MARLBOROUGH DISTRICT COUNCIL

2026-27

Mahere ā-Tau Annual Plan

marlborough.govt.nz

Marlborough District Council

Vision

Marlborough is a globally-connected district of smart, progressive, high-value enterprises, known for our economic efficiency, quality lifestyle and wellbeing, caring community, desirable location and healthy natural environment

Mission Statement

We invest in Marlborough's future, our people, quality lifestyle and outstanding natural environment.

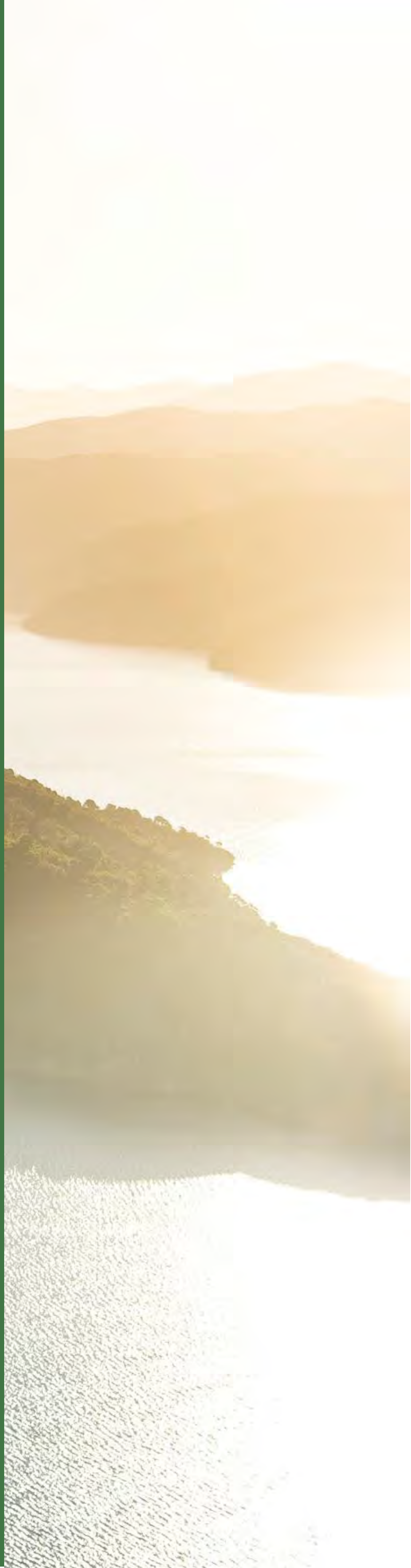
Community Outcomes

Governance
Environment
People
Economy
Connectivity
Living

Values

We are open, transparent and collaborative
We partner with tangata whenua iwi

We involve and respect our many cultures
We are innovative and strive for excellence
We are adaptive and responsive to community needs
We work in an environmentally sustainable manner



Annual Plan

This Annual Plan explains what Council plans to do in the 2026-27 financial year; how much Council intends to spend on its activities and services and how this will be funded – including the expected impact on rates.

WĀHANGA 1
PART 1

Whakarāpapto Whakahaere
Executive Summary

Ko te kupu whakataki a te Koromatua

Mayor’s introduction

Councillors and staff have worked hard to strike a balance between continuing to invest in the infrastructure and services our community relies on, while also recognising the financial pressures facing households and businesses.

Council has set this year’s average rates increase at 6.81%. While any increase is significant, I’m pleased we’ve been able to reduce the originally forecast rise of 8.8% outlined in the Long Term Plan 2024-34.

Without unavoidable costs such as the continued recovery of the storm-damaged Sounds roading network, increased investment in water infrastructure, and the final adjustment to the Covid rates relief fund, this year’s rates increase would have been under 5%.

To help lessen the impact on ratepayers, councillors made the decision to defer a number of areas of expenditure for the coming year. This includes delaying rates funding for increased depreciation on three waters infrastructure, postponing contributions to our Emergency Events Reserve, and splitting the last of the Covid rates relief adjustment introduced during the pandemic over two years.

Council’s core focus remains firmly on delivering and maintaining essential infrastructure for our communities - particularly roading, flood protection, waste management, water supply and community facilities. This year we budgeted $127 million in capital expenditure, including significant investment in transport infrastructure, water services, flood protection and community assets.

In particular, we continue to prioritise rebuilding and strengthening the Sounds roading network following the storm damage of 2021 and 2022, while also investing in long-term resilience projects such as the Spring Creek stop bank rebuild.

Despite ongoing economic uncertainty both nationally and internationally, maintaining investment in critical infrastructure remains essential for Marlborough’s future.

Council staff also identified more than $600,000 in operational savings, while still supporting a targeted resource increase to our emergency management function.

I would like to thank everyone who took the time to provide feedback through the Annual Plan process. The ideas and suggestions received covered a wide range of topics and will help inform future work programmes and the development of our next Long Term Plan.

As we signalled last year, this Annual Plan has required a cautious and conservative approach as we work to keep rates increases as low as possible. Early next year Council will undertake a full review of budgets and priorities as part of developing our next ten-year Long Term Plan, which will again involve community consultation and public submissions.

Together, we remain committed to investing wisely in Marlborough’s future while carefully managing the costs carried by residents and ratepayers.

Ngā mihi nui,

Nadine Taylor
Mayor of Marlborough

Elected Council Members

Mayor Nadine Taylor

Deputy Mayor David Croad
WARD: BLENHEIM

Councillor Scott Adams
WARD: WAIRAU-AWATERE

Councillor Sally Arbuckle
WARD: WAIRAU-AWATERE

Councillor Allanah Burgess
WARD: MARLBOROUGH MĀORI

Councillor Deborah Dalliessi
WARD: BLENHEIM

Councillor Brian Dawson
WARD: BLENHEIM

Councillor Cyril Dawson
WARD: BLENHEIM

Councillor Barbara Faulls
WARD: MARLBOROUGH SOUNDS

Councillor Gerald Hope
WARD: WAIRAU-AWATERE

Councillor John Hyndman
WARD: BLENHEIM

Councillor Raylene Innes
WARD: MARLBOROUGH SOUNDS

Councillor Thelma Sowman
WARD: BLENHEIM

Councillor Benjamin Stace
WARD: BLENHEIM

Councillor Malcolm Taylor
WARD: MARLBOROUGH SOUNDS

FINANCIAL OVERVIEW

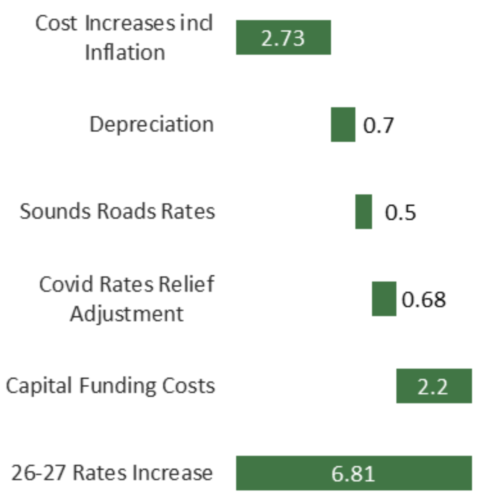
Council's 2026-27 Annual Plan has the 2024-34 Long Term Plan as its foundation with some changes to Council decision from the Long Term Plan which were approved by Council relating to:

- delaying the start of funding, via rates, for the increase in depreciation for revalued three waters assets until the 2027-28 financial year; and
- splitting the final year of COVID rates relief adjustment between the 2026-27 and 2027-28 financial years; and
- deferring the start of rates funding for the rebuilding of the Emergency Events Reserve until 2027-28.

In its planning process Council has largely maintained existing levels of service with a small number of increased service levels accepted.

Council's credit rating, provided by S&P Global, has been maintained at AA- (stable outlook) as a result of Council's strong financial position and outlook.

An average rates increase of 6.81% has been approved by Council, lower than the Long Term Plan signalled increase for 2026-27 of 8.80%. The reasons for this increase are identified below. Refer to page 106 of this document for information on the rates for properties that Council provides as benchmarks.

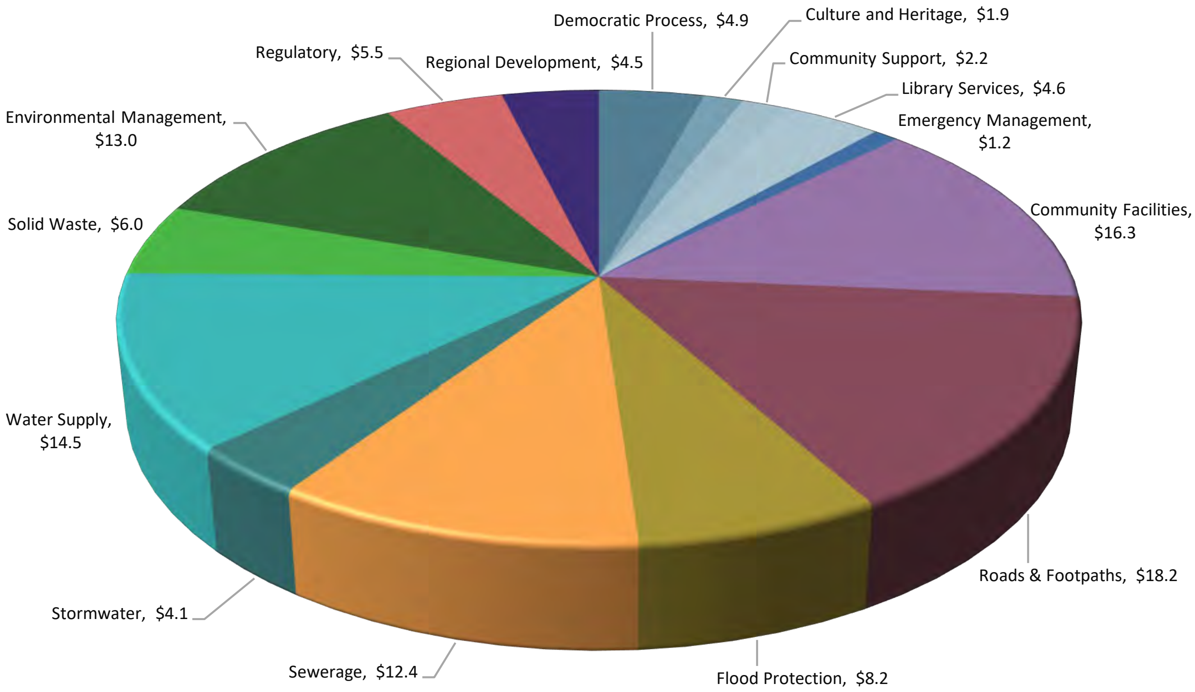


- The first element of the increase is inflation which is forecast at 2.60% for general cost increases provided by BERL (Business and Economic Research Ltd) as the Local Government Cost index which reflects the basket of Council relevant costs. An additional 0.13% is for a small number of increases in cost that have been approved to improve the levels of service provided by Council.
- Depreciation has increased rates by 0.70%. Assets and infrastructure that we invest in depreciate over time before they are renewed. Depreciation is calculated over the asset's life where the replacement cost, in most cases, is adjusted annually. In recent years, because of larger increases in the cost of construction and related costs, depreciation has increased more significantly. Rates pay for depreciation to ensure Council has sufficient funds to renew assets, such as the resealing of our roads, when the time comes.
- Sounds Roads 0.50% - this is the 2026-27 share of the expected investment programme and its debt servicing costs, for Councils share, less an adjustment for the lower than planned level of investment in 2024-25 and 2025-26.
- COVID rates relief adjustment – in the 2023-24 rating year a $4.5M subsidy was provided which meant "real" cost increases at that time were not met by an increase in rates. That $4.5M was being recovered over three years which would have led to a 1.36% increase for 2026-27. However, Council has decided to spread this increase over two years with 0.68% added to rates for 2026-27.
- The increase related to capital funding costs is due to continued investment in infrastructure particularly water and wastewater with a significant investment also in progress for the Peninsula Road stop bank in Spring Creek. These investments are loan funded and this increase reflects the increase in debt servicing costs associated with these programmes.

How will my rates contribute to the community in 2026-27

Rates income is spent on delivering services under the activity groupings presented below. As can be seen, the vast majority is spent in the operation and maintenance of core infrastructure and in managing our environment.

The chart below identifies how rates income is split across Council activities. The amounts shown are in millions of dollars.



2026-27 planned capital expenditure

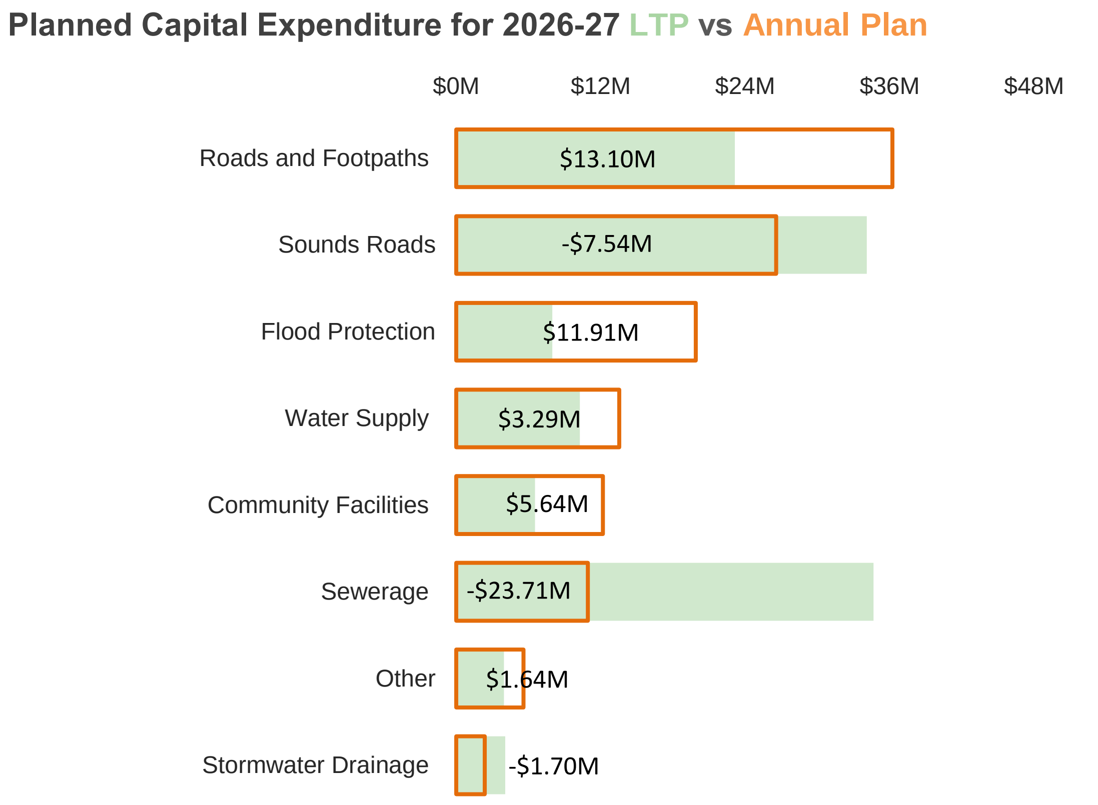
In the 2024-34 Long Term Plan Council approved $124M of capital expenditure for 2026-27. In this Annual Plan we are now proposing $127M of capital expenditure for 2026-27.

While Council is planning a slightly higher overall capital expenditure spend there have been a number of changes in the timing of projects undertaken by various activities. Below is a graphical representation of Council's proposed Capital Expenditure by Activity compared to that of the LTP.

The main changes are:

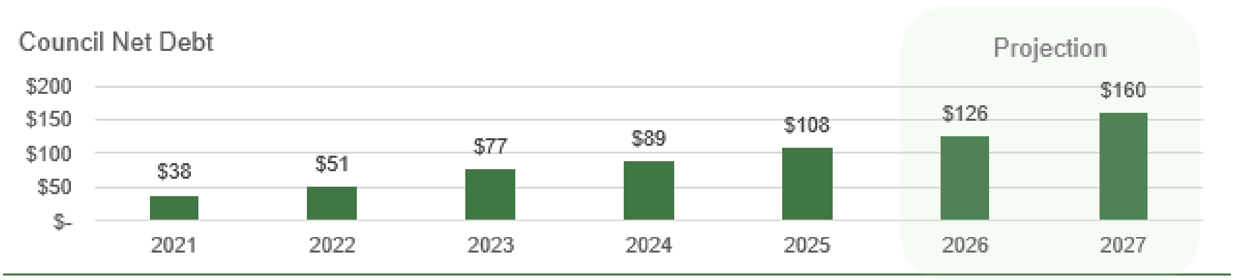
- Roads and Footpaths is above the LTP, driven in part by unplanned emergency reinstatement works not included in LTP 2024-34;
- The variance in Sounds Roads capital expenditure reflects rephasing of projects into future years;

- Flood Protection spending is higher than the LTP due to rebudgeting of the Stop Bank project. Community Facilities also exceeds the LTP because of timeline changes across multiple projects;
- Sewerage and stormwater are both below the LTP due to the changed timing of treatment plant, pumpstation and pipeline projects.



2026-27 projected debt

Reflecting the reduced capital programme activity, at the end of the 2026-27 financial year Council's budgeted debt, net of MDC Holdings borrowing, cash and investments, is $160M as opposed to the $232M stated in the LTP at the same date.



ANNUAL PLAN DISCLOSURE STATEMENT FOR THE PERIOD COMMENCING ON 1 JULY 2026

What is the purpose of this statement?

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

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

Benchmark		Quantified limit	Council Planned 2026-27	Met
Rates affordability				
(a) increases	≤	5.64%	6.81%	No
Debt affordability				
(b) net debt / total revenue	<	250%	68.4%	Yes
(c) net interest / total revenue	<	15%	2.3%	Yes
(d) net interest / rates income	<	30%	4.5%	Yes
(e) liquidity	>	110%	123.2%	Yes
Balanced budget				
(f) revenue /operating expenditure	≥	100%	110%	Yes
Essential services				
(g) capital expenditure / depreciation	≥	100%	230%	Yes
Debt servicing				
(h) borrowing costs / total revenue	≤	10%	6.39%	Yes

Rates affordability benchmark

For this benchmark:

The Council's planned rates increased for the year are compared with a quantified limit on rates increases for the year contained in the Financial Strategy included in Council's Long-Term Plan (LTP).

The Council meets the rates affordability benchmark if its planned rates increase for the year equal or are less than each quantified limit on rates increases.

Despite making best endeavours to keep the rates increase low Council is planning to breach this benchmark in 2026-27 due to the continued effects of inflation on costs such as depreciation. Additionally adjusting rates to eliminate the effect of the rates relief provided in prior years has added a significant percentage increase.

Debt affordability benchmark

For this benchmark, the Council's planned borrowing is compared with quantified limits on borrowing contained in the Financial Strategy included in Council's LTP.

The Council meets the debt affordability benchmark if:

(b) its planned net debt as a proportion of total planned revenue for the year is less than the quantified limit; and

(c) its planned net interest as a proportion of total planned revenue for the year is less than the quantified limit; and

(d) its planned net interest as a proportion of total planned rates income for the year is less than the quantified limit; and

(e) its planned liquidity for the year is less than the quantified limit.

Balanced budget benchmark

(f) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

Essential services benchmark

(g) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Debt servicing benchmark

(h) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth, it meets the debt servicing benchmark if its borrowing costs are equal or less than 10% of its revenue.