

Long Term Plan

2021 - 2031



Our Long Term Plan

Explains what Council plans to do over the next decade and how Council activities will contribute to the community outcomes. Here you will find how much Council intends to spend on its activities and services, how this will be funded and the expected impact on rates.

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Marlborough District Council Vision

Marlborough is a globally-connected district of smart, progressive, high-value enterprises, known for our economic efficiency, quality lifestyle and wellbeing, caring community, desirable location and healthy natural environment

Mission Statement

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

Values

We are open, transparent and collaborative

We partner with tangata whenua iwi

We involve and respect our many cultures

We are innovative and strive for excellence

We are adaptive and responsive to community needs

We work in an environmentally sustainable manner

Community Outcomes

Governance

Environment

People

Economy

Connectivity

Living

Part 1:

Executive Summary



Message from the Mayor



Marlborough is a unique part of New Zealand with a diverse, successful economy, a beautiful natural environment and a high quality of life. Like other regions and the rest of the world, we have experienced some very significant challenges as the impact of the COVID-19 pandemic made itself felt over the last 18 months. However, despite some doom and gloom predictions made at this time last year, Marlborough has come through the shock of the pandemic in relatively good shape.

This is partly down to the make-up of our key industries. The wine sector, which is by far our largest employer, was able to successfully carry out the 2020 harvest, and demand for our wines has continued to grow strongly since. Both forestry and aquaculture have had their difficulties, particularly with exports to China, but log prices are at an all-time high and aquaculture production is increasing. Our tourism industry suffered significantly, particularly in Picton and the Sounds, which is more reliant on the visitor economy and exposed to international, rather than domestic, visitors.

Interventions by the Council have played an important part in our recovery. Last year we kept our rates increase to just 1.88% and increased our grants to community organisations and facilities providers. Through The Economic Action Marlborough (TEAM) group we funded campaigns to support Marlborough businesses, domestic visitation and lowered car parking costs to encourage retail and hospitality activity. We have also continued our strong focus on planned infrastructure expenditure, with a faster, locally-focused procurement policy.

The philosophy that lies at the heart of this Long Term Plan 2021 - 2031 contains four key pillars. They are: support for infrastructure investment; support for

economic development and the COVID-19 recovery; expanding environmental protection and providing good quality community facilities.

It was pleasing to see the level of community feedback on our Long Term Plan Consultation Document. Most submitters were broadly in favour of the direction this Council is taking. We consulted the community widely in preparation for this Plan and received 130 written submissions. Eighty six people presented their submissions to Council over three days of hearings in early June.

There was support for two increased levels of service in infrastructure – an upgrade to the Redwood Street/Town Branch stormwater system and the purchase of new weighbridges for waste management. Submitters also supported more investment in the Council's work to foster growth in the technology, food and screen sectors, and an allocation of funding from our Reserves to the Marlborough Events Centre for deferred maintenance and fixed operating costs. Submitters also supported more funding for environmental protection initiatives for freshwater and the processing of seabed mapping data of the Marlborough Sounds.

Marlborough's growth is higher than in the past and this is contributing to a greater need for infrastructure investment - pipes in the ground, water treatment and roads. Our infrastructure programme will see a record \$77 million budgeted for 2021/2022, and an average of \$72 million in each of the following nine years.



Submitters supported funding several significant sports and recreation facilities, including upgrading pavilions at A&P Park and Horton Park in Blenheim, and a variety of community facility expenditure across the region. Submitters also supported the setting up of the COVID-19 Rates Relief Reserve to smooth rates increases over the first three years of this Long Term Plan. There was also support for adopting the Development Contributions Policy, the 2021-51 Infrastructure Strategy and the 2021-31 Financial Strategy.

Our capital expenditure programme has increased significantly and means we will take on more debt. But borrowing is affordable at the moment and it spreads the cost fairly across the generations, which means today's ratepayers do not bear all the costs of tomorrow's infrastructure. While we may take on more debt, we plan to maintain a minimum AA stable credit rating from S&P Global, as well as cap our debt at \$230 million, which is less than 10 per cent of our assets. We're also maintaining our investments in Port Marlborough, Marlborough Airport and accessible funds for emergencies.

This coming financial year's rates increase - at 5.1% - is one of the highest of recent years. However, it is driven by a number of drivers that sit outside the Council's direct control:

- Inflation (the Local Government Cost Index);
- Increased infrastructure investment due to growth and increasing Government and community requirements;
- COVID-19 recovery work and revenue impacts; and
- New Government regulations, which impact virtually every aspect of Council.

Also, the reductions made last year to limit the impacts of COVID-19 have contributed to a higher rates increase this year. To keep the 2020-2021 rates increase at an artificially low 1.88%, some Council work had to be postponed or slowed, vacancies were not filled and staff agreed to forego their annual pay review. As a result, we are now playing catch up as we return to more normal levels of activity.

Councillors took a frugal approach to requests for funding from submitters, which understandably has caused some disappointment. However we supported a small number of funding requests – the largest was for a further \$181,000 for upgrades to the community centre and changing sheds at the Moutere Rugby Club in Spring Creek. A large number of submissions were referred on to the Council's standing committees, LTP Working Group or to the Council's grant funding processes.

I'd like to thank Councillors and staff for their hard work through this Long Term Plan process, which began three years ago with the establishment of the Long Term Plan Working Group. That group of Councillors and staff has worked hard to ensure that the Council was as well prepared as possible for the public consultation and decision-making process that has now concluded.

Thank you to everyone who made a submission or came and spoke to us in person. It was inspiring to hear from such a wide range of passionate Marlburians.

Ehara taku toa i te toa takitahi, engari he toa takitini.*



John Leggett
Mayor of Marlborough

**My strength is not mine alone – it comes from the many.*

Elected Council Members



Mayor John Leggett



Councillor Gerald Hope
WARD: WAIRAU-AWATERE



Councillor Jamie Arbuckle
WARD: BLENHEIM



Councillor Brian Dawson
WARD: BLENHEIM



Deputy Mayor Nadine Taylor
WARD: MARLBOROUGH SOUNDS



Councillor Jenny Andrews
WARD: BLENHEIM



Councillor Barbara Fauls
WARD: MARLBOROUGH SOUNDS



Councillor Mark Peters
WARD: BLENHEIM



Councillor David Oddie
WARD: MARLBOROUGH SOUNDS



Councillor Thelma Sowman
WARD: BLENHEIM



Councillor David Croad
WARD: BLENHEIM



Councillor Michael Fitzpatrick
WARD: BLENHEIM



Councillor Francis Maher
WARD: WAIRAU-AWATERE



Councillor Cynthia Brooks
WARD: WAIRAU-AWATERE



Plan Highlights – Key Issues and Projects

This section identifies the key highlights contained in this Plan. As Council has focused on providing core infrastructure, a large part of this section focuses on Water, Sewerage, Stormwater, Flood Protection, Roads and Footpaths. These are in turn key contributors to the environment, economic growth and the quality of life enjoyed by Marlburians. Council has also committed significant investments to the new District Library and Art Gallery, the Lansdowne Park Sports Hub clubrooms development, environmental protection and science projects and various economic development initiatives.

In July 2020, the Government launched its Three Waters Reform Programme to review local government's role in water, sewerage and stormwater across New Zealand. The Government expects to make substantive decisions in July 2021. It is expected that Councils will be asked to consult with their communities in late 2021 whether they should join one of the new water service delivery entities. For Councils that participate in the reforms, the transfer of responsibilities, assets, liabilities and related obligations to a new entity is likely to occur from 1 July 2024. However, until Government makes its decisions, Council has continued to plan for its continued delivery of water, sewerage and Stormwater.

Water supply

Clean and safe drinking water

Meeting the NZ Drinking Water Standards (NZDWS) has been a major challenge for Marlborough due to the number of water supplies serving relatively small communities. Upgrading our water infrastructure has been a major focus for this Council over the last decade.

Major upgrades to the treatment plants serving Blenheim and Picton were completed in 2012 and 2017. Progress in other areas includes:

- construction of a new treatment plant for Seddon which opened in March 2019;
- construction of a new 1500m³ water reservoir in Renwick was completed in November 2020. Once new wells and pipes connections

are complete, Renwick’s supply will meet the NZ Drinking Water Standards;

- \$22.6 million has been allocated for new well pipelines and a pump station and treatment plant for Blenheim, from 2021 to 2027;
- major treatment upgrades are planned over the next ten years in Havelock, Picton, Renwick, Riverlands, the Awatere and Wairau Valley.

Water metering

Over the last year, water meters have been installed in Havelock and Renwick, with billing beginning from July 2021. Metering for all properties is also planned for Picton and eventually for Blenheim. Metering helps to manage the demand for water and identify leaks.

- Reducing water takes from Havelock’s existing water source will help to address a salinity issue and delay the need for accessing a new source of water.
- During summer the bores providing Renwick’s water often suffer from low water levels at the same time as summer demand peaks. This leads to the necessity for either voluntary reductions or restrictions. Water metering will improve equity in paying for the costs of water and reduce demand which will have a flow-on impact on the size and capital cost of planned new water treatment plant.
- Picton is at the limit of the volumes of water that can be taken from its existing water sources. Demand management, including water metering, is considered a better option than accessing a new source, which would cost around \$19 million.
- It is expected that universal metering will become a national requirement. \$10.725 million has been allocated for metering in Blenheim in 2028–30.

Renewal of infrastructure

Infrastructure renewal is becoming necessary across all networks as pipelines near the end of their useful life.

Major projects and estimated cost

Areas	Major Capital Projects	Inflated value (Millions)
Blenheim	2029-30 universal water metering	\$13.5
	2026-28 Wither road booster station replacement	\$1.9
	2021-27 new wells, pipelines, distribution pump station and treatment plant for the north of Blenheim	\$23.1
Havelock	2021-24 new treatment plant.	\$7.7
	2029-30 new water source including pipelines and treatment plant	\$16.0
Picton	2021-23 government funded pipelines for Speeds Road	\$4.2
	2024-25 Essons Valley re-line the cast iron pipelines	\$1.3
	2021-24 Speeds Road additional wells and treatment plant	\$6.5
	2030-31 new water source including pipelines and treatment plant	\$25.3
	2021-24 universal water metering	\$2.2
	2021-23 treatment plant at Essons Barnes.	\$2.3
Renwick	2021-22 new treatment plant	\$5.5
	2021-31 new pipelines and connections to the bores in Conders Bend Road	\$1.1
	2021-22 pipelines renewals	\$1.0
Awatere	2022-24 entry treatment for rural households not served by the Seddon water treatment plant	\$1.6
	2021-23 The Lions Back reservoirs	\$1.2

Areas	Major Capital Projects	Inflated value (Millions)
Seddon	2021-22 pipeline and treatment plant upgrades	\$0.5
Riverlands	2021-24 new treatment plant to meet the Drinking Water Standards	\$17.7
Wairau Valley	2021-24 township water treatment upgrade and supply extension	\$1.2

Sewerage

Earthquake damage

The Kaikōura earthquake in November 2016 damaged a significant portion of Blenheim's 16 km and Picton's 4 km of earthenware sewer reticulation network. \$8.1 million has been allocated for these repairs in Blenheim and \$2.2 million for Picton. Some 5.3 km of pipeline in Blenheim has already been relined.

Blenheim

Growth in housing and current capacity challenges require significant upgrading of sewers and pump stations. In addition, Blenheim's main pump station is built in an area that is susceptible to liquefaction so a new pump station will be built from 2021–2024. The Blenheim Sewage Treatment Plant will be upgraded in 2025–26 to ensure a new resource consent can be obtained.

Havelock

Upgrading of the Havelock sewage treatment plant is required as part of the resource consent process. The existing treatment pond site is not suitable for further investment due to geotechnical issues, so a new treatment plant will be built at a new site.

Picton

Sewerage pipeline replacements are continuing in Picton and Waikawa. \$6.7 million has also been set aside for a second aeration basin to be constructed for 2026–27, depending on population growth. A reclaimed water

system to be built in 2023–24 will enable the provision of non-potable water, taking the pressure off the town's water supply in summer.

Seddon

The Seddon sewage treatment plant requires major upgrading. Although the existing plant could be replaced with a modern facility producing high quality effluent suitable discharged into the Starborough Creek, Te Rūnanga o Kaikōura has requested the discharge be removed altogether from the creek. A significant volume of storage and land area is required for all year round land treatment to achieve this.

Major projects and estimated cost

Areas	Major Capital Projects	Inflated value (Millions)
Blenheim	2025-26 domestic sewerage treatment plant upgrades	\$23.6
	2023-24 Battys Rd pump station for growth	\$6.8
	2027-29 Battys road pump station for high flow storage	\$5.4
	2021-29 main terminal pump station improvement and strengthening	\$12.7
	2025-27 reclaimed water reticulation	\$10.6
	2021-28 pipeline renewals - earthquake repair	\$7.8
	2021-25 desludge	\$3.6
	2025-27 provision for Burleigh sewerage	\$2.8
	2021-22 Muller Rd sewer pipe renewal	\$1.2
Picton	2021-28 pipelines renewal due to Kaikoura earthquake	\$1.9
	2021-23 Picton and Waikawa pump station	\$2.4
	2021-31 sewerage pipeline renewals	\$4.3
	2024-25 effluent treatment system	\$3.9

Areas	Major Capital Projects	Inflated value (Millions)
	2026-27 a second aeration basin depends on growth	\$7.7
Riverlands	2025-26 industrial sewerage treatment upgrades	\$10.1
	2026-27 industrial sewerage sludge dewatering and management	\$3.6
Seddon	2021-25 treatment plant upgrades	\$14.9
St Andrews	2023-24 grinder pump system	\$1.0
Havelock	2021-26 new treatment plant	\$10.0
	2029-31 land treatment system	\$7.9

Stormwater

Stormwater strategy

The stormwater strategy provides a comprehensive framework to manage both the quality and quantity of stormwater. Stormwater Management Area Plans will be developed for each of the different areas in Blenheim to implement the strategy. The strategy's goals and approach will be extended to other townships over time.

Redwood Street/Town Branch drain

A \$17.4 million outfall upgrade will enable permanent stormwater diversions from the current Redwood Street main at Muller Road and Stephenson Street and bring the catchment up to current standards. \$7 million was already earmarked for the project, and Council proposed through the public consultation for this LTP an increase of \$10.4 million in the capital budget to complete this upgrade in future years. The increase will be funded from a combination of river rates, development contributions and Blenheim stormwater rates.

Urban Growth Strategy

Urban growth in Blenheim is largely to the north and west of the town. Stormwater needs to flow to the eastern coast, so it is important to ensure downstream upgrades are provided in a timely manner. Evaluation and installation of effective stormwater quality control techniques for new subdivisions, and retrofit of existing reticulation, will also occur.

Climate change

Extreme weather events are likely to become more frequent and more intense, and sea level rise is anticipated. These changes have implications for the effectiveness of rivers to discharge to the sea and the outfall of the drainage network.

Major projects and estimated cost

Areas	Major Capital Projects	Inflated value (Millions)
Blenheim	2021-24 Murphys Creek Pipeline	\$3.9
	2022-23 Redwood Street from Muller Road to Stephenson Street pipe replacing	\$1.0
	2023-24 Scott, Lewis, to Redwood Street pipelines	\$0.8
	2025-27 Stephenson to Stuart Street pipelines	\$1.1
	2026-28 Graham St - Stephenson - Boys college - Francis Street pipelines	\$2.9
	2021-23 Muller Rd stormwater renewal	\$3.6
	2027-29 Town Branch Drain upgrade	\$12.2

Rivers and Land Drainage

Flood protection

The Council has an on-going programme of flood hazard management primarily on the Wairau Plain but also for the Waitohi and Waikawa rivers. It

includes controlling weeds and sediment on 280 km of waterways, maintaining stopbanks, floodgated culverts and providing pumping stations.

Inspections have confirmed the need for continued investment in new works and the maintenance of existing works to ensure a robust flood protection system is in place. Ongoing maintenance and upgrade work is required downstream to both the Diversion and Wairau River mouths. This includes permanent repair at Wratts Road following emergency work in late 2019. A key project for this plan is six new and strengthened heavy rock groynes and up to 1.4 km of stopbank realignment over the 3.5 km reach from the Southern Valleys irrigation intake down to Upper Conders.

Stopbank upgrades

Ongoing stopbank upgrades are planned for the Taylor River through Blenheim and the lower Ōpaoa and Wairau rivers. Upgrades bring older sections of stopbank up to current structural standards, to provide agreed flood capacity and where possible move sections of stopbank from private property into the Taylor River Reserve. Likely climate change impacts are included in upgrade designs where appropriate.

New works and future planning

The Wairau floodplain's major rivers and stopbanked floodways cover 20,000 hectares of fertile land around Blenheim and this is the Council's major river control and drainage activity.

Commonly used methods for increasing flood capacity include constructing stopbanks and deepening the river channel through gravel extraction. The lower Wairau Floodplain includes several thousand hectares which are less than two metres above sea level. Average sea levels are predicted to rise by 0.3 m by 2050.

Major projects and estimated cost

Area	Major capital projects	Inflated value (millions)
Wairau floodplain and Wither Hills	2021–31 Flood protection and control works	\$32.6

Roads and footpaths

Council contracts Waka Kotahi's Marlborough Roads office to manage Council's roads on its behalf. Council provides and maintains roads to a standard that achieves an acceptable balance between user levels of service and costs. Council is responsible for all roading-related assets - footpaths, kerb and channelling, street lighting and car parks. In recent years there has been increased investment in walking and cycling infrastructure.

Urban growth effects

Proposed new zone developments need to follow planned roading layouts and service plans to ensure good community outcomes and equitable cost sharing. Capital costs are expected to be met by developers, with road costs recovered by Council zone levies.

High impact natural events

Over recent years storm events and earthquakes have had a significant effect on Council's Roading budgets, and the frequency of storm events is likely to increase as a result of climate change. Council has provided additional funding to meet the cost of these events.

Conflicting road network use

Increases in viticulture, forestry and tourism traffic combined with an ageing demographic means the transport network is used for a variety of purposes. Council is planning how it can provide a safe transport network that affordably meets the needs of all road users.

Unsealed roads

Unsealed roads are challenging to manage and can deteriorate rapidly with adverse weather events. Marlborough Roads now has the capability to measure roughness which assists with determining the need for intervention treatments such as grading.

Major projects and estimated cost

Area	Major capital projects	Inflated value (millions)
General roading	2021–31 Northwest Blenheim extension zone development	\$3.9
	2018–28 Renewal of existing infrastructure (e.g. drainage, resealing, rehabilitation, seal widening, metaling, etc)	\$101.2
	2018–28 Minor safety improvements	\$21.5
Bridges	2025–27 Taylor River Bridge on High St renewal	\$8.0
	2027-28 Taylor River Wither Road west	\$7.7
Signs, footpaths, cycle facilities, kerb and channel	2021–31 Wairau/Awatere sealed pavement extension	\$1.4
	2021–31 Renewals and additions of kerb and channels, footpaths, cycle facilities and non-subsidised seal extensions	\$10.4
Blenheim CBD upgrades	2021–31 CBD paved/cobbled areas upgrade	\$9.5
Wharves	2021–31 Renewals of existing infrastructure (jetties)	\$1.4
Small township upgrades	2021–31 Small township upgrades in Blenheim Vicinity and General Rural	\$6.1
Subdivisional works	2021–31 Seal extensions, widening, kerb and channeling as required by subdivisional works	\$1.9

Community Infrastructure

Blenheim District Library and Art Gallery

The new building is under construction in High Street, Blenheim. It is funded from the Forestry and Land Development Reserve, the future sale of the current library building and a Government grant made in 2020 as part of the Government's post-Covid 'shovel ready' recovery programme.

Major projects and estimated cost

Activity	Major Capital Projects	Inflated value (Millions)
Library Services	2021-23 construction of the new library and art gallery as part of the Blenheim Riverside Precinct project.	\$18.5

Parks and open spaces

The Council owns and maintains neighbourhood parks, public gardens, natural parks, sports parks, outdoor adventure parks, civic spaces and recreational and ecological linkages as part of its overall open space network. Its assets includes the Wither Hills Farm Park, Victoria Domain, Pollard Park, Seymour Square, Lansdowne Park and the Taylor River Reserve.

Public conveniences

The Council owns or leases 73 toilet facilities across Marlborough. A planned programme of upgrades to public conveniences is underway over the next four years, including in Havelock, Seymour Square (Blenheim), Koromiko Recreation Reserve (Collins Memorial Reserve), Okiwi Bay, the Taylor Dam, Elterwater, Ward, Horton Park and Oliver Park.

Lansdowne Park redevelopment

The Lansdowne Park redevelopment in Blenheim is making good progress. Its new multi-code shared clubrooms building include toilets and change rooms for netball, rugby union, touch rugby and softball. The facilities also include office space, a kitchen, function area and storerooms.

Major projects and estimated cost

Activity	Major capital projects	Inflated value (millions)
Reserves	2020–22 Lansdowne Park sports hub club rooms construction	\$4.4
	2021–23 A&P Park new grandstand and administration complex	\$3.9
	2026-28 Horton Park pavilion upgrade	\$2.3
	2021-2022 Wairau Diversion responsible camping site upgrade	\$0.9

Environment

The Council is investing in a number of environmental improvement activities, including:

- Catchment Care Programme - there is an increase in collaborative catchment-based programmes designed in conjunction with Government agencies, iwi and the community, intended to help mitigate diffuse pollution and sediment runoff within at risk catchments in the region, including Te Hoiere/the Pelorus. A focus on building community capability is a key priority.
- In August 2020, the Government released its Essential Freshwater package, which aims to stop further degradation of freshwater; it seeks to reverse past damage to bring waterways and ecosystems back to a healthy state within a generation. This Long Term Plan is addressing the known costs of the monitoring and reporting requirements of these new rules, the National Policy Statement for Freshwater Management 2020 (NPS-FM), which expands Council's current monitoring and reporting obligations. To carry out these obligations under the NPS-FM, Council estimates costs of \$1.2 million over the next three years, including \$197,000 operating expenditure and \$95,000 capital expenditure for 2021-2022, with an average rating impact of \$7.57 per rateable property. Further increases are anticipated in 2022-2023 and 2023-2024.

- Council has allocated an extra \$1.2 million over six years to process the environmental data collected from the Te Hoiere/Pelorus seabed mapping project. This innovative research captures the valleys, plains, ridges and reefs that make up the unique underwater landscape of this Sound. University researchers and the public are already using the information, available online via the Council's Smart Maps service, for safer navigation of our waterways and tracking plastic pollution in sediment, for example. There are many other potential uses for the data.
- A new community environment grant fund (Working for Nature/Mahi mō te Taiao) has been established to make it easier for the community to help restore and protect native habitats.

Waste Management

Council allocated \$600,000 in its capital budget for new weighbridges to be installed at the Greenwaste Acceptance Facility and Resource Recovery Centre in Blenheim, to assist in reporting tonnages of waste and diverted materials. Weighbridge gate fees will be calculated based on operational and capital expenses associated with the two sites, with cost recovery through gate fees (75%) and general rates (25%).

Senior Housing

The Council will build a new 12 unit, two-story development on a Council-owned site in George Street, Blenheim. It sits adjacent to existing Council senior housing. After approaching potential partners to develop this land, Council was asked by its Housing for Seniors Sub-Committee to pursue a concept development with Council as the developer. This sub-committee, comprising Councillors and a community representative, is responsible for Council's Senior Housing Portfolio under the Planning, Finance and Community Committee.

Staff prepared a concept plan and a planning assessment, along with a construction cost estimate and financial feasibility assessment. The \$3.6 million development would pay for itself with rents at less than market values charged to tenants. Design has begun and construction is scheduled to be completed by July 2022.

Economy

The Council has agreed to invest in the following economic development activities:

- Supporting the development of the Picton to Kaikōura cycle trail (the Whale Trail) by contributing up to \$2 million towards its construction. The trail has the potential to create between 45 and 88 full-time local jobs, mainly in accommodation, food and beverage, retail and recreation services, and to generate between \$68million and \$132million of economic benefit to the District over 20 years. The Trail has benefitted from the Government's 'shovel-ready' COVID-19 recovery fund and construction has started.
- \$100,000 investment in work to foster growth in the technology, food and screen sectors
- An allocation of \$1.05 million from Reserves to the Marlborough Events Centre for deferred maintenance and fixed operating costs
- The COVID-19 pandemic had a severe impact on Marlborough's visitor economy. The closing of international borders in March 2020 has meant that visitor economy businesses are reliant on domestic travellers solely until borders reopen. Destination Marlborough, which the Council funds, has reoriented its activity to support domestic visitation.

Flaxbourne Irrigation Scheme

A proposed irrigation scheme is under consideration for the Flaxbourne area and estimated to cost between \$10.5million and \$16 million. It would provide similar benefits to the Southern Valleys scheme by supporting the development of productive agricultural land. It would be paid for by the beneficiaries through a voluntary targeted rate.

Council has agreed to support the development of this scheme subject to a number of conditions:

- securing sufficient water – a resource consent has already been applied for.
- satisfactory final design, estimates and funding.

- securing 100 per cent commitment to fund the scheme from landowners and/or through government assistance.
- the actual cost of construction being within the funding secured.





Financial Overview

Council must, under the Local Government Act 2002, manage its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that sustainably promotes the current and future interests of the community. The Financial Strategy at pages 205-216 is an important part of the LTP, providing detailed information about how this will be achieved over the next ten years. Council aims to achieve the following financial outcomes over the next 10 years:

- Maintain a credit rating of at least AA (stable) from S&P Global.
- Generate sufficient funds to deliver the levels of service and undertake the capital investments within the 2021-2031 LTP.
- Minimise the impact on ratepayers through the appropriate use of reserves and debt, while ensuring intergenerational equity.
- Remain within a rates cap of the Local Government Cost Index plus 3%. The 3% comprises 1% for the cost of rising Government requirements and 2% for growth and improved levels of service.
- Remain within a debt cap of \$230 million, which is currently less than 10% of total assets, for the period covered by the 2021-2031 LTP.
- Maintain investments in MDC Holdings Ltd, Marlborough Regional Forestry, Local Government Funding Agency, and set aside easily accessible funds for emergencies.

A balanced budget is essential to achieving these financial outcomes, and Council has considered how to balance:

- The levels of service to be provided and the cost of achieving and maintaining them during periods of growth.
- The priorities and timing of expenditure across all activities, especially expenditure of a capital nature and the link to the Infrastructure Strategy.
- The proposed levels of rates and charges across the full 10-year period of the Long Term Plan and their impact on the community.
- The proposed level of borrowing that current and future ratepayers will need to service.

Capital expenditure

To maintain and improve levels of service in response to Government, community and growth demands, Council is planning Capital Expenditure of \$729 million over the next 10 years which is required to be shown in the three categories below.

\$170 million to meet additional demand (including vested assets)

\$259 million to improve the levels of service

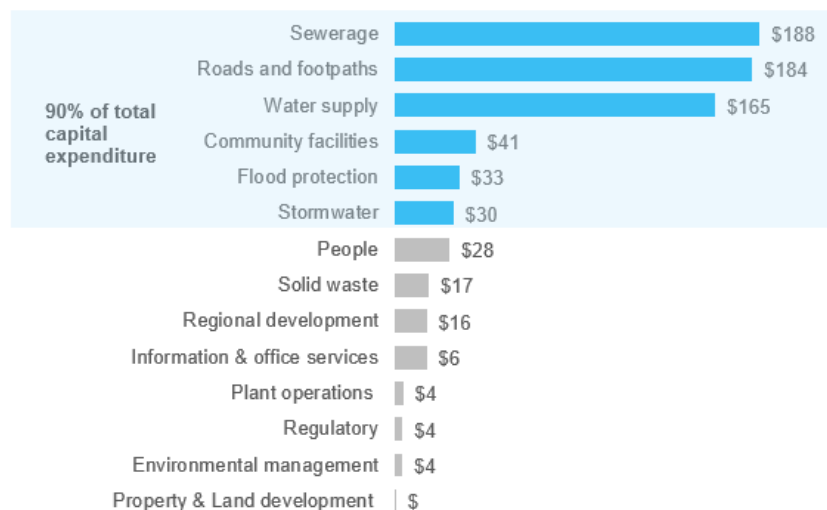
\$310 million to replace existing assets

\$729 million in total

More information on the Capital Expenditure programme is given in the Activity Sections and the Infrastructure Strategy and is also available in Council's Asset Management Plans.

The following graph demonstrates that Council plans spend 90% of the capital program on essential infrastructure and community facilities.

Capital expenditure by Activity (in millions)



One of the main drivers for rates increase is financing Capital Expenditure. Over the past five years actual Capital Expenditure has ranged from

\$30 million in 2016 to \$63 million in 2018 with an average of \$43 million. The projection for 2020/21 is over \$70 million. The 2018-28 LTP included a strategic decision to limit the financing of Capital Expenditure to approximately \$60 million for the first three years of the LTP for core Council Assets. This decision has proven to be correct with actual Capital Expenditure exceeding \$60 million in only one of the past three years. The average amount of Capital Expenditure over the past three years is \$49 million, noting that this would be low due to COVID-19 affecting 2019-2020.

A similar approach has been taken in the 2021-31 LTP, but Council has increased the indicative capital allowance figure to approximately \$70 million. This is to recognise the increased demand for growth and regulation driven infrastructure.

The first three years of the LTP exceed \$70 million due to 2020 COVID-19 related under expenditure, capital that is tied to Government funding and roading backlog expenditure. 2025-26 and 2026-27 also exceeds \$70 million due to significant work to improve the level of service for Blenheim sewer.

Capital project timing in project delivery terms as compared to financing terms can vary for many reasons including:

- Finalising community consultation;
- Obtaining land access;
- Obtaining resource consents;
- The availability of external professional expertise;
- Receiving an acceptable contract price; and
- Contractor availability.

It is for these factors that Council feels comfortable to make the high level strategic decision to limit project funding as it has. This level of discounting project timings is not uncommon across local government

To assist in the financing of the increased Capital Expenditure programme there has been increasing use of the Infrastructure Upgrade Reserve which has benefited from improved revenue streams and the reduction of the Interest Rate assumption in calculating the funds available to allocate towards

funding Capital Expenditure. The other points to note in regard to Capital Expenditure are:

- The full cost of interest and depreciation apply from the year after construction is completed; and
- New assets generate ongoing operations and maintenance expenditure.

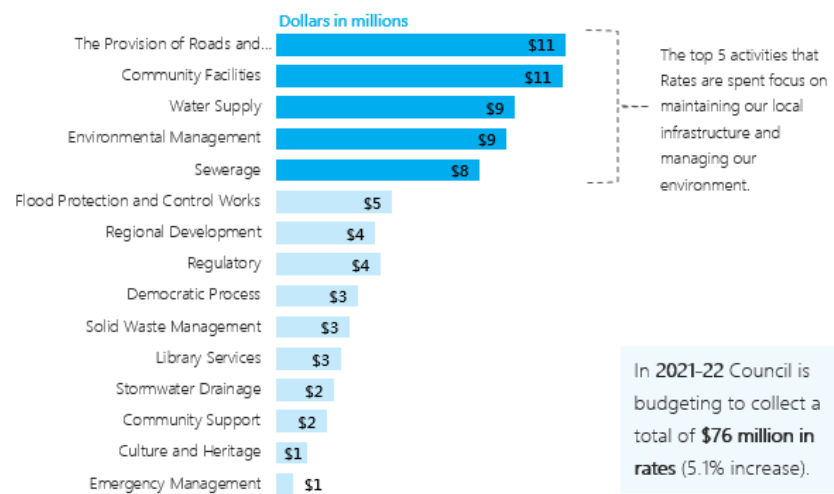
The largest Capital Expenditure in the early years takes place in Sewerage, Roads, Water Supply, Community Facilities, Library redevelopment in Blenheim and the construction of the Flaxbourne Irrigation Scheme.

Activity (\$M)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Sewer	9.6	8.5	29.1	22.3	40.9	30.8	15.3	21.4	3.0	6.8
Roading	17.0	14.9	13.3	16.7	20.8	21.4	25.0	17.8	18.4	18.9
Water	10.6	18.3	15.7	18.5	10.2	20.5	8.7	3.8	31.2	27.4
Library Blenheim	8.9	5.9	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Stormwater	3.2	3.7	3.6	0.8	0.9	2.1	8.2	6.6	0.4	0.4
Community Facilities	7.1	6.9	6.7	4.3	2.0	2.4	4.4	3.0	2.2	2.2
Flaxbourne Irrigation Scheme	4.0	9.4								
Other	16.6	16.4	10.2	7	6.8	5.4	5.0	4.9	8.3	8.8
Total Capital Expenditure	77.0	84.0	79.0	70.0	82.0	83.0	67.0	58.0	64.0	65.0

Where does Council spend ratepayers money?

In addition to the investment in new assets, and the renewal of old, the rates collected by Council are spent on delivering services under the following broad activity groupings. As can be seen, most of the expenditure is made on core infrastructure operation and maintenance and in managing our environment. NB, Irrigation, Parking and Economic Development are included under Regional development.

How will my Rates contribute to our community in 2021-22:



Balancing the budget

The Council is required under the Local Government Act 2002 to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses i.e. Council must demonstrate financial prudence.

In preparing its budgets, Council must make a number of assumptions. These include, legislative change, interest rates, inflation, subsidy rates etc and are shown in more detail in the Financial Strategy. The Council is forecasting that its Activity expenditure will increase from \$114 million in the 2020-21 Annual Plan to \$170 million (50% increase) for the 2030-31 financial year. The increase is primarily due to investments in infrastructure including Community Facilities, improvements in levels of service, especially in the environmental and Solid Waste Management areas, the projected movement in the LGCI and additional central government requirements.

Debt

While existing Reserves, subsidies and Development Contributions are the first sources for funding Capital Expenditure, the balance is generally funded by loans. Council usually funds up to 50% of new capital assets from Reserves if available.

Loans have a rating impact, but as their repayment is generally spread over 20 years it reduces the burden on current rates and spreads the costs over those future ratepayers who will also benefit from the asset being created. Increased maintenance and operating costs from capital projects are funded primarily by rates.

Gross borrowing over the period of the LTP will increase from \$167 million shown in the 2020-21 Annual Plan to a maximum of \$421 million in 2027-28 to help fund the proposed Capital Expenditure programme for the entire Council Group, including that to its subsidiaries, MDC Holdings Ltd, Marlborough Airport Ltd (MAL) and Port Marlborough NZ Ltd (PMNZL). Gross borrowing is forecast to reduce to \$386 million in 2030-31. Projected Gross debt includes an allowance of \$18 million for the separately rated development of an irrigation scheme at Flaxbourne and provisional allowances of \$180 million for PMNZL developments of the Waikawa Marina Extension and the Ferry Terminal redevelopment. Due to the size of the potential ferry terminal debt, this will be separately consulted upon when there is greater certainty of the amount and projected returns on this investment.

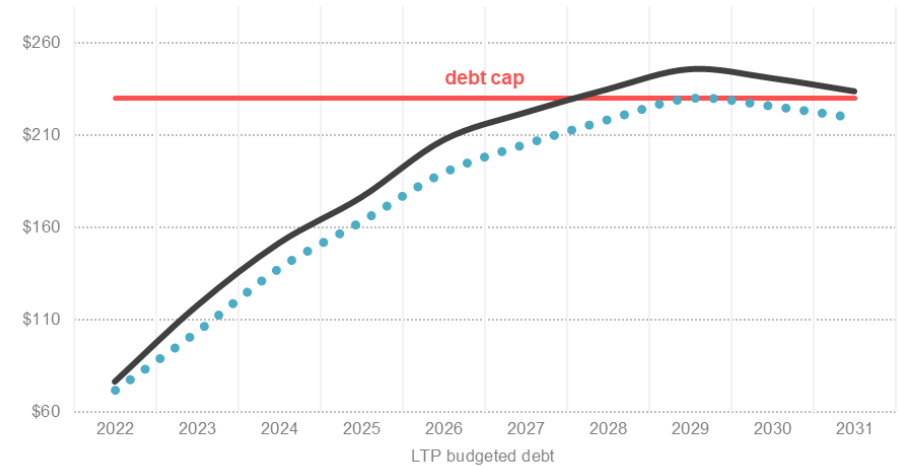
However, the more important debt measure is Net Debt (Total debt less amounts advanced to subsidiaries, investments and cash on hand). Net Debt over the period of the LTP will increase from \$84 million shown in the 2020-21 Annual Plan to a maximum of \$246 million in 2028-29 before reducing to \$234 million in 2030-31. The maximum forecast value of Net Debt is expected to exceed Council's \$230 million debt cap in the final four years of the LTP.

Each year Council will review the continued need and timing of Capital Expenditure as part of its Annual Planning and budgeting process. In previous years, these reviews have resulted in expenditure deferrals, which have in turn, reduced subsequent years rates increases and actual debt levels.

The following graph identifies Council's projected debt net of cash and investments and net debt without the Flaxbourne Irrigation Scheme included. This shows that once the debt for the Flaxbourne irrigation scheme is removed Council just exceeds the debt cap in 2028-29 only.

Council debt, net of investments and cash - including and excluding Flaxbourne irrigation (in millions)

Council's 2021-31 self-imposed debt cap is exceeded in the second half of the LTP, this is mainly due to the increased level of capital expenditure since the last LTP and increased funding from Council's reserves.



Rates increases and rates increase limit

As identified above, increasing debt to spread the cost of Capital expenditure has a rating impact as do increased operating costs. The other major contributor is inflation (27.5% over 10 years). Inflation means a change in the costs Council faces, including materials like diesel, bitumen, pipes and other construction costs. As these are not the same as the costs faced by households (eg; food, housing, transportation) and measured by the CPI Council, along with the majority of other Councils in New Zealand, uses inflation projections provided by Business Economic Research Limited (BERL) to inflate budgeted Operating and Capital Expenditure in years two to 10 of the LTP.

Forecast BERL LGCI

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
3.7%	2.9%	2.5%	2.5%	2.6%	2.5%	2.6%	2.7%	2.7%	2.6%

Forecast rates increases

Council has adopted as policy that increases in total rates will not exceed the LGCI movement by more than 3% (made up of 2% for growth and level of services increases and 1% for increasing government requirements). The following table shows forecast rates increases compared to Council's policy.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Proposed Rates Movements	5.1%	6.4%	5.7%	9.7%	5.7%	4.3%	3.7%	3.9%	4.1%	3.2%
Rates Cap (LGCI+3%)	6.7%	5.9%	5.5%	5.5%	5.6%	5.5%	5.6%	5.7%	5.8%	5.6%
Within/Above Rates Cap	1.6%	-0.5%	-0.2%	-4.2%	-0.1%	1.2%	1.9%	1.8%	1.7%	2.4%

This table shows that Council has gone above its "Rates Cap" for years two to five of the LTP albeit only marginally in 2024 and 2026.

In 2023 and 2024 Council exceeds the cap due to the operating costs associated with an increased capital programme. This should continue to boost the local economy. In 2025 Council exceeds the cap as 2024 is the final year for rates subsidy from the COVID-19 Rates Relief Reserve creating a rates spike in 2025. In 2026 the cap is exceeded due to the start of the Flaxbourne voluntary targeted rate.

Despite currently projecting to exceed its self-imposed rates limit, Council remains committed to trying to remain within it and reviews its plans and projects annually to confirm their continued need and timing. Projects are deferred where this can be done without compromising maintenance and standards and this reduces the annual rates increases.



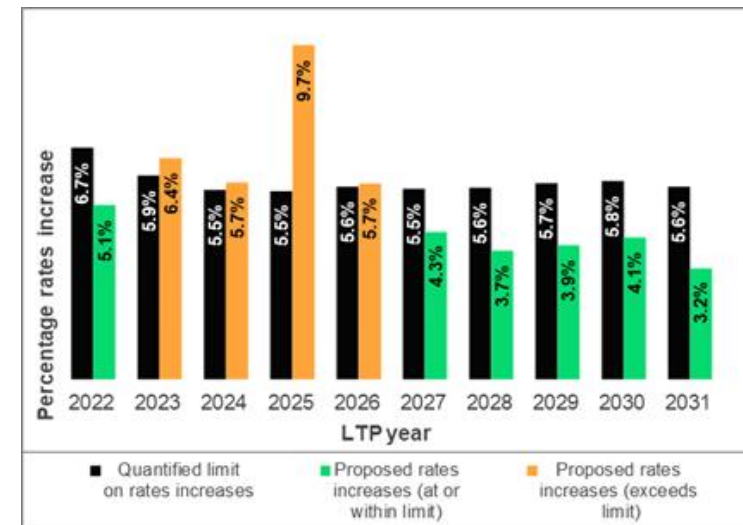
Long Term Plan Disclosure Statement for the Period Commencing 1 July 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this Statement in the Long Term Plan Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information including definitions of some of the terms used in this Statement.

Rates increases affordability benchmark

The following graph compares Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index by more than 3%.



The graph shows that Council has gone above its policy from 2023 to 2026, albeit only marginally in 2024 and 2026. In 2023 and 2024 Council exceeds its benchmark due to the operating costs associated with an increased capital programme. This should continue to boost the local economy. In 2025 Council exceeds the benchmark as 2024 is the final year for rates subsidy from the COVID-19 Rates Relief Reserve creating a rates spike in 2025. In 2026 the benchmark is exceeded due to the start of the Flaxbourne voluntary targeted rate.

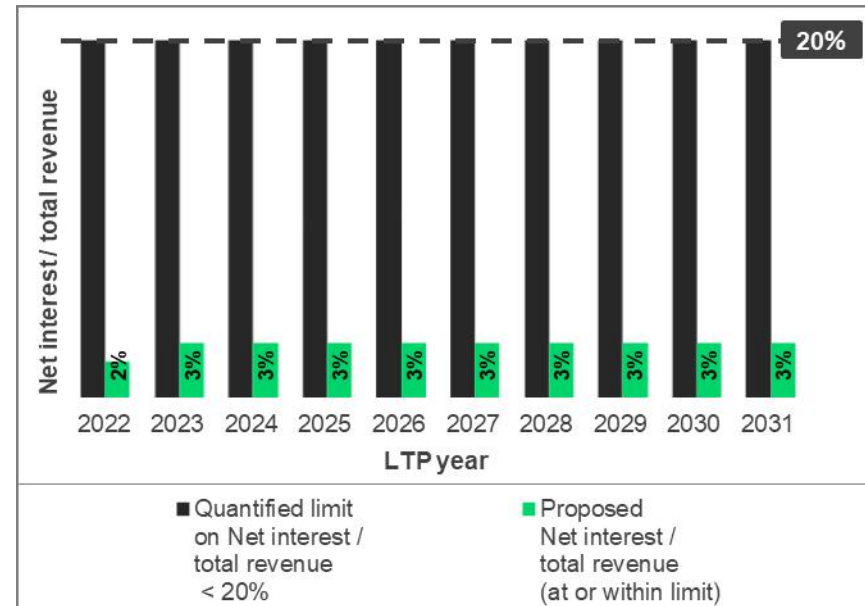
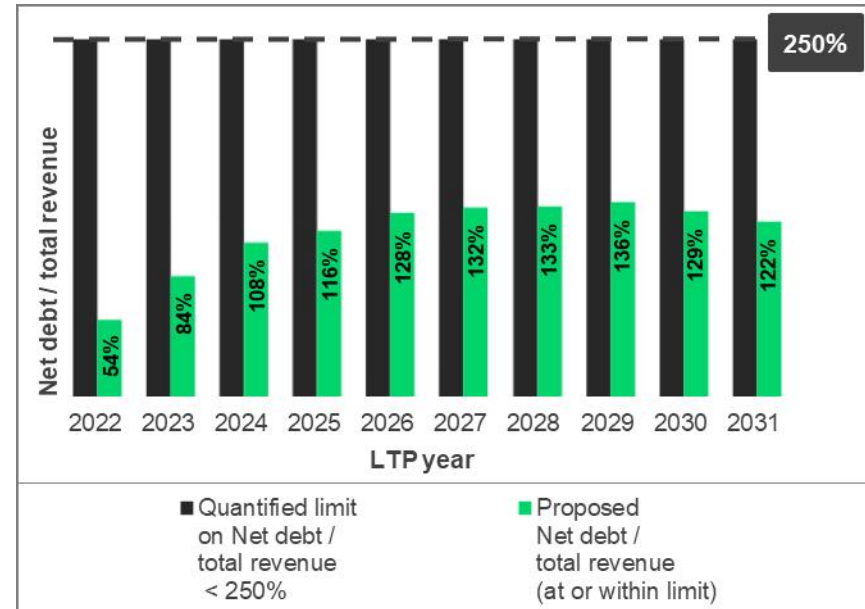
Debt affordability benchmarks

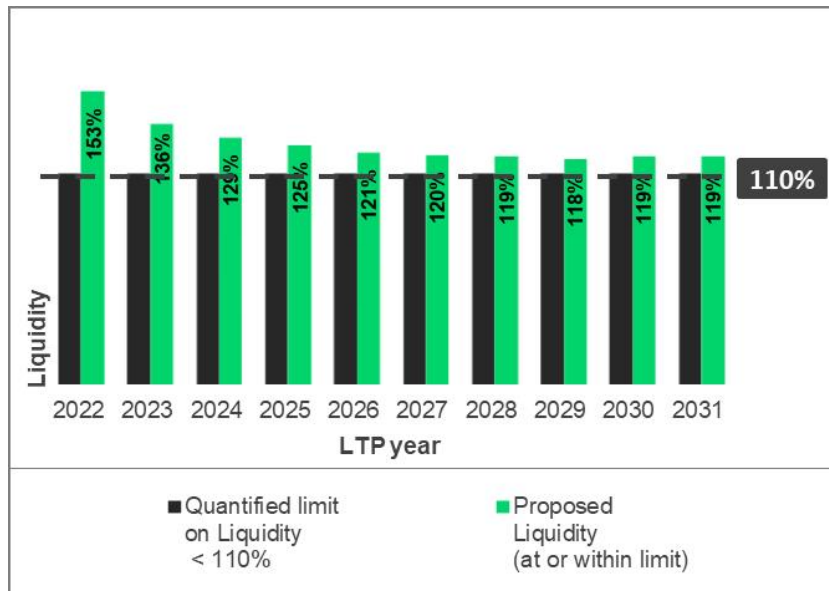
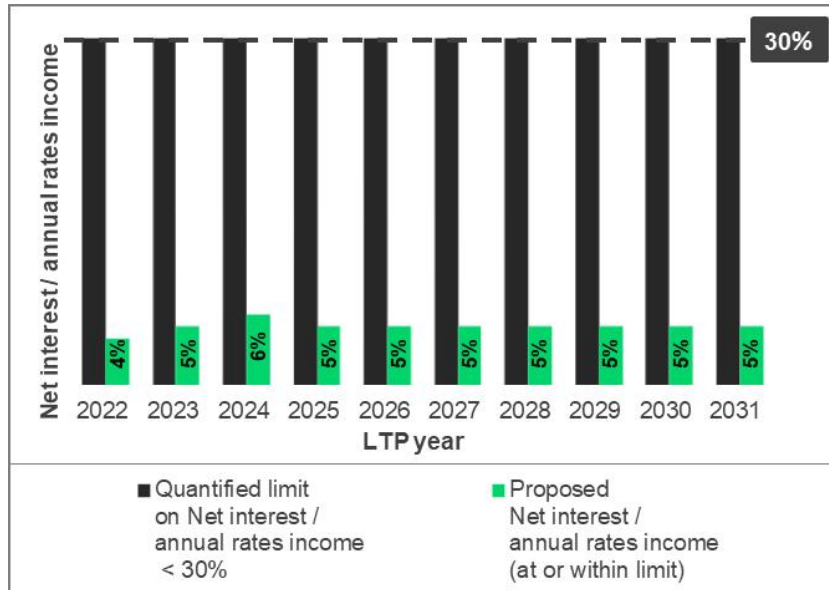
The following graph compares Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan.

The quantified limits are:

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

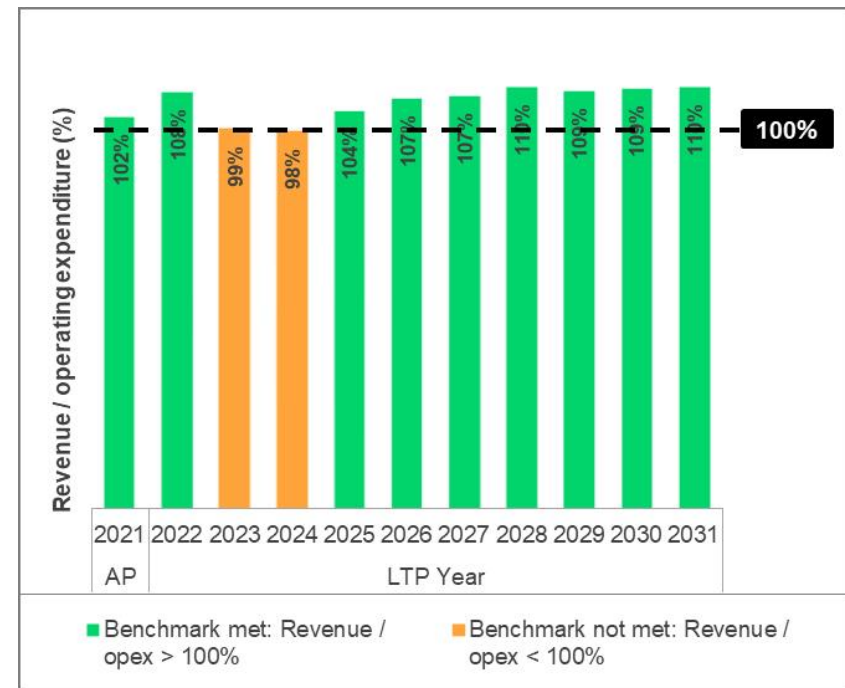
Note: Net debt is defined as a total consolidated debt less liquid financial assets and investments; Total revenue excludes development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment; and Liquidity is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





Balanced budget benchmark

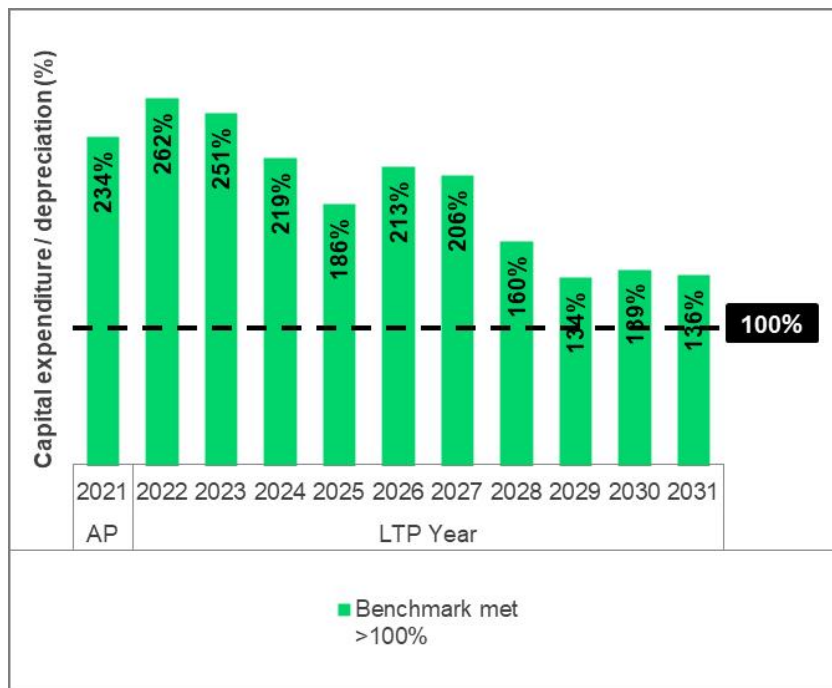
The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivatives financial instruments and revaluations of property, plant or equipment). Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.



The Waka Kotahi NZ Transport Agency decreased capital works subsidy for Roads and Footpaths Activity in 2022, 2023 and 2024 has impacted on this benchmark performance. The first year of the subsidy decrease is offset by Government subsidy received for shovel ready projects and the three waters reform programme, however, the following two years have put Council under the threshold for meeting this benchmark.

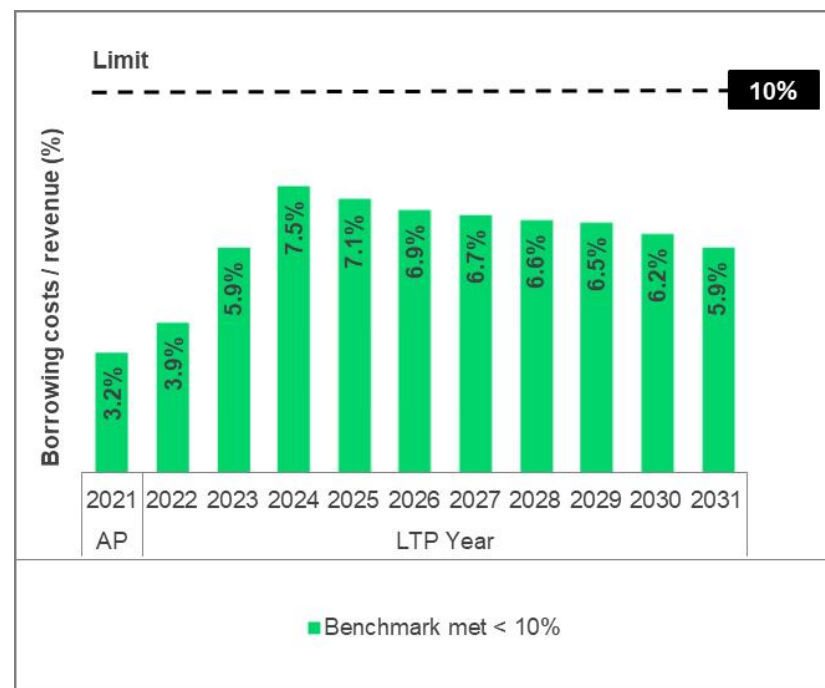
Essential services benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs are equal or less than 10% of its planned revenue.



Community Outcomes

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

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

Governance

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

Environment

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

People

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

Economy

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

Connectivity

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

Living

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

Council Activities	
Democratic Process	
Culture and Heritage	
Community Support	
Housing for Seniors	
Library Services	
Emergency Management	
Community Facilities	
The Provision of Roads and Footpaths	
Flood Protection and Control Works	
Sewerage Including Treatment and Disposal	
Stormwater Drainage	
Water Supply	
Solid Waste Management	
Environmental Policy	
Environmental Science and Monitoring	
Resource Consents	
Environmental Protection	
Biosecurity	
Building Control	
Environmental Health	
Animal Control	
Harbours	
Regional Development	

Community Outcomes					
Governance	Environment	People	Economy	Connectivity	Living
✓	✓	✓	✓		✓
✓		✓	✓		✓
✓	✓	✓		✓	✓
✓		✓		✓	✓
✓		✓	✓		✓
✓	✓	✓	✓		✓
✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓
	✓		✓		✓
	✓	✓	✓		
	✓		✓		✓
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓
✓	✓		✓		✓
✓	✓	✓	✓		
	✓	✓			✓
	✓	✓	✓		✓
✓		✓	✓		✓
✓		✓	✓		✓
✓	✓	✓		✓	✓
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓

Four Well Beings			
Social	Economic	Environmental	Cultural
✓	✓	✓	✓
✓			✓
✓		✓	✓
✓			
✓	✓	✓	✓
✓	✓		
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Consultation

Background

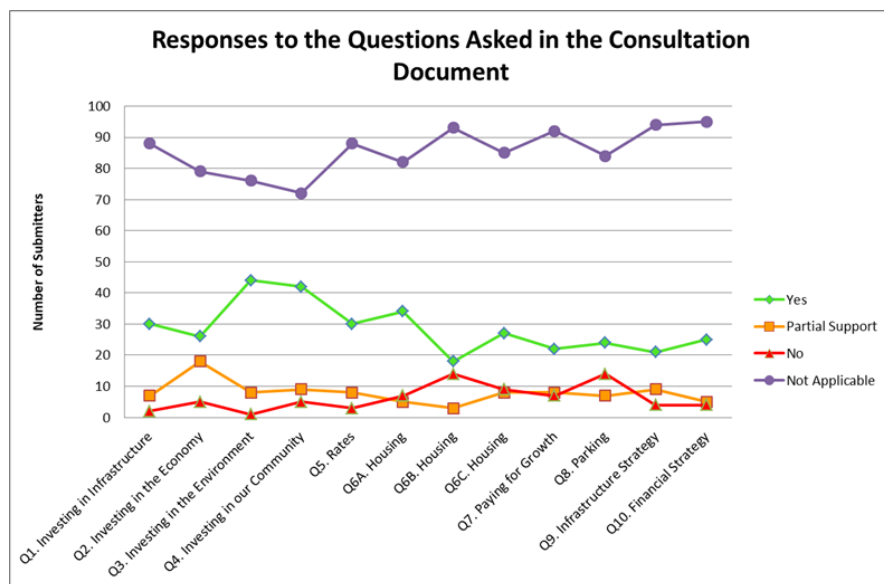
The proposals put to residents and ratepayers in the Consultation Document represent the culmination of:

- previous Annual and Long Term Plan consultations which has led to the current direction taken by Council;
- the work of the LTP Working Group;
- budgeting and funding work by staff;
- agreement by Council to include the individual items and their proposed funding in the Consultation Document.

The Council received 130 submissions. This compares to the 193, 118 and 305 received over the past three years. Of the 130 submissions, 86 indicated that they wish to speak which compares to the 60, 86 and 138 over the previous three years.

For the majority of the questions asked in the Consultation Document, those ratepayers that expressed an opinion submitted in favour of Council's proposals (see graph below).

Of those submitters that answered "Not Applicable", the majority were making single issue/request submissions.



Council deliberations

At their deliberations meeting on 8 June 2021, Councillors subsequently agreed to the following:

- Upgrading the Redwood Street/Town Branch stormwater system (an increase of \$10.4 million in funding was supported, taking the total cost to \$17.4 million) and purchasing new weighbridges for waste management (\$600,000).
- Continuing current economic development activities and increase spending by \$100,000 per annum to foster growth in the technology, food and screen sectors.
- Increasing the printing of the spring and autumn Marlborough Events Guides and distributing them nationally at a cost of \$30,000 a year.

- Commissioning at a cost of \$20,000 an economic evaluation of Garden Marlborough to better understand its benefits.
- Allocating \$1.05 million over three years from Reserves to the Marlborough Events Centre for deferred maintenance and fixed operating costs.
- Allocating \$30,000 per annum to assist the operation of the Blenheim Business Association from Blenheim Commercial and Industrial rates.

They agreed to allocate:

- \$1.2 million over the next three years, including \$197,000 for 2021-2022 to fulfil Council’s obligations under the National Policy Statement for Freshwater Management 2020; and
- \$1.2 million over the next six years to process remaining environmental data to realise the benefits from seabed mapping.

They also approved the funding and projects contained in the “Investing in the Community” section of the 2021-31 Long Term Plan Consultation Document (pages 14 to 16).

They agreed to:

- Create a COVID-19 Rates Relief Reserve to smooth rates increases over the first three years of this LTP.
- Use surplus or unallocated funding from the Infrastructure Upgrade Reserve to fund this Reserve.
- Close this Reserve upon it achieving a positive balance.

They agreed to continue identifying and investigating options to improve the provision of housing in Marlborough and agreed to continue its investment in Senior Housing as outlined in the Consultation Document (page 25).

They also:

- Adopted the Development Contributions Policy as proposed with a slight modification to address the concern raised by one submitter.
- Adopted the 2021-51 Infrastructure Strategy.
- Adopted the 2021-31 Financial Strategy.

Parking charges

The only item where Councillors made a substantive change to the options proposed in the Consultation Document was on parking charges. In the Consultation Document, Option 1 proposed to continue to one hour free parking in the Blenheim and Picton CBDs, with the shortfall funded by an indicative 50% increase in parking fees and an average rating impact of \$9.33 per rateable property for 2021-2022.

Option 2 was to return town centre parking to the pre-Covid state, removing one-hour free parking. This would result in no increase in parking fees or rates.

Instead Councillors decided to continue with one hour free parking and set a corresponding 20% increase in parking fees. This will increase the hourly parking rate from \$1.50 to \$1.80 and is the first increase in this charge since 2015. Councillors also decided not to increase rates to cover the resulting revenue shortfall.

Other submissions

A number of the submitters also took the opportunity to make suggestions on areas outside the questions posed. Councillors agreed to fund a small number of these additional requests.