 7.2% over the last five years compared to 6.6% pa in New Zealand. This population increase is in line with medium to high projection rates produced by Statistics NZ and is driven primarily through net migration into the region.

The forecast population projections for Marlborough indicate some population growth over the next 20 years. More than 70% of this population live in Blenheim and approximately 14% in Picton and Renwick.

Marlborough's population is ageing. The Marlborough population is expected to have a significantly larger number of residents aged 65 years and older with other age groups experiencing declines in population levels. This is similar to many parts of New Zealand (and the Western world).

Graph 5.2 highlights the population projections by age groups.



Graph 5.2 Population projections by age, 2018-2048

The increasing elderly population and fewer working people need to be taken into consideration in financial planning, particularly when setting rates.

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 light of these projections.

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

The current urban settlement pattern consists of an average of 10-11 properties per hectare. The Development Contributions 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.

The Development Contribution Policy forecasts that an additional 170 household equivalent units will be developed annually. Blenheim traditionally accounts for about 60% of all building consents for new dwellings, the remainder in the wider district.

Technology

Technological developments have the potential to change many elements of infrastructure over the next 30 years, including:

- driverless cars, reducing the need for parking spaces in urban centres and improving road safety. This would help to reduce risks associated with drivers who are unfamiliar with our roads;
- car sharing of driverless electric cars is expected to be at 37% in the US by 2035. Private car ownership may become rare as driverless cars are shared in car pools, houses will not require garages and suburban streets will become single lane roads with passing spaces as computers control navigation and avoid other cars;

- micro-treatment and water recycling will become readily available;
- smart metering will enable people to use water and electricity more efficiently and suppliers can incentivise customers to reduce peaks in demand;
- infrastructure providers will have access to real time data to better understand their networks, including traffic flows and water use;
- 3-D printing will become commonplace changing retail and goods distribution industries;
- intelligent robotics will be used in underground inspections and works.

Climate Change

The climate is changing and the impact of this is constantly measured, monitored and assessed for the future impact that it will have on our infrastructure assets.

While the climate change predictions remain mostly unchanged from the 2021 LTP, our consideration and investigation into the impact of these predictions has improved. A Climate Change Working Group was established across the Council and a Climate Change Action Plan was adopted by Council in March 2020.

The Climate Change Action Plan has four main goals:



Carbon emissions inventory reports have been produced to assess our current level of emissions, the resiliency of these methods to reduce

emissions and identify opportunities for future reductions. NIWA were commissioned to provide an initial Climate Change Projections and Impacts for Marlborough which was presented to Council in 2023. NIWA have now been engaged to carry out more detailed analysis so that all future planning can be based on the same climate change predictions.

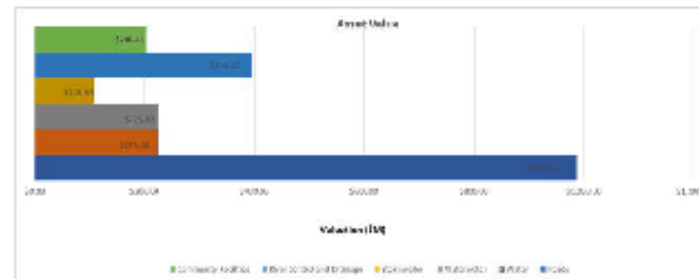
Climate change is a long-term influence that has been incorporated into the planning and design of long-life infrastructure. The effects and impacts climate change poses across the infrastructure assets are highlighted within this strategy.

The full Climate Change Action Plan forms the appendices for the Asset Management Plans.

Key infrastructure challenges

1. Infrastructure renewals

Marlborough District Council's water, wastewater, stormwater, roads, community facilities and flood protection assets have a combined asset value of around \$2,145 million. The value of each asset type is:



Many of these assets have long life expectancies, but ongoing investment is required to maintain and eventually replace them when they reach the end of their useful life.

Each year Council aims to collect the amount required to cover the full cost of both maintaining these assets and replacing them when they wear out (depreciate to the point of replacement). This has been paused for the increased valuation resulting from the June 2023 revaluation of the Three Waters assets in 2024-25 and 2025-26. This step was undertaken in order to contain rates increases in the short term and to better understand the impacts of the new government's Local Water Done Well initiative. Depreciation costs are a big proportion (43%) of the rates collected each year.

Calculation of infrastructure depreciation is an accounting estimate for inclusion in the annual funding assessment. The rate of deterioration is a critical factor in the calculation but can be difficult to accurately predict. There are many influencing factors which often work in combination including: wear and tear, differential loads, the quality of workmanship during installation and maintenance, third party damage, weather and its effects on the networks, seismic activity, ground movement and technological change.

The buried pipe infrastructure and the sub-structure of roads present another challenge as they are not visible and therefore it is more difficult to assess their condition. Good quality asset condition information is essential to accurately estimate how long the asset will remain serviceable.

There is projected to be a large spike in water infrastructure renewal activity just beyond the 30 year planning horizon of this strategy (from 2053 –2063). This reflects the high level investment made circa 50 years ago when the region was growing rapidly. It is desirable to spread the cost in order to remove the peaks and create a smoother spending profile. Considerable efforts are being made to determine the accuracy of this projection so the renewal programme can be managed to meet this objective.

Similarly, there are many small bridges in Marlborough (often constructed of timber in rural areas) that were built as the road network was consolidated after the Second World War. Many were designed for lighter traffic and are reaching the end of their useful life. Speed and weight restrictions have been implemented to help extend their lives but a planned renewal programme is required.

It should also be noted that as more infrastructure is added to meet the demands of growth and higher levels of service, the cost of funding

depreciation in future will increase and be reflected in ongoing rates collection. The costs of operations, maintenance, finance and insurance also increase.

2. *Legislative Requirements*

Council's management of infrastructure needs to comply with national legislation, policies and standards. The following documents set the direction for delivering quality services.

- The Local Government Act 2002 requires the adoption of a 30 year infrastructure strategy every three years.
- The Resource Management Act 1991 (RMA), National Policy Statement on Freshwater Management (NPSFM) and the New Zealand Coastal Policy Statement (NZCPS) include requirements to sustainably manage water use and discharges to coastal and freshwater water.
- Taumata Arowai was established as Crown Entity in March 2021 and is responsible for the implementation of the Water Services Act 2021.
- The Government Policy Statement on Land Transport (GPS) includes a hierarchy of roads in order to work towards national consistency for each road type throughout New Zealand.
- The Civil Defence Emergency Management Act 2002 (CDEM Act) requires lifelines utilities (which includes providers of roads, water supplies, stormwater and wastewater services) to ensure these services function to the fullest possible extent during and after an emergency (section 60).

Legislative Requirement - Implications For Our Assets

Roads

- The GPS may influence levels of service targets for Marlborough Roads.

Water

- Significant investment has been made in Blenheim, Picton, Seddon, Wairau Valley and Renwick and is being budgeted to upgrade the supplies to Awatere, Havelock and Riverlands to meet the current Water Services Act 2021.

- Meeting increased standards in the supply and delivery of drinking water in accordance with the Water Services Act 2021, whilst currently planning to meet the DWSNZ across all supplies.
- The fluoridation of water supplies continues to be a political issue which may also result in additional costs to Council.
- New water quantity requirements in the NPSFM and the Marlborough Environment Plan will be reflected in future water permits for public water supplies. Council will need to demonstrate efficient use of water when it applies for its next urban water supply resource consent for Blenheim after the existing one expires in 2030.

Wastewater

- The NZCPS will again influence the outcomes of the 2023 and 2024 consent applications for the Seddon and Havelock sewage treatment plants. The resource consent for the Blenheim wastewater treatment plant is due for renewal in 2025. Capital upgrades to the plants are underway to meet the expected consent conditions.

Stormwater

- Consolidation and updating of the stormwater resource consents is a primary objective of the Blenheim Stormwater Strategy. The NPSFM and NZCPS requirements will be reflected in the resource consent conditions. Stormwater quality control measures are being installed on new sub-divisions and expenditure will be required to upgrade some existing discharges to freshwater and the coast. Stormwater Management Area Plans are being developed for each catchment, starting in Blenheim.

3. Climate Change

The current advice from NIWA is outlined below.

Temperature: by 2040 temperatures are likely to be 0.5°C – 1.5°C warmer and by 2090 2.0°C – 5.0°C warmer compared to 1986-2005 temperatures. The number of days when the temperature exceeds 25°C is increasing and the number of frosts are decreasing. By the end of the 21st century these very hot days could rise 65 days per year and frosts could decrease by 1-80 days per year respectively.

Rainfall: by 2090 summer rainfall is likely to be 9% higher. The incidence of extreme rainfall events and also droughts are both likely to increase. However, there will be some regional variation. Precipitation in the winter is likely to fall as rain rather than snow. This may increase river flows during the winter with subsequent potential for flooding. Less snow melt could decrease river flows during spring, reducing the water available for abstraction.

Wind: by 2090 the number of extremely windy days is expected to have increased by 2-10%. These increases will be seen as westerly's in the winter and north easterly's in the summer.

Sea level rise: relative to the 1995-2014 average mean sea level, it is anticipated by 2050 there will be a rise of 330mm and by 2130, a rise of 1670mm. Average sea level rose by 1.62mm per year.

Climate Change - Implications For Our Assets

The effects and impacts of climate change on our infrastructure assets are summarised below.

EFFECTS/IMPACTS	Temperature	Rainfall	Wind	Sea Level Rise
Roads	Longer sealing season	Closures and reduced reliability Increased maintenance costs Upgrading of road drainage and bridges	Closures and reduced reliability Increased maintenance costs	Storm surge damage at risk roads Low level roads unusable
Water	Shift in demand profiles	Shift in demand profiles	Shift in demand profiles	Salt water intrusion of groundwater bores

EFFECTS/IMPACTS	Temperature	Rainfall	Wind	Sea Level Rise
		Increased pressure on water treatment and aquifers		
Wastewater	Change to treatment process	Increase likelihood of wastewater overflows through inflow and infiltration into the network	Evaluation of effect on oxidation ponds in treatment and health and safety	Blenheim and Havelock treatment plants seriously impacted Inability to irrigate using wastewater
Stormwater		More pressure on flood protection and overland flow paths		Change in flow characteristics
River and Land Drainage	Less snow melt reducing river flows in spring reducing water available for extraction	Higher river flows increasing likelihood of flooding events		Resistance to rivers and drains discharging in tidal zones

Roads

- Some road drainage may need to be upgraded.
- Bridges and culverts will need to be designed to cope with the increased flows.
- Slips are likely to become more frequent after heavy rain. Additional resources will be needed for road clearance and the securing of unstable hillsides. We will also need to proactively regrade and secure steep roadsides.

Water Supply

- Increased frequency and duration of droughts will put strain on the water sources particularly where aquifers are shared between public water supply and production water.
- Increased droughts will place additional demands on water treatment and reticulation plant.

Wastewater

- Marlborough's wastewater treatment plants can continue to operate with a 330mm increase in sea level rise, as is predicted to occur over the next 30 years. However, the existing wastewater treatment

plants will be seriously impacted by 700mm of sea level rise, which is predicted to occur by 2090.

- Rising water tables will affect Council's ability to continue irrigating land with treated wastewater from the Blenheim wastewater plant (when the land is too wet and/or the water table is high.)
- More frequent and intense storms will increase the risk of sewer overflows in urban areas via stormwater inflow and infiltration into the wastewater reticulation.

Stormwater

- More frequent high intensity rainfall events will place greater demands on the stormwater system. Urban drainage reticulation will be tested, detention areas will temporarily fill with stormwater and overland flow paths will need to be utilised.

Rivers and Flood Protection

- Council may need to dig larger drainage channels, increase the height of existing stop banks and provide added stopbank protection to cope with increased rainfall intensity.

As the sea level rises, pumped outfalls are also likely to be required to assist with drainage of flat, low-lying land on the Lower Wairau

Plain where we can no longer rely on gravity to achieve discharges to the sea.

4. Earthquakes

A significant earthquake in the next 50 years (on the Alpine Fault) has a 75% likelihood of occurring, and an 85% likelihood of it being a magnitude 8. This event could be 10 times more powerful than the November 2016 event, with shaking lasting up to six minutes (compared to up to two minutes during the Kaikōura earthquake).

To prepare for such a large earthquake, new infrastructure is being built to high standards and emergency power generation is provided for new plants. Council has also assessed the impact of a significant earthquake on roads, riverbanks and stopbanks.

Fault lines will need to be avoided when developing land and installing infrastructure. Slumping and liquefaction are also becoming more significant considerations when planning future urban development.

In 2018, Council reviewed its assumptions and expectations regarding the maximum probable loss to infrastructural assets as a result of a large earthquake. Consultants were employed to undertake a study of probable losses to the three water services (water supply, wastewater and stormwater) and river defence assets due to an earthquake with a 1:500 and a 1:1000 year return period. An estimate of damage to roading, insurance excesses and losses of rates revenue was also considered. An event of this magnitude was estimated to result in a \$485 million loss to Council in 2018.

Currently central government meets 60% (above the excess) of infrastructure damage costs incurred from natural disasters. Local government is obliged to show prudent arrangements to meet the remaining 40% of costs. However, central government has indicated it is reluctant to continue this ongoing liability and may wish to pass greater responsibility to local authorities in future. The costs of additional risk mitigation could be considerable. Council holds \$13 million of investments and has a facility with Westpac to provide immediate funds in the event of a disaster.

Earthquake - Implications For Our Assets

Roads

- Many roads particularly in the Sounds and rural areas are vulnerable to landslips.
- Major bridges have been surveyed and strengthened to resist earthquakes but may still be vulnerable to very large events.

Water

- The water treatment plants for Blenheim and Picton have been upgraded in the last ten years and are built to the latest standards for earthquake resistance. Emergency power generation is included. The treatment plants at Renwick and Havelock are less resistant until upgrade works are completed.
- New reservoirs have been built to be earthquake resistant and older reservoirs have been strengthened. Some damage from a very large event must be anticipated.
- There is 151kms of asbestos cement pipe with an estimated replacement cost of around \$57 million with a life expectancy of less than 40 years.

Wastewater

- The wastewater treatment plants at Blenheim and Havelock are located on the coastal plain. Tsunami inundation is a risk. As is ground movement and liquefaction on river/coastal soils.
- Many pump stations have been upgraded to resist the effects of ground shaking but significant damage could be expected from a very large event.
- Modern plastic pipe materials are more resistant to damage from ground shaking. Around 126kms of pipe (valued at approx. \$85 million) is over 50 years old.

Stormwater

- Around 26kms of stormwater reticulation with a combined replacement value of approximately \$13 million is of the older 'brittle' materials asbestos cement and earthenware.

- Ground movement may affect gravity pipelines laid to shallow gradients on the Wairau Plain.

Rivers and Flood Protection

- Many of the older stop-banks have not been constructed to modern engineering standards.
- The 2016 earthquake caused \$2.4 million damage to existing stop banks and river edge protection through lateral spread and slumping.

Community Facilities

- Many of the local community halls are not constructed to modern earthquake resistance standards.
- Major memorials have been strengthened but some damage can be anticipated from a large event.

5. *Spending and Funding Balance*

One of the key infrastructure challenges is to address the tensions between spending and funding of core infrastructure.

The strategy is based on the following general principles:

- growth driven capital expenditure is funded by development contributions.
- capital expenditure to increase levels of service, e.g. improve quality of drinking water supply, is funded by borrowing.
- renewals capital expenditure is funded from revenue - rates and charges - set to recover depreciation expense and accumulated until spent. This funding source emphasises the importance to Council of continually fully funding depreciation on infrastructural assets.

The detail of financial management is described in the Financial Strategy. The Infrastructure Strategy and Financial Strategy align with each other.

The timing of expenditure with funding availability is an important outcome of the planning process. It is critical to ensure adequate funding is available to

prevent delays in programmed works but avoid excess cash that will incur unnecessary funding costs. An analysis of Council's capital spending has shown that over the period 2018-2023, \$55.5 million has been spent per annum. The strategy identifies major capital projects. The delivery of many of these projects will depend on a number of protracted processes – public consultation and agreement, resource consent approval, land-purchase and design and construction resource availability. In consideration of these constraints, Council is planning to provide capital funding of no more than \$85 million plus sounds roading per annum for the first three years of the LTP.

Part Two – Asset-Specific Chapters

Roads

For Marlborough to achieve its vision for the future, the infrastructure must be sufficient and functioning; achievable and sustainable with the resources available.

Roading Goals

- Increase delivery capability and capacity across the region.
- Improve safety and resilience of transport options.
- Build a sustainable transport system that is affordable.
- Implement the One Network Framework to support strategic and informed decisions-making.

Introduction

Council is responsible for the management of a transportation network that comprises 1532km of roads (916km sealed and 616km unsealed).

This is Council's largest infrastructure asset. The affordability of renewals is particularly an issue for roads, which have the highest replacement value (\$1,041 million). Approximately \$22 million has to be spent each year to address the effects of deterioration of the roads, bridges and associated assets. To achieve this, renewals are phased to ensure all areas are addressed on a cyclical basis based on the level of traffic they receive and technical review by engineering staff.

The Marlborough roads traverse some difficult terrain and this has influenced the design and character of the transport system. Of the 1531km, only 184km of that is urban, the rest is rural. Roads tend to be long and narrow, with few alternate options in many cases. Our roads are vulnerable to flooding and slips, as well as tidal inundation in the Sounds. As people and businesses become increasingly reliant on reliable transport links, building resilience against the uncertainties of climate change and large earthquakes will be a key challenge for this asset.

In future years the rural population and smaller townships are projected to decline. Changing demographics mean there will be a larger number of

older people within the population which will increase the demand for better access and dedicated routes for mobility scooters and spaces to park them. Nuisance from dust on unsealed rural roads and waterway contamination at the numerous remaining fords are emerging challenges, along with the need for continuous improvement in road safety. The level of service for the roads and bridges will be adjusted to meet the new realities of road users.

There is an increasing demand for freight haulage. The success of Marlborough wines, timber production and the region's growing reputation as a tourist destination are all generating growth for road services.

While tourists and freight operators share the same network, they travel in different ways. Freight trips are often longer, time critical journeys while tourist journeys can be less time constrained with multiple stops. Both journey types need to be adequately provided for.

1. Specific Challenges

1.1. Adverse natural events are damaging below-par assets, making the road network unsafe

Marlborough has suffered multiple high intensity rainfall events over the last two years which have caused significant damage to the Marlborough Transport network. The largest event, in August 2022, caused over 2,750 faults and affected more than 500km of road.

The reinstatement of the network is a huge task and will take time.

An outcome of these storm events has been a rethink on the levels of service across the Sounds network. The PBC has identified the area where Council should build back stronger (improve the resilience) as well as areas which will have levels of service lower than existing.

1.2. Rapidly rising construction costs and inflation results in a reduced programme of work

The existing Network Outcomes Contract has seen an increase in cost fluctuations of 18% over of the first three years of the contract. The rapid increase in inflation has resulted in additional costs that have not been budgeted for previously. Future increases are currently predicted to be

lower than what we have recently seen, however this still impacts on future budgets meaning an increase in costs for no change in level of service.

1.3. Emergency response to natural events result in the re-allocation of resources, affecting delivery of planned activities

We must improve the safety and resilience of our transport assets to meet the unpredictable damage caused as a result of natural events. However, we do recognise this is going to take time and our approach going forward requires a longer-term focus.

An unintended consequence, however, due to the reallocation of staff means that we continue to fall short of meeting national/local demands and expectations associated with levels of service and embedding new ways of working to enable better decisions to be made. This is further compounded by rapidly rising construction costs, resulting in us getting less than we had planned for.

To respond to these challenges, we need to continue to put our focus in to the recovery, renewal/maintenance work and address the strategic priorities.
Table to come

Water

For Marlborough to achieve its vision for the future, the infrastructure must be sufficient and functioning; achievable and sustainable with the resources available.

Water Supply Goals

- The seven water supply schemes will comply with the quality standards of the Drinking Water Standards New Zealand.

We have therefore developed this Land Transport Activity Management Plan (LTAMP) to reflect two programmes of work:

- Strategic and Major Capital Improvements
- Renewals and Maintenance

1.4. Existing roading infrastructure design does not promote safe multi modal transport options

Increasing environmental and social opportunities for people in the region is a defined benefit of our Investment Logic Map. To do this, we need to embed the One Network Framework and use this for strategic decision-making across the entire network.

The final priority will be to use the intelligence developed in initial Land Transport Activity Management Plan periods to seek the required funding to build a sustainable transport system. The work will commence in the 2031-2034 LTAMP period.

- Flow and pressure of water supplied will meet the reasonable expectations of the community and be sufficient for fire-fighting purposes (except Awatere and Wairau Valley).
- As far as possible economic development will not be constrained from inadequate or unsuitable drinking water supply.
- The water supply will meet the statutory obligation under the Civil Defence Emergency Management Act to function as fully possible after an emergency event.

Introduction

The Council owns and operates seven water supply schemes — in Blenheim, Picton, Havelock, Renwick, Riverlands, Wairau Valley and Awatere (Awatere is further divided into the Seddon and Awatere Rural supplies). Around 82% of Marlborough residents have access to water through these schemes.

All of the key themes identified in Part One of this strategy are reflected in the water supply activity. Growth in demand for water, both for residential uses and for production (irrigation & processing water), has been steadily increasing. In particular, a predicted long-term 25% increase in wine production will increase demand for water.

There is a need to manage future growth in demand, particularly in relation to uncertainty about future demographics and climate change, to ensure

the water sources remain at sustainable levels for all users. Levels of service have been set to ensure tap water from all Council supplies is safe for drinking. Building and running the treatment plants present affordability issues for small communities.

Much of the water reticulation infrastructure was installed during the 'baby boom' growth periods in the middle of the 20th century. These pipes will reach the end of their useful life over the next 30 years. The pipe materials used at that time are less resistant to ground shaking during earthquakes than the materials we have been using more recently. Continuing to manage an efficient and effective renewals programme that improves the resilience of the networks will be a key challenge.

Location/Asset Type	Mains (km)	Service Lines (km)	Meters	Back flow Preventor	Bores	Intake	Treatment Plants	Distribution Pump Stations	Booster Pump Stations
Awatere	146.6	6.9	549	39		1	1	1	3
Seddon	9.4	1.8	289	13			1	1	
Blenheim	213.3	89.3	766	561	9		2	2	4
Havelock	9.5	2.6	355	16	2		1	1	
Picton	62.7	17.7	204	140	3		2	1	4
Renwick	18.3	6.5	1,002	28	5		1	1	
Riverlands	12.3	1.6	141	74	3			1	
Wairau	3.5	0.4	62	7	1		1	1	
Total	475.6	126.8	3368	878	23	1	9.0	9.0	11

1. Specific Challenges For This Asset

1.1. Drinking water standards

Upgrades

The Picton water supply was upgraded to meet the Drinking Water Standards in 2017 with the completion of the Speeds Road Water Treatment Plant and continues to meet the standards today. Seddon water supply was upgraded to meet the standards in 2018. Wairau Valley was upgraded in 2023 and completion of Renwick's upgrade is expected in mid-2024 to meet the standards.

Currently Blenheim water supply is not chlorinated and Council has received direction from Taumata Arowai to chlorinate this supply along with the Riverlands supply and Rural Awatere.

Taumata Arowai has also given direction to have protozoa barrier treatment installed for Rural Awatere, Riverlands and Havelock.

The Awatere Rural system has a long-piped reticulation network serving a relatively small number of, mainly rural, lifestyle blocks. Much of the water is used for livestock drinking water or irrigation. A small disinfection plant installed at the point of entry into every home has been proposed as an alternative to centralised treatment for this area.

Private Water Schemes

The remaining 18% of the population access water individually or through privately managed schemes. An assessment of private water supplies was undertaken in 2019 to assess the potential effects and impacts changes to the DWSNZ may have to these supplies and to Council should we need to take responsibility for these. There were 40 schemes identified, serving a population of over 1,700 people that are not supplied by Council.

1.2. Water availability and consumption

Partly due to the warm and sunny Marlborough weather, our region has some of the highest per capita water usage in the country. The current demand for water in Renwick and Havelock, and projected demand in Picton, is putting considerable strain on the groundwater aquifers from which the water is taken. The National Policy Statement on Freshwater Management (NPSFM) requires allocation limits to be set to protect the sustainability of natural water sources. It is unlikely that Council will be able to significantly increase its current water allocations in future consent applications and may even have further limitations imposed. The table below shows the designation of consents for water sources in the Marlborough Region.

Supply Areas	Source	Daily Consent Limit (m ³)	Peak Summer Daily Demand (m ³)	Average Winter Daily Demand (m ³)	Consent Expiry
Blenheim	Bomford St	43,500	36,400	14,500	1/12/2030
	Middle Renwick				
Riverlands	Malthouse	7,700	6,100	1,327	1/07/2029
	Hardings Road				1/08/2024 (applied for)
Renwick	Terrace Road	5,000	3,650	1380	1/11/2028
	Conders Bend				1/11/2028
Awatere	Black Birch Stream	8,000	2,820	1550	15/12/2029
Havelock	Kaituna River Catchment	2,000	1,150	500	1/07/2037

Supply Areas	Source	Daily Consent Limit (m ³)	Peak Summer Daily Demand (m ³)	Average Winter Daily Demand (m ³)	Consent Expiry
Picton	Speeds Road	7,900	6,210	2,970	1/10/2050
	Barnes Dam				30/09/2032
Wairau Valley	Wairau River	480	264	52	1/03/2048

Groundwater

Saltwater intrusion detected in the Havelock bores is also an indication that more water is being abstracted from these than can be immediately recharged from the aquifer.

The water aquifer on the Wairau Plain was, in theory, over-allocated. In practice, not all users are using their permitted allocations. Considerable effort is being made to devise a system of re-allocation to allow consented volumes to be distributed equitably to meet the demands of current users, including Council's public water supply requirements.

The water levels in the Renwick bores regularly drop during the summer peak demand period, as water is pumped out faster than it is replaced. Three new wells have been drilled at Conders Bend to support the upgraded Renwick water treatment plant.

Alternative Water Sources

Investigations have been undertaken to find alternative sources of water for Havelock. Abstraction from the Pelorus River Valley appears to have the most potential. For Picton, the nearest viable source is the Tuamarina aquifer. The costs of developing and piping water from these new sources to the settlements is high. Water demand management strategies will delay, and possibly avoid, the need for this investment. Universal metering is a proven method to reduce demand. Other techniques such as leakage control, pressure management, public education and new technologies are less certain but can also result in more efficient use of water.

Increasing Wine Production

The success of Marlborough wines around the world is hugely beneficial to the region. However, increasing production through additional vineyard

hectares, or enhanced processing to add value to the primary product, will increase demand for water resources. A new source and water treatment plant is being established in St Andrews to support this and meet the DWSNZ.

Climate Change

The eastern areas of Marlborough are predicted to experience longer periods of dry weather as a result of climate change. Water demand peaks during the dry spells as gardens are irrigated and swimming pools are topped up. Longer droughts will increase the frequency and duration of periods of high demand, with potential implications for both water sources and the water supply infrastructure.

Continuous sea level rise over the next 100 years is generally regarded as inevitable. This will affect the freshwater-saline balance in groundwater systems and may further restrict the capacity of the Havelock water bores to continue to supply freshwater to the community.

Demand Management

Renwick and Havelock are leading the way with meters fitted to household supplies and volume-based charging for water that was implemented in 2021. This has helped to reduce volumes of water used for urban irrigation and other high use activities. In future, smart metering combined with advanced telecommunications and remote control of household appliances will allow customers to take advantage of lower tariffs for water and electricity during periods of low demand. Levelling out the times of high and low demand for water will help reduce the capacity requirements of future infrastructure and assist with more efficient designs. Following review of this works programme, it will be implemented across other water supply areas.

The introduction of rules through a local amendment to the Code of Practice for Subdivision could be used to encourage developers to install low water use plumbing apparatus and 'grey-water recycling' systems to new housing. This is a useful tool to manage demand for both water supply and wastewater services. However, it is difficult to implement retrospectively and it will take considerable time to yield results.

1.3. Ageing infrastructure

The average age of the water supply network is getting older, yet the reticulation pipework continues to perform well with little evidence of the increased maintenance or burst frequency that might be expected from ageing assets. However, in order to avoid a deterioration of the level of service and unacceptable leakage a pro-active renewals programme will be required.

In addition, pipe rehabilitation and renewal using 'low-dig' techniques can significantly reduce the costs and disruption involved in replacing worn out pipes.

Installation of smart meters will make it much easier to identify where leaks are occurring in the water pipes carrying water between the mains and individual households.

Currently the specialist skills and equipment required to undertake these works are not readily available locally but are becoming more widespread in New Zealand. They will become more competitively priced as the market develops. The costs of deploying national/international specialist companies to the region to undertake contract works can be reduced by larger contracts, for example shared services contracts with other councils, or comprehensive contracts for one supplier.

1.4. Earthquake risk

We know from Christchurch's experience that some of the older pipe materials (particularly asbestos cement and cast iron) do not perform well following earthquake ground shaking and liquefaction.

New pipe materials such as PVC, and particularly polyethylene, are more resistant to ground shaking and ground deformation than the older, more brittle, materials. There is a considerable legacy of asbestos cement and

cast-iron pipes that may be regarded as less resistant. This is particularly the case for the Awatere water supply as the scheme was first installed in 1947 when asbestos cement was a popular pipe material.

All the new water infrastructure — treatment plants, reservoirs, pump stations and pipelines are being built to the latest design standards. These performed well in the November 2016 earthquake and other previous events.

Older reservoirs at the Cloudy Bay Business Park and Wither Hills have been strengthened to increase their resilience. The main reservoirs have been fitted with automatic valves which close when they detect significant ground movement and prevent water from leaking away through ruptured pipes.

Impacts of Earthquakes

The new standards and materials will reduce the impacts of an earthquake. However, scientists are predicting the occurrence of a large event which will cause significant damage — partly because there is a legacy of older assets and partly because structures can be built to be earthquake resistant but cannot be made earthquake proof.

Insurance

Council constantly reviews its insurance strategy in the light of new scientific research, a changing infrastructure base and an ever-changing insurance market. Council prefers to avoid damage to the infrastructure through good engineering but there will always be a residual risk, and insurance can help to meet this financial liability.

2. Options to Respond to Each of These Identified Challenges, and Implications of These Options

2.1. Drinking water standards

Option	Implications
PREFERRED OPTION Complete existing water treatment plant upgrades	Benefits: All of the Council owned water supplies will meet the high standards for clean and safe drinking water.

Option	Implications
for Blenheim, Renwick, Riverlands, Wairau Valley and Havelock, and install treatment point-of-entry treatment for each property in Awatere Rural.	<p>Costs: The combined capital costs of the water treatment plants for Blenheim, Renwick, Havelock, Riverland's, Rural Awatere and Wairau Valley is in excess of \$56.8 million.</p> <p>To ensure the point-of-entry systems for Awatere Rural are regularly serviced, Council will need to implement an annual service programme. Sending a service engineer to individual properties will be an ongoing operational cost.</p>
Consider alternatives to full compliance with DWSNZ on the grounds of affordability.	<p>Benefits: Reduces the financial burden on small rural communities.</p> <p>Costs: Public health risks. Reputational risk particularly amongst tourists and foreign visitors. The option to not meet the DWSNZ on the grounds of affordability may be removed upon implementation of the new standards.</p>

2.2. Water availability and consumption

Options	Implications
Do nothing. Respond to water shortage issues as they arise, by introducing water restrictions during peak demand periods.	<p>Benefits: This option defers capital investment and allows for future flexibility to respond to changes in population growth and to wait until we have more information about the impacts of climate change on the length and severity of droughts in Marlborough.</p> <p>Costs: Additional operational costs in implementing and enforcing water restrictions. Potential for adverse impacts on public health, the economy, levels of service and reputation. This approach does not promote efficient water usage, which is an objective of the NPSFM, and may become mandatory in future.</p>
PREFERRED OPTION Universal metering and other demand	<p>Benefits: Water metering is a proven technique to reduce average water demand by approximately 25% and peak demand by around 30%. Other techniques (leakage control, pressure</p>

Options	Implications
management techniques.	<p>management, public education and use of new technologies) are less effective but can contribute to overall reduction in water use.</p> <p>Costs: The capital cost of installing meters in both Renwick and Havelock was \$0.73 million; and is \$2.7 million for Picton. The increased operational costs of meter reading and administration are approximately \$165k per annum.</p>
Amend the Code of Practice for Subdivision to include water saving techniques such as grey water recycling in all new homes.	<p>Benefits: New homes will be built with low use apparatus, grey water recycling and water conservation will become normal practice.</p> <p>Costs: Small additional costs to new house build costs but it will be a long time before sufficient houses are at the new standard to have a significant effect on communities' levels of water use. Retrofitting devices can be costly and difficult to implement.</p>
Access alternative sources of water for Picton and Havelock.	<p>Benefits: Increases certainty of water supply for Picton and Havelock residents. This option would ensure water supply is not a limiting factor for future growth.</p> <p>Costs: Development of the Pelorus River abstraction piping and additional treatment is estimated to cost \$12.5 million.</p> <p>Note: These estimates exclude consent application costs as well as annual operation and maintenance costs.</p>

2.3. Ageing infrastructure

Option	Implications
Renew non-critical mains when failure rates become intolerable.	<p>Benefits: Ensures that only pipes that have reached the end of their useful life are replaced.</p> <p>Costs: Downstream customers will experience a deterioration in service as supply interruptions increase. Operation and maintenance costs will increase. Unpredictable renewals make budget and resource planning difficult. Unplanned work is</p>

Option	Implications
	more disruptive and expensive than a planned programme of renewals.
PREFERRED OPTION Implement a proactive, planned pipe renewals programme based on criticality and invest more in condition assessment technology, field data collection and data management.	Benefits: Avoids unacceptable deterioration of the level of service and allows efficient, targeted investment in planned renewals works. Pipes are replaced based on their criticality, e.g. critical pipes are replaced before the end of their useful lives, non-critical pipes are replaced at or beyond their useful lives. Costs: Additional costs of pipe sampling, analysis and data collection to improve pipe and asset condition assessments and ensure well targeted renewals and efficient investment.

2.4. Earthquake risk

Option	Implications
PREFERRED OPTION Prioritise replacement of asbestos cement and cast iron pipes in areas where they have deteriorated more quickly than anticipated.	Benefits: Will increase resilience to pipeline damage and assist with more rapid recovery following a large earthquake. Costs: The total value of the asbestos cement and cast iron water mains is around \$92.0 million. To replace all pipes of these materials in the next 30 years it will be necessary to bring forward the replacement of 52kms of pipe at an approximate cost of \$26 million.
Provide financial contingency to replace these pipes urgently if a significant earthquake occurs.	Benefits: Recognises damage from any particular earthquake is difficult to predict and saves money to use in response to damage following actual events. Costs: Disrupted water supplies and longer restoration times will increase public health risks and reduce levels of service following an earthquake. Materials and resources will be in short supply, which means premium costs would apply to undertake restoration works. Emergency

Option	Implications
	repairs followed by renewals will duplicate costs in some instances.

3. Most Likely Scenario

3.1. Drinking water standards

The most likely scenario is that the Council will complete the upgrade of water treatment plants to meet the requirements of the DWSNZ for all water supply areas. Havelock and Riverlands treatment plants are planned for completion in 2024-2026 for both at a cost of \$9.0 million and \$15.8 million respectively.

As an alternative to building a large treatment plant for the Awatere Rural supply to disinfect the water before it is distributed, it is more practical to install small treatment units to each dwelling at the point of entry of the supply pipe.

This approach will consist of around 280 small disinfection units. The installation cost of this has been estimated to be around \$2.2 million. However, each unit will need to be regularly serviced and the costs of ongoing maintenance will increase.

Increased monitoring of the water quality supplied is also likely to be required. This might include installing chlorine monitoring points on the distribution system and taking additional tap samples for laboratory analysis. These additional costs are included in the operational cost projections in the following section.

The Council will wait for direction from central government on whether water fluoridation is required. In order to be prepared for that situation, Council will investigate the costs for installation of fluoridation dosing plant and the ongoing maintenance at all treatment plants. The overall costs are not likely to be very high.

3.2. Water availability and consumption

Universal metering has now been installed in Havelock and Renwick as a means of demand management. The most recent census has shown that growth in Pictou has slowed significantly and a decision on metering can be

delayed. It is probable that within the span of this strategy that metering will be adopted for all of Council's water supply schemes. Improving our knowledge on actual water usage and demand patterns will improve our understanding of our total leakage across our networks and to improve our water availability.

More active leakage detection, repairs and renewals are likely to be employed in all areas to reduce wastage and demonstrate efficient use of the resource.

Developments in technology in 'smart meters' and remote control of household appliances will allow customers to have more choices about how they manage their water consumption patterns. They will be able to understand their water usage and will be able to manage their use to reduce peak demands, allowing Council (and the community) to benefit from more efficient sizing of the supply infrastructure.

3.3. Ageing infrastructure

There will be a relatively small but growing water pipe renewals programme over the next 10 years which will increase significantly over the following 20 years as the aging pipe network begins to struggle to meet customers' expectations. Critical pipes and materials that are expected to perform less well in an earthquake will be prioritised for replacement.

Data collection on asset condition and performance is improving and is building into a more accurate picture of where renewals works can be most effectively targeted. More resources will be allocated to pipe condition assessments to inform the renewals programme.

3.4. Earthquake risk

Major new assets will be built to the current high standards of earthquake resistance. Networks will be designed with increased inter-connections to allow flexibility of supply in the event of earthquake damage. Additional strengthening will be retrofitted for critical assets and less resistant pipe materials will be replaced as part of the renewals programme. The residual risk will be mitigated with financial contingencies to meet the realistic costs of repair. The insurance sector has helped Council to calculate the 'maximum probable loss' from the most recent experience around the country and is assisting Council with its risk management plans.

4. Table of Major Projects for This Activity

A brief summary of upcoming projects for this asset is shown below and includes an indication of the main reasons for the projects. Many of these have multiple drivers that span the challenges identified in the earlier sections of this chapter.

The key 'drivers' of investment are:

- Growth — investment to provide additional capacity to cope with increased demand for the service due to population growth or increased usage.
- Levels of service — investment to improve the service customers receive.
- Renewals — investment to replace worn out or inefficient assets.

*Costs exclude overheads, financing and inflation.

Asset type	Project	LoS %	Growth %	Renewal %	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Awatere Rural														
Treatment Plant	Rural Point of Entry treatment	95	5		\$2.15M									
Storage	Reservoir Renewals, Replacements and Upgrades	40	13	47	\$1.27M			\$0.63M						
Pipelines	Pipeline Renewals, Replacements and Upgrades	2	17	81		\$1.61M				\$0.33M				\$0.15M
Blenheim														
Land	Land purchase for Chlorination	100			\$0.50M									
Pipelines	New Pipes to Treatment	70	10	20				\$10.55M						
Pipelines	Pipelines Fire/Capacity upgrade	15	42	43	\$1.99M			\$1.01M			\$0.43M			
Pipelines	Pipelines Meters and airvalves Upgrade	70	30						\$17.38M			\$0.08M		
Pump Stations	New Pump Station and wells Upgrade	70	10	20		\$2.50M								
Pump Stations	Pump Station Andrew st & Middle Rd Generator Upgra	100				\$0.07M		\$0.22M						
Pump Stations	Pump Stations Wither Booster Upgrade	66	10	24				\$2.32M						
Renewals Pipelines	Colemans Rd & Fulton St & Lakings Rd & Mowat St & Ward St Renewal			100			\$5.06M							
Treatment Plant	Treatment of New Wells Upgrade	70	20	10				\$8.99M						
Water Meters	New Metering			100	\$0.30M									
Havelock														
Treatment	Treatment Plant Upgrades	63	29	8	\$9.04M								\$6.99M	
Pipelines	Pipeline Renewals, Replacements and Upgrades	43	37	20		\$0.18M		\$0.13M			\$5.71M			
Picton														
Pipelines	Pipeline Essons Barnes Upgrade	100							\$1.20M					
Pipelines	Pipeline Mainline and Press Upgrade	2	98				\$0.50M							\$13.30M
Pipelines	Pipelines Speeds Upgrade	91	9		\$0.35M									
Pump Stations	Pump Station Booster Upgrade	91	9		\$0.45M									
Treatment	Renewal Connections, Pipelines and Pump Stations			100					\$0.66M					
Storage	Reservoir Renewals, Replacements and Upgrades	70	30					\$0.85M						
Treatment Plant	Speeds Water Treatment Plants Upgrade			100										\$6.00M
Water Meters	Universal Water Metering Upgrade	70	20	10				\$2.73M						
Renwick														
Renewals Pipelines	Renewals Pipelines			100	\$2.10M									
Riverlands														
Pipelines	Pipeline from new wells Upgrade	80	20		\$5.50M				\$1.44M					
Treatment	Treatment Plant Upgrade	80	20		\$10.30M									
Seddon														
Pipelines	Pipelines Upgrade	10	70	20	\$0.34M									
Reservoirs	Second Seddon tank	20	10	70										\$1.27M
Southern Valleys														
Water Meters	New Metering			100					\$1.00M					
Wairau Valley														
Pipelines	Pipelines Upgrade		100		\$0.41M									
Flaxbourne Irrigation														
Pipelines	Irrigation scheme	100						\$13.35M						

Wastewater

For Marlborough to achieve its vision for the future, the infrastructure must be sufficient and functioning; achievable and sustainable with the resources available.

Wastewater Goals

- Wastewater treatment plants will fully comply with current and anticipated discharge standards.
- Wet weather sewer overflows will not occur from storm events with a frequency of less 10-year ARI.
- Future treatment plant upgrades will be designed to avoid cultural offence by removing or reducing effluent discharges to the aquatic environment.
- The wastewater network will meet the statutory obligation under the Civil Defence Emergency Management Act to function as fully possible after an emergency event.

Introduction

With an asset value of \$647 million, wastewater is the second largest asset group owned by Council.

The huge success of the Marlborough wine industry has created challenges for Council. During vintage there is a ten-fold increase in the discharge of trade effluent from the wineries. The total load on the Blenheim wastewater treatment plant is five times as much as normal. For a few weeks between March and May each year the wastewater treatment plant is required to process a load equivalent to the wastewater produced by 250,000 people. In terms of wastewater, Blenheim becomes the fifth largest city in New Zealand.

To meet this demand the treatment plant has undergone a number of upgrades. Capacity was significantly increased in 2009 with the addition of an advanced dissolved air flotation (DAF) treatment plant. Tertiary treatment wetland ponds (established in 2013/14) improve the quality of the final discharge and allows a portion of the final effluent to be returned to irrigate the land. Council will continue to collaborate closely with the wine industry to ensure additional wastewater processing capacity is available as production grows.

The discharge of human waste to the aquatic environment is a cause of cultural offence to the indigenous iwi. Council is working with local iwi to remove or minimise the discharges from treatment plants.

The following table provides a summary of the Council's wastewater systems.

Area	Sub Area	Treatment Plants	Biofilters	Pump Stations	Grinder Pumps	Mains (km)	Connections
Blenheim	Blenheim	1	3	43	67	213.2	10,382
	Grovetown				153	17.0	346
	Spring Creek			2		3.9	158
	Renwick			1		15.0	849
	Riverlands		1	5		12.1	119
Havelock		1		6		9.8	297
Picton		1		9		55.3	1,762
Seddon		1		2		7.9	276
TOTAL		4	4	68	220	334.2	14,189

The wastewater system collects and treats the wastewater from both domestic and industrial properties. Currently the treatment plants at Blenheim and Havelock are on low lying coastal plain that is vulnerable to liquefaction associated with earthquake shaking and tsunamis. The design of treatment plants needs to be resilient to sea level rise and storm surges that may result from climate change. The Havelock wastewater treatment plant is currently in the process of being relocated to remove this risk.

As the wastewater reticulation ages, stormwater is able to seep into leaky joints. The levels of service are challenged when the ingress of stormwater into the wastewater system causes wastewater overflows during severe storms, with subsequent insanitary conditions and pollution of waterways. Reduction of stormwater infiltration and improved resilience of the pipe network to earthquake damage are two major benefits from a well targeted renewals programme.

1. Specific challenges

1.1. Growth in demand related to trade waste and urban development

There are a number of growth-related challenges for wastewater treatment.

Certain industries create large volumes of liquid waste with high organic content. These require far more treatment than normal domestic sewage and can quickly overwhelm the treatment capacity of a plant designed for an urban population. Blenheim wastewater treatment plant has undergone several major upgrades in recent years to cope with the demand from the wine industry. The upgrades have been planned and funded by the wineries. As growth continues, further upgrades are likely.

Council is committed to ongoing communications with industry representatives and individual businesses to ensure infrastructure is provided to meet demand and to overcome uncertainties about the required timing of upgrades, given that the popularity of Marlborough wines in the world market has led to very rapid growth in volumes. The funding methodology will be agreed at this time.

The smaller treatment plants at Havelock and Picton have limited capacity to deal with additional trade waste growth. This can be an issue for industries such as seafood and meat processing. Processing can add value to exports and create jobs, but early consideration needs to be given to the treatment of the associated liquid wastes.

The Marlborough Urban Growth Strategy has identified land for future growth pockets in each settlement. The land is often on the periphery of the existing settlements and requires new pipework and upgrades to the existing reticulation to accommodate the additional flows. For example, development to the west and north of Blenheim and further development in Waikawa requires careful design as these areas are a considerable distance from the treatment plants. These projects are currently in progress. Sequencing the order of development will assist in construction and ensure the system is installed in an efficient manner. Council's Development Contributions Policy has been updated to reflect these costs.

1.2. Renewals

The age profile of the wastewater network indicates that \$25.1 million worth of pipes will reach the end of their useful life within the next ten years followed by a further \$38.2 million worth of pipes in the following 20 years. Work is constantly being undertaken to assess the condition of pipes using CCTV and during reactive and planned maintenance tasks. Assumptions on life expectancy are reviewed annually during the valuation process based on specific network knowledge and national and international data that is available.

Council has implemented a proactive, planned renewals programme and have invested more in condition assessment technology, field data collection and data management to address the renewal challenges, which are described in more detail below. New installation and pipe rehabilitation techniques are becoming more commonplace, reducing the costs and disruption of renewal upgrades.

Earthquakes

The Blenheim and Havelock wastewater treatment plants are built on coastal plains. The areas are flat and low-lying and vulnerable to tsunami inundation. The land is also prone to liquefaction and ground deformation

which could have important consequences, as the flows through the plant rely on gravity flows along a shallow gradient. For this reason, the Havelock wastewater treatment plant is being relocated to a new site with less risk of damage. The new treatment plant should be commissioned by 2028.

Earthenware pipes are particularly vulnerable to ground movement. Asbestos cement and the older concrete pipes also perform less well. PVC plastic mains perform better. Polyethylene mains perform best of all, but these pipes do attract grease and fat which sticks to them, so they need to be cleaned more regularly.

Climate Change

Stormwater infiltration into the wastewater network becomes a more significant problem during storms and when groundwater levels are high. Climate change is likely to make this problem worse as storms are predicted to become more intense and frequent.

Hotter drier summers will have an impact on the bacteria and algae used in the wastewater treatment process, because they require dissolved oxygen in the wastewater to effectively process the waste into treated effluent. Dissolved oxygen decreases as the temperature of the ponds increases. Additional aeration plant may be required to increase the oxygen in the treatment ponds.

The Seddon wastewater treatment plant discharges to the Starborough Creek which can have very low natural flows. The impact of the discharge may be affected by a change in the volume and temperature of the receiving water.

The Blenheim wastewater treatment plant includes a facility to recycle a portion of the treated effluent to irrigate land. This is only permitted when the soil requires additional moisture and when the groundwater levels are low enough to prevent surface ponding. Longer, drier summers may prolong the irrigation season but rising sea levels may raise the groundwater levels, preventing irrigation.

Cultural Values

Iwi have a strong cultural relationship with the environment, and the disposal of human waste into the aquatic environment is of concern to them. Council is working with iwi on an Iwi Engagement Plan, and will continue to work

with iwi on mutually acceptable solutions to wastewater management. A pipeline has been installed alongside the Picton Trunk Main upgrade. It will facilitate the recycling of treated effluent for irrigation at a later date. Further improved practices can be expected over time.

Infiltration & Inflow

The capacity of the wastewater system can be put under strain from the additional flow due to the ingress of stormwater through inflow or infiltration. Leaky joints in pipes and manholes, and accidental connections between stormwater and wastewater pipes, all contribute to the problem.

Finding the source of ingress can be time consuming and expensive. Progress is often frustrated as fixing one area is quickly replaced by infiltration from another area. It can also be difficult to identify if the leak is on the public pipework or within private property. Pipe renewal can be a more sustained solution than repairing individual leaks.

New Technologies

Similar to water supply assets, the adoption of new 'smart' technologies by residents will give them more choices about how they use water, and this is likely to smooth the peaks and troughs of wastewater flows, allowing for more economic designs. Grey water recycling and water-efficient appliances will counterbalance the increase in growth.

New treatment processes are being developed and high quality treated effluent discharges are becoming easier to achieve consistently. Many new treatment technologies are becoming 'scalable'. It may become efficient for small businesses, and even domestic properties, to treat their wastewater. This will reduce both the strength and the volume discharged to sewer and enable recycling of a portion of the 'grey water' for use as irrigation or other low-quality uses.

2. Options and Implication

2.1. Increased demand related to trade waste

Options to address it	Implications of the options (financial and non-financial)
PREFERRED OPTION Ongoing communications with industry representatives and individual businesses to ensure infrastructure is provided to meet demand.	Benefits: Local economy allowed to grow to meet the market and support local jobs and prosperity. Costs: Approximately \$30.0 million upgrade to industrial part of the Blenheim wastewater treatment plant by 2030 based at it's current location. Ensure equitable funding mechanism is agreed with industries in advance, and ensure land availability, resource consent and cultural sensitivities are addressed at an early stage.
Do nothing. Cap effluent discharges once existing treatment capacity is reached.	Benefits: No further investment in infrastructure required and certainty that levels of service can be maintained for existing customers. Costs: Economic development restricted, requiring industries to relocate.
Assist industries to develop on-site alternatives to disposal to the wastewater system.	Benefits: Industrial development is not restricted by wastewater reticulation and treatment capacity. The costs of wastewater are borne by those responsible. Costs: Efficiencies of scale are lost and businesses could become less viable or relocate. Increased costs in monitoring.

2.2. Increased demand related to urban growth

Options to address it	Implications of the options (financial and non-financial)
Install conventional sewerage system on new sub-divisions and	Benefits: Wastewater disposal was considered at the outset of the Urban Growth Strategy and selection of growth pockets.

Options to address it	Implications of the options (financial and non-financial)
upgrade downstream infrastructure as necessary.	Relatively minor downstream upgrades required. Downstream upgrades will help to resolve some levels of service issues with inflow and infiltration. Costs: Some upgrades will lead to premature replacement of functioning assets.
Install non-conventional vacuum or grinder pump system.	Benefits: Lower flow volumes as less susceptible to inflow and infiltration consequently smaller diameter reticulation and reduced installation costs. Lower impact on downstream infrastructure. Costs: Increased mechanical infrastructure with subsequent on-going maintenance costs. Unproven modern technology.

2.3. Renewals

Asset renewals will assist Council to address the challenges associated with infiltration/inflow, climate change, earthquake risk and cultural values and the opportunities of new technologies.

Options to address it	Implications of the options (financial and non-financial)
Do nothing. Renew pipes as and when they fail.	Benefits: Certainty of targeting pipes at the end of their useful life. Investment delayed as long as possible. Costs: Increased overflows and insanitary conditions. Older pipes remain vulnerable to earthquake damage. Costs of increased maintenance and unplanned works. Increased pumping and treatment of infiltration and inflow.
PREFERRED OPTION Implement a proactive, planned renewals programme and invest more in condition	Benefits: Avoids unacceptable deterioration of the level of service. Prevents damage to the environment and public health risks from sewage overflows. Allows efficient, targeted investment in planned renewals works.

Options to address it	Implications of the options (financial and non-financial)
assessment technology, field data collection and data management.	<p>Comprehensive condition grading will allow targeted renewals and an opportunity to 'smooth' the renewal expenditure.</p> <p>Costs: Additional costs of CCTV surveying, pipe sampling, analysis and data collection to improve pipe and asset condition assessments and ensure well targeted renewals and efficient investment.</p>
Implement a pipe rehabilitation programme using a variety of rehabilitation techniques – patching, relining and renewals	<p>Benefits: Rehabilitation can be targeted at specific pipes or sections of pipe avoiding wholesale renewal costs.</p> <p>Costs: Very high-quality condition data required. Specialist techniques and skills may not be available locally and incur additional establishment costs. Many rehabilitation techniques are relatively recent and have not been tested over a prolonged time and have unproven durability.</p>

3. Most likely Scenario

This section provides an overview of the preferred options, and what this means for levels of service, and for costs.

3.1. Growth related to urban growth

The provision of wastewater services was considered during the development of the Urban Growth Strategy and the Housing Assessment being undertaken at the time of writing this LTP. Servicing the identified growth pockets will be achievable with some downstream upgrades some of which are currently in progress.

On-site wastewater will be installed by the developer to an agreed services plan. Council will collect and distribute development levies to fairly allocate the costs of over-sized infrastructure that a developer may incur for the benefit of subsequent development.

The costs of downstream upgrades have been estimated and added included in a revised developer contributions model.

Conventional gravity wastewater with pump stations is preferred. Modern materials and installation quality will minimise inflow and infiltration problems.

Growth Related to Trade Waste

The continued success of Marlborough wines in national and international markets will drive up demand for increased grape processing capacity. The wine industry is rapidly becoming the dominant industry in the region and facilitating growth by the provision of wastewater treatment will contribute to the continued development and prosperity.

Close monitoring of effluent volumes and strengths is undertaken each year during the vintage. Liaison with representatives of the industry will assist with anticipating the timing of future upgrades to agree a funding mechanism from each of the contributory wineries in advance.

Feasibility studies have been undertaken to upgrade the processing capacity of the Blenheim wastewater treatment plant to meet the projected peak demand periods between March to May each year. An outline of treatment plant upgrades has been prepared. Detailed design and construction will be planned to meet the growth in demand.

3.2. Renewals

The useful service lives of infrastructure assets are considered annually during the valuation process. Condition data collected through CCTV, planned and reactive maintenance across the network validates this data.

Additional resources will be allocated for pipe condition surveys through CCTV in targeted areas and pipe sampling where maintenance takes place. Data is continually gathered to enhance the targeted renewals programme. Plans will be developed to manage the predicted peak in renewals from 2048 to smooth the peak once a prioritised assessment has been completed.

Modern 'low-dig' renewal and rehabilitation techniques will be assessed if they can be efficiently deployed and have a proven track record.

4. Major Projects For This Activity

A brief summary of upcoming projects for this asset and to explain the reasons for these choices, which expand on the categories of growth, renewal and levels of service in the table

Asset type	Project	LoS %	Growth %	Renewal %	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Blenheim														
Pipelines	Alabama to Taylor/Dillons/Fulton/Purkiss/Burleigh Pipelines Upgrade	60	15	25			\$4.42M							
Pipelines	Murphy/Adams/coleman/cherry Pipeline Upgrade	8	59	33					\$0.68M					
Main Outfall Pump Station to Blenheim Sewage Treatment														
Pipelines	Plant 600 Concrete Upgrade	20	80		\$0.25M	\$1.73M								
Pipelines	Reclaimed Water Reticulation	80	20				\$5.00M							
Pipelines	St Andrew Pipelines Upgrade	86	14			\$0.90M		\$0.15M						
Pipelines	Blenheim Pipeline Renewals Ind EQ Repairs			10			\$3.83M							
Pump Stations	Renewal and Upgrade Purkiss N Kingwell Moorings/Houldsworth/Clea	36	25	39			\$3.23M							
Pump Stations	Battys Rd South 3000m3 chamber/Battys Rd South Pump Stations Upgr	20	80					\$13.52M						
Pump Stations	Main Outfall Pump Station Pump Stations Renewal and Upgrades	25	25	50		\$14.76M								
Pump Stations	Renewals Pump Stations			100					\$1.38M					
Treatment Plant	Blenheim Sewage Treatment Domestic Upgrade	79	21		\$5.00M			\$23.24M						
Treatment Plant	Blenheim Sewerage Treatment Plant Domestic Consenting Upgrade	71	29				\$2.55M							
Treatment Plant	Blenheim Sewerage Treatment Plant desludge	100						\$4.50M						
Havelock														
Pipelines	Havelock Sewer Pipe Upgrade	80	20			\$2.45M								
Pump Stations	Havelock Pump Station Upgrade	79	20	1		\$1.86M								
Treatment Plant	Treatment Plant Upgrade	81	19			\$15.40M				\$6.08M				
Picton														
Pipelines	Pipelines Renewal and Upgrades	45	10	45					\$3.43M					
Pump Stations	Picton Pump Stations Upgrade	35	30	35				\$2.31M						
Treatment Plant	Picton Wastewater Treatment Plant Upgrades	56	43	1	\$0.65M				\$16.90M					
Renwick														
Pump Stations	Renwick Pump Station Upgrade		100						\$1.80M					
Riverlands														
Treatment Plant	Blenheim Sewage Treatment Plant Industrial Upgrade	80	20			\$20.60M								
Treatment Plant	Blenheim Sewage Treatment Plant Industrial Consenting	80	20				\$1.38M							
Seddon														
Land	Land purchase for treatment	90	10		\$5.20M									
Treatment Plant	Treatment Plant Upgrade	90	10			\$17.58M								
Combined														
Connections	New connections across Region		100						\$0.76M					

Stormwater

For Marlborough to achieve its vision for the future, the infrastructure must be sufficient and functioning; achievable and sustainable with the resources available.

Stormwater Goals

- The habitable floors of all properties within urban stormwater areas will not experience flooding from storms that, on average, will occur once in 50 years or less.
- All properties within urban stormwater areas will not experience flood water from storms that, on average, will occur once in 10 years or less.
- Discharges of urban stormwater will not cause a deterioration in the quality of the receiving water beyond the standards of the time.

Introduction

The stormwater infrastructure is a reticulated network of pipes, channels, pump stations and associated apparatus required to drain rainwater from residential, commercial and industrial properties and surrounding land. The service is predominantly focused on the urban areas where buildings and other structures disrupt the natural flow paths of surface water drainage and hard surfaces, such as roofs and roads, prevent rainwater from being absorbed into the ground.

Stormwater drainage relies on discharging rainwater to rivers and streams as well as man-made channels. As a unitary authority (with both regional and district council responsibilities), Council manages both the man-made stormwater pipes, drains and natural water courses. Close, coordinated management between stormwater management staff and rivers and land drainage staff is essential to achieve an effective and efficient drainage of surface waters. This arrangement was incorporated in the Blenheim Stormwater Strategy, which was adopted in 2012. The strategy provides an integrated and holistic approach to stormwater management with clearly defined objectives to manage the quantity and quality of stormwater across Blenheim.

The Stormwater Action Group (SAG) is a collaborative working relationship between Council's Rivers and Land Drainage, Stormwater and Operations departments and is proving to be an effective mechanism for implementing the stormwater strategy. The strategy is a detailed analysis of the stormwater issues for the town and is a fundamental element of infrastructure planning. The strategy groups many small drainage catchments throughout Blenheim into 11 Stormwater Management Areas (SMAs). Detailed, integrated action plans are being developed for each SMA which will meet the future requirements for growth in stormwater flows and quality standards.

The urban growth pockets identified to the north-west of Blenheim are in the headwaters of many local creeks. Development of these areas, coupled with increased rainfall from climate change, needs to be managed carefully to prevent negative consequences downstream. The Springlands Stormwater Management Area Plan (SMAP) has been developed and links all of the work done in this area.

Many of the spring-fed creeks passing through Blenheim, and upland streams passing through the smaller settlements, have high quality water and pristine aquatic habitats. Increased public concern over the quality of New Zealand waterways has been recognised through the National Policy Statement for Freshwater Management (NPSFM). New developments include low impact design techniques for on-site treatment of stormwater. Infrastructure may need to be retrofitted to ensure existing stormwater discharges meet the new level of service standards.

The expectation of more intense storms as a result of climate change must be accommodated through a combination of larger pipes, channels and pump stations, overland secondary flow paths and specially designed detention areas that will hold back the peak flows, preventing downstream flooding.

Similar to water and wastewater assets, much of the underground stormwater reticulation is reaching the end of its useful life and will need to be renewed. A very significant peak of around a third of the total asset value (of \$86.0 million) is anticipated from around 2050 – just at the edge of the planning horizon of this strategy.

The following table provides a summary of Council's stormwater systems.

Area	Length mains (km)	Pump Station
Anakiwa	0.8	
Blenheim	143.1	2
Grovetown	0.8	
Havelock	2.9	
Okiwi	0.9	
Picton	30.7	1
Renwick	5.6	
Riverlands	6.9	
Seddon	1.2	
Sounds	0.3	
Spring Creek	3.6	
St Andrews	0.3	
TOTAL	197.1	

5. Specific Challenges For This Asset

5.1. Stormwater quantity

Urban Growth

The Marlborough Urban Growth Strategy has identified pockets of land to accommodate the expected demand for housing in the future. For Blenheim a land area of around 160ha was identified to the north and west of the existing town. The natural drainage for these areas is from west to east meaning that the stormwater will feed into streams that pass through the existing urban area and to some extent are part of the urban drainage infrastructure. Development in the headwaters of these catchments requires careful design to ensure there are no adverse effects downstream.

This became very apparent with the development of a large retail park and proposed residential development in an area that drains to Murphy's Creek. The downstream residents were very concerned over the increased input of stormwater and the potential for both flooding and deterioration of water quality. An independent arbitrator worked with Council and residents to resolve these concerns using a structured decision-making process. Over the course of 18 months a mutually acceptable solution was reached.

The solution included many features that may be expected to be included in future stormwater designs. Land within the new development has been assigned for stormwater detention. This will detain part of the run-off and help reduce the peak flow. Dished, grass swales will provide a flow path for stormwater whilst at the same time increasing infiltration into groundwater. This natural process will provide primary treatment by removing some of the suspended solids and other contaminants from the run-off. A regulated portion of the flow will be directed into the existing Murphy's Creek and the remainder directed to the Taylor River through a new stormwater pipe. Development of the Stormwater Management Area Plan for Springlands in 2020 also assisted in a collaborative approach across Council and local residents to managing stormwater in this area, monitoring it and setting a benchmark to achieve.

Climate Change

Strategies to manage the effects of more intense storms are considered in all future infrastructure assessments. Building bigger infrastructure and ensuring renewed pipes are sized to meet the new standards will be important. Advanced mathematical models are used to project future stormwater flow patterns and ensure infrastructure is designed with sufficient contingency to accommodate the current uncertainties. A good understanding of historic rainfall patterns and the powerful hydraulic models allow different combinations of factors to be simulated. Non-infrastructure alternatives can be modelled and the engineering solutions adjusted.

The use of overland flow paths along roads can avoid the expense of installing additional stormwater infrastructure, but roads and adjacent properties need to be designed appropriately to provide this function. Stormwater detention areas can make an important contribution to stormwater management by removing the peak flows and allowing stormwater to drain away once the peak flood waters have receded. Maximising the potential for soakage into the ground is useful, as are roof water collection tanks. The code of practice for subdivision could be amended to encourage greater stormwater management for new developments.

5.2. Stormwater quality

Rainfall landing on urban areas will mobilise a wide range of contaminants — oils and greases from roads and parking areas, litter and urban waste, tiny but significant amounts of metals from roofs and spouting, and an assortment of chemicals and organic matter that wash off hard, impervious surfaces. If the stormwater cannot soak into the ground within a property, it is piped and channelled to the nearest waterway. This could lead to significant deterioration in the quality of the natural waterway. Stormwater from industrial areas can be a particular hazard, but accidental and sometimes deliberate spillages from residential areas can also cause acute pollution problems.

Stormwater and wastewater pipes are often laid underground in close proximity to each other. The potential for both systems to leak, and for stormwater to become contaminated with sewage, is high. This is particularly the case following an earthquake, as both systems can be damaged by ground movement. Regular monitoring of stormwater outfalls provides useful information on the integrity of both systems.

In 2017 a government supported project was initiated by Council's Environmental Science and Monitoring Department to monitor the water quality of the Taylor River as it passes through Blenheim. The Assets and Services Department opted to undertake a complementary sampling programme of the stormwater outfalls to the river. The outcome of the project helps to guide future decisions on pipe rehabilitation and stormwater treatment.

Many of the existing stormwater outfalls are managed under a range of different resource consents. The Blenheim Stormwater Strategy includes a proposal to consolidate the legacy of consents into a new consent structure that meets both the current and foreseeable standards and reflects the land use plans for the town. This process has taken place for Springlands SMAP and will continue for the remaining 10 stormwater areas in Blenheim and then for the rest of Marlborough.

The most recent sub-divisions on the periphery of Blenheim have included specially designed swales (shallow dished drainage channels), porous water courses and a wetland to provide treatment of urban run-off through filtration and entrapment of particulate matter. The cost of installation resides with the developer as a condition of resource consent, however maintenance, renewal and monitoring will become an on-going operational cost to Council and will be included in future budgets. As we gather information and technology in stormwater treatment and retention improves, we are flexible in taking a case-by-case approach in areas of development to ensure our stormwater runoff is not having a negative impact on the mauri of the water.

There are numerous patented treatment systems that can be installed on the reticulation system to intercept contaminants in the urban stormwater. Due to their compact nature they can be an effective treatment for particulate matter to retrofit to existing outfalls.

5.3. Ageing infrastructure

The age profile of the stormwater pipes shows a relatively modest rate of replacement is required over the next 30 years. However, around 48kms of predominantly concrete mains were laid in the 1960s and 70s and these will be reaching the end of their useful life around 2050/60, just on the edge of this planning horizon. This spike has been smoothed within the 30 year planning period. In reality, many of these pipes are not critical and will be able to sustain their useful lives being extended and still meeting level of service requirements.

These predictions are based mainly on the current knowledge of pipe condition and the expected rate of deterioration. As discussed previously, many factors influence the life expectancy of pipes. It will be important to gain more knowledge of the pipe condition over the life of this strategy, so the projections can be refined and plans developed for the replacement in a manageable renewals programme. A programme to CCTV survey wastewater and stormwater pipes was instigated following the 2016 earthquake. The survey has been targeted towards pipes considered to be most affected (mainly earthenware and vitreous clay) in the areas where most damage is expected (Blenheim) and the pipes that will have the most severe consequence of failure (generally wastewater).

6. Options to Respond to Each of These Identified Challenges, and Implications of These Options

6.1. STORMWATER QUANTITY - increased stormwater volumes from subdivision development and climate change

Option	Implications
Upsize infrastructure to accept maximum anticipated flows at the developers' cost.	Benefits: Certainty of outcome. Follows the principle of "user pays". Costs: Disruption during the installation and escalating costs of development. Downstream consequences as the receiving waters reach capacity and also require infrastructure upgrades.
Upsize infrastructure to accept maximum anticipated flows and devise funding formula to spread costs.	Benefits: Certainty of outcome. Development costs are shared to assist with affordable housing. Costs: Disruption during the installation. Inequity as ratepayers fund private developments. Downstream consequences as the receiving waters reach capacity and also require infrastructure upgrades.
PREFERRED OPTION Implement a combination of engineering interventions as part of an integrated Stormwater Management Area Plan.	Benefits: Total and peak discharge volumes are optimised. Minimises infrastructure upgrades and impacts on downstream drainage. Good coordination between urban stormwater and the receiving waters. Forms part of a coordinated river catchment strategy. Costs: Potentially requires set-aside land for stormwater detention. Significant planning, modelling and engineering design require in advance of development.

6.2. STORMWATER QUALITY – ensuring discharge quality of all stormwater is not detrimental to existing water bodies

Option	Implications
REQUIRED Meet the requirements of the National Policy Statement for Freshwater Management.	Council will continue to identify best practice from around NZ and implement these practices to ensure new developments are 'future-proofed' to meet current and anticipated standards. This work will include monitoring current discharge quality and catchment risks and preparing plans for preventative and remedial works.
Status quo. Pro-actively manage potential pollution sources within catchments and respond to pollution incidents as they occur.	Benefits: No additional costs. Costs: Derogation of responsibilities under the NPSFW. Fails to address long term low-level contamination from urban run-off. Unable to adequately monitor stormwater impact on the receiving waters.
PREFERRED OPTION Continue to implement a comprehensive Stormwater Management Area Plan including comprehensive stormwater monitoring regime. Install water quality treatment on new developments and retro-fit treatment to existing stormwater reticulation.	Benefits: Provides good information on the catchment and infrastructure integrity and allows planned remedial works. Proactively protects the receiving water from chronic contamination. Fits with the aims of the Blenheim Stormwater Strategy. Costs: Additional costs to new developments. Capital investment in retro-fit treatment. Additional operational and maintenance costs of treatment apparatus. Costs of sampling, laboratory analysis and data interpretation of stormwater outfalls.

6.3. AGEING INFRASTRUCTURE – strategy to renew stormwater networks.

Option	Implications
Renew non-critical mains when failure rates become intolerable.	<p>Benefits: Ensures that only pipes that have reached the end of their useful life are replaced.</p> <p>Costs: Pipe failure will become apparent during storm events and during likely increases of property flooding. Operation and maintenance costs will increase. Unpredictable renewals make budget and resource planning difficult. Unplanned work is more disruptive and expensive than a planned programme of renewals.</p>
PREFERRED OPTION Implement a proactive, planned pipe renewals programme and invest more in both condition assessment technology, field data collection and data management.	<p>Benefits: Targeted investment in planned renewals works. Smooths the renewals investment profile. Avoids unacceptable deterioration of the level of service.</p> <p>Costs: Additional costs of pipe surveying, analysis and data collection to improve pipe and asset condition assessments, to ensure well targeted renewals and efficient investment. Smoothing the renewals profile may accelerate the investment programme if works cannot be deferred.</p>

7. Most Likely Scenario

The most likely scenario is that the Blenheim Stormwater Strategy will continue to be implemented through the progressive implementation of Stormwater Management Area Plans for the remaining ten management areas. The solutions implemented will be multi-dimensional to the benefit of the urban drainage and receiving waters. The strategic approach will be extended to the other urban settlements (Picton, Havelock, Renwick, Seddon, Spring Creek and other smaller settlements). The aims and objectives of the strategy, and the holistic approach to catchment management, remains a strong framework for future stormwater management.

7.1. and 7.2 Stormwater quantity and quality

It is likely there will be an increasing focus on urban stormwater quality and the impact on the natural receiving waters. As a result, there will be a regular stormwater monitoring programme and a programme of remedial works as Stormwater Management Area Plans are developed. It is likely that the remedial works will include:

- increased management of potential contamination sources such as factories, businesses and commercial sites;
- retrofitting treatment devices into stormwater pipelines;
- stormwater treatment to be built into all new development; and
- increased efforts to raise public awareness and education.

7.3. Ageing infrastructure

The useful service lives of infrastructure assets are considered annually during the valuation process. Condition data collected through CCTV, planned and reactive maintenance across the network validates this data.

Additional resources will be allocated for pipe condition surveys through CCTV in targeted areas and pipe sampling where maintenance takes place. Data is continually gathered to enhance the targeted renewals programme. It is likely that a small but growing pipe renewals programme will be instigated over the next three years, with accelerated growth in the following years, as more information is gained on pipe condition and life expectancy. Plans will be developed to manage the predicted peak in renewals from 2050.

8. Table of Major Projects for this Activity

A brief summary of upcoming projects for this asset is shown below and includes an indication of the main reasons for the projects. Many of these have multiple drivers that span the challenges identified in the earlier sections of this chapter.

The key 'drivers' of investment are:

- Growth — investment to provide additional capacity to cope with increased demand for the service due to population growth or increased usage.

- Levels of service — investment to improve the service customers receive.
- Renewals — investment to replace worn out or inefficient assets.
- Discharge Quality –NPS for Freshwater Management and also the Marlborough Environment Plan have requirements for improved discharge quality.

Asset Type	Project	LoS %	Growth %	Renewal %	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Combined														
Connections	New connections across Region		100%		\$0.6M									
Blenheim														
Pipelines	Murphys Creek Pipeline Upgrades	35%	69%		\$5.2M									
Pipelines	Redwood St - Muller to Stephenson Renewal			100%	\$1M									
Pipelines	Stephenson to Stuart St Upgrades	100%			\$1M									
Pipelines	Graham St - Stephenson - Boys college - Francis St			100%			\$2.5M							
Pipelines	Renewals Pipelines			100%	\$1.6M									\$0.5M
Renewals Pipelines	Chinamans Drain			100%					\$1M					
Renewals Pipelines	Behind Whitney St school			100%								\$0.75M		
Pump Stations	Town Branch drain upgrade	80%	20%					\$10.1M						
Picton														
Pipelines	Pipelines Renewals and Upgrades			100%	\$1.32M									
Seddon & Spring Creek & Renwick														
Pipelines	Renewals Pipelines			100%	\$0.65M									

Rivers and Flood Protection

For Marlborough to achieve its vision for the future, the infrastructure must be sufficient and functioning, achievable and sustainable with the resources available.

Flood Protection Goals

- To manage flood hazard and drainage occurring in more developed areas of Marlborough.
- Requirements in different areas have developed according to the history of flood risks, development of drainage improvements and more recently from development due to land use changes.

Introduction

This chapter covers three activities:

- Controlling flood waters from major rivers.
- Management of drains and small streams which receive the stormwater flowing from the urban stormwater network in Blenheim, Picton and other settlements.
- Land drainage, which is the steady, longer term removal of water from low-lying rural land.

Since 2010 significant flood events have occurred in most of the region's rivers and streams including the Rai/Pelorus/Wakamarina catchments, outer Sounds catchments, in the wider Picton/Waikawa/Koromiko area, Wither Hills and Southern Valleys and the main Wairau River and lower Wairau flood plain. The existing flood systems have generally coped well with these events.

The Wairau flood plain's major rivers and stop-banked floodways cover 20,000 hectares of fertile land around Blenheim and is Council's major river control and drainage activity. A review of the Wairau River Floodways Management Scheme is programmed to commence in mid-2024 and expected to take 3.5 years to complete. The work will include updated hydrological and hydraulic assessments, a comprehensive review of existing and historic assets, multi-dimensional risk assessment, scheme development, and financial modelling. The outcome sought is a comprehensive review of the current flood scheme, its future needs in the face of climate change, and

development of a strategic plan for its implementation, shaping Council's Infrastructure Strategy.

Expectations of higher standards for flood protection and environmental values

There is a trend for ratepayers to expect that Council will provide a high standard of flood control and drainage throughout Marlborough. The Building Act 2004 and the Resource Management Act 1991 (RMA) also oblige councils to take a more active role in managing flood risks than was required under earlier legislation.

New river control assets may be required for several reasons:

- Areas that would like to benefit from flood protection and are prepared to meet the costs can request this service from Council.
- Land development increases the flood run-off from the land.
- Increased awareness of flood risks as a result of climate change and/or better hydrological flood records.

The long history of flood control and drainage on the lower Wairau flood plain initially had an emphasis on risk management and affordability. However, over recent years the issues involved in river control and drainage have become more complex. Much more regard must now be given to maintaining and enhancing ecological values to meet the requirements of the Resource Management Act (RMA), the National Policy Statement on Freshwater Management (NPSFM) and the New Zealand Coastal Policy Statement (NZCPS).

Council is committed to maintaining high environmental standards for its flood protection activities, particularly as there are many valuable and sensitive ecological sites in the region. Maintaining and enhancing riparian ecological habitats, including whitebait spawning areas and bird nesting habitat, is also necessary.

9. Specific challenges

9.3. Levels of service and increasing demand for flood protection

Blenheim Stormwater Outfall Upgrades

Ongoing development of Blenheim including infill housing and expansion into the recently rezoned areas to the north and west requires upgrade of the stormwater system, including the outfall channels and pump stations.

Work continues on the design and construction of upgrades for the Redwood Street catchment (Town Branch drain, Redwood Street and Snowdens Pond and additional pumping), Murphys Creek and Fultons Creek upgrades (Boyce Street stormwater diversion main, Parker Street stopbanking), Blenheim West (Camerons Creek capacity and environmental issues).

Maintaining the Wairau River Alignment

The stopbanked reach of the Wairau River downstream from the Waihōpai confluence has very powerful and erosive river flows. Bank protection in the form of rock rip-rap armouring and tree planting is required to protect the stopbanks from erosion, especially as a result of floods.

Regular asset inspections have confirmed the need for continued investment in new works and regular maintenance of existing works to ensure a robust flood protection system is in place. Ongoing maintenance and upgrade work is required downstream to both the Diversion and Wairau river mouths.

A key project for this plan is completion of the Upper Condors programme of works, including stopbank realignment, groyne retreats, intermediate groynes and stopbank raising. The aim of this work is to maintain the river alignment and so ensure the security of the adjacent stopbank and irrigation intake infrastructure.

Stopbank Upgrades

The primary stopbanks along Peninsula Road, Spring Creek, require repair and upgrade to ensure their ongoing security and that of the Spring Creek township that they protect. Design work is underway on this critical project with construction work to commence in July 2025, and completion in FY2026-27, subject to funding.

Ongoing stopbank upgrades are planned for the Taylor River through Blenheim, lower Ōpaoa River and lower Wairau River. The stopbank upgrades are to bring older sections of stopbank to current structural standards, to provide agreed flood capacity and through Blenheim where possible shift sections of stopbank from private property into the Taylor River reserve. Likely climate change impacts will be included in upgrade designs where appropriate.

Stormwater Flows in Blenheim and Picton and the effects of new Urban Development

The Building Act 2004 requires the floors of new buildings to be protected in a 1-in-50 year return period flood event. The main challenge related to urban areas is to ensure that the system of drains, natural watercourses, pumping stations, and floodgates can adequately cope with the stormwater runoff that occurs in a 1-in-50 year return period flood.

This level of protection from stormwater flows is being achieved for many, but not all of the dozen watercourses in Blenheim and Picton.

Residential, industrial and commercial development is resulting in more impermeable (hard) surfaces, which reduces absorption of rain by land and increases the amount of rainfall runoff into the small rivers, streams and drains via stormwater pipes. This is occurring in all urban areas, especially Blenheim, Picton and Renwick. The Riverland's industrial area is also expanding rapidly and includes the conversion of rural land (zoned industrial) to industrial land.

Wairau Land Drainage Areas and Land Use Changes

The Wairau drainage area covers 8,000 hectares of low lying floodplain, which is drained by 200km of minor watercourses and 18 pumping stations. This land is to the east of Blenheim and O'Dwyers Road. Council is committed to avoiding more than 2-3 days of ponding occurring in paddocks in these drainage areas.

The drainage system consists of a mix of deliberately excavated drains and natural watercourses with flood gated culverts into the major rivers and a series of pumping stations.

The current drainage network was last formally reviewed in 2015 and will be reassessed as part of the Wairau River Floodways Management Scheme

review. This 2015 review recognised there has been significant intensification of land use and subdivision, a trend towards viticulture and an expectation of a generally high level of service since the Wairau Scheme was established in 1960.

An extra 15.3km was included in the managed network of drains following the 2015 review. This provides a drainage outfall to all rural land parcels greater than one hectare within the Lower Wairau Drainage Scheme area.

Sixty percent of the land within the Lower Wairau designated floodway is owned by Council while 40% remains in private ownership. Private land owners are required to use the land in ways that are compatible with floodway management. As viticulture land becomes more scarce, there are likely to be further requests to plant private land within key Wairau floodways (especially the Ōpaoa, Wairau and Taylor River floodways), and requests for inclusion of these areas within the 1-in-100 year standard of the Wairau flood plain. Where 'compatibility' cannot be agreed there is a land purchase budget each year for acquisition of private land. The budget has not increased.

Viticulture is progressing westwards up the Wairau Valley. Land above the Waihopai confluence has a lower standard of flood protection. A rate review within the term of the Infrastructure Strategy may see further requests for an increased level of service in the upper Wairau Valley. The strategy assumes that the current level of service remains materially unchanged and the rate review will align the funding and service levels.

Most adjacent vineyard owners above the Waihopai confluence have now recognised that it is in their interest to leave an adequate fairway to provide for flood capacity and to undertake edge protection works, which are typically some combination of rock and willow planting to provide a good buffer between the active channel and productive vineyards. Council continues to assist some property owners with the design and construction of new works, where the works are to be owned by the landowner.

Vineyard developments also appear to be causing increased runoff on the gently sloping, moderately impermeable land of the southern valleys to the south of New Renwick Road and State Highway 63 to the west of Renwick. This will need to be managed with larger culvert sizes and increased maintenance of the drainage channels.

9.4. Environmental expectations

Weed Control

The blocking of drainage and stormwater channels by thick aquatic and terrestrial weeds is a major maintenance issue. Weed growth can reduce the hydraulic performance of the channels by a factor of 10, reducing the drainage efficiency and increasing the flood risk to nearby properties. Regular annual removal using herbicide or by excavation is essential.

The spread and extent of weed is increasing and new weeds regularly arrive in Marlborough. Conversely, there is an increasing expectation from the public of more weed removal and there is generally increasing environmental (resource consent) constraints on the manner in which aquatic weed removal is carried out.

The use of herbicides is a key tool for maintaining both the drainage network and a number of key streams infested with aquatic weed. In addition, Council's weed-cutter boat is being replaced in September 2024 following its successful commissioning.

Impacts of Flood Gates on fish Migration

A total of 249 gravity outlets have been installed under river stopbanks. Simple floodgates (or flap valves) are constructed on the outlet of these culverts to prevent water flowing back from the river. These floodgates, while essential for preventing the backflow of floodwater, adversely affect movement of whitebait and other fish into the drainage network.

Pukaka Quarry Extension

The Council owned Pukaka Quarry is a key source of rock rip-rap for river protection works on the Wairau River and tributaries, and clay for stopbank upgrades and repairs. The quarry also supplies a variety of aggregates to the contracting market as a by-product of the rock production.

With the quarry extension now complete, planning work will begin in the FY2025-26 for future development needs of this strategic asset.

9.5. Climate change

Managing the Impact of Coastal Storm Waves and Sea Level Rise on Drainage

The lower Wairau flood plain includes several thousand hectares which are less than 2 metres above sea level.

Sea level rise will impact on coastal erosion and drainage of this low-lying farm land. The effects and consequences of sea level rise will be factored into the Wairau River Floodways Management Scheme review to ensure the system is resilient in the face of future uncertainty.

The marine storm wave forces are a very important factor. In the past they have formed a sand bar, typically extending a kilometre to the north. The bar is formed by a combination of marine forces, tidal flows into the Vernon Lagoons and river flows from the lower Wairau, and to a lesser extent the lower Ōpaoa. A training groyne at the mouth of the Wairau River has helped to maintain an open channel to the sea and scour any sand accumulation. There is some evidence of increased accretion at the mouth of the Lower Ōpaoa. The situation continues to be monitored and may require additional dredging. If required, dredging will be a significant maintenance cost.

Potential Impacts of Climate Change on Flood Flows

Climate change will also alter the frequency and severity of flood events. Current advice to Council is that by 2050 a given 100 year or 1% AEP flood will increase in size by 10 – 15%. That means the current 5500 cubic metres per second (cumecs) Wairau flood could increase to over 6000 cumecs. However, flood flows are likely to be variable — in some catchments they may actually decrease, while increasing in other areas.

The various scenarios will be factored into the Wairau River Floodways Management Scheme review to ensure the system is resilient in the face of future uncertainty.

9.6. Legislation

Dam Upgrades

The recently enacted Building (Dam Safety) Regulations 2022 comes into effect in August 2024, raising compliance standards for dam owners and operators. For Council's Taylor Dam, this requires a higher standard of dam safety assurance followed by a series of asset upgrades that will be put

forward for funding in the 2027 LTP budget.

10. Options and Implication

10.3. Levels of service and increasing demand for flood protection

Level of flood protection for the Wairau floodplains

Option to address it	Implications of the options (financial and non-financial)
<p>PREFERRED OPTION</p> <p>Maintain and upgrade the floodways passing across the main Wairau flood plain to provide a capacity for flood sizes of up to a 1-in-100 year return period for the Wairau River and other major flood plain rivers of the Lower Wairau, Wairau Diversion, Ōpaoa, Taylor, Omaka, Riverlands Co-op and others.</p>	<p>Benefits: Recognises agreements reached through the Wairau Rivers Floodway Management Plan in 1994.</p> <p>Certainty that building and land use planning can proceed to an agreed standard.</p> <p>Costs: Financial costs of ongoing upgrades outline budget to 2034 of \$20.8M.</p> <p>Environmental impacts of river control works.</p>
<p>Maintain the existing level of protection, but do not increase the level of protection to meet a 1-in-100 year return period if the magnitude of floods increases as a result of climate change.</p>	<p>Benefits: Avoids the need for flood protection upgrade works.</p> <p>Costs: Community consultation and consent required.</p> <p>Uncertainty as to level of flood protection and risks.</p> <p>Damage to property and crops.</p> <p>Possible reputational damage.</p>

Wairau land drainage areas and land use changes

Options to address it	Implications of the options (financial and non-financial)
Further extend the land drainage areas on an adhoc basis when requested to do so by landowners.	<p>Benefits: Responds to land use changes in a timely way.</p> <p>Costs: Does not provide for integrated solutions within a catchment.</p> <p>Difficult to implement a fair cost recovery plan.</p>
PREFERRED OPTION Scheduled land drainage reviews, to consider extensions of the land drainage area integrated with rate review.	<p>Benefits: Managed and cost-effective approach for Council.</p> <p>Increased land productivity and subsequent indirect benefits to the region from greater flood protection.</p> <p>Costs: All costs to be borne by benefitting properties through the classified rate.</p>

10.4. Environmental expectations

Weed Control

Options to address it	Implications of the options (financial and non-financial)
Use of herbicide	<p>Benefits: Cost-effective. Manual clearance is between 8 and 10 times more expensive than herbicide. Costs are likely to increase as landowners demand improved disposal of cleared weeds. Gradual die-back of targeted weeds has less impact on native flora and fauna.</p> <p>Costs: Additional cost of environmental impact monitoring of herbicides on aquatic life. Ensure safe working practices are employed. Possible but unknown environmental effects of chemical residues.</p>

Options to address it	Implications of the options (financial and non-financial)
Manual clearance	<p>Benefits: A conventional mechanical removal system with known environmental impacts.</p> <p>Costs: Disturbance of river and stream beds and impacts from sedimentation. More expensive. Damage to stream profile leading to increased 'canalisation'.</p>

10.5. Climate change

Potential Impacts of Climate Change on Flood Flows

Options to address it	Implications of the options (financial and non-financial)
PREFERRED OPTION Undertake a comprehensive review of the Lower Wairau Flood Protection Scheme including climate change scenarios and to consult with the community on both the desired levels of flood protection and their willingness to pay.	<p>Benefits: Community involvement in decision-making. Retains ability to adapt to changes over time. Include the most recent climate change projections and high quality hydraulic modelling. Decision-making using high quality information.</p> <p>Costs: Consultancy costs to perform analysis and modelling. Potential delay in decision-making. Financial and practical resources will be required for monitoring and for adaptation to changing flood flows and frequencies of flood events.</p>
Accept lower levels of flood protection over time in areas where climate change increases the magnitude and frequency of flood events.	<p>Benefits: Recognises ongoing and increasing nature of climate change.</p> <p>Costs: Flood damage to private property and public infrastructure. Loss of some existing land uses over time. Costs of managed retreat. Possible reputational damage from flood damage.</p>

11. *Most Likely Scenario*

Council will review the core Wairau River Floodway Management Plan and take climate change into account as well as the 25 plus years of additional flow data records collected since the plan was originally prepared. Once the flood risk data has been updated Council will undertake a major public consultation exercise with the key stakeholders on an updated plan for the key Wairau works through to 2050. The objective is to gain more understanding of the desired level of service and willingness to pay for future flood protection works.

Current thinking is that relatively minor upgrades will be required to preserve existing levels of service to about 2050 but after that time other options, including accepting increased flood risk or retreat from some very low lying areas, may need to be considered.

This plan is likely to be implemented through a range of activities including building and maintaining stopbanks, river diversions, detention dams,

Table to come

Community Facilities

For Marlborough to achieve its vision for the future its infrastructure must be sufficient and functioning at the same time as being achievable and sustainable with the resources available.

Community Facility Goals

- Enhance the quality of the environment through the establishment and maintenance of reserves, parks, open spaces, libraries, museums, cemeteries, public conveniences, halls, trees etc.
- Promote quality lifestyles and the desirability of Marlborough as a place to live and visit.
- Provide a wide range of opportunities and facilities for recreation from passive through to active.
- Invest in, and planning for, infrastructure to meet social and economic wellbeing and health of our communities.

stopbank erosion protection (rock and trees), river channel clearing, channel excavation, channel training, and use of flow control gates.

A climate change allowance is already built into all current Blenheim stormwater design and planning.

Over the longer term, further investigation of upgrading costs and also of possible funding sources for these upgrades is required as a part of the planned review of the Wairau River Floodway Management Plan followed by discussion with the affected community.

12. *Major Projects For This Activity*

A brief summary of upcoming projects for this asset is shown below, and includes an indication of the main reasons for the projects. Many of these have multiple drivers that span the challenges identified in earlier sections of this chapter.

Introduction

Council has included Community Facilities within the Infrastructure Strategy. There is no statutory requirement to do so in the Local Government Amendment Act of 2014. However the infrastructure that contributes to Community Facilities has been included as it has a reasonably significant value both in terms of their financial value and their contribution to community wellbeing. There are also many smaller assets that individually are less valuable but when grouped together are significant. The asset groups included are sports stadia, community halls, libraries, cemeteries and memorials, playgrounds and public conveniences.

The assets included in Community Facilities are quite diverse in the nature of the service they provide and spatial location around the region. Whilst they are subject to many of the key themes of the strategy some services provided are of a more discretionary nature.

Marlborough has an increasingly ageing population while at the same time becoming more ethnically diverse. As a population ages, sporting participation

preferences are likely to change. Generally speaking, older residents do not participate in higher levels of moderate to vigorous physical activity. Another significant change is many older adults have the ability to recreate during week days, which is often a period of time where sporting facilities are under-utilised. The increasingly ethnic diverse profile of Marlborough also brings opportunities for residents to participate in a more diverse range of activities. This diversity may place additional pressure on Council to provide facilities for a wider range of activities as they emerge.

The **affordability of renewals** may also be a challenge for some groups of assets, particularly if there is a demand for an improved level of service from the replacement. Although there are some newer facilities in the district, the network of sporting facilities is generally ageing. Council has looked at increased investment in the network recently, including the development of the Endeavour Sports Hub and the hard courts and sports hub at Lansdowne Park. The Picton Library and the recently completed Blenheim Library include a degree of upgrade to meet an increased level of service demanded by customers.

Demand for public services can also decline over time. Technological changes, changing trends and personal choices about activities people take part in, and how they take part in can result in facilities being under-utilised. Similarly it has been assumed that the various community halls will not be replaced when they reach the end of their useful life. Money has not been collected to fund their depreciation and renewal affordability could be a challenge. It is, therefore, important that facilities can adapt to meet changing needs and are sustainable, including financially.

Climate change and resilience to natural hazards may also impact on some of the groups of Community Facilities. For example coastal tracks and coastal reserves may be subject to increased storms, rising sea-level and the effects of tsunamis. There will need to be some modifications to sports facilities to maintain them through more severe weather events – drought resistant turf, irrigation and improved drainage. These are likely to be resolved through incremental changes that can be incorporated into operational management plans with lower financial impact.

Recreational Facilities

The underlying story for sports and recreational facilities, parks and reserves is that the major influences of change over the next thirty years are not likely

to have a shock impact that will require major capital investment. Change is likely to be gradual and at least partially compensated by other contemporary changes. The other prevailing trend is that while levels of service may alter with changing community demands and operating environment, the overall standards are unlikely to decline. If this projection is correct, the operational and maintenance costs will be at least comparable with current expenditure.

The major sports stadia in Marlborough - Stadium 2000 and Regional Aquatic Centre, the BDO Spicers Renwick Sports and Events Centre, Picton Endeavour Park Pavilion and the Lansdowne Park Sports Hub in Blenheim have a combined insurance value of \$48.4 million. There are a further 23 sports and leisure facilities with total value of \$23.4 million. The major stadia are relatively new and have a long-life expectancy. The Sports Facilities Strategic Plan 2021 has been developed to understand the current and future facility needs and aspirations of sporting codes in Marlborough. The plan identifies what changes, updates or additions could be made to the Council's sports facilities network over the next ten years. To date sharing of common facilities and synergies between codes helps to promote sports, save costs and future-proof the facilities to meet changes in community demand.

Stadium 2000 has undergone strengthening works to improve its resilience to earthquake as have other of Council's community facilities. It is important to note that the main aim of building strengthening is to prevent catastrophic failure and to allow people to escape. It does not mean the facility will be serviceable after a large earthquake. Council has insurance to help manage the risk but the insurance excess can still be considerable.

Community Halls

There are around 18 community halls, managed by Council, located in many of the small settlements from D'Urville Island to Ward. Many of them are old but are still a significant focus for the community with a high number in rural locations predicted to have declining populations in the future.

The halls have an important role to play with many being the only public facility available in isolated communities. They may have limited use but they have strong cultural and nostalgic linkages to the community. Some are more valued for their heritage and future potential as much as their

current practical utility. Six have been identified as Civil Defence Community Response Centres.

Council policy is not to fund depreciation of the community halls and an assortment of management practices have evolved by individual communities. Not all structures have been assessed for earthquake resilience. Strengthening works would need to be incorporated into a cohesive management plan.

Parks and Reserves

Council has three premier parks (Pollard Park, Seymour Square and Picton Foreshore) and 220 parks and reserves with 81 neighbourhood parks. The premier parks not only provide a service for the local community but, increasingly, an attraction for visitors. Neighbourhood parks provide playground areas which are likely to become more frequented as property section sizes decrease. For these reasons the level of service for these assets is likely to be maintained into the foreseeable future.

Other Facilities

Walkways and Cycleways - Similarly, walkways and cycleways are increasingly used by visitors to the area. Tourism is an important and growing part of the economy. There will be continuing demand to expand and upgrade the facilities provided and maintain a high level of service for the benefit of local community and visitors. A recent example is the Whale Trail network.

Public Conveniences - Council maintains 71 public toilet facilities across the district with sixteen of those facilities receiving significant refurbishments since 2018. The upgraded facilities have been in areas with highest demand based on user numbers and the proximity to state highways. Smart technology has also been installed as part of these upgrades to support more efficiency with maintenance and wastewater systems and providing accurate user data and trends.

The infrastructure across many of the smaller more rurally located sites while basic, is meeting current levels of services. These sites have also received upgrades and modernisations to ensure they continue to meet user demand.

The community expects public conveniences to be maintained to a high level and any change in this level of service may not be acceptable.

Libraries

The new libraries in Picton and Blenheim are modern buildings designed to the latest standards with updated fittings and facilities. The main infrastructure is designed and built to last beyond the 30 year strategy but advances in technology may make some of the facilities obsolete or require significant re-investment. It is difficult to predict the implications of new technology but the strategy ensures the new structures are as flexible as possible to adapt to changing service requirements in a way that will allow the long term durability of the assets.

Museums and Cultural Facilities

The main Marlborough museum is located at Brayshaw Park and several smaller museums and art galleries at Havelock, Renwick, Picton, etc. A new art gallery will also form part of the new Blenheim Library complex. There is unlikely to be a major shift in the strategic management of these facilities. However, a change in level of service may be anticipated to embrace modern technology. Museum visitors now expect inter-active displays and high quality presentation materials. Conversion of archive material to digital formats and other operational costs can be expected. The smaller facilities may face premature technical obsolescence or expensive upgrade.

The cultural significance of the Wairau Bar settlement in New Zealand history is becoming more apparent as more archaeological evidence is discovered. There may be increasing pressure for investment in a permanent facility to recognise and display the artefacts for the site.

Cemeteries and Memorials

The Council administers eight cemeteries with a combined area of around 26 hectares. Population projections show the proportion of the population over 65 is likely to increase from its current level of around 20% to 35%. Increased demand for burial space may require additional land purchases and development investment and operational costs. However, there is evidence of a trend towards greater cremation. The introduction of the Cemeteries Bylaw in 2017 has provided the option to pre-purchase up to two cemetery plots per application. Management plans have been developed for all of the cemeteries to assist future planning. Changes are

expected to be accommodated without significant investment aside from a need to consider the purchase of additional land.

The community expect cemeteries and memorials to be maintained to a high standard. Deterioration to this level of service is unlikely to be acceptable.

Options and Implications

An options and implications table has not been included for Community Facilities.

Relatively small changes will be gradually deployed to implement further upgrades and meet changes in demand. The new infrastructure that has recently been completed or is under construction, libraries and sports hubs, has been deliberately designed to be as flexible as possible. Changing demand patterns, demographics of the community and new technologies can be accommodated in the structures that are planned or have been completed.

Project title	Approximate date required	Estimated cost \$m	Reason for project	(% weighting)	
			Growth	Level of Service	Renewal
Blenheim A&P Park Pavilion	2026/2027	\$4.5M	0	10%	90%

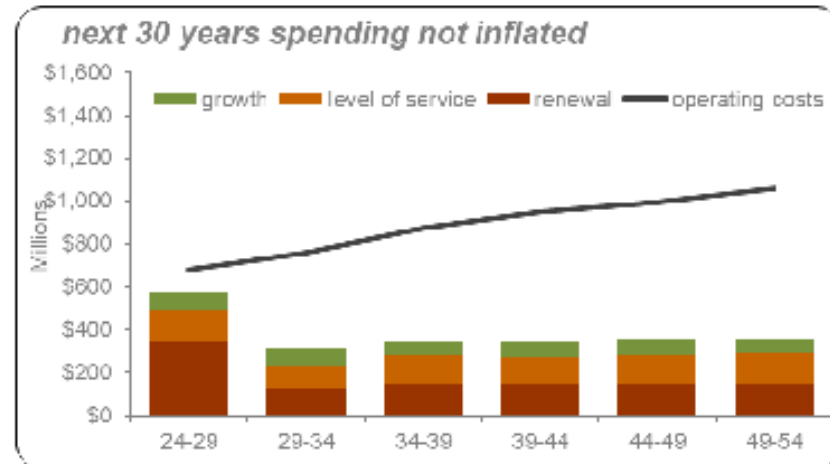
General Assumptions and Risks

Made in preparing financial information (generally up to years 11 to 30):

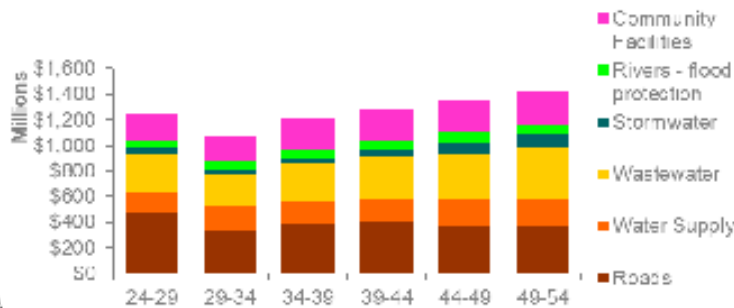
1. Capitalised overheads have been added to capital spending in years 11 to 30 at the average rate they are applied in the budget ten years, by Activity.
2. The capital inflation rate applied to years 11 to 30 is BERL's forecast LGCI for the year ending June 2034, i.e. 2.0%
3. Additional operating costs, including insurance and depreciation, have been estimated in relation to growth and level of service related capital projects in years 11 to 30.
4. For renewals capital expenditure in years 11 to 30 it has been assumed that any additional costs will be more than offset by a reduction in related maintenance and no operating costs adjustment has been made; this may lead to an immaterial overstatement of operating costs towards the end of the planning horizon.
5. Expected renewals have been based on the estimated useful life of current and planned assets have been forecast to utilise availability of operational and financial resources; renewal have generally not been forecast earlier than the engineering trigger point.

Part Three — Financial Summary

The capital work presented in section two represents total infrastructural capital spending of \$2.28 billion over the next 30 years; with associated operating expenditure totalling \$5.32 billion – to operate and maintain existing and new infrastructural assets. The operating expenditure is spread fairly evenly across the years whereas the capital expenditure is more concentrated in the early years.



next 30 years combined capex and opex spending not inflated



The preceding chart shows the total infrastructural spending (capital and operating combined) by Activity Group.

Given the constant challenge to provide the required services in an affordable manner, and the demand on internal and external project management and construction resources, the renewals expenditure based on expected useful life has been budgeted to "fill the gaps" between the major projects.

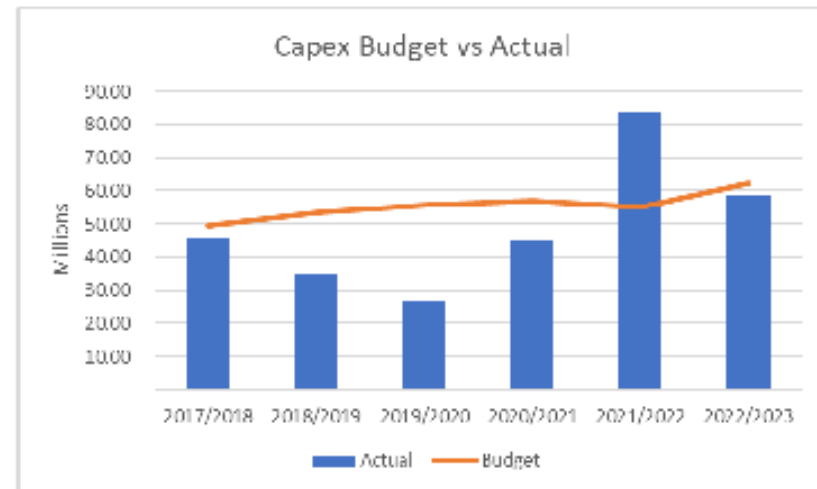
In preparing its LTP, Council has to inflate the project cost estimates, also added into the budget are approximately \$1.8 million of planning and development costs which will be capitalised. the same methodology has been applied throughout the thirty years of this financial summary.

Preparing the LTP and this financial summary also involved consideration of factors which may delay the proposed timing of projects and have a significant impact on the overall capital programme.

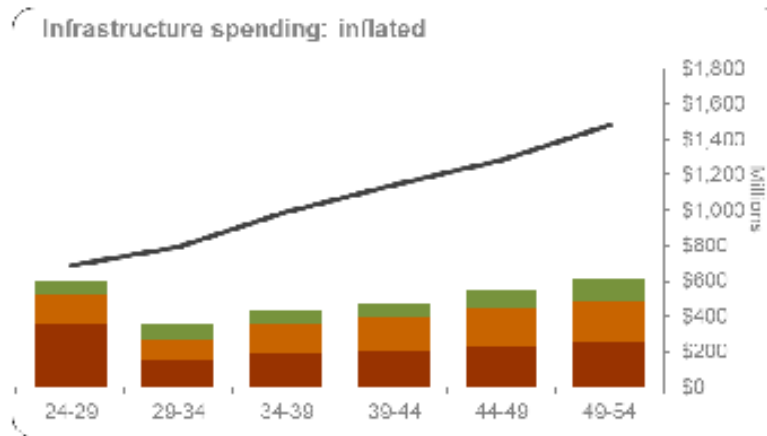
Over the past five years actual Capital Expenditure has ranged from \$34.71 million in 2018/19 to \$83.8 million in 2021/22 with an average of \$49.10

million, the projection for 2023/2024 is over \$xxx million. In all but 2021/22, the actual spending was below budget, often significantly. Capital project timing has been delayed due to:

- finalising community consultation;
- obtaining land access;
- obtaining resource consents;
- the availability of external professional expertise;
- receiving acceptable contract price and contractor availability.



As described throughout the strategy there are many projects and some demand for improved services from all of the core activities. However, it is unlikely that projects will rapidly overcome the obstacles described and accelerate much beyond an annual expenditure of \$85M. It has therefore been decided to limit capital financing to \$85M plus sounds roading per annum for the first three years of the LTP.



The resulting "inflated" budget is for total capital expenditure of \$3.034 Billion and operating expenditure totalling \$6.4 Billion. The inflated capital spending is:

- 18.5% to service forecast growth
- 36.2% to improve levels of service (strongly influenced by wastewater and also by water supply)
- 45.3% to renew assets as they reach the end of their lives.

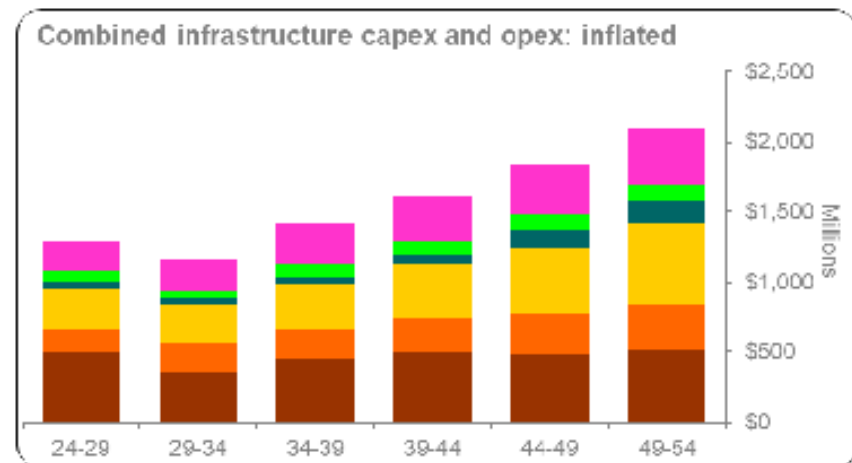
Council's Financial Strategy sets out the strategic financial direction; the external and internal factors expected to have a significant impact (in particular over the next ten years); and the approaches used to fund this scenario in a prudent manner.

The strategy identifies that in general:

- growth driven capital expenditure is funded by development contributions;

- capital expenditure to increase levels of service, e.g. improve quality of drinking water supply, is funded by borrowing;
- renewals capital expenditure is funded from revenue - rates and charges - set to recover depreciation expense and accumulated until spent. This funding source emphasises the importance to Council of continually fully funding depreciation on infrastructural assets.

In practice any funds available are used before new loans are drawn down, to avoid paying interest unnecessarily; excepting development contributions which are only ever used to fund growth projects.



Activity Graphs

The following graphs show, for each Activity:

Budgeted expenditure over the next ten years, i.e. as included in the LTP, year by year:

- inflated
- not inflated

with the same scale for both graphs.





Forecast expenditure over the next thirty years, taking the first ten years from the LTP and showing spending in five year blocks:

- inflated
- not inflated

with the same scale for both graphs

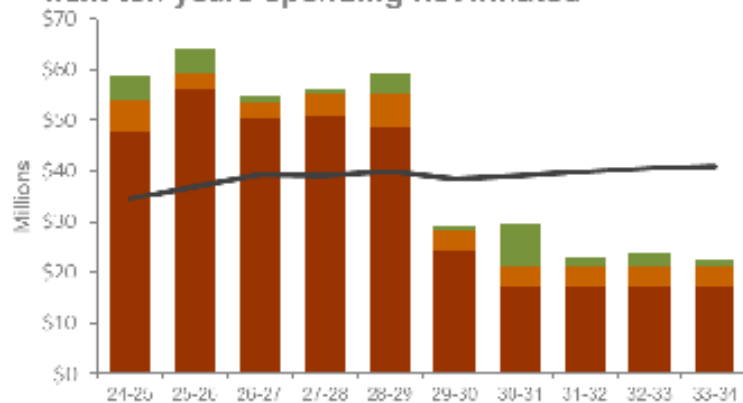
All graphs show:

- total operating expenditure
- capital expenditure separately identifying renewals, growth driven and level of service driven expenditure

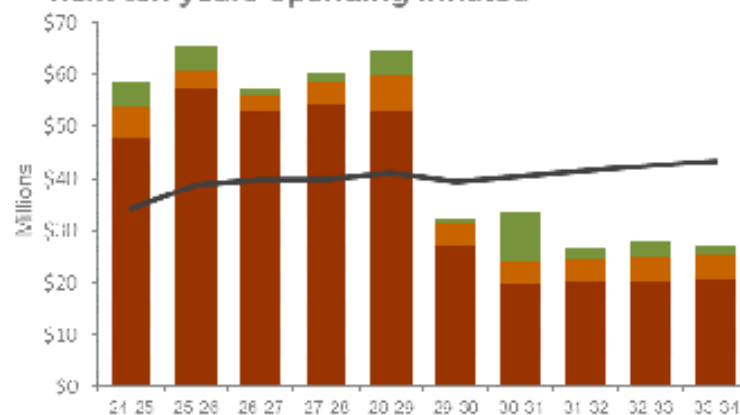
Key:	
Capex to:	
cater for growth	
increase level of service	
renew existing assets	
Total operating expenditure	

Roading

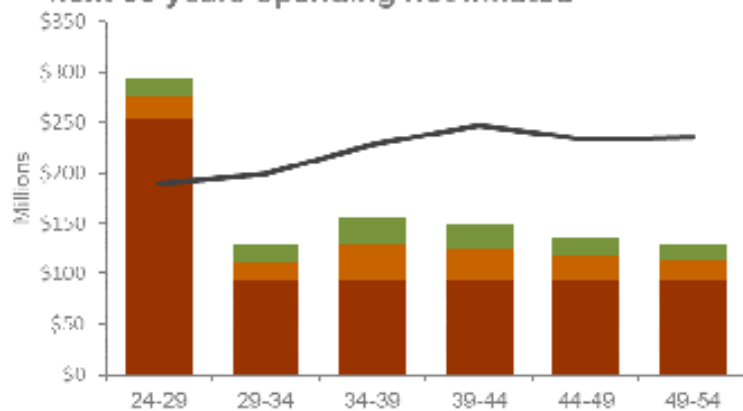
next ten years spending not inflated



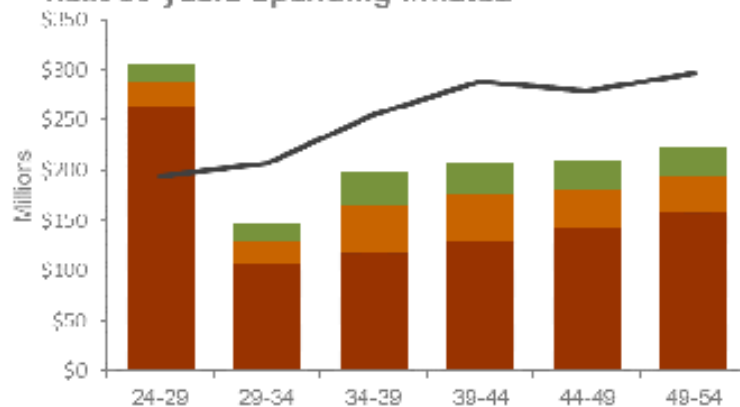
next ten years spending inflated



next 30 years spending not inflated

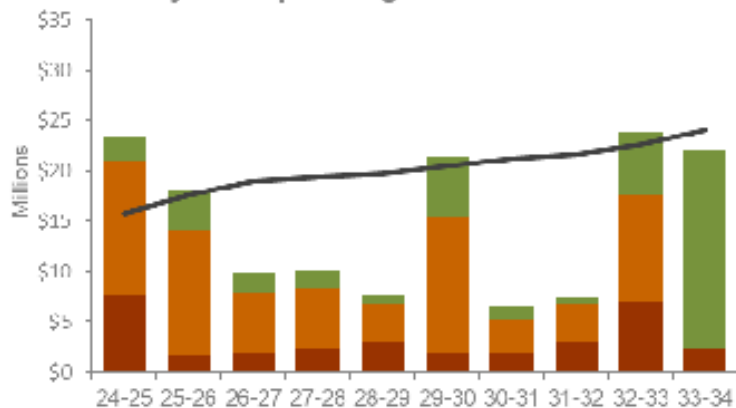


next 30 years spending inflated

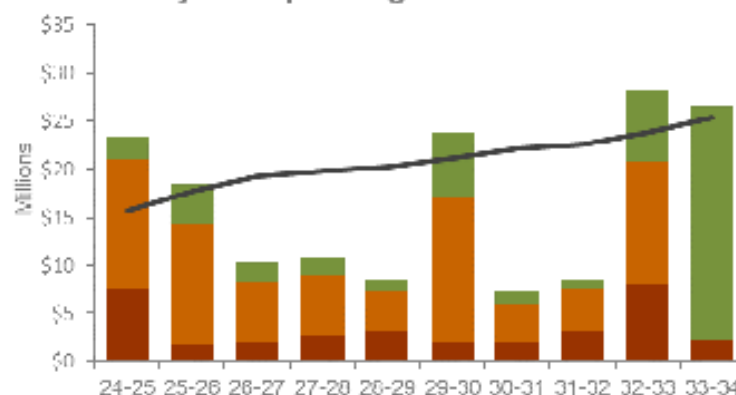


Water Supply

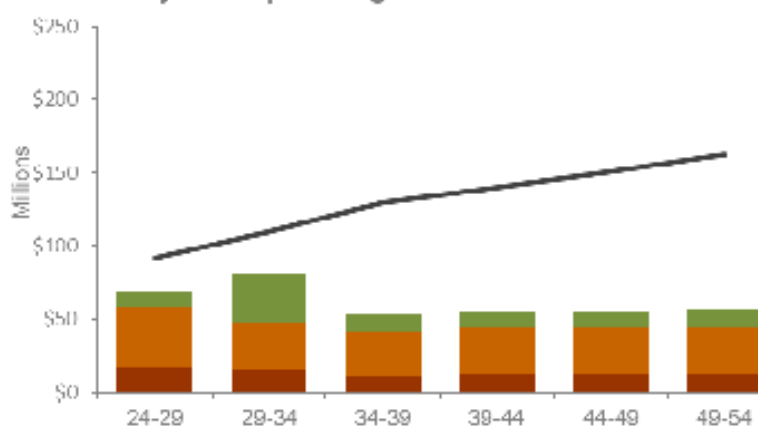
next ten years spending not inflated



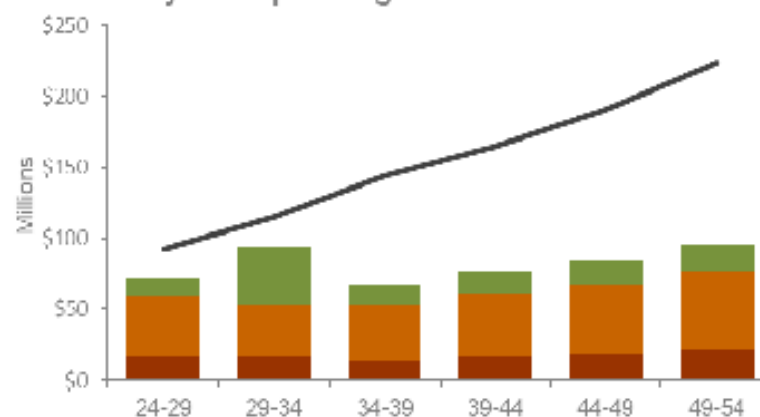
next ten years spending inflated



next 30 years spending not inflated

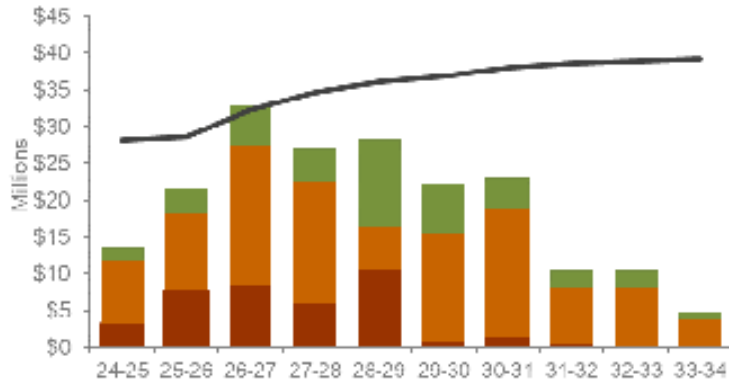


next 30 years spending inflated

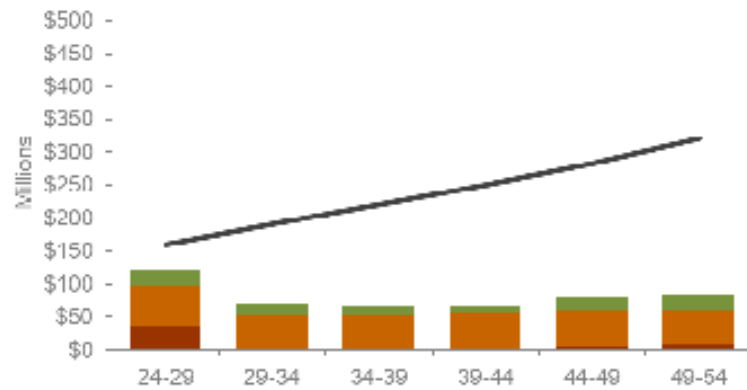


Wastewater

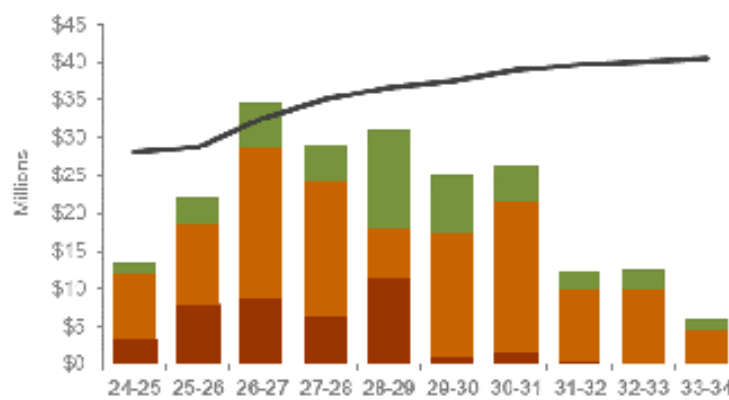
next ten years spending not inflated



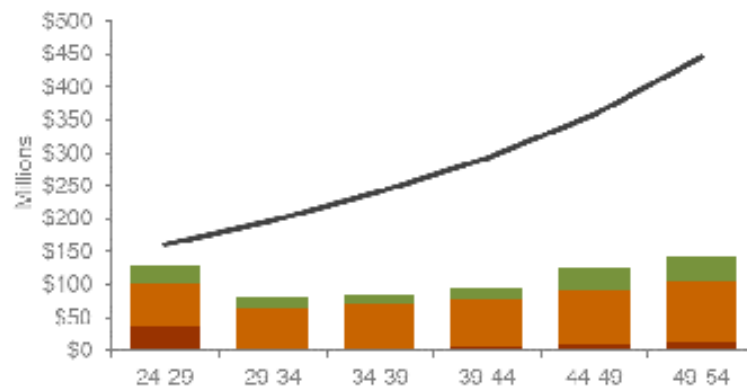
next 30 years spending not inflated



next ten years spending inflated

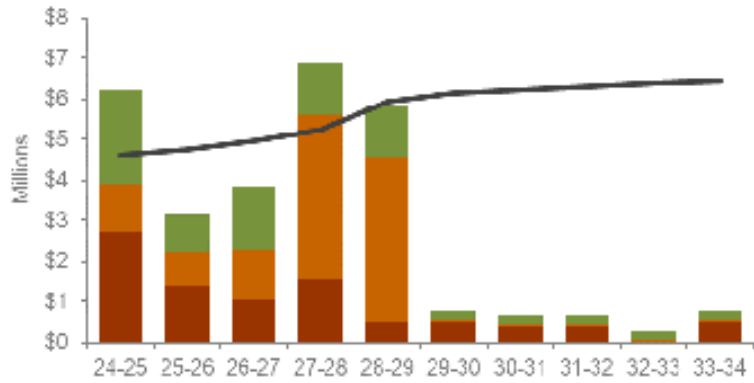


next 30 years spending inflated

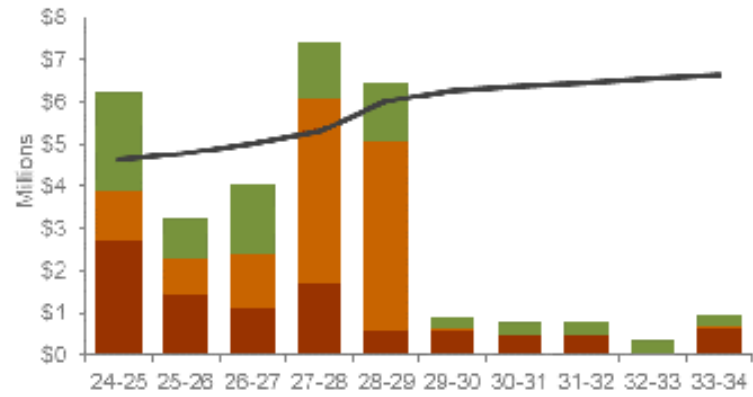


Stormwater

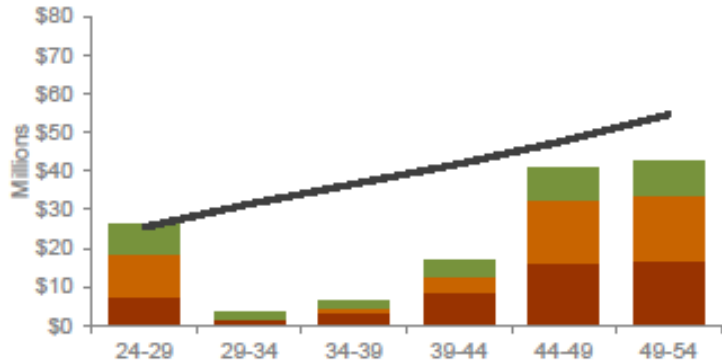
next ten years spending not inflated



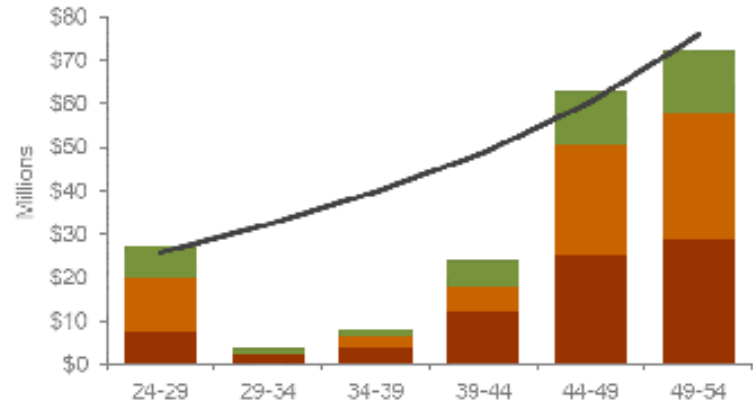
next ten years spending inflated



next 30 years spending not inflated

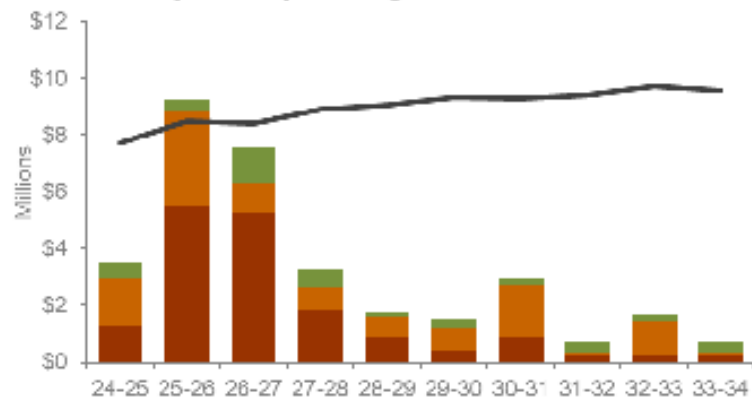


next 30 years spending inflated

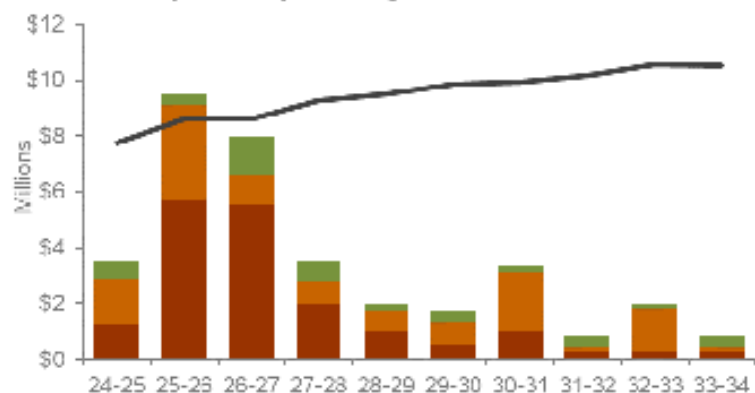


Flood Protection

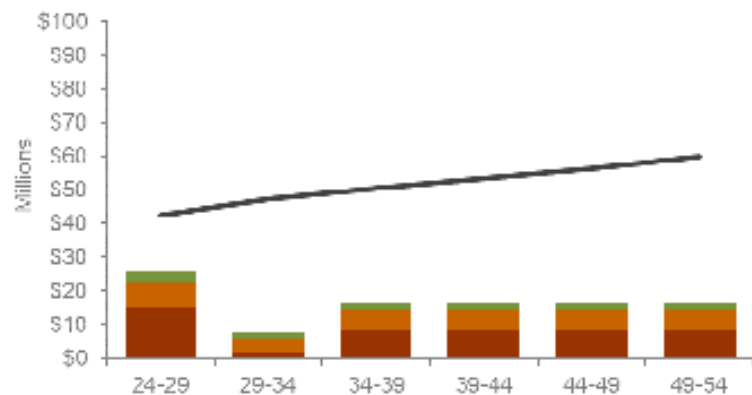
next ten years spending not inflated



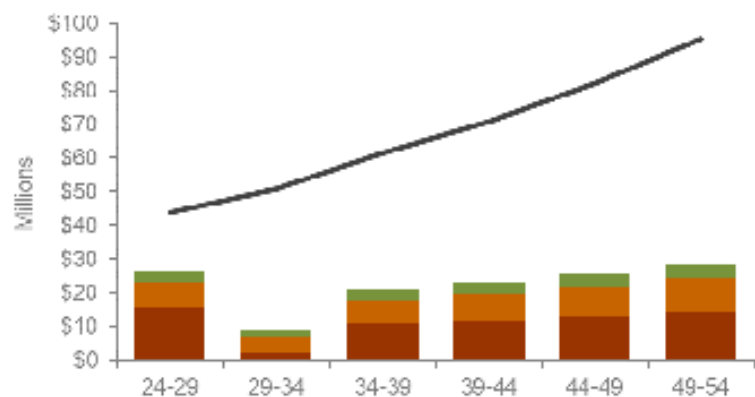
next ten years spending inflated



next 30 years spending not inflated

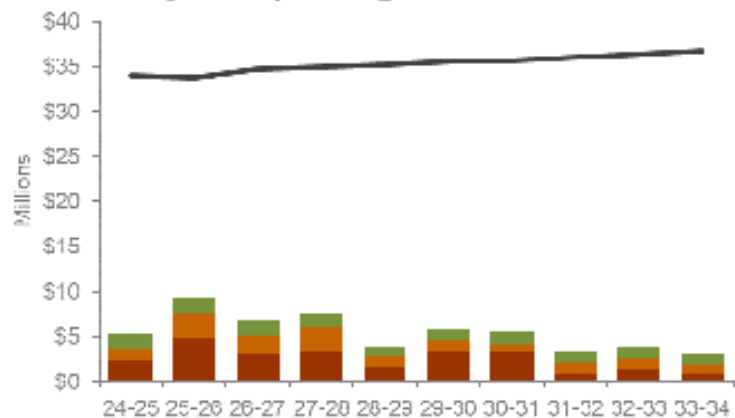


next 30 years spending inflated

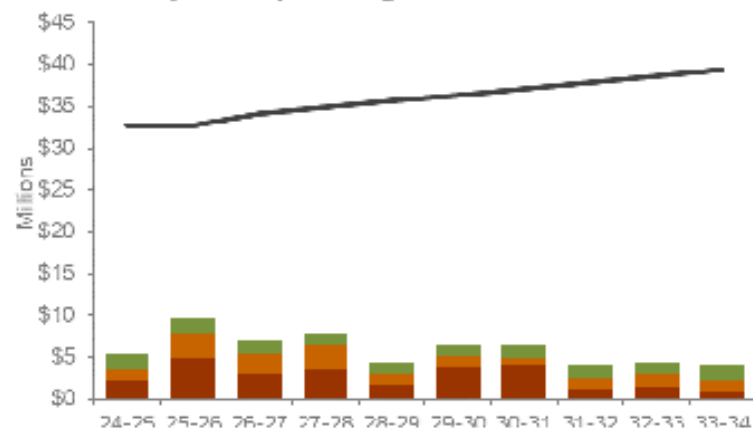


Community Facilities

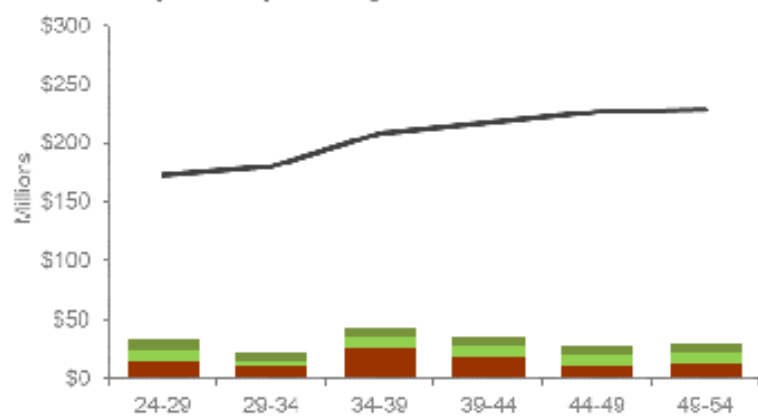
next ten years spending not inflated



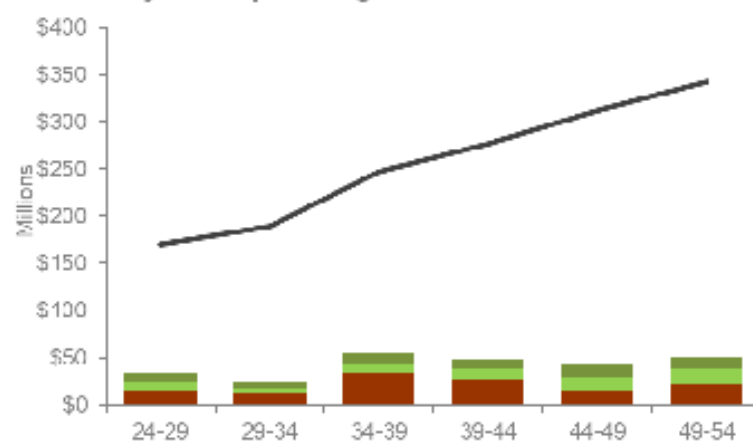
next ten years spending inflated



next 30 years spending not inflated



next 30 years spending inflated



Appendix 9.1.4



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	1yr	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.

- 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.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
LICI	2.9	2.2	2.3	2.3	2.2	2.1	2	2	1.9	1.9
LICI + 3%	5.9	5.2	5.3	5.3	5.2	5.1	5	5	4.9	4.9

- 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, and the Local Government Funding Agency.
- Set aside easily accessible funds for emergencies whilst rebuilding the Emergency Events Reserve.
- Move progressively to return to a state of fully funding depreciation following the 2023 revaluation of Three Waters assets.

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,
- The funding required to rebuild the Emergency Events Reserve;
- The funding required to fund the increased value of Three Waters assets subject to revaluation.

Overall, Council considers that it has successfully balanced these six 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 **Error! Bookmark not defined.** and Community Outcomes are set out on pages **Error! Bookmark not defined.** 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 – December 2023

The Marlborough economy expanded by a modest 1.1% over the year to December 2023. Although GDP has declined slightly in the past two quarters, compared with the same quarters in the previous year, many of the economic indicators tracked reflect a resilient economy. Consumer spending was up 6.3% over the year to December 2023, which was above the inflation rate of 4.7%pa indicating an increase in the amount of goods households were consuming.

Marlborough's tourism sector is in relatively good shape reflecting the recovery of international visitor arrivals. Guest nights over the year to December 2023 were up 18%. The growth in tourism expenditure was less impressive, at 8.6%pa. The gloss is coming off New Zealand's tourism recovery as arrivals from key markets such as Australia and China stagnate and domestic tourism spending is starting to pull back, reflecting some households tightening their belts.

Marlborough's labour market is still very strong, despite the economic headwinds. Filled jobs for Marlborough residents increased 4.4% over the year to December 2023. Employment growth was broad-based across industries with agricultural support services, food and beverage manufacturing, health care, and accommodation and food services making the largest contribution. Strong employment growth has kept the average unemployment rate for the year to December 2023 at 2.3%, which is a post pandemic low.

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.

A result of recent inflation trends is the significant revaluation of Three Waters assets undertaken for the end of the 2022-23 financial year. This revaluation was not accounted for in the annual report for that year and Council received a qualified audit opinion.

As a consequence of the revaluation depreciation expense has increased significantly. Ordinarily Council would fully fund this depreciation expense but is not doing so in the interests of better understanding the potential impacts of the new government's Local Water Done Well initiative and containing rates increases in the short term and moves to progressively fund this over the remaining Long Term Plan.

4. Growth and population composition

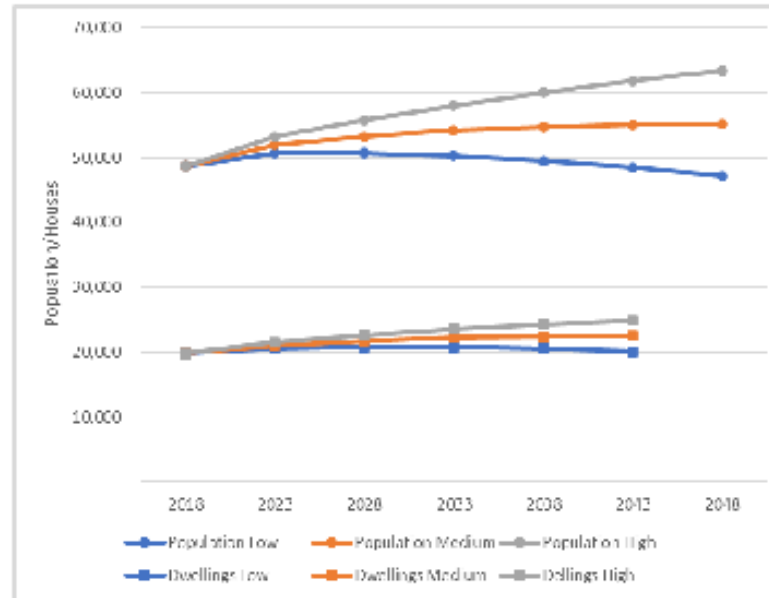
The number of people in the District, (both permanent residents and visitors), where they choose to live and the growth in economic activity directly affects the demand for land for development, infrastructure and other services the Council provides. This growth underpins land use planning, infrastructure developments, where and when new services and facilities are required and their cost.

In June 2023, Marlborough's population was estimated at 52,200, an annual growth rate of 1.2% per annum over the 2022 population estimate of 51,600. More than 70% of the Marlborough population lives in Blenheim, with a further 14% in Picton and Renwick. Most population growth since 2008 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.

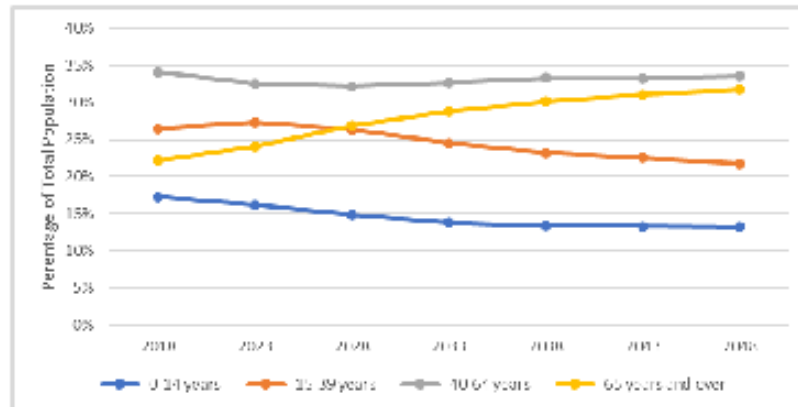
On 31 March 2021, Statistics New Zealand provided a range of population projections. These were updated for the latest numbers at the end of 2023. The low, medium and high growth scenarios for the Marlborough region for both population and houses are shown on the following graph. As the sunniest area 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.**



(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% (23.3% 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.



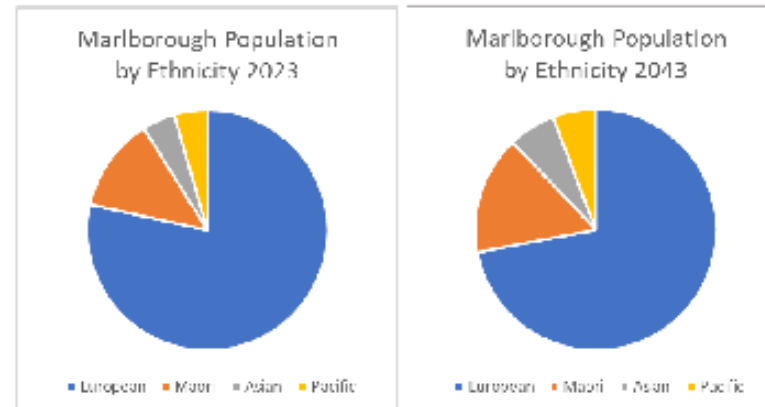
(source: Statistics New Zealand 2018-2048 projections, updated 2023)

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 88% in 2023 to 87% in 2043.



(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.

6. Emergency Events, Response and Resilience

Emergency events and natural disasters are becoming more frequent. Storm events and flooding are causing damage to infrastructure and design limits to protect the community and these assets are being tested. This LTP sees a number of improvements to roading, water and flood protection infrastructure, debt funded with various debt servicing mechanisms through rates or reserves.

Council's ability to respond to these events and create resilience is a fundamental requirement. Over the past few years Council's reserves for responding to natural disasters and other emergencies have been depleted. Access to existing cash deposits and previously approved loan facilities enables rapid access to cash to fund response requirements but further improvement in the Emergency Events Reserve is a priority.

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.

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 expenditure will increase from \$183 million in 2023-24 to \$245 million in 2033-34 an increase of 33%. The increase is primarily due to investments in infrastructure including Community Facilities, improvements in levels of service, especially in Solid Waste Management, 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 \$119 million shown in the 2023-24 Annual Plan to peak at \$290 million in 2030-31 year, to fund a \$1 billion capital program. This falls to \$192 million by 2033-34. 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 \$104m. 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 previously had the policy of fully funding depreciation except for Community Assets which 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. This practice has largely been continued in this Long Term Plan although the funding of depreciation on the 2022-23 revaluation of Three Waters assets is being paused for 2024-25 and 2025-26 in order to gain a better understanding the potential impacts of the new government's Local Water Done Well initiative and contain rates increases in the short term. From

2026-27 Council is planning to progressively return to fully funding of Three Waters depreciation by 2033-34.

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

- Price increases – cost adjustors (inflation) that have been applied to the estimates within the Long Term Plan.
- Price increases – in many cases, particularly for infrastructure assets, recent cost adjustors 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.
- 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. This includes the effect of increasing interest rates.
- Additional central government requirements.
- A programme of funding a rebuild of the Emergency Events Reserve.
- A return to fully funding Three Waters depreciation over the course of the Long Term Plan.

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%. The following chart shows forecast rates increases, LGCI movements and the difference between the two showing where Council has exceeded the LGCI plus 3% stated above.

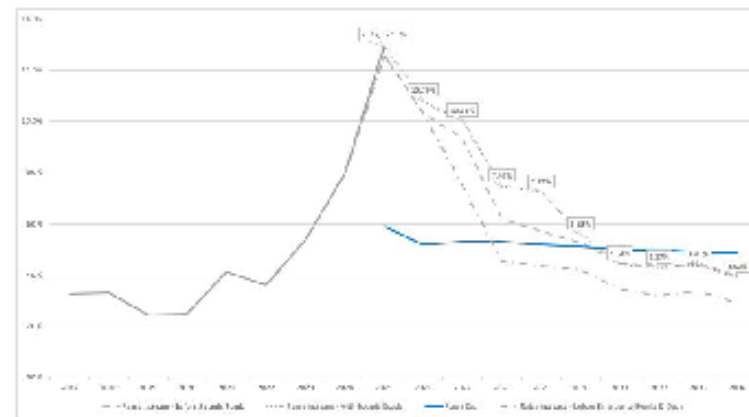
The impact of the voluntary targeted rates (clean heating and irrigation) has been removed as they only affect a relatively small number of ratepayers and are only incurred after voluntarily agreeing to receive the service.

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 Governments three waters reforms occurred. As the nature of water reform is now unclear Council needs to repay the ensuing funding deficit of \$12.8 million and is proposing to create a 20 year loan for this purpose, to be serviced by rates. Council has elected to spread the impact of the removal over three years, 2024-25 to 2026-27, by a phased partial sale of NZ Units, which Council holds, as majority partner in Marlborough Regional Forestry, as part of the New Zealand's Emissions Trading Scheme. Over the past few years Council's reserves for responding to natural disasters and other emergencies have been depleted. Access to existing cash deposits and previously approved loan facilities enables rapid access to cash to fund response requirements but further improvement in the Emergency Events Reserve is a priority.

Council is proposing to establish a general rate to help rebuild this Reserve to the value of \$0.5 million in 2026-27, increasing by \$0.5 million per year to

2033-34 by which time a balance of \$7.4 million will be in the Reserve. This is well on the way to the \$15 million that was identified as a preferred amount by the Marlborough community in the last Long Term Plan consultation process.

The following graph shows that Council is outside its "Rates Cap" between 2023-2026. 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.



The amounts shown above are the total rates increases across the District and contrasts the increases in rates relating to core Council Levels of Service, the impact of funding the Emergency Events Reserve, a return to fully funding Three Waters Depreciation and the impact of the Marlborough Sounds roading recovery.

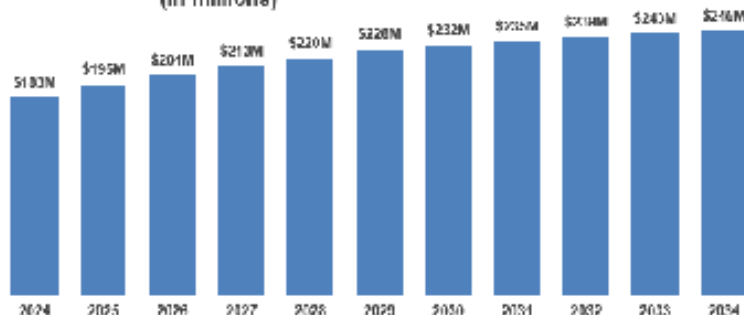
There will be properties that will pay less and others that will pay more, depending on the services that they receive. Samples for areas across the District are provided within the Long Term Plan, "Rates Movements" section. The other point to note is that while this document sets out Council's plans 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 operating expenditure is forecast to increase from \$183 million in 2023-24 to \$245 million in 2033-34 an increase of 33%.

2024-34 LTP Annual Operating Expenditure (in millions)

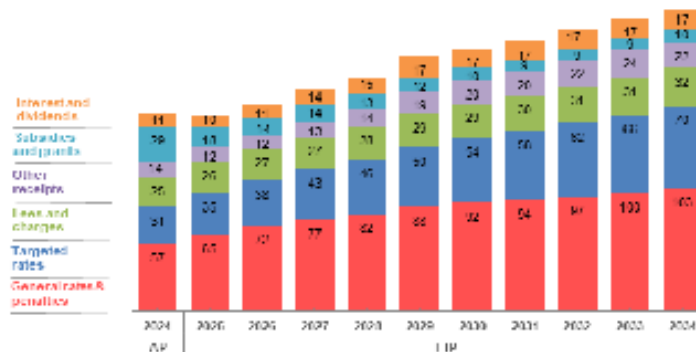


Operating revenues

Total Operating revenue (from the Funding Impact Statement) is forecast to rise from 187 million in 2023-24 to \$254 million in 2033-34.

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

Annual Operating Revenue by Category (in millions)

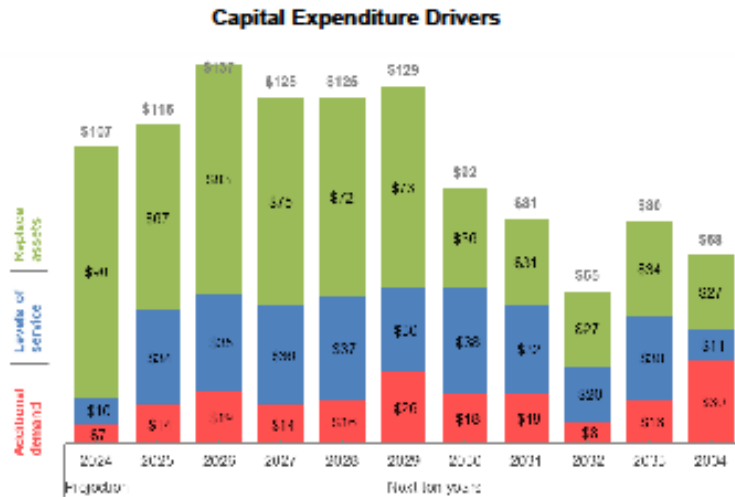


Capital expenditure

The Council currently has assets worth almost \$1.9 billion. During the next 10 years the Council is planning to undertake capital expenditure of:

- \$179 million to meet additional demand (including vested assets)
- \$304 million to improve the levels of service
- \$524 million to replace existing assets including the recovery of the roads in the Marlborough Sounds.
- \$1 billion in total.

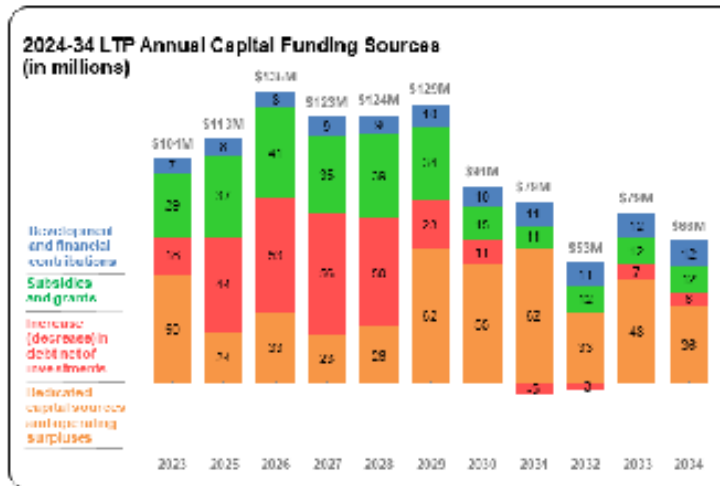
The following graph shows the amounts being spent on each capital expenditure category to meet community expectations (levels of service), replacement of existing assets and additional demand/growth over the Long Term Plan.



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.



External debt

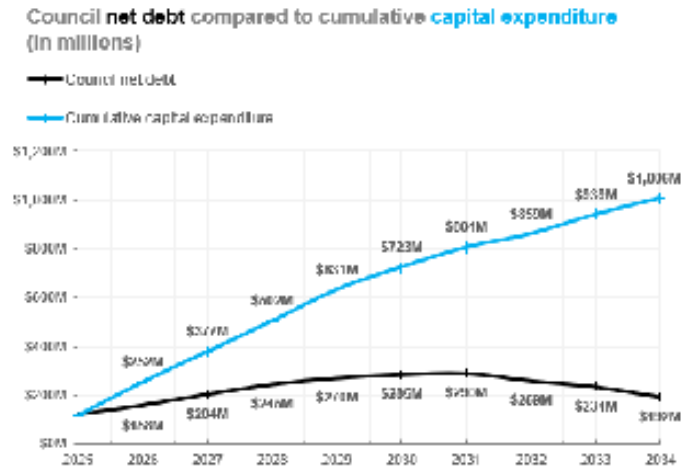
Council will continue to assess market interest rates and look to lock in longer term rates where possible and appropriate to do so.

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 \$119 million shown in the 2023-24 Annual Plan to \$192 million in 2033-34 year, to fund the \$1 billion capital program. However, as stated earlier in actuality this level of debt is very unlikely.

Note these values are Net Debt, after deducting and the borrowings made on behalf of the 100% owned MDC Holdings Ltd Group, which includes Port Marlborough NZ Ltd and Marlborough Airport Ltd.

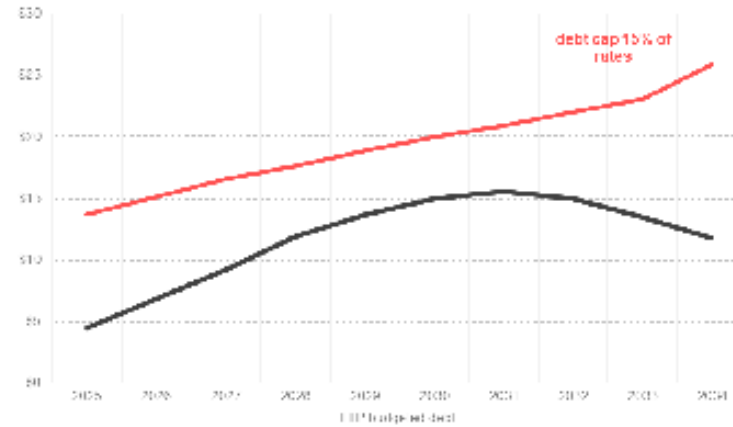
The graph below shows the trend over the Long Term Plan for Council's net debt and cumulative capital expenditure. This graph includes an allowance for price movements based on the BERL forecasts. This graph clearly shows the capital expenditure programme in the initial years is linked to a corresponding 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.



Debt levels and interest costs

The Council Treasury Policy includes the Investment and Liability Management Policies. The Council has established a net debt cap based on net interest being less than 15% of total rates. As identified in the table below Council remains well within this cap over the full LTP period.



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	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Net debt / total revenue <250%	59%	73%	90%	102%	108%	116%	119%	102%	89%	71%
Net interest / total revenue <20%	2%	3%	4%	5%	5%	6%	6%	6%	5%	4%
Net interest / annual rates income <30%	4%	6%	8%	9%	10%	10%	10%	9%	8%	7%
Liquidity > 110%	120%	116%	113%	112%	111%	111%	112%	113%	115%	117%

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.

The cap for net debt has been changed in this LTP to represent net interest being less than 15% of rates. For 2024-25 this represents a debt cap of approximately \$380 to \$390 million. The change to basing the cap on rates directly links the cost of servicing such debt to revenue we can influence, which is rates. In short the cap reflects debt we can afford. In this LTP Council remains comfortably within this cap

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 increased by 1% above that provided for in the 10 Year Plan, as Council only debt is currently forecast to peak at approximately \$290 million in 2031. As a result, a 1% change in interest rates above the 5.5% forecast would result in changed interest costs of \$2.9 million.

Funding depreciation

Council intends to continue funding depreciation in accordance with its Revenue and Financing Policy. This requires the funding of depreciation for all assets, with some exceptions:

- Depreciation on the revaluation impact of Three Waters assets in the 2024-25 and 2025-26 years which is not being funded. From 2026-27 Council begins to progressively fund the depreciation impact and by 2034 we will be fully funding depreciation.
- Some Community Facilities (cemeteries, street trees, plots and berms, halls and reserves).
- 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.

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. 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 5,200 hectares of commercial forest. 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 130,000 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 28,459 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 \$13.0 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 'AAA - Stable' 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 \$18.2 billion to local authorities, generating an estimated saving of approximately 0.25% in interest costs. The amount expected to be advanced by 30 June 2024 is \$22 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.

Appendix 9.1.5

Marlborough District Council
Forecast Statement of Comprehensive Revenue and Expense

for the year ending 30 June:	Notes	2024 (AP) \$000s	2025 \$000s	2026 \$000s	2027 \$000s	2028 \$000s	2029 \$000s	2030 \$000s	2031 \$000s	2032 \$000s	2033 \$000s	2034 \$000s
Revenue:												
Rates, excluding targeted water rates	2	82,810	95,259	105,356	115,381	122,881	131,550	139,235	145,304	152,954	159,931	166,194
Targeted rates for metered water supply	2	4,367	3,995	4,339	4,736	5,317	5,766	5,941	6,100	6,202	6,288	6,381
Subsidies and grants	4	57,839	55,758	55,631	48,859	51,295	46,066	25,267	20,424	20,808	21,210	21,609
Interest revenue	3	7,178	6,705	7,998	9,728	11,350	12,280	12,276	11,713	11,064	10,344	10,295
Development and financial contributions	4	7,469	8,324	8,450	8,843	9,255	9,796	10,252	10,729	11,229	11,752	12,299
Other revenue	4	46,794	44,727	45,760	49,079	50,903	57,006	59,553	61,148	63,850	67,504	66,936
Gains	4	1,167	3,962	11,170	1,051	1,121	1,185	1,121	1,063	883	1,197	558
Total revenue	1	207,624	218,730	238,704	237,677	252,122	263,649	253,645	256,571	266,990	278,226	284,272
Expenditure by function:												
People		16,549	17,539	18,171	18,587	18,709	19,345	19,687	19,883	20,542	20,943	21,211
Community Facilities		15,745	17,272	17,620	18,682	19,177	19,615	20,005	20,373	20,620	20,954	21,383
Roads and footpaths		46,292	34,654	39,176	40,221	40,186	41,493	40,019	41,063	42,088	43,087	43,887
Flood Protection and Control Works		10,068	7,733	8,613	8,614	9,243	9,484	9,863	9,917	10,146	10,556	10,489
Sewerage		13,606	28,112	28,757	32,594	35,139	36,708	37,582	38,992	39,670	40,170	40,531
Stormwater Drainage		3,141	4,621	4,785	5,018	5,299	6,014	6,267	6,365	6,455	6,555	6,636
Water Supply		12,285	15,693	17,720	19,225	19,775	20,286	21,146	22,123	22,638	23,769	25,427
Solid Waste Management		18,079	19,892	19,732	20,190	20,626	21,065	21,476	21,869	22,524	23,084	23,524
Environmental Management		18,103	20,493	16,693	17,051	17,618	17,810	18,360	18,472	18,870	19,364	19,849
Regulatory		11,718	12,837	13,318	13,638	14,149	14,534	14,928	14,012	14,382	14,758	15,158
Regional Development		6,381	6,916	6,787	7,037	7,082	7,919	8,310	8,397	8,748	9,094	9,259
Corporate		7,124	7,681	9,537	7,604	7,405	7,520	7,518	7,531	7,650	7,566	7,562
		179,091	193,443	200,909	208,461	214,408	221,793	225,161	228,997	234,333	239,900	244,916
less internal interest eliminated	3	3,903	1,608	3,030	4,168	5,694	6,393	6,605	6,318	5,119	2,604	356
Total expenditure by function		182,994	195,051	203,939	212,629	220,102	228,186	231,766	235,315	239,452	242,504	245,272
Surplus		24,630	23,679	34,765	25,048	32,020	35,463	21,879	21,256	27,538	35,722	39,000

Forecast Statement of Other Comprehensive Revenue and Expense

for the year ending 30 June:	Notes	2024 (AP) \$000s	2025 \$000s	2026 \$000s	2027 \$000s	2028 \$000s	2029 \$000s	2030 \$000s	2031 \$000s	2032 \$000s	2033 \$000s	2034 \$000s
Surplus for the year		24,630	23,679	34,765	25,048	32,020	35,463	21,879	21,256	27,538	35,722	39,000
Other comprehensive revenue:												
Gain on property revaluations	8	89,266	59,551	70,273	49,532	50,854	96,954	50,060	49,786	118,098	50,584	52,308
Total other comprehensive revenue and expense		89,266	59,551	70,273	49,532	50,854	96,954	50,060	49,786	118,098	50,584	52,308
Total comprehensive revenue and expense		113,896	83,230	105,038	74,580	82,674	132,417	71,939	71,042	145,636	86,306	91,308

Forecast Statement of Changes in Net Assets/Equity

for the year ending 30 June:	2024 (AP) \$000s	2025 \$000s	2026 \$000s	2027 \$000s	2028 \$000s	2029 \$000s	2030 \$000s	2031 \$000s	2032 \$000s	2033 \$000s	2034 \$000s
Balance at 1 July	2,011,524	2,155,915	2,239,145	2,344,183	2,418,763	2,501,437	2,633,854	2,705,793	2,776,835	2,922,471	3,008,777
Total comprehensive revenue and expense for the year	113,896	83,230	105,038	74,580	82,674	132,417	71,939	71,042	145,636	86,306	91,308
Balance at 30 June	2,125,420	2,239,145	2,344,183	2,418,763	2,501,437	2,633,854	2,705,793	2,776,835	2,922,471	3,008,777	3,100,085

Forecast Statement of Financial Position

as at 30 June:	Notes	2024 (AP) \$000s	2025 \$000s	2026 \$000s	2027 \$000s	2028 \$000s	2029 \$000s	2030 \$000s	2031 \$000s	2032 \$000s	2033 \$000s	2034 \$000s
Assets:												
Non-current assets:												
Property, plant and equipment	8	2,204,206	2,329,358	2,470,769	2,590,187	2,713,921	2,871,993	2,958,932	3,034,742	3,149,210	3,211,323	3,260,704

Intangible assets	8	13,684	11,645	11,920	11,986	11,326	10,900	10,482	10,074	9,673	9,334	9,032
Forestry assets		17,777	19,581	20,575	21,619	22,716	23,869	24,976	26,023	26,895	27,604	28,162
Other financial assets	7											
- Investments in subsidiaries		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
- Other		146,706	115,790	144,790	175,790	201,790	214,790	212,290	200,790	186,790	169,790	165,600
Derivative financial instruments			5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045
Investment property	11	11,500	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550
Total non-current assets		2,399,873	2,498,969	2,670,649	2,822,177	2,972,348	3,144,147	3,229,275	3,294,224	3,395,163	3,440,646	3,486,093
Current assets:												
Cash and cash equivalents		340	4,168	4,217	5,299	5,279	5,337	6,230	6,166	6,118	7,125	7,139
Debtors and other receivables	6	14,826	13,512	13,803	14,132	14,448	14,764	15,067	15,370	15,686	15,989	16,292
Other financial assets	7	12,620	28,048	29,138	30,255	31,413	32,615	33,862	35,156	36,498	37,891	39,336
Inventory		328	405	414	424	433	442	451	460	469	478	487
Total current assets		28,114	46,133	47,572	50,110	51,573	53,158	55,610	57,152	58,771	61,483	63,254
Total assets		2,427,987	2,545,102	2,718,221	2,872,287	3,023,921	3,197,305	3,284,885	3,351,376	3,453,934	3,502,129	3,549,347
Liabilities:												
Non-current liabilities:												
Borrowings	10	275,285	266,152	333,350	411,850	479,851	519,852	534,552	529,052	485,053	446,053	401,064
Provisions		1,449	6,014	6,170	6,333	6,502	6,678	6,861	7,052	7,183	7,314	7,455
Employee entitlements		266	227	232	238	243	248	253	258	263	268	273
Total non-current liabilities		277,000	272,393	339,752	418,421	486,596	526,778	541,666	536,362	492,499	453,635	408,792
Current liabilities:												
Creditors and other payables	9	23,014	30,615	31,274	32,019	32,735	33,451	34,138	34,825	35,541	36,228	36,915
Employee entitlements		2,553	2,949	3,012	3,084	3,153	3,222	3,288	3,354	3,423	3,489	3,555
Total current liabilities		25,567	33,564	34,286	35,103	35,888	36,673	37,426	38,179	38,964	39,717	40,470
Total liabilities		302,567	305,957	374,038	453,524	522,484	563,451	579,092	574,541	531,463	493,352	449,262
Net assets		2,125,420	2,239,145	2,344,183	2,418,763	2,501,437	2,633,854	2,705,793	2,776,835	2,922,471	3,008,777	3,100,085
Equity												
Accumulated funds		789,243	757,851	782,543	793,020	807,589	851,013	867,701	885,931	874,786	877,258	866,529
Asset revaluation reserves		1,315,483	1,451,414	1,521,687	1,571,219	1,621,873	1,718,827	1,768,887	1,818,673	1,936,771	1,987,355	2,039,663
Other reserves	13	20,694	29,880	39,953	54,524	71,975	64,014	69,205	72,231	110,914	144,164	193,893
Total equity		2,125,420	2,239,145	2,344,183	2,418,763	2,501,437	2,633,854	2,705,793	2,776,835	2,922,471	3,008,777	3,100,085

Forecast Statement of Cash Flows

as at 30 June:	2024 (AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash flows from operating activities:											
Receipts from rates revenue	87,177	99,254	109,895	120,117	128,197	137,317	145,176	151,495	159,157	166,219	172,575
Sale of inventory	-	-	-	-	-	-	-	-	-	-	-
Receipts from other revenue	104,447	103,973	105,166	101,406	106,127	107,023	88,352	85,108	88,121	92,219	92,201
Interest received	7,178	6,705	7,998	9,728	11,350	12,280	12,276	11,713	11,064	10,344	10,295
Payments to suppliers and employees	(133,560)	(131,888)	(135,132)	(136,955)	(137,729)	(140,411)	(138,374)	(139,616)	(143,456)	(148,487)	(152,130)
Interest paid	(11,709)	(11,145)	(14,829)	(18,892)	(23,229)	(25,960)	(27,248)	(27,276)	(26,016)	(23,778)	(22,048)
Net cash flow from operating activities	53,533	66,899	72,898	75,404	84,716	90,249	80,182	81,424	88,870	96,517	100,893
Cash flows from investing activities:											
Receipts from sale of property, plant and equipment	3,500	3,118	12,542	12	48	81	64	96	15	488	-
Movement in investments	(60,345)	(25,143)	(29,901)	(31,319)	(26,451)	(13,404)	(428)	7,989	10,625	15,128	2,741
Dividends received	3,916	3,371	3,223	3,855	3,789	4,280	5,141	5,585	6,119	6,585	6,953
Purchase of property, plant and equipment	(93,875)	(112,530)	(125,913)	(125,370)	(130,122)	(121,148)	(98,766)	(89,658)	(81,677)	(78,711)	(65,583)
Net cash flow from investing activities	(146,804)	(131,184)	(140,049)	(152,822)	(152,736)	(130,191)	(93,989)	(75,988)	(44,918)	(56,510)	(55,889)
Cash flows from financing activities:											
Movement in borrowings	93,401	64,300	67,200	78,500	68,000	40,000	14,700	(5,500)	(44,000)	(39,000)	(44,990)
Net cash flow from financing activities	93,401	64,300	67,200	78,500	68,000	40,000	14,700	(5,500)	(44,000)	(39,000)	(44,990)
Net increase / (decrease)	130	15	49	1,082	(20)	58	893	(64)	(48)	1,007	14
Cash, cash equivalents and bank overdrafts:											
At the beginning of the year	210	4,153	4,168	4,217	5,299	5,279	5,337	6,230	6,166	6,118	7,125
At the end of the year	340	4,168	4,217	5,299	5,279	5,337	6,230	6,166	6,118	7,125	7,139

Forecast Statement of Cash Flows

as at 30 June:	2024 (AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash flows from operating activities:											
Receipts from rates revenue	87,177	99,254	109,695	120,117	128,197	137,317	145,176	151,495	159,157	166,219	172,575
Sale of inventory	-	-	-	-	-	-	-	-	-	-	-
Receipts from other revenue	104,447	103,973	105,166	101,406	106,127	107,023	88,352	85,108	88,121	92,219	92,201
Interest received	7,178	6,705	7,998	9,728	11,350	12,280	12,276	11,713	11,064	10,344	10,295
Payments to suppliers and employees	(133,560)	(131,888)	(135,132)	(136,955)	(137,729)	(140,411)	(138,374)	(139,616)	(143,456)	(148,487)	(152,130)
Interest paid	(11,709)	(11,145)	(14,829)	(18,892)	(23,229)	(25,960)	(27,248)	(27,276)	(26,016)	(23,778)	(22,048)
Net cash flow from operating activities	53,533	66,899	72,898	75,404	84,716	90,249	80,182	81,424	88,870	96,517	100,893
Cash flows from investing activities:											
Receipts from sale of property, plant and equipment	3,500	3,118	12,542	12	48	81	64	96	15	488	-
Movement in investments	(60,345)	(25,143)	(29,901)	(31,319)	(26,451)	(13,404)	(428)	7,989	10,625	15,128	2,741
Dividends received	3,916	3,371	3,223	3,855	3,789	4,280	5,141	5,585	6,119	6,585	6,953
Purchase of property, plant and equipment	(93,875)	(112,530)	(125,913)	(125,370)	(130,122)	(121,148)	(98,766)	(89,658)	(61,677)	(78,711)	(65,583)
Net cash flow from investing activities	(146,804)	(131,184)	(140,049)	(152,822)	(152,736)	(130,191)	(93,989)	(75,988)	(44,918)	(56,510)	(55,889)
Cash flows from financing activities:											
Movement in borrowings	93,401	64,300	67,200	78,500	68,000	40,000	14,700	(5,500)	(44,000)	(39,000)	(44,990)
Net cash flow from financing activities	93,401	64,300	67,200	78,500	68,000	40,000	14,700	(5,500)	(44,000)	(39,000)	(44,990)
Net increase / (decrease)	130	15	49	1,082	(20)	58	893	(64)	(48)	1,007	14
Cash, cash equivalents and bank overdrafts:											
At the beginning of the year	210	4,153	4,168	4,217	5,299	5,279	5,337	6,230	6,166	6,118	7,125
At the end of the year	340	4,168	4,217	5,299	5,279	5,337	6,230	6,166	6,118	7,125	7,139

Forecast Financial Statement Notes

1. Summary cost of services

for the year ending 30 June:

	2024 (AP) \$000s	2025 \$000s	2026 \$000s	2027 \$000s	2028 \$000s	2029 \$000s	2030 \$000s	2031 \$000s	2032 \$000s	2033 \$000s	2034 \$000s
Revenue:											
People	16,164	17,552	18,120	18,534	18,640	19,273	19,819	19,819	20,505	20,908	21,181
Community Facilities	20,313	18,629	19,588	20,422	21,104	21,749	22,283	22,857	23,302	23,852	24,448
The Provision of Roads and Footpaths	63,970	65,127	70,970	66,140	71,469	69,158	49,748	46,990	48,234	49,424	50,452
Flood Protection and Control Works	12,271	11,433	12,517	13,261	14,555	14,972	15,480	15,740	16,553	17,723	18,273
Sewerage	15,066	16,922	18,034	23,032	25,869	28,677	31,328	34,574	37,237	39,914	42,447
Stormwater Drainage	4,309	4,420	4,741	4,981	5,430	6,317	6,754	7,048	7,341	7,651	7,946
Water Supply	13,106	14,381	16,157	17,732	18,432	19,174	20,147	21,255	22,111	23,404	25,002
Solid Waste Management	17,979	19,135	19,634	20,167	20,669	21,170	21,651	22,136	22,611	23,110	23,589
Environmental Management	18,223	20,221	16,631	16,980	17,533	17,726	18,278	18,387	18,790	19,365	19,772
Regulatory	11,503	12,655	13,508	13,736	14,257	14,649	15,057	14,118	14,470	14,980	15,262
Regional Development	6,702	6,980	7,135	6,999	6,482	6,616	7,063	7,265	8,636	9,009	9,151
Corporate	8,017	11,273	21,669	15,693	17,682	24,168	26,237	26,381	27,199	28,888	26,747
Total activity revenue	207,624	218,730	238,704	237,677	252,122	263,649	253,645	256,571	266,990	278,226	284,272

2. Rates revenue

for the year ending 30 June:

	2024 (AP) \$000s	2025 \$000s	2026 \$000s	2027 \$000s	2028 \$000s	2029 \$000s	2030 \$000s	2031 \$000s	2032 \$000s	2033 \$000s	2034 \$000s
People	11,462	12,859	13,881	14,475	14,578	15,109	15,378	15,428	15,985	16,223	16,338
Community Facilities	12,001	13,385	14,553	15,420	15,942	16,412	16,802	17,160	17,408	17,739	18,082
The Provision of Roads and Footpaths	12,647	14,509	16,275	18,182	20,304	23,036	24,409	25,172	25,957	26,676	27,243
Flood Protection and Control Works	5,611	6,748	7,774	7,966	8,528	8,840	9,255	9,379	9,641	10,046	10,123
Sewerage	9,375	10,511	11,330	14,943	17,378	19,841	22,133	25,008	27,285	29,553	31,665
Stormwater Drainage	2,728	3,131	3,502	3,759	4,153	4,959	5,349	5,582	5,820	6,070	6,299

Water Supply	11,525	12,637	14,346	15,849	16,475	17,141	18,036	19,063	19,836	21,042	22,551
Solid Waste Management	3,670	4,460	4,690	4,890	5,022	5,163	5,287	5,411	5,552	5,701	5,842
Environmental Management	9,599	10,300	11,613	12,251	13,122	13,255	13,755	13,786	14,110	14,518	14,905
Regulatory	4,366	4,896	5,691	5,954	6,340	6,600	6,892	7,074	7,291	7,542	7,807
Regional Development	4,188	4,528	4,744	4,626	4,056	4,157	4,579	4,627	5,967	6,306	6,408
Corporate	3	1,289	1,297	1,802	2,302	2,803	3,303	3,803	4,303	4,804	5,303
Total activity rates	87,177	99,254	109,695	120,117	128,198	137,316	145,176	151,494	159,156	166,219	172,575
less rates remissions	(540)	(689)	(690)	(691)	(693)	(694)	(695)	(697)	(698)	(699)	(700)
Rates revenue net of remissions	86,637	98,565	109,005	119,425	127,505	136,622	144,481	150,798	158,459	165,520	171,875

3. Finance revenue and finance costs

for the year ending 30 June:

	2024 (LTP) \$'000s	2025 \$'000s	2026 \$'000s	2027 \$'000s	2028 \$'000s	2029 \$'000s	2030 \$'000s	2031 \$'000s	2032 \$'000s	2033 \$'000s	2034 \$'000s
Finance revenue - interest revenue:											
Term deposits and investments	7,178	6,705	7,998	9,728	11,350	12,280	12,276	11,713	11,064	10,344	10,295
Total finance revenue	7,178	6,705	7,998	9,728	11,350	12,280	12,276	11,713	11,064	10,344	10,295
Finance costs - interest expense:											
Total activity related interest expense	7,882	9,610	11,872	14,797	17,609	19,641	20,717	21,033	20,972	21,249	21,768
(less)/plus net external interest	3,903	1,608	3,030	4,168	5,694	6,393	6,605	6,318	5,119	2,604	356
Total finance costs	11,785	11,218	14,901	18,964	23,303	26,035	27,322	27,351	26,092	23,853	22,124
Bank charges on borrowings	76	73	73	74	74	74	74	75	75	75	76
Net finance costs	4,531	4,440	6,830	9,163	11,879	13,681	14,972	15,563	14,953	13,434	11,753

4. Other revenue including gains

for the year ending 30 June:

	2024 (AP) \$'000s	2025 \$'000s	2026 \$'000s	2027 \$'000s	2028 \$'000s	2029 \$'000s	2030 \$'000s	2031 \$'000s	2032 \$'000s	2033 \$'000s	2034 \$'000s
Other revenue:											
User charges	28,619	29,914	30,922	33,482	35,137	36,000	36,912	37,928	39,325	40,871	42,141
Regulatory revenues	6,150	6,211	6,195	6,221	6,350	6,476	6,585	6,715	6,842	6,971	7,107
Infringements and fines	1,030	1,038	1,051	1,074	1,099	1,123	1,146	1,169	1,193	1,216	1,240
Vested assets	1,139	1,139	1,164	1,182	1,222	1,250	1,277	1,304	1,332	1,359	1,386

Rental income from investment properties	742	696	757	774	790	806	822	837	853	869	884
Marlborough Regional Forestry distribution	-	-	-	-	-	4,522	5,087	4,987	4,970	4,970	4,053
Other revenue	9,113	5,729	5,671	6,336	6,305	6,829	7,725	8,207	9,334	11,248	10,124
Total other revenue	46,794	44,727	45,760	49,079	50,903	57,006	59,553	61,148	63,850	67,504	66,936
Subsidies and grants:											
Waka Kotahi roading subsidy	47,959	47,617	52,366	45,860	49,037	43,808	23,009	19,421	19,805	20,207	20,606
Other donations and grants	9,880	8,141	3,265	2,999	2,257	2,258	2,258	1,002	1,002	1,003	1,003
Total subsidies and grants	57,839	55,758	55,631	48,859	51,295	46,066	25,267	20,424	20,808	21,210	21,609
Development and financial contributions:											
Capital contributions	-	-	-	-	-	-	-	-	-	-	-
Development contributions	5,476	5,671	5,937	6,216	6,509	6,924	7,250	7,590	7,947	8,321	8,712
Development impact levies	100	100	102	104	107	109	111	113	116	118	120
Other contributions	50	300	51	52	53	54	56	57	58	59	60
Land subdivision revenues	1,843	2,253	2,359	2,470	2,586	2,708	2,835	2,968	3,108	3,254	3,407
Total development and financial contributions	7,469	8,324	8,450	8,843	9,255	9,796	10,252	10,729	11,229	11,752	12,299
Gains											
Gain on sale of fixed assets	89	3,016	10,176	7	24	32	14	16	11	488	-
Forestry revaluation gain	1,078	946	994	1,044	1,097	1,153	1,107	1,047	872	709	558
Total gains	1,167	3,962	11,170	1,051	1,121	1,185	1,121	1,063	883	1,197	558

5. Expenditure

for the year ending 30 June:	2024 (AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Expenditure disclosures:											
Total expenditure in the Statement of Comprehensive Revenue and Expense includes the following amounts which are required to be disclosed separately:											
Fees to principal Auditor:											
Audit fees for the Annual Report	167	316	323	330	337	344	350	357	364	370	377
Audit fees for the LTP	120	-	-	208	-	-	221	-	-	234	-
Finance costs as note 3	11,785	11,218	14,902	18,965	23,303	26,034	27,322	27,351	26,091	23,853	22,124

Depreciation	35,688	50,340	52,557	55,924	58,242	61,225	63,118	64,854	66,639	68,541	69,894
Amortisation	688	646	742	677	660	426	418	408	401	339	302
Personnel costs	33,650	37,238	38,544	39,948	41,369	42,850	44,304	45,815	47,371	48,958	50,547
Grants and donations	3,301	3,708	3,709	3,736	3,788	3,791	3,819	3,872	3,876	3,906	3,964
Insurance premiums	4,460	5,457	5,956	6,093	6,127	6,307	6,376	6,452	6,507	6,738	6,813
Councillors remuneration	760	800	817	835	852	869	886	903	920	936	953
Operating leases payments	180	249	255	264	268	272	276	280	284	288	292
Loss on disposal of fixed assets	-	1	1,914	0	5	28	22	12	-	-	-
Investment properties direct operating expenses	291	68	68	72	76	80	85	90	95	98	100
Other operating expenses	91,156	84,088	83,351	84,774	84,272	85,158	83,767	84,121	86,102	87,441	89,105
Marlborough Regional Forestry	748	921	803	804	803	803	802	801	802	801	801
Total expenditure disclosures	182,994	195,051	203,939	212,629	220,102	228,186	231,766	235,315	239,452	242,504	245,272

6. Debtors and other receivables

as at 30 June:	2024 (AP) \$000s	2025 \$000s	2026 \$000s	2027 \$000s	2028 \$000s	2029 \$000s	2030 \$000s	2031 \$000s	2032 \$000s	2033 \$000s	2034 \$000s
Non-exchange receivables:											
Rates receivables	1,291	1,491	1,523	1,559	1,594	1,629	1,662	1,696	1,731	1,764	1,798
Other	296	309	316	323	330	338	345	352	359	366	373
GST (net)	2,358	1,992	2,035	2,083	2,130	2,176	2,221	2,266	2,312	2,357	2,402
Total non-exchange receivables	3,945	3,792	3,873	3,965	4,054	4,143	4,228	4,313	4,402	4,487	4,572
Exchange receivables:											
Trade receivables	4,088	4,297	4,390	4,494	4,595	4,695	4,792	4,888	4,989	5,085	5,182
Other	5,728	4,501	4,598	4,708	4,813	4,919	5,019	5,120	5,225	5,326	5,426
Prepayments	1,100	922	942	964	986	1,007	1,028	1,049	1,070	1,091	1,112
Total exchange receivables	10,914	9,720	9,929	10,167	10,394	10,621	10,839	11,057	11,284	11,503	11,720
Less provision for impairment	(33)	-	-	-	-	-	-	-	-	-	-
Total debtors and other receivables	14,826	13,512	13,803	14,132	14,448	14,764	15,067	15,370	15,686	15,989	16,292

7. Other financial assets

as at 30 June:

	2024 (AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Current portion:											
Term deposits and bonds with maturities of 4-12 months	12,620	28,048	29,138	30,255	31,413	32,615	33,862	35,156	36,498	37,891	39,336
Total current portion	12,620	28,048	29,138	30,255	31,413	32,615	33,862	35,156	36,498	37,891	39,336
Non-current portion:											
Term deposits and bonds and community loans with maturities 12 months plus	418	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126
Community loans	2	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Loan to joint venture Marlborough Regional Forestry	1,416	-	-	-	-	-	-	-	-	-	-
Loan to subsidiary MDC Holdings Ltd	142,408	111,270	140,270	171,270	197,270	210,270	207,770	196,270	182,270	165,270	161,080
Unlisted shares in subsidiaries	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
NZ Local Govt. Insurance Corp. and LGFA shares	2,461	3,393	3,393	3,393	3,393	3,393	3,393	3,393	3,393	3,393	3,393
Other shares	1	1	1	1	1	1	1	1	1	1	1
Total non-current portion	152,706	121,790	150,790	181,790	207,790	220,790	218,290	206,790	192,790	175,790	171,600
Total other financial assets	165,326	149,837	179,927	212,045	239,202	253,404	252,151	241,945	229,287	213,680	210,936

8. Property, plant and equipment and Intangible assets

as at 30 June:

	2024 (AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2,034
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Capital additions by activity:											
Opening value	2,071,412	2,218,867	2,341,003	2,482,690	2,602,174	2,725,246	2,882,892	2,969,413	3,044,815	3,158,881	3,220,655
People	3,510	650	449	641	439	712	472	776	505	977	523
Community Facilities	15,962	4,394	8,792	6,533	7,416	3,461	3,362	3,071	3,203	3,692	3,216

Roads and Footpaths	34,134	58,690	65,365	57,212	60,138	64,497	32,382	33,598	26,701	28,083	26,947
Flood protection and control works	4,773	3,518	9,511	7,967	3,522	1,960	1,711	3,383	818	2,021	854
Sewerage	16,840	13,446	22,124	34,641	29,149	31,018	25,031	26,441	12,353	12,558	6,007
Stormwater Drainage	2,073	6,237	3,230	4,048	7,448	6,470	902	778	794	359	983
Water Supply	19,766	23,455	18,375	10,254	10,842	8,473	23,926	7,384	8,498	28,262	26,553
Solid Waste Management	3,642	1,061	461	105	108	398	2,729	2,803	213	169	173
Environmental Management	722	490	723	437	204	279	170	234	177	530	247
Regulatory	253	269	1,392	319	645	344	338	231	271	818	185
Regional Development	1,204	635	242	794	4,022	10,629	256	289	311	298	282
Corporate	2,699	2,120	6,053	1,657	1,269	1,267	1,404	1,485	1,132	2,306	1,002
Total capital expenditure	105,579	114,966	136,718	124,608	125,203	129,508	92,683	80,472	54,976	80,073	66,970
Disposal	(3,411)	(102)	(2,366)	(5)	(24)	(49)	(50)	(80)	(4)	0	-
(Less)/plus carryovers movement	(8,580)	(1,204)	(9,641)	1,950	6,144	(7,115)	7,365	10,487	8,039	-	-
Depreciation	(35,688)	(50,340)	(52,557)	(55,924)	(58,242)	(61,225)	(63,118)	(64,854)	(66,639)	(68,541)	(69,894)
Amortisation	(688)	(646)	(742)	(677)	(660)	(426)	(418)	(408)	(401)	(339)	(302)
Revaluation	89,266	59,551	70,273	49,532	50,654	96,954	50,060	49,786	118,098	50,584	52,308
Closing value	2,217,889	2,341,003	2,482,689	2,602,174	2,725,247	2,882,893	2,969,414	3,044,816	3,158,883	3,220,657	3,269,736

9. Creditors and other payables

as at 30 June:

	2024 (AP) \$'000s	2025 \$'000s	2026 \$'000s	2027 \$'000s	2028 \$'000s	2029 \$'000s	2030 \$'000s	2031 \$'000s	2032 \$'000s	2033 \$'000s	2034 \$'000s
Trade payables	10,325	16,442	16,796	17,196	17,580	17,965	18,334	18,703	19,088	19,457	19,826
Accrued expenses	3,477	3,670	3,749	3,838	3,924	4,010	4,092	4,175	4,261	4,343	4,425
Income in advance	3,840	5,324	5,439	5,568	5,693	5,817	5,937	6,057	6,181	6,301	6,420
Deposit	1,313	1,534	1,567	1,604	1,640	1,676	1,711	1,745	1,781	1,815	1,850
Agency account	134	118	120	123	126	129	131	134	137	139	142
Trust funds	69	154	157	161	165	168	172	175	179	182	186
Related party payables	3,857	3,373	3,445	3,527	3,607	3,686	3,761	3,837	3,915	3,991	4,066
Total creditors and other payables	23,014	30,615	31,274	32,019	32,735	33,451	34,138	34,825	35,541	36,228	36,915

10. Borrowings

as at 30 June:	2024 (AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2,034
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
People	5,089	4,730	4,499	4,256	4,000	3,729	3,443	3,141	2,822	2,486	2,130
Community Facilities	29,968	27,218	36,178	42,260	49,725	54,433	59,508	64,666	70,300	76,733	82,931
The Provision of Roads and Footpaths	18,040	23,827	33,164	43,457	53,057	59,554	53,628	47,098	39,981	32,332	24,200
Flood Protection and Control Works	8,166	9,626	17,228	24,023	25,266	25,685	25,562	27,534	26,643	27,064	25,994
Sewerage	46,268	51,659	67,265	95,031	116,368	116,400	117,268	116,618	111,747	109,377	103,957
Stormwater Drainage	398	28	359	343	3,639	9,039	8,760	8,465	8,154	7,825	7,478
Water Supply	32,167	35,892	49,187	53,936	57,752	58,337	75,122	76,119	78,529	94,629	114,279
Solid Waste Management	4,838	4,435	3,926	3,410	2,902	2,515	2,237	1,969	1,703	1,423	1,126
Environmental Management	295	277	257	236	214	191	167	141	114	85	55
Regulatory	1,125	1,138	1,564	1,619	1,508	1,391	1,429	1,316	1,224	1,217	1,112
Regional Development	9,169	6,902	5,525	5,076	8,262	17,916	17,089	16,438	23,225	22,924	22,584
Corporate	154,027	135,668	164,396	194,976	220,583	230,644	224,605	209,668	193,710	175,148	169,342
Total loans	309,551	301,399	383,549	468,624	543,275	579,835	588,819	573,173	558,153	551,243	555,188
less internal loans	(34,265)	(35,248)	(50,198)	(56,774)	(63,424)	(59,983)	(54,266)	(44,121)	(73,099)	(105,190)	(154,123)
Total borrowings (external loans)	275,285	266,152	333,350	411,850	479,852	519,852	534,553	529,052	485,053	446,053	401,064

11. Investment property

	2024 (AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2,034
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 July	11,500	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550
Balance at 30 June	11,500	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550	11,550

12. Exchange and non-exchange revenue

for the year ending 30 June:	2024 (AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Non-exchange revenue:											
General rates and charges	82,810	95,259	105,356	115,381	122,880	131,551	139,235	145,394	152,955	159,931	166,194

Capex transfer from reserve	-	-	-	-	-	-	-	-	-	-	-
Closing balance	(12,800)	-	-	-	-	-	-	-	-	-	-

Forestry and Land Development Reserve

Purpose: Receives revenue from Marlborough Regional Forestry and from the sale of non-activity assets for funding any projects approved by Council.

Activities to which it relates: Any Activity approved by Council.

Opening balance	6,130	5,211	2,195	1,766	1,119	860	612	368	115	1,307	3,052
Transfer to reserve	-	-	1,028	-	-	2	5	8	1,412	1,985	419
Transfer from reserve	(890)	(381)	(34)	(32)	(40)	(29)	(30)	(40)	-	-	-
Capex transfer from reserve	(1,724)	(2,858)	(1,423)	(615)	(220)	(220)	(220)	(220)	(220)	(220)	(220)
Closing balance	3,516	2,195	1,766	1,119	860	612	368	115	1,307	3,052	3,252

Infrastructure Upgrade Reserve

Purpose: To be used for essential infrastructure; to assist funding of new assets (up to a maximum of 50%), and to assist the funding of significant capital upgrades which will increase the targeted level of service supplied to the community.

Activities to which it relates: Infrastructure such as Water and Sewerage etc, and other Activities as determined by Council from time to time.

Opening balance	14,795	15,852	15,660	14,839	13,741	11,996	9,877	8,605	7,420	7,215	7,975
Transfer to reserve	6,025	5,538	5,782	6,544	6,958	7,382	8,381	8,708	9,638	10,871	11,258
Transfer from reserve	(4,948)	(5,728)	(6,602)	(7,642)	(8,702)	(9,501)	(9,654)	(9,893)	(9,843)	(9,911)	(10,474)
Capex transfer from reserve	-	-	-	-	-	-	-	-	-	-	-
Closing balance	15,872	15,660	14,839	13,741	11,996	9,877	8,605	7,420	7,215	7,975	8,759

Land Subdivision Reserve

Purpose: To provide for Development Contributions and their utilisation in accordance with the provisions of the Local Government Act 2002.

Activities to which it relates: Community Facilities including Reserves, Halls, Swimming Pools.

Opening balance	4,379	2,570	3,400	5,140	5,253	5,779	7,386	9,329	11,459	13,741	16,182
Transfer to reserve	2,462	3,008	3,570	3,295	3,450	3,612	3,782	3,960	4,146	4,341	4,545
Transfer from reserve	(10)	-	-	-	-	-	-	-	-	-	-
Capex transfer from reserve	(4,524)	(2,177)	(1,829)	(3,183)	(2,924)	(2,005)	(1,838)	(1,829)	(1,864)	(1,899)	(1,933)
Closing balance	2,308	3,400	5,140	5,253	5,779	7,386	9,329	11,459	13,741	16,182	18,794

Port Marlborough NZ Ltd Special Dividend Reserve

Purpose: Defined amounts to be available to the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas, or the interest on any unspent balance to be used to subsidise General rates in those areas.

Activities to which it relates: Various.

Opening balance	3,704	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504
Transfer to reserve	185	204	204	204	204	204	204	204	204	204	204
Transfer from reserve	(185)	(204)	(204)	(204)	(204)	(204)	(204)	(204)	(204)	(204)	(204)
Capex transfer from reserve	(200)	-	-	-	-	-	-	-	-	-	-
Closing balance	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504

Wairau Rivers Reserve

Purpose: Accumulates each year-end surplus or deficit from the Wairau Valley River Works rates.

Activities to which it relates: Rivers and Land Drainage on the Wairau Plain.

Opening balance	(841)	(1,785)	(1,517)	(2,135)	(1,671)	(1,995)	(1,145)	(366)	699	1,744	3,142
Transfer to reserve	1,118	1,238	1,287	1,340	1,448	1,543	1,620	1,674	1,837	1,993	2,196
Transfer from reserve	(489)	(548)	(533)	(567)	(542)	(559)	(513)	(470)	(450)	(450)	(450)
Capex transfer from reserve	(1,610)	(420)	(1,372)	(309)	(1,231)	(133)	(328)	(139)	(343)	(145)	(358)
Closing balance	(1,822)	(1,517)	(2,135)	(1,671)	(1,995)	(1,145)	(366)	699	1,744	3,142	4,531

13.2 Reserve funds - Activity specific

These reserves are "owned" by a specific activity or individual scheme etc and exist for the following purposes:

General Reserve: to accumulate targeted rates or other revenue for use in subsequent years.

Depreciation Reserve: to accumulate rates levied to fund depreciation expense, may be used to fund capital expenditure or repayment of debt raised to fund capital expenditure.

Landfill Aftercare Reserve: to accumulate "dump fees" charged from the operation of the landfill (or of a stage) required to fund its closure and management once it is fully utilised.

Development Contribution Reserve: to accumulate development and financial contributions to fund qualifying capital expenditure.

Landfill aftercare reserve

Opening balance	2,885	3,973	4,123	4,279	4,442	4,611	4,787	4,971	5,161	5,292	5,428
Transfer to reserve	103	150	157	163	169	176	183	191	131	136	141
Transfer from reserve	-	-	-	-	-	-	-	-	-	-	-
Capex transfer from reserve	-	-	-	-	-	-	-	-	-	-	-
Closing balance	2,988	4,123	4,279	4,442	4,611	4,787	4,971	5,161	5,292	5,428	5,569

Development Contribution reserves

Opening balance	(6,363)	(2,559)	(6,545)	(5,086)	(2,705)	(2,549)	(2,787)	(1,204)	832	3,567	4,803
Transfer to reserve	1,876	3,252	6,572	3,693	3,933	4,158	4,471	4,755	5,051	5,373	5,732
Transfer from reserve	-	-	-	-	-	-	-	-	-	-	-
Capex transfer from reserve	(536)	(7,239)	(5,113)	(1,312)	(3,777)	(4,396)	(2,888)	(2,718)	(2,316)	(4,137)	(2,233)
Closing balance	(5,023)	(6,545)	(5,086)	(2,705)	(2,549)	(2,787)	(1,204)	832	3,567	4,803	8,302

Operational (General and Depreciation) reserves											
Opening balance	8,767	(5,413)	(6,952)	873	12,071	28,564	17,473	16,490	12,048	39,974	60,015
Transfer to reserve	31,731	33,689	39,604	40,159	43,142	47,059	50,652	54,413	65,149	61,812	65,255
Transfer from reserve	(10,250)	(11,152)	(15,358)	(12,657)	(14,253)	(16,045)	(16,742)	(17,001)	(15,926)	(16,565)	(17,043)
Capex transfer from reserve	(32,839)	(24,057)	(16,421)	(16,305)	(12,395)	(42,105)	(34,893)	(41,854)	(21,297)	(25,208)	(14,788)
Closing balance	(2,591)	(6,952)	873	12,071	28,564	17,473	16,490	12,048	39,974	60,015	93,439
Road Funding reserves											
Opening balance	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve	139	139	141	144	148	151	154	157	160	163	166
Transfer from reserve	-	-	-	-	-	-	-	-	-	-	-
Capex transfer from reserve	(139)	(139)	(141)	(144)	(148)	(151)	(154)	(157)	(160)	(163)	(166)
Closing balance	-	-	-	-	-	-	-	-	-	-	-
MRF biological assets reserve											
Opening Balance	11,351	12,695	14,233	15,227	16,271	17,368	18,521	19,628	20,675	21,547	22,256
Transfer to reserve	1,078	1,538	994	1,044	1,097	1,153	1,107	1,047	872	709	559
Transfer from reserve	-	-	-	-	-	-	-	-	-	-	-
Closing balance	12,429	14,233	15,227	16,271	17,368	18,521	19,628	20,675	21,547	22,256	22,815
Total movements											
Opening balance	42,791	23,860	29,880	39,953	54,524	71,975	64,014	69,205	72,231	110,914	144,164
Transfer to reserve	45,102	62,747	60,766	59,089	63,486	69,028	74,327	79,719	94,707	94,911	99,684
Transfer from reserve	(24,017)	(19,541)	(24,393)	(22,651)	(25,339)	(27,979)	(28,815)	(29,774)	(29,824)	(29,891)	(30,257)
Capex transfer from reserve	(43,183)	(37,188)	(26,300)	(21,867)	(20,896)	(49,009)	(40,321)	(46,918)	(26,201)	(31,770)	(19,897)
Other reserves closing balance as shown in Equity	20,694	29,880	39,953	54,524	71,975	64,014	69,205	72,231	110,914	144,164	193,893

Marlborough District Council: Funding Impact Statement											
	2024(AP)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Reconciliation											
Total operating funding	167,114	165,951	174,433	188,128	198,628	213,998	222,240	228,332	238,030	248,021	253,731
plus - Subsidies and grants for capital expenditure	28,889	37,341	41,398	35,227	38,519	33,919	15,123	11,372	11,601	11,822	12,050
plus - Development and financial contributions	7,469	8,324	8,450	8,843	9,255	9,796	10,252	10,729	11,229	11,752	12,299
plus - Lump sum contributions	173	193	179	162	140	116	90	68	40	16	-
plus - Other dedicated capital funding	1,673	1,820	1,910	3,074	3,237	3,385	3,542	3,703	3,875	4,059	4,248
plus - Contributions vested assets	1,139	1,139	1,164	1,192	1,222	1,250	1,277	1,304	1,332	1,359	1,386
plus - Gain on sale of fixed assets	89	3,016	10,176	7	24	32	14	16	11	488	-
plus - Forestry asset revaluation gain	1,078	946	994	1,044	1,097	1,153	1,107	1,047	872	709	558
Revenue as per Statement of Comprehensive Revenue and Expense	207,624	218,730	238,704	237,677	252,122	263,649	253,645	256,571	266,990	278,226	284,272
Total applications of operating funding	145,170	142,569	147,193	154,449	159,573	164,843	166,502	168,292	170,689	171,862	173,276
plus - Depreciation and amortisation	36,376	50,986	53,298	56,602	58,903	61,651	63,536	65,262	67,041	68,880	70,196
plus - Loss on sale of fixed assets	-	1	1,914	-	5	28	22	12	-	-	-
plus - Surrendered New Zealand Carbon Units (NZUs)	1,345	1,345	1,378	1,415	1,452	1,488	1,523	1,558	1,591	1,626	1,659
plus - Landfill aftercare provision	103	150	156	163	169	176	183	191	131	136	141
plus - Forestry asset revaluation loss	-	-	-	-	-	-	-	-	-	-	-
Expenditure as per Statement of Comprehensive Revenue and Expense	182,994	195,051	203,939	212,629	220,102	228,186	231,766	235,315	239,452	242,504	245,272
Surplus as per Statement of Comprehensive Revenue and Expense	24,630	23,679	34,765	25,460	22,765	25,667	11,627	10,527	16,309	23,970	26,701