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7 June 2023

Record No: 23115984
File Ref: D050-001-C01
Ask For: Nicole Chauval

Notice of Committee Meeting – Tuesday, 13 June 2023

A meeting of the Economic, Finance & Community Committee will be held in the Council Chambers, 15 Seymour Street, Blenheim on **Tuesday, 13 June 2023 commencing at 9.00 am.**

BUSINESS

As per Agenda attached.

MARK WHEELER
CHIEF EXECUTIVE



**Meeting of the
ECONOMIC, FINANCE & COMMUNITY COMMITTEE
to be held in the Council Chambers, 15 Seymour Street, Blenheim
on TUESDAY, 13 JUNE 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 Fauls 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. Economic Development Update

(Clr Croad) (Report prepared by Neil Henry and Mark Unwin)

E100-010-01

Purpose of Report

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

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 Circular Wine Smart+Connected group has been formed around a regional waste resource solution with Melissa Macfarlane engaged to support the groups activities.

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.
- Update of the #weloveithere campaign and launch of the VR videos
- Running TechWeek with 8 well attended events 450 people
- The Head of Faculty Tech recruitment campaign has proven successful with the school have multiple candidates to choose from.
- Launch of the new Marlborough Brand Te Ara o Tai
<https://www.instagram.com/marlborough.nz/>
- Launch of Winepro <https://winepro.co.nz/>
- Cawthron Environmental Awards <https://www.cmea.org.nz/2023-award-winners>

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. Updates since previous report from Economic Development Team in Feb 2023.

Smart Business Marlborough

9. **Development enquiries**

- Working with The Green Circle with Kanoa
- Working with Marine Flex on attracting investment
- Working with Sounds Air on electrification

10. **Business Trust Marlborough (BTM)**

- Activities continue.

11. **Infometrics Data**

- The March quarterly economic monitor was released in late May. This can be viewed here: <https://qem.infometrics.co.nz/marlborough-district>

12. **MarlboroughNZ**

- Brand refresh launched- 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.
- Brand guidelines have been issued and are available by email
- Great response from partners on the brand
- Website work ongoing to be completed in three months



- Talent attraction campaign – MDC ED-team is collaborating with the HR professionals and Marlborough Chamber on a ongoing talent attraction campaign to attract skilled and high paid staff (\$70-80K +) to Marlborough. <https://www.weloveithere.nz>

Smart + Connected Industry

13. Aquaculture

- The last progression workshops for the Aquaculture group are held monthly, there are now two workshops
 - Mussels as superfood
 - Hatchery/nursery
- Smart and Connected Aquaculture continues to progress two key projects, one regarding profiling the health benefits of greenshell mussels and the other looking at opportunities to boost mussel spat retention. The latter project will likely require support from the consenting team and is exploring potential synergies with our data twin projects.
- The latest Smart and Connected thought leadership meeting was held on 12th April 2023
- The next meeting will be 14 June 2023, 11am
- Brendon Burns continues to be the Chair of the Aquaculture Steering Group

14. Labour and Skills

- The latest S+C Labour & Skills steering group meeting was held on 5th April 2023
- Topics meeting:
 - Talent & talent attraction for Marlborough
 - Academy initiative Marlborough
 - Wine Marlborough workforce plan
 - Future of work conference 14th June
- Vance Kerslake chairs this group and is getting new projects & people on board
- The next meeting was scheduled for 7th June 2023

15. Aviation & Aerospace

- The S+C Aviation and Aerospace meeting took place on 21 May 2023.
- <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 the airbase on 25 July 2023
- The group Chair is Matt Kerr

16. Forestry and Wood Sector

- The S+C Forestry and Wood meeting was held on 20th April 2023
- A site visit to the planting project in the Wither Hills took place. This project was an entrant into the Cawthron Marlborough Environment Awards, for more information see a video about the entry: <https://youtu.be/d5lmj071fQA>
- A new chair for the group is being sought
- Next meeting is planned for 22nd June 2023

17. Circular Wine

The S+C Circular meeting was held on Thursday 24th May

- Circular wine hosted another thought leadership session with the Head of Sustainability and co founder of Chia sisters Florence Van Dyke. There is good industry appetite to collaborate and the first steerco is scheduled for 7th June. We are progressing engagement with the waste minimisation fund to seek potential co-funding on business casing a regional waste solution.

- Next Meeting is planned for 14th June 2023

18. **Blenheim Business Association (BBA)**

- Update provided by Lynette Rayner, Chair of BBA
- The Te Ra sculpture was successfully installed and engagement with it has been considerable, it is constantly being used.
- The agriculture site in Market Square has had the shepherd, sheep & dog installed, it's been very well received, and engagement is high.
- Storyboards for all sites are all still in progress, there has been some information delays from third parties
- Small plaques are to be installed at each site, set in the ground, with a brief message regarding the site
- The Echo masts are complete
- BBA profile is rising due to increased social media presence and generally being on the ground
- AGM held mid May, there was good engagement and included a presentation from the police regarding all aspects of CBD safety

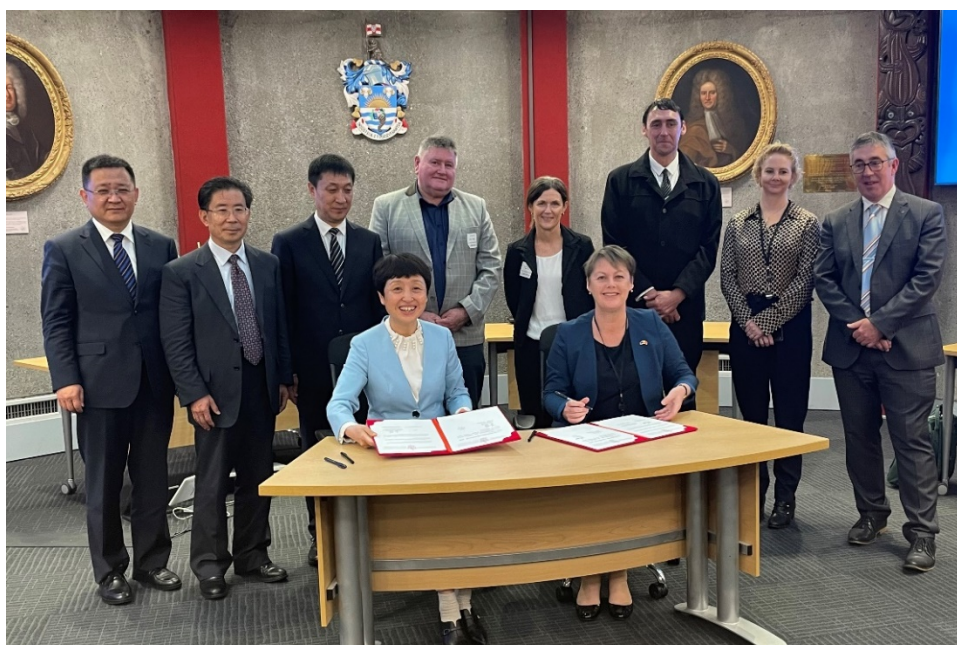
Other programmes & activities

19. **Screen Marlborough**

- Workshop for aspiring camera operators run by Tyler Redmond
- Funding requests for short films

20. **Ningxia sister region visit**

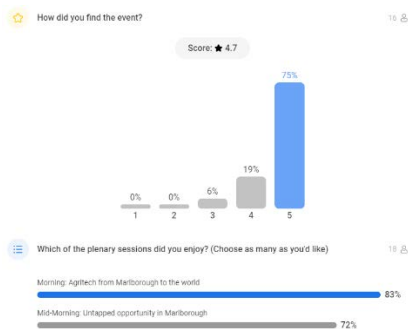
- A delegation from Ningxia, China visited Marlborough on 4-5 May. It was the first visit of a delegation from our sister region since 2019 due to Covid. The delegation visited MDC and New Zealand Wine Centre and discussion were held about further co-operation related to wine technology, wine education and talent exchanges.



21. **Marlborough Economic Wellbeing Strategy 2022 - 2023**

- CEO's in Marlborough afternoon session held at The Fancy Cow 18th May 2023
- Newsletter sent out
- Tech week locations and over 450 plus people involved with the Marlborough Virtual EDA in full swing. <https://techweek.co.nz/whats-on/regions/marlborough/>
- Innovation Day

Speakers included [Bridgit Hawkins](#), [Rob Besaans](#), [Tracy Atkin \(Benge\)](#), [Stacey Young](#), [Darrell Lizamore](#), [John Mawson](#) followed by Alec McNeil and the panel on social license with [Nigel Sowman](#), [Graeme Tregidga](#). Angela Mackenzie moderated by [Melissa Macfarlane](#). The event rated 4.7 out of 5 which was a great follow up to last year. Thanks [Allan Willoughby](#) and [Datacom](#) for the sponsorship



- Forestry Hackathon
[Sky Ventures](#) taking 30 people from industry and 18 students from [Marlborough Boys College](#) looking the opportunities in forestry slash.

- Feedback from MBC

Hi Angela,

Thank you so much for the amazing opportunity on Friday.

I think it was an incredible event and provided so many different interactions between MBC students and the Forestry Industry, the Library and the public- let alone the learning that goes on for collaborating with others and investigating how to deal with the slash.

I am so honoured to have been involved in the event and found the day immensely rewarding. The feedback from the boys has also been extremely positive. They reported back today to the other students in their GATE (Gifted and Talented) class.

Thanks also for providing the prizes for the students. Very rarely in school events are there cash prizes, so it was a real highlight for the students aswell.

Rebecca

*Rebecca Kane | Teacher of Science and Agriculture |
Teacher in Charge New Zealand School of Winegrowing
Marlborough Boys' College | Te Kāreti taitama o Wairau
5 Stephenson Street, Blenheim, Marlborough 7201, New Zealand
Direct dial 03 921 4332
<https://www.winegrowing.school.nz/>
www.mbc.school.nz*

- Privacy and Ethics. (60 People) Update provided online by [Frith Tweedie](#)
- Dragons Den with [AIM - Angel Investors Marlborough](#) and [Marlborough Chamber of Commerce](#). 100 people treated to 4 great pitches. Including @Dog Along from startup weekend.

22. **Kānoa (Regional Economic Development & Investment Unit)**

- Application lodged for Marlborough Tech and Innovation Hub
- Puro undertaking further negotiations for approval
- The Green Circle undertaking further negotiations for approval

Next Steps

23. To continue with the delivery of the Marlborough Smart+Connected and Smart Business Marlborough programmes and to report back to the committee.
24. To continue development and implementation of the new economic development work programme for FY 2023/2024.

Authors	Mark Unwin, Economic Programmes Manager
Authoriser	Neil Henry, Manager, Economic Development and Strategic Planning

4. Waiving of Fees Review for Community

(The Chair) (Report prepared by Jodie Griffiths)

C150-001-000

Purpose of Report

1. To consider the overall budget for waiving of fees
2. To consider all the policies
3. To review the fee waiver for Community Use of the Marlborough Events Centre.

Executive Summary

4. Council requested a review of the current annual budget set by Council for waiving of fees.
5. The maximum level of funding available to each community group or organisation needs to be reset.
6. Recommended continuing with a the fee waiver in respect of community events at the Marlborough Events Centre.

RECOMMENDATION

That Council retain current budget levels and policies with a review of the policies, overall budget amount per waiver for the 2024/34 LTP.

Background/Context

7. Waiving of fees was established as an acknowledged way for Council to assist non-profit organisations to reduce costs when developing facilities for community, social, recreation and cultural needs or carrying out activities of community benefit.
8. The waiver of fee policies relate to Resource Consents, Building Consents, Food Licencing and Transfer Station fees.
9. In February 2010 the policy was reviewed with a maximum level which could be claimed per application set at \$1,500 + GST per organisation. This is on a per annum basis.
10. The annual budget for waiving of fees is \$30,000.
11. For the 2022/23 financial year Council approved a budget of \$20,000 as a one-off to trial a waiver of fee in respect of the Marlborough Events Centre. The facility was previously leased and managed by the Scenic Hotel Group. Under this agreement six 'Community Use' days were available to community groups. Others were provided as "sponsorship" by Scenic Convention Services.

Assessment/Analysis

12. The individual fee waiver has not increased in thirteen years. However, the cost of Resource Consent and Building Consent fees have increased annually.
13. There is steady demand for this waiver, with the requests being managed within the current budget. However, prior to Covid-19 demand on the budget was increasing and that pressure could once again increase as community projects develop in the Post-Covid environment. Approximately 25% of the requests exceed the \$1500 + GST policy maximum.

14. Momentum is gaining for community groups to request a fee waiver in respect of the Marlborough Event Centre. Four events have been held with a further four due to be held in the coming months. Events over the next 12 month period can be funded from budget carry overs.
15. The 2024 -2034 Long Term planning process would be the ideal time to reconsider the policies and budgets for fee waivers. Another year of applications would provide a better overview of demand and any increases can consider any LTP fees increase for the relevant waiver options.

Option One (Recommended Option) – Status Quo

16. Retain the current level of funding and policies and request a review in 2024.

Advantages

17. No additional cost to Council

Disadvantages

18. Community groups and organisations will be required to seek extra funding via other fundraising in order to achieve community projects and activities as these costs continue to increase.
19. Projects may not be attempted due to funding constraints.

Option Two– Increase annual budget

20. Increase the overall annual budget for waiving of fees and raise the maximum level of this permitted per group or organisation.
21. Proposed waiving of fee budget to increase to \$40,000 per annum with a maximum waiver increase to \$2,000 per organisation.

Advantages

22. This would enable the maximum waiver of fee per organisation to be reviewed and increased.
23. More community organisations could carry out projects which benefit the region.
24. With an increased budget the fee waiver could be promoted more widely to the community.

Disadvantages

25. Rates increase required

Attachment

Attachment 1 - Current waiving of fee policies <https://www.marlborough.govt.nz/our-community/grants-and-awards/waiving-of-fees>

Author	Jodie Griffiths, Community Partnerships Advisor
Authoriser	Dean Heiford, Manager Economic, Community & Support Services

Summary of decision-making considerations			
Fit with purpose of local government			
The proposal enables the review of additional financial resource to support community projects and activities which benefit a wide number of people in the Marlborough community.			
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	<input type="checkbox"/>	<input type="checkbox"/>	X
Infrastructure Strategy	<input type="checkbox"/>	<input type="checkbox"/>	X
Social well-being	X	<input type="checkbox"/>	<input type="checkbox"/>
Economic development	<input type="checkbox"/>	<input type="checkbox"/>	X
Environment & RMA Plans	<input type="checkbox"/>	<input type="checkbox"/>	X
Arts & Culture	X	<input type="checkbox"/>	<input type="checkbox"/>
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 Council's support to Community groups and Not-for-Profit organisations.			
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			
The financial implications are an increase to the overall grants budget to enable an increase to waiver of fee support.			
Significance			
The decision is considered of low significance under Council's Significance and Engagement Policy.			
Engagement			
Proposed engagement with community groups Licencing, Resource and Building Consent Departments.			
Climate Change Implications			
There are no known climate change implications to this decision.			

5. Library Report

(Clr S 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.

Last Day at the Marlborough District Library, 33 Arthur Street

2. At 4.00pm on Sunday 23 April 2023 the Marlborough District Library, 33 Arthur Street closed its doors to the public for the final time. Members were asked to borrow additional items to get them through the library closure until reopening at the new site. The District Library's collection totalled 74,400 items and over 35,000 items were out on loan.



3. The Sunday Team consisted of Jane Milne, Maggie Girling, Glenn Webster, Sarah Tansley, student Joshua Wyatt and Tania Miller.

Dawn Blessing

4. Invited guests gathered at the entrance to the Marlborough Library and Art Gallery at 4.20am on Friday 5 May 2023.
5. Iwi representatives were joined by the Mayor, Councillors and staff, along with members of the Marlborough Art Gallery Trust, staff from Robinson Construction, Davidson Partners, APL, Warren and Mahoney Architects and quantity surveyor Brendan Blackmur.
6. Following the blessing attendees were asked to sit on the stairs to record the moment.



Moving the Collection

7. Following the dawn blessing Crown Movers arrived to commence transferring the collection.

8. Six staff worked at an amazing pace on Friday afternoon, Saturday and Sunday moving the collection using crates fitted with shelving to transfer the stock.



9. The transfer was completed on Tuesday morning following the team's rest day off on Monday.

Soft Opening

10. At 12 noon on Friday 12 May the Marlborough Library welcomed visitors into its new facility.
11. The Marlborough Gallery opened on the following Wednesday 17 May.
12. So many favourable comments from the public as they entered the facility for the first time.



Marlborough Library Usage Statistics - 12 May – 28 May 2023

Items Checked Out (Issued) and Checked In (Returned)

	Checkouts	Checkins
12-May	1,248	1,634
13-May	2,222	2,515
14-May	1,827	2,400
15-May	2,090	3,558
16-May	1,602	3,184
17-May	1,628	2,618
18-May	1,963	3,121
19-May	1,323	1,220
20-May	2,016	1,305
21-May	1,633	579
22-May	902	1,689
23-May	837	962
24-May	859	795
25-May	1,070	901
26-May	1,221	1,270
27-May	1,187	846
28-May	1,204	1,070
	24,832	29,667



Membership

13. The number of people who joined or renewed their membership during 12 May – 28 May was:

New Members	Membership Renewals
705	858

Visitor Numbers (Door Count)

14. The number of people who visited the new Marlborough Library / Art Gallery between 12 May – 28 May 2023, recorded via the RFID entrance gates, was:

12-May	1,264
13-May	1,921
14-May	1,980
15-May	1,728
16-May	1,893
17-May	1,685
18-May	1,713
19-May	1,358
20-May	1,939
21-May	1,572
22-May	1,157
23-May	1,376
24-May	1,249
25-May	1,294
26-May	1,392
27-May	1,409
28-May	1,363
	26,293

Picton Library and Service Centre

15. Following several weeks where opening hours had to be reduced and programming at Picton Library and Service Centre had to be cancelled due to staff contracting COVID, the first Company Café session to resume on Thursday 18 May was well attended with 43 people present, including some from Seaview Rest Home.



Author	Glenn Webster, Libraries Manager
Authoriser	Dean Heiford, Manager Economic, Community & Support Services

6. Three Waters Better Off Funding

(The Mayor) (Report prepared by Martin Fletcher/Jamie Lyall)

E100-004-01

Purpose of Report

1. To provide for Council's information the list of projects approved under Tranche 1 of Three Waters Well Being Funding.
2. To seek Councillors agreement to the amend the content and funding for one project.

RECOMMENDATION

1. That Council note the list of projects approved under Tranche 1 of Three Waters Well Being Funding;
2. That Council agree the amendments as outlined in paragraph 6 (a) and 6(b) be made to the Better Off Funding proposals.

Background/Context

3. The Crown approved \$5.76 million of "Better Off Support" tranche one funding proposals. At the time of approval there was to be a further Tranche two funding pool of \$17.28 million which would be available for application from 1 July 2024. The Crown have subsequently removed the tranche two funding.
4. The following projects are currently approved, with some projects approved for a planning stage with tranche two funding for the actual physical works.

	Proposal	Tranche One Funding	Tranche Two Funding
1	Giving effect to the National Policy Statement on Freshwater management (NPSFM)	\$375,000	
2	Giving effect to Te Mana o te Wai	\$650,000	
3	Rezoning Variations to the Proposed Marlborough Environment Plan (PMEP)	\$300,000	
4	River Flood Protection and Climate Change Enhancement (Rivers Administration Officer)	\$350,000	
5	Emergency Management Response (Officer)	\$475,000	
6	Marlborough Sounds Long Term Recovery Plan	\$210,000	
7	Solar Panels Library Building	\$250,000	
8	Upgrade Lights (LED) - Lansdowne Park	\$100,000	\$900,000
9	Wairau River Aquifer Recharge Enhancement Study	\$220,000	
10	Capacity Building (Cadetship Proposal)	\$300,000	
11	Nelson Square (Waitohi) redevelopment	\$200,000	\$450,000
12	Cultural Competency	\$170,000	
13	Identify Iwi requirements for geospatial data and build digital tools	\$200,000	\$400,000
14	Air Quality Monitoring Picton	\$330,000	
15	Wairau River Regional park	\$100,000	
16	Heritage Centre Investigation	\$120,000	

	Proposal	Tranche One Funding	Tranche Two Funding
17	Tracks and Pathways (Improving accessibility)	\$150,000	\$1,470,000
18	Technology and Innovation Hub	\$460,000	
19	Water Allocation and Accounting database	\$800,000	
	Total	\$5,760,000	\$3,220,000

Proposed Amendments to Better Off Support Funding Proposals

5. The approvals for Tranche 1 funding permit Council to amend its proposals at 6 monthly intervals, depending on how projects are proceeding, priorities and as cost estimates achieve greater certainty. This enables Council to amend its proposals to align with the funding requirements of each project and the evolving priorities. It is proposed that the changes agreed by Council are actioned to take effect from 1 July 2023. Subsequent changes will be reported to Council at each six-monthly reset.
6. The following amendments to the funding proposals are recommended:
 - a) Lansdowne Park Lights – reduce funding from \$100,000 to \$20,000 to complete engineering report which is already underway.
 - b) Tracks, trails and accessibility – utilise existing \$150,000 budget and \$80,000 from Lansdowne Park lights towards Okiwi Bay track and boardwalk project. The project will provide a pathway/boardwalk through native land and around a significant wetland providing protection to the wetland and allowing people to experience the values of the area. The land was accepted to be vested as a reserve with the subdivision in Okiwi Bay.
 - c) Refer other projects marina 2 marina sealing, community hall audit and Seymour Square and Taylor Reserve back to Council for future funding consideration.
 - d) Technology Hub – As Kanoa have provided further funding support of \$577,700 for improved fit out, this proposal is being modified in a separate paper in the “Public Excluded” section of this Agenda, because commercial negotiations are still in progress.

Author	Martin Fletcher, Chief Financial Officer; Jamie Lyall, Property & Community Facilities Manager
Authoriser	Mark Wheeler, Chief Executive

7. Financial Report for Council – Period Ended 30 April 2023

(Clr 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 30 April 2023.

Executive Summary

- The Council's Financial Report for the period 1 July 2022 to 30 April 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 with additional updates made to reflect updated progress expectations at year end. Forecast data will continue to be updated as information comes to hand.

Revenue and Operational Expenditure

(in millions)	1 July to 30 Apr 2023			Whole year		
	Actual	Budget		Forecast	Budget	
Surplus/(Deficit)	(\$0.3)	(\$8.8)	✓ \$8.5	\$1.5	(\$6.6)	✓ \$8.1
Income	\$137.9	\$142.1	✗ (\$4.2)	\$166.3	\$170.4	✗ (\$4.1)
Expenditure	\$138.2	\$150.9	✓ (\$12.7)	\$164.8	\$177.0	✓ (\$12.2)

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.
- Receipt of un-budgeted Affordable Water Reform Council Transition Support Package Funding.
- Lower than anticipated roading reinstatement expenditure due to the impacts of the August 2022 flood event. 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, delays and grant funding in past capital expenditure programmes resulting in less external borrowings.

Capital Expenditure

(in millions)	1 July to 30 Apr 2023			Whole year		
	Actual	Budget		Forecast	Funded	
Capex	\$53.6	\$100	✗ (\$46.4)	\$64.5*	\$82.4	✗ (17.9)

* 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

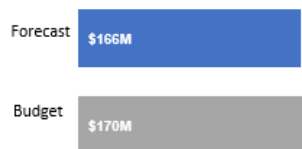
That Council receive the Financial Report for the period ending 30 April 2023

Income (\$000's)	1 July 2022 to 30 April 2023				Notes	Whole Year			
	Actual	Budget	Variance			Forecast	Budget	Variance	
Rates	66,082	66,499	(416)	-1%		79,838	80,037	(259)	-0%
-less remissions	(451)	(378)	(73)	19%		(509)	(454)	(55)	12%
Rates	65,631	66,120	(489)	-1%		79,329	79,643	(315)	0%
Rates penalty income	278	263	15	6%		330	315	15	5%
Total Rates	65,909	66,383	(474)	-1%	3a	79,659	79,958	(300)	-0%
Other Income									
Dividends	3,318	3,010	308	10%	3b	3,320	3,012	308	10%
Interest Revenue (external)	2,546	2,527	19	1%		3,052	3,033	19	1%
Petroleum Tax	335	346	(11)	-3%		404	415	(11)	-3%
Gain on Sale of Fixed Assets	-	-	-	-		-	-	-	-
Marlborough Regional Forestry	-	-	-	-		-	-	-	-
Property and Other Revenue	3,402	3,209	193	6%	3c	4,344	4,651	(307)	-7%
Total Other Income	9,601	9,092	509	6%		11,120	11,111	9	0%
Activity Income									
People									
Democratic Process	48	60	(12)	-19%		60	72	(12)	-16%
Culture and Heritage	1,788	1,775	13	1%		1,788	1,775	13	1%
Housing for Seniors	1,503	1,461	42	3%		1,795	1,753	42	2%
Community Support	647	511	135	27%	3d	749	613	135	22%
Library Services	2,451	2,404	47	2%		2,667	2,619	47	2%
Emergency Management	1,488	1	1,487	155107%	3e	1,338	19	1,319	10021%
Community Facilities	4,040	2,316	1,724	74%	3f	4,503	2,780	1,724	62%
Roads and Footpaths	43,797	51,170	(7,373)	-14%	3g	54,791	61,404	(6,614)	-11%
Flood Protection and Control Works	4,532	5,554	(961)	-17%	3h	5,708	6,835	(966)	-15%
Sewerage	6,507	4,654	1,853	40%	3i	7,455	5,853	1,603	27%
Stormwater Drainage	1,639	953	746	78%	3j	1,890	1,144	746	65%
Water Supply	3,415	1,082	2,334	216%	3k	3,632	1,298	2,334	180%
Solid Waste Management	9,807	10,319	(511)	-5%	3l	11,855	12,283	(429)	-3%
Environmental									
Environmental Policy	144	-	144	-	3m	144	-	144	-
Environmental Science and Monitoring	2,739	1,893	846	45%	3n	3,318	2,272	1,046	46%
Environmental Protection	1,040	896	144	16%	3o	1,059	915	144	16%
Resource Consents	1,425	1,412	14	1%		1,707	1,634	74	5%
Regulatory									
Building Control	3,084	3,059	25	1%		3,696	3,671	25	1%
Environmental Health	375	338	37	11%		440	406	34	8%
Biosecurity	5,609	5,690	(81)	-1%		5,624	5,705	(81)	-1%
Animal Control	741	656	85	13%		761	686	75	11%
Harbours	872	536	336	63%	3p	960	530	370	63%
Regional Development	1,655	1,621	34	2%		1,979	1,945	34	2%
Total Activity Income	99,467	98,360	1,107	1%		118,519	116,191	2,328	2%
Total MDC Income	174,977	173,835	1,142	1%		209,297	207,261	2,037	1%
Total revenue which is non-cash or tied to a reserve or to fund capex	(37,005)	(31,680)	(5,326)	17%		(42,978)	(36,793)	(6,185)	17%
Total MDC Operating Income	137,972	142,156	(4,184)	-3%		166,319	170,467	(4,148)	-2%

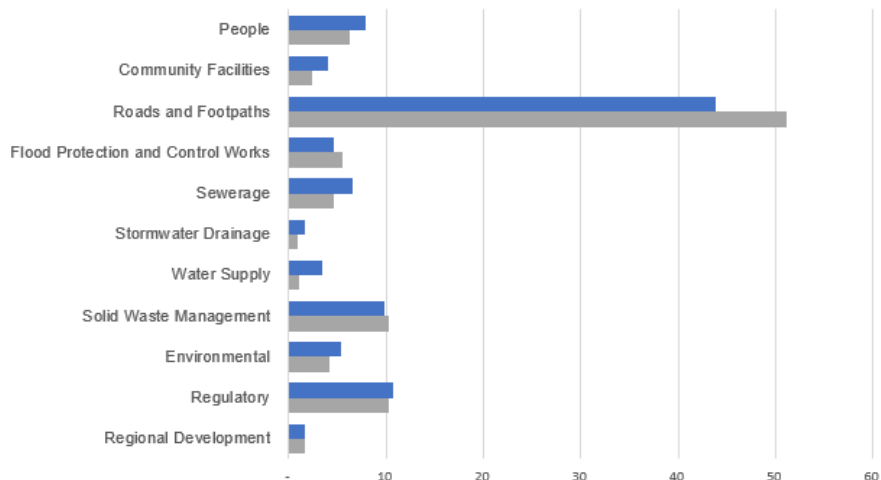
1 July 2022 to 30 April 2023
(in millions)



Whole Year (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 primarily in the areas. The year end result will depend on the final quarter readings.
 - b. Dividends are ahead of budget with the receipt of final dividend from MDCH in February.
 - c. Property and Other Revenue is ahead of budget due to:
 - i. Receipt of Affordable Water Reform 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 first instalment of the tranche one of the Better Off funding which is budgeted in this area has been allocated into the activities which the approved projects relate to.

- d. 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.
- e. Emergency Management is ahead of budget due to:
 - i. Subsidies received from Waka Kotahi for response and welfare costs from the August 2022 flood.
 - ii. The receipt of instalment one of tranche one of the Better Off Funding from the DIA. This was budgeted in the Property and Other Revenue category prior to the allocation of funds to specific projects.
- f. Community Facilities is ahead of budget due to:
 - i. Receipt of Tourism Infrastructure Funding (TIF) for public convenience upgrades in the region.
 - 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 developments.
- g. 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 vested assets received from Wai-iti and Rose Manor subdivisions as they have reached the stage required to contribute.

- h. Flood Protection and Control Work is below budget due to insurance funds from the July 2021 Flood event not being received yet. The claim for river damage repairs to 30 June 2022 is currently being assessed by Council's insurers. It is unlikely that a settlement will be reached before year end.
- i. 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, Rose Manor and developments.

This is partially offset by lower than anticipated trade waste charges. Charges have been invoiced for the low value annual customers and three quarterly instalments issued for the high value users.

- j. 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.

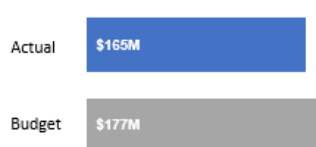
- k. Water Supply is ahead of budget due to:
 - i. Receipt of the final instalment of Affordable Water Reform stimulus funding from the DIA.
 - ii. Development contributions received from the Wai-iti and Rose Manor subdivisions as they have reached the stage required to contribute.
 - iii. Vested assets received from the Wai-iti and Rose Manor developments.
- l. Solid Waste Management is behind budget due to lower than anticipated dump volumes. The regional landfill is down by 1,240 tonnes on the same period for the previous year.
- m. Environmental Policy is ahead of budget due to the receipt of instalment one of tranche one of the Better Off Funding from the DIA. This was budgeted in the Property and Other Revenue category prior to the allocation of funds to specific projects.
- n. Environmental Science and Monitoring is ahead of budget due to the timing of grants received under the Jobs for Nature program for the Te Hoiere restoration project and the \$0.5M unbudgeted first instalment of \$1.5M funding from the Ministry for the Environment for the Essential Freshwater reforms.
- o. Environmental Protection is ahead of budget due to unbudgeted reimbursement for cost relating to contamination. The costs have been incurred by the Council during 2020-2022.
- p. Harbours is ahead of budget due to the unbudgeted reimbursement for costs relating to the repositioning of the Valaris oil rig in the Marlborough Sounds.

Expenditure	1 July 2022 to 30 April 2023				Notes	Whole Year			
	Actual	Budget	Variance			Forecast	Budget	Variance	
Activity Expenditure									
People									
Democratic Process	3,243	3,439	(196)	-6%	4a	3,920	4,116	(196)	-5%
Culture and Heritage	1,408	1,625	(217)	-13%	4b	1,645	1,862	(217)	-12%
Housing for Seniors	1,476	1,636	(160)	-10%	4c	1,837	1,939	(102)	-5%
Community Support	2,431	2,798	(367)	-13%	4d	2,989	3,352	(363)	-11%
Library Services	2,930	2,750	180	7%	4e	3,464	3,280	184	6%
Emergency Management	2,534	689	1,845	268%	4f	3,020	825	2,195	266%
Community Facilities	13,001	13,494	(494)	-4%	4g	15,493	16,076	(583)	-4%
Roads and Footpaths	54,234	63,985	(9,751)	-15%	4h	65,476	75,237	(9,761)	-13%
Flood Protection and Control Works	6,758	8,076	(1,318)	-16%	4i	8,297	9,487	(1,190)	-13%
Sewerage	10,427	10,853	(426)	-4%	4j	12,596	12,831	(235)	-2%
Stormwater Drainage	2,235	2,427	(193)	-8%	4k	2,667	2,794	(128)	-5%
Water Supply	8,427	9,467	(1,040)	-11%	4l	10,191	11,164	(973)	-9%
Solid Waste Management	12,393	13,348	(955)	-7%	4m	15,481	15,705	(224)	-1%
Environmental									
Environmental Policy	1,697	2,004	(307)	-15%	4n	2,098	2,404	(307)	-13%
Environmental Science and Monitoring	6,443	7,528	(1,085)	-14%	4o	7,889	8,986	(1,097)	-12%
Environmental Protection	1,412	1,803	(392)	-22%	4p	1,772	2,163	(391)	-18%
Resource Consents	2,307	3,029	(722)	-24%	4q	2,912	3,630	(718)	-20%
Regulatory									
Building Control	3,745	3,707	38	1%		4,485	4,443	42	1%
Environmental Health	608	684	(75)	-11%		731	820	(89)	-11%
Biosecurity	6,328	6,305	23	0%		7,588	7,563	25	0%
Animal Control	737	741	(4)	-0%		885	889	(4)	-0%
Harbours	1,912	1,706	206	12%	4r	2,221	2,015	206	10%
Regional Development	5,229	5,944	(715)	-12%	4s	6,320	7,027	(708)	-10%
Total Activity Expenditure	151,914	168,039	(16,125)	-10%		183,975	198,609	(14,634)	-7%
Less Internal Interest	(4,135)	(4,790)	655	-14%	4t	(5,093)	(5,749)	655	-11%
	147,779	163,248	(15,469)	-9%		178,882	192,860	(13,978)	-7%
Other expenditure									
Interest expense (external)	4,254	4,954	(699)	-14%	4t	5,245	5,945	(699)	-12%
Property and other expenditure	5,142	3,426	1,715	50%	4u	4,229	2,503	1,726	69%
Total other expenditure	9,396	8,380	1,016	12%		9,474	8,448	1,026	12%
Total MDC expenditure	157,175	171,628	(14,453)	-8%		188,356	201,308	(12,952)	-6%
Total expenditure which is non-cash or reserve funded	(18,884)	(20,669)	1,785	-9%		(23,511)	(24,237)	726	-3%
Total MDC operating expenditure	138,291	150,959	(12,668)	-8%		164,845	177,072	(12,227)	-7%
Operating SURPLUS	(320)	(8,804)	8,484	-96%		1,474	(6,604)	8,079	-122%

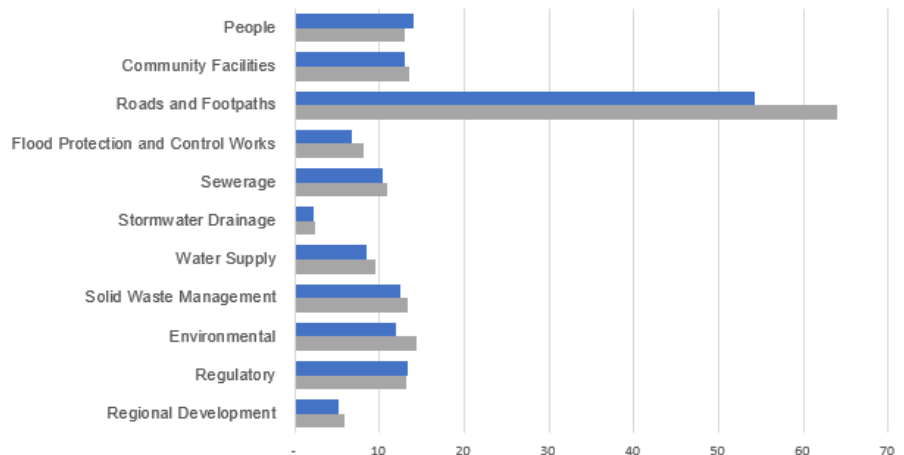
1 July 2022 to 30 April 2023
(in millions)



Whole Year (in millions)



Actual vs Budget by Activity Group (in millions)



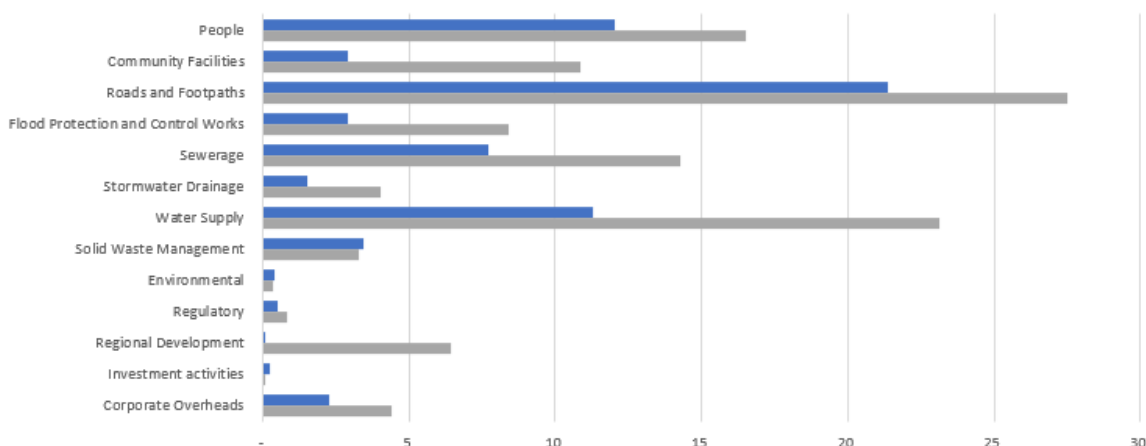
4. Comments are provided below on variances greater than \$100,000:
- a. Democratic process is behind budget due to the timing of the LGNZ membership invoice and lower than anticipated costs for communication management.
 - b. Culture and heritage is behind budget due to delayed grant uplifts which have been carried forward for a number of years. As part of the 2022-23 Annual Plan \$215k has been surrendered pending a full review of heritage requirements as part of the 2024-34 Long Term Plan.
 - c. Housing for Seniors is behind budget due to lower than anticipated repair and maintenance expenditure. Repairs and maintenance are managed by APL.
 - d. 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.
 - e. Library Services is ahead of budget due to timing of an internal recovery for Customer Services Offices at the Picton Library.
 - f. Emergency Management is ahead of budget due to:
 - i. Costs associated with the response and welfare from the August 2022 flood.
 - ii. Cost associated with the sounds future roading access study.
This is partially offset by income received in 3g. The claims submission process is ongoing.
 - g. 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.
 - h. 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. Accounting entries will be made at year end to move some of these costs to capital.
 - ii. Lower than anticipated general roading maintenance expenditure.
 - i. Flood Protection and Control Works is below budget due to lower than anticipated flood damage repairs with some expenditure expected to be carried over to next year.
 - j. Sewerage is behind budget due to lower than anticipated treatment costs in Riverlands Industrial.
 - k. Stormwater Drainage is behind budget due to lower than anticipated reticulation maintenance costs.
 - l. 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.
 - m. Solid Waste Management is behind the budget due to:
 - i. Lower than anticipated waste recycling projects costs. The grants received for the recycling project are being redirected to fund the green waste weighbridge installation.
 - ii. Landfill ETS obligation being less than expected as the waste volumes are down at the Regional Landfill and the legislated unique emissions factor is lower than expected.
 - n. Environmental Policy is below budget due to lower than anticipated consultancy charges.
 - o. 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.
 - p. Environmental Protection is below budget due to lower than anticipated legal charges for consents compliance.

- q. Resource Consents is below budget due to the lower than anticipated legal costs which are based on demand.
- r. 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 in 3p.
- s. 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.
- t. External and Internal Interest expenses are lower than anticipated due to the savings, deferrals, delays and grant funding in past capital expenditure programmes resulting in less external borrowings.
- u. 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 cost 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 30 April 2023				Notes	Whole Year			
	Actual	Budget	Variance			Forecast	Budget	Variance	
People									
Culture and Heritage	15	2,109	(2,095)	-99%	5a	18	2,531	(2,513)	-99%
Housing for Seniors	1,585	4,020	(2,434)	-61%	5b	2,089	4,824	(2,734)	-57%
Community Support	-	44	(44)	-100%		9	53	(44)	-83%
Library Services	7,710	7,577	133	2%		8,258	9,093	(835)	-9%
Emergency Management	3	7	(4)	-58%		5	9	(4)	-41%
Community Facilities	2,350	9,133	(6,782)	-74%	5c	2,905	10,842	(7,937)	-73%
Roads and Footpaths	17,271	23,714	(6,443)	-27%	5d	21,355	27,532	(6,176)	-22%
Flood Protection and Control Works	1,757	6,995	(5,239)	-75%	5e	2,890	8,394	(5,504)	-66%
Sewerage	6,892	11,158	(4,265)	-38%	5f	7,701	14,289	(6,588)	-46%
Stormwater Drainage	1,437	3,368	(1,931)	-57%	5g	1,536	4,032	(2,495)	-62%
Water Supply	9,616	19,257	(9,642)	-50%	5h	11,307	23,109	(11,802)	-51%
Solid Waste Management	2,541	2,722	(181)	-7%		3,415	3,266	149	5%
Environmental									
Environmental Science and Monitoring	344	278	66	24%		399	334	66	20%
Resource Consents	-	3	(3)	-100%		1	3	(3)	-83%
Regulatory									
Building Control	40	-	40	-		40	-	40	-
Environmental Health	-	3	(3)	-100%		1	3	(3)	-83%
Biosecurity	43	-	43	-		43	-	43	-
Harbours	280	673	(392)	-58%		415	807	(392)	-49%
Regional Development	89	5,340	(5,251)	-98%	5i	91	6,408	(6,318)	-99%
Investment activities	204	53	150	282%		214	64	150	235%
Corporate Overheads	1,480	3,567	(2,087)	-59%	5j	1,881	4,382	(2,500)	-57%
Total Net Capital Expenditure	53,657	100,022	(46,365)	-46%		64,573	119,974	(55,401)	-46%

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 \$64.5M.

At time of writing Council has a total value of contracts for new assets in progress of \$96.5M. There is \$21.5M of contracted works still outstanding.

Total capital expenditure from 1 July to 30 April 2023 is \$53.6M which is \$6M less than the same period last year (\$59.6M).

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 now open with final accounting entries to be completed for year end, including the split between the two facilities. It is anticipated that the final cost will be close to the overall multi-year project budget.

- b. Housing for Seniors is behind programmed works and the value of carryovers at year end will be small. 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 \$2.5M 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 \$5M 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 carryover 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 the purpose of stormwater in the Northwest Blenheim Extension Zone which was subsequently approved by Council 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 \$6M 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 \$2.3M 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.
 - iii. Picton pipelines at Hampden Street has partially re-budgeted \$0.65M into 2024-25.
- 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 years.

- i. 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 \$0.5M.
 - ii. Flaxbourne Irrigation Scheme \$4M. At this stage we are assuming it will be pushed out to 2023-26.

- j. 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 4v(ii) above. Some of these costs will be carried forward into next year as an operational expenditure budget.

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

	Financial Year to 30 April 2023	Financial Year to 30 April 2022	Difference
Cash received from:			
Rates	60,290	57,078	(3,212)
User charges	21,458	16,547	(4,911)
Property Rentals	6,149	5,378	(771)
Subsidies and Grants	51,605	43,029	(8,575)
Interest and dividends	5,864	3,682	(2,182)
Sale of assets	21	9,219	9,199
Development Contributions	7,779	7,657	(122)
Other revenue	12,064	11,940	(123)
Operating cash received	165,229	154,530	(10,698)
Cash spent on:			
Net GST	3,558	1,809	(1,749)
Payments for operating costs	(134,882)	(117,350)	17,532
Payments for capital expenditure	(46,817)	(52,209)	(5,392)
Operating cash spent	(178,141)	(167,750)	10,392
Cash borrowed from/(repaid to):			
LGFA for Council	10,485	21,125	10,640
Other	1,408	(3,767)	(5,175)
Cash from/(to) borrowing	11,893	17,358	5,465
Invested in subsidiaries or investment property	(2,269)	(1,105)	1,165
Cash and investments:			
net increase/(decrease)	(3,226)	3,034	6,260
at the beginning of the year	18,846	14,227	(4,619)
at the end of April	15,620	17,261	1,641

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:

- a. The delay between invoices being raised/received and paid.
- b. Various accruals, provisions, and prepayments.
- c. 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 30 April 2023

(Clr Croad) (Report prepared by David Craig)

F275-001-02

Purpose of Report

1. To present the Financial Report for the Assets and Services and Community Facilities (including Parking) Departments for the year to 30 April 2023.

Executive Summary

2. The Financial Report for the Assets & Services and Community Facilities (including Parking) Departments from 1 July 2022 to 30 April 2023 is presented below.

Revenue and Operational Expenditure

(in millions)	1 July to 30 April			Whole year		
	Actual	Budget		Forecast	Budget	
Surplus/Deficit	\$12.9	\$0.5	✓ \$12.4	\$17.4	\$5.3	✓ \$12.1
Income	\$127.3	\$127.9	✓ \$0.6	\$154.6	\$154.0	✓ \$0.6
Expenditure	\$114.4	\$127.4	✓ -\$13.0	\$137.2	\$148.7	✓ -\$11.5

A total actual year to date surplus of \$12.9M has resulted through reduced revenues to budget of \$0.6M and reduced expenditure to budget of \$13.0M.

Major variances between year to date actual and budget:

- Roading emergency reinstatement costs for the July 2021 and August 2022 storm events are below budget by \$8.81M and are offset by unfavourable operational roading subsidies of \$5.24M. Other flood damage repair costs of \$2M have been incurred to date, mainly in the Flood Protection Activity, and are within budget at this time. There are also associated savings of \$609k for minor works contracts in the Flood Protection Activity.
- Insurance claims/recoveries are unfavourable to budget by \$1.46M. The LAPP insurance claim for river damage repairs to 30 June 2022 is currently being assessed by Council's Insurers. It appears unlikely that any settlement will be made before year end.
- Flood event welfare response and recovery costs total \$1.85M to date, including \$508k for the Sounds future roading access study. Most of these costs are eligible for subsidy from either National Emergency Management Agency (NEMA) or Waka Kotahi (NZTA) and \$1.38M has been claimed to date.
- Roading subsidy on capital expenditure is below budget by \$3.36M due to lower than anticipated renewals and minor improvements (low cost/low risk projects) expenditure.
- Metered water sales are unfavourable to budget by \$416k. The year end outcome will very much depend on the final quarter water consumption for Riverlands (grape processing) and Southern Valleys irrigation scheme.
- Development contributions \$420k and Reserve fund contributions \$983k are both favourable to budget through 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 \$5.91M. Accounting entries have been completed for multiple stages of Rose Manor and Nikau Drive subdivisions, and for smaller developments in Rose Street, Blenheim and Tui Drive, Picton. The asset vesting schedule for Batty Concepts Ltd, Battys Road is awaited.
- Trade waste revenue is unfavourable to budget by \$709k. The final quarterly instalment for high volume users will be invoiced in June. Revenue for disposal of winery liquid waste directly to the Hardings Road industrial ponds is favourable to budget by \$426k.
- Dump fee revenue is unfavourable to budget by \$507k, in transfer stations (\$183k), the regional landfill (\$279k) and waste projects (\$46K). Dump fee revenue variations are expected to remain constant for the balance of the year.
- The regional landfill emissions trading scheme payment is favourable to budget by \$1.34M. The surrender of carbon credits to meet our annual obligation has been actioned in the May month (the surrender value being \$734k).
- Grant income is favourable to budget by \$2.08M from 3Waters Stimulus Funding (eligibility period was extended) \$1.25M, 3Waters transitional funding \$442k, Tourism Infrastructure Funding (TIF) for public convenience upgrades \$180k and DIA Better Off Funding \$181k.
- Grant expenditure is favourable to budget by \$1.17M due to Marlborough Kaikoura Trail Trust (\$886k) and Flaxbourne Heritage Centre (\$250k) projects.
- Depreciation charges \$704k and interest costs \$693k 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 30 April		Whole year			
	Actual	Budget		Forecast	Funded	
Capex	\$42.1	\$81.9	✘ \$39.8	\$51.5	\$67.5	✘ \$16.0

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 \$42.1M represents 62% of the funded amount.

The major areas of capital expenditure to date are:

- Roads and Footpaths \$17.27M
- Water Supply \$9.64M
- Wastewater \$6.89M

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 \$12.08M to \$17.37M, through a combination of additional revenue of \$590k (favourable government grants and vested assets; offset by unfavourable roading subsidies and insurance recoveries) and reduced operating costs of \$11.49M (emergency reinstatement, grants, depreciation and interest payments).

- Forecast capital expenditure has reduced to \$51.5M, which is \$16.0M 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 30 April 2023 be received.

Background/Context

- Below is the Financial Report for the Assets & Services and Community Facilities (including Parking) Departments, for the ten-month period ended 30 April 2023.
- Budget values include 2021-22 carryovers, which were approved in the August meeting cycle.
- The Forecast column provides projected end of year outcomes, and these will be continually updated as we progress through the year.
- Entries have been completed to account for April revenues and expenditures, including outstanding retention values of \$2.17M for 48 separate construction contracts.
- All figures are rounded to the nearest thousand unless otherwise stated.
- The use of ✘ or ✔ is challenging for capital expenditure. Normally if you are over budget, it is not good, so should get a ✘. 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 ✘.

Financial Report by Significant Activity

9. Community Facilities

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Budget			
Surplus/Deficit	\$1,665	-\$503	✔	\$2,168	\$1,772	-\$485	✔	\$2,257
Revenue	\$14,799	\$13,075	✔	\$1,724	\$17,414	\$15,690	✔	\$1,724
Expenditure	\$13,134	\$13,578	✔	-\$444	\$15,642	\$16,175	✔	-\$533

The favourable revenue variance of \$1.724M or 13% is due to development contributions of \$235k, government grants of \$225k from Tourism Infrastructure Funding (TIF) for public convenience upgrades and DIA - Better Off Funding, insurance claims for water damaged Stadium 2000 flooring \$41k & earthquake damaged Ward Museum \$106k, reserve fund contributions of \$983k and vested assets \$140k.

Further TIF funding of \$226k is due for new/upgraded toilet facilities at Carluke Domain Hall, Lake Elterwater and Wedge Point.

The favourable operating expenditure variance of \$444k or 3% is due to personnel costs \$70k, contracts \$265k, general expenses \$40k, grants (Whale Trail, Equestrian Park and Flaxbourne Heritage Centre) \$1,157k, depreciation \$60k and interest \$79k; offset by unfavourable flood damage

\$147k, insurance \$49k, monitoring (freedom camping) \$93k, projects (hockey turf relocation) \$74k, repairs & maintenance \$526k, tree maintenance \$126k and vandalism \$65k.

Carryover requests are anticipated for the grant projects.

Capital expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Funded		
Capex	\$2,365	\$9,133	✘	-\$6,768	\$2,921	\$6,921	✘	-\$4,000

We have achieved 22% of programmed works or 34% 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 \$344k, memorials \$211k, public conveniences \$2.411M, reserves \$2.789M and swimming pools \$1.025Mk.

The major budgets within the community facilities program are for cemeteries \$649k (actual ytd \$197k), memorials \$253k (\$0), public conveniences \$3.497M (\$581k), reserves \$5.155M (\$1.526M) and swimming pool \$1.230M (\$0).

Capital spend includes the following projects:

- Carluke Domain Hall toilet and dump station - \$310,365
- Hockey Turf Relocation (Pavilion) - \$211,334
- Endeavour Park gravel banding - \$238,493
- Lansdowne Park various - \$247,858
- Vested assets - \$140,022

Direct Management

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Budget		
Surplus/Deficit	-\$249	-\$1,540	✓	\$1,291	\$851	-\$427	✓	\$1,278
Revenue	\$746	\$293	✓	\$452	\$804	\$352	✓	\$452
Expenditure	\$994	\$1,833	✓	-\$839	-\$46	\$779	✓	-\$825

Favourable revenues of \$452k or 154% are due to 3Waters transitional funding \$443k and DIA Better Off Funding \$67k, offset by unfavourable fees & charges (Corridor Access Requests) \$74k.

The favourable operating expenditure of \$839k or 46% is due to personnel costs \$337k, consultancy \$67k, professional fees (climate change provision) \$371k and internal costs & recoveries \$161k; offset by unfavourable contracts (Land Transport Management – LRAMA) \$71k and projects (Rivers administration) \$71k.

Capital expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Funded		
Capex	\$49	\$50	✓	-\$1	\$73	\$0	✘	\$73

Capital expenditure of \$60k is budgeted for additional bunker storage at the works operations depot. That budget may become 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 an additional fleet vehicle for the rivers section.

10. Emergency Management

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Budget		
Surplus/Deficit	-\$434	-\$75	✗	-\$359	-\$346	-\$71	✗	-\$275
Revenue	\$2,101	\$614	✓	\$1,487	\$2,674	\$755	✓	\$1,919
Expenditure	\$2,534	\$689	✗	\$1,845	\$3,020	\$825	✗	\$2,195

The favourable revenue variance of \$1.487M or 242% is due to NZTA subsidy on flood damage welfare response and recovery costs (barging etc) \$1.384M and grant income from NZ Lottery Fund for extra recovery navigator position \$35k and DIA Better Off Funding \$69k.

The unfavourable operating expenditure of \$1.845M or 268% is due to flood welfare response and recovery costs of \$1.849M, including the Sounds future roading access study costs of \$508k. Most of this expenditure is eligible for subsidy from either National Emergency Management Agency (NEMA) or Waka Kotahi (NZTA). The claim submission process is ongoing.

Capital expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Funded		
Capex	\$3	\$7	✗	-\$4	\$5	\$9	✗	-\$4

A small budget provision of \$9k has been made for office and communication equipment with \$3k spent to date.

11. Roads and Footpaths

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Budget		
Surplus/Deficit	\$586	-\$1,793	✓	\$2,378	\$2,540	-\$606	✓	\$3,147
Revenue	\$55,404	\$62,664	✗	-\$7,260	\$68,696	\$75,197	✗	-\$6,501
Expenditure	\$54,819	\$64,457	✓	-\$9,638	\$66,156	\$75,803	✓	-\$9,647

The \$7.26M or 12% unfavourable variance in the Roothing and Footpath revenue is due to subsidy on operations and maintenance activities (including emergency reinstatement works) of \$6.619M and subsidy on renewal works, which are predominantly scheduled over the warmer summer months, of \$3.361M. Development contributions are also unfavourable by \$306k.

Vested assets are favourable to budget by \$2.851M.

The NZTA approved programme for emergency works is \$52.4M with an enhanced Financial Assistance Rate [FAR] of 95%. \$33.954M has been spent to date.

The favourable total expenditure variance of \$9.638M or 15% is primarily due to those emergency reinstatement costs of \$8.815M, minor events \$321k, sealed pavement maintenance \$346k,

structures maintenance \$131k, traffic services maintenance \$135k, depreciation \$289k and interest \$220k.

Network and Asset Management costs are unfavourable to budget by \$437k. 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 includes 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 30 April				Whole year			
	Actual	Budget			Forecast	Funded		
Capex	\$17,271	\$23,733	✘	-\$6,462	\$21,359	\$17,199	✘	\$4,160

We have achieved 63% of programmed works or 100% of the \$17.199M approved in the annual plan. The bulk of the capital (renewals) programme remains behind budget.

There are favourable variances in bridge renewals \$390k, drainage renewals \$189k, footpath renewals \$340k, minor improvements \$1.265M, pavement rehabilitation \$763k, sealed road resurfacing \$3.274M, traffic services \$222k and unsealed road metalling \$446k.

Other non-subsidised activities which are also behind budget include Picton CBD works \$800k, small township upgrades \$1.583M, roading related works (including cycle facilities, kerb & channel, signage, and seal extension) \$1.603M and wharves \$149k.

Blenheim CBD works (Blenheim Streetscape and Marlborough Mile projects) \$344k and subdivisional works \$234k are both ahead of budget.

The Blenheim northwest extension zone is unfavourable to budget by \$1.100M 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 favourable reticulation upgrades \$1.133k and roading upgrades \$674k.

Vested assets are ahead of budget by \$2.851M.

12. Parking

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Budget		
Surplus/Deficit	\$156	\$103	✓	\$53	\$199	\$154	✓	\$45
Revenue	\$1,645	\$1,657	✘	-\$12	\$1,977	\$1,988	✘	-\$12
Expenditure	\$1,489	\$1,553	✓	-\$64	\$1,778	\$1,834	✓	-\$57

The unfavourable revenue variance of \$12k or 1% is due to infringements \$147k; offset by favourable collections \$42k, parking leases \$80k and legal fees recovered \$17k.

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

Expenditure is favourable to budget by \$64k or 4% due to contracts \$85k, lease costs \$19k, repairs & maintenance \$32k and interest \$13k; offset by unfavourable legal fees (lodging fines at Court) \$41k, levy payments \$29k and rates \$16k.

Capital expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Funded		
Capex	\$70	\$394	✗	-\$324	\$70	\$98	✗	-\$28

Capital expenditure is behind budget by \$324k with 15% of programmed works being completed. The budget provides for resurfacing of various carparks \$380k (actual \$20k), parking machines \$75k (\$50k) and sundry plant \$18k.

Resurfacing of the Coathanger carpark in Picton was scheduled in April 2023, following Easter weekend, but has now been deferred to 2023-24. A carryover will be required for this activity.

13. Flood Protection

Revenue and operating expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Budget		
Surplus/Deficit	\$2,232	\$1,876	✓	\$356	\$2,688	\$2,485	✓	\$204
Revenue	\$8,990	\$9,951	✗	-\$961	\$10,985	\$11,971	✗	-\$986
Expenditure	\$6,758	\$8,076	✓	-\$1,318	\$8,297	\$9,487	✓	-\$1,190

The unfavourable revenue variance of \$961k or 10% is due to insurance proceeds for river flood damage repairs \$1.609M and sales (quarry rock) \$179k; offset by favourable grants for the Southern Valleys/Upper Condors upgrade (Provincial Growth Fund) \$17k, gravel extraction \$238k, property rentals \$333k and disbursement recoveries (river leases) \$222k.

The LAPP claim is currently being assessed by Council's insurers and it appears unlikely that any settlement will be received before year end.

The favourable operating expenditure variance of \$1.318M or 16% is due to consultancy \$38k, contracts \$60k, flood damage repairs \$977k, insurance \$137k, minor contract works \$609k, projects \$33k, and interest \$71k; offset by unfavourable chemicals \$24k, fencing \$25k, repairs & maintenance \$123k, weed control \$73k, power \$75k and internal costs & recoveries \$176k.

Capital expenditure

(in thousands)	1 July to 30 April				Whole year			
	Actual	Budget			Forecast	Funded		
Capex	\$1,757	\$6,995	✗	-\$5,239	\$2,890	\$5,166	✗	-\$2,276

We have achieved 21% of programmed works or 34% of the \$5.17M approved in the annual plan. Expenditure has been slower than planned in drainage pump stations \$270k, rock and gabion protection \$1.371M, stop banks \$575k, drainage channels (Town Branch drain) \$2.683M and land purchases \$241k.

Major budgeted projects include Wairau River (Tuamarina to Waihopai) edge protection works \$1.33M (actual \$316k), Lower Opaoa stop bank upgrades \$366k (\$242k), Lower Wairau River stop banks \$1.21M (\$829k), Omaka River stop bank & edge protection works \$0.8M and Town Branch Drain/Camerons Drain upgrades \$3M (\$173k).

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 \$95k has been spent to date.

14. Wastewater

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Budget			
Surplus/Deficit	\$3,268	\$1,068	✓	\$2,201	\$3,500	\$1,741	✓	\$1,759
Revenue	\$13,773	\$11,921	✓	\$1,853	\$16,175	\$14,572	✓	\$1,603
Expenditure	\$10,505	\$10,853	✓	-\$348	\$12,674	\$12,831	✓	-\$157

Revenue has a favourable variance of \$1.853M or 16% due to connection charges \$107k, development contributions \$435k, miscellaneous revenue (disposal of winery liquid waste at Hardings Road industrial ponds) \$426k and vested assets \$1.547M; offset by unfavourable trade waste charges \$709k

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 low use annual customers and three quarterly instalments for the higher users.

Operating expenditure has a favourable variance of \$348k or 3% due to insurance \$26k, reticulation maintenance \$172k, treatment \$232k, depreciation \$85k and interest costs \$66k; offset by unfavourable grinder pumps \$24k and pump stations \$204k.

Capital Expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Funded			
Capex	\$6,892	\$11,158	✗	-\$4,265	\$7,701	\$10,572	✗	-\$2,871

We have achieved 48% of programmed works or 65% of the \$10.57M approved in the annual plan. Across the Wastewater activity, pump stations \$3.416M and treatment \$2.136M are behind programme, while vested assets are \$1.547M above budget.

Aeration upgrades to the Blenheim domestic and industrial treatment ponds at Hardings Road have cost \$2.024M to date. An additional \$63k has been spent on completing the septage receival facility. The 2022-23 combined treatment budget is \$2.317M.

Final costs for the \$15.7M Blenheim sewerage upgrade, which provides for future residential growth for 700 homes, are filtering through with \$407k 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 \$1.099M expended year to date.

Replacement of the Main Terminal Pump Station (MOPS) in Alabama Road is planned during 2022-24. Design is underway and \$318k of the \$3.5M budget has been spent to date. A further \$4M is

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 \$342k 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 (actual \$13k).

The Seddon sewage treatment plant requires major upgrading. There is a strong recommendation in the current discharge consent for removal of the Starborough Creek discharge 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 \$201k has been spent on professional services year to date.

15. Stormwater

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Budget			
Surplus/Deficit	\$1,780	\$843	✓	\$938	\$2,002	\$1,130	✓	\$873
Revenue	\$4,016	\$3,270	✓	\$746	\$4,670	\$3,924	✓	\$746
Expenditure	\$2,236	\$2,427	✓	-\$192	\$2,668	\$2,794	✓	-\$127

Revenue has a favourable variance of \$746k or 23% due to connection charges \$36k and vested assets \$1.040M; offset by unfavourable development contributions \$330k.

Operating expenditure is favourable to budget by \$192k or 8% due to insurance \$67k, reticulation maintenance \$89k and depreciation \$40k.

Capital expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Funded			
Capex	\$1,437	\$3,368	✗	-\$1,931	\$1,536	\$3,420	✗	-\$1,884

We have achieved 36% of programmed works or 42% 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 \$131k), Goulter St pipeline upgrade in Seddon (ahead of roading improvements) \$350k and vested assets \$200k (\$1.206M).

Year to date expenditure for new connections is \$100k.

16. **Waste management**

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Budget			
Surplus/Deficit	\$392	-\$52	✓	\$443	-\$53	\$152	✗	-\$205
Revenue	\$12,785	\$13,296	✗	-\$511	\$15,428	\$15,857	✗	-\$429
Expenditure	\$12,393	\$13,348	✓	-\$955	\$15,481	\$15,705	✓	-\$224

Revenue has an unfavourable variance of \$511k or 4% due to dump fees \$507k, grants (waste levy) \$20k and sales \$17k; offset by favourable rentals \$36k.

Waste volumes at the regional landfill are down by 1,240 tonnes on the same period for the previous year, although dump fee revenue collected in 2022-23 is \$981k higher than for the corresponding period in 2021-22 due to the increased fees, primarily to cover the \$10/tonne increase in the government waste levy. Dump fee revenue variations are expected to reduce by year end.

Operating expenditure has a favourable variance of \$955k or 7%. This is due to general expenses \$27k, landfill emissions trading scheme (ETS) obligation \$1.345M, waste levy payments \$139k, projects (recycling) \$232k and depreciation \$108k; offset by unfavourable variances in consultancy & professional fees \$25k, contracts \$594k, fees & charges \$33k, flood damage repairs (Picton transfer station access road) \$80k, insurances \$47k, postage \$31k, professional fees \$41k and repairs & maintenance \$30k.

The surrender of carbon credits to meet Council's annual obligation under the emission trading scheme was actioned in May, with the surrender value being \$734k.

Capital Expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Funded			
Capex	\$2,541	\$2,722	✗	-\$181	\$3,415	\$2,656	✗	\$759

We have achieved 78% of programmed works or 96% 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 \$2.269M, including professional services.

A budget of \$260k has been provided in 2022-23 to complete weighbridge installations at the Resource Recovery Centre and the Greenwaste facility (actual \$270k). Some additional funding (circa \$147k) is proposed from the unallocated waste disposal levy received from Central Government.

17. Water supply

Revenue and Operating Expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Budget			
Surplus/Deficit	\$3,560	\$550	✓	\$3,009	\$4,271	\$1,172	✓	\$3,100
Revenue	\$13,066	\$11,149	✓	\$1,917	\$15,751	\$13,677	✓	\$2,074
Expenditure	\$9,506	\$10,598	✓	-\$1,092	\$11,480	\$12,506	✓	-\$1,025

Revenue has a favourable variance of \$1.917M or 17% due to backflow prevention charges \$215k, connection charges \$144k, development contributions \$385k, grants (3Waters stimulus funding) \$1.250M and vested assets \$331k; offset by unfavourable metered water sales \$416k.

The year end outcome for water sales will very much depend on the final quarter water consumption for Riverlands (grape processing) and Southern Valleys irrigation scheme.

Expenditure has a favourable variance of \$1.092M or 10% due to general expenses \$38k, insurances \$119k, meter maintenance & reading \$38k, reticulation maintenance \$304k, treatment \$346k, depreciation \$110k and interest \$232k; offset by unfavourable consultancy \$29k and backflow prevention \$41k.

Capital Expenditure

(in thousands)	1 July to 30 April			Whole year				
	Actual	Budget		Forecast	Funded			
Capex	\$9,635	\$24,203	✗	-\$14,568	\$11,328	\$21,185	✗	-\$9,857

We have achieved 33% of programmed works or 45% of the \$21.2M approved in the annual plan.

Expenditure to date has been primarily in Renwick (\$3.402) and Wairau Valley (\$1.517M) for water treatment upgrades.

Other significant project expenditure has occurred in Blenheim with Murphys Road water main renewal \$503k, Havelock for reservoir supply pipeline (\$156k), Speeds Road to Elevation pipeline \$906k, York Street watermain replacement \$197k and Renwick AC water pipeline replacement \$1.128M.

Vested water assets are \$494k and above budget by \$331k.

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 (ytd actual \$3k).

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 (ytd actual \$76k).

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 (ytd actual \$14k).

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 (ytd actual \$159k).

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 (ytd actual \$14k).

18. Forecasts

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

The operating surplus is forecast to increase by \$12.09M to \$17.37M, through a combination of additional revenue of \$591k (government grants and vested assets; offset by roading subsidy and insurance claims) and reduced operating costs of \$11.49M (emergency reinstatement, flood damage, grants, depreciation and interest payments; offset by flood welfare costs).

Forecast capital expenditure is now \$51.54M, which is \$15.96M 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
Authoriser	Richard Coningham, Assets and Services Manager and Jamie Lyall, Property and Community Facilities Manager

8. Debtors Overdue Reports as at 30 April 2023

(The Chair) (Report prepared by Sonja Greenhill)

F220-002-020-22

Purpose of Report

1. The purpose of this report is to advise Council on the overdue debtor position as at 30 April 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 at 30 April 2023 is **attached** for Councillors' information.

The Current and 30 – 90 Days balance includes a large Development Contribution invoice of \$800k which has been paid in May 2023. It also had a large government department invoice which had to be credited and recharged in May.

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.

The Property Leases and Licences Debtors Report as at 30 April 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 30 April 2023. The outstanding closing balance has dropped from \$193,551 to \$115,625 due to overdue invoice being paid in May 2023.

The 90 Days balance includes a number of credit balances and overdue March 2023 invoices. Overdue letters were sent in May 2023 requesting prompt payment. There are also a number of Renwick and Havelock water invoices that need to be reassessed by the water team due to large water leaks.

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

Debtors Report as at 30 April 2023

Current
Month

Comparison for Previous 5 Months

Aged Analysis Report	April	March	February	January	December	November
Current	2,441,634.62	4,473,041.27	2,650,614.41	1,523,768.78	3,543,971.11	2,101,373.43
30 - 90 Days	2,297,611.33	626,249.26	1,189,828.79	1,408,263.50	422,503.17	475,523.96
90 Days	217,220.32	244,530.59	291,797.44	385,851.45	399,424.59	636,810.08
Outstanding Debtors Closing Balance	4,956,466.27	5,343,821.12	4,132,240.64	3,317,883.73	4,365,898.87	3,213,707.47

Debtors Action Report - Debtors over 90 days with Balance >\$250

	April	March	February	January	December	November
With Debt Collection Agency	10,411.04	10,411.04	10,411.04	10,411.04	10,148.04	10,148.04
Paying by Arrangement	44,898.99	67,249.65	50,060.38	49,370.38	55,787.12	57,823.28
Negotiating Payment Arrangement	97,125.49	121,327.66	149,355.05	185,204.51	226,922.05	482,876.68
Debts in Dispute	9,223.69	7,315.62	5,509.62	62,691.62	57,461.00	-
Payments since month end taken off above amounts	52,594.70	34,184.36	69,686.78	70,253.91	41,088.39	69,372.51
Sub-Total	214,253.91	240,488.33	285,022.87	377,931.46	391,406.60	620,220.51
Various Debtors with Balances <\$250	2,966.41	4,042.26	6,774.57	7,919.99	8,017.99	16,589.57
Over 90 days Outstanding Total	217,220.32	244,530.59	291,797.44	385,851.45	399,424.59	636,810.08

Property Leases and Licences Debtors Report as at 30 April 2023

Aged Analysis Report	Current Month	Comparison for Previous 5 Months				
	April	March	February	January	December	November
Current	14,239.07	13,590.79	107,855.55	44,828.05	201,947.75	100,329.92
30 Days	3,429.06	550.36	18,523.56	70,530.89	42,498.54	19,081.17
60 Days	1,370.26	336.88	(1,576.09)	28,976.48	2,088.82	19,755.20
90 Days	(743.71)	(862.53)	3,758.05	3,166.88	5,895.87	45,962.23
Outstanding Debtors Closing Balance	18,294.68	13,615.50	128,561.07	147,502.30	252,430.98	185,128.52

Water Billing Debtors Report as at 30 April 2023

	Current Month	Comparison for Previous 5 Months				
	April	March	February	January	December	November
Aged Analysis Report						
Current	12,824.06	1,370,342.91	45.02	142.59	746,562.78	1,664.29
30 - 90 Days	193,705.33	45.02	71,500.98	186,847.78	5,458.74	42,838.78
90 Days	(12,977.54)	26,364.73	(33,925.11)	(13,663.52)	14,235.34	(10,130.99)
Outstanding Debtors Closing Balance	193,551.85	1,396,752.66	37,620.89	173,326.85	766,256.86	34,372.08

Debtors Action Report - Debtors over 90 days Balance >\$250						
	April	March	February	January	December	November
Paying by Arrangement	4,304.73	3,642.85	1,426.78	1,426.78	2,028.71	3,898.95
Negotiating Payment Arrangement	20,821.31	57,740.96	19,240.96	17,971.24	31,767.07	16,078.01
Awaiting Possible Water Remission (New)	2,408.58	4,085.95	1,737.74	2,759.78	6,430.60	3,440.54
Payments since month end taken off above amounts	10,366.42	4,929.15	-	9,324.64	12,310.96	9,603.29
Sub-Total	37,901.04	70,398.91	22,405.48	31,482.44	52,537.34	33,020.79
Various Debtors with Balances <\$250 or Credit Balances	(50,878.58)	(44,034.18)	(56,330.59)	(45,145.96)	(38,302.00)	(43,151.78)
90 days Outstanding Total	(12,977.54)	26,364.73	(33,925.11)	(13,663.52)	14,235.34	(10,130.99)

9. Rates Report as at 30 April 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 30 April 2023.

RECOMMENDATION

That the information be received.

Rate Levies Status and Rate Arrears Aged Balance Reports

2. Attached for information are the Rate Levies Status Report and Rate Arrears Aged Balance Report as at 30 April 2023.

Rates Levy Collection

We have collected 78.05% of the overall rates levied for 2022-2023 (inclusive of arrears) and this compares with 78.21% for the same period last year.

Rate Arrears from Previous Year Collection

Of the arrears that were outstanding at 30 June 2022, we have collected 83.12% of those arrears which is less than the 88.18% of the arrears outstanding at 30 June 2021.

This lower collection rate could be attributed to the current cost of living situation and higher mortgage interest rates. The Rates Team are continuously working with rate payers to find mutually agreeable repayment plans to help them manage their rates payments.

Rate Rebates

As at 30 April 2022 we had processed 1,629 rates rebate applications for the current rating year. This figure is more than the 1,572 applications processed for the same period last year. Council will be promoting the rates rebate scheme in the coming months, in the Council newspaper pages and through social media, to encourage those who have not yet applied to do so before 30 June 2023.

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

Rate Levies Status Report as at 30 April 2023

Financial Division	Balance B/Forward (01/07/22)	Annual Levy	Arrears Pen	Instal Pen	Adjustments	Cash Received	Balance 30/04/2023
Blenheim	(132,318)	44,549,477	29,130	94,790	(88,901)	(35,190,570)	9,261,609
Blenheim Vicinity	39,336	17,266,545	10,011	34,149	(95,166)	(13,386,807)	3,868,068
General Rural	1,712	14,614,000	12,642	42,073	(134,875)	(11,204,216)	3,331,336
Picton	37,664	9,867,325	11,263	28,196	(95,448)	(7,682,399)	2,166,599
Picton Vicinity	1,874	1,017,061	1,646	4,813	(32,433)	(749,932)	243,029
Sounds Admin Rural	9,324	1,254,544	2,494	6,329	(12,403)	(990,327)	269,961
Utilities Network	-	40,338	-	75	-	(39,667)	746
Current Year Totals	(42,409)	88,609,290	67,185	210,426	(459,225)	(69,243,919)	19,141,348

NB: The 4th rates instalment is not due until 8th June, however less than a ¼ of this year's rates remain owing as a result of the regular weekly and fortnightly payments that rate payers have put in place.

Rate Arrears Aged Balance Report as at 30 April 2023

Year	Total Arrears (01/07/2022)	Rate Arrears Received Year to Date	Total Arrears 30/04/2023	Postponed Rates included in Total Arrears	Actual Arrears (after deducting postponed rates)
2021-22	998,673	802,836	195,837	30,010	165,827
2020-21	103,284	58,345	44,939	27,234	17,705
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	41,082	40,311	770
Total	1,216,016	870,041	345,975	140,756	205,218

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

10. Information Package

RECOMMENDATION

That the Economic, Finance & Community Information Package dated 13 June 2023 be received and noted.

11. 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:

- Techhub
- Contractual Negotiations
- Debtors Report

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 Report	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.
Techhub Contractual Negotiations	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.