

MARLBOROUGH DISTRICT COUNCIL
15 SEYMOUR STREET
PO BOX 443, BLENHEIM 7240
NEW ZEALAND

TELEPHONE (0064) 3 520 7400
FACSIMILE (0064) 3 520 7496
EMAIL mdc@marlborough.govt.nz
WEB www.marlborough.govt.nz



30 August 2023

Record No: 23181405
File Ref: D050-001-C01
Ask For: Nicole Chauval

Notice of Committee Meeting – Tuesday, 5 September 2023

A meeting of the Economic, Finance & Community Committee will be held in the Council Chambers, 15 Seymour Street, Blenheim on **Tuesday, 5 September 2023 commencing at 9.00 am.**

BUSINESS

As per Agenda attached.

MARK WHEELER
CHIEF EXECUTIVE

Public Forum

A public forum will be held prior to the Economic, Finance & Community Committee meeting, commencing at 8.30am. If you wish to address the Committee during this Public Forum session you will need to confirm your attendance and speaking time with the Committee Secretary at least 24 hours prior to the meeting
Ph: 03 520 7400. Please note topics are restricted to those agenda items for the meeting or within the Committee's delegation.



**Meeting of the
ECONOMIC, FINANCE & COMMUNITY COMMITTEE
to be held in the Council Chambers, 15 Seymour Street, Blenheim
on TUESDAY, 5 SEPTEMBER 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)

In Public

Page

1.	Apologies	1
2.	Declaration of Interests	1
3.	Resident Satisfaction Survey 2023	2
4.	Marlborough Research Centre Research Allocations 2023/24	6
5.	Economic Development Update	22
6.	Financial Report for Council – Period Ended 30 June 2023	27
7.	2022/23 Budget Carryovers	37
8.	Debtors Overdue Reports as at 31 July 2023	39
9.	Rates Report as at 31 July 2023	42
10.	Information Package.....	47

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. Resident Satisfaction Survey 2023

(also refer separate report available on Council's website)

(The Chair) (Report prepared by Glyn Walters)

C315-20-148

Purpose of Report

1. This report presents the results of the 2023 Resident Satisfaction Survey. The full survey is also available at <https://www.marlborough.govt.nz/your-council/meetings>

Executive Summary

2. Council undertakes an annual resident perception survey to identify their satisfaction with Council services. Most services have targets for resident satisfaction that are set in the Long Term Plan and reported on each year in the Annual Report.
3. Council's overall satisfaction level has generally been comparatively high over the last decade. This year it increased to 66% from 62% in 2022. Council's overall satisfaction rating is ahead of the New Zealand council benchmark of 58%.
4. Despite the negative impacts of extreme weather events and inflationary cost pressures, Council has fared reasonably well overall. Compared to 2022, satisfaction levels have been consistent across most services, with very high positivity in some areas, while continuing to match or out-perform national benchmarks.
5. Thirty five out of 46 (76%) services rated by residents achieved satisfaction of 60% or above, with 12 services achieving 80% satisfaction or higher, which is similar to last year.
6. The top performing services were cemeteries (87% satisfaction); public sports grounds (86%); civil defence and emergency management (85%); libraries (85%) and drinking water (85%).
7. The most notable declines were in flood protection, urban stormwater and solid waste services. The decline in the perceived satisfaction of flood protection and stormwater management was most notable in Havelock, Awatere, Western Wairau and Marlborough Sounds residents – see pages 41 and 45 of the report. A number of issues were raised in relation to waste and recycling services, outlined on page 49 of the report.
8. Also of note was that the lowest scores for many individual services occurred in the Marlborough Sounds, Awatere and Western Wairau. This might be expected as many Council services are not directly provided in these areas. Related to this is that our rating system recognises this by either not charging for a service or charging at a lower level.
9. More residents (58%) believe the Council provides sufficient opportunities for people to have their say compared to 2022 (48%). Satisfaction with the Council's communications rose to 74% from 67% in 2022.
10. Roads scored 40%, just below the national average benchmark of 43%. Seven out of 10 negative comments for roads related to potholes and repairs, with additional concerns raised about Marlborough Sounds' roads. Marlborough District scored higher than a comparative group of councils which have also suffered recent severe weather events (see page 40 of the report).
11. It should be noted that the numerous wet weather events over the last two years year not only damaged the Sounds, Northbank, Waihopai and Awatere roads, they also impacted on the whole network, diverting resources away from Marlborough Roads' regular maintenance activities.

RECOMMENDATION

That the information be received.

Background

12. Resident satisfaction is an important indicator for measuring the public's perception of Council services. This survey data also shows how satisfaction with one service compares to another and over time demonstrates a longer term trend of how a service is performing, from the perspective of Marlborough's residents.
13. The survey is a Long Term Plan key performance indicator for most Council services, and specific targets for these services are set, measured and reported on in the Annual Report.
14. The survey is undertaken quarterly by contractor SIL Research. The methodology is explained on pages 6 to 10 of the survey report. Possible environmental factors for each survey period are also outlined in that section of the report.
 - a) 600 respondents were randomly selected via telephone directories, social media promotion and a postal mail out.
 - b) Data is weighted to reflect area, gender and age group proportions as per the Census. The sample size allows a 95% confidence level, +/- 4-5% when the results are reported as totals.
 - c) For the survey year, the data was collected quarterly from September to November 2022; December 2022 to February 2023; March to April 2023 and May to July 2023. For ease, the report refers to this survey year as 2023.
 - d) Some Council services, such as water supply and sewerage, are provided only in some parts of the district. Questions about these services were not restricted to those residents that received those services. This helps maintain the statistical reliability of the survey. The survey results break down responses by area to show any differences.
 - e) The report details both average and satisfaction ratings. Satisfaction percentages are calculated on positive ratings only (i.e. 6 to 10 out of 10) whereas average scores provide an average across all ratings provided across the whole 1 to 10 scale.
 - f) Since 2018, SIL Research has provided a National Council Services Benchmark survey to provide the ability to benchmark individual council results against a New Zealand average. The benchmarking survey excludes major cities (i.e. Auckland, Wellington, Christchurch and Dunedin) and therefore the measures are relevant to the majority of local authorities. Comparisons between MDC findings and the Council Services Benchmark survey are provided where available.

Comments

15. The key results of the survey are shown in the 'Satisfaction at a Glance' on page 11 (reproduced below).
 - a) Two thirds of residents, or 66%, were satisfied with the Council's overall performance. This was an increase on 2022 after declines in recent years from a high of 84% in 2017.
 - b) The greatest opportunities for improvement are in roads and footpaths; democratic process (providing opportunities for people to have their say); bus service; economic development and stormwater (see Priority Assessment, page 14).
 - c) 35% of residents said they had contact with the Council in 2023; 64% of them were satisfied with this contact, slightly up from 61% in 2021.
 - d) 58% of residents said they had seen or heard news or advertisements from the Council; 74% of them were satisfied with Council's communications, up from 67% in 2022.
 - e) Satisfaction varied by age; older residents aged 65+ were more likely to be satisfied (7.0) than those aged 18 to 39 (5.6). On average, satisfaction ratings provided by those aged 18 to 39 were slightly up on 2022; this was the only age group which showed a notable difference.
 - f) Blenheim residents (6.5) were on average more satisfied compared to other areas (5.7).

- g) Where comparisons with NZ benchmarks are available, most Marlborough service scores are higher than the national average. Marlborough District Council scores are below in bold; the NZ national benchmark scores are in brackets:

- Sports grounds:**86%** (82%)
- Sewerage:**83%** (74%)
- Parks and reserves:**85%** (82%)
- Civil Defence & Emergency Management:**85%** (76%)
- Drinking water:**85%** (73%)
- Public toilets:**73%** (67%)
- Animal control:**76%** (63%)
- Resource recovery:**76%** (67%)
- Communications:**74%** (51%)
- Overall satisfaction:**66%** (58%)

Presentation

A short presentation will be given by Dr Virgil Troy and Natalia Rik of SIL Research via Teams to the Committee (20 minutes).

Attachment

Attachment 1 - Satisfaction at a glance









































page [5]

Attachment 2 – MDC 2022-23 Resident Survey Report – August 2023 is available on Council’s website via the following link <https://www.marlborough.govt.nz/your-council/meetings>

Author/Authoriser	Glyn Walters, Communications Manager
-------------------	--------------------------------------

Attachment 1

SATISFACTION AT A GLANCE

 Cemeteries	 Sports grounds	 Civil Defence	 Public libraries	 Drinking water	 Parks & reserves	 Swimming pools	 Sewerage
MDC 2023: 87% / 7.6	MDC 2023: 86% / 7.5	MDC 2023: 85% / 7.5	MDC 2023: 85% / 7.7	MDC 2023: 85% / 7.6	MDC 2023: 85% / 7.6	MDC 2023: 84% / 7.6	MDC 2023: 83% / 7.3
MDC 2022: 83% / 7.3	MDC 2022: 88% / 7.6	MDC 2022: 86% / 7.6	MDC 2022: 87% / 7.8	MDC 2022: 81% / 7.5	MDC 2022: 87% / 7.6	MDC 2022: 87% / 7.6	MDC 2022: 88% / 7.5
NZB 2023: 79% / 7.4	NZB 2023: 82% / 7.4	NZB 2023: 76% / 6.9	NZB 2023: 87% / 7.8	NZB 2023: 73% / 6.8	NZB 2023: 82% / 7.4	NZB 2023: 69% / 6.7	NZB 2023: 74% / 7.0
 Paths & tracks	 Harbours	 Animal control	 Communication	 Public toilets	 Health & Foods Act	 Street lighting	 Community halls
MDC 2023: 80% / 7.2	MDC 2023: 79% / 6.9	MDC 2023: 76% / 6.7	MDC 2023: 74% / 6.5	MDC 2023: 73% / 6.8	MDC 2023: 73% / 6.6	MDC 2023: 71% / 6.6	MDC 2023: 71% / 6.6
MDC 2022: 83% / 7.4	MDC 2022: 80% / 7.1	MDC 2022: 77% / 6.9	MDC 2022: 67% / 6.4	MDC 2022: 79% / 6.9	MDC 2022: 71% / 6.5	MDC 2022: 74% / 6.7	MDC 2022: 80% / 7.0
NZB 2023: 67% / 6.5	NZB 2023: n/a	NZB 2023: 63% / 6.2	NZB 2023: 51% / 5.3	NZB 2023: 67% / 6.4	NZB 2023: n/a	NZB 2023: 67% / 6.5	NZB 2023: n/a
 Waste management*	 Sale & Supply of Alcohol Act	 Culture & heritage	 Tourism	 Community safety	 Community support*	 Car parking	 Irrigation of the Southern Valleys
MDC 2023: 68% / 6.4	MDC 2023: 68% / 6.4	MDC 2023: 68% / 6.3	MDC 2023: 66% / 6.3	MDC 2023: 66% / 6.3	MDC 2023: 63% / 6.1	MDC 2023: 63% / 6.1	MDC 2023: 63% / 6.2
MDC 2022: 72% / 6.9	MDC 2022: 74% / 6.7	MDC 2022: 72% / 6.6	MDC 2022: 68% / 6.3	MDC 2022: 71% / 6.5	MDC 2022: 66% / 6.2	MDC 2022: 64% / 6.1	MDC 2022: 63% / 6.0
NZB 2023: 70% / 6.7	NZB 2023: n/a	NZB 2023: n/a	NZB 2023: 72% / 6.7^	NZB 2023: 58% / 5.8	NZB 2023: n/a	NZB 2023: 57% / 6.0	NZB 2023: n/a
 Biosecurity*	 Democratic process	 Footpaths	 Flood protection	 Storm water	 Economic development	 Housing for seniors	 Environmental policy & monitoring*
MDC 2023: 62% / 6.1	MDC 2023: 61% / 5.9	MDC 2023: 58% / 5.7	MDC 2023: 57% / 5.7	MDC 2023: 56% / 5.7	MDC 2023: 53% / 5.5	MDC 2023: 49% / 5.4	MDC 2023: 49% / 5.5
MDC 2022: 67% / 6.4	MDC 2022: 56% / 5.8	MDC 2022: 53% / 5.7	MDC 2022: 70% / 6.6	MDC 2022: 66% / 6.3	MDC 2022: 58% / 5.7	MDC 2022: 47% / 5.3	MDC 2022: 56% / 5.7
NZB 2023: n/a	NZB 2023: n/a	NZB 2023: 60% / 6.0	NZB 2023: n/a	NZB 2023: 56% / 5.8	NZB 2023: n/a	NZB 2023: n/a	NZB 2023: n/a
 Building Act	 Resource consent management*	 Roads*	 Overall satisfaction	 Very good performance ($\geq 80\%$)  Good performance (60%-79%)			
MDC 2023: 45% / 5.2	MDC 2023: 42% / 5.2	MDC 2023: 40% / 4.8	MDC 2023: 66% / 6.2	 Services for improvement (50%-59%)  Great improvement potential ($\leq 49\%$)			
MDC 2022: 49% / 5.5	MDC 2022: 49% / 5.3	MDC 2022: 44% / 5.0	MDC 2022: 62% / 6.1	*Aggregated average ratings			
NZB 2023: 46% / 5.2**	NZB 2023: 46% / 5.2**	NZB 2023: 43% / 4.9	NZB 2023: 58% / 5.9	** NZB measured 'consents management' satisfaction			
				^ NZB measured 'enabling and promoting events'			

4. Marlborough Research Centre Research Allocations 2023/24

(The Chair) (Report prepared by Neil Henry)

E100-011-01

Purpose of Report

1. To inform the Committee of the research allocations by the MRC Trust for 2023/24 financial year.

Executive Summary

2. Marlborough Research Centre (MRC) receives an annual grant from Council to fund primary industry related research activities.
3. MRC are required to provide Council with a report on its annual research allocations. The report is attached as Attachment 1.

RECOMMENDATION

That the report be received.

Background/Context

4. Council provides an annual grant to Marlborough Research Centre for primary industry related research related activities. The grant is increased annually by CPI. In 2023/24 the grant totals \$305,654.
5. At the meeting of the Planning, Finance and Community Committee on 9 February 2017, the following reporting indicators for Marlborough Research Centre was agreed:

Minute A.16/17.261

5.1 That the proposed Performance Indicators for MRC as agreed as follows:

5.2 July each year:

- i) Report to Council confirming annual research allocations approved by MRC Board and Trust

5.3 August each year:

- i) Report to Council staff on any LTP performance indicators relating to the preceding financial year for inclusion in the Annual Report

5.4 November each year:

- i) Present audited annual report on MRC activities in research programme outcomes, MRC operations and new regional growth initiatives

6. This report relates to the July reporting requirement. Note that the Research Allocations were not available in time for the July meeting, hence the report to this committee meeting.

Research allocations 2023/24

7. The research allocation for 2023/24 is detailed in the attached report (Attachment 1). The allocations support a range of activities.

Next steps

8. A report on the 2022/23 research allocation outcomes (see paragraph 5) will be provided in November.

Attachment

Attachment 1 – Marlborough Research Centre (MRC) annual research allocation 2023-2024 page [8]

Attachment 1

Marlborough Research Centre (MRC) – Annual Research Allocation 2023/24

1. The annual research allocation was approved by the Trustee's at their meeting of 23 August 2023. The grants approved and a description of the projects approved is attached for information.
2. The Trust Board considers the grant applications and approves funding following a report from the Advisory Board which is made up of industry and research providers. Alan Johnson is the Council's representative on the Advisory Committee.
3. MRC report to Council during the year in relation to the research funding allocations and the performance of the Trust and its activities. The annual report for the year ended 30 June 2023 of the activities of the Trust will be presented in November 2023.
4. The following summarises the grant funding approvals for 2023/24 financial year:

Description	Amount
Carry Over from 2022/23 financial year	\$35,000
Conditional on Securing leveraged funding	\$75,000
Grants approved 2023/24 without conditions	\$248,300
Total Grant Funding 2023/24	\$358,300

Note conditional funding will impact the total grant funding budget for 2023/24 financial year.

MRC RESEARCH ALLOCATION 2023 – 2024 FUNDING
(APPROVED MRC TRUST BOARD DATE 23 AUGUST 2023)

Name	Industry partners – other external collaborators	Approved Funding YE June 2024	Applicant Funding Contribution	Total Project Cost
1. Meteorological Services (ref 1)	Plant and Food Research National Institute of Water and Atmospheric Research Tasman Crop Protection Bragato Research Institute Marlborough District Council HortPlus	30,000	33,450	63,450
2. New Zealand Wine Centre Inaugural Conference	Nelson Marlborough Institute of Technology Plant and Food Research Bragato Research Institute	7,000	7,500	14,500
3. Experimental Future Vineyard Phenotyping (ref 3)	Plant and Food Research Marlborough Research Centre Nelson Marlborough Institute of Technology Bragato Research Institute	95,000	101,000	196,000
4. Adding Value to Marlborough Waste Streams (ref 4)	Plant and Food Research Aroma NZ Ltd Pernod Ricard Marlborough District Council Ecostock Sanford Research and Innovation Hub	35,000 (Conditional on securing additional funding)	121,000	156,000

5. Climate Frames Project (ref 5)	Plant and Food Research Nelson Marlborough Institute of Technology Bragato Research Institute Marlborough Research Centre	40,000 (Conditional on securing additional funding)	47,000	87,000
6. Establishment of low-growing indigenous plants (ref 6)	Plant and Food Research Cloudy Bay Vineyard	7,000	2,000	9,000
7. Biochar (ref 8)	Plant and Food Research Rothay Vineyard Marlborough Grape Growers Cooperative NZ Biochar	15,000	9,000	24,000
8. Charles Sturt University PhD scholarship (ref 9)	Plant and Food Research Charles Sturt University Gulbali Institute Nelson Marlborough Institute of Technology	15,000	87,800	102,800
9. Pinoli Pine Nuts (ref 10)	Plant and Food Research Pinoli Pine Nuts	7,000	4,000	11,000
10. Supporting vegetation corridors PhD (ref 11)	Plant and Food Research Lincoln University Hamburg University	30,000 (Carryover funding from previous year)	45,000	75,000
11. NZ Wine Centre - student internship	Bragato Research Institute Plant and Food Research Nelson Marlborough Institute of Technology	13,000	13,000	26,000

12. Varietal diversification	Bragato Research Institute Nelson Marlborough Institute of Technology EIT Booster Group Stanley Estate Wines	35,800	10,000	45,800
13. New Zealand's future wine workforce	NZ Winegrowers Marlborough Winegrowers Association Marlborough Regional Skills Leadership Group Marlborough Wine Industry Workforce Steering Group Sector Workforce Engagement Programme, MBIE	10,000	140,000	150,000
14. Horehound Biocontrol Project	MPI SFFF Horehound Biocontrol Action Group PGG Wrightson	10,000 (5,000 carryover funding from previous year)	101,000	111,000
15. Further evaluation of dried and milled Grape Marc for improving milking goat performance and milk qualities.	Pacific Research Environmental Services	6,500	18,000	24,500
16. Marlborough Farmer of the Year		2,000		2,000
TOTAL		358,300	739,750	1,098,050

1. Meteorological Services:

The Blenheim weather station located at the Grovetown Park campus of the Marlborough Research Centre is invaluable. The monthly press releases supplied to the local media feature in the Marlborough Express and Blenheim Sun newspapers and in the Marlborough App. These publications keep the profile of both the Marlborough Research Centre and Plant & Food Research before the general public in Marlborough.

The Marlborough community has access to the Blenheim weather station for educational purposes. In previous years school groups and Nelson Marlborough Institute of Technology Viticulture & Wine course have utilised this resource.

The agricultural and horticultural industries in New Zealand rely on having access to weather summaries. The weather summaries for the Blenheim and Dashwood Awatere weather stations that are updated on the Marlborough Research Centre website each month are the most comprehensive and readily accessible weather summaries for any town or region in New Zealand. The Marlborough wine industry in particular derives significant benefit from having access to the summaries, with many wine companies including seasonal weather summaries in reports to their boards.

The Marlborough Research Centre weather station data is an invaluable resource for many research projects conducted by Plant and Food Research science staff, and staff and students from Lincoln and Auckland Universities.

2. New Zealand Wine Centre Inaugural Conference:

In recent years there has been a decline in events and opportunities for viticulture and wine science researchers to interact, share and present more fundamental knowledge and understanding to peers and technical practitioners within the industry.

The 1-day viticultural and wine science conference will specifically focus on fundamental grape and wine science research (including sensory and consumer aspects) from all NZ research organisations. The conference will include an international keynote speaker/expert alongside speakers from New Zealand.

3. Experimental Future Vineyard Phenotyping

This proposal focuses on the development of instrumentation systems to undertake detailed whole plant and soil measurement/characterisation system known as a “phenotyping unit”. A centralized phenotyping unit is a facility that houses all the equipment needed to perform comprehensive and experiment specific measurements on the large pots. The pots will be brought individually to the phenotyping unit using the gantry crane. The benefits of having a centralized phenotyping unit include:

- Increased efficiency in equipment that results in reduced capital and operating spend
- Improved quality control as there is a single set of instruments to calibrate and maintain
- Single point interoperability, workflow, and data processing

The development of the phenotyping unit will house as many as possible of the following measurement and sampling capabilities:

- Rhizotrons are a type of below ground camera that allows you to see living plant roots as they grow, develop, and respond to their environment.

- Soil Moisture Monitoring Equipment to measure the soil moisture content at multiple locations at a single time point consisting of an array of sensors and a microcontroller with custom software that performs signal processing on data collected from the electrodes. These installations can be used in conjunction with other sensors to obtain additional information such as soil temperature or conductivity.
- Whole Plant Gas Exchange is a technique used to measure the rate of photosynthesis in plants. It involves measuring the amount of carbon dioxide that is absorbed by the leaves, as well as the amount of oxygen released from them. We hope to be able to partition measurement above and below ground to measure soil respiration.
- Mycorrhizal biopsy is an in-situ sampling technique used to survey mycorrhizal fungi on the roots of plants without disturbing the plant as a whole.
- 3D imaging is a non-invasive scanning process using various technologies (LIDAR, stereo capture etc...) to recreate the structure of the plants and segment the point cloud images into organs.
- Multi-spectral imaging is a technique that uses several wavelengths of light to capture a single image. This can be done by using filters, or by using multiple cameras with different wavelengths of light in each camera. The resulting images are then combined into one composite image.
- Hyperspectral imaging uses even more wavelengths than multi-spectral imaging, which means it can capture more details about plant colour and composition.
- Fluorescence is a phenomenon in which a substance absorbs light of one wavelength and re-emits it as light of another wavelength. The absorbed and emitted wavelengths are related to each other by a constant called the fluorescence quantum yield. Fluorescence occurs when an electron makes an excitation from a lower energy level to a higher energy level but does not have enough energy to reach its ground state (the lowest possible energy level). The process of emitting photons as it falls back down through the levels is called fluorescence emission.
- Development of locally based capability to detect and quantify targeted markers of plant biotic and/or abiotic stress responses using molecular techniques such as qPCR of messenger RNA.

Flexible design principles will be adopted in the development of the centralised phenotyping unit to ensure that continual and modular improvement can be integrated as funds become available or as monitoring technology improves.

This is an integral component to the internal fit out of the Experimental Future Vineyard development.

4. Adding Value to Marlborough Waste Streams (Conditional on successful third party funding approval)

The aim of this research is to determine if higher value products like insect meal for use in aquafeeds can be successfully produced by feeding insects on waste streams generated from Marlborough-based industries. Insect meal is used as a partial replacement for fishmeal in aquafeeds, and several insect species have protein and fatty-acid profiles suitable for use in aquafeeds. One of these insects is the larval stage of the beetle, *Tenebrio molitor*, commonly known as mealworms. Incorporating these insects that have been fed on local regional waste streams into aquafeeds is considerably more sustainable than using fishmeal and would contribute to the circular economy of Marlborough.

The aim of this proposal is to grow previous MRC funded insect bioconversion work to a larger programme of work using MRC co-funding to leverage additional funding from Bioresource Processing

Alliance (BPA). The MRC co-funding to implement this research would be conditional upon a successful BPA application.

The ability to conduct this research in parallel with the Growing Futures Aquafeeds Programme funded by The New Zealand Institute for Plant and Food Research Limited (PFR) will have additional benefits and build on previous results that suggest mealworms may be a good option for aquafeeds.

5. Climate Frames Project (Conditional on successful third party funding approved)

During the recently completed 2022-23 growing season in a trial conducted at the Marlborough Research Centre Rowley Research Vineyard, we have successfully scaled-up and deployed replicated passive temperature elevation frames to study the impacts of an average 1-2°C growing season warming (climate change) on phenological development and grape and wine quality in vines of Sauvignon blanc in a 'real world' commercial vineyard environment. Preliminary analysis (final report due July 2023) indicates significant advances (2-3 weeks) in time to flowering, véraison and harvest, and a significant decrease in juice acidity at the same target Brix for elevated compared to ambient temperature grown vines.

This proposal will:

1. Leverage co-funding from government/industry sources to support the 2023-24 and 2024-25 seasons and ideally beyond, to further validate these initial and valuable observations. Marlborough Research Centre funding commitment would be conditional upon a successful application to a third-party funder. Possible sources (to which some approaches have been made) are: AGMARDT (re-opens July 2023), the MPI SLAMACC fund (delayed but call expected soon), MPI SFFF, MfE (Environment and Climate Research Strategy draft currently under review). MPI SFFF funds (but not SLAMACC) would require a joint approach in collaboration with the Bragato Research Institute which is yet to be agreed.
2. Using existing infrastructure (temperature elevation frames), other resources (sensors, dataloggers) and valuable experience gained to date, deploy for a second season a fully replicated trial on Sauvignon blanc, but additionally taking advantage of:
 - a. Commencement from 1st August 2023 to encourage earlier and greater separation in timing of budburst between treatment and control vines and ideally final harvest dates (target one month). If earlier budburst is successful this may result in exposure of young shoots to more early season frost events within the frost risk window*, but which forms an important component of the study given future climate scenario earlier bud-burst predictions.
 - b. A predicted warmer and drier El Niño season for 2023-24 compared to the cooler and wetter La Nina of 2022-23 may provide contrasting extremes of baseline growing season ambient temperatures, to broaden the range of response(s) when temperature elevation frames are overlaid.
3. In addition to monitoring timings of key phenological events, a particular focus for 2023-24 will be on the commencement and duration of flowering for different treatments, as this additionally provides valuable data to feed into the modelling of flowering and yield prediction under different seasonal weather scenarios. Further, fruit set will also be assessed using a time efficient computer vision cap counting approach developed and validated by Sue Neal and Daniel Bentall (Plant and Food Research Lincoln) during the 2022-23 season.
4. In collaboration with the Bragato Research Institute, small parcels of hand-harvested fruit will be processed to juice using a Pellenc Selectif crusher de-stemmer and basket press (70% extraction efficiency), to mirror commercial industry practice more closely.
5. Continue to monitor soil moisture and temperature under the vines in the presence or absence of temperature elevation frames, since the latter represent a potentially useful tool to influence

belowground processes within the context of research planned for the Experimental Future Vineyard facility.

*Physical frost protection for the trial will be provided building on efficiencies gained and learnt during the previous season.

6. Establishment of low-growing indigenous plants

The horticulture sector has shown increasing interest in using native plants as under-vine cover crops to control weeds and reduce the reliance on synthetic herbicides. Wine company Cloudy Bay aims to eliminate herbicide usage completely.

Last financial year (2022-23), trial bays were established using a mix of indigenous plant species at Cloudy Bay vineyard. The species combinations have the potential to interlock and compensate for each other's growing forms, creating a dense mat on the ground that could effectively suppress weed growth. The main goal of the trial is to evaluate whether the groundcover can suppress weed growth once it has fully covered the ground area. The trial will also evaluate if fully established groundcover has any impact on grapevine vigor and wine quality.

The trial bays will be a unique asset to evaluate the native groundcovers influence on soil microbiome and grapevine microbiome.

2023-24 funding will enable monitoring of the speed of growth of each species and the resilience to weather conditions.

7. Biochar

Biochar is a charcoal-like substance that is created through the process of pyrolysis. It has been shown to have significant potential for improving soil health and plant growth in various agricultural systems. Biochar can enhance soil properties such as water-holding capacity, nutrient retention, and microbial activity, which all improve plant growth. Biochar production and application also have a two-fold positive environmental impact by sequestering carbon into the soil (possible carbon credits) and using various agricultural waste materials such as forestry slash, grape marc, etc. However, the over-application of biochar, where soil properties and plant growth are negatively affected, is a concern with numerous studies. There is also limited research on biochar application to vineyards and the effects on vine growth, fruit quality, and soil microbe interactions.

This study investigates the potential benefits of varying biochar application rates on a Marlborough Sauvignon blanc vineyard.

The study will be conducted on a newly re-developed (2022/2023 season) Sauvignon blanc vineyard located on Wratts Road, Marlborough. The biochar was sourced from two local NZ producers using forestry waste materials (one Marlborough sourced). The trial was established as a replicated block design where biochar was applied at a rate of 0, 0.5, 2, 5, and 10 tonnes per hectare (trial plan below), with treatment plots being 3 bays (12 vines). To evaluate the impact of various biochar application rates, vine growth, yield and fruit quality parameters will be measured. Furthermore, soil samples will be collected to determine changes in soil properties such as nutrient availability and soil microbial health. An economic analysis will be conducted to evaluate the economic feasibility of biochar application in a vineyard with the cost of biochar application compared to the potential benefits of increased yield, fruit quality and/or soil health.

8. Charles Sturt University PhD scholarship

Stewart Field (Nelson Marlborough Institute of Technology), Junqi Zhu (Plant and Food Research) and Damian Martin (Plant and Food Research) have been in discussions for more than a year with Dr Jason Smith from Charles Sturt University (Wagga Wagga, Australia) about a collaborative PhD study of grapevine root systems and nutrient uptake. Jason has identified a high calibre student who has successfully applied for a CSU Scholarship and operational funding. Funding is approved to provide operational and travel support funding for the student to spend two measurement campaigns in Marlborough.

Through severe drought in 2019/20, to three consecutive La Nina events, the team at CSU have been following seasonal soil water dynamics in cool climate vineyards in the Orange Wine Region of NSW. The goal is to understand the extent to which deep roots help to buffer rainfall variability across seasons, how plant species in the mid-row and under vine area compete for water, and how this knowledge can help design irrigation systems and practices that make the best use of limited water. To do this we are combining traditional soil coring methods with molecular techniques to map root distribution in vineyards to determine how the presence of ground cover species, and wetting patterns of rain and irrigation modify the relative share of available soil water. Our discussions have led to a proposed project that suits the interests of the student (in grapevine water-use and root function) and honours research experience very well. The PhD would build on the findings of the current Gubali Institute project on vineyard water balance, uptake and vine root distribution in cool climate viticulture. The PhD would extend this study to nutrient uptake, developing methods to determine the functional role of grapevine roots at different depths, and understanding what this means for managing grapevine nutrition and fruit composition as the use of permanent ground cover and/or sown cover crops increases in the future. The collaboration with Plant and Food Research at the Marlborough Research Centre, will give access to vineyard sites across a wider climate gradient, and allowing the development of research hypotheses and testing of findings within the recently developed grapevine version of the APSIM crop modelling platform (Zhu et al. 2021, *in silico* Plants). The proposed start date for the PhD is session 2 (August 2023). Marlborough Research Centre funding for the project will only be required if the selected student completes enrolment in the CSU PhD programme and his detailed study design (including NZ campaigns) is accepted by the university.

9. Pinoli Pine Nuts

Since December 2022 Victoria Raw (Plant and Food Research, Blenheim) has been in informal discussions with Andy Wiltshire and Lee Paterson of Pinoli Pine Nuts on the circularity of the by-product streams from the production of the pine nuts for potential high value uses. In particular, the conversation has been about determining and understanding the chemical compounds found in the *Pinus pinea* pollen (although not necessarily considered to be a by-product) and what the potential beneficial nutraceutical and health functionalities of these compounds could be.

Pinoli Pine Nuts planted its first *P. pinea* trees in 1998 just beyond the Wairau Valley township (41°36'26.49"S, 173°25'38.45"E). They now have 540 ha of planted trees across seven orchards / forests, predominantly in Marlborough. The first viable cones were harvested in 2005 but it wasn't until 2010 that the first commercial harvest took place. Pinoli Pine Nuts are the only commercial producers of the high-value edible pine nuts in New Zealand.

P. pinea is also known as the European stone pine, Mediterranean stone pine and umbrella stone pine. The spring and summer winds and the hot, dry summers of Marlborough make for ideal growing conditions for *P. pinea* and are comparable with the growing regions of the southern Mediterranean / North Africa where they are originally from and where most of the world's pine nuts are produced.

Pollen is produced on the male cones of the tree and are found on the lower branches. From late October to late November the cones release the pollen to fertilise the female cones on the upper branches. On a mature tree it will have three ages of fertilised pinecones – the newly fertilised and developing cones at the end of the branch, the cones fertilised in the previous season mid-way along the branch and the cones that were fertilised two years previously, on the lower part of the branch, which will be harvested in the current year. The cones are harvested in winter through to spring when the cones are still closed. This is done either manually using a hook or by a machine tree shaker on the mature trees. Drying of the cones in spring and summer will open them up after which they are put through a hopper so that the hard-coated seeds fall out. The seed's shell is cracked to extract the kernel, which is then washed, dried and polished before packaging.

Pine pollen has been used in traditional Chinese medicine for many centuries. Pine pollen is currently sold in New Zealand by Bio Gold and in Canada through Canadian Pine Pollen ([Pine Pollen Health Benefits and Research - Canadian Pine Pollen Company](#)). Both claim that pine pollen has nutritional benefits as well as the potential ability to have anti-cancer, antioxidant and immune responses and to help with cardiovascular, diabetes and menopausal issues. Bio Gold's products are sold as tinctures (\$168 / 100ml) and in powder form (\$85 / 70g).

Both companies refer to the pollen just as 'pine' pollen without specifying the particular species that they use. Bio Gold states that the pollen that it uses comes from a forest near Kaikoura, which is likely to be a *Pinus radiata* forest.

The literature that is on the Bio Gold and Canadian Pine Pollen Company websites is largely from Chinese sources. Unfortunately, when trying to access many of the articles either the weblinks did not work, the articles had to be purchased or there were no full texts related to the abstracts. In addition, the *Pinus* species that could be identified in the abstracts did not include *P. pinea*. In a brief literature search using Web of Science, conducted by Victoria, on '*P. pinea*' and 'pollen' no articles could be found. However, articles on extracts from bark and needles from *P. pinea* were found, as well as from other *Pinus* species grown in the Mediterranean.

The intention for the next step is to determine, in the literature, what the main chemical compounds are in *P. pinea* pollen, bark, needles, heartwood, as well as methodologies. At the same time, it is acknowledged that literature on other *Pinus* species will help to guide us in what can be found in these various by-products.

10. Supporting vegetation corridors PhD

The aim of this project is to enable PFR staff and NMIT (Stewart and students) apply findings of the theoretical work to real-world projects within Marlborough landscape. The project will also upskill staff at the MRC site in modern methods of spatial mapping and working to add additional layers to the MDC GIS platform. Mapping a network of interconnected sites will be of interest to iwi, local authorities and landowners when planning revegetation, riparian or conversion of other areas not suitable for current land uses. By embedding both the GIS framework and the user skills within NZWC this project will continue to benefit the region long after the completion of the Ph.D. project.

This proposal is still conditional on the student candidate securing a PhD stipend and successfully enrolling in a University.

11. NZ Wine Centre -student internship

The internship, conducted over one grape growing and winemaking season, sets the scene for a potential long-term collaboration between Bragato Research Institute, Plant and Food Research and Nelson Marlborough Institute of Technology to host an annual internship to upskill a relatively new or aspiring entrant to the wine industry.

This project will support an internship for an outstanding 2nd / 3rd year Nelson Marlborough Institute of Technology student to gain experience and skills in viticultural and oenology research while providing support to the teams at Bragato Research Institute and Plant and Food Research in their current research.

The student will be supervised by Nelson Marlborough Institute of Technology lecturer, Dr Stewart Field and will work closely with Dr Damian Martin and team within the Plant and Food Research vineyard trials, Muriel Yvon in the Plant and Food Research lab, Dr David Armour in the Bragato Research Institute vineyard trials and Ngarita Warden in the Bragato Research Institute research winemaking facility.

The student will spend their time evenly across the two research facilities to enable them to experience and gain skills in an array of techniques and projects.

The student will begin the internship at the end of their 2nd year, 2nd semester study at Nelson Marlborough Institute of Technology and complete the internship at the end of May, post wine finishing. The student will use the research they helped conduct at Plant and Food Research and/or Bragato Research Institute to complete BVW706, a third-year research paper with Nelson Marlborough Institute of Technology.

This programme will provide students with valuable hands-on science experience but also give them an opportunity to experience science as a career path. The students will work within the three campus research institutes (Bragato Research Institute, Plant and Food Research and Nelson Marlborough Institute of Technology) on science projects and experience creative problem solving. It will be an intensive programme designed to challenge the students and to give them development opportunities.

12. Varietal diversification

The project supports a collaboration between Nelson Marlborough Institute of Technology, EIT and Bragato Research Institute trials.

The project is focussed on the Albariño grape variety, which is under New Zealand's changing climate is appearing as a viable alternative to Sauvignon Blanc. Globally, Albariño is increasing in both planting area and consumption. Wines give consumers a drinking experience (crisp/acidic, refreshing, aromatic, fruit driven) that is similar to New Zealand Sauvignon Blanc. Albariño is grown in New Zealand on a mere 64 out of a total of 34,162ha of white varieties (NZW, 2023), using typical Sauvignon Blanc management approaches.

However, the typical Sauvignon Blanc management approaches typically employed on Albariño (VSP, leaf plucking and so on) differ significantly from the pergola-based trellising systems typically

employed in European viticulture and may not be fit for purpose to maximise the potential of this variety in the New Zealand production context.

This project will focus on implementing key trellising and management approaches known to work in European viticulture, to optimise the way Albariño could be grown in New Zealand. Project work will evaluate vigour control methods (via pruning techniques), and canopy management techniques in commercial plantings, to identify potential optimisations. Viticultural trials, data, and winemaking will be aligned, and integrated between Bragato Research Institute, EIT and possibly a third 3 sites to provide nationally relevant information. These sites include the Awatere Valley (Bragato Research Institute, this application), EIT Hawkes Bay (winemaking and sensory, this application), and potentially Auckland. Finished wines from winemaking (each of Bragato Research Institute, Nelson Marlborough Institute of Technology and EIT trials) will be shared and undergo sensory analysis by EIT and Bragato Research Institute.

13. New Zealand's future wine workforce

The aim of this research is to define and quantify the roles and skills that make up the wine sector (from vineyard to market), to increase understanding of the current wine sector workforce in Marlborough and other key wine regions across New Zealand. In turn, better data will improve Wine Marlborough's ability to identify gaps and career pathways, and to forecast future workforce needs across roles and business types within Wine Marlborough's membership.

The Marlborough wine region is highly dependent on our wine companies and grape growers. In turn their businesses need support to grow and thrive in an extremely competitive job market, domestically and globally.

14. Horehound Biocontrol Project

Accelerate the redistribution of the newly established horehound clearwing moth. *Marrubium vulgare* (common horehound) is a flowering plant in the mint family (Lamiaceae), native to Europe, northern Africa, that has become a weed of dryland hill- and high-country farming. It is prevalent in Marlborough and is very difficult to control chemically or mechanically. A biocontrol programme against horehound started in 2017 and resulted in release of two biocontrol agents by the end of 2018. The agents have established in some of the early release sites and are having a large impact at those sites. These early populations are now ready to harvest for redistribution to new sites, including into Marlborough.

15. Further evaluation of dried and milled Grape Marc for improving Milking Goat

The research involves capitalising on earlier preliminary research where feeding dried and milled Sauvignon Blanc grape marc (GM) to weaner goats and milking goats resulted in a reduction in intestinal parasite faecal egg counts (FECs).

There were also indications from the early trials that feeding GM to milking goats improved milk quality. Further trials confirmed increased levels of protein and fat and total solids but were unable to quantify these improvements. This study will attempt to quantify the improvements in milk quality. Being able to manage milking goats on pasture without the need to house goats (necessary to avoid parasitism) with the added benefit of improved milk quality will have huge benefits to the milking goat industry. There will be obvious spin-offs to the rapidly expanding milking sheep industry.

Progress Report

Provincial Growth Fund Developments

1. Council will be aware that MRC officially opened Te Pokapu Waina o Aotearoa (the New Zealand Wine Centre for research, industry and education) in September 2022.
2. The last stage is the development of an experimental future (focused) vineyard (EFV). Which will be a climate controlled facility based on the Budge Street campus that will be operated by Plant and Food Research. The contracts for the EFV development have been finalised and construction commences on 28 August 2023 and is expected to be completed March 2024. The EFV will complement the Bragato Research Institute's research winery and create a campus with world leading facilities.

Support of Council Invaluable

3. Council's financial guarantee and the annual grant funding is invaluable and an essential component in the development and growth of activity in relation to the campus and the support we provide Marlborough's primary sectors.
4. Over the past three years MRC has created a science, innovation and expanded education hub that will flourish and add value to the regional economy.

2022/23 Achievements

5. The Trust has a number of achievements for the financial year however a standout milestone worthy of mention is Te Pokapū Wāina o Aotearoa – the official opening of the New Zealand Wine Centre on Budge Street campus by the Prime Minister on 29 September 2022. This was a significant occasion in the history of MRC. A total of one hundred and fifty invited guests attended this event.

2022/23 KPI's

6. Percentage of MDC funded projects achieved. MRC achieved completion of 83% of the projects budget. The minor variance is due to the carryovers that are described in the table below. Overall contribution to research initiatives totalled \$236,446 against a revised budget of \$286,000. Appendix A provides a breakdown of actual expenditure against the original budget.
7. Two projects have been carried forward to the 2023/24 financial year being:
 - a. Vegetation Corridors – this research project has commenced and a carry forward of the remaining funding of \$30,000 has been approved.
 - b. Horehound Biocontrol - \$5,000 has been carried forward to the 2023/24 financial year.

It is acknowledged that the written report on the financial year ended 30 June 2023 along with the audited financial report is scheduled to be presented to Council in November 2023.

Highlights from NZ Dryland Innovation

In advance of the full annual report an example of accessing leveraged funding through an existing programme is provided by New Zealand Dryland Forest Innovation.

Brief Report:

In October last year, NZDFI was awarded \$262,400 funding for a [Marlborough Regional Case Study](#) from MPI's Sustainable Land Use and Climate Change fund (SLMACC).

This is another collaborative R&D project between NZDFI team based at MRC and the University of Canterbury's School of Forestry along with the Bioenergy Association of New Zealand.

The project is proceeding well with field work and lab work to destructively sample and measure total eucalypt biomass completed. Four local landowners that host NZDFI trials are involved in case studies.

A six month project was awarded \$129,000 in March by government's Forestry and Wood processing Industry Transformation Plan (ITP) and Forest Growers Research that has enabled the NZDFI team to assess several durable eucalypts that produce red timber.

This has included assessment of several Marlborough trials as well as those in the North Island.

Two more of NZDFI's PhD candidates, Daniel Boczniewicz and Leslie Mann, have now completed their PhDs at the School of Forestry.

Daniel Boczniewicz's thesis: Developing fully compatible taper and volume equations for all stem components of *Eucalyptus globoidea*

Leslie Mann's research related to insect pest browsing of durable eucalypts

MRC RESEARCH ALLOCATION

2022 - 2023 YEAR END FUNDING

RECONCILIATION

	YTD Actual	YTD Budget	Var NZD	Var %	2023 Overall % to Date Budget	
Adding value to Marlborough Waste Streams	25,000	25,000	-	0%	25,000	100%
Climate Change Simulation hardware and pilot project	25,000	25,000	-	0%	25,000	100%
Cost Efficient Establishment of Low-growing Indigenous Plants	7,000	7,000	-	0%	7,000	100%
Meteorological Service	27,500	27,500	-	0%	27,500	100%
PFR Seminars and Workshops	3,796	6,000	- 2,204	-37%	6,000	63%
UC Davis - Bordeaux Uni	18,000	18,000	-	0%	18,000	100%
MRC Grant to NZDFI	25,000	35,000	- 10,000	0%	35,000	71%
Flavour volatiles	10,000	10,000	-	0%	10,000	100%
Vegetation Corridors	4,650	35,000	- 30,350	-1%	35,000	13%
Establishing Protocols transferring mature vines	20,000	20,000	-	0%	20,000	100%
Horehound Biocontrol Project	-	5,000	- 5,000	0%	5,000	0%
EFV Prototype Planter Pots	65,500	65,500	-	0%	65,500	100%
Total Grants	231,446	279,000	- 47,554	-1%	279,000	83%
Other						
Grant - Cawthron Environment Awards	5,000	7,000		0%	7,000	71%
Comment - Approved during the year						
	236,446	286,000	- 49,554	0%	286,000	83%

5. Economic Development Update

(Clr Croad) (Report prepared by Dorien Vermaas)

E100-010-01

Purpose of Report

1. To provide an update on the activities and achievement of Annual KPI's of Council's Economic Development team between Economic, Finance and Community meeting 13 June 2023 until 23 August 2023.

Executive Summary (against Programme KPI's)

2. Leadership Programme Pillar

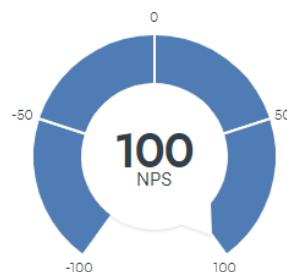
- Quarterly Infometrics Report- the quarterly report for quarter 2 of 2023 was recently published by Infometrics. The report is available on the Council website.
- Business Trust Marlborough continues to provide support to startups and local businesses through mentor-matches and startup/SME's.
- The RBP- programme provides support for SME's in Marlborough. This programme is delivered by The Marlborough Chamber of Commerce.
- Sister city relationships- Marlborough has re-engaged with Ningxia, China to continue its productive economic sister region relationship following the hiatus caused by the Covid-19 pandemic.

3. Tech & Innovation Pillar

- Startup Weekend Techstars StartUp Weekend Marlborough was held on 7th – 9th of July 2023 at Marlborough Research Centre. The event attracted less participants than last year due to the cross-over with University School holidays.
- The positive was that the quality of participants was higher, and more qualified. We had a much lower dropout rate from Friday to Saturday (Last year 13 people versus 3 this year.) Overall whilst, smaller numbers the quality of the pitches of the five teams was outstanding. There is still some discussion amongst groups of proceeding with ideas which BTM has been nurturing.
- Stats from the weekend – 25 participants, 5 teams. (3 dropped out but 3 joined on Saturday)
- Survey results from Techstars: <https://protect-au.mimecast.com/s/og-jCXLJ6GhGgD2H6szzT?domain=surveymonkey.com/>

How likely is it that you would recommend attending Techstars Startup Weekend to develop entrepreneurial skills to a friend or colleague?

Answered: 7 Skipped: 0



- TechWeek & Innovation Day – Reported at the last EFC meeting
- AgriTech accelerator cohort

The ED-Team hosted Brendan O'Connell – CEO of AgriTechNZ in Marlborough on 1st, 23rd & 24th August days as Central Government partner for Marlborough on the AgriTech journey – meetings were set up with all economic development stakeholders.

4. **Business & Workforce capability**

- Smart+Connected Industry groups continue to hold regular meetings and work on collaborative projects.
- BTM & Chamber of Commerce business community meetups continue.
- Future of Work Conference – Incredible feedback on the event. Finalist in New Zealand Event association award for community events
 - <https://youtu.be/0U2cDeq3Geg?si=b9YTshQllcQFzE6s>

5. **Storytelling Pillar**

- Quarterly newsletters
 - Here's the June issue of the [Innovate Marlborough Newsletter](#)
- Chamber of Commerce Annual Business Awards Entries are open for the 2023 awards – check out [here](#)

6. **Screen Marlborough**

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

7. **Other Activities**

- Kanoa Funding application for The Tech and Innovation Hub was successful and the first tranche has been paid. There is currently a delay in the project due to the building owner's contractor moving on to another job. This has delayed the opening at this stage until early 2024.
- The Head of Faculty Tech recruitment campaign has proven successful with the school appointing Riki Palatchie into the role
- WinePro continues to build momentum with BRI coming onboard and Wine Marlborough committing funding, check out [here](#)
 - <https://bri.co.nz/2023/08/15/winepro-2024/>

RECOMMENDATION

That the information be received.

Innovate Marlborough Report

8. **Annual Plan & other services delivered by the ED Team**

The Annual Plan for the ED Team was written as a handbook for the actions, projects & approved last EFC-meeting. The ED Team reports here's a list with services delivered by the ED Team

- Ongoing building & maintaining partnerships/relationships with stakeholders in the eco-system for Marlborough economy *)
- Business Development Advisory Service for commercial/industrial activities

* i.e. *NZ Wine Centre, Sanford Bioactives, BTM, CoC, Wine Marlborough, Marine Farming Assn. TOTS Wood Council, Kanoa Investment Team, Callaghan Innovation, NZTE, MBIE, MPI, MfE, MSD, NZTech, AgriTechNZ,*

9. **Smart + Connected Groups**

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 current industry groups are:

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

10. **Business Development enquiries**

- Referral made to the Food & Fibre ITP for a big investment in prototyping a new type of harvesting for Marlborough Food Producer – resulting in success and sizeable grant for the organisation and a significant investment in innovation from MPI – F&F fund
- Working with Pacific Rim with intro to Kanoa

Storytelling Pillar

11. **MarlboroughNZ**

- Currently both Destination Marlborough and the ED Team are uploading the new content and imagery on the new website platform.
- Testing will be happening once the content is uploaded and the new platform is planned to go 'live' mid-September.



- [Innovate Marlborough Newsletter](#) sent out

Business & Workforce Capability

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

- Activities continue:
 - i) Business mentor matches & SME business support
 - ii) Supporting the community build of alumni of the startup weekends & startup community

Smart + Connected Groups

13. **Aquaculture**

- The last progression workshops for the Aquaculture group are held monthly, there are now two workshops
 - Mussels as superfood
 - Hatchery/nursery
- The latest Smart and Connected thought leadership meeting was held on 14th June 2023
- The next meeting will be 11th October 2023
- Brendon Burns continues to be the Chair of the Aquaculture Steering Group

14. Labour and Skills

- Vance Kerlake – Regional Lead for the Regional Skills & Leadership group also chairs the Smart + Connected Group – Vance thanked the ED Team for the excellent work they are doing with the S+C groups and the outcomes that are being achieved for the region.
- The latest S+C Labour & Skills steering group meeting was held on 2nd August 2023
- Topics meeting:
 - Talent & talent attraction for Marlborough
 - Academy initiative Marlborough
 - RSLG released their Marlborough Regional Workforce Plan 2023, check out [here](#)
- The next meeting is scheduled for 5 October 2023

15. Aviation & Aerospace –

- The S+C Aviation and Aerospace meeting took place on 25 July 2023 at the airbase
- NMIT | Te Pūkenga and Air New Zealand join forces to advance aviation education in Aotearoa, please find media release [here](#).
- The next meeting is due to be held at the airport on 19th September 2023
- The group Chair is Matt Kerr

16. Forestry and Wood Sector

- The S+C Forestry and Wood meeting was held on 22nd June 2023
- The meeting was held on site of the One-forty-One site in Kaituna – the Kaituna Sawmill.
- The Kaituna Sawmill is committed to working on a number of projects improving sustainability for environmental outcomes.
- Angela Mackenzie & Henry Morris (PFOlsen) stepped down from their co-chairship of the Smart+Connected Forestry & Wood Processing earlier this year. Angela has taken on the role of Executive Officer for the Top of the South Wood Council – across Te Taihū.
- The new Chair for this Smart+Connected group is Tim Hinton who's heading up the operations for PFOlsen in the region.
- Top of the South Wood Council have launched a new website, check it out [here](#).
- Next meeting is planned for 6th September 2023, topics on the agenda:
 - Follow up on the Forestry Hackathon – teams & solutions
 - Discuss PR strategy for the forestry industry
 - Write one or two proposals for government funding through the ITP- Forestry & Wood Processing or other funding opportunities
 - Community building – should we include Nelson/Tasman communities?
 - School engagement programme, incl. Future of Work -Day, primary industries day
 - Wood is Good – campaign

17. Circular Wine

The S+C Circular meeting was held on 14th June 2023

- 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 6th September 2023

18. Screen Marlborough

- Weeklong film making course for Rangitahi at the Sawmill Studios as a Holiday programme for Marlborough's secondary schoolkids. A total of 30 rangitahi from Boys College and Girls College involved in the film making process for an entire week. They learned all the skills from writing to props making, acting, shooting film scenes and editing. Extremely successful programme sponsored by Screen Marlborough.
- Regular meetings continue with the Sawmill Creative Society Trust
- The big Sound Stage Studio has been leased out for non Screen activities
- There are 4 creative business-studios based in the workshop studio now, lots of activities
- In August Screen Marlborough has received 2 permit enquiries for international productions
- one permit enquiry from the North Island for a Māori Film production
- one permit from a local producer for a shoot of several days for a short movie

- Screen Marlborough is expecting to receive the Marlborough Showreel – a video production to promote Marlborough as a film region – any day now. Just in time for the new website
- Screen Marlborough Sponsored the Film Festival from Random Directions for local short film producers – the schools entered their Film into the Film Festival as well – it was an inspiring event.

Leadership Pillar Programme

19. Infometrics Economic Data

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

20. **CEOs** in Marlborough lunch session coming up with Qiulae Wong – GM for B-Lab Australia & New Zealand at the library – Presenting about B-Corp Certification

21. Ningxia sister region

- Marlborough has re-engaged with its sister region of China following the hiatus caused the Covid-19 pandemic. The relationship has been very productive economically based upon wine consultancy, wine technology and wine education and future opportunities are being explored.

Other activities

22. Kānoa (Regional Economic Development & Investment Unit)

- Hosting Kanoa Team in Marlborough
- 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 projects & actions as presented & approved in the ED Team Annual Plan
24. To continue meeting the desired outcomes and KPI's for economic wellbeing for the region

Author	Dorien Vermaas, Economic Development Portfolio Manager
Authoriser	Neil Henry, Manager, Economic Development and Strategic Planning

6. Financial Report for Council – Period Ended 30 June 2023

(The Chair) (Report prepared by Tessa Dever and Piumi Wijayasena)

F275-001-01

Purpose of Report

- To present the interim year-end results for the 2022-23 financial year.

Executive Summary

- The draft Annual Report is currently being compiled to enable Audit New Zealand to provide Council with an opinion on the financial statements. It is planned that the audit opinion will be provided in time for Council to adopt the final Annual Report in October.
- Changes to the interim financial results provided here will occur as preparation of the Annual Report is finalised. Changes will result from:
 - The application of Public Benefit Entity International Public Sector Accounting Standards. One example is that adjustments have been made to income to transfer grants received but not yet spent to income in advance in some areas. This has reduced income from forecast levels.
 - The inclusion of Council's subsidiaries results.
 - Consolidation of Marlborough Regional Forestry's gross results.
 - Review of capital additions for 2022/23 including changes required to align with accounting standards rather than project budgets. Note: adjustments have begun to be made for this resulting in some capital expenditure being transferred to operational expenditure.
 - Calculating manual depreciation adjustments for capital additions not yet processed. Manual depreciation for the roading and 3 Waters asset additions is not included in this report.
 - Review of the contingent liability and commitment schedules which may require further accruals to be provided.
 - Audit New Zealand comments and any requested changes.
 - Differences in the budget figures as the annual report budget is what was adopted in the 2022/23 Annual Plan which does not include carryovers.

Revenue and Operational Expenditure

Whole year			
(in millions)	Actual	Budget	
Surplus/Deficit	(\$5.5)	(\$6.7)	✓ (\$1.2)
Income	\$161.1	\$170.4	✗ (\$9.3)
Expenditure	\$166.6	\$177.1	✓ \$10.5

Capital Expenditure

Whole year			
(in millions)	Actual	Funded	
Net Capex	\$66.7	\$82.4	✗ (15.7)

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.

RECOMMENDATION

That Council receive the Financial Report period ending 30 June 2023.

Income (\$000's)

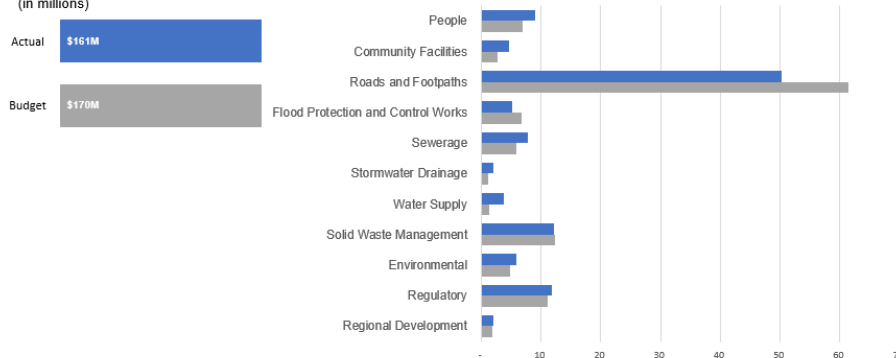
1 July 2022 to 30 June 2023

Notes

	Actual	Budget	Variance		
Rates	80,283	80,097	186	0%	
-less remissions	(506)	(454)	(52)	11%	
Rates	79,777	79,643	134	0%	
Rates penalty income	394	315	79	25%	
Total Rates	80,171	79,958	213	0%	4a
Other Income					
Dividends	3,318	3,012	306	10%	4b
Interest Revenue (external)	3,626	3,033	594	20%	4c
Petroleum Tax	399	415	(16)	-4%	
Gain on Sale of Fixed Assets	8	-	8	-	
Marlborough Regional Forestry	-	-	-	-	
Property and Other Revenue	3,489	4,651	(1,163)	-25%	4d
Total Other Income	10,839	11,111	(272)	-2%	
Activity Income					
People					
Democratic Process	51	72	(21)	-29%	
Culture and Heritage	1,788	1,775	13	1%	
Housing for Seniors	1,762	1,753	9	1%	
Community Support	826	613	213	35%	4e
Library Services	2,465	2,619	(155)	-6%	4f
Emergency Management	2,116	19	2,097	10949%	4g
Community Facilities	4,643	2,780	1,863	67%	4h
Roads and Footpaths	50,318	61,404	(11,087)	-18%	4i
Flood Protection and Control Works	5,218	6,695	(1,477)	-22%	4j
Sewerage	7,844	5,853	1,992	34%	4k
Stormwater Drainage	2,087	1,144	942	82%	4l
Water Supply	3,728	1,298	2,430	187%	4m
Solid Waste Management	12,250	12,283	(34)	-0%	
Environmental					
Environmental Policy	159	-	159	-	4n
Environmental Science and Monitoring	2,685	2,272	413	18%	4o
Environmental Protection	1,081	915	166	18%	4p
Resource Consents	1,929	1,694	235	14%	4q
Regulatory					
Building Control	3,851	3,671	180	5%	4r
Environmental Health	445	406	39	10%	
Biosecurity	5,776	5,705	72	1%	
Animal Control	768	686	82	12%	
Harbours	902	590	311	53%	4s
Regional Development	1,995	1,945	50	3%	
Total Activity Income	114,685	116,191	(1,506)	-1%	
Total MDC Income	205,695	207,261	(1,565)	-1%	
Total revenue which is non-cash or tied to a reserve or to fund capex	(44,579)	(36,793)	(7,786)	21%	
Total MDC Operating Income	161,116	170,467	(9,352)	-5%	

1 July 2022 to 30 June 2023
(in millions)

Actual vs Budget by Activity Group (in millions)



4. Comments are provided below on variances greater than \$100,000:
- a. Rates is ahead budget due to higher than anticipated growth. This is offset by lower than anticipated metered water sales.
 - b. Dividends are ahead of budget with the receipt of final dividend from MDCH in February.
 - c. External Interest revenue is above budget due to receipts from interest rates swaps which are now generating interest.
 - d. Property and Other Revenue is behind the budget due to the timing of the receipt of Better Off Funding from DIA being slower than anticipated. The revenue we have received from this program has been allocated to the activity the approved projects are in. This is offset by:
 - i. Receipt of insurance claims for the July 2021 Flood and the Kaikoura Earthquake.
 - ii. Unbudgeted contributions from Land Information New Zealand (LINZ) for the LIDAR mapping of Marlborough.
 - iii. The Affordable Water Reform Council Transition Support Package Funding previously included has been transferred to revenue in advance.
 - e. Community Support is ahead of budget due to additional Waka Kotahi funding received for total mobility and passenger transport under the “reduced fares scheme”.
 - f. Library services income is below budget due to the final receipt of Shovel Ready Funding not being received yet. Although the facility has a certificate of public use and is open, the code of compliance is yet to be obtained which is the trigger point for paying the final instalment. The funding is now expected to be received in the 2023/24 financial year.
 - g. Emergency Management is ahead of budget due to:
 - i. Subsidies received from Waka Kotahi, NEMA and NZ Lottery Fund 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.
 - h. 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.
 - i. 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.
 - j. 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. A revenue accrual will be actioned when the claim value is determined.
 - k. 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 developments.

This is partially offset by lower than anticipated trade waste charges. 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.

l. 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.

m. 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.

n. 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.

o. Environmental Science and Monitoring is ahead of budget due to:

i. Grants received under the Jobs for Nature program for the Te Hoiere restoration project.

The \$0.5M unbudgeted first instalment of \$1.5M funding from the Ministry for the Environment for the Essential Freshwater reforms has been transferred to Income in Advance.

p. Environmental Protection is ahead of budget due to unbudgeted reimbursement of costs relating to contamination. The costs were incurred by the Council during 2020-2022.

q. Resource Consents is ahead of budget due to Landuse applications being higher than anticipated.

r. Building Control is ahead of budget due to revenue received in prior years being recognised.

s. Harbours is ahead of budget due to the unbudgeted reimbursement for costs relating to the repositioning of the Valaris oil rig in Marlborough Sounds.

Expenditure

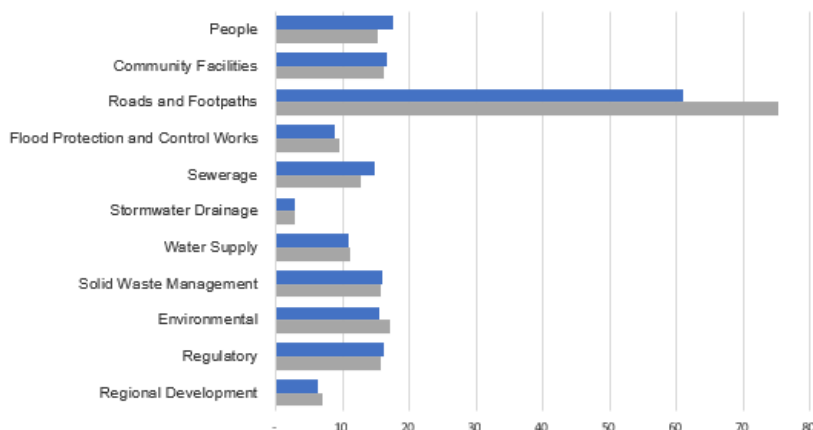
1 July 2022 to 30 June 2023

	Actual	Budget	Variance		Notes
Activity Expenditure					
People					
Democratic Process	3,929	4,116	(187)	-5%	5a
Culture and Heritage	1,559	1,862	(303)	-16%	5b
Housing for Seniors	1,949	1,939	10	1%	
Community Support	3,112	3,352	(240)	-7%	5c
Library Services	3,765	3,280	485	15%	5d
Emergency Management	3,268	825	2,442	296%	5e
Community Facilities	16,615	16,076	539	3%	5f
Roads and Footpaths	61,006	75,237	(14,231)	-19%	5g
Flood Protection and Control Works	8,743	9,487	(744)	-8%	5h
Sewerage	14,872	12,831	2,041	16%	5i
Stormwater Drainage	2,957	2,794	163	6%	5j
Water Supply	10,942	11,164	(222)	-2%	5k
Solid Waste Management	15,942	15,705	238	2%	5l
Environmental					
Environmental Policy	2,031	2,404	(374)	-16%	5m
Environmental Science and Monitoring	8,795	8,986	(191)	-2%	5n
Environmental Protection	1,764	2,163	(399)	-18%	5o
Resource Consents	2,867	3,630	(763)	-21%	5p
Regulatory					
Building Control	4,600	4,443	157	4%	5q
Environmental Health	732	820	(88)	-11%	
Biosecurity	7,650	7,563	87	1%	
Animal Control	841	889	(48)	-5%	
Harbours	2,398	2,015	383	19%	5r
Regional Development	6,426	7,027	(601)	-9%	5s
Total Activity Expenditure	186,764	198,609	(11,845)	-6%	
Less Internal Interest	(4,962)	(5,749)	786	-14%	5t
	181,802	192,860	(11,058)	-6%	
Other expenditure					
Interest expense (external)	5,517	5,945	(428)	-7%	5t
Property and other expenditure	5,499	2,503	2,996	120%	5u
Total other expenditure	11,016	8,448	2,568	30%	
Total MDC expenditure	192,818	201,308	(8,490)	-4%	
Total expenditure which is non-cash or reserve funded	(26,210)	(24,237)	(1,974)	8%	
Total MDC operating expenditure	166,608	177,072	(10,464)	-6%	
Operating SURPLUS	(5,492)	(6,604)	1,112	-17%	

1 July 2022 to 30 June 2023
(in millions)



Actual vs Budget by Activity Group (in millions)



5. Comments are provided below on variances greater than \$100,000:
- a. Democratic Process is behind budget due to lower than anticipated section management costs.
 - 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 was surrendered pending a full review of heritage requirements as part of the 2024-34 Long Term Plan.
 - c. Community Support is behind budget due to professional fees not being spent in the Smart and Connected programme.
 - d. Library Services is ahead of budget due to increased salary and depreciation costs for the new Marlborough Library.
 - e. 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 Roding Access Study.
This is partially offset by income received in 4g.
 - f. Community Facilities is ahead of budget due to:
 - i. Higher than anticipated Repair and maintenance costs.
 - ii. Costs associated with Flood damage repair.
 - iii. Project costs associated with the hockey turf relocation project.
 - g. Roads and Footpaths expenditure is below budget due to:
 - i. Lower than anticipated roding reinstatement expenditure relating to the impacts of the August 2022 flood event.
 - ii. Lower than anticipated general roding maintenance expenditure.
This is offset by increased depreciation costs due to revaluation movement in the previous financial year.
 - h. 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.
 - i. Sewerage is ahead of budget due to:
 - i. Higher than anticipated treatment costs at Riverlands industrial.
 - ii. Higher than anticipated depreciation costs due to a higher than anticipated revaluation movement and capital spend in the previous financial year.
 - j. Stormwater Drainage is ahead of budget due to increased depreciation costs due to a higher than anticipated revaluation movement in the previous financial year.
 - k. 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.

This is offset by increased depreciation costs due to a higher than anticipated revaluation movement in the previous financial year.
 - l. Solid Waste Management is ahead of budget due to higher than anticipated contract costs.

This is partially offset by lower than anticipated waste recycling projects costs and landfill ETS obligations.
 - m. Environmental Policy is below budget due to lower than anticipated consultancy charges.

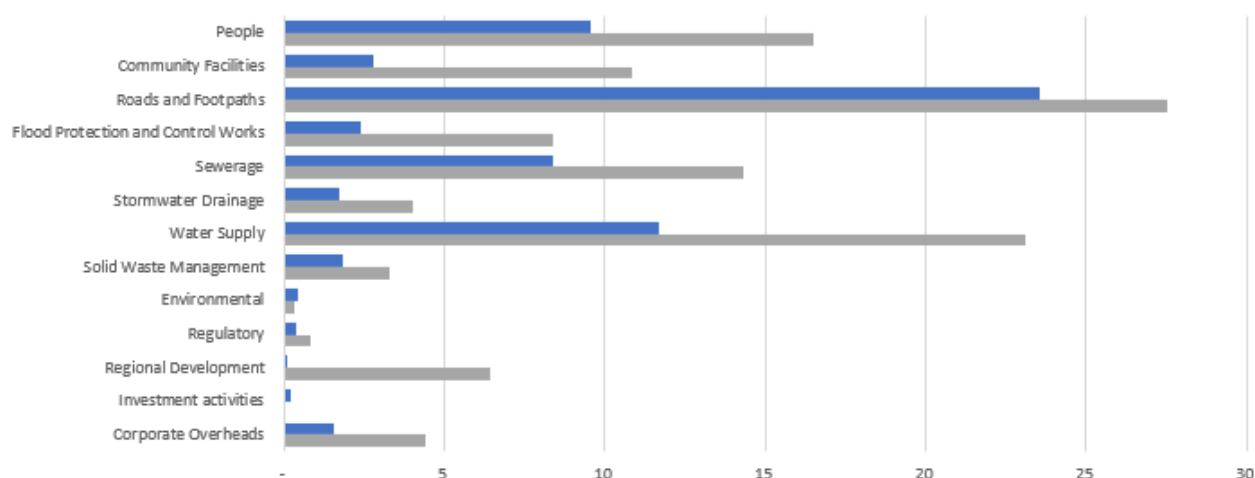
- n. Environmental Science and Monitoring is below budget due to delays in externally funded projects caused by staff and contractor recruitment issues, timeliness of external stakeholders' input and access issues following the 2022 flooding events.
- o. Environmental Protection is behind budget due to lower than anticipated legal charges for consents compliance.
- p. Resource Consents is below budget due to the lower than anticipated legal costs which are based on demand.
- q. Building Control is ahead of budget due to the higher than anticipated contract costs.
- 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 4s.
- 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, and additional TEAM funding. As part of the 2023-24 Annual Plan some of the funding for long delayed projects were surrendered.
- t. External and Internal Interest expenses are lower than anticipated due to the savings, deferrals, delays and grant funding of 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 costs to operational expenditure from capital expenditure due to recent guidance on the accounting treatment for these.
 - iii. Costs for the TechOne SaaS upgrade ahead of budget.
 - iv. 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 June 2023

	Actual	Budget	Variance	
People				
Culture and Heritage	15	2,531	(2,516)	-99%
Housing for Seniors	1,886	4,824	(2,938)	-61%
Community Support	-	53	(53)	-100%
Library Services	8,128	9,093	(965)	-11%
Emergency Management	5	9	(4)	-41%
Community Facilities	2,860	10,842	(7,982)	-74%
Roads and Footpaths	23,932	27,532	(3,600)	-13%
Flood Protection and Control Works	2,502	8,394	(5,892)	-70%
Sewerage	7,570	14,289	(6,719)	-47%
Stormwater Drainage	1,865	4,032	(2,167)	-54%
Water Supply	12,940	23,109	(10,169)	-44%
Solid Waste Management	2,274	3,266	(993)	-30%
Environmental				
Environmental Science and Monitoring	434	334	100	30%
Resource Consents	-	3	(3)	-100%
Regulatory				
Building Control	40	-	40	-
Environmental Health	-	3	(3)	-100%
Biosecurity	43	-	43	-
Harbours	323	807	(484)	-60%
Regional Development	170	6,408	(6,239)	-97%
Investment activities	214	64	150	235%
Corporate Overheads	1,526	4,382	(2,856)	-65%
Total Net Capital Expenditure	66,726	119,974	(53,248)	-44%

Forecast vs Budget by Activity Group (in millions)



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.

Total capital expenditure from 1 July to 30 June 2023 is \$66.7M which is \$10.9M less than the same period last year (\$77.6M).

Please see separate agenda item and the agendas for the recent Assets and Services and Environmental Committees for the carry over report for further information on capital expenditure which has been deferred into 2023-24.

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

	Financial Year to 30 June 2023	Financial Year to 30 June 2022	Difference
Cash received from:			
Rates	80,078	75,806	(4,272)
User charges	25,072	22,404	(2,668)
Property Rentals	7,194	6,225	(970)
Subsidies and Grants	62,800	53,191	(9,609)
Interest and dividends	6,949	4,198	(2,752)
Sale of assets	27	9,248	9,221
Development Contributions	8,901	9,007	106
Other revenue	8,104	12,632	4,528
Operating cash received	199,125	192,710	(6,415)
Cash spent on:			
Net GST	324	(634)	(958)
Payments for operating costs	(156,118)	(108,037)	48,081
Payments for capital expenditure	(58,523)	(94,905)	(36,382)
Operating cash spent	(214,317)	(203,576)	10,741
Cash borrowed from/(repaid to):			
LGFA for Council	10,485	21,325	10,840
Other	6,408	(3,767)	(10,175)
Cash from/(to) borrowing	16,893	17,558	665
Invested in subsidiaries or investment property	(2,367)	(1,964)	403
Cash and investments:			
net increase/(decrease)	(496)	4,619	5,115
at the beginning of the year	18,846	14,227	(4,619)
at the end of June	18,350	18,846	496

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

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

7. 2022/23 Budget Carryovers

(The Chair) (Report prepared by Martin Fletcher and Rainbow Zhao)

F225-007-01

Purpose of Report

1. The purpose of this report is to obtain Council approval for 2022/23 budget carryovers to be incorporated into the 2023/24 budgets.

RECOMMENDATION

That Council agree that the 2023/24 budgets be amended to incorporate the 2022/23 carryovers.

Background

2. A number of grants and projects scheduled for completion in the 2022/23 year were either not made or not completed for a variety of reasons.
3. Details of these works are shown on the attached schedule. (Refer Attachment 1)
4. Since funding for these works was determined in the 2022/23 budget within the 2022/23 Annual Plan it is now necessary to amend the 2023/24 budgets to reflect these 'carryovers'.
5. There is no rating impact arising from the 'carryover' action.

Author/Authoriser	Martin Fletcher, Chief Financial Officer
-------------------	--

Attachment 1

Request for 2022/23 Expenditure Carryovers to 2023/24

Purpose of requested carryover

Carryover\$

Library

Better off funding (Solar Panels for the new Blenheim library)	250,000
Furniture, fixtures, and equipment for the new Blenheim library	135,000
Final new Blenheim library build costs	337,500
	<u>722,500</u>

Kaihautu

Projects funded by Better Off Funding	150,000
---------------------------------------	---------

Customer and Office Services

Staff training, Uniforms, after hour services etc.	17,100
Aircon replacement	283,677
	<u>300,777</u>

Community and Other Grants

Kiosk project for the new Marlborough Community Directory	10,000
Welcoming Communities project	10,000
Community event contestable fund and Matariki fund etc.	103,000
Grants for extended trial of Community Use for the Marlborough Events Centre	24,000
Grants for Community Law for future projects, e.g. upcoming Incorporated Society changes	30,000
Grants for Youth Council including election and Youth Sector strategy development etc.	38,000
Age Friendly Strategy 2022 - 2027	14,000
Heritage grants	354,562
Better off funding (Heritage Centre Investigation)	120,000
Final new Blenheim Art Gallery costs	112,500
Gallery Collection Management fee	30,000
	<u>846,062</u>

Regional Development

Picton redevelopment study	150,000
Tech hub funding - Well Being Funding	274,525
TEAM funding	50,000
Marketing of region to live, work, do business, screen activity	69,475
Industry development projects, Smart+Connected	70,000
WinePro conference 2023/24 funding – commitment	50,000
Agri-tech accelerator and food sector projects	50,661
Marketview subscription, additional advertising and possible Eventfinda fees, printing, event evaluations etc.	71,590
Funding for future commercial events	159,873
Ongoing Smart and connected projects	106,000
	<u>1,052,124</u>

Housing for seniors

LTP Planning and Vevian Watermain professional fee	11,058
Remaining contract value for 85 George Street development.	417,537
	<u>428,595</u>

Information Services

Better off funding (Water allocation and accounting database and Geospatial data and digital tools for lwi sites of significance, kaitiaki and kaimoana)	95,080
	<u>95,080</u>
	<u>3,595,138</u>

Revenue Carryovers

Budgeted Revenue from Better Off Project Funding not yet received	750,000
Budget Revenue from Shovel Ready Funding not yet received	200,000
	<u>950,000</u>

8. Debtors Overdue Reports as at 31 July 2023

(The Chair) (Report prepared by S Greenhill)

Purpose of Report

1. The purpose of this report is to advise Council on the overdue debtor position as at 31 July 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 31 July 2023 is **attached** for Councillors' information.

The Current balance includes a large government department invoice for \$3.5M and the annual monitoring fees for resource consents totalling approx. \$1.3M.

The 90 Days balance includes several Development Contribution invoices that will be paid once the building project is near completion. It also includes a number of invoices that are in dispute.

The Property Leases and Licences Debtors Report as at 31 July 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.

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

Debtors Report as at 31 July 2023

**Current
Month**

Comparison for Previous 5 Months

Aged Analysis Report	July	June	May	April	March	February
Current	7,816,396.23	2,569,785.40	2,459,633.32	2,441,634.62	4,473,041.27	2,650,614.41
30 - 90 Days	1,650,478.98	245,480.30	881,126.31	2,297,611.33	626,249.26	1,189,828.79
90 Days	399,366.35	411,127.76	502,336.10	217,220.32	244,530.59	291,797.44
Outstanding Debtors Closing Balance	9,866,241.56	3,226,393.46	3,843,095.73	4,956,466.27	5,343,821.12	4,132,240.64

Debtors Action Report - Debtors over 90 days with Balance >\$250	July	June	May	April	March	February
With Debt Collection Agency	10,839.04	10,411.04	10,411.04	10,411.04	10,411.04	10,411.04
Paying by Arrangement	31,368.23	43,493.98	42,554.99	44,898.99	67,249.65	50,060.38
Negotiating Payment Arrangement	141,379.86	142,687.17	181,565.80	97,125.49	121,327.66	149,355.05
Debts in Dispute	178,952.81	190,596.12	150,245.06	9,223.69	7,315.62	5,509.62
Payments since month end taken off above amounts	34,967.96	20,610.64	114,807.58	52,594.70	34,184.36	69,686.78
Sub-Total	397,507.90	407,798.95	499,584.47	214,253.91	240,488.33	285,022.87
Various Debtors with Balances <\$250	1,858.45	3,328.81	2,751.63	2,966.41	4,042.26	6,774.57
Over 90 days Outstanding Total	399,366.35	411,127.76	502,336.10	217,220.32	244,530.59	291,797.44

Property Leases and Licences Debtors Report as at 31 July 2023

Aged Analysis Report	Current Month	Comparison for Previous 5 Months				
	July	June	May	April	March	February
Current	71,337.01	19,298.31	71,211.25	13,879.07	13,590.79	107,855.55
30 Days	7,443.93	7,009.29	2,633.97	3,429.06	550.36	18,523.56
60 Days	5,352.17	1,465.87	2,604.28	1,370.26	336.88	(1,576.09)
90 Days	3,937.96	2,078.75	(1,778.96)	(743.71)	(862.53)	3,758.05
Outstanding Debtors Closing Balance	88,071.07	29,852.22	74,670.54	17,934.68	13,615.50	128,561.07

9. Rates Report as at 31 July 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 31 July 2023.

RECOMMENDATION

That the information be received.

Rate Levies Status and Rate Arrears Aged Balance Reports

2. At 31 July rates unpaid from prior years were \$1,014,068 (after deducting postponed rates) (**see Attachment 1**). This is an increase from last year's unpaid rates of \$839,115. Together with the 5.39% increase in rates for rating year 2022-2023, this can also be attributed to the increased cost of living and ratepayers coming off fixed rate mortgages onto higher mortgage rates.

Ratepayers can still apply for a penalty reversal under Council's penalty remission policy (ie for the first time). The Rates Team are continuously working with ratepayers to find mutually agreeable repayment plans to help them manage their rates payments.

3. The credit levy balance brought forward of \$33,671 (**see Attachment 2**) is due to rate payers who are on regular direct debits and rate payers who choose to keep their rates accounts in credit by making additional payments. The Annual Levy YTD is zero, as the first instalment invoices are sent out on 1 August 2023, and will be included in the next report.
4. For the 2022-2023 rating year applications were approved for energy efficiency funding for a total of \$650,394 over the following categories:

Type	Count	Total installation cost	Average cost
Clean Heating	57	\$253,347	\$4,445
Insulation	1	\$5,683	\$5,683
Solar Power	31	\$391,363	\$12,625
Total	89	\$650,394	

The overall number of applications was slightly lower than last year (103). This decrease in number could be attributed to banks offering 0-1% finance options with repayments over a shorter period.

The average cost increased from \$6,861 (last year) to \$7,307 (this year). This can be attributed to an overall average cost increase on both cleaning heating and insulation. Solar power average cost remained the same.

Solar power accounts for 60% of the total value, which is comparable to last year (61%)

Cleaning heating accounts for 39% which is slightly more than last year (35%)

Insulations 1% is lower than last year (4%)

Water Billing Debtors' Report

(Report prepared by Sonja Greenhill)

5. Attached for information is the Water Billing Debtors Report as at 31 July 2023.

The Current balance is in credit due to a number of over payments and credits being processed due to leak credits.

The 90 Days balance includes a number of credit balances and overdue March & June 2023 invoices. Copies of invoices were emailed 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	Linda Fletcher-Firks, Team Leader Rating
Authoriser	Martin Fletcher, Chief Financial Officer

Rate Arrears Aged Balance Report as at 31 July 2023

Year	Total Arrears (01/07/2023)	Rate Arrears Received Year to Date	Total Arrears 31/07/2023	Postponed Rates included in Total Arrears	Actual Arrears (after deducting postponed rates)
2022-23	1,090,266	199,490	890,775	40,229	850,546
2021-22	168,042	9,263	158,779	30,010	128,768
2020-21	41,972	464	41,508	27,234	14,274
2019-20	25,960	-	25,960	15,472	10,488
2018-19	22,526	-	22,526	15,726	6,800
2017-18 & Prior	56,713	1,207	55,506	52,315	3,191
Total	1,405,478	210,424	1,195,054	180,985	1,014,068

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

Rate Levies Status Report as at 30 June 2023

Financial Division	Balance B/Forward (01/07/2023)	Annual Rate Levy YTD	Arrears Penalty	Instalment Penalty	Adjustments	Cash Received for Year to Date	Balance 31/07/2023
Blenheim	(200,591)	-	34,562	(1,525)	(245,295)	(1,291,574)	(1,704,424)
Blenheim Vicinity	26,730	-	16,663	(959)	(126,297)	(252,228)	(336,091)
General Rural	23,963	-	18,157	(982)	(90,783)	(163,794)	(213,438)
Picton	82,162	-	17,533	(482)	(109,205)	(245,177)	(255,169)
Picton Vicinity	22,128	-	2,981	-	(38,315)	(14,383)	(27,587)
Sounds Admin Rural	12,683	-	3,372	-	(8,408)	(16,735)	(9,089)
Utilities Network	(747)	-	-	-	-	-	(747)
Current Year Totals	(33,671)	-	93,268	(3,948)	(618,303)	(1,983,891)	(2,546,544)

Water Billing Debtors Report as at 31 July 2023

	Current Month	Comparison for Previous 5 Months				
	July	June	May	April	March	February
Aged Analysis Report						
Current	(7,972.98)	848,378.21	127.70	12,824.06	1,370,342.91	45.02
30 - 90 Days	159,162.43	9,824.36	117,307.57	193,705.33	45.02	71,500.98
90 Days	13,568.71	59,307.54	(31,472.17)	(12,977.54)	26,364.73	(33,925.11)
Outstanding Debtors Closing Balance	164,758.16	917,510.11	85,963.10	193,551.85	1,396,752.66	37,620.89

Debtors Action Report - Debtors over 90 days Balance >\$250						
	July	June	May	April	March	February
Paying by Arrangement	2,444.89	19,100.96	3,704.73	4,304.73	3,642.85	1,426.78
Negotiating Payment Arrangement	33,042.52	33,135.36	16,481.66	20,821.31	57,740.96	19,240.96
Awaiting Possible Water Remission (New)	19,974.02	39,054.89	3,120.66	2,408.58	4,085.95	1,737.74
Payments since month end taken off above amounts	971.39	12,642.29	3,133.75	10,366.42	4,929.15	-
Sub-Total	56,432.82	103,933.50	26,440.80	37,901.04	70,398.91	22,405.48
Various Debtors with Balances <\$250 or Credit Balances	(42,864.11)	(44,625.96)	(57,912.97)	(50,878.58)	(44,034.18)	(56,330.59)
90 days Outstanding Total	13,568.71	59,307.54	(31,472.17)	(12,977.54)	26,364.73	(33,925.11)

10. Information Package

RECOMMENDATION

That the Economic, Finance & Community Information Package dated 5 September 2023 be received and noted.
