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**MARLBOROUGH
DISTRICT COUNCIL**



Only Marlborough

15 March 2023

Record No: 2353862
File Ref: D050-001-C01
Ask For: Nicole Chauval

Notice of Committee Meeting – Tuesday, 21 March 2023

A meeting of the Economic, Finance & Community Committee will be held in the Council Chambers, 15 Seymour Street, Blenheim on **Tuesday, 21 March 2023 commencing at 9.00 am.**

BUSINESS

As per Agenda attached.

MARK WHEELER
CHIEF EXECUTIVE

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2023



**Meeting of the
ECONOMIC, FINANCE & COMMUNITY COMMITTEE
to be held in the Council Chambers, 15 Seymour Street, Blenheim
on TUESDAY, 21 MARCH 2023, commencing at 9.00 am**

| | |
|-------------------------|--|
| Committee | Clr J A Arbuckle (Chairperson) Clr B G Dawson (Deputy) Clr S R W Adams Clr S J Arbuckle Clr A R Burgess Clr J D N Croad Clr D A Dalliessi Clr R J Innes Clr B A Faulls Clr M R K Flight Clr G A Hope Clr B J Minehan Clr J C Rosene Clr T P Sowman Mayor Nadine Taylor Iwi representative (to be advised) |
| Department Heads | Mr M F Fletcher (Chief Financial Officer) and Mr D G Heiford (Manager Economic, Community & Support Services) |
| Staff | N Chauval (Committee Secretary) |

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1. Apologies

No apologies received.

2. Declaration of Interests

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3. Infometrics Marlborough Annual Economic Profile

(Clr Croad) (Report prepared by Neil Henry)

E100-007-01

Purpose of Report

1. To receive a presentation from Infometrics on the latest Marlborough economic data, covering the 2023 Economic Profile and the most recent quarterly results.

RECOMMENDATION

That the information be received.

Background/Context

2. Council contracts Infometrics Ltd to provide a detailed annual economic profile on Marlborough district, and quarterly economic reports. These reports are made available via the Council website.
3. The annual and latest quarterly reports can be found here: <https://www.marlborough.govt.nz/about-marlborough/infometrics-economic-and-community-data>
4. A two page summary of the annual report is attached. (Refer Attachment 1)
5. The reports are used within Council and by external partners to provide valuable high level and detailed information about the Marlborough economy.

Next Steps

6. Reports will be made publicly available as they are produced.

Presentation

A presentation will be given by Nick Brunsdon, Infometrics, on the recent update to the Marlborough Annual Economic Profile. (30 mins)

Attachment

Attachment 1 - Marlborough District at a Glance 2022

page [3]

| | |
|-------------------|--|
| Author/Authoriser | Neil Henry, Manager, Economic Development and Strategic Planning |
|-------------------|--|

MARLBOROUGH DISTRICT AT A GLANCE²⁰²²

economy

Gross domestic product, 2022

\$3,708

million in 2022 prices

1.0%

of national total

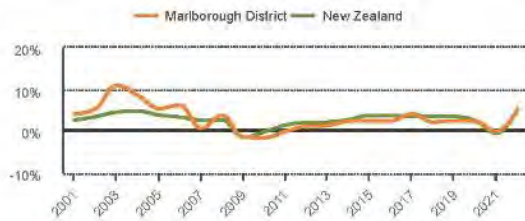
Economic growth, 2012-2022 Annual average % change

| | 2022 | Last 10 years |
|----------------------|------|---------------|
| MARLBOROUGH DISTRICT | 5.1% | 2.5% |
| NEW ZEALAND | 5.3% | 3.0% |

Industry proportion of GDP, 2022



Economic growth, 2001-2022



Biggest contributors to economic growth, 2012-2022

| | |
|---|---------------|
| Manufacturing | \$117m |
| Construction | \$95m |
| Agriculture, Forestry and Fishing | \$80m |
| Retail Trade | \$68m |
| Professional, Scientific and Technical Services | \$65m |
| All other industries | \$389m |
| Total increase in GDP | \$814m |

labour market

Total employment, 2022

28,856

Filled Jobs

1.1%

of national total

Employment growth, 2012-2022 Annual average % change

| | 2022 | Last 10 years |
|----------------------|------|---------------|
| MARLBOROUGH DISTRICT | 0.8% | 1.8% |
| NEW ZEALAND | 3.0% | 2.1% |

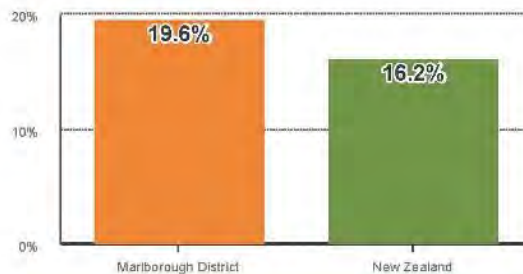
Industries which created most jobs, 2012-2022

| | |
|-------------------------------------|--------------|
| Construction | 776 |
| Administrative and Support Services | 633 |
| Health Care and Social Assistance | 599 |
| Agriculture, Forestry and Fishing | 536 |
| Manufacturing | 413 |
| All other industries | 1,757 |
| Total increase in employment | 4,715 |

Employment growth, 2001-2022



Self-employment rate, 2022



productivity

GDP per filled job, 2022

\$128,490

GDP per employee

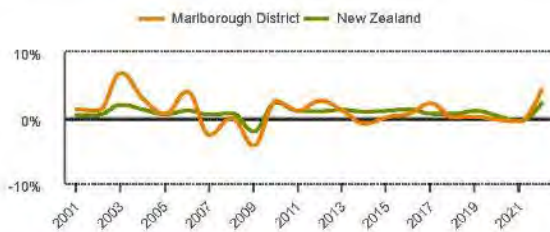
\$132,815

New Zealand

Productivity growth, 2012-2022 Annual average % change

| | 2022 | Last 10 years |
|----------------------|------|---------------|
| MARLBOROUGH DISTRICT | 4.3% | 0.7% |
| NEW ZEALAND | 2.3% | 0.9% |

Productivity growth, 2001-2022



business units

No. of business units, 2022

7,302

Business units

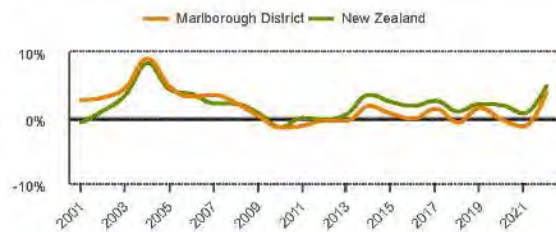
1.2%

of national total

Growth in business units, 2012-2022 Annual average % change

| | 2022 | Last 10 years |
|----------------------|------|---------------|
| MARLBOROUGH DISTRICT | 3.8% | 0.6% |
| NEW ZEALAND | 4.8% | 2.1% |

Growth in business units, 2001-2022



population

Total population, 2022

51,900

Estimated resident population

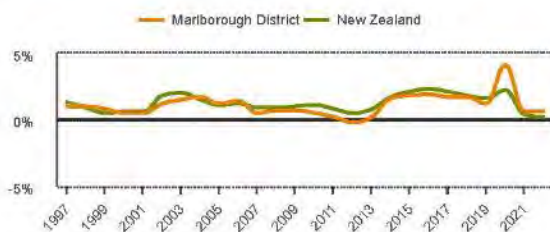
1.0%

of national total

Population growth, 2012-2022 Annual average % change

| | 2022 | Last 10 years |
|----------------------|------|---------------|
| MARLBOROUGH DISTRICT | 0.6% | 1.5% |
| NEW ZEALAND | 0.2% | 1.5% |

Population growth, 1997-2022



standard of living

Mean annual earnings 2022

\$61,530

Marlborough District

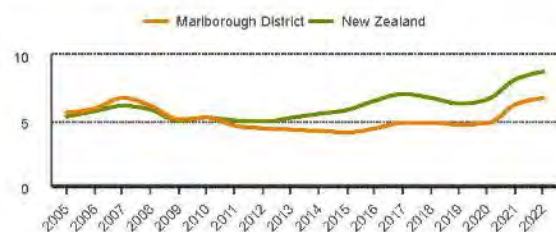
\$69,585

New Zealand

Annual earnings growth, 2012-2022 Annual average % change

| | 2022 | Last 10 years |
|----------------------|------|---------------|
| MARLBOROUGH DISTRICT | 4.5% | 3.5% |
| NEW ZEALAND | 5.6% | 3.2% |

Housing affordability, 2005-2022 Higher is less affordable



Data source: Infometrics and Statistics New Zealand. Downloaded: 9 March 2023.

4. Business Trust Marlborough Six Month Report 2022/23

(Chair)

E100-005-007-02

Purpose of Report

1. To present to the Committee the Business Trust Marlborough six monthly review to 2022/2023.
(Refer Attachment 1)

RECOMMENDATION

That the report be received.

Presentation

Brian Dawson, Manager Business Trust Marlborough will provide a presentation updating members on Business Trust Marlborough's Activities for the previous six months.

Attachment

Attachment 1 – Business Trust Six Monthly Review – February 2023

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Six Monthly Review – February 2023

Trustees / Management

| | |
|---|----------------|
| Chair: | Aaron Marshall |
| Deputy Chair: | Beth Barnes |
| Council Representative: | Mark Lucas |
| Secretary / Treasurer / Manager: | Brian Dawson |

Background

Business Trust Marlborough was incorporated in August 2014 with the purpose of providing free, confidential, one to one, business advisory services to support local businesses and foster economic growth in the wider Marlborough region. The Trust also manages a pool of very experienced and talented Business Mentors, both local and from outside the region, through Business Mentors NZ. The Trust also provides training and seminars around business start-ups and links businesses with local and central government resources.

Strategy

Our strategic goals remain:

- 1) Sustainable Finance
- 2) Create Awareness / Visibility & Develop Partnerships / Relationships
- 3) Be Proactive / Innovative & Have Successful Engagements

Key Relationship – Angel Investors Marlborough

We continue to provide administration, promotion and management services to Angel Investors Marlborough.

KPI's – Year to Date

Our performance against agreed KPI's is as below.

| | <u>Results</u> <u>1/7/22 to 28/2/23</u> | <u>KPI's</u> <u>1/7/22 to 28/2/23</u> | <u>KPI's</u> <u>2022-2023</u> |
|-------------------------------|--|--|----------------------------------|
| Mentor Matches | 32 | 40 | 60 |
| Client Engagements | 135 | 133 | 200 |
| Number of Mentors | 79 | 47 | 50 |
| Events /Workshops Held | 19 | 9 | 14 |

Engagements – Year on Year

Client engagements peaked in 2020/2021 due to COVID-19. Summarised as follows:

| Year | Number of Engagements |
|------|-----------------------|
| 2023 | 200 (Projection) |
| 2022 | 200 |
| 2021 | 254 |
| 2020 | 188 |
| 2019 | 167 |
| 2018 | 147 |
| 2017 | 120 |
| 2016 | 109 |
| 2015 | 90 |

We have forty businesses that are currently being mentored.

Events Programme

Our general events program remains strong. They are a key opportunity to educate and connect business owners. Events also help keep our service top of mind with our current and potential audience.

Our events include a breakfast meeting with a guest speaker on the first Friday of each month and morning tea again with a guest speaker on the third Thursday of every month.

Training

We are currently delivering a course on the use of digital tools for business. This is a 24-week program funded by MBIE. It has been well received by attendees and has emphasised the wealth of resources available to business. <https://digitalboost.business.govt.nz/>

We completed Kickstart Workshops in September, November and February.

Start-Up Weekend

We are delighted to again be running the Start-Up Weekend which this year is being held July 7th – 9th. As a lead up to the event we are running Start Up Mixer events each month where business founders share a bit about their journey and what is ahead for them.

Connections

We connect with existing and potential clients via Facebook, Instagram, LinkedIn and our website. We have a database of over 800 businesses.

We link in with Callaghan Innovation, NZTE and the Marlborough Chamber of Commerce.

Referrals are also exchanged back and forward between Smart Business Marlborough.

Support and Sponsors

We couldn't do what we do without the generous support of our supporters and sponsors. These include:

- Marlborough District Council - Smart Business Marlborough
- Rata Foundation
- Employment Support Marlborough
- The Lion Foundation
- Decision Time Help Ltd
- TvA Chartered Accountants
- Wallace Diack Chartered Accountants
- pcMedia

5. Marlborough Business Confidence Survey

(Clr Croad) (Report prepared by Neil Henry)

E100-010-01

Purpose of Report

1. To provide details of the recent Marlborough Business Confidence survey undertaken in conjunction with Marlborough Chamber of Commerce in late 2022.

Executive Summary

2. The first Marlborough business confidence survey has been undertaken. The results will be presented by Alistair Schorn of Marlborough Chamber of Commerce.

RECOMMENDATION

That the information be received.

Background/Context

3. An economic confidence survey of local businesses provides a picture of recent, past and future thinking as an indicator of economic health in the region. As a small region, national business confidence surveys do not represent the local picture accurately.
4. Council has engaged Marlborough Chamber of Commerce to undertake the survey, which will be undertaken twice yearly.
5. The first business confidence survey was undertaken in Quarter 4 of 2022. Alistair Schorn of Marlborough Chamber of Commerce will present the results of the survey at the committee meeting.

Next Steps

6. The next business confidence survey will be undertaken in quarter 2 of 2023.

Presentation

A presentation will be provided by Alistair Schorn, Marlborough Chamber of Commerce.

| | |
|------------|--|
| Author | Neil Henry, Manager, Economic Development and Strategic Planning |
| Authoriser | Dean Heiford, Manager, Economic, Community and Support Services |

6. Economic Development Update

(Clr Croad) (Report prepared by Neil Henry and Dorien Vermaas)

E100-010-01

Purpose of Report

1. To provide an update on the activities of Council's Economic Development team between December and March

Executive Summary

2. Smart Business Marlborough

Business support activity has continued in the period and updated economic data from Infometrics has been received. Business Trust Marlborough continues to provide support to local businesses. The Marlborough Chamber of Commerce provides support for SME's in Marlborough through the Regional Business programme.

3. Smart+Connected Industry

Smart+Connected Industry groups continue to hold regular meetings and work on collaborative projects. The Smart+Connected Aviation group has been formed with Matt Kerr stepping in as chair and the Circular Wine Smart+Connected group has been formed around a regional waste resource solution. Launch of the tips and tricks for vintage from the speed dating session.

4. Screen Marlborough

The Marlborough screen office continues to progress according to the strategic plan.

5. Other Activities

- Kanoa Funding application for The Tech and Innovation Hub completed and submitted to government and continues to go through the process.
- Launch of the #weloveithere campaign
- Participation in Climate Action Week
- Launch of the Head of Faculty Tech recruitment campaign
- Marlborough MEWS presentation to the ITP-managers in Government for the following sectors:
 - AgritechITP
 - Tourism ITP
 - Food & Beverage ITP
 - Forestry & Wood Processing ITP
- Participation at:
 - The Aquaculture Hui
 - Spat workshop
 - Wine Industry Steering workforce
 - AgritechITP 2.0 launch in Nelson

RECOMMENDATION

That the information be received.

Background/Context

6. Smart Business Marlborough

Smart Business Marlborough is a range of services provided or supported by Council to assist business growth and development. These services include:

- Business Trust Marlborough
- New Zealand Wine Centre
- Business Development Advisory Service for commercial/industrial activities
- Promoting Marlborough as a place to live, work and do business
- Supporting international connections including a sister region relationship with Ningxia, China
- Economic statistics
- Collaborating with other business support providers, including central government agencies

7. Smart + Connected

Marlborough Smart and Connected is an economic and community development programme designed to empower industries and communities to create a shared vision focusing on the future and drive local actions towards creating a new Marlborough. The implementation of the Smart and Connected strategy is two-fold. It focuses on both industry and community work-streams.

The current industry groups are:

- Aquaculture
- Blenheim Business Association
- Forestry and Wood Sector
- Labour & Skills
- Aviation
- Circular wine

8. Screen Marlborough

Since 1 July '22 Marlborough has its own regional film office as part of the national network of screen offices – 10 offices in total. This means Screen Marlborough:

- takes part in monthly meetings with the NZ Film Commission about international film enquiries for filming in the country
- takes part in monthly catch ups with the other 10 film offices around the country
- gets to be part of the conversations and policy making with all other stakeholders in NZ's film industry and its funders Ministry of Business, Innovation and Employment (MBIE), Ministry of Culture & Heritage (MCH), Ministry of Education
- Provides services to make Marlborough 'film friendly' by helping producers with permitting licenses and enquiries

9. Updates since previous report from Economic Development Team in Dec 2022.

Smart Business Marlborough

10. Development enquiries

- Working with The Green Circle
- Working with Biochar TP

11. Business Trust Marlborough (BTM)

- A mid-year report from Business Trust Marlborough will be provided elsewhere on this agenda

12. Infometrics Data

- Infometrics will be presenting an economic update at this meeting.
- The updated Marlborough Annual Economic Profile was released in late January 2023, which contains detailed information on the Marlborough economy up to the 2022 year. This can be viewed here: <https://ecoprofile.infometrics.co.nz/Marlborough%20District>

- The December 2022 quarterly economic monitor was released in late February. This can be viewed here: <https://gem.infometrics.co.nz/marlborough-district>

13. MarlboroughNZ

- Brand refresh - MDC ED-team is collaborating with Destination Marlborough on a refresh of the Marlborough brand ('Only Marlborough' and 'Brilliant Everyday'), its platforms and its social media channels. This is expected to be completed in June 2023.
- Talent attraction campaign – MDC ED-team is collaborating with the HR professionals on a talent attraction campaign to attract skilled and high paid staff (\$70-80K +) to Marlborough. <https://www.weloveithere.nz>

Smart + Connected Industry

14. Aquaculture

- The last progression workshops for the Aquaculture group were on 14 February 2023
 - Mussels as superfood
 - Hatchery/nursery
 - Value from waste
 - Standardising data
- The next meeting will be 12 April 2023
- Brendon Burns continues to be the Chair of the Aquaculture Steering Group

15. Labour and Skills

- The latest S+C Labour & Skills steering group meeting was held on 1 February 2023
- Topics meeting:
 - Talent & talent attraction for Marlborough
 - Academy initiative Marlborough
 - Wine Marlborough workforce plan
- Vance is doing a great job chairing this group and getting new projects & people on board
- The next meeting is scheduled for 5 April

16. Aviation & Aerospace

- The S+C Aviation and Aerospace meeting took place on 30 January
- The team are collaborating on future of work stand at the Classic Fighters Airshow
- <https://www.marlborough.govt.nz/your-council/marlborough-smart-and-connected/smartconnected-industry-groups/industry-group-aerospace>
- The next meeting is due to be held at Woodbourne on 21 March.
- The group Chair is Matt Kerr

17. Forestry and Wood Sector

- The S+C Forestry and Wood meeting was to be held on Thursday 16 February
- It was onsite in the Wither Hills to look at the plantation of the projects 3000 trees planted with the schools back last year. The trees look good and the group is motivated to repeat this campaign.
- A new chair was proposed to follow up from Henry & Angela – PF Olsson's manager
- MDC helps in planning a meeting with the top of the South Wood Council and the ITP Forestry & wood processing manager in Wellington
- Next meeting is planned for 20 April

18. Blenheim Business Association (BBA)

- Update provided by Lynette Rayner, Chair of BBA
- The Pop-up Park has been operating in the Forum over the summer period which gives children some fun activities and helps keep people in town longer.

- The BBA just employed a new co-ordinator; who starts on 20 March. Their primary focus over the next few months will be relationship engagement with our CBD community and raising the BBA profile.
- Marlborough Mile sites:
 - The Forum site is progressing well with another interactive sculpture nearing completion.
 - The Te Ra climate sculpture is currently being installed in Adams Place.
 - Storyboards for the aviation site (Liz Davidson Park) are in progress in conjunction with the Omaka Aviation Centre
 - The Echo masts have been installed together with the replica, with storyboards in progress. There is finishing to be done around the mast bases as contractors become available.
- BBA are involved in multiple third-party interactions – contractors/planners etc regarding projects/initiatives in the CBD

Other programmes & activities

19. Screen Marlborough

- Hosted Auckland production company to support TV production in Kaikoura in May
- Written & completed the Marlborough film permitting guide – in collaboration with DOC/iwi and internal parks & reserve team
- Supported the finalization of the sawmill studios website
- Completed 2 enquiries: one from BBC and one from local film makers

20. Marlborough Economic Wellbeing Strategy 2022 - 2023

- CEO's in Marlborough breakfast held on 9 March at Ūkaipō

21. Kānoa (Regional Economic Development & Investment Unit)

- Application lodged for Marlborough Tech and Innovation Hub
- Puro undertaking further negotiations for approval
- Introduction made for Pinoli Pine Nuts to speak with Kanoa

Next Steps

22. To continue with the delivery of the Marlborough Smart+Connected and Smart Business Marlborough programmes and to report back to the committee.
23. To continue development and implementation of the new economic development work programme for FY 2022/2023.

| | |
|------------|---|
| Authors | Dorien Vermaas, Economic Portfolio Manager, Mark Unwin, Economic Programmes Manager |
| Authoriser | Neil Henry, Manager, Economic Development and Strategic Planning |

7. Welcoming Communities Advisory Board – Appointment of Council Representative

(The Mayor) (Report prepared by Jodie Griffiths)

C150-002-028-01

Purpose of the Report

1. The purpose of this report is to seek Council approval for the appointment of a Council representative on the Welcoming Communities Advisory Board.

Executive Summary

2. The Welcoming Communities Advisory Board was established in late 2022 following Marlborough being successful in joining Immigration New Zealand's Welcoming Communities programme.
 3. Mayor Nadine Taylor and staff have approached Councillor Dalliessi as the representative for this board, given her relevant experience and holding of the community portfolio. Councillor Dalliessi has advised of her acceptance pending approval by the Economic, Finance and Community Committee.
-

RECOMMENDATION

That Council approve Councillor Dalliessi as the Council representative on the Welcoming Communities Advisory Board.

Background

4. Based on interest from the Marlborough community, in early 2022 Marlborough District Council applied to join the Welcoming Communities programme offered through Immigration New Zealand. In July 2022 we were advised Marlborough District Council had been successful and was one of 11 councils to join the programme last year.
5. A staff member was recruited to coordinate the three-year project and an Advisory Board was formed from various relevant members of the community. In late 2022 a Terms of Reference was drafted. This was adopted on 8 February 2023. Included in the Terms of Reference is representation of an elected member of Council. (Refer Attachment 1)
6. Marlborough District Council is one of 32 councils involved in the programme.
<https://www.marlborough.govt.nz/our-community/welcoming-communities-te-waharoa-ki-nga-hapori>

Comments

7. Councillor Dalliessi has experience working alongside migrant communities and of newcomers to Marlborough, from previous roles she has held. This is in addition to extensive experience of the wider community in respect of social and economic aspects.
8. Councillor Dalliessi has advised her interest and acceptance of this role, subject to approval from the Economic, Finance and Community Committee.

| | |
|------------|--|
| Author | Jodie Griffiths, Community Partnerships Advisor |
| Authoriser | Dean Heiford, Manager Economic, Community and Support Services |



Welcoming Communities Te Waharoa ki ngā Hapori Advisory Group

Terms of Reference

Background and rationale

In July 2022 Marlborough District Council (MDC) was accepted into Immigration New Zealand's [Welcoming Communities Te Waharoa ki ngā Hapori](#) programme, which aims to encourage and support local councils and their communities to take a greater leadership role in welcoming newcomers.

A strong, vibrant community is one that enables all of its members to participate in its economic, civic and social life. It is a community where everyone feels included and has a sense of belonging. Communities that proactively foster an environment where newcomers feel welcomed are more likely to enjoy better social outcomes and economic growth. The resulting social cohesion enables stronger, more resilient communities to flourish.

The Welcoming Communities implementation process seeks to ensure a collaborative approach alongside councils, Iwi, Immigration New Zealand, the Ministry for Ethnic Communities Te Tari Mātāwaka, New Zealand Human Rights Commission Te Kāhui Tika Tangata, and our local communities. A three-year seed funding for this programme is provided by the Ministry of Business, Innovation and Employment Hīkina Whakatutuki.

Purpose of Marlborough Welcoming Communities Advisory Group

The purpose of the Marlborough Welcoming Communities Advisory Group (Advisory Group) is to guide the Welcoming Communities programme and ensure a collaborative approach is taken. The Advisory Group is open to expressions of interest from individuals who can represent various sectors and relevant community groups, but more importantly those who can help guide the development of the plan.

These Terms of Reference (TOR) set out the parameters for members of the Advisory Group in relation to the implementation of Welcoming Communities in Marlborough. In particular, this document outlines the roles and responsibilities of each party.

Composition of the Welcoming Communities Advisory Group

The ideal number for a functioning group is 10-12 members from diverse sectors, representing the wider community. Appointments will be made by a panel of three including an external advisor. One member of the Advisory Group will be a Councillor selected and appointed by the Mayor. A lead administrator role will be provided by Council Officers.

Shared leadership

- Between the Welcoming Communities Advisory Group in collaboration with community partners, central government partners, industry partners and Council

Iwi Partners

- A position is held for Iwi to appoint a member to the Advisory Group.

Community Partners include, but are not limited to:

- Newcomers' groups
- Social service organisations
- Cultural and religious groups
- Schools and tertiary institutions
- Health

Central Government Partners include, but are not limited to:

- Immigration New Zealand
- Ministry for Ethnic Communities Te Tari Mātawaka
- Te Whatu Ora
- MBIE

Industry Partners include, but are not limited to:

- Business groups
- Industry sector representatives
- RSE contractors

Roles and Responsibilities

Marlborough District Council will coordinate the project and provide a lead role in:

- Establishing governance, monitoring and reporting requirements
- Preparing project management materials
- Providing overall responsibility and management of the Welcoming Communities
- Coordinator role in conjunction with Marlborough Multicultural Centre.
- Representing Marlborough at the national Welcoming Communities workshops
- Liaising with Immigration New Zealand staff and other central government agencies
- Administration of the Advisory Group

Marlborough District Council will partner and collaborate with the community to:

- Promote Welcoming Communities
- Deliver the Welcoming Plan initiatives and other related implementation projects
- Work towards meeting the agreed Welcoming Communities Standard and work towards accreditation as a Welcoming Community.

The Advisory Group will assist in guiding the development and implementation of the Welcoming Plan and ensure a collaborative and coordinated community approach by:

- Championing the program
- Contributing to the development of a collaborative district-wide Welcoming Plan
- Seeking input from respective sectors and communities during the stocktake and development of welcoming activities
- Providing cultural guidance and subject matter expertise relevant to the programme's development
- Assisting in benchmarking practices against the Eight Elements of the Welcoming Communities Standard
- Sharing information with colleagues and the wider networks about the ongoing activities of the Welcoming Communities programme
- Attend meetings and relevant activities

Lifecycle of the Advisory Group

- Membership on the Advisory Group will commence in December 2022 until December 2024. At which time a right to return will be possible for existing members as well a full review of the groups purpose, effectiveness and composition will be undertaken.
- MDC officers reserve the right to amend the membership of the group or appoint replacement members as the need arises. Any changes will be made in consultation with at least 2 members of the Advisory Group
- As part of the establishment of the Advisory Group the Council will "health check" the TOR, composition, and working arrangements of the group, with the Advisory Group, at six months and update the TOR and group composition if required.

Meeting Frequency and Time Commitment

- Meetings will be held on a monthly basis for 1 hour. Eventually extending to 6 weekly.
- Time commitment is expected to be slightly higher as the group is established. Members of the group are to be available to offer support and input to the advisory group in addition to meetings.
- Meeting frequency may be changed with group consensus. The Advisory Group may decide to form voluntary working groups focused on specific areas. Any satellite work needs to be agreed by the group and be reported back into the group.

Decision-making

- The intention is that this group will not be a decision-making body but in the event that a matter is not able to be agreed put the matter to a vote.

Reporting

Through the Welcoming Communities Coordinator, MDC will:

- Provide status reports to the Advisory Group covering progress against the key deliverables and any issues that need to be managed; based on the frequency of the meetings
- Report quarterly to project stakeholders.
- Report six-monthly to Immigration New Zealand.

Confidentiality and Conflict of Interest

- In the course of their duties members will receive information, whether in reports or through debate, that is confidential. Accordingly, members agree not to use or disclose confidential information for any purpose other than the purpose for which the information was supplied to the member.
- Members will maintain a clear separation between their personal interests and their duties as Welcoming Communities Advisory Group members in order to ensure that they are free from bias (whether real or perceived). Members will register any conflicts of interest and membership of any other voluntary, paid, or appointed roles. This register will be reviewed annually. Members are required to declare any financial conflict of interest and not participate in any discussion where a financial conflict may eventuate.

Welcoming Communities – additional information

MDC joined the [Welcoming Communities](#) programme to recognise the importance of celebrating the broad range of people who have chosen to make Marlborough their home. Welcoming Communities will support all newcomers - migrants, former refugees, and international students - to the district, including Kiwis from elsewhere in Aotearoa New Zealand. It aims to make our district more welcoming for everyone by focusing on eight areas including supporting new residents with:

- Inclusive Leadership
- Welcoming Communications
- Equitable Access
- Connected and Inclusive Communities
- Economic Development, Business and Employment
- Civic Engagement and Participation
- Welcoming Public Spaces
- Culture and Identity

MDC is one of 26 Councils nationwide participating in the programme. The programme is modelled on similar initiatives operating in other jurisdictions including Australia, Canada and the United States of America. Welcoming Communities has been adapted and designed to fit the Aotearoa New Zealand context.

8. Small Townships Programme Sub-Committee

(Clr Faults)

D050-001-S03

1. The Minutes of the Small Townships Programme Sub-Committee meeting held on 23 February 2023 are **attached** for ratification by the Committee.
-

RECOMMENDATION

That the Minutes of the Small Townships Programme Sub-Committee meeting held on 23 February 2023 be ratified.

**Minutes of a meeting of the SMALL TOWNSHIPS PROGRAMME SUB-COMMITTEE
held in the Council Chambers, Seymour Street, Blenheim on 23 February 2023
commencing at 3.15 pm**

Present

Cirs B A Fauls (Chairperson), S R W Adams, S J Arbuckle and B J Minehan

In Attendance

Jamie Lyall (Property and Community Facilities); Heather Graham (Small Townships Programme Project Manager); Robert Hutchinson (Reserves and Amenities Officer), Lucan Orchard (Marlborough Roads Network Manager - Local Roads) and Nicole Chauval (Committee Secretary)

Also in Attendance

Robert Foitzik (Council's General Counsel) (from 3.49 pm)

Apologies

Cirs Fauls/Minehan:

That the apology for non attendance from Deanna Gleeson (Marlborough Roads Network Manager – Local Roads), Charlotte Campbell Lamerton (Marlborough Roads Multimodal Advisor) and Jane Tito (Manager, Parks and Open Spaces) be noted.

Carried

1. Small Townships Programme Sub-Committee Minutes

Cirs Fauls/S J Arbuckle:

That the Minutes of the Small Townships Programme Sub-Committee meeting held on 10 November 2022 be confirmed as a true and correct record.

Carried

| | Description | Update |
|----|--|---|
| 1. | Email Committee Secretary any update from Marlborough Roads on bus shelter | Andrew James (Marlborough Roads) is currently on leave, Heather Graham will make contact with him once he is back in the office. Marlborough Roads have indicated they do not have capacity to undertake the consultation and they have been advised that STP want to see this work prioritised. |
| 2. | Contact Havelock Lions re Havelock bus shelter. | Ongoing. |
| 3. | Contact Flaxbourne Settlers Association re maintenance contract. | Robert Hutchinson - negotiations are underway and ongoing. |
| 4. | Installation of temporary speed signs at Canvastown. | Lucan Orchard advised that installing temporary speed signs is more complex than just putting up a sign, it requires consultation and there are legal issues as a consequence of the signs. Members agreed that the best way forward is to continue with the current process for speed signs. Laura Skelton has provided Heather Graham with some time frames and Heather will continue to work with Marlborough Roads to progress work around speed limits and signage. |

| | Description | Update |
|----|---|---|
| | | It was noted there are a number of logging trucks/companies that travel the route. Members suggested that Lucan Orchard contact the logging companies to discuss reducing speeds of their trucks and report back to the Committee on progress. |
| 5. | Contact Laura Skilton re temporary speed signs at Canvastown. | Covered in action 4. |
| 6. | A letter from the STP Committee to the Regional Transport Committee on traffic speed concerns of the Canvastown, Spring Creek, Grovetown and Renwick small townships. | Completed |
| 7. | Circulate Drop in Day dates. | Confirmed Friday 17 March 2023 at Grovetown from 2.30 pm to 4 pm. This will be accompanied by a mail drop and survey. Working with the school and will use that as the base for the drop-in-day as community groups are not particularly active at this time. Heather Graham will send out the official invite to members. |
| 8. | Determine whether Council pays rates/insurance for the Okaramio Hall. | Completed <i>Note: Cllr Minehan declared a conflict of interest for this item.</i> |
| 9. | Include Terms of Reference document as an agenda item for the next Sub-Committee meeting. | Completed |

Clarification: Item 4 – Community Project Fund is attachment 2 for agenda item 3 not an agenda item.

Note: The order of the agenda was altered at this point and the following Item 3 was heard ahead of Item 2.

2. Progress Report

Small Townships Programme – General Updates

Sub Committee Site Visit

1. A site visit to the Grovetown, Rarangi and Spring Creek areas was hosted by Project Manager Heather Graham on the 25 January 2023. The visit offered Councillors Faulls, Adams, Minehan and Arbuckle an opportunity to become familiar with the new townships and the potential projects in these areas.

On Going Speed Concerns

2. Following on from discussions regarding long standing speed concerns in some of our small townships, STP Sub-Committee sent the Regional Transport Committee (RTC) a letter requesting the topic of speed concern in small townships be raised at their next meeting.

Correspondence has been received from RTC chair Councillor Dawson, confirming the topic will be raised for discussion.

Waka Kotahi's safe speed limits around schools, will further support the prioritisation of these issues being addressed.

However, it is important to note that changes in speed limits does not in itself resolve the issue but will require investment in infrastructure.

The following is a summary of speed related concerns in small townships

- *Spring Creek*
Ferry Road - long standing issues with speed and community continues to call for intervention. School on this road. Wide road / long road.
- *Grovetown*
Vickerman Street – the school has called for support with excess speeds and investment in infrastructure to support a safe crossing point to School.
- *Renwick*
Corner of High and Boyce Street - considered by locals as a dangerous intersection due to traffic's slow response to the change of speed in the area.
- *Canvastown*
Wakamarina Road – a long standing issue with speed and the community continues to call for intervention. The road has a current speed limit of 100 kmph including through the township.

Further Update

- Heather Graham noted that STP has a Kaupapa of a creating a liveable town which includes freedom of movement, connectivity and accessibility. To achieve prioritisation of what the community wants is sometimes constrained by other departments or agency budgets. If this is the case at any point, especially with the likes of Canvastown and Spring Creek, STP could be in a position to at least have a conversation around removing those constraints.

Small Townships - New Townships

Iwi Engagement

3. Contact has been made with Ngāti Rārua, Ngāti Toa Rangatira and Rāngitane seeking to establish a collaborative approach with iwi when we engage with the new townships of Grovetown, Rarangi and Seddon.

To that end it was discussed that it would be helpful to receive any aspirations iwi have that may align with the Kaupapa (purpose) of the Small Township Programme (STP) along with any Mātauranga Māori (Māori Knowledge) they wish to share.

It is our hope that we will have received iwi aspirations and contributions in time to share these as part of the community consultation events.

If the timing of the drop-in days does not coincide with iwi aspirations being received, we are hopeful that wording can be agreed upon that will acknowledge to the community that our delivery of the Small Townships Programme is being undertaken in partnership with Ngāti Rārua, Ngāti Toa Rangatira and Rāngitane.

Once the information from the community is collated, it has been identified to iwi that this would be a useful time to meet and consider the findings.

Further Update

- Regular reports providing an update on all of the STP projects will be sent to Ngāti Rārua, Ngāti Toa Rangatira and Rāngitane as a way of enhancing their understanding of what STP does and what is coming up. Conversations can then occur if there is a particular interest or question in respect of projects identified.
- Clr Fauls acknowledged the work that Hara Adams and Heather Graham have been doing in respect of Spring Creek Ferry Road and the river.
- Contact with Ngāi Tahu will occur in the coming weeks.

Rarangi

4. Community Consultation

Engagement with the Rarangi community was initiated firstly through contact with Rarangi Residents Association (RRA) who supported wider community engagement via a letter box drop.

There have been a number of responses received from residents, some were simply identifying their ongoing interest and wish to be included as progress is made, while others have taken the opportunity to pass on idea's to be considered.

Environment

Rarangi hosts plant and associated insect and bird life that has adapted to the harsh beach environment. Since 2000, the Rarangi Landcare Group has restored native plant species in plots along the foreshore with support from the New Zealand Landcare Trust, Department of Conservation (DOC), Marlborough District Council (Council), Outward Bound Trust and local schools.

This work has been guided by the 2007 Rarangi Landcare Group Beach Management Plan that was written in partnership with DOC, Council and Rarangi Landcare Group.



Figure 1 Rarangi Playground



Figure 2 Rarangi Beach

Community Facilities

Rarangi is a popular beach with residents and visitors spending time walking, cycling, dog exercising, fishing, four-wheel driving, bird watching, beach combing and surfing.

Rarangi also has community facilities including a pump track which was developed in 2012 as a shared project between Rarangi Residents Association (RRA), Council, DOC and Ground Effect (track building company). The area of land on which the pump track is situated is managed by DOC, the use of which is covered by a Memorandum of Understanding between the RRA and DOC. Maintenance of the track is currently managed by RRA.

As part of Council's 2009/10 Annual Plan process members of the Rarangi community requested the installation of a playground. The playground sits on Road Reserve adjacent to the community hall. Rarangi also has 2 hard court tennis courts that are located at the Rarangi Golf Club on land leased by Council since 2008. Both the playground and tennis courts are managed by Councils Parks and Open Spaces Team.

Community Stakeholders

The following stakeholders have been identified and contacted as part of the consultation process. These ideas are being used to support the development of consultation maps and information to be used at the community consultation day.

- Rarangi Residents Association
- Rarangi Golf Club

- DOC
- FENZ
- Tua Marina School
- Rarangi Landcare Group
- Hinepango Wetlands Group

Project Possibilities

- Signage - Blue Gum Corner history
- Extension of walking path
- Bus Stop
- Pump track
- Playground
- Tennis courts
- Edgewater Estate – tidy entrance area
- Welcome / gateway sign
- Old Pétanque courts cleared and resurfaced along with seating
- Central outdoor meeting place
- Remembrance chairs or equivalent
- Signage – celebrating natural environment
- Walk/cycle tracks – links to school and wetland area
- Better internet
- Strategies to reduce/eliminate motorised vehicles on the Rarangi beach (better signage / gates)
- Hinepango wetland restoration – boardwalk

Further Update

- The community is engaged and unified and they have a reasonably long list of priorities.
- The community's preference is to use the community hall for the drop-in day / consultation. It is currently being upgraded by FENZ and the community want to wait until it is complete which is likely to be the end of March. Members had no issue with waiting.
- Heather Graham noted that everything is ready to go for the day so can undertake the open day at short notice.

Grovetown

5. Community Consultation

Grovetown community consultation is also progressing. This was initiated through a letter box drop that was combined with information for the community regarding the development of a local reserve by Councils Parks and Open Spaces Team.

A number of residents responded to either share ideas or register their interest in being involved as the consultation process progresses.

Environment

The Grovetown area is home to one of the few remaining natural wetlands on the Wairau Plain. The area has undergone significant restoration over recent years and is home to a wide variety of bird life.



Figure 3 Grovetown - Fell Street entry



Figure 4 Grovetown School Pool

Community facilities

Grovetown has limited community spaces and facilities which highlights the communities reliance and enjoyment of the local School's facilities such as the pool, tennis courts, playground, bike track and hall. Grovetown School is also the site for the local War Memorial which lists those that lost their lives in World War One and Two.

A site visit to the area was undertaken with a member of the community representing the Residents Association. During this visit a number of issues and suggestions were tabled and have been included in the list of project possibilities. In particular it was noted that the school pool and tennis courts are in need of repair and an improvement in the level of service of maintenance of roadside areas would be welcomed.

Community Stakeholders

The following stakeholders have been identified and contacted as part of the consultation process which has supported the identification of a number of possibilities. These ideas are being used to support the development of consultation maps and information to be used at the community drop in day.

- Grovetown Residents Association
- Grovetown School
- Grovetown Hotel
- Grovetown Tennis Club
- Grovetown Lagoon
- Kiwirail
- Koru Native Wildlife Centre

Project Possibilities

- Entrance ways
- Footpaths
- Connectivity to school
- Pool
- Tennis courts
- Planting
- Bus stop for college students

Small Townships - Update on current projects

6. Seddon

Further Update

- Heather Graham has had initial meetings with some groups and noted that when talking with communities if small projects / ideas are identified they can be actioned. Noted the example of the

School, where previously the School had been a satellite library for the town library. The school has a new library and wanted to start this initiative up again. Heather assisted them in getting in touch with the library.

- The Parks and Open Spaces team are updating the Reserves Management Plan for Seddon. A number of facilities in Seddon lie within the Plan, to make the most of the opportunity Heather will work with and alongside the Team regarding consultation / engagement

7. **Canvastown**

a) **Miners Hut Opening**

The opening of the Miners Hut was undertaken in November, with a blessing lead by Raymond Smith – Ngāti Kuia, followed later in the day by an opening lead by Alan Rees – Canvastown Community Association Chair and the Chair of STP - Councillor Barbara Faulds.

b) **Stage Two – Township Plan**

Funds were approved by the Sub-Committee at the November 2022 meeting for stage two of the township plan. This work, including the development of the current informal car parking area, footpaths outside of the adjacent businesses and planting of both gateway areas and green space are part of the original scope of work consented in August 2020.

Having already worked on the draft designs for this area, STP has re-engaged Civil Engineer - Tim Smit to continue with this project.

A site visit with Marlborough Roads representatives Lucan Orchard – Network Manager, Laura Skilton – Senior Planner and Tim Smit was held on 30 January 2023. This meeting highlighted the importance of connectivity between the recreation green space and adjacent businesses along with speed limits in the area and issues around flooding.

Ngāti Kuia has been contacted to acquire an understanding of the area and aspirations or Mātauranga Māori that are important for STP to be aware of.

Further Update

- Heather Graham has met with the MDC team for the Te Hoiere Project to discuss the work currently being undertaken by STP in the Canvastown area and ways to work together eg plantings where there may be opportunity to use eco sourced and grown species and plants used by the project and develop tourism opportunities for the area ie miners hut / green space.
- Ngāti Kuia are involved in the Te Hoiere project which will provide opportunities for further positive engagement with local iwi.
- During discussion it was noted there is a bench by the tavern that is well utilised and noted whether further seating areas could be developed.
- The community has raised the idea of a hitching post.



Figure 5 Canvastown Carpark Wakamarina Road

8. **Havelock**

- a) State Highway 6 – Bus Shelter/Bus Park/Pedestrian Refuge

In August 2022 Marlborough Roads acknowledged to STP that Marlborough Roads did not have capacity to progress with the further engagement required to ensure community support for the proposed pedestrian crossing and bus parking locations.

Contact was made in January 2023 with Marlborough Roads Systems Manager to request engagement with this project be revisited.

- b) Motoweka Pathway

The invoice for work completed in November 2022 has now been received. Jane Tito will continue to liaise with DOC and schedule work on the remaining section.

Further Update

- Waiting for the skins but metres away from the path being completed.

Note: Robert Foitzik joined the meeting and discussion on Item 3 was paused to allow discussion on Item 2 - Approval of Revised Terms of Reference (ToR) for Small Townships Programme Sub-Committee

ATTENDANCE: Robert Foitzik joined the meeting at 3.49 am.

3. Approval of Revised Terms of Reference (ToR) for Small Townships Programme Sub-Committee

Members noted that the purpose of the report was to approve the revised Terms of Reference for the Small Townships Programme Sub-Committee, which will be published on Council's website.

Mr Foitzik noted the changes made which had been highlighted in the ToR and were attached to the agenda for members' information.

Clr Faulls/Minehan:

That the Committee accepts and approves the revised Terms of Reference to accurately reflect the purpose, scope and authority of the Sub-Committee. (Refer Appendix 1)

Carried

9. **Renwick**

STP has not received any further updates from the Renwick Museum Committee regarding their proposed Historical Trail project. At this point the funds continue to be available if this project is a priority for the community.

Further Update

- Cllr S J Arbuckle advised that she had been approached in regard to erecting information boards for the old cemetery in Havelock Street, Renwick. Cllr S J Arbuckle noted she has spoken with Mr Smail (Council's Parks & Open Spaces Officer) and is meeting with Cynthia Brooks to determine what is wanted for the site.
- Budget is allocated for information boards and currently waiting for words from the Museum Committee. There have been works undertaken at the museum which have created the delay. Agreed to wait to hear from Museum staff before proceeding.
- Members noted that Renwick has had a number of projects completed and the committee needs to be mindful that there is fair funding allocation across all the small communities.
- The financial information for each township is provided in the financial report agenda item. It was agreed that a financial report along with background information be shared to support the Sub-Committee's understanding of STP's contribution to townships to date.

10. **Spring Creek**

Wairau River – Ferry Bridge Picnic Area

Works on the car park and surrounding area at Ferry Bridge were called to a halt following iwi concerns at the end of October 2022. Following this staff worked with iwi to identify maintenance items that would be undertaken in the area prior to the summer use of the area. This included repairs to fencing, repainting of the picnic table, area's to be mown and the removal of wattle and willow saplings.

With this work completed, STP has monitored the area over summer, and it continues to be a high use area of a diverse range of users. It is not unusual to see 20 or more cars in the car park.

Over the Christmas / New Year's period Council received a complaint from the community on the lack of toilet facilities and the current state of the car park surface.

The area has also been subject to vandalism including damage to new fencing and vehicles gaining access to the area.

STP has re-engaged with Ngāti Rārua, Ngāti Toa Rangatira and Rāngitane to work together to find ways to address long standing usability issues while showing respect for an area of cultural significance.

Parks and Open Spaces Team are progressing conversation around toilet facilities with iwi, therefore STP engagement will focus engagement on the usability and beautification of the area.



Figure 6 Ferry Bridge car park 14 December 2022

Further Update

- Noted the carpark is in a floodway so consideration needs to be given to that when considering the car park surface along with other developments for the area.
- In respect of toilet (wharepaku) facilities Mr Lyall noted that an option being considered is a cassette toilet, progress is being made.
- Small Townships is undertaking the consultation regarding the carpark and planting and Parks and Opens Space are working on the wharepaku.

11. **Ward**

a) **Path and Planting**

A loop track that would support connectivity for walkers and cyclists in the Ward area, was downscaled over time in response to community feedback, with the final agreed route for the path starting from the corner of SH 1 and Seddon Street to the corner of Ward Street. The agreed scope of the project also included planting on the northern corner of SH 1 and Seddon Street.

Despite the many delays and changes to approach, the pathway and planting has now been completed!



Figure 7 End of path at Ward Hall



Figure 8 Ward existing planting

While contractors were on site, STP also took the opportunity to undertake some much-needed maintenance of the past planting on the southern side of the corner of SH 1 and Seddon Street. The new planting has done well over the summer period with no extra watering required.

Further Update

- The Parks and Open Spaces team have been advised that the project has been completed. STP will maintain the path and plantings for the first year and then it will be handed over to Parks and Open Spaces for ongoing maintenance.

- There is remaining budget available for Ward and the information obtained from the drop-in day will be revisited. This will help guide the conversation with the community on what the next steps/projects could be.

b) Gateway signage

A photo shoot to capture imagery for the Ward gateway sign was undertaken in November 2022. The focus of which was both coastal and rural. When reviewing the draft images, it was thought that the farm photos were not fit for purpose. The Flaxbourne Settlers Association requested the opportunity to offer the draft images for feedback to the wider community. The community was strong in their feedback that identified that the farm imagery was a priority for them. As this was part of the original brief, STP is happy to undertake an additional photo shoot to capture suitable rural imagery. This is currently being arranged.



Figure 9 Ward Beach



Figure 10 Cape Campbell Light house



Figure 11 Rural views across Ward district

Further Update

- The current Rural View image is being reshot to ensure the rural feel is adequately captured. This is of importance to the community.

c) General repairs and maintenance

The following items were referred to STP as part of the 22/23 Annual Plan. Of these the supply and installation of water pipes at the domain have been completed by the community and STP is awaiting the account for this.

STP will now look to clarify the remaining items and progress these if appropriate.

Further Update

- Invoice has yet to be received from the community, this will be followed up.
- Ms Graham noted she had received information from the community that the painting of the domain sheds has been undertaken by a member of the community, currently resolving payment for this.

d) Next Steps

STP will now look to the original township plan priorities to identify the appropriate next steps for the remaining budget.

12. Wairau Valley

a) Hall Repairs

The Wairau Valley Community Hall Committee's application to Lottery's Community Facilities for support with the repairs and painting of the hall roof and replacement of the entranceway ceiling was successful.

The community now has a \$53,500 contribution for the repairs and painting of the hall roof and replacement of the entranceway ceiling.

STP involvement has focused on advice and guidance around the scope of the work required and funding application along with securing a contractor to undertake the work.

With funding confirmed the work is now scheduled for March 2023.

Further Update

- Contractors will be on site in the coming weeks.

b) Loop track

Council's Rivers Team have now removed the culverts from the river crossing areas that were damaged in the 2021 floods and will schedule the installation of stepping stones at the crossing areas when they are next in the area.

The Wairau Valley Ratepayers and Residents' Association has offered to have some concrete blocks made which could be used in lieu of steppingstones. This is currently being discussed as an option with the Rivers Team.

c) Picnic tables

A representative from The Valley People community group has been in touch with STP regarding the installation of picnic tables which was previously discussed with STP in November 2021.

Further information is needed to understand why this was not progressed at the time.

Plan for two sections of track in yellow and red below

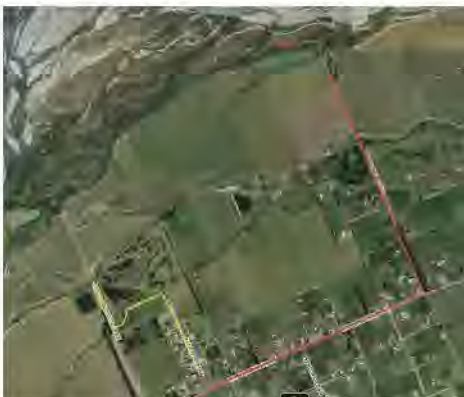


Figure 12 Wairau Loop Track - red arrows indicate the proposed picnic table location

Further Update

- Heather Graham noted that the path appears to be well loved and used by the community
- Conversations have been had with Council staff about location of picnic tables. Heather is discussing this with the community to understand the things that they are hopeful for and will bring back to the Committee for consideration.
- Cllr Adams suggested approaching Deleat Wines in regard to a possible suitable site for a picnic table/s.

Community Projects Fund - Update on current projects

13. Project Funding Allocation

In December 2022 applications for funds for two projects were presented to the Sub Committee for consideration, details of which are included in attachment 2 of this report.

The outcome of which was the approval of Homewood Hall Flagpole and base, with a decision regarding Okiwi Bay BBQ deferred until further work on costings could be undertaken.

a) Homewood Hall – Flagpole

STP has taken delivery of the flagpole and construction of the concrete base has been completed. A further update regarding the delivery of this to the community will be given at the upcoming meeting.

- Heather Graham noted that a newspaper story had been run on the Homewood Hall flagpole and as part of that story it highlighted where the funding had come from and explained that the fund is for small quick wins for communities.
- A very small expenditure but one with a lot of heart and well appreciated by the community.

b) Okiwi Bay

Picnic tables were sourced and delivered to the community in December 2022 with the community then undertaking the installation. The Community expressed their thanks.

STP has looked to seek a further quote on electrical work to support the project assessment. To date STP has been unable to secure a second quote with the electrician giving feedback that the area was remote and not familiar with the work undertaken so far and suggested we use the same contractor. Another electrician has been contacted and a verbal update regarding this will be given at the upcoming meeting.

Further Update

- Discussed the cost for the electric BBQ which at the end of last year was \$11,500, the install cost from electrician was \$18k. Marlborough Lines will waive their charges of approximately \$6k. This cost is to get electricity to the BBQ as a further cable has to be laid as the current line is insufficient to run the toilets and the BBQ.
- The community has undertaken to lay the concrete foundation and members discussed whether there is a possibility of sharing \$12kpa to maintain the BBQ.
- Members discussed the proposal and noted it is a considerable initial cost plus the ongoing maintenance costs. It was raised whether the money would be better spent on something like BBQ tables. It was noted there is sufficient budget to cover costs but after 12 months the maintenance costs would move to the Parks & Open Spaces budget.

Cllrs Fauls/S J Arbuckle

- 1. That the issue of approving the Okiwi Bay Electric BBQ purchase and installation (\$30,444 excl GST) lie on the table pending discussion with the community.**
- 2. That it be noted that the Committee had approved the Homewood Hall Flagpole and base \$1,089 excl GST expenditure via email.**

Carried

14. **D’Urville Island – Kapowhai Wharf Shed**

Contact has been made with the builder undertaking this project with the work confirmed as scheduled and to be undertaken after completion of the Carluke Domain project currently due for completion by the 3rd March 2023.

The community has been updated that work will finally be undertaken.

Further Update

- Once Carluke Domain is completed the builder will complete the works on the D’Urville Island shed.

15. **Port Underwood – Horahora Kākahu Lookout**

STP is currently awaiting clarity regarding the site proposed by iwi. Iwi will be contacted to suggest that we work on concepts around story boards while we await further details regarding the location.

Further Update

- Progress has been paused to allow time for iwi to determine what site would be the most appropriate. Heather Graham will work with iwi on progressing a location and also to explore the possible content of the proposed story boards. It was noted that this came to STP as an Annual Plan submission.
- It was raised whether there has been any discussions on cost sharing. Heather Graham noted not at this stage but may be a conversation for a later date.

Community Projects Fund – New Applications

16. **Seddon Market on the Green - Storage and Market Stall space**

Seddon Market on the Green, is a community run event that operates the 2nd Sunday of each month. The market is held on open space on the main street which is privately owned and made available for community use free of charge.

Over recent months STP has undertaken discussions with a representative from the Seddon Market Green regarding their interest in gaining funding support for purchasing two 40 ft containers. The purchase of 2 containers is proposed as a way of solving a few ongoing issues the markets have including:

- weather
- storage
- high labour investment when setting up and packing down the market space.

This area is also used as a market space when the community hosts the steam train cruise events.

STP will continue to offer advice and guidance to the Seddon Market on the Green as they consider making an application to the CPF.



Figure 13 Seddon Market Concept Design



Figure 14 Site Location of Seddon Markets

Further Update

- It was raised whether if it was to progress whether a MOU would be undertaken. Ms Graham noted that she had given the group clear guidance around that. It is a busy time for the community hosting the steam trains and this along with feedback regarding a MOU may also have slowed things down a bit.
- It was noted that they have had conversations with Council's community development team also. They have given similar advice in that there needs to be clarity around who owns what, who's doing what and what would happen in the future if things changed. These conversations have been undertaken.

Clr Fauls/Adams:

That the information be received.

Carried

ATTENDANCE: Lucan Orchard withdrew from the meeting at 4.35 pm.

4. Community Project Fund Budget Allocation

Members noted that the purpose of the report was to seek approval for the allocation of an increase in budget to the Community Project Fund.

It was reported that the purpose of the Small Townships Programme – Community Project Fund (CPF) is to provide support to community groups in small townships that are seeking funds for small low-cost infrastructure projects on outdoor public spaces outside of those provided for by the STP - township planning process. In the past the Small Townships Programme has allocated 10% of the total STP budget to the Community Projects Fund.

In 2021 the Communities Project Fund application process was paused to focus on the large number of projects outstanding. During this period the Small Townships Programme's funding was reviewed resulting in an increased annual budget of \$750,000.

In August 2022 the CPF was reinstated, however the budget was not adjusted to reflect the increase in the STP total budget which would bring it to \$75,000 from within the current STP budget.

Heather Graham noted that a newspaper story had been run on the Homeward Hall flagpole and as part of that story it highlighted where the funding had come from and explained that the fund is for small quick wins for communities.

Cirs Adams/Fauls:

That the Committee approve an increase in the Community Project Fund budget to \$75,000.

Carried

5. Financial Report

The financial information for the Small Townships Programme for the period ended 31 January 2023 was tabled.

The following was noted in the report:

- that the approved additional budget has been allocated to Carvastown and included in forecast to June 2023
- also included in the forecast expenditure for D'Urville is the \$55k
- Spring Creek has \$187k forecasted budget
- Have allocated and forecasted to spend \$10k at Seddon. These funds will support the community consultation process.
- For Grovetown and Rarangi by the end of 30 June we may be in a position to have allocated the funding.

In response to a query on whether the increased funding starts now or in the new financial year Mr Lyall advised that it is within the current budget.

During discussion it was noted that no STP projects have been allocated to Rai Valley at this time, but members were provided with information on the projects that have been undertaken by STP for Rai Valley.

It was noted that Rai Valley has not gone through a full community consultation in respect of a township plan.

**Cirs Faulis/Adams:
That the report be received.**

Carried

6. General Business

6.1 Heritage Centre - Ward

Members were advised that the Heritage Centre may approach STP in respect of their building consent fees.

It was reported that Mr Lyall had received a budget from the Centre which showed they have allocated funds for building consent fees. The Heritage Centre has two tranches of funding allocated from Council, one of \$250k and insurance of \$106k.

During discussion members discussed whether the Small Townships fund was an appropriate funding stream for covering such things as building consent fees.

It was noted that strong support for the Heritage Centre was received at the last STP community consultation day, however, there may be other views and STP does need to be mindful that we are servicing the community as a whole.

There being no further business the meeting closed at 4. 57 pm.

Action

| | Description | Person Responsible | Date Required |
|----|---|----------------------------|------------------------|
| 1. | Contact logging companies to discuss reducing speeds of trucks in Canvastown/Wakamarina. | Lucan Orchard | As soon as possible |
| 2. | Circulate invite to members for the Grovetown Drop-In Day | Heather Graham | As soon as available |
| 3. | Circulate to members financial reports and background information on the past STP projects. | Heather Graham | Following the meeting |
| 4. | Discuss with the Okiwi Bay community whether to proceed with purchasing an electric BBQ. | Cir Faulis/ Heather Graham | As soon as practicable |

Record No. 2343852

Terms of Reference

Small Townships Programme Sub-Committee

| | |
|---------------|---|
| Chair | Barbara Faulls |
| Deputy Chair | |
| Membership | Scott Adams Sally Arbuckle Ben Minehan |
| Quorum | The quorum as per clause 11.1 of the Standing Orders 2019 for a meeting of the Committee is: (a) half of the members physically present, where the number of members (including vacancies) is even; and (b) a majority of the members physically present, where the number of members (including vacancies) is odd. |
| Meeting Cycle | |
| Reports to | Economic, Finance and Community Committee |

Responsibilities

The Sub-Committee has delegated authority to:

1. Develop criteria to assess project prioritization using the Smart and Connected framework
2. Approve all Small Township Fund projects
3. Monitor implementation of all Small Township Fund projects.

Powers

1. All powers necessary to perform the committee's responsibilities, including:
 - a) approval of a submission to an external body
 - b) establishment of working parties or steering groups.
2. **Associated decision:** If a matter relates primarily to the responsibilities of the Small Townships Programme Sub-Committee, but aspects require additional decisions by the Economic Finance and Community Committee, then the Small Townships Programme Sub-Committee has the powers to make associated decisions on behalf of the Economic Finance and Community Committee. For the avoidance of doubt, this means that matters do not need to be taken to more than one of these committees for decisions.
3. **Referral of decisions:** The Sub-Committee may, from time to time, refer matters which it would ordinarily consider, to another Committee, if it considers the matter/project would be better dealt with by that other Committee.

4. **Referral for urgency:** The Sub-Committee Chair is authorised to refer urgent matters to the Council for decision, where this Committee would ordinarily have considered the matter. The Chairperson must make this referral in writing stating reasons for the referral.

Delegation Limits

1. The committee does not have:
 - a) the power to establish sub-committees
 - b) powers that the Council cannot delegate or has retained to itself

Procedure

The Chairperson will report back to the Economic, Finance and Community Committee with recommendations of the Small Townships Programme Sub-Committee at the next Committee meeting following each sub-committee meeting.

9. July and August 2022 – Flood Damage Repairs Estimate and Repair Progress Update

(Clr Adams) (Report prepared by Geoff Dick)

L150-026-01-01

Purpose of Report

1. The purpose of this report is to provide Council an estimate of repair cost of flood damages incurred during the July and August 2022 floods events including initial emergency response and provide a brief update on repair works completed or underway.

Executive Summary

2. Winter (July and August) 2022 was generally very wet across the Marlborough Region and culminated in an extreme rainfall event that affected the whole of the top of the South Island on 16 – 20 August 2022. During the August “river of rain” event over 1000mm of rain fell in parts of northern Marlborough including the Upper Rai Valley and adjacent Sounds.
3. The flooding impacts from the August storm caused additional flood damage to Wairau Scheme assets, along managed tributaries and along river frontages for many farms and private properties. There has been a large number of calls by landowners for recovery advice and assistance where appropriate.
4. Wairau Scheme flood works contained the second very Wairau River large flood in 12 months. The peak flow was recorded at 4250 cumecs on 20 August or around a 25 year return period event. Completed July 2021 flood damage repairs including some temporary holding works came through this second event well.
5. Assessment of additional necessary repairs to Wairau Scheme assets plus any additional work recommended in Wairau Scheme tributaries plus outlying areas is now considered complete. This schedule is attached as Appendix 1. In addition a programme of follow up capital works is recommended for future consideration to further reduce the risk of similar flooding in identified hazard areas.

RECOMMENDATIONS

1. **That the report be received**
 2. **That Rivers staff be authorised to continue with the July/August 2022 flood damage repairs as per the schedule attached to this report.**
 3. **That the Committee notes the seven areas for potential capital upgrades. Given the community interest in all these upgrades further reports to the Assets & Services committee are proposed as options, costs and community input information becomes available.**
-

Background

6. A description of the July and August event including flooding, flood impacts and emergency response was provided to the Assets & Services Committee in November 2022. (Refer Attachment 1)
7. Since that report Rivers staff have been very busy;
 - Inspecting scheme assets for additional damage/repairs required in addition to July 2021 damage. High priority work is underway or completed.
 - Inspecting Wairau Scheme tributaries for flood damage to come up with a work programme that will complement landowners private repair works.
 - Making many landowner visits over the whole region to provide advice/emergency assistance where appropriate.

- Assessing where improvements to either flood scheme assets or the stormwater network are recommended for Council consideration.

8. In general terms;

- Additional damage to core Wairau River protection works was modest except for a 300m hole punched in the Stedman rock armoured training bank line.
- Similarly for the Taylor/Ōpaoa river system through Blenheim except for the flooding exacerbated the existing channel bed degradation trend upstream from about Wither Road and conversely sediment build up trend in the Taylor River from about the Alfred Stream downstream.
- Greatest damage impacts appear to have occurred in the Wairau Stream tributaries including the Waihopai, Onamalutu and Upper Wairau. Generally last winter's floods on top of the July 21 event have exaggerated channel meanders causing erosion into banks, large loss of buffer zone trees and build-up of debris islands in the river fairways.
- For many landowners outside Council managed areas including Rai Valley/Pelorus, Northbank tributaries and in the Flaxbourne River hurdles getting river frontage damage repairs done include need for appropriate advice, materials including in places rock and need to obtain resource consents.

9. The following areas are where capital upgrades are considered appropriate or worthy of further investigation to reduce the risk of future flooding in know hazard areas;

School Creek Renwick at SH63 – A channel block is proposed on the northern side of SH63 to reduce the risk of a repeat overflow into Mclsaacs and McAllister Places and on down the School Creek channel through Renwick. Design and costing of this work is underway.

Ruakanakana Stream upgrades through the lower Terrace of Renwick - during August 2022 floodwaters spilled out of the creek affecting Terrace Road, Gee street, Inkerman Street and Oudenarde and Brook Streets. The risk of this happening had previously been identified but the planned upgrades would not have provided a complete solution. Additional upgrades including a new stormwater main in Gee Street and piping of water coming off the upper terrace to Ruakanakana Stream should be part of the overall upgrade mix. A meeting with residents is planned for 22 March 2023.

Andersons Floodway, Upper Wairau valley – Andersons Floodway west of Wairau valley township diverts up to 7 cumecs of Walkers Stream floodwater directly to the Wairau River. Walkers Stream waters spilling from there channel is the key source of flooding for the Wairau Valley township. The big 2012 and 2022 winter storms have just about collapsed the upper part of the floodway system to the point where it will become non-functional and a hazard to adjacent vineyards.

Drainage improvements at Rarangi Road lifestyle block development – during last August drainage water from the vineyards north of Rarangi Road overflowed the road and into the lifestyle development east of Neal Road. This lifestyle block is not serviced by Council's rural drainage network as this land were traditionally considered free draining and not requiring drainage for agricultural production. Options are being investigated to upgrade the existing road water tables and connect into either the Council network to the west or Hinepango wetland to the east.

David Street stormwater, Blenheim - several sections of Yelverton Stream overflowed causing flooding to adjacent properties. This was caused by a combination of undersized or partially blocked culverts, Including the David Street Road culvert plus inadequate stream channel capacity in places. Upgrades are already planned to provide for residential development following rezoning in the MEP.

Mapps Waterway, Cob Cottage Road – significant improvements have been made to Mapps waterway including return stopbanking at the junction with the Riverlands Co-op floodway. However the July storm showed there is a gap in the return stop banking in the lower Mapps waterway leading to overflow across Cob Cottage road and flooding of one lifestyle property. Design and costing of a low timber wall along a 200m section of Cob Cottage Road is underway.

New rock lining, Peninsula Road, Spring Creek – bank edge slumps over about 200m have reduced the existing berm width to below an adequate safety margin. The only viable remedial option

is to reconstruct under width sections of the berm and construct a new rock wall lining to ensure stopbank security. KiwiRail is also planning to put a new pumped stormwater outfall at Goulands Road to provide for expansion of the Spring Creek rail yard as part of the IREX project. This will not be possible without some stabilisation of the riverbank in the immediate vicinity of the outfall.

10. Most of the above upgrade projects will require further Council consideration and/or budget included in the next LTP to address. Others including Andersons Floodway and the Rarangi Road drainage upgrades will also need to be addressed as part of the Wairau scheme rates review.

July 2021 flood damage repairs – brief progress update

11. The July 2021 flood damage repair work programme was estimated to take 3 years to complete – to June 2024. While all high priority immediate flood security repairs are complete we still have much work to do including edge protection repairs upstream of SH1 and in the lower Diversion. These works rely heavily on rock and rubble from Pukaka and Barracks Road quarries.
12. Flood expenditure to date is only about 25% of the estimated 11.2m total, with works completed to date overall coming in under budget. As above the big push now is the rock edge repairs in the lower Diversion and SH1 to Waihopai reaches of the river. This will be possible as Pukaka Quarry comes back online with at least good edge rubble and completion of Groyne 20, Upper Conders capital upgrade freeing up the Simcox, Barracks Road quarry.
13. Completing the remaining July repairs by June 2024 will however remain a challenge. A combination of limited quarry supplies and the effects of having resources and staff diverted to also dealing with the July/August 2022 storms and subsequent additional repair work inevitably means we are behind the originally envisioned repair programme. A quiet and settled upcoming winter period will allow us to work through the winter and hopefully catchup on the repair programme.
14. At this stage no change in the target date for the July 2021 repairs is proposed although this will be reviewed following the coming winter.
15. It is also expected that the repairs can be completed within currently approved financial allocations despite increased contractor rates and material supply costs, and generally minor increased damage following the August 2022 Wairau River flood.

July/August 2022 repair programme

16. Work is well underway with responding to/repairing the additional damage caused by the July and August 2022 floods. This work has in parts replaced our normal maintenance programme especially in the tributary watercourses. Other areas such as the lower plains drainage network were essentially undamaged by last winter's storms and normal maintenance continues.
17. The current assessment is all the scheduled work can also be completed by June 2024, except for the Stedmans Rock training line repair which requires heavy rock. This will likely have to wait until summer 2025 at least. No stopbanks or housing is at risk however consideration will be given to temporary holding works to limit risk of the repair growing larger in size or the damage affecting the Kaituna-Tuamarina Road.
18. An enhanced maintenance programme in the Waihopai River, and similar tributaries will likely be required for a couple of years after June 2024 to progressively remove final debris build ups, undertake further minor realignments and so enable landowners to repair buffer zones or regrowth to naturally occur.

Financial

19. The estimated \$1.93m of additional flood damage repairs will need to be met from a combination of existing maintenance programme budgets and flood damage/operating reserves.
20. The July/August 2022 flood damage repairs are not eligible for LAPP (Local Authority Protection Programme) insurance claim being below the \$3m excess for this cover.

21. NEMA (National Emergency Management Agency) has been notified of a potential 2022 claim. However any claim is subject to a \$300,000 excess and much of the tributary repair works will not be eligible. However now we have a finalised schedule of repairs further discussions can take place, albeit with the focus of the agency almost certainly looking at much larger assistance required in Northland, the Coromandel and Hawkes Bay following Cyclone Gabrielle.
22. The recommended schedule of capital upgrades will need to be considered through the next LTP process for priority and final approval or otherwise of go ahead, except for perhaps the School Creek, Rarangi Road and Mapps waterway works which can be accommodated within the existing capital upgrade programme.

Attachment

Attachment 1 – July August 2022 Flood Damage Estimate

page [41]

| | |
|------------|--|
| Author | Geoff Dick, Senior Rivers Technical Engineer |
| Authoriser | Richard Coningham, Manager Assets & Services |

Attachment 1

| River/tributary | July/August 2022 flood damage (additional to July 21 damage) | Repair work completed to date (additional to any July 2021 repairs) | Repairs still to be completed | Estimated flood damage cost (additional to July 2021) |
|---|--|---|--|---|
| Wairau River | | | | |
| Lower Wairau below SH1 | Minor slumping at Peninsula Road | | Temporary rubble groynes planned | \$ 30,000.00 |
| Flow split bank - Lower wairau/Diversion | Flow split bank scoured out as designed | Push up flow split bank, minor repairs to rock head, clean up debris in immediate vicinity | | \$ 20,000.00 |
| Diverson | Minor additional erosion/slumping at July 2021 damage sites | Some additional interim patches underway at Diversion mouth. Main repair planned for spring 2023. No significant change in July 21 scope. | Pukaka Quarry key to final diversion repairs | \$ - |
| Main northern stopbank at England St, Tuamarina | Piping under stopbank now at a level that repairs required. | Piping location uprisng points market. Repair solution still being considered including extenrnal advice as necessary. | | \$ 30,000.00 |
| SH1 to Waihopai confluence | Stopbank slumping below Giffords | Repair complete | | \$ 50,000.00 |
| | Lost section of Stedmans training bank | Still considering options for repair | Repair on original or amended alignment | \$ 650,000.00 |
| | Bank protection damage at 401 - 443 Northbank Road | Further damage to groynes and rock lining, also repaired after July 2021 | | \$ 60,000.00 |
| Upper Wairau | Additional damage to access tracks and outfall culverts/channels etc | Access track clearing and remetalling largely complete including relaying blocked bowens Creek outfall | | \$ 50,000.00 |
| | Channel alignment changes outside design fairway | Two flow diversions completed @ Treasury and Bartletts Creek vineyard | Proposed additional works at Wye confluence and Keith Coleman Lane | \$ 160,000.00 |
| | Private stopbank breached at Langley Dale | Inspected with landowners | Assist with repair - benefits to Northbank Road | \$ 15,000.00 |
| Taylor/lower Opaoa system | | | | |
| Taylor above Burleigh Bridge | Minor erosions, Wither Road concrete ford lost, tree blockages below dam, exposed fibre cable at Burleigh Bridge | Repairs largely complete except no replacement for lost Wither Road concrete ford | No plans for permanent replacement of Wither Road ford at this stage. | \$ 50,000.00 |
| Taylor below Burleigh Bridge | Minor erosion immediately below bridge Clean Monro Street gravel trap | Repair underway | Clean gravel trap prior to winter | \$ 10,000.00 \$ 10,000.00 |
| Lower Opaoa River | Tree blockages from minor bank slumping | Tree removal complete | | \$ 5,000.00 |
| | Bank slumping at Glovers | Bank stabilisation to proceed as soon as gear is available | Use remaining Pukaka small rock supply | \$ 20,000.00 |
| Ruakanaka Creek | Intake/intake channel repairs | Complete | | \$ 30,000.00 |
| | Emergency channel clearing between Hanmmond Road and Pak Lims | Emergency clearing below Pak Lims completed during August flood. | Further work proposed between Alma Street and Pak Lims, and From hammond down to SH6 | \$ 50,000.00 |
| Wairau tributaries | | | | |
| Waihopai River | Large channel alignment changes/loss of tree buffer/large debris piles | Four flow realignments completed, gravel buffer at NZSF vineyard | Allow for one further realignment, planting at NZSF repair | \$ 160,000.00 |
| Pukaka floodway | Repair bank overtopping | Complete | Nothing further planned | \$ 15,000.00 |
| Waikakaho Stream | Bank erosion at various sites | Emergency realignment and three small groynes at MF access legal road | Minor further landowner assistance | \$ 40,000.00 |

| River/tributary | July/August 2022 flood damage (additional to July 21 damage) | Repair work completed to date (additional to any July 2021 repairs) | Repairs still to be completed | Estimated flood damage cost (additional to July 2021) |
|-------------------------------------|--|--|--|---|
| Tuamarina/Koromiko stream | Remove debris blockages lower Koromiko | Complete | | \$ 10,000.00 |
| Onamalutu River | Tree removal, minor channel realignments various locations | Main channel works complete | Assist stabilisation of bank at 290 onamalutu Road (on Council land) | \$ 55,000.00 |
| Fairhall floodway | Sediment and tree deposition, minor erosion in vicinity of SH6 bridge | Clearing works complete | Looking at options to improve drainage at 542 Middle renwick road | \$ 40,000.00 |
| Omaka River below Hawkesbury Bridge | Minor erosions, debris piles, flow misalignemnt | Maintenance/repair works underway | Need to complete planned capital edge upgrades upstream of SH6 when resources available | \$ 20,000.00 |
| Omaka River above Hawkesbury | Tree blockages, minor beach removal | Identified maintenance complete | Further inspection check required | \$ 20,000.00 |
| North bank west of Onamalutu | Minor channel works at Barletts Creek | Inspected with adjacent landowner | Restore channel alignments and reduce risks to Fabion valley and Northbank roads | \$ 4,000.00 |
| Andersons floodway | Existing floodway further heavily damaged during 2022 flooding | Emergency patch repairs completed to keep functional while final decision is made on status and reconstruction of this structure | Investigate status, cost to reconstruct fully and benefits of this old Catchment Board asset | \$ 60,000.00 |
| Blenheim urban | | | | |
| Fyffe Street stormwater inlet | Inlet grill collapsed, pipe blocked with debris leading to scour at outlet. | Repairs completed | | \$ 25,000.00 |
| Sutherland/Mapps streams | Clear debris and stablise waterways below farm park boundary | Repairs completed | | \$ 20,000.00 |
| Wither Hills Farm Park | Minor access track washouts, gravel build up by woolshed. Mapps and Dungeys gully sediment traps full. | Access track repairs complete | Gravel removal and sediment trap clean outs programmed | \$ 30,000.00 |
| Renwick urban | | | | |
| Overflow into School Creek at SH63 | Flood damage mostly to private property in Mclsaacs Place and Alma Street | SH63 water table cleared. Debris and obstructions in channel cleared. | Channel block and northside water table improvements proposed at SH63 to eliminate risks of future overflow - capex. | \$ 30,000.00 |
| Channel clearing below Brook street | Clear debris blockage below Brook Street including below private culvert crossing. | Immediate blockages cleared at 18A cleared. | Channel clearing below private 16A culvert to be completed | \$ 15,000.00 |
| Picton vicinity urban | | | | |
| Ngakuta Bay | Clear debris and gravel blockage eastern stream. | Stream cleared and debris etc disposed of | | \$ 8,000.00 |
| Waikawa gravel trap | Gravel buildup plus bank erosion | Gravel trap cleared and preliminary ban repairs completed | Consider follow up stream bank planting | \$ 8,000.00 |
| Waikawa stream estuary | Flood debris deposited tidal area | | Remove debris when tides are suitable | \$ 2,000.00 |
| Outside Wairau Scheme | | | | |
| Awatere south | A number of site visits completed including to Awatere and Flaxbourne areas | Debris ckearing Starborough Creek, advice on landowner repairs upgrade | | \$ 10,000.00 |
| Pelorus/Rai Valley/Kaituna River | Landowner site visits. Emergency channel clearing Rai Valley to assist recovery | Emergency channel clearing at 3 Rai valley sites completed. Advice visits to 10 plus farms made. | Another major channel block in Kaituna River identified. Assistance with getting cleared being considered. | \$ 15,000.00 |
| Sounds including Okiwi Bay | Further flooding behind The Parade, Okiwi | Te Awa Stream cleared at Outward Bound | Request being considered to clear gravel buildup, realign | \$ 3,000.00 |

| River/tributary | July/August 2022 flood damage (additional to July 21 damage) | Repair work completed to date (additional to any July 2021 repairs) | Repairs still to be completed | Estimated flood damage cost (additional to July 2021) |
|--|--|---|-------------------------------|---|
| | bay. Stream blockage anakiwa | | Kaimiko Stream, Okiwi Bay | |
| <i>Immediate flood response including emergency pumping. Sandbagging etc</i> | Extensive emergency pumping, sand bagging carried out during both July and August including at Springlands - Blenheim, Gee/Oudernarde Streets @ Renwick, Spring Creek, SH6 at Woodbourne, Lower Wairau plus additional pump station callouts | July and August 2022 work programme dominated by emergency response and where appropriate assistance to landowners to recover from flooding. On the plus side the flooding observations are very valuable to consideration of options to make improvements to the existing flood protection and stormwater network. | | \$ 100,000.00 |

Estimate total \$ 1,930,000.00

10. Review of Director Fees

(The Mayor/Clr J A Arbuckle) (Report prepared by Martin Fletcher)

S400-004-012-22

Purpose of Report

1. To consider the MDC Holdings Ltd's Directors Fees recommendation from its 2022 Annual General Meeting.

RECOMMENDATIONS

That Council:

1. Agree to increase the Directors Fees for MDC Holdings Ltd to;
(a) Director \$12,500; and
(b) Chair \$25,000;
2. Note that proposed Directors Fees also cover Marlborough Airport Ltd; and
3. Agree to continue the process adopted by Council on 20 September 2016 for the annual adjustment of Directors Fees.

MDC Holdings Ltd's Annual General Meeting Resolution

2. At its December 2022 Annual General Meeting MDC Holdings Ltd resolved as follows:

"That the Board agree to recommend to Council the following fees:

- Director \$12,500; and
- Chair \$25,000

With effect from 1 January 2023.

Carried"

Background

3. On 20 September 2016 Council agreed to annually adjust MDC Holdings Ltd's Directors fees by the median movement in Non-Executive Director Fees as published annually by the Institute of Directors New Zealand (NZIOD) for a period of five years. At the expiry of that time an independent review was requested to ensure that market reality is maintained.
4. Two potential suppliers were selected, Strategic Pay and NZIOD. Following discussions with the Chair, NZIOD was selected and their report is contained in Attachment 1.
5. The following table identifies:
 - Current Directors Fees;
 - The Directors Fees that would have resulted if the 2022 median Directors' fees movement had been applied; and
 - The Directors Fees recommended by the NZIOD on page 8 of their report.

| | Current Fees | Application of 2022 Adjustment | NZIOD Recommendation |
|----------|--------------|--------------------------------|----------------------|
| Director | \$12,036 | \$12,409 | \$12,500 to \$13,000 |
| Chair | \$24,067 | \$24,813 | \$25,000 to \$27,000 |

6. The notionally adjusted fees are very close to the recommended fee levels, reinforcing the approach that has been undertaken over the past five years.

7. As a result, it is recommended that Council agree to the MDC Holdings Ltd's recommendation for Directors Fees of \$12,500 and Chairman's Fee of \$25,000. NB, this will result in a \$91 and \$187 respectively increase on the result that would have achieved from the continuation of the previously agreed, annual adjustment mechanism.
8. Also, because of the success of the annual adjustment mechanism agreed on 02 September 2016, that this process be continued.

Attachment

Attachment 1 – Director Fees

page [47]

| | |
|------------|--|
| Author | Martin Fletcher, Chief Financial Officer |
| Authoriser | Mark Wheeler, Chief Executive |

| Summary of decision-making considerations | | | |
|--|--------------------------|--------------------------|--------------------------|
| Fit with purpose of local government | | | |
| The proposal enables local decision-making and action by Council on behalf of communities and relates to providing a public service and it is considered good-quality and cost effective. | | | |
| Fit with Council policies and strategies | | | |
| | <i>Contributes</i> | <i>Detracts</i> | <i>Not applicable</i> |
| LTP / Annual Plan | X | <input type="checkbox"/> | <input type="checkbox"/> |
| Financial Strategy | X | <input type="checkbox"/> | <input type="checkbox"/> |
| Infrastructure Strategy | <input type="checkbox"/> | <input type="checkbox"/> | X |
| Social well-being | <input type="checkbox"/> | <input type="checkbox"/> | X |
| Economic development | X | <input type="checkbox"/> | <input type="checkbox"/> |
| Environment & RMA Plans | <input type="checkbox"/> | <input type="checkbox"/> | X |
| Arts & Culture | <input type="checkbox"/> | <input type="checkbox"/> | X |
| 3 Waters | <input type="checkbox"/> | <input type="checkbox"/> | X |
| Land transport | <input type="checkbox"/> | <input type="checkbox"/> | X |
| Parks and reserves | <input type="checkbox"/> | <input type="checkbox"/> | X |
| This proposal contributes to the categories identified above to enable local decision making, social wellbeing, support for arts and culture activities and use of local parks and reserves. | | | |
| Nature of the decision to be made | | | |
| The options do not involve a significant decision in relation to land or a body of water. | | | |
| Financial considerations | | | |
| Nil | | | |
| Significance | | | |
| The decision is considered of low significance under Council's Significance and Engagement Policy. | | | |
| Engagement | | | |
| Not required | | | |

DirectorFees



MDC Holdings
(including Marlborough Airport)
Tailored fee review

November 2022



iod.org.nz

This report has been prepared as guidance for the board of MDC Holdings and is not intended to be prescriptive or exhaustive or used or relied upon by any other organisation. It contains our benchmarking analysis using remuneration data provided by members in our annual survey on director remuneration, information supplied by MDC Holdings and other publicly-available sources of information. The report is an independent assessment of appropriate fees for board members of MDC Holdings and has been prepared free from any influence from MDC Holdings management, any board member or any other party in relation to the services provided or outcomes of those services.

The Institute of Directors (IoD) believes the information it provides about comparable entities is accurate at the time it is provided. The IoD provides no warranty (either expressed or implied) in relation to the completeness, accuracy or currency of any information provided about any comparator or third party organisation, and cannot be held liable for the consequences of any actions taken or not taken on the basis of such information.

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Governance services

Director Fee Tailored Review – MDC Holdings

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1 Executive summary

Introduction

The depth and complexity of directors' duties are well known and growing. Given this, along with increased regulatory compliance and the personal risk that New Zealand directors face in their roles, setting director fees at the right level is essential.

Organisations need to attract progressive and effective directors who go beyond compliance, who aspire to meet the highest standards and are rewarded appropriately for their expertise and commitment.

Organisations should support and justify their board fee decisions with good disclosure, governance and accountability practices. This means demonstrating that fees have been set using robust processes and data.

Purpose and scope

MDC Holdings has asked the Institute of Directors in NZ Inc. (IoD) to undertake a formal review of board fees. This document sets out the approach taken, the relevant background information and our independent assessment of appropriate fee range benchmarks for your directors. In carrying out this assignment, the IoD has considered the following:

- Information supplied by Marlborough District Holdings (MDC)
- Data from the latest available annual IoD Directors' Fees survey
- Data, where available, on fees in organisations of a similar type or size
- Other confidential sources of fee data that the IoD holds

Our recommendations are formed from our considered judgement, and are provided as guidance. The final decision on fees is the ultimate responsibility of the organisation.

This report does not include an evaluation of specific constraints that may affect MDC Holdings final decision with respect to fee levels, such as available funds or the impact of fee levels on the ability to access appropriately qualified and skilled directors to your board.

Summary of approach

Directors' fees are a 'fee for service' rather than a salary. In line with the principle of collective responsibility, base fees should be shared equally as a rule, except in the case of additional responsibility of workload such as the chair.

The IoD encourages an open and transparent process to setting director fees. A fee benchmarking exercise is a suitable approach to determining whether your organisation's director fees are fair and appropriate, and it is important to review



benchmarks across a wide range of relevant criteria.

The IoD provides a recommended range of fees for your board roles based on:

- Data from our latest 2022-23 directors' fees survey, giving a broad picture of fees in the market relevant to your organisation type, industry and size
- Additional research of fees in comparative organisations (where available)
- Information provided by you on the scope and time commitments of the roles; and
- The nature and complexity of your organisations' industry or operating environment.

Fee ranges are set with the assumption that board members have achieved a level of governance competency to undertake the critical director function. To command fees at benchmark level directors should have the appropriate skills, knowledge and training in governance as would reasonably be expected for people in their roles.

Before reaching a final decision, the IoD recommends that MDC Holdings also considers stakeholder expectations; your own view on appropriate fee levels, as well the level of remuneration required to attract, motivate and retain appropriate candidates.

Relevant organisation background

MDC Holdings is a Council Controlled Organisation (CCO) that is 100% owned by Marlborough District Council. In turn, Marlborough Airport Limited (MAL) is 100% owned by MDC Holdings Limited. The board has an independent chair and five directors. Three are political board members who are elected for a term of three years. The remaining two non-political members are recruited and their term is three years + three years.

Board members are remunerated annually. Fees were last set five years ago but have been adjusted annually in response to median movements based on the IoD's annual director fee survey.

Currently fees are:

| | |
|----------|----------|
| Chair | \$24,067 |
| Director | \$12,036 |

These are combined fees for both MDC Holdings Limited and Marlborough Airport Limited.



Governance services

Director Fee Tailored Review – MDC Holdings

Page 5

Summary of fee research

General market fee movements

Our 2022-23 survey includes information on over 2,200 directorships, covering a wide cross-section of over 1,400 organisations. We have reviewed this survey data to find suitable comparators to MDC Holdings. In summary, the 12-month movement of fees are as follows:

- Council Controlled Organisation 2.2%
- Industry – Transport, Postal & Warehousing 4.3%

Organisation specific research

This table provides a summary of our fee research, as presented on pages 15 to 17. Revenue categories of both \$0 - 5 m and \$5.1 – 10m are included to reflect the turnover of Marlborough Airport independently of MDC Holdings.

| DATA SOURCE | FEE COMPARATOR CATEGORY | DIRECTOR FEE OR RANGE | CHAIR FEE OR RANGE |
|---|---|-----------------------|--------------------|
| 2022-23 IoD Directors' Fees Survey | MDC overall comparator dataset – lower quartile | \$28,629 | \$35,910 |
| | Council Controlled Organisations – revenue \$0- 5m | \$24,150 | \$21,600 |
| | Council Controlled Organisations – revenue \$5 – 10m | \$25,907 | \$45,000 |
| | Industry, 'transport, postal & warehousing' revenue \$5 – 10m | \$22,220 | \$44,844 |
| Online annual reports and IoD Client database | Other comparators average fee | \$27,335 | \$47,644 |
| | MDC HOLDINGS CURRENT FEE | \$12,036 | \$24,067 |

Summary of time commitments

Directors are paid for the expertise and skills they bring to the boardroom rather than for the specific time invested in the role. However, the hours devoted to the organisations' governance may provide an indication of the complexity of the roles, the level of involvement required, and is one of the considerations that can help to inform the decision on the appropriate level of fees.

The estimated time commitments for the MDC Holdings board align at the lower quartile of our comparator survey data (see pages 19 - 20). It is recognised that hours actually served by the MDC Holdings board are variable due to large project work.

| | NON-EXECUTIVE DIRECTOR | | | NON-EXECUTIVE CHAIR | | |
|--|------------------------|--------|----------------|---------------------|--------|----------------|
| | LOWER QUARTILE | MEDIAN | UPPER QUARTILE | LOWER QUARTILE | MEDIAN | UPPER QUARTILE |
| Survey comparator dataset – annual hours | 72 | 103 | 160 | 98 | 286 | 206 |
| MDC HOLDINGS TIME COMMITMENTS | 40 | | | 80 | | |

Summary of hourly fees

The estimated hourly fees for MDC Holdings board members align at the higher quartile of our comparator data (see page 22).

| | NON-EXECUTIVE DIRECTOR | | | NON-EXECUTIVE CHAIR | | |
|--|------------------------|--------|----------------|---------------------|--------|----------------|
| | LOWER QUARTILE | MEDIAN | UPPER QUARTILE | LOWER QUARTILE | MEDIAN | UPPER QUARTILE |
| Survey comparator dataset hourly fees (\$) | 175 | 282 | 438 | 169 | 288 | 336 |
| MDC HOLDINGS HOURLY FEE ESTIMATE | \$302 | | | \$301 | | |

Supporting commentary

In formulating our recommendations, we have taken into account information provided to us about the organisation's size, nature, complexity and risk profile, as well as the indicated duties and time commitments of the roles.

Our research indicates that current fees align to the lower quartile of our

comparator survey data. Fees were last reviewed in 2017, although have been increased annually in accordance with median movements identified by the IoD.

Recommended benchmark fee ranges

We consider these fee ranges reflect fair remuneration for the governance commitments of the roles, and to be representative of the wider market.

| FEE CATEGORY | RECOMMENDED FEE RANGE |
|---------------------|-----------------------|
| Base Directors' fee | \$12,500 - \$13,000 |
| Chair fee | \$25,000 - \$27,000 |

Notes

- We have used a chair premium of 2 which we consider appropriate to the workload and commitments of this role

THE SUPPORTING INFORMATION FOR THESE RECOMMENDATIONS CAN BE FOUND ON PAGES 22 - 23

2 Approach to setting board fees

REMUNERATION OF DIRECTORS SHOULD BE TRANSPARENT,
FAIR AND REASONABLE

There is no 'right' or 'wrong' when it comes to setting fees because there are a multitude of factors that can influence remuneration levels. Ideally fees should be set by taking into account the individual circumstances of each organisation and the broader market context.

Generally the IoD recommends fixed fees, set annually at a level that reflects the commitment and skills your board requires and the level of liability and personal risk involved with the appointment. An overall fixed fee allows for occasional heavy workloads and takes on board the fact that director liability does not vary in relation to the number of meetings. A fixed fee approach also creates the expectation that a director will devote appropriate time to the organisation. The 2022-23 IoD directors' fees survey found that 80.4% of directors are paid a fixed fee, with only 3% paid a 'per meeting rate' and 3% a combination of the two.

Directors' fees are generally a 'fee for service'. In line with the principle of collective responsibility, base fees should be shared equally as a rule, except in the case of additional responsibility of workload such as the chair.

IoD benchmarking approach

Benchmarking is a good way to identify appropriate fee levels for directors. IoD's recommendation fee ranges are based on:

- Relevant market fee data from our latest directors' fees survey
- Research of fees in comparative organisations (where available)
- Information provided by you on the scope and commitments of the roles
- The nature and complexity of your organisations' industry or operating environment.

Where direct industry comparisons are in low supply or unavailable we research fees in organisations considered to be of a similar size, for example, in terms of revenue or asset size. We rely on the information you provide to us to undertake this research, as well as any input you may have on suitable comparators.

To command fees at benchmark level there is an assumption that directors have the appropriate skills, knowledge and training in governance as would reasonably be expected for anyone in a role.

While benchmarking sometimes provides a recommendation to increase fee levels, it is possible that an organisation may opt for more moderate increases over time as a way of transitioning to a recommended range. It is worth noting that if a plan of more moderate increases are implemented the fee gap between current and benchmark fees may widen over time.

IoD Directors' Fees Survey

The annual Directors' Fees Survey takes place with a wide cross-section of New Zealand organisations and IoD members. Our 2022-23 survey report includes information about over 2,200 directorships, covering over 1,400 organisations. 79% of IoD members surveyed hold non-executive (independent) positions and our benchmarking focusses on these roles.

The survey will also collect information on the level of hours involved in the directorship role. This varies significantly between organisations. In our 2022-23 survey the average time a non-executive director spends on board work is 140 hours per annum.

3 The role of the board

Trust and accountability underpin long-term success and sustainability, and directors of all organisations need integrity, courage, judgment, emotional agility, energy and curiosity.

The IoD's publication *The Four Pillars of Governance Best Practice* emphasises that the key role of a board is to add value to their organisations through four key governance functions:

- Determination of a company's fundamental purpose and strategy
- Leading an effective governance culture, characterised by integrity, robust decision making and effective relationships with management, shareholders and stakeholders
- Holding management to account, rigorously and accurately
- Ensuring effective compliance

These are significant responsibilities and it is IoD's view that in order to be accountable, board members need to spend more focussed time, thought and enquiry on their organisation - within board meetings and outside of them.

A key element of good governance is having a robust approach to reviewing and setting board fees underpinned by comprehensive and robust data. Remuneration for board members needs to be set at a level that acknowledges responsibilities and risks, as well as to attract, motivate and retain members with the ability and character necessary to carry out these critical and demanding functions.

An elected board must still ensure remuneration levels are sufficient to attract the appropriate people to stand for election and to support elected individuals to perform their duties to the highest standards.

The chair's role

The chair facilitates the board but under the Companies Act all directors share equal responsibility. In practice the role of the chair depends on the extent of their involvement with the organisation. This can be influenced by:

- The size or particular circumstances of the company
- The complexity of its operations
- The quality of its chief executive and management team, and
- The administrative or contractual arrangements that the board or shareholders have put in place.

In particular circumstances it may be appropriate for the chair to work significant additional hours. This may arise for example, where an organisation is dealing with a significant event, or is engaging in a major transaction. These additional hours are addressed in the chair fee by using a multiplier (premium) over the base director fee.

We generally advise that a good rule of thumb is a premium of around x1.8 to x2.0. Lower or higher loadings may be used depending on the individual circumstances of the organisation. In our 2022-23 survey, chair premiums vary with the highest being x1.98 and the lowest, x1.03.

In the case of the organisation, the fee range recommendations have a chair premium of 2. This is considered appropriate for the additional responsibilities and time commitments of the chair role.

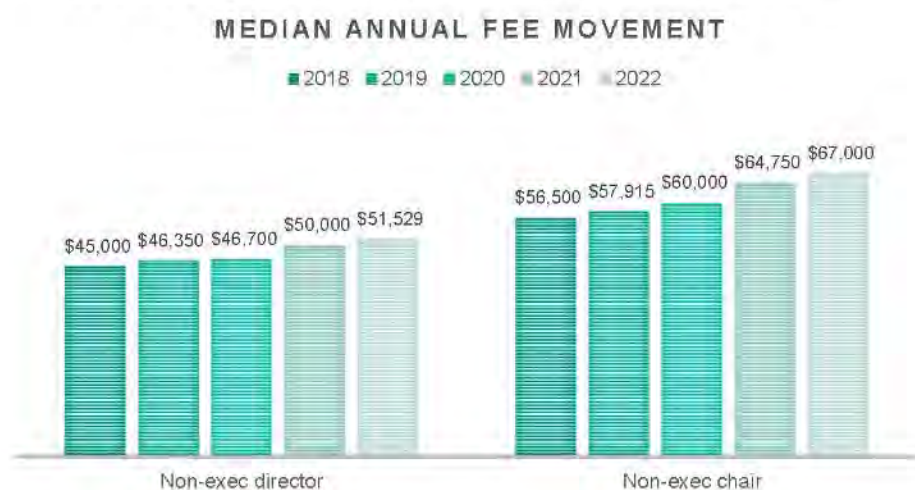
4 General director fee trends

The key principle of a benchmarking review is to ensure that the fees MDC Holdings pays its board are relative to the market and take into account the remuneration levels provided to directors in New Zealand. The fees should reflect the added value your directors bring to the organisation and adequately compensate them for their time, effort and skill level.

Whilst our overall data is drawn from a broad range of organisations, many not directly comparable to MDC Holdings, it is designed to provide valuable insights into market fee movements and trends.

Median annual fee movements

Our latest and most comprehensive data on the remuneration of New Zealand directors is the 2022-23 IoD directors' fees survey. The following graph shows the median annual fee movement across the entire survey data, which includes New Zealand organisations of all types and sizes and across all industries.



The 5-year movement of fees is approximately 14.5% for non-executive directors and 18.6% for non-executive chairs.

In the last 12 months, the median fee received by non-executive directors has increased by 3.1%, compared to a 7.1% movement in 2021. Non-executive chair fees have increased by 3.5%, compared to a 7.9% movement in 2021.

Overall survey quartiles

2022 non-executive chair and director remuneration

The lower, median and upper quartiles for non-executive director remuneration in the most recent survey are \$35,000, \$51,529 and \$77,063 and for non-

executive chairs, they are \$45,000, \$67,000 and \$100,900 respectively across the whole survey sample. The survey incorporates a very wide sample of organisations from NFPs to NZX listed companies.

2022 non-executive chair and director remuneration

(ACROSS ENTIRE SURVEY SAMPLE)



Other relevant fee movement data over the last 12 months

OUR FEE DATA USES THE ANZSIC (AUSTRALIAN AND NEW ZEALAND STANDARD INDUSTRIAL CLASSIFICATION) GROUPS.

| FEE CATEGORY | 12 MONTH FEE MOVEMENT |
|---------------------------------|-----------------------|
| Council Controlled Operations | 2.2% |
| Transport, Postal & Warehousing | 4.3% |
| Revenue - \$0 – 5m | 12.6 % |
| Revenue – \$5.1 – 10m | 3.0% |



Governance services

Director Fee Tailored Review – MDC Holdings

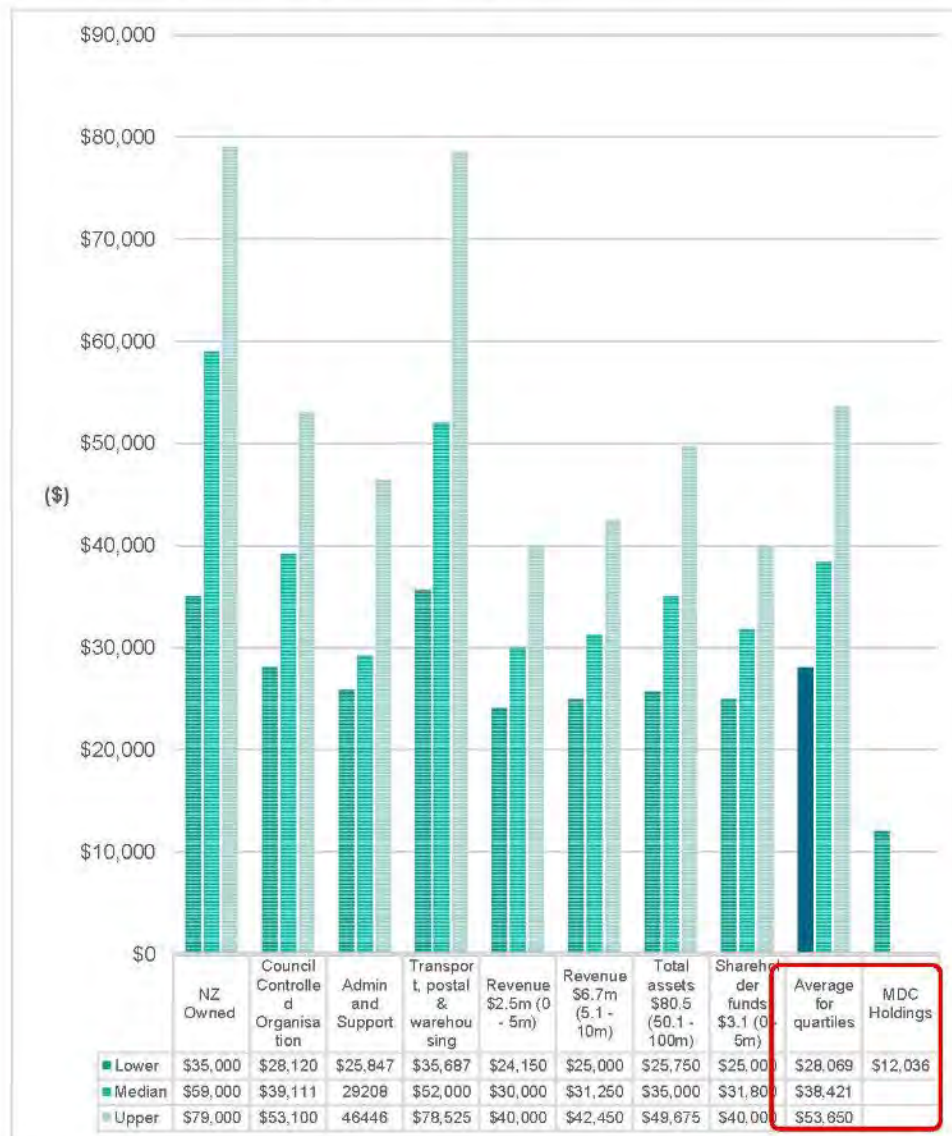
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5 Comparator fee benchmarking

Non-executive director fees - comparator breakdown

The graph below shows director fee data relevant to MDC Holdings based on the information you have provided. Each fee category is a sub-set of our latest directors' fees survey.

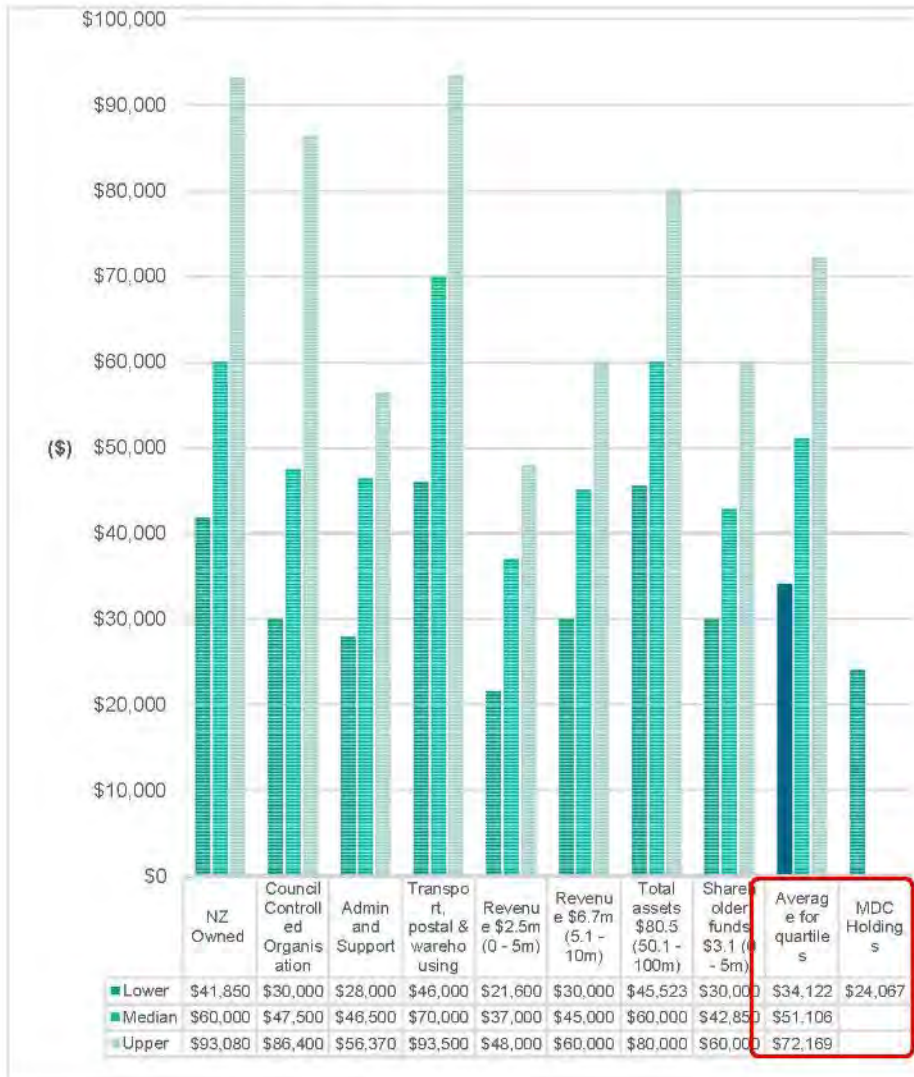
It demonstrates that MDC Holdings current director fee aligns to the lower quartile against the comparator fee categories.



Non-executive chair fees - comparator breakdown

This graph shows chair fee data relevant to MDC Holdings based on the information you have provided. Each fee category is a sub-set of our latest directors' fees survey.

It demonstrates that MDC Holdings current chair fee aligns to the lower quartile against the comparator fee categories.



IT IS IMPORTANT TO NOTE THAT THE SAMPLE SIZE FOR DIRECTOR DATA IS MUCH LARGER THAN THAT OF CHAIRS. THEREFORE, OUR METHODOLOGY PLACES A HIGHER RELIANCE ON DIRECTOR DATA AS A BASIS FOR ESTIMATING FEES FOR CHAIRS (USING AN APPROPRIATE LOADING OR CHAIR PREMIUM).

6 Further fee research

Director's fees survey data – further segmentation

WE HAVE ANALYSED OUR SURVEY DATA AT A DEEPER LEVEL TO PROVIDE THE FOLLOWING FEE INFORMATION.

| INDUSTRY SECTOR | REVENUE | AVERAGE DIRECTOR FEE | AVERAGE CHAIR FEE |
|--|-----------|----------------------|-------------------|
| Council Controlled Organisation | \$0 - 5m | \$24,150 | \$21,600 |
| Council Controlled Organisation | \$5 - 10m | \$25,907 | \$45,000 |
| Industry 'transport, postal & warehousing' | \$0 - 5m | Insufficient data | Insufficient data |
| Industry 'transport, postal & warehousing' | \$5 - 10m | \$22,220 | \$44,844 |

Other similar organisations

This information has been taken from annual reports and IoD's confidential database

| EXAMPLE | REVENUE | ASSETS | DIRECTOR FEE RANGE | CHAIR FEE RANGE | CHAIR PREMIUM |
|---|---------------|----------------|---------------------|---------------------|---------------|
| Rotorua Regional Airport Ltd. Annual Report 2021 | \$4.9m | \$78m | \$15,000 | \$30,000 | 2 |
| Nelson Airport Annual Report 2021 | \$13m | \$140m | \$25,400 | \$41,200 | 1.6 |
| Hawkes Bay Airport Annual Report 2021 | \$6.6m | \$64m | \$23,000 - \$25,000 | \$44,000 | 1.8 |
| Marsden Maritime Holdings Annual Report 2021 | \$7.2m | \$177m | \$33,500 - \$38,500 | \$62,500 | 1.7 |
| Registered Charitable Company (IoD Confidential Database) | \$7.48m | \$89m | \$28,000 - \$32,000 | \$44,800 - \$57,600 | 1.7 |
| District Council CCO's 2022 (IoD Confidential Database) | \$2.6m | \$35m | \$35,000 - \$40,000 | \$60,000 - \$70,000 | 1.7 |
| Dunedin Airport Annual Report 2021 | \$14.6 | \$102m | \$23,445 | \$33,214 | 1.4 |
| Average fee | | | \$27,335.00 | \$47,644.86 | 1.7 |
| MDC HOLDINGS | \$6.7m | \$80.5m | \$12,036 | \$24,067 | 2 |

7 Time commitments

The roles and responsibilities of board members have expanded over recent years. A board's work is generally not restricted to the boardroom. There can be significant additional time requirements, such as for stakeholder engagement and attending events.

Directors are paid for the expertise and skills they bring to the boardroom rather than for the specific time invested in the role. However, the hours devoted to the organisations' governance may provide an indication of the complexity of the roles, the level of involvement required, and is one of the considerations that can help to inform the decision on the appropriate level of fees

MDC Holdings annual time commitments

Time commitments for MDC Holdings based on data provided by the organisation management, is set out in the table below.

| ACTIVITY | NUMBER | TIME IN | PREP TIME | HOURS PER ANNUM (ESTIMATE) |
|---|--|---------|-----------|----------------------------|
| Board meetings (both MDC Holdings and MAL) | 4 | 3 | 3 | 24 |
| Other director time commitments | Additional meetings and miscellaneous duties | | | 16 |
| Average annual hours for director | | | | 40 |
| Chair – other time commitments | Representational duties for Marlborough Airport Ltd. | | | 56 |
| Average annual hours for chair | | | | 80 |

Time commitments in comparator organisations

The following table compares the governance time commitments in MDC Holdings to commitments in comparator organisations provided as part of the latest IoD directors' fees survey.

It indicates that the time commitments for the MDC Holdings board members align to the lower quartile.

| | DIRECTOR TIME COMMITMENTS | | | CHAIR TIME COMMITMENTS | | |
|-----------------------------------|---------------------------|-----------------|----------------|------------------------|-----------------|----------------|
| | LOWER QUARTILE | MEDIAN QUARTILE | UPPER QUARTILE | LOWER QUARTILE | MEDIAN QUARTILE | UPPER QUARTILE |
| New Zealand owned | 71 | 111 | 175 | 88 | 1150 | 250 |
| Council Controlled Organisation | 104 | 136 | 198 | 150 | 204 | 309 |
| Admin and Support | 72 | 76 | 124 | 73 | 82 | 93 |
| Transport, postal & warehousing | 73 | 116 | 206 | 96 | 139 | 203 |
| Revenue \$2.5m (\$0 – 5m) | 45 | 76 | 12 | 72 | 113 | 180 |
| Revenue \$6.7m (5.1 - 10m) | 62 | 91 | 130 | 91 | 115 | 163 |
| Total assets \$80.5 (50.1 - 100m) | 76 | 109 | 164 | 113 | 203 | 257 |
| Shareholder funds \$3.1 (0 - 5m) | 49 | 79 | 121 | 76 | 107 | 165 |
| AVERAGE TIME COMMITMENTS | 69 | 99 | 141 | 95 | 264 | 203 |
| MDC Holdings | 40 | | | 80 | | |

8 Hourly fees

An analysis of comparator hourly fees can be useful if there are few comparable organisations, or fee data, on which to base fee level recommendations. In some circumstances, hourly fees or 'per meeting' rates can be useful alternative fee structures to an annual fixed fee. For example in an environment where meetings numbers are relatively stable or when time commitments are low. However, when meeting numbers or time commitments fluctuate significantly, it can make it difficult to track governance fees or to set an annual budget for board fees.

Hourly fee analysis for MDC Holdings.

Using the information on time commitments provided by MDC Holdings and the current fee levels, we can estimate current hourly fee ranges for your governance roles as follows:

| ROLE | ANNUAL FEE | TIME COMMITMENTS | HOURLY FEE RANGE |
|----------|------------|------------------|------------------|
| Director | \$12,067 | 40 | \$302 |
| Chair | \$24,067 | 80 | \$301 |

Comparator hourly fees

The following table provides an analysis of hourly fee rates for non-executive directors and chairs in comparator data bands. It shows that MDC Holdings estimated hourly fees align around the medium to upper quartile.

| | NON-EXECUTIVE DIRECTOR | | | NON-EXECUTIVE CHAIR | | |
|-----------------------------------|------------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| | LOWER QUARTILE (\$) | MEDIAN QUARTILE (\$) | UPPER QUARTILE (\$) | LOWER QUARTILE (\$) | MEDIAN QUARTILE (\$) | UPPER QUARTILE (\$) |
| New Zealand owned | \$176 | \$310 | \$500 | \$203 | \$322 | \$548 |
| Council Controlled Organisation | \$157 | \$284 | \$366 | \$158 | \$204 | \$252 |
| Transport, Postal and Warehousing | \$224 | \$343 | \$517 | \$96 | \$139 | \$203 |
| Admin and Support Services | \$158 | \$171 | \$192 | - | \$255 | - |
| Revenue 0 – 5m | \$176 | \$252 | \$526 | \$128 | \$225 | \$352 |
| Revenue 5.1 – 10M | \$139 | \$247 | \$439 | \$240 | \$351 | \$521 |
| Total assets 50.1 – 100M | \$197 | \$326 | \$526 | \$237 | \$347 | \$498 |
| Headcount <20 | \$171 | \$290 | \$526 | \$250 | \$400 | \$331 |
| AVERAGE HOURLY FEES | \$175 | \$278 | \$449 | \$164 | \$280 | \$338 |
| MDC Holdings | \$302 | | | \$301 | | |

9 Recommendations

Context

There is no absolute right or wrong when setting director fees. To provide you with data and advice to support your governance fee decisions we seek to explore the market as widely as possible. We take into account a range of comparator data and the time commitments of the role. However, remuneration is part of an evaluative process and the final decision on fees is the ultimate responsibility of the organisation.

Before reaching a final decision, we recommend that you consider where MDC Holdings sees itself within the market (e.g. median, upper quartile). In addition, consider factors like complexity of role, operating environment, risk and liability and expectations. Also part of the mix is ensuring your remuneration attracts and retains the calibre of directors you need to drive and sustain long-term value for your business.

Supporting commentary

A fair and appropriate annual fixed fee should reflect the commitment and skills required of the director, the liability and personal risk involved, and take into account periods of heavy workload for the board.

In formulating our recommendations, we have taken into account information provided to us about the organisation's size, nature, complexity and risk profile, as well as the indicated duties and time commitments of the roles.

Our research indicates that whilst current fees align to the lower quartile of our comparator survey data, time commitments are significantly lower in comparison to similar organisations.

Fee range recommendations

We consider these fee ranges reflect fair remuneration for the governance commitments of the roles and to be representative of the wider market.

A chair premium has been retained at x2.0.

Chair, committee chair and deputy chair premiums

An appropriate chair fee makes an allowance for additional hours spent in meeting preparation and follow-up and for other demands and expertise required of the role. A loading over the base director fee is usually used to calculate the chair fee.

The IoD's data for director roles is considerably deeper than for chairs; therefore our methodology places a higher reliance on director data as a basis for estimating fees for all board members.

We generally advise that a good rule of thumb is a premium of around x1.8 to x2.0. Lower or higher loadings may be used depending on the individual circumstances of the organisation.

In addition, we generally recommend a loading of between x1.1 to x1.2 for committee chairs and a x1.25 loading for the deputy (vice) chair of the board.

It would not be normal for the board chair or deputy chair to be paid additional fees for their involvement with committees.

Ongoing fee review policy

Because of movements in the market and other factors, such as inflation and CPI, fees are not static. They should be assessed for market appropriateness regularly.

When a fee structure is on or near the market benchmark, one option is to review fees against annual fee movements – for example using the appropriate industry sector or the overall fee movement for a particular role (e.g. non-executive director). This information is available from the IoD.

We would, however, encourage a discipline to update the benchmark data regularly. Best practice would be to review director fees annually, and it should be no longer than 3 years. This should identify if the fees remain competitive or if the fee gap is widening. A significant fee gap against benchmark may indicate the need for a further fee review at this stage.

Transparency of fee decisions

Consistent and open reporting on director fees helps build trust and confidence in business and corporate governance. We encourage all organisations to think beyond compliance. They should disclose director payments openly and consistently. Boards of all types of entities are welcome to use the IoD's [Guide to disclosing director remuneration in annual reports](#).

Appendix 1

Appendix 1 - Board size considerations

The interests of shareholders of a company will be best served if its board acts with maximum efficiency and effectiveness. The optimum number of directors required to attain maximum efficiency and effectiveness on any given board will depend on such factors as the company's size, nature, diversity and complexity of its business and its ownership structure.

A board that is too large may not give its members the opportunity of participating in discussions and decisions to the best of their abilities. It may result in board proceedings being unnecessarily prolonged. On the other hand, a board that is too small will limit the breadth of knowledge, experience and viewpoints that would otherwise be available to it and from which it could usefully benefit.

As a general rule, a board numbering between six and eight members is usually found to be the most appropriate in the case of medium to large-sized companies. This also takes the relatively small size of New Zealand companies in international terms into account. Smaller companies may operate quite satisfactorily with a lower number. Under NZX listing rules, the minimum number for a listed company (disregarding alternate directors) is three.

It is not really possible or practical to specify an ideal and optimal number for all boards. What every board needs to do is to achieve the right balance to suit the circumstances and requirements of the company and the board itself.

Average number of directors

(FROM THE 2022-23 IOD DIRECTORS' FEES REPORT)

Across all entity types, the median and average number of directors appointed to a board is 6. Only 1.35% of our sample has more than 12 directors appointed to the board.

Board size for Council Controlled Organisations

| ORGANISATION TYPE | NUMBER OF DIRECTORS ON BOARD | | | |
|----------------------------------|------------------------------|--------|----------------|---------|
| | LOWER QUARTILE | MEDIAN | UPPER QUARTILE | AVERAGE |
| Council Controlled Organisations | 5 | 6 | 8 | 6 |

Appendix 2 – Governance Services

We will help you build a better board

We can help you strengthen the capabilities of your existing board with board evaluations, in-house training, director recruitment and fee advice.

*Evaluated
your board
lately?*

If you are seeking an impartial and independent review of your boards performance, our evaluations are tailored to your needs. Contact us today and discuss how you can get the most out of your next **board evaluation**.

*Want training
for your whole
board?*

We can organise a tailored **in-house training** programme for your whole board and, if desired, your senior executive team. Please contact us and we can talk through some options with you.

*Need to fill a
vacancy at the
board table?*

We can help you find prospective board members who will complement your organisation's needs and your current board composition through our **board appointments** and **director vacancies** services. Please contact us to discuss further.

*Are you
paying fair
fees for
your board of
directors?*

We can provide independent analysis to ensure your fee level is at an appropriate level based on your organisations type, size and sector. Using this service demonstrates a robust and transparent approach to setting fee levels. If you need advice in setting the level of your **director fees** please give us a call.

For further information, please contact our Governance Services team

Phone: 0800 846 369

Email: GovernanceServices@iod.org.nz

Web: iod.org.nz/ServicesforBoards



Governance services

Director Fee Tailored Review – MDC Holdings

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11. Sale of Assets Proceeds Policy

(Chair) (Report prepared by Martin Fletcher)

F225-000-01

Purpose of Report

1. To present an order of preference for the use of proceeds from Asset Sales including Carbon Credits.

Executive Summary

2. This paper recommends an order of priority for the application of asset sales proceeds.

RECOMMENDATIONS

That Council:

1. **Agree the following order of priority for the use of funds generated following the sale of Council assets as:**
 - i) **Repay the relevant Reserve if the initial purchase was funded from that Reserve.**
 - ii) **Reinvest the funds in a suitable income generating asset.**
 - iii) **Reinvest in a public good asset.**
 - iv) **Repay debt.**
2. **Note that asset sales proceeds, if used to reduce rates in any one year, will have a significant negative impact on the following year's rates.**

Background/Context

3. From time to time Council looks to sell assets. This paper does not cover when a particular asset should be sold as the motivations for sale are generally asset specific. Saying that though, there is a strategy in place for the sale of buildings, i.e. that Council will sell when the building no longer has a strategic purpose and market conditions are suitable (abridged version).
4. Broadly speaking there are five options:
 - a) If the asset was purchased from a particular Reserve, credit that Reserve.
 - b) Reinvest in income generating assets.
 - c) Reinvest in public good assets.
 - d) Repay debt.
 - e) Use the proceeds to reduce rates.
5. Each option will be discussed in turn.

Option One – If the asset was purchased from a Reserve, credit that Reserve

6. Under this option if Council resolved to finance an asset purchase initially from a Reserve and then the sale of another asset, then the proceeds from the sale should be credited back to the Reserve.
7. This situation has happened recently with the recent partial sale of land adjacent to Horton Park where the Forestry and Land Development Reserve was used to fund netball developments at Lansdowne Park ahead of the sale of this land. Also, previously advances were made from the Parking Account to develop the Kathmandu building. The proceeds from the sale of that building were credited back to the Parking Account.

8. This option can be summed up as the equity/fairness option in that if you have used funds to acquire or develop a project from one source, it is fair that those funds get returned to that source. This option will also reduce debt, but as it is Reserve funded will not reduce rates.

Option two – Invest in income generating assets

9. The advantage of this option over other options is that typically income earning assets have the ability to grow and generate greater returns over time. An example of this is Council’s investment in Port Marlborough Ltd. The challenge is finding an activity for Council to invest in. The private sector as a general rule does not support Council entering into activities that will provide competition.

Option Three – Reinvest in public good assets

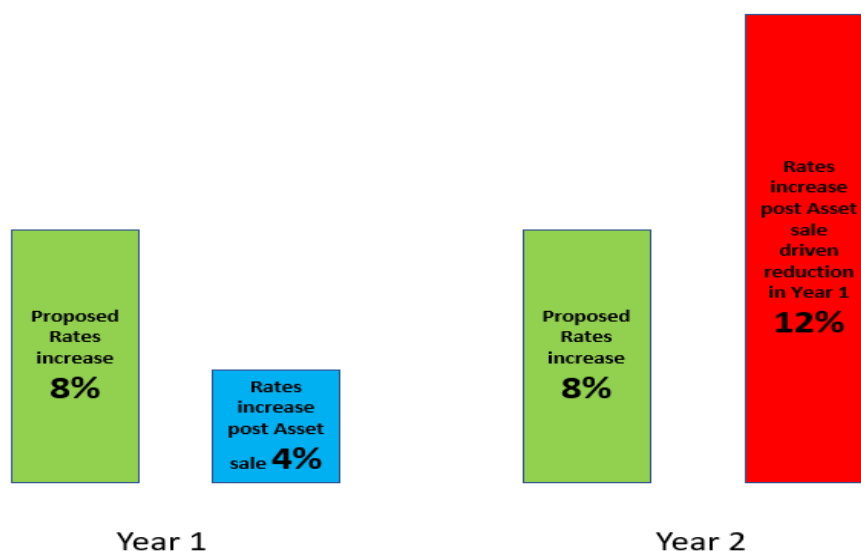
10. This option is similar to option two, but without the all the financial benefits of that option.
11. If a suitable investment opportunity is not immediately available for options 2 and 3, the proceeds can be used for option 4 and then redrawn should a suitable opportunity present itself.

Option Four – Repay Debt

12. Under this option, asset sales proceeds are used to repay rates funded debt. The current interest rate assumption is 5%. However, to meet interest and principal repayments 8% is required. As a result, debt repayment, while not providing the immediate impact on rates as option 5, it does provide a more sustainable rates reduction with better intergenerational outcomes and equity, and not create the issues for year two rates.
13. Also compared to Option 2, Debt repayment fixes the return on the value of the debt repaid, i.e. currently at 8%. However, It would provide some “head room” for S&P Global’s next review.

Option Five – Use the proceeds to reduce Rates

14. This option provides an immediate 100% benefit to rates for one year. The trouble with this option is that it is a one-off fix, that creates a problem in the next year in that Council has potentially not only lost a revenue source for the subsequent year, but also has a large rates increase.



15. This option is not recommended as it is not sustainable in the long term.

Next steps

16. Based on the above commentary on the five options available the suggested order of priority for the use of funds following the sale of a Council assets is:
 - i. Repay the relevant Reserve if the initial purchase was funded from that Reserve.
 - ii. Reinvest the funds in a suitable income generating asset.

- iii. Reinvest the funds in a suitable public good asset.
 - iv. Repay debt.
17. The use of asset sales proceeds for a one-off reduction in rates is not supported.

| | |
|------------|--|
| Author | Martin Fletcher, Chief Financial Officer |
| Authoriser | Mark Wheeler, Chief Executive |

| Summary of decision-making considerations | | | |
|--|--------------------------|--------------------------|--------------------------|
| Fit with purpose of local government | | | |
| The proposal enables democratic local decision-making and action by, an on behalf of communities and relates to providing a public service and it is considered good-quality and cost effective. | | | |
| Fit with Council policies and strategies | | | |
| | <i>Contributes</i> | <i>Detracts</i> | <i>Not applicable</i> |
| LTP / Annual Plan | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| Financial Strategy | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| Infrastructure Strategy | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Social well-being | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Economic development | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Environment & RMA Plans | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Arts & Culture | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| 3 Waters | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Land transport | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Parks and reserves | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Nature of the decision to be made | | | |
| The options do not involve a significant decision in relation to land or a body of water. | | | |
| Financial considerations | | | |
| There are no known financial implications. | | | |
| Significance | | | |
| The decision is considered of low significance under Council's Significance and Engagement Policy. | | | |
| Engagement | | | |
| No engagement is proposed. | | | |
| Risks: Legal / Health & Safety etc | | | |
| There are no known significant risks or legal implications as this is financial policy only. | | | |
| Climate Change Implications | | | |
| There are no known climate change implications to this decision. | | | |

12. MDC Holdings Limited – 2023-24 Statement of Intent

(Clr J A Arbuckle) (Report prepared by Adrian Ferris)

S400-004-010-23

Purpose of Report

1. To present MDC Holdings Limited (MDCH) 2023/24 Draft Statement of Intent (SOI).

Executive Summary

2. This report sets out the stated objectives for MDC Holdings Limited and its subsidiaries for 2024 and the two subsequent financial years.

RECOMMENDATION

That Council approves the Draft 2023-24 Statement of Intent for MDC Holdings Limited.

Background/Context

3. Schedule 8 Local Government Act 2002, requires MDCH to deliver to Council a completed SOI by 30 June of each year for the next year (year ending 30 June 2024) and two subsequent years. Initially, the first step is the delivery of a draft SOI to Council for its consideration and comment. Any comments are then provided to the Directors of MDCH for their consideration and response by 1 May before completion of the Final SOI.
4. The main functions of MDCH are to:
 - obtain financing for its subsidiaries and Parent at the most attractive commercial rates available. The company currently has Bancorp as its principal debt management advisor;
 - monitor the financial and commercial performance of its subsidiaries against the targets contained in their Statements of Corporate Intent (SCI) and other industry benchmarks;
 - monitor the adequacy of governance arrangements in subsidiaries;
 - provide commercial advice to Council and manage its commercial activities on request.
5. As a result, movements in the level of debt, borrowings by subsidiaries applicable interest rates and the dividends from subsidiaries are the main contributors to movements in the Company's Income Statement and Statement of Financial Position.

Draft Statement of Intent

6. The draft SOI (refer Attachment 1) includes Group and Subsidiary Performance Targets in accordance with an Audit NZ recommendation.
7. The 2023/24 draft SOI is consistent with the 2022/23 SOI. The significant points to note are:
 - a) That the targets for Port Marlborough NZ Limited (PML) have been based on its 2022-23 SCI. The statutory timing for preparing Port Company SCI's is 31 July for the draft and 30 September for the final document, which is some seven months after MDCH is required to submit a draft SOI to Council. If the PML 2023-24 SCI is significantly different, MDCH will present an amended SOI to Council.
 - b) Performance measures of the Subsidiaries have now all been aligned under People, Planet, Prosperity, and Partnerships.
 - c) Group Performance targets are now included.

Attachments

Attachment 1 – Draft Statement of Intent for MDCH

Page [81]

Attachment 2 – MDCH Holdings Limited – Budget

Page [90]

Attachment 3 – Legislative compliance schedule based on Schedule 8 Local Government Act 2002 Page [91]

| | |
|------------|--|
| Author | Adrian Ferris, Corporate Accountant |
| Authoriser | Martin Fletcher, Chief Financial Officer |

| Summary of decision-making considerations | | | |
|---|--------------------------|--------------------------|--------------------------|
| Fit with purpose of local government | | | |
| The proposal enables democratic local decision-making and action by, and on behalf of communities and relates to significant financial investment. | | | |
| Fit with Council policies and strategies | | | |
| | <i>Contributes</i> | <i>Detracts</i> | <i>Not applicable</i> |
| LTP / Annual Plan | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| Financial Strategy | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| Infrastructure Strategy | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Social well-being | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Economic development | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| Environment & RMA Plans | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| Arts & Culture | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| 3 Waters | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| Land transport | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| Parks and reserves | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| This proposal contributes to a host of council policies and strategies in that the companies involved contribute significant funds directly to Council as well as provide substantial economic benefits to the province as a whole. | | | |
| Nature of the decision to be made | | | |
| Both PML & MAL have significant capital programmes planned which impact this proposal. MAL plans to build a new car park and PML is developing a new marina and ferry terminal. | | | |
| Financial considerations | | | |
| No impact on Council rates, budget or net debt. This paper identifies the dividend streams paid to Council and its impact on gross debt levels. | | | |
| Significance | | | |
| The decision is considered of low significance under Council's Significance and Engagement Policy as the proposal is seeking approval for just one year. | | | |
| Engagement | | | |
| No engagement is proposed as the individual entities already have or are in the process of engaging stakeholders. Consultation has been undertaken for the Ferry Terminal Development. | | | |
| Risks: Legal / Health & Safety etc | | | |
| There are no known significant risks or legal implications as each entity manages its own comprehensive safety management systems and engages its own legal advice. | | | |
| Climate Change Implications | | | |
| The SOI includes sub performance measures that advance the environmental aspirations of both entities. There are no known climate change implications to this decision. | | | |

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**MDC
HOLDINGS LIMITED**

STATEMENT OF INTENT

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024

AND EACH OF THE IMMEDIATELY FOLLOWING TWO YEARS

1. Introduction

This Statement of Intent (SOI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The SOI specifies for the Parent, MDC Holdings Limited (MDCH), and its subsidiaries the objectives, the nature and scope of the activities to be undertaken and the performance targets and other measures by which the performance of the Group may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between the company and its shareholder, the Marlborough District Council (Council).

The SOI is reviewed annually with the Council and covers a three year period.

MDCH is a Council Controlled Trading Organisation which has been established by the Council to act as a holding company for its main trading enterprises. MDCH is 100% owned by Council.

Port Marlborough New Zealand Limited (PML) and Marlborough Airport Limited (MAL) are wholly owned subsidiaries of MDCH. Separate Statement of Corporate Intent (SCI) / SOI are completed by these companies for consideration and approval by MDCH.

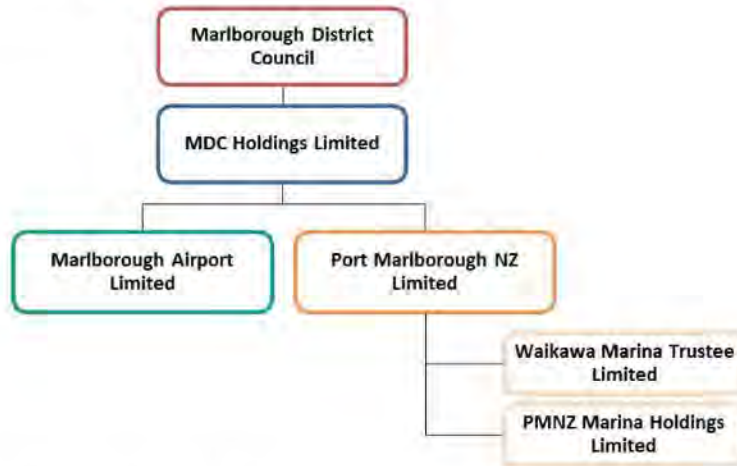
2. MDCH has the following objectives

- (a) to operate as a successful holding company, in both a financial and commercial sense;
- (b) to provide the means for bringing the main trading enterprises of the Council together into one structure;
- (c) to encourage and facilitate subsidiary companies to increase shareholder value;
- (d) to separate the commercial trading activities of the Council from the other functions carried out by the Council;
- (e) to provide an anticipated cashflow to the Council from its trading enterprises, by means of a regular stream of dividend income;
- (f) to obtain commercial borrowing facilities at the most attractive rates attainable;
- (g) to monitor the performance of each subsidiary company against the objectives and performance measures contained in their SOI/SCI and other benchmarks;
- (h) to provide a forum to Council advising on strategic issues relating to its trading investments including, but not limited to, ownership structures, capital structures, rates of return, joint venture opportunities; and

- (i) to own and oversee the operation of MAL for the dual objectives of promoting sustainable regional and economic development as well as maximizing the return on assets employed. In order to balance these objectives, MDCH may accept a lower return or slower return to profitability.

3. Nature and scope of the activities to be undertaken

The MDCH Group structure is summarized below:



MDCH will undertake the following activities:

- Obtain financing for its subsidiaries and Parent at the most attractive commercial rates available. MDCH currently has Bancorp as its principal debt management advisor;
- Consider and approve the SOI/SCI of its subsidiaries and negotiate its own SOI with Council;
- Monitor the financial and commercial performance of its subsidiaries against the targets contained in their SOIs and other industry benchmarks;
- Monitor the adequacy of governance arrangements in subsidiaries;
- Encourage open discussion and dialogue with the representatives of its subsidiaries;
- Provide commercial advice to Council and manage its commercial activities on request;
- Recommend and manage the appointment of new Directors to the Boards of its subsidiary companies.

4. Performance targets

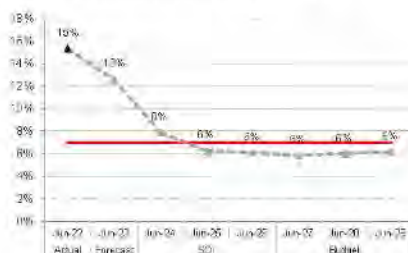
4.1 MDCH performance targets for 2023-24 are as follows:

| Activity | Key performance indicators and targets |
|----------------|---|
| Funding | (a) Adequate and cost effective debt facilities provided for: <ul style="list-style-type: none"> • PML and its subsidiaries; and • MAL through continued review of their financing needs and awareness of market offerings. |

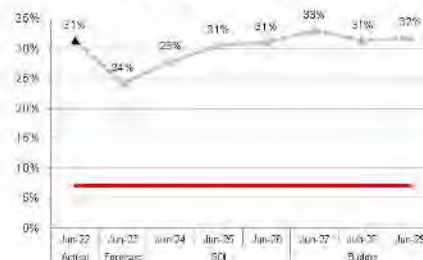
| Activity | Key performance indicators and targets |
|------------------------|---|
| Governance | (b) A good ongoing working relationship with subsidiaries is facilitated and their performance is monitored, including: <ul style="list-style-type: none"> reports and presentations from the Chair and Chief Executive of PML on current issues, the six-monthly results, Draft SCI and Annual Report; and a report on the steps taken to ensure shareholder value is being maximized, on a regular basis. |
| | (c) A letter of shareholder expectations is developed by 31 December, should it have any specific expectations it wants the subsidiary to incorporate into its forthcoming SOL/SCI. |
| Financial ¹ | (d) The ratio of shareholders' funds ³ to total assets ² to be greater than 12% for the 2023/24 year. The long-term ratio of shareholders' funds ³ to total assets is to be greater than 7%. |
| | (e) Return after tax (excluding fair value movements) on opening shareholders' funds ³ to be greater than 12%. The long-term return after tax (excluding fair value movements) on opening shareholders' funds ³ is to be greater than 7%. |

Overview of MDCH financial targets:

Ratio of Shareholders Funds to total assets (>7%)



Tax paid return on opening Shareholders Funds (>7%)



¹ The financial ratios will be reviewed annually in light of projected cash flows and the performance of subsidiaries. The long-term ratio of shareholder's funds to total assets and return after tax are measured and reported on the three year average.

² Total assets are defined as the sum of the net book value of current assets, investments, fixed assets and tangible assets as disclosed in MDCH's Statement of Financial Position prepared in accordance with Generally Accepted Accounting Practice (GAAP).

³ Shareholders' funds (or total equity) are defined as the sum of the amount of paid up share capital, retained earnings, accumulated losses, revenues and capital reserves.

4.2 Group performance targets 2023/24

| Objective | Activity/KPI | 2024 Target | 2025 Target | 2026 Target |
|-------------------|---------------------------------------|---|---|---|
| People | LTI ¹ per 100,000 work hrs | ≤ 0.8 | ≤ 0.8 | ≤ 0.8 |
| Planet | Group Planet / environment objectives | An overall improvement in the sustainability performance of the group | An overall improvement in the sustainability performance of the group | An overall improvement in the sustainability performance of the group |
| Prosperity | EBITDAF ² | >\$24m | >\$30m | >\$30m |
| | Dividend to Council | \$2.97m | \$3.43m | \$3.90m |

¹ LTI=Lost Time Injury

² Earnings before interest, taxation, depreciation, amortisation, and fair value movements

4.3 MAL performance targets from the 2023/24 SOI

| MAL Performance Targets and Measures 2023-24 | | | | |
|---|--|--|--|--|
| Objective | Activity/KPI | 2024 Target | 2025 Target | 2026 Target |
| People | | | | |
| Be a welcoming gateway for travellers and ensure a safe and healthy environment for staff and airport tenants. | Passenger numbers. | >318,000 passengers. | >327,500 passengers | >337,325 passengers |
| | Lost time injuries. | Nil. | Nil. | Nil. |
| | Safety management system. | Risk Rating <6.5 (maximum of 25) | Risk Rating <6.5 (maximum of 25) | Risk Rating <6.5 (maximum of 25) |
| Planet | | | | |
| To engage key partners in MAL's sustainability journey with the goal of understanding key areas of partnering to achieve mutual objectives. | Map and engage key stakeholders to identify shared priorities for sustainability initiatives, including metrics for success. | Completion of a one- to five-year sustainability plan, including long-term sustainability aspirations and aligned metrics. | Sustainability targets for 2025 implemented and reported on. | Sustainability targets for 2026 implemented and reported on. |

| MAL Performance Targets and Measures 2023-24 | | | | |
|---|---|---|---|--|
| Objective | Activity/KPI | 2024 Target | 2025 Target | 2026 Target |
| Prosperity | | | | |
| Manage financial performance to ensure MAL achieves its strategic goals and maintains a financially sustainable business. | Achieve profit targets as set out in the budget. | NPAT¹ > \$90,000 profit EBITDAF² >\$ 1.05m | NPAT¹ < (\$100,000) deficit EBITDAF² >\$ 1.20m | NPAT¹ < \$(50,000) deficit EBITDAF² >\$ 1.20m |
| | Maintain a sustainable financial position as set out in the budget. | Cash flow from operations >\$1.5m SH funds/Total assets³ >22% Dividend paid >\$450,000 | Cash flow from operations > (\$6.0 m) deficit (Runway Reseal) SH funds/Total assets³ >20% Dividend paid >\$450,000 | Cash flow from operations >\$1.8m SH funds/Total assets³ >20% Nil dividend (2025 Reseal year) |
| Partnerships | | | | |
| Work with key Stakeholders to ensure a sustainable future. | Meet with NZDF to re-negotiate the Airfield licence agreement | New licence agreement successfully negotiated and executed. | N/A | N/A |

¹ NPAT = Net Profit after Tax. The deficit result is not a target but rather the budgeted result for 2022.

² Earnings before interest, taxation, depreciation, amortisation and fair value movements (movements in fair value are not budgeted)

³ Shareholder Funds to total assets; Average equity/Average total assets; this measure is required by the Local Government Act to be included in this SOL.

4.4 PML's 2023/24 SCI measures of success

| Perspective | Key performance indicator | Actual | | Target | |
|-------------|---|----------|----------|----------|----------|
| | | 21/22 | 22/23 | 23/24 | 24/25 |
| People | Preventative Action to Incident Ratio | 2:1 | 5:1 | 10:1 | 20:1 |
| | Corrective Action Close Out on Time | N/A | 80% | 90% | 100% |
| | LT1 ¹ per 100,000 work hrs | 0.8 | ≤ 0.8 | ≤ 0.8 | ≤ 0.8 |
| | Annual health checks and healthcare insurance available for permanent staff | 100% | 80% | 90% | 100% |
| | Living Wage Accreditation | Achieved | Achieved | Achieved | Achieved |

| Perspective | Key performance indicator | Actual | | Target | |
|-------------|--|--------|--------------|--------------|--------------|
| | | 21/22 | 22/23 | 23/24 | 24/25 |
| Planet | Fresh water withdrawal (Megalitres) | 93 | Nil Increase | Nil Increase | Nil Increase |
| | General waste to landfill (Tonnes) | 813 | -5% | -5% | -5% |
| | Recycling (Tonnes) | 123 | 55 | 58 | 60 |
| | Recycling as % of general waste to landfill | 15% | 9% | 10% | 12% |
| | Greenhouse Gas Net Emissions ² (Tonnes of CO ₂ equivalent) | -804 | -820 | -840 | -860 |

| | | | | | |
|------------|--|----------|----------|----------|----------|
| Prosperity | Projected NOPAT ³ (excluding asset and derivative revaluations) | \$8.03m | \$8.02m | \$9.60m | \$11.8m |
| | NOPAT ³ / Return on average Shareholder's Funds | 4.7% | 4.4% | 5.1% | 6.1% |
| | EBITDA ⁴ (excluding asset and derivative revaluations) | \$16.25m | \$17.81m | \$23.46m | \$28.95m |
| | Equity Ratio | 71.8% | 65.6% | 54.3% | 48.9% |

| | | | | | |
|--------------|---|---------|---------|---------|---------|
| Partnerships | Invest 1% of EBITDA (three year rolling average) in community sponsorships and programmes | \$0.15m | \$0.13m | \$0.19m | \$0.23m |
|--------------|---|---------|---------|---------|---------|

¹ LTI = Lost Time Injury

² Greenhouse Gas Net Emissions = Scopes 1 + 2 emissions

³ NOPAT = Net Operating Profit after Tax

⁴ EBITDA = Earnings before Interest, Tax, Depreciation and Amortisation

⁵ EBIT = Earnings before interest and tax

⁶ N/A = Not applicable to that year

5. Statement of Accounting Policies

The measurement and reporting of earnings and financial position is in accordance with International Financial Reporting Standards and the policies adopted by the Marlborough District Council Group.

The Accounting Policies adopted are the same as those contained in MDCH's 30 June 2022 Annual Report and available on Council's website

<https://www.marlborough.govt.nz/your-council/mdc-holdings-limited>

6. Dividend Distribution Policy

Profit retention and the level of dividends to be paid will be recommended from year to year by the Directors in accordance with results and circumstances prevailing, subject to solvency certification at the time.

It is the intention of the Directors to distribute, by way of dividend, all of the net tax paid profit, excluding fair value movements, available. The budgeted distribution for 2024 is \$2.97 million.

7. Corporate Governance

This statement gives readers an overview of MDCH's main corporate governance policies, practices and processes adopted or followed by the Board.

Role of the Board of Directors

The Board is responsible for the proper direction and control of MDCH's activities. The Board guides and monitors the business and affairs of MDCH on behalf of the shareholder, the Council, to whom it is accountable, within the framework of the objectives set out in this SOI.

All Directors use the New Zealand Institute of Directors' Code of Proper Practice for Directors as a guide to assist them in carrying out their duties.

The Board recommends to Council the appointment of Directors to subsidiary companies.

Responsibility to shareholder

Statement of Intent

In accordance with the Local Government Act 2002, MDCH submits a draft SOI for the coming financial year for consideration by MDCH's shareholder, the Council. The SOI sets out the company's overall objectives, intentions and financial and performance targets. Having considered any comments on the SOI by the Council, the company issues its SOI in final form.

Information flows

The Board aims to ensure that the Council is informed of all major developments affecting MDCH and group's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. Within this constraint, information is communicated to the Council through periodic reports to the Council, occasional seminars and through both the Annual Report and the Half-Yearly Report.

Board composition and fees

The Board comprises six Directors: the Mayor, two Councillors, two external Directors and the Council's Chief Executive. The Mayor and Councillor Directors are required to retire by rotation within three months following the triennial local government elections, but are eligible to be re-appointed. External Directors normally retire after two three year terms, but this may be extended for a further term. Appointments to MDCH are made directly by Council.

Fees for the MDCH Board are reviewed annually and any increases are based on the median movement in Non-Executive Director Fees for the previous year. Where a Director provides professional services over and above the normal role of a Director, he or she is entitled to charge for those services at commercial rates provided the conditions of the Board's Conflict of Interest policy are met.

Subsidiary

Each subsidiary company submits annually a draft SOI/SCI, which is evaluated initially by MDCH. MDCH reviews the SOI/SCI and suggests any changes that may be considered necessary.

It is established practice for representatives of the subsidiary Board and management to meet with MDCH at this time, and on at least one other occasion each year, to discuss the company's strategic direction and any significant issues that arise. The Board also receives such other reports as are necessary to perform its monitoring function. However, MDCH does not involve itself in the management of the subsidiary companies.

Board appointments

All Directors of subsidiary companies are selected for their commercial expertise and aptitude.

Financial results

Directors receive and review financial updates and other parent company reports at each meeting.

8. Information to be provided to Shareholder

MDCH will provide interim six monthly reports to its shareholder on the results of its trading.

Consolidated financial accounts will only be provided at financial year-end.

MDCH will provide information which meets the requirements of the Companies Act 1993, the Financial Reporting Act 2013, the Local Government Act 2002 and the reporting requirements prescribed from time to time by the Institute of Chartered Accountants of New Zealand in order to enable the shareholder to make an informed assessment of the Company's performance.

The Company will make the following reports available to its shareholder:

(a) Annual Statement of Intent

A Statement of Intent will be prepared in accordance with the Local Government Act 2002.

(b) Financial Reports

An Annual and Half Yearly Report will be prepared in accordance with the Local Government Act 2002, the reporting requirements prescribed from time to time by the Companies Act 1993, the Financial Reporting Act 2013 and in compliance with generally accepted accounting practices in New Zealand. The reports shall contain the following:

- (i) Income Statement;
- (ii) Statement of Financial Position;
- (iii) Statement of Changes in Equity;
- (iv) Statement of Cash flows; and
- (v) Report on Activities.

9. Procedure for acquisition of shares in any Company or other organisation

All investment proposals for the acquisition of shares in the company or other organisation will be considered in the first instance by the Directors.

If any decision is contemplated to acquire assets to the value of which is more than 10% of the value of the MDCH's assets before the acquisition, the decision will be made only after the Directors have obtained the prior written approval of the Council, as majority shareholder.

10. Procedure for the disposition of shares

MDCH will not dispose of any shares in PML or MAL without the prior written approval of Council as majority shareholder.

11. Activities for which the directorate seeks compensation from the Local Authority

No compensation is sought or intended to be sought for any of MDCH's activities, from the shareholder or any other party.

12. Commercial value of Shareholder's investment

The commercial value of the shareholder's investment will firstly be based on the historical accounts maintained by MDCH in accordance with the accounting policies stated above. The commercial value of shareholder's funds is nominally forecast to be \$12.32 million at 30 June 2023 (\$12.30 million actual at 30 June 2022).

From time to time the Directors or the shareholder may request that an independent valuation of the shareholder's investment be undertaken. The manner and timing of this assessment will be

determined by the purpose for which it is undertaken or by the terms of the request by the Directors or Shareholder.

13. Other matters

The Shareholder and Directors agree that the above matters are the only ones to be covered in this SOI and that there are no additional matters to be included.

MDC HOLDINGS LIMITED - BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024

AND EACH OF THE IMMEDIATELY FOLLOWING TWO YEARS

MDCH annual budgets and financial performance are based on Subsidiary Company and MDC best estimate. The following assumptions have been used to derive the June 2024 budget outlined below:

- That PML will have borrowings of \$122.3 million at the end of the budget year.
- That MAL will have borrowings of \$5.0 million at the end of the budget year.
- That MDCH will have total debt of \$148.0 million.
- That the proposed Capital Expenditure requiring finance will occur as scheduled.
- MDCH interest rates were calculated using the swap rates to maturity and floating rates ranging from **4.30% - 4.60%** for the remainder (floating) portion of debt.
- Dividends will be paid by PML as they have budgeted.

MDC Holdings Limited (Parent) Proposed Income Statement

for the 12 months to:

| | Notes | Actual | Forecast | Budget | | |
|--|-------|--------------|--------------|--------------|---------------|---------------|
| | | Jun-22 | Jun-23 | Jun-24 | Jun-25 | Jun-26 |
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Income | | | | | | |
| Interest income | a | 1,152 | 2,227 | 5,458 | 9,041 | 10,638 |
| Dividend income | b | 3,832 | 3,650 | 4,127 | 4,633 | 4,882 |
| Finance fee income | | 3 | 3 | 3 | 3 | 3 |
| Subvention income | b | 203 | 266 | 272 | 285 | 301 |
| Total Income | | 6,760 | 6,503 | 9,860 | 13,961 | 15,824 |
| Expenditure | | | | | | |
| Administration costs | c | 60 | 74 | 80 | 82 | 85 |
| Employee benefits expense | d | 79 | 80 | 81 | 83 | 86 |
| Interest expense | a | 1,743 | 3,027 | 6,271 | 9,897 | 11,546 |
| Total operating expenditure | | 1,882 | 3,181 | 6,432 | 10,062 | 11,717 |
| Profit before income tax | | 4,878 | 3,322 | 3,428 | 3,899 | 4,107 |
| Income tax (expense)/credit | | - | - | - | - | - |
| Profit after income tax | | 4,878 | 3,322 | 3,428 | 3,899 | 4,107 |
| Notes: | | | | | | |
| <i>Profit (excl. derivatives revaluations)</i> | | <i>3,308</i> | <i>2,965</i> | <i>3,428</i> | <i>3,899</i> | <i>4,107</i> |
| <i>MDCH net finance costs (excl. derivatives revals)</i> | a | <i>591</i> | <i>852</i> | <i>865</i> | <i>908</i> | <i>960</i> |
| <i>Total received from PML (dividend & subvention)</i> | | <i>4,035</i> | <i>3,916</i> | <i>4,399</i> | <i>4,918</i> | <i>5,183</i> |

LEGAL COMPLIANCE

Local Government Act 2002 Schedule 8 Part 2 & 4: - Contents of Statements of Intent

| | | |
|--|--|--------------------|
| <p>Part 2 Clause (7) Sub-clause (1) The Statement of intent for a council-controlled organisation must include the information described in sub clause (2) -</p> <p>a) For the group comprising the council-controlled organisation and its subsidiaries (if any); and b) In respect of the financial year to which it relates and each of the immediately following 2 financial years</p> | | |
| Part 2 Clause (7), Sub-clause (2) | | SOI Section |
| (a) | The objectives of the group; and | 2 |
| (b) | a statement of the Board's approach to governance of the group; and | 7 |
| (c) | the nature and scope of the activities to be undertaken by the company; and | 3 |
| (d) | the non-financial performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and | 4 |
| (e) | any additional information that is required to be included in this statement of intent | 13 |
| Part 3 Sub-clause (9) (Additional content of SOI of council-controlled – trading organisations) | | |
| (a) | The major accounting policies of the organisation or group; and | 5 |
| (b) | The ratio of consolidated shareholder's funds, and the definitions of those terms and | 4.1 |
| (c) | an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholder; and | 6 |
| (d) | the Board's estimate of the commercial value of the shareholder's investment in the company and the manner in which, and the times at which, that value is to be reassessed; and | 12 |

13. Marlborough District Libraries Activity Report – February 2023

(Clr S J Arbuckle) (Report prepared by Glenn Webster)

L300-018-001-02

Purpose of Report

1. The purpose of this report is to update Council on the operations of the Library service.
-

RECOMMENDATION

That the report be received.

Te Whatu Ora Nelson Marlborough and Libraries Workshop

2. In late November last year, the Blenheim and Picton Librarians and the Libraries Manager attended a meeting in Richmond with other staff from Nelson and Tasman District Libraries to share experiences around working with high needs customers and the effect that these interactions have on staff's wellbeing and resilience, with the aim of supporting each other with the assistance and backing of key staff from Te Whatu Ora. We soon identified that interactions were similar to all staff across the Top of the South (and probably all Library staff throughout the world!).
3. As a follow-up to this meeting, discussions were held with all staff from the libraries across Te Tau Ihu to canvas their thoughts and gain feedback.
4. The next step is to establish a **Te Tau Ihu Libraries and Te Whatu Ora Nelson Marlborough Working Group** with staff from Marlborough, Nelson and Tasman Libraries and Te Whatu Ora Nelson Marlborough, to improve the relationship between Te Whatu Ora Nelson Marlborough and the public libraries of Te Tau Ihu for the express purpose of improving the health outcomes of library users (members of our community) across our region. This may be undertaken in a variety of ways as identified by the working group. Examples may include:
 - Training of library staff on identifying issues and strategies so they feel more resilient and supported.
 - Stronger lines of communication between libraries and relevant support organisations.
 - Closer sharing of issues of concern across the three different libraries.

This group should be established in the next month.

School / Community Libraries

5. The Libraries Manager was recently approached by the Principal of Seddon School to discuss the possibility of re-establishing a School/Community Library facility at Seddon School. Seddon School has recently revamped its school library and would like to once again welcome members of the community in to access library resources. Seddon School / Community Library was established in 1990's with a funding donation from Council but over time usage dropped off and due to the school roll increasing, the library was reverted to a classroom. However now that the library has been reinstated and refreshed, with a noticeable increase of community members not able to come into Blenheim as often, the need for a community library has been mooted. An agreement has been reached to re-establish the School/Community Library in the second term with resources for adults being provided by the District Library on a term-by-term exchange basis.
6. The Waitaria Bay and Havelock School/Community Libraries recently received a selection of new books for their collections. The Havelock School/Community held its AGM on 16th February 2023.

Summer Reading Programme

7. This year we had 424 participants register for the programme across both libraries, with 224 children completing all four brief book reviews to claim their prizes. Each participant received a booklet to record their book reviews, their reading progress and a range of optional activities and challenges. This booklet was designed by library staff using Canva with graphics supplied by Council's design team.
8. Children 'earned' their prizes by completing four simple book reviews which were then shown to staff to sign off before prizes were awarded. There was a wide representation of students from regional schools.
9. Activities over the programme included staff being on hand daily for report-ins with the children, story and craft sessions, DIY craft available all day, movie afternoons, session with Kath Bee (children's singer, songwriter, entertainer) and a finale party for those that finished the programme.
10. An evaluation form was handed out to participants with close to 100 responses received, with the majority of respondents rating the programme excellent. Comments included:

What an amazing programme! - So generous. - My daughter got into chapter books in a big way thanks to this programme. - We are very appreciative! - Love this. - It is so good to encourage tamariki to continue to read during the holidays - Having a chat with the librarian was great practice for oral language and recall. - Keep on doing your awesome mahi! - Much valued and appreciated - Our children were very keen to be part of the programme and have used every page of the booklet. - Thank you for being friendly and welcoming.
11. Visitors to the Picton region looking for holiday activities for their children found the crafting activity ideal and appreciated being able to enjoy the library and its resources while not being members, or having to be part of a holiday programme or coming at a specific time to a session.



Book Sales

12. The District Library held book sales at the end of January and February and will have one final sale at the end of March before relocating. Resources put out for sale are assessed on condition, age and usage.

Working To Be Dementia Friendly Revalidation

13. Marlborough District Libraries have been recognised as Working to be Dementia Friendly, with Picton Library and Service Centre being the first Library in New Zealand to be recognised in this way.
14. Becoming a Dementia Friendly organisation shows you are a safe; friendly; accepting and supportive place for people with dementia. It also demonstrates commitment to make life easier for customers and staff.
15. Every two years revalidation is required. The Picton Librarian has collected evidence of Picton's continued relationship with Marlborough Alzheimers and has submitted an application for renewal. Picton has a strong working relationship with Marlborough Alzheimers; facilitating two regular sessions with their clients monthly.

Review of Physical Newspapers

16. Marlborough District Libraries subscribe to PressReader, the largest selection of newspapers and magazines from over 120 countries in over 60 languages. - 7,000 publications on a single platform available to read on the day of publication. Readers can also instantly translate articles in up to 21 languages. This resource is able to be used in the Library or from home on members own device with free access provided through your library card.

17. As a result of this subscription a review of the Libraries physical newspapers has been undertaken. Due to the cost including delivery of physical newspapers (on average delivered at least three days after publication) the Libraries will now only offer copies of the local newspapers and the Dominion Post and The Press, purchased locally for reading in the Libraries.

The Role of a Public Library

18. This infographic, developed as part of the submission from Te Rau Herenga o Aotearoa Library and Information Association New Zealand Aotearoa (LIANZA) to the Review into the Future for Local Government. He Mata Whāriki, He Matawānui: Draft Report, illustrates the valuable contribution of public libraries. It shows the power libraries have to make real change in people's lives and in the outcomes for communities.



Usage Statistics ~ February 2023

Items Loaned

| | | February 2023 | | February 2022 | | Variance |
|-----------------------------------|--|---------------|--|---------------|--|----------------|
| District Library, Blenheim | | 30,168 | | 27,892 | | + 2,276 |
| Branch Library, Picton | | 4,523 | | 4,671 | | - 148 |
| E-Resources | | 3,482 | | 3,225 | | + 257 |
| TOTAL | | 38,173 | | 35,788 | | + 2,385 |

Membership

19. The number of people by category who joined the Libraries in February 2023 was:

| | |
|--------------|------------|
| Adult | 92 |
| Child | 45 |
| Teen | 2 |
| Visitor | 6 |
| Digital | 2 |
| TOTAL | 147 |



Visitor Numbers (Door Count)

20. The number of people who visited the Libraries in February 2023, recorded via the RFID entrance gates, was:

| | | February 2023 | |
|-----------------------------------|--|---------------|--|
| District Library, Blenheim | | 13,425 | |
| Branch Library, Picton | | 8,192 | |
| TOTAL | | 21,617 | |

Holdings (Items Reserved)

21. The number of holds placed on items February 2023 was: **3,316**

Internet Usage Sessions – Aotearoa People’s Network Kaharoa (APNK)

22. The following usage statistics were recorded in February 2023:

In-Library Computer Sessions

| | |
|----------------------------|--------------|
| District Library, Blenheim | 1,256 |
| Branch Library, Picton | 652 |
| TOTAL | 1,908 |



Bookmark Produced to Advertise Move

Marlborough Library and Art Gallery



While the Library is closed there will be **no returns facilities available**. Please keep items at home.

Item due dates will be extended until the Library reopens.

Keep up to date with our newsletter
Subscribe to be the first to know about Library activities and news.
<http://bit.ly/MDLeNewsletter>

Marlborough District Library (Blenheim) closes at **4.00 pm Sunday 23 April**

Marlborough Library and Art Gallery will open **at noon on Friday 12 May**



14. Financial Report for Council – Period Ended 31 January 2023

(Clr J A Arbuckle) (Report prepared by Tessa Dever and Piumi Wijayasena)

F275-001-01

Purpose of Report

- To present the Financial Report for Council for the period ending 31 January 2023.

Executive Summary

- The Council's Financial Report for the period 1 July 2022 to 31 January 2023 is presented below. Additional information is given on variances greater than \$100,000 at an activity level later in this report.

Forecast values have been reviewed with particular emphasis on capital expenditure. Much of this data has been extracted from the 2023-24 Annual Plan process. Forecast data will continue to be updated as we progress through the year and as information comes to hand.



Revenue and Operational Expenditure

| (in millions) | 1 July to 31 Jan 2023 | | | Whole year | | |
|-------------------|-----------------------|---------|-----------|------------|---------|-----------|
| | Actual | Budget | | Forecast | Budget | |
| Surplus/(Deficit) | (\$1.7) | (\$6.5) | ✓ \$4.8 | (\$2.0) | (\$6.7) | ✓ \$4.7 |
| Income | \$99.7 | \$100.5 | ✗ \$0.8 | \$169.1 | \$170.4 | ✗ (\$1.3) |
| Expenditure | \$101.4 | \$107.0 | ✓ (\$5.6) | \$171.1 | \$177.1 | ✓ (\$6.0) |

Major variances between actual and budget:

- Higher than anticipated development contributions and vested assets as subdivisions have reached the title issue stage requiring contributions to be made.
- Lower than anticipated roading reinstatement expenditure due to the impacts of the August 2022 flood event. In the 2022/23 year \$28.2M has been spent on the July 2021 and August 2022 events with the initial \$85.3M approved by Waka Kotahi now being utilised for both events. Accounting entries will be made at year end to move some of these costs to capital.
- Lower than anticipated grants uplifted by community-based organisations.
- External and internal interest expenses are lower than anticipated due to the savings, deferrals and delays in past capital expenditure programmes resulting in less external borrowings.

Capital Expenditure

| (in millions) | 1 July to 31 Jan 2023 | | Whole year | | | |
|---------------|-----------------------|--------|---|----------|--------|---|
| | Actual | Budget | | Forecast | Funded | |
| Capex | \$34.4 | \$68.7 |  (\$34.3) | \$77.6* | \$82.4 |  (4.8) |

Capital expenditure progress is impacted by many reasons including finalising community consultation, obtaining land access, obtaining resource consents, the availability of external professional expertise and receiving an acceptable contract price and contractor availability. To address this Council has funded a budget of \$82.4M for capital expenditure in the 2022-23 Annual Plan despite having a \$120.0M (including \$37.6M of carryovers from previous financial years) capital works program. This ensures that multiple projects can continue to progress.

The capital expenditure section of the financial report compares the full \$120.0M programmed to the actual capital expenditure with key projects deferred into future years identified.

RECOMMENDATION

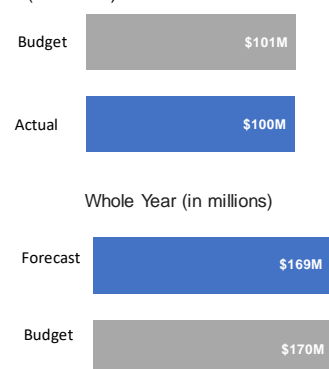
That Council receive the Financial Report for the period ending 31 January 2023

Income and Expenditure Statement

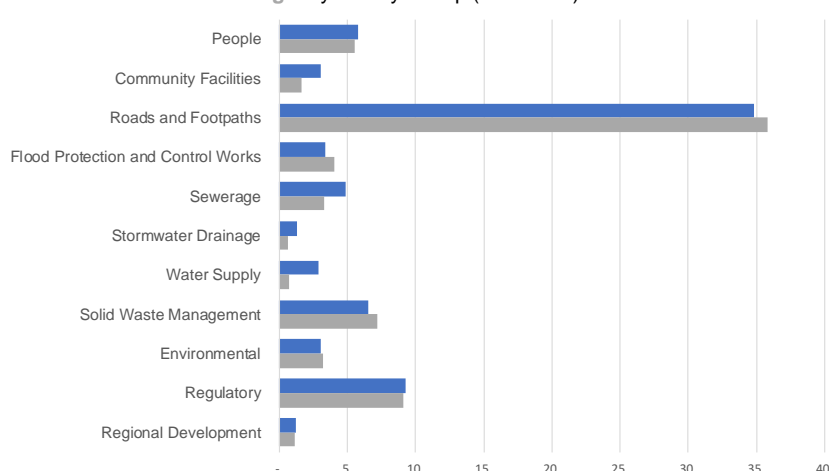


| Income (\$000's) | 1 July 2022 to 31 January 2023 | | | | Notes | Whole Year | | | |
|---|--------------------------------|----------------|--------------|-------------|-----------|----------------|----------------|----------------|-------------|
| | Actual | Budget | Variance | | | Forecast | Budget | Variance | |
| Rates | 45,765 | 46,256 | (491) | -1% | | 79,848 | 80,097 | (249) | -0% |
| -less remissions | (449) | (265) | (184) | 70% | | (531) | (454) | (77) | 17% |
| Rates | 45,316 | 45,991 | (675) | -1% | | 79,318 | 79,643 | (325) | 0% |
| Rates penalty income | 213 | 184 | 29 | 16% | | 344 | 315 | 29 | 9% |
| Total Rates | 45,529 | 46,175 | (646) | -1% | 3a | 79,662 | 79,958 | (296) | -0% |
| Other Income | | | | | | | | | |
| Dividends | 2,510 | 2,507 | 3 | 0% | 3b | 3,305 | 3,012 | 293 | 10% |
| Interest Revenue (external) | 1,483 | 1,763 | (286) | -16% | 3c | 2,746 | 3,033 | (286) | -9% |
| Petroleum Tax | 226 | 242 | (16) | -7% | | 399 | 415 | (16) | -4% |
| Gain on Sale of Fixed Assets | - | - | - | - | | - | - | - | - |
| Marlborough Regional Forestry | - | - | - | - | | - | - | - | - |
| Property and Other Revenue | 2,532 | 1,547 | 986 | 64% | 3d | 4,537 | 4,651 | (114) | -2% |
| Total Other Income | 6,751 | 6,065 | 686 | 11% | | 10,987 | 11,111 | (124) | -1% |
| Activity Income | | | | | | | | | |
| People | | | | | | | | | |
| Democratic Process | 1 | 42 | (41) | -98% | | 31 | 72 | (41) | -57% |
| Culture and Heritage | 1,775 | 1,775 | (0) | -0% | | 1,775 | 1,775 | (0) | -0% |
| Housing for Seniors | 1,077 | 1,023 | 55 | 5% | | 1,808 | 1,753 | 55 | 3% |
| Community Support | 493 | 358 | 135 | 38% | 3e | 749 | 613 | 135 | 22% |
| Library Services | 2,405 | 2,380 | 25 | 1% | | 2,689 | 2,619 | 70 | 3% |
| Emergency Management | 25 | 1 | 25 | 3669% | 3f | 794 | 19 | 775 | 4045% |
| Community Facilities | 3,011 | 1,622 | 1,389 | 86% | 3g | 4,169 | 2,780 | 1,389 | 50% |
| Roads and Footpaths | 34,824 | 35,819 | (995) | -3% | 3h | 62,307 | 61,404 | 903 | 1% |
| Flood Protection and Control Works | 3,366 | 4,038 | (672) | -17% | 3i | 6,155 | 6,695 | (540) | -8% |
| Sewerage | 4,885 | 3,262 | 1,622 | 50% | 3j | 7,253 | 5,853 | 1,401 | 24% |
| Stormwater Drainage | 1,321 | 667 | 654 | 98% | 3k | 1,798 | 1,144 | 654 | 57% |
| Water Supply | 2,867 | 757 | 2,110 | 279% | 3l | 3,408 | 1,298 | 2,110 | 163% |
| Solid Waste Management | 6,507 | 7,165 | (658) | -9% | 3m | 11,486 | 12,283 | (797) | -6% |
| Environmental | | | | | | | | | |
| Environmental Science and Monitoring | 1,128 | 1,325 | (198) | -15% | 3n | 2,074 | 2,272 | (198) | -9% |
| Environmental Protection | 887 | 867 | 20 | 2% | | 935 | 915 | 20 | 2% |
| Resource Consents | 1,020 | 988 | 31 | 3% | | 1,725 | 1,694 | 31 | 2% |
| Regulatory | | | | | | | | | |
| Building Control | 2,128 | 2,142 | (14) | -1% | | 3,658 | 3,671 | (14) | -0% |
| Environmental Health | 261 | 237 | 25 | 10% | | 424 | 406 | 18 | 4% |
| Biosecurity | 5,608 | 5,667 | (59) | -1% | | 5,646 | 5,705 | (59) | -1% |
| Animal Control | 631 | 611 | 80 | 13% | | 742 | 686 | 56 | 8% |
| Harbours | 559 | 465 | 94 | 20% | | 683 | 590 | 93 | 16% |
| Regional Development | 1,186 | 1,134 | 51 | 5% | | 1,996 | 1,945 | 51 | 3% |
| Total Activity Income | 76,024 | 72,344 | 3,680 | 5% | | 122,303 | 116,191 | 6,112 | 5% |
| Total MDC Income | 128,303 | 124,583 | 3,720 | 3% | | 212,953 | 207,261 | 5,692 | 3% |
| Total revenue which is non-cash or tied to a reserve or to fund capex | (28,580) | (24,005) | (4,575) | 19% | | (43,814) | (36,793) | (7,021) | 19% |
| Total MDC Operating Income | 99,723 | 100,578 | (855) | -1% | | 169,139 | 170,467 | (1,329) | -1% |

1 July 2022 to 31 January 2023
(in millions)



Actual vs Budget by Activity Group (in millions)



3. Comments are provided below on variances greater than \$100,000:
- a. Rates is behind budget due to lower metered water charges following lower consumption in winter months.
 - b. Dividends are forecast to be ahead of budget with MDCH paying a final dividend of \$808K during February.
 - c. External Interest revenue is behind budget due to low interest rates. As investments on these low rates mature, the strategy is to move to longer dated investments with higher interest rates.
 - d. Property and Other Revenue is ahead of budget due to:
 - i. Receipt of the first instalment of Three Water Council Transition Support Package Funding.
 - ii. Receipt of insurance claims for the July 2021 Flood and the Kaikoura Earthquake.
 - iii. Unbudgeted contributions from Land Information New Zealand (LINZ) for the LIDAR mapping of Marlborough.

The forecast is lower than budget due to the receipt of Better Off Funding expected to be received during this financial year being lower than anticipated. The first tranche of \$576K has been received in February.
 - e. Community Support is ahead of budget due to:
 - i. Grant received for restorative justice services provided by Restorative Justice Marlborough.
 - ii. Additional Waka Kotahi funding received for total mobility and passenger transport under the reduced fares scheme.
 - f. Emergency Management is forecast to be ahead of budget due to subsidies expected to be received from National Emergency Management Agency (NEMA) or Waka Kotahi for response and welfare costs from the August 2022 flood.
 - g. Community Facilities is ahead of budget due to:
 - i. Development contributions received from the Wai-iti and Rose Manor subdivisions as they have reached the stage required to contribute.
 - ii. Vested assets received from the Wai-iti developments.
 - h. Roads and Footpaths income is below budget due to:
 - i. Waka Kotahi subsidy for the capital expenditure programme which has faced delays while the focus has been on completing emergency reinstatement works following the July 2021 and August 2022 flood events.
 - ii. Waka Kotahi subsidy on operations and maintenance activities including emergency reinstatement works.

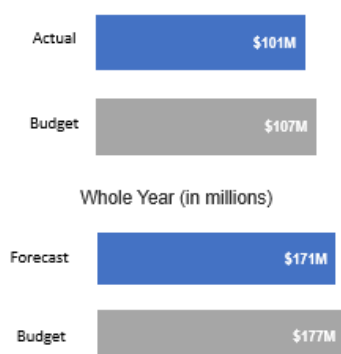
This is partially offset by higher Development contributions and vested assets received from Wai-iti and Rose Manor subdivisions as they have reached the stage required to contribute.
 - i. Flood Protection and Control Work is below budget due to insurance funds from the July 2021 Flood event not being received yet.
 - j. Sewerage is ahead of budget due to:
 - i. Development contributions received from the Wai-iti and Rose Manor subdivisions as they have reached the stage required to contribute.
 - ii. Vested assets received from the Wai-iti and Rose Manor developments.

This is partially offset by lower than anticipated trade waste charges. A review has been completed for these charges. Due to the review not being finalised, a fee increase has not been applied for this year and we anticipate that trade waste charges will be behind budget at year end.

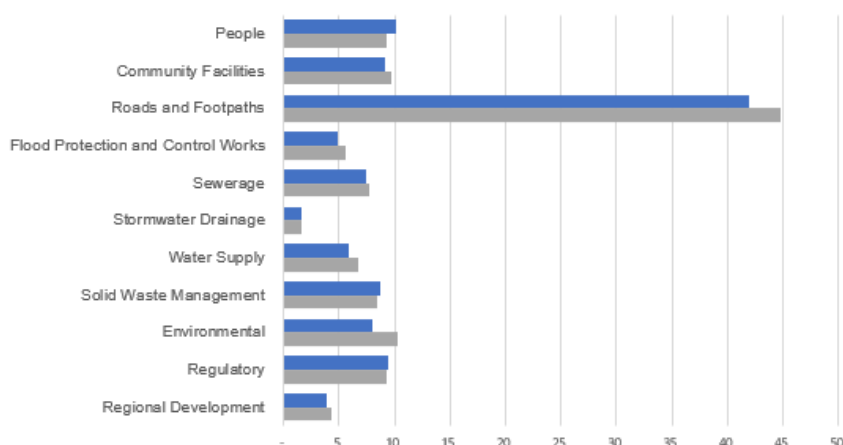
- k. Stormwater Drainage is ahead of budget due to vested assets received from the Wai-iti and Rose Manor developments.
This is partially offset by lower than anticipated development contributions.
- l. Water supply is ahead of budget due to:
 - i. Receipt of the final instalment of 3waters stimulus funding from the DIA.
 - ii. Development contributions received from the Wai-iti and Rose Manor subdivisions as they have reached the stage required to contribute.
 - iii. Vested assets received from the Wai-iti and Rose Manor developments.
- m. Solid Waste Management is behind budget due to:
 - i. Lower than anticipated dump fees at the Regional Landfill and Greenwaste. These are expected to improve over the busier summer/vintage period.
- n. Environmental Science and Monitoring is behind budget due to timing of grants for projects as part of the Jobs for Nature initiative.

| Expenditure | 1 July 2022 to 31 January 2023 | | | | Notes | Whole Year | | | |
|---|--------------------------------|----------------|----------------|-------------|-------|----------------|----------------|----------------|-------------|
| | Actual | Budget | Variance | | | Forecast | Budget | Variance | |
| Activity Expenditure | | | | | | | | | |
| People | | | | | | | | | |
| Democratic Process | 2,333 | 2,402 | (68) | -3% | | 4,048 | 4,116 | (68) | -2% |
| Culture and Heritage | 1,304 | 1,270 | 34 | 3% | | 1,896 | 1,862 | 34 | 2% |
| Housing for Seniors | 1,038 | 1,182 | (144) | -12% | 4a | 1,807 | 1,939 | (132) | -7% |
| Community Support | 1,848 | 1,966 | (118) | -6% | 4b | 3,244 | 3,352 | (108) | -3% |
| Library Services | 2,153 | 1,954 | 199 | 10% | 4c | 3,486 | 3,280 | 206 | 6% |
| Emergency Management | 1,467 | 485 | 981 | 202% | 4d | 1,805 | 825 | 980 | 119% |
| Community Facilities | 9,119 | 9,766 | (648) | -7% | 4e | 15,505 | 16,076 | (571) | -4% |
| Roads and Footpaths | 41,962 | 44,805 | (2,843) | -6% | 4f | 72,258 | 75,237 | (2,979) | -4% |
| Flood Protection and Control Works | 4,838 | 5,634 | (795) | -14% | 4g | 8,662 | 9,487 | (825) | -9% |
| Sewerage | 7,511 | 7,751 | (240) | -3% | 4h | 12,554 | 12,831 | (277) | -2% |
| Stormwater Drainage | 1,599 | 1,683 | (84) | -5% | | 2,678 | 2,794 | (116) | -4% |
| Water Supply | 5,937 | 6,724 | (787) | -12% | 4i | 10,347 | 11,164 | (817) | -7% |
| Solid Waste Management | 8,675 | 8,470 | 205 | 2% | 4j | 15,904 | 15,705 | 199 | 1% |
| Environmental | | | | | | | | | |
| Environmental Policy | 1,051 | 1,403 | (351) | -25% | 4k | 2,053 | 2,404 | (351) | -15% |
| Environmental Science and Monitoring | 4,308 | 5,434 | (1,126) | -21% | 4l | 7,837 | 8,986 | (1,148) | -13% |
| Environmental Protection | 993 | 1,264 | (271) | -21% | 4m | 1,894 | 2,163 | (269) | -12% |
| Resource Consents | 1,692 | 2,128 | (436) | -20% | 4n | 3,204 | 3,630 | (426) | -12% |
| Regulatory | | | | | | | | | |
| Building Control | 2,635 | 2,602 | 32 | 1% | | 4,485 | 4,443 | 41 | 1% |
| Environmental Health | 458 | 479 | (21) | -4% | | 764 | 820 | (56) | -7% |
| Biosecurity | 4,390 | 4,417 | (27) | -1% | | 7,540 | 7,563 | (23) | -0% |
| Animal Control | 523 | 519 | 4 | 1% | | 893 | 889 | 4 | 0% |
| Harbours | 1,398 | 1,242 | 156 | 13% | 4o | 2,171 | 2,015 | 156 | 8% |
| Regional Development | 3,902 | 4,326 | (424) | -10% | 4p | 6,620 | 7,027 | (407) | -6% |
| Total Activity Expenditure | 111,136 | 117,907 | (6,771) | -6% | | 191,657 | 198,609 | (6,952) | -4% |
| Less Internal Interest | (2,895) | (3,353) | 459 | -14% | 4q | (5,290) | (5,749) | 459 | -8% |
| | 108,241 | 114,554 | (6,312) | -6% | | 186,367 | 192,860 | (6,493) | -3% |
| Other expenditure | | | | | | | | | |
| Interest expense (external) | 2,729 | 3,468 | (739) | -21% | 4q | 5,206 | 5,945 | (739) | -12% |
| Property and other expenditure | 3,879 | 2,713 | 1,166 | 43% | 4r | 3,764 | 2,503 | 1,261 | 50% |
| Total other expenditure | 6,608 | 6,181 | 427 | 7% | | 8,970 | 8,448 | 522 | 6% |
| Total MDC expenditure | 114,849 | 120,734 | (5,886) | -5% | | 195,337 | 201,308 | (5,971) | -3% |
| Total expenditure which is non-cash or reserve funded | (13,440) | (13,692) | 252 | -2% | | (24,262) | (24,237) | (26) | 0% |
| Total MDC operating expenditure | 101,409 | 107,042 | (5,634) | -5% | | 171,075 | 177,072 | (5,997) | -3% |
| Operating SURPLUS | (1,686) | (6,464) | 4,778 | -74% | | (1,936) | (6,604) | 4,668 | -71% |

1 July 2022 to 31 January 2023
(in millions)



Actual vs Budget by Activity Group (in millions)



4. Comments are provided below on variances greater than \$100,000:
- a. Housing for Seniors is behind budget due to lower than anticipated repair and maintenance expenditure.
 - b. Community Support is behind budget due to community grants being uplifted slower than anticipated and professional fees not yet being used for the Smart and Connected programme.
 - c. Library Services is ahead of the budget due to:
 - i. Higher than anticipated national library and contract costs.
 - ii. Timing of an internal recovery for Customer Services Offices at the Picton Library.
 - d. Emergency Management is ahead of budget due to costs associated with the response and welfare from the August 2022 flood. Most of the costs are eligible for subsidy from either the National Emergency Management Agency (NEMA) or Waka Kotahi. Claims are pending.
 - e. Community Facilities is behind budget due to lower than anticipated grants mainly for the Whale Trail, Equestrian Park, and Flaxbourne Heritage Centre projects. Approval has been given to make quarterly advance payments for Whale Trail funding.

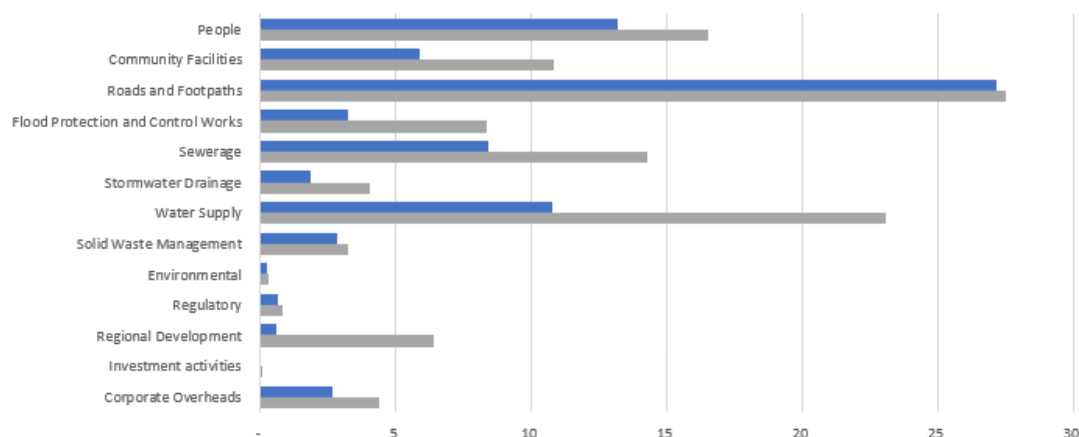
This is partially offset by unfavourable repair and maintenance costs including costs relating to flood damage.
 - f. Roads and Footpaths expenditure is below budget due to:
 - i. Lower than anticipated roading reinstatement expenditure relating to the impacts of the August 2022 flood event. In the 2022/23 year \$28.2M has been spent on the July 2021 and August 2022 events with the initial \$85.3M approved by Waka Kotahi now being utilised for both events. Accounting entries will be made at year end to move some of these costs to capital.
 - ii. Lower than anticipated general roading maintenance expenditure.
 - g. Flood Protection and Control Work is below budget due to lower than anticipated flood damage repairs with expenditure expected to increase during the summer months.
 - h. Sewerage is behind budget due to lower than anticipated treatment costs in Riverlands Industrial. This is expected to correct itself during the busier vintage period.
 - i. Water Supply is behind budget due to lower reticulation maintenance costs. This is linked to seasonal weather patterns and particularly for the Awatere rural supply and Southern Valleys irrigation scheme. These are expected to increase in the second half of the year.
 - j. Solid Waste Management is ahead of budget due to higher than anticipated contract costs. This is partially offset by lower than anticipated waste recycling projects costs. A project 'investigating funding services for Waste Activities' is starting in March.
 - k. Environmental Policy is below budget due to lower than anticipated consultancy charges.
 - l. Environmental Science and Monitoring is below budget due to delays in externally funded projects caused by staff and contractor recruitment issues, timeliness of external stakeholders' input and access issues following the 2022 flooding events. For more information on the progress of specific projects please see the February 2023 Environment Committee paper on Jobs for Nature and Externally Funding Environmental Programmes.
 - m. Environmental Protection is below budget due to lower than anticipated legal charges for consents compliance.
 - n. Resource Consents is below budget due to the lower than anticipated legal costs which are based on demand.
 - o. Harbours is ahead of budget due to increased contract costs including the engagement of a Transit Analyst who is monitoring the ferries as part of the development of a common passage

plan and risk assessment of the Tory Channel. This has been partially offset by additional revenue.

- p. Regional Development is behind budget due to the budgets for projects not yet being spent. Projects include the Picton redevelopment study, smart and connected reviews, tech and innovation activation, and additional TEAM funding.
- q. External and Internal Interest expenses are lower than anticipated due to the savings, deferrals and delays in past capital expenditure programmes resulting in less external borrowings.
- r. Property and other expenditure is ahead of budget due to:
 - i. Software costs and contracts for IT being higher than budget with urgent security work completed.
 - ii. Re-classification of Software as a Service costs to operational expenditure from capital expenditure due to recent guidance on accounting treatment for these. This has contributed to the IT software capital expenditure being under budget in 5k below.
 - iii. Higher than anticipated costs for the air-conditioning replacement in the '95 building. This is partially offset by unspent professional fees for the Climate change project.

| Net capital expenditure | 1 July 2022 to 31 January 2023 | | | | Notes | Whole Year | | | |
|---|--------------------------------|---------------|-----------------|-------------|-------|---------------|----------------|-----------------|-------------|
| | Actual | Budget | Variance | | | Forecast | Budget | Variance | |
| People | | | | | | | | | |
| Culture and Heritage | 15 | 1,476 | (1,462) | -99% | 5a | 2,124 | 2,531 | (407) | -16% |
| Housing for Seniors | 882 | 2,814 | (1,932) | -69% | 5b | 2,892 | 4,824 | (1,932) | -40% |
| Community Support | - | 31 | (31) | -100% | | 22 | 53 | (31) | -58% |
| Library Services | 5,554 | 5,304 | 250 | 5% | 5a | 8,173 | 9,093 | (920) | -10% |
| Emergency Management | 3 | 5 | (2) | -40% | | 9 | 9 | (0) | -5% |
| Community Facilities | 1,565 | 6,569 | (5,005) | -76% | 5c | 5,899 | 10,842 | (4,943) | -46% |
| Roads and Footpaths | 11,177 | 15,683 | (4,506) | -29% | 5d | 27,162 | 27,532 | (369) | -1% |
| Flood Protection and Control Works | 436 | 4,897 | (4,460) | -91% | 5e | 3,271 | 8,394 | (5,124) | -61% |
| Sewerage | 5,130 | 7,460 | (2,331) | -31% | 5f | 8,425 | 14,289 | (5,864) | -41% |
| Stormwater Drainage | 1,098 | 2,148 | (1,049) | -49% | 5g | 1,866 | 4,032 | (2,165) | -54% |
| Water Supply | 6,573 | 13,480 | (6,907) | -51% | 5h | 10,801 | 23,109 | (12,307) | -53% |
| Solid Waste Management | 666 | 1,905 | (1,240) | -65% | 5i | 2,851 | 3,266 | (415) | -13% |
| Environmental | | | | | | | | | |
| Environmental Science and Monitoring | 97 | 195 | (97) | -50% | | 236 | 334 | (97) | -29% |
| Resource Consents | - | 2 | (2) | -100% | | 1 | 3 | (2) | -58% |
| Regulatory | | | | | | | | | |
| Building Control | 40 | - | 40 | - | | 40 | - | 40 | - |
| Environmental Health | - | 2 | (2) | -100% | | 1 | 3 | (2) | -58% |
| Biosecurity | 43 | - | 43 | - | | 43 | - | 43 | - |
| Harbours | 222 | 471 | (249) | -53% | | 558 | 807 | (249) | -31% |
| Regional Development | 31 | 3,738 | (3,707) | -99% | 5j | 607 | 6,408 | (5,801) | -91% |
| Investment activities | 8 | 37 | (30) | -80% | | 34 | 64 | (30) | -47% |
| Corporate Overheads | 931 | 2,526 | (1,595) | -63% | 5k | 2,677 | 4,382 | (1,705) | -39% |
| Total Net Capital Expenditure | 34,470 | 68,743 | (34,273) | -50% | | 77,693 | 119,974 | (42,281) | -35% |

Forecast vs Budget by Activity Group (in millions)



5. Council has set a budget of \$82.4M for capital expenditure in the 2022-23 Annual Plan. To achieve this a capex program of \$120.0M has been planned including \$37.6M of carryovers from previous financial years. This ensures that multiple projects can continue to progress. The current year forecast is \$77.7M.

As of time of writing Council has a total value of contracts for new assets in progress of \$92.6M. There is \$28.5M of contracted works still outstanding.

Total capital expenditure from 1 July to 31 January 2023 is \$34.5M which is \$2.4M less than the same period last year (\$36.9M).

Comments below are variances of greater than \$1 million to the programmed works.

- a. Culture and Heritage and Library Services capital expenditure relates primarily to the new Marlborough Library. The facility is expected to open in May 2023 and accounting entries will be completed for the split between the two facilities.

- b. Housing for Seniors is behind programmed works and the value of carryovers are uncertain at this time. There has been \$3.0M re-budgeted for 23-24 for the George Street Senior Housing Development with construction having started but being behind schedule.
- c. Community Facilities is behind programmed works and around \$1.5M of carry overs are expected relating to:
 - i. Public convenience upgrades which have been delayed for various reasons including resource consent and contractor availability.
 - ii. Delays in various other programmed works over reserves.
 - iii. The Seddon Pool upgrade of \$1M has been re-budgeted into 2023-24 with leak repair work having been completed.
- d. Roads and Footpaths is behind programmed works and at least \$4M of carry overs are expected relating to:
 - i. The general roading renewals program is behind due to challenges in resourcing this work in addition to emergency works. As we are in the second year of the 2021-24 National Land Transport Programme it is possible to carry over any surplus subsidy budget into next year.
 - ii. Continued delays in small township upgrades as community consultation and resource consents progress.
 - iii. Continued delays in Picton CBD works with carry over of \$0.75M expected.
 - iv. Services and roading infrastructure in the Northwest Blenheim Extension Zone to facilitate growth in the district.

This is offset by an unbudgeted purchase of land for \$2.90M for Stormwater purposes and vested assets in excess of the budget of \$2.83M.
- e. Flood Protection and Control Works is behind programmed works with a focus on completing flood damage work. Around \$3.5M of carry overs are expected relating to:
 - i. Wairau River Tuamarina to Waihopai edge protection works.
 - ii. Omaka River stop bank and edge protection works.
 - iii. Town branch drain/Camerons drain upgrades.
- f. Sewerage is behind programmed works and a number of projects have been re-budgeted including:
 - i. Sewer Treatment Plant Upgrades at Seddon \$2.4M, Picton \$2.1M and Havelock \$1.7M have been re-budgeted to take place between 2023/24 and 2025/26 due to design, site, contractor and resource consent issues.
 - ii. Blenheim Main Outfall pump station upgrade \$3M has been re-budgeted into 2023-24 with design and investigation costs occurring this year.
- g. Stormwater Drainage is behind programmed work and could have carryovers of \$1M relating to:
 - i. The general Blenheim pipeline renewals program.
 - ii. The Redwood Street – Muller Road to Stephenson Street pipeline has been re-budgeted into 2023-24.
- h. Water Supply is behind programmed works with significant re-budgeting of capital projects including:
 - i. Riverlands Water Treatment plant \$7.4M into the 2023-25 years.
 - ii. Havelock Water Treatment plant \$5.0M into the 2023-25 years.
 - iii. Lions back reservoir \$1.3M into 2023-24.
 - iv. Speeds Road Treatment plant \$7.5M into 2024-26.

- i. Solid Waste Management is behind programmed works with construction of Stage 9 of the Regional Landfill underway. It is expected that there will only be a small carryover at year end with works progressing in the coming months.
- j. Regional Development is behind budget with only a small carryover expected due to re-budgeted items including:
 - i. Booster pump station upgrades at the Southern Valley Irrigation Scheme of \$0.9M.
 - ii. Flaxbourne Irrigation Scheme \$4M. This is currently making its way through the resource consent process making the start of construction difficult to predict. At this stage we are assuming it will be pushed out to 2023-26.
- k. Corporate Overheads are behind programmed works with the significant contributor being various IT projects where some projects initially budgeted as capital expenditure are now classified as operational expenditure due to recent guidance on the accounting treatment for software as a service. This has contributed to the IT software costs being over budget in 4r(ii) above.

Summary of Cash Received and Spent (\$000's)

| | Financial Year to 31 January 2023 | Financial Year to 31 January 2022 | Difference |
|--|--------------------------------------|--------------------------------------|----------------|
| Cash received from: | | | |
| Rates | 37,773 | 35,880 | (1,893) |
| User charges | 17,044 | 12,803 | (4,241) |
| Property Rentals | 4,465 | 3,894 | (572) |
| Subsidies and Grants | 38,799 | 27,460 | (11,339) |
| Interest and dividends | 3,993 | 2,825 | (1,167) |
| Sale of assets | 21 | 9,219 | 9,199 |
| Development Contributions | 5,597 | 6,207 | 610 |
| Other revenue | 10,061 | 9,737 | (324) |
| Operating cash received | 117,753 | 108,025 | (9,728) |
| Cash spent on: | | | |
| Net GST | 6,949 | 6,622 | (327) |
| Payments for operating costs | (101,636) | (79,774) | 21,862 |
| Payments for capital expenditure | (28,235) | (35,041) | (6,806) |
| Operating cash spent | (122,922) | (108,193) | 14,729 |
| Cash borrowed from/(repaid to): | | | |
| LGFA for Council | 10,170 | 21,000 | 10,830 |
| Other | 408 | (3,767) | (4,175) |
| Cash from/(to) borrowing | 10,578 | 17,233 | 6,655 |
| Invested in subsidiaries or investment property | (1,124) | (830) | 295 |
| Cash and investments: | | | |
| net increase/(decrease) | 4,347 | 16,236 | 11,888 |
| at the beginning of the year | 18,846 | 14,227 | (4,619) |
| at the end of January | 23,194 | 30,463 | 7,269 |

6. This is a modified cashflow statement which outlines where Council's cash is sourced and where it has been spent. Last year's figures have been provided as a comparison. The figures will differ to what is contained in the income and expenditure statement above mainly due to:
- The delay between invoices being raised/received and paid.
 - Various accruals, provisions, and prepayments.
 - Non-cash items such as vested assets and depreciation.

| | |
|------------|--|
| Authors | Tessa Dever, Financial Accountant and Piumi Wijayasena, Assistant Financial Accountant |
| Authoriser | Martin Fletcher, Chief Financial Officer |

Financial Report for the year to 31 January 2023

(Clr Croad) (Report prepared by David Craig)

F275-001-02

Purpose of Report

- To present the Financial Report for the Assets and Services and Community Facilities (including Parking) Departments for the year to 31 January 2023.

Executive Summary

- The Financial Report for the Assets & Services and Community Facilities (including Parking) Departments from 1 July 2022 to 31 January 2023 is presented below.

Revenue and Operational Expenditure

| (in millions) | 1 July to 31 January | | | Whole year | | |
|-----------------|----------------------|--------|----------|------------|---------|----------|
| | Actual | Budget | | Forecast | Budget | |
| Surplus/Deficit | \$8.2 | \$0.3 | ✓ \$7.9 | \$16.0 | \$5.3 | ✓ \$10.7 |
| Income | \$92.5 | \$89.3 | ✓ \$3.2 | \$160.0 | \$154.0 | ✓ \$6.0 |
| Expenditure | \$84.3 | \$89.0 | ✓ -\$4.7 | \$144.0 | \$148.7 | ✓ -\$4.7 |

A total year to date surplus of \$8.2M has resulted through increased revenues to budget of \$3.2M and reduced expenditure to budget of \$4.7M.

Major variances between year to date actual and budget:

- Roading emergency reinstatement costs following the July 2021 and August 2022 storm events are below budget by \$1.66M and are offset by unfavourable operational roading subsidies of \$372k. Other flood damage repair costs of \$1.46M have been incurred to date, mainly within the Flood Protection Activity, and are well within budget at this time. There are also associated savings of \$396k for minor works contracts in the Flood Protection Activity.
- Insurance claims/recoveries are unfavourable to budget by \$1.28M. The first insurance claim for river damage repairs to 30 June 2022 is currently being finalised.
- Flood event welfare response and recovery costs are captured under the Emergency Management Activity and \$980k has been incurred to date. Some of these costs are eligible for subsidy from either National Emergency Management Agency (NEMA) or Waka Kotahi (NZTA). Claims are being prepared.
- Roading subsidy on capital expenditure is below budget by \$3.3M due to scheduling of the renewals programme over the warmer summer months.
- Metered water sales are unfavourable to budget by \$491k. We do expect that water use will increase in the second half of the year and reduce the current revenue deficit.
- Development contributions (\$355k) and Reserve fund contributions (\$828k) are both favourable to budget and are sourced from levies charged on development. The main sources of revenue to date have been from the Rose Manor and Nikau Drive subdivisions.
- Vested assets are favourable to budget by \$5.59M. Accounting entries have been completed for stages 8B and 9A of the Rose Manor subdivision and stages 2A, 2B & 3 of the Nikau Drive (Wai iti) subdivision.
- Trade waste revenue is unfavourable to budget by \$484k. Current year charges have been assessed and invoicing has been completed for the annual customers and the first two quarterly instalments for the higher users. Revenue for disposal of winery liquid waste directly to the Harding Roads industrial ponds (through septage receipt facility) is favourable to budget by \$426k.

- Dump fee revenue is unfavourable to budget by \$690k, through transfer stations (\$151k), the regional landfill (\$505k) and waste projects (\$33K). Dump fee revenue variations are expected to improve over the grape harvest period.
- Grant income is favourable to budget by \$1.63M which is attributable to the 3Waters Stimulus Funding (eligibility period was extended) \$1.25M, 3Waters transitional funding \$148k and Tourism Infrastructure Funding (TIF) for public convenience upgrades \$180k.
- Grant expenditure is favourable to budget by \$979k due to Marlborough Kaikoura Trail Trust (MKTT), Marlborough Equestrian Park and Flaxbourne Heritage Centre projects. Indications are that the Marlborough Equestrian project is unlikely to progress this financial year and funding (\$294k) will need to be carried over into 2023-24.
- Depreciation charges \$570k and interest costs \$485k are both favourable year to date.
- Additional information is given on variances at an activity level later in the report.

Capital Expenditure

| (in millions) | 1 July to 31 January | | Whole year | | | |
|---------------|----------------------|--------|------------|----------|--------|---------|
| | Actual | Budget | | Forecast | Funded | |
| Capex | \$26.8 | \$56.1 | ✘ \$29.3 | \$61.3 | \$67.5 | ✔ \$6.2 |

Council has funded a budget of \$67.5M for capital expenditure in the 2022-23 Annual Plan. The total programmed work for the year is \$98.2M (including \$30.7M of carryovers from previous financial year). This ensures that multiple projects can continue to progress.

Actual year to date expenditure of \$26.8M represents 40% of the funded amount.

The major areas of capital expenditure to date are:

- Roads and Footpaths \$11.177M
- Wastewater \$5.130M
- Water Supply \$6.591M

Capital expenditure is impacted for many reasons including finalising community consultation, obtaining land access, obtaining resource consents, the availability of external professional expertise and receiving an acceptable contract price and contractor availability.

Forecasts

- Forecast values have been reviewed with particular emphasis on capital expenditure. Much of this data has been extracted from the 2023-24 Annual Plan process.
- The operating surplus is forecast to increase by \$10.73M to \$16.0M, through a combination of additional revenue of \$6.0M (government grants and vested assets) and reduced operating costs of \$4.73M (emergency reinstatement, flood damage, grants, depreciation and interest payments).
- Forecast capital expenditure is \$61.3M, which is \$6.2M below the 2022-23 Annual Plan budget.
- Forecast data will continue to be updated as we progress through the year and as information comes to hand.

RECOMMENDATION

That the financial report for the period ended 31 January 2023 be received.

Background/Context

3. Below is the Financial Report for the Assets & Services and Community Facilities (including Parking) Departments, for the seven-month period ended 31 January 2023.
4. Budget values include 2021-22 carryovers, which were approved in the August meeting cycle.

5. The Forecast column provides projected end of year outcomes, and these will be continually updated as we progress through the year.
6. Entries have been completed to account for January revenues and expenditures, including outstanding retention values of \$2.12M for 41 separate construction contracts.
7. All figures are rounded to the nearest thousand unless otherwise stated.
9. The use of **x** or **✓** is challenging for capital expenditure. Normally if you are over budget, it is not good, so should get a **x**. Equally if you are tracking well behind/under budget that is also not good. As a result, for capital expenditure a **✓** is for within -10%/+5% and anything outside that range being a **x**.

Financial Report by Significant Activity

10. Community Facilities

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|-----------------|-------------------------|---------|---|------------|----------|----------|---|---------|
| | Actual | Budget | | Forecast | Budget | | | |
| Surplus/Deficit | \$1,394 | -\$674 | ✓ | \$2,068 | \$1,510 | -\$485 | ✓ | \$1,995 |
| Revenue | \$10,542 | \$9,152 | ✓ | \$1,389 | \$17,079 | \$15,690 | ✓ | \$1,389 |
| Expenditure | \$9,148 | \$9,826 | ✓ | -\$679 | \$15,570 | \$16,175 | ✓ | -\$605 |

The favourable revenue variance of \$1.389M or 15% is due to development contributions of \$211k, government grants of \$180k from Tourism Infrastructure Funding (TIF) for public convenience upgrades, insurance claim for water damaged Stadium 2000 flooring \$41k, reserve fund contributions of \$828k and vested assets \$140k.

The favourable operating expenditure variance of \$679k or 7% is due to personnel costs \$42k, contracts \$277k, general expenses \$28k, grants (Whale Trail, Equestrian Park and Flaxbourne Heritage Centre) \$966k, depreciation \$55k and interest \$55k; offset by unfavourable insurance \$49k, flood damage \$100k, monitoring (freedom camping) \$52k, repairs & maintenance \$282k, tree maintenance \$68k and vandalism \$43k.

Capital expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|----------------|-------------------------|---------|---|------------|---------|---------|---|----------|
| | Actual | Budget | | Forecast | Funded | | | |
| Capex | \$1,579 | \$6,569 | x | -\$4,990 | \$5,913 | \$6,921 | x | -\$1,008 |

We have achieved 15% of programmed works or 23% of the \$6.921 million approved in the annual plan (i.e., excluding carry overs). This is due to lower than budgeted expenditure in cemeteries \$280k, memorials \$148k, public conveniences \$1.801M, reserves \$2.070M and swimming pools \$718k.

The major budgets within the community facilities program are for cemeteries \$649k (actual \$99k), memorials \$253k (\$0), public conveniences \$3.497M (\$435k), reserves \$5.155M (\$985k) and swimming pool \$1.230M (\$0). Year to date expenditures are shown in brackets.

11. Direct Management

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|-----------------|-------------------------|----------|---|------------|--------|--------|---|--------|
| | Actual | Budget | | Forecast | Budget | | | |
| Surplus/Deficit | -\$498 | -\$1,114 | ✓ | \$617 | \$58 | -\$427 | ✓ | \$485 |
| Revenue | \$304 | \$205 | ✓ | \$98 | \$450 | \$352 | ✓ | \$98 |
| Expenditure | \$801 | \$1,320 | ✓ | -\$518 | \$393 | \$779 | ✓ | -\$386 |

Favourable revenues of \$98k or 48% are due to 3Waters transitional funding \$148k, offset by unfavourable fees & charges \$60k.

The favourable operating expenditure of \$518k or 39% is due to personnel costs \$97k, consultancy \$40k, professional fees (climate change provision) \$254k and internal costs & recoveries \$112k.

Capital expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|----------------|-------------------------|--------|---|------------|--------|-----|---|-------|
| | Actual | Budget | | Forecast | Funded | | | |
| Capex | \$49 | \$35 | ✗ | \$14 | \$109 | \$0 | ✗ | \$109 |

Capital expenditure of \$60k is budgeted for additional bunker storage at the works operations depot. That budget may now be superfluous if an alternative gravel storage option and lease of land at the Bluegums Landfill site entrance, to an external contractor, proceeds.

Actual costs of \$49 are for purchase of additional fleet vehicle for the rivers section.

12. Emergency Management

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|-----------------|-------------------------|--------|---|------------|---------|-------|---|--------|
| | Actual | Budget | | Forecast | Budget | | | |
| Surplus/Deficit | -\$1,012 | -\$55 | ✗ | -\$957 | -\$301 | -\$71 | ✗ | -\$230 |
| Revenue | \$454 | \$430 | ✓ | \$25 | \$1,504 | \$755 | ✓ | \$750 |
| Expenditure | \$1,467 | \$485 | ✗ | \$981 | \$1,805 | \$825 | ✗ | \$980 |

The favourable revenue variance of \$25k or 6% is due to NZTA subsidy for flood damage response costs (barging etc) \$25k.

The unfavourable operating expenditure of \$981k or 202% is due to the flood response and welfare costs \$979k. Some of these costs are eligible for subsidy from either National Emergency Management Agency (NEMA) or Waka Kotahi (NZTA). Transactions are currently being scrutinised so that claims can be submitted.

Capital expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|----------------|-------------------------|--------|---|------------|--------|-----|---|-----|
| | Actual | Budget | | Forecast | Funded | | | |
| Capex | \$3 | \$5 | ✘ | -\$2 | \$9 | \$9 | ✔ | \$0 |

A small budget provision of \$9k has been made for office and communication equipment.

13. Roads and Footpaths

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|-----------------|-------------------------|----------|---|------------|----------|----------|---|----------|
| | Actual | Budget | | Forecast | Budget | | | |
| Surplus/Deficit | \$590 | -\$1,271 | ✔ | \$1,861 | \$3,288 | -\$606 | ✔ | \$3,895 |
| Revenue | \$42,954 | \$43,865 | ✘ | -\$910 | \$76,184 | \$75,197 | ✔ | \$987 |
| Expenditure | \$42,365 | \$45,136 | ✔ | -\$2,772 | \$72,896 | \$75,803 | ✔ | -\$2,908 |

The \$910k or 2% unfavourable variance in the Roothing and Footpath revenue is due to subsidy on operations and maintenance activities (including emergency reinstatement works) of \$397k and subsidy on renewal works, which are predominantly scheduled over the warmer summer months, of \$3.288M. These are offset by favourable vested assets of \$2.825M.

The NZTA approved programme for emergency works is \$52.4M with an enhanced Financial Assistance Rate [FAR] of 95%. \$28.3M has been spent to date.

The favourable total expenditure variance of \$2.772M or 6% is primarily due to those emergency reinstatement costs of \$1.660M, minor events \$227k, sealed pavement maintenance \$417k, traffic services maintenance \$148k, depreciation \$238k and interest \$154k.

Network and Asset Management costs are unfavourable to budget by \$232k. This is the Waka Kotahi NZTA work category which provides for the general management and control of the road network and management of road assets. This encapsulates professional services and Council budgets for 60% of this cost under its roading renewal activities. A transfer will be completed at year end to recognise the renewal component.

Capital expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|----------------|-------------------------|----------|---|------------|----------|----------|---|---------|
| | Actual | Budget | | Forecast | Funded | | | |
| Capex | \$11,177 | \$15,696 | ✘ | -\$4,519 | \$27,172 | \$17,199 | ✘ | \$9,973 |

We have achieved 41% of programmed works or 65% of the \$17.199M approved in the annual plan. The bulk of the capital (renewals) programme is behind budget due to scheduling of these works over the warmer summer months.

There are favourable variances in bridge renewals \$273K, drainage renewals \$79k, footpath renewals \$220k, minor improvements \$899k, pavement rehabilitation \$875k, sealed road resurfacing \$2.634M, structures component replacements \$233, traffic services \$151k and unsealed road metalling \$237k.

Other non-subsidised activities which are also behind budget include Blenheim CBD works \$285k, Picton CBD works \$560k, small township upgrades \$1.078M, roading related works (including cycle facilities, kerb & channel, signage, and seal extension) \$1.345M and wharves \$118k.

The Blenheim northwest extension zone is unfavourable to budget by \$1.604M due to the purchase of Thomsons Ford Road property (\$2.9M) to facilitate stormwater reticulation upgrades for the northwest zone. This acquisition is being funded from development contributions. Offsetting this are reticulation upgrades \$723k and roading upgrades \$573k which are below budget.

Vested assets are ahead of budget by \$2.825M.

14. Parking

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|-----------------|-------------------------|---------|---|------------|---------|---------|---|------|
| | Actual | Budget | | Forecast | Budget | | | |
| Surplus/Deficit | \$57 | \$21 | ✓ | \$36 | \$172 | \$154 | ✓ | \$18 |
| Revenue | \$1,211 | \$1,160 | ✓ | \$51 | \$2,039 | \$1,988 | ✓ | \$51 |
| Expenditure | \$1,154 | \$1,139 | ✗ | \$15 | \$1,867 | \$1,834 | ✗ | \$33 |

The favourable revenue variance of \$51k or 4% is due to collections \$28k, parking leases \$93k and legal fees recovered \$13k; offset by unfavourable infringements \$77k.

The parking enforcement contractor is having difficulty with the recruitment and retention of parking wardens, which is impacting the volume of tickets being issued.

Expenditure is unfavourable to budget by \$15k or 1% due to legal fees (lodging fines at Court) \$41k, levy payments \$28k, rates \$15k; offset by favourable contracts \$43k, lease costs \$11k, repairs & maintenance \$10k and interest \$9k.

23. Capital expenditure

| (in thousands) | 1 July to 31 January | | | Whole year | | | | |
|----------------|-------------------------|--------|---|------------|--------|------|---|-------|
| | Actual | Budget | | Forecast | Funded | | | |
| Capex | \$14 | \$276 | ✗ | -\$262 | \$461 | \$98 | ✗ | \$363 |

Capital expenditure is behind budget by \$262k with 0% of programmed works being completed. The budget provides for resurfacing of various carparks \$380k, parking machines \$75k and sundry plant \$18k.

Resurfacing of the Coathanger carpark in Picton is scheduled in April following Easter weekend. The carpark will need to be closed for a full week to facilitate these works and a public communications plan is being developed by the contractor.

Flood Protection

| (in thousands) | 1 July to 31 January | | Whole year | | | | | |
|-----------------|-------------------------|---------|------------|--------|----------|----------|---|--------|
| | Actual | Budget | | | Forecast | Budget | | |
| Surplus/Deficit | \$1,605 | \$1,482 | ✓ | \$123 | \$2,770 | \$2,485 | ✓ | \$285 |
| Revenue | \$6,444 | \$7,116 | ✗ | -\$672 | \$11,432 | \$11,971 | ✗ | -\$540 |
| Expenditure | \$4,838 | \$5,634 | ✓ | -\$795 | \$8,662 | \$9,487 | ✓ | -\$825 |

24. Revenue and operating expenditure

The unfavourable revenue variance of \$672k or 9% is due to insurance proceeds for river flood damage repairs (claim is currently being prepared) \$1.157M and sales (quarry rock) \$134k; offset by favourable grants for the Southern Valleys/Upper Condors upgrade (Provincial Growth Fund) \$17k, gravel extraction \$56k, property rentals \$321k and disbursement recoveries (river leases) \$218k.

The favourable operating expenditure variance of \$795k or 14% is due to consultancy \$34k, contracts \$103k, flood damage repairs \$638k, minor contract works \$396k and interest \$50k; offset by unfavourable chemicals \$25k, green-scape contracts \$43k, repairs & maintenance \$35k, weed control \$73k, power \$65k and internal costs & recoveries \$102k.

Capital expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | | | |
|----------------|-------------------------|---------|------------|----------|----------|---------|---|----------|
| | Actual | Budget | | | Forecast | Funded | | |
| Capex | \$436 | \$4,897 | ✗ | -\$4,460 | \$3,271 | \$5,166 | ✗ | -\$1,895 |

We have achieved 5% of programmed works or 8% of the \$5.17M approved in the annual plan. Favourable ytd variances include drainage pump stations \$201k, rock and gabion protection \$1.158M, stop banks \$1.029M, drainage channels (Town Branch drain) \$1.844M and land purchases \$157k.

Major budgeted projects include Wairau River (Tuamarina to Waihopai) edge protection works \$1.33M (actual \$24k), Lower Wairau River stop banks \$1.21M (\$79), Omaka River stop bank & edge protection works \$0.8M and Town Branch Drain/Camerons Drain upgrades \$3M (\$165k).

The land acquisition for the Pukaka Quarry expansion was completed in 2021-22. A new haul road is required to access the extension area and works are underway. A budget of \$315k has been provided for this project and \$74k has been spent to date.

15. Wastewater

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | | | |
|-----------------|-------------------------|---------|------------|---------|----------|----------|---|---------|
| | Actual | Budget | | | Forecast | Budget | | |
| Surplus/Deficit | \$2,460 | \$597 | ✓ | \$1,862 | \$3,419 | \$1,741 | ✓ | \$1,678 |
| Revenue | \$9,971 | \$8,349 | ✓ | \$1,622 | \$15,973 | \$14,572 | ✓ | \$1,401 |
| Expenditure | \$7,511 | \$7,751 | ✓ | -\$240 | \$12,554 | \$12,831 | ✓ | -\$277 |

Revenue has a favourable variance of \$1.622M or 19% due to connection charges \$106k, development contributions \$265k, miscellaneous revenue (disposal of winery liquid waste at Hardings Road industrial ponds) \$426k and vested assets \$1.442M; offset by unfavourable trade waste charges \$484k

Trade waste charges are applied to those commercial or industrial properties that are likely to have a sewer flow greater than the average domestic property. This flow is calculated based on the volume of water used through the metered connection to the property. Current year charges have been assessed and invoicing has been completed for the annual customers and two quarterly instalments for the higher users.

Operating expenditure has a favourable variance of \$240k or 3% due to reticulation maintenance \$110k, treatment \$280k, depreciation \$63k and interest costs \$46k; offset by unfavourable insurance \$52k, grinder pumps \$30k and pump stations \$162k.

Capital Expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | |
|----------------|-------------------------|---------|------------|----------|----------|------------|
| | Actual | Budget | | Forecast | Funded | |
| Capex | \$5,130 | \$7,460 | ✘ -\$2,331 | \$8,425 | \$10,572 | ✘ -\$2,147 |

We have achieved 36% of programmed works or 49% of the \$10.57M approved in the annual plan. Across the Wastewater activity, pump stations \$2.267M and treatment \$1.239M are behind programme, while vested assets are \$1.442M above budget.

Aeration upgrades to the Blenheim domestic and industrial treatment ponds at Hardings Road have cost \$1.883M to date. The 2022-23 combined budget is \$1.5M.

Final costs for the \$15.7M Blenheim sewerage upgrade, which provides for future residential growth for 700 homes, are filtering through with \$403k spent year to date.

Blenheim pipeline renewals have cost \$570K to date for relining of earthenware pipes \$198k and Gascoigne Street sewer replacement \$372k. The annual renewal budget is \$1.126M.

The focus on relining of earthenware wastewater pipes has now moved to Picton. \$3.1M is budgeted in 2022-23, with \$128k expended year to date.

Replacement of the Main Terminal Pump Station (MOPS) in Alabama Road is planned during 2022-24. Design is underway and \$258k of the \$3.5M budget has been spent to date. A further \$4M was budgeted in 2023-24. Physical works are now expected to commence in 2023-24 and be completed in 2024-25.

A new sewage treatment plant is planned for Havelock. The new treatment plant will significantly improve effluent quality. The project is budgeted over 2021-24 for the consenting, design and building of a new treatment plant at a new site and the construction of a new terminal pump station. The budget over this period is \$13.635M, with \$3.137M budgeted in 2022-23. Physical works are now expected to commence in 2023-24 and be completed in 2024-25. A total of \$84k has been spent on professional services year to date.

In 2022-23 there is \$2.09M budgeted for Picton sewerage treatment aeration upgrade. The forecast is \$418k for new blowers, drives, pipework upgrade and power supply.

The Seddon sewage treatment plant requires major upgrading. There is a strong recommendation in the current discharge consent for removal of the discharge to Starborough Creek and instead to irrigate to land. A significant volume of storage and large area of land is required for land treatment.

The preferred option includes storage, high level treatment, irrigation of the golf course and other sites. A total budget of \$13.6M has been allocated for 2022-25, with \$2.6M budgeted in 2022-23. Physical works are now expected to commence in 2023-24 and be completed in 2024-25. A total of \$132k has been spent on professional services year to date.

16. Stormwater

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | | | |
|-----------------|-------------------------|---------|------------|-------|----------|---------|---|--------|
| | Actual | Budget | | | Forecast | Budget | | |
| Surplus/Deficit | \$1,344 | \$606 | ✓ | \$738 | \$1,900 | \$1,130 | ✓ | \$770 |
| Revenue | \$2,943 | \$2,289 | ✓ | \$654 | \$4,578 | \$3,924 | ✓ | \$654 |
| Expenditure | \$1,599 | \$1,683 | ✓ | -\$84 | \$2,678 | \$2,794 | ✓ | -\$116 |

Revenue has a favourable variance of \$654k or 29% due to connection charges \$24k and vested assets \$875k; offset by unfavourable development contributions \$245k.

Operating expenditure is favourable to budget by \$84k or 5% due to reticulation maintenance \$41k and depreciation \$21k.

Capital expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | | | |
|----------------|-------------------------|---------|------------|----------|----------|---------|---|----------|
| | Actual | Budget | | | Forecast | Funded | | |
| Capex | \$1,098 | \$2,148 | ✗ | -\$1,049 | \$1,866 | \$3,420 | ✗ | -\$1,554 |

We have achieved 27% of programmed works or 32% of the \$3.42M approved in the annual plan.

Major budgets include replacement of Redwood St stormwater main (Muller Rd to Stephenson St) \$1M, Blenheim pipeline renewals \$1.2M, Picton pipeline renewals \$970k (actual \$36k), Goulter St pipeline upgrade in Seddon (ahead of roading improvements) \$350k and vested assets \$200k (\$991k).

Year to date expenditure for new connections is \$71k.

17. Waste management

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | | | |
|-----------------|-------------------------|---------|------------|--------|----------|----------|---|--------|
| | Actual | Budget | | | Forecast | Budget | | |
| Surplus/Deficit | -\$83 | \$780 | ✗ | -\$863 | -\$704 | \$152 | ✗ | -\$856 |
| Revenue | \$8,592 | \$9,250 | ✗ | -\$657 | \$15,199 | \$15,857 | ✗ | -\$657 |
| Expenditure | \$8,675 | \$8,470 | ✗ | \$205 | \$15,904 | \$15,705 | ✗ | \$199 |

Revenue has an unfavourable variance of \$657k or 7% due to dump fees \$690k, and sales \$30k; offset by favourable grants (waste levy) \$32k and rentals \$32k.

Waste volumes at the regional landfill are down by 1,445 tonnes on the same period for the previous year, although dump fee revenue collected in 2022-23 is \$528k higher than for the corresponding period in 2021-22 due to the dump fee increase, primarily to cover the \$10/tonne increase in the government waste levy. Dump fee revenue variations are expected to improve over the grape harvest period.

Operating expenditure has an unfavourable variance of \$205k or 2%. This is due to unfavourable variances in consultancy & professional fees \$41k, contracts \$373k, fees & charges \$28k, flood damage repairs (Picton transfer station access road) \$70k and insurances \$47k; offset by favourable waste levy payments \$148k, projects (recycling) \$165k and depreciation \$97k.

25. Capital Expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | | | |
|----------------|-------------------------|---------|------------|----------|----------|---------|---|-------|
| | Actual | Budget | | | Forecast | Funded | | |
| Capex | \$666 | \$1,905 | ✘ | -\$1,240 | \$2,851 | \$2,656 | ✘ | \$195 |

We have achieved 20% of programmed works or 25% of the \$2.66M approved in the annual plan.

Regional Landfill stage 9 construction costs are budgeted over two years, with \$2.9M in 2022-23 and \$3.55M the following year. Physical works have commenced and actual year to date costs are \$423k, including design.

A budget of \$260k has been provided in 2022-23 to complete weighbridge installations at the Resource Recovery Centre and the Greenwaste facility (actual \$240k). Some additional funding (circa \$147k) is proposed from the unallocated waste disposal levy received from Central Government.

18. Water supply

Revenue and Operating Expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | | | |
|-----------------|-------------------------|---------|------------|---------|----------|----------|---|---------|
| | Actual | Budget | | | Forecast | Budget | | |
| Surplus/Deficit | \$2,430 | -\$29 | ✓ | \$2,459 | \$3,904 | \$1,172 | ✓ | \$2,732 |
| Revenue | \$9,129 | \$7,511 | ✓ | \$1,619 | \$15,538 | \$13,677 | ✓ | \$1,861 |
| Expenditure | \$6,700 | \$7,540 | ✓ | -\$841 | \$11,634 | \$12,506 | ✓ | -\$871 |

Revenue has a favourable variance of \$1.619M or 22% due to backflow prevention charges \$153k, connection charges \$116k, development contributions \$274k, grants (3Waters stimulus funding) \$1.25M and vested assets \$309k; offset by unfavourable metered water sales \$491k.

Water use is linked to seasonal weather patterns and particularly so for the Awaterer rural supply and Southern Valleys irrigation scheme. Riverlands water usage is dominated by grape processing during March-April. We do expect that water use will increase in the second half of the year and reduce the current revenue deficit.

Expenditure has a favourable variance of \$841k or 11% due to general expenses \$27k, insurances \$54k, meter maintenance & reading \$45k, reticulation maintenance \$300k, treatment \$206k, depreciation \$83k and interest \$162k; offset by unfavourable consultancy \$29k.

Capital Expenditure

| (in thousands) | 1 July to 31 January | | Whole year | | | |
|----------------|-------------------------|----------|-------------|----------|----------|-------------|
| | Actual | Budget | | Forecast | Funded | |
| Capex | \$6,591 | \$16,942 | ✘ -\$10,351 | \$10,947 | \$21,185 | ✘ -\$10,238 |

We have achieved 23% of programmed works or 31% of the \$21.2M approved in the annual plan.

Expenditure to date has been primarily in Renwick (\$2.572M) and Wairau Valley (\$1.296M) for water treatment upgrades.

Other significant project expenditure has occurred in Havelock for reservoir supply pipeline (\$156k), Speeds Road to Elevation pipeline \$647k, York Street watermain replacement \$197k and Renwick AC water pipeline replacement \$769k.

In the Awatere Rural scheme, the Lions Back tanks were going to be replaced by a single steel or stainless-steel reservoir. However, the price received exceeded the estimate and budget. All available options are now being scoped, to find a suitable and affordable solution. Construction works have been deferred to 2023-24 with a budget of \$1.27M.

In Havelock there is \$8.055M budgeted over 2022-24 for a water treatment plant with supply pipeline for Havelock which will ensure the supply complies with the Drinking Water Standards. Preliminary design is underway with construction works being re-budgeted in 2023-25.

A budget of \$3.8M has been provided in 2022-23 for water treatment upgrades in Picton. A further \$3.2M is budgeted in 2023-24. New wells have been drilled at Speeds Road to improve resilience and it is proposed to bring these into service with a filtration stage. These works have now been deferred to 2024-26.

The pump testing of the two new wells at St Andrews shows they are suitable for supplying Riverlands and a filter trial is to be conducted to determine the type of treatment required. A budget of \$16.75M had been spread across 2022-24 to bring the new wells into operation with treatment to meet the Drinking Water Standards. Expenditure of \$1.2M is forecast for 2022-23 with the balance of works now to be completed in 2023-25.

The Steering Group is still working through consenting issues for the Flaxbourne irrigation scheme. A budget of \$13.35M had been allocated across 2022-24 with \$4M in the current year. These budgets have now been deferred to 2023-26.

19. Forecasts

Forecast values have been reviewed with particular emphasis on capital expenditure. Much of this data has been extracted from the 2023-24 Annual Plan process.

The operating surplus is forecast to increase by \$9.86M to \$15.15M, through a combination of additional revenue of \$5.13M (government grants and vested assets) and reduced operating costs of \$4.73M (emergency reinstatement, flood damage, grants, depreciation, and interest payments).

Forecast capital expenditure is \$61.3M, which is \$6.2M below the 2022-23 Annual Plan budget.

The major capital projects which have been deferred are the replacement of the main terminal sewer pump station (MOPS) in Alabama Road, Havelock sewer treatment plant and Seddon sewer land treatment, water treatment upgrades in Havelock, Picton and Riverlands, Lions Back reservoir and Flaxbourne irrigation scheme.

Forecast data will continue to be updated as we progress through the year and as information comes to hand.

| | |
|-------------|---|
| Author | David Craig, Management Accountant – Operations |
| Authorisers | Richard Coningham, Assets and Services Manager and Jamie Lyall, Property and Community Facilities Manager |

15. Debtors Overdue Reports as at 28 February 2023

(The Chair) (Report prepared by S Greenhill)

Purpose of Report

1. The purpose of this report is to advise Council on the overdue debtor position as at 28 February 2023.
-

RECOMMENDATION

That the information be received.

Debtors' Overdue Reports

2. The debtors' overdue summary report is attached for the Councillors' information.

This report details the level of debt relating to the following revenue streams:

- Building Consents
- Resource Consents
- Resource Consent Monitoring
- Development Contributions
- Licences
- Tradewaste
- Water and Sewerage Connections
- Other Sundry Invoices

The Debtors Report as of 28 February 2023 is **attached** for Councillors' information.

The Current and 30 – 90 Days balance both include large government department invoices.

The 90 Days balance includes several Development Contribution invoices that will be paid once the building project is near completion. The list of overdue Building Consents is increasing as building projects are not being started due to the unavailability of materials and builders.

Also, there are a number of invoices relating to the Resource Consent Annual Monitoring fees not paid. Copies of the invoices have been emailed requesting payment.

The Property Leases and Licences Debtors Report as of 28 February 2023 is also **attached** for Councillors' information. Current and Total balances fluctuate monthly depending on individual leases and invoicing periods, e.g., monthly, quarterly, six monthly or annual.

Water Billing Debtors' Report

3. Attached for information is the Water Billing Debtors Report as at 28 February 2023.

| | |
|------------|--|
| Author | Sonja Greenhill, Credit Controller |
| Authoriser | Martin Fletcher, Chief Financial Officer |

Debtors Report as at 28 February 2023

| Aged Analysis Report | Current Month | Comparison for Previous 5 Months | | | | |
|--|---------------------|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | February | January | December | November | October | September |
| Current | 2,650,614.41 | 1,523,768.78 | 3,543,971.11 | 2,101,373.43 | 3,928,753.06 | 1,484,532.68 |
| 30 - 90 Days | 1,189,828.79 | 1,408,263.50 | 422,503.17 | 475,523.96 | 557,077.37 | 1,723,446.02 |
| 90 Days | 291,797.44 | 385,851.45 | 399,424.59 | 636,810.08 | 545,236.47 | 438,923.83 |
| Outstanding Debtors Closing Balance | 4,132,240.64 | 3,317,883.73 | 4,365,898.87 | 3,213,707.47 | 5,031,066.90 | 3,646,902.53 |

| Debtors Action Report - Debtors over 90 days with Balance >\$250 | February | January | December | November | October | September |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| With Debt Collection Agency | 10,411.04 | 10,411.04 | 10,148.04 | 10,148.04 | 10,683.05 | 10,683.05 |
| Paying by Arrangement | 50,060.38 | 49,370.38 | 55,787.12 | 57,823.28 | 70,073.50 | 75,997.49 |
| Negotiating Payment Arrangement | 150,841.05 | 185,204.51 | 226,922.05 | 482,876.68 | 356,886.05 | 293,675.50 |
| Debts in Dispute | 5,509.62 | 62,691.62 | 57,461.00 | - | - | - |
| Payments since month end taken off above amounts | 67,820.78 | 70,253.91 | 41,088.39 | 69,372.51 | 83,909.09 | 54,834.11 |
| Sub-Total | 284,642.87 | 377,931.46 | 391,406.60 | 620,220.51 | 521,551.69 | 435,190.15 |
| Various Debtors with Balances <\$250 | 7,154.57 | 7,919.99 | 8,017.99 | 16,589.57 | 23,684.78 | 3,733.68 |
| Over 90 days Outstanding Total | 291,797.44 | 385,851.45 | 399,424.59 | 636,810.08 | 545,236.47 | 438,923.83 |

Property Leases and Licences Debtors Report as at 28 February 2023

| Aged Analysis Report | Current Month | Comparison for Previous 5 Months | | | | |
|--|----------------------|---|-----------------|-----------------|----------------|------------------|
| | February | January | December | November | October | September |
| Current | 107,855.55 | 44,828.05 | 201,947.75 | 100,329.92 | 224,843.38 | 194,072.10 |
| 30 Days | 18,523.56 | 70,530.89 | 42,498.54 | 19,081.17 | 25,597.42 | 100,210.83 |
| 60 Days | (1,576.09) | 28,976.48 | 2,088.82 | 19,755.20 | 94,798.43 | 1,477.43 |
| 90 Days | 3,758.05 | 3,166.88 | 5,895.87 | 45,962.23 | 2,036.33 | 1,206.80 |
| Outstanding Debtors Closing Balance | 128,561.07 | 147,502.30 | 252,430.98 | 185,128.52 | 347,275.56 | 296,967.16 |

Water Billing Debtors Report as at 28 February 2023

| | Current Month | Comparison for Previous 5 Months | | | | |
|--|------------------|----------------------------------|-------------------|------------------|------------------|-------------------|
| | February | January | December | November | October | September |
| Aged Analysis Report | | | | | | |
| Current | 45.02 | 142.59 | 746,562.78 | 1,664.29 | 4,486.32 | 549,192.33 |
| 30 - 90 Days | 71,500.98 | 186,847.78 | 5,458.74 | 42,838.78 | 75,660.64 | (6,747.51) |
| 90 Days | (33,925.11) | (13,663.52) | 14,235.34 | (10,130.99) | (621.13) | 25,195.10 |
| Outstanding Debtors Closing Balance | 37,620.89 | 173,326.85 | 766,256.86 | 34,372.08 | 79,525.83 | 567,639.92 |

| Debtors Action Report - Debtors over 90 days Balance >\$250 | | | | | | |
|---|--------------------|--------------------|------------------|--------------------|------------------|------------------|
| | February | January | December | November | October | September |
| Paying by Arrangement | 1,426.78 | 1,426.78 | 2,028.71 | 3,898.95 | 5,404.46 | 8,870.82 |
| Negotiating Payment Arrangement | 19,240.96 | 17,971.24 | 31,767.07 | 16,078.01 | 12,046.22 | 22,104.30 |
| Awaiting Possible Water Remission (New) | 1,737.74 | 2,759.78 | 6,430.60 | 3,440.54 | 19,853.29 | 12,558.21 |
| Payments since month end taken off above amounts | - | 9,324.64 | 12,310.96 | 9,603.29 | 6,573.79 | 4,933.48 |
| Sub-Total | 22,405.48 | 31,482.44 | 52,537.34 | 33,020.79 | 43,877.76 | 48,466.81 |
| Various Debtors with Balances <\$250 or Credit Balances | (56,330.59) | (45,145.96) | (38,302.00) | (43,151.78) | (44,498.89) | (23,271.71) |
| 90 days Outstanding Total | (33,925.11) | (13,663.52) | 14,235.34 | (10,130.99) | (621.13) | 25,195.10 |

16. Rates Report as at 28 February 2023

(The Chair) (Report prepared by Linda Fletcher-Firks)

F270-36-21

Purpose of Report

1. The purpose of this report is to advise Council of the rates position as at 28 February 2023.

RECOMMENDATION

That the information be received.

Rate Levies Status and Rate Arrears Aged Balance Reports

2. At 28 February we had collected 59.12% of the 2022-2023 rates which is a slight increase on the same period last year, which was 58.20%.

The third instalment of 2022-2023 rates is due for payment on 8 March.

Of the 1,534 properties that incurred a penalty on their 2022-2023 quarter 2 instalment, which was due for payment by 8 December, 168 accounts are still behind. This is an increase from the same period last year from 1,055 properties incurring a penalty with only 80 accounts behind. This is not unexpected, considering the current financial climate and the increased cost of living.

Follow up work continues with these properties to contact the ratepayers re overdue rates and the Rates Team are continuously working with rate payers to find mutually agreeable repayment plans to help them manage their rates payments.

Energy Efficiency Loan Rates

3. Since 1 July 2022 34 applications have been approved for energy efficiency funding for a total of \$245,181 over the following categories:

| Type | Count | Total Install Cost | Average Cost |
|----------------------------|-----------|--------------------|--------------|
| Clean Heating | 23 | \$103,685 | \$4,508 |
| Insulation | 0 | \$0 | \$0 |
| Solar Water | 0 | \$0 | \$0 |
| Solar Power | 11 | \$141,496 | \$12,863 |
| Insulation & Clean Heating | 0 | \$0 | \$0 |
| Total | 34 | \$245,181 | |

These figures are less than the 64 applications at the same time in the previous year. Below is a table showing the trend of our funding for the previous three periods.

| Type of installation | No. 2020 | Total cost 2020 | No. 2021 | Total cost 2021 | No. 2022 | Total cost 2022 |
|----------------------------|----------|-----------------|----------|-----------------|----------|-----------------|
| Clean heating | 97 | \$385,074 | 64 | \$253,768 | 61 | \$248,471 |
| Insulation | 29 | \$95,215 | 11 | \$41,851 | 7 | \$24,993 |
| Solar water | 3 | \$19,976 | 2 | \$17,391 | 1 | \$4,348 |
| Solar power | 40 | \$434,076 | 22 | \$282,279 | 34 | \$428,858 |
| Insulation & Clean Heating | 0 | - | 0 | - | 0 | |
| Totals | 169 | \$934,341 | 99 | \$595,289 | 103 | \$706,670 |

The reduced number of applications this current year is most likely attributed to the current cost of living situation, uncertainty of how this will continue to track in the future and the availability of the 0%-1% loans now being offered by major banks.

| | |
|------------|--|
| Author | Linda Fletcher-Firks, Team Leader Rating |
| Authoriser | Martin Fletcher, Chief Financial Officer |

Rate Levies Status Report as at 28 February 2023

| Financial Division | Balance B/Forward (01/07/22) | Annual Rate Levy | Arrears Penalty | Instalment Penalty | Adjustments | Cash Received for Year to Date | Balance 28/02/23 |
|----------------------------|-------------------------------------|-------------------------|------------------------|---------------------------|--------------------|---------------------------------------|-------------------------|
| Blenheim | (132,318) | 44,556,410 | 29,130 | 66,450 | (105,188) | (26,743,102) | 17,671,383 |
| Blenheim Vicinity | 39,336 | 17,266,545 | 10,011 | 22,051 | (127,537) | (9,984,849) | 7,225,558 |
| General Rural | 1,712 | 14,614,000 | 12,642 | 28,217 | (134,482) | (8,359,038) | 6,163,050 |
| Picton | 37,664 | 9,867,562 | 11,263 | 19,291 | (95,956) | (5,914,461) | 3,925,362 |
| Picton Vicinity | 1,874 | 1,017,061 | 1,646 | 3,095 | (32,345) | (580,768) | 410,563 |
| Sounds Admin Rural | 9,324 | 1,254,544 | 2,494 | 4,477 | (13,288) | (767,461) | 490,090 |
| Utilities Network | - | 40,338 | - | 75 | - | (39,480) | 933 |
| Current Year Totals | (42,409) | 88,616,460 | 67,185 | 143,657 | (508,795) | (52,389,158) | 35,886,939 |

Rate Arrears Aged Balance Report as at 28 February 2023

| Year | Total Arrears (01/07/2022) | Rate Arrears Received Year to Date | Total Arrears 28/02/23 | Postponed Rates included in Total Arrears | Actual Arrears (after deducting postponed rates) |
|-----------------|-------------------------------|--|---------------------------|---|--|
| 2021-22 | 998,673 | 639,393 | 359,279 | 32,841 | 326,439 |
| 2020-21 | 103,284 | 51,090 | 52,194 | 27,234 | 24,960 |
| 2019-20 | 29,183 | 3,223 | 25,960 | 15,472 | 10,488 |
| 2018-19 | 23,389 | 864 | 22,526 | 15,726 | 6,800 |
| 2017-18 | 16,846 | 1,215 | 15,631 | 12,003 | 3,627 |
| 2016-17 & Prior | 44,641 | 3,559 | 41,0820 | 40,311 | 770 |
| Total | 1,216,016 | 699,344 | 516,672 | 143,587 | 373,085 |

Rates postponement is offered to ratepayers aged over 65 under Council's Remission and Postponement Policy

17. Information Package

RECOMMENDATION

That the Assets & Services Information Package originally scheduled for the 9 March 2023 meeting (cancelled) be received and noted.

18. Decision to Conduct Business with the Public Excluded

Decided: That the public be excluded from the following parts of the proceedings of this meeting, namely:

- Marlborough Tech & Innovation Hub
- Land Acquisition
- Debtors

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| General Subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under Section 48(1) for the passing of this resolution |
|---|---|--|
| Debtors | In order to protect the privacy of natural persons, as provided for under Section 7(2)(a). | That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under Section 7 of the Local Government Official Information and Meetings Act 1987. |
| Marlborough Tech & Innovation Hub Land Acquisition | To enable the Council, as holder of the information, to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) as provided for under Section 7(2)(i). | That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under Section 7 of the Local Government Official Information and Meetings Act 1987. |