MARLBOROUGH DISTRICT COUNCIL
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MARLBOROUGH DISTRICT COUNCIL

6 February 2026

Record No: 2623722
File Ref: D050-001-F02
Ask For: Nicole Chauval

Notice of Committee Meeting – Thursday, 12 February 2026

A meeting of the Finance Committee will be held in the Council Chambers, 15 Seymour Street, Blenheim on **Thursday, 12 February 2026 commencing at 9.00 am.**

BUSINESS

As per Agenda attached.

JOHN BOSWELL
CHIEF EXECUTIVE

MARLBOROUGH DISTRICT COUNCIL

Meeting of the
FINANCE COMMITTEE
to be held in the Council Chambers, 15 Seymour Street, Blenheim
on THURSDAY, 12 FEBRUARY 2026, commencing at 9.00 am

Committee	Clr J D N Croad (Chairperson) Clr B G Dawson (Deputy) Clr S R W Adams Clr S J Arbuckle Clr A R Burgess Clr D A Dalliessi Clr C M W Dawson Clr B A Faulls Clr G A Hope Clr J C Hyndman Clr R J Innes Clr T P Sowman Clr B D Stace Clr M J Taylor Mayor N P Taylor Ms R Niven (Iwi representative)
Department Heads	Mr G K Blake (Chief Financial Officer)
Staff	N Chauval (Committee Secretary)

In Public

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Public Excluded

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1. Apologies

An apology from Clr R J Innes has been 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. Financial Report for the Year to 31 December 2025

(The Chair) (Report prepared by Tessa Dever and Geoff Blake) **F275-001-01**

Purpose of Report

1. To present the Financial Report for the year to 31 December 2025.

Background/Context

2. The Financial Report from 1 July 2025 to 31 December 2025 is attached.

3. This report format includes the information previously presented in the Financial Report, Treasury Management Report, Debtors Report and Rates Debtors reports.

4. Forecasts have been updated for revenue and operational expenditure. Capital expenditure forecasts are pending as the budget process continues.

5. The budget referred to throughout includes the 2025/26 Annual Plan plus approved carryovers.

RECOMMENDATION

That the financial report for the year to 31 December 2025 be received.

Author	Tessa Dever, Financial Reporting Manager
Authoriser	Geoff Blake, Chief Financial Officer

MARLBOROUGH DISTRICT COUNCIL

Quarterly Financial Report

Quarter ended 31 December 2025

marlborough.govt.nz

MARLBOROUGH DISTRICT COUNCIL

Financial Highlights
Income and Expenses
Capital Expenditure
Modified Cash Flow
Treasury
Rates and Debtors
Group of Activities – Financial Summaries

marlborough.govt.nz

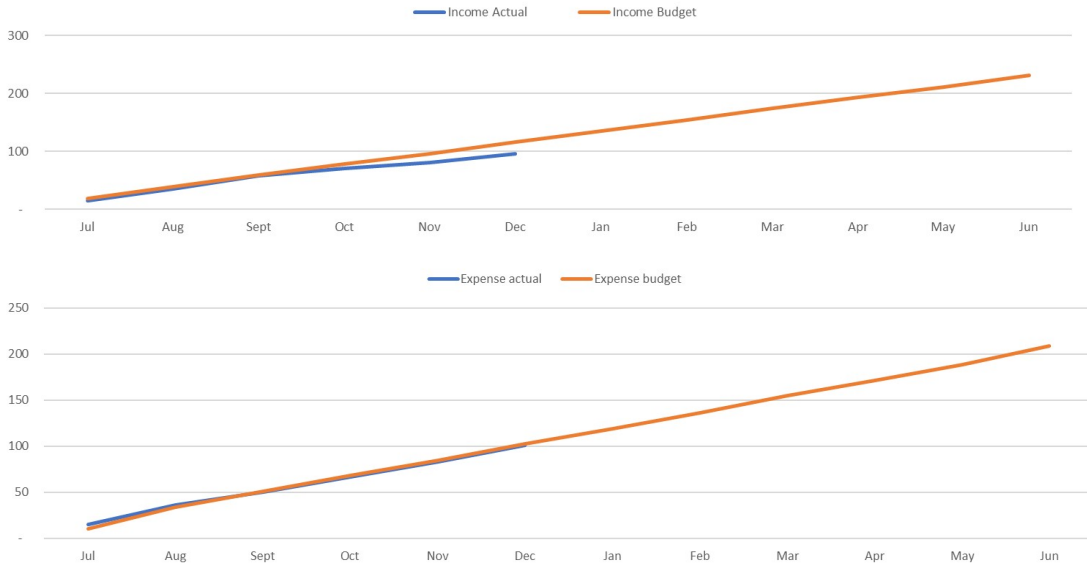
Note: This document contains AI-generated content. AI-generated content has been reviewed by the author for accuracy and edited/revised where necessary. The author takes responsibility for this content

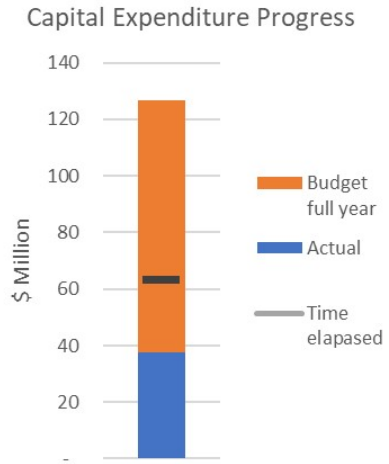
Financial Highlights

Revenue and Operating Expenditure

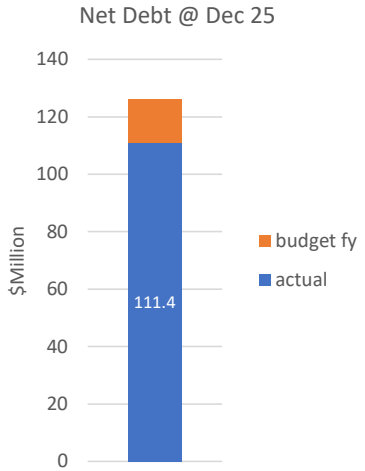
(in millions)	YTD Actual	Full year Budget	Full year Projection	Budget received/utilised
Revenue	109,485	231,138	227,748	47%
Expenditure	101,114	208,998	207,968	48%
Surplus/(Deficit)	8,371	22,139	19,780	

Revenue from rates is tracking to plan with revenue from other sources falling slightly behind budget, which is expected to continue until year end.
Offsetting this is reduced operating expenditure with reductions in depreciation (actual vs budget) offset by increased costs associated with weather related recovery efforts.
Capex progress is slower than expected but we are expecting the kick off of a number of water related projects in the near term which will see some progress.
Council's level of debt is tracking to plan.





Overall capital expenditure for Council is at 30% and we are 50% of the way through the year. Key capital expenditure incurred to date includes roading reinstatement, water treatment plants, London Quay refurbishment and IT projects. There is a significant program of works to occur between now and year end with forecast updates underway.



Gross borrowing from LGFA has increased from $138.8m as at June 2025 to $203.8m at the end of December 2025, reflecting the recent decision taken by Council to prefund 2026 loan maturities.
Overall net debt has increased by $9m.

Income Statement (Operating surplus/deficit)

	YTD Actual	Full year Budget	Full year projection	Remaining budget	Forecast Budget Variance	Budget utilised
Income						
Rates	54,277	109,456	109,456	55,179	-	50%
Subsidies and Grants	27,281	59,602	58,733	32,321	- 868	46%
Development and Financial Contributions	1,151	4,639	3,693	3,488	- 946	25%
Other Revenue	26,776	57,441	55,866	30,665	- 1,575	47%
Total Income	**109,485**	**231,138**	**227,748**	**121,653**	**- 3,389**	**47%**
Expenditure						
Personnel costs	19,504	39,643	39,400	20,139	- 243	49%
Operational costs	34,280	80,994	76,388	46,714	- 4,606	42%
Infrastructural costs	20,246	26,296	32,833	6,050	6,537	77%
Finance costs	5,131	10,420	10,878	5,289	458	49%
Depreciation	21,954	51,645	48,470	29,691	- 3,176	43%
Total Expenditure	**101,114**	**208,998**	**207,968**	**107,884**	**- 1,030**	**48%**
Surplus/(Deficit)	**8,371**	**22,139**	**19,780**	**-**	**-**	**-**

Income Statement – Group of Activities

Income $000'	YTD Actual	Full year budget	Remaining budget	% received
Rates	54,277	109,456	55,179	50%
People	2,284	3,751	1,466	61%
Community Facilities	1,262	3,253	1,991	39%
Roads and Footpaths	23,210	51,541	28,331	45%
Flood Protection and Control Works	2,540	9,962	7,422	26%
Sewerage	2,526	4,834	2,308	52%
Stormwater Drainage	149	735	586	20%
Water Supply	505	1,298	793	39%
Solid Waste Management	5,201	15,400	10,199	34%
Environmental	2,913	6,185	3,272	47%
Regulatory	6,144	7,271	1,127	84%
Regional Development	1,415	2,985	1,570	47%
Corporate	11,574	23,619	12,046	49%
Total MDC Income	114,000	240,290	126,290	47%

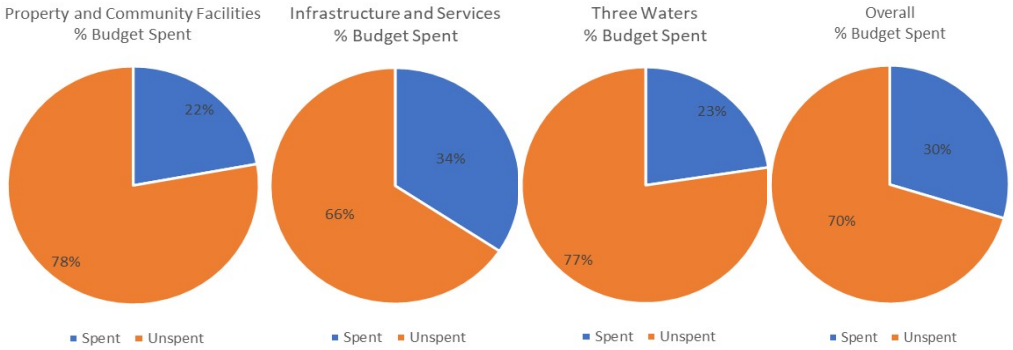
Expenditure $000'	YTD Actual	Full year budget	Remaining budget	% spent
People	9,782	19,750	9,968	50%
Community Facilities	9,330	18,884	9,553	49%
Roads and Footpaths	24,987	35,693	10,706	70%
Flood Protection and Control Works	5,694	8,904	3,210	64%
Sewerage	11,476	25,334	13,858	45%
Stormwater Drainage	2,160	5,217	3,057	41%
Water Supply	7,604	16,047	8,443	47%
Solid Waste Management	7,954	21,342	13,388	37%
Environmental	7,902	21,326	13,424	37%
Regulatory	6,865	13,499	6,635	51%
Regional Development	3,327	8,262	4,935	40%
Corporate	8,549	23,854	15,305	36%
Total MDC Expenditure	105,629	218,112	112,483	48%
Surplus/(Deficit)	8,371	22,178	- 112,482	38%

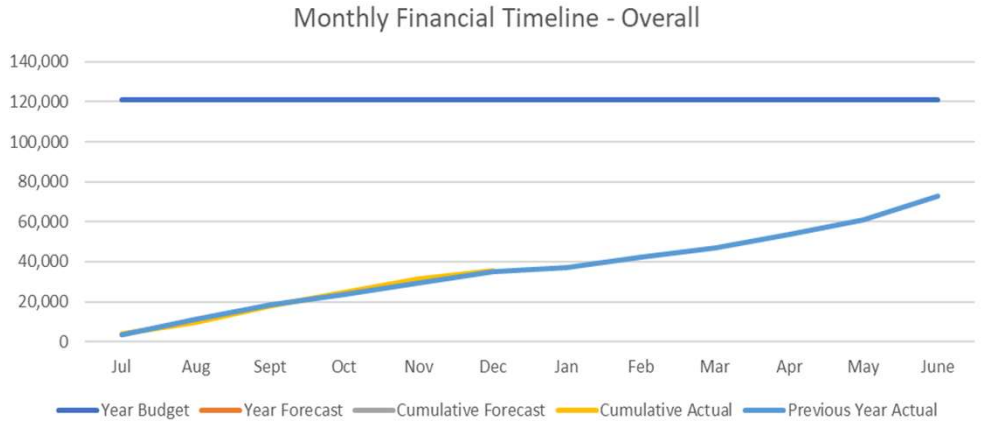
Income Statement Major Variances

- Subsidy and Grants revenue are down for both NZTA Revenue and other grants. These are directly tied to expenditure.
- Development Contributions, including land subdivision contributions, continue to be down even on revised budgets in the 2025/26 Annual Plan.
- Solid Waste revenue and expenditure are both under budget with lower than anticipated volumes. We expect some improvement with seasonality.
- Operational costs are tracking under budget, largely due to grant-funded project expenditure, lower solid waste costs noted above, lower regulatory costs and insurance costs that remain below budget and are expected to remain so at year-end. These savings are partially offset by minor allocation adjustments with Infrastructure costs below.
- Infrastructure costs are exceeding budget, the main driver of this is emergency works expenditure relating to the June/July weather event, with revenue received or receivable to offset the majority of this.
- Depreciation costs are down on budget for all areas except for roading, which is marginally ahead of budget following significant revaluation gain.

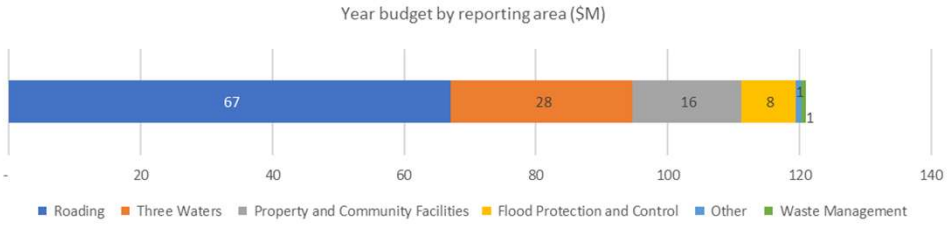
Infrastructure & Community Facilities - Capital Expenditure Overview

	Actual	Budget	Forecast
Property and Community Facilities	3,645	16,483	
Infrastructure and Services	24,959	72,690	
Three Waters	7,194	31,858	
Total	**35,798**	**121,031**	



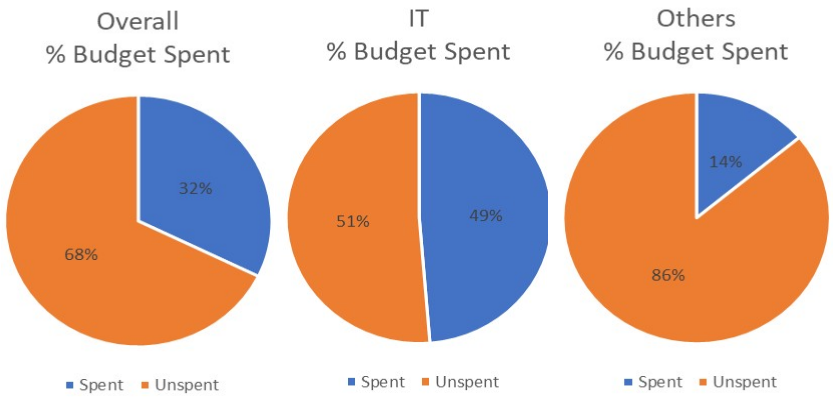


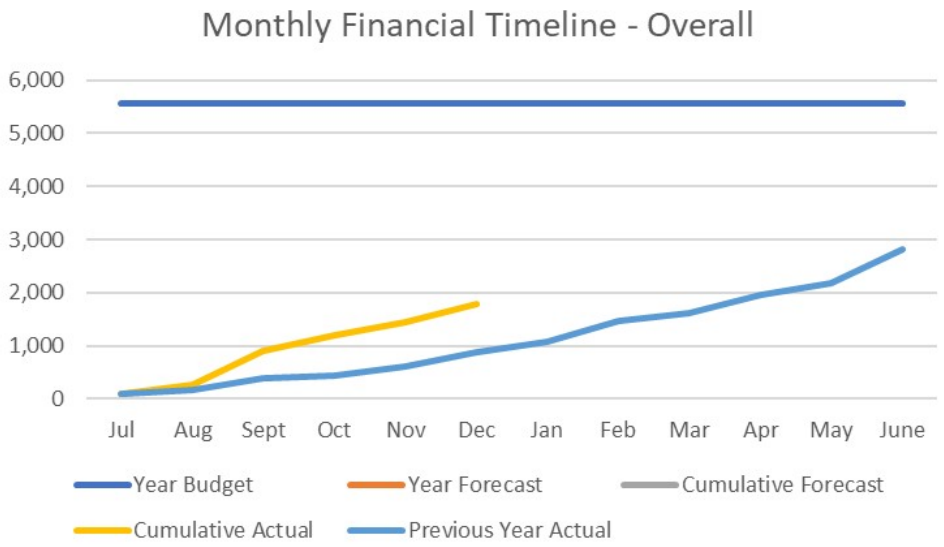
We are 50% of the way through the year with 30% of the capital expenditure budget spent for the departments. This is inline with the same period last year. Property and Community Facilities capital expenditure is at 22% with the London Quay Refurbishment project in Picton, A&P Pavillion, Small townships and various Public Convenience projects making up the majority of the departments expenditure to date. Key reserves projects, small townships, property portfolio and Blenheim CBD works all have pre construction work underway. Infrastructure and Services expenditure is at 32% with major capital expenditure relating to the roading emergency works program, flood protection land purchase, Pukaka Quarry and carbon credit purchases. Three Waters is at 23% with water treatment plants in Blenheim and Havelock and Picton Stormwater upgrades making up the majority of expenditure. At this stage of the year it is too difficult to tell what the year end position will be, other than it will be lower than budget. Forecasts are in the process of being updated and may be available at the meeting.



Rest of Council – Capital Expenditure Overview

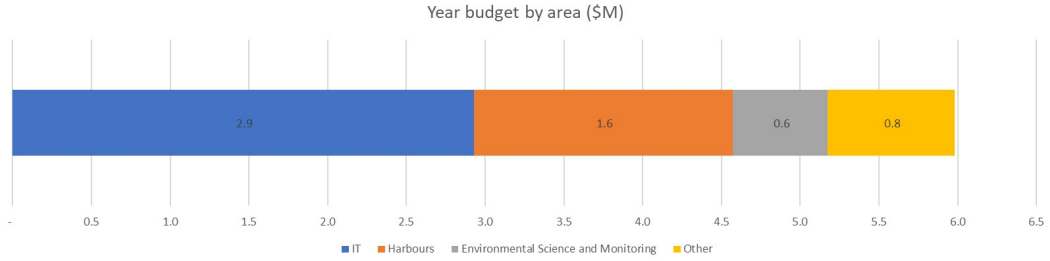
	Actual	Budget	Forecast
IT	1,428	2,930	
Other	369	2,641	
Total	**1,796**	**5,571**	





Overall commentary

We are 50% of the way through the year and capital expenditure is at 32% of the budget. This is tracking higher than the same time last year. IT capital expenditure is at 49% with costs for SAN Storage, distribution switch upgrades and computer hardware replacements making up majority of the spend to date. Other areas expenditure is at 12% and includes environmental monitoring expenditure, Destination Marlborough IT set up costs, Harbours equipment and overhead purchase of a fleet vehicle. Some costs are expected to be re-budgeted or carried over in the Harbours area.



Modified cash flow statement

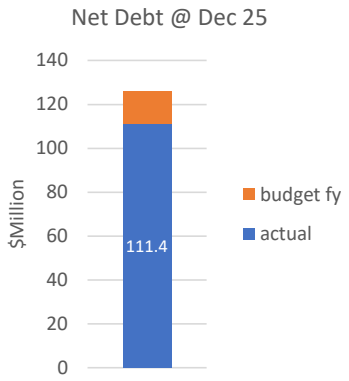
Summary of Cash Received and Spent ($000's)

	Financial Year to 31 December 2025
Cash received from:	
Rates	48,669
User charges	18,805
Property Rentals	4,166
Subsidies and Grants	26,378
Interest and dividends	4,388
Sale of assets	1,159
Development Contributions	1,151
Other revenue	5,659
Operating cash received	**110,375**
Cash spent on:	
Net GST	7,635
Payments for operating costs	(82,704)
Payments for capital expenditure	(37,594)
Operating cash spent	**(112,662)**
Cash borrowed from/(repaid to):	
LGFA for Council	66,907
Other	(3,400)
Cash from/(to) borrowing	**63,507**
Invested in subsidiaries or investment property	**(5,369)**
Cash and investments:	
net increase/(decrease)	**55,850**
at the beginning of the year	36,564
at the end of December	92,414

Cash and investments includes:
Cash - $6.5M
Term Deposits - $14.9M
Term Deposits – Pre Funding $71.0M

Treasury Report – as at 31 December 2025

Net Debt – Actual vs Full Year Budget



MDC Net Debt	$m
MDC Total Debt incl Prefunding	203.8
Less Term Deposits for prefunding	(71.0)
Less Operational Term Deposits	(14.9)
Cash in bank	(6.5)
Net Debt	**111.4**

MDC's net debt has increased by approximately $10m since June 2025 with increased borrowing from the Local Government Funding Agency (LGFA). Offsetting the additional term debt are short term fluctuations in cash holdings and balances of our Westpac call facility.

Bancorp's December Quarterly Treasury report for MDC contained the following commentary on interest rates.
During the December 2025 quarter the Reserve Bank of New Zealand appeared to signal that it had completed its aggressive easing cycle that began in mid-2024, with the Official Cash Rate ("OCR") reaching a multi-year low. The final move came on 26 November 2025, when the Monetary Policy Committee voted 5–1 to reduce the OCR by 25 basis points to 2.25% — its lowest level since mid-2022.
The market reaction to the unexpectedly hawkish cut was extreme, with the 5-year swap rate up from 3.14% on the day of the OCR announcement to 3.77% on 15 December. The extent of the movement prompted the new Reserve Bank Governor to issue a statement that essentially said the markets had gone too far, stating that "Financial market conditions have tightened since the November decision, beyond what is implied by our central projection for the OCR." As a consequence of the statement, 5-year swap rates retreated to 3.52%.

Council's cost of funds (average interest rate) is 3.63% at the end of the quarter reflecting the outcomes from the implementation of borrowing and interest rate hedging policies.

S&P Global having recently affirmed Council's AA- credit rating, issued statement regarding the Governments policy on Rates Capping.
A cap on annual increases in property rates could strain the finances of New Zealand's debt laden local councils. Unless the cap is matched over time with cuts to spending growth, we believe this will be credit negative for the sector.

There were two minor policy non compliances during the quarter:
1. The non compliance in the 2-5 year timeframe which is depicted by the circle in the chart "Interest rate hedging compliance with policy" on the following page is only for a one month period and will be rectified in the first quarter of 2026. The breach was identified by management prior to the end of the month.
2. MDC's term deposits with Westpac were outside the Treasury Policy Investment criteria of $25M, by $144k from 4 December 2025 to 6 January 2026. Processes have been improved to ensure this doesn't happen in the future.

Treasury Report – as at 31 December 2025

MDC Core Debt
$138.84m

MDC Total Debt (incl. prefunding)
$203.84m

Total LGFA Debt (includes prefunding and on lending)
$327.40m

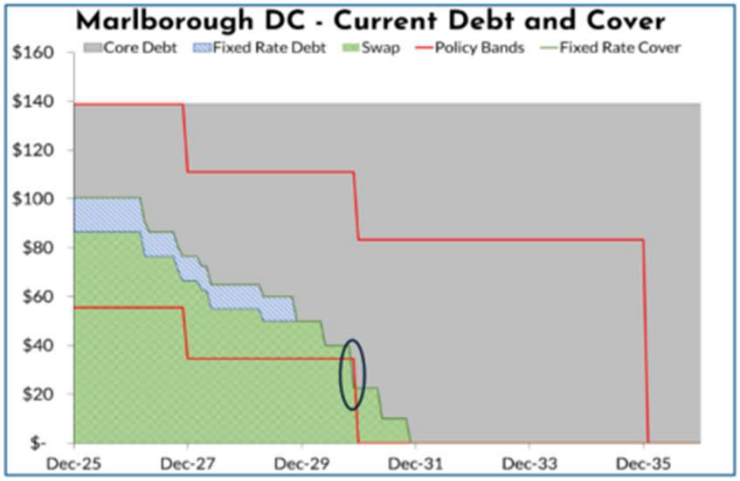
Bank facility headroom + cash + term deposits
$121.96m

Liquidity Ratio (based on total MDC Group Debt of $250.60m)
137.3%
Definition: (Term Deposits cash + Lines of Credit + Drawn Debt)/Drawn Debt

Cost of Funds as at 31 December 2025 (based on core debt)
3.63%

Current % of Debt Fixed	72.4%
Current % of Debt Floating	27.6%
Value of Fixed Rate (m)	$100.5
Weighted Average Cost of Fixed Rate Instruments	3.28%
Value of Floating Rate (m)	$38.3
Current Floating Rate	2.52%
Current Floating Rate (incl margin)	3.14%
All Up Weighted Average Cost of Funds Including Margin	3.63%
Total Facilities In Place	$158.8

Interest rate hedging compliance with policy



Current Market Interest Rates as at 31 December 2025

Term	Rate quoted from -	December 2025	November 2025	October 2025	*September 2025*
OCR	Reserve Bank	2.25%	2.25%	2.50%	3.00%
30 days	Reserve Bank	2.41%	2.39%	2.62%	2.93%
90 days	Bank bills	2.52%	2.45%	2.52%	2.80%
5 year bond	NZ Government Bonds- yield	3.90%	3.77%	3.25%	3.36%
10 year bond	NZ Government Bonds- yield	4.50%	4.36%	4.06%	4.19%

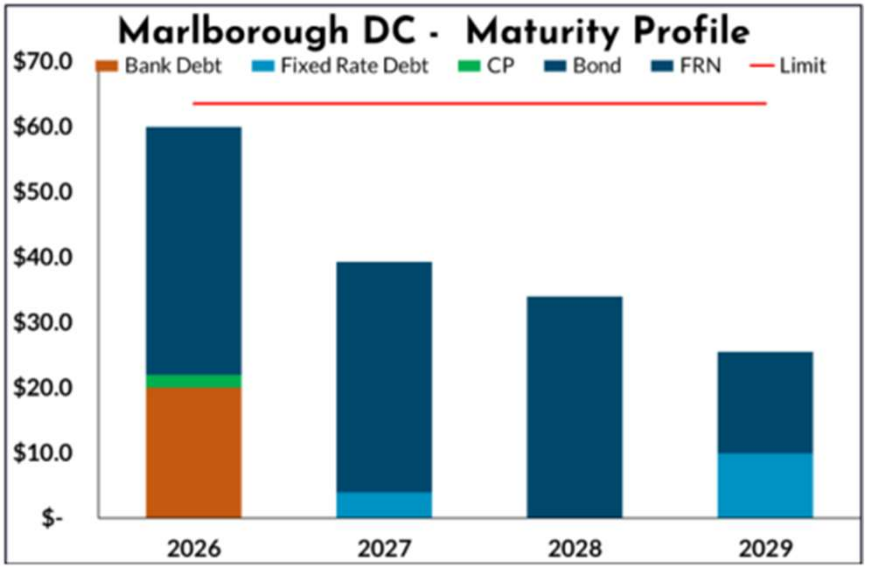
Statement of MDC Cash, Investments and External Borrowings as at 31 December 2025

					This period Dec 2025	*% Funds*	*Last Report September 2025*
Bank Current Accounts							
BNZ	*Current Funds or (Overdraft)*			0.00%	$1,546,070	1.67%	*$2,416,740*
On Call	**Rating**						
BNZ	AA-			1.50%	$1,077,270	1.17%	*$184,091*
Westpac	AA-			2.30%	$3,827,444	4.14%	*$12,328,445*
	Readily Available Funds			1.62%	***$6,450,784***	**6.98%**	***$14,929,276***
Investments							
Banks							
BNZ	AA-	365 days	17/07/2026	4.00%	$53,492	0.06%	*$53,492*
ASB	AA-	368 days	18/11/2025	4.95%	$0	0.00%	*$620,952*
BNZ	AA-	731 days	1/12/2025	6.30%	$0	0.00%	*$1,432,592*
BNZ	AA-	731 days	4/12/2025	6.20%	$0	0.00%	*$1,283,336*
BNZ	AA-	365 days	7/07/2026	4.00%	$1,540,889	1.67%	*$1,540,889*
BNZ	AA-	730 days	22/04/2027	4.00%	$1,693,402	1.83%	*$1,693,402*
BNZ	AA-	732 days	2/08/2027	4.00%	$1,210,432	1.31%	*$1,210,432*
BNZ	AA-	731 days	4/10/2027	3.75%	$1,301,970	1.41%	*$0*
Westpac	AA-	365 days	3/10/2025	5.05%	$0	0.00%	*$1,239,381*
Westpac	AA-	365 days	6/01/2026	4.75%	$648,128	0.70%	*$648,128*
Westpac	AA-	365 days	1/12/2026	3.27%	$1,613,345	1.75%	*$0*
Westpac	AA-	365 days	4/12/2026	3.24%	$1,442,688	1.56%	*$0*
Westpac	AA-	546 days	18/05/2027	3.25%	$651,954	0.71%	*$0*
Westpac	AA-	730 days	10/10/2027	3.32%	$1,612,226	1.74%	*$1,534,722*
Westpac	AA-	730 days	28/10/2027	3.25%	$3,176,369	3.44%	*$3,023,674*
ASB	AA-	367 days	11/11/2025	4.95%	$0	0.00%	*$8,500,000*
ASB	AA-	210 days	15/06/2026	3.31%	$4,000,000	4.33%	*$0*
ASB	AA-	273 days	17/08/2026	3.32%	$4,000,000	4.33%	*$0*
ASB	AA-	364 days	16/11/2026	3.34%	$11,000,000	11.91%	*$0*
ANZ	AA-	91 days	16/02/2026	3.25%	$4,000,000	4.33%	*$0*
ANZ	AA-	119 days	16/03/2026	3.25%	$8,000,000	8.66%	*$0*
ANZ	AA-	364 days	16/11/2026	3.30%	$13,000,000	14.07%	*$0*
BNZ	AA-	367 days	17/11/2025	5.05%	$0	0.00%	*$9,000,000*
BNZ	AA-	364 days	16/11/2026	3.10%	$11,000,000	11.91%	*$0*
Westpac	AA-	730 days	16/02/2026	2.90%	$6,000,000	6.49%	*$0*
Westpac	AA-	730 days	16/03/2026	2.95%	$6,000,000	6.49%	*$0*
Westpac	AA-	730 days	16/11/2026	3.26%	$4,000,000	4.33%	*$0*
	Total Investments			**3.27%**	**$85,944,894**	**93.02%**	***$31,780,999***
	Total Funds Available			**3.16%**	**$92,395,678**	**100.00%**	***$46,710,275***

Source: MDC Quarterly Treasury Report - Bancorp

Treasury Report – as at 31 December 2025

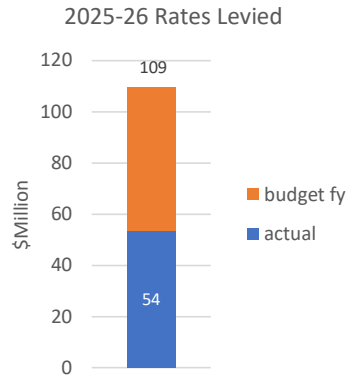
Marlborough DC-Loans				
Counterparty	Instrument	Maturity	Current Rate	Nominal ($)
LGFA	CP	Feb-26	2.63%	2,000,000
LGFA	FRN	Feb-26	3.01%	6,000,000
LGFA	FRN	Mar-26	2.78%	10,000,000
LGFA	FRN	Nov-26	3.01%	6,000,000
LGFA	FRN	Nov-26	2.94%	10,000,000
LGFA	FRN	Nov-26	3.04%	6,000,000
LGFA	FRN	Feb-27	3.06%	6,000,000
LGFA	FRN	Mar-27	2.80%	4,000,000
LGFA	FRN	Mar-27	2.95%	2,344,000
LGFA	FRB	Apr-27	2.82%	4,000,000
LGFA	**FRN**	**Nov-27**	**3.09%**	**14,000,000**
LGFA	FRN	Nov-27	3.18%	13,000,000
LGFA	FRN	Nov-27	3.21%	10,000,000
LGFA	FRN	Feb-28	3.12%	6,000,000
LGFA	FRN	Nov-28	3.25%	5,000,000
LGFA	FRN	Nov-28	3.28%	10,000,000
LGFA	**FRN**	**Nov-28**	**3.17%**	**14,000,000**
LGFA	FRN	Nov-28	3.31%	13,000,000
LGFA	FRN	Nov-29	3.43%	5,500,000
LGFA	**FRN**	**Nov-29**	**3.21%**	**18,000,000**
LGFA	FRN	Nov-29	3.35%	10,000,000
LGFA	FRB	Nov-29	5.47%	10,000,000
LGFA	**FRN**	**Nov-30**	**3.31%**	**19,000,000**
Total				**203,844,000**

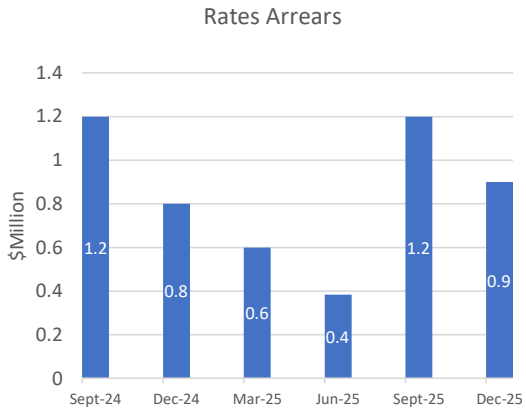


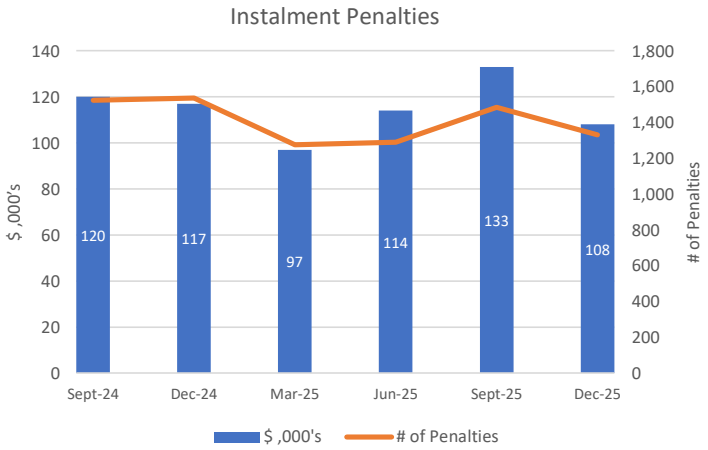
Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	No
Is the funding maturity profile within policy control limits?	Yes
Is liquidity within policy control limits?	Yes
Are counterparty exposures within policy control limits?	Yes

Source: MDC Quarterly Treasury Report - Bancorp

Rates Status



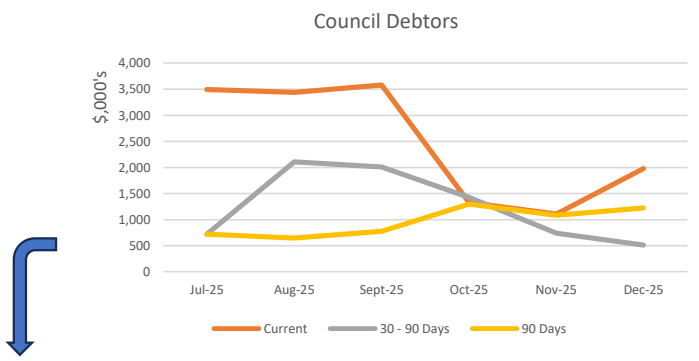


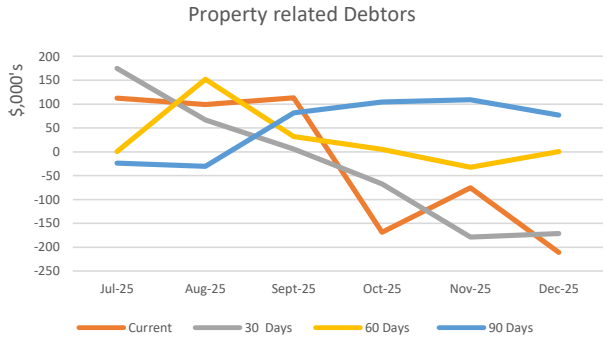


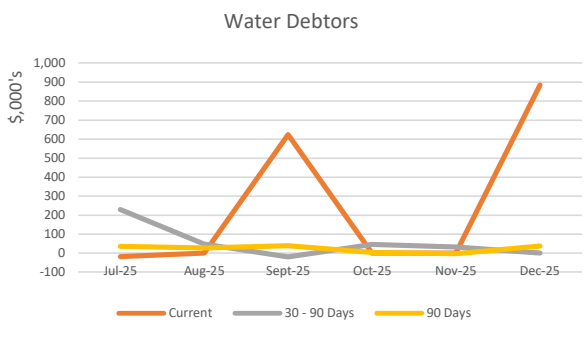
As determined by Council the Rates levy for 2025-26 was a total of $109.4m which by the end of December has been 50% invoiced. Collections are continuing largely in line with prior years with a small increase in the value of rates arrears mainly due to the increased average rates value.
Council offers a scheme available to all residential ratepayers that are aged 65 and over, who own and live in their home, to postpone all or a portion of their rates for life. Currently there are 16 properties with postponed rates. The total value of postponed rates including the 2025/26 rates to 31 December is $183k. In December, one new application was received and accepted.

Council's energy efficiency and clean heating loan scheme ran from 2010 until it was suspended for new loans from 29 February 2024. Repayment is via a targeted rate on the property over 9 years with the last loans due to finish 30 June 2034. This rating year 1 July 2025 to 31 December 2025, 38 Energy Efficiency loans totalling $154k have been repaid early due to the sale of the property. There are 640 loans remaining with principle outstanding of $1,9m.

Debtors Status – Non Rates







Debtors Over 90 Days Action	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25
With Debt Collection Agency	15,436	15,436	15,436	15,436	14,336	14,336
Paying by Arrangement	199,095	143,747	111,929	86,688	92,330	87,684
Negotiating Payment Arrangement	51,392	43,758	209,863	570,024	627,620	715,234
Work Not Yet Commenced/Completed	280,773	280,773	280,773	273,942	119,927	131,472
Debts in Dispute	132,085	137,922	132,085	132,085	132,085	137,498
Payments since month end taken off above amou	27,991	10,853	8,665	196,186	47,233	97,021
Various Debtors w ith Balances <$250	14,633	13,347	17,820	22,483	52,434	42,658
Over 90 days Outstanding Total	**721,405**	**645,834**	**776,571**	**1,296,844**	**1,085,965**	**1,225,903**

Water Debtors Over 90 Days Action	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25
With Debt Collection Agency	-	1,006	1,006	1,006	-	-
Paying by Arrangement	6,187	5,362	7,052	5,590	5,315	5,037
Negotiating Payment Arrangement	50,063	37,892	65,226	43,160	41,618	53,957
Awaiting Possible Water Remission	16,809	16,459	8,769	16,443	16,443	22,913
Payments since month end taken off above amounts	18,429	18,325	727	1,546	1,665	9,049
Sub-Total	**91,488**	**79,044**	**82,780**	**67,745**	**65,042**	**90,956**
Various Debtors with Balances <$250 or Credit Balances	- 56,192	- 51,057	- 43,430	- 63,183	- 68,134	- 52,484
90 days Outstanding Total	**35,296**	**27,986**	**39,351**	**4,562**	**- 3,092**	**38,472**

Council debtors relate to charges for consents, waste, animal control, environmental health and other activities where fees are charged. Established collection processes are in place to ensure efficient management and settling of outstanding debts.
Outstanding amounts shown in the above charts fluctuate as a result of timing of invoicing and completion of particular activities.

Property debtors are manged by Council's property manager, APL, and are provided for information.

Water debtor balance fluctuate according to timing of volumetric charging and usage. Water is typically charged, where billed directly, on a quarterly basis.

MARLBOROUGH DISTRICT COUNCIL

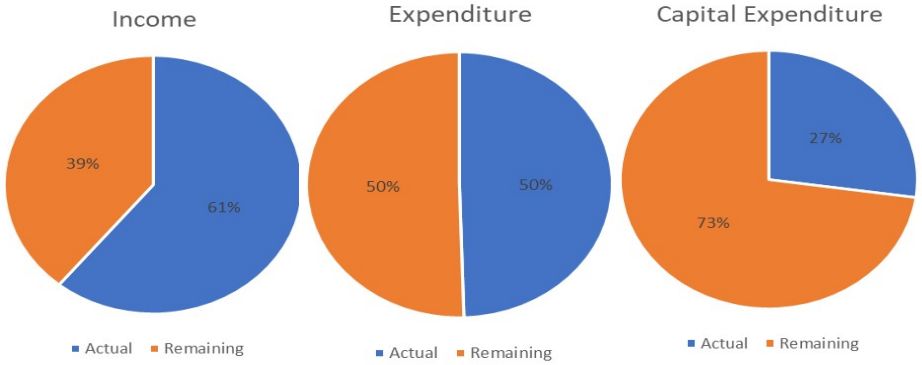
Group of Activities – Financial Summaries

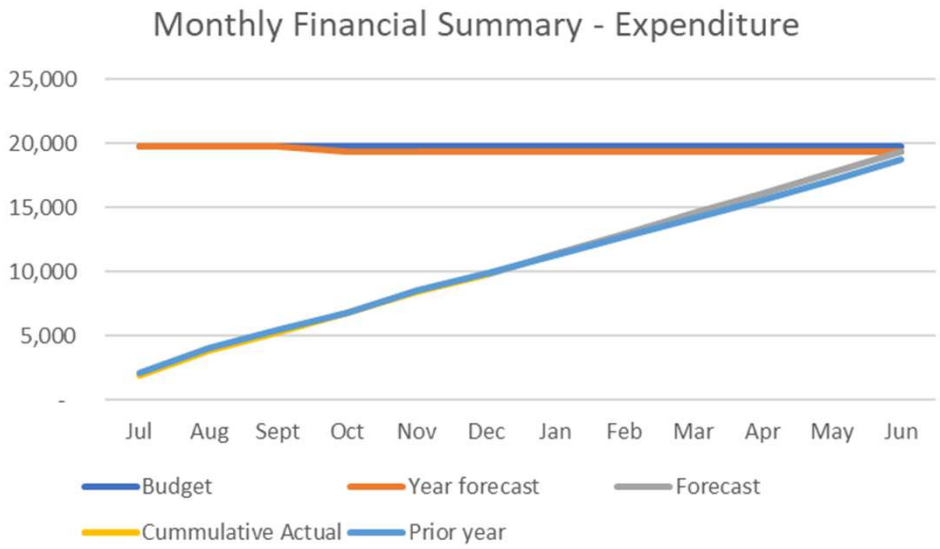
This section includes analysis at the Group of Activity Level on
-YTD actual
-Full year budget
-Full year forecast
-Prior year actual

marlborough.govt.nz

Financial Summary – People

	Actual	Budget	Forecast	%
Income	2,284	3,751	4,156	61%
Expenditure	9,782	19,750	19,342	50%
Capital Expenditure	160	588		27%

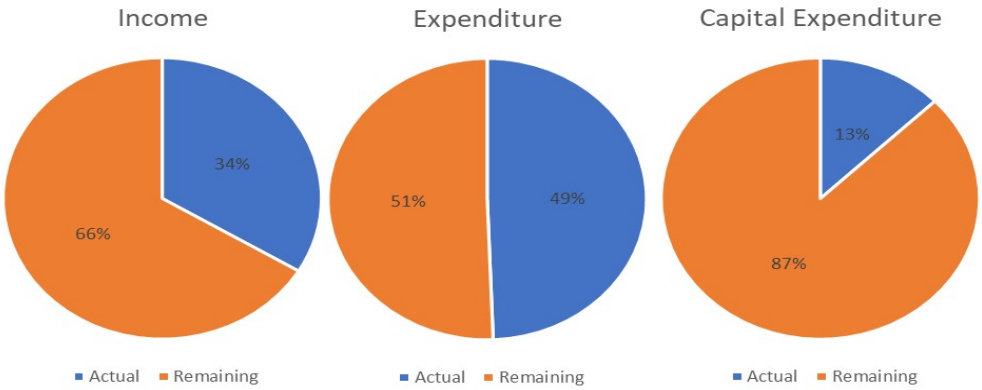


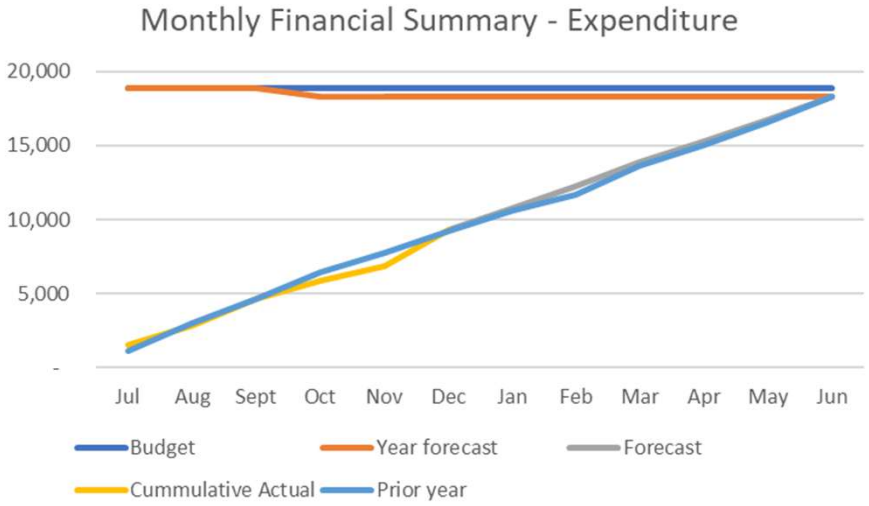


People income is ahead of budget due to unbudgeted lottery grants for emergency management and timing of other annual grants. This is offset by better off funding not yet received. Expenditure is inline with expectations, driven by the timing of annual grant payments and subscriptions occurring within the first quarter and lower than budgeted depreciation and project expenditure. The capital expenditure budget relates to library operations.

Financial Summary – Community Facilities

	Actual	Budget	Forecast	%
Income	1,262	3,751	2,764	34%
Expenditure	9,330	18,884	18,290	49%
Capital Expenditure	1,386	10,823		13%

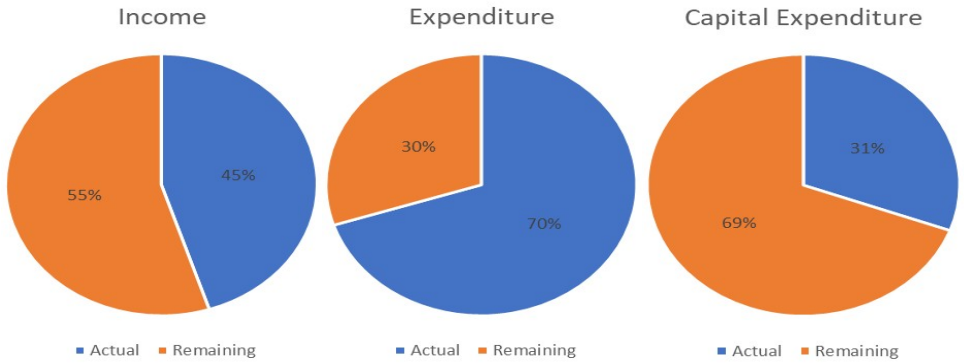


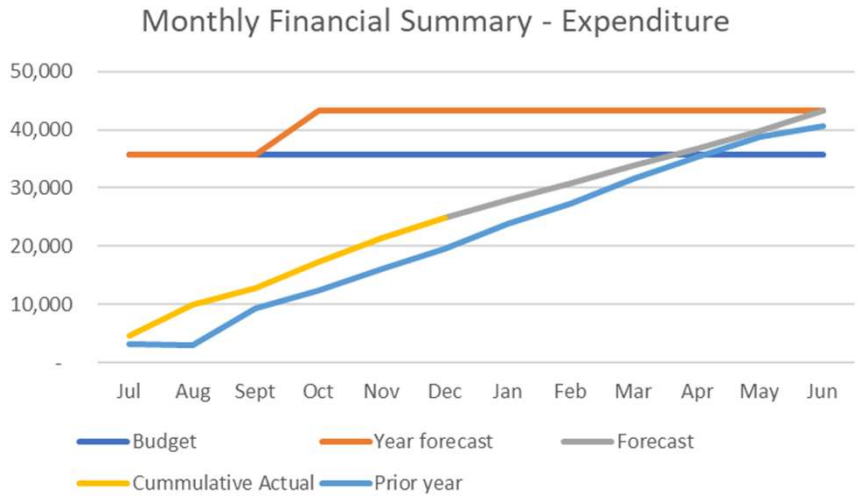


Community Facilities income is currently below budget, driven by lower-than-expected development and reserve fund contributions, along with government grants ("Better Off") yet to be received. This is offset by revenue received from KiwiRail for lease surrender. Expenditure is broadly in line with year-to-date expectations, with some annual costs (such as insurance) already incurred offset by lower than budgeted depreciation. The capital expenditure program major spend to date includes investment in public conveniences and construction underway for the A&P Park Pavillion. Preliminary work is underway on other key projects in the GOA.

Financial Summary – Roads and Footpaths

	Actual	Budget	Forecast	%
Income	23,210	51,541	48,981	45%
Expenditure	24,987	35,693	43,316	70%
Capital Expenditure	21,762	71,027		31%

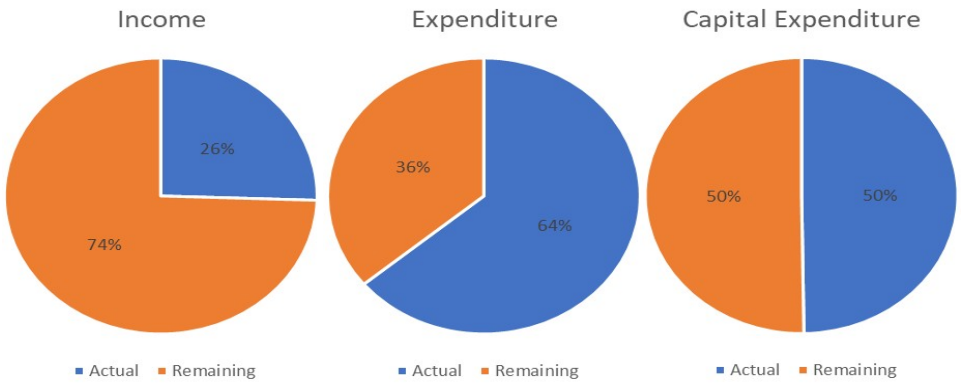


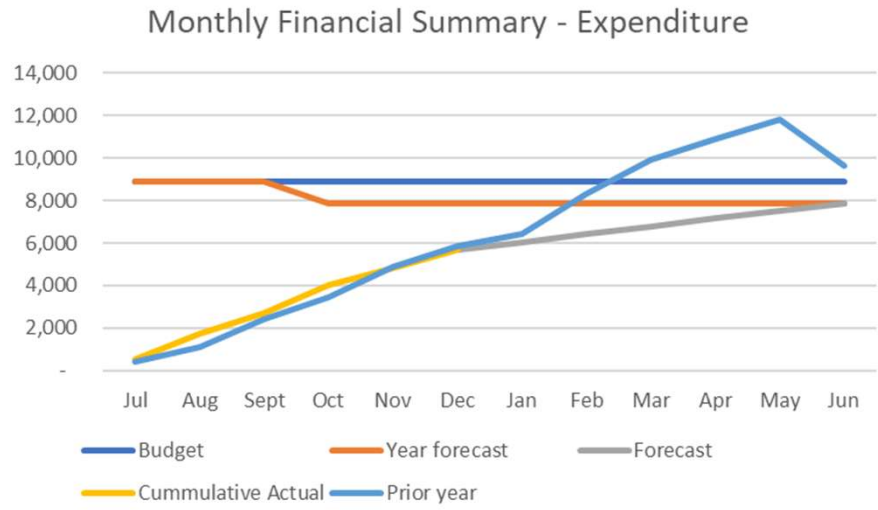


Roads and Footpaths income is tracking marginally behind budget, with additional revenue expected to fund unplanned works below. Expenditure is currently ahead of budget, primarily due to unplanned emergency reinstatement costs following the June/July weather event. Network and Asset Management costs are also above budget, with a portion expected to be reallocated to capital at year end. Capital expenditure is behind budget, partially offsetting the additional operating costs and associated revenue received. The majority of general roading renewal work is scheduled for the warmer summer months and North West Extension Zone expenditure is underway.

Financial Summary – Flood Protection and Control Works

	Actual	Budget	Forecast	%
Income	2,540	9,962	7,523	26%
Expenditure	5,694	8,904	7,870	64%
Capital Expenditure	4,150	8,339		50%

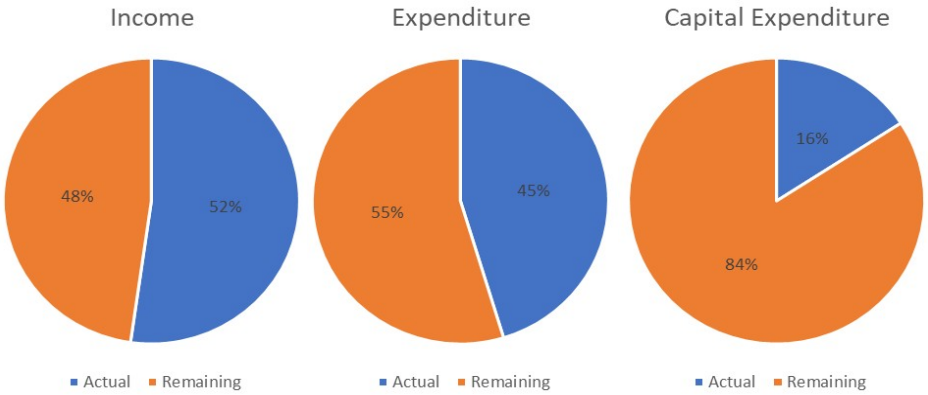


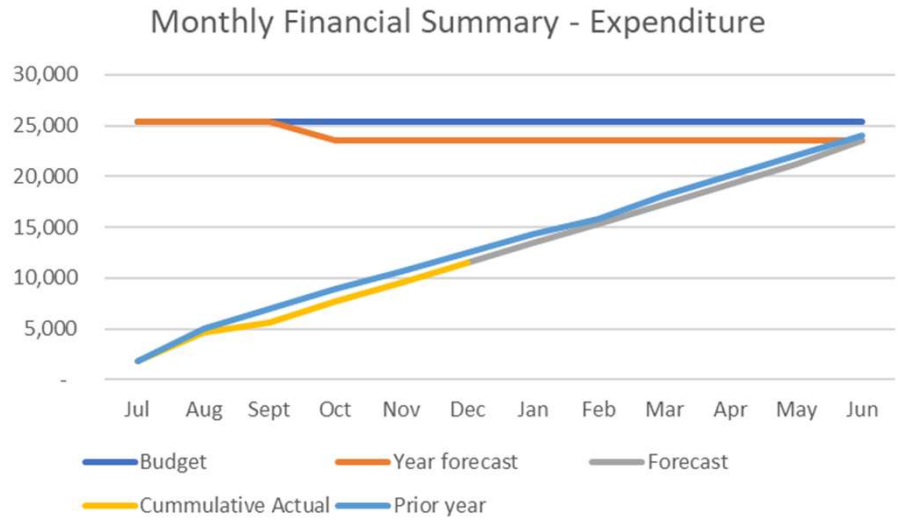


Flood Protection and Control Works income is currently below budget due to the timing of government grant claims (RIF) and pending insurance proceeds from previous weather events. While expenditure appears ahead of budget, it is actually tracking below expectations, driven by an internal recovery offsetting costs for rock sourced from the Pukaka Quarry. Capital expenditure is inline with budget including purchase of land in Riverlands and recoverable costs at Pukaka Quarry offset by the Spring Creek project and other smaller capital projects being behind budget.

Financial Summary – Sewerage

	Actual	Budget	Forecast	%
Income	2,526	4,834	4,944	52%
Expenditure	11,476	25,334	23,563	45%
Capital Expenditure	1,259	7,949		16%

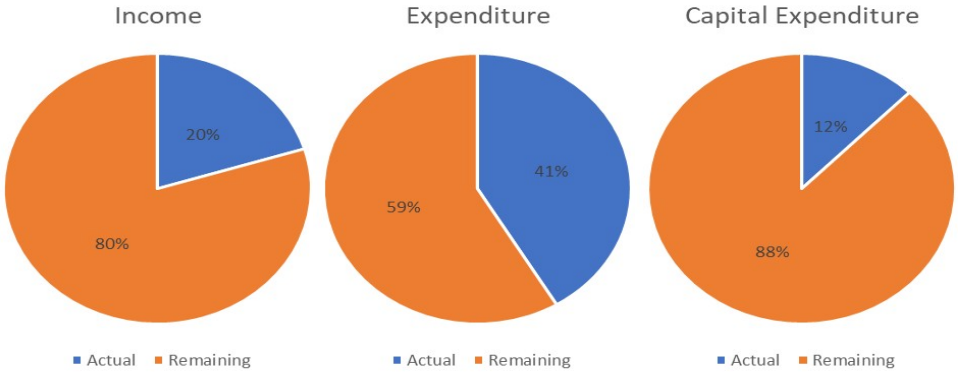


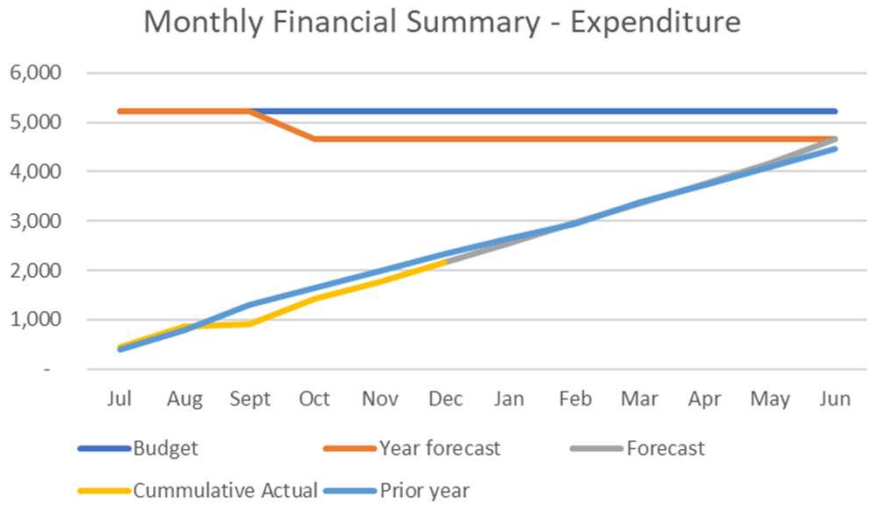


Sewerage income is slightly ahead of budget, driven by the timing of trade waste charges, with annual invoicing for some commercial users. Development contributions are behind budget. Expenditure is under budget, particularly in depreciation, treatment costs and power and insurance. With the exception of Blenheim Pump Station upgrades major sewer capital works have not yet reached the construction phase.

Financial Summary – Stormwater

	Actual	Budget	Forecast	%
Income	149	735	516	20%
Expenditure	2,160	5,217	4,672	41%
Capital Expenditure	782	6,325		12%

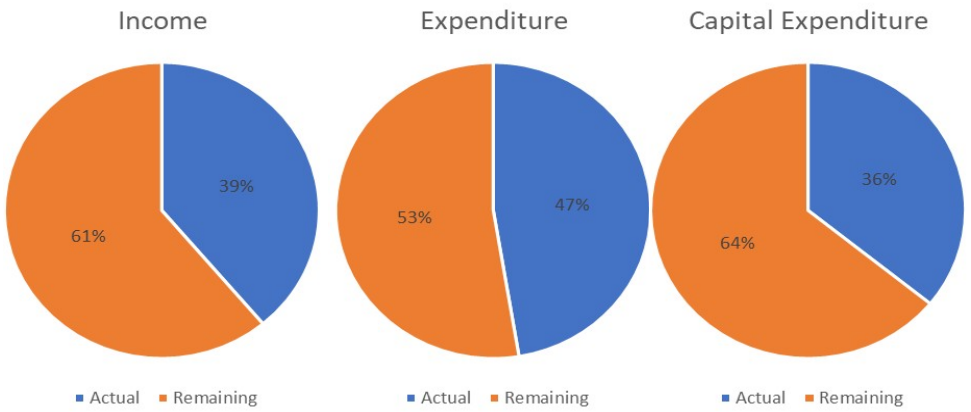


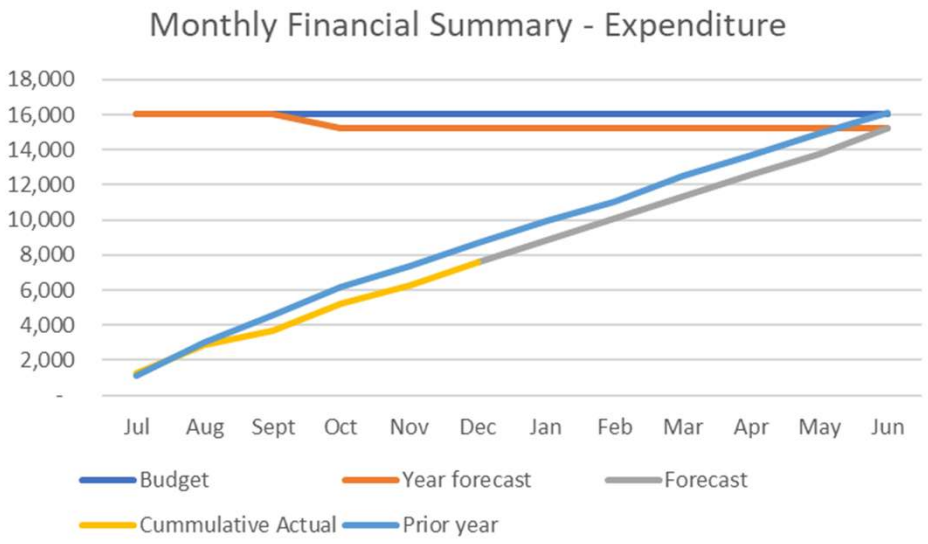


Stormwater income is currently below budget, reflecting lower development contributions due to reduced development activity. Expenditure is marginally under budget, with depreciation, insurance and consultancy costs being the main contributors. Capital expenditure to date is primarily related to Picton pipelines. The majority of the budget ($5.6M) relates to Murphys Creek Option G construction.

Financial Summary – Water Supply

	Actual	Budget	Forecast	%
Income	505	1,298	1,153	39%
Expenditure	7,604	16,047	15,234	47%
Capital Expenditure	4,757	13,268		36%

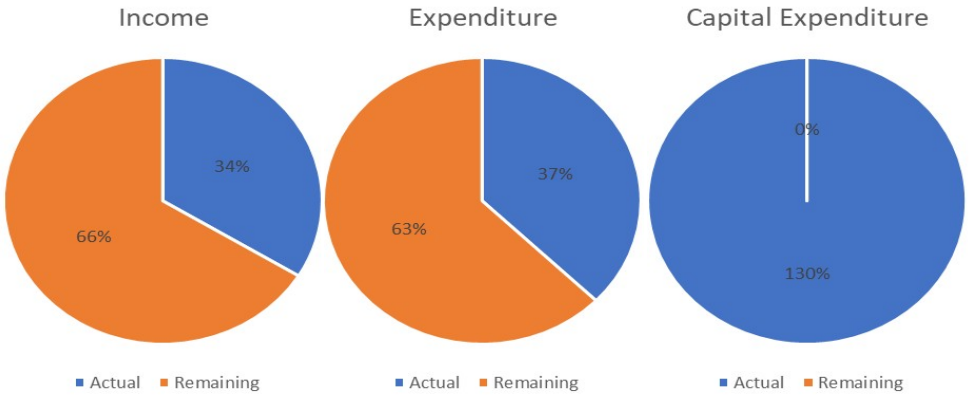


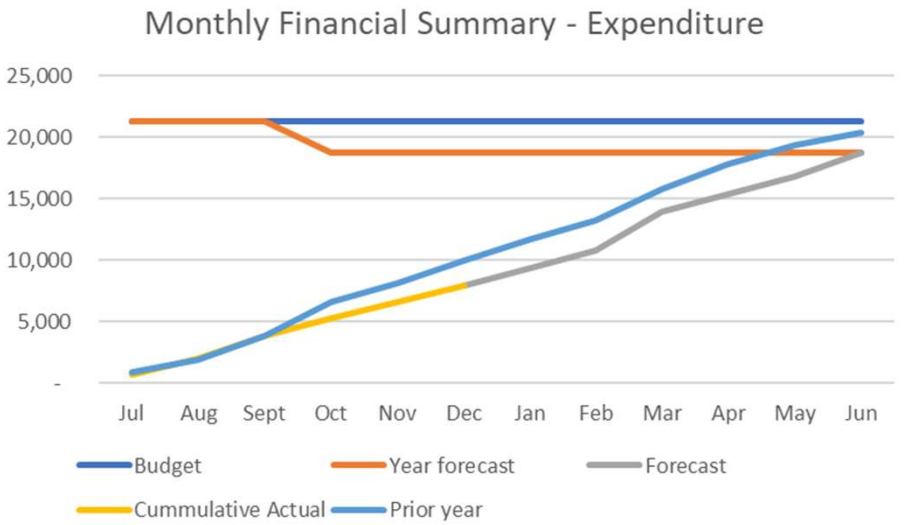


Water Supply income is behind of the time-phased budget due to development contributions and vested assets. This is offset by backflow prevention and connection charges which are ahead of budget. Expenditure is under budget with depreciation, insurance and treatment costs being the largest contributors. Capital expenditure is behind schedule, with key spending focused on the Havelock Water Treatment Plant upgrades and the Blenheim Chlorination project. An ambitious program remains for the rest of the year.

Financial Summary – Solid Waste Management

	Actual	Budget	Forecast	%
Income	5,201	15,400	12,857	34%
Expenditure	7,954	21,342	18,720	37%
Capital Expenditure	999	770		130%

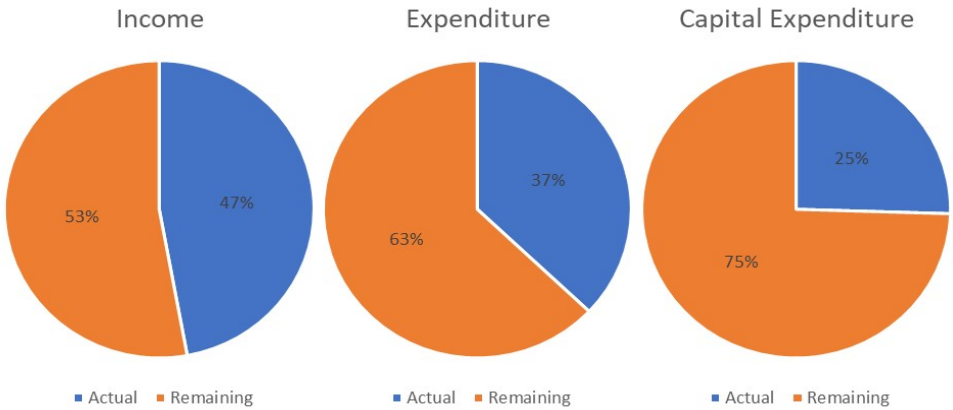


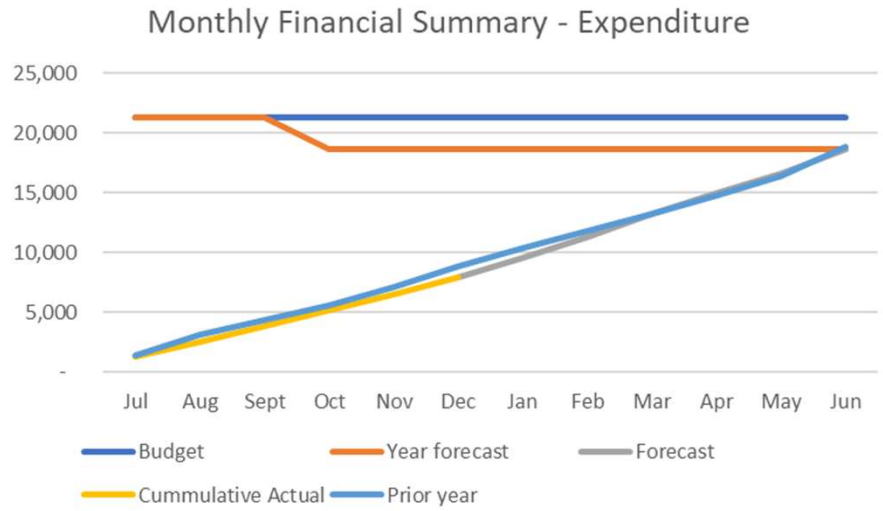


Income is currently below budget due to lower-than-anticipated dump fees. Expenditure is tracking under budget, supported by reduced levy payments and internal recovery of waste from other MDC departments, which partially offsets the variance in dump fees. We will continue to monitor this throughout the year, with expectations of improvement due to seasonal trends. Costs relating to the fire are included in expenditure, with insurance recovery expected to offset these. Capital expenditure budget includes allocations for constructing remote transfer station compounds, implementing gas management systems, and covering consenting costs for the regional landfill, with spending planned for the remainder of the year. Actual expenditure incurred is primarily for pre purchase of carbon credits to lock in price certainty for future years.

Financial Summary - Environmental

	Actual	Budget	Forecast	%
Income	2,913	6,185	5,204	47%
Expenditure	7,902	21,326	18,593	37%
Capital Expenditure	174	685		25%

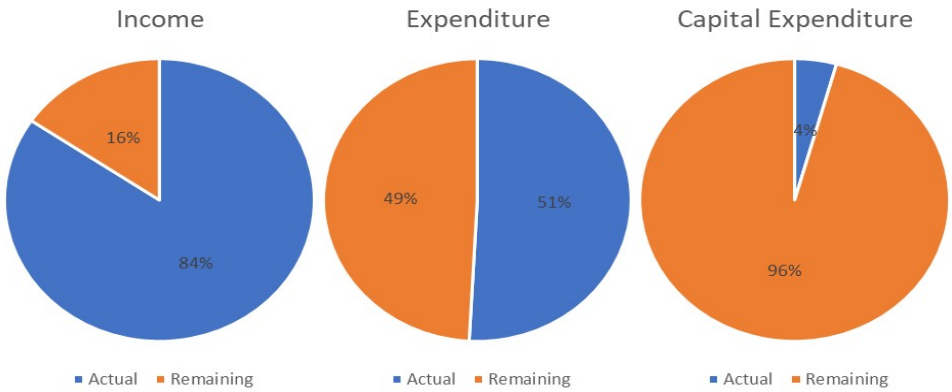


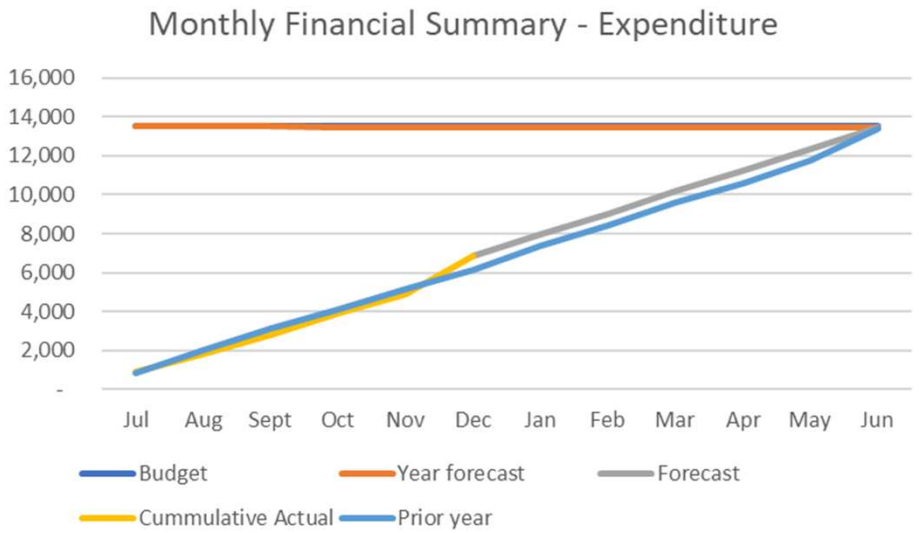


Income is currently inline with time phased budgets for grant revenue in Environmental Science and Monitoring behind, offset by environmental protection annual charge revenue which is ahead. On the expenditure side, overall spending remains below budget across all activities and is slightly lower than the same period last year, when the Group also finished under budget. The underspend is most evident in consultancy services, project delivery, salaries, and legal costs. Environmental Science and Monitoring contracts are tracking under budget with preliminary indications that government-funded project allocations will be able to be carried forward into 2026/27. Capital investment is focused on operational assets, including fleet vehicles, software and data upgrades, sensors, and field equipment.

Financial Summary - Regulatory

	Actual	Budget	Forecast	%
Income	6,144	7,271	8,597	84%
Expenditure	6,865	13,499	13,433	51%
Capital Expenditure	81	1,851		4%

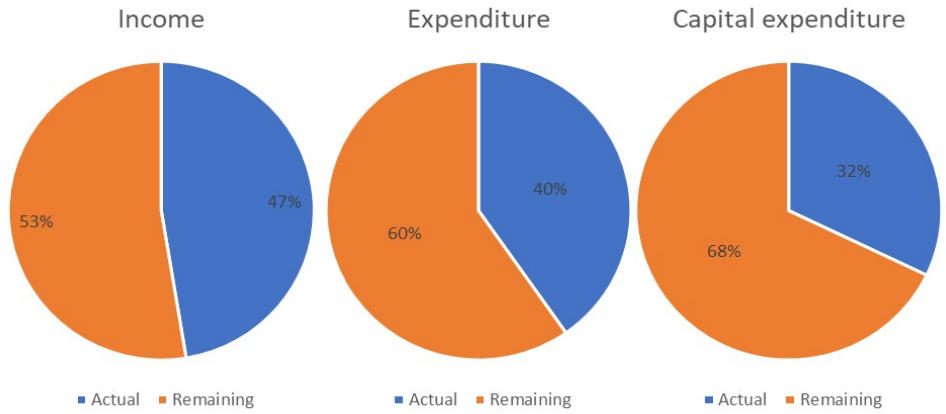


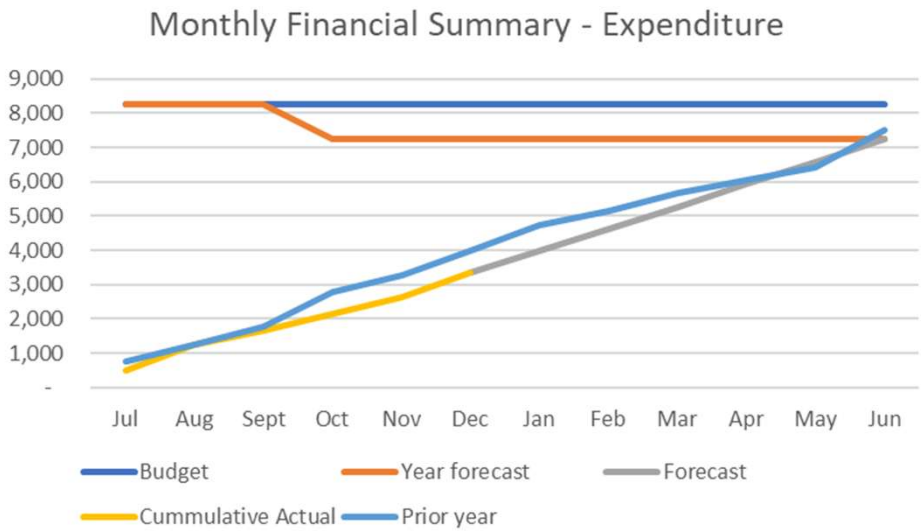


Regulatory income is currently ahead of the time-based expectation, primarily due to annual invoicing within the function and additional revenue for the Wilding Conifer Program. Operating expenditure remains broadly in line with the year-to-date budget, with cumulative actuals slightly above the same period last year. The capital expenditure program, largely focused on Harbours, has not yet incurred any significant costs. The key projects include a boat replacement, which is at design phase and tenders expected this year and purchase in 2026/27 and a truck replacement which is expected to be re-budgeted or carried forward.

Financial Summary – Regional Development

	Actual	Budget	Forecast	%
Income	1,415	2,985	2,907	47%
Expenditure	3,327	8,262	7,259	40%
Capital Expenditure	92	288		32%

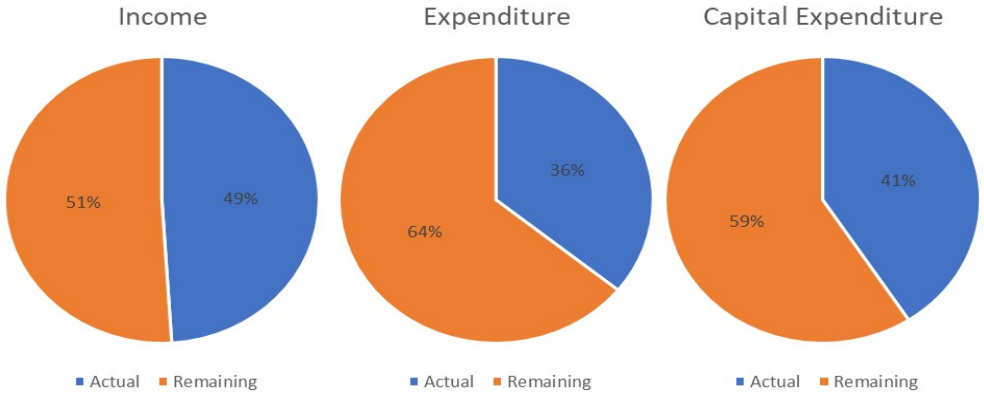


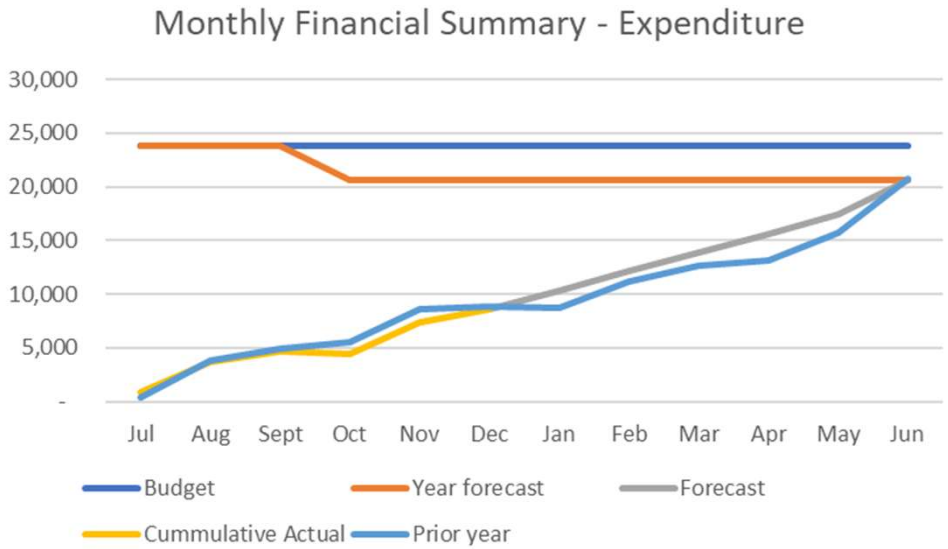


Income is tracking inline with budget expectations. Expenditure is below budget expectations and is primarily related to realignment of people related expenditure between activities (including corporate). Capital expenditure is behind budget for irrigation schemes and parking, offset by expenditure relating to the Destination Marlborough IT transition to Council.

Financial Summary - Corporate

	Actual	Budget	Forecast	%
Income	11,574	23,619	23,966	49%
Expenditure	8,549	23,854	20,605	36%
Capital Expenditure	1,992	4,880		41%





Corporate income and expenditure are tracking in line with prior-year trends, influenced by the timing of treasury and other transactions, and revenue recognition. Other income remains behind budget, primarily due to government grants (“Better Off”) not yet received with corresponding expenditure also behind budget. The capital expenditure program is on track for overhead areas including IT projects, property portfolio improvements and fleet replacements. The property portfolio includes fit out at the old library which is at tender evaluation stage with construction expected this year.

4. Submission to Department of Internal Affairs on the Rates Target Model (Rates Capping)

(The Chair) (Reported prepared by Geoff Blake)

Purpose of Report

1. To inform the Committee of the submission made to DIA on 4 February 2026 on the rates target model.

Executive Summary

2. In early December 2025 the Minister of Local Government announced the introduction of a rates target model for NZ, with targeted consultation opened.

3. The proposal was released with very little in the way of detailed information on how the model might work.

4. Initially the targeted consultation did not allow an opportunity for individual councils to provide a submission, but this was relaxed following feedback.

5. Marlborough District Council's submission focuses on support for the submissions from industry bodies Local Government NZ, Taituara and Te Uru Kahika who provide feedback similar to our own local experiences.

6. We have supplemented this support with further information and submissions of three key topics.

    a) Rates funding for emergency event recovery and resilience improvements and the approval of retrospective events where future rating impacts are yet to occur.

    b) Funding for government mandates in particular systems change, emergency management and RMA reform should be allowed for in the calculation of the target range.

    c) The exclusion of critical infrastructure from the rates target model, similar to water, wastewater and stormwater, such as roads, rivers, drainage and flood protection.

7. Our submission is provided as Attachment 1.

RECOMMENDATION

That Council note the submission made to DIA on 4 February 2026.

Attachments

Attachment 1 - Marlborough District Council Submission on a rates target model for New Zealand page [4]

Authors	Geoff Blake, Chief Financial Officer
Authoriser	John Boswell, Chief Executive

Attachment 1

Marlborough District Council Submission on a rates target model for New Zealand

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4 February 2026

Record No: 26223112
File Ref: D050-007-01
Ask For: John Boswell

Department of Internal Affairs
45 Pipitea Street, Wellington
Email: ratescapping@dia.govt.nz

Submission on a rates target model for New Zealand

Marlborough District Council (MDC) welcomes the opportunity provided to comment on the proposal to introduce a rates target, or capping, model.

MDC supports the submissions provided by industry and professional bodies, Local Government New Zealand (LGNZ), Te Uru Kahika and Taituarā and our submission focuses on points that we consider to be of greatest importance for the people of Marlborough.

The key points we raise are:

1. Rates funding for emergency event recovery and resilience improvements and the approval of retrospective events where future rating impacts are yet to occur.
2. Funding for government mandates in particular systems change, emergency management and RMA reform should be allowed for in the calculation of the target range.
3. The exclusion of critical infrastructure from the rates target model, similar to water, wastewater and stormwater, such as roads, rivers, drainage and flood protection.

Marlborough District Council points of submission

1. **Emergency Event Recovery.** The information provided to support consultation suggests that there will be a process for the granting of exceptions, although there is no detail provided on what this may look like. We assume that the process would apply to events that occur following the introduction of the legislation putting the rates target model in place, from 2029.

   Marlborough, like many parts of New Zealand, has, in recent years, experienced significant rainfall events that have led to serious and significant damage to infrastructure assets, notably roads and river and flood protection assets. The most significant was rainfall in July 2021 and again in August 2022 which resulted in extensive damage to roads across the region. Whilst much of this damage has been rectified, and we were fortunate enough to have received funding support from NZTA which has limited the historical impact on ratepayers, the exception to this is the final, stages of repair, recovery and resilience

improvements, already planned to be funded through rates increases, that are required over the next three to five years for roads in the Marlborough Sounds. These works are critical to complete this repair and protect this isolated community into the future.

In total MDC's LTP for 2024-2034 has $162m provided in the way of investment, partly funded by NZTA with the local contribution being funded by a publicly consulted and supported 20 year rates funded loan. This results in rates increases, for all residents of Marlborough, of between 0.5% and 1% over the next five years. It is our strong opinion that increases of this type should not be included in the proposed rates cap.

Submission

MDC request that these historic events, with identifiable future rates funding impacts, should be explicitly identified as allowable for an exemption application process.

2. **The Imposed Cost of Legislative Change**. For local government the current period is a time of great change which, in itself, is not unusual in the history of New Zealand local authorities but does come at a cost. MDC as a unitary authority will be subject to a wide range of systems change including the Emergency Management Bill, this target rates model, the Resource Management Act reform, Development Levies change from Development Contributions and the Simplifying of Local Government. These changes, with longer term good intentions, will result in an as yet undetermined additional cost associated with the transition, in some cases additional sustained costs, for MDC.

   This is a very real and present risk to councils with recent examples including the imposition of charges for regulatory oversight by Taumata Arowai, and Commerce Commission for the provision of water services. These two policy changes added $270k of cost annually, equivalent to 0.25% of total rates.

Submission

MDC submits that central government mandated changes, if resulting in additional costs either temporarily or permanently, should be allowed for in the rates target model calculation.

3. **Defining Critical Infrastructure.** Three waters related infrastructure is excluded from the rates target model presumably because of the critical nature of the assets and services provided. However, it is MDC's view that other classes of infrastructure carry a similar level of criticality, particularly in the case of roads, rivers, drainage and flood protection activities and should therefore be similarly excluded – a requirement that will only become more necessary as the impacts of climate change are felt.

Roads are a critical lifeline which cannot be compromised, and rivers, flood protection and drainage provide significant protection to lives and property.

Roads across Marlborough are regularly affected by storm events and it is not unusual to have multi-million dollar recovery expenses on an annual basis.

Marlborough rivers across the district are being subjected to greater frequency of rain related events and over the time the size of the events is increasing. Greater levels of damage are being seen across the network and whilst robust insurance is held for the 40% non NEMA funded recovery work, there is still an increasing cost of recovery, resilience and upgrade work that will require funding, which in some years may breach a cap if included in the rates target model.

We strongly support Te Uru Kahika's submission in this regard.

Additionally, MDC has planned in its LTP to begin refunding an "emergency events" reserve. The purpose of this reserve is to assist with the funding of the recovery in these emergency situations, and there was a purposeful decision of Council to proactively build the available funds. This requires rates funding and will over the course of 2027 to 2034 add up to 0.5% on rates each year. This plan, which was consulted on in the LTP and supported by the Marlborough community, is now under threat as a result of the proposed rates capping.

Submission

MDC assert that other categories of critical infrastructure, in addition to three waters assets, such as roads, flood protection and drainage/rivers, be excluded from the rates target model.

An allowance in the rates target model should be made for the proactive funding of reserves to support emergency event recovery.

We thank you once again for the opportunity to submit.

Ngā mihi



JOHN BOSWELL
CHIEF EXECUTIVE

5. Decision to Conduct Business with the Public Excluded

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

- **Confirmation of Public Excluded Minutes**

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

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
Minutes and Committee Reports	As set out in the Minutes and Reports	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under Section 7 of the Local Government Official Information and Meetings Act 1987.