

2021-22

# Annual Report



Te Kaunihera ā-Rohe o Wairau





## 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

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## Mission Statement

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

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## 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

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## Community Outcomes

Governance

Environment

People

Economy

Connectivity

Living

# Role of Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2021-22 performance against the policies, activities, objectives, performance targets and financial details contained in its 2021-2023 Long Term Plan.

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

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

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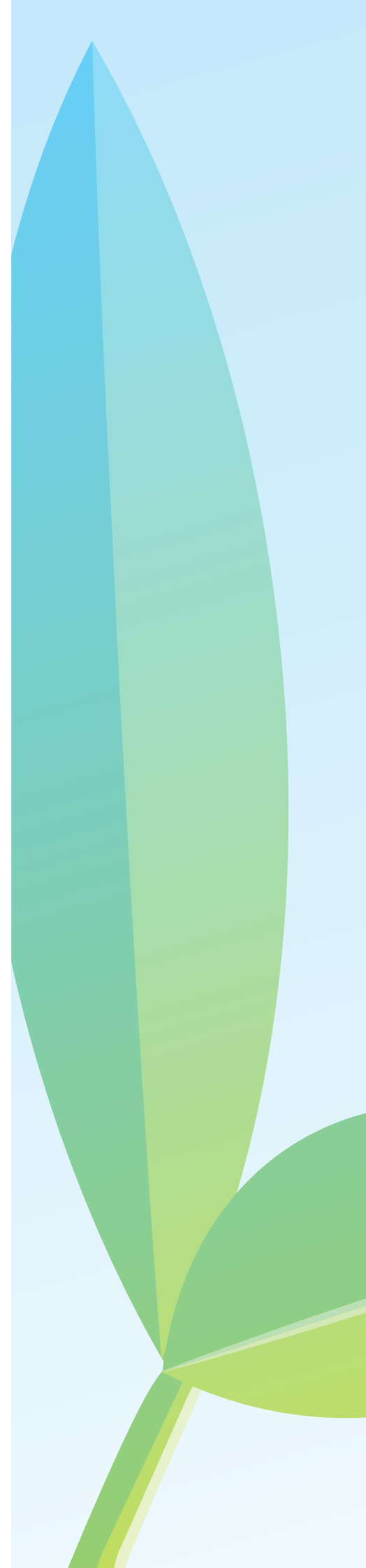
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## PART 1

# Executive Summary

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- FINANCIAL OVERVIEW
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30 JUNE 2022



# Mayor's Report

It's my pleasure to present to you the Marlborough District Council's Annual Report for the 2021-2022 financial year.

This year was a very challenging one for Marlborough and also our neighbours on the West Coast and in Nelson-Tasman. Two major storms bookended the financial year, causing major damage to the roading network, land and property. In addition, a short, sharp storm caused flash flooding in central Blenheim on 29 October, affecting over 100 businesses. Compounding these severe weather events were continued COVID restrictions.

The 17 July 2021 storm resulted in the second largest local roads recovery in New Zealand history, surpassed only by the Christchurch earthquakes in 2011. The storm caused 1,648 road faults, with the Kenepuru Road the hardest hit. Six hundred and forty properties were inaccessible. One slip at Pukenui near Havelock stretched almost two kilometres in length.

The August 2022 storm was even worse, closing two state highways and causing 3,948 faults to our road network, primarily in the Sounds. The estimated cost of this recovery is not yet known but it will run into the hundreds of millions of dollars. Repeated, severe climatic events call into question the long term resilience of our roading infrastructure, in particular parts of the Kenepuru Road. Work is now underway to assess its resilience and potential for recovery, as part of a long term study to establish the appropriate levels of service for its maintenance that takes climate change into account.



In August 2021 a recovery team was established by Marlborough Roads, supported by a Council team offering welfare, logistical and communications support. Within a few weeks more than 125 contractors and sub-contractors were working on slip clearance, using 25 diggers and 40 trucks. In the Waihopai Valley, a Bailey bridge was installed and opened on 17 August, replacing the structure washed away by torrential river flows.

With support from the Mayoral Relief Fund, a barge subsidy was established in August to assist Kenepuru residents to access Havelock and Picton. The subsidy could also be accessed by farmers needing to move stock. This was pragmatic help to assist Sounds' residents and was expanded in October to include a subsidy for water taxi passengers, including visitors and local workers. By early December, controlled access was in place for local residents for the full length of the Kenepuru Road. The Awatere Valley Road was able to be reopened in time for the Christmas holiday period.

In October Waka Kotahi considered our request for an enhanced financial assistance



rate (FAR) for our roading recovery work. Pleasingly, a bespoke FAR of 95 percent was approved for the initial response phase. Then in June Waka Kotahi decided to fund 95 percent of the cost of fixing the road damage from the July 2021 event, approximately \$81M of the \$85.3M total. This came as a great relief to myself, Councillors and the community.

A report to the Assets and Services Committee found that the July 2021 storm had tested the Wairau River Stopbank Scheme to its very limit. It was a one-in-one-hundred year flood event, at 5,200 to 5,300 cubic metres per second (cumecs) river flow, just below the scheme's design limit of 5,500 cumecs. Repairs were begun immediately after the event to restore full flood security but a complete programme of recommended works involving more than 100 repair jobs, at an estimated cost of \$11.2M, is expected to take until June 2024 to complete.

### Environmental improvements

In October I joined Ngāti Kuia and DOC representatives in welcoming Conservation Minister Hon Kiritapu Allan to Marlborough where she announced a \$7.5 million boost to the Te Hoiere/Pelorus Catchment Restoration Project. The fund will pay for 79 full-time equivalent jobs over four years focused on restoring freshwater across the catchment, eliminating predators and weeds, developing land management tools and establishing a nursery.

This Council has continued to coordinate the work of government agencies and community groups in fighting the scourge of wilding pines. More than \$5M was budgeted to be spent in Marlborough this year, a 10 percent increase over last year, which led to 108,000 hectares of control area covered by ground and helicopter. This record year also saw more than 130 workers log over 33,000 hours across the district, mostly in Molesworth. The funding increase allowed additional work in

the Marlborough Sounds and for two new programmes in the Waihopai and Te Hau/The Ned to get underway.

In February Council released its first reports on its carbon footprint, finding just over 75 percent of measurable emissions come from its landfill. The reports, for the years ending 2019 and 2020 were prepared by independent consultants to serve as a baseline that Council can benchmark against in future years.

Council commissioned the University of Canterbury to map almost 345,000 hectares of North Marlborough to identify river and stream catchments that may be susceptible to debris flows or debris floods, to improve the Council's understanding of landslide hazards. The research became possible after the capture of large areas of LiDAR (light detection and ranging) data that delivered precise, three-dimensional information about the area's land surface characteristics. Debris flows and floods occur in steep catchments when heavy rainfall causes slope failure, delivering large quantities of sediment to stream channels. Fortunately, they occur only occasionally, perhaps once every few decades or centuries. It was noted that the maps can be used as a screening layer but are not a definitive geotechnical categorisation of a catchment.

Marlborough's waterways were given mostly a clean bill of health in June. Each summer 16 beach and river swimming spots are monitored with weekly samples analysed to assess the health risk. Data showed a marked improvement at Momorangi Bay, Picton and Totara Flat. The Rai River at Rai Falls often had the highest bacteria levels but an assessment over 10 years showed significant reductions. It's important to recognise the continued investment by the farming community in reducing stock access to waterways there.

## Community facilities

Rapid progress was made completing the new Lansdowne Park Sports Hub in Blenheim. The building opened in February - the facility includes toilets and changing rooms for netball, rugby union, touch rugby and softball. There's also a kitchen, function area, office space, store rooms and a tuck shop. While the project was delayed due to COVID-19, it helped create significant employment for local builders, roofers, plumbers, electricians, painters and landscapers.

Work on Marlborough's new district library and art gallery moved indoors as the framing reached completion and the last of the ground floor windows were installed. The roof was completed at the beginning of March. The build, led by Robinson Construction, is expected to finish in December 2022, followed by an internal fit out. When completed, the building, which received \$11M from the Government's Provincial Growth Fund toward its \$20M construction cost, will be a game changer for Blenheim's CBD and become home to the library, Millennium Public Art Gallery, a café and community meeting rooms.

A revamp of Picton's popular Shelly Beach was improved after public feedback. The primary goals of the improvements were to reduce the erosion of green space and improve pedestrian safety along the narrow coastal strip and enhance the recreation area. The impressive redevelopment of the Queen Charlotte Yacht Club has opened up this reserve and shoreline as new public space.

In February Council agreed to fund a new 20-hectare recreational space in the Taylor Pass in Blenheim. The concept plan includes new plantings, an amphitheatre-styled area for outdoor activities including walking, biking and events, and a dog park. Given its location, the space, which will be developed over four years at a cost of \$1M, provides a key connection from nearby residential areas to the already popular Taylor River tracks.

Improvements to Neil Street and the Domain in Havelock were finished in April. The \$1.1M makeover saw the creation of a new pocket park, replacement of retaining walls, new road surfacing, improved pedestrian access to the Domain, landscaping, upgrades to stormwater and watermain services, and



sealing the Domain Pavilion car park and access way to residential properties.

This project is an excellent example of collaboration across Council. Marlborough Roads, Parks and Open Spaces, the Small Townships Programme and Assets and Services all contributed.

The Alfred Street car park building payment system was changed to 'pay by plate', removing the need for queueing on exit and aligning its payment system with the rest of Blenheim's recent upgrade.

### Infrastructure investment

At a special Council meeting in March, Council decided to raise a loan of up to \$110M and on-lend it to Port Marlborough to finance its share of the Waitohi Picton Ferry Precinct Redevelopment, subject to a number of conditions. After considering 26 public submissions, it was decided that the best option was for Council to raise the loan through its existing arrangement with the New Zealand Local Government Funding Agency.

The new ferry precinct will greatly strengthen Waitohi Picton as the gateway to the South Island and hub for the Marlborough Sounds, improve connections with State Highway 1 and enable KiwiRail to carry more freight.

Significant works to upgrade the sewerage network in the north of Blenheim have continued. The \$13.7m northwest sewer upgrade provides for future residential growth of up to 700 homes. The project involves the replacement of approximately 2.7km of gravity sewer main and 1.25km of pressure sewer main.

Three sewage pump stations were rebuilt at McLauchlan Street, Budge Street and, the largest, at Bomford Street, to replace the Nelson Street pump station.

### Conclusion

Despite the challenges of COVID-19, the Marlborough economy was a strong performer according to data released by Infometrics in March. Our economy grew 6.8 percent over the year to December 2021, compared with 5.5 percent national growth. This was due to a resurgence in activity following lockdown, as well as the region's underlying strengths, such as consumer and tourism spending, a busy construction sector and a robust labour market. When compared to 2019 (pre-COVID-19), Marlborough was the strongest performing region in the country.

Our resident satisfaction survey results were again positive this year. Overall, 36 out of 46 (76%) Council services rated by residents achieved satisfaction of 60% or above, with 12 services achieving 80% satisfaction or higher. The five top services were sports grounds (88% satisfied), libraries (87%), sewerage (88%), parks and reserves (87%), and swimming pools (87%), with almost nine out of 10 residents satisfied with these. Only two services recorded a statistically significant decline - sealed roads and COVID-19 recovery. Six out of 10 residents (62%) were satisfied with Council's overall performance; satisfaction was down compared to 2021 but is on a par with the New Zealand average.

After a review in November 2021, Council retained its AA+ (negative credit watch) credit rating from S&P (formerly Standard and Poors), keeping its status as one of the top-rated local authorities in New Zealand, only just below the New Zealand Government's AAA rating.

The Government's reform programme loomed large over the 12 months. The Three Waters proposal in particular raised significant concerns for both the Council and the public.



Council accepts that there are significant challenges across the Three Waters sector but strongly opposes the Government's mega model. Our opposition relates primarily to the loss of local control - 21 councils from Gisborne to Blenheim would have their assets transferred to 'Entity C' with Seddon's water scheme managed by 'Entity D'. We were also disappointed that inadequate consideration had been given to other potential models for improving Three Waters' investment. The Three Waters reform will continue to be a challenge for the new Council, as will dealing with the Resource Management Act review and the Future of Local Government recommendations.

This is my last annual report after 12 years on Council, including the last six as Mayor of Marlborough. It has been my absolute pleasure to serve the people of our region. Unfortunately, we have experienced some

difficult times over the last six years - a 7.8 earthquake, a pandemic and two major storms. However, the Council team has always risen to the challenge and responded exceptionally well, allowing us to continue our focus on infrastructure investment and community facility upgrades.

Marlborough District Council punches well above its weight and achieves that success off a low rating base and modest income stream. It's the driving passion of our community, Councillors and staff that allows us to achieve so much more - and long may that continue.



John Leggett  
Mayor of Marlborough



# Elected Council Members as at 30 June 2022



Mayor John Leggett



Deputy Mayor Nadine Taylor  
WARD: MARLBOROUGH SOUNDS



Councillor Gerald Hope  
WARD: WAIRAU-AWATERE



Councillor Jamie Arbuckle  
WARD: BLENHEIM



Councillor Brian Dawson  
WARD: BLENHEIM



Councillor Jenny Andrews  
WARD: BLENHEIM



Councillor Barbara Faulls  
WARD: MARLBOROUGH SOUNDS



Councillor Mark Peters  
WARD: BLENHEIM



Councillor David Oddie  
WARD: MARLBOROUGH SOUNDS



Councillor Thelma Sowman  
WARD: BLENHEIM



Councillor David Croad  
WARD: BLENHEIM



Councillor Michael Fitzpatrick  
WARD: BLENHEIM



Councillor Francis Maher  
WARD: WAIRAU-AWATERE



Councillor Cynthia Brooks  
WARD: WAIRAU-AWATERE

# Key Achievements and Performance Overview

This section summarises:

- achievement against service performance and budgetary targets, for Council overall and for each Activity Group; and
- the significant achievements for each Activity Group over the year.

More information about service performance variances can be found in the Level of Service tables in Part 2 of this document.

The variances to budget are calculated using Note 2 Activity Expenditure figures (page 136). A more detailed explanation of the variances can be found below each Activity FIS tables in Part 2 of this document.

## Council Overall

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #2e8b57; color: white; border-radius: 50%; padding: 5px;">147</span>  <b>On track</b>                      (100%)                 </div> <div style="text-align: center;"> <span style="background-color: #ffd700; color: black; border-radius: 50%; padding: 5px;">41</span>  <b>Almost achieved</b>                      (≥ 80%)                 </div> <div style="text-align: center;"> <span style="background-color: #ff4500; color: white; border-radius: 50%; padding: 5px;">27</span>  <b>Not achieved</b>                      (&lt; 80%)                 </div> </div>	Not achieved
<p>Overall we achieved 147 (68%) of the 215 key performance indicators (KPI's) which indicate achievement of our performance targets.</p> <p>In addition 41 KPI's were almost (i.e. at least 80%) achieved.</p> <p>Despite the on-going impact of COVID-19, this achievement is better than what's achieved in 2020-21.</p>	<p>The overall Activity spending was 10.2% (or \$12.9 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Unbudgeted costs associated with the response to the July 2021 flood;</li> <li>• costs for desludge at the sewer treatment ponds;</li> <li>• unbudgeted costs for Catchment Care, Hillside Erosion and Te Hoiere projects which are funded by central government; and</li> <li>• costs associated with higher utilisation at the landfill.</li> </ul>



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget



## People

### Activities in this Group

- Democratic Process
- Culture and Heritage (including support for arts and museums)
- Housing for Seniors
- Community Support (including events management, energy efficiency, passenger transport and total mobility, smart and connected communities and community safety)
- Library Services
- Emergency Management

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #2e8b57; color: white; border-radius: 50%; padding: 5px;">22</span>  <b>On track</b>            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffc107; color: white; border-radius: 50%; padding: 5px;">9</span>  <b>Almost achieved</b>            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc3545; color: white; border-radius: 50%; padding: 5px;">8</span>  <b>Not achieved</b>            (&lt; 80%)         </div> </div>	<b>Achieved</b>
We achieved 22 and almost achieved 9 of the 39 KPI's we set for this year.	The overall Activity spending was 1.9% (or \$0.3 million) above budget. This is mostly due to higher than budgeted emergency management costs associated with the response to the July 2021 flood.

### Achievements

- Provided operating grants to key Art and Heritage organisations in Marlborough.
- Completed the upgrade of all Senior Housing units to meet the New Zealand Healthy Homes legislation, including significant cladding repairs and painting at four housing complexes; a complex-wide refurbishment of the kitchen spaces at Litchfield Street and a full roof replacement for the 11 unit complex at 91 George Street.
- Purchased a new unit located within Bryant Place complex in Picton.
- Tendered design for a new Senior Housing development located at 85 George Street with the contract awarded to local construction companies.
- Progressed with the construction of the new joint District Library and Art Gallery facility. It is on track to be completed by early 2023.
- 816 news stories were published in local newspapers and on the Council website and released 21 video productions on YouTube and Facebook channels.
- A further 103 advances totalling \$706,670 were made for home insulation, solar water heating, clean heating solutions and solar power.
- The Total Mobility scheme funded 22,508 trips, including 2,557 trips by wheelchair users.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

## Community Facilities

### Activities in this Group

This Activity Group comprises a single Activity: Community Facilities.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #2e8b57; color: white; border-radius: 50%; padding: 5px; font-weight: bold;">12</span>  <b>On track</b>            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffd700; color: black; border-radius: 50%; padding: 5px; font-weight: bold;">1</span>  <b>Almost achieved</b>            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #ff4500; color: white; border-radius: 50%; padding: 5px; font-weight: bold;">0</span>  <b>Not achieved</b>            (&lt; 80%)         </div> </div>	Achieved
	The overall Activity spending was 2.6% (or \$0.4 million) above budget. This is mostly due to higher than budgeted repair and maintenance costs.
We achieved 12 and almost achieved 1 of the 13 KPI's we set for this year.	

### Achievements

- Upgraded Neil Street and Havelock Memorial Domain recreational area, strengthened wharf walls at Havelock Log Wharf Reserve.
- Completed native plantings at Kahikatea, Koromiko, Captain's Close and Ōpaoa Reserves.
- Upgraded the landscape and car park at Shelly Beach.
- Revamped Renwick town centre and High Street with new planter boxes.
- Completed restoration works and improvements at Havelock, Picton and Omaka cemeteries.
- Completed landscaping and connectivity to west grandstand at Lansdowne Sports Hub.
- Completed the new toilet at Rai Valley Township.
- Developed a new shared pathway from Stuart Street to Sinclair Street at the Taylor River Reserve.
- Developed a new Ridgeline walking track and Little Pickle MTB track.
- Sealed pump track at Rifle Range.
- Completed Motuweka Community Pathway.
- Installed new play equipment and picnic shelter at Hammond Reserve.
- Developed new playground with outdoor tables and seat at Blackmore Reserve.
- Completed 60 metre running tracks at Athletic Park.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget



## Roads and Footpaths

### Activities in this Group

This Activity Group comprises a single Activity: Roads and Footpaths.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #2e8b57; color: white; border-radius: 50%; padding: 2px 6px;">10</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffd700; color: black; border-radius: 50%; padding: 2px 6px;">4</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #ff0000; color: white; border-radius: 50%; padding: 2px 6px;">1</span>            Not            achieved            (&lt; 80%)         </div> </div> <p>We achieved 10 and almost achieved 4 of the 15 KPI's we set for this year.</p>	<div style="background-color: #ff0000; color: white; padding: 5px;"><b>Not achieved</b></div> <p>The overall Activity spending was 33.9% (or \$8.0 million) above budget. This is mostly due to the costs for the emergency reinstatement of the Kenepuru Road and repairs throughout the roading network due to the July 2021 flood event.</p> <p>The emergency reinstatement expenditure is 95% funded by Waka Kotahi.</p>

### Achievements

- Established a Recovery Team to reinstate the road network following major storm event in July 2021.
  - Completed 1.7 km of Pavement Rehabilitation
- Completed 77.9 lane kilometres of chip sealing.
  - Undertook \$13.1 million of maintenance and renewal works.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

## Flood Protection and Control Works

### Activities in this Group

This Activity Group comprises a single Activity: Flood Protection and Control Works.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #28a745; border-radius: 50%; padding: 2px 6px; color: white; font-weight: bold;">10</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffc107; border-radius: 50%; padding: 2px 6px; color: white; font-weight: bold;">1</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc3545; border-radius: 50%; padding: 2px 6px; color: white; font-weight: bold;">2</span>            Not            achieved            (&lt; 80%)         </div> </div>	Not achieved
We achieved 10 and almost achieved 1 of the 13 KPI's we set for this year.	The overall Activity spending was 2.1% (or \$0.1 million) below budget. This is mostly due to the focus on flood damage capital expenditure associated with the response to the July 2021 flood.

### Achievements

- Assessed and responded to the major storm in July 2021, with estimated repair work of \$11.2m to be completed over three years.
- Completed various capital upgrades including construction of two further strong head groynes as part of the SVIS/Upper Condors edge protection project; 80m of Taylor River stopbank reconstruction at Brooke Street; 520m of lower Wairau stopbank upgrades at McDonalds.
- Completed the Wairau Riverbed survey and analysis.
- Completed Tayler River/lower Ōpaoa River modelling.
- Purchased an additional five hectares of land for Pukaka quarry extension.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget



## Sewerage Including Treatment and Disposal

### Activities in this Group

This Activity Group comprises a single Activity: Sewerage including treatment and control.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #2e8b57; color: white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">8</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffd700; color: black; border-radius: 50%; padding: 2px 6px; font-weight: bold;">1</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc143c; color: white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">3</span>            Not            achieved            (&lt; 80%)         </div> </div>	Not Achieved
We achieved 8 and almost achieved 1 of the 12 KPI's we set for this year.	<p>The overall Activity spending was 17.3% (or \$2.0 million) above budget. This is mostly due to the:</p> <ul style="list-style-type: none"> <li>costs for desludge at the treatment ponds which were budgeted as capital;</li> <li>costs associated with pumps stations; and</li> <li>higher than budgeted depreciation.</li> </ul>

### Achievements

- Completed the Blenheim Sewer Upgrade project including the upgrade of the McLauchlan Street pump station and the construction of a new treatment and overflow facility in Bomford Street.
- Continued effort on sewer mains assessment and rehabilitation. This project will be brought forward with stimulus funding from central government,
- A new treatment plant in Havelock is planned and an appropriate site is being investigated.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

# Stormwater Drainage

## Activities in this Group

This Activity Group comprises a single Activity: Stormwater.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="color: green; font-weight: bold; font-size: 24px;">5</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="color: orange; font-weight: bold; font-size: 24px;">1</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="color: red; font-weight: bold; font-size: 24px;">0</span>            Not            achieved            (&lt; 80%)         </div> </div>	Achieved
We achieved 5 and almost achieved 1 of the 6 KPI's we set for this year.	The overall Activity spending was 1.8% (or \$0.04 million) below budget. This is mostly due to higher pump stations costs.

## Achievements

- Dealt with further application of stormwater retention system enabling controlled discharge of stormwater, with the subdivision development at Rose Manor and Wai-iti.
- On-going investigation and design of stormwater control for the development of the Summerset Retirement Home off Old Renwick Road.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget



## Water Supply

### Activities in this Group

This activity group comprises a single activity: Water Supply.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #2e8b57; color: white; border-radius: 50%; padding: 2px 6px;">26</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffc107; color: white; border-radius: 50%; padding: 2px 6px;">4</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc3545; color: white; border-radius: 50%; padding: 2px 6px;">5</span>            Not            achieved            (&lt; 80%)         </div> </div>	<b>Achieved</b>
<p>We achieved 26 and almost achieved 4 of the 35 KPI's we set for this year.</p>	<p>The overall Activity spending was 6.3% (or \$0.7 million) below budget. This is mostly due to lower than anticipated:</p> <ul style="list-style-type: none"> <li>treatment costs due to lower water utilisation over winter months;</li> <li>pump station and reticulation costs; and</li> <li>depreciation costs.</li> </ul>

### Achievements

- Successfully installed Water Meters across Renwick and Havelock, with residents identifying leaks and then getting them repaired quicker than before.
- Purchased land for a new water treatment plant in Terrace Road, Renwick, construction has commenced.
- Continued investigations into additional sources of supply for Havelock.
- Progressed with the design of the new treatment plant for Riverlands Industrial areas.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

# Solid Waste Management

## Activities in this Group

This Activity Group comprises a single Activity: Solid Waste Management.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #28a745; border-radius: 50%; padding: 2px 6px; font-weight: bold; color: white;">5</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffc107; border-radius: 50%; padding: 2px 6px; font-weight: bold; color: white;">3</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc3545; border-radius: 50%; padding: 2px 6px; font-weight: bold; color: white;">1</span>            Not            achieved            (&lt; 80%)         </div> </div>	Not achieved
<p>We achieved 5 and almost achieved 3 of the 9 KPI's we set for this year.</p>	<p>The overall Activity spending was 23% (or \$2.5 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• higher contract costs caused by higher utilisation at the landfill;</li> <li>• settling of the ETS obligation at higher pricing than anticipated; and</li> <li>• increased levy payments imposed by central government.</li> </ul>

## Achievements

- Established the Repurposing of Unwanted Goods Service on a permanent basis.
- Implemented the waste calculator tool on the Council website.
- Completed the Bluegums Landfill Operation Contract, the Reuse Centre Services Contract and the Waste Management and Minimisation Services Contract tender and award.
- Completed the weighbridge reporting system upgrades at the waste sorting centre and resource recovery centre.
- Adopted the Waste Management and Minimisation Plan 2021-27.
- Commenced the design for stage 9 of the landfill at Bluegums Landfill.
- Continued to investigate waste to energy solutions for the region.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget



## Environmental Management

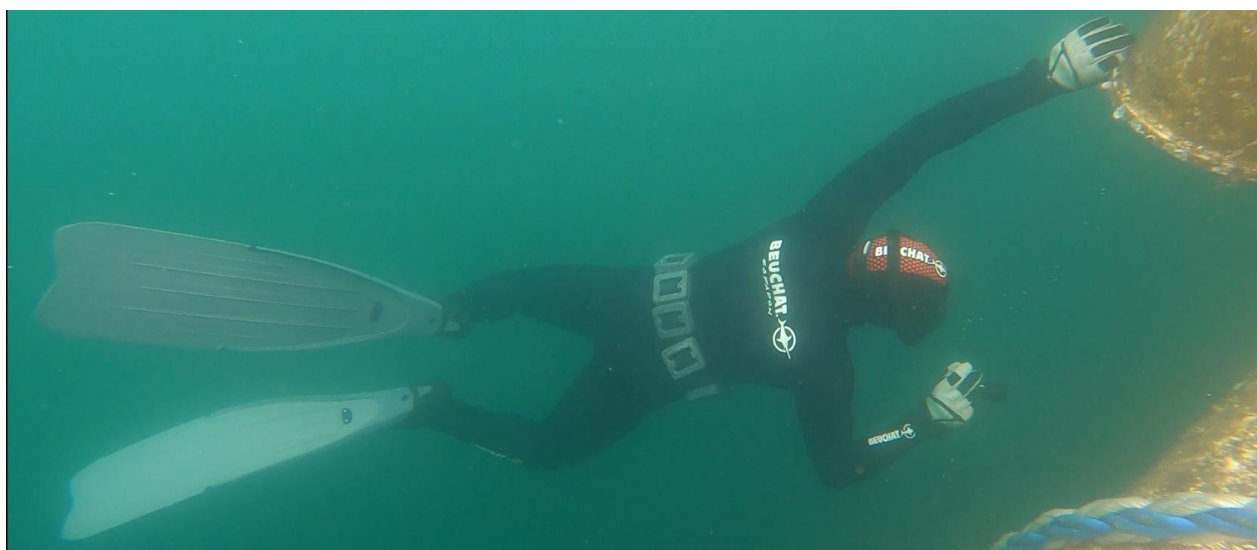
### Activities in this Group

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

Performance targets	Budget
<p> <span style="background-color: #c8e6c9; border-radius: 50%; padding: 2px 5px;">16</span> On track (100%)           <span style="background-color: #ffcdd2; border-radius: 50%; padding: 2px 5px; margin-left: 20px;">5</span> Almost achieved (≥ 80%)           <span style="background-color: #f8bbd0; border-radius: 50%; padding: 2px 5px; margin-left: 20px;">1</span> Not achieved (&lt; 80%)         </p> <p>We achieved 16 and almost achieved 5 of the 22 KPI's we set for this year.</p>	<p style="background-color: #f44336; color: white; padding: 5px;"><b>Not achieved</b></p> <p>The overall Activity spending was 21.4% (or \$ 2.8 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• costs associated with Environment Court mediations, aquaculture variations to the proposed Marlborough Environment Plan and participation in legal proceedings; and</li> <li>• unbudgeted costs for Catchment Care, Hillside Erosion and Te Hoiere projects which are funded by central government.</li> </ul>

### Achievements

- Involved in processing the 51 notices of appeal for The Proposed Marlborough Environment Plan (PMEP).
- Continued reviewing of the operative marine farming provisions with a total of 115 submissions received.
- Continued to develop a work programme to provide further detail on how the Council will give effect to the National Policy Statement (NPS).
- Responded to the Exposure Draft of the Natural and Built Environments Bill and presentation of the Council submission to Select Committee.
- Continued The Te Hoiere Restoration project in the Rai, Pelorus and Kaituna catchments. Substantial progress has been made including the development of an Integrated Catchment Enhancement Plan supported by extensive community consultation process.
- Received 1,086 applications for resource consent and issued 1,065 decisions.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

## Regulatory

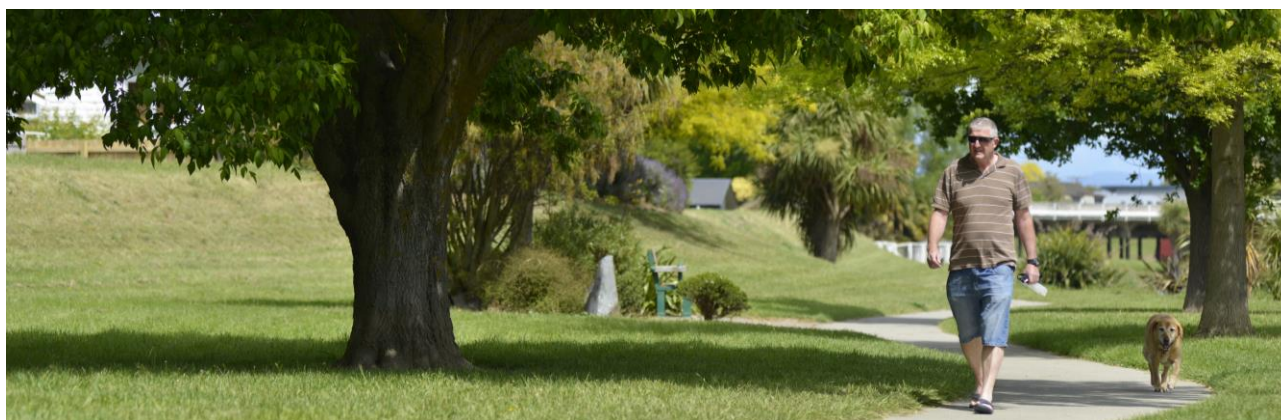
### Activities in this Group

- Biosecurity
- Building Control
- Environmental Health
- Animal Control
- Harbours

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #2e8b57; color: white; border-radius: 50%; padding: 5px; font-weight: bold;">27</span>  <b>On track</b>            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffc107; color: white; border-radius: 50%; padding: 5px; font-weight: bold;">7</span>  <b>Almost achieved</b>            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc3545; color: white; border-radius: 50%; padding: 5px; font-weight: bold;">6</span>  <b>Not achieved</b>            (&lt; 80%)         </div> </div>	Achieved
We achieved 27 and almost achieved 7 of the 40 KPI's we set for this year.	<p>The overall Activity spending was 2% (or \$0.3 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• higher depreciation costs for Harbour Navigation aids; and</li> <li>• additional staff costs to increase capacity of the Harbours team.</li> </ul>

### Achievements

- Completed the initial control work for willow-leaved hakea near Kapowai.
- Successfully delivered all Regional Pest Management Plan (RPMP) programmes.
- Continued surveillance programme on key vessel hub areas and other locations where fanworm has been detected on vessels within the region.
- Reviewed options to improve navigation safety and environmental outcomes associated with mooring activity in Marlborough Sounds, including discussions with mooring providers.
- Reviewed the Marlborough Regional Oil Spill Response Plan to ensure consistency with New Zealand's National Oil Spill Response Strategy
- Progress continued on our project to resolve the uncertainty presently associated with Tory Channel/Kura Te Au tides and currents which is fundamental to ensuring safe shipping in the region.
- Launched and completed phase three of a digital Harbour Incident Management System build intended to develop the exiting platform beyond minimum viable product status
- Issued 1,378 Building Consents, undertook 4,372 inspections and issued 1,093 Code of Compliance Certificates.
- Completed identifying all earthquake prone buildings in the region.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget



## Regional Development

### Activities in this Group

This Activity Group comprises a single Activity: Regional Development.

Performance targets	Budget
<p> <span style="color: green;">6</span>      <span style="color: orange;">5</span>      <span style="color: red;">0</span>                      On track (100%)      Almost achieved (≥ 80%)      Not achieved (&lt; 80%)                 </p>	<b>Achieved</b>
<p>We achieved 6 and almost achieved 5 of the 11 KPI's we set for this year.</p>	<p>The overall Activity spending was 5.9% (or \$0.4 million) below budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>consultancy budget not being utilised for the Picton redevelopment project; and</li> <li>grants allocated but not yet distributed.</li> </ul>

### Achievements

- Developed the Marlborough Economic Wellbeing Strategy to shape the future activities to support economic development, and the activities undertaken by industry partners.
- Organized the successful first Marlborough Innovation Day and Start-up weekend events.
- Successfully won bids for 12 new conferences to the region.
- Further development to complete Te Pokapū Wāina o Aotearoa – New Zealand Wine Centre on Budge Street campus.
- Introduced an e-permit system for lease parkers in the car park building.
- Completed various small township projects including Goulard Road Landscaping in Spring Creek, Village Green in Rai Valley, Minters Hut in Canvastown and Wairau Valley Loop Track.



Te Pokapū Wāina o Aotearoa – New Zealand Wine Centre

# Financial Overview

This section gives an overview of Council’s financial results identifying the main revenue sources, operating expenditure and capital expenditure and compares actual results to the budget contained in the 2021-31 Long Term Plan (pages 294-297). For a more comprehensive set of explanations refer to “Part 3: Financial Statements” note 30 – Variances explanations.

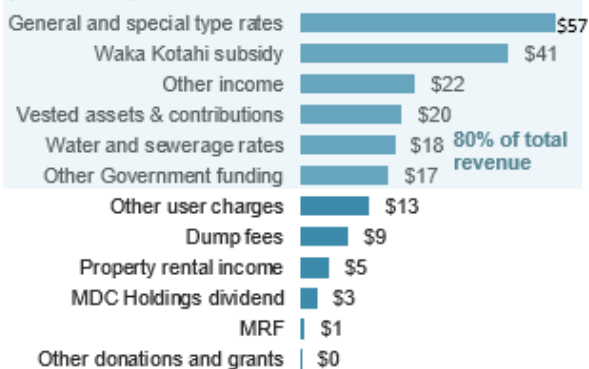
## Revenue Sources

While general and special type and water and sewerage rates make up 36% of Council’s income, each Activity has its own mix of income sources.

Budgeted revenue was \$150.0 million and actual \$208.3 million – an extra \$58.3 million. The top contributors to this increase are:

- Waka Kotahi roading subsidies in excess of budget due to the July 2021 flooding event (\$30.9 million);
- unbudgeted fair value movement for Council’s interest rate swaps (\$7.0 million);
- the value in excess of budget of vested assets (\$8.9 million) and contributions (\$2.5 million) due to the current high level of subdivision activity in Marlborough.

### Revenue sources (in millions)



## Operating Expenditure

Operational expenditure is the cost of providing the level of service in a given year and includes finance costs and depreciation on assets. Depreciation is the measure of consumption of an asset over its lifetime. Those who benefit from the use of an asset should contribute towards its cost/consumption.

Council’s operating expenditure relates predominantly to Council’s Activities. Non-activity related expenses include items such as Marlborough Regional Forestry expenditure and fair value movement in swaps.

Budgeted operating expenditure was \$132.5 million and actual \$146.3 million – \$13.8 million higher. The top contributors to this increase are:

- roading network expenditure including immediate response costs relating to the July 2021 flooding event;
- expenditure for the Catchment Care, Hillside Erosion and Te Hoiere projects which attracted significant government subsidies;
- desludge costs for the Blenheim sewer ponds;
- expenditure relating to higher than anticipated volumes of waste at the regional landfill.

### Expenditure by Activity Group (in millions)



## Council Surplus

It is essential that Council has an accounting surplus to enable the funding of capital expenditure in the district and comply with legislative and government determined funding conditions.

However, Council’s \$62.0 million surplus does not represent an operating surplus as it is determined in accordance with accounting conventions and includes revenue that can only be used for capital expenditure, particularly

roading after the July 2021 flood event, vested asset transfers and non-cash revaluations.

For the year ended 30 June	Council	
	2022 Actual \$000s	2022 Budget \$000s
<b>REVENUE</b>		
Rates, excluding targeted water rates	73,126	72,783
Targeted rates for water supply	2,756	3,110
Subsidies and grants	57,884	23,968
Development and financial contributions	9,635	7,176
Gains	8,046	1,263
Interest revenue	8,099	2,467
Other revenue	48,761	39,279
<b>Total revenue</b>	<b>208,307</b>	<b>150,046</b>
<b>EXPENDITURE</b>		
Personnel costs	25,890	27,897
Finance costs	2,888	5,638
Depreciation	29,443	29,343
Other expenses (including contract payments)	88,056	69,644
<b>Total Operating Expenditure</b>	<b>146,277</b>	<b>132,522</b>
<b>Surplus before tax</b>	<b>62,030</b>	<b>17,524</b>
Income tax expense/(credit)	-	-
<b>Surplus after tax</b>	<b>62,030</b>	<b>17,524</b>
<b>Other comprehensive revenue and expense</b>		
Gain on property revaluations	127,351	61,551
Impairment on property revaluation	(86,138)	-
Tax on property valuations	-	-
<b>Total comprehensive revenue and expense</b>	<b>103,243</b>	<b>79,075</b>

The surplus includes:

- development and financial contributions (\$9.6 million) and some subsidies and grants (\$37.9 million) which are legally required to fund specific capital as compared to operating items;
- non-cash values like vested assets (\$10.0 million) and revaluation gains (\$7.6 million):
  - vested assets, under other revenue, are typically the value of infrastructure (roads, water, sewerage, stormwater, etc) that are transferred to Council following a subdivision. Council in turn maintains and replaces these assets; and
  - revaluations, under Gains, include mainly the revaluation of Council's interest rate swaps (\$7.1 million) which relies on the interest rate; and
- dividends received from MDC Holdings Ltd (\$3.1 million), under other revenue, which are used to fund Reserves. Council's Reserves have been largely allocated to designated projects.

## Capital Spending

Capital spending buys assets to meet demand, improve or replace the service to ratepayers. Major projects are highlighted in the "Key Achievements and Performance Overview" in Part 1 of the Annual Report whilst the FIS in Part 2 provides a breakdown of the revenue sources and

the application of capital funding for each Council Activity.

In its budget Council set aside \$77.0 million for capital expenditure. Actual spending before the costs for the July 2021 flood event was \$76.1 million, a record year. To achieve this target Council has underway at any time, projects of a much higher value because the development of larger projects is never straight forward. Delays can be caused by finalising community consultation, obtaining land access, obtaining resource consents, the availability of external professional expertise and receiving an acceptable contract price and contractor availability. For 2021-22 Council was working on projects with a value of \$130.4 million. After accounting for the flood event expenditure total capital expenditure was \$104.3 million.

The primary reasons capital expenditure was below budget were:

- delayed Flaxbourne Irrigation Scheme. The resource consent for the project was lodged on 28 August 2020 and is not yet granted;
- delays in wastewater projects including pipeline and pump station upgrades for growth, the Havelock treatment plant, stage 4 of the Picton sewerage upgrade and the pipeline renewals for earthquake damaged pipe;
- the delays in the construction of the Blenheim Library and Art Gallery which is expected to be completed in 2023;
- delays in flood protection work including stopbank upgrades, rock protection and land purchases; and
- delays in Roads and Footpaths including small township upgrades, minor improvements and the North West development zone.

This is offset by unbudgeted reinstatement costs for roading and flood protection and control assets damaged in the July 2021 flood event,

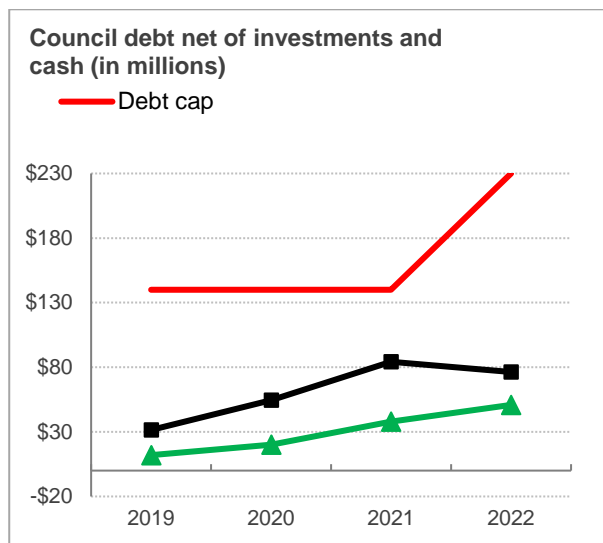
## Net Debt Levels

Overall, Council continues in very good financial health as evidenced by the AA+ (negative credit watch) credit rating provided by S&P Global Ratings that enables access to lower cost of finance. The assessment takes into account the financial position of the Council Group, which includes MDC Holdings Ltd, Port Marlborough NZ Ltd and Marlborough Airport Ltd.

Council has set a "net debt cap" of \$230 million in its 2021-31 LTP. This amount represents the

maximum debt deemed prudent by Council. As can be seen from the following graph Council is well below this “cap”.

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



		Policy limit	Actual	Compliance
Local Government Funding Agency Covenants	Net debt as a % of Total Revenue	< 250%	28.0%	yes
	Net Interest as a % of Total Revenue	< 20%	1.0%	yes
	Net Interest as a % of Rates Revenue	< 30%	2.4%	yes
	Liquidity	> 110%	156.0%	yes

Council’s results are well within the parameters set in the Treasury Management Policy.

It should also be noted Debt also only forms a very small proportion of Council’s total assets which have a value of over \$2.0 billion.

# Annual Report Disclosure Statement for Year Ended 30 June 2022

## What is the Purpose of this Statement?

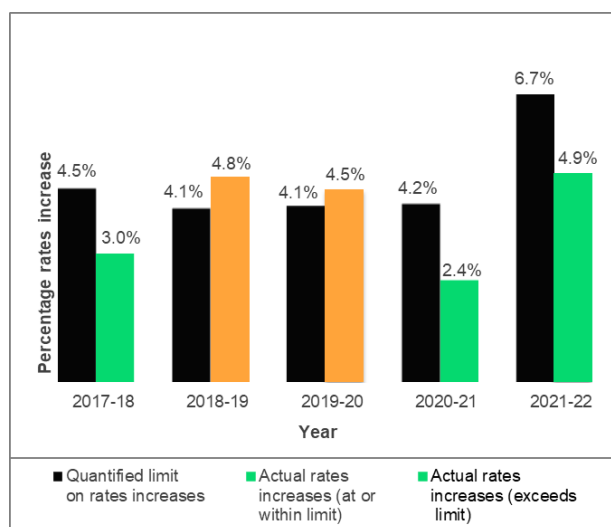
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing revenues, expenses, assets, liabilities and general financial dealings.

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

## Rates Increase Affordability Benchmark

Council meets the rates affordability benchmark if its actual rates increases are equal to or less than each quantified limit on rates increases.

The following graph compares Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in Council's Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index plus 2%. In 2021-22 Council is under the benchmark due to the decision to keep the rates increase low in response to Covid-19.



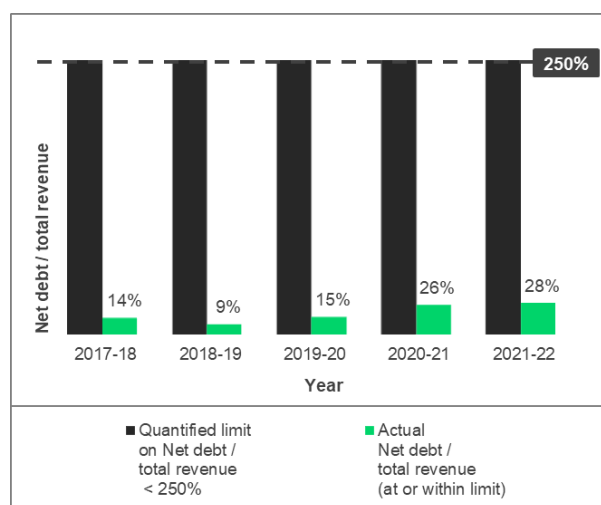
## Debt Affordability Benchmark

Council meets the rates affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compare Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan. The quantified limits are:

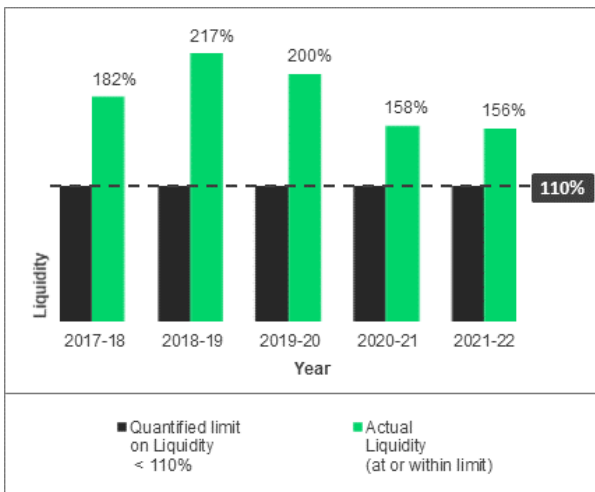
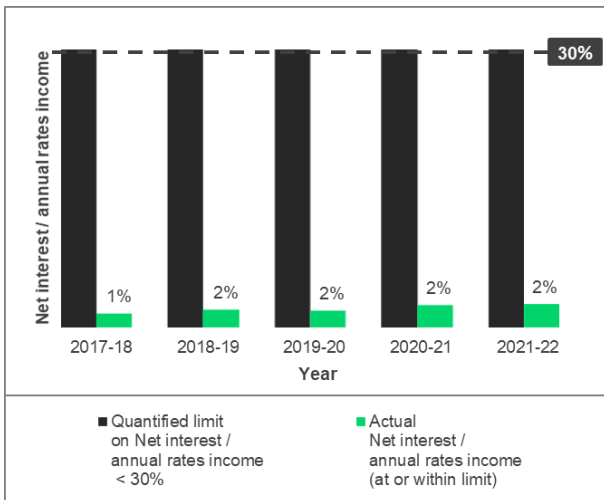
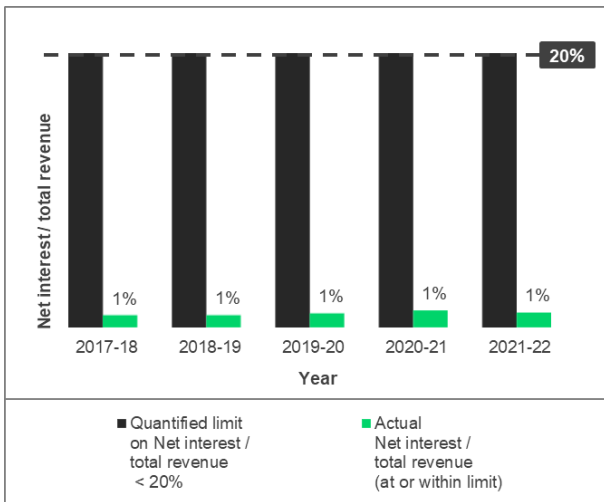
- net debt as a proportion of total revenue up to a maximum of 250%;
- net interest as a proportion of total revenue up to a maximum of 20%;
- net interest as a proportion of annual rates income up to a maximum of 30%; and
- liquidity of at least 110%.

Council has met all of its Debt Affordability Benchmarks.



Note: Net debt is defined as a total consolidated debt less liquid financial assets and investments; Total revenue excludes development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment.



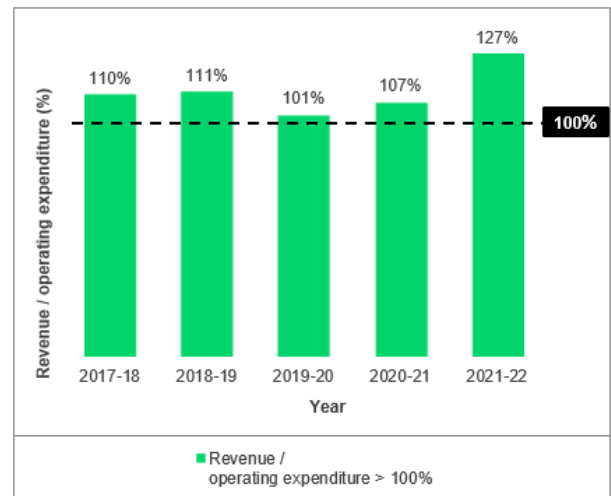


Note: Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

### Balance Budget Benchmark

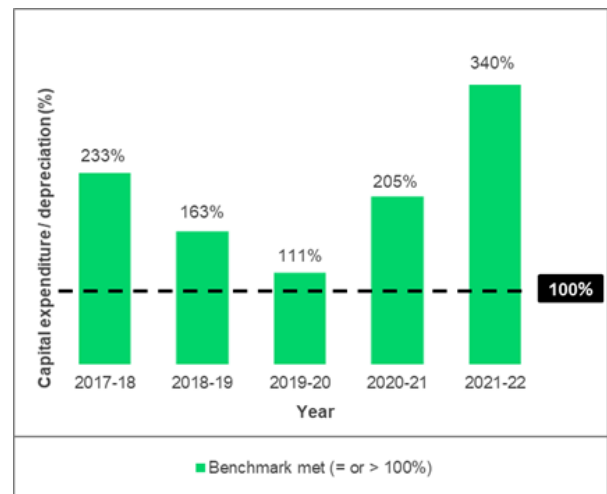
The following graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating

expenses (excluding losses on derivatives financial instruments and revaluations of property, plant or equipment). Council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential Services Benchmark

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

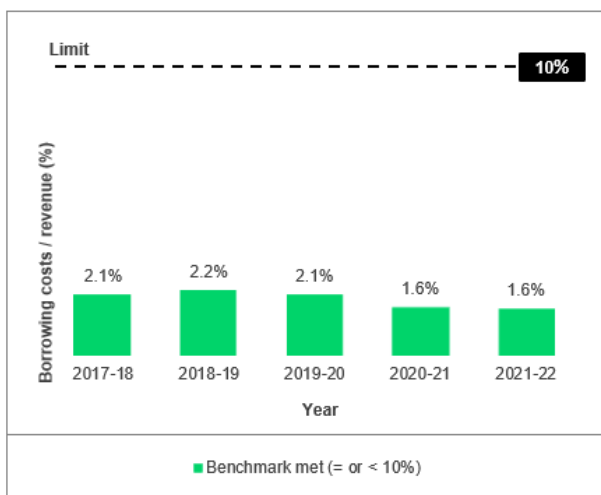


Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

### Debt Servicing Benchmark

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment). Because Statistics New Zealand projects Council's population will grow more slowly than the national population growth, it meets the debt servicing benchmark if its

borrowing costs are equal or less than 10% of its revenue.

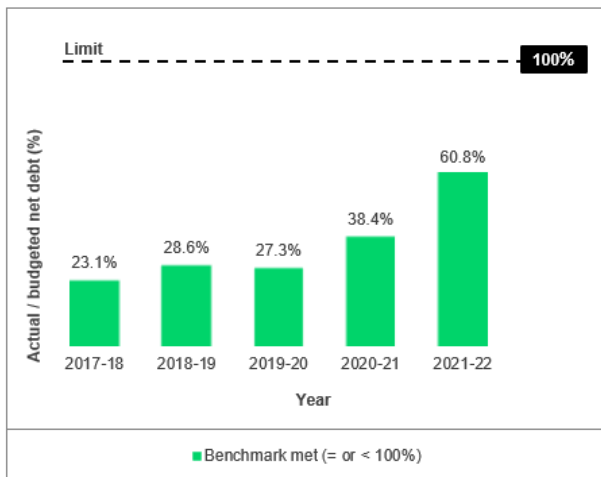


## Debt Control Benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The benchmark shows as negative when the actual is a net asset not a net debt.

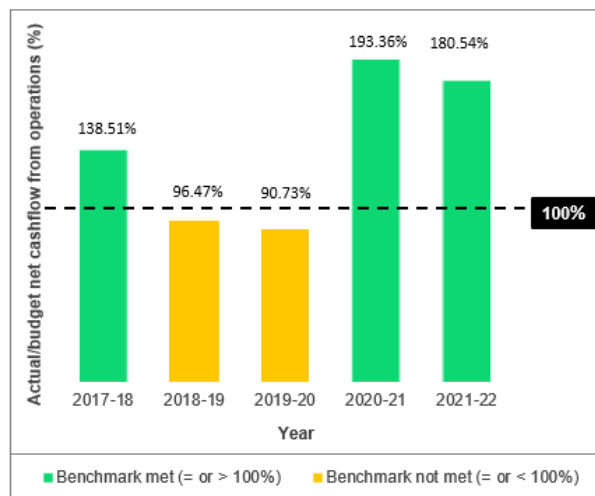


## Operations Control Benchmark

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

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

In 2018-19 the cashflow from operating activities was below budgeted because the Queen Street building was accounted as inventory and an operating cash outflow in actual while in Budget it was recognised under cashflows from investing activities. The Queen Street building was held in inventory for most of 2019-20, however, due to market uncertainties Council decided to keep the property and at the end of the financial year it was reclassified as investment property. In 2019-20 the main contributors to the underperformance against budget were unbudgeted contracts for the National Wilding Conifer Control programme and river maintenance, higher than budgeted MRF expenses and library preliminary design costs which were budgeted as part of the capital development costs but under Financial Reporting requirements were recognised as an operating cost in actuals.







## PART 2

# Our Business

- INTRODUCTION
- RESIDENT SATISFACTION SURVEY
- ACTIVITY GROUPS
  - PEOPLE
  - COMMUNITY FACILITIES
  - ROADS AND FOOTPATHS
  - FLOOD PROTECTION AND CONTROL WORKS
  - SEWERAGE INCLUDING TREATMENT AND DISPOSAL
  - STORMWATER DRAINAGE
  - WATER SUPPLY
  - SOLID WASTE MANAGEMENT
  - ENVIRONMENTAL MANAGEMENT
  - REGULATORY
  - REGIONAL DEVELOPMENT
- COMMUNITY OUTCOMES AND WELLBEINGS

# Introduction

The Local Government Act states the purpose of local government is:

- (a) to enable democratic local decision-making and action, by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental and cultural well-being of communities in the present and for the future.

In this Annual Report, Council has structured its activities into 11 Activity Groups:

- People.
- Community Facilities.
- The Provision of Roads and Footpaths.
- Flood Protection and Control Works.
- Sewerage Including Treatment and Disposal.
- Stormwater Drainage.
- Water Supply.
- Solid Waste Management.
- Environmental Management.
- Regulatory.
- Regional Development.

The 2021-31 Long Term Plan sets out how these activities meet the following Community Outcomes:

## Governance

- Marlborough has a strong community that is passionate about participating, connecting with and helping shape our future. Our Council listens to its communities and strives for best practice governance to support their aspirations. We value our strong partnership with tangata whenua iwi.

## Environment

- Marlborough's communities are the guardians of our unique place. Our landscape, water, air, natural features and biodiversity are managed, protected, enhanced and valued as the cornerstone to our quality of life.

## People

- Marlborough's communities value our special way of life. We are diverse, inclusive, welcoming and enjoy opportunities to connect, live, learn, work and play in this vibrant place.

## Economy

- Marlborough's economy supports the aspirations of our community. It is underpinned by strategic, thoughtful and sustainable use of resources which provides opportunities for business innovation and quality employment.

## Connectivity

- Marlborough's central location and transport network, enhanced by our digital resources, enables our communities and visitors to access a wide range of recreational, cultural and economic activities locally, nationally and globally.

## Living

- Marlborough's enviable community facilities, infrastructure, landscapes and climate enables our community to thrive. Life in Marlborough is safe and healthy.

# Resident Satisfaction Survey

This survey helps to measure our performance through targets set in the Long Term Plan and reported in this Annual Report.

Resident satisfaction is an important indicator for measuring the public's perception of Council services. The survey data also shows how satisfaction with one service compares to another and over time demonstrates a longer term trend of how a service is performing, from the perspective of Marlborough's residents.

While Council's overall satisfaction level has generally been comparatively high over the last decade, the satisfaction level decreased again to 62% in 2022, from 68% in 2021. However, Council's overall satisfaction rating is still on a par with the New Zealand national benchmark.

In a challenging year nationally and regionally, Council fared reasonably well in the eyes of residents. Compared to 2021, satisfaction levels have been maintained or improved across most Council services, with very high positivity in some areas, while continuing to match or out-perform national benchmarks.

Overall, 36 out of 46 (76%) services rated by residents achieved satisfaction of 60% or above, with 12 services achieving 80% satisfaction or higher. Eight services recorded higher average satisfaction ratings in 2022 compared to last year: public libraries, sewerage, resource recovery, dog and wandering livestock control, RMA resource consents and monitoring, and Building Act consents administration.

The July 2021 storm impacted many residents, causing flooding and slips around the region. In September 2021, the Council advised that repairs and restored access to damaged roads were likely to take up to a year for some areas, such as the Kenepuru.

It is important to note that the multiple wet weather events over the year not only did significant damage to the Marlborough Sounds, Northbank, Waihopai and Awatere Valleys' roads, they also impacted the whole network, diverting resources away from regular road maintenance activity. These events had a negative impact on the Rooding score.

Survey data was collected quarterly from September and October 2021 (retrospectively covering the July to September quarter) to June 2022 (covering the April to June quarter) to align with Council's financial year.

# SATISFACTION AT A GLANCE

Sports grounds	Sewerage	Public libraries	Parks & reserves	Swimming pools	Civil Defence	Paths & tracks	Cemeteries
MDC 2022: 88% / 7.6	MDC 2022: 88% / 7.5	MDC 2022: 87% / 7.8	MDC 2022: 87% / 7.6	MDC 2022: 87% / 7.6	MDC 2022: 86% / 7.6	MDC 2022: 83% / 7.4	MDC 2022: 83% / 7.3
MDC 2021: 88% / 7.4	MDC 2021: 81% / 7.2	MDC 2021: 85% / 7.5	MDC 2021: 89% / 7.7	MDC 2021: 90% / 7.8	MDC 2021: 87% / 7.5	MDC 2021: 84% / 7.4	MDC 2021: 88% / 7.5
NZB 2022: 81% / 7.4	NZB 2022: 77% / 7.2	NZB 2022: 81% / 7.6	NZB 2022: 81% / 7.4	NZB 2022: 71% / 6.8	NZB 2022: 76% / 7.1	NZB 2022: 66% / 6.6	NZB 2022: 84% / 7.6
Drinking water	Community halls	Harbours	Public toilets	Animal control	Resource Recovery	Street lighting	Sale & Supply of Alcohol Act
MDC 2022: 81% / 7.5	MDC 2022: 80% / 7.0	MDC 2022: 80% / 7.1	MDC 2022: 79% / 6.9	MDC 2022: 77% / 6.9	MDC 2022: 76% / 7.1	MDC 2022: 74% / 6.7	MDC 2022: 74% / 6.7
MDC 2021: 81% / 7.4	MDC 2021: 80% / 6.9	MDC 2021: 82% / 7.0	MDC 2021: 75% / 6.8	MDC 2021: 76% / 6.6	MDC 2021: 74% / 6.7	MDC 2021: 76% / 6.8	MDC 2021: 69% / 6.5
NZB 2022: 72% / 6.9	NZB 2022: n/a	NZB 2022: n/a	NZB 2022: 64% / 6.4	NZB 2022: 64% / 6.4	NZB 2022: 67% / 6.7	NZB 2022: 79% / 7.2	NZB 2022: n/a
Waste management*	Culture & heritage	Community safety	Health & Foods Act	Flood protection	Tourism	Biosecurity*	Communication
MDC 2022: 72% / 6.9	MDC 2022: 72% / 6.6	MDC 2022: 71% / 6.5	MDC 2022: 71% / 6.5	MDC 2022: 70% / 6.6	MDC 2022: 68% / 6.3	MDC 2022: 67% / 6.4	MDC 2022: 67% / 6.4
MDC 2021: 71% / 6.5	MDC 2021: 73% / 6.5	MDC 2021: 73% / 6.7	MDC 2021: 74% / 6.6	MDC 2021: 75% / 6.7	MDC 2021: 70% / 6.3	MDC 2021: 69% / 6.4	MDC 2021: 70% / 6.3
NZB 2022: 68% / 6.8	NZB 2022: n/a	NZB 2022: 59% / 6.1	NZB 2022: n/a	NZB 2022: n/a	NZB 2022: n/a	NZB 2022: n/a	NZB 2022: 50% / 5.4
Storm water	Community support*	Car parking	Irrigation of the Southern Valleys	Economic development	Environmental policy & monitoring*	Democratic process	Footpaths
MDC 2022: 66% / 6.3	MDC 2022: 66% / 6.2	MDC 2022: 64% / 6.1	MDC 2022: 63% / 6.0	MDC 2022: 58% / 5.7	MDC 2022: 56% / 5.7	MDC 2022: 56% / 5.8	MDC 2022: 53% / 5.7
MDC 2021: 67% / 6.3	MDC 2021: 70% / 6.4	MDC 2021: 61% / 6.0	MDC 2021: 61% / 6.3	MDC 2021: 55% / 5.7	MDC 2021: 54% / 5.6	MDC 2021: 66% / 6.0	MDC 2021: 58% / 5.8
NZB 2022: 60% / 6.1	NZB 2022: n/a	NZB 2022: 62% / 6.2	NZB 2022: n/a	NZB 2022: n/a	NZB 2022: n/a	NZB 2022: n/a	NZB 2022: 64% / 6.3
Building Act	Resource consent management*	Housing for seniors	Roads*	Overall satisfaction	Very good performance (≥80%)	Good performance (60%-79%)	Services for improvement (50%-59%)
MDC 2022: 49% / 5.5	MDC 2022: 49% / 5.3	MDC 2022: 47% / 5.3	MDC 2022: 44% / 5.0	MDC 2022: 62% / 6.1	Very good performance (≥80%)	Good performance (60%-79%)	Services for improvement (50%-59%)
MDC 2021: 47% / 5.2	MDC 2021: 40% / 4.9	MDC 2021: 54% / 5.5	MDC 2021: 50% / 5.2	MDC 2021: 68% / 6.3	Services for improvement (50%-59%)	Great improvement potential (≤49%)	Great improvement potential (≤49%)
NZB 2022: 39% / 5.1**	NZB 2022: 39% / 5.1**	NZB 2022: n/a	NZB 2022: 53% / 5.4	NZB 2022: 62% / 5.9	Aggregated average ratings	** NZB measured 'consents management' satisfaction	



# Activity Group: People

## Activities in this Group:

- Democratic Process.
- Culture and Heritage (including support for the arts and museums).
- Housing for Seniors.
- Community Support (including events management, energy efficiency, passenger transport and total mobility, smart and connected communities and community safety).
- Library Services.
- Emergency Management Related Community Outcomes.

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. The outcomes that each Activity within the Group contributes to are shown in those Activity sections.



## Funding Impact Statement for 2022-23 for

Notes:	2020-21	2021-22	2021-22
	Long Term Plan	Long Term Plan	Annual Report
	\$000s	\$000s	\$000s
<b>People</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	8,840	8,680	8,687
Targeted rates	450	592	558
Subsidies and grants for operating purposes	370	407	890
Fees and charges	24	20	12
Internal charges and overheads recovered	-	116	116
Fuel tax, fines, infringement fees and other receipts	2,365	2,952	2,968
<b>Total operating funding</b>	<b>12,049</b>	<b>12,767</b>	<b>13,231</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,238	7,036	7,155
Finance costs	321	215	209
Internal charges and overheads applied	3,123	3,510	3,478
Other operating funding applications	1,695	1,821	1,903
<b>Total applications of operating funding</b>	<b>11,377</b>	<b>12,582</b>	<b>12,745</b>
<b>Surplus (deficit) of operating funding</b>	<b>672</b>	<b>185</b>	<b>486</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	11	7,711	2,200
Development and financial contributions	-	-	-
Increase (decrease) in debt	5,710	2,065	4,240
Lump sum contributions	-	150	241
Gross proceeds from sales of assets	-	-	-
<b>Total sources of capital funding</b>	<b>5,721</b>	<b>9,926</b>	<b>6,681</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	6,250	11,333	9,303
Capital expenditure to improve the level of service	49	1,901	69
Capital expenditure to replace existing assets	2,560	2,217	286
Increase (decrease) in reserves	(2,466)	(5,341)	(2,491)
<b>Total applications of capital funding</b>	<b>6,393</b>	<b>10,111</b>	<b>7,167</b>
<b>Surplus (deficit) of capital funding</b>	<b>(672)</b>	<b>(185)</b>	<b>(486)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of Variances:

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

# Activity: Democratic Process

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Marlborough District Council is a unitary authority with the functions, duties and powers of both a regional council and a territorial authority, as conferred on it by the Local Government Act 2002. This Act describes the purpose of local government as being:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

Marlborough District Council's Local Governance Statement provides a comprehensive overview of its governance policies and processes. Copies of the Local Governance Statement and associated policies and documents can be viewed at Council Service Centres, Libraries and on the Council's website.

While considering the range and diversity of the communities in Marlborough, the Council recognises the special relationship it has with tangata whenua and acknowledges the specific responsibilities it has to Māori under the Local Government Act 2002 and the Resource Management Act 1991 and is taking steps to further improve its current relationships with Iwi.

Council resolved on 21 May 2021 to establish a Māori Ward for the 2022 local government election.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

- Only one citizenship ceremony was held during the 2021-22 financial year due to COVID-19 restrictions, with 24 new citizens receiving their certificates from the Mayor at that ceremony. A further 123 new citizens received their citizenship certificates directly from the Department of Internal Affairs.
- Meetings were convened according to Council's Standing Orders or, during COVID-19 Alert Levels, under the *COVID-19 Response (Urgent Management Measures) Legislation Act 2020*.
- Council completed its six-yearly Representation Review and, following an appeal to its final proposal and subsequent hearing, the Local Government Commission determined that Council's final proposal be upheld. For the 2022 and 2025 elections, Council will be made up of the Mayor (at large), one councillor for the Marlborough Māori Ward, three councillors for the Marlborough Sounds Ward, three councillors for the Wairau-Awatere Ward and seven councillors for the Blenheim Ward.
- 816 news stories were published in local newspapers and on the Council website.
- Council released 21 video productions on its YouTube and Facebook channels this year, comparing to just 10 last year. This is a marked increase showing continued investment in news video production, which contributed to increased public engagement and Council reaching new audiences.
- Subscriptions to Council's weekly e-newsletter - Marlborough Matters – remains steady at 818 subscribers.

## Levels of Service 2021-22: Democratic Process

Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.0	≥ 5.7	5.8	✓
Comment: Overall satisfaction remained consistent in the past three years.					
Provide a communications level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	N/A	≥ 6.5	6.4	▬
Provide a service that is timely and responsive to residents' needs.	% of agendas available to the public, by way of the website and counter enquiry, at least three working days prior to meetings.	100%	100%	100%	✓
Manage local elections and polls to comply with the provisions of the Local Electoral Act 2001.	Number of petitions for an enquiry.	N/A	0	0	✓
Encourage Public contribution to the decision making process.	% of Council items of business open to the public.	92.9%	≥ 93.5%	92.5%	▬

## Funding Impact Statement for 2022-23 for

### Democratic Process

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan \$000s	Long Term Plan \$000s	Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		3,241	3,069	3,072
Fuel tax, fines, infringement fees and other receipts		215	434	434
<b>Total operating funding</b>		<b>3,456</b>	<b>3,503</b>	<b>3,506</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		1,712	1,586	1,488
Internal charges and overheads applied		1,737	1,911	1,890
Other operating funding applications		7	6	6
<b>Total applications of operating funding</b>		<b>3,456</b>	<b>3,503</b>	<b>3,384</b>
<b>Surplus (deficit) of operating funding</b>		<b>-</b>	<b>-</b>	<b>122</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Increase (decrease) in reserves		-	1	122
<b>Total applications of capital funding</b>		<b>-</b>	<b>-</b>	<b>122</b>
<b>Surplus (deficit) of capital funding</b>		<b>-</b>	<b>-</b>	<b>(122)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>



# Activity: Culture and Heritage

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

This Activity promotes cultural well-being. Council defines "culture" as encompassing the customs, practices, languages, values and world views that define social groups in Marlborough. Practices such as arts, design and architecture reflect and create our cultural identity. Likewise, the ways in which we approach and understand our heritage shapes our image of ourselves, and the image we convey to future generations.

The Marlborough culture is unique: nowhere else in the world is there the same combination of people, place and practices. Cultural identity — the sense of connection with other people through a shared culture — can make a strong contribution to a person's overall well-being. Responding to community changes requires a continual balance between the old and the new.

Council's Arts and Culture Strategy, and its Heritage Strategy, outline the Council's roles in the arts and heritage sectors, and the ways in which it proposes working with the community to achieve outcomes for culture and heritage.

These include:

- forming partnerships with organisations and institutions that contribute to cultural well-being, (eg, the collections database project);
- supporting projects that reflect and strengthen Marlborough's cultural identity; and

- managing the cultural and heritage assets and resources in a sustainable manner.

Council also provides annual heritage and arts operating grants along with access to a contestable grant fund.

While a range of operating grants/contracts are provided to key heritage, arts and culture organisations in Marlborough, Council's relationships with its partners in the heritage and arts sectors will remain its most important resource in delivering this Activity.



The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

Council provided annual arts and heritage operating grants to key organisations including:

- Marlborough Heritage Trust, including funding for the Regional Collections database of Marlborough heritage collections;
- Edwin Fox, Renwick, Havelock and Flaxbourne museums;
- Picton Historical Society;
- District Brass Band;
- Millennium Art Gallery;
- Marlborough Civic Theatre Trust.

Arts and heritage groups were successful in the Council Community Grants contestable funding under the Arts and Culture and Heritage categories with nine grants being allocated to arts and heritage organisations totalling \$27,700. Additional Creative Communities funding of \$52,677 was allocated for local art activities.

Levels of Service 2021-22: Culture and Heritage					
Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.5	≥ 6.6	6.6	
Ensure service quality and value through oversight of Council's grants and third party providers.	% of contract and grant requirements met.	90%	100%	90%	

## Funding Impact Statement for 2022-23 for

### Culture and Heritage

	Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		1,186	1,177	1,179
Fuel tax, fines, infringement fees and other receipts		78	166	168
<b>Total operating funding</b>		<b>1,264</b>	<b>1,343</b>	<b>1,347</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		8	40	166
Finance costs		60	41	44
Internal charges and overheads applied		137	191	169
Other operating funding applications		1,062	1,082	1,166
<b>Total applications of operating funding</b>		<b>1,267</b>	<b>1,354</b>	<b>1,545</b>
<b>Surplus (deficit) of operating funding</b>		<b>(3)</b>	<b>(11)</b>	<b>(198)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	a	-	1,925	550
Increase (decrease) in debt	b	2,052	873	1,739
<b>Total sources of capital funding</b>		<b>2,052</b>	<b>2,798</b>	<b>2,289</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	c	-	2,833	2,326
Capital expenditure to replace existing assets		2,083	-	-
Increase (decrease) in reserves		(34)	(46)	(235)
<b>Total applications of capital funding</b>		<b>2,049</b>	<b>2,787</b>	<b>2,091</b>
<b>Surplus (deficit) of capital funding</b>		<b>3</b>	<b>11</b>	<b>198</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants for capital expenditure - lower than budgeted Shovel Ready funding for the Art Gallery due to timing of the project and contract milestones.
- Increase (decrease) in debt - higher than anticipated due to timing and milestones for the Shovel Ready funding for the construction of the Art Gallery
- Capital expenditure - progress on the new Art Gallery slower than anticipated.

# Activity: Housing for Seniors

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Council owns and maintains a housing portfolio for senior residents in our community.

Council also has an advocacy and facilitation role and will work closely with other housing entities to attract more funding and housing options for the Marlborough community.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

As targeted in the Levels of Service table, the major maintenance projects completed during the year included:

- Completed the upgrade of all Senior Housing units to meet the New Zealand Healthy Homes legislation. The criteria include minimum standards for heating, insulation, ventilation, moisture and drainage and draught stopping.
  - Insulation – remedial works to bring all units in-line with national standards were completed.
  - Ventilation – extraction fans were installed in all kitchens and bathrooms.
  - Moisture and drainage – underfloor ground moisture barriers were installed or upgraded where needed. Storm water sumps were installed to Renwick units for improved removal of surface water.
  - Draught stopping – additional draught stopping was installed where needed or requested.
- Completed significant cladding repairs and painting at four housing complexes; Cleghorn Street, Wellington/Broadway, George Street and High Street, Renwick.
- Completed a complex-wide refurbishment of the kitchen spaces at Litchfield Street.
- Completed a full roof replacement for the 11-unit complex at 91 George Street.
- Purchased a new unit located within Bryant Place complex in Picton. This unit was then significantly refurbished to ensure it is fit-for-purpose and to bring it in-line with the Healthy Homes Standards.
- Undertook design and consenting process for a new Senior Housing development located at 85 George Street. This design was then tendered to local construction companies and the contract awarded. Construction will start in the 2022-23 calendar year.

## Levels of Service 2021-22: Housing for Seniors

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.5	≥ 7.0	5.3	✗
	Comment: This is reflective of a national housing shortage and high waiting list across all social housing sectors.				
	Tenant satisfaction with this service as measured by survey (10 = service delivered extremely well).	8.5	≥ 8.0	8.0	✓
Provide a well maintained housing portfolio which meets resident needs.	% occupancy level.	98%	≥ 98%	98%	✓
	% of urgent unplanned maintenance <sup>1</sup> completed within 24 hours of notification.	100%	≥ 98%	100%	✓
	% of unplanned non-urgent maintenance <sup>2</sup> completed within 20 working days of notification.	96%	≥ 97%	87%	▬
	Comment: Covid has impacted on contractor availability.				
	% of planned maintenance/projects (as per budget and Committee meetings) completed.	86%	≥ 98%	46%	✗
Comment: Covid has impacted on project timing and the challenge of sourcing materials caused delays on several projects.					

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

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

## Funding Impact Statement for 2022-23 for

### Housing for Seniors

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan	Long Term Plan	Annual Report
		\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
Fuel tax, fines, infringement fees and other receipts		1,584	1,619	1,606
<b>Total operating funding</b>		1,584	1,619	1,606
<b>Applications of operating funding</b>				
Payments to staff and suppliers		1,075	1,038	885
Internal charges and overheads applied		176	171	181
Other operating funding applications		14	17	15
<b>Total applications of operating funding</b>		1,265	1,226	1,081
<b>Surplus (deficit) of operating funding</b>		319	393	525
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>		-	-	-
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service		-	1,820	36
Capital expenditure to replace existing assets	a	162	1,820	36
Increase (decrease) in reserves		157	(3,247)	453
<b>Total applications of capital funding</b>		319	393	525
<b>Surplus (deficit) of capital funding</b>		(319)	(393)	(525)
<b>Funding balance</b>		-	-	-

### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- a. Capital expenditure - lower than budget due to slower than anticipated progress on the new George Street Senior Housing Block.



# Activity: Community Support

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Community support is provided by Council in a number of ways through organisations and agencies working with particular groups within the community, provision of funding, advocacy, and directly addressing specific issues through service provision. This Activity combines a number of distinct ways Council is involved in supporting its community.

## Community Support and Development

Council acknowledges the needs of specific sectors in our community including our older people and youth. Council has worked in partnership with key organisations to establish the Positive Ageing Accord to identify the aspirations of this sector and take actions to achieve these. The Accord has come to the end of its term and plans are underway to work with key agencies to develop an Age Friendly Community Strategy. Monthly Older Persons Forums and regular Picton Regional Forums are held to give a voice to this sector and enable issues to be raised and addressed.

Similarly, Council has a Youth Policy and Youth Initiatives Plan to work towards achieving a better environment and services for this sector, and to encourage input from youth. This includes making progress towards the Mayor's Task Force goal *"that all young people under the age of 25 should be engaged in appropriate education, training, work or positive activities in their communities"*. Monthly Youth Council meetings are held to provide a voice for youth and to give effect to the Youth Policy and Plan. The Plan also provides direction for the allocation of Council's Youth Funding.

The volunteer sector, including non-government and not-for-profit organisations, underpins most of the delivery of community services in Marlborough.

Advocating for the needs of the community sector is an ongoing issue, particularly given the changes being experienced in the age and ethnicity of the community. Strengthening relationships with key organisations, and providing training and support are key elements of building the capacity of the sector. Council is working in partnership with Rata Foundation, DIA and Volunteer Marlborough on a Strengthening Community Governance project to assist with this work.

Council also assists by providing community grants. Criteria for these grants have been set to target specific needs in the community and relationships with other funding providers have the potential to maximise the funds available. Council has increased its funding to community organisations to support them through the impacts of COVID-19.

These grants provide one-off funding for not-for-profit organisations providing essential services in the Marlborough community, supporting community welfare, social services, the environment and/or sports and recreation.

Council contracts the Youth Trust to deliver youth services and Volunteer Marlborough to build the capacity of the voluntary sector through training.

## Community Safety

Community safety is an important component of the "living" Community Outcome, which is *"Marlborough's enviable community facilities, infrastructure, landscapes and climate enables our community to thrive. Life in Marlborough is safe and healthy"*.

Council has longer term arrangements with the police and central government to enhance community safety wherever possible. The Safer Communities Marlborough section of Council delivers Restorative Justice initiatives which are self-funding via Government grants.

The security camera network in the Blenheim and Picton CBD is managed by Council and is funded by rates.

## Events Management

Free community-based events make a positive contribution to the well-being of the community by enhancing cultural identity, physical activity and social cohesion. Events also have a role to play

in attracting visitors to Marlborough, along with showcasing and promoting the area.

## Energy Efficiency

Council promotes warmer, healthier homes by offering an upfront residential funding service for retrofit insulation, clean heating, solar water heating and solar power. This cost is recovered over nine years through a voluntary targeted property rate for participating households. The rates recovery amount also includes interest, an administration charge and GST on all costs. This is cost neutral to Council.

## Passenger Transport and Total Mobility Scheme

Public transport services give people access to economic and social opportunities. Council currently operates an urban bus service in Blenheim and a district-wide mobility scheme.

These activities are part funded by the New Zealand Transport Agency. In addition, Bayleys Marlborough provides sponsorship funding for the bus service.

## Smart and Connected Communities

Council has supported the establishment of community-led groups in some of our larger communities (Havelock, Picton, Renwick and Seddon) via the Smart+Connected process. These groups have developed a strategic plan and a number of working groups to implement their plans through their own efforts, and by working with key partners including Council, other public providers and businesses. The Smart+Connected groups have successfully galvanised a large number of people in each community to participate in the groups and to achieve agreed actions.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

### Positive ageing

Developed an Age Friendly Strategy with the support of the community and stakeholders and which was adopted by Council; this will provide direction for the next five years. The Seniors Expo was unable to be held in March 2022 due to COVID-19 restrictions on numbers in an indoor venue. Older Persons Forums continued to be held monthly and provide a strong and effective network.

## Youth

New Youth Council members were appointed in February 2022, representing three of the larger colleges, including Picton. Meetings are held monthly following the adopted Youth Council plan to provide a valuable voice for young people, allocate youth funding and provide submissions for a range of organisations and Council.

## Volunteer Sector

Volunteer Marlborough, under contract with Council, provided training to the not-for-profit sector to build capacity. They have completed all contract requirements of delivering trainings for the sector, as well as assisting with Community Funding Workshops and the annual Marlborough Community Awards.

## Community Safety

Restorative Justice Marlborough continued to provide Restorative Justice Services to the Blenheim and Kaikoura District Courts. This continues to be funded by the Ministry of Justice. Restorative Justice referrals across the country are still well down on pre COVID levels.

- 68 referrals.
- 80 restorative justice pre-conference meetings.
- 16 restorative justice conferences.

## Events Management

Due to the ongoing impact of COVID-19 and to maintain public safety, all but one community event was cancelled this year - the Christmas Parade was not possible however an alternative of Santa on Tour was created to travel around neighbourhoods in Blenheim and Renwick.

## Energy Efficiency

This year a further 103 advances totalling \$706,670 were made for home insulation, solar water heating, clean heating solutions and solar power. Currently the amount advanced (net of repayments) is \$2.7 million to 844 households.

## Bus Service

The Blenheim Bus Service transported 10,457 passengers during the year (last year: 12,296). Lower patronage numbers have continued as COVID-19 related Government restrictions have applied throughout the year including the mandatory wearing of face covering while on public transport. The introduction of half price fares did not see an increase in patronage numbers.

Trial bus services continued this year, the Renwick Bus Service transported 605 passengers (last year: 1681) and the Picton Service transported 3085 (last year: 3056).

### Total Mobility Scheme

The Total Mobility Scheme funded 22,508 trips (last year: 23,740) including 2,557 trips by wheelchair users. There are currently 1208 persons registered in the scheme. The half price fares saw an increase in eligible clients joining the scheme.
















A survey sent out in October 2021 provided some great feedback and an overall satisfaction with the service that is provided. As a result of the survey over 150 clients were cancelled as either deceased or living in other areas of the country.

### Smart and Connected Communities

Smart + Connected groups in Havelock, Renwick, Picton and Seddon continue to be offered support to engage the wider community and implement projects in key priority areas. The number of meetings and projects has been limited due to COVID-19. Two of the groups have chosen to have a temporary break.

## Levels of Service 2021-22: Community Support

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations (excludes passenger transport).	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).				
	• Community Support.	6.4	≥ 6.5	6.2	
	• Community Safety.	6.7	≥ 6.7	6.5	
	• Events Management.	6.5	≥ 6.6	6.4	
Ensure service quality and value through oversight of Council's community grants and third party providers.	% of contract and grant requirements met.	100%	100%	100%	
Ensure service quality and value of community events through oversight of third party providers.	% compliance with contract requirements.	90%	100%	10%	
	Comment: The return of Covid-19 restrictions from August 2021 heavily effected gatherings and large scale events. Only one event could be held in a modified form.				
	Number of participants as a % of targets in contracts.	90%	≥ 90%	10%	
Comment: Same reason as above.					
Support Seniors community through implementation of the Positive Ageing Accord.	Number of Older Persons Forums held.	10	≥ 10	10	
	Age Friendly Community Strategy completed by:	31-Dec-21	30-Jun-22	30-Jun-22	
Support the Youth community through implementation of the Youth Initiatives Plan.	Number of Youth Forums held.	9	≥ 9	7	
	Comment: Restrictions and Covid related illness reduced the number of meetings able to be held.				
	% of actions in Youth Initiatives Plan completed.	100%	100%	80%	
	Comment: 100% of the plan objectives were completed for the first half of the financial year. However, the impact of Covid contributed to a lower completion % for the rest of the year.				
Build capacity of the Volunteer Sector through provision of training in partnership with key service providers.	Number of training courses delivered where attendance numbers meet targets.	4	≥ 4	4	
Provide quality service to the community through meeting or exceeding the expectations of the funding Ministries.	% of Ministry of Justice contract conditions met.	100%	100%	100%	
Provide a well-used and affordable bus service in Blenheim and to Picton and Renwick that is timely and responsive to community needs, including extending infrastructure as funding allows..	Annual % increase in patronage.	-13.0%	≥ 1%	-16.9%	
	Comment: Continued low patronage numbers due to COVID-19 pandemic and cancellation of Blenheim East and West commuter services.				
	Resident satisfaction as measured by survey (10 = service delivered extremely well).	5.7	≥ 6.1	5.6	
	Number of bus shelters added.	0	≥ 1	0	
Comment: Lots of the stops do not have the room for a shelter and the stops that can fit a shelter are not well patronised. Lucas Street has been earmarked as a possible shelter.					



## Funding Impact Statement for 2022-23 for

### Community Support

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan \$000s	Long Term Plan \$000s	Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		1,447	1,383	1,384
Targeted rates		450	592	555
Subsidies and grants for operating purposes		370	407	397
Fees and charges		18	16	10
Fuel tax, fines, infringement fees and other receipts		148	195	241
<b>Total operating funding</b>		<b>2,433</b>	<b>2,593</b>	<b>2,587</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	a	1,382	1,955	1,732
Finance costs		11	9	9
Internal charges and overheads applied		361	411	386
Other operating funding applications		612	716	714
<b>Total applications of operating funding</b>		<b>2,366</b>	<b>3,091</b>	<b>2,841</b>
<b>Surplus (deficit) of operating funding</b>		<b>67</b>	<b>(498)</b>	<b>(254)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		11	11	-
Increase (decrease) in debt		(7)	(11)	(11)
Lump sum contributions		-	150	241
<b>Total sources of capital funding</b>		<b>4</b>	<b>150</b>	<b>230</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service		21	53	-
Increase (decrease) in reserves		50	(401)	(24)
<b>Total applications of capital funding</b>		<b>71</b>	<b>(348)</b>	<b>(24)</b>
<b>Surplus (deficit) of capital funding</b>		<b>(67)</b>	<b>498</b>	<b>254</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- a. Payments to staff and supplies - lower than anticipated due to temporary capacity reduction in the Smart and Connected area.

# Activity: Library Services

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

This Activity provides the community with a professional library service. The purpose of the library is to provide access to great physical and digital collections with easy to use services and great staff. Libraries are places of discovery, imagination and creativity, supporting life-long learning, and fostering connection between people and groups. They are valued and trusted by the community as modern, vibrant and exciting places. They aspire to connect services with people where they are: in-library, online or in the community.

The Council provides library services to all Marlborough residents through a network of library facilities. These comprise a District Library in Blenheim and a Branch Library in Picton (a joint Library and Service Centre) which are both open seven days a week. Council also supports school-based community libraries in Ward and Havelock, along with a community library in Renwick.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

### New Library and Art Gallery Facility

Construction of the new joint District Library and Art Gallery facility progressed throughout the year. The installation of the steel columns, the pouring of the first floor, the fitting of the roof and walls generated considerable interest in the community, as the building grew above the surrounding white security fence. The site was visited by the Prime Minister and other cabinet ministers. Glazing of the facility has commenced and interior walls are

being assembled. Robinson Construction is on track to have the facility completed by early 2023.

### COVID Restrictions

COVID-19 Alert Level changes once again had an impact on Library services with Libraries requiring a My Vaccine Pass to enter from 8 February 2022 – 26 March 2022. Staff worked in bubbles for approximately three months and mask wearing became mandatory when visiting Library facilities. Library programming ceased while restrictions were in place and recommenced over time as restrictions lifted and staff availability increased.

School holiday activities, including the Summer Reading Programmes, were adjusted to work within COVID restrictions/guidelines. "Take and make" activities, to be completed at home, proved very popular.

Justice of the Peace sessions in the District Library were extended when the Justices were unable to operate out of the Court House due to COVID restrictions. Sessions were offered from 10.00am – 12noon on Monday, Wednesday, Thursday and Saturday. These have now become permanent. Weekly sessions continued at Picton Library and Service Centre on Wednesdays from 11.00 am – 1.00 pm.

### Improvements

The Libraries Collection Development Policy was reviewed and accepted by Council on 22 March 2022.

Marlborough District Library followed Picton Library and Service Centre in being granted official 'Working towards Dementia Friendly' status by Alzheimer's New Zealand in September 2021.

In August 2021, Marlborough District Libraries became a FamilySearch Affiliated Library. This allows Library members to access the world's largest database of births, deaths and marriage records; censuses, land records etc. This will complement the libraries other database subscriptions - Ancestry.com and Find My Past.

## Levels of Service 2021-22: Library Services

Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.5	≥ 7.7	7.8	✓
Support the tastes, interests and reading levels of users through providing a range of current resources.	Average age of resources (measured in years).	9 yrs	≤ 8	8 yrs	✓
	Frequency of items being taken out (turnover rate).	3.8	≥ 4	4	✓
Provide a range of programmes or training opportunities that meet or exceed customers' expectations.	Satisfaction of attendees with courses and programmes as measured by survey (1=Unsatisfactory; 3=Good; 5=Excellent)	4.5	≥ 4.5	4.7	✓
Provide access to information electronically.	Annual % increase of e-book and e-audio loans.	35,753	≥ 10%	14.6%	✓
	Annual % increase of digital sessions numbers. (Accessing Libraries website, using a library computer or Wi-Fi on own device).	N/A	Establish baseline	78,336	✓

## Funding Impact Statement for 2022-23 for

### Library Services

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan \$000s	Long Term Plan \$000s	Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		2,428	2,426	2,428
Targeted rates		-	-	3
Subsidies and grants for operating purposes		-	-	192
Fees and charges		6	4	2
Internal charges and overheads recovered		-	116	116
Fuel tax, fines, infringement fees and other receipts		285	431	421
<b>Total operating funding</b>		<b>2,719</b>	<b>2,977</b>	<b>3,162</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		1,651	1,870	2,024
Finance costs		250	165	156
Internal charges and overheads applied		561	686	711
Other operating funding applications		-	-	2
<b>Total applications of operating funding</b>		<b>2,462</b>	<b>2,721</b>	<b>2,893</b>
<b>Surplus (deficit) of operating funding</b>		<b>257</b>	<b>256</b>	<b>269</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	a	-	5,775	1,650
Increase (decrease) in debt	b	3,665	1,202	2,512
<b>Total sources of capital funding</b>		<b>3,665</b>	<b>6,977</b>	<b>4,162</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	c	6,250	8,500	6,977
Capital expenditure to improve the level of service		28	28	33
Capital expenditure to replace existing assets		306	388	240
Increase (decrease) in reserves		(2,662)	(1,684)	(2,819)
<b>Total applications of capital funding</b>		<b>3,922</b>	<b>7,233</b>	<b>4,431</b>
<b>Surplus (deficit) of capital funding</b>		<b>(257)</b>	<b>(256)</b>	<b>(269)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants for capital expenditure - lower than budgeted Shovel Ready funding for the new Blenheim Library due to timing of the project and contract milestones.
- Increase (decrease) in debt - higher than anticipated due to timing and milestones for the Shovel Ready funding for the construction of the new Blenheim Library.
- Capital expenditure - progress on the new Blenheim Library slower than anticipated.



# Activity: Emergency Management

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Council is a key member and the sole funding agency of the Marlborough Civil Defence Emergency Management (CDEM) Group, with responsibility for the administration and implementation of the CDEM Group Plan.

The operative CDEM Group Plan describes:

- the emergency management policies and procedures in place to manage the hazards and risks;
- arrangements for declaring a state of emergency in the District;
- arrangements for cooperation and coordination with all other Civil Defence Emergency Management Groups;
- Marlborough's risk profile which identifies the hazards, likelihood, consequence and total risk rating which must be managed by the CDEM Group. The eight most significant risks are:
  - local source tsunami;
  - earthquake;
  - human pandemic;
  - marine accident;
  - animal pandemic;
  - marine pests and diseases;
  - river flooding; and
  - plant and animal pests.

Marlborough also needs to have plans in place to manage a number of other hazards such as drought and electricity failure.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

To suggest that this period was challenging would be somewhat an understatement. COVID continued to impact on the work programme as did responding to a number of significant weather events that resulted in prolonged and complex recovery programmes being put in place. Staff also spent months working from home and developing protocols regarding standing up the Emergency Operations Centre in an emergency. This also reduced our ability to have face to face training for a period. Despite these all conspiring against the workplan there were still significant achievements that are worth noting.

Responses when the Emergency Response Centre (EOC) was activated:

- On 17 August 2021 a declaration of emergency was put in place in response to a heavy rainstorm in the Marlborough Sounds and Wairau catchments. The Wairau River reached levels not seen since the 1983 floods however the stop bank network did an outstanding job of protecting much of the Wairau Plains. Roads and bridges in the Waihopai, North Bank and Marlborough Sounds were significantly damaged with access issues in the Sounds remaining for the following 12 months. The storm had a significant impact on small rural communities and the recovery from this event was protracted and expensive.
- On 29 October about 50mm of rain fell on Blenheim in an hour from a thunder cell sitting over the township. This caused damage to many businesses as ceilings collapsed due to gutters overflowing and stormwater systems were overwhelmed resulting in surface flooding throughout town. The average total October rainfall is 58mm.
- On Waitangi weekend ex-tropical cyclone Dovi tracked across the top of the South Island. The worst effects were experienced in Rai Valley with farm pastures and fences damaged and structures, including one home, inundated.
- In July the EOC was often in monitoring mode as the highest July rainfall total on record fell in Blenheim with 220.6mm recorded which was the highest total for any month since records began in 1930. The previous highest July total

for Blenheim was 174.1mm, recorded in 1998. This rain affected State Highway 1 as well as local roads with slips, surface flooding and road closures causing traffic disruptions and delays.

The Alpine Fault M8 Programme chair was handed back from Marlborough to Southland Emergency Management in January. The Programme completed its first 3-year Strategic Plan which will include the addition of two new staff funded by a large grant from the National Emergency Management Agency (NEMA). Marlborough has also contributed Welfare, Public Information and needs assessment planning.

This year has seen a tripling of NEMA staff which has inevitably increased national expectations on Groups. A new national programme known as Trifecta has also been time consuming. This work involves the drafting of a new Bill into the House, a review of the National CDEM Plan and a 10-year road map for the National Resilience Strategy. Groups have been significantly involved in all three pieces of work particularly in the drafting of the new Bill and writing submissions to proposals as they are developed.

Positive relationships with Te Taihū Iwi/Māori continue to be developed with good progress made in the way of a Te Taihū o te Waka-a-Māui Emergency Management Strategy and workplan for 2022 – 2027. Ipu Ohotata (emergency supply containers) have been placed on their land by Marae at Waikawa, Hauhunga, Omaka and Tua Matene. Te Hora will receive one next year. These were co-funded by the National Resilience Fund and the Rata Foundation. Individual Emergency Response Plans have been developed and Marae are in the process of training response teams. Rautaki o Whanau templates have also been developed. Regular Emergency Management Rōpū Tautoko have also been held to foster the relationships between Iwi and the two Groups.

The Marlborough Emergency Response Team continues to attract very good volunteers and the membership has been capped at 25. They are well on their way to being a fully accredited RT with the NEMA however this has required a lot of training requirements and providing evidence of competency ratings. They are now a Major Incident Support Team (MIST) trained to assist St John during large responses and have also provided rope rescue support to Police for LandSAR events.

## Levels of Service 2021-22: Emergency Management

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds resident's expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.5	≥ 7.5	7.6	✓
Provide a planned, tested capability to respond to major Civil Defence and Emergency (CDEM) Events.	Compliance of CDEM Group Plan and Group Welfare Plan with the Ministry of Civil Defence Director's Guidelines.	100%	100%	100%	✓
	Number of meetings of Coordinating Executive Group, Readiness & Response Committee and Welfare Coordination Group held.	9	≥ 9	9	✓
	Regional Incident Management Team training events/exercises held.	8	≥ 10	4	✗
	Comment: The team did a number of actual responses to emergencies (rather than training) and COVID restrictions also reduced the opportunities to gather.				
	Time taken to activate EOC in case of an event or post a national warning being received from MCDEM, if an active response is required (target in minutes).	30	≤ 30	30	✓

## Funding Impact Statement for 2022-23 for

### Emergency Management

	Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		538	625	625
Subsidies and grants for operating purposes	a	-	-	301
Fuel tax, fines, infringement fees and other receipts		55	107	98
<b>Total operating funding</b>		<b>593</b>	<b>732</b>	<b>1,024</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	b	410	547	860
Internal charges and overheads applied		151	140	141
<b>Total applications of operating funding</b>		<b>561</b>	<b>687</b>	<b>1,001</b>
<b>Surplus (deficit) of operating funding</b>		<b>32</b>	<b>45</b>	<b>23</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to replace existing assets		9	9	11
Increase (decrease) in reserves		23	36	12
<b>Total applications of capital funding</b>		<b>32</b>	<b>45</b>	<b>23</b>
<b>Surplus (deficit) of capital funding</b>		<b>(32)</b>	<b>(45)</b>	<b>(23)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants for operating purposes - unbudgeted revenue from Waka Kotahi following the significant flood event in July 2021.
- Payments for staff and suppliers - additional expenditure incurred following the significant flood event in July 2021.

# Activity Group: Community Facilities

## Activities in this Group:

This Activity Group comprises a single Activity: Community Facilities.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Living, Economy and Connectivity. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

The Council provides and maintains open spaces and build facilities to meet a range of community needs. Community facilities include reserves, parks, accessways, open space and planted areas, street, trees, playgrounds, tracks and trails, sports parks and buildings, public toilets, halls, cemeteries and memorials.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

In addition to the services targeted in the levels of service table the following new initiatives were undertaken in 2021-22:

### Parks and Open Spaces

- Victoria Domain:
  - annual restoration planting including 500 specimen plants;
  - new seat at key lookout point and traffic calming measures on the loop road.



- Taylor River Reserve:
  - planning and design work for a new 13-hectare recreational area with event space potential and connectivity through to existing walking and cycling tracks;
  - new 9-hole disc golf course in the former sawmill site and five new directional signs providing linkages to urban areas;
  - new reserves along the Taylor River including Brian Soper - with new furnishings and Mark Smith - with new drinking fountain.
- Havelock:
  - streetscape upgrade of Neil Street and Havelock Memorial Domain recreational area including landscaping works, re-engineering of infrastructure, strengthening road and stormwater drains, new seal on netball courts and new modular pump track;
  - Havelock Log Wharf Reserve – wharf walls strengthened after partial collapse and new furnishings installed.
- Council's ecological reserves including Kahikatea, Koromiko - new native plantings.
- Captain's Close and Ōpaoa Reserve (Marshall Place) - native plantings and gravel walking tracks, native riparian plantings throughout.
- Wairau Diversion redevelopment – planning of recreational space development for day use and responsible camping areas.
- Monitoring of freedom camping sites, river reserves and other Council reserves.
- Henderson Reserve – new seats.
- Park Structures – replacement/maintenance of bridges and other structures as identified in the Parks and Reserves Structure Inspections Report 2021.
- Shelly Beach – landscape upgrade to enhance and expand the foreshore green space, revetment works to protect the foreshore and absorb incoming water, car park upgraded, new furnishings.
- Netball/tennis courts at Havelock Memorial Domain, Seddon Domain, Renwick Domain and Awarua Reserve resealed/resurfaced.
- Seymour Square – new fence along Alfred Street to match the existing perimeter fence.

- CBD Street Trees – permeate poured around trees to mitigate trip hazards.
- Renwick township – revamp of town centre and High Street with new planter boxes.
- Pine Valley – new 3-bay shed and new caretaker's quarters.
- Rai Valley – planning work for night-time training lights.
- Rifle Range – stretch and exercise station.
- Taylor Dam Reserve – carpark safety works.
- Street trees planted and Street plot plantings bolstered.

## Halls

- Halls booking – development work on a new booking system.
- Hall improvements at:
  - Wairau Valley - kitchen refurbishment;
  - Linkwater - new extension.

## Cemeteries

- Havelock, Picton and Omaka - restoration works and minor improvements.
- Omaka, Fairhall and Tuamarina - new beams.
- Omaka - new shelters and seating.
- Tuamarina - ongoing removal of plant pests (sycamore and pines).
- Omaka, Fairhall, Tuamarina and Rai Valley - ongoing tree planting and shrub replacements.

## Public Toilets

- Rai Valley Township – new toilet completed.
- Collins Memorial – refurbishment.
- Taylor Dam – refurbishment.
- Okiwi Bay – refurbishment.
- Alfred Street – renewals and safety improvements.
- Lake Elterwater – new toilet facility underway, resource consent obtained.
- Renwick Dog Park – new toilet facility underway.

- The Wedge – planning for new facility underway.
- Carluke Domain (including resource consent and discharge to land):
  - new toilet facility at Hall underway;
  - new effluent dump station.

## Walking and Cycling Routes

- Taylor River Reserve – new shared pathway from Stuart Street to Sinclair Street.
- Bobs Bay Track - upgrade including resource consent.
- Victoria Domain:
  - new Ridgeline walking track;
  - new Little Pickle MTB track;
  - Snout Track gravelled.
- Wither Hills Farm Park:
  - pump track at Rifle Range sealed;
  - track maintenance to mountain bike and walking tracks.
- Havelock:
  - Motuweka Community Pathway completed;
  - Waterfall Track;
  - wayfinding signage and carpark for Waterfall Track underway.
- New track counters installed along walking and cycling routes at Picton, Wither Hills Farm Park, Waterfall Track (Havelock) and Link Pathway.
- Link Pathway – five car parks underway along with wayfinding signage.
- Humphries Dam Track - replacement of two bridges underway.
- Dog signs – upgrade underway.
- Kahikatea - accessway and carpark, signage underway.
- Wairau Valley - township to river track including signage.
- Okiwi Bay - footpath and pedestrian bridge.

## Memorials

- Picton Foreshore Reserve – formal garden around 28<sup>th</sup> Maori Battalion D Company War Memorial Pou whenua.
- Memorials Master Plans – development of a long-term development/management master plan for all Council memorials underway.

## Playgrounds

- Hammond Reserve - new play equipment and picnic shelter.
- Shade sails – at Rousehill Reserve, Picton Skate Park, Victoria Domain (Sussex Street).
- Blackmore Reserve – new playground with outdoor tables and seat.

## Sports Grounds and Facilities

- Stadium 2000 – 3 x 3 basketball courts.
- Lansdowne Park
  - SportsHub completed plus landscaping and connectivity to west grandstand including steps;
  - Grounds sensors and weather station;
  - Health and safety improvements to accessway.
- Horton Park – strengthening of the current pavilion, planning underway for cricket blocks and new sports pavilion.
- A&P Park – planning underway for new SportsHub and an artificial surface assessment.
- Athletic Park – 60 metre running track.
- Sheps' Park – cricket wicket.
- Endeavour Park – Stage Two development community consultation work.
- Whitehead Park – new bowling surface.

## Policy and Planning

- Responsible Camping Bylaw 2022 underway.
- Smokefree Policy – underway.
- Reserve Management Plans underway for Grovetown Lagoon, Waikawa Bay Recreation Reserve and Seddon Domain.

- Resource consents approved for
  - freedom camping sites at Taylor Dam Reserve and Lake Elterwater;
  - water permits at Bothams Bend Equestrian Park, Awarua Park, Rai Valley;
  - toilet at Foxes Island.
- Planning for compliance with Water Services Act and Drinking Water Standards underway for halls, pavilions and community assets.

## Other Services

- Protest movement – land recovery work from protest group staying on Nelson Square Reserve.
- Pandemic response – extra maintenance on parks and open spaces assets including specialised cleansing of equipment and furnishings, extra maintenance to bring areas up to specification.
- Tourism Infrastructure Funding applications – in support of capital project works for toilets and responsible camping areas.

## Levels of Service 2021-22: Community Facilities

### Performance Targets

Level of Service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?	
Provide community facilities which are accessible, maintained to a high standard and appropriate to the range and level of use.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.4	≥ 7.8	7.4		
Provide <b>neighbourhood parks</b> in urban area within walking distance of home, providing play opportunities for all ages, open space and amenity values.	% of residentially zoned houses in urban areas within 500m walking distance of a neighbourhood park.	97%	≥ 98%	98%		
Provide <b>reserves</b> and manage their use in accordance with Reserve Management Plans (RMP).	Number of RMPs being reviewed or prepared.	NA	≥ 2	3		
Comment: Waikawa Bay Foreshore, Seddon Domain and Grovetown Lagoon plans underway.						
Provide a connected network of <b>walking and cycling paths and tracks</b> that is accessible, visible and caters for a range of abilities.	Walking and cycling paths and tracks being upgraded or are under development (measured in kilometres).	NA	≥ 5KM	6.7KM		
Comment: Waterfall Track 1.6 km, Bobs Bay Track 1.4 km, Ridgeline Track 1 km, Little Pickle 0.1 km, Snout Track regavelled - 0.4 km, Taylor River shared pathway (Sinclair Street to Stuart Street) 0.6 km, sealing of pump track at Rifle Range - 0.1 km, Kahikatea Reserve pathway - 0.4 km, Okiwi Bay footpath 0.4 km, Captains Close - 0.35 km, Ōpaoa Reserve - 0.35 km. In addition there has been significant maintenance undertaken to tracks as a consequence of the July 2021 storm event.						
Provide well maintained <b>street trees</b> to contribute to an attractive streetscape.	% of appropriately planted street trees on new urban roads (or renewed on existing roads).	100%	100%	100%		
	Number of additional and replacement street trees planted.	161	≥ 130	142		
	% of assessments undertaken once every two years (or sooner if necessary) of the condition of each street tree.	100%	100%	100%		
Provide <b>playgrounds</b> which are varied and stimulating and also safe and well maintained.	% of new playgrounds and playground renewals that have shade (including natural shading) in the design.	90%	≥ 65%	100%		
	Comment: Blackmore Place, Rousehill Reserve, Hammond Reserve, Picton Skate Park, Victoria Domain (Sussex Street playground), Parklands Reserve.					
	% of weekly playground audits undertaken.	100%	100%	100%		
Provide well-maintained <b>cemeteries</b> which are accessible and appropriate sites for the interment needs of the community.	% of projects in respective cemetery master plans completed.	Achieved	80% of projects (short term priorities)	100%		
	Minimum number of burial and ashes plots available.	3,836	≥ 650	3,895		
Provide <b>sports parks</b> which: • cater for a range of sporting and recreation activities; and • are well maintained, available, accessible and safe to use.	% of outcomes of Sports Facilities Strategic Plan 2021 implemented	NA	20% of projects (short term priorities)	100%		
Provide <b>public conveniences</b> which are well designed, accessible, clean and safe to use.	% of response to requests for service within allotted time.	99%	100%	100%		



## Funding Impact Statement for 2022-23 for

### Community Facilities

Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s	
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	10,149	10,686	10,699	
Targeted rates	-	4	1	
Subsidies and grants for operating purposes	11	11	73	
Fees and charges	148	234	246	
Internal charges and overheads recovered	-	-	3	
Fuel tax, fines, infringement fees and other receipts	702	1,573	1,603	
<b>Total operating funding</b>	<b>11,010</b>	<b>12,508</b>	<b>12,625</b>	
<b>Applications of operating funding</b>				
Payments to staff and suppliers	a	6,583	8,051	7,658
Finance costs		1,038	814	784
Internal charges and overheads applied	b	2,115	2,294	2,671
Other operating funding applications		579	880	1,039
<b>Total applications of operating funding</b>		<b>10,315</b>	<b>12,039</b>	<b>12,152</b>
<b>Surplus (deficit) of operating funding</b>		<b>695</b>	<b>469</b>	<b>473</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	c	-	-	498
Development and financial contributions	d	1,316	2,366	3,930
Increase (decrease) in debt		495	1,896	1,777
<b>Total sources of capital funding</b>		<b>1,811</b>	<b>4,262</b>	<b>6,205</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand		1,488	1,905	1,572
Capital expenditure to improve the level of service		1,138	950	976
Capital expenditure to replace existing assets	e	833	4,238	4,790
Increase (decrease) in reserves		(953)	(2,363)	(660)
<b>Total applications of capital funding</b>		<b>2,506</b>	<b>4,731</b>	<b>6,678</b>
<b>Surplus (deficit) of capital funding</b>		<b>(695)</b>	<b>(469)</b>	<b>(473)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- a. Payments to staff and suppliers - lower than budgeted contract costs.
- b. Internal charges and overheads applied – overhead costs were higher than anticipated.
- c. "Subsidies and grants for capital expenditure - unbudgeted government funding received from the Tourism Infrastructure Fund".
- d. Development and financial contributions - higher level of subdivision activity.
- e. Capital expenditure - public convenience upgrades in Rai Valley, Neil Street and Lansdowne Park sports hub.

# Activity Group: Roads and Footpaths

## Activities in this Group:

This Activity Group comprises a single Activity: Provision of Roads and Footpaths.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

This Activity is carried out to provide our community with an efficient, safe and resilient road network.

As the owner of the local roading network, Council provides and maintains roads to a standard that achieves an acceptable balance between user

levels of service and costs. In addition, Council is responsible for all roading related assets — bridges, footpaths, kerb and channelling, street lighting and car parks. Some wharves are also owned and maintained by Council. Recently there has been an increased emphasis on alternative modes such as walking and cycling, particularly the provision of high-quality pedestrian facilities for an ageing population.

## Separate Roles

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of Waka Kotahi (New Zealand Transport Agency).

Marlborough District Council has developed a contract with Waka Kotahi's Marlborough Roads

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

The Transport Agency Waka Kotahi is a key partner and co-investor in Council's land transport programme and the State Highway network is of significant strategic importance in achieving Council's community outcomes.

Council also works closely with the Police on road safety issues and maintains and annually reviews a Road Safety Action Plan for the District.

The most up to date information on this Activity and the assets involved is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

A major storm event hit the Top of the South Island and the West Coast in July 2021. This resulted in 460 km of Council's roads being damaged, with over 1,600 faults identified.
















Damage to the roading network was costed at \$85.3 million.

The Marlborough Roads Recovery Team was established in August 2021 to reinstate the road network following the storm. During the 2021/22 year over 1,300 faults were repaired and all roads opened to the public. The cost of these repairs was \$36.37 million.

These recovery works have been the focus of the Marlborough Roads Team during this year. Major roading projects performed in addition to this, and to the services targeted in the Levels of Services table, are summarised as:

- completed 77.9 lane kilometres of chip sealing;
- 9,260 cubic metres of gravel spread on the unsealed network;
- completed 1.7 km of Pavement Rehabilitation;
- undertook \$13.1 million of Maintenance and Renewal works.

## Levels of Service 2021-22: Roads and Footpaths

Performance Targets					
Level of Service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.7	≥ 6.2	5.6	
<b>Road Safety</b> Provide a safe transport infrastructure.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	3	≤ 0	2	
<b>Road condition</b> Provide a quality transport infrastructure.	Average quality of ride on a local road sealed network measured by Smooth Travel Exposure <sup>1</sup> and classified using ONRC <sup>2</sup> hierarchy.				
	Arterial	83%	≥ 85%	84.1%	
	Primary Collector	93.3%	≥ 90%	90.1%	
	Secondary Collector	95.7%	≥ 90%	92.8%	
	Access	94.2%	≥ 90%	90.2%	
	Low Volume	96%	≥ 90%	90.7%	
	85% average road roughness classified using ONRC hierarchy				
	Arterial	113	≤ 113	112	
	Primary Collector	113	≤ 115	109	
	Secondary Collector	115	≤ 120	118	
	Access	130	≤ 130	130	
	Low Volume	137	≤ 135	138	
	NB: a newly sealed road has an average roughness of 50 – 70. A very rough gravel rough will have a roughness value higher than 300.				
<b>Road maintenance</b> Provide a sustainable land transport infrastructure.	% of sealed road network that is resurfaced annually. Average chipseal life is 13.5 years.	5%	≥ 5%	4.2%	
	Comment: so much road damaged in the storm that we had to defer a number of reseat sites particularly in the Sounds.				
<b>Footpaths</b> Provide footpaths that meet the needs of an ageing community.	% of footpaths that meets the Asset Management Plan rating of better than 4 (1="Excellent" 2="Good" 3="Average" 4="Poor" 5="Very Poor")	97.4%	≥ 95%	97.4%	
<b>Respond to services request</b>	% of customer services requests relating to roads and footpaths to which the territorial authority responds within 15 days.	93%	≥ 92%	100%	

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

<sup>2</sup> ONRC = One Network Road Classification. The purpose of the classification is so roads of the same classification are maintained to a similar standard.



## Funding Impact Statement for 2022-23 for

### Roads and Footpaths

Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10,924	10,587	10,651
Targeted rates	63	63	72
Subsidies and grants for operating purposes	a	4,571	4,522
Fees and charges	7	7	10
Internal charges and overheads recovered	-	23	23
Fuel tax, fines, infringement fees and other receipts	1,316	1,766	1,745
<b>Total operating funding</b>	<b>16,881</b>	<b>16,968</b>	<b>23,743</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	b	10,131	10,431
Finance costs	722	443	376
Internal charges and overheads applied	1,401	1,293	1,192
Other operating funding applications	-	30	34
<b>Total applications of operating funding</b>	<b>12,254</b>	<b>12,197</b>	<b>19,126</b>
<b>Surplus (deficit) of operating funding</b>	<b>4,627</b>	<b>4,771</b>	<b>4,617</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	c	4,285	5,169
Development and financial contributions	d	677	957
Increase (decrease) in debt	e	1,912	2,861
Other dedicated capital funding	f	-	624
Gross proceeds from sales of assets	-	-	61
<b>Total sources of capital funding</b>	<b>6,874</b>	<b>9,611</b>	<b>33,491</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	1,260	1,637	1,119
Capital expenditure to improve the level of service	2,579	1,930	816
Capital expenditure to replace existing assets	g	8,990	13,436
Increase (decrease) in reserves	(1,328)	(2,622)	1,111
<b>Total applications of capital funding</b>	<b>11,501</b>	<b>14,382</b>	<b>38,108</b>
<b>Surplus (deficit) of capital funding</b>	<b>(4,627)</b>	<b>(4,771)</b>	<b>(4,617)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### **Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:**

- a. Subsidies and grants for operating purposes - higher than expected due to subsidy related to the costs associated with the July 2021 flood event.
- b. Payments to staff and suppliers - higher than budget due to the costs associated with the July 2021 flood event.
- c. Subsidies and grants for capital purposes - higher than anticipated due to subsidy received for reinstatement costs from the July 2021 flood event. This is offset by delays in general roading programmed works with focus on emergency work following the July 2021 flood event.
- d. Development and financial contributions - higher than anticipated level of subdivision activity.
- e. Increase/(decrease) in debt - lower interest rate and lower debt requirements as the capital programme did not meet budget in previous years.
- f. Other dedicated capital funding - higher than anticipated vested assets caused by higher than anticipated level of subdivision activity.
- g. Capital expenditure - higher than anticipated due to reinstatement costs associated with the July 2021 flood event. This is offset by delays in general roading renewal programme, CBD works & small townships upgrades.



# Activity Group: Flood Protection and Control Works

## Activities in this Group:

This Activity Group comprises a single Activity: Flood Protection and Control Works.



## Related Community Outcomes

This Activity Group contributes primarily to the Community Outcomes of Environment, People, Economy, Mobility and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

The Activity is primarily about managing flood hazard and drainage of the more developed areas of Marlborough. Requirements in different areas have developed according to the history of flood

risks, predecessor authorities work activities, and from more recent assessments of flood risks as land uses change with development.

Staff also provide appropriate input into resource consent and building applications near waterways or where a possible flood hazard exists.

The most up to date information on this Activity and the assets involved can be found in the 2021-31 Long Term Plan.

## What We Did in 2021-22

Activity was dominated by the impact of a significant storm on 17 July 2021, followed by one in February 2022. This event caused widespread flood damage around the region, particularly to roading networks, farm river boundaries and blockages in waterways from trees, general debris, etc.

The impact on the Wairau River was assessed as a design flood (5300 cumecs, nominally 1 in 100 years) and was largely contained within the stopbanks, with four breach points/partial failures, and a small number of over topping locations - where possible emergency sand bagging was undertaken to contain flood waters and limit the risk of resultant stopbank failure, eg Peninsula Road at Spring Creek.

The estimated repair cost to the main stopbanked Wairau Scheme reach (below the Waihopai River confluence) including additional tributary clearance/landowner assistance works was \$11.2 million. This programme of work is proposed to be completed over three years with the high priority stopbank, Southern Valleys Irrigation Intake, tributary and highest priority edge protection works being completed first.

As of 30 June 2022, all the above priority works were completed and the repair programme was considered on track for completion well within the three year target. The repaired stopbanks and the temporary edge work repairs stood up well in the subsequent large August 2022 event.

Following the February 2022 rainstorm, that mostly affected the Rai/Pelorus valleys and parts of the Sounds, some emergency works were undertaken to remove debris blockages (Ronga River), Okiwi Bay emergency drain maintenance and assistance with the design and consenting of permanent bank repairs adjacent to a private property in Okiwi Bay.

While the July 2021 Wairau River flood response and repairs dominated the Rivers section work programme, every effort was made to complete a normal maintenance and inspection programme including to the Wairau drainage scheme, drainage pump station overhauls and minor upgrades including removal of old asbestos interior linings and stop/start controller upgrades. Normal smaller waterway maintenance was completed in Blenheim, Renwick, Picton/Waikawa and Ngakuta Bay.

Following the July 2021 Wairau River flood event it was decided to lidar survey the riverbed up to

the Waihopai River confluence to assess riverbed levels and river gravel aggradation/degradation. Very large floods shift a lot of sediment including fine silts/sands and bed river gravel. The lidar survey was completed in March 2022 and subsequent analysis indicates significant gravel deposition/bed level increases both upstream and immediately downstream of the State Highway 1 bridge. If left this will reduce the flood capacity of the stopbank system. Based on the preliminary results an expanded gravel extraction is proposed for 2022-23 and possibly the following two years. In 2021-22 a relatively normal extraction programme was completed.

### Capital upgrades completed included:

- construction of two further strong head groynes as part of the SVIS/Upper Condors edge protection project; and
- reconstruction of 80m of Taylor River stopbank at Brooke Street; and
- upgrade of 520m of lower Wairau stopbank at McDonalds.




### Investigation work included:

- further progress developing a suitable stormwater network upgrade for the Camerons Creek catchment following rezoning of the land to residential in the MEP;
- completion of the Wairau Riverbed survey and analysis, and
- completion of the Tayler River/lower Ōpaoa River modelling.

**Wither Hills soil conservation programme** - work continued, including ongoing nasella tussock, Chilean needle grass and gorse/broom control; stock water supply maintenance and a fertiliser dressing.

**Pukaka quarry extension** - purchase of an additional five hectares of land for the is now complete with new titles issued. Work has commenced on the haul road extension to access the additional quarry land with the first stage to the previous boundary completed in 2021-22. Completion of the haul road to the new top bench is complex with 1.9ha of trees to be logged and a switchback bend to be designed and constructed. Opening of the quarry extension is critical to completing July 21 Wairau River flood damage repairs in the lower Diversion.

## Levels of Service 2021-22: Flood Protection and Control Works

Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.7	≥ 6.9	6.6	
Comment: Affected by flooding in non serviced areas.					
<b>Wairau River scheme - system and adequacy</b> Maintain, repair and renew these major flood protection and control works to the standards defined in Rivers and Drainage Asset Management Plan (AMP).	% of floodway and tributary network inspected annually for condition and maintenance requirements.	95%	≥ 95%	95%	
	% of programmed maintenance and practically completed.	100%	100%	100%	
	% of capital improvement works in the AMP achieved.	40%	≥ 35%	43%	
	Time taken to provide a report to the Assets and Services Committee on the damage to the Floodway network and potential problem areas following significant (generally exceeding a 1:2 year return) flood events - measured in months.	No significant flood events	2 months post event	4 months post event	
Comment: July 21 Wairau River flood report took additional time to provide due to the required flood size hydrology review and extensive inspections and assessments.					
<b>Wairau Plains</b> Provide effective drainage to the lower Wairau plains.	% of drain network inspected at least once for condition and maintenance requirements.	100%	100%	100%	
	% of drains weed sprayed.	95%	≥ 90%	90%	
	% of drains mechanically cleared.	4.6%	≥ 4%	4.3%	
<b>Picton Floodways</b> Monitor, maintain and upgrade key Picton floodways (Waitohi and Waikawa Rivers) to provide for a 1 in 50 year return period flood event.	% of floodway network inspected for condition and maintenance requirements.	100%	100%	100%	
	% of programmed maintenance and renewal works as identified in the AMP practically <sup>1</sup> completed.	100%	100%	100%	
<b>Blenheim Urban</b> Upgrade and maintain key Blenheim stormwater outfalls <sup>2</sup> .	% of programmed maintenance and renewal works identified in the AMP practically <sup>1</sup> completed.	100%	100%	100%	
	% of capital improvement works in the AMP achieved.	85%	≥ 75%	21%	
Comment: Next stage of Town Branch upgrade delayed to summer 2022-23.					
Provide sound flood hazard advice.	Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	0	0	0	

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

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



## Funding Impact Statement for 2022-23 for

### Flood Protection and Control Works

	Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		303	288	288
Targeted rates		4,471	4,627	4,645
Fees and charges		613	694	839
Internal charges and overheads recovered		214	325	297
Fuel tax, fines, infringement fees and other receipts	a	2,996	3,283	3,906
<b>Total operating funding</b>		<b>8,597</b>	<b>9,217</b>	<b>9,975</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	b	3,493	3,782	3,456
Finance costs		286	169	108
Internal charges and overheads applied	c	1,829	1,965	2,199
Other operating funding applications		37	27	30
<b>Total applications of operating funding</b>		<b>5,645</b>	<b>5,943</b>	<b>5,793</b>
<b>Surplus (deficit) of operating funding</b>		<b>2,952</b>	<b>3,274</b>	<b>4,182</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	d	-	1,728	1,208
Increase (decrease) in debt	e	2,334	1,774	1,140
<b>Total sources of capital funding</b>		<b>2,334</b>	<b>3,502</b>	<b>2,348</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand		210	70	48
Capital expenditure to improve the level of service		2,764	3,580	2,743
Capital expenditure to replace existing assets	f	1,145	1,710	2,987
Increase (decrease) in reserves		1,167	1,417	752
<b>Total applications of capital funding</b>		<b>5,286</b>	<b>6,776</b>	<b>6,530</b>
<b>Surplus (deficit) of capital funding</b>		<b>(2,952)</b>	<b>(3,274)</b>	<b>(4,182)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Fuel tax, fines, infringement fees and other receipts - property rental and disbursements being higher than anticipated.
- Payments to staff and suppliers - lower than anticipated due to focus on reinstatement of assets damaged in the July 2021 flood event.
- Internal charges and overheads applied - overhead costs were higher than anticipated and higher than anticipated volumes and rock and gravel being used for Council activities.
- Subsidies and grants for capital expenditure - lower subsidies in response to delays in the capital expenditure program with a focus on reinstatement of assets damaged in the July 2021 flood event.
- Increase (decrease) in debt - lower debt requirements due to delays in the capital programme.
- Capital expenditure - higher than anticipated due to reinstatement costs following the July 2021 flood event.

# Activity Group: Sewerage Including Treatment and Disposal

## Activities in this Group

This Activity Group comprises a single Activity: Sewerage Including Treatment and Disposal.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Collection, treatment and disposal of wastewater to provide sanitary living conditions, protect public health and avoid damaging discharges to the

environment is an essential service that contributes to:

- the health of communities;
- minimisation of adverse environmental effects; and
- industrial and residential development.

The most up to date information on this activity and the assets involved, including information on individual schemes can be found in the 2021-31 Long Term Plan.



## What We Did in 2021-22

The implications of COVID-19 and associated nationwide Alert Levels continued to impact the delivery of Three Water services across the region in 2021-22. Lead times on the procurement of specific equipment and materials has made planning even more critical. Delays on projects from the Alert Level Four lockdown in 2020 have had a flow-on effect into 2021-22 but this has been manageable. Central government stimulus funding related to Three Waters was applied for in October 2020 and the total \$12.53 million of funding available was approved in November 2020 for specific projects to be completed by March 2022. This includes:

- \$550,000 for Blenheim Sewerage Treatment Plant Waveband;
- \$3,930,000 for relining Earthquake Damaged Sewers; and
- \$900,000 for Blenheim Sewerage Treatment Plant Sandbar Removal.

### Blenheim

The Blenheim Sewer Upgrade project was completed in August 2022. This project included the upgrade of the McLauchlan and Budge Street pump stations and the construction of a new treatment and overflow facility in Bomford Street. The new main provides capacity for growth in the north-west, reduces the incidence of overflows during storms and permits the controlled overflow of treated effluent during very severe but rare storms.

A number of projects were complete for the Blenheim Sewer Treatment Plant. In addition to

the stimulus funded projects, budget funded projects included:

- aerator replacement;
- septage receival area; and
- electrical upgrading.

These improvements will be considered in the process of applying for a new Resource Consent for Discharge which is due in 2025.












### Havelock

A new treatment plant in Havelock is planned and an appropriate site is being investigated. The process for obtaining the site and appropriate consents continues. A new site and treatment plant will provide improvements to process and increased resiliency of the Havelock Sewer Treatment Plant.

### Sewer Mains Assessment and Rehabilitation


Considerable effort continued on sewer mains assessment and rehabilitation. The ageing infrastructure, ground movement through seismic activity, corrosive effluents and increasing quantities of oils and fats discharged into the sewer system is increasing maintenance activity. These pipes are being rehabilitated through a relining methodology. This project formed part of the \$12.53 million received from central government as part of the stimulus funding. This has meant that year four and five of this project have been able to be brought forward with the aim to complete the relining in Blenheim in 2022 and Picton in 2023.

## Levels of Service 2021-22: Sewerage Including Treatment and Disposal

Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
<b>Customer satisfaction:</b> Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.2	≥ 7.7	7.5	
	The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.	2.0	≤ 8	1.0	
<b>System and Adequacy</b> Provide a level of service quality that minimises environmental risks.	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.60	≤ 0.4	1.10	
	Comment: Unprecedented high rainfall in July/August and the resultant high groundwater lead to excessive infiltration and inflow to the sewer network, overloading it beyond its design capacity.				
<b>Discharge compliance:</b> Provide a reliable wastewater service with adequate system capacity and performance.	Number of wet weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.45	≤ 0.5	0.8	
	Comment: Unprecedented high rainfall in July/August and the resultant high groundwater lead to excessive infiltration and inflow to the sewer network, overloading it beyond its design capacity.				
	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	0	0	0	
<b>Fault response times</b> Provide a service that is timely and responsive to customer needs.	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times are measured:				
	(a) attendance time (in hours): from the time that the territorial authority receives notification to the time that service personnel reach the site, and				
	Blenheim	0.3 hrs	≤ 1 hour	0.1 hrs	
	Picton		≤ 1 hour	0 hrs	
	Riverlands		≤ 1 hour	0 hrs	
	Renwick		≤ 1 hour	0 hrs	
	Seddon		≤ 2 hours	0.6 hrs	
Havelock	≤ 2 hours		0 hrs		

## Levels of Service 2021-22: Sewerage Including Treatment and Disposal

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
<b>Fault response times</b> Provide a service that is timely and responsive to customer needs.	(b) resolution time (in hours): from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.  Comment: There have been no complaints about the length of time taken to resolve issues across any wastewater networks.	3.0 hrs	≤ 4 hours	5 hrs	

## Funding Impact Statement for 2022-23 for

### Sewerage

	Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>				
Targeted rates		9,524	8,677	8,688
Subsidies and grants for operating purposes		-	-	50
Fees and charges		65	-	-
Fuel tax, fines, infringement fees and other receipts	a	3,086	2,050	1,252
<b>Total operating funding</b>		<b>12,675</b>	<b>10,727</b>	<b>9,990</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	b	3,845	3,107	5,009
Finance costs		2,364	1,631	1,816
Internal charges and overheads applied		2,744	3,387	3,431
<b>Total applications of operating funding</b>		<b>8,953</b>	<b>8,125</b>	<b>10,256</b>
<b>Surplus (deficit) of operating funding</b>		<b>3,722</b>	<b>2,602</b>	<b>(266)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	c	-	2,263	889
Development and financial contributions	d	570	2,100	1,832
Increase (decrease) in debt	e	447	(539)	2,631
Other dedicated capital funding	f	-	1,162	1,002
<b>Total sources of capital funding</b>		<b>1,017</b>	<b>4,986</b>	<b>6,354</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand		549	2,071	14,438
Capital expenditure to improve the level of service		5,232	3,918	2,826
Capital expenditure to replace existing assets	g	3,157	3,590	2,927
Increase (decrease) in reserves		(4,199)	(1,991)	(14,103)
<b>Total applications of capital funding</b>		<b>4,739</b>	<b>7,588</b>	<b>6,088</b>
<b>Surplus (deficit) of capital funding</b>		<b>(3,722)</b>	<b>(2,602)</b>	<b>266</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- a. Fuel tax, fines, infringement fees and other receipts - lower than anticipated trade waste charges.
- b. Payments to staff and suppliers - higher than anticipated due to Blenheim Pond desludge charges being expensed.
- c. Subsidies and grants for capital expenditure - lower than anticipated government grants received as part of the Three Waters Reform in the sewer area.
- d. Development and financial contributions - lower than anticipated sewer component of development contributions.
- e. Increase in debt - higher debt requirement for sewerage upgrades and new connections.
- f. Other dedicated capital funding - higher than anticipated vested assets due to increased subdivision activity.
- g. Capital expenditure -sewerage upgrades and new connections in Blenheim, Picton and Seddon.

# Activity Group: Stormwater Drainage

## Activities in this Group:

This Activity Group comprises a single Activity: Stormwater Drainage.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and People. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Council provides a stormwater drainage system to manage stormwater run-off from urban catchments. Collection and disposal of stormwater contributes to:

- minimising the incidence of flooding to protect the community from harm;



- minimising damage to properties from flooding;
- facilitating commercial and residential development;
- protecting the aquatic environment through the management of water quality from urban stormwater run-off; and
- reducing erosion.

The most up to date information on this Activity including detail about the individual areas served is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

The implications of COVID-19 and associated nationwide Alert Levels continued to impact the delivery of Three Water services across the region in 2021-22. Lead times on the procurement of specific equipment and materials has made planning even more critical. Delays on projects from the Alert Level Four lockdown in 2020 have had a flow-on effect into 2021-22 but this has been manageable. Central government stimulus funding related to Three Waters was applied for in October 2020 and the total \$12.53 million of funding available was approved in November 2020 for specific projects to be completed by March 2022. This includes a project of \$250,000 to upgrade the stormwater system at Marlborough Boys' College.

The Marlborough region suffered a significant storm event on 17 July 2021. Due to its size this event caused the stormwater networks,







predominantly in Blenheim and Picton, to be overloaded although this resulted in minimal damage to properties, with only two being reported to have flood waters higher than their habitable floor level. Another event, caused by a hailstorm directly over the Blenheim CBD, did result in surface flooding over a short period of time but the predominant damage to buildings was due to downpipes being blocked with hail and subsequent overflows going through leaks in roofs to cause interior damage.

The Stormwater Management Area Plan (SMAP) for Springlands that was adopted as part of the Blenheim Stormwater Management Strategy, and supports the Resource Consent in September 2020, has now undergone one year of monitoring and reporting. Year one sets a benchmark on which to base future monitoring of the catchment's stormwater discharge.

The development of the Rose Manor and Wai-iti subdivisions continues to allow for further application of stormwater retention systems enabling controlled discharge of stormwater to existing waterways and a level of treatment of this discharge. Use of these types of controls on stormwater will be reviewed and considered as greenfields are developed, which currently includes the development of the Summerset Retirement Home off Old Renwick Road. The use of these methods within existing catchments is difficult to apply due to the area of land required. Other ways to manage stormwater in these areas will be considered with the development of Stormwater Management Areas in Blenheim and then applied to other areas in the Marlborough Region.

## Levels of Service 2021-22: Stormwater Drainage

### Performance Targets

Level of Service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
<b>Customer satisfaction</b> Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.3	≥ 6.5	6.3	
	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	0.04	≤ 1.8	0.57	
<b>System adequacy</b> Provide a reliable stormwater service.	The number of flooding events that occur in a territorial authority district.	0	Actual number to be reported	1	
	For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system. Comment: 17 July 2021 Storm Event.	0	≤ 2.6	0.2	
<b>Discharge compliance</b> Minimise the environmental risks of stormwater discharge.	Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	0	0	0	
<b>Response times</b> Provide a service that is timely and responsive to customers' needs.	The median response time (in hours) to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. (* The statistical median is the time in which half of calls are responded to in less time and half in more time.)	0.65 hour	≤ 1 hour	0.80 hour	

## Funding Impact Statement for 2022-23 for

### Stormwater Drainage

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan \$000s	Long Term Plan \$000s	Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		2,175	2,164	2,166
Fees and charges		53	-	-
Fuel tax, fines, infringement fees and other receipts		143	305	305
<b>Total operating funding</b>		<b>2,371</b>	<b>2,469</b>	<b>2,471</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		333	310	261
Finance costs		11	6	6
Internal charges and overheads applied		450	390	403
<b>Total applications of operating funding</b>		<b>794</b>	<b>706</b>	<b>670</b>
<b>Surplus (deficit) of operating funding</b>		<b>1,577</b>	<b>1,763</b>	<b>1,801</b>
<b>Sources of capital funding</b>				
Development and financial contributions	a	25	876	580
Increase (decrease) in debt		(31)	(34)	(34)
Other dedicated capital funding	b	-	251	72
<b>Total sources of capital funding</b>		<b>(6)</b>	<b>1,093</b>	<b>618</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand		53	706	812
Capital expenditure to improve the level of service		356	515	797
Capital expenditure to replace existing assets	c	20	1,993	763
Increase (decrease) in reserves		1,142	(358)	47
<b>Total applications of capital funding</b>		<b>1,571</b>	<b>2,856</b>	<b>2,419</b>
<b>Surplus (deficit) of capital funding</b>		<b>(1,577)</b>	<b>(1,763)</b>	<b>(1,801)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Development and financial contributions - lower than anticipated stormwater component of development contributions.
- Other dedicated capital funding - higher than anticipated vested assets due to increased subdivision activity.
- Capital expenditure - higher than anticipated vested assets due to increase subdivision activity.

# Activity Group: Water Supply

## Activities in this Group:

This Activity Group comprises a single Activity: Water Supply.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Council drinking water supplies are necessary so that larger communities can receive an adequate supply of potable (drinking) water which cost-effectively contributes to:

- the health of the community;
- minimisation of adverse environmental effects;

- community safety through providing for the firefighting capability of the water supply system;
- industrial and residential development.

Around 82% of the Marlborough population has access to the Council's reticulated water supplies. Underground water reticulation systems are expensive to install and maintain, so are only cost-effective with a certain level of population density. Funding upgrades (particularly to meet the New Zealand Drinking Water Standards and depreciation) has been a challenge but this has been partially resolved by the introduction of the Combined Water Scheme Charges Policy in 2017.

The most up to date information on this Activity and the assets involved, including detail on each individual scheme, is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

The implications of COVID-19 and associated nationwide Alert Levels continued to impact the delivery of Three Water services across the region in 2021-22. Lead times on the procurement of specific equipment and materials has made planning even more critical. Delays on projects from the Alert Level Four lockdown in 2020 have had a flow-on effect into 2021-22 but this has been manageable. Central government stimulus funding related to Three Waters was applied for in October 2020 and the total \$12.53 million of funding available was approved in November 2020 for specific projects to be completed by March 2022. This includes:

- \$2,900,000 for Renwick AC Watermain Replacement;
- \$750,000 for Wairau Valley Water Treatment Plant;
- \$2,790,000 for Speeds Road Watermain Upgrade; and
- \$250,000 for Marfell's Beach Watermain Upgrade.

## Water Meters

Water Meters are now being used for charging purposes across Renwick and Havelock. Residents continue to identify leaks which are then repaired quickly. Water remissions are applied for water lost through leakage. Considerable water savings have been made across these two networks as a result of private leaks being repaired and AC water mains being replaced throughout Renwick. Renwick winter night time flows have reduced from 15 L/s to 4 L/s.

## Water mains installations & renewals have been completed as follows:

- AC water main replacements in Renwick;
- extension of water networks for subdivisions in Boulevard Park on Taylor and Rose Manor.

## Water Treatment Investigation and Design Updates

### • **Renwick:**

The existing supply does not comply with the Drinking Water Standards for New Zealand. The pipeline connection of bores in Condors Bend Road and the site of the new Renwick Water Treatment Plant has been laid.

The new Water Treatment Plant project is underway with membrane filtration selected with bacterial compliance to utilise either chlorine or UV. The new 1,530m<sup>3</sup> reservoir for treated water has been commissioned and is operational. Land has been purchased for the new water treatment plant in Terrace Road and construction has commenced.

### • **Havelock:**

The existing supply does not comply with the Drinking Water Standards for New Zealand. A preliminary assessment of treatment options recommends cartridge filtration and UV disinfection. Work continues to find a suitable site for a new water treatment plant. Investigation into additional sources of supply, upstream of the existing, has also been undertaken with positive results.

### • **Wairau Valley Township:**

The existing supply does not comply with the Drinking Water Standards for New Zealand. The construction of a new Water Treatment Plant is underway. This work is due to be completed in 2022.



















### • **Riverlands Industrial Estates:**

An alternate source of water for the Riverlands Industrial areas has been located, the property has been purchased and a bore has been installed. Design for the new treatment plant is progressing. The new source and Water Treatment Plant will ensure that supply meets the Drinking Water Standards for New Zealand.



## Levels of Service 2021-22: Water Supply

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
<b>Customer satisfaction:</b> Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.4	≥ 8.0	7.5	
	The total number of complaints received by the local authority about any of the following, expressed per 1000 connections to the local authority's networked reticulation system <sup>1</sup> .				
	(a) drinking water clarity	0.38	≤ 1.10	0.44	
	(b) drinking water taste	0.13	≤ 1.90	0.31	
	(c) drinking water odour	0.31	≤ 0.65	0.19	
	(d) drinking water pressure or flow	0.56	≤ 1.50	0.56	
	(e) continuity of supply, and	0	≤ 1.30	0.63	
	(f) the local authority's response to any of these issues	0	≤ 0.65	0	
Comment: 34 complaints were received this year: 15 across clarity, taste and odour; 9 in relation to pressure or flow; 10 relating to continuity of supply.					
<b>Safety of drinking water:</b> Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.	The extent to which the local authority's drinking water supply complies with:				
	(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and				
	Blenheim	complied	Yes	complied	
	Picton	complied	Yes	complied	
	Havelock	complied	Yes	complied	
	Renwick	complied	Yes	complied	
	Riverlands	complied	Yes	complied	
	Awatere - Rural	complied	No	complied	
	Seddon	N/A	Yes	complied	
	Wairau Valley	complied	No	complied	
	(b) Part 5 of the drinking-water standards (protozoal compliance criteria).				
	Blenheim	complied	Yes	complied	
	Picton	complied	Yes	complied	
	Havelock	not complied	No	not complied	Note*
	Renwick	not complied	No	not complied	Note*
	Riverlands	not complied	No	not complied	Note*
	Awatere - Rural	not complied	No	not complied	Note*
Seddon	N/A	Yes	complied		
Wairau Valley	not complied	No	not complied	Note*	
Comment: All drinking water supplies are on target for meeting drinking water supply					

## Levels of Service 2021-22: Water Supply

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
<b>Maintenance of the reticulation network</b>	The percentage of real water loss from the local authority's networked reticulation system <sup>2</sup> .				
	Blenheim	36%	≤ 37%	36%	✓
	Picton	27%	≤ 28%	10%	✓
	Havelock	10%	≤ 28%	33%	⚠
	Renwick	10%	≤ 28%	16%	✓
	Awatere	4%	≤ 15%	40%	✗
	Wairau Valley	21%	≤ 15%	38%	✗
Comment: Metering on the Havelock water network identified leaks which have now been corrected, this should improve the water loss in this area going forward. There have been leaks in the Wairau Valley and Awatere Networks throughout the year. Capital works on the Awatere network should improve water loss in this network.					
<b>Fault response times:</b>	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:				
Provide a service that is timely and responsive to customer needs.	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in hours), and				
	Blenheim	34 mins	≤ 1 hour	1.02 hrs	⚠
	Picton	95 mins	≤ 1 hour	0.90 hrs	✓
	Riverlands	71 mins	≤ 1 hour	0.30 hrs	✓
	Renwick	72 mins	≤ 1 hour	1.80 hrs	✗
	Awatere	171 mins	≤ 2 hours	0.40 hrs	✓
	Havelock	45 mins	≤ 2 hours	2.20 hrs	⚠
	Wairau Valley	0 mins	≤ 2 hours	2.50 hrs	✗
Comment: Failure to meet response times in Renwick and Wairau Valley are predominantly down to accuracy of recording the time in which staff attended the site. There have been no complaints received about the time taken to respond to any faults across the networks.					
	(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (in hours).	11.30 hrs	≤ 4 hours	6.8 hrs	✗
Comment: 88 of the 205 urgent call outs were resolved within 4 hours. This resolution time does not indicate the time in which a customer is without water supply. It often indicates the time required to identify and resolve issues around water quality, location of leaks and locations of tobys to enable property owners to deal with water issues within their own properties. There have been no complaints received about the time taken to resolve any faults across the networks.					

## Levels of Service 2021-22: Water Supply

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide a service that is timely and responsive to customer needs.	(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in days), and	0.75 days	≤ 3 working days	0.89 days	✓
	(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (in days).	1.5 days	≤ 10 working days	2.0 days	✓
<b>Demand management:</b> Provide a reliable water supply service.	The average consumption of drinking water per day per resident within the territorial authority district (in litres).  Comment: With improved metering across networks, we are improving our understanding of the consumption of drinking water by households. As households also understand their water usage, water use behaviours are also improving. The 2021-22 summer was also not as dry as previous years which will have reduced water demand for irrigation purposes.	467 litres	≤ 750 litres	437 litres	✓

<sup>1</sup> Assumes 15,765 connections. Estimated in accordance with DIA recommended option 2. Minimum Night Flow Analysis. Riverlands not included as industrial night consumption volumes not available.

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

\* As planned the Havelock, Renwick, Riverlands, Awatere Rural and Wairau Valley Schemes are not compliant at present. Programmed future improvements will achieve compliance by 30 June 2026.

## Funding Impact Statement for 2022-23 for

### Water Supply

	Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>				
Targeted rates	a	9,698	10,175	9,724
Fees and charges		170	91	173
Internal charges and overheads recovered		-	-	22
Fuel tax, fines, infringement fees and other receipts		-	-	3
<b>Total operating funding</b>		<b>9,868</b>	<b>10,266</b>	<b>9,922</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	b	3,350	3,901	3,360
Finance costs		1,512	893	927
Internal charges and overheads applied		1,703	1,808	1,874
Other operating funding applications		41	59	29
<b>Total applications of operating funding</b>		<b>6,606</b>	<b>6,661</b>	<b>6,190</b>
<b>Surplus (deficit) of operating funding</b>		<b>3,262</b>	<b>3,605</b>	<b>3,732</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	c	-	1,321	4,071
Development and financial contributions		285	878	1,153
Increase (decrease) in debt	d	8,903	2,990	(672)
Other dedicated capital funding	e	-	313	237
<b>Total sources of capital funding</b>		<b>9,188</b>	<b>5,502</b>	<b>4,789</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand		5,425	1,548	453
Capital expenditure to improve the level of service		9,264	6,134	1,971
Capital expenditure to replace existing assets	f	1,557	2,939	6,626
Increase (decrease) in reserves		(3,796)	(1,516)	(529)
<b>Total applications of capital funding</b>		<b>12,450</b>	<b>9,107</b>	<b>8,521</b>
<b>Surplus (deficit) of capital funding</b>		<b>(3,262)</b>	<b>(3,605)</b>	<b>(3,732)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- a. Targeted rates – lower than anticipated revenue from water meter charges.
- b. Payments to staff and suppliers - lower than anticipated backflow prevention costs and reticulation connections.
- c. Subsidies and grants for capital expenditure - unbudgeted capital funding from the government as part of the Three Waters Reform.
- d. Increase (decrease) in debt - lower Debt requirement as delays in Havelock, Riverlands and Renwick projects.
- e. Other dedicated capital funding - higher than anticipated vested assets due to increased subdivision activity.
- f. Capital expenditure -delays in Havelock, Riverlands and Renwick projects.



# Activity Group: Solid Waste Management

## Activities in this Group:

This Activity Group comprises a single Activity: Solid Waste Management.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Marlborough District Council is bound by legislation to ensure that our solid waste is managed in an effective and efficient manner, reducing any potential environmental impact and protecting public health. Council is the main source of waste management infrastructure for

the district, providing a network of six transfer stations, a central landfill, waste sorting centre, resource recovery centre, reuse centre, e-waste collection facility, hazardous waste centre, rural community recycling stations, greenwaste acceptance facility and salvage yard. They are all operated under contract to Council.

These facilities are designed and operated to ensure the minimum impact on people's amenity and the environment. By promoting the reduction, reuse and recycling of waste we will reduce our reliance on landfill for disposal and also have the ability to influence the direction of our waste management and minimisation planning. Council also collects refuse and recyclables from the kerbside in Blenheim and Picton through a contract.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.










## What We Did in 2021-22

In addition to the key services targeted in the Levels of Services table, several activities have been performed during the year, summarised as:

- recycled 1,619 items of e-waste, served 33,443 customers at the reuse shops, recovered 438,704 kilograms of recycling through the rural community recycling service, and collected 1,613 tonnes of recycling from the kerbside collection routes in Blenheim and Picton;
- established the Repurposing of Unwanted Goods Service on a permanent basis following completion of the project trial;
- implemented the waste calculator tool on the Council website;
- completed the Bluegums Landfill Operation Contract tender and award, completed the Reuse Centre Services Contract tender and award and completed the Waste Management and Minimisation Services tender and award;
- completed the weighbridge reporting system upgrades at the Waste Sorting Centre and completed the weighbridge installation at the Resource Recovery Centre;
- continued to investigate waste to energy solutions for the region;
- reviewed the landfill operation, introduced additional landfill gas collection measures, commenced the design for stage 9 of the landfill; and,
- continued to participate in the waste sector community of practice at regional and national level.

## Levels of Service 2021-22: Solid Waste Management

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.7	≥ 7.0	6.9	
	Comment: Improved performance comparing to last year.				
Continue to reduce the amount of waste sent to the landfill by providing and promoting diversion processing.	Tonnage processed at the Resource Recovery Centre.	4,499	≥ 4,500	3,813	
	Comment: Glass exports from site were disrupted due to ongoing freight challenges.				
	\$value of sales at the Reuse Shop.	\$438,503	≥ \$270,000	\$376,953	
	Comment: Sales are tracking well at Reuse Shop. However, some previous year adjustments pushed last year's figure up.				
	Tonnage diverted at the Waste Sorting Centre.	2,441	≥ 1,600	2,222	
	Comment: There has been a separation of general and greenwaste activities during 2021-22, which contributed to the decrease comparing to last year.				
Operate effective waste management and minimisation services.	Tonnage throughput at the Greenwaste Acceptance Facility.	24,757	≥ 20,000	17,655	
	Comment: Measure is in cubic metres. The decrease was caused by an increase in direct disposal to landfill of greenwaste and grass materials, which is a cheaper option for the customers.				
	Number of resident's complaints in regards to Bluegums Landfill operations.	11	≤ 9	1	
	Kerbside Refuse and Recycling Collection Service complaints/missed lifts as a percentage of serviced households.	0.81%	≤ 0.2%	0.03%	
	Number of resident's complaints in regards to Compost operation.	6	≤ 4	1	
Operate effective waste management and minimisation services.	Number of resident's complaints in regards to the transfer stations, reuse centre, resource centre, e-waste facility, coin skips and salvage yard.	30	≤ 30	58	
	Comment: 86% of reported service issues were related to coin skips. Cameras have now been installed at the two busiest sites to reduce illegal dumping.				

## Funding Impact Statement for 2022-23 for

### Solid Waste Management

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan \$000s	Long Term Plan \$000s	Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		1,653	1,478	1,479
Targeted rates		1,524	1,451	1,611
Subsidies and grants for operating purposes		154	175	264
Fees and charges	a	7,436	8,629	9,801
Fuel tax, fines, infringement fees and other receipts		296	402	400
<b>Total operating funding</b>		<b>11,063</b>	<b>12,135</b>	<b>13,555</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	b	7,725	7,103	7,714
Finance costs		321	242	234
Internal charges and overheads applied		1,224	1,587	1,614
Other operating funding applications	c	491	610	1,243
<b>Total applications of operating funding</b>		<b>9,761</b>	<b>9,542</b>	<b>10,805</b>
<b>Surplus (deficit) of operating funding</b>		<b>1,302</b>	<b>2,593</b>	<b>2,750</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	39
Increase (decrease) in debt	d	(594)	(13)	(307)
<b>Total sources of capital funding</b>		<b>(594)</b>	<b>(13)</b>	<b>(268)</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service		59	600	340
Capital expenditure to replace existing assets	e	564	1,530	792
Increase (decrease) in reserves		85	450	1,350
<b>Total applications of capital funding</b>		<b>708</b>	<b>2,580</b>	<b>2,482</b>
<b>Surplus (deficit) of capital funding</b>		<b>(1,302)</b>	<b>(2,593)</b>	<b>(2,750)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Fees and charges - ahead of budget due to higher than anticipated volumes from commercial sectors.
- Payments to staff and suppliers - ahead of budget due to increased contract costs and levy payments as a consequence of higher waste tonnage.
- Other operating funding applications - higher than anticipated levies paid for the increased waste tonnage.
- Increase (decrease) in debt - lower debt requirement as the delays in construction of stage 9 regional landfill.
- Capital expenditure - delays in construction of stage 9 regional landfill.



# Activity Group: Environmental Management

## Activities in this Group:

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



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity Group About?

Marlborough's social and economic wellbeing relies on the use, development and protection of natural and physical resources. The Environmental Management Activity group is



responsible for enabling appropriate use of land, water, air, indigenous ecosystems and the built environment, while protecting the environment within which resource use occurs. This service is delivered through the implementation of the Resource Management Act (RMA) requirements.

Each Activity delivers separate services under the RMA, but each of these services plays an integral role in a wider system of environmental management. This system can be described as the Plan-Do-Monitor-Review cycle and is represented by the following diagram:



It is important to note that as a unitary authority, the Council has the functions of both a regional council and a territorial authority. This influences the way in which the Environmental Management Activity group delivers its services. It means that the full suite of planning documents required under the RMA must be prepared and that all resource consents required under the planning documents are processed by one consent authority. This allows the Group to integrate the management of land use (for which territorial authorities are generally responsible) with the management of other natural resources (for which regional councils are responsible), leading to reduced costs to resource users and improved environmental outcomes.

## Funding Impact Statement for 2022-23 for

### Environmental Management

Notes:	2020-21	2021-22	2021-22
	Long Term Plan	Long Term Plan	Annual Report
	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	7,712	8,615	8,623
Subsidies and grants for operating purposes	42	561	2,641
Fees and charges	2,373	2,333	3,127
Internal charges and overheads recovered	92	180	177
Fuel tax, fines, infringement fees and other receipts	509	1,216	1,368
<b>Total operating funding</b>	<b>10,728</b>	<b>12,905</b>	<b>15,936</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,951	9,096	11,651
Finance costs	19	14	14
Internal charges and overheads applied	2,569	3,017	3,206
Other operating funding applications	1	90	41
<b>Total applications of operating funding</b>	<b>10,540</b>	<b>12,217</b>	<b>14,912</b>
<b>Surplus (deficit) of operating funding</b>	<b>188</b>	<b>688</b>	<b>1,024</b>
<b>Sources of capital funding</b>			
Increase (decrease) in debt	(15)	(18)	(18)
<b>Total sources of capital funding</b>	<b>(15)</b>	<b>(18)</b>	<b>(18)</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	1,095	358	58
Capital expenditure to replace existing assets	157	-	252
Increase (decrease) in reserves	(1,080)	313	1,095
<b>Total applications of capital funding</b>	<b>173</b>	<b>670</b>	<b>1,006</b>
<b>Surplus (deficit) of capital funding</b>	<b>(188)</b>	<b>(688)</b>	<b>(1,024)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of Variances

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

# Activity: Environmental Policy

## Related Community Outcomes

This Activity contributes primarily to the Community Outcome of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

This Activity is the first of the "Plan-Do-Monitor Review" cycle of Activities that play an integral role in a wider system of environmental management.

The Environmental Policy Activity involves the development and review of policy and planning provisions under the Resource Management Act (RMA) in response to resource management issues for Marlborough. These provisions are aimed at the sustainable use, development and protection of Marlborough's natural and physical resources, including land, water, air, indigenous ecosystems and the built environment. Many of the provisions are mandatory under the RMA. Council is required to prepare a Regional Policy Statement, a Regional Coastal Plan and a District Plan. It may also develop other regional plans, as necessary.

Council's four core RMA policy and planning documents are:

- Marlborough Regional Policy Statement (RPS);
- Marlborough Sounds Resource Management Plan (MSRMP);
- Wairau/Awatere Resource Management Plan (WARMP);
- Proposed Marlborough Environment Plan (PMEP).

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

### The Proposed Marlborough Environment Plan (MEP)

The MEP was notified by the Council on 9 June 2016 and decisions on the Plan were publicly notified on 21 February 2020. All decisions were

subject to appeal to the Environment Court and 51 notices of appeal were received by the Court.

The Environment Court manages all appeal processes in accordance with their Practice Note 2014. There are typically three options. The matters subject to appeal can be resolved between the parties (informal mediation), they may be resolved through Court assisted mediation (formal mediation), or they may proceed to Court hearing (in which case the Court determines the outcome). The outcome of any negotiated resolution between the parties is recorded in a consent memorandum, which the Court must consider and then issue a consent order (effectively an order to change the provisions of the MEP).

The formal mediation process commenced in February 2021 and is ongoing. To date, Court assisted mediation has occurred for 16 of the 22 mediation topics.

The discussions and outcomes from mediation are confidential to the parties and cannot be reported. The outcomes become public if a consent memorandum from the parties resolving the appeal is provided to the Court. At that point, the provisions of the PMEPE are also updated. For the 21-22 year, the Court issued 12 consent orders. Details can be found on Council website: <https://eservices.marlborough.govt.nz/programmes/ListProgrammeEvents?id=2621046>

The resolution of appeals and therefore making the PMEPE operative is a priority for the Environmental Policy Group in coming years and will therefore form a significant proportion of the work for the team. The objective is to make the MEP operative as soon as possible to provide greater certainty to plan users and the community. However, as the Court manages the timeframes, it is not possible to set a target date. Progress with the resolution of appeals is reported regularly to the Planning, Finance and Community Committee.

### Review of the Operative Marine Farming Provisions

This review was re-commenced by Council in March 2017. When the MEP was publicly notified Council decided to withdraw the marine farming provisions on the basis that they did not give effect to Policy 8 of the NZ Coastal Policy Statement (NZCPS). This process has involved

Council appointing an Aquaculture Review Working Group.

The Council publicly notified two variations to give effect to the outcome of the review process and the recommendations of the Aquaculture Review Working Group on 2 December 2020. These were:

- Variation 1: Marine farming; and
- Variation 1A: Fin fish farming.

The period for making submissions closed on 26 February 2021. A total of 115 submissions were received on the variations. The summary of submissions was publicly notified on 26 May 2021 with the period for making further submissions closing on the 28 July 2021. A hearing of submissions and further submissions occurred over two weeks in November 2021. The appointed Hearings panel is currently in deliberations and is yet to publicly notify a decision on the variations.

### Central Government Significant National Direction Regarding Essential Freshwater

The Essential Freshwater package consisting of the NPS for Freshwater Management, the NES for Freshwater, Regulations for Stock Access and Regulations for Water Metering was gazetted in August 2020. This is possibly the most comprehensive package of national direction to be released by central government.

Council is required to give effect to the NPS through the PMEP and enforce the NES and Regulations. Work in the 21-22 year focussed on the development of a work programme to provide further detail on how the Council will give effect to the NPS.

The Council, Nelson City Council and Tasman District Council have been engaging with Te Tau Ihu iwi and Ngai Tahu/Ngati Kuri to commence a process of assessing what Te Mana o te Wai means in a Top of the South context.

### The National Policy Statement for Urban Development

This NPS was gazetted on 20 July 2020 and commenced on 20 August 2020. Council is required to give effect to the NPS through the PMEP.

Although it is now optional for Council to undertake a Housing and Business Assessment, Council has chosen to continue to do so. The previous assessment, undertaken in 2018, has been useful in informing planning in many of Council's functions in response to housing demand. Work in the 2021-22 year involved continuing to monitor demand and supply of housing and on completing a second Housing and Business Assessment. This was published in February 2022.

### Central Government RMA Reform

The Council has responded to the Exposure Draft of the Natural and Built Environments Bill and presentation of the Council submission to Select Committee. One aspect of the reform is a proposal for there to be one NBA plan for Top of the South (covering Marlborough, Nelson and Tasman). The Council has opposed this proposal on the basis that it does not result in any improved environmental management and will result in a less responsive planning regime in a local context. There has been successive central government engagement on this issue in the 21-22 year. At the time of writing a decision was yet to be made.

## Levels of Service 2021-22: Environmental Policy

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Create a second generation resource management framework for Marlborough.	Decisions on Variation 1 and 1A publicly notified.	N/A	30-Jun-22	not achieved	✘
	Comment: The hearings on Variation 1 and 1A took place in November 2021. The appointed Hearings Panel is yet to publicly notify its decision on each variation.				

## Funding Impact Statement for 2022-23 for

### Environmental Policy

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan \$000s	Long Term Plan \$000s	Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		1,326	1,666	1,667
Fuel tax, fines, infringement fees and other receipts		87	235	235
<b>Total operating funding</b>		<b>1,413</b>	<b>1,901</b>	<b>1,902</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		1,128	1,513	1,656
Internal charges and overheads applied		285	387	407
<b>Total applications of operating funding</b>		<b>1,413</b>	<b>1,900</b>	<b>2,063</b>
<b>Surplus (deficit) of operating funding</b>		<b>-</b>	<b>1</b>	<b>(161)</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Increase (decrease) in reserves		-	-	(161)
<b>Total applications of capital funding</b>		<b>-</b>	<b>1</b>	<b>(161)</b>
<b>Surplus (deficit) of capital funding</b>		<b>-</b>	<b>(1)</b>	<b>161</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>



# Activity: Environmental Science and Monitoring

## Related Community Outcomes

This Activity contributes to achievement of Council's Vision by ensuring the natural environment is healthy. It also contributes to the Community Outcomes of Governance, Environment, Economy, People and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

The Activity involves establishing and maintaining an efficient environmental resource information base to allow Council to properly discharge its resource management functions and to provide advice to the community on environmental resources and on issues affecting the resources of the district. The Activity includes the investigation, monitoring and analysis of the district's natural and physical resources, (eg, land, air, fresh water and coast).

This Activity is also responsible for implementing a number of non-regulatory resource management methods and programmes to promote the sustainable management of our natural and physical resources. This includes education, advocacy and support for flood and other environmental emergency responses.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

### State of the Environment Monitoring

The Council released State of the Environment Reports for the following natural resource domains: Fresh Water Quality (Surface), Recreational Bathing Water, Air Quality, Soil Quality, Biodiversity, Ground Water Quantity. This information helps the community gain a better understanding of our natural resources and assists to characterise the condition and trends of key natural resources to help planning decisions and foster environmental sustainability. These reports can all be viewed on <https://www.marlborough.govt.nz/environment/rivers-and-wetlands/state-of-the-environment-reporting>

### Environmental Monitoring Network

The Council has a monitoring network that comprises more than 300 sites, including 100 telemetered sites that provide a range of continuous and static data for measuring the state of the environment of our region's freshwater, air, land and coastal resources.

In addition, a total of 270 river flow gaugings were completed for the year of which 265 were at river level stations and five at non-station locations. These gaugings are undertaken to enable the development of 'rating curves' to calibrate continuous river flow data from the river level data network.

Also 12 discrete water quality monitoring sites were added to the network during the year taking the total to 47 sites sampled. This is in response to the monitoring requirements under the National Policy Statement for Freshwater. This also included an expansion in monitoring lakes for the first time with two lakes being sampled.

The implementation of the National Environmental Monitoring Standards (NEMS) is expanding and has resulted in a general increase in the quality of information collected from the network. Areas of focus for NEMS are in the continuous water quality area with the installation of the continuous water quality sites as part of the NPS for Freshwater reporting requirements.

During the July 2021 flood event Council provided hydrological information and metrological information to the community.

The impact of the July event damaged five monitoring stations and resulted in data being unavailable during this period. The sites have now been reinstated.

### Fresh Water Monitoring and Investigations

Monitoring of 35 stream and river sites occurred across the region monthly, measuring a range of physical, chemical and biological parameters. Most waterways have good or fair water quality, however, there are a number of rivers and streams which are degraded. The results over the last year are summarised using a Water Quality Index and reported ([www.marlborough.govt.nz](http://www.marlborough.govt.nz)).

In summer, Council also monitors the most popular river sites and beaches for the health risk to swimmers from waterborne diseases. Samples from these sites are analysed for indicator bacteria. Generally, bacteria concentrations exceed guideline levels only as a result of rainfall events. At all sites, more than 80% of samples taken have safe indicator bacteria concentrations.

Monitoring results of the water quality sampling can also be viewed on the LAWA website ([www.lawa.org.nz](http://www.lawa.org.nz)).

Monitoring of aquifer state shows some variation with the declining trend in Wairau Aquifer levels continuing, while the Rarangi Shallow Aquifer levels have been rising over time. Southern Valleys aquifer levels are mostly recovered compared to low elevation levels from pre 2000-01. At this stage there is no sign of any seawater intrusion in our Cloudy Bay coastal aquifers ([www.marlborough.govt.nz](http://www.marlborough.govt.nz)).

Ongoing investigations continue with the refinement of the Wairau Aquifer limits set in the pMEP. The investigations are reliant on regional scale modelling.

## Catchment Care Programmes

The Te Hoiere Restoration project has made significant gains in 2021-22. Substantial progress has been made developing an Integrated Catchment Enhancement Plan and implementing catchment-based actions funded by the Jobs for Nature initiative. Actions consist of predator control, installation of fencing along 22.4 km of water ways, 6 ha of riparian margin plantings and the establishment of a native nursery at Titiraukawa. The programme is well supported by the newly established Te Hoiere Kaitiaki Charitable Trust.

The Catchment Care for At Risk Catchments project is jointly funded by Ministry for the Environment's Public Waterways and Ecosystem Restoration Fund and Council. This project focuses on restoration of four catchments that have been identified as having degraded water quality: Linkwater Stream, Are Are Creek, Tuamarina River and Flaxbourne River. During this year 6.3 km of riparian fencing has been erected, 4,700 natives planted along water ways and five releases of dung beetles have been provided to farmers.

The Hill Country Erosion programme, which is supported by the Ministry of Primary Industries, has enabled Council to increase resources to help build capacity and capability in protecting sensitive erosion prone soils designed to target interventions in partnership with landowners to improve water quality in degraded waterways.

The programme has delivered this year 36,875 native plants for erosion control, 6,550 poplar and willow poles for space planting on eroding pastureland and 7,300 exotic trees (oaks and dryland eucalypts) for space planting and erosion control woodlot trials in particularly challenging environments. In addition, 6.1 kms of retirement fencing permanently excluding stock has been installed.

## Land Management

Soil quality was measured at 23 sites including one pasture, three native bush and 19 dairy sites. These sites represented seven different soil types from two soil orders. This year's results are consistent with the previous 21 years' worth of results. While many sites show good soil quality, most soils show the effects of human land use with soil quality indicators for many of these falling outside target ranges.

## Air Quality

Monitoring carried out in the Blenheim air shed showed concentrations of PM10 that exceeded the National Environment standard (NES) for air quality on sixteen separate occasions that resulted in 15 breaches of the NES during 2021.

Council also completed a continuous air quality monitoring investigation in Picton from June 2019 to September 2020. The monitoring measured carbon monoxide (CO), nitrogen dioxide (NO<sub>2</sub>), sulphur dioxide (SO<sub>2</sub>), ozone (O<sub>3</sub>) and PM10. The PM10 data indicates that an exceedance of the NES could occur anywhere in the Picton area under the right combination of meteorological conditions. The potential impacts of other parameters are under review.

## Biodiversity and Environmental Grants

The Significant Natural Areas (SNA) programme has identified and recorded a total of 771 sites since 2003, 13 during 2021-22.

A Landowner Assistance Programme helps landowners to protect and restore SNA sites. There were 32 projects active in 2020-21, with \$194,192 of funding spent on managing sites. With other contributions, including from landowners, this amounts to a total of \$332,046 for the year.

Since 2003 the programme has provided funding assistance to 143 sites. Over that period a total of \$1.37 million has been allocated and this has leveraged another \$2.4 million from landowners and other providers. The Annual report can be viewed at;

<https://www.marlborough.govt.nz/environment/biodiversity/biodiversity-publications-and-reports>

The Kotahitanga mō te Taiao Alliance is coordinated by the Nature Conservancy and supported by the Department of Conservation, Councils and iwi in Te Tau Ihu. The Alliance seeks to bring about transformational landscape-scale conservation outcomes. Progress has been made this year implementing several shared environmental projects and securing funding for management and restoration activities to help build capability for environmental protection.

Council, in partnership with Ngāti Kurī, DoC, Kaikoura and Hurunui Districts and Environmental Canterbury have successfully commenced a predator control project funded by the Jobs for Nature programme along the south-eastern coast of Marlborough. Ngāti Kurī hold the delivery contract for this project.

The Working for Nature/Mahi mō te Taiao environmental grant scheme attracted 36 applications, 18 for the Habitat Marlborough component and 18 for the Protecting Marlborough categories.

### Coastal Monitoring

The coastal water monitoring programme continues sampling 11 representative sites across Tōtaranui/ Queen Charlotte Sound and Te Hoiere/Pelorus Sound on a monthly basis. The main parameters measured are nutrients,

chlorophyll-a, and dissolved oxygen. These are important indicators of ecosystem health.

Rapid health assessments were conducted at most of the estuarine areas in Marlborough. These health assessments indicate a gradient of estuarine health from good to poor across the region. These health assessments are being used to design an effective estuarine state of the environment monitoring programme.

Surveys of important areas of marine diversity were completed as part of the ecologically significant marine site programme. Fieldwork surveys were conducted at 23 sites, six of these were identified as potential new significant sites. This equates to an increase of 852 hectares in the ecologically significant marine site programme.

Biennial monitoring of ship wake effects on the shoreline of Tōtaranui/Queen Charlotte Sound and Kura Te Au/Tory Channel was completed. Beach profiles were surveyed at 21 sites, intertidal ecology monitored at 33 sites and subtidal ecology at 12 sites.

Council staff are working with multibeam experts on the best use of the Te Hoiere/Pelorus Sound. This report will guide next steps in the utilisation of this data.

## Levels of Service 2021-22: Environmental Science and Monitoring

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Monitor, investigate, gather and analyse information and report on the state of Marlborough's natural resources including:  Fresh Water, Land, and Air.	Timeliness of completion data integrity audits and quality coding (in accordance with National Environmental Monitoring Standards (NEMS)).	30-Jun-21	30-Jun-22	30-Jun-22	✓
	Comment: The implementation of NEMS is expanding and has resulted in a general increase in the quality of information collected from the network. Areas of focus for NEMS are in the continuous water quality area with the installation of the continuous water quality sites as part of the NPS for Freshwater reporting requirements.				
	Number of technical SoE monitoring report cards completed.	6	≥ 6	6	✓
	Comment: Report for Recreational Bathing: Freshwater Quality, Ground water Quality, Biodiversity (SNA): Air Quality: Soil Quality				
Operate an effective real time environmental monitoring network.	Timeliness completion of resource investigations and reporting to Council.	30-Jun-21	30-Jun-22	30-Jun-22	✓
	Comment: Technical reports approved by the Environment Committee.				
	Percentage availability of the Environmental monitoring network.	99.99%	≥ 99%	98.6%	⚠
	Comment: This was due to the July 2021 flood damaging five monitoring stations.				
Promotion of resource management programmes to help maintain or improve the condition of the environment.	Number of sites classified as Significant Natural Areas on private land that are either protected by management interventions or legal covenants.	132	≥ 112	145	✓
Encourage and enable the community and industry to look after and restore the environment through education, advocacy and assistance.	Number of planned communication events with Industry/Community sector groups annually.	16	≥ 20	24	✓
	Comment: Target was achieved even during the Covid event restrictions that impacted on attendance at community meetings.				
	Marlborough Environment Community Grants made annually and percentage of grant contact requirements met.	N/A	100%	89%	⚠
Comment: a total of 26 grant applications were processed in 2021/22.					

## Funding Impact Statement for 2022-23 for

### Environmental Science and Monitoring

	Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		4,484	4,786	4,790
Subsidies and grants for operating purposes	a	42	561	2,641
Fees and charges		5	5	9
Internal charges and overheads recovered		68	65	65
Fuel tax, fines, infringement fees and other receipts		295	674	810
<b>Total operating funding</b>		<b>4,894</b>	<b>6,091</b>	<b>8,315</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	b	3,738	4,195	6,172
Finance costs		19	14	14
Internal charges and overheads applied		948	1,322	1,381
Other operating funding applications		1	90	40
<b>Total applications of operating funding</b>		<b>4,706</b>	<b>5,621</b>	<b>7,607</b>
<b>Surplus (deficit) of operating funding</b>		<b>188</b>	<b>470</b>	<b>708</b>
<b>Sources of capital funding</b>				
Increase (decrease) in debt		(15)	(18)	(18)
<b>Total sources of capital funding</b>		<b>(15)</b>	<b>(18)</b>	<b>(18)</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service		1,092	355	58
Capital expenditure to replace existing assets		157	-	252
Increase (decrease) in reserves		(1,076)	97	778
<b>Total applications of capital funding</b>		<b>173</b>	<b>452</b>	<b>690</b>
<b>Surplus (deficit) of capital funding</b>		<b>(188)</b>	<b>(470)</b>	<b>(708)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants for operating purposes - ahead of budget due to government funding received for projects including Catchment Care, Hillside Erosion and Te Hoiere.
- Payments to staff and suppliers - ahead of budget due to costs associated with the projects mentioned above.



# Activity: Resource Consents

## Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

This Activity involves discharging Council's statutory obligations under the Resource Management Act 1991 (RMA). The RMA sets out a range of powers, duties and functions, and the statutory processes that must be followed when processing and determining applications for a resource consent. Consistent with the RMA's purpose, this Activity is about the promotion of the sustainable management of natural and physical resources and the administration of the Marlborough Sounds and the Wairau/Awatere Resource Management Plans (which will be superseded by the Proposed Marlborough Environment Plan once this is operative).

Specifically, this Activity processes five different types of resource consents:

- land use consents;
- water permits;
- discharge permits;

- subdivision consents; and
- coastal permits.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

Received 1,086 applications for resource consent, slightly more than the 928 applications received in 2020-21. Of these:

- 974 were for new resource consents;
- 102 were for variations to resource consent conditions;
- 9 were for extension to lapse dates; and
- 1 was an objection to conditions/charges.

Issued 1,065 decisions, slightly less than the 1,084 decisions issued in 2020-21. Of these:

- 931 were for new applications for resource consent;
- 119 were for variations to resource consent conditions; and
- 15 were for extension to lapse dates.

## Levels of Service 2021-22: Resource Consents

Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well). Comment: did not meet the target but big improvement comparing to last year.	4.9	≥ 6.0	5.3	
Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.	% of resource consent applications processed within statutory timeframes. Comment: Reasons why timeframe has not been achieved include: - complexity of applications received; - operating under three Plans; - the challenges of new systems and processes; - staff resources (loss through retirement and resignation of experienced planners); and - the global pandemic and associated lockdowns/restrictions on normal operations.	85%	100%	87%	
	% of objections under section 357(b) compared to total number of applications processed <sup>1</sup> .	0.1%	≤ 0.2%	0.09%	
Provide consistent, appropriate and timely information to applicants and the public on the RMA, resource consent and approval process.	% of incomplete applications rejected under the requirements of section 88 of the RMA.	1.2%	≤ 5%	1.4%	

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

## Funding Impact Statement for 2022-23 for

### Resource Consents

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan	Long Term Plan	Annual Report
		\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		962	1,215	1,217
Fees and charges	a	1,751	1,606	2,276
Internal charges and overheads recovered		24	115	96
Fuel tax, fines, infringement fees and other receipts		63	171	174
<b>Total operating funding</b>		<b>2,800</b>	<b>3,107</b>	<b>3,763</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	b	1,936	2,168	2,449
Internal charges and overheads applied		864	726	808
<b>Total applications of operating funding</b>		<b>2,800</b>	<b>2,894</b>	<b>3,257</b>
<b>Surplus (deficit) of operating funding</b>		<b>-</b>	<b>213</b>	<b>506</b>
<b>Sources of capital funding</b>				
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service		3	3	-
Increase (decrease) in reserves		(3)	211	506
<b>Total applications of capital funding</b>		<b>-</b>	<b>213</b>	<b>506</b>
<b>Surplus (deficit) of capital funding</b>		<b>-</b>	<b>(213)</b>	<b>(506)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Fees and charges - unbudgeted marine farm applications, water permits and land use applications.
- Payments to staff and suppliers - higher than anticipated expenditure on commissioners and consultancy costs.

# Activity: Environmental Protection

## Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, Environment, People, Living and Economy. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

The primary purpose of this section is to implement statutory responsibilities under section 35 of the Resource Management Act 1991 (RMA) which contribute towards the sustainable management of our natural and physical resources. This includes the monitoring and enforcement of activities within the district.

Council monitors the effect of implementing its resource management plans by monitoring compliance with the conditions of resource consent conditions and permitted activity standards.

The key objectives for the Activity are:

- to provide an active compliance monitoring and enforcement regime to sustainably manage Marlborough's natural and physical resources;

- to provide feedback and information on resource use and sufficient environmental information to enable other objectives to be met;
- to integrate programmes with Environmental Science & Monitoring and align with anticipated environmental outcomes set in the Proposed Marlborough Environment Plan (MEP).

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

**Complaints** - received 539 RMA complaints regarding coastal, land use, land and water body disturbance, water take, discharge to air, land and fresh and marine water.

**Monitoring Resource Consents** – monitored 2,837 individual Resource Consents, this is in addition to any consents which were monitored as part of a complaints investigation. A number of consents required follow up monitoring due to non-compliance with conditions of consent.

**Enforcement** – issued 14 abatement notices, 33 infringements notices and initiated one prosecution.

## Levels of Service 2021-22: Environmental Protection

Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.8	≥ 6.0	5.3	
Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.	Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consent conditions.	27-Aug-20	31-Aug-21	26-Aug-21	
		Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or unchanged compliance level	
	Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	19-Nov-20	30-Nov-21	18-Nov-21	
		Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or unchanged compliance level	
	Report on Water monitoring for compliance with resource consent conditions, MEP and RM (Measurement and Reporting of water takes) Regulations 2010.	N/A	31-Oct-21	7-Oct-21	
		N/A	Improved or unchanged compliance level	Improved or unchanged compliance level	
	Report on resource consents for forestry in the district	19-Nov-20	30-Nov-21	18-Nov-21	
		Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or unchanged compliance level	
Monitor and investigate alleged breaches of the RMA, RMP and Consents.	% of complaints assessed within one working day.	95.4%	≥ 90%	95%	

## Funding Impact Statement for 2022-23 for

### Environmental Protection

Notes:	2020-21	2021-22	2021-22
	Long Term Plan \$000s	Long Term Plan \$000s	Annual Report \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	940	948	949
Fees and charges	617	722	842
Internal charges and overheads recovered	-	-	16
Fuel tax, fines, infringement fees and other receipts	64	136	149
<b>Total operating funding</b>	<b>1,621</b>	<b>1,806</b>	<b>1,956</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,149	1,220	1,374
Internal charges and overheads applied	472	582	610
Other operating funding applications	-	-	1
<b>Total applications of operating funding</b>	<b>1,621</b>	<b>1,802</b>	<b>1,985</b>
<b>Surplus (deficit) of operating funding</b>	<b>-</b>	<b>4</b>	<b>(29)</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	-	4	(29)
<b>Total applications of capital funding</b>	<b>-</b>	<b>4</b>	<b>(29)</b>
<b>Surplus (deficit) of capital funding</b>	<b>-</b>	<b>(4)</b>	<b>29</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Activity Group: Regulatory

## Activities in this Group:

- Biosecurity.
- Building Control.
- Environmental Health.
- Animal Control.
- Harbours.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living.

## What is this Activity Group About

Council is charged with carrying out a number of statutory functions on behalf of Central

Government. These responsibilities are devolved to Local Government by statute. The Regulatory Group contains a diverse range of Activities driven by various statutes which often have very little in common with each other.

The most up to date information on this Activity Group is contained in the 2021-31 Long Term Plan.

## Funding Impact Statement for 2022-23 for

### Regulatory

Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,495	3,803	3,906
Targeted rates	-	99	100
Fees and charges	4,672	4,837	4,796
Internal charges and overheads recovered	-	50	155
Fuel tax, fines, infringement fees and other receipts	435	5,437	1,008
<b>Total operating funding</b>	<b>8,602</b>	<b>14,226</b>	<b>14,658</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,211	11,377	11,565
Finance costs	36	28	22
Internal charges and overheads applied	2,012	2,487	2,712
Other operating funding applications	92	86	45
<b>Total applications of operating funding</b>	<b>8,351</b>	<b>13,978</b>	<b>14,344</b>
<b>Surplus (deficit) of operating funding</b>	<b>252</b>	<b>248</b>	<b>314</b>
<b>Sources of capital funding</b>			
Increase (decrease) in debt	(21)	103	17
Gross proceeds from sales of assets	-	52	35
<b>Total sources of capital funding</b>	<b>(21)</b>	<b>155</b>	<b>52</b>
<b>Applications of capital funding</b>			
Capital expenditure to improve the level of service	73	-	-
Capital expenditure to replace existing assets	428	383	264
Increase (decrease) in reserves	(271)	(31)	100
<b>Total applications of capital funding</b>	<b>231</b>	<b>403</b>	<b>366</b>
<b>Surplus (deficit) of capital funding</b>	<b>(252)</b>	<b>(248)</b>	<b>(314)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of Variances:

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

# Activity: Biosecurity

## Related Community Outcomes

This Activity contributes to Community Outcomes of Environment, Economy, People and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

Under the Biosecurity Act 1993 the Council has leadership responsibilities to prevent, reduce, or eliminate adverse effects from harmful organisms which are in New Zealand but not Marlborough, or are present in the region and are a significant threat. Marlborough has a long history of pests impacting on our economy and the environment, and the potential of new pest threats is ongoing and requires an active regime in order to understand and manage those threats.

The ways in which Council undertakes its activities include:

- Promoting the alignment of pest management in the region.
- Facilitating the development and alignment of regional pest management plans and regional pathway management plans in the region.
- Promoting public support for pest management and facilitating communication and cooperation among people involved in pest management activities to enhance the effectiveness, efficiency, and equity of programmes.
- Monitoring to determine whether or not pests are present and undertaking surveillance of pests, and unwanted organisms.
- Investigating, eradicating or managing pests in accordance with relevant pest management plans.

The guiding framework and principles for biosecurity are outlined in the Marlborough District Council Biosecurity Strategy. A key component in the Strategy is the use of a Regional Pest Management Plan (RPMP). The RPMP highlights the priority programmes and sets clear, achievable objectives for specific harmful organisms.

The RPMP defines programmes for a number of plant and animal species. These organisms are declared pests in accordance with the Biosecurity Act 1993. The programme for each species is clearly outlined and has both objectives and outcomes that align with the National Policy Direction for Pest Management.

The Council also provides a range of non-regulatory biosecurity services through the facilitation of community partnerships, conducting research, supporting biological control initiatives and promoting voluntary control of a range of other harmful organisms.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan and the RPMP.

## What We Did in 2021-22

A summary of key deliverables is given below. Further detail on what occurred during the implementation of the Regional Pest Management Plan and other initiatives in 2021-22 will be outlined within the Biosecurity Operational Plan Report 2021-22. The Report is due to be tabled with Council's Environment Committee in November 2022.

### High Threat Pest Plants

A number of RPMP programmes see Council delivering services aimed at managing pest plant species that are in the early stages of establishment but carry significant risks to Marlborough. Examples include saffron thistle, moth plant, purple loosestrife and tall wheat grass.

Excellent progress is being made with the relatively new programmes targeting willow-leaved hakea and woolly nightshade on Rangitoto ki te Tonga/D'Urville Island. The 2021-22 season saw the initial control work for willow-leaved hakea near Kapowai completed with a focus now on the maintenance and control of emerging plants.

All RPMP programmes for high threat pest plants were successfully delivered in 2021-22, with all but one operational targets achieved.

Outside of the RPMP, investigations continued to confirm the extent of wilding kiwifruit infestations with some early intervention management also occurring. A similar investigation and early management intervention is underway after the

presence of another invasive species - *Bomarea multiflora* – came to the attention of Council's Biosecurity Team.

### Mediterranean Fanworm

Council's operational response to new marine pest threats is being delivered through the implementation of the RPMP programme for Mediterranean fanworm (fanworm). In 2021-22 the intensive ongoing surveillance programme has continued to focus on key vessel hub areas and other locations where fanworm has been detected on vessels within the region.

While the threat is ever present, it does seem that Council's decision to instigate intensive surveillance and response activities since the first detection on a vessel in February 2014 have continued to prevent the establishment of this highly invasive marine pest.

### Wallabies

Council has investigated unverified sightings of wallabies in Marlborough during the 2021-22 year using intensive searching for ground sign and the





use of devices such as trail cameras. No evidence of live wallabies has been found.

With a National Wallaby Programme now also operational, there has been extensive sharing of information and advice to aid in Council's own plans should a response to confirmed wallaby presence be necessary.

### Wilding Conifers

Council is continuing to coordinate National Wilding Conifer Control Programme (NWCCP) investment into numerous programmes managing wilding conifers across Marlborough. In addition, Council continues to support (by way of a core annual grant) both the Marlborough Sounds Restoration and South Marlborough Landscape Restoration Trusts.

This year has seen another large programme of work delivered; led by Council, its delivery partners and contractors alongside capable community trusts. In total, the 2021-22 programme involved just over \$5 million of operations being delivered successfully.

Levels of Service 2021-22: Biosecurity					
Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.4	≥ 6.5	6.4	
Implement the Regional Pest Management Plan (RPMP).	% of Operational Plan targets relating to the RPMP met.	97%	≥ 95%	94%	
Deliver non-RPMP biosecurity services and/or initiatives.	% of Operational Plan targets relating to non-RPMP biosecurity services and/or initiatives met.	100%	≥ 95%	100%	
Prepare an annual report on the Operational Plan.	Date Operational Plan report provided to the Environment Committee.	8-Oct-20	31-Oct-21	26-Aug-21	



## Funding Impact Statement for 2022-23 for

### Biosecurity

Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,596	1,544	1,546
Subsidies and grants for operating purposes	a -	-	4,693
Fees and charges	13	3	-
Internal charges and overheads recovered	-	-	100
Fuel tax, fines, infringement fees and other receipts	a 117	4,868	350
<b>Total operating funding</b>	<b>1,726</b>	<b>6,415</b>	<b>6,689</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,343	6,001	6,002
Internal charges and overheads applied	339	418	536
Other operating funding applications	60	60	31
<b>Total applications of operating funding</b>	<b>1,742</b>	<b>6,479</b>	<b>6,569</b>
<b>Surplus (deficit) of operating funding</b>	<b>(16)</b>	<b>(64)</b>	<b>120</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to replace existing assets	-	-	7
Increase (decrease) in reserves	(16)	(64)	113
<b>Total applications of capital funding</b>	<b>(16)</b>	<b>(64)</b>	<b>120</b>
<b>Surplus (deficit) of capital funding</b>	<b>16</b>	<b>64</b>	<b>(120)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Government funding for the National Conifer Control Program has been reclassified from other operating funding applications to subsidies and grants for operating purposes.



# Activity: Building Control

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

This Activity is important for the health and safety of the residents, workers and visitors to the Marlborough District because the main purpose of the Building Act and Regulations is the health and safety of building users. The efficient processing of building consents is a key focus of this Activity to ensure we are responsive to customer needs.

This Activity involves giving effect to the Building Act 2004. This Act charges Council with several responsibilities which are set out in two separate categories: as a Territorial Authority (TA) and as a Building Consent Authority (BCA). Council's role is to ensure compliance and to meet the requirements of the relevant Acts and Regulations.

The most significant component of this Activity is to receive, process, grant, and issue Building Consent applications, followed by inspecting work for compliance and issuing Code Compliance Certificates. The standard of compliance required is set out in the Building Regulations and means of compliance are outlined in the New Zealand Building Code. Council is also required to have Building Consent Authority accreditation.

This Activity also involves other functions under separate legislation including:

- monitoring swimming pool fencing under the Building (Pools) Amendment Act 2016;
- investigating building related complaints under the Local Government Act and the Building Act 2002; and
- administering the requirements in the Earthquake Prone Buildings Amendment Act 2016.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

### Building Consent Authority Activity:

- **1,378 Building Consents issued** (last year: 1,467; five-year average: 1,185). Of these 92% were within the statutory timeframe of 20 working days with an average processing time of 12 working days. The dollar value of the consents issued was \$241 million (last year: \$220 million).
- **4,372 Building Inspections** (last year: 5,161).
- **1,093 Code Compliance Certificates** were issued for completed projects, of which 99% were within the statutory time frame of 20 working days.

### Building Consent Authority (BCA) Accreditation

As part of the bi-annual accreditation process the BCA undertake monthly audits. These audits review the group's policies and procedures against the requirements of the Building (Accreditation of Building Consent Authorities) Regulations 2006. These audits are undertaken by the group's externally contracted Quality Manager.

### Building Warrant of Fitness (BWof) and Compliance Schedule Role

Levels of service require 20% of all buildings with BWof's to have site audits completed each year. This year 10% were audited (last year: 6%).

### Earthquake Prone Buildings Amendment Act (EPBAA)







Following the identification of "Priority Buildings" a further requirement of this Act is for TAs in high seismic areas, which includes Marlborough, to identify all earthquake prone buildings by 1 July 2022. This work has now been completed.

### Site Audits for the Fencing of Swimming Pools

Residential pools are required to be inspected at least once every three years i.e. 33% each calendar year. During the 2021-22 financial year 25% of all residential pools had site inspections completed. Although a number of pools continue

to fail audit there was an increased level of compliance in the 2021-22 inspection round. This

can largely be attributed to the work of the pool compliance team over previous years.

Levels of Service 2021-22: Building Control					
Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.2	≥ 6.0	5.5	
Provide a service that is responsive to customer needs and minimise risks to public safety.	% of Building Consent applications granted within 20 working days of receipt of the application.	96%	100%	92%	
	Comment: Due to COVID and other staff health issues, there was a slight drop comparing to last year.				
	% of Code Compliance Certificates issued within 20 working days of receipt of application.	97%	100%	99%	
	% of swimming pools inspected annually.	32.0%	≥ 33.3%	24.0%	
	Comment: Due to COVID and other staff health issues, this target was not achieved this year.				
	% of Building Warrants of Fitness audited annually.	6.0%	≥ 20%	10.0%	
Comment: Big increase comparing to last year and this is expected to improve going forward as new staff are now trained to a satisfactory level to achieve targets.					
	% of CRMs (Customer Complaints - Building Act 2004) responded to in 72 hours	N/A	100%	100%	
Comment: All CRMs are responded to with 72 hours.					

## Funding Impact Statement for 2022-23 for

### Building Control

Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	505	739	839
Targeted rates	-	99	100
Fees and charges	3,265	3,385	3,271
Internal charges and overheads recovered	-	50	51
Fuel tax, fines, infringement fees and other receipts	50	154	171
<b>Total operating funding</b>	<b>3,820</b>	<b>4,427</b>	<b>4,432</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,537	2,946	2,886
Internal charges and overheads applied	1,230	1,434	1,512
Other operating funding applications	21	20	1
<b>Total applications of operating funding</b>	<b>3,788</b>	<b>4,400</b>	<b>4,399</b>
<b>Surplus (deficit) of operating funding</b>	<b>33</b>	<b>27</b>	<b>33</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	33	28	33
<b>Total applications of capital funding</b>	<b>33</b>	<b>27</b>	<b>33</b>
<b>Surplus (deficit) of capital funding</b>	<b>(33)</b>	<b>(27)</b>	<b>(33)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Activity: Environmental Health

## Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, People, Economy, and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

This Activity protects public health through registration, inspection and verification of operators, and the investigation of complaints, as required by the Health Act 1956 and Food Act 2014. The Activity also promotes public health and food safety by undertaking education activities and providing written information to the public.

The Environmental Health Officers also administer the Sale and Supply of Alcohol Act 2012, which requires the issuing of alcohol licences, monitoring of compliance with licence conditions and licensing of Class 4 venues under the Gambling Act 2003. Staff also investigate nuisance complaints such as noise, smoke, odours, pests, poor living conditions and hazardous substances.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

Registrations of businesses under the **Health Act 1956** and the **Food Act 2014** continued.

- All hair salons, campgrounds, offensive trades and funeral directors were inspected in accordance with the requirements of the Health Act 1956.
- Food businesses were verified in accordance with the method and time frames required under the Food Act 2014 along with any investigation required for unsafe or unsuitable food. This involved verifying 271 premises.
- Educational materials, including quarterly newsletters, were developed and made available to our customers.

The Inspectoral role under the **Sale and Supply of Alcohol Act 2012** was also carried out. This included:

- enquiring into, and reporting on, the impacts of issuing/renewing On, Off, Club or Special Licences under the Act.
- actively monitoring On licences with over 93% receiving a compliance visit.
- interviewing all new applicants for a Manager's Certificate to ascertain their suitability and reporting on new and renewed applicants for these Certificates.
- developing newsletters and making available to our licence holders when there were matters they needed to be advised about.

Nuisance and unsanitary living complaints were also investigated and dealt with.

## Levels of Service 2021-22: Environmental Health

Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.	% of registered premises inspected once a year.	100%	100%	100%	✓
	Number of annual inspection of markets and events with 10 or more food stalls.	13	≥ 13	5	✗
	Comment: Covid resulted in many markets and events being cancelled, therefore we were unable to achieve this target.				
	% of complaints of critical nature (e.g. food poisoning) actioned within one working day.	100%	100%	100%	✓
	% of complaints of a non-critical nature assessed within seven working days.	100%	100%	100%	✓
Administer Food Control Plans under the Food Act 2014.	% of businesses registered in Food Control Plans and National Programmes - of those that are required to be registered under Food Act 2014.	100%	100%	100%	✓
	% of registered business as scheduled in the Food Act 2014 and Regulations audited.	100%	100%	100%	✓
Carryout the functions of Licensing Inspector controlling the sale and supply of alcohol to the public with the aim of contributing to the reduction of alcohol abuse.	% of "On Licences" <sup>1</sup> inspected once a year.	93%	≥ 90%	93%	✓
Provide a service for investigation of noise complaints.	Timely provision of a report on performance of noise control contract.	27-Aug-20	31-Aug-21	26-Aug-21	✓
	Assess complaints concerning unreasonable noise within one working day.	100%	≥ 90%	100%	✓

<sup>1</sup> An "on-license" allows the sale or supply of liquor to any person present on the premises, for consumption on the premises.



## Funding Impact Statement for 2022-23 for

### Environmental Health

Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	203	195	195
Fees and charges	370	392	428
Fuel tax, fines, infringement fees and other receipts	16	28	28
<b>Total operating funding</b>	<b>589</b>	<b>615</b>	<b>651</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	424	429	349
Internal charges and overheads applied	161	266	276
<b>Total applications of operating funding</b>	<b>585</b>	<b>695</b>	<b>625</b>
<b>Surplus (deficit) of operating funding</b>	<b>4</b>	<b>(80)</b>	<b>26</b>
<b>Sources of capital funding</b>			
Gross proceeds from sales of assets	-	52	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>52</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to replace existing assets	4	3	-
Increase (decrease) in reserves	-	(83)	26
<b>Total applications of capital funding</b>	<b>4</b>	<b>(28)</b>	<b>26</b>
<b>Surplus (deficit) of capital funding</b>	<b>(4)</b>	<b>80</b>	<b>(26)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Activity: Animal Control

## Related Community Outcomes

This Activity contributes primarily to the Community Outcomes of Governance, Environment, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

The objective for the Activity is to encourage responsible dog ownership which allows owners to enjoy their dogs without infringing on the enjoyment and safety of others. This involves the promotion of responsible dog ownership and protection of the community from danger, distress and nuisance caused by dogs. The Dog Control Act 1996 (DCA) is the primary legislative tool used in this Activity, together with related regulations including the Impounding Act 1955 and Council Dog Control Bylaws.

This Activity also provides services in relation to wandering livestock on public land and roads.

The Animal Control function has been contracted out to Maataa Waka Ki Te Ihu Trust since 1998. Council retains the administration of the contract and makes decisions on classification of dogs and owners and objections to infringements. Council's Enforcement and Prosecution Committee makes decisions on undertaking prosecutions and hear any objections to classifications.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

### Dogs and Owners

As at:	30 June 2022	30 June 2021
non-working dogs	7,935	7,823
working dogs (including disability assist and Police)	2,823	2,816
active dogs	10,758	10,639

The new Marlborough District Council Dog Control Policy and Bylaw were adopted by full Council on 24 June 2021 and came into effect on 1 August 2021.

### Pro-active Activities by Animal Control during the year include:

- A dog safety education course is available free of charge to schools and groups of primary school and pre-school aged children. The purpose of this course is to promote safety around dogs as well as responsible dog ownership and care. There were 31 presentations this year.
- There were also two presentations to adults on dog safety and dog behaviour.
- An information sheet on dog registration, responsible ownership and dog owner obligations was sent to all dog owners with their dog registration forms.
- Information on relevant topics such as barking dogs and roaming dogs is distributed to owners of dogs that come to Animal Control's attention.
- Animal Control is also involved in a collaborative, interactive safety programme that has developed from within the Marlborough Child Safety Group and is based on the "Clued Up Kids" project developed in Strathclyde, Scotland (2001). The Marlborough Clued-Up Kids project was designed to instil confidence and develop life skills through the practical hands-on application of safety messages. Year 5/6 students from Marlborough Schools are taken in small groups on a 15-minute rotating circuit of safety sets around Bradshaw Park i.e., Police, St Johns, Rail Safety, Water Safety, Emergency Response, Personal Safety, Dog Safety, Cycle Safety, ATV Safety, Home Hazards and Fire Safety. This event goes for one week in November each year.

### Microchipping

By 30 June 2022, the total number of dogs microchipped in the Marlborough District was 8,592 with 444 dogs still needing to be microchipped – which was the same as the

previous year. Due to the impacts of COVID the follow up was placed on hold and a plan put in place for on-going follow up of the remaining non-microchipped dogs.

### Complaints and Infringements

A total of 2,532 complaints were received (last year: 2,859). All were attended to and investigated.

The majority of complaints received related to roaming, found or lost dogs or dog nuisance barking. A total of 595 dogs were reported to Animal Control as found (last year: 629). It seems that a number of found dogs are now posted onto social media sites to try and reunite them with their owners before contacting Animal Control.

There were 87 complaints related to a dog attack, bite or rushing at a person/animal (last year: 112).




These complaints are the most time consuming to investigate and determine what enforcement action should be taken.

A total of 220 infringement notices were issued (last year: 239).

### Classifications

There were five dogs newly classified as dangerous (as per section 31 of the Dog Control Act 1996) this year bringing the total of dogs classified as dangerous to 13 (last year: 8).

There were 20 dogs newly classified as menacing under the Dog Control Act 1996: 18 based on observed and reported behaviour in accordance with section 33A; and two by breed or type listed in Schedule 4 in accordance with section 33C. This brought the total number of dogs classed as menacing in Marlborough to 100 (last year: 97).

Levels of Service 2021-22: Animal Control					
Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.6	≥ 7.2	6.6	
Provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).	Level of compliance with Animal Control contract.	No significant deviations from contract specification	Compliance with contract specification and reporting requirements	Compliance with contract specification and reporting requirements	
	Annual report preparation and publicising.	27-Aug-20	30-Sep-21	26-Aug-21	

## Funding Impact Statement for 2022-23 for

### Animal Control

Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	150	146	146
Fees and charges	574	595	666
Fuel tax, fines, infringement fees and other receipts	86	93	105
<b>Total operating funding</b>	<b>810</b>	<b>834</b>	<b>917</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	716	732	729
Internal charges and overheads applied	66	82	89
Other operating funding applications	11	6	7
<b>Total applications of operating funding</b>	<b>794</b>	<b>820</b>	<b>825</b>
<b>Surplus (deficit) of operating funding</b>	<b>16</b>	<b>14</b>	<b>92</b>
<b>Sources of capital funding</b>			
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Increase (decrease) in reserves	17	14	92
<b>Total applications of capital funding</b>	<b>16</b>	<b>14</b>	<b>92</b>
<b>Surplus (deficit) of capital funding</b>	<b>(16)</b>	<b>(14)</b>	<b>(92)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Activity: Harbours

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, Economy, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

The purpose of the Harbours Activity is to ensure Council meets its statutory obligations as a Harbour Authority to ensure maritime safety in the region.

As provided for under the Maritime Transport Act, the Council has appointed a Harbourmaster to meet its responsibility for maritime safety in the port and harbour.

The Harbourmaster leads the Harbours Activity and is supported by a team of four full-time staff including a Deputy Harbourmaster, two Maritime Officers and an Administration Officer. Additional personnel are employed in the summer months on a casual basis to support safer boating initiatives.

In addition to maritime safety, the Harbours Activity is responsible for ensuring the region maintains an adequate Oil Spill Response Capability as required under the Maritime Transport Act 1994. As with maritime safety, this requires close collaboration with Maritime New Zealand.

The foundation of all Harbours Activity is the Harbour Safety Management System. This is a risk-based approach to managing all known hazards and risks in the harbour and the system constantly evolves to meet the changing risk profile of the harbour.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

- Harbours continued to build on the recommendations provided by the Transport Accident Investigation Commission following the grounding of the Azamara Quest in 2016. Specifically, work is underway to enable pilotage of ships to resume in Tory Channel/Kura Te Au which is essential to

ensure shipping activity in the region is safe and resilient.

- Continued to embed the revised Harbour Safety Management System (SMS) and Harbour Safety Plan into daily operations. These new systems underpin all harbours activity to ensure we can effectively manage maritime risk in the region. Documentation describing the SMS and the Plan is provided on the MDC website.
- The SMS was subjected to an annual self-assessment review to ensure Marlborough is managing maritime safety in a manner consistent with the Port and Harbour Safety Code.
- Continued to progress a collaborative review of shipping risk in Tory Channel/Kura Te Au. Shipping companies have been offered the opportunity to provide their own perspective on an optimal safe passage plan. The next phase is an independent assessment of this proposal, which may result in amendments, followed by consultation with the wider community to assess the risks of the proposal more broadly. This work aims to ensure appropriate measures for controlling risk are in place and will influence regulatory controls on Tory Channel/Kura Te Au as related to ships and shipping.
- A new Tory Channel wave rider buoy was ordered and is expected to be delivered in late August 2022. This will be validated against the current wave rider with a view to replacement and ensuring continued resilience of the network.
- Launched and completed phase three of a digital Harbour Incident Management System build intended to develop the exiting platform beyond minimum viable product status. The system now integrates more fully with wider MDC systems and facilitates staff efforts to share information and work together to respond effectively to incidents and accidents. Work also began on phase 4 of development ready for next year.
- Progress continued on our project to resolve the uncertainty presently associated with Tory Channel/Kura Te Au tides and currents which is fundamental to ensuring safe shipping in the region. This included installation of two



tide stations in Tory Channel/Kura Te Au and one at the Northern Entrance to Queen Charlotte Sound/Totaranui. Information regarding live tide data and real time and predicted current models will be freely available soon - once the models have been validated and the data can be visualised. Crucially the data is also being used to simulate shipping for safety and planning purposes by MDC and other third parties including ferry companies and oil rig operators.

- Reviewed options to improve navigation safety and environmental outcomes associated with mooring activity in Marlborough Sounds, including discussion with mooring providers. Options to improve mooring matters in Marlborough will be considered through 2022-23 and beyond.
- Aids to Navigation continued to be maintained to the operational standard as specified by the International Association of Lighthouse Authorities.
- Summer patrols were undertaken from Labour weekend 2021 through to Easter 2022 with daily patrols being implemented from the week before Christmas through to the end of January. As in the previous year extra patrols were carried out in the Havelock/Pelorus Sound/Te Hoiere area.
- Close collaboration with Maritime New Zealand was continued through the 'no excuses' campaign which promotes a common compliance approach across New Zealand. This year funding was secured from Maritime New Zealand to support safer recreational boating in Marlborough during the 21/22 summer.
- Council's Boat Safety and Tides brochure (formerly the Safe Sounds Boating brochure) was published and a total of 7000 distributed.
- Marine farm audits are currently conducted by the Marine Farming Association and self-auditing by the marine farmers. This is primarily due to a lack of resource in the Nautical and Coastal team to effectively execute this work.
- Oil spill response exercises continued to be undertaken in accordance with Maritime New Zealand requirements and to ensure sufficient response capability remains in the region.
- The Marlborough Regional Oil Spill Response Plan was reviewed to ensure consistency with New Zealand's National Oil Spill Response Strategy. The review found that the plan remains consistent. It is due for full review and re-approval in 2023.
- The expanded Harbours team has been rebranded to become the Nautical and Coastal Team to acknowledge the collaboration with the MDC Coastal Scientist. The team has expanded and now includes two scientists based in the Picton office. The team dynamic is now enabling a collaborative, innovative and efficient option to deliver on navigation safety and environmental management projects within the Coastal Marine Area.
- Work was being planned for IT networks to be expanded into next year to increase the digital visibility and monitoring of the Aids to Navigation network.

## Levels of Service 2021-22: Harbours

### Performance Targets

Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.0	≥ 7.4	7.1	
Provide a safe environment for all users through effective public education.	Number of Marlborough Safe Navigation and Tides Brochures distributed.	over 7,500	≥ 7,000	7,000	
	Annual % increase of Cruise Guide App users.	Number of users not obtainable	≥ 5%	1%	
	Comment: This metric is under review as it is difficult to measure accurately. We have begun a visualisation project for Nautical and Coastal Data which will inform developments to the cruise guide with a key aim to increase usage of the app.				
	Number of safe boating surveys completed through face to face on water interactions.	1,017	≥ 1,000	1,000	
	Number of targeted 'no excuses' enforcement days undertaken in high risk areas.	15	≥ 15	5	
Maintain compliance with the Harbours Maritime Transport Operators Plan (MTO) as certified by Maritime New Zealand.	Review.	Completed	Annually	Annually	
	Comment: MTO remains current.				
Ensure that Port and Harbour Safety Code requirements are met.	Completion of self-assessment and review of the Safety Management System (SMS), Risk Assessment, General Direction, and Harbourmaster Notices.	Completed	Annually	Annually	
	Comment: Self Assessment review completed on 19 May 2022.				
	Number of risk review meetings undertake with Port Marlborough Marine Services.	6	≥ 2	6	
	Safety Management System verified by as compliant with the Code.	Confirmed	Annually	Annually	
Remove Wrecks and provide navigation warnings when necessary.	All wrecks removed in a reasonable timeframe (in days) .	30 Days	≤ 30	30	
Audit Marine Farm.	Number of marine farm lighting audited each year.	61	≥ 150	39	
	Comment: Audits level not achieved as emphasis and focus was on salmon farms. These types of farms require more time per site. Also effort in this space was applied to consideration of the proposed aquaculture provisions in the MEP and implications in marine farm lighting.				
	Audit mooring arrangements on all Fin Fish farms annually.	Completed	Annually	Annually	
Regulate Pilotage activity.	Review of the Certified Marlborough Pilot Exemption Certificate (PEC) Training Program.	Completed	Annually	Annually	
	Comment: PEC Training material reviewed, and updates made as required.				
	Check of Pilot and PEC Master Currency	Completed	Quarterly	Quarterly	

## Levels of Service 2021-22: Harbours

Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2021-22 Actual	How did we do?
Provide navigation aids to International Light House Authority (IALA) standard.	% availability				
	• Cat 1	100%	≥ 99.9%	99.9%	✓
	• Cat 2	99.5%	≥ 99.0%	99.0%	✓
	• Cat 3	100%	≥ 97.0%	97.0%	✓
Maintain an Oil Spill Response capacity.	Meet all annual requirements as specified by the Maritime New Zealand Oil Spill Response Service.	Requirements met	Annually	Annually	✓

## Funding Impact Statement for 2022-23 for

### Harbours

	Notes:	2020-21 Long Term Plan \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		1,041	1,179	1,180
Fees and charges		450	462	431
Internal charges and overheads recovered		-	-	4
Fuel tax, fines, infringement fees and other receipts		166	294	354
<b>Total operating funding</b>		<b>1,657</b>	<b>1,935</b>	<b>1,969</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	a	1,191	1,269	1,599
Finance costs		36	28	22
Internal charges and overheads applied		216	287	299
Other operating funding applications		-	-	6
<b>Total applications of operating funding</b>		<b>1,443</b>	<b>1,584</b>	<b>1,926</b>
<b>Surplus (deficit) of operating funding</b>		<b>214</b>	<b>351</b>	<b>43</b>
<b>Sources of capital funding</b>				
Increase (decrease) in debt		(21)	103	17
Gross proceeds from sales of assets		-	-	35
<b>Total sources of capital funding</b>		<b>(21)</b>	<b>103</b>	<b>52</b>
<b>Applications of capital funding</b>				
Capital expenditure to improve the level of service		73	-	-
Capital expenditure to replace existing assets		424	380	257
Increase (decrease) in reserves		(304)	74	(162)
<b>Total applications of capital funding</b>		<b>193</b>	<b>454</b>	<b>95</b>
<b>Surplus (deficit) of capital funding</b>		<b>(214)</b>	<b>(351)</b>	<b>(43)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- a. Payments to staff and suppliers - ahead of budget due to additional capacity in the Harbours team.

# Activity Group: Regional Development

## Activities in this Group:

This Activity Group comprises a single Activity; Regional Development.



Paul Millen receives the NZ Forester of the Year award from Forestry Minister Stuart Nash

## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

## What is this Activity About?

This Activity supports the regional economy to achieve long term economic growth for the benefit of the Marlborough community. It is about identifying where the direction of growth could be, how we could get there and what needs to be done. It is important to recognise that regional

development is not just about supporting businesses, but also about ensuring people have the skills and knowledge to play their part in the development of Marlborough's economy and to benefit from the wealth created.

Local government makes long-term and strategic investment decisions that impact on the nature and structure of the local economy. It undertakes planning and manages regulatory functions, infrastructure and services that impact on business and investment decisions.

Council also directly provides some services for the benefit of the regional economy:

- economic development, marketing and tourism;
- Marlborough Research Centre;
- parking;
- irrigation; and
- the Small Townships Programme.

## Economic Development

In Marlborough, economic development comprises two activities:

- Marlborough Smart + Connected (industry) (S+C); and
- Smart Business Marlborough (SBM).

**Marlborough Smart+Connected** is an industry and community focused initiative to develop strong leadership groups which develop and implement strategies. Council's role is to assist in the establishment, review and maintenance of the groups and to participate in implementation where appropriate. (S+C community is discussed under the 'Community Support' Activity in the People Group.)

**Smart Business Marlborough (SBM)** consists of a range of specific economic development initiatives to support local businesses as outlined below:

- development advice;
- Business Trust Marlborough;
- information resources; and
- international connections.

Council participated in the development of the Te Taihu intergenerational strategy with partners in Nelson and Tasman. The strategy has long term goals related to wellbeing. The document can be viewed at [www.tetaihu.nz](http://www.tetaihu.nz).

## Marketing and Tourism

Destination marketing services are undertaken on Council's behalf by the Destination Marlborough Trust Incorporated. Destination Marlborough exists to grow and support a sustainable visitor economy that contributes to achieving a Smart and Connected economy for Marlborough.

## Regional Events Strategy

Council has developed a Regional Events Strategy with the support of the events sector to identify opportunities for growing events in the region and increasing the commercial return to local businesses. A key focus of the role is to assist communication within the events sector, and to help promote the many events offered in the region to locals and visitors alike. The Follow ME\* website is the primary tool alongside targeted promotional documents such as the Summer Events Guide and Marlborough Arts Month. Council has also established the Commercial Events Fund to assist with the development of existing and new events to grow the economic and other benefits of hosting events in the region.

## Marlborough Research Centre

This Activity is delivered by the Marlborough Research Centre Trust (MRC), and provides support for public good research, regional prosperity and environmental sustainability in support of Marlborough's primary industries.

## Parking

A large number of businesses are located in or close to the main town centres of Blenheim and Picton. The ability for customers, staff and visitors to access these businesses is supported by the provision of convenient and affordable car parks. Council provides, operates and maintains more than 1,900 on and off-street parks in Blenheim and Picton.

This provision of car parking in the Blenheim and Picton town centres is guided by parking strategies for each town, which were updated in 2017.

## Irrigation

Sourcing water for irrigation is of critical importance to our primary industries, particularly in areas of water shortage such as south Marlborough. To meet that need, Council has developed an irrigation scheme for the Southern Valleys to the south of Renwick for horticultural, farming and rural residential properties which covers an area of approximately 4,500 hectares.

A proposed irrigation scheme for the Flaxbourne area, covering just over 1200 hectares and with an estimated cost between \$10.5 million and \$16



million, is under consideration. It will provide similar benefits to the Southern Valleys scheme and it will be paid for by the beneficiaries through a targeted rate. Council has agreed to support the development of this scheme subject to a number of conditions:

- securing sufficient water;
- satisfactory final design, estimates and funding;
- securing 100% commitment to fund the scheme from landowners and/or the Crown Irrigation Fund; and
- the actual cost of construction being within the funding secured.

In principle Council supports other community irrigation schemes if environmental effects can be managed and mitigated. For more details on Southern Valley's Irrigation Scheme, please see the 2021-31 Long Term Plan.

### Small Townships Programme

The Small Townships Programme (STP) provides a strategic planning and design process for improving public amenities in small townships as part of the implementation of the Growing Marlborough Strategy.

The purpose of this programme is to:

- design liveable towns with an attractive central space;
- enable freedom of movement, connectivity and accessibility;
- strengthen a sense of place and unique identity; and
- enhance the use and enjoyment of, and pride in, outdoor public spaces.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

## What We Did in 2021-22

### Economic Development/Regional Events

- The local economy has continued to be affected as COVID-19 has impacted on supply chains, spending, staff availability and revenue. The Council established TEAM COVID-19 economic recovery group mitigated the impact and provided \$965,000 funding to enable projects in areas of need.
- Council undertook the development of the Marlborough Economic Wellbeing Strategy that will shape the future activities to support

economic development, and the activities undertaken by industry partners. Three new areas of support were identified – technology, food and screen alongside support for existing sectors. Multiple consultations were held with industry and community partners to help build the document. The work was undertaken alongside the Marlborough Regional Skills Leadership Group, which was developing the Marlborough Regional Workforce Plan.

- Regional Events have been affected by the ongoing COVID-19 situation as event organisers have faced significant uncertainty about the ability to run events, and consequently the staff role has provided increased advice and guidance to manage its way through these times. Council has assisted with the administration and allocation of the government's events funding to assist larger events to continue.
- A new focus on technology and start-up led to a number of activities and events. The first Marlborough Innovation Day took place on 16 May. The event was a sell-out success with participants from industries such as wine, aquaculture and technology companies from around the country. The inaugural Marlborough Start-Up weekend took place over the weekend of 17-19 June. The 54 hour event had over 40 people attending and assisted a number of people with business ideas.
- Council is working closely with DM to refresh the regional story, brand and website [marlboroughnz.com](http://marlboroughnz.com). Work got underway in early 2022 with the project due for completion at the end of 2022.
- Screen Marlborough undertook a number of activities to promote this emerging local industry including talent development, hosting visits to the region and supporting the development of the Sawmill Studios in Blenheim.

### Marketing and Tourism

The visitor economy has been hit hard by the ongoing COVID-19 pandemic as international visitors were not able to visit New Zealand and domestic travel has been restricted by lockdowns. Consequently, DM responded to support local tourism related businesses in a number of ways.

- Additional funding from MBIE through the Strategic Asset Protection Programme has enabled DM to complete and deliver the regional Destination Management Plan to the Minister of Tourism, MBIE and MDC.

- 'Local invitation' campaign - Additional funding from MBIE through the Strategic Asset Protection Programme enabled DM to upweight MDC funding to undertake a year-round 'always on' marketing campaign with 'firework' moments targeted to geographic locations, travel periods and events.
- Despite border closures, over 800 international travel sellers were trained in group and one on one sessions on Marlborough product. Training included how to include Marlborough in New Zealand travel itineraries and connections with Marlborough tourism product to make contractual arrangements for future bookings.
- Business Events conferencing bids were above target with 12 new conferences won for the region, and over target for business planners hosted in the region.
- Delivered 11 training and capability building workshops as part of the industry capability programme with over 180 operators attending.
- Australian border closure, Auckland four-month lockdown and Omicron red settings with limited travel meant that the Marlborough i-SITE sales turnover did not reach budget. However, they achieved the NPS target for customer satisfaction, and the Havelock i-SITE was open for its sixth (albeit reduced) summer season.
- Marlborough i-SITEs delivered key emergency management support for the July 2021 weather event, supporting businesses, Queen Charlotte track and coordinating the water taxi subsidy programme for residents and visitors in the Kenepuru Sound.
- Year-end March 2022 Domestic visitor spend in Marlborough was \$177million, up 11% on year-end March 2021.
- The sale of 300,000 eucalypt trees under the New Zealand Dryland Forest Initiative (NZDFI) with the support of the Ministry for primary Industries. One billion trees programme signalled the commencement of commercialisation of the initiative which is intended to provide an ongoing fund for continued research and development of the germ plasm traded under the NZDFI trademark Xylogene.
- Significantly Marlborough's Paul Millen has won the New Zealand Institute of Forestry's prestigious 2021 award as NZ Forester of the Year. Paul is a founder of the New Zealand Dryland Forests Initiative (NZDFI) and Project Manager since it formed in 2008.

## Parking

- Following increased vandalism and anti-social behaviour in the Alfred Street car park building it has been brought under the Blenheim CBD CCTV system and several new cameras installed. This allows for real-time monitoring, increased vantage of previous blind spots and improved efficiency for reporting to New Zealand Police. We also upgraded the security to the nested area of the building to allow authorised personnel entry only. Both pedestrian and vehicle entrances are access controlled in hope of preventing further damage to fleet and reserve parker vehicles and anti-social behaviour on the top floor.
- Introduced an e-permit system for lease parkers in the car park building in October 2021. In time this system will be rolled region wide for all off-street car parks. All permits and reserve parking will move to an electronic system to communicate directly with parking enforcement technology. Staff are currently working through the parameters for this transition with the parking technology supplier.

## Irrigation

Investigation of a proposed irrigation scheme for the Flaxbourne area, covering just over 1200 hectares and with an estimated cost between \$10.5 million and \$16 million, has continued over the 2021-22 financial year.

## Small Townships Programme

The following Small Townships Programme projects were completed in 2021-22:

- Spring Creek - Goulard Road Landscaping.
- Canvastown - Miners hut.
- Wairau Valley Loop Track – The track was completed on 12 July 2021, sadly a week later

## Marlborough Research Centre

- Te Pokapū Wāina o Aotearoa – establishment of New Zealand Wine Centre on Budge Street campus. The initial stages focused on the creation of an integrated campus and new offices. This development totalling \$5.1 million is nearing completion and the official opening is arranged to be held on 29 September 2022. This development has been completed on budget despite the difficult construction environment experienced. Further development is planned for 2022-23 financial year with accommodation for visiting researchers and an experimental future vineyard being the next development proposals.

was severely damaged by the July 21 floods. Work was then undertaken to reinstate much of this work.

- Rai Valley – Village Green (co funded with other departments).
- Okiwi Bay Footpath.

- Duncan Bay – Boat ramp.
- Okaramio – Car park fence.
- Rarangi – Blue Gum Corner.
- Havelock – Neil Street upgrade (co funded with other departments).

Levels of Service 2021-22: Regional Development					
Performance Targets					
Level of service	Key performance indicator	2020-21 Actual	2021-22 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).				
	• Economic Development	5.7	≥ 5.7	5.7	
	• Tourism	6.3	≥ 6.4	6.3	
	• Parking	6.0	≥ 6.5	6.1	
	• Irrigation	6.3	≥ 6.6	6.0	
Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.	% funded projects achieved.	not achieved	≥ 80%	86%	
Manage Marlborough Research Centre contract to ensure service quality and value.	% of MDC funded projects achieved.	100%	≥ 80%	100%	
Effectively promote Marlborough as a visitor destination.	% of MDC funded projects from DM Annual Plan achieved.	N/A	≥ 80%	67%	
	Comment: Impact of Covid-19 - media/travel sellers not visiting, fewer i-site visitors and inability of local tourism businesses to contribute financially.				
Provide convenient and affordable car parks to support CBD businesses.	Occupancy rates in Blenheim <sup>1</sup> :				
	• On-street	67%	≥ 65%	65%	
	• Off street (Zone 2 only)	58%	≥ 65%	62%	
	• Parking building	64%	≥ 45%	48%	
Comment: Parking is still in recovery mode following Covid19 restrictions. The CBD is continuing to see an upward trend in occupancy as commuters return to the workplace full-time. The public are becoming noticeably more comfortable with using available app technology for parking, which allows for easier and more efficient payments.					
Maintain the supply of irrigation water to support land based industries.	Number of events that cause a loss of supply during the season for more than 48 hours due to infrastructure breakdown.	0	≤ 1	0	

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

## Funding Impact Statement for 2022-23 for

### Regional Development

	Notes:	2020-21	2021-22	2021-22
		Long Term Plan \$000s	Long Term Plan \$000s	Annual Report \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		2,266	2,146	2,343
Targeted rates		1,996	1,757	1,638
Subsidies and grants for operating purposes		-	100	10
Fees and charges		1,528	1,854	1,766
Internal charges and overheads recovered		-	36	36
Fuel tax, fines, infringement fees and other receipts		489	421	435
<b>Total operating funding</b>		<b>6,279</b>	<b>6,314</b>	<b>6,228</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	a	3,569	3,846	3,434
Finance costs		1,638	522	435
Internal charges and overheads applied		744	819	852
Other operating funding applications		413	389	505
<b>Total applications of operating funding</b>		<b>6,364</b>	<b>5,576</b>	<b>5,226</b>
<b>Surplus (deficit) of operating funding</b>		<b>(85)</b>	<b>738</b>	<b>1,002</b>
<b>Sources of capital funding</b>				
Increase (decrease) in debt	b	(1,548)	2,773	(722)
Other dedicated capital funding		-	65	17
<b>Total sources of capital funding</b>		<b>(1,548)</b>	<b>2,838</b>	<b>(705)</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand		84	80	-
Capital expenditure to improve the level of service		-	4,010	406
Capital expenditure to replace existing assets	c	76	6	151
Increase (decrease) in reserves		(1,793)	(519)	(260)
<b>Total applications of capital funding</b>		<b>(1,633)</b>	<b>3,576</b>	<b>297</b>
<b>Surplus (deficit) of capital funding</b>		<b>85</b>	<b>(738)</b>	<b>(1,002)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Explanation of the funding impact variance between 2021-22 Actual and the 2021-22 budget contained in the 2021-31 Long Term Plan:

- Payments to staff and suppliers - lower than anticipated spending on projects.
- Increase (decrease) in debt - lower debt requirement because of the delays in Flaxbourne Irrigation Scheme.
- Capital expenditure - behind budget due to delays in the Flaxbourne Irrigation Scheme.

# Community Outcomes and Well Beings

Community Outcomes are statements that describe the sort of community Marlborough could be in the future, as a result of actions that get taken now and in years to come. The current group of Community Outcomes were written to take into account the Marlborough Smart and Connected vision and strategic framework. Council's contribution to achieving the community outcomes and the vision is summarised in the table below. A more detailed assessment is included in each activity statement.

In 2019 the Government reinstated the "four Well Beings", i.e., social, economic, environmental and cultural. Each of Council's Activities contributes to one or more of these Well Beings. The following table identifies for each Activity the "well beings" that it makes a positive contribution towards. It is not believed that any Activity makes a negative contribution to any of the Well Beings.

Council Activities	Community Outcomes						Four Well Beings			
	Governance	Environment	People	Economy	Connectivity	Living	Social	Economic	Environmental	Cultural
Democratic Process	✓	✓	✓	✓		✓	✓	✓	✓	✓
Culture and Heritage	✓		✓	✓		✓	✓			✓
Community Support	✓	✓	✓		✓	✓	✓		✓	✓
Housing for Seniors	✓		✓		✓	✓	✓			
Library Services	✓		✓	✓		✓	✓	✓	✓	✓
Emergency Management	✓	✓	✓	✓		✓	✓	✓	✓	
Community Facilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
The Provision of Roads and Footpaths		✓	✓	✓	✓	✓	✓	✓	✓	
Flood Protection and Control Works		✓	✓	✓	✓	✓	✓	✓	✓	
Sewerage Including Treatment and Disposal		✓		✓		✓	✓	✓	✓	
Stormwater Drainage		✓	✓	✓			✓	✓	✓	
Water Supply		✓		✓		✓	✓	✓	✓	
Solid Waste Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Environmental Policy	✓	✓	✓	✓	✓	✓		✓	✓	
Environmental Science and Monitoring	✓	✓	✓	✓		✓		✓	✓	
Resource Consents	✓	✓		✓		✓		✓	✓	
Environmental Protection	✓	✓	✓	✓				✓	✓	
Biosecurity		✓	✓	✓		✓		✓	✓	
Building Control	✓		✓	✓		✓	✓	✓	✓	
Environmental Health	✓		✓	✓		✓	✓	✓	✓	✓
Animal Control	✓	✓	✓		✓	✓	✓		✓	
Harbours	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Regional Development	✓	✓	✓	✓	✓	✓	✓	✓	✓	





## PART 3

# Financial Statements

- STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
- STATEMENT OF CHANGES IN NET ASSETS/EQUITY
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF CASH FLOWS
- RECONCILIATION OF NET SURPLUS (DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATION ACTIVITIES
- NOTES TO FINANCIAL STATEMENTS
- FUNDING IMPACT STATEMENT
- NOTES TO FUNDING IMPACT STATEMENT



# Statement of Comprehensive Revenue and Expense

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2022	2021	2022	2022	2021
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Revenue:</b>						
Rates, excluding targeted water rates	3	72,694	69,256	73,126	72,783	69,719
Targeted rates for metered water supply	3	2,540	2,644	2,756	3,110	2,866
Subsidies and grants	4	57,884	30,252	57,884	23,968	30,252
Development and financial contributions	4	9,635	6,402	9,635	7,176	6,402
Gains	5	6,241	9,173	8,046	1,263	236
Finance revenue	7	10,936	6,377	8,099	2,467	4,567
Other revenue	4	82,053	74,293	48,761	39,279	44,423
<b>Total revenue</b>	<b>2</b>	<b>241,983</b>	<b>198,397</b>	<b>208,307</b>	<b>150,046</b>	<b>158,465</b>
<b>Expenditure:</b>						
Personnel costs	6	34,246	32,040	25,890	27,897	24,577
Finance costs	7	3,859	3,542	2,888	5,638	2,371
Depreciation and amortisation		33,915	32,476	29,443	29,343	28,118
Other expenses	8	99,728	93,067	88,056	69,644	82,918
<b>Total operating expenditure</b>	<b>2</b>	<b>171,748</b>	<b>161,125</b>	<b>146,277</b>	<b>132,522</b>	<b>137,984</b>
<b>Surplus before tax</b>		<b>70,235</b>	<b>37,272</b>	<b>62,030</b>	<b>17,524</b>	<b>20,481</b>
Income tax expense/(credit)	9	3,709	4,374	-	-	-
<b>Surplus after tax</b>		<b>66,527</b>	<b>32,898</b>	<b>62,030</b>	<b>17,524</b>	<b>20,481</b>
<b>Other comprehensive revenue and expense:</b>						
Gain on property revaluations		141,910	78,239	127,351	61,551	78,239
Impairment on property revaluation		(86,138)	-	(86,138)	-	-
Deferred tax on property valuations		(2,319)	-	-	-	-
<b>Total other comprehensive revenue and expense</b>	<b>22</b>	<b>53,453</b>	<b>78,239</b>	<b>41,213</b>	<b>61,551</b>	<b>78,239</b>
<b>Total comprehensive revenue and expense</b>		<b>119,979</b>	<b>111,137</b>	<b>103,243</b>	<b>79,075</b>	<b>98,720</b>

# Statement of Changes in Net Assets/Equity

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2022	2021	2022	2022	2021
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Balance at 1 July</b>		1,941,228	1,830,091	1,798,905	1,707,700	1,700,185
Total comprehensive revenue and expenses		119,979	111,137	103,243	79,075	98,720
<b>Balance at 30 June</b>	<b>22</b>	<b>2,061,207</b>	<b>1,941,228</b>	<b>1,902,148</b>	<b>1,786,775</b>	<b>1,798,905</b>

The accompanying notes form part of these financial statements.

For explanations of major variances refer to note 30 – Variances Explanation.

# Statement of Financial Position

As at 30 June	note:	Group		Council		
		Actual 2022 \$000s	Actual 2021 \$000s	Actual 2022 \$000s	Budget 2022 \$000s	Actual 2021 \$000s
<b>Assets:</b>						
<b>Non-current assets:</b>						
Property, plant and equipment	10	2,044,791	1,913,013	1,920,837	1,824,360	1,804,058
Intangible assets	11	12,694	14,904	12,331	10,758	14,597
Forestry assets	12	15,679	17,080	15,679	23,342	17,080
Other financial assets:						
- Investment in CCO's	13	-	-	6,000	6,000	6,000
- Other	13	2,890	1,861	70,205	88,050	56,501
Derivative financial instruments	26	4,352	-	3,497	-	-
Investment property	14	128,625	116,498	11,500	10,750	10,950
Investment in Joint Venture	17	6,750	-	-	-	-
<b>Total non-current assets</b>		<b>2,215,781</b>	<b>2,063,356</b>	<b>2,040,049</b>	<b>1,963,260</b>	<b>1,909,186</b>
<b>Current assets:</b>						
Cash and cash equivalents	15	12,725	9,625	6,214	140	1,822
Debtors and other receivables	16	17,429	17,133	14,257	12,953	14,688
Other financial assets	13	12,620	12,492	12,620	14,299	12,492
Inventory		712	641	314	312	336
Non-current assets held for sale		-	1,656	-	-	1,656
<b>Total current assets</b>		<b>43,486</b>	<b>41,547</b>	<b>33,405</b>	<b>27,704</b>	<b>30,994</b>
<b>Total assets</b>		<b>2,259,267</b>	<b>2,104,903</b>	<b>2,073,454</b>	<b>1,990,964</b>	<b>1,940,180</b>
<b>Liabilities:</b>						
<b>Non-current liabilities:</b>						
Borrowings	18	82,233	52,000	82,233	118,936	52,000
Provisions	19	8,820	7,272	4,093	2,182	3,486
Derivative financial instruments	27	-	6,226	-	7,434	3,567
Deferred tax liability	9	18,616	15,637	-	-	-
<b>Total non-current liabilities</b>		<b>109,669</b>	<b>81,135</b>	<b>86,326</b>	<b>128,552</b>	<b>59,053</b>
<b>Current liabilities:</b>						
Borrowings	18	55,200	55,200	55,200	55,000	55,200
Provisions	19	644	632	644	-	632
Creditors and other payables	20	28,402	23,331	26,434	18,239	23,797
Employee entitlements	21	3,567	3,367	2,702	2,398	2,593
Derivative financial instruments	27	-	10	-	-	-
Current tax liabilities	9	578	-	-	-	-
<b>Total current liabilities</b>		<b>88,391</b>	<b>82,540</b>	<b>84,980</b>	<b>75,637</b>	<b>82,222</b>
<b>Total liabilities</b>		<b>198,060</b>	<b>163,675</b>	<b>171,306</b>	<b>204,189</b>	<b>141,275</b>
<b>Net assets</b>		<b>2,061,207</b>	<b>1,941,228</b>	<b>1,902,148</b>	<b>1,786,775</b>	<b>1,798,905</b>
<b>Equity:</b>						
Accumulated funds	22	827,676	754,952	741,124	682,345	672,896
Other reserves	22	1,233,531	1,186,276	1,161,024	1,104,430	1,126,009
<b>Total equity</b>	22	<b>2,061,207</b>	<b>1,941,228</b>	<b>1,902,148</b>	<b>1,786,775</b>	<b>1,798,905</b>

The accompanying notes form part of these financial statements.  
For explanations of major variances refer to note 30– Variance explanations.

# Statement of Cash Flows

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2022	2021	2022	2022	2021
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Cash flows from operating activities:</b>						
Receipts from rates revenue		75,175	71,923	75,823	75,893	72,608
Receipts from other revenue		140,214	107,142	104,807	66,218	73,400
Goods and Services Tax (net)		(620)	(497)	(620)	-	(497)
Interest received		374	300	1,061	2,467	667
Payments to suppliers and employees		(124,936)	(112,777)	(104,113)	(96,803)	(96,340)
Interest paid		(3,602)	(3,525)	(2,888)	(5,594)	(2,371)
Income tax paid		(2,046)	(2,244)	-	-	-
<b>Net cash flow from operating activities</b>		<b>84,559</b>	<b>60,322</b>	<b>74,070</b>	<b>42,181</b>	<b>47,467</b>
<b>Cash flows from investing activities:</b>						
Proceeds from sale of property, plant and equipment		323	91	98	-	64
Proceeds from sale of non-current property held for sale		7,503	10	7,503	-	10
Sale of investments		9,182	12,262	9,182	-	12,262
Advances received		12,666	2,977	125	-	295
Dividends received		7	7	3,162	2,599	2,883
Purchase of property, plant and equipment		(99,355)	(63,543)	(95,859)	(72,845)	(61,977)
Purchase of intangible assets		(815)	(6,652)	(640)	-	(6,619)
Purchase of investment property		(17,721)	(6,371)	-	-	-
Purchase of forestry assets		(438)	(7)	(438)	-	(7)
Acquisition of investments		(9,505)	(12,439)	(9,505)	(19,920)	(12,439)
Advances made		(13,539)	(3,144)	(13,539)	-	(3,144)
<b>Net cash flow from investing activities</b>		<b>(111,692)</b>	<b>(76,809)</b>	<b>(99,911)</b>	<b>(90,166)</b>	<b>(68,672)</b>
<b>Cash flows from financing activities:</b>						
Proceeds from borrowings		53,233	14,500	53,233	47,924	14,500
Repayment of borrowings		(23,000)	(7,500)	(23,000)	-	(7,500)
<b>Net cash flow from financing activities</b>		<b>30,233</b>	<b>7,000</b>	<b>30,233</b>	<b>47,924</b>	<b>7,000</b>
<b>Net increase / (decrease)</b>		<b>3,100</b>	<b>(9,487)</b>	<b>4,392</b>	<b>(61)</b>	<b>(14,205)</b>
Cash, cash equivalents and bank overdrafts:						
At the beginning of the year		9,625	19,112	1,822	201	16,027
<b>At the end of the year</b>	15	<b>12,725</b>	<b>9,625</b>	<b>6,214</b>	<b>140</b>	<b>1,822</b>

The accompanying notes form part of these financial statements.



# Reconciliation of Net Surplus/(Deficit) after Tax to Net Cash Flow from Operating Activities

For the year ended 30 June	Group		Council	
	Actual 2022 \$000s	Actual 2021 \$000s	Actual 2022 \$000s	Actual 2021 \$000s
	66,527	32,898	62,030	20,481
<b>Add/(less) non-cash items:</b>				
Depreciation and amortisation expense	33,915	32,476	29,443	28,118
Decrease in forestry value due to harvest	405	2,124	405	2,124
Vested assets revenue	(10,011)	(2,779)	(10,011)	(2,779)
Carbon credits surrendered	1,357	1,195	1,357	1,195
Movement in deferred tax	660	2,596	-	-
Movement in runway seal and rescue fire service provision	941	(13)	-	-
Movement in provisions	619	2,039	619	2,039
(Gains) / losses in fair value of biological assets	1,434	1,919	1,434	1,919
(Gains) / losses in fair value of investment property	1,253	(9,137)	(550)	(200)
(Gains) / losses on fair value of investments	26	-	26	-
(Gains) / losses on derivative financial instruments	(10,587)	(6,080)	(7,064)	(3,900)
	<b>20,012</b>	<b>24,340</b>	<b>15,659</b>	<b>28,516</b>
<b>Add/(less) items classified as investing or financing activities:</b>				
Movement in capital creditors	3,259	(3,244)	3,259	(3,244)
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	(6,864)	482	(6,794)	457
Other movements	(3,748)	259	(3,162)	(2,883)
	<b>(7,353)</b>	<b>(2,503)</b>	<b>(6,697)</b>	<b>(5,670)</b>
<b>Add/(less) movements in working capital items:</b>				
Movement in debtors and other receivables	(70)	916	431	(1,627)
Movement in inventory	(65)	(17)	22	(35)
Movement in creditors and other payables	4,308	5,101	2,516	5,520
Movement in income tax (receivable) / payable	1,001	(468)	-	-
Movement in employee entitlements	200	55	109	282
	<b>5,374</b>	<b>5,587</b>	<b>3,078</b>	<b>4,140</b>
Less items reclassified as investing activities	-	-	-	-
<b>Net cash inflow from operating activities</b>	<b>84,559</b>	<b>60,322</b>	<b>74,070</b>	<b>47,467</b>

## Reconciliation of Movements in Liabilities arising from Financing Activities

	Group		Council	
	Actual 2022 \$000s	Actual 2021 \$000s	Actual 2022 \$000s	Actual 2021 \$000s
<b>Borrowings</b>				
Opening balance at 1 July	(107,200)	(100,200)	(107,200)	(100,200)
Cash inflows	(53,233)	(14,500)	(53,233)	(14,500)
Cash outflows	23,000	7,500	23,000	7,500
Non-cash changes	-	-	-	-
Closing balance at 30 June	(137,433)	(107,200)	(137,433)	(107,200)
<b>Derivatives</b>				
Opening balance at 1 July	(6,236)	(12,073)	(3,567)	(7,467)
Cash inflows	-	-	-	-
Cash outflows	-	-	-	-
Non-cash changes	10,587	6,080	7,064	3,900
Closing balance at 30 June	4,352	(6,236)	3,497	(3,567)

# Notes to Financial Statements

## 1. Statement of Accounting Policies

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

The group consists of the ultimate parent, Marlborough District Council and:

- Council's 88.5% share of the joint operation Marlborough Regional Forestry (MRF);
- Council's wholly owned subsidiary MDC Holdings Ltd (MDCH). The wholly owned subsidiaries of MDCH include:
  - Marlborough Airport Ltd; and
  - Port Marlborough NZ Ltd which in turn has two wholly owned subsidiaries: PMNZ Marina Holdings Ltd and Waikawa Marina Trustee Ltd; and
- Marlborough Housing for the Elderly Trust.

The Council has designated itself and the group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice (NZ GAAP).

These financial statements of the Council and group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 24 April 2023.

### 1.1. Basis of preparation

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

#### (i) Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which includes requirement to comply with NZ GAAP.

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

#### (ii) Measurement base

The financial statements have been prepared on a historical cost basis adjusted for the revaluation of certain assets.

#### (iii) Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000s) unless otherwise stated.

#### (iv) New amendment applied

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

This amendment is effective for annual periods beginning on or after 1 January 2021 and has been adopted by the Council in this reporting period.

#### (v) Other changes in accounting policies

There have been no other changes in accounting policies.

#### (vi) Standards issued and not yet effective

The standards and amendments below have been issued. However, they are not yet effective and have not been early adopted:

- PBE IPSAS 41 Financial instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments:

Recognition and Measurement and is effective for the year ending 30 June 2023, with earlier adoption permitted. The main changes under the standard relevant to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.
- A new hedge accounting model for hedge accounting relationships, should the Council elect to adopt the new model. The Council can elect to continue to apply the PBE IPSAS 29 hedge accounting model on transition to PBE IPSAS 41.

The Council has not yet quantified the impact on the financial statements for the adoption of PBE IPSAS 41.

- PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Council has determined the main impact of the new standard is that additional information will need to be disclosed on those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information.

## 1.2. Significant accounting policies summary

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

### (i) Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements the Council enters into, group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

**(ii) Foreign currency transactions**

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand Dollars using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

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

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST- inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

**(iv) Budget figures**

The budget figures are those approved by the Council in its 2021-31 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

**(v) Critical accounting estimates and assumptions**

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings and infrastructure assets – see note 10.
- Estimating the economic lives of PPE and intangible assets – see notes 10 and 11.
- Estimating the fair value of forestry assets – see note 12.
- Estimating the fair value of investment property, including valuation uncertainty – see note 15.
- Estimating the landfill aftercare provision – see note 19.
- Estimating the fair value of derivative financial instruments – see note 27.



## 2. Cost of Services Summary for Group of Activities

	Council		
	2021-22 Actual \$000s	2021-22 Budget \$000s	2020-21 Actual \$000s
<b>Revenue:</b>			
People	14,333	20,511	17,181
Community facilities	15,543	14,874	13,123
Roads and footpaths	58,301	23,695	25,298
Flood protection and control works	10,846	10,620	9,044
Sewerage	15,561	16,252	17,312
Stormwater drainage	4,971	3,596	3,341
Water supply	16,110	12,777	12,463
Solid waste management	13,386	12,136	13,318
Environmental management	14,545	12,725	10,851
Regulatory	13,954	14,177	13,135
Regional development	5,881	6,343	6,282
<b>Total activity revenue</b>	<b>183,431</b>	<b>147,706</b>	<b>141,348</b>
Plus other revenue (including forestry)*	30,240	7,752	22,722
Less internal revenue	(5,364)	(5,412)	(5,605)
<b>Total revenue</b>	<b>208,307</b>	<b>150,046</b>	<b>158,465</b>
<b>Expenditure:</b>			
People	13,562	13,311	14,033
Community facilities	14,671	14,294	13,034
Roads and footpaths	31,301	23,370	26,011
Flood protection and control works	5,723	5,844	6,249
Sewerage	14,116	12,033	11,685
Stormwater drainage	2,425	2,469	2,388
Water supply	9,820	10,483	9,766
Solid waste management	13,353	10,852	14,642
Environmental management	15,632	12,875	11,224
Regulatory	14,579	14,289	13,207
Regional development	5,938	6,311	6,545
<b>Total activity expenditure</b>	<b>141,121</b>	<b>126,131</b>	<b>128,784</b>
Plus other expenditure (including forestry)*	10,520	11,803	14,805
Less internal expenditure	(5,364)	(5,412)	(5,605)
<b>Total expenditure</b>	<b>146,277</b>	<b>132,522</b>	<b>137,984</b>

\*Council's "other revenue" and "other expenditure" in the summary cost of services includes:

	Council		
	2021-22 Actual \$000s	2021-22 Budget \$000s	2020-21 Actual \$000s
<b>Other revenue</b>			
MRF revenue	773	-	4,975
MRF gain on revaluation of biological assets	-	1,263	-
Internal interest	5,364	5,412	5,605
General revenues rates contribution (^)	-	(6,900)	-
Boulevard Park on Taylor development	7,495	-	-
Insurance claim	1,352	-	-
MDC Holdings Ltd dividend	3,155	2,587	2,876
Commercial property	2,325	1,886	2,017
Other interest	1,034	2,467	667
Gain on derivatives	7,064		3,900
Subvention income	13	-	760
Other revenue	1,665	1,037	1,922
<b>Total other revenue</b>	<b>30,240</b>	<b>7,752</b>	<b>22,722</b>

(^) In Budget the General revenues rates contribution, which includes the contribution from the COVID-19 Rates Relief Reserve contribution, is offset in Other revenue while in actuals it is distributed amongst Council Activities.

	Council		
	2021-22 Actual \$000s	2021-22 Budget \$000s	2020-21 Actual \$000s
<b>Other expenditure</b>			
MRF expenses	2,653	1,140	5,322
MRF loss on revaluation due to harvest	405	-	2,124
Interest expense	2,888	5,549	2,371
Loss on derivatives	-	-	-
Commercial property	1,286	1,300	1,340
Penalties and rates remissions	438	608	689
Insurance	824	804	667
Other expenses	2,026	2,402	2,292
<b>Total other expenditure</b>	<b>10,520</b>	<b>11,803</b>	<b>14,805</b>

### Accounting Policy

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as total expenditure, staff numbers, and floor area.

There have been no changes to the cost allocation methodology during the year.

### 3. Rates Activity

Rates, excluding rates for metered water supply:	Group		Council		
	Actual 2021-22	Actual 2020-21	Actual 2021-22	Budget 2021-22	Actual 2020-21
	\$000s	\$000s	\$000s	\$000s	\$000s
People	9,245	9,060	9,245	9,272	9,060
Community facilities	10,700	10,032	10,700	10,690	10,032
Roads and footpaths	10,723	11,079	10,723	10,650	11,079
Flood protection and control works	4,933	4,483	4,933	4,915	4,483
Sewerage	8,688	8,283	8,688	8,677	8,283
Stormwater drainage	2,166	2,071	2,166	2,164	2,071
Water supply	7,493	6,895	7,493	7,065	6,895
Solid waste management	3,090	3,132	3,090	2,929	3,132
Environmental management	8,623	7,583	8,623	8,615	7,583
Regulatory	4,006	3,672	4,006	3,902	3,672
Regional development	3,456	3,426	3,456	3,903	3,426
<b>Total activity rates</b>	<b>73,123</b>	<b>69,716</b>	<b>73,123</b>	<b>72,781</b>	<b>69,716</b>
Plus non-activity rates	3	3	3	2	3
Less related party rates eliminated	(432)	(463)	-	-	-
<b>Total gross rates revenue</b>	<b>72,694</b>	<b>69,256</b>	<b>73,126</b>	<b>72,783</b>	<b>69,719</b>
Less rates remissions	(411)	(405)	(411)	(667)	(405)
<b>Rates, excluding targeted metered water rates net of remissions</b>	<b>72,283</b>	<b>68,851</b>	<b>72,715</b>	<b>72,116</b>	<b>69,314</b>
<b>Targeted Rates for Metered Water Supply</b>					
Targeted rates for metered water supply	<b>2,540</b>	<b>2,644</b>	<b>2,756</b>	<b>3,110</b>	<b>2,866</b>

#### Accounting Policy

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.

## 4. Subsidies, Contributions and Other Revenue

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2021-22	2020-21	2021-22	2021-22	2020-21
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Subsidies and grants:</b>					
Waka Kotahi roading subsidies	40,877	11,808	40,877	9,960	11,808
Shovel ready government funding	3,408	6,142	3,408	9,428	6,142
Three waters government funding	5,010	6,260	5,010	3,584	6,260
Wilding conifer government funding*	4,693	4,053	4,693	-	4,053
Other donations and grants	3,896	1,989	3,896	996	1,989
<b>Total subsidies and grants</b>	<b>57,884</b>	<b>30,252</b>	<b>57,884</b>	<b>23,968</b>	<b>30,252</b>
<b>Development and financial contributions:</b>					
Capital contributions	387	-	387	-	-
Other contributions	241	12	241	50	12
Development contributions	8,874	6,353	8,874	7,026	6,353
Development impact levies	133	37	133	100	37
<b>Total development and financial contributions</b>	<b>9,635</b>	<b>6,402</b>	<b>9,635</b>	<b>7,176</b>	<b>6,402</b>
<b>Other revenue:</b>					
User charges	22,896	22,120	22,901	21,547	22,126
Regulatory revenue	4,911	4,625	5,352	5,393	5,087
Infringements and fines	983	1,056	983	970	1,056
Vested assets	10,011	2,779	10,011	1,139	2,779
Rendering of services	26,757	24,332	-	-	-
Rental revenue from investment properties	11,128	10,807	731	731	731
MRF revenue	773	4,975	773	-	4,975
Subvention income	-	108	13	-	868
Other revenue*	4,594	3,491	7,997	9,499	6,801
<b>Total other revenue</b>	<b>82,053</b>	<b>74,293</b>	<b>48,761</b>	<b>39,279</b>	<b>44,423</b>

\*Revenue received in 2020-21 for the National Wilding Conifer Control Program has been reclassified from other revenue to subsidies and grants. The budget remains unchanged.

### Accounting Policy

#### Subsidies and grants

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as non-exchange revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other donations and grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### Development and financial contributions

Development and financial contributions are recognised as exchange revenue when received. Otherwise, development and financial contributions are allocated to the appropriate Reserve until such time Council provides, or is able to provide, the service.

### **Other revenue**

#### **Provision of services partial cost recovery/subsidised**

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

#### **Provision of services full cost recovery**

Significant revenue from full cost recovery sale of services is recognised as exchange revenue. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date.

#### **Vested assets**

Assets vested in Council, with or without conditions, are recognised as non-exchange revenue, at fair value, when control over the assets is obtained.

#### **Sales of goods**

Proceeds from sales of goods are included in other revenue and are recognised as exchange revenue when goods are delivered and title has passed.

#### **Insurance revenue**

Insurance receipts are included in other revenue and arise mainly from earthquake related material damage claims. These receipts have been recognised on as exchange revenue when its receipt is considered virtually certain and reliably measured. Refer to note 29 – Natural Disasters.

#### **Dividend revenue**

Dividends are included in other revenue and are recognised when the right to receive payment has been established. Dividends are recognised as revenue unless the dividend clearly represents a recovery of part of the cost of the investment.

## **5. Gains**

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
<b>Non-financial instruments gains:</b>					
Property, plant and equipment gains on disposal	2	36	2	-	36
Non-current assets held for sale gains on disposal	7,494	-	7,494	-	-
Investment property revaluation gain (note 14)	(1,255)	9,137	550	-	200
Forestry revaluation gain (note 12)	-	-	-	1,263	-
<b>Total non-financial instruments gains</b>	<b>6,241</b>	<b>9,173</b>	<b>8,046</b>	<b>1,263</b>	<b>236</b>



## 6. Personnel

### 6.1 Personnel Costs

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2021-22	2020-21	2021-22	2021-22	2020-21
	\$000s	\$000s	\$000s	\$000s	\$000s
Salaries and wages and related entitlements	34,048	31,899	26,024	27,975	24,731
Defined employer contribution plan	1,445	1,344	1,113	1,158	1,049
Salaries capitalised	(1,247)	(1,203)	(1,247)	(1,236)	(1,203)
<b>Total personnel costs</b>	<b>34,246</b>	<b>32,040</b>	<b>25,890</b>	<b>27,897</b>	<b>24,577</b>

#### Accounting Policy

##### *Salaries and wages*

Salaries and wages are recognised as an expense as employees provide services.

##### *Defined contribution schemes*

Employer contributions to Kiwi Saver and the National Provident Fund are accounted for as defined contribution superannuation schemes and are expensed as incurred.

### 6.2 Chief Executive

	Council	
	Actual	Actual
	2021-22	2020-21
	\$000s	\$000s
<b>The incumbent Chief Executive received the following remuneration:</b>		
Salary	340	330
Vehicle, superannuation and other	19	19
<b>Total Chief Executive compensation</b>	<b>359</b>	<b>349</b>

### 6.3 Elected Representatives

	Group		Council	
	Actual	Actual	Actual	Actual
	2021-22	2020-21	2021-22	2020-21
	\$000s	\$000s	\$000s	\$000s
<b>Elected representatives received the following remuneration:</b>				
<b>Mayor:</b>				
John Leggett*	152	145	140	134
<b>Councillors:</b>				
Jenny Andrews	42	42	42	42
Jamie Arbuckle	48	46	48	46
Cynthia Brooks	45	46	45	46
David Croad	43	43	43	43
Brian Dawson	43	43	43	43
Barbara Faulls	47	47	47	47
Michael Fitzpatrick	45	45	45	45
Gerald Hope	48	46	48	46
Francis Maher	46	46	46	46

Elected representatives received the following remuneration:	Group		Council	
	Actual	Actual	Actual	Actual
	2021-22	2020-21	2021-22	2020-21
	\$000s	\$000s	\$000s	\$000s
David Oddie*	78	60	66	54
Mark Peters*	64	62	52	51
Thelma Sowman	44	40	44	40
Nadine Taylor	60	68	60	68
<b>Total elected representatives' remuneration</b>	<b>805</b>	<b>779</b>	<b>769</b>	<b>751</b>

Remuneration includes payment for attendance at resource consent hearings.

\*The Mayor, Councillor Mark Peters and Councillor David Oddie were directors of MDCH during the reporting periods and were paid directors' fees by MDCH of \$12,036 each (2020-21: \$11,128).

#### 6.4 Staff Employed Full Time Equivalent

At balance date the Council employed 231 full time employees (2020-21: 237) with the balance of staff representing 59 (2020-21: 56) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

#### 6.5 Individuals receiving total annual remuneration of:

	2021-22		2020-21
less than \$60,000	92	less than \$60,000	101
\$60,000 to \$79,999	70	\$60,000 to \$79,999	78
\$80,000 to \$99,999	80	\$80,000 to \$99,999	80
\$100,000 to \$119,999	40	\$100,000 to \$119,999	36
\$120,000 to \$139,999	14	\$120,000 to \$159,999	13
\$140,000 to \$159,999	8	\$160,000 to \$219,999	8
\$160,000 to \$219,999	9	\$220,000 to \$359,999	3
\$220,000 to \$359,999	3		
<b>Total</b>	<b>316</b>	<b>Total</b>	<b>319</b>

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

## 7. Finance Costs

Finance revenue:	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2021-22	2020-21	2021-22	2021-22	2020-21
	\$000s	\$000s	\$000s	\$000s	\$000s
Interest revenue:					
Term deposits and bonds	318	264	269	133	258
Community loans	1	1	1	-	1
Related party loans	30	32	765	2,334	408
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	10,587	6,080	7,064	-	3,900
<b>Total interest revenue</b>	<b>10,936</b>	<b>6,377</b>	<b>8,099</b>	<b>2,467</b>	<b>4,567</b>

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
<b>Finance costs:</b>					
Interest expense:					
Interest on borrowings	3,859	3,542	2,888	5,638	2,371
<b>Total finance costs</b>	<b>3,859</b>	<b>3,542</b>	<b>2,888</b>	<b>5,638</b>	<b>2,371</b>

### Accounting Policy

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

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

## 8. Other Expenses

The following items are included in Other expenses in the Statement of Comprehensive Revenue and Expense and are required to be separately disclosed:

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
<b>Other expenses:</b>					
Fees to auditors:					
Audit New Zealand for:					
- audit of Council's financial statements	151	144	151	149	144
- audit of the 2021-31 LTP	-	109	-	-	109
- audit of MDCH financial statements	18	18	-	-	-
Deloitte for audit of Port Marlborough NZ Ltd and Marlborough Airport Ltd financial statements	108	95	-	-	-
Grants and donations	4,913	5,257	4,766	4,493	5,172
Insurance premiums	4,654	4,220	3,048	3,126	2,614
Impairment adjustment of receivables (note 16)	(14)	10	5	-	14
Directors' fees	251	251	-	-	-
Property plant and equipment loss on disposal	702	493	702	-	493
Direct operating expenses of investment properties	4,046	3,982	44	45	46
Loss on forestry valuation (note 12)	1,434	1,919	1,434	-	1,919
Payments under operating leases	384	594	307	165	517

### Accounting Policy

#### Grant expenses

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as an expense when approved by the Council and the approval has been communicated to the applicant.

## 9. Tax

### 9.1. Relationship between tax expense and accounting profit

	Group		Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b>Surplus before tax</b>	<b>70,235</b>	<b>37,272</b>	<b>62,030</b>	<b>20,481</b>
<b>Tax at 28% (2021: 28%)</b>	<b>19,680</b>	<b>10,400</b>	<b>17,368</b>	<b>5,735</b>
<b>Plus/(less) tax effect of:</b>				
Non-deductible expenditure	37	159	-	-
Non-taxable (income)/expense	(15,827)	(5,423)	(17,368)	(5,735)
Reinstatement of building depreciation	(159)	-	-	-
Deferred tax expense/(credit) not recognised	(159)	-	-	-
Prior year adjustment	(22)	(137)	-	-
<b>Income tax expense/(credit)</b>	<b>3,550</b>	<b>4,999</b>	<b>-</b>	<b>-</b>
<b>Comprising:</b>				
Current tax expense	3,058	1,915	-	-
Adjustments to current tax in prior years	(9)	(137)	-	-
Deferred tax expense	660	2,596	-	-
<b>Total tax expense/(credit)</b>	<b>3,709</b>	<b>4,374</b>	<b>-</b>	<b>-</b>
<b>Income tax recognised in comprehensive income</b>				
Deferred tax on property revaluations	(2,319)	-	-	-
<b>9.2 Current tax assets/(liabilities)</b>				
Tax (payable)/receivable	<b>578</b>	-	-	-

Any amount of income derived by a local authority is exempt from income tax, except for income derived from Council Controlled Organisations or port activity as per section CW39 Income Tax Act 2007.

### 9.3. MDC Group deferred tax asset/(liability)

	Council tax losses \$000s	Property, plant & equipment \$000s	Investment property \$000s	Intangibles	Financial instruments \$000s	Provisions \$000s	Total \$000s
<b>Balance at 1 July 2020</b>	<b>1,303</b>	<b>(14,896)</b>	<b>(2,006)</b>	<b>(109)</b>	<b>1,343</b>	<b>1,324</b>	<b>(13,041)</b>
(Charged)/credited to surplus	(568)	507	(1,926)	23	(611)	(21)	(2,596)
Charged to other comprehensive income	-	-	-	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>735</b>	<b>(14,389)</b>	<b>(3,932)</b>	<b>(86)</b>	<b>732</b>	<b>1,303</b>	<b>(15,637)</b>
(Charged)/credited to surplus	(699)	533	17	27	(827)	289	(660)
Charged to other comprehensive income	-	(2,319)	-	-	-	-	(2,319)
<b>Balance at 30 June 2022</b>	<b>36</b>	<b>(16,175)</b>	<b>(3,915)</b>	<b>(59)</b>	<b>(95)</b>	<b>1,592</b>	<b>(18,616)</b>

Due to its non taxable status Council as parent has not recognised a deferred tax asset in relation to tax losses of \$129,664 (2020-21: \$2,625,000). However, the asset has been recognised at Group level.

#### Accounting Policy

##### **Income tax**

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted at balance date.

Current and deferred tax are recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.



## 10. Property, Plant and Equipment

	Current year											Carrying amount 30-Jun-2022 \$000s	
	Cost/ Accumulated depreciation valuation 1-Jul-2021 \$000s	Carrying amount 1-Jul-2021 \$000s	WIP & other reclassifications Cost \$000s	Additions \$000s	Disposals \$000s	Disposals depreciation adjustment \$000s	Impairment \$000s	Depreciation \$000s	Transfer adjustment \$000s	Revaluation cost adjustment \$000s	Revaluation depreciation adjustment \$000s		Cost/ Accumulated depreciation 30-Jun-2022 \$000s
<b>2021-22 MDC Group</b>													
<b>10.1 Infrastructural assets</b>													
Work in progress	28,184	28,184	(21,944)	7,260	(494)	-	-	-	-	-	-	13,006	13,006
Infrastructure land	19,952	19,952	28	1,248	-	-	-	-	2,142	-	-	23,370	23,370
Land under roads	138,267	138,267	-	2,113	(61)	-	-	-	-	-	-	140,319	140,319
Flood protection and controlled works	222,257	221,841	1,536	4,366	-	(9,615)	223	11,886	-	(11,886)	639	218,543	217,904
Road and footpaths	623,475	623,475	172	38,802	(75)	(76,386)	11,886	3,040	61,660	(3,040)	-	647,647	647,647
Sewerage schemes other	124,254	124,254	10,013	15,236	-	-	3,040	-	(15,854)	(3,040)	-	133,649	133,649
Sewerage treatment and facilities	47,989	47,989	393	2,688	-	-	818	-	155	(818)	-	51,225	51,225
Stormwater drainage schemes	86,169	86,169	693	6,114	-	-	1,753	-	1,676	(1,753)	-	94,652	94,652
Water supply schemes - other	141,400	141,400	3,498	5,950	(5)	-	3,080	-	7,165	(3,080)	-	158,008	158,008
Water treatment and facilities	20,291	20,291	-	24	-	-	884	-	578	(884)	-	20,893	20,893
Wharf infrastructure	51,516	48,001	52	-	(474)	(359)	1,590	-	(3,259)	(4,747)	-	47,835	47,835
	<b>1,503,754</b>	<b>1,499,823</b>	<b>(5,559)</b>	<b>83,801</b>	<b>(1,109)</b>	<b>(86,001)</b>	<b>23,274</b>	<b>-</b>	<b>54,263</b>	<b>(26,208)</b>	<b>639</b>	<b>1,549,147</b>	<b>1,548,508</b>
<b>10.2 Operational assets</b>													
Work in progress	12,603	12,603	(5,101)	14,557	(49)	-	-	-	-	-	-	22,010	22,010
Buildings	99,309	97,879	4,178	2,254	-	(137)	3,274	-	6,195	(4,701)	3	111,806	111,803
Forest crops	991	991	-	-	-	-	-	-	-	-	-	991	991
Improvements at fair/market value	23,812	21,003	20	139	-	-	957	-	4,812	(3,766)	-	28,785	28,785
Land	165,061	165,061	25	728	(26)	-	-	-	220	27,678	-	193,686	193,686
Landfill	6,588	1,866	3,650	709	-	-	218	-	-	-	-	10,947	6,007
Library books	2,150	986	-	258	-	-	227	-	-	-	-	2,408	1,017
Other structures and improvements	49,969	41,713	1,620	3,960	-	-	1,335	-	-	-	-	55,535	9,591
Office equipment, furniture and fittings	6,090	2,050	88	667	(98)	-	649	-	-	-	-	6,747	4,608
Plant, machinery and equipment	23,044	10,682	824	711	(644)	(555)	1,870	31	-	-	-	23,980	13,677
	<b>389,617</b>	<b>354,834</b>	<b>5,304</b>	<b>23,983</b>	<b>(817)</b>	<b>(137)</b>	<b>8,530</b>	<b>260</b>	<b>38,685</b>	<b>(8,467)</b>	<b>34,210</b>	<b>456,895</b>	<b>422,685</b>
<b>10.3 Restricted assets</b>													
Buildings	14,394	14,394	255	1,231	(91)	(2)	306	-	2,836	(304)	-	18,625	18,625
Land	43,961	43,961	-	-	-	-	-	-	11,011	-	-	54,972	54,972
	<b>58,355</b>	<b>58,355</b>	<b>255</b>	<b>1,231</b>	<b>(91)</b>	<b>(2)</b>	<b>306</b>	<b>-</b>	<b>13,847</b>	<b>(304)</b>	<b>-</b>	<b>73,597</b>	<b>73,597</b>
<b>Total operational and infrastructural assets</b>	<b>1,951,726</b>	<b>1,913,013</b>	<b>-</b>	<b>109,015</b>	<b>(2,017)</b>	<b>(997)</b>	<b>32,110</b>	<b>260</b>	<b>106,795</b>	<b>(34,979)</b>	<b>34,849</b>	<b>2,079,640</b>	<b>2,044,791</b>

2020-21 MDC Group	Prior year										Carrying amount 30-Jun-2021 \$'000s		
	Cost/ Accumulated valuation 1-Jul-2020 \$'000s	Accumulated depreciation 1-Jul-2020 \$'000s	Carrying amount 1-Jul-2020 \$'000s	WIP & other reclassifications Cost \$'000s	Additions \$'000s	Disposals \$'000s	Disposals depreciation adjustment \$'000s	Impairment \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s		Revaluation cost adjustment \$'000s	Revaluation depreciation adjustment \$'000s
<b>10.1 Infrastructural assets</b>													
Work in progress	13,508	-	13,508	(7,094)	21,818	(48)	-	-	-	-	-	28,184	28,184
Infrastructure land	15,870	-	15,870	-	807	-	-	-	-	3,275	-	19,962	19,962
Land under roads	138,059	-	138,059	-	208	-	-	-	213	-	-	138,267	138,267
Flood protection and controlled works	220,751	203	220,548	67	1,439	-	-	-	11,078	-	(11,078)	222,257	221,841
Road and footpaths	598,863	1	598,862	118	12,363	-	-	-	2,774	-	(2,774)	623,475	623,475
Sewerage schemes other	122,896	-	122,896	100	3,439	-	-	-	766	-	(766)	124,254	124,254
Sewerage treatment and facilities	47,688	-	47,688	-	1	-	-	-	1,723	-	(1,723)	47,989	47,989
Stormwater drainage schemes	83,513	-	83,513	1,561	1,816	-	-	-	3,041	-	(3,041)	86,169	86,169
Water supply schemes - other	134,890	-	134,890	4,527	2,898	(77)	-	-	919	-	(919)	141,400	141,400
Water treatment and facilities	20,684	-	20,684	-	18	-	-	-	1,599	-	-	20,291	20,291
Wharf infrastructure	51,329	1,916	49,413	-	-	-	-	-	187	-	-	51,516	48,001
	<b>1,448,051</b>	<b>2,120</b>	<b>1,445,931</b>	<b>(721)</b>	<b>44,807</b>	<b>(125)</b>	<b>-</b>	<b>22,113</b>	<b>187</b>	<b>11,555</b>	<b>(20,301)</b>	<b>1,503,754</b>	<b>3,931</b>
<b>10.2 Operational assets</b>													
Work in progress	3,625	-	3,625	(287)	13,380	(8)	-	-	(4,107)	-	-	12,603	12,603
Buildings	88,239	2,460	85,779	188	3,636	(99)	(2)	(92)	2,987	5,985	(4,015)	99,309	97,879
Forest crops	991	-	991	-	-	-	-	-	-	-	-	991	991
Improvements at fair/market value	27,285	1,842	25,443	-	420	-	-	-	967	(3,904)	-	23,812	21,003
Land	133,259	-	133,259	46	227	-	-	-	-	31,529	-	165,061	165,061
Landfill	6,562	3,971	2,611	-	6	-	-	-	751	-	-	6,588	1,866
Library books	1,911	815	1,096	(2)	241	-	-	-	349	-	-	2,150	986
Other structures and improvements	45,974	6,969	39,005	723	3,303	(31)	-	-	1,287	-	-	49,969	41,713
Office equipment, furniture and fittings	5,780	3,817	1,963	2	721	(413)	(390)	-	613	-	-	6,090	2,060
Plant, machinery and equipment	20,086	11,353	8,733	20	2,672	(734)	(590)	-	1,599	-	-	23,044	10,682
	<b>333,732</b>	<b>31,227</b>	<b>302,505</b>	<b>690</b>	<b>24,606</b>	<b>(1,285)</b>	<b>(982)</b>	<b>(92)</b>	<b>8,553</b>	<b>33,610</b>	<b>(4,015)</b>	<b>389,617</b>	<b>354,834</b>
<b>10.3 Restricted assets</b>													
Buildings	13,737	248	13,489	31	219	(306)	(6)	-	282	713	(524)	14,394	14,394
Land	35,324	-	35,324	-	1,116	-	-	-	-	7,521	-	43,961	43,961
	<b>49,061</b>	<b>248</b>	<b>48,813</b>	<b>31</b>	<b>1,335</b>	<b>(306)</b>	<b>(6)</b>	<b>-</b>	<b>282</b>	<b>8,234</b>	<b>(524)</b>	<b>58,355</b>	<b>-</b>
<b>Total operational and infrastructural assets</b>	<b>1,830,844</b>	<b>33,595</b>	<b>1,797,249</b>	<b>-</b>	<b>70,748</b>	<b>(1,716)</b>	<b>(988)</b>	<b>-</b>	<b>30,948</b>	<b>53,399</b>	<b>(24,840)</b>	<b>1,951,726</b>	<b>38,714</b>
													<b>1,913,013</b>

	Current Year													Carrying amount 30-Jun-2022 \$000s
	Cost/ Accumulated valuation depreciation 1-Jul-2021 \$000s	Carrying amount 1-Jul-2021 \$000s	WIP & other reclassifications Cost \$000s	Additions \$000s	Disposals depreciation adjustment \$000s	Disposals \$000s	Impairment Depreciation \$000s	Transfer adjustment \$000s	Revaluation adjustment \$000s	Revaluation cost depreciation adjustment \$000s	Revaluation adjustment \$000s	Cost/ Accumulated revaluation depreciation 30-Jun-2022 \$000s		
													Cost/ Accumulated depreciation 1-Jul-2021 \$000s	
<b>2021-22 Council</b>														
<b>10.1 Infrastructural assets</b>														
Work in progress	28,184	28,184	(21,944)	7,260	(494)	-	-	-	-	-	-	13,006	13,006	
Infrastructure land	19,952	19,952	28	1,248	-	-	-	-	2,142	-	-	23,370	23,370	
Land under roads	138,267	138,267	-	2,113	(61)	-	-	-	-	-	-	140,319	140,319	
Flood protection and controlled works	222,257	221,841	1,536	4,366	-	(9,615)	223	-	-	-	-	218,543	217,904	
Road and footpaths	623,475	623,475	172	38,802	(75)	(76,386)	11,886	-	61,660	(11,886)	-	647,647	647,647	
Sewerage schemes other	124,254	124,254	10,013	15,236	-	-	3,040	-	(15,864)	(3,040)	-	133,649	133,649	
Sewerage treatment and facilities	47,989	47,989	393	2,688	-	-	818	-	155	(818)	-	51,225	51,225	
Stormwater drainage schemes	86,169	86,169	693	6,114	-	-	1,753	-	1,676	(1,753)	-	94,652	94,652	
Water supply schemes - other	141,400	141,400	3,498	5,950	(5)	-	3,080	-	7,165	(3,080)	-	158,008	158,008	
Water treatment and facilities	20,291	20,291	24	-	-	-	884	-	578	(884)	-	20,893	20,893	
	<b>1,452,238</b>	<b>1,451,822</b>	<b>(5,611)</b>	<b>83,800</b>	<b>(635)</b>	<b>(86,001)</b>	<b>21,684</b>	<b>-</b>	<b>57,522</b>	<b>(21,461)</b>	<b>639</b>	<b>1,501,313</b>	<b>1,500,673</b>	
<b>10.2 Operational assets</b>														
Work in progress	11,754	11,754	(4,001)	10,174	(49)	-	-	-	-	-	-	17,878	17,878	
Buildings	82,100	82,100	3,974	2,243	-	-	2,285	-	10,184	(2,285)	-	98,511	98,511	
Forest crops	991	991	-	-	-	-	-	-	-	-	-	991	991	
Improvements at fair/market value	2,612	921	-	-	-	-	204	-	(1,692)	(1,894)	-	920	920	
Land	145,197	145,197	25	728	(26)	-	-	-	21,399	-	-	167,323	167,323	
Landfill	6,888	1,866	3,650	709	-	-	218	-	-	-	-	10,947	6,007	
Library books	2,150	986	-	258	-	-	227	-	-	-	-	2,408	1,017	
Other structures and improvements	49,969	41,713	1,620	3,960	-	-	1,335	-	-	-	-	55,549	45,958	
Office equipment/furniture and fittings	6,090	2,050	88	667	(98)	(81)	649	-	-	-	-	6,747	2,139	
Plant, machinery and equipment	11,441	6,302	-	575	(393)	(324)	986	-	-	-	-	11,623	5,822	
	<b>318,892</b>	<b>293,881</b>	<b>5,356</b>	<b>19,314</b>	<b>(566)</b>	<b>(405)</b>	<b>5,904</b>	<b>-</b>	<b>29,901</b>	<b>(4,179)</b>	<b>26,331</b>	<b>372,897</b>	<b>346,567</b>	
<b>10.3 Restricted assets</b>														
Buildings	14,394	14,394	255	1,231	(91)	(2)	306	-	2,836	(304)	-	18,625	18,625	
Land	43,961	43,961	-	-	-	-	-	-	11,011	-	-	54,972	54,972	
	<b>58,355</b>	<b>58,355</b>	<b>255</b>	<b>1,231</b>	<b>(91)</b>	<b>(2)</b>	<b>306</b>	<b>-</b>	<b>13,847</b>	<b>(304)</b>	<b>-</b>	<b>73,597</b>	<b>73,597</b>	
<b>Total operational and infrastructural assets</b>	<b>1,829,485</b>	<b>1,804,058</b>	<b>-</b>	<b>104,345</b>	<b>(1,292)</b>	<b>(407)</b>	<b>27,894</b>	<b>-</b>	<b>101,270</b>	<b>(25,944)</b>	<b>26,970</b>	<b>1,947,807</b>	<b>1,920,837</b>	

	Prior year											Carrying amount 30-Jun-2021 \$'000s
	Cost/ Accumulated valuation depreciation 1-Jul-2020 \$'000s	Carrying amount 1-Jul-2020 \$'000s	WIP & other reclassifications Cost \$'000s	Additions \$'000s	Disposals depreciation adjustment \$'000s	Disposals \$'000s	Impairment Depreciation \$'000s	Transfer adjustment \$'000s	Revaluation cost adjustment \$'000s	Revaluation depreciation adjustment \$'000s	Cost/ Accumulated revaluation depreciation 30-Jun-2021 \$'000s	
<b>2020-21 Council</b>												
<b>10.1 Infrastructural assets</b>												
Work in progress	13,507	13,507	(7,094)	21,819	-	(48)	-	-	-	-	28,184	28,184
Infrastructure land	15,870	15,870	-	807	-	-	-	3,275	-	-	19,952	19,952
Land under roads	138,059	138,059	-	208	-	-	-	-	-	-	138,267	138,267
Flood protection and controlled works	220,751	220,548	67	1,439	-	-	213	-	-	-	222,257	221,841
Road and footpaths	598,863	598,863	118	12,363	-	-	11,078	-	(11,078)	-	623,475	623,475
Sewerage schemes other	122,896	122,896	100	3,439	-	-	2,774	-	(2,774)	-	124,254	124,254
Sewerage treatment and facilities	47,688	47,688	1	-	-	-	766	300	(766)	-	47,989	47,989
Stormwater drainage schemes	83,513	83,513	1,561	1,816	-	-	1,723	(721)	(1,723)	-	86,169	86,169
Water supply schemes - other	134,890	134,890	4,527	2,898	-	(77)	3,041	(838)	(3,041)	-	141,400	141,400
Water treatment and facilities	20,684	20,684	-	18	-	-	919	(411)	(919)	-	20,291	20,291
	<b>1,396,721</b>	<b>1,396,518</b>	<b>(721)</b>	<b>44,808</b>	<b>(125)</b>	<b>(8)</b>	<b>20,514</b>	<b>11,555</b>	<b>(20,301)</b>	<b>1,452,238</b>	<b>416</b>	<b>1,451,822</b>
<b>10.2 Operational assets</b>												
Work in progress	2,343	2,343	(287)	11,162	-	(8)	-	-	-	-	11,754	11,754
Buildings	72,338	70,350	188	3,636	-	(47)	2,027	5,985	(4,015)	-	82,100	82,100
Forest crops	991	991	-	-	-	-	-	-	-	-	991	991
Improvements at fair/market value	6,096	4,621	-	420	-	-	216	(3,904)	-	-	2,612	921
Land	113,394	113,394	46	227	-	-	-	31,529	-	-	145,197	145,197
Landfill	6,581	2,610	-	7	-	-	751	-	-	-	6,588	1,866
Library books	1,910	1,095	(2)	242	-	-	349	-	-	-	2,150	986
Other structures and improvements	45,974	39,005	723	3,303	-	(31)	1,287	-	-	-	49,969	41,713
Office equipment, furniture and fittings	5,779	3,817	2	722	(390)	(413)	613	-	-	-	6,090	2,050
Plant, machinery and equipment	9,352	4,797	20	2,657	(446)	(588)	788	-	-	-	11,441	6,302
	<b>264,759</b>	<b>23,832</b>	<b>690</b>	<b>22,376</b>	<b>(836)</b>	<b>(1,087)</b>	<b>6,031</b>	<b>33,610</b>	<b>(4,015)</b>	<b>318,892</b>	<b>25,012</b>	<b>293,881</b>
<b>10.3 Restricted assets</b>												
Buildings	13,737	13,489	31	219	(6)	(306)	282	713	(524)	-	14,394	14,394
Land	35,324	35,324	-	1,116	-	-	-	7,521	-	-	43,961	43,961
	<b>49,061</b>	<b>48,813</b>	<b>31</b>	<b>1,335</b>	<b>(6)</b>	<b>(306)</b>	<b>282</b>	<b>8,234</b>	<b>(524)</b>	<b>58,355</b>	<b>-</b>	<b>58,355</b>
<b>Total operational and infrastructural assets</b>	<b>1,710,541</b>	<b>1,686,257</b>	<b>-</b>	<b>68,519</b>	<b>(842)</b>	<b>(1,518)</b>	<b>26,827</b>	<b>53,399</b>	<b>(24,840)</b>	<b>1,829,486</b>	<b>25,428</b>	<b>1,804,058</b>

## 10.1 MDC Group assets under construction

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

MDC Group	2021-22 \$000s	2020-21 \$000s
<b>Asset Class</b>		
Roads and footpaths	460	644
Sewerage treatment and facilities	3,846	1,890
Sewerage other	31	9,250
Water other	4,668	4,988
Water treatment and facilities	1,714	1,043
Stormwater	82	1,319
Flood protection and control works	1,431	2,634
Buildings	17,467	11,971
Landfill	83	3,650
Other structures and improvements	820	2,396
Land	18	63
Wharf infrastructure	-	-
Plant machinery and equipment	3,672	542
Fair value improvements	724	397
<b>Total</b>	<b>35,016</b>	<b>40,787</b>

The larger 2021-22 items include:

- Sewerage treatment – Blenheim sewer upgrade project
- Water other – Koromiko water pipeline and Wairau Valley water upgrade
- Water treatment – Renwick water treatment upgrade, together with Flaxbourne irrigation project
- Flood protection and control works – Stage 2 of the Town Branch drainage upgrades;
- Buildings – New Blenheim library and Art Gallery

## 10.2 Council Depreciation and Amortisation by Group of Activities

	2021-22 \$000s	2020-21 \$000s
People	933	949
Community facilities	2,323	2,150
Roads and footpaths	11,731	10,929
Flood protection and control works	228	217
Sewerage	3,857	3,525
Stormwater drainage	1,755	1,736
Water supply	3,650	3,625
Solid waste management	535	1,070
Environmental management	896	725
Regulatory	380	241
Regional development	730	738
<b>Total</b>	<b>27,018</b>	<b>25,905</b>



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

### 10.3 Council Core Infrastructure Asset Disclosures

2021-22	Closing Book Value \$000s	Additions Constructed \$000s	Vested \$000s
<b>Asset Class</b>			
Flood protection and control works	217,904	5,902	-
Road and footpaths	647,647	38,974	5,261
Sewerage schemes-other	133,649	25,249	1,849
Sewerage treatment and facilities	51,225	3,081	-
Stormwater drainage	94,652	6,807	2,153
Water schemes-other	158,008	9,448	748
Water treatment and facilities	20,893	24	-

Flood protection and controlled works do not include additional assets held in other classes, for example land.

#### Impairment

Impairment losses of \$86.0M were recognised this year (2020-21: \$0.00 million).

Marlborough was impacted by a flooding event in July 2021. The impairments relate to damage to the Council's roading network and flood protection and control assets. The impairment losses, calculated using the restoration cost approach, were recognised through the appropriate revaluation reserve and through other comprehensive revenue and expense in accordance with the accounting policy.

	Group		Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b>Roads and footpaths</b>				
Opening impairment at 1 July	-	-	-	-
Impairment	(76,386)	-	(76,386)	-
Additions	27,397	-	27,397	-
Closing impairment at 30 June	<b>(48,989)</b>	-	<b>(48,989)</b>	-
<b>Flood Protection and Control Works</b>				
Opening impairment at 1 July	-	-	-	-
Impairment	(9,615)	-	(9,615)	-
Additions	1,634	-	1,634	-
Closing impairment at 30 June	<b>(7,981)</b>	-	<b>(7,981)</b>	-

For further information on the impact of the flood damage please refer to note 29 – Natural Disasters.

## Infrastructural assets

Roads, bridges, carparks, wharves, street lighting, street berms and street furniture assets were independently valued at optimised depreciated replacement cost as at 30 June 2022 by Aaron Hartland of WSP New Zealand Ltd. As this valuation was an update valuation indexing was used.

River control and drainage assets were valued at depreciated replacement cost as at 30 June 2019. The river control and drainage valuation was performed by Council's Rivers and Drainage Engineer. Alexander Hayward Ltd conducted an independent peer review of the valuation.

Water, sewer and stormwater assets were valued at depreciated replacement cost and optimised depreciated replacement cost where possible as at 30 June 2022. The valuation was performed by Council's engineering staff directly associated with managing these assets. An independent review of the valuation was conducted by Alexander Hayward Ltd.

As a relatively small Council, there are few construction contracts upon which to base unit costs. Adding to the complexity, contracts are now based on output specifications rather than the more traditional input pricing methodology. As a result of this we were unable to provide sufficient evidence that the unit costs used in the valuation reflect current contracts.

Council intends to undertake an exercise to ensure that our current approach, which is consistent with previous valuations which have received audit sign off, is still appropriate. The review will include the involvement of those with external infrastructure expertise and will cover off all components of the valuation. This exercise may result in a change of approach and also may materially alter the carrying value of the water, sewer and stormwater assets.

The exercise will be completed as soon as practical, but may not be ready in time for the 2023 Annual Report due to the delay in the 2022 audit, caused by capacity issues at Audit New Zealand referred to in note 33.

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

- estimating any obsolescence or surplus capacity of the asset;
- estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets from which unit rates are determined. Where recent contract costs are not available, indexing is used. Unit rates can vary based on asset location, topography and ground conditions;
- estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be affected by local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the consumption of the benefits of the asset, then Council could be under or over estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

To minimise this risk Council has determined the infrastructural asset useful lives with reference to NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over the useful life estimates; and

- the physical deterioration and condition of the assets, for example Council could be carrying an asset at an amount that does not reflect its physical condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a number of physical inspections and condition modelling assessments of assets.

Land under roads was independently valued on a fair value basis as at 30 June 2009 by Lex Hayward of Alexander Hayward Ltd.

## Land and buildings including restricted land and buildings

Council land was independently valued by QV Valuations (Registered Valuers) as at 30 June 2022. The basis of valuation is fair value with reference to highest and best use as at 30 June 2022.

Properties in the course of construction for production, rental or administrative purposes, or otherwise, are carried at cost, less any recognised impairment loss. Cost includes professional fees and other costs incurred to bring the asset into use.

Council's forest (soil erosion prevention) was independently valued at 30 June 2019 by Merrill & Ring New Zealand Ltd.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Buildings were independently valued by Alexander Hayward Ltd (Registered Valuers) as at 30 June 2022. The basis of valuation for commercial and Council property buildings was fair value. Assets acquired subsequent to valuation are shown at cost less depreciation.

Other buildings including halls, museums, memorials and public conveniences were valued at fair value using depreciated replacement cost because no reliable market data is available for such replacement cost is determined using a number of significant assumptions.

Significant assumptions include:

- the replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity;
- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information;
- for Council's earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.
- the remaining useful life of assets is estimated after considering such factors as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings; and
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

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

## Improvements on land

These are generally in the nature of playground equipment and other similar recreational structures on Council land and MRF improvements. MRF improvements are stated at fair value while other assets are stated at cost less any accumulated depreciation and impairment losses.

## Landfill

Council has amortised the cost of the Blenheim landfill development over its remaining 26 year life and charged the amortisation to operating costs. The amortisation rate is based on volume utilisation divided by the estimated capacity of the landfill site.

## Library books and parking meters

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

### Accounting Policy

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and any impairment losses. Council's property, plant and equipment consist of:

- **infrastructural assets** - these are fixed utility systems such as road networks, sewer systems and water systems. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.
- **operational assets** – these assets enable the ongoing operations. These include land, buildings, landfill, library books, plant and equipment and motor vehicles.
- **restricted assets** – these are mainly parks and reserves that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

### Additions

Additions in the periods between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain infrastructural assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation which is their deemed cost. Vested infrastructural assets are initially valued based on the actual quantities of

infrastructural components vested and the current "in the ground" cost of providing identical services and this is their deemed cost.

### Disposals

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

When revalued assets are sold the amounts included in the asset revaluation reserve in relation to those assets are transferred to accumulated funds.

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

The net revaluation results are included in other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. When the net revaluation decrease exceeds the asset revaluation reserve balance, this decrease is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

### Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their intended use. Depreciation rates and useful lives are reviewed annually. Depreciation on assets is expensed.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructural assets	Life (in years)	Rate
Flood protection and controlled works (pump stations, dams)	1 - 100	1 - 100%
Roads and footpaths	1 - 110	0.9 - 100%
Sewerage network including treatment	2.5 - 100	1 - 40%
Stormwater drainage schemes	1 - 100	1 - 100%
Water supply schemes – other	1 - 100	1 - 100%
Water treatment and facilities	1 - 100	1 - 100%

<b>Operational assets</b>	<b>Life (in years)</b>	<b>Rate</b>
Buildings	1 - 100	1 - 100%
Landfill	3.68 - 40	2.5 – 27.2%
Library books including audio books	5 – 13.34	7.5 - 20%
Other structures and improvements	3.23 - 100	1 - 31%
Office equipment, furniture and fittings	3.01 - 13.33	7.5 – 33.2%
Plant, machinery and equipment	2.23 - 100	1 - 45%

<b>Restricted assets</b>	<b>Life (in years)</b>	<b>Rate</b>
Buildings	5 - 100	1 - 20%

### **Assets not depreciated**

The following assets are not depreciated in line with Council's depreciation policy:

- **infrastructural assets** - Assets under construction, infrastructure land, sewerage oxidation ponds and roading infrastructure including land under roads, roads and carpark formation, sealed roads subbase and street berms.
- **operational assets** - Assets under construction, forest crops and land.
- **restricted assets** - land.

### **Impairment of assets**

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. When the impairment loss exceeds the balance in the revaluation reserve, the balance is recognised in expenditure.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

## **11. Intangible Assets**

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

	<b>Group</b>			<b>Council</b>		
	<b>Group total</b>	<b>Carbon credits</b>	<b>Software</b>	<b>Council total</b>	<b>Carbon credits</b>	<b>Software</b>
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Cost:</b>						
<b>Balance at 1 July 2020</b>	<b>17,285</b>	<b>1,046</b>	<b>16,239</b>	<b>16,097</b>	<b>1,046</b>	<b>15,051</b>
Additions	6,336	4,490	1,846	6,303	4,490	1,813
Disposals	(879)	(879)	-	(879)	(879)	-
<b>Balance at 30 June 2021</b>	<b>22,742</b>	<b>4,657</b>	<b>18,085</b>	<b>21,521</b>	<b>4,657</b>	<b>16,864</b>



	Group			Council		
	Group total \$000s	Carbon credits \$000s	Software \$000s	Council total \$000s	Carbon credits \$000s	Software \$000s
Additions	968	-	968	793	-	793
Disposals	(1,510)	(1,345)	(165)	(1,510)	(1,345)	(165)
<b>Balance at 30 June 2022</b>	<b>22,200</b>	<b>3,312</b>	<b>18,888</b>	<b>20,804</b>	<b>3,312</b>	<b>17,492</b>
<b>Accumulated amortisation and impairment:</b>						
<b>Balance at 1 July 2020</b>	<b>6,402</b>	<b>87</b>	<b>6,315</b>	<b>5,633</b>	<b>87</b>	<b>5,546</b>
Amortisation expense	1,436	-	1,436	1,291	-	1,291
<b>Balance at 30 June 2021</b>	<b>7,838</b>	<b>87</b>	<b>7,751</b>	<b>6,924</b>	<b>87</b>	<b>6,837</b>
Amortisation expense	1,668	-	1,668	1,549	-	1,549
<b>Balance at 30 June 2022</b>	<b>9,506</b>	<b>87</b>	<b>9,419</b>	<b>8,473</b>	<b>87</b>	<b>8,386</b>
<b>Carrying amount:</b>						
<b>Balance at 1 July 2020</b>	<b>10,883</b>	<b>959</b>	<b>9,924</b>	<b>10,464</b>	<b>959</b>	<b>9,505</b>
<b>Balance at 30 June 2021</b>	<b>14,904</b>	<b>4,570</b>	<b>10,334</b>	<b>14,597</b>	<b>4,570</b>	<b>10,027</b>
<b>Balance at 30 June 2022</b>	<b>12,694</b>	<b>3,225</b>	<b>9,469</b>	<b>12,331</b>	<b>3,225</b>	<b>9,106</b>

### 11.1. Intangible assets under construction

Council had a total of \$437,000 in intangibles under construction (2020-21: \$1,200,000).

#### Accounting Policy

##### **Software acquisition and development**

Software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs, maintenance and web related costs are recognised as expenditure when incurred.

##### **Carbon credits**

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are de-recognised when they are used to satisfy carbon emission obligations.

##### **Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of computer software, the major classes of intangible assets have been estimated as follows:

Computer software	5 to 10 years	10% to 20%.
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##### **Impairment of intangible assets**

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment in note 10. The same approach applies to the impairment of intangible assets.

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

Forestry assets are predominantly owned and managed by MRF. The forestry estate is managed through a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (KDC) (11.5%). The MRF estate covers 3,309 stocked hectares as at 30 June 2022 (2020-21: 3,290).

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
<b>Balance at 1 July</b>	<b>17,080</b>	<b>21,116</b>	<b>17,080</b>	<b>22,080</b>	<b>21,116</b>
Increase due to additions	437	7	437	-	7
Gains/(Losses) arising from changes attributable to physical changes (note 8)	(1,175)	(392)	(1,175)	1,262	(392)
Gains/(Losses) arising from changes attributable to log price changes (note 8)	(258)	(1,527)	(258)	-	(1,527)
Decreases due to harvest	(405)	(2,124)	(405)	-	(2,124)
<b>Balance at 30 June</b>	<b>15,679</b>	<b>17,080</b>	<b>15,679</b>	<b>23,342</b>	<b>17,080</b>

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

The estate consists of six forest blocks - Para, Pukaka, Strachan Peak, Koromiko, Waikakaho and Speeds. The planted area consists predominantly of radiata pine with small areas planted with other species. As of 30 June 2022, the weighted average age of the forest estate is 11.6 years old. (2020-21: 10.7)

Independent registered valuer Colliers has valued MRF's land and improvements as at 30 June 2022. Forme Consulting Group Ltd has prepared the forestry crop valuations as at 30 June 2022 based on methodology recommended by the New Zealand Institute of Forestry. For this valuation a discount rate of 6.5%, applied to pre-tax cash flows, has been used in line with rates used by similar forest valuations within New Zealand. The sensitivity of crop value to discount rate is shown below:

	as at 30 June 2022			as at 30 June 2021		
	6%	6.5% (as used)	7%	6%	6.5% (as used)	7%
Discount rate:						
Tree crop value (\$000s)	20,171	17,716	15,688	22,198	19,299	16,830
MDC Group 88.5% share (\$000s)	17,851	15,679	13,884	19,645	17,080	14,895

Key financial risks arise from increase in costs associated with logging/loads, cartage harvesting costs, sale price for forestry and risks of changing demand from export markets.

### Accounting Policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in expenditure when incurred.

Where Council transacts with the joint operation, unrealised profits and losses are eliminated to the extent of Council's share in the joint operation, except to the extent that unrealised losses provide evidence of impairment of the asset.

MRF Joint Operation	Council and Group	
	2021-22 \$000s	2020-21 \$000s
Current assets	50	195
Non-current assets	29,870	28,788
Current liabilities	83	125
Non-current liabilities	550	-
Income	809	5,010
Expenses	3,094	7,480

### Accounting Policy

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control.

The Council and group recognise its direct right to the assets, liabilities, revenues and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue, and expenses. Assets, liabilities, revenues, and expenses relating to Council's interest in a joint operation are accounted for in line with Council's accounting policies and included in the relevant line items of the Council and group financial statements.

## 13. Other Financial Assets

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
<b>Current portion:</b>					
Term deposits and bonds with maturities of 4-12 months	12,620	12,492	12,620	14,299	12,492
<b>Total current portion</b>	<b>12,620</b>	<b>12,492</b>	<b>12,620</b>	<b>14,299</b>	<b>12,492</b>
<b>Non-current portion:</b>					
Term deposits and bonds with maturities 12 months plus	418	249	418	266	249
Community loans	10	14	10	10	14
Loan to joint operation MRF	-	-	-	3,540	-
Unlisted shares in subsidiaries (investment in CCOs)	-	-	6,000	6,000	6,000
Advance to MDCH	-	-	67,315	82,780	54,640
NZ Local Government Insurance Corporation and the LGFA shares	2,461	1,597	2,461	1,453	1,597
Shares other	1	1	1	1	1
<b>Total non-current portion</b>	<b>2,890</b>	<b>1,861</b>	<b>76,205</b>	<b>94,050</b>	<b>62,501</b>
<b>Total other financial assets</b>	<b>15,510</b>	<b>14,353</b>	<b>88,825</b>	<b>108,349</b>	<b>74,993</b>

The carrying value of term deposits and bonds approximates their fair value. Financial assets are classified into the following categories for the purpose of measurement:

- term deposits and bonds which are held to maturity investment; and
- loans and receivables and investments in Council Controlled Organisations and similar entities.

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

## Accounting Policy

### *Investments in subsidiaries and similar entities*

Investments in subsidiaries are recorded in Council's financial statements at cost less any subsequent accumulated impairment losses.

### *Term deposits, loans to subsidiaries and community organisations*

These investments are measured at their amortised cost, using the effective interest method less impairment. Where applicable, interest accrued is added to the investment balance. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. At year end they are assessed for indicators of impairment.

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. The Council has no impairment for the year ended 30 June 2022 (30 June 2021: Nil).

## 14. Investment Property

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
<b>Balance at 1 July</b>	<b>116,498</b>	<b>101,823</b>	<b>10,950</b>	<b>10,750</b>	<b>10,750</b>
Additions from acquisition	13,642	5,538	-	-	-
Transfer from property plant and equipment	(260)	-	-	-	-
Fair valuation gains/(losses) (note 5)	(1,255)	9,137	550	-	200
<b>Balance at 30 June</b>	<b>128,625</b>	<b>116,498</b>	<b>11,500</b>	<b>10,750</b>	<b>10,950</b>

### 14.1 Valuation basis

The fair value of investment property at 30 June 2022 has been arrived at on the basis of a valuation carried out at that date by the following independent registered valuers:

- Port Marlborough NZ Ltd - Crighton Anderson Property and Infrastructure Ltd trading as Colliers International (2020-21: Crighton Anderson Property and Infrastructure Ltd trading as Colliers International);
- Marlborough Airport Ltd - Alexander Hayward Ltd (2020-21: Alexander Hayward Ltd); and
- Council - Alexander Hayward Ltd (2020-21: Alexander Hayward Ltd).

The fair value of investment property has been determined using the capitalisation of net income, discounted cash flow methods and comparable sales approach. These methods are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rates.

The rates adopted are post tax and range between 6.25% and 8.00% (2020-21: 5.75% and 7.00%) for Council and 6.40% and 8.25% (2020-21: 5.45% and 9.5%) for Port Marlborough NZ Ltd and 6.75% (2019-20: 6.75%) for Marlborough Airport Ltd.

## 14.2 MDC Group valuation uncertainty disclosure

Due to the uncertain impact of Covid-19 on market values the valuation of investment properties the respective valuations for the Council, MAL and PMNZL reported on the basis of having 'significant valuation' uncertainty. (2020-21: significant valuation uncertainty).

### Accounting Policy

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in revenue or expenditure.

## 15. Cash and Cash Equivalents

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
Cash at bank and on hand	12,725	9,625	6,214	140	1,822
<b>Total cash and cash equivalents</b>	<b>12,725</b>	<b>9,625</b>	<b>6,214</b>	<b>140</b>	<b>1,822</b>

Cash and cash equivalents included in the Statement of Cash flows comprise of the following Statement of Financial Position amounts:

Cash on hand and balances with banks	8,225	9,625	1,714	140	1,822
Short term investments	4,500	-	4,500	-	-
<b>Total as per statement of cash flows</b>	<b>12,725</b>	<b>9,625</b>	<b>6,214</b>	<b>140</b>	<b>1,822</b>

### Accounting Policy

Cash and cash equivalents include cash on hand, balances with banks, other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.



## 16. Debtors and Other Receivables

	Group		Council	
	Actual 2021-22	Actual 2020-21	Actual 2021-22	Actual 2020-21
	\$000s	\$000s	\$000s	\$000s

### 16.1 Debtors and other receivables from non-exchange transactions

Rates receivables	1,237	1,178	1,237	1,178
GST	2,285	1,665	2,285	1,665
Waka Kotahi roading subsidy	4,001	1,834	4,001	1,834
Other	306	309	306	309
<b>Total non-exchange debtors and other receivables</b>	<b>7,829</b>	<b>4,986</b>	<b>7,829</b>	<b>4,986</b>

### 16.2 Debtors and other receivables from exchange transactions

Trade receivables	3,769	5,096	3,769	5,096
Related party receivables	-	-	169	934
Prepayments and other sundry receivables	5,892	7,126	2,520	3,697
<b>Gross exchange debtors and other receivables</b>	<b>9,661</b>	<b>12,222</b>	<b>6,458</b>	<b>9,727</b>
Less provision for impairment	(61)	(75)	(30)	(25)
<b>Total exchange debtors and other receivables</b>	<b>9,600</b>	<b>12,147</b>	<b>6,428</b>	<b>9,702</b>

### 16.3 Total debtors and other receivables

Gross total debtors and other receivables	17,490	17,208	14,287	14,713
Less provision for impairment	(61)	(75)	(30)	(25)
<b>Total debtors and other receivables</b>	<b>17,429</b>	<b>17,133</b>	<b>14,257</b>	<b>14,688</b>

### 16.4 Impairment information

Individual impairment	61	75	30	25
<b>Total provision for impairment</b>	<b>61</b>	<b>75</b>	<b>30</b>	<b>25</b>
Past due >120 days	61	75	30	25
<b>Total individual impairment</b>	<b>61</b>	<b>75</b>	<b>30</b>	<b>25</b>
<b>At 1 July</b>	75	65	25	11
Additional provisions made during the year (note 8)	61	75	30	25
Provisions reversed during the year (note 8)	(75)	(65)	(25)	(11)
<b>At 30 June</b>	<b>61</b>	<b>75</b>	<b>30</b>	<b>25</b>

## Accounting Policy

Short-term receivables are recorded at the amount due, less any impairment provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

There is no concentration of credit risk with respect to receivables as the MDC Group has a large number of customers (refer to note 27.3 – Financial Instrument Risks).

Council has provided a sum of \$29,829 (2020-21: \$24,616) for the impairment of trade debtors. The provision has been based on an analysis of previous year's losses and a review of specific debtors.

	2021-22			2020-21		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s

### 16.5 Ageing profile of total receivables

#### Group

Not past due	14,927	-	14,927	14,295	-	14,295
Past due 1-60 days	1,649	-	1,649	2,195	-	2,195
Past due 61-120 days	329	-	329	267	-	267
Past due >120 days	585	61	524	451	75	376
<b>Total</b>	<b>17,490</b>	<b>61</b>	<b>17,429</b>	<b>17,208</b>	<b>75</b>	<b>17,133</b>

#### Council

Not past due	11,724	-	11,724	11,800	-	11,800
Past due 1-60 days	1,649	-	1,649	2,195	-	2,195
Past due 61-120 days	329	-	329	267	-	267
Past due >120 days	585	30	555	451	25	426
<b>Total</b>	<b>14,287</b>	<b>30</b>	<b>14,257</b>	<b>14,713</b>	<b>25</b>	<b>14,688</b>

## 17. Investment in Joint Venture

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
Marlborough Inland Hub	6,750	-	-	-	-
<b>Total investment in Joint Venture</b>	<b>6,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Marlborough Inland Hub Limited, represents a 50/50 partnership between Centreport and PMNZL. PMNZL owns a 32-hectare site at Riverlands, Blenheim. The initiative will provide an inland cargo hub, enabling freight movement via road rail to coastal and international shipping.

## Accounting Policy

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control.

The Council and group recognise its investment in Joint Venture using the equity method.

## 18. Borrowings

### 18.1 Council

Council raises loans either using a Westpac facility or through the New Zealand Local Government Funding Agency LTD. The loans are secured via security stock issued by Council under a Debenture Trust Deed.

#### Westpac facility

Secured loans can be raised under a \$20 million (2020-21: \$20 million) wholesale advance facility agreement with Westpac New Zealand Ltd (Westpac). Council has the option to renew the facility in March 2024.

Council has not utilised the facility as at 30 June 2022 (2020-21: \$4 million)

#### New Zealand Local Government Funding Agency Ltd (LGFA)

Total borrowing with the LGFA is \$137.2 million (2020-21: \$103.2 million). The breakdown is provided in the table below.

LGFA borrowings	2021-22		2020-21	
	\$000s	Interest rate	\$000s	Interest rate
Current portion	55,200	\$41.2 million variable at 1.65%-2.124%	51,200	\$41.2 million variable at 0.57%-1.05%
		\$6 million fixed at 5.5%		\$10 million fixed at 0.70%
Non-current portion	82,000	\$42 million variable at 0.66%-1.17%	52,000	\$42 million variable at 0.66%-1.17%
		\$13 million fixed at 2.82%-4.57%		\$10 million fixed at 2.82%-5.5%
<b>Total</b>	<b>137,200</b>		<b>103,200</b>	

Council holds \$52 million in interest rate swaps (2020-21: \$38 million) fixed at a weighted average rate of 3.50% (2020-21: 3.60%) and with the following maturities: \$14 million in 2025, \$10 million in 2026, \$14 million in 2027 and \$14 million in 2028.

### 18.2 MDCH

During the year interest rates ranged between 0.57% and 5.21% (2020-21: 0.57%- 5.21%).

### 18.3 Internal borrowings

Information about internal borrowings is provided in Activity Funding Group Impact Statement sections. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

## Accounting Policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs.

Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

## 19. Provisions

	Group		Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b>Current portion:</b>				
Rates postponement provision	3	2	3	2
Carbon credits	641	630	641	630
<b>Total current portion</b>	<b>644</b>	<b>632</b>	<b>644</b>	<b>632</b>
<b>Non-current portion:</b>				
Landfill aftercare provision	3,993	3,386	3,993	3,386
Riskpool	100	100	100	100
Runway reseal provision	4,727	3,786	-	-
<b>Total non-current portion</b>	<b>8,820</b>	<b>7,272</b>	<b>4,093</b>	<b>3,486</b>
<b>Total provisions</b>	<b>9,464</b>	<b>7,904</b>	<b>4,737</b>	<b>4,118</b>

Provision movements	Group	Runway reseal	Council	Riskpool	Carbon credits	Landfill aftercare	Rates postponement
<b>Balance at 1 July 2021</b>	<b>7,904</b>	<b>3,786</b>	<b>4,118</b>	<b>100</b>	<b>630</b>	<b>3,386</b>	<b>2</b>
Additional provisions made	2,238	941	1,297	-	640	656	1
Amounts used	(678)	-	(678)	-	(629)	(49)	-
<b>Balance at 30 June 2022</b>	<b>9,464</b>	<b>4,727</b>	<b>4,737</b>	<b>100</b>	<b>641</b>	<b>3,993</b>	<b>3</b>

### Accounting Policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and discounted to present value where the effect is material.

### Riskpool

This provision recognises \$100,000 for a final New Zealand Mutual Liability Riskpool call before its wind up which is anticipated to be in 2024.

### Carbon credits

This provision recognises an additional provision of \$640,000 (2020-21: \$629,000) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2022.

## Landfill closure and aftercare liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements and an inflation factor of 2% (2020-21: 2%) and a discount rate of 3.4% (2020-21: 3.4%).

Council has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. Post-closure responsibilities include: treatment and monitoring of leachate, groundwater and surface monitoring, gas monitoring and recovery, implementation of remedial measures such as needling for cover and control systems, ongoing site maintenance for drainage systems, and final cover and vegetation. The uninflated cash outflows for landfill post-closure monitoring and maintenance are estimated at an average of \$148,001 per annum to occur in perpetuity (2020-21: \$140,746).

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

## Current landfill

Council gained the resource consent in November 1995 to operate the Bluegums landfill. Closure responsibilities occur at the closure of each stage of the landfill and upon final closure. Due to the increased quantity of waste delivered to the landfill, Council's recent landfill capacity review has provided an updated closure of the stage currently in use and closure of the entire landfill for 2048. This was previously forecast to be in 2057. A number of waste minimisation initiatives are planned to reduce the amount of waste being sent to landfill, including increased kerbside recyclables collection, diversion of food waste from landfill and the Waste Sorting Facility. For more information refer to the Solid Waste Management Activity section.

The cash outflows for landfill post-closure are expected to occur in 26 to 56 years' time. The estimated liability for closure and post-closure is \$4.84 million (2020-21: \$4.65 million).

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

- the remaining capacity of the site is 1.78 million cubic metres (2020-21: 1.84 million cubic metres) (refuse, clean fill and cover);
- the revised estimated remaining life is 26 years (2020-21: 27 years) based on historical volume information; and
- the granting of resource consent renewals.

To provide for costs of aftercare of the currently used regional landfill, a charge is made each year based on the net present value of the estimated after care cost which it is estimated will be incurred following the closure of the landfill.

## Runway reseal

The provision reflects MAL cash flows obligation to maintain the runway under their license agreement with New Zealand Defence Force.

The provision for resealing was reviewed in February 2022 by Beca Ltd which undertook a desktop feasibility assessment and prepared a high level Rough Order Cost (ROC) estimate of the surfacing of the runway.

Business and Economic Research Ltd (BERL) price level adjustors plus a 3.5% interest factor were applied to the ROC to calculate the amount to be provided each year up until 2025, when the runway is expected to be resealed.



## 20. Creditors and Other Payables

Creditors and other payables from exchange and non-exchange transactions	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2021-22	2020-21	2021-22	2021-22	2020-21
	\$000s	\$000s	\$000s	\$000s	\$000s
Trade and other payables	20,132	13,178	14,447	8,967	10,048
Accrued expenses	3,332	6,082	3,332	1,821	6,082
Income in advance	3,680	3,149	3,680	2,101	3,149
Deposits	1,258	922	1,258	2,007	922
Related party payables	-	-	3,717	3,343	3,596
<b>Total creditors and other payables</b>	<b>28,402</b>	<b>23,331</b>	<b>26,434</b>	<b>18,239</b>	<b>23,797</b>

### Accounting Policy

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## 21. Employee Entitlements

Current portion	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2021-22	2020-21	2021-22	2021-22	2020-21
	\$000s	\$000s	\$000s	\$000s	\$000s
Accrued pay	166	122	166	80	122
Annual leave and sick leave	3,147	2,996	2,282	2,031	2,222
Retirement and long service leave	254	249	254	287	249
<b>Total current portion</b>	<b>3,567</b>	<b>3,367</b>	<b>2,702</b>	<b>2,398</b>	<b>2,593</b>
<b>Total employee entitlements</b>	<b>3,567</b>	<b>3,367</b>	<b>2,702</b>	<b>2,398</b>	<b>2,593</b>

### Accounting Policy

Provision is made in respect of the Council liability for retiring gratuity allowances, annual and long service leave and sick leave. The retiring gratuity liability and long service leave liability are assessed using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Liabilities for accumulating short-term compensated absences (e.g. annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance sheet date.

Council has a sick leave gifting policy. The value of Council's sick leave gifting has been accessed but no material impact or changes have been made to the current level of provision.

Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities that are expected to be settled within 12 months of balance date are classified as current.

## 22. Equity and Capital Management

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
<b>Accumulated funds</b>					
<b>Balance at 1 July</b>	<b>754,952</b>	<b>712,109</b>	<b>672,896</b>	<b>649,768</b>	<b>642,750</b>
Transfers (to)/from Reserves	7,457	7,602	7,457	15,527	7,602
Transfers (to)/from Restricted Reserves	(1,276)	1,518	(1,276)	(475)	1,518
Transfers from Property Revaluation Reserves on disposal	17	825	17	-	545
Surplus for the year	66,526	32,898	62,030	17,524	20,481
<b>Balance at 30 June</b>	<b>827,676</b>	<b>754,952</b>	<b>741,124</b>	<b>682,345</b>	<b>672,896</b>
<b>Ordinary and Council created Reserves</b>					
<b>Balance at 1 July</b>	<b>54,711</b>	<b>62,313</b>	<b>52,095</b>	<b>69,442</b>	<b>59,697</b>
Transfers (to)/from accumulated funds	(7,457)	(7,602)	(7,457)	(15,527)	(7,602)
<b>Balance at 30 June</b>	<b>47,254</b>	<b>54,711</b>	<b>44,638</b>	<b>53,915</b>	<b>52,095</b>
<b>Restricted Reserves</b>					
<b>Balance at 1 July</b>	<b>1,698</b>	<b>3,216</b>	<b>1,698</b>	<b>(421)</b>	<b>3,216</b>
Transfers (to)/from accumulated funds	1,276	(1,518)	1,276	475	(1,518)
<b>Balance at 30 June</b>	<b>2,974</b>	<b>1,698</b>	<b>2,974</b>	<b>54</b>	<b>1,698</b>
<b>Restricted Reserves consists of:</b>					
Development Contribution Reserve	(1,919)	(1,574)	(1,919)	(1,610)	(1,574)
Land Subdivision Reserve	4,893	3,272	4,893	1,664	3,272
<b>Property Revaluation Reserve</b>					
<b>Balance at 1 July</b>	<b>1,129,867</b>	<b>1,052,453</b>	<b>1,072,216</b>	<b>988,910</b>	<b>994,522</b>
Net revaluation gains	55,772	78,239	41,213	61,551	78,239
Deferred tax recognised directly in other comprehensive revenue and expense	(2,319)	-	-	-	-
Transfers to accumulated funds on disposal of property	(17)	(825)	(17)	-	(545)
<b>Balance at 30 June</b>	<b>1,183,303</b>	<b>1,129,867</b>	<b>1,113,412</b>	<b>1,050,461</b>	<b>1,072,216</b>
<b>Total Reserves</b>	<b>1,233,531</b>	<b>1,186,276</b>	<b>1,161,024</b>	<b>1,104,430</b>	<b>1,126,009</b>
<b>Total equity</b>	<b>2,061,207</b>	<b>1,941,228</b>	<b>1,902,148</b>	<b>1,786,775</b>	<b>1,798,905</b>

## 22.1 Ordinary reserves

Ordinary Reserves	Activities to which the reserve is applied	Opening Balance at 1 July 2021 \$000s	Transfer to reserve \$000s	Transfer from reserve \$000s	Closing Balance at 30 June 2022 \$000s
Emergency events	Infrastructural assets including roading network and Wairau floodplain river protection.	11,244	1,925	(3,845)	9,324
Port Marlborough NZ Ltd special dividend	All activities in the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas	4,313	173	(582)	3,904
Infrastructure upgrade	Infrastructure such as water and sewerage and other activities as determined by Council from time to time.	11,703	5,214	(3,444)	13,473
Forestry and land development	All activities.	9,563	7,494	(5,857)	11,200
Covid19 - Rates Relief Reserve	All activities	-	-	(4,000)	(4,000)
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety and learning.	(1,882)	1,806	(1,025)	(1,101)
Community facilities	Community facilities.	(776)	813	(517)	(480)
Roads and footpaths	Roads and footpaths.	7,600	7,629	(6,178)	9,051
Flood protection	Flood protection.	(470)	2,139	(2,104)	(435)
Sewerage	Sewerage.	2,267	3,857	(13,314)	(7,190)
Stormwater drainage	Stormwater drainage.	7,214	1,755	(3,026)	5,943
Water supply	Water supply.	1,185	4,254	(4,556)	883
Solid waste management	Solid waste management.	(1,938)	3,721	(1,068)	715
Environmental management	Environmental management.	(487)	896	(732)	(323)
Regulatory	Regulatory.	676	448	(277)	847
Regional development	Regional development.	(495)	601	(451)	(345)
Other non-activity	All activities.	2,378	3,671	(2,877)	3,172
<b>Total Ordinary Reserves 2022</b>		<b>52,095</b>	<b>46,396</b>	<b>(53,853)</b>	<b>44,638</b>

Restricted Reserves	Activities to which the reserve is applied	Opening Balance at 1 July 2021	Transfer to reserve	Transfer from reserve	Closing Balance at 30 June 2022
		\$000s	\$000s	\$000s	\$000s
<b>Development contributions</b>					
Reserve and Community Facilities		3,272	3,549	(1,928)	4,893
Roads and Footpaths	Growth driven capital expenditure	184	287	(398)	73
Sewerage		(2,212)	3,444	(4,856)	(3,624)
Stormwater		343	580	-	923
Water supply		111	1,148	(550)	709
<b>Total Restricted Reserves 2022</b>		<b>1,698</b>	<b>9,008</b>	<b>(7,732)</b>	<b>2,974</b>

### Purpose of Council's Reserves

Special Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

For further information about Council's Reserves see page 316-319 of Council's 2021-2031 Long Term Plan.

### Capital Management

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

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place an infrastructure strategy and asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

### Accounting Policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- accumulated funds;
- restricted reserves;
- ordinary and council created reserves; and

- property, plant and equipment revaluation reserve

#### **Restricted reserves**

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party.

Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

#### **Ordinary and Council created reserves**

There are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

#### **Property, plant and equipment revaluation reserve**

This reserve relates to the revaluation of property, plant, and equipment to fair value.

## 23. Capital Commitments and Operating Leases

	Group		Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b>Capital commitments:</b>				
Property, plant and equipment	22,118	44,971	20,170	44,489
Intangible assets	-	-	-	-
Investment property	6,455	18,057	-	-
<b>Total capital commitments</b>	<b>28,573</b>	<b>63,028</b>	<b>20,170</b>	<b>44,489</b>

#### Operating leases as lessee

MDC Group leases motor vehicles in the normal course of its business. All operating lease contracts contain market review clauses in the event that the option to renew is exercised. MDC Group does not have an option to purchase the leased asset at the expiry of the lease period.

	Group		Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b>Operating leases as lessee:</b>				
Not later than one year	132	125	95	99
Later than one year and not later than five years	396	412	29	70
Later than five years	1,298	1,392	-	-
<b>Total non-cancellable operating leases</b>	<b>1,826</b>	<b>1,929</b>	<b>124</b>	<b>169</b>

## Operating leases as lessor

	Group		Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b>Operating leases as lessor:</b>				
Not later than one year	15,302	14,583	4,885	4,227
Later than one year and not later than five years	40,435	43,597	18,210	15,542
Later than five years	32,527	36,995	25,324	27,491
<b>Total non-cancellable operating leases</b>	<b>88,264</b>	<b>95,175</b>	<b>48,419</b>	<b>47,260</b>

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain review clauses in the event that the MDC Group exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period.

Rentals payable under operating leases are charged to revenue on a straight-line basis over the term of the relevant lease, this includes the COVID-19 lease discounts provided by Council.

MDC Group operating leases relate to rental property owned by Port Marlborough NZ Ltd with lease terms of up to 30 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that Port Marlborough NZ Ltd exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

MDC Group leases some land and buildings held for service delivery purposes under operating leases. The majority of these leases have a non-cancellable term of more than five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are detailed above.

## 24. Contingent Assets and Liabilities

### 24.1 Contingent Assets

#### Insurance Claim Revenue

There is an unquantifiable contingent asset for revenue from central government relating to the November 2016 Kaikoura earthquake.

There is an unquantifiable contingent asset for flood damage insurance claims relating to the July 2021 event.

Please refer to note 29 – Natural disasters.

### 24.2 Contingent Liabilities

	Group		Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Actual 2020-21 \$000s
Uncalled capital in MDCH	-	-	70,000	70,000
Uncalled capital in LGFA	-	-	200	200
<b>Total contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>70,200</b>	<b>70,200</b>

Contingent liabilities are liabilities that may or may not occur as they are dependent on another uncertain event. Judgement is exercised in determining whether the uncertain event is probable, possible or remote.



## New Zealand Local Government Funding Agency Ltd (LGFA)

Council is a shareholder and guarantor of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a local currency credit rating from Standard and Poor's of AA+ and a foreign currency rating of AA.

Council is one of 75 Local Authority Council's and one Council-Controlled Organisation participating of the LGFA. When Council's LGFA uncalled capital is aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified.

Also, together with the other shareholders and guarantors, Council is a guarantor of a proportion of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2022 LGFA had borrowings totaling \$15.8 billion (2020-21: \$13.6 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low and has not recognised a liability for this amount. This is on the basis that it is not aware of any local authority debt default events in New Zealand, local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required, and the LGFA have a billion dollar facility with the NZ Government.

### Financial guarantees

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

During the year Council served as a guarantor on a loan facility of \$2.8 million for the Marlborough Research Centre Trust (MRC) to enable it to build the new Bragato Research Institute building. Council is obligated under the guarantee to make loan payments in the event that the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the organization. At balance date, Council expects it will not be called upon by the bank for this financial guarantee. The possibility of any call on this guarantees is remote. Also the MRC has provided Council with adequate security (2020-21: \$2.8 million for the Marlborough Research).

### Local Authority Protection Programme (LAPP)

Council is a member of the Local Authority Protection Programme (LAPP). The Trust Deed of LAPP provides that the Trustees may adopt or determine such methods of setting Extra Contributions for coverage for any part of portion of a year. Council has not received any formal request for Extra Contributions from LAPP in the current year.

## 25. Related Parties Transactions

Transactions between the Council and the entities within the Group have been disclosed below.

	Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b><u>MDC Holdings Limited</u></b>		
<b>Amounts paid to</b>		
Interest on advance	21	6
Swap valuation fee reimbursement	2	1
<b>Amounts payable to</b>		
Advance	3,675	3,541
<b>Amounts received from</b>		
Dividends	3,155	2,876

	Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s
Interest on loans	613	408
<b>Amounts receivable from</b>		
Loans	67,315	56,640
Interest on loans	85	53
<b><u>Port Marlborough Limited</u></b>		
<b>Amounts paid to</b>		
Services received during the year	70	101
<b>Amounts payable to</b>		
Services received during the year	5	-
<b>Amounts received from</b>		
Harbour and navigational levies	430	494
Rates and other services	695	952
Subvention payment	-	868
<b>Amounts receivable</b>		
Subvention payment	-	868
<b><u>Marlborough Airport Limited</u></b>		
<b>Amounts paid to</b>		
Services received during the year	10	6
<b>Amounts payable to</b>		
	-	-
<b>Amounts received from</b>		
Services provided during the year	241	211
Subvention payment	13	-
<b>Amounts receivable from</b>		
Services provided during the year	1	12

Transactions between Council and Key Management Personnel have been disclosed below.

	Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b>Key management personnel</b>		
<b>Councillors including the Mayor:</b>		
Remuneration	769	751
Full-time equivalent members	14.0	14.0
<b>Senior management team including the Chief Executive:</b>		
Remuneration	2,672	2,502
Full-time equivalent members	12.6	12.2
<b>Total remuneration</b>	<b>3,441</b>	<b>3,253</b>
<b>Total full-time equivalent members</b>	<b>26.6</b>	<b>26.2</b>

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

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, purchase of rubbish bags etc.). These goods and services were supplied on normal commercial terms.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2020-21: Nil).

## 26. Severance Payments

For the year ended 30 June 2022 Council made one severance payment of \$24,500 (2020-21: Two of \$35,000 and \$60,000).

## 27. Financial Instruments

### 27.1 Financial instrument categories

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

### 27.2 Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

**Quoted market price (level 1)** – financial instruments with quoted prices for identical instruments in active markets. Financial instruments quoted at market price (level 1) for the MDC Group and Council are \$13.0 million (2020-21: \$12.7 million).

**Valuation technique using observable inputs (level 2)** – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. Financial derivatives valued as observable inputs (level 2) for the MDC Group are \$4.3 million (2020-21: \$8.4 million) and for Council are \$3.5 million (2020-21 -\$3.6 million).

**Valuation techniques with significant non-observable inputs (level 3)** – financial instruments valued using models where one or more significant inputs are not observable. There are no financial instruments classified under this category for Council or the MDC Group.

### 27.3 Financial instrument risks

#### (a) Credit risk

Credit risk is the risk that a third party will default on its obligation to MDC Group causing it to incur a loss. Financial Instruments which potentially subject Council to credit risk principally consist of bank accounts, local authority stock and accounts receivable.

Council (both itself and through its funds manager) places its cash and short term deposits in high rating financial institutions. Council's Treasury Policy requires in a spread of investments with limitations placed on the level of credit exposure to any one financial institution.

Accounts receivable balances are spread over a large customer base, therefore, minimising exposure to credit risk in respect of these debtors.

Council has a series of policies to manage the risks associated with financial instruments. These policies can be found on the Council website. The web address is:  
<https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports/treasury-management-policies>

MDC Group holds no other collateral or credit enhancements for financial instruments that give rise to credit risk.

	Group		Council	
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Actual 2020-21 \$000s
<b>i) Maximum exposure to credit risk</b>				
Cash at bank and term deposits and bonds	25,763	22,366	19,252	14,563
Debtors and other receivables	17,430	17,134	14,258	14,689
Community and related party loans	10	14	10	14
Derivative financial instrument assets	3,497	-	3,497	-
Financial guarantees	-	-	-	-
<b>Total credit risk</b>	<b>46,700</b>	<b>39,514</b>	<b>37,017</b>	<b>29,266</b>
<b>ii) Credit quality of financial assets</b>				
<b>Counterparties with credit ratings - cash at bank and term deposits:</b>				
AA-	25,763	22,366	19,252	14,563
<b>Total</b>	<b>25,763</b>	<b>22,366</b>	<b>19,252</b>	<b>14,563</b>
<b>iii) Counterparties without credit ratings - existing counterparty with no defaults in the past:</b>				
Community and related party loans	10	14	10	14
<b>Total</b>	<b>10</b>	<b>14</b>	<b>10</b>	<b>14</b>

The MDC Group maximum credit exposure for each class of financial instrument is as follows:

**(b) Liquidity risk**

**(i) Management of liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

MDC Group manages its liquidity in accordance with its funding and financial policies, which include cash flow forecasting, maintaining its financial market investments in liquid instruments, and a debt maturity policy to avoid concentrations of debt maturity dates. The Council has an AA+ negative credit rating with S&P Global and banks have indicated that they want to do business with Council.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due.

These policies are reviewed and updated each Long Term Plan and can be found on the Council website.

**(ii) Contractual maturity analysis of financial liabilities**

This table analyses MDC Group financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date. The contractual cash flow includes the principal and any interest component.

	Carrying amount	Contractual cash flow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Group 2021-22</b>						
Creditors and other payables	28,402	28,402	28,402	-	-	-
Secured loans	137,433	206,289	48,178	20,728	94,429	42,954
<b>Total financial liabilities</b>	<b>165,835</b>	<b>234,691</b>	<b>76,580</b>	<b>20,728</b>	<b>94,429</b>	<b>42,954</b>
<b>Group 2020-21</b>						
Creditors and other payables	23,331	23,331	23,331	-	-	-
Secured loans	107,200	172,666	43,661	30,393	59,469	39,143
Interest rate swaps	6,236	6,237	10	-	4,161	2,066
<b>Total financial liabilities</b>	<b>136,767</b>	<b>202,234</b>	<b>67,002</b>	<b>30,393</b>	<b>63,630</b>	<b>41,209</b>
<b>Council 2021-22</b>						
Creditors and other payables	26,434	26,434	26,434	-	-	-
Secured loans	137,433	206,289	48,178	20,728	94,429	42,954
<b>Total financial liabilities</b>	<b>163,867</b>	<b>232,723</b>	<b>74,612</b>	<b>20,728</b>	<b>94,429</b>	<b>42,954</b>
<b>Council 2020-21</b>						
Creditors and other payables	23,797	23,797	23,797	-	-	-
Secured loans	107,200	172,666	43,661	30,393	59,469	39,143
Interest rate swaps	3,567	3,567	-	-	1,501	2,066
<b>Total financial liabilities</b>	<b>134,564</b>	<b>200,030</b>	<b>67,458</b>	<b>30,393</b>	<b>60,970</b>	<b>41,209</b>

### (iii) Contractual maturity analysis of financial assets

The table following analyses MDC Group financial assets into maturity groupings based on the remaining period to the contractual maturity date as at the balance date.

	Carrying amount	Contractual cash flow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Group 2021-22</b>						
Cash and cash equivalents	12,725	12,725	12,725	-	-	-
Debtors and other receivables	17,430	17,430	17,430	-	-	-
Interest Rate Swaps	4,352	4,352	-	142	717	3,493
<b>Other financial assets:</b>						
Term deposits	13,038	12,905	12,905	-	-	-
Local Authority stock and government bonds	2,377	2,325	347	228	1,349	401
Community loans	10	10	10	-	-	-
<b>Total financial assets</b>	<b>49,932</b>	<b>49,747</b>	<b>43,417</b>	<b>370</b>	<b>2,066</b>	<b>3,894</b>
<b>Group 2020-21</b>						
Cash and cash equivalents	9,625	9,625	9,625	-	-	-
Debtors and other receivables	17,134	17,134	17,134	-	-	-
<b>Other financial assets:</b>						
Term deposits	12,741	12,741	12,741	-	-	-

	Carrying amount	Contractual cash flow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Local Authority stock and government bonds	1,513	1,305	348	642	237	78
Community loans	14	14	14	-	-	-
<b>Total financial assets</b>	<b>41,027</b>	<b>40,819</b>	<b>39,862</b>	<b>642</b>	<b>237</b>	<b>78</b>

#### Council 2021-22

Cash and cash equivalents	6,214	6,214	6,214	-	-	-
Debtors and other receivables	14,258	14,258	14,258	-	-	-
Interest Rate Swaps	3,497	3,497	-	-	4	3,493
<b>Other financial assets:</b>						
Term deposits	13,038	12,905	12,905	-	-	-
Local Authority stock and government bonds	2,377	2,325	347	228	1,349	401
Community loans	10	10	10	-	-	-
<b>Total financial assets</b>	<b>39,394</b>	<b>39,209</b>	<b>33,734</b>	<b>228</b>	<b>1,353</b>	<b>3,894</b>

#### Council 2020-21

Cash and cash equivalents	1,822	1,822	1,822	-	-	-
Debtors and other receivables	14,689	14,689	14,689	-	-	-
<b>Other financial assets:</b>						
Term deposits	12,741	12,741	12,741	-	-	-
Local Authority stock and government bonds	1,513	1,305	348	642	237	78
Community loans	14	14	14	-	-	-
<b>Total financial assets</b>	<b>30,779</b>	<b>30,571</b>	<b>29,614</b>	<b>642</b>	<b>237</b>	<b>78</b>

#### (c) Sensitivity analysis

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



	2021-22		2020-21	
	-50bps Surplus \$000s	+50bps Surplus \$000s	-50bps Surplus \$000s	+50bps Surplus \$000s
<b>Interest rate risk:</b>				
<b>Group</b>				
<b>Financial assets</b>				
Cash and cash equivalents - term deposits	(23)	23	-	-
Other financial assets - term deposits	(83)	83	(82)	82
Interest rate swaps	(1,038)	1,000	-	-
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Bank overdraft	-	-	-	-
Secured loans	315	(315)	223	(223)
Interest rate swaps	(502)	476	(2,103)	1,900
<b>Total sensitivity to interest rate risk</b>	<b>(1,308)</b>	<b>1,244</b>	<b>(1,962)</b>	<b>1,759</b>
<b>Council</b>				
<b>Financial assets</b>				
Cash and cash equivalents - term deposits	(23)	23	-	-
Other financial assets - term deposits	(65)	65	(64)	64
Interest rate swaps	(1,038)	1,000	-	-
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Secured loans	427	(427)	346	(346)
Interest rate swaps	-	-	(1,430)	1,375
<b>Total sensitivity to interest rate risk</b>	<b>(699)</b>	<b>661</b>	<b>(1,148)</b>	<b>1,093</b>

**(d) Interest rate risk**

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

Under interest rate swap contracts the MDC Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the MDC Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date.

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2021-22 %	2020-21 %	2021-22 \$000s	2020-21 \$000s	2021-22 \$000s	2020-21 \$000s
<b>Outstanding fixed for floating:</b>						
<b>Group</b>						
Less than one year	-	4.93%	-	4,000	-	(10)
1 to 2 years	4.15%	0.00%	31,400	-	142	-
2 to 5 years	3.20%	4.08%	32,250	24,400	717	(4,157)
Greater than 5 years	2.60%	2.41%	50,000	50,000	3,493	(2,069)
<b>Total sensitivity to interest rate risk</b>	<b>2.70%</b>	<b>3.06%</b>	<b>113,650</b>	<b>78,400</b>	<b>4,352</b>	<b>(6,236)</b>
<b>Council</b>						
Less than one year	0.00%	-	-	-	-	-
1 to 2 years	4.05%	-	14,000	-	-	-
2 to 5 years	2.98%	4.05%	20,000	14,000	4	(1,501)
Greater than 5 years	2.65%	2.47%	39,000	44,000	3,493	(2,066)
<b>Total sensitivity to interest rate risk</b>	<b>3.01%</b>	<b>2.85%</b>	<b>73,000</b>	<b>58,000</b>	<b>3,497</b>	<b>(3,567)</b>

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

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

	Group		Council		
	Actual 2021-22 \$000s	Actual 2020-21 \$000s	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Actual 2020-21 \$000s
<b>Non-current asset portion:</b>					
Interest rate swaps	4,352	-	3,497	-	-
<b>Total derivative financial instruments assets</b>	<b>4,352</b>	<b>-</b>	<b>3,497</b>	<b>-</b>	<b>-</b>
<b>Current liability portion:</b>					
Interest rate swaps	-	10	-	-	-
<b>Non-current liability portion:</b>					
Interest rate swaps	-	6,226	-	4,160	3,567
<b>Total derivative financial instruments liabilities</b>	<b>-</b>	<b>6,236</b>	<b>-</b>	<b>4,160</b>	<b>3,567</b>

(f) **Currency risk**

MDC Group has minimal currency risk given that financial instruments are transacted in New Zealand dollars.

## 28. Insurance

Council has estimated its maximum probable loss from either, earthquake, tsunami or flood to be \$535 million (2020-21: \$522 million).

Council has taken the mitigation approach of a mix of full insurance, risk sharing and self-insurance for any applicable excess taking into account the following:

- i. Not all assets are likely to be impacted on one event, given their diverse nature and location;
- ii. Immediate replacement of all damaged assets will not be required, immediately following an event;
- iii. The balance between premium costs and risk; and
- iv. Councils do not generally insure roads or other land. Roads reinstatement is subject to NZTA subsidies.

Council has an Emergency Events Reserve, currently at \$9.3 million (2020-21: \$11.2 million).

The following information relates to the insurance of Council assets as at 30 June:

	note:	2021-22		2020-21	
		Assets Value at Cost	Maximum cover	Assets Value at Cost	Maximum cover
		\$000s	\$000s	\$000s	\$000s
<b>Council insurance</b>					
Total value of assets covered by insurance contracts and maximum amount to which they are insured	(a)	294,463	673,279	271,506	527,289
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements	(b)	604,855	60,000	574,076	56,000
Total value of self-insured assets and value of any fund held for that purpose		743,741	9,324	667,338	11,244
Land	(c)	386,908	-	352,166	-
<b>TOTAL</b>		<b>2,029,967</b>	<b>742,603</b>	<b>1,865,086</b>	<b>594,533</b>

### Note:

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

**Vehicles:** All vehicles including the leased fleet, mowers, trucks, mobile pumps are insured at replacement value for \$3.7 million (2020-21: \$3.5 million).

Council has an 88.5% share in the MRF. Their assets and standing timber are insured at replacement/ reinstatement value of \$19.1 million (2020-21: \$17.1 million).

- (b) **Underground reticulation and flood protection assets:** These assets are covered by the financial risk sharing arrangement, the Local Authority Protection Programme, with the replacement value of \$797 million (2020-21: \$706 million). The cover is for \$60 million (2020-21: \$56 million) for a first event. A further 60% of central government funding is available for eligible events.
- (c) **Land:** includes MRF land valued at \$16.0 million (2020-21: \$13.2 million) and land under roads \$140 million (2020-21: \$138 million).

**Roading and footpath and carpark assets excluding most bridges:** These activities have a value of \$959 million (2020-21: \$862 million) and are not insured. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

**Bridges:** Uninsured bridges have a value of \$67 million (2020-21: \$57 million). Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

## 29. Natural Disasters

### 29.1 2021 Flooding event

On 16 July 2021 the region was impacted by severe flooding which caused significant damage.

The damage caused to Marlborough local roads by the storm was unprecedented for the region. Kenepuru Road, Queen Charlotte Drive and Awatere Valley were the worst hit. Marlborough Roads established a recovery team to repair and restore the roading network with a Waka Kotahi subsidy rate of 95%.

Damage to Council's flood protection assets was extensive with much of the damage eligible for central government and Local Authority Funding Program (LAPP) financial assistance, subject to applicable thresholds. An advance of \$500,000 has been received from LAPP during the year. The Council is continuing to discuss with insurers and central government the level of claims and recoveries. Until discussions with insurers progress sufficiently to provide a higher level of certainty, we are unable to recognise further insurance proceeds. Council has disclosed an unquantifiable contingent asset per note 24.1.

Damage assessment work has been completed and eligible repair works are underway.

There were \$86.0M in asset impairments recognised due to flood damage in 2021-22. See note 10 for further information on this.

	Council and Group	
	2021-22 \$'000	2020-21 \$'000
<b>Flood event related transactions</b>		
Insurance recoveries	500	-
Waka Kotahi roading subsidy	33,815	-
<b>Total Revenue</b>	<b>34,315</b>	-
Roading repairs	8,981	-
Flood protection repairs	365	-
Other	257	-
<b>Total expenditure</b>	<b>9,603</b>	-
Capitalised reinstatement costs	29,030	-
Impairment through revaluation reserves	(86,001)	-
<b>Impact on assets</b>	<b>(56,971)</b>	-

### 29.2 2016 Kaikoura Earthquake

The 14 November 2016 Kaikoura earthquake caused significant damage in our region, resulting in insurance and central government subsidy claims. Damage assessment work has been completed and eligible repair works are substantially completed.

The final insurance claim was settled during this financial year. The Council continues to work with central government regarding financial assistance for three waters reticulation asset damage. Until discussion progress sufficiently to provide a higher level of certainty, we are unable to recognise further insurance proceeds. Council has recognised an unquantifiable contingent asset per note 24.1.

There were no asset impairments due to earthquake damage in 2021-22 (2020-21: Nil).

	Council and Group	
	2021-22 \$'000	2020-21 \$'000
<b>Earthquake related transactions</b>		
Insurance recoveries	1,274	-
<b>REVENUE</b>	<b>1,274</b>	<b>-</b>
<b>EXPENSES</b>		
Blenheim CBD (Third Lane) services replacement		(64)
Earthenware sewer pipe relining	(3,872)	(1,906)
Ward Hall upgrade		(497)
<b>Net costs</b>	<b>(3,872)</b>	<b>(2,467)</b>

### 30. Variance Explanations

Explanations for major budget variances from the Council budget figures in the Annual Plan are as follows:

#### Statement of Comprehensive Revenue and Expense

	Actual 2021-22 \$000s	Budget 2021-22 \$000s	Variance \$000s	Comments
Development and financial contributions	9,635	7,176	2,459	Development Contributions are higher than expected due to the volume of subdivisions reaching milestones required to contribute.
Subsidies and grants	57,884	23,968	33,916	Subsidies and grants are higher than expected due to: - additional funding from Waka Kotahi received for emergency reinstatement following the July 2021 flood event. - funding received for the National Wilding Conifer Control Program being reclassified to subsidies and grants from other revenue.
Finance revenue	8,099	2,467	5,632	Fair value movements on investments are not budgeted. The movement is due to interest rate increases at year end and maturity date of swaps getting closer causing a rise in swap values.
Gains	8,046	1,263	6,783	Gains are higher than budget due to sales of BPOT sections falling into the 2021/22 year.
Other revenue	48,761	39,279	9,482	Total Other revenue is higher by \$9.5 million in several categories as explained below: - Vested assets: \$8.9 million higher due to the current progress of subdivision work in Marlborough. - User charges: up by \$1.3 million mainly due to increased dump fees (\$1.1 million) and marine farming applications (\$0.4 million). - Other revenue: up by \$3.2 million mainly due to unbudgeted receipt of insurance funds for the July 2021 flood event and 2016 Kaikoura Earthquake (\$1.8 million). This is offset by funding received for the National Wilding Conifer Control Program being reclassified to subsidies and grants from other revenue.
Finance costs	2,888	5,638	(2,750)	Lower interest rates than anticipated.

Other expenses	88,056	69,644	18,412	Total Other expenses were higher than budget by \$18.4 million as explained below: -Repairs to roads damaged in the July 2021 flood event (\$8.9 million) -Repairs to flood protection assets damaged in the July 2021 flood event (\$0.4 million) - Higher than anticipated costs for the regional landfill (\$2.1 million) made up of a higher landfill provision, contract and levy costs and ETS obligations. -Desludge costs at the sewer ponds (\$1.7 million) - MRF expenses - loss on revaluation which was not budgeted (\$1.4 million)
Gain on property revaluations	127,351	61,551	65,800	Higher than anticipated revaluation movement primarily due to revaluations in the Land and Roads and Footpaths groups. This is offset by unbudgeted impairment of flood protection and control assets following the July 2021 flood event.

### Statement of Financial Position

	Actual	Budget	Variance	Comments
	2021-22	2021-22		
	\$000s	\$000s	\$000s	
Cash and cash equivalents	6,214	140	6,074	Higher than budget due to liquid term deposit on hand.
Intangible assets	12,331	10,758	1,573	Due to the unbudgeted purchase of Carbon Credits in the 2020-21 year not included in the expected opening balance. This is offset by the settling of the ETS obligation at higher pricing than expected.
Forestry assets	15,679	23,342	(7,663)	Due to downward valuation movement of forestry assets attributed to physical changes and log prices.
Other financial assets - non-current	76,205	94,050	(17,845)	Decrease due to lower than budget advances to MDCH.
Creditors and other payables	26,434	18,239	8,195	Higher accounts payable and accruals at year end due to significant capital programme currently in progress.
Total borrowings	137,433	173,936	(36,503)	Borrowings have decreased due to lower than budget advances to MDCH caused by delays in the Waikawa Marina extension and the IReX projects.
Provisions	4,093	2,182	1,911	Movement in the current landfill provision due to increased estimated aftercare costs in 2020-21 not included as expected in the opening balance.



## 31. Water Services Reform Programme

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Council will no longer deliver three waters services or own the assets required to deliver these services. The Bill is currently before Parliament and as such, the impacts of the proposed reforms are currently unclear.

## 32. Events After the Balance Date

### 32.1 Flooding event

On 19 August 2022 the region was impacted by severe flooding which caused significant damage. Council has begun the process of insurance and central government subsidy claims to assist financially in the repair of infrastructure. Damage assessment work is underway with emergency work repairs either completed or underway.

Council has embarked on the Marlborough Sounds Future Access Study to support the case for funding the Sounds' future transport network's recovery and maintenance. Consulting, engineering and construction company Stantec has been appointed to carry out the study.

The Council is continuing to discuss with insurers and central government the level of claims and recoveries available. It is anticipated that this work will span multiple financial years.

### 32.2 Water Services reform programme update

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

## 33. Breach of Statutory Deadline

The Council is required under section 98(7)(b) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 31 December 2022. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

# Funding Impact Statement

<b>Marlborough District Council: Funding Impact Statement</b>				
	2020-21 Annual Plan	2020-21 Annual Report	2021-22 Long Term Plan	2021-22 Annual Report
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates p	47,150	47,366	48,761	49,208
Targeted rates	25,414	25,620	27,447	27,040
Subsidies and grants for operating purposes	5,694	12,872	5,776	17,926
Fees and charges	18,150	20,631	18,980	21,060
Interest and dividends from investments	4,716	3,550	5,066	4,197
Local authorities fuel tax, fines, infringement fees, and other receipts	9,788	16,215	14,819	12,591
<b>Total Operating funding</b>	<b>110,912</b>	<b>126,254</b>	<b>120,849</b>	<b>132,022</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	81,253	91,030	92,087	100,667
Finance costs	3,876	2,445	5,638	2,960
Other operating funding applications	7,205	11,002	4,901	6,979
<b>Total applications of operating funding</b>	<b>92,334</b>	<b>104,477</b>	<b>102,626</b>	<b>110,606</b>
<b>Surplus of operating funding</b>	<b>18,578</b>	<b>21,777</b>	<b>18,223</b>	<b>21,416</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,679	17,380	18,192	39,958
Development and financial contributions	3,028	6,402	7,176	9,635
Increase (decrease) in debt	39,915	7,000	47,924	30,233
Gross proceeds from sale of assets	6,000	109	-	9,248
Lump sum contributions	150	342	150	243
Other dedicated capital funding	2,464	3,951	2,415	1,328
<b>Total sources of capital funding</b>	<b>56,236</b>	<b>35,184</b>	<b>75,857</b>	<b>90,645</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	14,082	17,191	19,424	27,763
Capital expenditure to improve the level of service	23,193	22,527	25,256	11,492
Capital expenditure to replace existing assets	29,288	35,099	33,197	57,954
Increase (decrease) in reserves	(13,452)	(11,094)	(16,315)	(5,992)
Increase (decrease) of investments	21,763	(6,762)	32,518	20,844
<b>Total applications of capital funding</b>	<b>74,814</b>	<b>56,961</b>	<b>94,080</b>	<b>112,061</b>
<b>Deficit of capital funding</b>	<b>(18,578)</b>	<b>(21,777)</b>	<b>(18,223)</b>	<b>(21,416)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Marlborough District Council: Funding Impact Statement

	2020-21 Annual Plan \$000s	2020-21 Annual Report \$000s	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s
<b>Reconciliation</b>				
<b>Total operating funding</b>	110,912	126,254	120,849	133,999
plus - Subsidies and grants for capital expenditure	4,679	17,380	18,192	37,981
plus - Development and financial contributions	3,028	6,402	7,176	9,635
plus - Lump sum contributions	150	342	151	243
plus - Other dedicated capital funding	1,325	1,172	1,276	1,328
plus - Contributions vested assets	1,139	2,779	1,139	10,011
plus - Gain on sale of fixed assets	4,500	36	-	7,496
plus - Fair value gains	-	200	-	550
plus - Fair value movement gain on SWAP	-	3,900	-	7,064
plus - Forestry asset revaluation gain	-	-	1,263	-
<b>Revenue as per Statement of Comprehensive Revenue and Expense</b>	<b>125,733</b>	<b>158,465</b>	<b>150,046</b>	<b>208,307</b>
<b>Total applications of operating funding</b>	<b>92,334</b>	<b>104,477</b>	<b>102,626</b>	<b>112,687</b>
plus - Depreciation and amortisation	27,967	28,118	29,342	29,443
plus - Loss on sale of fixed assets	-	493	-	700
plus - Impairment of fixed assets	-	-	-	-
plus - Surrendered New Zealand Carbon Units (NZUs)	-	1,195	501	1,357
plus - Landfill aftercare provision	-	1,782	53	656
plus - Fair value losses	-	-	-	-
plus - Fair value movement loss on SWAP	-	-	-	-
plus - Forestry asset revaluation loss	-	1,919	-	1,433
<b>Expenditure as per Statement of Comprehensive Revenue and Expense</b>	<b>120,301</b>	<b>137,984</b>	<b>132,522</b>	<b>146,276</b>
<b>Surplus as per Statement of Comprehensive Revenue and Expense</b>	<b>5,432</b>	<b>20,481</b>	<b>17,524</b>	<b>62,031</b>

# Notes to Funding Impact Statement

## 1. Statement of accounting policies

**Sources of operating funding** - includes revenue to the activity, but note:

- i. Grants and contributions received which are specified for funding capital expenditure are not included, they are included in “Sources of capital funding” - whereas under NZ GAAP they are included in either “Development and financial contributions” or “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- ii. Any gain from sale of assets is not included; instead the sale proceeds are included in “Sources of capital funding” - whereas under NZ GAAP any such gain is included in “Gains” in the Statement of Comprehensive Revenue and Expense.
- iii. Internal charges and overheads recovered are shown as a source of operating funding in the FIS – whereas in Council’s Statement of Comprehensive Revenue and Expense they are deducted from operating expenditure.
- iv. The value of assets vested in (effectively donated to) Council which are specified for funding capital expenditure are not included. Under NZ GAAP they are included in “Other revenue” in the Statement of Comprehensive Revenue and Expense and added to the value of Fixed assets in the Statement of Financial Position.

**Applications of operating funding** - includes operating expenditure of the activity, but note:

- v. Depreciation and amortisation expense is excluded as it does not involve a cash payment - whereas under NZ GAAP it is included in Expenditure in the Statement of Comprehensive Revenue and Expense. The value of this expense is shown in the reconciliation section.
- vi. In Council’s Statement of Comprehensive Revenue and Expense internal charges and overheads recovered are deducted from operating expenditure whereas in the FIS they are shown as a source of operating funding.
- vii. The “Finance costs” shown are the amount paid by the activity to Council’s Investment unit and so are also an internal cost.
- viii. Any loss on sale of assets is not included as it does not involve a cash payment - whereas under NZ GAAP it is included in Expenditure in the Statement of Comprehensive Revenue and Expense.

**Sources of capital funding** - shows direct sources of funding the capital expenditure of the activity, but note:

- ix. Grants and contributions received which are specified for funding capital expenditure are included - whereas under NZ GAAP they are included in either “Development and financial contributions” or “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- x. Any proceeds from the sale of an asset are included in here - whereas under NZ GAAP only the loss or gain on sale would be included in the Statement of Comprehensive Revenue and Expense.
- xi. Funding from a reserve is included as a negative value of “Increase (decrease) in reserves” in the “Applications of capital funding” section.
- xii. While loans are included here there are some situations in which a loan is used to fund operating expenditure.
- xiii. Capital expenditure may also be funded from items included as “Sources of operating funding”, e.g. activities with low levels of capital expenditure often fund it directly from rates.

**Applications of capital funding** - shows how much funding has been:

- xiv. Used to fund capital expenditure; and

- xv. Transferred to a reserve, less the amount taken from a reserve to fund capital expenditure.

**Surplus (Deficit) of operating funding and capital funding** - represent funds transferred between these two uses as defined by the FIS, for the reasons outlined here they differ from a surplus which would be calculated under NZ GAAP and as presented in the Statement of Comprehensive Revenue and Expense.

Council's management and investment units are not included in any activity, their costs and revenues are allocated over all activities, using appropriate allocation bases. For this reason adding the information provided for all activity groups will not agree to Council's financial statements. Similarly adding all "Internal charges and overheads recovered" gives a different answer to adding all "Internal charges and overheads applied" as most recoveries are to the management units.

## PART 4

# Policies

- STATEMENT ON CONTRIBUTIONS TO DECISION-MAKING PROCESSES BY MĀORI
- COUNCIL CONTROLLED ORGANISATIONS



# 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 10% 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 Tau Ihu Tiriti settlements.

There are nine iwi groups within Marlborough, who have completed Te Tiriti settlements. Most of these iwi have interests across Te Tau Ihu o Waka a Māui—

- Ngāti Kuia, Rangitāne o Wairau, and Ngāti Apa ki te Rā Tō (from the *Kurahaupō waka*)
- Ngāti Koata, Ngāti Rārua and Ngāti Toarangatira (from the *Tainui waka*)
- Te Ātiawa o Te Waka-a-Māui
- Ngāi Tahu (Ngāti Kuri hapū)
- Ngāti Tama (Tainui/Taranaki)

Marlborough's tangata whenua iwi have all signed Deeds of Settlement with the Crown to address breaches of Te Tiriti o Waitangi. The historic claims of each of Marlborough's tangata whenua iwi have now been settled.

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 tauwi (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.

In the normal course of things, Council engages with the iwi authorities that have settled.

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;
  - 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:
- (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

Iwi are entitled to be involved in Council decision-making across Council. This 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 other's 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) a Māori Ward has been established from the 2022 Local Government elections;
- (c) have positions available for iwi on Council's main standing committees;
- (d) consult on new and revised bylaws and other regulatory or planning instruments;
- (e) attend and assist to organise the Cook Strait Forum; and
- (f) engage with iwi over Policy statements and Plans under the RMA.

## 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:*

- train staff and Councillors in Council's obligations, basic te reo, tikanga, and an understanding of tē Ao Māori;
- develop resources for Councillors and staff when engaging in the Māori world; and
- promote appreciation and understanding of tē Ao Māori.

# Council Controlled Organisations

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

- MDC Holdings Ltd.

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

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

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

## MDC Holdings Ltd

MDC Holdings Ltd is 100% owned by Marlborough District Council. Council established MDC Holdings Ltd for the purposes of:

- separating commercial trading activities from the other functions it carries out;
- bringing Council's main trading activities into one structure; and
- obtaining commercial borrowing facilities at the most attractive rate attainable.

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

Port Marlborough New Zealand Ltd undertakes all the activities typically associated with a port

and also wholly owns subsidiaries PMNZ Marina Holdings Ltd and Waikawa Marina Trustee Ltd. Marlborough Airport Ltd is responsible for the maintenance of the runways and taxiways used by civil aircraft by means of an operating lease from the New Zealand Defence Force. It is also responsible for the provision of a terminal facility and associated minor freight handling.

The significant policies in place for MDC Holdings Ltd are:

- that it operate in a commercial manner:
- decisions to:
  - acquire assets, the value of which is more than 10% of the value of the company's assets before acquisition;
  - dispose of any shares in Port Marlborough New Zealand Ltd and Marlborough Airport Ltd require the prior written approval of Council as the major shareholder; and
- that it distribute by way of dividend, subject to solvency requirements, all the net tax paid profit available.

Consistent with an entity operating in a commercial manner, there is only one significant target which is to generate a long-term tax paid return on opening shareholder funds at 7.0%. The return achieved for 2021-22 was 31% (2020-21: 34%). The average for the past three years was 31%.

## Marlborough Housing for the Elderly Trust

Marlborough Housing for the Elderly Trust is a charitable trust that assists in the provision of adequate housing for the elderly people of Marlborough and other members of the community.

## **PART 5**

# Statement of Compliance and Audit Report



# Statement of Compliance

## Responsibility

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

Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Marlborough District Council, the annual report for the year ended 30 June 2022 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.

MARK WHEELER  
**CHIEF EXECUTIVE**  
24 April 2023

NADINE TAYLOR  
**MAYOR**  
24 April 2023

# Audit Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

To the readers of Marlborough District Council and Group's annual report  
for the year ended 31 June 2022



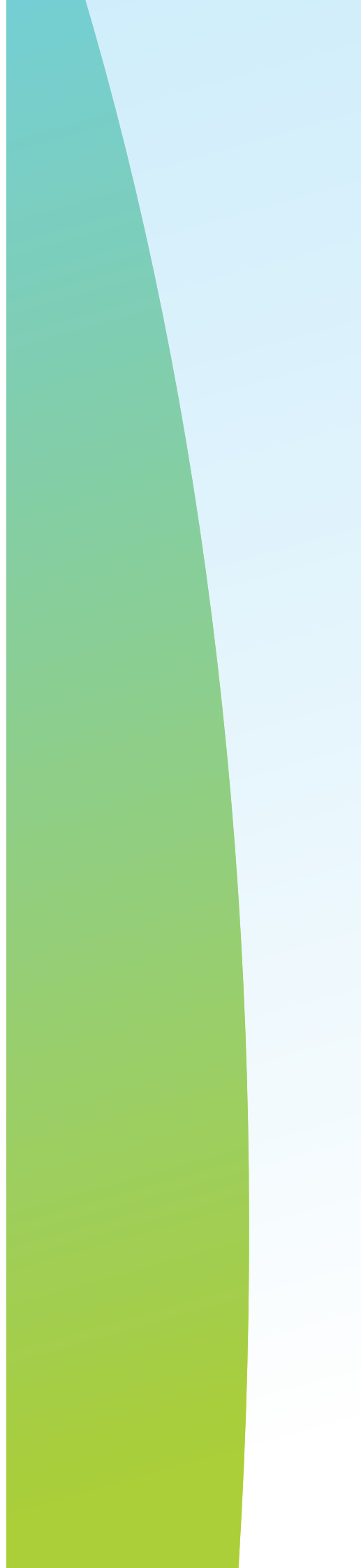






# APPENDIX

- MDC DIRECTORY



# MDC Directory

## Contact Details

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

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

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

## Addresses

### District Administration Building

15 Seymour Street, Blenheim 7201

### Picton Service Delivery Centre (includes Library)

2 Dublin Street, Picton 7220

### Harbour Control

Mariner's Mall, Picton

### Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

### Works and Operations Depot

Wither Road, Blenheim

### Reserves Depot

Pollard Park, Blenheim

## Compliance

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

## Bankers

Bank of New Zealand, Blenheim

Westpac, Blenheim

## Auditor

Julian Tan, Audit New Zealand, Wellington on behalf of the Auditor General

## General Statistics

Population  
(Census count 2018) 48,700

District Area 17,517 square kilometres

### as at 30 June 2022

Rateable Land Value \$11,605,092,350

Rateable Capital Value \$23,303,722,810

Number of Rate Assessments 27,034

### as at 30 June 2021

Rateable Land Value \$11,528,319,750

Rateable Capital Value \$23,071,023,210

Number of Rate Assessments 26,728

## Forecast Number of Total Rateable Properties

Forecast growth in the number of rateable properties has been based on the projection of 170 units per annum in the Development Contributions Policy.



Te Kaunihera ā-Rohe o Wairau

