

Annual Report

2022-23



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

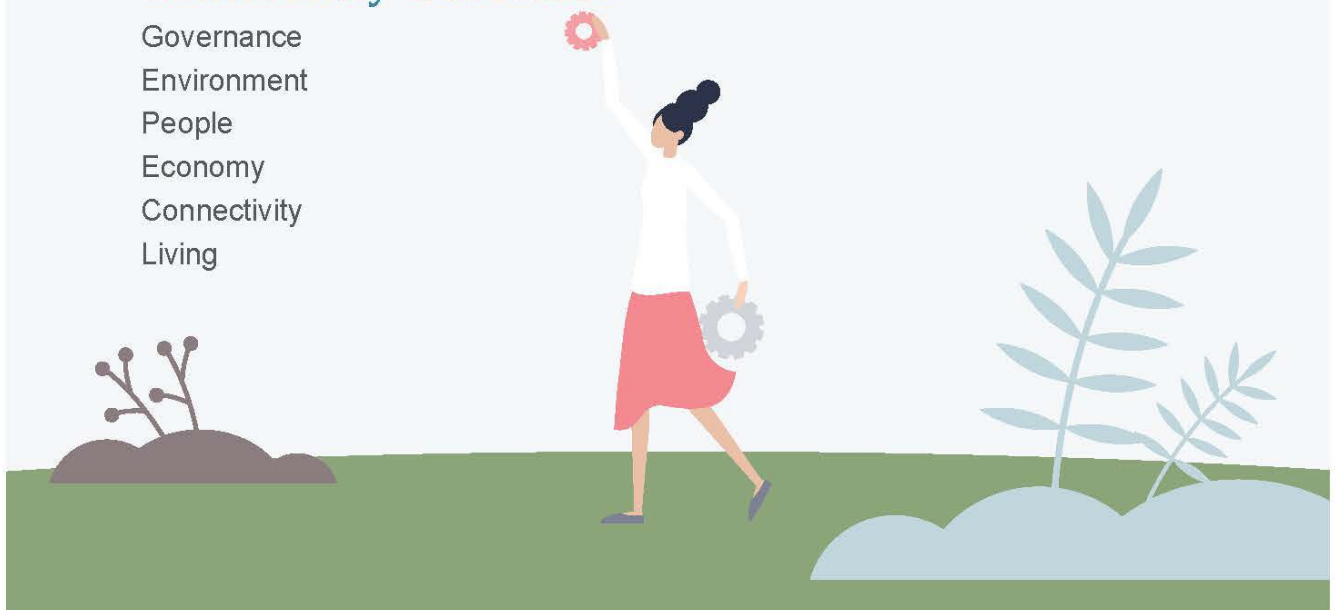
Environment

People

Economy

Connectivity

Living



Role of Annual Report

This Annual Report has been prepared to enable readers to assess Marlborough District Council's 2022-23 performance against the policies, activities, objectives, performance targets and financial details contained in its 2021-2031 Long Term Plan.

An Annual Report is required by Section 98 of the Local Government Act 2002. Financial and non-financial information is required to be included for each Activity.

If any member of the public wishes to discuss any aspect of this report, a Council officer will be more than pleased to meet with you. In the first instance please telephone Tessa Dever, Financial Reporting and Funding Manager on (03) 520 7400.

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PART 1

Executive Summary

- MAYOR'S REPORT
- ELECTED COUNCIL MEMBERS
- KEY ACHIEVEMENTS AND PERFORMANCE OVERVIEW
- FINANCIAL OVERVIEW
- ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDED 30 JUNE 2023



Message from the Mayor

It's my pleasure to present Marlborough District Council's Annual Report for the 2022-2023 financial year, my first as Mayor of Marlborough.

This year was again a challenging one thanks to another severe weather event. The heavy rain in August 2022 had an even greater impact than the July 2021 storm, and caused further damage to our roading network, land and property. The rainfall and slips caused over 4,000 faults to our roading network, primarily in the Marlborough Sounds. As a result, 32 properties were red placarded and 59 received yellow placards. The damage left many Sounds' residents with limited or no access for prolonged periods. Whilst road access has been reinstated in most areas, the roads remain fragile and subject to strict controls.



In late 2022 Council embarked on the Marlborough Sounds Future Access Study to support the case for funding safe and resilient long-term access for the Sounds, both for ourselves and to obtain funding assistance from Waka Kotahi.

Consulting engineering company Stantec was contracted to lead the Study, which saw Council undertake two rounds of concentrated public engagement with the community during the first six months of 2023. The programme included 15 public meetings, two stakeholder workshops, two surveys, two booklets and a series of videos. Survey feedback numbers were high with 900 and 1,742 people participating in each round.

Twenty-nine land and marine engineering options were identified for the Sounds transport network. Subsequently ten were proposed as preferred to the public - five shorter term 'emerging preferred options' and five longer term 'hazard adaptation pathways'.

After public engagement concluded in July, changes were made to the programme business case. Levels of service were raised from the initial proposals for Moetapu Bay and Kenepuru Road (from Portage to the Heads), with additional targeted improvements to improve resilience.

Cost estimates also rose, from \$160M to \$234M. An independent peer review used actual costs from similar completed projects and included increases in contingencies, adjustments to the proposed works and the addition of costs to repair Kenepuru side roads. Council will not make any final decisions until funding options from Waka Kotahi are proposed, hopefully in December this year, and Council undertakes consultation through the Long Term Plan next year. Final levels of service and funding decisions will be made in June 2024.



Community Facilities

The highlight of the year was undoubtedly the opening of Te Kahu o Waipuna, our wonderful new Marlborough library and art gallery, on 30 June by Acting Prime Minister Hon Carmel Sepuloni.

The new facility has experienced major growth in use, with almost three times as many people visiting it each day compared to the old building. New members have joined in large numbers, with the art gallery also benefitting significantly from additional foot traffic. The public meeting rooms have been popular too, as has the café.

My thanks to Rangitāne o Wairau for gifting such a beautiful name - 'the protective cloak of Waipuna' - which celebrates both Blenheim's spring water and Waipuna, the mother of Rangitāne. Her descendants built pā and gardens alongside the waterways around which Blenheim is built.

Other facility improvements have also been underway across the district, from traffic calming in Victoria Domain, kitchen refurbishment at Wairau Valley Hall to new public toilets at Carluke Domain and Redwood Pass Road. The grandstand at Lansdowne Park was upgraded and new lighting installed at the netball courts. The Community Facilities section of this report lists many other such improvements made over the year.

Our Small Townships Programme has progressed, with gateway planting in Canvastown, walkway improvements in Ward and a refurbished shed at Kapowai Wharf on D'Urville Island.

Flood Protection and Control

Council's Rivers Team has been busy, focussed on flood recovery and repair works following the July 2021 storm event, when the Wairau River reached close to its capacity at 5,280 m³/s. This was compounded by July 2022 being the wettest month recorded for Blenheim in 93 years, at 220mm of rainfall, with corresponding flooding in parts of Springlands and Renwick.

Successive damage to the stop bank network placed a strain on Marlborough's supply of armour grade rock, resulting in an acceleration of the redevelopment of Council's own Pukaka Quarry near Rārangī. The Rivers Team is now one-third of the way through a \$14M repair programme to the Wairau flood protection scheme, which will take another 18 months to complete.

Three Waters

Improvements to water supply continued apace with the construction of new water treatment plants at Renwick (underway) and Wairau Valley (completed), and major water main replacements at Renwick and Speeds Road, near Picton. Assessments are underway to progress new treatment plants at Havelock and Riverlands as well. These developments mean all these townships will have drinking water that meets the NZ Drinking Water Standards.

The Blenheim sewer upgrade was completed in August 2022, allowing for additional capacity in the town's north-west. Blenheim and Picton's sewer mains rehabilitation continued - significant stimulus funding from the Government allowed Council to bring this work forward, allowing Blenheim's programme to be completed in 2022; Picton's is expected to be finished this year.

Applying for resource consent for sewerage treatment to land in Seddon is underway, as is the process for consent renewal for Blenheim's wastewater treatment plant.

We made progress in addressing issues relating to the valuation of our Three Waters assets but there remains significant uncertainty as to their exact values. It is a huge task. As a result, we have decided not to update this year's financial statements. We would prefer to 'do it once and do it right' at the relevant time in the future and depending on decisions made by the incoming Government.

Solid Waste Management

Following public consultation, planning is now underway for the rollout of a new wheelie bin kerbside collection service starting in July 2024. The new service includes a significantly expanded collection area and new remote transfer stations. A new waste management contract has also been awarded.



Environmental Policy, Science and Monitoring and Biosecurity

Excellent progress has been made finalising the Proposed Marlborough Environment Plan, with only two appeal points left to be determined by the Environment Court. Fifty-one notices of appeal were received involving 1,307 appeal points; the formal mediation process concluded in May 2023.

Public consultation has begun on the freshwater visions and values, part of the Government's Essential Freshwater package.

The Te Hoiere Kaitiaki Charitable Trust and Council's Catchment Care Programme installed 31 km and 17.67km of riparian fencing respectively, complemented by 16ha of riparian management and 19ha of wetland projects. The Hill Country Erosion programme planted 44,207 natives, 4,336 poplar and willow poles and 1,150 oaks on eroding pastureland. The Significant Natural Areas programme now covers 778 sites.

The Biosecurity programme focussed on high threat invasive pest plants such as moth plant and saffron thistle, while intensive surveillance for Mediterranean fanworm was undertaken at key marine vessel hubs. Council continues to coordinate the National Wilding Conifer Control Programme in Marlborough.

In Conclusion

A Marlborough Common Passage Plan is being developed with a collaborative review of shipping risk in Tory Channel, in conjunction with Port Marlborough and the ferry operators. Public consultation was undertaken as part of a review of the Navigation Bylaw.

A proposal for a tech hub was developed by our Economic Development team, which received both Council and substantial Government funding, and is planned to open next year in central Blenheim. Six Smart+Connected industry groups are now operating across the province.

This year's resident satisfaction survey recorded an increase in satisfaction of 66 per cent, up from 62 per cent in 2022. Despite the negative impacts of extreme weather events and inflation, Council fared reasonably well with a rating ahead of the New Zealand council benchmark.

The top performing services were cemeteries (87% satisfaction); public sports grounds (86%); civil defence and emergency management (85%); libraries (85%) and drinking water (85%).

Thirty five out of 46 (76%) services rated by residents achieved satisfaction of 60% or above, with 12 services achieving 80% satisfaction or higher. Satisfaction with Council's communications rose to 74% from 67% in 2022.

Roads scored 40%, just below the national average benchmark of 43%. The numerous wet weather events over the last two years not only damaged the Sounds, Northbank, Waihopai and Awatere roads but also impacted on the whole network, diverting resources away from regular maintenance activities. However Marlborough scored higher than a comparative group of councils which also suffered recent severe weather events.

Thank you to everyone who has contributed to our work this year: members of the public, volunteers, contractors, Council staff and councillors. It is a team effort that allows Marlborough to punch well above its weight with a province we can all be extremely proud of.

Nadine Taylor
Mayor of Marlborough



Elected Council Members



Mayor
Nadine Taylor



Deputy Mayor
David Croad
WARD: BLENHEIM



Councillor
Scott Adams
WARD: WAIRAU-AWATERE



Councillor
Jamie Arbuckle
WARD: BLENHEIM



Councillor
Sally Arbuckle
WARD: WAIRAU-AWATERE



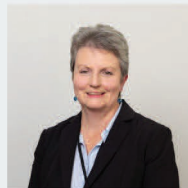
Councillor
Allanah Burgess
WARD: MARLBOROUGH
MĀORI



Councillor
Deborah Dalliessi
WARD: BLENHEIM



Councillor
Brian Dawson
WARD: BLENHEIM



Councillor
Barbara Faulls
WARD: MARLBOROUGH
SOUNDS



Councillor
Matt Flight
WARD: BLENHEIM



Councillor
Gerald Hope
WARD: WAIRAU-AWATERE



Councillor
Raylene Innes
WARD: MARLBOROUGH
SOUNDS



Councillor
Ben Minehan
WARD: MARLBOROUGH
SOUNDS



Councillor
Jonathan Rosene
WARD: BLENHEIM



Councillor
Thelma Sowman
WARD: BLENHEIM



Key Achievements and Performance Overview

This section summarises:

- achievement against service performance and budgetary targets for Council overall and for each Activity Group; and
- the significant achievements for each Activity Group over the year.

More information about service performance variances can be found in the Level of Service tables in Part 2 of this document.

The variances to budget are calculated using Note 2 Activity Expenditure figures (page 135). A more detailed explanation of the variances can be found below each Activity FIS table in Part 2 of this document.

Council Overall

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 147 On track (100%) </div> <div style="text-align: center;"> 44 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 25 Not achieved (< 80%) </div> </div> <p>Overall we achieved 147 (68%) of the 216 key performance indicators (KPI's) which indicate achievement of our performance targets.</p> <p>In addition 44 KPI's were almost (i.e. at least 80%) achieved.</p> <p>This achievement is better than what was achieved in 2021-22.</p>	<div style="background-color: #90ee90; padding: 5px;">Achieved</div> <p>The overall Activity spending was 4.9% (or \$9.6 million) under budget. This is mostly due to lower than anticipated roading reinstatement and flood protection expenditure due to the impact of the August 2022 flood event on the budgeted 2021 flood repairs. Additionally some works budgeted as expenditure have been capitalised.</p> <p>These are offset by:</p> <ul style="list-style-type: none"> • emergency Management costs associated with the severe weather events; and • costs for desludge at the sewer treatment ponds.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

People

Activities in this Group

- Democratic Process
- Culture and Heritage (including support for arts and museums)
- Housing for Seniors
- Community Support (including events)
- management, energy efficiency, passenger transport and total mobility, smart and connected communities and community safety)
- Library Services
- Emergency Management

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 27 On track (100%) </div> <div style="text-align: center;"> 9 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 4 Not achieved (< 80%) </div> </div> <p>We achieved 27 and almost achieved 9 of the 40 KPI's we set for this year.</p>	<p>Not Achieved</p> <p>The overall Activity spending was 22.6% (or \$3.2 million) above budget. This is mostly due to higher than budgeted emergency management costs associated with severe weather events in 2021 and 2022. These costs were offset by additional revenue received.</p>

Achievements

- Provided operating grants to key Art and Heritage organisations in Marlborough.
- Completed major Senior Housing units maintenance projects, including roof replacement for Arthur/Beaver Streets complex, kitchen refurbishments for Harling Court, exterior painting and water main upgrade for George Street and Vevian Place complex.
- Commenced Senior Housing development located at 85 George Street with the targeted completion in mid-2024.
- Opened the new joint District Library and Art Gallery facility on 12 May 2023. It is playing an important role as a hub that sustains and nourishes the knowledge, wellbeing and resilience of the community.
- 820 news stories were published in local newspapers and on Council's website.
- A further 89 advances totalling \$650,394 were made for home insulation, solar water heating, clean heating solutions and solar power.
- The Total Mobility scheme funded 35,029 trips, including 3,922 trips by wheelchair users.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Community Facilities

Activities in this Group

This Activity Group comprises a single Activity: Community Facilities.

Performance targets	Budget
<p> 11 2 1 On track (100%) Almost achieved (≥ 80%) Not achieved (< 80%) </p>	<p>Not Achieved</p> <p>The overall Activity spending was 11.6% (or \$1.7 million) above budget. This is mostly due to higher than budgeted repair and maintenance costs.</p>
<p>We achieved 11 and almost achieved 2 of the 14 KPI's we set for this year.</p>	

Achievements

- Completed the Wynen/High Street upgrade.
- Completed the Responsible Camping Bylaw 2022.
- Installed an additional 9-holes to the disc golf course.
- Completed several Marlborough Mile sites, including Heritage, Agriculture, Climate and Aviation.
- Continued restoration works and improvements for cemeteries with new beams, plant pest control, new trees and shrubs.
- Installed new toilet for the Whale Trail at Redwood Pass Road, Seddon.
- Completed a new toilet at the hall and effluent dump station in the Carluke Domain.
- Installed shading at Picton Foreshore, Auckland Street, Vorbach, Hammond and Ballinger Reserves.
- Installed a new shower and drinking fountain, street furniture, whanau seat at Picton Foreshore.
- Carried out various upgrades at Lansdowne Park including seating, size of softball carpet, lighting system storage units, etc.
- Completed new access lane to Renwick netball/tennis courts and new soil shed for Renwick bowls.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Roads and Footpaths

Activities in this Group

This Activity Group comprises a single Activity: Roads and Footpaths.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 11 On track (100%) </div> <div style="text-align: center;"> 4 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 0 Not achieved (< 80%) </div> </div>	Almost achieved
We achieved 11 and almost achieved 4 of the 15 KPI's we set for this year.	The overall Activity spending is 29.5% (or \$21.8 million) below budget. This is mostly due to lower than anticipated roading reinstatement expenditure due to the impacts of the August 2022 flood event on the budgeted 2021 flood repairs. Additionally some works budgeted as expenditure have been capitalised.

Achievements

- Heavily involved in the Sounds Recovery Future Access Study to develop a programme business case so that it can be submitted to Waka Kotahi.
- Completed 23 km of pavement rehabilitation.
- Completed 17.8 lane kilometres of road resurfacing.
- Undertook \$18.2 million of maintenance and renewal works.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Flood Protection and Control Works

Activities in this Group

This Activity Group comprises a single Activity: Flood Protection and Control Works.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>6 On track (100%)</p> </div> <div style="text-align: center;"> <p>5 Almost achieved (≥ 80%)</p> </div> <div style="text-align: center;"> <p>2 Not achieved (< 80%)</p> </div> </div> <p>We achieved 6 and almost achieved 5 of the 13 KPI's we set for this year.</p>	<p>Achieved</p> <p>The overall Activity spending was 19% (or \$1.8 million) below budget. This is mostly due to lower than anticipated flood damage repairs with some expenditure expected to be carried over to next year and some works budgeted as expenditure being capitalised.</p>

Achievements

- Continued repairs and additional tributary clearance work to the damage resulting from the major storms in July 2021 and August 2022. The total estimated cost for this work is estimated \$14.1m. As at 30 June 2023, it is approximately 33% complete financially with big heavy rock work to come. This will take an estimated additional 18 months to complete.
- Completed various capital upgrades including realignment and upgrade of 620m of Lower Wairau stopbank at Hauhunga Marae and 1,100m of Lower Wairau stopbank at Lower McDonalds.
- Completed flood investigation modelling for Ruakanakana Gibsons Creek and Rarangi Road.
- Completed detailed design for realignment of 1,400m of Upper Condors stopbank.
- Development of Pukaka quarry extension is well underway with 1.9ha of trees logged and construction of the haul road started.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Sewerage Including Treatment and Disposal

Activities in this Group

This Activity Group comprises a single Activity: Sewerage Including Treatment and Control.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 9 On track (100%) </div> <div style="text-align: center;"> 2 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 1 Not achieved (< 80%) </div> </div> <p>We achieved 9 and almost achieved 2 of the 12 KPI's we set for this year.</p>	<p>Not Achieved</p> <p>The overall Activity spending was 20.9% (or \$2.6 million) above budget. This is mostly due to costs for desludge at the sewer treatment ponds and higher than anticipated depreciation costs due to a higher than anticipated revaluation movement in the previous financial year.</p>

Achievements

- Completed the Blenheim Sewer Upgrade project including the upgrade of the McLauchlan Street pump station and the construction of a new treatment and overflow facility in Bomford Street.
- Continued effort on sewer mains assessment and rehabilitation. This project will be brought forward with stimulus funding from central government,
- A new treatment plant in Havelock is planned and the land has been purchased.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Water Supply

Activities in this Group

This Activity Group comprises a single Activity: Water Supply.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 24 On track (100%) </div> <div style="text-align: center;"> 1 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 8 Not achieved (< 80%) </div> </div>	Achieved The overall Activity spending was 1.2% (or \$0.1 million) below budget.
We achieved 24 and almost achieved 1 of the 32 KPI's we set for this year.	

Achievements

- Continued investigations to find a suitable site for a new water treatment plant in Havelock.
- Completed construction of a new water treatment plant in Wairau Valley to provide water to the community that's compliant with the Water Services Act 2021.
- Located an alternative source of water for the Riverlands Industrial areas, the property has been purchased and a bore has been installed.
- Replaced AC watermain in Blenheim in Murphys Road and Nelson Street.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Stormwater Drainage

Activities in this Group

This Activity Group comprises a single Activity: Stormwater.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 5 On track (100%) </div> <div style="text-align: center;"> 1 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 0 Not achieved (< 80%) </div> </div>	Almost Achieved
<p>We achieved 5 and almost achieved 1 of the 6 KPI's we set for this year.</p>	<p>The overall Activity spending was 7.1% (or \$0.2 million) above budget.</p>

Achievements

- Continued development of the Rose Manor and Wai-ti subdivision to allow for further establishment of stormwater retention systems enabling controlled discharge of stormwater to existing waterways and a level of treatment of this discharge.
- On-going investigation and design of stormwater control for the development of the Somerset Retirement Home off Old Renwick Road.
- Upgraded stormwater infrastructure at Muller Road from Redwood to Weld Street, Wynen Street in conjunction with the streetscape upgrades around the new library and Lower Hampden Street area in Picton.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Solid Waste Management

Activities in this Group

This Activity Group comprises a single Activity: Solid Waste Management.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 5 On track (100%) </div> <div style="text-align: center;"> 3 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 1 Not achieved (< 80%) </div> </div>	Almost Achieved
We achieved 5 and almost achieved 3 of the 9 KPI's we set for this year.	The overall Activity spending is 8% (or \$1.2 million) above budget. This is mostly due to: <ul style="list-style-type: none"> • higher contracts costs caused by higher utilisation at the landfill. • higher than anticipated levies paid for the increased waste tonnage and levy rates.

Achievements

- Adopted changes to level of waste services including introduction of 11 remote transfer stations and expansion of kerbside collection area.
- Commenced pre-contract audit work associated with changes to level of waste services.
- Commenced stage 9 construction at Bluegums landfill.
- Continued to investigate waste to energy solutions for the region.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Environmental Management

Activities in this Group

- Environmental Policy
- Environmental Science and Monitoring
- Resource Consents
- Environmental Protection

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 14 On track (100%) </div> <div style="text-align: center;"> 6 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 3 Not achieved (< 80%) </div> </div>	Achieved The overall Activity spending was 3.1% (or \$0.5 million) below budget. This is mostly due to lower than anticipated legal charges for consents compliance.
We achieved 14 and almost achieved 6 of the 23 KPI's we set for this year.	

Achievements

- Involved in processing the 51 notices of appeal for the Proposed Marlborough Environment Plan (PMEP).
- Continued reviewing of the operative marine farming provisions with a total of 115 submissions received.
- Continued to develop a work programme to provide further detail on how the Council will give effect to the National Policy Statement (NPS) through the PMEP.
- Responded to the Exposure Draft of the Natural and Built Environments Bill and presented the Council submission to Select Committee.
- Continued with various catchment management projects installing riparian fencing along waterways, planting native plants, etc.
- Received 954 applications for resource consent and issued 951 decisions.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Regulatory

Activities in this Group

- Biosecurity
- Building Control
- Environmental Health
- Animal Control
- Harbours

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 29 On track (100%) </div> <div style="text-align: center;"> 6 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 5 Not achieved (< 80%) </div> </div>	<p>Achieved</p> <p>The overall Activity spending is 3.8% (or \$0.5 million) above budget. This is mostly due to the higher than anticipated contract costs for Harbours, including the engagement of a Transit Analyst who is monitoring the ferries as part of the development of a common passage plan and risk assessment of the Tory Channel.</p>
<p>We achieved 29 and almost achieved 6 of the 40 KPI's we set for this year.</p>	

Achievements

- Successfully delivered all Regional Pest Management Plan (RPMP) programmes.
- Started working on a digital platform to visualise and manage the various activities that will occur with the iReX harbour development.
- Continued progress on our project to resolve the uncertainty presently associated with Tory Channel/Kura Te Au tides and currents which is fundamental to ensuring safe shipping in the region.
- Reviewed the Navigation Bylaw and a new bylaw was proposed in June 2023.
- Issued 1,276 Building Consents, undertook 4,982 inspections and issued 1,234 Code of Compliance Certificates.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Regional Development

Activities in this Group

This Activity Group comprises a single Activity: Regional Development.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 6 On track (100%) </div> <div style="text-align: center;"> 5 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 0 Not achieved (< 80%) </div> </div>	Achieved
We achieved 6 and almost achieved 5 of the 11 KPI's we set for this year.	The overall Activity spending is 2.6% (or \$0.2 million) above budget.

Achievements

- The Prime Minister officially opened the New Zealand Wine Centre on Budge Street campus on 29 September 2022.
- Developed the proposal for a tech hub in Marlborough with Government approving \$1.038m towards its establishment and operation.
- Improved disability carparks in various sites including Symons Street, directly east of Te Kahu O Waipuna, outside Raupo and in the High Street (Farmers) car park.
- Entered into a licence to occupy with a commercial EV charging operator in the Wynen Street car park, adjacent to Te Kahu O Waipuna.
- Upgraded High Street (Farmers) car park lights to LED.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget



Financial Overview

This section gives an overview of Council’s financial results identifying the main revenue sources, operating expenditure and capital expenditure and compares actual results to the budget contained in the 2022-23 Annual Plan (pages 104-117). For a more comprehensive set of explanations refer to “Part 3: Financial Statements” note 30 – Variance Explanations.

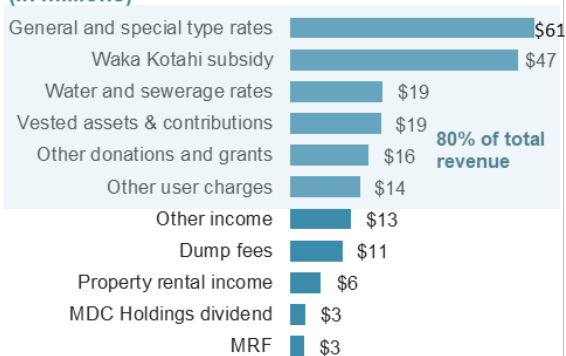
Revenue Sources

While general and special type and water and sewerage rates make up 38% of Council’s income, each Activity has its own mix of income sources.

Budgeted revenue was \$202.5 million and actual \$212.7 million – an extra \$10.2 million. The top contributors to this increase are:

- unbudgeted fair value movement for Council’s interest rate swaps (\$1.5 million); and
- the value in excess of budget of vested assets (\$7.8 million) and contributions (\$2.1 million) due to current high level of subdivision activity in Marlborough.

Revenue sources (in millions)



Operating Expenditure

Operational expenditure is the cost of providing the level of service in a given year and includes finance costs and depreciation and amortisation on assets. Depreciation is the measure of consumption of an asset over its lifetime. Those

who benefit from the use of an asset should contribute towards its cost/consumption.

Council’s operating expenditure relates predominantly to Council’s Activities. Non-activity related expenses include items such as Marlborough Regional Forestry expenditure and fair value movement in swaps.

Budgeted operating expenditure was \$198.0 million and actual \$188.4 million – \$9.6 million lower. The top contributors to this decrease are:

- roading and flood protection network expenditure including immediate response costs relating to the July 2021 flooding event being lower than budget due to the pivot to the August 2022 event;

This is offset by:

- desludge costs for the Blenheim sewer ponds;
- expenditure relating to higher than anticipated volumes of waste at the regional landfill.

Expenditure by Activity Group (in millions)



Council Surplus

Overall, Council continues in very good financial health as evidenced by the AA (negative credit watch) credit rating provided by S&P Global

Ratings that enables access to lower cost of finance. The assessment takes into account the financial position of the Council Group, which includes MDC Holdings Ltd, Port Marlborough NZ Ltd and Marlborough Airport Ltd.

It's essential that Council has an accounting surplus to enable the funding of capital expenditure in the district and comply with legislative and government determined funding conditions.

However, Council's \$24.3 million surplus does not represent an *operating surplus* as it is determined in accordance with accounting conventions and includes revenue that can only be used for capital expenditure, particularly roading after the July 2021 and August 2022 flood events, vested asset transfers and non-cash revaluations.

For the year ended 30 June	Council	
	2023 Actual \$000s	2023 Budget \$000s
REVENUE		
Rates, excluding targeted water rates	77,045	76,296
Targeted rates for water supply	3,238	3,802
Subsidies and grants	63,174	63,721
Development and financial contributions	9,390	7,321
Gains	1,296	1,020
Interest revenue	6,368	3,033
Other revenue	52,161	47,306
Total revenue	212,672	202,499
EXPENDITURE		
Personnel costs	28,466	30,515
Finance costs	6,963	5,991
Depreciation	35,108	31,935
Other expenses (including contract payments)	117,864	129,575
Total Operating Expenditure	188,401	198,016
Surplus before tax	24,271	4,483
Income tax expense/(credit)	-	-
Surplus after tax	24,271	4,483

The surplus includes:

- development (\$9.4 million) and some subsidies and grants (\$20.7 million) which are legally required to fund specific capital as compared to operating items;
- non-cash values like vested assets (\$8.9 million) and revaluation gains (\$7.6 million):
 - vested assets, under Other revenue, are typically the value of infrastructure (roads, water, sewerage, stormwater etc) that are transferred to Council following a subdivision. Council in turn maintains and replaces these assets; and
 - revaluations, under Gains, include mainly the revaluation of Council's interest rate swaps (\$2.8 million) which relies on the interest rate; and

- dividends received from MDC Holding Ltd (\$3.3 million), under Other revenue, which are used to fund Reserves. Council's Reserves have been largely allocated to designated projects.

Capital Spending

Capital spending buys assets to meet demand, improve or replace the service to ratepayers. Major projects are highlighted on the "Key Achievements and Performance Overview" in Part 1 of the Annual Report whilst the FIS in Part 2 provides a breakdown of the revenue sources and the application of capital funding for each Council Activity.

In its budget Council set aside \$82.5 million for capital expenditure. Actual spending was \$79.1M. To achieve this target Council has underway at any time projects of a much higher value because the development of larger projects is never straight forward. Delays are caused by finalising community consultation, obtaining land access, obtaining resource consents, the availability of external professional expertise and receiving an acceptable contract price and contractor availability. For 2022-23 Council was working on projects with a value of \$120.0 million.

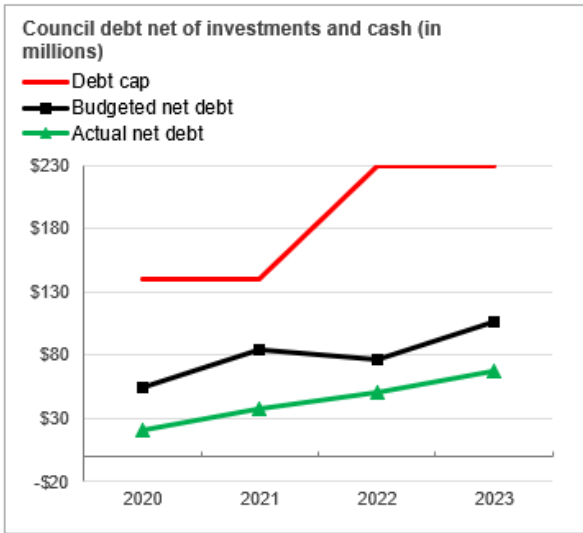
The primary reasons capital expenditure was below budget were:

- delayed Flaxbourne Irrigation Scheme.
- delays in Roads and Footpaths including small township upgrades, minor improvements and the North West development zone.

This is offset by unbudgeted reinstatement costs for roading and flood protection and control assets damaged in the July 2021 and August 2022 flood events with all expenditure budgeted as operating in the 2022-23 Annual Plan.

Net Debt Levels

Council has set a "net debt cap" of \$230 million in its 2021-31 LTP. This amount represents the maximum debt deemed prudent by Council. As can be seen from the following graph Council is well below this "cap".



Council's Treasury Management Policy also established the following financial ratios to ensure

Council's debt levels are reasonable:

		Policy Limit	Actual	Compliance
Local Government Funding Agency Covenants	Net debt as a % of Total Revenue	<250%	35.0%	yes
	Net Interest as a % of Total Revenue	<20%	1.1%	yes
	Net Interest as a % of Rates Revenue	<30%	2.7%	yes
	Liquidity	>110%	120.8%	yes

The liquidity calculation has been amended in 2023 to include the portion of Council debt relating to MDC Holdings. In prior years this was excluded.

Council's results are well within the parameters set in the Treasury Management Policy.

It should also be noted Debt also only forms a very small proportion of Council's total assets which have a value of over \$2.0 billion.



Annual Report Disclosure Statement for Year Ended 30 June 2023

What is the Purpose of this Statement?

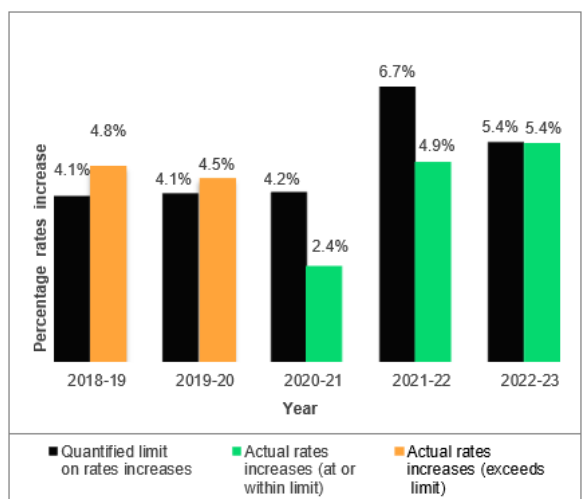
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in its Annual Report in accordance with the 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 Increase Affordability Benchmark

Council meets the rates affordability benchmark if its actual rates increases are equal to or less than each quantified limit on rates increases;

The following graph compares Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in Council's Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index plus 3%. In 2022-23 Council is under the benchmark.



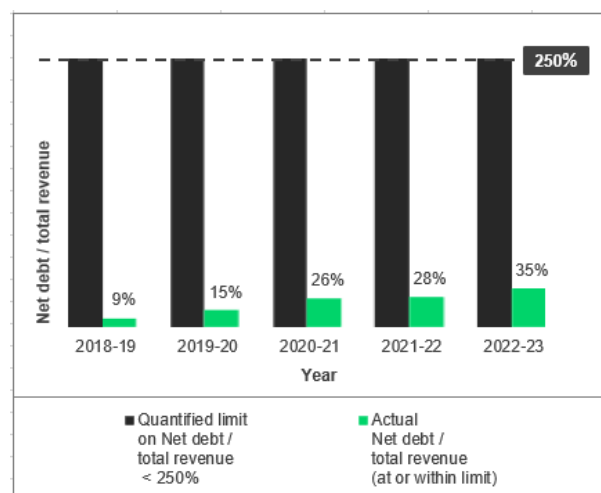
Debt Affordability Benchmark

Council meets the rates affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

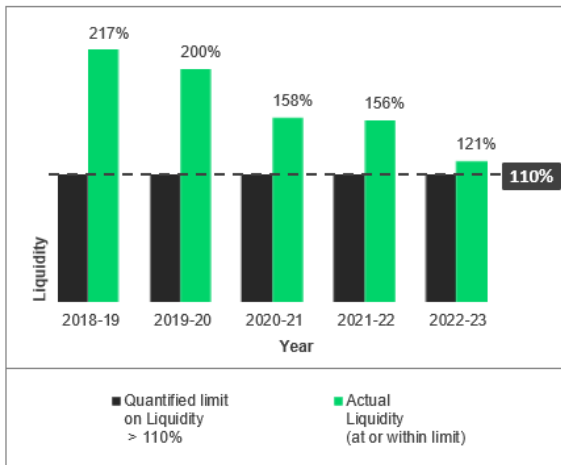
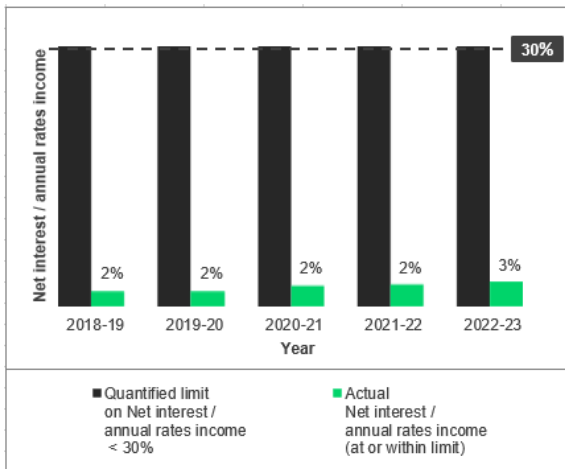
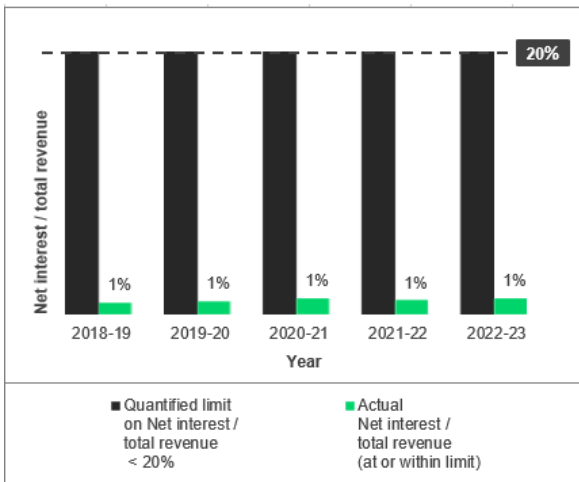
The following graphs compare Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan. The quantified limits are:

- 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%.

Council has met all of its Debt Affordability Benchmarks.



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.

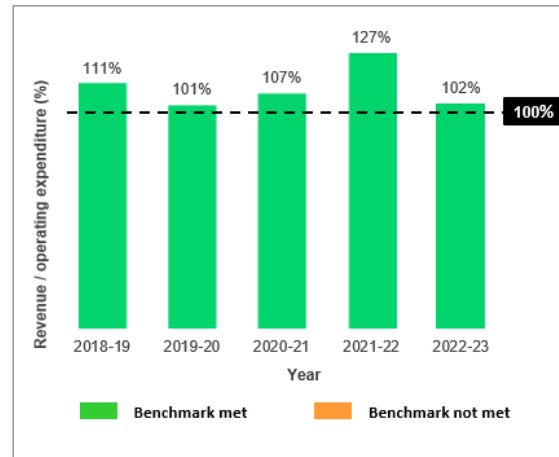


Note: Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

The liquidity calculation has been amended in 2023 to include the portion of Council debt relating to MDC Holdings. In prior years this was excluded.

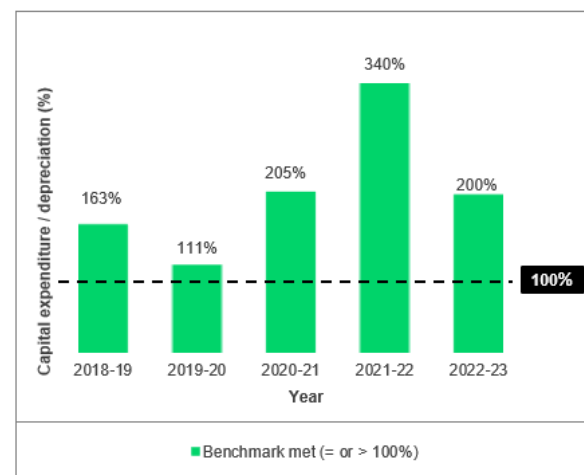
Balance Budget Benchmark

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



Essential Services Benchmark

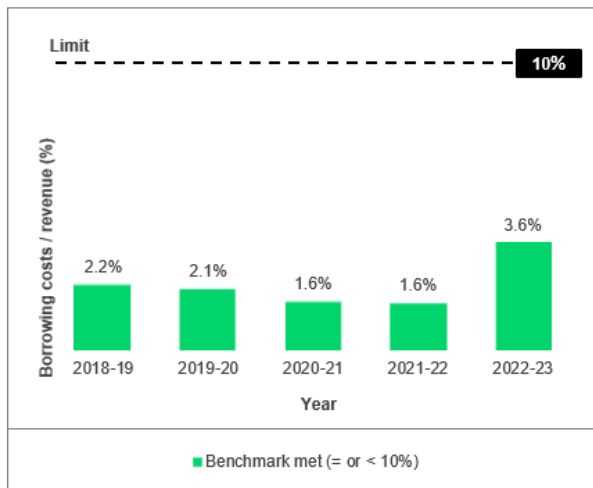
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.



Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Debt Servicing Benchmark

The following graph displays Council's borrowing costs as a proportion of 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 Council's population will grow more slowly than the national population growth, it meets the debt servicing benchmark if its borrowing costs are equal or less than 10% of its revenue.

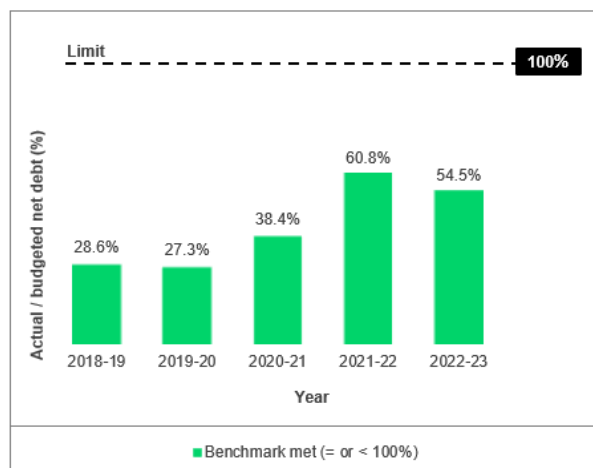


Debt Control Benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The benchmark shows as negative when the actual is a net asset not a net debt.

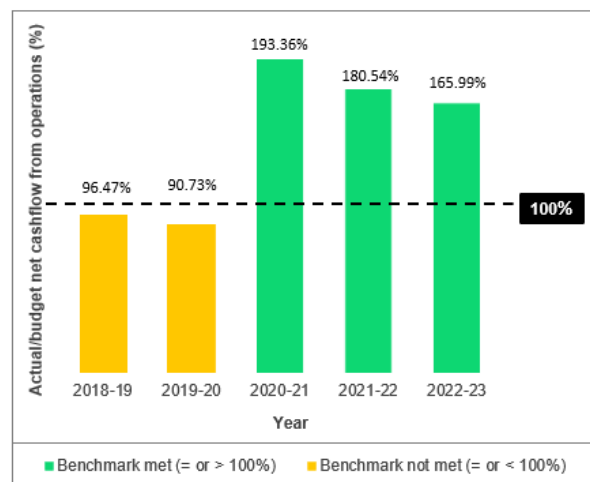


Operations Control Benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

In 2018-19 the cashflow from operating activities was below budgeted because the Queen Street building was accounted as inventory and an operating cash outflow in actual while in Budget it was recognised under cashflows from investing activities. The Queen Street building was held in inventory for most of 2019-20, however, due to market uncertainties Council decided to keep the property and at the end of the financial year it was reclassified as investment property. In 2019-20 the main contributors to the underperformance against budget were unbudgeted contracts for the National Wilding Conifer Control programme and river maintenance, higher than budgeted MRF expenses and library preliminary design costs which were budgeted as part of the capital development costs but under Financial Reporting requirements were recognised as an operating cost in actuals.



PART 2

Our Business

- INTRODUCTION
- COMMUNITY OUTCOMES AND WELLBEINGS
- RESIDENT SATISFACTION SURVEY
- ACTIVITY GROUPS



Introduction

The Local Government Act states the purpose of local government is:

- (a) to enable democratic local decision-making and action, by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental and cultural well-being of communities in the present and for the future.

In this Annual Report, Council has structured its activities into 11 Activity Groups:

- People.
- Community Facilities.
- Roads and Footpaths.
- Flood Protection and Control Works.
- Sewerage Including Treatment and Disposal.
- Stormwater Drainage.
- Water Supply.
- Solid Waste Management.
- Environmental Management.
- Regulatory.
- Regional Development.

The 2021-31 Long Term Plan sets out how these activities meet the following Community Outcomes:

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.

Community Outcomes and Well Beings

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 the 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.

Council Activities	Community Outcomes						Four Well Beings			
	Governance	Environment	People	Economy	Connectivity	Living	Social	Economic	Environmental	Cultural
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Resident Satisfaction Survey

This survey helps to measure our performance through targets set in the Long Term Plan and reported in this Annual Report.

Resident satisfaction is an important indicator for measuring the public's perception of Council services. The survey data also shows how satisfaction with one service compares to another and over time demonstrates a longer term trend of how a service is performing, from the perspective of Marlborough's residents.

Council's 2023 resident survey recorded an increase in satisfaction of 66 per cent, up from 62 per cent in 2022.

Despite the negative impacts of extreme weather events and inflationary cost pressures, Council fared reasonably well with a rating ahead of the New Zealand council benchmark.







Thirty five out of 46 (76%) services rated by residents achieved satisfaction of 60% or above, with 12 services achieving 80% satisfaction or higher.

The top performing services were cemeteries (87% satisfaction); public sports grounds (86%); civil defence and emergency management (85%); libraries (85%) and drinking water (85%).

The lowest scores for many individual services occurred in the Marlborough Sounds, Awatere, and Western Wairau. This might be expected as many Council services are not directly provided in these areas. Related to this is that Council's rating system recognises this by either not charging for a service or by charging at a lower level.

Roads scored 40%, just below the national average benchmark of 43%. Seven out of 10 negative comments for roads related to potholes and repairs, with additional concerns raised about Marlborough Sounds' roads. There were numerous wet weather events over the last two years which not only damaged the Sounds, Northbank, Waihopai and Awatere roads but also impacted on the whole network, diverting resources away from Marlborough Roads' regular maintenance activities. However, Marlborough scored higher than a comparative group of councils which also suffered recent severe weather events.

SATISFACTION AT A GLANCE

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

 Very good performance (≥80%)  Good performance (60%-79%)

 Services for improvement (50%-59%)  Great improvement potential (≤49%)

*Aggregated average ratings

** NZB measured 'consents management' satisfaction

^ NZB measured 'enabling and promoting events'

Council Activities and Services

Council is responsible for a wide range and variety of local services and activities. These include:

- Democratic Process
- Culture and Heritage
- Housing for Seniors
- Community Support
- Library Services
- Emergency Management
- Community Facilities
- Roads and Footpaths
- Flood Protection and Control Works
- Sewerage Schemes
- Water Supplies
- Stormwater Drainage
- Solid Waste Management
- Environmental Management
- Environmental Policy
- Environmental Science and Monitoring
- Resource Consent
- Environmental Protection
- Regulatory
- Biosecurity
- Building Control
- Environmental Health
- Animal Control
- Harbours
- Regional Development

We manage our work in activities which aggregate up to our management structure. Within this document we report on our proposed output targets under 11 groups of activities, which we believe summarise the key issues we need to address and the key activities we undertake.

Each Activity reporting group contains a statement showing what programmes are delivered by each activity, the cost of these, and the combined funding sources involved. The funding arrangements are in accordance with the Revenue and Financing Policy as set out in the 2021-2031 Long Term Plan.

Each Activity reporting group also contains the service performance information relating to planned projects and achievements against performance measures, which were established and adopted in Council's 2021-31 Long term Plan or 2022-2023 Annual Plan. These documents are available on Marlborough District Council's website: <https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports>

Statement of Compliance

The service performance information of the Council and the Group have been prepared in accordance with the requirements of the Local Government Act, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP) and Public Benefit Entity Standards.

This is the first financial year Council has prepared our service performance information in compliance with Tier 2 Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48). The Statement of Service Performance is formally classified from page 37 to 124 of the 2022-2023 Annual Report. NB: included in this statement are the funding impact statements for each Activity Group and Activity as Council believes that performance measurements and financial performance cannot be viewed in isolation.

Activity Reporting Groups	Service Performance Information
1. People	Pages 37 - 53
2. Community Facilities	Pages 54 - 58
3. Road and Footpaths	Pages 59 - 62
4. Flood Protection and Control Works	Pages 63 - 66
5. Sewerage Including Treatment and Disposal	Pages 67 - 70
6. Stormwater Drainage	Pages 71 - 74
7. Water Supply	Pages 75 - 80
8. Solid Waste Management	Pages 81 - 84
9. Environmental Management	Pages 85 - 100
10. Regulatory	Pages 101 - 119
11. Regional Development	Pages 120 - 124

Effects of Activities

No significant negative effects on the social, economic, cultural, and environmental wellbeing of the district community have been identified for any of the activities undertaken by Marlborough District Council. On the contrary, most of the activities are undertaken to counteract negative effects produced by factors outside Council's control.

Performance Measures

Performance measures are included in the activities which are combined into the organisation's work plan. Management control over each activity is based on project briefs, which record outputs to be delivered and detail of budgeted costs and performance targets to be met. Performance targets and measures were established and adopted in our 2021-31 Long-term Plan and 2022-2023 Annual Plan. Our three waters and roading activities include mandatory measures set by the Department of Internal Affairs – these are identified as "mandatory performance measures". Other performance targets are selected using Council judgement to monitor critical service delivery or areas of focus and may be based on sector guidance or common practice.

Our performance is measured where appropriate in terms of:

- **Timeliness** - completion of activities by 30 June 2023, unless otherwise stated.
- **Cost** - completion of activities within the planned costs.
- **Quantity** - completion of outputs to the quantity standards specified.
- **Quality** - completion of all activities to meet quality expectations of elected Councillors and quality control procedures in place.
- **Location** - in all cases where a location is specified, the target is to deliver the service in that location.

Service Performance Results

The results against the performance measures and targets for the 2022-23 financial year are shown as achieved, almost achieved (at least 80% achieved) and not achieved.

Overall Results For 2022-23		
Achieved	100%	147
Almost Achieved	≥80%	44
Not Achieved	<80%	25

Overall, the year-end result for the 2022-23 performance targets is a 69% (148 of 216) of achievement level. This compares with 68% (2021-22) and 66% (2020-21). This is the third financial year reporting against the performance targets set in the 2021-31 Long Term Plan. These results also reflect the changes to our annual survey as outlined on page 30. The table below shows the level of achievement for each Activity Group.

	Achieved	Almost Achieved	Not Achieved
People	27	9	4
Community Facilities	11	2	1
Road and Footpaths	11	4	0
Flood Protection and Control Works	7	4	2
Sewerage Including Treatment and Disposal	9	2	1
Stormwater Drainage	5	1	0
Water Supply	24	1	8
Solid Waste Management	5	3	1
Environmental Management	14	6	3
Regulatory	29	6	5
Regional Development	6	5	0
Totals	147	44	25

Significant Judgements and Estimates

Council Surveys

Council conducted three surveys to gather information to report against resident/user satisfaction performance measures. The underlying assumptions that relate to our surveys are sample size and methodology.

1. Resident Satisfaction Survey

The survey process has been contracted out to SIL Research. Council's only part in the process is agreeing the questions to be asked. The value reported in the Annual Report is completely based on the report received from SIL, i.e. there is no manual calculation involved or intervention by Council. The report of findings received from SIL is also published on our website.

Each year, prior to the undertaking of the survey, managers are consulted on the questions included in the survey for their particular business unit. This is to ensure that the questions still relate to the services provided by Council.

Since 2021, data collection is administered four times a year (two times in 2021). The reason behind quarterly (biannual in 2021) data collection is to improve the quality of overall results, by removing season bias. It also allows for seasonal variations to be tracked and emerging trends to be identified early, so that they may be considered in Council decision making when they occur rather than after they have happened.

The total (annual) sample increased in 2020 from 400 to 600 responses to improve the accuracy of the reported results (n=150 responses per quarter).

SIL Research uses a mixed-method approach to data collection to ensure residents were well-represented.

The mixed-methods approach includes:

- a. Telephone survey. Respondents are randomly selected from the publicly available telephone directories within specified territorial units;
- b. Social media (available via SIL Research social media platforms, such as Facebook). The invitation advertisement is randomly promoted to District residents;
- c. Postal survey. 1,200 survey forms per year are sent to randomly selected Marlborough District households.

In addition, the survey is promoted via Council's online channels (primarily via Facebook).

Surveys are conducted proportional to the population in each of Marlborough District's sub-regional geographical areas (Havelock 1%, Awatere 3%, Western Wairau 4%, Renwick 5%, Marlborough Sounds 7%, Picton 10%, Blenheim vicinity 13% and Blenheim 57%).

Responses are also statistically weighted to reflect the gender and age group proportions in the District as determined by the Statistics New Zealand 2018 Census.

2. Consents Survey

Our Building Consents team has their own survey which directly targets people who have had these consents completed during the financial year. A link to the online survey portal is sent to the customer when a building consent is issued.

The service quality of Council's Building Consent service was rated by 13 customers who completed the Consents Survey in 2022-23. The survey was attached to every consent, but most customers were regular users and did not respond, so the response rate was only 2%. The satisfaction score was 7.4, which was much higher than the Resident Satisfaction Survey result (5.2). However, the Consents Survey has only small sample sizes and lacks statistical rigour, so caution should be exercised when making comparisons across sample types and years.

3. Senior Housing Survey

Council contracts with APL Properties Ltd (APL) to provide housing for elderly people to access safe, comfortable housing suitable to their needs. An independent tenant survey is run by Age Concern Marlborough every year to measure the service provided.

A questionnaire is prepared and face to face interview is arranged with the tenants. Analysis of the data collected is reported back to Council's Housing for Seniors Sub-committee. This year the survey was completed for 147 of the total 171 tenants accounting for 86% of the tenants. Most of the tenants are very satisfied with the service Council and its agent APL provided, with 85% of the tenants giving their unit a rating of 8 or above (10 = service delivered extremely well).

Three Waters Performance Compulsory Measures

1. Real Water Loss from the Networked Reticulation System

The water loss from Council's water supplies' reticulation systems is calculated during winter when night time irrigation is not operating. Water leaving each water treatment plant is recorded between midnight and 4am from the respective water meters. The volumes recorded are extrapolated to calculate an annual figure. The water loss percentage is calculated against the total annual water use recorded for all water treatment plants.

2. Average Consumption of Drinking Water Per Day Per Resident Within the District

The usual resident population estimate is based on the 2018 Census data and growth projection for the future. The projected usual resident population for 2023 is 27,762.

3. The Total Number of Complaints Received in Respect to District Water Supplies, Waste Water Schemes and Stormwater.

The number of complaints received during the financial year is sourced from the logs recorded into our Customer Request Management System. Requests relating to water, waste water and stormwater activities are analysed to determine the number of complaints received relating to these activities.

Activity Group: People

Activities in this Group:

- Democratic Process
- Culture and Heritage (including support for the arts and museums)
- Housing for Seniors
- Community Support (including events management, energy efficiency, passenger transport and total mobility, smart and connected communities and community safety)
- Library Services
- Emergency Management Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. The outcomes that each Activity within the Group contributes to are shown in those Activity sections.



Funding Impact Statement for 2022-23 for People					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		8,680	9,016	9,203	9,237
Targeted rates		592	686	676	577
Subsidies and grants for operating purposes		407	412	395	2,780
Fees and charges		20	20	23	13
Internal charges and overheads recovered		116	119	110	110
Fuel tax, fines, infringement fees and other receipts		2,952	3,215	3,376	3,364
Total operating funding		12,767	13,468	13,783	16,081
Applications of operating funding					
Payments to staff and suppliers		7,036	7,350	7,530	10,556
Finance costs		215	264	239	348
Internal charges and overheads applied		3,510	3,667	3,841	3,886
Other operating funding applications		1,821	1,765	1,959	1,963
Total applications of operating funding		12,582	13,046	13,569	16,753
Surplus (deficit) of operating funding		185	422	214	(672)
Sources of capital funding					
Subsidies and grants for capital expenditure		7,711	1,012	1,011	4,125
Increase (decrease) in debt		2,065	341	4,634	1,172
Lump sum contributions		150	154	173	170
Gross proceeds from sales of assets		-	3,500	-	-
Total sources of capital funding		9,926	5,007	5,818	5,467
Applications of capital funding					
Capital expenditure to meet additional demand		11,333	6,991	9,205	6,689
Capital expenditure to improve the level of service		1,901	54	1,553	646
Capital expenditure to replace existing assets		2,217	690	2,172	2,750
Increase (decrease) in reserves		(5,341)	(2,305)	(6,894)	(5,293)
Total applications of capital funding		10,111	5,429	6,032	4,795
Surplus (deficit) of capital funding		(185)	(422)	(214)	672
Funding balance		-	-	-	-

Explanation of Variances:

Explanations for this Group Activity are included in the individual Activity Funding Impact Statements.

Activity: Democratic Process

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Marlborough District Council is a unitary authority with the functions, duties and powers of both a regional council and a territorial authority, as conferred on it by the Local Government Act 2002. This Act describes the purpose of local government as being:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

Marlborough District Council's Local Governance Statement provides a comprehensive overview of its governance policies and processes. Copies of the Local Governance Statement and associated policies and documents can be viewed at Council Service Centres, Libraries and on the Council's website.

Iwi Relationships

Te Tiriti o Waitangi and consequent legislation such as the Resource Management Act 1991 and the Local Government Act 2022 guide how Marlborough District Council engages with Māori. These documents provide a foundation on how Council and its staff engage with iwi and Mana/Tangata whenua within the Marlborough District to ensure that the views and values of Māori are considered across Council activities as we make decisions about Marlborough, for Marlborough, our resources and ultimately our environment.

Maintaining partnerships with our iwi within Marlborough – Ngāti Apa ki te Rā Tō, Ngāti Koata,

Ngāti Kuia, Ngāti Kuri-Ngāi Tahu, Ngāti Rārua, Ngāti Toa Rangatira, Rangitāne o Wairau and Te Ātiawa o Te Waka-a-Māui is of high priority to Council and one we are committed to. We remain focused on sustainable iwi partnerships and collaborations. We are dedicated to improving this throughout our work streams.

This engagement is achieved through the establishment and election of our Māori Ward providing better representation of Māori and providing a Māori voice at the governance level. We have also allocated iwi representation on our committees; Assets and Services Committee, Environment and Planning Committee (who will also sit on the Climate Change Committee) and Economic, Finance and Community Committee – these seats are to be filled in the 2023-24 financial year.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

- Seven citizenship ceremonies were held during the 2022-23 financial year, with 165 new citizens receiving their certificates from the Mayor at those ceremonies. A further 46 new citizens received their citizenship certificates directly from the Department of Internal Affairs in July 2022 owing to COVID-19 restrictions.
- Meetings were convened according to Council's Standing Orders with four Extraordinary Council meetings held.
- 820 news stories were published by the Communications Team in four local newspapers and on the Council website.
- Council now has over 9,800 followers on its Facebook page, which has seen steady growth over the past 12 months. The majority of followers are from Marlborough, with Christchurch, Auckland and Nelson/Tasman also contributing.
- It was pleasing to see an increase in the public's satisfaction with Council's

communications over the past year, up from 67% to 74% (Resident Satisfaction Survey 2023). Possible reasons for this are a new advertorial page in the Marlborough Weekly and the public meetings and information

produced for the Marlborough Sounds Future Access Study. The satisfaction level recorded by Sounds' residents has increased significantly – underscoring the value of face-to-face meetings and good quality information.

Levels of Service 2022-23: Democratic Process					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.8	≥ 5.7	5.9	✓
Provide a communications level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.4	≥ 6.5	6.5	✓
Provide a service that is timely and responsive to residents' needs.	% of agendas available to the public, by way of the website and counter enquiry, at least three working days prior to meetings.	100%	100%	99%	—
Manage local elections and polls to comply with the provisions of the Local Electoral Act 2001.	Number of petitions for an enquiry.	0	0	0	✓
Encourage Public contribution to the decision making process.	% of Council items of business open to the public.	92.5%	≥ 93.5%	91.0%	—

Funding Impact Statement for 2022-23 for Democratic Process					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		3,069	3,284	3,363	3,375
Subsidies and grants for operating purposes		-	-	-	49
Fuel tax, fines, infringement fees and other receipts		434	525	600	530
Total operating funding		3,503	3,809	3,963	3,954
Applications of operating funding					
Payments to staff and suppliers		1,586	1,796	1,827	1,871
Internal charges and overheads applied		1,911	2,006	2,129	2,058
Other operating funding applications		6	6	6	6
Total applications of operating funding		3,503	3,808	3,962	3,935
Surplus (deficit) of operating funding		-	1	1	19
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Increase (decrease) in reserves		1	1	1	19
Total applications of capital funding		-	1	1	19
Surplus (deficit) of capital funding		-	(1)	(1)	(19)
Funding balance		-	-	-	-

Activity: Culture and Heritage

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity promotes cultural wellbeing. Council defines "culture" as encompassing the customs, practices, languages, values and world views that define social groups in Marlborough. Practices such as arts, design and architecture reflect and create our cultural identity. Likewise, the ways in which we approach and understand our heritage shapes our image of ourselves, and the image we convey to future generations.

Council's Arts and Culture Strategy, and its Heritage Strategy, outline Council's roles in the arts and heritage sectors and the ways in which it proposes working with the community to achieve outcomes for culture and heritage.

These include:

- forming partnerships with organisations and institutions that contribute to cultural wellbeing, (eg, the collections database project);
- supporting projects that reflect and strengthen Marlborough's cultural identity; and
- managing the cultural and heritage assets and resources in a sustainable manner.

Council also provides annual heritage and arts operating grants along with access to a contestable grant fund.

While a range of operating grants/contracts are provided to key heritage, arts and culture organisations in Marlborough, Council's relationships with its partners in the heritage and arts sectors will remain its most important resource in delivering this Activity.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.



What We Did in 2022-23

Council provided annual arts and heritage operating grants to key organisations including:

- Marlborough Heritage Trust,
- Edwin Fox, Renwick, Havelock and Flaxbourne museums;
- Picton Historical Society;
- District Brass Band;
- Millennium Art Gallery; and
- Marlborough Civic Theatre Trust.

Arts and heritage groups were successful in the Council Community Grants contestable funding under the Arts, Culture and Heritage categories with fifteen grants being allocated to these Not-for-Profit organisations totalling \$44,395. Additional Creative Communities funding of \$60,088 was allocated for local art activities. Also of note in this period the Millenium Art Gallery moved into the new space along with the library and changed its name to the Marlborough Art Gallery.

The Marlborough Heritage Trust also sought assistance from Council regarding the future management of the assets and functions of the Trust, following an independent review.

Levels of Service 2022-23: Culture and Heritage					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.6	≥ 6.6	6.3	
Ensure service quality and value through oversight of Council's grants and third party providers.	% of contract and grant requirements met.	90%	100%	75%	
Comment: 100% contract requirements were met by 3 of 4 contracts. The fourth contract related to the Marlborough Heritage Trust which ceased operation the year.					

Funding Impact Statement for 2022-23 for Culture and Heritage					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,177	1,231	1,211	1,216
Subsidies and grants for operating purposes		-	-	-	12
Fuel tax, fines, infringement fees and other receipts		166	169	190	191
Total operating funding		1,343	1,400	1,401	1,419
Applications of operating funding					
Payments to staff and suppliers		40	10	11	71
Finance costs		41	69	57	77
Internal charges and overheads applied		191	193	202	238
Other operating funding applications		1,082	1,071	1,221	1,165
Total applications of operating funding		1,354	1,343	1,491	1,551
Surplus (deficit) of operating funding		(11)	57	(90)	(132)
Sources of capital funding					
Subsidies and grants for capital expenditure	a	1,925	1,000	1,000	1,775
Increase (decrease) in debt	b	873	511	1,482	(1,536)
Total sources of capital funding		2,798	1,511	2,482	239
Applications of capital funding					
Capital expenditure to meet additional demand		2,833	1,573	2,531	1,507
Increase (decrease) in reserves		(46)	(4)	(138)	(1,400)
Total applications of capital funding		2,787	1,568	2,392	107
Surplus (deficit) of capital funding		11	(57)	90	132
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants for capital expenditure are ahead of budget due to the timing of grants received for the new Art Gallery.
- Increase (Decrease) in debt is higher than budget due to the decision to partially fund the Art Gallery from Reserves rather than debt.

Activity: Housing for Seniors

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Connectivity and Living. Council’s 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Council owns and maintains a housing portfolio for senior residents in our community.

Council also has an advocacy and facilitation role and will work closely with other housing entities to attract more funding and housing options for the Marlborough community.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

As targeted in the Levels of Service table, the major maintenance projects completed during the year included:

- **Arthur/Beaver complex roof replacement** – Completed in December 2022. The decramastic tile roofs on the three buildings (11 units in total), were replaced with coloursteel roofing iron. Guttering and downpipes were also replaced with PVC.

- **Harling Court, 208 High Street kitchen refurbishments** – Following a tender process, the contract was awarded in April 2023 and works commenced in May 2023. The project includes the replacement of cupboard fronts, bench tops and tapware. Seventeen of the 21 kitchens have been refurbished, with the final kitchens programmed for completion in mid-October 2023.
- **George Street and Vevian Place complex exterior painting** – A full exterior paint to all units was completed. Bargeboards and gable ends needing repair were also undertaken where required.
- **George Street and Vevian Place complex water main upgrade** – The design was completed, the tender process was undertaken and the contract was awarded in June 2023. This project is due to be completed in mid-October 2023.
- **85 George Street, Senior Housing Development** – Construction of the new 2-storey, 12-unit senior housing development commenced in February 2023. The contractor has started with the six southernmost units, with framing and roofing material now installed. All underground services and infrastructure are also in place. This project is programmed for completion in mid-2024.

Levels of Service 2022-23: Housing for Seniors					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.3	≥ 7.0	5.4	✘
	Comment: This is reflective of a national housing shortage and high waiting list across all social housing sectors.				
	Tenant satisfaction with this service as measured by survey (10 = service delivered extremely well).	8.0	≥ 8.0	8.9	✔
	Comment: Measured by the annual Age Concern tenant survey.				

Levels of Service 2022-23: Housing for Seniors					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide a well maintained housing portfolio which meets resident needs.	% occupancy level.	98%	≥ 98%	98%	✓
	% of urgent unplanned maintenance ¹ completed within 24 hours of notification.	100%	≥ 98%	100%	✓
	% of unplanned non-urgent maintenance ² completed within 20 working days of notification.	87%	≥ 97%	98%	✓
	% of planned maintenance/projects (as per budget and Committee meetings) completed.	46%	≥ 98%	75%	✗
Comment: Several projects span multiple financial years, whilst the level of service only measures singular financial years. This then distorts completion measurement data.					

¹ Urgent unplanned maintenance is for events that would make the unit unliveable if left for an extended period.

² Non urgent unplanned maintenance is for events that do not pose a risk to the tenant if not dealt with straight away but does need to be dealt with in the near future.

Funding Impact Statement for 2022-23 for Housing for Seniors					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
Fuel tax, fines, infringement fees and other receipts		1,619	1,786	1,753	1,762
Total operating funding		1,619	1,786	1,753	1,762
Applications of operating funding					
Payments to staff and suppliers		1,038	1,039	1,212	1,154
Internal charges and overheads applied		171	177	178	200
Other operating funding applications		17	15	16	7
Total applications of operating funding		1,226	1,231	1,406	1,361
Surplus (deficit) of operating funding		393	555	347	401
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to meet additional demand	a	-	-	-	660
Capital expenditure to improve the level of service	a	1,820	-	1,500	646
Capital expenditure to replace existing assets	a	1,820	185	1,680	646
Increase (decrease) in reserves		(3,247)	371	(2,833)	(1,552)
Total applications of capital funding		393	555	347	401
Surplus (deficit) of capital funding		(393)	(555)	(347)	(401)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- a. Capital expenditure is greater than the LTP budget due to Housing for Seniors' projects in the LTP delayed into 2022-23.

Activity: Community Support

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Community support is provided by Council in a number of ways through organisations and agencies working with particular groups within the community, provision of funding, advocacy, and directly addressing specific issues through service provision. This Activity combines a number of distinct ways Council is involved in supporting its community, including:

- Community Support and Development;
- Community Safety;
- Events Management;
- Energy Efficiency;
- Passenger Transport and Total Mobility Scheme; and
- Smart and Connected Communities.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

Positive ageing

Implementation of the 2022 - 2025 Age Friendly Strategy with the support of the community and stakeholders. After the first year, this was reviewed with achievement in 21 of the 26 areas of action, in addition to new opportunities to implement positive programmes and projects. The Seniors Expo was a success in March 2023 with a larger number of exhibits in attendance. All Positive Ageing resources have been updated with 'Get Connected' receiving a design refresh. Positive Ageing Forums continued to be held monthly, providing a strong and effective network.

Youth

The 2022 Youth Council completed the majority of the objectives from the Youth Council plan including allocating funding to multiple youth events and projects, leadership connections, attending national conferences and several art projects.

Twenty-one Youth Council members were appointed at the beginning of 2023, representing four of the colleges as well as a home-schooled representative. Meetings are held monthly and chaired by a rotational Youth Council member. Work completed in 2023 includes input into Council's Annual Plan submissions, Youth Week events, attending Council events, national conferences and supporting local youth conferences as well as allocating funding.

Volunteer Sector

Volunteer Marlborough, under contract with Council, provided training to the not-for-profit sector to build capacity. They have completed some contract requirements of delivering training for the sector with an extension to deliver the remaining in late 2023. This contract period concluded on 30 June 2023.

Community Safety

Restorative Justice Marlborough continued to provide Restorative Justice Services to the Blenheim and Kaikoura District Courts. This continues to be funded by the Ministry of Justice. Restorative Justice referrals across the country are still well down on pre-COVID levels.

- 73 referrals.
- 69 restorative justice pre-conference meetings.
- 16 restorative justice conferences.

Events Management

The long-standing relationship between the Festival and Events Trust and Council to deliver community events ended with the Trust winding up in September 2022. Short term contracts were quickly put in place with Pure Events Marlborough to ensure the Blenheim Christmas Parade and

New Year's Eve events took place. During this time expressions of interest were sought for new community event contracts and Pure Events Marlborough were successful in securing three-year contracts to deliver the Blenheim Christmas Parade, Picton New Year's Eve celebration and Southern Jam Youth Jazz Festival. A new contestable Community Events Fund has also been established for smaller events seeking funding.

Energy Efficiency

This year a further 89 advances totalling \$650,394 were made for home insulation, solar water heating, clean heating solutions and solar power. Currently, the amount advanced (net of repayments) is \$3.0 million to 819 households.

Bus Service

The Blenheim Bus Service transported 17,523 passengers during the year (last year: 10,457). Low patronage numbers saw the

Renwick service cease, but an increase in patronage of the Picton service meant the trial is now permanent.

Picton Service transported 4,527 (last year: 3,085) a 47% increase on last year.

Total Mobility Scheme

The Total Mobility Scheme funded 35,029 trips (last year: 22,508) including 3,922 trips by wheelchair users. There are currently 1,986 persons registered in the scheme. The permanent half price fares saw an increase in eligible clients joining the scheme 778 a rise of 64%.

Smart and Connected Communities

Smart + Connected groups remain active at Havelock and Renwick with frequent meetings. This relationship between the community and Council has supported funding applications and new initiatives. Picton and Seddon are not currently in operation.

Levels of Service 2022-23: Community Support

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations (excludes passenger transport).	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).				
	• Community Support.	6.2	≥ 6.5	6.2	—
	• Community Safety.	6.5	≥ 6.7	6.3	—
	• Events Management.	6.4	≥ 6.6	6.5	—
	Comment: The Resident Satisfaction Survey highlights some positive aspects of the activity, such as the good supports identified and the Council's supportive attitude. However, it also points out some challenges that need to be addressed, such as the lack of police which is faced national wide.				
Ensure service quality and value through oversight of Council's community grants and third party providers.	% of contract and grant requirements met.	100%	100%	100%	✓
Ensure service quality and value of community events through oversight of third party providers.	% compliance with contract requirements.	10%	100%	100%	✓
	Comments: Contracts were adjusted from previous years.				
	Number of participants as a % of targets in contracts.	10%	≥ 90%	100%	✓
	Comments: Numbers were base on the previous targets.				
Support Seniors community through implementation of the Positive Ageing Accord.	Number of Older Persons Forums held.	10	≥ 10	11	✓
	Seniors Expo held.	NA	Held	Held	✓
	Comments: 800 attenders on the event day.				
	Age Friendly Community Strategy completed by:	30-Jun-22	N/A	N/A	✓
	Comments: The strategy document was finalised on 30 June 2022. The implementation process is underway.				
Support the Youth community through implementation of the Youth Initiatives Plan.	Number of Youth Forums held.	7	≥ 9	9	✓
	% of actions in Youth Initiatives Plan completed.	80%	100%	95%	—
Build capacity of the Volunteer Sector through provision of training in partnership with key service providers.	Number of training courses delivered where attendance numbers meet targets.	4	≥ 4	5	✓
Provide quality service to the community through meeting or exceeding the expectations of the funding Ministries.	% of Ministry of Justice contract conditions met.	100%	100%	100%	✓
Provide a well-used and affordable bus service in Blenheim and to Picton and Renwick that is timely and responsive to community needs, including extending infrastructure as funding allows.	Annual % increase in patronage.	-16.9%	≥ 2%	26.6%	✓
	Resident satisfaction as measured by survey (10 = service delivered extremely well).	5.6	≥ 6.1	5.2	—
	Number of bus shelters added.	0	≥ 1	0	✗
	Comment: Renwick Shelters will be relocated.				

Funding Impact Statement for 2022-23 for Community Support

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,383	1,417	1,370	1,375
Targeted rates		592	686	676	577
Subsidies and grants for operating purposes		407	412	395	596
Fees and charges		16	16	19	9
Fuel tax, fines, infringement fees and other receipts		195	195	215	265
Total operating funding		2,593	2,726	2,675	2,822
Applications of operating funding					
Payments to staff and suppliers		1,955	2,005	1,832	1,961
Finance costs		9	9	9	9
Internal charges and overheads applied		411	422	420	454
Other operating funding applications		716	673	716	787
Total applications of operating funding		3,091	3,109	2,977	3,211
Surplus (deficit) of operating funding		(498)	(383)	(302)	(389)
Sources of capital funding					
Subsidies and grants for capital expenditure		11	12	11	-
Increase (decrease) in debt		(11)	(11)	(11)	(11)
Lump sum contributions		150	154	173	170
Total sources of capital funding		150	155	173	159
Applications of capital funding					
Capital expenditure to improve the level of service		53	23	23	-
Increase (decrease) in reserves		(401)	(251)	(150)	(230)
Total applications of capital funding		(348)	(228)	(129)	(230)
Surplus (deficit) of capital funding		498	383	302	389
Funding balance		-	-	-	-

Activity: Library Services

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity provides the community with a professional library service. Marlborough District Libraries provide access to great physical and digital collections with easy to use services and great staff. Libraries are places of discovery, imagination and creativity, supporting life-long learning and fostering connection between people and groups. They are valued and trusted by the community as modern, vibrant and exciting places. They aspire to connect services with people where they are: in-library, online or in the community.

Council provides library services to all Marlborough residents through a network of library facilities. These comprise a District Library in Blenheim and a Branch Library in Picton (a joint Library and Service Centre) which are both open seven days. Council also supports school-based community libraries in Ward, Seddon, Havelock and Waitaria Bay with resources for adults.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

Te Kahu o Waipuna

At dawn on Friday 28 April, Tangata/mana whenua Ngāti Toa Rangatira, Ngāti Rārua and

Rangitāne o Wairau blessed the new Marlborough Library and Marlborough Art Gallery. Iwi representatives were joined by Mayor Nadine Taylor, members of the Marlborough Art Gallery Trust, staff from Robinson Construction, Warren and Mahoney Architects, Marlborough Libraries, Council and the Gallery. Later that day the collections from the Marlborough District Library, Arthur Street commenced being transferred to the new facility.

Te Kahu o Waipuna, Marlborough Library and Marlborough Art Gallery, opened its doors at midday on Friday, 12 May 2023.

At 11.00am on Monday 30 June 2023 the facility was officially opened by the Deputy Prime Minister, Hon. Carmel Sepuloni. The name, Te Kahu o Waipuna – “the protective cloak of Waipuna” was also unveiled. A Kahu is a traditional cloak and here denotes the metaphorical embracing of peoples. Waipuna has multiple meanings. Waipuna is spring water and references those puna that rise to the northwest of town and feeds the river that flows past this facility. Waipuna is also the mother of Rangitāne. Her descendants built pā and gardens alongside the waterways around which Blenheim is built.

The new library had a successful start to the winter season, as shown by the data collected from the soft opening on 12 May to the end of June 2023. During this period, 64,578 people visited the new library, exceeding the expectations. Moreover, 1,420 new members joined the library and 1,625 existing members renewed their membership, indicating a high level of satisfaction and loyalty. The library also received 103 requests for meeting room bookings and the online booking system is in progress.

Levels of Service 2022-23: Library Services

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.8	≥ 7.7	7.7	✓
Support the tastes, interests and reading levels of users through providing a range of current resources.	Average age of resources (measured in years).	8 yrs	≤ 8	8 yrs	✓
	Frequency of items being taken out (turnover rate).	4	≥ 4	4.8	✓
Provide a range of programmes or training opportunities that meet or exceed customers' expectations.	Satisfaction of attendees with courses and programmes as measured by survey (1=Unsatisfactory; 3=Good; 5=Excellent)	4.7	≥ 4.5	4.8	✓
Provide access to information electronically.	Annual % increase of e-book and e-audio loans.	14.6%	≥ 10%	13.4%	✓
	Annual % increase of digital sessions numbers. (Accessing Libraries website, using a library computer or Wi-Fi on own device).	78,336 (N/A)	≥ 10%	90,943 (16%)	✓
Comment: The 2021-22 result provided a baseline for future comparisons, as it was the first time this measurement has been applied.					

Funding Impact Statement for 2022-23 for Library Services

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		2,426	2,439	2,623	2,633
Subsidies and grants for operating purposes		-	-	-	32
Fees and charges		4	4	4	4
Internal charges and overheads recovered		116	119	110	110
Fuel tax, fines, infringement fees and other receipts		431	432	499	491
Total operating funding		2,977	2,994	3,236	3,270
Applications of operating funding					
Payments to staff and suppliers	a	1,870	1,937	2,022	2,436
Finance costs		165	186	173	262
Internal charges and overheads applied		686	722	757	778
Other operating funding applications		-	-	-	(2)
Total applications of operating funding		2,721	2,845	2,952	3,474
Surplus (deficit) of operating funding		256	149	284	(204)
Sources of capital funding					
Subsidies and grants for capital expenditure	b	5,775	-	-	2,350
Increase (decrease) in debt	c	1,202	(159)	3,163	2,719
Gross proceeds from sales of assets	d	-	3,500	-	-
Total sources of capital funding		6,977	3,341	3,163	5,069
Applications of capital funding					
Capital expenditure to meet additional demand	e	8,500	5,418	6,674	4,522
Capital expenditure to improve the level of service	e	28	31	30	-
Capital expenditure to replace existing assets	e	388	496	483	2,099
Increase (decrease) in reserves		(1,684)	(2,455)	(3,739)	(1,757)
Total applications of capital funding		7,233	3,490	3,447	4,865
Surplus (deficit) of capital funding		(256)	(149)	(284)	204
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Payments to staff and suppliers is ahead of budget due to additional expenditure incurred to operate the new Marlborough Library.
- Subsidies and grants for capital expenditure are ahead of budget due to the timing of grants received for the new Marlborough Library.
- Increase in debt is higher than anticipated due to timing of the new Marlborough Library construction and the old Blenheim Library building sale not yet occurring.
- Gross proceeds from sales of assets is lower than budget as the sale of the old Blenheim library building has not occurred.
- Capital expenditure is ahead of budget due to the timing of costs associated with the new Marlborough Library with construction taking longer than initially anticipated.

Activity: Emergency Management

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The Marlborough Civil Defence Emergency Management Group (CDEM) is responsible for writing, administering and implementing the CDEM Group Plan.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

In August 2022 Marlborough experienced another significant storm event that heavily impacted the Marlborough Sounds and the Pelorus catchment communities that were still recovering from the July storm of 2021. Again, the Mayor declared a local state of emergency and CDEM coordinated the response. No lives were lost despite many homes and baches being destroyed by landslides and slumps. The recovery from this event will continue into 2024 and beyond as the issues around roading damage repairs and red placarded homes taking a long time to resolve. Two Navigators were employed to assist impacted community members recover from the devastation the event had on many people's lives. They also provided support to the Marlborough Sounds Future Access Study. A Recovery Transition Notice was put in place once the state of emergency lapsed and this remained in place throughout the rest of the 2022-23 financial year.

A Resilience Fund bid to the National Emergency Management Agency (NEMA) was successful in attaining funding to engage a contractor to carry out a Community Resilience Gap Analysis project

across Marlborough. The work focusses on regional hazards and our various community's vulnerability to them. The findings will inform a five-year Resilience Strategy that will identify the areas that the Group office can focus on to get the best results. The project will also gather information that will inform the rewriting of the Marlborough CDEM Group Plan that expires in 2023. Council has approved funding to complete the review of the plan by June 2024.

The AF8 (Alpine Fault, magnitude 8) Programme Steering Group (of which Marlborough CDEM is a member) completed a new five-year Strategy to guide the workplan for the following years. NEMA has employed a full time AF8 Planner to work with the Steering Group and Group office planners to develop plans to respond to the hazard which has now been assessed as having a 75% chance of rupturing in the next 50 years and an 82% chance of being a magnitude 8+.

The bi-annual roadshow visited Marlborough this year with visits to the Seddon, Linkwater and Waikawa schools and public talks at Seddon, Linkwater and Waikawa Marae. There was a very good turnout to all of the public events at which earthquake scientists spoke of the consequences of such an event occurring and what people can do to be better prepared.

Positive relationships with Te Taihū Iwi/Māori continue to be developed with good progress made delivering the Te Taihū o te Waka-a-Māui Emergency Management Strategy and Workplan for 2022 – 2027. An Ipu Ohotata (emergency supply container) has been placed on Te Hora Marae which completes the work of installing them on all marae in Marlborough. Individual Emergency Response Plans have been developed and marae are in the process of training response teams. Rautaki o Whanau templates have also been developed. Regular Emergency Management Rōpū Tautoko have also been held between Nelson/Tasman and Marlborough Groups and Te Taihū Iwi CEG representatives to foster the relationships between Iwi and the two Groups.

Levels of Service 2022-23: Emergency Management					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds resident's expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.6	≥ 7.5	7.5	✓
Provide a planned, tested capability to respond to major Civil Defence and Emergency (CDEM) Events.	Compliance of CDEM Group Plan and Group Welfare Plan with the Ministry of Civil Defence Director's Guidelines.	100%	100%	100%	✓
	Number of meetings of Coordinating Executive Group, Readiness & Response Committee and Welfare Coordination Group held.	9	≥ 9	9	✓
	Regional Incident Management Team training events/exercises held.	4	≥ 10	9	—
	Comment: The IMT responded to nine events, of which seven were training exercises and two were actual emergencies.				
	Time taken to activate EOC in case of an event or post a national warning being received from MCDEM, if an active response is required (target in minutes).	30	≤ 30	30	✓

Funding Impact Statement for 2022-23 for Emergency Management					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		625	645	636	638
Subsidies and grants for operating purposes	a	-	-	-	2,091
Fees and charges		-	-	-	-
Fuel tax, fines, infringement fees and other receipts		107	108	119	125
Total operating funding		732	753	755	2,854
Applications of operating funding					
Payments to staff and suppliers	b	547	563	626	3,063
Internal charges and overheads applied		140	147	155	158
Total applications of operating funding		687	710	781	3,221
Surplus (deficit) of operating funding		45	43	(26)	(367)
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to replace existing assets		9	9	9	5
Increase (decrease) in reserves		36	33	(35)	(373)
Total applications of capital funding		45	43	(26)	(367)
Surplus (deficit) of capital funding		(45)	(43)	26	367
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants are ahead of budget due to subsidies received for response and welfare costs from the August 2022 flood.
- Payment to staff and suppliers are ahead of budget due to additional expenditure incurred following the significant flood event in August 2022.

Activity Group: Community Facilities

Activities in this Group:

This Activity Group comprises a single Activity: Community Facilities.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Living, Economy and Connectivity. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Council provides and maintains open spaces and build facilities to meet a range of community needs. Community facilities include reserves, parks, accessways, open space and planted areas, street trees, trees, playgrounds, tracks and trails, sports parks and buildings, public toilets, halls, cemeteries and memorials.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

In addition to the services targeted in the levels of service table the following new initiatives were undertaken in 2022-23:

Parks and Open Spaces

- Victoria Domain:
 - New traffic calming measures on the loop road; removal of pest tree species (Western Red Cedars); and emergency helicopter landing pad.

- Taylor River Reserve:
 - Planning and designing work for a new 13-hectare recreational area with tracks and event space areas.
 - An additional 9-holes to the disc golf course was installed at the Upper Taylor River.
- Wynen / High Street upgrade completed.
- *Marlborough Mile* sites completed: Heritage, Agriculture, Climate, and Aviation.

Halls

- Wairau Valley Hall - kitchen refurbishment and repairs to the roof.

Cemeteries

- Restoration works and improvements, new beams, plant pest control, new tree and shrubs.
- Omaka - new shelters and seating.

Public Toilets

- Carluke Domain: new toilet facility at hall and effluent dump station completed.
- Upgrades to Rifle Range, Wairau Diversion, Picton Town Basin, Seddon Township, Shelly Beach Reserve, Brayshaw Park, Bobs Bay, and Waikawa Bay Reserve.
- New toilet Whale Trail at Redwood Pass Road, Seddon.

Walking and Cycling Routes

- Additional track counters were installed along several walking and cycling routes.
- Wither Hills Farm Park:
 - Flood repair upgrades and track maintenance to walking tracks.
 - Rifle Range – asphalt sealing of pump track plus landscaping and seating.
- Havelock: Motuweka Community Pathway; and wayfinding signage for Waterfall Track.
- Picton: Link Pathway – five car parks underway along with wayfinding signage; Humphries Dam Track - replacement of two bridges is underway; new Ridgeline walking

track; new Little Pickle MTB track; Snout Track gravelled and upgrade at Bobs Bay Track.

Memorials

- Memorials Master Plans – development of a long-term development/management master plan for all Council memorials is underway.

Playgrounds

- Shading installed at Picton Foreshore, Auckland Street, Vorbach, Hammond and Ballinger Reserves.
- New playground pieces / or furniture at Rata Reserve, Vorbach; Hammond; Kowhai and Lions Reserves.
- Picton Foreshore – new shower and drinking fountain, street furniture, whanau seat and plantings.
- Planning work is underway for new playgrounds at Grovetown, Anakiwa and Havelock.

Sports Grounds and Facilities

- Lansdowne Park
 - WIFI upgrade; Security system (cameras); Grandstand – upgrade to seating; increased size of softball carpet; new netball lighting system; increased storage units and drain designs for fields 5 and 6.
- Horton Park – planning underway for cricket blocks.
- A&P Park -planning and consultation for the new SportsHub underway.
- Athletic Park – planning design for resurfacing and drainage.
- Endeavour Park: Gravel banding (both terraces) completed.
- Renwick Domain: New access lane to netball/tennis courts completed and new soil shed for Renwick Bowls completed.

Policy and Planning

- Responsible Camping Bylaw 2022 completed.
- Reserve Management Plans are underway for Grovetown Lagoon, Waikawa Bay Foreshore Reserve, Wither Hills Farm Park and Seddon Domain.

Other Services








- Significant repairs following flood damage and weather events around the District.

Small Townships Programme

The Township Planning process provides a reference for the Small Townships Programme's future investment in the area as well as a reference point for the community who wish to work to deliver projects. Iwi engagement and community consultation is seen as the key part of the development of a township plan. Township Plans are a living document, with changes to be made over time as projects are completed and if the community's needs or priorities change. Plans for Rarangi and Grovetown are completed, while Seddon's plan is underway.

Township projects for 2022-23 were as follows:

- Canvastown
 - Gateway planting
- Ward
 - Seddon Street walkway
 - Community Hall accessibility handrails
- Community Projects Fund
 - Kapowhai Wharf Shed
 - Homewood Hall Flagpole.

Levels of Service 2022-23: Community Facilities					
Performance Targets					
Level of Service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide community facilities which are accessible, maintained to a high standard and appropriate to the range and level of use.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.4	≥ 7.8	7.3	
Provide neighbourhood parks in urban area within walking distance of home, providing play opportunities for all ages, open space and amenity values.	% of residentially zoned houses in urban areas within 500m walking distance of a neighbourhood park.	98%	≥ 98%	97%	
Provide reserves and manage their use in accordance with Reserve Management Plans(RMP).	Number of RMPs being reviewed or prepared.	3	≥ 2	4	
Provide a connected network of walking and cycling paths and tracks that is accessible, visible and caters for a range of abilities.	Walking and cycling paths and tracks being upgraded or are under development (measured in kilometres).	6.7KM	≥ 5KM	6.0KM	
Provide well maintained street trees to contribute to an attractive streetscape.	% of appropriately planted street trees on new urban roads (or renewed on existing roads).	100%	100%	100%	
	Number of additional and replacement street trees planted.	142	≥ 130	152	
	% of assessments undertaken once every two years (or sooner if necessary) of the condition of each street tree.	100%	100%	60%	
Comment: Some modifications to the contract operations are underway.					
Provide playgrounds which are varied and stimulating and also safe and well maintained.	% of new playgrounds and playground renewals that have shade (including natural shading) in the design.	100%	≥ 75%	94%	
	% of weekly playground audits undertaken.	100%	100%	100%	
Provide well-maintained cemeteries which are accessible and appropriate sites for the interment needs of the community.	% of projects in respective cemetery master plans completed.	100%	60% of projects (medium term priorities)	100%	
	Minimum number of burial and ashes plots available.	3,895	≥ 650	3,663	
Provide sports parks which: • cater for a range of sporting and recreation activities; and • are well maintained, available, accessible and safe to use.	Sports park user survey to determine satisfaction with maintenance, availability, accessibility and safety.	NA	85% satisfaction	Achieved	
	% of outcomes of Sports Facilities Strategic Plan 2021 implemented	100%	20% of projects (short term priorities)	100%	
Provide public conveniences which are well designed, accessible, clean and safe to use.	% of response to requests for service within allotted time.	100%	100%	100%	

Funding Impact Statement for 2022-23 for Community Facilities

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		10,686	11,151	11,085	11,128
Targeted rates		4	4	4	1
Subsidies and grants for operating purposes		11	11	11	103
Fees and charges		234	274	273	285
Internal charges and overheads recovered		-	-	-	94
Fuel tax, fines, infringement fees and other receipts	a	1,573	1,602	1,823	2,083
Total operating funding		12,508	13,042	13,196	13,694
Applications of operating funding					
Payments to staff and suppliers	b	8,051	8,092	8,359	10,008
Finance costs		814	922	892	826
Internal charges and overheads applied		2,294	2,387	2,516	2,583
Other operating funding applications		880	581	835	436
Total applications of operating funding		12,039	11,982	12,602	13,853
Surplus (deficit) of operating funding		469	1,060	594	(159)
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	143
Development and financial contributions	c	2,366	2,414	2,414	3,669
Increase (decrease) in debt	d	1,896	3,376	4,110	283
Other dedicated capital funding		-	-	-	(40)
Gross proceeds from sales of assets		-	-	-	6
Total sources of capital funding		4,262	5,790	6,524	4,061
Applications of capital funding					
Capital expenditure to meet additional demand	e	1,905	1,731	685	243
Capital expenditure to improve the level of service	e	950	2,575	2,711	737
Capital expenditure to replace existing assets	e	4,238	2,600	3,525	1,630
Increase (decrease) in reserves		(2,363)	(55)	199	1,293
Total applications of capital funding		4,731	6,850	7,118	3,902
Surplus (deficit) of capital funding		(469)	(1,060)	(594)	159
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Fuel tax, fines, infringement fees and other receipts are ahead of budget due to insurance proceeds received for weather events.
- Payment to staff and suppliers are ahead of budget due to higher than anticipated repairs and maintenance costs and project costs associated with the hockey turf relocation.
- Development and financial contributions is ahead of budget due to higher level of subdivision activities.
- Increase (decrease) in debt is lower than budget due to delay in capital programmes.
- Capital expenditure is behind budget due to public convenience upgrades and other programmes which have been delayed for various reasons.

Activity Group: Roads and Footpaths

Activities in this Group:

This Activity Group comprises a single Activity: Provision of Roads and Footpaths.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity is carried out to provide our community with an efficient, safe and resilient road network.

As the owner of the local roading network, Council provides and maintains roads to a standard that

achieves an acceptable balance between user levels of service and costs. In addition, Council is responsible for all roading related assets — bridges, footpaths, kerb and channelling, street lighting and car parks. Some wharves are also owned and maintained by Council. There continues to be an increased emphasis on alternative modes such as walking and cycling, particularly the connection of the existing networks.

Separate Roles

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of Waka Kotahi (New Zealand Transport Agency).

Marlborough District Council has a contract with Waka Kotahi's Marlborough Roads office to manage Council's roads on its behalf. This is achieved through a formal contract and a close management relationship between Council and Marlborough Roads.

The Transport Agency Waka Kotahi is a key partner and co-investor in Council's land transport programme and the State Highway network is of significant strategic importance in achieving Council's community outcomes.

Council also works closely with the Police on road safety issues and maintains and annually reviews a Road Safety Action Plan for the District.

The most up to date information on this Activity and the assets involved is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23



A major storm event hit the Top of the South Island and the West Coast in July 2021. This resulted in 460 km of Council's roads being damaged, with over 1,600 faults identified. Damage to the roading network was costed at \$85.3 million.

A further storm struck the district in late August 2022. This storm was even more destructive than the July 2021 event. The storm affected more than 670 km of the Council roading network and

caused more than 4,000 faults. As a result of the two storms there were 4,704 faults recorded across the network.

A further funding application of \$53 million was approved following the August storm to repair storm damage outside of the Marlborough Sounds. The Marlborough Roads Recovery Team (MRRT) was established in August 2021 to reinstate the road network following the storm. MRRT have also been engaged to undertake Phase 2 of the recovery which is the area outside of the Sounds. As of 30 June, there were 1,793 faults still needing to be repaired. Of those faults 1,534 were in the Marlborough Sounds, 56 outside of the Sounds and 203 faults were under construction. These recovery works have been the focus of the Marlborough Roads Team during this year. Major roading projects performed in addition to this, and to the services targeted in the Levels of Services table, are summarised as:

- completed 17.8 lane kilometres of road resurfacing;
- 8,971 cubic metres of gravel spread on the unsealed network;
- completed 23 km of pavement rehabilitation; and
- undertook \$18.2 million of maintenance and renewal works.

Levels of Service 2022-23: Roads and Footpaths					
Performance Targets					
Level of Service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.6	≥ 6.2	5.5	
Comment: Satisfaction continues to be low following recent storm events.					
Road Safety Provide a safe transport infrastructure.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	2	≤ -1	-9	

Levels of Service 2022-23: Roads and Footpaths

Performance Targets

Level of Service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Road condition Provide a quality transport infrastructure.	Average quality of ride on a local road sealed network measured by Smooth Travel Exposure ¹ and classified using ONRC ² hierarchy.				
	Arterial	84.1%	≥ 86%	86.3%	✓
	Primary Collector	90.1%	≥ 89%	91.4%	✓
	Secondary Collector	92.8%	≥ 87%	92.4%	✓
	Access	90.2%	≥ 88%	89.9%	✓
	Low Volume	90.7%	≥ 88%	89.2%	✓
	85% average road roughness classified using ONRC hierarchy.				
	Arterial	112	≤ 112	113	—
	Primary Collector	109	≤ 115	116	—
	Secondary Collector	118	≤ 120	118	✓
	Access	130	≤ 130	129	✓
	Low Volume	138	≤ 135	134	✓
NB: a newly sealed road has an average roughness of 50 – 70. A very rough gravel rough will have a roughness value higher than 300.					
Comment: Average road roughness is on target across the majority of roading classifications. Roughness is just outside of the target on Arterial and Primary Collector Roads.					
Road maintenance Provide a sustainable land transport infrastructure.	% of sealed road network that is resurfaced annually. Average chipseal life is 13.5 years.	4.2%	≥ 5%	4.1%	—
	Comment: Still a lot of roads under recovery following storm events so a number of reseals have been deferred.				
Footpaths Provide footpaths that meet the needs of an ageing community.	% of footpaths that meets the Asset Management Plan rating of better than 4 (1="Excellent" 2="Good" 3="Average" 4="Poor" 5="Very Poor')	97.4%	≥ 95%	97.4%	✓
Respond to services requests	% of customer services requests relating to roads and footpaths to which the territorial authority responds within 15 days.	100%	≥ 93%	100%	✓

¹ Smooth Travel Exposure is the percentage of vehicle kms travelled on roads meeting a certain roughness standard. This indicator shows the extent to which Council has maintained the road asset. It records travel on the roading network which meets the roughness benchmarks therefore providing a measure of delivery of a safe and comfortable ride. Well maintained roads contribute to lower operating costs for road users. The Marlborough values compare favourably with peer agencies.

² ONRC = One Network Road Classification. The purpose of the classification is so roads of the same classification are maintained to a similar standard.

Funding Impact Statement for 2022-23 for

Roads and Footpaths	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		10,587	11,241	11,249	11,344
Targeted rates		163	63	63	73
Subsidies and grants for operating purposes	a	4,522	4,666	51,162	30,496
Fees and charges		7	7	7	16
Internal charges and overheads recovered		23	23	23	19
Fuel tax, fines, infringement fees and other receipts		1,766	1,822	2,009	1,782
Total operating funding		16,968	17,822	64,513	43,730
Applications of operating funding					
Payments to staff and suppliers	b	10,431	10,787	59,606	36,876
Finance costs		443	559	676	515
Internal charges and overheads applied		1,293	1,364	1,267	1,208
Other operating funding applications		30	30	30	28
Total applications of operating funding		12,197	12,740	61,579	38,627
Surplus (deficit) of operating funding		4,771	5,082	2,934	5,103
Sources of capital funding					
Subsidies and grants for capital expenditure	c	5,169	4,940	5,809	14,138
Development and financial contributions		957	982	978	1,288
Increase (decrease) in debt	d	2,861	2,269	5,441	4,451
Other dedicated capital funding	e	624	644	624	235
Total sources of capital funding		9,611	8,835	12,852	20,112
Applications of capital funding					
Capital expenditure to meet additional demand	f	1,637	1,266	1,343	5,071
Capital expenditure to improve the level of service	f	1,930	2,757	3,962	3,770
Capital expenditure to replace existing assets	f	13,436	10,872	11,872	20,182
Increase (decrease) in reserves		(2,622)	(979)	(1,392)	(3,800)
Total applications of capital funding		14,382	13,917	15,786	25,215
Surplus (deficit) of capital funding		(4,771)	(5,082)	(2,934)	(5,103)
Funding balance		-	-	-	-

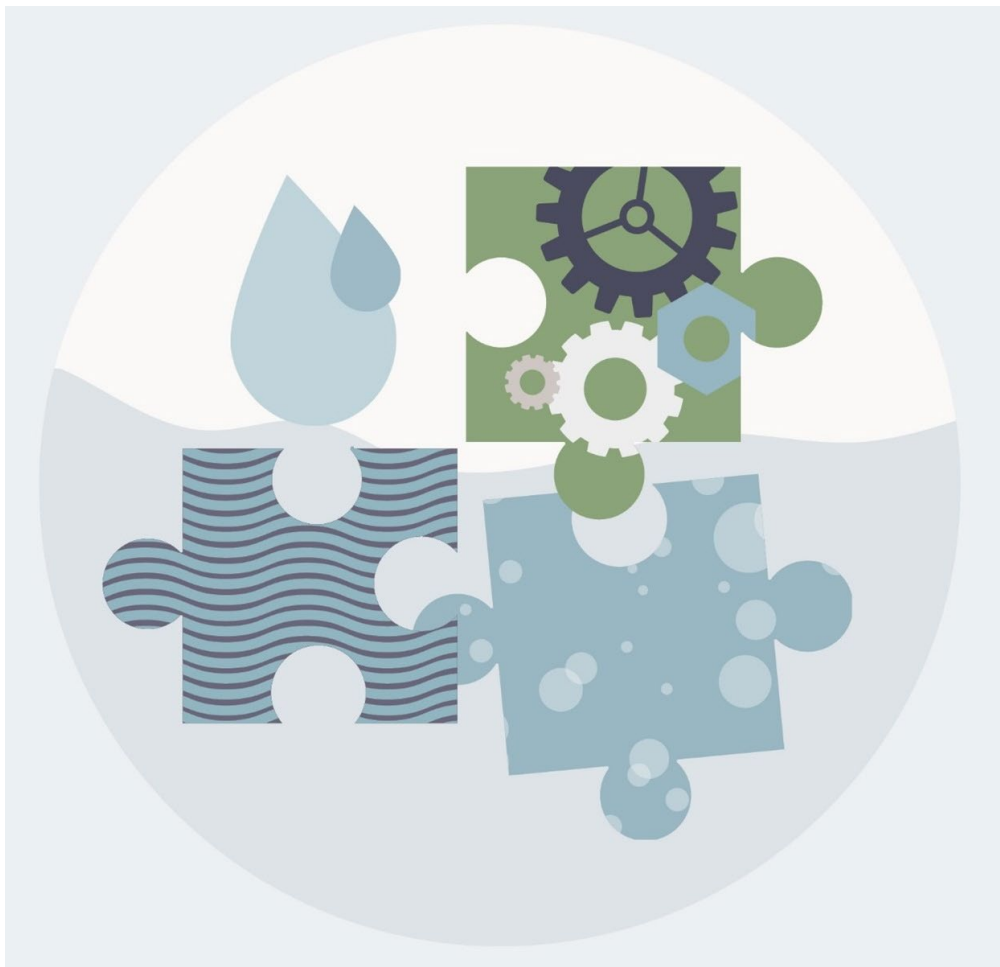
Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants are ahead of budget due to Waka Kotahi subsidy on emergency reinstatement work.
- Payments to staff and suppliers is ahead of budget due to the costs associated with the July 2021 and August 2022 weather events.
- Subsidies and grants are ahead of budget due to Waka Kotahi subsidy on emergency reinstatement work.
- Increase/(decrease) in debt is due to the higher debt requirements for reinstatement costs from the July 2021 and August 2022 weather events.
- Other dedicated capital funding is below budget due to the budget including vested assets which are no longer included in the funding impact statements.
- Capital expenditure is higher than anticipated due to reinstatement costs associated with the July 2021 and August 2022 weather events.

Activity Group: Flood Protection and Control Works

Activities in this Group:

This Activity Group comprises a single Activity: Flood Protection and Control Works.



Related Community Outcomes

This Activity Group contributes primarily to the Community Outcomes of Environment, People, Economy, Mobility and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The Activity is primarily about managing flood hazard and drainage of the more developed areas of Marlborough. Requirements in different areas

have developed according to the history of flood risks, predecessor authorities work activities and from more recent assessments of flood risks as land uses change with development.

Staff also provide appropriate input into resource consent and building applications near waterways or where a possible flood hazard exists.

The most up to date information on this Activity and the assets involved can be found in the 2021-31 Long Term Plan.

What We Did in 2022-23

Activity was focused on flood recovery and repair works following the significant (5,280m³/s, scheme capacity) July 2021 flood event. This was compounded by the wettest month for Blenheim in 93 years (220mm of rain) during July 2022, causing extensive surface flooding and very high groundwater tables for the lower Wairau Plains, which ultimately resulted in flooding to David Street, Springlands and parts of Renwick.

The Wairau River then experienced another significant (4,200m³/s, nominally 1 in 25 years) flood event between 16-20 August 2023, causing further damage to unrepaired sections of vulnerable riverbanks. However, stopbank repairs and completed edge works stood up well.

A further two flood events occurred on successive weekends at the start of May (2,000m³/s and 2,200m³/s, nominally 1 in 1 year) undermining the North Bank Road, requiring immediate response from the team to prevent the township from being cut off.

Successive damage to the network placed considerable strain on the two commercial quarries providing armour grade rock to the Lower Wairau, resulting in the postponement of several capital works projects due to rock shortages. Resources were redirected to accelerate the development of Pukaka Quarry for surety of supply moving into the next financial year.

The estimated repair cost to the main stopbank Wairau Scheme reaches (below the Waihopai River confluence) including additional tributary clearance/landowner assistance works from both the July 2021 and August 2022 floods is \$14.1m. On 30 June 2023, this programme is approximately 33% complete financially with big heavy rock work to come. This will take an estimated additional 18 months to complete.

While flood response and repairs dominated the Rivers section work programme, every effort was

made to complete a normal maintenance and inspection programme including the Wairau drainage scheme, drainage pump station overhauls and minor upgrades. Normal smaller waterway maintenance was completed in Blenheim, Renwick, Picton/Waikawa and Ngakuta Bay.

Capital upgrades completed included:

- realignment and upgrade of 620m of Lower Wairau stopbank at Hauhunga Marae; and
- upgrade of 1100m of Lower Wairau stopbank at Lower McDonalds.

Investigation work included:

- development of suitable stormwater network upgrade for the Camerons Creek catchment;
- completion of flood investigation modelling for Ruakanakana Gibsons Creek;
- completion of flood investigation modelling for Rarangi Road;
- continued development of the Wairau flood forecasting model; and
- completion of detailed design for realignment of 1400m of Upper Condors stopbank.













Wither Hills soil conservation programme -

work continued, including ongoing nasella tussock, Chilean needle grass and gorse/broom control, stock water supply maintenance and a fertiliser dressing.

Pukaka quarry extension - development of the quarry is well underway with 1.9ha of trees logged and construction of the haul road started. Resource has been reallocated from other capital upgrades to take advantage of the settled winter months and bring the quarry back into production to assist in completing the remaining flood damage programme.

Levels of Service 2022-23: Flood Protection and Control Works

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.6	≥ 6.9	5.7	
Wairau River scheme - system and adequacy Maintain, repair and renew these major flood protection and control works to the standards defined in Rivers and Drainage Asset Management Plan (AMP).	% of floodway and tributary network inspected for condition and maintenance requirements.	95%	≥ 95%	95%	
	% of programmed maintenance and renewal works identified in the AMP completed.	100%	100%	89%	
	Comment: This measure is based on Wairau River scheme related operating costs (2023 financial year) vs budget (2023 financial year). (\$6,723,946/\$7,526,284=89%)				
	% of capital improvement works in the AMP achieved.	43%	≥ 35%	40%	
	Comment: This measure is based on Wairau River scheme related capital expenditure for the whole year vs budget for this year and carryover. The 35% target is a temporarily reduced target due to carry forward projects delayed by land access agreements and staff changes eg. next stage of Town Branch upgrade, recognition of the large flood damage repair programme still to be completed. Once the capital overhang and flood damage repairs are sorted a higher target will be set. (\$1,893,796/\$4,733,999=40%)				
	Time taken to provide a report to the Assets and Services Committee on the damage to the Floodway network and potential problem areas following significant (generally exceeding a 1:2 year return) flood events - measured in months.	4 months post event	2 months post event	3 months post event	
Comment: Additional time was taken to assess and report due to the extent of flood response required and delay in inspections.					
Wairau Plains Provide effective drainage to the lower Wairau plains.	% of drain network inspected at least once for condition and maintenance requirements.	100%	100%	100%	
	% of drains weed sprayed.	90%	≥ 90%	85%	
	% of drains mechanically cleared.	4.3%	≥ 4%	3.4%	
Picton Floodways Monitor, maintain and upgrade key Picton floodways (Waitohi and Waikawa Rivers) to provide for a 1 in 50 year return period flood event.	% of floodway network inspected for condition and maintenance requirements.	100%	100%	100%	
	% of programmed maintenance and renewal works as identified in the AMP completed.	100%	100%	97%	
	Comment: This measure is based on Picton Rivers scheme related operating costs (2023 financial year) vs budget (2023 financial year). (\$154,491/\$159,635=97%)				
Blenheim Urban Upgrade and maintain key Blenheim stormwater outfalls ¹ .	% of programmed maintenance and renewal works identified in the AMP completed.	100%	100%	100%	
	% of capital improvement works in the AMP achieved.	21%	≥ 75%	0%	
	Comment: Next stage of Town Branch upgrade delayed due to staff changes and the flood response was taking priority.				

Levels of Service 2022-23: Flood Protection and Control Works					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide sound flood hazard advice.	Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	0	0	0	✓

¹ Channels and pump stations, including the Town Branch, Caseys, Fulton and Murphys Creeks to provide for a 1 in 50 year return period storm event runoff including both infill and greenfield development.

Funding Impact Statement for 2022-23 for Flood Protection and Control Works					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		288	297	287	288
Targeted rates		4,627	5,012	4,944	4,961
Fees and charges		694	718	694	720
Internal charges and overheads recovered		325	334	325	159
Fuel tax, fines, infringement fees and other receipts	a	3,283	3,388	5,416	4,026
Total operating funding		9,217	9,749	11,666	10,154
Applications of operating funding					
Payments to staff and suppliers	b	3,782	3,913	7,162	5,231
Finance costs		169	283	214	140
Internal charges and overheads applied		1,965	2,043	2,179	2,212
Other operating funding applications		27	27	31	29
Total applications of operating funding		5,943	6,266	9,586	7,612
Surplus (deficit) of operating funding		3,274	3,483	2,080	2,542
Sources of capital funding					
Subsidies and grants for capital expenditure		1,728	660	630	517
Increase (decrease) in debt	c	1,774	3,861	2,788	427
Total sources of capital funding		3,502	4,521	3,418	944
Applications of capital funding					
Capital expenditure to meet additional demand	d	70	311	300	173
Capital expenditure to improve the level of service	d	3,580	5,248	3,220	224
Capital expenditure to replace existing assets	d	1,710	1,172	1,646	3,180
Increase (decrease) in reserves		1,417	1,272	332	(90)
Total applications of capital funding		6,776	8,004	5,498	3,486
Surplus (deficit) of capital funding		(3,274)	(3,483)	(2,080)	(2,542)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Fuel tax, fines, infringement fees and other receipts is ahead of budget due to property rental and disbursement recoveries being higher than anticipated.
- Payments to staff and suppliers is ahead of budget due to costs associated with the August 2022 flood event.
- Increase (decrease) in debt is below budget due to delays in the capital programme while the focus is on flood damage repairs.
- Capital expenditure is behind programmed works. The focus is on completing flood damage repairs.

Activity Group: Sewerage Including Treatment and Disposal

Activities in this Group

This Activity Group comprises a single Activity: Sewerage Including Treatment and Disposal.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Collection, treatment and disposal of wastewater to provide sanitary living conditions, protect public health and avoid damaging discharges to the

environment is an essential service that contributes to:

- the health of communities;
- minimisation of adverse environmental effects; and
- industrial and residential development.

The most up to date information on this activity and the assets involved, including information on individual schemes can be found in the 2021-31 Long Term Plan.

What We Did in 2022-23

Project Expenditure

- \$815,000 for Blenheim Sewerage Treatment Plant pond desludging; and
- \$3,500,000 for relining earthquake damaged sewers.

Blenheim

The Blenheim Sewer Upgrade project was completed in August 2022. This project included the upgrade of the McLauchlan and Budge Street Pump Stations and the construction of a new treatment and overflow facility in Bomford Street. The new main provides capacity for growth in the north-west, reduces the incidence of overflows during storms and permits the controlled overflow of treated effluent during very severe, but rare storms.

Havelock

A new treatment plant in Havelock is planned and land for a new treatment plant site has been purchased. Resource consents have been applied for. A new site and treatment plant will provide improvements to process and increased resiliency of the Havelock Sewer Treatment Plant.



Sewer Mains Assessment and Rehabilitation

Considerable effort continued on sewer mains assessment and rehabilitation. The ageing infrastructure, ground movement through seismic activity, corrosive effluents and increasing quantities of oils and fats discharged into the sewer system is increasing maintenance activity. These pipes are being rehabilitated through a relining methodology. This project formed part of the \$12.53 million received from central government as part of the stimulus funding. This has meant that year four and five of this project have been able to be brought forward with the aim to complete the relining in Blenheim in 2022 and Picton in 2023.

Resource Consent Renewals











Resource consent to discharge treated effluent from the Seddon Wastewater Treatment Plant to land and, when unable to irrigate to land, to discharge to Starborough Creek has been lodged.

The process of applying for new resource consents for the treatment and discharge of treated effluent from Blenheim's Wastewater Treatment Plant is well advanced. The consent renewal is due in 2025.

Levels of Service 2022-23: Sewerage Including Treatment and Disposal					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.5	≥ 7.7	7.3	
	The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.	1	≤ 8	4.60	
	Comment: The number of complaints has increased due to the following reasons: - Ageing sewer network and trenchless technologies causing blockages; - Grinder pump faults increasing as units approach end of life; - Better recording of network faults via scada system.				

Levels of Service 2022-23: Sewerage Including Treatment and Disposal

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
System and Adequacy Provide a level of service quality that minimises environmental risks.	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	1.1	≤ 0.4	0.93	
	Comment: The result covers the cases of overflow that happened both outside and inside the properties. The number of grinder pump failures could have been reduced if the Council was notified promptly. NB three of the dry weather sewerage overflows were not associated with rainfall (even the rainfall was above 1mm on that day) were also counted in.				
Discharge compliance: Provide a reliable wastewater service with adequate system capacity and performance.	Number of wet weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.8	≤ 0.5	0.52	
	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation to those resource consents.	0	0	0.00	
Fault response times Provide a service that is timely and responsive to customer needs.	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times (in hours) are measured:				
	(a) attendance time (in hours): from the time that the territorial authority receives notification to the time that service personnel reach the site, and				
	Blenheim	0.1 hrs	≤ 1 hour	0.5	
	Picton	0 hrs	≤ 1 hour	0.1	
	Riverlands	0 hrs	≤ 1 hour	0.9	
	Renwick	0 hrs	≤ 1 hour	0.5	
	Seddon	0.6 hrs	≤ 2 hours	1.3	
	Havelock	0 hrs	≤ 2 hours	1.6	
(b) resolution time (in hours): from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	5 hrs	≤ 4 hours	2.6		

Funding Impact Statement for 2022-23 for Sewerage					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
Targeted rates	a	8,677	9,215	8,719	8,755
Internal charges and overheads recovered		-	-	-	-
Fuel tax, fines, infringement fees and other receipts		2,050	2,160	2,086	2,056
Total operating funding		10,727	11,375	10,805	10,811
Applications of operating funding					
Payments to staff and suppliers	b	3,107	3,335	3,369	5,746
Finance costs		1,631	1,613	1,874	1,829
Internal charges and overheads applied		3,387	3,523	3,402	3,381
Other operating funding applications		-	-	-	(1)
Total applications of operating funding		8,125	8,471	8,645	10,955
Surplus (deficit) of operating funding		2,602	2,904	2,160	(144)
Sources of capital funding					
Subsidies and grants for capital expenditure		2,263	-	-	-
Development and financial contributions	c	2,100	2,142	2,142	2,776
Increase (decrease) in debt	d	(539)	(411)	2,580	(1,121)
Other dedicated capital funding	e	1,162	1,469	1,462	1,191
Total sources of capital funding		4,986	3,200	6,184	2,846
Applications of capital funding					
Capital expenditure to meet additional demand	f	2,071	1,720	2,613	640
Capital expenditure to improve the level of service	f	3,918	5,276	6,997	1,590
Capital expenditure to replace existing assets	f	3,590	1,537	962	3,362
Increase (decrease) in reserves		(1,991)	(2,430)	(2,227)	(2,889)
Total applications of capital funding		7,588	6,104	8,344	2,702
Surplus (deficit) of capital funding		(2,602)	(2,904)	(2,160)	144
Funding balance		-	-	-	-

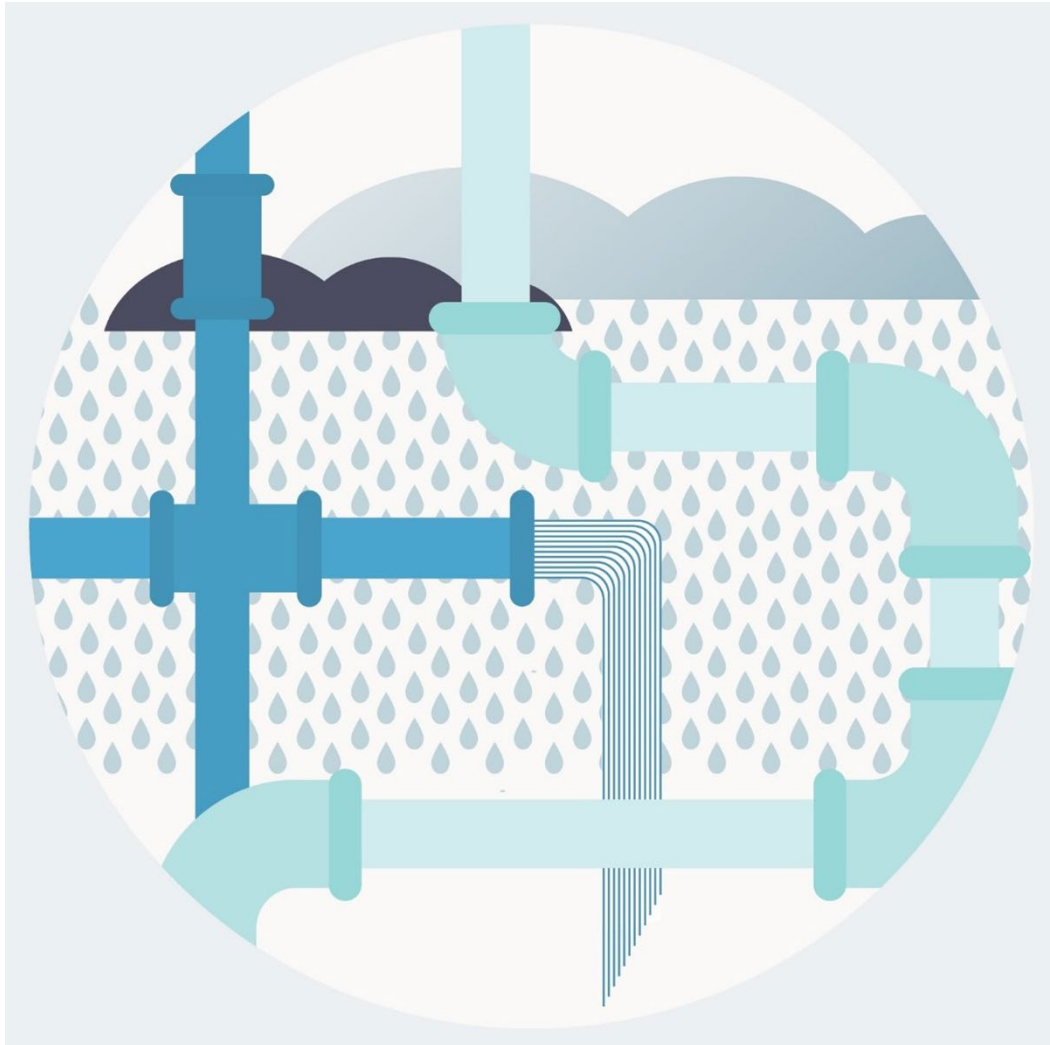
Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Sewer rates are lower than budget due to the timing of the capital programme.
- Payments to staff and suppliers is ahead of budget due to the Blenheim sewer ponds desludge costs being expensed.
- Development and financial contributions is ahead of budget due to a higher level of subdivision activities than anticipated.
- Increase (decrease) in debt is greater than budget due to the timing of the capital programme.
- Other dedicated capital funding is below budget due to the budget including vested assets which are no longer included in the funding impact statements.
- Capital expenditure is behind budget and a number of projects have been rebudgeted to 2023/24 and 2025/26.

Activity Group: Stormwater Drainage

Activities in this Group:

This Activity Group comprises a single Activity: Stormwater Drainage.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and People. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Council provides a stormwater drainage system to manage stormwater run-off from urban catchments. Collection and disposal of stormwater contributes to:

- minimising the incidence of flooding to protect the community from harm;
- minimising damage to properties from flooding;
- facilitating commercial and residential development;
- protecting the aquatic environment through the management of water quality from urban stormwater run-off; and
- reducing erosion.

The most up to date information on this Activity including detail about the individual areas served is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

The Marlborough region suffered significant storm events during July and August 2022. Due their size these events caused the stormwater networks, predominantly in Blenheim and Picton, to be overloaded. However, this resulted in minimal damage to properties, with only three being reported to have floodwaters higher than their habitable floor level. These events over a short period (six weeks) caused groundwater levels to be as high as has been experienced before. Water ponded in low areas and did not recede for weeks. This was particularly noticeable in the lower terrace at Renwick.

The Stormwater Management Area Plan (SMAP) for Springlands was adopted as part of the Blenheim Stormwater Management Strategy. Two years of monitoring and reporting supports the resource consent issued in September 2020. A community meeting was held in May to present two years of stormwater quality monitoring and to form the Springlands Stormwater Governance Group. This meeting was very well attended by an engaged audience.

A SMAP is now being developed for the Town Branch Drain system.







The development of the Rose Manor and Wai-iti subdivisions continues to allow for further establishment of stormwater retention systems enabling controlled discharge of stormwater to existing waterways and a level of treatment of this discharge. Use of these types of controls on stormwater will be reviewed and considered as greenfields are developed, which currently includes the development of the Summerset Retirement Home off Old Renwick Road. The use of these methods within existing catchments is difficult to apply due to the area of land required. Other ways to manage stormwater in these areas will be considered with the development of Stormwater Management Areas in Blenheim and then applied to other areas in the Marlborough Region.

Stormwater infrastructure upgrades of note have taken place in:

- Muller Road from Redwood to Weld Streets, this replaced a 750 mm pipe installed in the 1950's;
- Wynen Street in conjunction with the streetscape upgrades around the new library, replacing a 300 mm earthenware pipe installed in the 1960's; and
- Lower Hampden Street area in Picton where a short section of open drain was piped to replace a collapsing retaining wall along the drain.

Levels of Service 2022-23: Stormwater Drainage

Performance Targets

Level of Service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Customer satisfaction Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.3	≥ 6.5	5.7	
	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	0.57	≤ 1.8	1.8	
	Comment: The storms and wet winter last year caused slips and flooding across Marlborough. Blockages are due to an ageing stormwater network. A number of blockages are also because tree roots have entered the pipe through failing joints or cracking of the pipe.				
System adequacy Provide a reliable stormwater service.	The number of flooding events that occur in a territorial authority district.	1	Actual number to be reported	2	
	For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system.	0.2	≤ 2.6	0.2	
Discharge compliance Minimise the environmental risks of stormwater discharge.	Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation to those resource consents.	0	0	0	
Response times Provide a service that is timely and responsive to customers' needs.	The median response time (in hours) to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. (* The statistical median is the time in which half of calls are responded to in less time and half in more time.)	0.8 hour	≤ 1 hour	N/A	
	Comment: Of the three events Fire Service were already on site for two and the other was being dealt with by the property owner, that is no response required by Council.				

Funding Impact Statement for 2022-23 for Stormwater Drainage					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		2,164	2,306	2,403	2,411
Internal charges and overheads recovered		-	-	-	1
Fuel tax, fines, infringement fees and other receipts		305	317	377	377
Total operating funding		2,469	2,623	2,780	2,789
Applications of operating funding					
Payments to staff and suppliers		310	320	513	493
Finance costs		6	5	12	5
Internal charges and overheads applied		390	406	447	445
Total applications of operating funding		706	731	972	943
Surplus (deficit) of operating funding		1,763	1,892	1,808	1,846
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions	a	876	893	893	419
Increase (decrease) in debt		(34)	(35)	309	(35)
Other dedicated capital funding		251	260	251	68
Total sources of capital funding		1,093	1,118	1,453	452
Applications of capital funding					
Capital expenditure to meet additional demand	b	706	462	246	124
Capital expenditure to improve the level of service	b	515	160	155	-
Capital expenditure to replace existing assets	b	1,993	3,126	3,019	142
Increase (decrease) in reserves	b	(358)	(738)	3,220	1,560
Total applications of capital funding		2,856	3,010	3,261	2,298
Surplus (deficit) of capital funding		(1,763)	(1,892)	(1,808)	(1,846)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Development and financial contributions is below budget due to lower than anticipated stormwater component of development contributions.
- Capital expenditure is below budget and a number of projects have been rebudgeted in to 2023-24 and 2024-25.

Activity Group: Water Supply

Activities in this Group:

This Activity Group comprises a single Activity: Water Supply.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

- the health of the community;
- minimisation of adverse environmental effects;
- community safety through providing for the firefighting capability of the water supply system; and
- industrial and residential development.

What is this Activity About?

Council drinking water supplies are necessary so that larger communities can receive an adequate supply of potable (drinking) water which cost-effectively contributes to:

Around 82% of the Marlborough population has access to Council's reticulated water supplies. Underground water reticulation systems are expensive to install and maintain, so are only cost-effective with a certain level of population

density. Funding upgrades (particularly to meet the New Zealand Drinking Water Standards and depreciation) has been a challenge but this has been partially resolved by the introduction of the Combined Water Scheme Charges Policy in 2017.

The most up to date information on this Activity and the assets involved, including detail on each individual scheme, is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

Project Expenditure

- \$1,060,000 for Renwick asbestos cement (AC) Watermain Replacement. All of Renwick AC Watermain will be replaced by 30 June 2025;
- \$3,345,000 for Renwick Water Treatment Plant;
- \$1,750,000 for Wairau Valley Water Treatment Plant; and
- \$1,500,000 for Speeds Road Watermain Upgrade.

Water Meters

Water Meters are now being used for charging purposes across Renwick and Havelock. Residents continue to identify leaks which are then repaired quickly. Following repair, water remissions are applied for water lost through leakage. Considerable water savings have been made across these two networks as a result of private leaks being repaired and AC water mains being replaced throughout Renwick. Renwick winter night time flows have reduced from 15 L/s to 4 L/s.

Water Treatment Investigation and Design Updates

- **Renwick:**
The existing supply does not comply with the Drinking Water Standards for New Zealand. Land has been purchased for a new water treatment plant in Terrace Road and construction has commenced.

- The construction of the new Water Treatment Plant is underway with membrane filtration selected to provide protozoal compliance while bacterial compliance will utilise either chlorine or UV. The plant is due to be completed in mid-2024.

- **Havelock:**

The existing supply does not comply with the Drinking Water Standards for New Zealand. A preliminary assessment of treatment options recommends cartridge filtration and UV disinfection. Work continues to find a suitable site for a new water treatment plant. Investigation into additional sources of supply, upstream of the existing, has also been undertaken with positive results.

- **Wairau Valley Township:**

The existing supply did not comply with the Drinking Water Standards for New Zealand. The construction of a new Water Treatment Plant has been completed. Commissioning of the plant commenced in August and now provides water to the community that's compliant with the Water Services Act 2021.

- **Riverlands Industrial Estates:**
















An alternate source of water for the Riverlands Industrial areas has been located, the property has been purchased and a bore has been installed. Design for the new treatment plant is progressing. The new source and Water Treatment Plant will ensure that supply meets the Drinking Water Standards for New Zealand.

Water Main Renewals:

AC watermains have been replaced in Blenheim, in Murphys Road and Nelson Street. Murphys Rd AC watermains was completed at the end of June, while the bulk of the work to lay the new water main off Nelson Street was completed through April to June.

Levels of Service 2022-23: Water Supply

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.5	≥ 8.0	7.6	
	The total number of complaints received by the local authority about any of the following, expressed per 1000 connections to the local authority's networked reticulation system ¹ .				
	(a) drinking water clarity	0.44	≤ 1.10	0.76	
	(b) drinking water taste	0.31	≤ 1.90	0.35	
	(c) drinking water odour	0.19	≤ 0.65	0.47	
	(d) drinking water pressure or flow	0.56	≤ 1.50	0.82	
	(e) continuity of supply, and	0.63	≤ 1.30	1.3	
	(f) the local authority's response to any of these issues	0	≤ 0.65	0	
Safety of drinking water: Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.	The extent to which the local authority's drinking water supply complies with:				
	(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and				
	Blenheim	complied	Yes	complied	
	Picton	complied	Yes	complied	
	Havelock	complied	Yes	not complied	
	Renwick	complied	Yes	not complied	
	Riverlands	complied	Yes	not complied	
	Awatere - Rural	complied	No	not complied	Note 1
	Seddon	complied	Yes	not complied	
	Wairau Valley	complied	No	not complied	Note 1
	(b) Part 5 of the drinking-water standards (protozoal compliance criteria).				
	Blenheim	complied	Yes	complied	
	Picton	complied	Yes	complied	
	Havelock	not complied	No	not complied	Note 2
	Renwick	not complied	No	not complied	Note 2
Riverlands	not complied	No	not complied	Note 2	
Awatere - Rural	not complied	No	not complied	Note 2	

Levels of Service 2022-23: Water Supply

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
	Seddon	complied	Yes	not complied	x
	Wairau Valley	not complied	No	not complied	Note2
Comment: Note 1 explains those not achieved indicators above.					
Maintenance of the reticulation network	The percentage of real water loss from the local authority's networked reticulation system ² .				
	Blenheim	36%	≤ 37%	30%	✓
	Picton	10%	≤ 28%	26%	✓
	Havelock	33%	≤ 28%	23%	✓
	Renwick	16%	≤ 28%	20%	✓
	Awatere	40%	≤ 15%	28%	x
	Wairau Valley	38%	≤ 15%	21%	x
Comment: Metering on the Havelock water network identified leaks which have now been corrected, this has reduced the water loss in this area. There have been leaks in the Wairau Valley and Awatere Networks throughout the year. Capital works on the Awatere network should also reduce water loss in this network.					
Fault response times:	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:				
Provide a service that is timely and responsive to customer needs.	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in hours), and				
	Blenheim	1.02 hrs	≤ 1 hour	0.30 hrs	✓
	Picton	0.90 hrs	≤ 1 hour	1.50 hrs	x
	Riverlands	0.30 hrs	≤ 1 hour	0.30 hrs	✓
	Renwick	1.80 hrs	≤ 1 hour	0.16 hrs	✓
	Awatere	0.40 hrs	≤ 2 hours	1.85 hrs	✓
	Havelock	2.20 hrs	≤ 2 hours	0.87 hrs	✓
	Wairau Valley	2.50 hrs	≤ 2 hours	0.66 hrs	✓
	(b) resolution of urgent call-outs (in hours): from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption .	6.8 hrs	≤ 4 hours	3.1 hrs	✓

Levels of Service 2022-23: Water Supply

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
	(c) attendance for non-urgent call-outs (in working days): from the time that the local authority receives notification to the time that service personnel reach the site, and	0.89 days	≤ 3 working days	0.24 days	✓
	(d) resolution of non-urgent call-outs (in working days): from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption .	2.0 days	≤ 10 working days	0.5 days	✓
Demand management: Provide a reliable water supply service.	The average consumption (in litres) of drinking water per day per resident within the territorial authority district .	437 litres	≤ 730 litres	385 litres	✓

¹ Assumes 15,765 connections. Estimated in accordance with DIA recommended option 2. Minimum Night Flow Analysis. Riverlands not included as industrial night consumption volumes not available.

² The water loss figures shown are based on the best available information and do not include legitimate commercial/industrial night usage, day/night adjustment factor or system specific issues that are not currently monitored. Water loss has been calculated in accordance with Method Option 2 (minimum night flow analysis) recommended by the Department of Internal Affairs guidance for non-financial performance measures for water supply.
Note: Riverlands is not measurable due to its industrial usage.

Note1: Complied to 14th Nov 2022 under Drinking-Water Standards for New Zealand 2005, Non-Compliant from 15th Nov 2022- 30 June 2023 under Drinking Water Quality Assurance Rules (DWQAR). Change of regulation leads to different measurements of drinking water. If assessed under the DWSNZ old standards, compliance was very likely. (Council were advised by Taumata Arowai it wasn't necessary to show compliance against the new standards for the period from 15th November to 31st December. Despite of this, MDC did commence monitoring under these standards from 15th November. This provides confidence to the community their water supplies continued to meet water standards.)

Note2: As planned the Havelock, Renwick, Riverlands, Awatere Rural and Wairau Valley Schemes are not compliant at present.

For Havelock, the current treatment is chlorination. It does not have an effective protozoa barrier. Land has been purchased for a new water treatment plant for Havelock. The design of the plant is well advanced. Construction is budgeted in the current Annual Plan and programmed for completion in 2024/25.

For Renwick, a new water treatment plant is under construction and due to be completed mid-2024.

For Riverlands, Council has purchased land and drilled a new well to be used for this water supply. Water treatment design is well advanced. There is budget provision in the current Annual Plan and programming is in place to complete the water treatment plant in 2024/25.

For Awatere, we have budget provision to install point of entry treatment at all households on the Awatere Rural supply commencing 2024/25.

For Wairau Valley, a new water treatment plant for the township was completed in early August 2023, it is going through the final commissioning phase and is providing treated water to the community. A WSP for the new plant has been submitted.

Funding Impact Statement for 2022-23 for Water Supply

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
Targeted rates	a	10,175	11,149	10,787	10,342
Fees and charges		91	94	91	199
Internal charges and overheads recovered		-	-	-	147
Fuel tax, fines, infringement fees and other receipts		-	-	-	31
Total operating funding		10,266	11,243	10,878	10,719
Applications of operating funding					
Payments to staff and suppliers	b	3,901	4,341	4,434	3,990
Finance costs		893	1,141	1,120	941
Internal charges and overheads applied		1,808	1,881	1,771	1,886
Other operating funding applications		59	61	60	53
Total applications of operating funding		6,661	7,424	7,385	6,870
Surplus (deficit) of operating funding		3,605	3,819	3,493	3,849
Sources of capital funding					
Subsidies and grants for capital expenditure	c	1,321	-	-	1,250
Development and financial contributions	d	878	895	895	1,238
Increase (decrease) in debt	e	2,990	9,250	7,276	1,354
Other dedicated capital funding		313	324	313	251
Total sources of capital funding		5,502	10,469	8,484	4,093
Applications of capital funding					
Capital expenditure to meet additional demand	f	1,548	1,209	793	376
Capital expenditure to improve the level of service	f	6,134	13,561	14,854	8,513
Capital expenditure to replace existing assets	f	2,939	3,488	547	3,303
Increase (decrease) in reserves		(1,516)	(3,971)	(4,218)	(4,249)
Total applications of capital funding		9,107	14,288	11,977	7,942
Surplus (deficit) of capital funding		(3,605)	(3,819)	(3,493)	(3,849)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Targeted rates are below budget due to lower than anticipated revenue from water meter charges and delays in the capital expenditure programme.
- Payments to staff and suppliers is below budget due to lower than anticipated backflow prevention costs and reticulation maintenance costs.
- Subsidies and grants are ahead of budget due to the receipt of the final instalment of Affordable Water Reform stimulus funding from the DIA.
- Development and financial contributions is ahead of budget due to higher level of subdivision activities.
- Increase (decrease) in debt is lower than budget due to delays in the capital programme.
- Capital expenditure is below budget due to significant re-budgeting of capital projects into 2023-24 and 2024-25.

Activity Group: Solid Waste Management

Activities in this Group:

This Activity Group comprises a single Activity: Solid Waste Management.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Marlborough District Council is bound by legislation to ensure that our solid waste is managed in an effective and efficient manner,

reducing any potential environmental impact and protecting public health. Council is the main source of waste management infrastructure for the district, providing a network of six transfer stations, a central landfill, waste sorting centre, resource recovery centre, reuse centre, e-waste collection facility, hazardous waste centre, rural community recycling stations, greenwaste acceptance facility and salvage yard. They are all operated under contract to Council.

These facilities are designed and operated to ensure the minimum impact on people's amenity

and the environment. By promoting the reduction, reuse, and recycling of waste we will reduce our reliance on landfill for disposal and have the ability to influence the direction of our waste management and minimisation planning. Council also collects refuse and recyclables from the kerbside in Blenheim and Picton through a contract.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

In addition to the key services targeted in the Levels of Services table, several activities have been performed during the year, summarised as:

- Recycled 1,249 items of e-waste, served 39,392 customers at the reuse shops, recovered 419 tonnes of recycling through the rural community recycling service and collected 1,580 tonnes of recycling from the kerbside collection routes in Blenheim and Picton.
- consulted the community on proposed changes to level of waste services.
- Adopted changes to level of waste services including introduction of 11 remote transfer stations and expansion of kerbside collection area.
- Commenced pre-contract audit work associated with changes to level of waste services.
- Submitted an infrastructure application to the Waste Minimisation Fund for the following objectives and the decision is pending:
 - developed a planting regime to restore land around the Bluegums landfill to native bush;
 - relocated rural transfer station;
 - a green waste sorting and shedding area and unit.
- Continued to investigate waste to energy solutions for the region.

Continued to monitor organic processing solutions being trialled by the commercial sector.
- Commenced stage 9 construction at Bluegums landfill.

Levels of Service 2022-23: Solid Waste Management

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.9	≥ 7.0	6	—
Continue to reduce the amount of waste sent to the landfill by providing and promoting diversion processing.	Tonnage processed at the Resource Recovery Centre.	3,813	≥ 4,600	3,307	✗
	Comment: Some kerbside recycling has been sent to landfill due to Contract resourcing issues (staff availability). Private Contractor processed cardboard at their own facility resulting in a reduced throughput at the resource centre.				
	\$ value of sales at the Reuse Shop.	\$376,953	≥ \$280,000	\$365,162	✓
	Tonnage diverted at the Waste Sorting Centre.	2,222	≥ 1,750	1,712	—
	Comment: A metal stockpile (circa 300 tonnes) was not cleared in time for year end reporting. Target achieved if the metal stockpile is taken into account.				
	Tonnage throughput at the Greenwaste Acceptance Facility.	17,655	≥ 21,000	19,304	—
Comment: Commercial grass inputs are now being delivered direct to landfill.					
Operate effective waste management and minimisation services.	Number of resident's complaints in regard to Bluegums Landfill operations.	1	≤ 9	0	✓
	Kerbside Refuse and Recycling Collection Service complaints/missed lifts as a percentage of serviced households.	0.03%	≤ 0.2%	0.16%	✓
	Number of resident's complaints in regard to Compost operation.	1	≤ 4	0	✓
	Number of resident's complaints in regard to the transfer stations, reuse centre, resource centre, e-waste facility, coin skips and salvage yard.	58	≤ 30	25	✓

Funding Impact Statement for 2022-23 for Solid Waste Management

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,478	1,548	1,692	1,698
Targeted rates	a	1,451	1,504	1,615	1,798
Subsidies and grants for operating purposes		175	175	495	361
Fees and charges	b	8,629	8,934	11,593	11,367
Fuel tax, fines, infringement fees and other receipts		402	414	461	471
Total operating funding		12,135	12,575	15,856	15,695
Applications of operating funding					
Payments to staff and suppliers	c	7,103	7,323	8,145	9,076
Finance costs		242	231	224	219
Internal charges and overheads applied		1,587	1,653	1,879	1,885
Other operating funding applications	d	610	620	2,007	1,921
Total applications of operating funding		9,542	9,827	12,255	13,101
Surplus (deficit) of operating funding		2,593	2,748	3,601	2,594
Sources of capital funding					
Subsidies and grants for capital expenditure	e	-	-	-	316
Increase (decrease) in debt		(13)	(565)	(561)	(593)
Total sources of capital funding		(13)	(565)	(561)	(277)
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		600	-	-	280
Capital expenditure to replace existing assets		1,530	3,235	2,656	2,728
Increase (decrease) in reserves		450	(1,052)	384	(690)
Total applications of capital funding		2,580	2,183	3,040	2,317
Surplus (deficit) of capital funding		(2,593)	(2,748)	(3,601)	(2,594)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Targeted rates are increased on budget due to increases in contract costs.
- Fees and charges are ahead of budget due to higher than anticipated volumes from commercial sectors in regional landfills, increased prices to reflect updated contract costs and government levy rates.
- Payments to staff and suppliers is ahead of budget due to increased contract costs.
- Other operating funding applications is ahead of budget due to higher than anticipated levies paid for the increased waste tonnage and levy rates.
- Subsidies and grants is ahead of budget as the use of unspent waste levy grant income from operating funding to install the new greenwaste weighbridge. The grant in total is increased on budget due to the increased levy charged.

Activity Group: Environmental Management

Activities in this Group:

- Environmental Policy.
- Environmental Science and Monitoring.
- Resource Consents.
- Environmental Protection.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity Group About?

Marlborough's social and economic wellbeing relies on the use, development and protection of natural and physical resources. The Environmental Management Activity group is responsible for enabling appropriate use of land, water, air, indigenous ecosystems and the built environment, while protecting the environment

within which resource use occurs. This service is delivered through the implementation of the Resource Management Act (RMA) requirements.

Each Activity delivers separate services under the

RMA, but each of these services plays an integral role in a wider system of environmental management. This system can be described as the Plan-Do-Monitor-Review cycle and is represented by the following diagram:



It is important to note that as a unitary authority, the Council has the functions of both a regional council and a territorial authority. This influences the way in which the Environmental Management Activity group delivers its services. It means that the full suite of planning documents required under the RMA must be prepared and that all resource consents required under the planning

documents are processed by one consent authority. This allows the Group to integrate the management of land use (for which territorial authorities are generally responsible) with the management of other natural resources (for which regional councils are responsible), leading to reduced costs to resource users and improved environmental outcomes.

Funding Impact Statement for 2023 for Environmental Management

Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	8,615	9,204	9,283	9,315
Subsidies and grants for operating purposes	561	456	2,207	3,043
Fees and charges	2,333	2,475	2,611	2,892
Internal charges and overheads recovered	180	185	180	172
Fuel tax, fines, infringement fees and other receipts	1,216	1,269	1,520	1,693
Total operating funding	12,905	13,589	15,801	17,115
Applications of operating funding				
Payments to staff and suppliers	9,096	9,593	11,784	11,036
Finance costs	14	13	13	13
Internal charges and overheads applied	3,017	3,153	3,433	3,657
Other operating funding applications	90	90	111	112
Total applications of operating funding	12,217	12,849	15,341	14,818
Surplus (deficit) of operating funding	688	740	460	2,297
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	59
Increase (decrease) in debt	(18)	(19)	(19)	(19)
Total sources of capital funding	(18)	(19)	(19)	40
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	1	-
Capital expenditure to improve the level of service	358	348	187	-
Capital expenditure to replace existing assets	-	-	150	434
Increase (decrease) in reserves	314	373	104	1,904
Total applications of capital funding	670	721	441	2,337
Surplus (deficit) of capital funding	(688)	(740)	(460)	(2,297)
Funding balance	-	-	-	-

Explanation of Variances

Explanations for this Activity Group are included in the individual Activity Funding Impact Statements.

Activity: Environmental Policy

Related Community Outcomes

This Activity contributes primarily to the Community Outcome of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity is the first of the "Plan-Do-Monitor Review" cycle of Activities that play an integral role in a wider system of environmental management.

The Environmental Policy Activity involves the development and review of policy and planning provisions under the Resource Management Act (RMA) in response to resource management issues for Marlborough. These provisions are aimed at the sustainable use, development and protection of Marlborough's natural and physical resources including land, water, air, indigenous ecosystems and the built environment. Many of the provisions are mandatory under the RMA..

Council's four core RMA policy and planning documents are:

- Marlborough Regional Policy Statement (RPS);
- Marlborough Sounds Resource Management Plan (MSRMP);
- Wairau/Awatere Resource Management Plan (WARMP); and
- Proposed Marlborough Environment Plan (PMEP).

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

The Proposed Marlborough Environment Plan (MEP)

The PMEPEP was notified by the Council on 9 June 2016 and decisions on the Plan were publicly

notified on 21 February 2020. All decisions were subject to appeal to the Environment Court and 51 notices of appeal were received by the Court involving 1,307 appeal points.

The Environment Court manages all appeal processes in accordance with their Practice Note 2014.

The formal mediation process commenced in February 2021 and concluded in May 2023.

The Court has now issued 43 consent orders and the provisions of the PMEPEP are updated. Details can be found on the Council website:

<https://eservices.marlborough.govt.nz/programme/ListProgrammeEvents?id=2621046>

To date, 11 appeals have been resolved in full and five appeals have been withdrawn. Of the 22 topics mediated, appeals in 10 topics have been fully resolved. Informal mediation continues to resolve outstanding appeal points. Only two appeal points are currently on track to be determined by the Environment Court.

The resolution of appeals and therefore making the PMEPEP operative is a priority for the Environmental Policy Group. The objective is to make the PMEPEP operative as soon as possible to provide greater certainty to plan users and the community.

Review of the Operative Marine Farming Provisions

This review was re-commenced by Council in March 2017. This process has involved Council appointing an Aquaculture Review Working Group.

Council publicly notified two variations to give effect to the outcome of the review process and the recommendations of the Aquaculture Review Working Group on 2 December 2020. These were:

- Variation 1: Marine farming; and
- Variation 1A: Finfish farming.

A hearing of submissions and further submissions to the Variations occurred over two weeks in November 2021. The appointed Hearings Panel publicly notified its decision for Variation 1 on 28 April 2023. It is now subject to appeals.

The Panel recommended to Council that it withdraw Variation 1A due to a lack of consultation leading up to notification of the variation. Council determined to withdraw the variation on 29 April 2023. It also decided to commence another process to introduce provisions managing finfish farming, commencing with consultation with iwi authorities.

Central Government Significant National Direction Regarding Essential Freshwater

The Essential Freshwater package consisting of the NPS for Freshwater Management, the NES for Freshwater, Regulations for Stock Access and Regulations for Water Metering was gazetted in August 2020. This is possibly the most comprehensive package of national direction to be released by central government.

Council is required to give effect to the NPS through the PMEP and enforce the NES and Regulations. Work in the 2022/23 year involved commencing community engagement on freshwater visions and values. An extensive consultation process commenced in February 2023 and concluded in July 2023.

This Council, Nelson City Council and Tasman District Council have been engaging with Te Tau Ihu iwi to continue Te Puna Kōrero, a collective process for determining Te Mana o te Wai in a Top of the South context. Council has also commenced engagement with Ngāi Tahu/Ngāti Kuri with respect to Te Mana o te Wai within the Ngāi Tahu takiwā.

The National Policy Statement for Urban Development

This NPS was gazetted on 20 July 2020 and commenced on 20 August 2020. Council is required to give effect to the NPS through the PMEP.


Council is required to monitor a range of indicators for housing and business quarterly and publish the results at least annually. The results of monitoring for 2021/22 were published in July 2023.

Central Government RMA Reform

Council has continued to respond to central government reform of the RMA. In the last year two Bills, the Natural and Built Environments Bill and the Spatial Planning Bill, were introduced into the House to replace the RMA. Council made a submission on the Bills and presented the submission to the Select Committee. The Natural and Built Environments Bill and the Spatial Planning Bill were passed by the House on 16 August 2023.

Levels of Service 2022-23: Environmental Policy

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Create a second generation resource management framework for Marlborough.	Decisions on Variation 1 and 1A publicly notified.	not achieved	1/12/2022*	not achieved	
Comment: The decision on Variation 1 was publicly notified on 19/5/23. Although this was six months after the target, the Minister for the Environment approved an extension. The Council determined to withdraw Variation 1A as a result of the Hearings panel's recommendation.					

*This target has been revised to better reflect the actual progression.

Funding Impact Statement for 2022-23 for Environmental Policy

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,666	1,643	1,797	1,803
Subsidies and grants for operating purposes		-	-	-	133
Fuel tax, fines, infringement fees and other receipts		235	226	282	309
Total operating funding		1,901	1,869	2,079	2,245
Applications of operating funding					
Payments to staff and suppliers		1,513	1,472	1,988	1,593
Internal charges and overheads applied		387	397	416	438
Other operating funding applications		-	-	-	-
Total applications of operating funding		1,900	1,869	2,404	2,031
Surplus (deficit) of operating funding		1	-	(325)	214
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	-	-	-
Increase (decrease) in reserves		1	-	(325)	214
Total applications of capital funding		1	-	(325)	214
Surplus (deficit) of capital funding		(1)	-	325	(214)
Funding balance		-	-	-	-

Activity: Environmental Science and Monitoring

Related Community Outcomes

This Activity contributes to achievement of Council's Vision by ensuring the natural environment is healthy. It also contributes to the Community Outcomes of Governance, Environment, Economy, People and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The Activity involves establishing and maintaining an efficient environmental resource information base to allow Council to properly discharge its resource management functions and to provide advice to the community on environmental resources and on issues affecting the resources of the district. The Activity includes the investigation, monitoring and analysis of the district's natural and physical resources, (e.g., land, air, fresh water and coast).

This Activity is also responsible for implementing a number of non-regulatory resource management methods and programmes to promote the sustainable management of our natural and physical resources. This includes education, advocacy and support for flood and other environmental emergency responses.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

State of the Environment Monitoring

The Council published State of the Environment Reports for the following natural resource domains: Surface Water Quality, Recreational Bathing Water, Air Quality, Soil Quality, Biodiversity, Riverland Aquifer and Coastal Water Quality. These reports can all be viewed at <https://www.marlborough.govt.nz/environment/>

Environmental Monitoring Network

The Council has a monitoring network measuring more than 300 sites, including 100 telemetered sites measuring the state of the environment of our region's freshwater, air, land and coastal resources. In addition, a total of 237 river flow site gaugings were completed for the year.

The impact of the August 2022 storm event damaged three monitoring stations and resulted in data loss during the event due to sedimentation and debris accumulation.

Increased water quality monitoring measured two remote lakes and five river monitoring sites bringing the total network monitored to 53 sites. Most waterways have good or fair water quality. However, there are a few rivers and streams that continue to be degraded.

In summer Council monitored the most popular river sites and beaches for the health risks to swimmers from waterborne diseases. At most sites, more than 80% of samples taken have safe indicator bacteria concentrations. Monitoring results can also be viewed on the LAWA website (www.lawa.org.nz).

Monitoring of the Riverlands aquifer shows there are no signs of seawater intrusion having occurred based on continuous observations of groundwater conductivity and level at the MDC Lagoon monitoring wells since 2001.

The monitoring of coastal water quality at 22 sites across Te Hoiere/Pelorus Sound and Tōtaranui/Queen Charlotte Sound occurred monthly. The monitoring highlights a significant increase in annual ocean temperatures.

Integrated Catchment Management

The Te Hoiere Kaitiaki Charitable Trust restoration project installed 31 km of riparian fencing along waterways complimented by 16 ha of riparian management and 19ha of wetland projects establishing 57,091 plants.

The Catchment Care Program planted 86,348 native plants and installed 17.67km of riparian fencing within the Linkwater Stream, Are Are Creek, Tuamarina, Flaxbourne and Taylor River catchments.

The Hill Country Erosion programme planted 44,207 natives, 4,336 poplar and willow poles and 1,150 oaks on eroding pastureland. In addition, 6.7 km of retirement fencing was installed.

Land Management

Soil quality was monitored at 17 sites, including six vineyards, four pastures, four dairy and one each of native bush, exotic forest, and cropping sites. Many sites show good soil quality with most soils showing the effects of human land use with soil quality indicators for many of these falling outside target ranges.

Air Quality

Monitoring of the Blenheim air shed showed concentrations of PM10 that exceeded the National Environment Standard (NES) for air quality on one separate occasion. The NES

allows for one exceedance per year meaning the standard was not breached for 2022.

Biodiversity

The Significant Natural Areas (SNA) programme mapped 6 SNA bringing the total to 778. The programme provided funding to protect 156 sites with 34 sites active this year with 16 of these initiated during the year.

The Working for Nature/Mahi mō te Taiao environmental grant scheme attracted 38 applications, 22 for the Habitat Marlborough component and 16 for the Protecting Marlborough categories. Twenty one of the 38 applicants received funding.

Investigations of 10 Ecologically Significant Marine Sites were surveyed to evaluate their ecological state.

Monitoring was completed at the Whangarae Estuary, with mapped indicators highlighting the estuary in 'very good' condition. Rapid Estuary Assessments were conducted in several estuaries across the Sounds showing a gradient of estuarine health from good to poor.

Levels of Service 2022-23: Environmental Science and Monitoring

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Monitor, investigate, gather and analyse information and report on the state of Marlborough's natural resources including: Fresh Water, Land, and Air.	Timeliness of completion data integrity audits and quality coding (in accordance with National Environmental Monitoring Standards (NEMS)).	30-Jun-22	30-Jun-23	30-Jun-23	✓
	Number of technical SoE monitoring report cards completed.	6	≥ 6	6	✓
	Timeliness completion of resource investigations and reporting to Council.	30-Jun-22	30-Jun-23	30-Jun-23	✓
Operate an effective real time environmental monitoring network.	Percentage availability of the environmental monitoring network.	98.6%	≥ 99%	98.7%	—
	Comment: The effects from the July 2021 weather events disabled some network rainfall and river recorders.				
Promotion of resource management programmes to help maintain or improve the condition of the environment.	Number of sites classified as Significant Natural Areas on private land that are either protected by management interventions or legal covenants.	145	≥ 116	156	✓
Encourage and enable the community and industry to look after and restore the environment through education, advocacy and assistance.	Marlborough Environmental Awards held biennially.	N/A	Held	Held	✓
	Comment: Event held on 20th April 2023				
	Number of planned communication events with Industry/Community sector groups annually.	24	≥ 20	29	✓
	Marlborough Environment Community Grants made annually and percentage of grant contact requirements met.	89%	100%	95%	—
Comment: 19 of the 20 (95%) accountability forms for the 2022-23 grant round have been received and confirmed. The one outstanding has provided an invoice detailing expenditure.					

Funding Impact Statement for 2022-23 for						
Environmental Science and Monitoring		Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding						
General rates, uniform annual general charges, rates penalties			4,786	5,305	5,308	5,327
Subsidies and grants for operating purposes	a		561	456	2,207	2,910
Fees and charges			5	5	5	-
Internal charges and overheads recovered			65	67	65	65
Fuel tax, fines, infringement fees and other receipts			674	730	894	924
Total operating funding			6,091	6,563	8,479	9,226
Applications of operating funding						
Payments to staff and suppliers	b		4,195	4,557	6,189	6,398
Finance costs			14	13	13	13
Internal charges and overheads applied	c		1,322	1,381	1,643	1,791
Other operating funding applications			90	90	111	113
Total applications of operating funding			5,621	6,041	7,956	8,315
Surplus (deficit) of operating funding			470	522	523	911
Sources of capital funding						
Subsidies and grants for capital expenditure			-	-	-	59
Increase (decrease) in debt			(18)	(19)	(19)	(19)
Total sources of capital funding			(18)	(19)	(19)	40
Applications of capital funding						
Capital expenditure to meet additional demand			-	-	-	-
Capital expenditure to improve the level of service			355	345	184	-
Capital expenditure to replace existing assets			-	-	150	434
Increase (decrease) in reserves			97	158	170	517
Total applications of capital funding			452	503	504	951
Surplus (deficit) of capital funding			(470)	(522)	(523)	(911)
Funding balance			-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants is ahead of budget due to government funding received for projects including Catchment Care and Te Hoiere.
- Payments to staff and suppliers is ahead of budget due to costs associated with the projects mentioned above.
- Internal charges and overheads applied is ahead of budget as overheads were higher than anticipated with increased activity in this area.

Activity: Resource Consents

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity involves discharging Council's statutory obligations under the Resource Management Act 1991 (RMA). The RMA sets out a range of powers, duties and functions, and the statutory processes that must be followed when processing and determining applications for a resource consent. Consistent with the RMA's purpose, this Activity is about the promotion of the sustainable management of natural and physical resources and the administration of the Marlborough Sounds and the Wairau/Awatere Resource Management Plans and the Proposed Marlborough Environment Plan.

Specifically, this Activity processes five different types of resource consents:

- land use consents;
- water permits;

- discharge permits;
- subdivision consents; and
- coastal permits.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23





Received 954 applications for resource consent, less than the 1,086 applications received in 2021-22. Of these:

- 854 were for new resource consents;
- 89 were for variations to resource consent conditions;
- 9 were for extension to lapse dates; and
- 2 were objections to conditions/charges.

Issued 951 decisions, less than the 1,065 decisions issued in 2021-22. Of these:

- 854 were for new applications for resource consent;
- 84 were for variations to resource consent conditions;
- 11 were for extension to lapse dates; and
- 2 were objections to conditions/charges.

Levels of Service 2022-23: Resource Consents

Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.3	≥ 6.0	5.2	
Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.	% of resource consent applications processed within statutory timeframes.	87%	100%	84%	
	Comment: Reasons why timeframe has not been achieved include: - the complexity of applications received; - operating under three Plans; - the challenges of new systems and processes; and - retirement and resignation of experienced planners.				
	% of objections under section 357(b) compared to total number of applications processed ¹ .	0.09%	≤ 0.2%	0.20%	
Provide consistent, appropriate and timely information to applicants and the public on the Resource Management Act 1991 (RMA), resource consent and approval process.	% of incomplete applications rejected under the requirements of section 88 of the RMA.	1.4%	≤ 5%	2.0%	
	Comment: The relatively low number of rejected applications indicates better educated and more aware applicants which can be partially attributed to the Duty Planner service and the Resource Consents Team communication strategy.				

¹ RMA, section 357(b) - Right of objection in relation to imposition of additional chargers or recovery costs.

Funding Impact Statement for 2022-23 for Resource Consents

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,215	1,269	1,207	1,211
Fees and charges	a	1,606	1,648	1,694	1,924
Internal charges and overheads recovered		115	118	115	86
Fuel tax, fines, infringement fees and other receipts		171	175	189	194
Total operating funding		3,107	3,210	3,205	3,415
Applications of operating funding					
Payments to staff and suppliers	b	2,168	2,231	2,217	1,934
Internal charges and overheads applied		726	765	731	758
Total applications of operating funding		2,894	2,996	2,948	2,692
Surplus (deficit) of operating funding		213	214	257	723
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		3	3	3	-
Capital expenditure to replace existing assets		-	-	-	-
Increase (decrease) in reserves		211	211	255	724
Total applications of capital funding		213	214	257	723
Surplus (deficit) of capital funding		(213)	(214)	(257)	(723)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Fees and charges is ahead of budget due to higher than anticipated marine farm applications and land use applications.
- Payments to staff and suppliers is behind budget due to lower than anticipated staff costs.

Activity: Environmental Protection

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, Environment, People, Living and Economy. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The primary purpose of this section is to implement statutory responsibilities under section 35 of the Resource Management Act 1991 (RMA) which contribute towards the sustainable management of our natural and physical resources. This includes the monitoring and enforcement of activities within the district.

Council monitors the effect of implementing its resource management plans by monitoring compliance with the conditions of resource consent conditions and permitted activity standards.

The key objectives for the Activity are:

- to provide an active compliance monitoring and enforcement regime to sustainably manage Marlborough's natural and physical resources;

- to provide feedback and information on resource use and sufficient environmental information to enable other objectives to be met; and
- to integrate programmes with Environmental Science & Monitoring and align with anticipated environmental outcomes set in the Proposed Marlborough Environment Plan (MEP).











The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

Complaints - received 505 RMA complaints regarding coastal, land use, land and water body disturbance, water take, discharge to air, land and fresh and marine water.

Monitoring Resource Consents – monitored 2,837 individual resource consents, this is in addition to any consents which were monitored as part of a complaints investigation. A number of consents required follow up monitoring due to non-compliance with conditions of consent.

Enforcement – issued 28 abatement notices, 20 infringements notices.

Levels of Service 2022-23: Environmental Protection					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.3	≥ 6.0	5.2	
Monitor activities that have either a greater environmental impact warranting special consideration or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.	Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consent conditions.	26-Aug-21	31-Aug	1-Sep	
		Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or maintained compliance	
	Comment: 95% of farms were compliant in 2022/23. 86% were compliant in 2021/22.				
	Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	18-Nov-21	30-Nov	24-Nov	
		Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or maintained compliance	
	Comment: 76% wineries inspected were compliant in 2022/23 compare with 57% in 2021/22.				
	Report on Water monitoring for compliance with resource consent conditions, MEP and RM (Measurement and Reporting of water takes) Regulations 2010.	7-Oct-21	31-Oct	N/A	
		Improved or unchanged compliance level	Improved or unchanged compliance level	N/A	
	Comment: The water monitoring portfolio was vacant in 2022/2023. A new officer has been employed.				
	Report on resource consents for forestry in the district	18-Nov-21	30-Nov	24-Nov	
	Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or maintained compliance		
Comment: 20/35 blocks were compliant (57%) in 2022/23. Whereas 6/26 blocks were compliant (23%) in 2021/22.					
Monitor and investigate alleged breaches of the RMA, RMP and Consents.	% of complaints assessed within one working day.	95%	≥ 90%	83%	

Funding Impact Statement for 2022-23 for Environmental Protection

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		948	987	971	974
Fees and charges		722	822	912	968
Internal charges and overheads recovered		-	-	-	21
Fuel tax, fines, infringement fees and other receipts		136	138	155	266
Total operating funding		1,806	1,947	2,038	2,229
Applications of operating funding					
Payments to staff and suppliers		1,220	1,333	1,390	1,111
Internal charges and overheads applied		582	610	643	670
Other operating funding applications		-	-	-	(1)
Total applications of operating funding		1,802	1,943	2,033	1,780
Surplus (deficit) of operating funding		4	4	5	449
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	1	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	-	-	-
Increase (decrease) in reserves		4	4	4	449
Total applications of capital funding		4	4	5	449
Surplus (deficit) of capital funding		(4)	(4)	(5)	(449)
Funding balance		-	-	-	-

Activity Group: Regulatory

Activities in this Group:

- Biosecurity.
- Building Control.
- Environmental Health.
- Animal Control.
- Harbours.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living.

What is this Activity Group About

Council is charged with carrying out a number of statutory functions on behalf of Central

Government. These responsibilities are devolved to Local Government by statute. The Regulatory Group contains a diverse range of Activities driven by various statutes which often have very little in common with each other.

The most up to date information on this Activity Group is contained in the 2021-31 Long Term Plan.

Funding Impact Statement for 2022-23 for Regulatory

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		3,803	3,948	3,912	3,926
Targeted rates		99	101	-	108
Subsidies and grants for operating purposes		-	-	-	5,610
Fees and charges		4,837	4,959	5,112	5,440
Internal charges and overheads recovered		50	51	50	232
Fuel tax, fines, infringement fees and other receipts		5,437	6,626	6,561	1,389
Total operating funding		14,226	15,685	15,635	16,705
Applications of operating funding					
Payments to staff and suppliers		11,377	12,711	12,674	13,196
Finance costs		28	31	27	23
Internal charges and overheads applied		2,487	2,599	2,515	2,737
Other operating funding applications		86	87	86	58
Total applications of operating funding		13,978	15,428	15,302	16,014
Surplus (deficit) of operating funding		248	257	333	691
Sources of capital funding					
Increase (decrease) in debt		103	61	62	38
Total sources of capital funding		103	61	62	38
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	72	70	-
Capital expenditure to replace existing assets		383	201	195	406
Increase (decrease) in reserves		(31)	46	130	323
Total applications of capital funding		351	318	395	729
Surplus (deficit) of capital funding		(248)	(257)	(333)	(691)
Funding balance		-	-	-	-

Explanation of Variances:

Explanations for this Activity Group are included in the individual Activity Funding Impact Statements.

Activity: Biosecurity

Related Community Outcomes

This Activity contributes to Community Outcomes of Environment, Economy, People and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Under the Biosecurity Act 1993 the Council has leadership responsibilities to prevent, reduce, or eliminate adverse effects from harmful organisms which are in New Zealand but not Marlborough, or are present in the region and are a significant threat. Marlborough has a long history of pests impacting on our economy and the environment, and the potential of new pest threats is ongoing and requires an active regime in order to understand and manage those threats.

The guiding framework and principles for biosecurity are outlined in the Marlborough District Council Biosecurity Strategy. A key component in the Strategy is the use of a Regional Pest Management Plan (RPMP). The RPMP highlights the priority programmes and sets clear, achievable objectives for specific harmful organisms.

The RPMP defines programmes for a number of plant and animal species. These organisms are declared pests in accordance with the Biosecurity Act 1993. The programme for each species is clearly outlined and has both objectives and outcomes that align with the National Policy Direction for Pest Management.

Council also provides a range of non-regulatory biosecurity services through the facilitation of community partnerships, conducting research, supporting biological control initiatives and promoting voluntary control of a range of other harmful organisms.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan and the RPMP.

What We Did in 2022-23

A summary of key deliverables is given below. Further details on what occurred during the implementation of the Regional Pest Management Plan and other initiatives in 2022-23 will be outlined within the Biosecurity Operational Plan Report 2022-23. The Report is due to be tabled with Council's Environment Committee in October 2023.

High Threat Invasive Pest Plants

A number of RPMP programmes see Council delivering services aimed at managing pest plant species that are in the early stages of establishment but carry significant risks to Marlborough. Examples include saffron thistle, moth plant, purple loosestrife and tall wheat grass.

All RPMP programmes for high threat pest plants were successfully delivered in 2022-23, with all internal operational targets achieved. However, while operational targets were achieved, the overall programme outputs (eg, number of sites, number of plants destroyed) demonstrate some of the challenges constantly faced from a biological perspective.

Outside the RPMP, investigations determined a limited extent of wilding kiwifruit and bomarea infestations, a combination of the Biosecurity Team and support from the Restoring and Protecting Flora project which got underway with early intervention management operations.

Jobs for Nature – Restoring and Protecting Flora

A seconded Biosecurity staff member continued to oversee the operational planning and delivery of the Restoring and Protecting Flora Project in Marlborough on behalf of The Nature Conservancy/Kotahitanga mo te Taiao Alliance. The 2022-23 was the first full year of the project after getting underway part way through 2021-22.

This year saw continuing work undertaking pest plant control and supplementary planting at areas of significant biodiversity value. Additionally, the project team also provided a weed-led boost addressing wild kiwifruit. Some of the site-led

work included the Hinepango wetland complex and significant natural areas in Boons Valley.

Mediterranean fanworm

Council's operational response to new marine pest threats is being delivered through the implementation of the RPMP programme for Mediterranean fanworm (fanworm). In 2022-23 the intensive ongoing surveillance programme has continued to focus on key vessel hub areas and other locations where fanworm has been detected on vessels within the region.

While the threat is ever present, it does seem that Council's decision to instigate intensive surveillance and response activities since the first detection on a vessel in February 2014 has continued to prevent the establishment of this highly invasive marine pest.

Wilding Conifers

Council is continuing to coordinate the National Wilding Conifer Control Programme (NWCCP) investment into numerous programmes managing wilding conifers across Marlborough. In addition, Council continues to support (by way of a core annual grant) both the Marlborough Sounds Restoration and South Marlborough Landscape Restoration Trusts.

This year has seen another large programme of work delivered; led by Council, its delivery partners and contractors alongside capable community trusts. In total, the 2022-23 programme involved ~\$5.6 million of operations being delivered successfully.

Levels of Service 2022-23: Biosecurity					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.4	≥ 6.5	6.1	
Implement the Regional Pest Management Plan (RPMP).	% of Operational Plan targets relating to the RPMP met.	94%	≥ 95%	100%	
Deliver non-RPMP biosecurity services and/or initiatives.	% of Operational Plan targets relating to non-RPMP biosecurity services and/or initiatives met.	100%	≥ 95%	100%	
Prepare an annual report on the Operational Plan.	Date Operational Plan report provided to the Environment Committee.	26-Aug-21	31-Oct-22	12-Sep-22	
Comment: The report was completed ready for presentation on 12 September 2022. However, the 2022 local body election caused in delay in tabling the report. The statutory timeframe (by 30 November) was met.					

Funding Impact Statement for 2022-23 for Biosecurity					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,544	1,602	1,595	1,601
Subsidies and grants for operating purposes	a	-	-	-	5,610
Fees and charges		3	3	3	-
Internal charges and overheads recovered		-	-	-	100
Fuel tax, fines, infringement fees and other receipts	b	4,868	6,046	5,952	416
Total operating funding		6,415	7,651	7,550	7,727
Applications of operating funding					
Payments to staff and suppliers		6,001	7,221	7,026	7,079
Internal charges and overheads applied		418	437	442	582
Other operating funding applications		60	60	60	59
Total applications of operating funding		6,479	7,718	7,528	7,720
Surplus (deficit) of operating funding		(64)	(67)	22	7
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	-	-	43
Increase (decrease) in reserves		(64)	(68)	22	(35)
Total applications of capital funding		(64)	(67)	22	7
Surplus (deficit) of capital funding		64	67	(22)	(7)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Subsidies and grants for operating purposes are ahead of budget due to the receipt of grants for wilding conifer management. This has been budgeted in other receipts below.
- Fuel tax, fines, infringement fees and other receipts is below budget as the revenue has been recognised as subsidies and grants for operating purposes above.

Activity: Building Control

Related Community Outcomes

This Activity contributes to the Community Outcomes of Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity is important for the health and safety of the residents, workers and visitors to the Marlborough District because the main purpose of the Building Act and Regulations is the health and safety of building users. The efficient processing of building consents is a key focus of this Activity to ensure we are responsive to customer needs.

This Activity involves giving effect to the Building Act 2004. This Act charges Council with several responsibilities which are set out in two separate categories: as a Territorial Authority (TA) and as a Building Consent Authority (BCA). Council's role is to ensure compliance and to meet the requirements of the relevant Acts and Regulations.

The most significant component of this Activity is to receive, process, grant, and issue Building Consent applications, followed by inspecting work for compliance and issuing Code Compliance Certificates. The standard of compliance required is set out in the Building Regulations and means of compliance are outlined in the New Zealand Building Code. Council has obtained Building Consent Authority re-accreditation as at 21 September 2022 and it will remain valid until May 2024.

This Activity also involves other functions under separate legislation including:

- monitoring swimming pool fencing under the Building (Pools) Amendment Act 2016;
- investigating building related complaints under the Local Government Act 2002 and the Building Act 2004;

- administering the requirements in the Earthquake Prone Buildings Amendment Act 2016;
- administering the Building (Dam Safety) Regulations 2022;
- responding to emergency responses under the Civil Defence Emergency Management Act 2002.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

Building Consent Authority Activity:

- **1,276 Building Consents issued** (last year: 1,378; five-year average: 1,396). Of these 81% were within the statutory timeframe of 20 working days with an average processing time of 12 working days. The dollar value of the consent issued was \$272 million (last year: \$241 million).
- **4,982 including 4,756 Physical Building Inspections and 226 Remote Inspections** (last year: 4,372 inspections were carried out.)
- **1,234 Code Compliance Certificates** (last year: 1,093) were issued for completed projects, of which 97% were within the statutory time frame of 20 working days.

Building Warrant of Fitness (BWof) and Compliance Schedule Role







Levels of service require 20% of all buildings with BWof's to have site audits completed each year. This year 10% were audited.

Site Audits for the Fencing of Swimming Pools

Residential pools are required to be inspected at least once every three years, i.e. 33% each

calendar year. During the 2022-23 financial year 33% of all residential pools had site inspections completed. Although a number of pools continue to fail audit there was an increased level of

compliance in the 2022-23 inspection round. This can largely be attributed to the work of the pool compliance team over previous years.

Levels of Service 2022-23: Building Control					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	5.5	≥ 6.1	5.2	
	Comment: The Resident Satisfaction Survey is a perception survey and the respondents may not have used the service recently. Building Control conducts a more focused survey which yields a 78% satisfaction score.				
Provide a service that is responsive to customer needs and minimise risks to public safety.	% of Building Consent applications granted within 20 working days of receipt of the application.	92%	100%	81%	
	Comment: Due to office alterations and staff illness, the output was reduced.				
	% of Code Compliance Certificates issued within 20 working days of receipt of application.	99%	100%	96%	
	% of swimming pools inspected annually.	24.0%	≥ 33.3%	33.3%	
	% of Building Warrants of Fitness audited annually.	10.0%	≥ 20%	10.0%	
	Comment: This role was filled for only 3/4 of the year because the employee took long-term leave.				
% of CRMs (Customer Complaints - Building Act 2004) responded to in 72 hours	100%	100%	100%		

Funding Impact Statement for 2022-23 for Building Control

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		739	777	667	670
Targeted rates		99	101	-	108
Fees and charges	a	3,385	3,470	3,637	3,882
Internal charges and overheads recovered		50	51	50	78
Fuel tax, fines, infringement fees and other receipts		154	158	139	157
Total operating funding		4,427	4,557	4,493	4,895
Applications of operating funding					
Payments to staff and suppliers		2,946	3,004	3,057	3,192
Internal charges and overheads applied		1,434	1,505	1,385	1,439
Other operating funding applications		20	21	20	16
Total applications of operating funding		4,400	4,530	4,462	4,647
Surplus (deficit) of operating funding		27	27	31	248
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	-	-	40
Increase (decrease) in reserves		28	28	32	208
Total applications of capital funding		27	27	31	248
Surplus (deficit) of capital funding		(27)	(27)	(31)	(248)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- a. Fees and charges are ahead of budget due to increased fee levels.

Activity: Environmental Health

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, People, Economy, and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity protects public health through registration, inspection and verification of operators, and the investigation of complaints, as required by the Health Act 1956 and Food Act 2014. The Activity also promotes public health and food safety by undertaking education activities and providing written information to the public.

The Environmental Health Officers also administer the Sale and Supply of Alcohol Act 2012, which requires the issuing of alcohol licences, monitoring of compliance with licence conditions and licensing of Class 4 venues under the Gambling Act 2003. Staff also investigate nuisance complaints such as noise, smoke, odours, pests, poor living conditions and hazardous substances.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

Registrations of businesses under the Health Act 1956 and the Food Act 2014 continued.

- All hair salons, campgrounds, offensive trades and funeral directors were inspected in accordance with the requirements of the Health Act 1956.
- Food businesses were verified in accordance with the method and time frames required under the Food Act 2014 along with any investigation required for unsafe or unsuitable food. This involved verifying 257 premises.
- Educational materials, including quarterly newsletters, were developed and made available to our customers.

The Inspectoral role under the Sale and Supply of Alcohol Act 2012 was also carried out. This included:

- enquiring into, and reporting on, the impacts of issuing/renewing On, Off, Club or Special Licences under the Act.
- actively monitoring On licences with over 94% receiving a compliance visit.
- interviewing all new applicants for a Manager's Certificate to ascertain their suitability and reporting on new and renewed applicants for these Certificates.
- developing newsletters and making available to our licence holders when there were matters they needed to be advised about.

Nuisance and unsanitary living complaints were also investigated and dealt with.

Levels of Service 2022-23: Environmental Health

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.	% of registered premises inspected once a year.	100%	100%	100%	✓
	Number of annual inspection of markets and events with 10 or more food stalls.	5	≥ 13	15	✓
	Comment: Covid resulted in many markets and events being cancelled during 2021-22. However, many of these activities were able to resume their operations in 2022-23.				
	% of complaints of critical nature (e.g. food poisoning) actioned within one working day.	100%	100%	100%	✓
	% of complaints of a non-critical nature assessed within seven working days.	100%	100%	100%	✓
Administer Food Control Plans under the Food Act 2014.	% of businesses registered in Food Control Plans and National Programmes – of those that are required to be registered under Food Act 2014.	100%	100%	100%	✓
	% of registered business as scheduled in the Food Act 2014 and Regulations audited.	100%	100%	100%	✓
Carryout the functions of Licensing Inspector controlling the sale and supply of alcohol to the public with the aim of contributing to the reduction of alcohol abuse.	% of “On Licences” ¹ inspected once a year.	93%	≥ 90%	94%	✓
Provide a service for investigation of noise complaints.	Timely provision of a report on performance of noise control contract.	26-Aug-21	31-Aug-22	31-Jul-22	✓
	Assess complaints concerning unreasonable noise within one working day.	100%	≥ 90%	100%	✓

¹ An “on-license” allows the sale or supply of liquor to any person present on the premises, for consumption on the premises.

Funding Impact Statement for 2022-23 for Environmental Health

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		195	203	230	231
Fees and charges		392	407	405	442
Fuel tax, fines, infringement fees and other receipts		28	28	37	39
Total operating funding		615	638	672	712
Applications of operating funding					
Payments to staff and suppliers		429	443	468	436
Internal charges and overheads applied		266	277	286	294
Other operating funding applications		-	-	-	(1)
Total applications of operating funding		695	720	754	729
Surplus (deficit) of operating funding		(80)	(82)	(82)	(17)
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		3	4	3	-
Increase (decrease) in reserves		(83)	(85)	(85)	(18)
Total applications of capital funding		(80)	(82)	(82)	(17)
Surplus (deficit) of capital funding		80	82	82	17
Funding balance		-	-	-	-

Activity: Animal Control

Related Community Outcomes

This Activity contributes primarily to the Community Outcomes of Governance, Environment, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The objective for the Activity is to encourage responsible dog ownership which allows owners to enjoy their dogs without infringing on the enjoyment and safety of others. This involves the promotion of responsible dog ownership and protection of the community from danger, distress and nuisance caused by dogs. The Dog Control Act 1996 (DCA) is the primary legislative tool used in this Activity, together with related regulations including the Impounding Act 1955 and Council Dog Control Bylaws.

This Activity also provides services in relation to wandering livestock on public land and roads.

Council's Animal Control function has been contracted out to Maataa Waka Ki Te Ihu Trust since 1998. Council retains the administration of the contract and makes decisions on classification of dogs and owners and objections to infringements. Council's Enforcement and Prosecution Panel makes decisions on undertaking prosecutions and hear any objections to classifications.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

Dogs and Owners

As at:	30 June 2023	30 June 2022	30 June 2021
Non-working dogs	7,992	7,935	7,823
Working dogs (including disability assistance and Police)	2,779	2,823	2,816
Unaccounted dogs	126	0	0
Active dogs	10,897	10,758	10,639

The new Marlborough District Council Dog Control Policy and Bylaw were adopted by the full Council on 24 June 2021 and came into effect on 1 August 2021.

Pro-active Activities by Animal Control during the year include:

- A dog safety education course is available free of charge to schools and groups of primary school and pre-school-aged children. The purpose of this course is to promote safety around dogs as well as responsible dog ownership and care. There were 39 presentations this year. There were also three presentations to adults on dog safety and dog behaviour.
- An information sheet on dog registration, responsible ownership and dog owner obligations was sent to all dog owners with their dog registration forms.

- Information on relevant topics such as barking dogs and roaming dogs is distributed to owners of dogs that come to Animal Control's attention.
- Animal Control is also involved in a collaborative, interactive safety programme that has developed from within the Marlborough Child Safety Group and is based on the "Clued Up Kids" project developed in Strathclyde, Scotland (2001).

Microchipping

By 30 June 2023, the total number of dogs microchipped in the Marlborough District was 8,794 with 516 dogs still needing to be microchipped.

Complaints and Infringements

A total of 2,478 complaints were received (last year: 2,532). All were attended to and investigated.

The majority of complaints received related to roaming, found or lost dogs or dog nuisance barking. A total of 521 dogs were reported to Animal Control as found (last year: 595). It seems that a number of found dogs are now posted on social media sites to try and reunite them with their owners before contacting Animal Control.




There were 69 complaints related to a dog attack, bite or rushing at a person/animal (last year: 87).

A total of 117 infringement notices were issued (last year: 220).

Classifications

There were 10 dogs newly classified as menacing under the Dog Control Act 1996. This brought the total number of dogs classed as menacing in Marlborough to 98 (last year: 100).

There were also three dogs newly classified as dangerous this year bringing the total of dogs classified as dangerous to 12 (last year: 13).

Levels of Service 2022-23: Animal Control					
Performance Targets					
Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	6.6	≥ 7.2	6.7	
Provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).	Level of compliance with Animal Control contract.	Compliance with contract specification and reporting requirements	Compliance with contract specification and reporting requirements	Not achieved	
	Comment: There are two major reasons for not achieving this target: 1. Staff shortages and Covid-related absences. 2. There were 126 unaccounted dogs and fees not paid this year. This is unusual as normally there is no outstanding in previous years. Subsequent follow up action has reduced the number of unaccounted dogs to 34.				
	Annual report preparation and publicising.	26-Aug-21	30-Sep-22	24-Aug-22	

Funding Impact Statement for 2022-23 for Animal Control

Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	146	150	145	145
Fees and charges	595	605	605	686
Fuel tax, fines, infringement fees and other receipts	93	95	104	105
Total operating funding	834	850	854	936
Applications of operating funding				
Payments to staff and suppliers	732	750	761	734
Finance costs	-	-	-	-
Internal charges and overheads applied	82	86	94	95
Other operating funding applications	6	6	6	3
Total applications of operating funding	820	842	861	832
Surplus (deficit) of operating funding	14	8	(7)	104
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	14	8	(7)	104
Total applications of capital funding	14	8	(7)	104
Surplus (deficit) of capital funding	(14)	(8)	7	(104)
Funding balance	-	-	-	-

Activity: Harbours

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, Economy, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The purpose of the Harbours Activity within the Nautical and Coastal Team is to ensure Council meets its statutory obligations as a Harbour Authority to ensure maritime safety in the region.

As provided for under the Maritime Transport Act, Council has appointed a Harbourmaster to meet its responsibility for maritime safety in the port and harbour.

In addition to maritime safety, the Harbours Activity is responsible for ensuring the region maintains an adequate Oil Spill Response Capability as required under the Maritime Transport Act 1994. As with maritime safety, this requires close collaboration with Maritime New Zealand.

The foundation of all Harbours Activity is the Harbour Safety Management System. This is a risk-based approach to managing all known hazards and risks in the harbour and the system constantly evolves to meet the changing risk profile of the harbour.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

- Harbours continued to develop workstreams to ensure that safe operations are conducted and pilotage where appropriate is resumed in Tory Channel/Kura Te Au. This is to be able to provide greater oversight of the ferry operations. Work on this is being conducted in partnership with Port Marlborough and with Maritime New Zealand.
- Continued to embed the revised Harbour Safety Management System (SMS) and Harbour Safety Plan into daily operations. These new systems underpin all harbours activity to ensure we can effectively manage maritime risk in the region. Documentation describing the SMS and the Plan is provided on the MDC website. Work has begun on a high level of detail within the internal SMS to guide the team in a more standardised methodology of work.
- The SMS was subjected to an annual self-assessment review to ensure Marlborough is managing maritime safety in a manner consistent with the Port and Harbour Safety Code.
- The Marlborough Common Passage Plan continues to be developed and continues to progress with a collaborative review of shipping risk in Tory Channel/Kura Te Au. This work is being developed in conjunction with the Port Company and ferry operators. The Shipping companies were offered the opportunity to provide their own perspective on an optimal safe passage plan. This work aims to ensure appropriate measures for controlling risk are in place and will influence regulatory controls on Tory Channel/Kura Te Au as related to ships and shipping.
- Launched and completed phase five of a digital Harbour Incident Management System intended to develop the existing platform beyond minimum viable product status. The system now integrates more fully with wider Council systems and facilitates staff efforts to share information and work together to respond effectively to incidents and accidents. Work is in progress on phase six of the product which will further integrate the works of the team and provide a modern and effective platform to manage planned maintenance activities.
- Work has begun on a digital platform to visualise and manage the various activities that will occur with the iReX harbour developments.

The intention is to provide a platform for the Nautical and Coastal Team and Port Marlborough teams to see the overlapping work activities within the harbour and manage the risks associated. There is an intended plan to make an interface of the system open to the public.











- Progress continued on our project to resolve the uncertainty presently associated with Tory Channel/Kura Te Au tides and currents which is fundamental to ensuring safe shipping in the region. This product has been validated and is now in the process of being visualised for both commercial shipping operations and members of the public and community.
- Aids to Navigation continued to be maintained to the operational standard as specified by the International Association of Lighthouse Authorities.
- Summer patrols were undertaken from Labour weekend through to Easter 2023 with daily patrols being implemented from the week before Christmas through to the end of January. As in the previous year, extra patrols were carried out in the Havelock/Pelorus Sound/Te Hoiere area.
- Close collaboration with Maritime New Zealand was continued through the 'no excuses' campaign which promotes a common compliance approach across New Zealand. This year funding was secured from Maritime New Zealand to support safer recreational

boating in Marlborough during the 22/23 summer.

- Council's Boat Safety and Tides brochure (formerly the Safe Sounds Boating brochure) was published and a total of 7,000 were distributed.
- Marine farm audits are currently conducted by the Marine Farming Association and self-auditing by the marine farmers. Work has begun to develop efficient processes and cohesion between the Nautical and Coastal Team and Council's Compliance Team to ensure that required audits and checks are timely and efficient for all parties.
- Oil spill response exercises continued to be undertaken in accordance with Maritime New Zealand requirements and to ensure sufficient response capability remains in the region.
- The Marlborough Regional Oil Spill Response Plan was reviewed to ensure consistency with New Zealand's National Oil Spill Response Strategy. The regional plan was reviewed and approved by Maritime New Zealand. The plan is valid until 2025 and will be subject to an annual internal review to ensure it remains current.
- A review of the Navigation Bylaw was conducted and a new bylaw was proposed in June 2023. The bylaw is currently out for consultation.

Levels of Service 2022-23: Harbours

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).	7.1	≥ 7.4	6.9	
Provide a safe environment for all users through effective public education.	Number of Marlborough Safe Navigation and Tides Brochures distributed.	7,000	≥ 7,000	7,000	
	Annual % increase of Cruise Guide App users.	1%	≥ 5%	1%	
	Comment: The education event which helped increase users has been postponed due to funding and staff availability to conduct the project.				
	Number of safe boating surveys completed through face to face on water interactions.	1,000	≥ 1,000	Numbers not obtainable	
	Comment: There is a data issue which meant that the information did not save and transmit to Maritime NZ correctly.				
	Number of targeted 'no excuses' enforcement days undertaken in high risk areas.	5	≥ 15	5	
	Comment: The enforcement days in high risk areas achieved the five days per year contained in the funding agreement with Maritime NZ. Additional funding was requested by declined.				
Maintain compliance with the Harbours Maritime Transport Operators Plan (MTO) as certified by Maritime New Zealand.	Review.	Annually	Annually	Annually	
Ensure that Port and Harbour Safety Code requirements are met.	Completion of self-assessment and review of the Safety Management System (SMS), Risk Assessment, General Direction, and Harbourmaster Notices.	Annually	Annually	Annually	
	Number of risk review meetings undertake with Port Marlborough Marine Services.	6	≥ 2	15	
	Safety Management System verified by as compliant with the Code.	Annually	Annually	Annually	
	Remove Wrecks and provide navigation warnings when necessary.	All wrecks removed in a reasonable timeframe (in days) .	30	≤ 30	30
Audit Marine Farm.	Number of marine farm lighting audited each year.	39	≥ 150	226	
	Comment: Annual report provided by Marine Farming Association. The team have begun developing a process which will enable the number of marine farms being audited to be increased. This will be a combined Council and Industry led programme.				

Levels of Service 2022-23: Harbours

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
	Audit mooring arrangements on all Fin Fish farms annually.	Annually	Annually	Annually	✓
Regulate Pilotage activity.	Review of the Certified Marlborough Pilot Exemption Certificate (PEC) Training Program.	Annually	Annually	Annually	✓
	Check of Pilot and PEC Master Currency.	Quarterly	Quarterly	Quarterly	✓
Provide navigation aids to International Light House Authority (IALA) standard.	% availability				
	• Cat 1	99.9%	≥ 99.9%	100%	✓
	• Cat 2	99.0%	≥ 99.0%	99.9%	✓
	• Cat 3	97.0%	≥ 97.0%	100%	✓
Maintain an Oil Spill Response capacity.	Meet all annual requirements as specified by the Maritime New Zealand Oil Spill Response Service.	Annually	Annually	Annually	✓

Funding Impact Statement for 2022-23 for Harbours					
	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,179	1,216	1,275	1,279
Fees and charges		462	474	462	430
Internal charges and overheads recovered		-	-	-	54
Fuel tax, fines, infringement fees and other receipts	a	294	299	329	672
Total operating funding		1,935	1,989	2,066	2,435
Applications of operating funding					
Payments to staff and suppliers	b	1,269	1,293	1,362	1,755
Finance costs		28	31	27	23
Internal charges and overheads applied		287	294	308	327
Other operating funding applications		-	-	-	(19)
Total applications of operating funding		1,584	1,618	1,697	2,086
Surplus (deficit) of operating funding		351	371	369	349
Sources of capital funding					
Increase (decrease) in debt		103	61	62	38
Total sources of capital funding		103	61	62	38
Applications of capital funding					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	72	70	-
Capital expenditure to replace existing assets		380	197	192	323
Increase (decrease) in reserves		74	163	168	64
Total applications of capital funding		454	432	431	387
Surplus (deficit) of capital funding		(351)	(371)	(369)	(349)
Funding balance		-	-	-	-

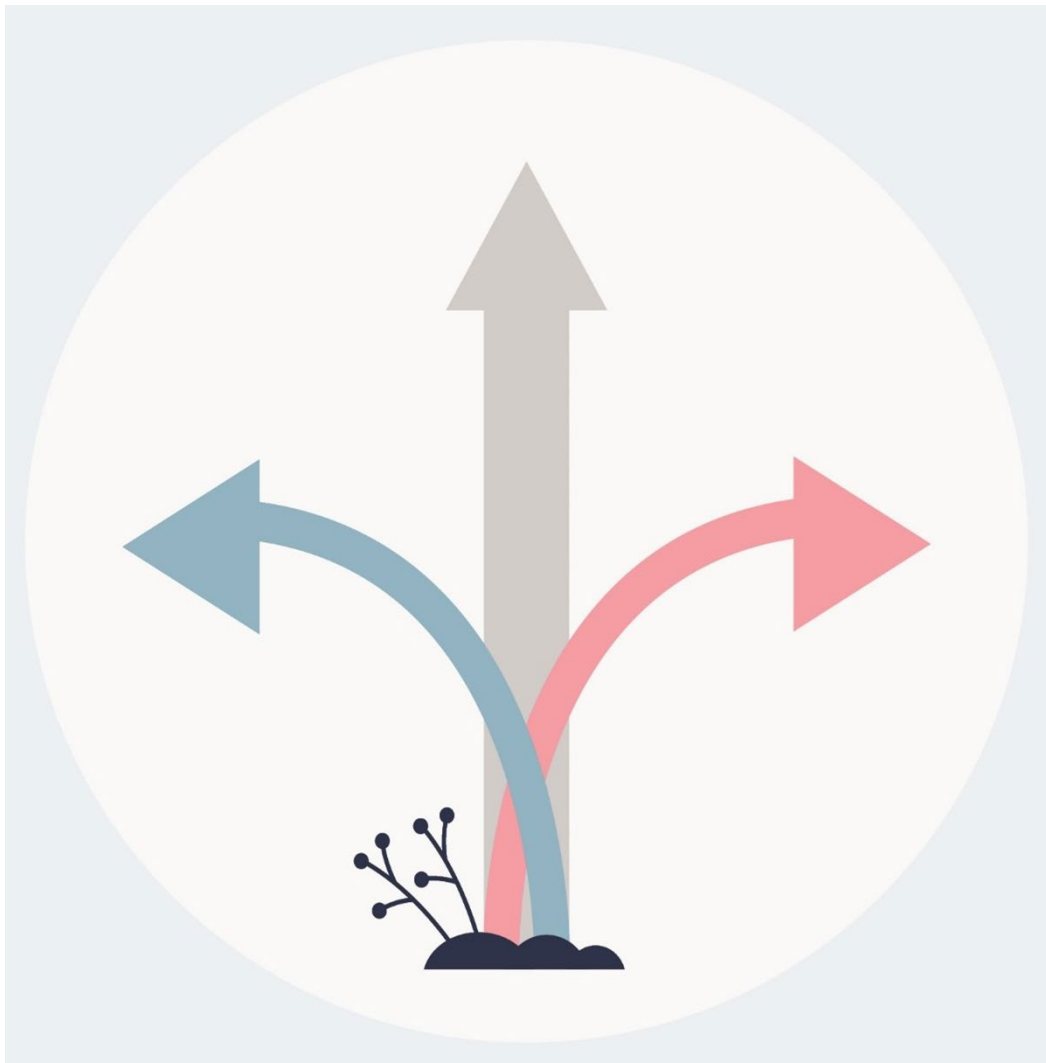
Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Fuel tax, fines, infringement fees and other receipts is ahead of budget due to the unbudgeted reimbursement for costs relating to the repositioning of the Valaris oil rig in Marlborough Sounds.
- Payments to staff and suppliers is ahead of budget due to increased contract costs including the engagement of a Transit Analyst who is monitoring the ferries as part of the development of a common passage plan and risk assessment of the Tory Channel.

Activity Group: Regional Development

Activities in this Group:

This Activity Group comprises a single Activity; Regional Development.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity supports the regional economy to achieve long term economic growth for the benefit of the Marlborough community. It is about identifying where the direction of growth could be,

how we could get there and what needs to be done. It is important to recognise that regional development is not just about supporting businesses, but also about ensuring people have the skills and knowledge to play their part in the development of Marlborough's economy and to benefit from the wealth created.

Local government makes long-term and strategic investment decisions that impact on the nature and structure of the local economy. It undertakes planning and manages regulatory functions, infrastructure and services that impact on business and investment decisions.

Council also directly provides some services for the benefit of the regional economy:

- Economic development, marketing and tourism.
- Regional Events.
- Marlborough Research Centre.
- Parking.
- Irrigation.
- The Small Townships Programme.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What We Did in 2022-23

Economic Development/Regional Events

- Support for event funding was provided from Council's Commercial Events Fund, Te Taihu Regional Events Fund, and Council's 'Community Events' and 'Sport and Recreation Community Activity' Funds.
- A number of larger events took place in 2022/23 as the events sector continued its recovery from the COVID-19 pandemic downturn.
- Six Smart+Connected industry groups are operating, including two new groups of aerospace and circular wine. Each group supports collaborative work and has progressed in a number of projects. These include a 'We Love it Here' campaign to attract talent to Marlborough, finding solutions for biowaste, increasing the opportunities for aviation engineering training, a forestry hackathon and boosting mussel spat retention.
- A proposal for a tech hub in Marlborough was developed and received funding from Council and government. The hub will be opened in 2024 in central Blenheim.
- Marlborough's screen office supported the development of the sawmill studios, supporting filming in the region, talent development, sponsorship of regional film festivals and connection to the national

network of film offices to promote Marlborough as a film location.

- A review of the Marlborough Story and marlboroughnz.com platform took place in partnership with Destination Marlborough. A new story was launched in mid-2023 and an updated website was well under development.

Marketing and Tourism

- 2022-2023 was the crucial start needed post-pandemic, with the New Zealand borders opening in July 2022 to most of the world. Whilst typically, July is an off-peak month for Marlborough, there was excellent pent-up demand in international visitation. Overall visitor spending in July 2022 alone was up 25% to \$12.97 million vs pre-pandemic 2018 \$10.37 million.
- Overall Domestic spending in the FY 2022/23 hit \$162.11 million compared to 2018/19 at \$135.42 million (19.7% increase). However, international visitor spending decreased from \$43.78 million in 2018/19 to \$41.16 million in 2022/2023, at a 6% decrease overall. The primary reasons for this decline were entry visa access, international airline prices, demand and capacity.
- Destination Marlborough was able to target a broader range of marketing, trade and business events with the additional \$513,000 Stapp funding, which expired on 30 June 2023, along with more collaborative marketing with the Classic New Zealand Wine Trail, Top of the South Group and inbound tour operator partners.

Marlborough Research Centre

- The Trust has a number of achievements for the financial year however a standout milestone worthy of mention is Te Pokapū Wāina o Aotearoa – the official opening of the New Zealand Wine Centre on Budge Street campus by the Prime Minister on 29 September 2022.
- In October last year, NZ Drylands Forest Initiative (NZDFI) was awarded \$262,400 in funding for a Marlborough Regional Case Study from MPI's Sustainable Land Use and Climate Change fund (SLMACC).

- A six-month project was awarded \$129,000 in March by the government's Forestry and Wood processing Industry Transformation Plan (ITP) and Forest Growers Research that has enabled the NZDFI team to assess several durable eucalypts that produce red timber. This has included assessment of several Marlborough trials as well as those in the North Island.

Parking

- As part of the Blenheim Streetscape Revitalisation project, several improvements were made to disability car parks and access around Te Kahu O Waipuna:
 - On Symons Street, directly east of Te Kahu O Waipuna, a drop-down pedestrian ramp was constructed between two disability parking bays, allowing for safe and level access to the footpath.
 - An additional disability car park was added outside Raupo Cafe, similarly with a ramped, level access to cater for the café's high proportion of senior clientele.
 - In the High Street (Farmers) car park, two existing mobility car parks were relocated

closer to Te Kahu O Waipuna and adjacent to the new pedestrian walkway. This change provides more manoeuvrability space for those with limited mobility to exit their vehicles and prevents parkers from needing to navigate a kerb to access the footpath.

- Marlborough District Council entered into a licence to occupy with a commercial EV charging operator in the Wynen Street car park, adjacent to Te Kahu O Waipuna. The operator will install EV charging infrastructure in 2023/24 to four car park spaces.
- The lights in the High Street (Farmers) car park were upgraded to LED. The locations of the street light poles were also adjusted to provide better light spill/coverage, removing previous dark spots and overall improving public safety.

Irrigation

Investigation of a proposed irrigation scheme for the Flaxbourne area, covering just over 1200 hectares and with an estimated cost between \$10.5 million and \$16 million. Further development of this scheme is on hold pending a possible plan change.

Levels of Service 2022-23: Regional Development

Performance Targets

Level of service	Key performance indicator	2021-22 Actual	2022-23 Target	2022-23 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey (10 = service delivered extremely well).				
	• Economic Development	5.7	≥ 5.7	5.5	—
	• Tourism	6.3	≥ 6.4	6.3	—
	• Parking	6.1	≥ 6.5	6.1	—
	• Irrigation	6.0	≥ 6.6	6.2	—
Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.	% funded projects achieved.	86%	≥ 80%	97%	✓
Manage Marlborough Research Centre contract to ensure service quality and value.	% of MDC funded projects achieved.	100%	≥ 80%	83%	✓
	Comment: The reason for the variance is the delay in four projects. However, two of these projects have already secured the approval to use the remaining funds in 2023-24.				
Effectively promote Marlborough as a visitor destination.	% of MDC funded projects from DM Annual Plan achieved.	67%	≥ 80%	88%	✓
	Comment: The media and tourism industry faced significant challenges due to the Covid in 2021-22. However, the situation improved in 2023-24 and the industry was able to recover without the need for lockdowns or border closures.				
Provide convenient and affordable car parks to support CBD businesses.	Occupancy rates in Blenheim ¹ :				
	• On-street	65%	≥ 65%	74%	✓
	• Off street (Zone 2 only)	62%	≥ 65%	53%	—
	Comment: The closure of the Clubs of Marlborough has seen a large drop overall in Zone 2 revenue. The low occupancy of the Clubs of Marlborough car park is distorting the overall high occupancy for all other Zone 2 car parks.				
	• Alfred Street car park building	48%	≥ 45%	47%	✓
Maintain the supply of irrigation water to support land based industries.	Number of events that cause a loss of supply during the season for more than 48 hours due to infrastructure breakdown.	0	≤ 1	0	✓

¹ These three targets reflect the objective of increasing the occupancy rate for the car park building and in turn freeing up parking on the other listed areas.

Funding Impact Statement for 2022-23 for Regional Development

	Notes	2021-22 Long Term Plan \$000s	2022-23 Long Term Plan \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		2,146	2,553	2,388	2,397
Targeted rates		1,757	1,771	1,782	1,922
Subsidies and grants for operating purposes		100	-	-	-
Fees and charges		1,854	1,893	1,852	1,828
Internal charges and overheads recovered		36	37	36	36
Fuel tax, fines, infringement fees and other receipts		421	447	497	518
Total operating funding		6,314	6,701	6,555	6,701
Applications of operating funding					
Payments to staff and suppliers		3,846	3,911	3,857	3,862
Finance costs	a	522	686	436	388
Internal charges and overheads applied		819	849	881	905
Other operating funding applications		389	242	332	422
Total applications of operating funding		5,576	5,688	5,506	5,577
Surplus (deficit) of operating funding		738	1,013	1,049	1,124
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	46
Increase (decrease) in debt	b	2,773	8,014	2,439	(1,264)
Other dedicated capital funding		65	-	-	8
Total sources of capital funding		2,838	8,014	2,439	(1,210)
Applications of capital funding					
Capital expenditure to meet additional demand	c	80	83	80	-
Capital expenditure to improve the level of service	c	4,010	10,007	4,316	14
Capital expenditure to replace existing assets	c	6	688	693	156
Increase (decrease) in reserves		(519)	(1,751)	(1,601)	(257)
Total applications of capital funding		3,576	9,027	3,488	(86)
Surplus (deficit) of capital funding		(738)	(1,013)	(1,049)	(1,124)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2022-23 Actual and the 2022-2023 budget contained in the 2021-31 Long Term Plan:

- Finance costs are below budget due to lower debt requirement as the delays in the Flaxbourne Irrigation Scheme.
- Increase (decrease) in debt is higher than budget as the delays in the Flaxbourne Irrigation Scheme and very little other capital expenditure means debt is being repaid at a faster rate than it is being taken out.
- Capital expenditure is below budget due to the delays in the Flaxbourne Irrigation Scheme.

PART 3

Financial Statements

- STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
- STATEMENT OF CHANGES IN NET ASSETS/EQUITY
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF CASH FLOWS
- RECONCILIATION OF NET SURPLUS/ (DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES
- RECONCILIATION OF MOVEMENTS IN LIABILITIES ARISING FROM FINANCING ACTIVITIES
- NOTES TO FINANCIAL STATEMENTS
- FUNDING IMPACT STATEMENT
- NOTES TO FUNDING IMPACT STATEMENT



Statement of Comprehensive Revenue and Expense

for the year ended 30 June

	note:	Group		Council		
		Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Revenue:						
Rates, excluding targeted water rates	3	76,592	72,694	77,045	76,296	73,126
Targeted rates for metered water supply	3	2,936	2,540	3,238	3,802	2,756
Subsidies and grants	4	63,174	57,884	63,174	63,721	57,884
Development and financial contributions	4	9,390	9,635	9,390	7,321	9,635
Gains	5	1,396	6,241	1,296	1,020	8,046
Finance revenue	7	4,191	10,936	6,368	3,033	8,099
Other revenue	4	93,627	82,053	52,161	47,306	48,761
Total revenue	2	251,306	241,983	212,672	202,499	208,307
Expenditure:						
Personnel costs	6	40,038	34,246	28,466	30,515	25,890
Finance costs	7	6,877	3,859	6,963	5,991	2,888
Depreciation and amortisation		39,908	33,915	35,108	31,935	29,443
Other expenses	8	154,873	99,728	117,864	129,575	88,056
Total operating expenditure	2	241,696	171,748	188,401	198,016	146,277
Surplus before tax		9,610	70,235	24,271	4,483	62,030
Income tax expense/(credit)	9	(2,055)	3,709	-	-	-
Surplus after tax		11,665	66,527	24,271	4,483	62,030
Other comprehensive revenue and expense:						
Gain on investment in Joint Venture		813	-	-	-	-
Gain on property revaluations		120,074	141,910	120,074	38,676	127,351
Impairment on property revaluation		(171,394)	(86,138)	(171,394)	-	(86,138)
Deferred tax on property valuations		-	(2,319)	-	-	-
Total other comprehensive revenue and expense	22	(50,506)	53,453	(51,319)	38,676	41,213
Total comprehensive revenue and expense		(38,841)	119,979	(27,048)	43,159	103,243

The accompanying notes form part of these financial statements.
For explanations of major variances refer to note 30 – Variances Explanation

Statement of Changes in Net Assets/Equity

for the year ended 30 June

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2023	2022	2023	2023	2022
		\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 1 July		2,061,207	1,941,228	1,902,148	1,843,091	1,798,905
Total comprehensive revenue and expenses		(38,841)	119,979	(27,048)	43,159	103,243
Balance at 30 June	22	2,022,366	2,061,207	1,875,100	1,886,250	1,902,148

The accompanying notes form part of these financial statements.
For explanations of major variances refer to note 30 – Variances Explanation

Statement of Financial Position

as at 30 June

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2023	2022	2023	2023	2022
		\$000s	\$000s	\$000s	\$000s	\$000s
Assets:						
Non-current assets:						
Property, plant and equipment	10	2,036,224	2,044,791	1,910,688	1,958,789	1,920,837
Intangible assets	11	10,815	12,694	10,391	15,017	12,331
Forestry assets	12	17,735	15,679	17,735	19,063	15,679
Other financial assets:						
- Investment in subsidiaries	13	-	-	6,000	6,000	6,000
- Other	13	12,703	2,890	84,770	90,382	70,205
Derivative financial instruments	27	6,416	4,352	5,037	-	3,497
Investment property	14	116,226	128,625	14,450	10,950	11,500
Investment in Joint Venture	17	8,091	6,750	-	-	-
Total non-current assets		2,208,210	2,215,781	2,049,071	2,100,201	2,040,049
Current assets:						
Cash and cash equivalents	15	8,085	12,725	5,444	185	6,214
Debtors and other receivables	16	18,850	17,429	13,188	14,957	14,257
Other financial assets	13	4,176	12,620	4,176	12,492	12,620
Derivative financial instruments	27	197	-	-	-	-
Inventory		716	712	397	344	314
Total current assets		32,024	43,486	23,205	27,978	33,405
Total assets		2,240,233	2,259,267	2,072,276	2,128,179	2,073,454
Liabilities:						
Non-current liabilities:						
Borrowings	18	115,442	82,233	115,442	152,155	82,233
Provisions	19	10,808	8,820	4,972	4,336	4,093
Derivative financial instruments	27	-	-	-	3,541	-
Deferred tax liability	9	12,359	18,616	-	-	-
Total non-current liabilities		138,609	109,669	120,414	160,032	86,326
Current liabilities:						
Borrowings	18	43,085	55,200	43,085	55,000	55,200
Provisions	19	729	644	729	-	644
Creditors and other payables	20	29,636	28,402	29,860	24,243	26,434
Employee entitlements	21	4,308	3,567	3,087	2,654	2,702
Derivative financial instruments	27	-	-	-	-	-
Current tax liabilities	9	1,500	578	-	-	-
Total current liabilities		79,258	88,391	76,761	81,897	84,980
Total liabilities		217,867	198,060	197,175	241,929	171,306
Net assets		2,022,366	2,061,207	1,875,100	1,886,250	1,902,148
Equity:						
Accumulated funds	22	855,218	827,676	780,459	705,011	741,124
Other reserves	22	1,617,148	1,233,531	1,094,640	1,181,239	1,161,024
Total equity	22	2,022,366	2,061,207	1,875,100	1,886,250	1,902,148

The accompanying notes form part of these financial statements.
For explanations of major variances refer to note 30– Variance explanations.

Statement of Cash Flows

for the year ended 30 June

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2023	2022	2023	2023	2022
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash flows from operating activities:					
Receipts from rates revenue	79,319	75,175	80,071	80,097	75,823
Receipts from other revenue	157,232	140,214	115,002	111,875	104,807
Goods and Services Tax (net)	323	(620)	323	-	(620)
Interest received	1,849	374	4,770	3,033	1,061
Payments to suppliers and employees	(166,301)	(124,936)	(144,002)	(159,417)	(104,113)
Interest paid	(6,563)	(3,602)	(6,963)	(5,947)	(2,888)
Income tax paid	(3,267)	(2,046)	-	-	-
Net cash flow from operating activities	62,593	84,559	49,202	29,641	74,070
Cash flows from investing activities:					
Proceeds from sale of property, plant and equipment	133	323	27	-	98
Proceeds from sale of non-current property held for sale	-	7,503	-	-	7,503
Sale of investments	11,916	9,182	11,916	-	9,182
Advances received	7,032	12,666	2,434	-	125
Dividends received	10	7	3,318	3,012	3,162
Purchase of property, plant and equipment	(70,994)	(99,355)	(66,791)	(71,082)	(95,859)
Purchase of intangible assets	(1,071)	(815)	(347)	-	(640)
Purchase of investment property	(13,730)	(17,721)	-	-	-
Purchase of forestry assets	(771)	(438)	(771)	-	(438)
Acquisition of investments	(12,851)	(9,505)	(12,851)	(18,367)	(9,505)
Advances made	(8,001)	(13,539)	(8,001)	-	(13,539)
Net cash flow from investing activities	(88,327)	(111,692)	(71,066)	(86,437)	(99,911)
Cash flows from financing activities:					
Proceeds from borrowings	45,708	53,233	45,708	53,370	53,233
Repayment of borrowings	(24,614)	(23,000)	(24,614)	-	(23,000)
Net cash flow from financing activities	21,094	30,233	21,094	53,370	30,233
Net increase / (decrease)	(4,640)	3,100	(770)	(3,426)	4,392
Cash and cash equivalents:					
At the beginning of the year	12,725	9,625	6,214	3,611	1,822
At the end of the year	8,085	12,725	5,444	185	6,214

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The accompanying notes form part of these financial statements.

Reconciliation of Net Surplus/(Deficit) after Tax to Net Cash Flow from Operating Activities for the year ended 30 June

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Surplus after tax	11,665	66,527	24,271	62,030
Add/(less) non-cash items:				
Depreciation and amortisation expense	39,908	33,915	35,108	29,443
Decrease in forestry value due to harvest	-	405	-	405
Vested assets revenue	(8,954)	(10,011)	(8,954)	(10,011)
Carbon credits surrendered	718	1,357	718	1,357
Movement in deferred tax	(6,258)	660	-	-
Movement in runway seal and rescue fire service provision	1,109	941	-	-
Movement in provisions	964	619	964	619
(Gains) / losses in fair value of biological assets	(1,285)	1,434	(1,285)	1,434
(Gains) / losses in fair value of investment property	27,253	1,253	1,372	(550)
(Gains) / losses on fair value of investments	-	26	-	26
(Gains) / losses on derivative financial instruments	(2,319)	(10,587)	(1,598)	(7,064)
	51,136	20,012	26,325	15,659
Add/(less) items classified as investing or financing activities:				
Movement in capital creditors	(3,396)	3,259	(3,396)	3,259
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	19	(6,864)	83	(6,749)
Other movements	1,355	(3,748)	(3,318)	(3,162)
	(2,022)	(7,353)	(6,631)	(6,697)
Add/(less) movements in working capital items:				
Movement in debtors and other receivables	(2,150)	(70)	1,069	431
Movement in inventory	(10)	(65)	(83)	22
Movement in creditors and other payables	2,306	4,308	3,865	2,516
Movement in income tax (receivable) / payable	926	1,001	-	-
Movement in employee entitlements	741	200	385	109
	1,813	5,374	5,236	3,078
Less items reclassified as investing activities	(4,322)	-	(4,322)	-
Net cash inflow from operating activities	58,271	84,559	44,880	74,070

Reconciliation of Movements in Liabilities arising from Financing Activities

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Borrowings				
Opening balance at 1 July	(137,433)	(107,200)	(137,433)	(107,200)
Cash inflows	(45,708)	(53,233)	(45,708)	(53,233)
Cash outflows	24,614	23,000	24,614	23,000
Non-cash changes	-	-	-	-
Closing balance at 30 June	(158,527)	(137,433)	(158,527)	(137,433)
Derivatives				
Opening balance at 1 July	4,352	(6,236)	3,497	(3,567)
Cash inflows	-	-	-	-
Cash outflows	-	-	-	-
Non-cash changes	2,261	10,587	1,540	7,064
Closing balance at 30 June	6,613	4,352	5,037	3,497

Notes to Financial Statements

1. Statement of Accounting Policies

Marlborough District Council (the Council) is a unitary authority located in New Zealand that is governed by the Local Government Act 2002 (LGA). The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Marlborough District Council and:

- Council's 88.5% share of the joint operation Marlborough Regional Forestry (MRF);
- Councils wholly owned subsidiary MDC Holdings Ltd (MDCH). The wholly owned subsidiaries of MDCH include:
 - Marlborough Airport Ltd; and
 - Port Marlborough NZ Ltd which in turn has two wholly owned subsidiaries: PMNZ Marina Holdings Ltd and Waikawa Marina Trustee Ltd; and
- Marlborough Housing for the Elderly Trust.

The Council and Group provides local infrastructure, local public services and provides regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the Group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice (NZ GAAP).

These financial statements of the Council and Group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 14 December 2023.

1.1. Basis of Preparation

The financial statements have been prepared on the going concern basis and accounting policies been applied consistently throughout the period.

(i) Statement of Compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which includes requirement to comply with NZ GAAP.

The financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

(ii) Measurement Base

The financial statements have been prepared on a historical cost basis adjusted for the revaluation of certain assets.

(iii) Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000s) unless otherwise stated.

(iv) New Accounting Standards Applied

- PBE IPSAS 41 Financial Instruments
PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement which is effective for the year ended 30 June 2023. Council has adopted the standard in this reporting period.

The main changes under the standard relevant to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
 - A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.
 - A new hedge accounting model for hedge accounting relationships, should the Council elect to adopt the new model. The Council has elected to continue to apply the PBE IPSAS 29 hedge accounting model on transition to PBE IPSAS 41.
- **PBE FRS 48 Service Performance Reporting**
PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ended 30 June 2023. The Council has adopted the standard in this reporting period. The Council has determined the main impact of the new standard is that additional information will need to be disclosed on those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information.

(v) **Other Changes in Accounting Policies**

There have been no other changes in accounting policies.

(vi) **Standards Issued and Not Yet Effective**

The standards and amendments below have been issued. However, they are not yet effective and have not been early adopted:

- PBE IFRS 17 Insurance Contracts;
- 2022 Omnibus Amendments to PBE Standards; and
- Disclosure of Fees for Audit Firms' Services (amendments to PBE IPSAS 1)

Council has not yet assessed the impact of these on the financial statements. They will be adopted for the financial year ending 30 June 2024.

1.2. Significant Accounting Policies Summary

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

(i) **Basis of Consolidation**

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenues and expenses are eliminated on consolidation if material.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance

and management, binding arrangements the Council enters into, group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

(ii) **Foreign Currency Transactions**

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand Dollars using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

(iii) **Goods and Services Tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST- inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from the IR, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows. Commitments and contingencies are disclosed exclusive of GST.

(iv) **Budget Figures**

The budget figures are those approved by the Council in its 2022-23 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

(v) **Exchange and Non-Exchange Revenue**

Revenue from exchange transactions arises where the Group provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange. Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Group receives value from another party without giving approximately equal value directly in exchange for the value received.

(vi) **Critical Accounting Estimates and Assumptions**

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings and infrastructure assets – see note 10.
- Estimating the economic lives of PPE and intangible assets – see notes 10 and 11.
- Estimating the fair value of forestry assets – see note 12.
- Estimating the fair value of investment property, including valuation uncertainty – see note 14.
- Estimating the landfill aftercare provision – see note 19.
- Estimating the fair value of derivative financial instruments – see note 27.

2. Cost of Services Summary for Group of Activities

	Council		
	2023 Actual \$000s	2023 Budget \$000s	2022 Actual \$000s
Revenue:			
People	18,821	14,860	14,333
Community facilities	15,774	15,610	15,543
Roads and footpaths	61,941	71,902	58,301
Flood protection and control works	10,467	11,971	10,846
Sewerage	16,599	14,410	15,561
Stormwater drainage	4,540	3,924	4,971
Water supply	14,070	12,085	16,110
Solid waste management	15,746	15,857	13,386
Environmental management	15,544	15,621	14,545
Regulatory	15,860	15,584	13,954
Regional development	6,314	6,519	5,881
Total activity revenue	195,676	198,343	183,431
Plus other revenue (including forestry)*	22,651	10,292	30,240
Less internal revenue	(5,655)	(6,136)	(5,364)
Total revenue	212,672	202,499	208,307
Expenditure:			
People	17,719	14,458	13,562
Community facilities	16,780	15,038	14,671
Roads and footpaths	52,126	73,918	31,301
Flood protection and control works	7,683	9,487	5,723
Sewerage	15,131	12,519	14,116
Stormwater drainage	2,972	2,774	2,425
Water supply	11,025	11,164	9,820
Solid waste management	16,924	15,669	13,353
Environmental management	15,589	16,095	15,632
Regulatory	16,222	15,633	14,579
Regional development	6,427	6,262	5,938
Total activity expenditure	178,598	193,017	141,121
Plus other expenditure (including forestry)*	15,458	11,135	10,520
Less internal expenditure	(5,655)	(6,136)	(5,364)
Total expenditure	188,401	198,016	146,277

*Council's "other revenue" and "other expenditure" in the Summary Cost of Services includes:

	Council		
	2023 Actual \$000s	2023 Budget \$000s	2022 Actual \$000s
Other revenue			
MRF revenue	5	-	773
MRF gain on revaluation of biological assets	1,285	1,020	-
Internal interest	5,655	6,136	5,364
General revenues rates contribution (^)	-	(6,900)	-
Boulevard Park on Taylor development	-	-	7,495
Insurance claim	579	-	1,352
MDC Holdings Ltd dividend	3,308	2,587	3,155
Commercial property	2,243	1,886	2,325
Other interest	4,765	2,467	1,034
Gain on derivatives	1,540	-	7,064
Subvention income	-	-	13
Other revenue	3,271	3,096	1,665
Total other revenue	22,651	10,292	30,240

(^) In Budget the General revenues rates contribution, which includes the contribution from the COVID-19 Rates Relief Reserve contribution, is offset in Other revenue while in actuals it is distributed amongst Council Activities.

	Council		
	2023 Actual \$000s	2023 Budget \$000s	2022 Actual \$000s
Other expenditure			
MRF expenses	838	1,140	2,653
MRF loss on revaluation due to harvest	-	-	405
Interest expense	6,963	5,549	2,888
Loss on derivatives	-	-	-
Commercial property	3,100	1,300	1,286
Penalties and rates remissions	506	608	438
Insurance	-	804	824
Other expenses	4,051	1,734	2,026
Total other expenditure	15,458	11,135	10,520

Accounting Policy

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as total expenditure, staff numbers, and floor area.

There have been no changes to the cost allocation methodology during the year.

3. Rates Activity

Rates, excluding rates for metered water supply:	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
People	9,813	9,245	9,813	9,881	9,245
Community facilities	11,129	10,700	11,129	11,089	10,700
Roads and footpaths	11,418	10,723	11,418	11,313	10,723
Flood protection and control works	5,249	4,933	5,249	5,232	4,933
Sewerage	8,755	8,688	8,755	8,719	8,688
Stormwater drainage	2,411	2,166	2,411	2,403	2,166
Water supply	7,707	7,493	7,707	6,984	7,493
Solid waste management	3,496	3,090	3,496	3,308	3,090
Environmental management	9,315	8,623	9,315	9,282	8,623
Regulatory	4,034	4,006	4,034	3,912	4,006
Regional development	3,715	3,456	3,715	4,170	3,456
Total activity rates	77,042	73,123	77,042	76,293	73,123
Plus non-activity rates	3	3	3	3	3
Less related party rates eliminated	(453)	(432)	-	-	-
Total gross rates revenue	76,592	72,694	77,045	76,296	73,126
Less rates remissions	(509)	(411)	(509)	(514)	(411)
Rates, excluding targeted metered water rates net of remissions	76,083	72,283	76,536	75,782	72,715
Targeted Rates for Metered Water Supply					
Targeted rates for metered water supply	2,936	2,540	3,238	3,802	2,756

Accounting Policy

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments and the priority attaching to them is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.

4. Subsidies, Contributions and Other Revenue

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Subsidies and grants:					
Waka Kotahi roading subsidies	46,980	40,877	46,980	57,238	40,877
Shovel ready government funding	3,617	3,408	3,617	630	3,408
Three waters government funding	1,250	5,010	1,250	-	5,010
Wilding conifer government funding*	5,610	4,693	5,610	-	4,693
Other donations and grants	5,717	3,896	5,717	5,853	3,896
Total subsidies and grants	63,174	57,884	63,174	63,721	57,884
Development and financial contributions:					
Capital contributions	195	387	195	-	387
Other contributions	277	241	277	50	241
Development contributions	8,518	8,874	8,518	7,171	8,874
Development impact levies	400	133	400	100	133
Total development and financial contributions	9,390	9,635	9,390	7,321	9,635
Other revenue:					
User charges	25,542	22,896	25,542	25,562	22,901
Regulatory revenue	5,582	4,911	6,060	5,732	5,352
Infringements and fines	944	983	944	970	983
Vested assets	8,954	10,011	8,954	1,139	10,011
Rendering of services	34,409	26,757	-	-	-
Rental revenue from investment properties	12,024	11,128	758	734	731
MRF revenue	5	773	5	-	773
Subvention income	-	-	-	-	13
Other revenue*	6,167	4,594	9,898	13,170	7,997
Total other revenue	93,627	82,053	52,161	47,306	48,761

*Revenue received for the National Wilding Conifer Control Program has been reclassified from other revenue to subsidies and grants. The budget remains unchanged.

Accounting Policy

Subsidies and Grants

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as non-exchange revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other donations and grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue

Accounting Policy

when conditions of the grant are satisfied.

Development and Financial Contributions

Development and financial contributions are recognised as exchange revenue when received. Otherwise, development and financial contributions are allocated to the appropriate Reserve until such time Council provides, or is able to provide, the service.

Other Revenue

Provision of Services Partial Cost Recovery/Subsidised

Revenue from a subsidised sale of services is recognised as non-exchange revenue. Revenue from a contract to provide services is recognised by reference to the outstanding obligations of the contract at reporting date.

Provision of Services Full Cost Recovery

Significant revenue from full cost recovery sale of services is recognised as exchange revenue. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date.

Vested Assets

Assets vested in Council, with or without conditions, are recognised as non-exchange revenue, at fair value, when control over the assets is obtained.

Sales of Goods

Proceeds from sales of goods are included in other revenue and are recognised as exchange revenue when goods are delivered and title has passed.

Insurance Revenue

Insurance receipts are included in other revenue and arise mainly from earthquake and flood related material damage claims. These receipts have been recognised on as exchange revenue when its receipt is considered virtually certain and reliably measured. Refer to note 29 – Natural Disasters.

Dividend Revenue

Dividends are included in other revenue and are recognised when the right to receive payment has been established. Dividends are recognised as revenue unless the dividend clearly represents a recovery of part of the cost of the investment.

5. Gains

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Non-financial instruments gains:					
Property, plant and equipment gains on disposal	108	2	11	-	2
Non-current assets held for sale gains on disposal	-	7,494	-	-	7,494
Investment property revaluation gain (note 14)	-	(1,255)	-	-	550
Forestry revaluation gain (note 12)	1,285	-	1,285	1,020	-
Other	3	-	-	-	-
Total non-financial instruments gains	1,396	6,241	1,296	1,020	8,046

6. Personnel

6.1 Personnel Costs

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Salaries and wages and related entitlements	39,867	34,048	28,722	30,492	26,024
Defined employer contribution plan	1,651	1,445	1,224	1,259	1,113
Project salaries capitalised	(1,480)	(1,247)	(1,480)	(1,236)	(1,247)
Total personnel costs	40,038	34,246	28,466	30,515	25,890

Accounting Policy

Salaries and Wages

Salaries and wages are recognised as an expense as employees provide services.

Defined Contribution Schemes

Employer contributions to Kiwi Saver and the National Provident Fund are accounted for as defined contribution superannuation schemes and are expensed as incurred.

6.2 Chief Executive

The incumbent Chief Executive received the following remuneration:

	Council	
	Actual 2023	Actual 2022
	\$000s	\$000s
Salary	344	340
Vehicle, superannuation and other	17	19
Total Chief Executive compensation	361	359

6.3 Elected Representatives

Elected representatives received the following remuneration:

	Group		Council	
	Actual 2023	Actual 2022	Actual 2023	Actual 2022
	\$000s	\$000s	\$000s	\$000s
Mayor:				
Nadine Taylor*	140	60	131	60
John Leggett*	47	152	44	140
Councillors:		-		
Scott Adams	32	-	32	-
Jenny Andrews	12	42	12	42
Jamie Arbuckle*	58	48	49	48
Sally Arbuckle	32	-	32	-
Cynthia Brooks	13	45	13	45
Allanah Burgess	30	-	30	-
David Croad*	61	43	52	43
Deborah Dalliessi	30	-	30	-
Brian Dawson	44	43	44	43
Barbara Fauls	52	47	52	47
Michael Fitzpatrick	13	45	13	45
Matt Flight	29	-	29	-
Gerald Hope	50	48	50	48
Raylene Innes	34	-	34	-
Francis Maher	14	46	14	46
Ben Minehan	33	-	33	-
David Oddie*	19	78	16	66
Mark Peters*	18	64	15	52
Jonathan Rosene	30	-	30	-
Thelma Sowman	41	44	41	44
Total elected representatives' remuneration	832	805	796	769

Remuneration includes payment for attendance at resource consent hearings.

*The previous Mayor John Leggett, Councillor Mark Peters and Councillor David Oddie were directors of MDCH during the reporting periods and were paid directors' fees by MDCH of \$3,471 each (2021-22: \$12,036). The current Mayor Nadine Taylor, Councillor Jamie Arbuckle and Councillor David Croad were directors during the reporting period and were paid directors' fees by MDCH of \$8,626 each (2021-22: \$0)

6.4 Staff Employed Full Time Equivalent

At balance date the Council employed 242 full time employees (2021-22: 231) with the balance of staff representing 69 (2021-22: 59) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

6.5 Individuals Receiving Total Annual Remuneration of:

	2023		2022
less than \$60,000	128	less than \$60,000	124
\$60,000 to \$79,999	83	\$60,000 to \$79,999	70
\$80,000 to \$99,999	72	\$80,000 to \$99,999	80
\$100,000 to \$119,999	62	\$100,000 to \$119,999	40
\$120,000 to \$139,999	18	\$120,000 to \$139,999	14
\$140,000 to \$159,999	5	\$140,000 to \$159,999	8
\$160,000 to \$179,999	8	\$160,000 to \$219,999	9
\$180,000 to \$239,999	8	\$220,000 to \$359,999	3
\$240,000 to \$379,999	2		
Total	386	Total	348

Total remuneration includes the estimated values of non-financial benefits provided to employees.

The disclosure has been updated to include the remuneration of casual employees in this reporting period. The prior year comparatives have been updated to reflect this change.

7. Finance Costs and Revenue

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Finance revenue:					
Interest revenue:					
Term deposits and bonds	1,930	318	1,554	386	269
Community loans	-	1	-	-	1
Related party loans	-	30	3,274	2,647	765
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	2,261	10,587	1,540	-	7,064
Total interest revenue	4,191	10,936	6,368	3,033	8,099
Finance costs:					
Interest expense:					
Interest on borrowings	6,877	3,859	6,963	5,991	2,888
Total finance costs	6,877	3,859	6,963	5,991	2,888

Accounting Policy

Interest rate swaps are measured at fair value with gains or losses on re-measurement recognised through the surplus or deficit.

Accounting Policy

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

8. Other Expenses

The following items are included in Other expenses in the Statement of Comprehensive Revenue and Expense and are required to be separately disclosed:

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Other expenses:					
Fees to auditors:					
Audit New Zealand for:					
- audit of Council's financial statements	218	151	218	160	151
- audit of the prior year financial statements	22	-	22	-	-
- audit of MDCH financial statements	30	18	-	-	-
Deloitte for audit of Port Marlborough NZ Ltd and Marlborough Airport Ltd financial statements	145	108	-	-	-
Grants and donations	4,382	4,913	4,284	4,588	4,766
Insurance premiums	5,452	4,654	3,729	3,520	3,048
Impairment adjustment of receivables (note 16)	304	(14)	(30)	-	5
Directors' fees	279	251	-	-	-
Property plant and equipment loss on disposal	94	702	94	-	702
Direct operating expenses of investment properties	4,649	4,046	127	70	44
Loss on forestry valuation (note 12)	-	1,434	-	-	1,434
Loss on Investment property valuation (note 14)	27,276	-	1,372	-	-
Payments under operating leases	462	384	360	183	307

9. Tax

9.1. Relationship Between Tax Expense and Accounting Profit

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Surplus before tax	9,610	70,235	24,271	62,030
Tax at 28% (2022: 28%)	2,691	19,680	6,796	17,368
Plus/(less) tax effect of:				
Non-deductible expenditure	1,550	37	-	-
Non-taxable (income)/expense	(6,372)	(15,827)	(6,796)	(17,368)
Reinstatement of building depreciation	-	(159)	-	-
Deferred tax expense/(credit) not recognised	-	(159)	-	-
Prior year adjustment	76	(22)	-	-
Income tax expense/(credit)	(2,055)	3,550	-	-
Comprising:				
Current tax expense	4,203	3,058	-	-
Adjustments to current tax in prior years	-	(9)	-	-
Deferred tax expense	(6,258)	660	-	-
Total tax expense/(credit)	(2,055)	3,709	-	-
Income tax recognised in comprehensive income				
Deferred tax on property revaluations	-	(2,319)	-	-

9.2. Current Tax Assets/(Liabilities)

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Tax (payable)/receivable	1,500	578	-	-

Any amount of income derived by a local authority is exempt from income tax, except for income derived from Council Controlled Organisations or port activity as per section CW39 Income Tax Act 2007.

9.3. MDC Group Deferred Tax Asset/(Liability)

	Council tax losses \$000s	Property, plant & equipment \$000s	Investment property \$000s	Intangibles	Financial instruments \$000s	Provisions \$000s	Total \$000s
Balance at 1 July 2021	735	(14,389)	(3,932)	(86)	732	1,303	(15,637)
(Charged)/credited to surplus	(699)	533	17	27	(827)	289	(660)
Charged to other comprehensive income	-	(2,319)	-	-	-	-	(2,319)
Balance at 30 June 2022	36	(16,175)	(3,915)	(59)	(95)	1,592	(18,616)
(Charged)/credited to surplus	193	655	5,295	14	(357)	458	6,258
Charged to other comprehensive income	-	-	-	-	-	-	-
Balance at 30 June 2023	229	(15,520)	1,380	(45)	(452)	2,050	(12,359)

Due to its non taxable status Council as parent has not recognised a deferred tax asset in relation to tax losses of \$818,000 (2021-22: \$130,000). However, the asset has been recognised at Group level.

Accounting Policy

Income Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted at balance date.

Current and deferred tax are recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

10. Property, Plant and Equipment

2023 MDC Group	Cost/ Accumulated valuation depreciation 1-Jul-2022 \$000s	Carrying amount 1-Jul-2022 \$000s	WIP & other reclassifications Cost \$000s	Additions \$000s	Disposals \$000s	Disposals depreciation adjustment \$000s	Impairment \$000s	Depreciation \$000s	Transfer adjustment \$000s	Transfers Dpn adjustment \$000s	Revaluation cost adjustment \$000s	Revaluation depreciation adjustment \$000s	Cost/ Accumulated revaluation depreciation 30-Jun-2023 \$000s	Carrying amount 30-Jun-2023 \$000s											
															Current year										
															Disposals \$000s	Disposals depreciation adjustment \$000s	Impairment \$000s	Depreciation \$000s	Transfer adjustment \$000s	Transfers Dpn adjustment \$000s	Revaluation cost adjustment \$000s	Revaluation depreciation adjustment \$000s	Cost/ Accumulated revaluation depreciation 30-Jun-2023 \$000s	Carrying amount 30-Jun-2023 \$000s	
10.1 Infrastructural assets																									
Work in progress	13,006	13,006	(3,175)	18,489	(5)	-	-	-	-	-	-	-	28,315	28,315											
Infrastructure land	23,370	23,370	-	44	-	-	-	-	-	-	(1,449)	-	21,965	21,965											
Land under roads	140,319	140,319	-	1,764	-	-	-	-	-	-	-	-	142,083	142,083											
Flood protection and controlled works	639	217,904	130	2,367	-	-	(171,394)	223	-	-	87,403	(862)	308,433	308,433											
Road and footpaths	647,647	647,647	7	24,292	-	-	-	13,709	-	-	6,481	(13,709)	507,034	507,034											
Sewerage schemes other	133,649	133,649	5	5,895	-	-	-	3,147	-	-	-	-	139,549	136,402											
Sewerage treatment and facilities	51,225	51,225	2,400	626	-	-	-	1,103	-	-	-	-	54,251	53,148											
Stormwater drainage schemes	94,652	94,652	21	2,068	-	-	-	2,028	-	-	-	-	96,741	94,713											
Water supply schemes - other	158,008	158,008	71	3,311	-	-	-	3,691	-	-	-	-	161,390	157,699											
Water treatment and facilities	20,893	20,893	-	-	-	-	-	1,017	-	-	-	-	20,893	19,876											
Wharf infrastructure	47,835	47,835	-	-	-	-	-	1,824	190	-	-	-	48,025	46,200											
	1,548,147	1,548,508	(541)	58,846	(5)	-	(171,394)	26,742	190	-	92,435	(14,571)	1,528,679	1,515,868											
10.2 Operational assets																									
Work in progress	22,010	22,010	(17,488)	8,138	-	-	-	-	(5,185)	-	-	-	7,475	7,475											
Buildings	111,806	111,803	17,017	8,095	(2,519)	(93)	92	3,853	46	-	6,222	(2,751)	140,759	139,747											
Forest crops	991	991	-	-	-	-	-	-	-	-	-	-	991	991											
Improvements at fair/market value	28,785	28,785	-	-	-	-	-	883	4,189	-	66	-	33,040	32,157											
Land	193,686	193,686	-	3,772	(2,004)	-	-	177	-	-	(1,778)	-	193,682	193,504											
Landfill	10,947	4,940	-	12	-	-	-	1,742	-	-	-	-	10,959	4,277											
Library books	2,408	1,391	-	277	(369)	(369)	-	208	-	-	-	-	2,316	1,086											
Other structures and improvements	55,535	9,591	671	2,153	(2)	(1)	-	1,533	-	-	-	-	58,357	47,234											
Office equipment, furniture and fittings	6,747	4,608	-	2,545	(385)	(385)	-	717	-	-	-	-	8,902	3,962											
Plant, machinery and equipment	23,980	13,677	-	1,430	(625)	(439)	-	1,954	760	-	-	-	25,545	10,353											
	456,895	34,210	200	26,422	(5,909)	(1,287)	92	11,067	(190)	-	4,510	(2,751)	482,026	440,787											
10.3 Restricted assets																									
Buildings	18,625	18,625	341	123	(59)	-	-	367	-	-	1,351	(367)	20,381	20,381											
Land	54,972	54,972	-	137	(10)	-	-	-	-	-	4,089	-	59,188	59,188											
	73,597	73,597	341	260	(69)	-	-	367	-	-	5,440	(367)	79,569	79,569											
Total operational and infrastructural assets	2,079,640	34,849	-	85,528	(5,983)	(1,287)	(171,302)	38,176	-	-	102,385	(17,689)	2,090,275	2,036,224											

	Prior year											Carrying amount 30-Jun-2022 \$'000s	
	Cost/ Accumulated valuation 1-Jul-2021 \$'000s	Carrying amount 1-Jul-2021 \$'000s	WIP & other reclassifications Cost \$'000s	Additions \$'000s	Disposals \$'000s	Disposals depreciation adjustment \$'000s	Impairment \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s	Revaluation cost adjustment \$'000s	Revaluation depreciation adjustment \$'000s		Cost/ Accumulated revaluation depreciation 30-Jun-2022 \$'000s
2021-22 MDC Group													
10.1 Infrastructural assets													
Work in progress	28,184	28,184	(21,944)	7,260	(494)	-	-	-	-	-	-	13,006	13,006
Infrastructure land	19,952	19,952	28	1,248	-	-	-	-	2,142	-	-	23,370	23,370
Land under roads	138,267	138,267	-	2,113	(61)	-	-	-	-	-	-	140,319	140,319
Flood protection and controlled works	222,257	221,841	1,536	4,366	-	(9,615)	223	-	-	-	-	218,543	217,904
Road and footpaths	623,475	623,475	172	38,802	(75)	(76,386)	11,886	-	61,660	(11,886)	-	647,647	647,647
Sewerage schemes other	124,254	124,254	10,013	15,236	-	-	3,040	-	(15,854)	(3,040)	-	133,649	133,649
Sewerage treatment and facilities	47,989	47,989	393	2,688	-	-	818	-	155	(818)	-	51,225	51,225
Stormwater drainage schemes	86,169	86,169	693	6,114	-	-	1,753	-	1,676	(1,753)	-	94,652	94,652
Water supply schemes - other	141,400	141,400	3,498	5,950	(5)	-	3,080	-	7,165	(3,080)	-	158,008	158,008
Water treatment and facilities	20,291	20,291	-	24	-	-	884	-	578	(884)	-	20,893	20,893
Wharf infrastructure	51,516	48,001	52	-	(474)	(359)	1,590	-	(3,259)	(4,747)	-	47,835	47,835
	1,503,754	1,499,823	(5,559)	83,801	(1,109)	(359)	23,274	(86,001)	54,263	(26,208)	639	1,549,147	1,548,508
10.2 Operational assets													
Work in progress	12,603	12,603	(5,101)	14,557	(49)	-	-	-	-	-	-	22,010	22,010
Buildings	99,309	97,879	4,178	2,254	-	(137)	3,274	-	6,195	(4,701)	-	111,806	111,803
Forest crops	991	991	-	-	-	-	-	-	-	-	-	991	991
Improvements at fair/market value	23,812	21,003	20	139	-	-	957	-	4,812	(3,766)	-	28,785	28,785
Land	165,061	165,061	25	728	(26)	-	-	-	27,678	-	-	193,686	193,686
Landfill	6,588	4,722	3,650	709	-	-	218	-	-	-	-	10,947	6,007
Library books	2,150	1,164	986	258	-	-	227	-	-	-	-	2,408	1,017
Other structures and improvements	49,969	41,713	1,620	3,960	-	-	1,335	-	-	-	-	55,535	46,944
Office equipment, furniture and fittings	6,090	4,040	88	667	(98)	(81)	649	-	-	-	-	6,747	2,139
Plant, machinery and equipment	23,044	10,682	824	711	(644)	(555)	1,870	-	-	-	-	23,980	10,303
	389,617	354,834	5,304	23,983	(817)	(636)	8,530	(137)	38,665	(8,467)	34,210	456,895	422,685
10.3 Restricted assets													
Buildings	14,394	14,394	255	1,231	(91)	(2)	306	-	2,836	(304)	-	18,625	18,625
Land	43,961	43,961	-	-	-	-	-	-	11,011	-	-	54,972	54,972
	58,355	58,355	255	1,231	(91)	(2)	306	-	13,847	(304)	-	73,597	73,597
Total operational and infrastructural assets	1,951,726	1,913,013	-	109,015	(2,017)	(997)	32,110	(86,138)	106,795	(34,979)	34,849	2,079,640	2,044,791

	Current Year														Carrying amount 30-Jun-2023 \$'000s
	Cost/ Accumulated valuation 1-Jul-2022 \$'000s	Carrying amount 1-Jul-2022 \$'000s	WIP & other reclassifications \$'000s	Additions \$'000s	Disposals \$'000s	Disposals depreciation adjustment \$'000s	Impairment \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s	Transfers Dpn adjustment \$'000s	Revaluation cost adjustment \$'000s	Revaluation depreciation adjustment \$'000s	Cost/ Accumulated revaluation depreciation 30-Jun-2023 \$'000s	Accumulated depreciation 30-Jun-2023 \$'000s	
2023 Council															
10.1 Infrastructural assets															
Work in progress	13,006	13,006	(3,175)	18,489	(5)	-	-	-	-	-	-	-	28,315	-	28,315
Infrastructure land	23,370	23,370	-	44	-	-	-	-	-	-	(1,449)	-	21,965	-	21,965
Land under roads	140,319	140,319	-	1,764	-	-	-	-	-	-	-	-	142,083	-	142,083
Flood protection and controlled works	218,543	217,904	130	2,357	-	223	-	223	-	87,403	(862)	-	308,433	-	308,433
Road and footpaths	647,647	647,647	7	24,292	-	(171,394)	-	13,709	-	6,481	(13,709)	-	507,034	-	507,034
Sewerage schemes other	133,649	133,649	5	5,895	-	-	-	3,147	-	-	-	-	139,549	3,147	136,402
Sewerage treatment and facilities	51,225	51,225	2,400	626	-	-	-	1,103	-	-	-	-	54,251	1,103	53,148
Stormwater drainage schemes	94,652	94,652	21	2,068	-	-	-	2,028	-	-	-	-	96,741	2,028	94,713
Water supply schemes - other	158,008	158,008	71	3,311	-	-	-	3,691	-	-	-	-	161,390	3,691	157,699
Water treatment and facilities	20,893	20,893	-	-	-	-	-	1,017	-	-	-	-	20,893	1,017	19,876
	1,501,313	1,500,673	(541)	58,846	(5)	(171,394)	24,918	24,918	-	92,435	(14,571)	1,480,654	10,986	1,469,668	
10.2 Operational assets															
Work in progress	17,878	17,878	(17,488)	2,216	-	-	-	-	-	-	-	-	2,606	-	2,606
Buildings	98,511	98,511	17,017	8,048	(2,411)	(92)	2,843	-	-	6,222	(2,751)	-	127,387	-	127,387
Forest crops	991	991	-	-	-	-	-	-	-	-	-	-	991	-	991
Improvements at fair/market value	920	920	-	-	-	-	-	-	-	66	-	-	986	-	986
Land	167,323	167,323	-	3,765	(2,003)	-	-	192	-	(1,778)	-	-	167,307	192	167,115
Landfill	10,947	4,940	-	12	-	-	-	1,742	-	-	-	-	10,959	6,682	4,277
Library books	2,408	1,391	-	277	(369)	(369)	208	-	-	-	-	-	2,316	1,230	1,086
Other structures and improvements	55,549	9,591	671	2,153	(2)	(1)	1,533	-	-	-	-	-	58,371	11,123	47,248
Office equipment, furniture and fittings	6,747	4,608	-	2,545	(380)	(385)	721	-	-	-	-	-	8,902	4,944	3,958
Plant, machinery and equipment	11,623	5,801	-	1,018	(90)	(61)	1,015	-	-	-	-	-	12,551	6,755	5,796
	372,897	26,331	200	20,034	(5,265)	(908)	8,254	8,254	-	4,510	(2,751)	392,376	30,926	361,450	
10.3 Restricted assets															
Buildings	18,625	18,625	341	123	(69)	-	367	-	-	1,351	(367)	-	20,381	-	20,381
Land	54,972	54,972	-	137	(10)	-	-	-	-	4,089	-	-	59,188	-	59,188
	73,597	73,597	341	260	(69)	-	367	367	-	5,440	(367)	79,569	-	79,569	
Total operational and infrastructural assets	1,947,807	26,970	-	79,140	(5,339)	(908)	33,539	33,539	-	102,385	(17,689)	1,952,599	41,912	1,910,687	

	Prior Year											Carrying amount 30-Jun-2022 \$'000s	
	Cost/ Accumulated valuation 1-Jul-2021 \$'000s	Carrying amount 1-Jul-2021 \$'000s	WIP & other reclassifications Cost \$'000s	Additions \$'000s	Disposals \$'000s	Disposals depreciation adjustment \$'000s	Impairment \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s	Revaluation cost adjustment \$'000s	Revaluation depreciation adjustment \$'000s		Cost/ Accumulated revaluation depreciation 30-Jun-2022 \$'000s
2021-22 Council													
10.1 Infrastructural assets													
Work in progress	28,184	28,184	(21,944)	7,260	(494)	-	-	-	-	-	-	13,006	13,006
Infrastructure land	19,952	19,952	28	1,248	-	-	-	-	2,142	-	-	23,370	23,370
Land under roads	138,267	138,267	-	2,113	(61)	-	-	-	-	-	-	140,319	140,319
Flood protection and controlled works	222,257	221,841	1,536	4,366	-	(9,615)	223	-	-	-	-	218,543	639
Road and footpaths	623,475	623,475	172	38,802	(75)	(76,386)	11,886	-	61,660	(11,886)	(3,040)	647,647	647,647
Sewerage schemes other	124,254	124,254	10,013	15,236	-	-	3,040	-	(15,854)	(3,040)	133,649	133,649	133,649
Sewerage treatment and facilities	47,989	47,989	393	2,688	-	-	818	-	155	(818)	51,225	51,225	51,225
Stormwater drainage schemes	86,169	86,169	693	6,114	-	-	1,753	-	1,676	(1,753)	94,652	94,652	94,652
Water supply schemes - other	141,400	141,400	3,498	5,950	(5)	-	3,080	-	7,165	(3,080)	158,008	158,008	158,008
Water treatment and facilities	20,291	20,291	-	24	-	-	884	-	578	(884)	20,893	20,893	20,893
	1,452,238	1,451,822	(5,611)	83,800	(635)	(86,001)	21,684	-	57,522	(21,461)	1,501,313	639	1,500,673
10.2 Operational assets													
Work in progress	11,754	11,754	(4,001)	10,174	(49)	-	-	-	-	-	-	17,878	17,878
Buildings	82,100	82,100	3,974	2,243	-	-	2,285	-	10,194	(2,285)	98,511	98,511	98,511
Forest crops	991	991	-	-	-	-	-	-	-	-	991	991	991
Improvements at fair/market value	2,612	1,691	-	-	-	-	204	-	(1,692)	(1,894)	920	920	920
Land	145,197	145,197	25	728	(26)	-	-	-	21,399	-	167,323	167,323	167,323
Landfill	6,588	1,866	3,650	709	-	-	218	-	-	-	10,947	4,940	6,007
Library books	2,150	1,164	986	258	-	-	227	-	-	-	2,408	1,391	1,017
Other structures and improvements	49,969	41,713	1,620	3,960	-	-	1,335	-	-	-	55,549	9,591	45,958
Office equipment, furniture and fittings	6,090	2,050	88	667	(98)	(81)	649	-	-	-	6,747	4,608	2,139
Plant, machinery and equipment	11,441	6,302	11,441	575	(393)	(324)	986	-	-	-	11,623	5,801	5,822
	318,892	293,881	5,356	19,314	(566)	(405)	5,904	-	29,901	(4,179)	372,897	26,331	346,567
10.3 Restricted assets													
Buildings	14,394	14,394	255	1,231	(91)	(2)	306	-	2,836	(304)	18,625	-	18,625
Land	43,961	43,961	-	-	-	-	-	-	11,011	-	54,972	-	54,972
	58,355	58,355	255	1,231	(91)	(2)	306	-	13,847	(304)	73,597	-	73,597
Total operational and infrastructural assets	1,829,485	1,804,058	-	104,345	(1,292)	(407)	27,894	-	101,270	(25,944)	1,947,807	26,970	1,920,837

10.1 MDC Group Assets Under Construction

Property, plant and equipment in the course of construction by class of asset are detailed below:

MDC Group	2023 \$000s	2022 \$000s
Asset Class		
Roads and footpaths	3,188	460
Sewerage treatment and facilities	2,780	3,846
Sewerage other	27	31
Water other	9,883	4,668
Water treatment and facilities	6,307	1,714
Stormwater	82	82
Flood protection and control works	2,483	1,431
Buildings	1,857	17,467
Landfill	2,795	83
Other structures and improvements	1,504	820
Land	86	18
Wharf infrastructure	710	-
Plant machinery and equipment	425	3,672
Fair value improvements	3,663	724
Total	35,790	35,016

The larger 2022-23 items include:

- Roads and footpaths – Blenheim streetscape upgrade;
- Sewerage treatment – Seddon sewer upgrade project;
- Water other – Koromiko water pipeline and Wairau Valley water upgrade;
- Water treatment – Renwick water treatment upgrade, together with Flaxbourne irrigation project;
- Flood protection and control works – Lower Wairau stopbank upgrades;
- Buildings – Senior Housing development project; and
- Landfill – Stage 9 of the Regional Landfill.

10.2 Council Depreciation and Amortisation by Group of Activities

	2023 \$000s	2022 \$000s
People	1,065	933
Community facilities	2,958	2,323
Roads and footpaths	13,526	11,731
Flood protection and control works	231	228
Sewerage	4,250	3,857
Stormwater drainage	2,030	1,755
Water supply	4,309	3,650
Solid waste management	2,058	535
Environmental management	934	896
Regulatory	440	380
Regional development	886	730
Total	32,687	27,018

The above information is provided to meet the requirement of section 5(4) of the Local Government (Financial Reporting Regulations 2014). It does not include all of Council's depreciation and amortisation expense eg; MRF and investment activities.

10.3 Council Core Infrastructure Asset Disclosures

2023 Council

2023	Closing	Additions		Most Recent
	Book Value	Constructed	Vested	Replacement
	\$000s	\$000s	\$000s	Cost
				\$000
Asset Class				
Flood protection and control works	308,433	2,487	-	334,711
Road and footpaths	507,034	24,299	4,509	1,038,205
Sewerage schemes-other	136,402	5,900	1,897	209,369
Sewerage treatment and facilities	53,148	3,026	-	99,017
Stormwater drainage	94,713	2,089	1,641	163,747
Water schemes-other	157,699	3,382	765	207,908
Water treatment and facilities	19,876	-	-	98,781

Flood protection and controlled works do not include additional assets held in other classes, for example land.

Impairment

Impairment losses of \$171.4M were recognised this year (2021-22: \$86.0M).

Marlborough was impacted by flooding events in 2021 and 2022. The impairments relate to damage to the Council's roading network and flood protection and control assets. The impairment losses, calculated using the restoration cost approach, were recognised through the appropriate revaluation reserve and through other comprehensive revenue and expense in accordance with the accounting policy.

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Roads and Footpaths				
Opening impairment at 1 July	(48,989)	-	(48,989)	-
Impairment	(171,394)	(76,386)	(171,394)	(76,386)
Additions	9,334	27,397	9,334	27,397
Closing impairment at 30 June	(211,048)	(48,989)	(211,048)	(48,989)
				-
Flood Protection and Control Works				
Opening impairment at 1 July	(7,981)	-	(7,981)	-
Impairment	-	(9,615)	-	(9,615)
Additions	1,075	1,634	1,075	1,634
Closing impairment at 30 June	(6,906)	(7,981)	(6,906)	(7,981)

For further information on the impact of the flood damage please refer to note 29 – Natural Disasters.

Infrastructural Assets

Roads, bridges, carparks, wharves, street lighting, street berms and street furniture assets were independently valued at optimised depreciated replacement cost as at 30 June 2023 by Aaron Hartland of WSP New Zealand Ltd.

In previous valuations, analysis was carried out to calibrate the unit rates to the current contract rates and comparison councils. This year we have assessed that using last year's unit rates as the starting point and adjusting for the change using the Waka Kotahi infrastructure indices over the year yields the best estimates of unit rates for this valuation. We believe that this assessment is reasonable because:

- The actual contract costs are mostly covered by the local roading maintenance contract. This long-term contract, for which this is the last year of the contract, allows for costs to be adjusted by the same indices that we use for our adjustments.
- While the Waka Kotahi indices exclude bitumen, we assess these indices and the best available for roading valuation purposes. Bitumen fluctuates greatly in the short term so does not represent a long-term estimate that is needed for valuation. The Materials component of the Waka Kotahi indices, while not covering bitumen directly, covers oil and gas prices so are appropriate for use as the valuation price indices.

We note that the local roading maintenance contract will be renegotiated before the next roading valuation. The increase between this last year of the current contract and the first year of the new contract will provide good estimates of the change in unit rates for the next valuation.

River control and drainage assets were valued at depreciated replacement cost as at 30 June 2023. The river control and drainage valuation was performed by WSP New Zealand Ltd.

Water, sewer and stormwater assets were valued at depreciated replacement cost and optimised depreciated replacement cost where possible as at 30 June 2022. The valuation was performed by Council's engineering staff directly associated with managing these assets. An independent review of the valuation was conducted by Alexander Hayward Ltd.

As a relatively small Council, there are few construction contracts upon which to base unit costs. Adding to the complexity, contracts are now based on output specifications rather than the more traditional input pricing methodology. As a result of this we were unable to provide sufficient evidence that the unit costs used in the valuation reflect current contracts in the 2022 Annual Report, leading to a qualified audit opinion.

Council has taken steps to address this position and engaged WSP New Zealand Ltd to provide future valuations. Unfortunately, due to the late completion of the 2022 audit, WSP were engaged too late for their report to be finalised in time for its inclusion in the 2023 Annual Report.

While progress has been made in addressing these issues there remains significant uncertainty as to their exact values with Council in the process of reviewing the draft report. As a result, at the time of adoption of the annual report we were unable to conclude on the valuation and we have decided not to update this year's financial statements. We would prefer to 'do it once and do it right', which may materially alter the carrying value of the water, sewer and stormwater assets as at 30 June 2023. Indications from the draft valuation report are that a significant upwards movement across each asset class will be required. We aim to finalise the valuation before the adoption of the 2023-24 Long Term Plan with intentions to include it in the 2023-24 Annual Report.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the optimised depreciated replacement cost method. These include:

- estimating any obsolescence or surplus capacity of the asset;
- estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets from which unit rates are determined. Where recent contract costs are not available, indexing is used. Unit rates can vary based on asset location, topography and ground conditions;
- estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be affected by local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the consumption of the benefits of the asset, then Council could be under or over estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

To minimise this risk Council has determined the infrastructural asset useful lives with reference to NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over the useful life estimates; and

- the physical deterioration and condition of the assets, for example Council could be carrying an asset at an amount that does not reflect its physical condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a number of physical inspections and condition modelling assessments of assets.

Land under roads was independently valued on a fair value basis as at 30 June 2009 by Lex Hayward of Alexander Hayward Ltd.

Land and Buildings Including Restricted Land and Buildings

Council land was independently valued by QV Valuations (Registered Valuers) as at 30 June 2023. The basis of valuation is fair value with reference to highest and best use as at 30 June 2023.

Properties in the course of construction for production, rental or administrative purposes, or otherwise, are carried at cost, less any recognised impairment loss. Cost includes professional fees and other costs incurred to bring the asset into use.

Council's small forest (soil erosion prevention) was independently valued at 30 June 2019 by Merrill & Ring New Zealand Ltd.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Buildings were independently valued by Alexander Hayward Ltd (Registered Valuers) as at 30 June 2023. The basis of valuation for commercial and Council property buildings was fair

value using comparable sales. Assets acquired subsequent to valuation are shown at cost less depreciation.

Other buildings including halls, museums, memorials and public conveniences were valued at fair value using depreciated replacement cost because no reliable market data is available. Replacement cost is determined using a number of significant assumptions.

Significant assumptions include:

- the replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity;
- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information;
- for Council's earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.
- the remaining useful life of assets is estimated after considering such factors as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings; and
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates are applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake-prone buildings and the associated lost rental during the time to undertake the strengthening work.

Improvements on Land

These are generally in the nature of playground equipment and other similar recreational structures on Council land and MRF improvements. MRF improvements are stated at fair value while other assets are stated at cost less any accumulated depreciation and impairment losses.

Landfill

Council has amortised the cost of the Blenheim landfill development over its remaining 25 year life and charged the amortisation to operating costs. The amortisation rate is based on volume utilisation divided by the estimated capacity of the landfill site.

Library Books and Parking Meters

These are stated at cost less accumulated depreciation plus additions at cost.

Accounting Policy

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and any impairment losses. Council's property, plant and equipment consist of:

- **infrastructural assets** - these are fixed utility systems such as road networks, sewer systems and water systems. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

- **operational assets** – these assets enable the ongoing operations. These include land, buildings, landfill, library books, plant and equipment and motor vehicles.
- **restricted assets** – these are mainly parks and reserves that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Additions

Additions in the periods between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain infrastructural assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation which is their deemed cost. Vested infrastructural assets are initially valued based on the actual quantities of infrastructural components vested and the current “in the ground” cost of providing identical services and this is their deemed cost.

Disposals

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the surplus or deficit.

When revalued assets are sold the amounts included in the asset revaluation reserve in relation to those assets are transferred to accumulated funds.

Revaluation of Property, Plant and Equipment is Accounted for on a Class of Asset Basis

The net revaluation results are included in Other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. When the net revaluation decrease exceeds the asset revaluation reserve balance, this decrease is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their intended use. Depreciation rates and useful lives are reviewed annually. Depreciation on assets is expensed.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructural Assets	Life (in years)	Rate
Flood protection and controlled works (pump stations, dams)	1 - 100	1 - 100%
Roads and footpaths	1 - 110	0.9 - 100%
Sewerage network including treatment	2.5 - 100	1 - 40%
Stormwater drainage schemes	1 - 100	1 - 100%
Water supply schemes – other	1 - 100	1 - 100%
Water treatment and facilities	1 - 100	1 - 100%

Operational Assets	Life (in years)	Rate
Buildings	1 - 100	1 - 100%
Landfill	3.68 - 40	2.5 – 27.2%
Library books including audio books	5 – 13.34	7.5 - 20%
Other structures and improvements	3.23 - 100	1 - 31%
Office equipment, furniture and fittings	3.01 - 13.33	7.5 – 33.2%
Plant, machinery and equipment	2.23 - 100	1 - 45%

Restricted Assets	Life (in years)	Rate
Buildings	5 - 100	1 - 20%

Assets Not Depreciated

The following assets are not depreciated in line with Council's depreciation policy:

- **infrastructural assets** - assets under construction, infrastructure land, sewerage oxidation ponds and roading infrastructure including land under roads, roads and carpark formation, sealed roads subbase and street berms and plantings. Flood protection and control works including stopbanks, rock work and plantings.
- **operational assets** - assets under construction, forest crops, land, artwork and landfill capping.
- **restricted assets** - land.

Impairment of Assets

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. When the impairment loss exceeds the balance in the revaluation reserve, the balance is recognised in expenditure.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to Other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

11. Intangible Assets

	Group total \$000s	Group Carbon credits \$000s	Software \$000s	Council		
				Council total \$000s	Carbon credits \$000s	Software \$000s
Cost:						
Balance at 1 July 2021	22,742	4,657	18,085	21,521	4,657	16,864
Additions	968	-	968	793	-	793
Disposals	(1,510)	(1,345)	(165)	(1,510)	(1,345)	(165)
Balance at 30 June 2022	22,200	3,312	18,888	20,804	3,312	17,492
Additions	911	-	911	687	-	687
Disposals	(1,073)	(734)	(339)	(1,058)	(734)	(324)
Balance at 30 June 2023	22,038	2,578	19,460	20,433	2,578	17,855
Accumulated amortisation and impairment:						
Balance at 1 July 2021	7,838	87	7,751	6,924	87	6,837
Amortisation expense	1,668	-	1,668	1,549	-	1,549
Balance at 30 June 2022	9,506	87	9,419	8,473	87	8,386
Amortisation expense	1,732	-	1,732	1,569	-	1,569
Disposals	(15)	-	(15)	-	-	-
Balance at 30 June 2023	11,223	87	11,136	10,042	87	9,955
Carrying amount:						
Balance at 1 July 2021	14,904	4,570	10,334	14,597	4,570	10,027
Balance at 30 June 2022	12,694	3,225	9,469	12,331	3,225	9,106
Balance at 30 June 2023	10,815	2,491	8,324	10,391	2,491	7,900

An Intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected.

11.1. Carbon Credits

Carbon credits have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

11.2. Intangible Assets Under Construction

Council had a total of \$581,000 in intangibles under construction (2021-22: \$437,000).

Accounting Policy

Software Acquisition and Development

Software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs, maintenance and web related costs are recognised as expenditure when incurred.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are de-recognised when they are used to satisfy carbon emission obligations.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of computer software, the major classes of intangible assets have been estimated as follows:

Computer software	5 to 10 years	10% to 20%.
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Impairment of Intangible Assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment in note 10. The same approach applies to the impairment of intangible assets.

12. Forestry Assets (including jointly held assets)

Forestry assets are predominantly owned and managed by MRF. The forestry estate is managed through a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (KDC) (11.5%). The MRF estate covers 3,518 stocked hectares as at 30 June 2023 (2021-22: 3,309)

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Balance at 1 July	15,679	17,080	15,679	18,043	17,080
Increase due to additions	771	437	771	-	437
Gains/(Losses) arising from changes attributable to physical changes (note 8)	(123)	(1,175)	(123)	1,020	(1,175)
Gains/(Losses) arising from changes attributable to log price changes (note 8)	1,408	(258)	1,408	-	(258)
Decreases due to harvest	-	(405)	-	-	(405)
Balance at 30 June	17,735	15,679	17,735	19,063	15,679

Council's share of jointly controlled assets and any liabilities incurred jointly with KDC are recognised on a proportionate basis and classified according to their nature.

The estate consists of seven forest blocks - Para, Pukaka, Strachan Peak, Koromiko, Waikakaho, Speeds and Sunhill. The planted area consists predominantly of radiata pine with small areas planted with other species. As of 30 June 2023, the weighted average age of the forest estate is 12 years old. (2021-22: 11.6)

Independent registered valuer Colliers has valued MRF's land and improvements as at 30 June 2023. Forme Consulting Group Ltd has prepared the forestry crop valuations as at 30 June 2023 based on methodology recommended by the New Zealand Institute of Forestry. For this valuation a discount rate of 6.5%, applied to pre-tax cash flows, has been used in line with rates used by similar forest

valuations within New Zealand. The sensitivity of crop value to discount rate is shown below:

	as at 30 June 2023			as at 30 June 2022		
	6%	6.5% (as used)	7%	6%	6.5% (as used)	7%
Discount rate:						
Tree crop value (\$000s)	22,834	20,039	17,573	20,171	17,716	15,688
MDC Group 88.5% share (\$000s)	20,208	17,735	15,552	17,851	15,679	13,884

Key financial risks arise from increase in costs associated with logging/loads, cartage harvesting costs, sale price for forestry and risks of changing demand from export markets.

Accounting Policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in expenditure when incurred.

Where Council transacts with the joint operation, unrealised profits and losses are eliminated to the extent of Council's share in the joint operation, except to the extent that unrealised losses provide evidence of impairment of the asset.

MRF Joint Operation	Council and Group	
	2023 \$000s	2022 \$000s
Current assets	52	50
Non-current assets	35,173	29,870
Current liabilities	98	83
Non-current liabilities	1,996	550
Income	3,066	809
Expenses	876	3,094

Accounting Policy

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control.

The Council and Group recognise its direct right to the assets, liabilities, revenues and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue, and expenses. Assets, liabilities, revenues, and expenses relating to Council's interest in a joint operation are accounted for in line with Council's accounting policies and included in the relevant line items of the Council and Group financial statements.

13. Other Financial Assets

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Current portion:					
Term deposits and bonds with maturities of 4-12 months	4,176	12,620	4,176	12,492	12,620
Total current portion	4,176	12,620	4,176	12,492	12,620
Non-current portion:					
Term deposits and bonds with maturities 12 months plus	9,303	418	9,303	250	418
Community loans	6	10	6	6	10
Unlisted shares in subsidiaries (investment in subsidiaries)	-	-	6,000	6,000	6,000
Advance to MDCH	-	-	72,067	88,528	67,315
LGFA borrower notes	3,108	2,461	3,108	1,597	2,176
Other unlisted shares	286	1	286	1	286
Total non-current portion	12,703	2,890	90,770	96,382	76,205
Total other financial assets	16,879	15,510	94,946	108,874	88,825

The carrying value of term deposits and bonds approximates their fair value.

Financial assets are classified into the following categories for the purpose of measurement:

- term deposits and community loans which are amortised cost;
- advance to MDCH which is amortised cost;
- LGFA borrower notes which are fair value through other comprehensive income (FVTOCRE); and
- other unlisted shares which fair value through other comprehensive income (FVTOCRE).

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Accounting Policy

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash

Accounting Policy

flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent Measurement of Financial Assets at Amortised Cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit loss (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent Measurement of Financial Assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses which are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent Measurement of Financial Assets/Liabilities at FVTSD

Financial assets/liabilities in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and Group have no instruments in this category.

Expected Credit Loss Allowance (ECL)

The Council and Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial

Accounting Policy

recognition, the Council and Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment and forward-looking information.

The Council and Group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and Group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Shares in Subsidiaries (At Cost)

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Previous Accounting Policy (Summarised)

In the previous year, other financial assets were classified into the following categories:

- Loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- Held-to-maturity investments at amortised cost; and
- Fair value through other comprehensive revenue and expense (included shares and listed bonds).

The Main Differences for The Prior Year Policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment

14. Investment Property

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Balance at 1 July	128,625	116,498	11,500	10,950	10,950
Additions from acquisition	10,513	13,642	-	-	-
Transfer from property plant and equipment	4,322	(260)	4,322	-	-
Fair valuation gains/(losses) (note 5 and 8)	(27,234)	(1,255)	(1,372)	-	550
Balance at 30 June	116,226	128,625	14,450	10,950	11,500

14.1 Valuation Basis

The fair value of investment property at 30 June 2023 has been arrived at on the basis of a valuation carried out at that date by the following independent registered valuers:

- Port Marlborough NZ Ltd - Crighton Anderson Property and Infrastructure Ltd trading as Colliers International (2021-22: Crighton Anderson Property and Infrastructure Ltd trading as Colliers International);
- Marlborough Airport Ltd - Alexander Hayward Ltd (2021-22: Alexander Hayward Ltd); and
- Council - Alexander Hayward Ltd (2021-22: Alexander Hayward Ltd).

The fair value of investment property has been determined using the capitalisation of net income, discounted cash flow methods and comparable sales approach. These methods are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rates.

The rates adopted are post tax and range between 7.25% and 10.00% (2021-22: 6.25% and 8.00%) for Council and 7.00% and 8.75% (2021-22: 6.40% and 8.25%) for Port Marlborough NZ Ltd and 7.00% (2021-22: 6.75%) for Marlborough Airport Ltd.

14.2 MDC Group Valuation Uncertainty Disclosure

Due to the uncertain impact of COVID-19 and escalating inflation levels on market values the valuation of investment properties the respective valuations for the Council, Marlborough Airport Ltd and Port Marlborough NZ Ltd reported on the basis of having 'significant valuation' uncertainty. (2020-21: significant valuation uncertainty).

Accounting Policy

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in revenue or expenditure.

15. Cash and Cash Equivalents

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Cash at bank and on hand	8,085	12,725	5,444	185	6,214
Total cash and cash equivalents	8,085	12,725	5,444	185	6,214

Cash and cash equivalents included in the Statement of Cash flows comprise of the following Statement of Financial Position amounts:

	Group		Council		
	Actual 2023	Actual 2022	Actual 2023	Budget 2023	Actual 2022
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash on hand and balances with banks	8,085	8,225	5,444	185	1,714
Short term investments	-	4,500	-	-	4,500
Total as per statement of cash flows	8,085	12,725	5,444	185	6,214

Although cash and cash equivalents at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial. Cash and cash equivalents are held at amortised cost.

Accounting Policy

Cash and cash equivalents include cash on hand, balances with banks, other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

16. Debtors and Other Receivables

16.1 Debtors and Other Receivables from Non-Exchange Transactions

	Group		Council	
	Actual 2023	Actual 2022	Actual 2023	Actual 2022
	\$000s	\$000s	\$000s	\$000s
Rates receivables	1,449	1,237	1,449	1,237
GST	2,018	2,285	1,962	2,285
Waka Kotahi roading subsidy	2,585	4,001	2,585	4,001
Other	306	306	306	306
Total non-exchange debtors and other receivables	6,358	7,829	6,302	7,829

16.2 Debtors and Other Receivables from Exchange Transactions

	Group		Council	
	Actual 2023	Actual 2022	Actual 2023	Actual 2022
	\$000s	\$000s	\$000s	\$000s
Trade receivables	4,185	3,769	4,185	3,769
Related party receivables	-	-	0	169
Prepayments and other sundry receivables	8,672	5,892	2,701	2,520
Gross exchange debtors and other receivables	12,857	9,661	6,886	6,458
Less allowance for expected credit losses	(365)	(61)	-	(30)
Total exchange debtors and other receivables	12,492	9,600	6,886	6,428

16.3 Total Debtors and Other Receivables

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Gross total debtors and other receivables	19,215	17,490	13,188	14,287
Less allowance for expected credit losses	(365)	(61)	-	(30)
Total debtors and other receivables	18,850	17,429	13,188	14,257

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options subject to meeting certain criteria. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

Council has not recognised an allowance for expected credit losses as required under PBE IPSAS 41 for other receivables held at amortised cost as these are considered trivial.

The ageing profile below does not include rates receivable as these are excluded from PBE IPSAS 41. The past due categories have been updated for the current year and the comparatives.

16.4 Ageing Profile of Total Receivables

	2023			2022		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Group						
Not past due	16,066	-	16,066	14,927	-	14,927
Past due 1-30 days	495	-	495	1,584	-	1,584
Past due 31-90 days	244	-	244	55	-	55
Past due >90 days	961	365	596	924	61	863
Total	17,766	365	17,401	17,490	61	17,429
Council						
Not past due	10,862	-	10,862	11,724	-	11,724
Past due 1-30 days	343	-	343	1,584	-	1,584
Past due 31-90 days	57	-	57	55	-	55
Past due >90 days	477	-	477	924	30	894
Total	11,739	-	11,739	14,287	30	14,257

There is no concentration of credit risk with respect to receivables as the MDC Group has a large number of customers (refer to note 27.4 – Financial instrument risk).

Accounting Policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses.

The Council and Group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- when remitted in accordance with the Council's Rates Remission Policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Previous Accounting Policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

17. Investment in Joint Venture

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Marlborough Inland Hub	8,091	6,750	-	-	-
Total investment in Joint Venture	8,091	6,750	-	-	-

Marlborough Inland Hub Ltd, represents a 50/50 partnership between Centreport Ltd and Port Marlborough NZ Ltd. Port Marlborough NZ Ltd owns a 32-hectare site at Riverlands, Blenheim. The initiative will provide an inland cargo hub, enabling freight movement via road rail to coastal and international shipping.

During the year, Port Marlborough NZ Ltd provided a secured and interest bearing long-term shareholder loan to Marlborough Inland Hub Limited of \$500K. Interest is payable on 30 June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2023 was \$18K. The loan is repayable on demand.

	Group	
	Actual 2023 \$000s	Actual 2022 \$000s
Carrying amount at beginning of year	6,750	-
Equity acquisitions	-	6,750
Share of profit/(loss)	28	-
Gain/(loss) on revaluation of PPE	813	-
Balance at end of the year	7,591	6,750
Advance (non-current)	500	-
Balance at end of the year	8,091	6,750

Accounting Policy

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control.

The Council and group recognise its investment in Joint Venture using the equity method.

18. Borrowings

18.1 Council

Council raises loans either using a Westpac facility or through the New Zealand Local Government Funding Agency Ltd. The loans are secured via security stock issued by Council under a Debenture Trust Deed.

MBIE Loan

Council has a loan of \$0.6M from MBIE (2021-22 \$0.2M) for the Flaxbourne Irrigation Scheme.

Westpac Facility

Secured loans can be raised under a \$20 million (2021-22: \$20 million) wholesale advance facility agreement with Westpac New Zealand Ltd (Westpac). Council has the option to renew the facility in March 2024.

Council has utilised \$6.0 million as at 30 June 2023 (2021-22: \$0.0 million).

New Zealand Local Government Funding Agency Ltd (LGFA)

Total borrowing with the LGFA is \$151.9 million (2021-22: \$137.2 million). The breakdown is provided in the table below.

LGFA borrowings	2023		2022	
	\$000s	Interest rate	\$000s	Interest rate
Current portion	37,085	\$37.1 million variable at 5.75%-6.05%	55,200	\$49.2 million variable at 1.85%-2.52%
				\$6 million fixed at 5.5%
Non-current portion	114,800	\$99.8 million variable at 5.96%-6.48%	82,000	\$69.0 million variable at 2.44%-3.39%
		\$15 million fixed at 2.82%-5.58%		\$13.0 million fixed at 2.82%-4.57%
Total	151,885		137,200	

Council holds \$73 million in interest rate swaps (2021-22: \$52 million) fixed at a weighted average rate of 3.61% (2021-22: 3.50%) and with the following maturities: \$14 million in 2025, \$10 million in 2026, \$20 million in 2027, \$14 million in 2028 and \$15 million in 2029.

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

18.2 MDCH

During the year interest rates ranged between 0.05% and 5.21% (2021-22: 0.57%- 5.21%).

18.3 Internal Borrowings

Group of activity	2023				
	Opening 2023 \$000s	Advanced \$000s	Repaid \$000s	Closing 2023 \$000s	Interest expense \$000s
People	7,287	2,972	(1,799)	8,460	349
Community facilities	20,226	1,456	(1,178)	20,504	826
Roads and footpaths	10,459	5,098	(648)	14,909	515
Flood protection	2,661	590	(141)	3,110	140
Sewerage	44,677	2,100	(3,178)	43,599	1,829
Stormwater drainage	716	-	(57)	659	5
Water supply	22,393	3,172	(1,818)	23,747	941
Solid waste management	5,554	143	(733)	4,964	219
Environmental management	332	-	(19)	313	13
Regulatory	552	86	(47)	591	23
Regional development	10,345	63	(1,327)	9,081	386
Other non-activity	11,390	-	(684)	10,706	409
Total Internal Borrowings 2023	136,592	15,680	(11,629)	140,643	5,655

Accounting Policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs.

Borrowings are classified as current liabilities unless the Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

19. Provisions

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Current portion:				
Riskpool	100	-	100	-
Rates postponement provision	3	3	3	3
Carbon credits	626	641	626	641
Total current portion	729	644	729	644
Non-current portion:				
Landfill aftercare provision	4,972	3,993	4,972	3,993
Riskpool	-	100	-	100
Runway reseal provision	5,836	4,727	-	-
Total non-current portion	10,808	8,820	4,972	4,093
Total provisions	11,537	9,464	5,701	4,737

Provision movements	Group	Runway reseal	Council	Riskpool	Carbon credits	Landfill aftercare	Rates postpone- ment
Balance at 1 July 2022	9,464	4,727	4,737	100	641	3,993	3
Additional provisions made	2,785	1,109	1,676	-	625	1,051	-
Unused amounts reversed	-	-	-	-	-	-	-
Amounts used	(712)	-	(712)	-	(640)	(72)	-
Balance at 30 June 2023	11,537	5,836	5,701	100	626	4,972	3

Accounting Policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and discounted to present value where the effect is material.

Riskpool

This provision recognises \$100,000 for a final New Zealand Mutual Liability Riskpool call before its wind up which is anticipated to be in 2024. The Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation period expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability

for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). Riskpool has advised that it is working through the implication of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Carbon Credits

This provision recognises an additional provision of \$625,000 (2021-22: \$640,000) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2023.

Landfill Closure and Aftercare Liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements and an inflation factor between 1.9% and 3.4% (2021-22: 2%) and a discount rate of 4.89% for closed landfills and 4.30% for the open regional landfill (2021-22: 3.4% closed and open landfills).

Council has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. Post-closure responsibilities include: treatment and monitoring of leachate, groundwater and surface monitoring, gas monitoring and recovery, implementation of remedial measures such as needing for cover and control systems, ongoing site maintenance for drainage systems, and final cover and vegetation. The uninflated cash outflows for landfill post-closure monitoring and maintenance are estimated at an average of \$56,900 for closed landfills and \$162,380 per annum for the open landfill to occur in perpetuity (2021:22: \$56,900 closed and \$148,001 open).

Council renewed the resource consent in 2009 for seven of its closed landfill sites. The remaining site was consented in 1998.

Current Landfill

Council gained the resource consent in November 1995 to operate the Bluegums landfill. Closure responsibilities occur at the closure of each stage of the landfill and upon final closure. Due to the increased quantity of waste delivered to the landfill, Council's recent landfill capacity review has provided an updated closure of the stage currently in use and closure of the entire landfill for 2048. A number of waste minimisation initiatives are planned to reduce the amount of waste being sent to landfill, including increased kerbside recyclables collection, diversion of food waste from landfill and the Waste Sorting Facility. For more information refer to the Solid Waste Management Activity section.

The cash outflows for landfill post-closure are expected to occur in 25 to 55 years' time. The estimated liability for closure and post-closure is \$5.30 million (2021-22: \$4.84 million).

The following major assumptions have been made in calculating the provision:

- the remaining capacity of the site is 1.72 million cubic metres (2021-22: 1.78 million cubic metres) (refuse, clean fill and cover);
- the estimated remaining life is 25 years (2021-22: 26 years) based on historical volume information; and
- the granting of resource consent renewals.

To provide for costs of aftercare of the currently used regional landfill, a charge is made each year based on the net present value of the estimated after care cost which it is estimated will be incurred following the closure of the landfill.

Runway Reseal

The provision reflects MAL cash flows obligation to maintain the runway under their license agreement with New Zealand Defence Force.

The provision for resealing was reviewed in May 2023 by Beca Ltd which undertook a desktop feasibility assessment and prepared a high level Rough Order Cost (ROC) estimate of the surfacing of the runway.

Business and Economic Research Ltd (BERL) price level adjustors plus a 4.5% interest factor were applied to the ROC to calculate the amount to be provided each year up until 2024/2025, when the runway is expected to be resealed.

20. Creditors and Other Payables

Creditors and other payables from exchange and non-exchange transactions	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Trade and other payables	20,093	20,132	16,349	10,176	14,447
Accrued expenses	3,567	3,332	3,567	6,224	3,332
Income in advance	4,485	3,680	5,175	3,223	3,680
Deposits	1,491	1,258	1,491	943	1,258
Related party payables	-	-	3,278	3,677	3,717
Total creditors and other payables	29,636	28,402	29,860	24,243	26,434

Accounting Policy

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

21. Employee Entitlements

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Current portion					
Accrued pay	362	166	362	156	166
Annual leave and sick leave	3,726	3,147	2,505	2,242	2,282
Retirement and long service leave	220	254	220	256	254
Total current portion	4,308	3,567	3,087	2,654	2,702
Total employee entitlements	4,308	3,567	3,087	2,654	2,702

Accounting Policy

Provision is made in respect of the Council and Group liability for retiring gratuity allowances, annual and long service leave and sick leave. The retiring gratuity liability and long service leave liability are assessed using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Liabilities for accumulating short-term compensated absences (e.g. annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance sheet date.

Council has a sick leave gifting policy. The value of Council's sick leave gifting has been accessed but no material impact or changes have been made to the current level of provision.

Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities that are expected to be settled within 12 months of balance date are classified as current.

22. Equity and Capital Management

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Accumulated funds					
Balance at 1 July	827,676	754,952	741,124	685,552	672,896
Transfers (to)/from Reserves	14,899	7,457	14,899	14,977	7,457
Transfers (to)/from Restricted Reserves	(1,347)	(1,276)	(1,347)	-	(1,276)
Transfers from Property Revaluation Reserves on disposal	1,511	17	1,511	-	17
Surplus for the year	12,478	66,526	24,271	4,483	62,030
Balance at 30 June	855,218	827,676	780,459	705,011	741,124
Ordinary and Council created Reserves					
Balance at 1 July	47,254	54,711	44,638	51,902	52,095
Transfers (to)/from accumulated funds	(14,899)	(7,457)	(14,899)	(14,977)	(7,457)
Balance at 30 June	32,355	47,254	29,739	36,925	44,638
Restricted Reserves					
Balance at 1 July	2,974	1,698	2,974	(368)	1,698
Transfers (to)/from accumulated funds	1,347	1,276	1,347	-	1,276
Balance at 30 June	4,321	2,974	4,321	(368)	2,974
Restricted Reserves consists of:					
Development Contribution Reserve	(2,092)	(1,919)	(2,092)	(4,517)	(1,919)
Land Subdivision Reserve	6,413	4,893	6,413	4,149	4,893
Property Revaluation Reserve					
Balance at 1 July	1,183,303	1,129,867	1,113,412	1,106,006	1,072,216

	Group		Council		
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Net revaluation gains	(51,319)	55,772	(51,319)	38,676	41,213
Deferred tax recognised directly in other comprehensive revenue and expense	-	(2,319)	-	-	-
Transfers to accumulated funds on disposal of property	(1,511)	(17)	(1,511)	-	(17)
Balance at 30 June	1,130,472	1,183,303	1,060,581	1,144,682	1,113,412
Total Reserves	1,167,148	1,233,531	1,094,641	1,181,239	1,161,024
Total equity	2,022,366	2,061,207	1,875,100	1,886,250	1,902,148

22.1 Ordinary Reserves

Ordinary Reserves	Activities to which the reserve is applied	Opening Balance at 1 July 2022 \$000s	Transfer to reserve \$000s	Transfer from reserve \$000s	Closing Balance at 30 June 2023 \$000s
Emergency events	Infrastructural assets including roading network and Wairau floodplain river protection.	9,324	572	(6,166)	3,730
Port Marlborough NZ Ltd special dividend	All activities in the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas.	3,904	141	(341)	3,704
Infrastructure upgrade	Infrastructure such as water and sewerage and other activities as determined by Council from time to time.	13,473	5,434	(4,001)	14,906
Forestry and land development	All activities.	11,200	-	(2,527)	8,673
Covid19 - Rates Relief Reserve	All activities	(4,000)	-	(4,300)	(8,300)
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety and learning.	(1,101)	440	(2,648)	(3,309)
Community facilities	Community facilities.	(480)	1,172	(198)	494
Roads and footpaths	Roads and footpaths.	9,051	6,748	(5,592)	10,207
Flood protection	Flood protection.	(435)	2,094	(2,011)	(352)
Sewerage	Sewerage.	(7,190)	6,378	(4,982)	(5,794)
Stormwater drainage	Stormwater drainage.	5,943	2,710	(176)	8,477
Water supply	Water supply.	883	4,834	(8,979)	(3,262)

Ordinary Reserves	Activities to which the reserve is applied	Opening Balance at 1 July 2022 \$000s	Transfer to reserve \$000s	Transfer from reserve \$000s	Closing Balance at 30 June 2023 \$000s
Solid waste management	Solid waste management.	715	3,903	(6,052)	(1,434)
Environmental management	Environmental management.	(323)	935	(827)	(215)
Regulatory	Regulatory.	847	531	(433)	945
Regional development	Regional development.	(345)	362	(588)	(571)
Other non-activity	All activities.	3,172	3,653	(4,985)	1,840
Total Ordinary Reserves 2023		44,638	39,907	(54,806)	29,739

Restricted Reserves	Activities to which the reserve is applied	Opening Balance at 1 July 2022 \$000s	Transfer to reserve \$000s	Transfer from reserve \$000s	Closing Balance at 30 June 2023 \$000s
Development contributions					
Reserve and Community Facilities		4,893	3,791	(2,270)	6,414
Roads and Footpaths	Growth driven capital expenditure	73	436	(62)	447
Sewerage		(3,624)	3,229	(5,030)	(5,425)
Stormwater		923	420	(51)	1,292
Water Supply		709	1,246	(362)	1,593
Total Restricted Reserves 2023		2,974	9,122	(7,775)	4,321

Purpose of Council's Reserves

Special Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

For further information about Council's Reserves see page 316-319 of Council's 2021-2031 Long Term Plan.

Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprises of accumulated funds and reserves. Equity is represented by net assets.

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place an infrastructure strategy and asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Accounting Policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds;
- restricted reserves;
- ordinary and council created reserves; and
- property, plant and equipment revaluation reserve.

Restricted Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Ordinary and Council Created Reserves

There are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Property, Plant and Equipment Revaluation Reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

23. Capital Commitments and Operating Leases

	Group		Council	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$000s	\$000s	\$000s	\$000s
Capital commitments:				
Property, plant and equipment	-	-		
<i>Buildings</i>	3,641	5,454	3,183	5,345
<i>Flood protection and control works</i>	896	32	896	32
<i>Landfill</i>	2,990	436	2,990	436
<i>Office equipment, furniture and fittings</i>	8	301	8	301
<i>Other structures and improvements</i>	3,998	341	3,998	341
<i>Roads and footpaths</i>	2,953	2,788	2,953	2,788
<i>Sewerage schemes other</i>	2,395	1,743	2,395	1,743
<i>Sewerage treatment and facilities</i>	1,153	1,733	1,153	1,733
<i>Stormwater drainage systems</i>	-	15	-	15
<i>Water supply schemes other</i>	550	1,831	550	1,831
<i>Water treatment and facilities</i>	5,036	4,746	5,036	4,746
<i>Land</i>	332	859	332	859
<i>Fair value improvements</i>	1,773	1,773	-	-
<i>Property Plant and Equipment</i>	361	37	-	-
Intangible assets	-	29	-	-
Investment property	5,427	6,455	-	-
Total capital commitments	31,512	28,573	23,493	20,170

Operating Leases as Lessee

MDC Group leases motor vehicles in the normal course of its business. All operating lease contracts contain market review clauses in the event that the option to renew is exercised. MDC Group does not have an option to purchase the leased asset at the expiry of the lease period.

	Group		Council	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$000s	\$000s	\$000s	\$000s
Operating leases as lessee:				
Not later than one year	75	132	38	95
Later than one year and not later than five years	388	396	21	29
Later than five years	1,298	1,298	-	-
Total non-cancellable operating leases	1,761	1,826	59	124

Operating Leases as Lessor

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Operating leases as lessor:				
Not later than one year	16,106	15,302	5,689	4,885
Later than one year and not later than five years	41,464	40,435	19,239	18,210
Later than five years	33,833	32,527	26,630	25,324
Total non-cancellable operating leases	91,403	88,264	51,558	48,419

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain review clauses in the event that the MDC Group exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period.

Rentals payable under operating leases are charged to revenue on a straight-line basis over the term of the relevant lease, this includes the COVID-19 lease discounts provided by Council.

MDC Group operating leases relate to rental property owned by Port Marlborough NZ Ltd with lease terms of up to 30 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that Port Marlborough NZ Ltd exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

MDC Group leases some land and buildings held for service delivery purposes under operating leases. The majority of these leases have a non-cancellable term of more than five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are detailed above.

24. Contingent Assets and Liabilities

24.1 Contingent Assets

Natural Disaster Revenue

There is an unquantifiable contingent asset for revenue from central government subsidies relating to the November 2016 Kaikoura earthquake.

There is an unquantifiable contingent asset for flood damage insurance claims and central government subsidies claims relating to weather events in 2021 and 2022.

Please refer to note 29– Natural disasters.

24.2 Contingent Liabilities

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Uncalled capital in MDCH	-	-	70,000	70,000
Uncalled capital in LGFA	200	200	200	200
Total contingent liabilities	200	200	70,200	70,200

Contingent liabilities are liabilities that may or may not occur as they are dependent on another uncertain event. Judgement is exercised in determining whether the uncertain event is probable, possible or remote.

New Zealand Local Government Funding Agency Ltd (LGFA)

Council is a shareholder and guarantor of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a local currency credit rating from Standard and Poor's of AA+ and a foreign currency rating of AA.

Council is one of 77 Local Authority Council's and three Council-Controlled Organisation participating of the LGFA. When Council's LGFA uncalled capital is aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified.

Also, together with the other shareholders and guarantors, Council is a guarantor of a proportion of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2023 LGFA had borrowings totaling \$17.7 billion (2021-22: \$15.8 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low and has not recognised a liability for this amount. This is on the basis that it is not aware of any local authority debt default events in New Zealand, local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required, and the LGFA have a billion dollar facility with the NZ Government.

Financial Guarantees

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

During the year Council served as a guarantor on a loan facility of \$2.8 million for the Marlborough Research Centre Trust (MRC) to enable it to build the new Bragato Research Institute building. Council is obligated under the guarantee to make loan payments in the event that the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the organisation. At balance date, Council expects it will not be called upon by the bank for this financial guarantee. The possibility of any call on this guarantee is remote. Also, the MRC has provided Council with adequate security (2021-22: \$2.8 million for the Marlborough Research).

Local Authority Protection Programme (LAPP)

Council is a member of the Local Authority Protection Programme (LAPP). The Trust Deed of LAPP provides that the Trustees may adopt or determine such methods of setting Extra Contributions for coverage for any part of portion of a year. Council has not received any formal request for Extra Contributions from LAPP in the current year.

25. Related Parties Transactions

Transactions between the Council and the entities within the Group have been disclosed below.

	Council	
	Actual 2023 \$000s	Actual 2022 \$000s
<u>MDC Holdings Ltd</u>		
Amounts paid to		
Interest on advance	84	21
Swap valuation fee reimbursement	1	2
Amounts payable to		
Advance	3,278	3,675
Amounts received from		
Dividends	3,308	3,155
Interest on loans	2,835	613
Amounts receivable from		
Loans	71,515	67,315
Interest on loans	552	85
<u>Port Marlborough NZ Ltd</u>		
Amounts paid to		
Services received during the year	116	70
Amounts payable to		
Services received during the year	-	5.0
Amounts received from		
Harbour and navigational levies	430	430
Rates and other services	835	695
Subvention payment	-	-
Amounts receivable		
Subvention payment	-	-
<u>Marlborough Airport Ltd</u>		
Amounts paid to		
Services received during the year	3	10
Amounts payable to		
	-	-
Amounts received from		
Services provided during the year	263	241
Subvention payment	-	13
Amounts receivable from		
Services provided during the year	-	1

Transactions between Council and Key Management Personnel have been disclosed below.

	Council	
	Actual 2023 \$000s	Actual 2022 \$000s
Key management personnel		
Councillors including the Mayor:		
Remuneration	796	769
Full-time equivalent members	14.7	14.0
Senior management team including the Chief Executive:		
Remuneration	2,711	2,672
Full-time equivalent members	12.0	12.6
Total remuneration	3,507	3,441
Total full-time equivalent members	26.7	26.6

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, purchase of rubbish bags etc.). These goods and services were supplied on normal commercial terms.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2021-22: Nil).

26. Severance Payments

For the year ended 30 June 2023 Council made one severance payment of \$16,894 (2021-22: One of \$24,500).

27. Financial Instruments

27.1 Adoption of PBE IPSAS 41

The Council and group have adopted PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and Group have elected to not restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Council and Group's accounting policies are:

- Note 16 – Receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 13 – Financial assets – This policy has been updated to reflect:
 - the new classification changes;
 - the measurement and recognition of loss allowances based on the new expected credit loss model; and
 - the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivatives accounting policies is in Note 13 – Derivatives remain unchanged as Council has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

On the date of initial of application of PBE IPSAS 41, the difference between carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 was not material. Classification changes have been described in Note 13 – Financial Assets.

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held mainly to collect.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

27.2 Financial Instrument Categories

The accounting policies for financial instruments have been applied to the financial instrument asset categories of term deposits, cash and cash equivalents, debtors and other receivables, shares and community loans and to the financial instrument liability categories of derivative financial liability/asset instruments, creditors and other payables and secured loans.

The carrying amount is the approximate fair value for each of these classes of financial instruments, as shown in the Statement of Financial Position.

27.3 Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

Quoted Market Price (Level 1) – financial instruments with quoted prices for identical instruments in active markets. There are no financial instruments held at fair value classified under this category.

Valuation Technique Using Observable Inputs (Level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. Financial derivatives valued as observable inputs (level 2) for the MDC Group are \$6.3 million (2021-22: \$4.5 million) and for Council are \$5.0 million (2021-22 \$3.5 million).

Valuation Techniques With Significant Non-Observable Inputs (Level 3) – financial instruments valued using models where one or more significant inputs are not observable. Financial instruments with significant non-observable inputs for Council and the MDC Group are unlisted shares \$0.3 million- (2021-22: \$0.3 million) and LGFA borrower notes \$3.1 million (2021-22: \$2.4M).

There were no transfers between the different levels of the fair value hierarchy.

27.4 Financial Instrument Risks

(a) Credit Risk

Credit risk is the risk that a third party will default on its obligation to MDC Group causing it to incur a loss. Financial Instruments which potentially subject Council to credit risk principally consist of bank accounts, local authority stock and accounts receivable.

Council (both itself and through its funds manager) places its cash and short term deposits in high rating financial institutions. Council's Treasury Policy requires a spread of investments with limitations placed on the level of credit exposure to any one financial institution.

Accounts receivable balances are spread over a large customer base, therefore, minimising exposure to credit risk in respect of these debtors.

Council has a series of policies to manage the risks associated with financial instruments. These policies can be found on the Council website. The web address is:

<https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports/treasury-management-policies>

MDC Group holds no other collateral or credit enhancements for financial instruments that give rise to credit risk.

The MDC Group maximum credit exposure for each class of financial instrument is as follows:

	Group		Council	
	Actual 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
i) Maximum exposure to credit risk				
Cash at bank and term deposits and bonds	21,564	25,763	18,923	19,252
Debtors and other receivables	14,478	12,853	8,873	9,681
Community and related party loans	6	10	6	10
Derivative financial instrument assets	6,416	4,352	5,037	3,497
Advance to MDCH	-	-	72,067	67,315
Total credit risk	42,521	42,978	104,906	99,755
ii) Credit quality of financial assets				
Counterparties with credit ratings - cash at bank, term deposits and derivatives:				
AA-	27,980	25,763	23,960	19,252
Total	27,980	25,763	23,960	19,252
iii) Counterparties without credit ratings - existing counterparty with no defaults in the past:				
Community and related party loans	6	10	6	10
Total	6	10	6	10

(b) Liquidity Risk

(i) Management of Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

MDC Group manages its liquidity in accordance with its funding and financial policies, which include cash flow forecasting, maintaining its financial market investments in liquid instruments, and a debt maturity policy to avoid concentrations of debt maturity dates. The Council has an AA negative credit rating with S&P Global and banks have indicated that they want to do business with Council.

The Council is exposed to liquidity risk as a guarantor of a defined portion of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due.

These policies are reviewed and updated with each Long Term Plan and can be found on the Council website.

(ii) Contractual Maturity Analysis of Financial Liabilities

This table analyses MDC Group financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date. The contractual cash flow includes the principal and any interest component.

	Carrying amount \$000s	Contractual cash flow \$000s	< than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5+ years \$000s
Group 2023						
Creditors and other payables	25,151	25,151	25,151	-	-	-
Secured loans	158,527	251,750	47,070	53,336	123,432	27,912
Total financial liabilities	183,678	276,901	72,221	53,336	123,432	27,912
Group 2022						
Creditors and other payables	28,402	28,402	28,402	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	137,433	206,289	48,178	20,728	94,429	42,954
Total financial liabilities	165,835	234,691	76,580	20,728	94,429	42,954
Council 2023						
Creditors and other payables	24,685	24,685	24,685	-	-	-
Secured loans	158,527	251,750	47,070	53,336	123,432	27,912
Total financial liabilities	183,212	276,435	71,755	53,336	123,432	27,912
Council 2022						
Creditors and other payables	22,754	22,754	22,754	-	-	-
Secured loans	137,433	206,289	48,178	20,728	94,429	42,954
Total financial liabilities	160,187	229,043	70,932	20,728	94,429	42,954

(iii) Contractual Maturity Analysis of Financial Assets

The table following analyses MDC Group financial assets into maturity groupings based on the remaining period to the contractual maturity date as at the balance date.

	Carrying amount \$000s	Contractual cash flow \$000s	< than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5+ years \$000s
Group 2023						
Cash and cash equivalents	8,085	8,085	8,085	-	-	-
Debtors and other receivables	14,478	14,478	14,478	-	-	-
Interest Rate Swaps	6,613	6,613	197	350	368	5,698
Other financial assets:						
Term deposits	13,479	14,031	5,011	9,020	-	-
Local Authority stock and government bonds	3,309	3,700	270	844	2,318	268
Community loans	6	6	6	-	-	-
Total financial assets	45,970	46,913	28,047	10,214	2,686	5,966
Group 2022						
Cash and cash equivalents	12,725	12,725	12,725	-	-	-
Debtors and other receivables	12,853	12,853	12,853	-	-	-
Interest Rate Swaps	4,352	4,352	-	142	717	3,493
Other financial assets:						
Term deposits	13,038	12,905	12,905	-	-	-
Local Authority stock and government bonds	2,377	2,325	347	228	1,349	401
Community loans	10	10	10	-	-	-
Total financial assets	49,932	49,747	43,417	370	2,066	3,894
Council 2023						
Cash and cash equivalents	5,444	5,444	5,444	-	-	-
Debtors and other receivables	8,872	8,872	8,872	-	-	-
Interest Rate Swaps	5,037	5,037	-	-	348	4,689
Other financial assets:						
Term deposits	13,479	14,031	5,011	9,020	-	-
Local Authority stock and government bonds	3,309	3,700	270	844	2,318	268
Community loans	6	6	6	-	-	-
Advance to MDCH	72,067	83,654	36,313	11,916	20,894	14,531
Total financial assets	108,214	120,744	55,916	21,780	23,560	19,488
Council 2022						
Cash and cash equivalents	6,214	6,214	6,214	-	-	-
Debtors and other receivables	9,681	9,681	9,681	-	-	-
Interest Rate Swaps	3,497	3,497	-	-	4	3,493
Other financial assets:						
Term deposits	13,038	12,905	12,905	-	-	-
Local Authority stock and government bonds	2,377	2,325	347	228	1,349	401
Community loans	10	10	10	-	-	-
Total financial assets	34,817	34,632	29,157	228	1,353	3,894

(c) **Sensitivity Analysis**

The following table illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) impact for reasonable possible market movements, with all other variables held constant, based on MDC Group financial instrument exposures at balance date.

	2023		2022	
	-50bps Surplus \$000s	+50bps Surplus \$000s	-50bps Surplus \$000s	+50bps Surplus \$000s
Interest rate risk:				
Group				
Financial assets				
Cash and cash equivalents - term deposits	-	-	(23)	23
Other financial assets - term deposits	(83)	83	(83)	83
Interest rate swaps	(1,141)	1,134	(1,038)	1,000
Financial liabilities				
Borrowings:				
Bank overdraft	-	-	-	-
Secured loans	124	(124)	315	(315)
Interest rate swaps	(556)	579	(502)	476
Total sensitivity to interest rate risk	(1,657)	1,673	(1,308)	1,244
Council				
Financial assets				
Cash and cash equivalents - term deposits	-	-	(23)	23
Other financial assets - term deposits	(67)	67	(65)	65
Interest rate swaps	(1,141)	1,134	(1,038)	1,000
Financial liabilities				
Borrowings:				
Secured loans	428	(428)	427	(427)
Interest rate swaps	-	-	0	0
Total sensitivity to interest rate risk	(781)	774	(699)	661

(d) **Cash Flow Interest Rate Risk**

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The MDC Group's exposure to changes in market interest rates primarily arises from borrowings issued at variable interest rates.

Generally, the MDC Group raises long-term borrowings at floating rates. The Council's liability management policy requires it to maintain a percentage of its borrowings at fixed rates of interest.

	Minimum Fixed Rate	Maximum Fixed Rate
0-2 years	40%	100%
2 years to 5 years	25%	80%
5 years to 10 years	0%	60%

To achieve this, the MDC Group uses interest rate swaps. Interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council or Group borrowed at fixed rates directly. Under the interest rate swaps, the Council and Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date.

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2023 %	2022 %	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Outstanding fixed for floating:						
Group						
Less than one year	4.22%	0.00%	17,400	-	197	-
1 to 2 years	3.83%	4.15%	26,250	31,400	350	142
2 to 5 years	2.72%	3.20%	48,000	32,250	368	717
Greater than 5 years	3.46%	2.60%	35,500	50,000	5,698	3,493
Total sensitivity to interest rate risk	3.05%	2.70%	127,150	113,650	6,613	4,352
Council						
Less than one year	0.00%	0.00%	-	-	-	-
1 to 2 years	4.05%	4.05%	14,000	14,000	-	-
2 to 5 years	2.47%	2.98%	44,000	20,000	348	4
Greater than 5 years	3.61%	2.65%	15,000	39,000	4,689	3,493
Total sensitivity to interest rate risk	3.38%	3.01%	73,000	73,000	5,037	3,497

(e) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

At times MDC Group purchases plant and equipment associated with the construction of certain assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises. When these transactions are significant MDC Group manage foreign currency risks arising from contractual commitments and liabilities by entering into forward foreign exchange

contracts to manage the foreign currency risk exposure. This means that the Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

(f) Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments issued at fixed rates of interest expose the Council and group to fair value interest rate risk. The MDC Group is not able to actively manage fair value interest rate risk.

28. Insurance

Council has estimated its maximum probable loss from either earthquake, tsunami or flood to be \$548 million (2021-22: \$535 million).

Council has taken the mitigation approach of a mix of full insurance, risk sharing and self-insurance for any applicable excess taking into account the following:

- i. Not all assets are likely to be impacted on one event, given their diverse nature and location.
- ii. Immediate replacement of all damaged assets will not be required, immediately following an event.
- iii. The balance between premium costs and risk.
- iv. Councils do not generally insure roads or other land. Roads reinstatement is subject to NZTA subsidies.

Council has an Emergency Events Reserve, currently at \$3.7 million (2021-22: \$9.3 million).

The following information relates to the insurance of Council assets as at 30 June:

	note:	2023		2022	
		Assets Value at Cost \$000s	Maximum cover \$000s	Assets Value at Cost \$000s	Maximum cover \$000s
Council insurance					
Total value of assets covered by insurance contracts and maximum amount to which they are insured	(a)	373,862	799,225	294,463	673,279
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements	(b)	617,644	60,000	604,855	60,000
Total value of self-insured assets and value of any fund held for that purpose		764,310	3,730	743,741	9,324
Land	(c)	335,884	-	386,908	-
TOTAL		2,091,700	862,955	2,029,967	742,603

Note:

(a) Community Assets: with a few exceptions, this replacement cover is for community assets on Council or Council controlled land, for example water treatment plant, WIP, sewerage treatment plant, buildings, library books, computers and office equipment.

Vehicles: All vehicles including the leased fleet, mowers, trucks, mobile pumps are insured at replacement value for \$4.3 million (2020-21: \$3.7 million).

Council has an 88.5% share in the MRF. Their assets and standing timber are insured at replacement/reinstatement value of \$18.7 million (2020-21: \$19.1 million).

- (b) **Underground Reticulation and Flood Protection Assets:** These assets are covered by the financial risk sharing arrangement, the Local Authority Protection Programme, with the replacement value of \$860 million (2021-22: \$797 million). The cover is for \$60 million (2021-22: \$60 million) for a first event. A further 60% of central government funding is available for eligible events.
- (c) **Land:** includes MRF land valued at \$19.7 million (2021-22: \$16.0 million) and land under roads \$142 million (2021-22: \$140 million).

Roading and Footpath and Carpark Assets Excluding Most Bridges: These activities have a value of \$1,033 million (2021-22: \$959 million) and are not insured. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

Bridges: Uninsured bridges have a value of \$66 million (2021-22: \$67 million). Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

29. Natural Disasters

29.1 2021 Flooding Event

In July 2021 and August 2022 the region was impacted by severe flooding which caused significant damage.

The damage caused to Marlborough local roads by the storms was unprecedented for the region. Kenepuru Road, Queen Charlotte Drive and Awatere Valley were the worst hit. Marlborough Roads established a recovery team to repair and restore the roading network with a Waka Kotahi subsidy rate of 95% for initial works. Council has embarked on the Marlborough Sounds Future Access Study to support the case for funding the Sounds' future transport network's recovery and maintenance. At this stage it is still unknown what this will look like.

Damage to Council's flood protection assets was extensive following the July 2021 event with much of the damage eligible for central government and Local Authority Funding Program (LAPP) financial assistance, subject to applicable thresholds. Damage from the August 2022 events was much less severe and repairs have been largely completed within the financial year. The Council is continuing to discuss with insurers and central government the level of claims and recoveries. Until discussions with insurers progress sufficiently to provide a higher level of certainty, we are unable to recognise further insurance proceeds. Council has disclosed an unquantifiable contingent asset per note 24.1

Damage assessment work has been completed and eligible repair works are underway.

There were \$171.4M in asset impairments recognised due to flood damage in 2022-23 (21-22: \$86.0M). See note 10 for further information on this.

	Council and Group	
	2023 \$'000	2022 \$'000
Flood event related transactions		
Insurance recoveries	210	500
NEMA funding	208	-
Waka Kotahi roading subsidy	36,980	33,815
Total Revenue	37,398	34,315
Roading repairs	(28,516)	(8,981)
Flood protection repairs	(1,459)	(365)
Other	(262)	(257)
Total expenditure	(30,237)	(9,603)
Capitalised reinstatement costs	10,409	29,030
Impairment through revaluation reserves	(171,394)	(86,001)
Impact on assets	(160,984)	(56,971)

29.2 2016 Kaikoura Earthquake

The 14 November 2016 Kaikoura earthquake caused significant damage in our region, resulting in insurance and central government subsidy claims. Damage assessment work has been completed and eligible repair works are substantially completed.

The final insurance claim was settled during the previous financial year. The Council continues to work with central government (NEMA) regarding financial assistance for three waters reticulation asset damage. Until discussion progresses sufficiently to provide a higher level of certainty, we are unable to recognise further proceeds. Council has recognised an unquantifiable contingent asset per note 24.1.

There were no asset impairments due to earthquake damage in 2022-23 (2021-22: Nil).

	Council and Group	
	2023 \$'000	2022 \$'000
Earthquake related transactions		
Insurance recoveries	-	1,274
NEMA funding	57	-
Total revenue	57	1,274
Earthenware sewer pipe relining	(2,454)	(3,872)
Total capital expenditure	(2,454)	(3,872)

30. Variance Explanations

Explanations for major budget variances from the Council budget figures in the Annual Plan are as follows:

Statement of Comprehensive Revenue and Expense

	Actual 2023 \$000s	Budget 2023 \$000s	Variance \$000s	Comments
Development and financial contributions	9,390	7,321	2,069	Development Contributions are higher than expected due to the volume of subdivisions reaching milestones required to contribute.
Finance revenue	6,368	3,033	3,335	Finance revenue is higher than budget due to: <ul style="list-style-type: none"> Fair value movements on investments are not budgeted. The movement is due to interest rate increases at year end and maturity date of swaps getting closer causing a rise in swap values; and Increased interest rates charged on advance to subsidiaries.
Other revenue	52,161	47,306	4,855	Total Other revenue is higher by \$4.9 million in several categories as explained below: <ul style="list-style-type: none"> Vested assets : \$7.8 million higher due to the current progress of subdivision work in Marlborough. <p>This is offset by:</p> <ul style="list-style-type: none"> Funding received for the National Wilding Conifer Control Program being reclassified to subsidies and grants after being budgeted at \$5.6M in regulatory revenue. Lower than budgeted insurance revenue \$1.4M..
Depreciation and amortisation	35,108	31,935	3,173	Depreciation costs are higher than budget due to high level of additions fair value movement in the previous financial year.
Other expenses	117,864	129,575	(11,711)	Other expenditure is lower by \$11.7 million in several categories as explained below: <ul style="list-style-type: none"> Delays in repairs to roads and flood protection assets damaged in the July 2021 weather event and a portion of these costs capitalised. These are partially offset by unbudgeted expenditure on roads and flood protection assets following the August 2022 weather event. Higher than anticipate costs for the regional landfill (\$1.1 million) primarily made up of a higher landfill provision and contract costs offset by lower ETS obligations. Desludge costs at the sewer ponds (\$1.8 million).
Gain on property revaluations	120,074	38,676	81,398	Higher than anticipated revaluation movement primarily due to the off cycle flood protection revaluation, higher than anticipated unit costs in the roads and

	Actual 2023 \$000s	Budget 2023 \$000s	Variance \$000s	Comments
				footpaths valuation and higher than anticipated land value movements. This is offset by no valuation movement for three waters with the valuation report still in draft at the time of signing.

Statement of Financial Position

	Actual 2022 \$000s	Budget 2022 \$000s	Variance \$000s	Comments
Cash and cash equivalents	5,444	185	5,259	Higher than budget due to a large payment being deposited late on 30 June 2023.
Other financial assets - current	4,176	12,492	(8,316)	Other current financial assets are lower than budget due to the change in strategy to move to longer term deposits as interest rates rise.
Property, plant and equipment	1,910,688	1,958,789	(48,101)	Property, plant and equipment is lower than budget due to the effect of the impairment of roading and flood protection assets and the decision not to revalue three waters assets. This is offset by higher than anticipated opening balances with large valuation movements in the prior year not included in the opening balance and higher than anticipated valuation movements in the current year..
Other financial assets - non-current	90,770	96,382	(5,612)	Decrease due to lower than budget advances to MDCH. This is offset by increased longer term term deposits.
Investment property	14,450	10,950	3,500	Increase due to the transfer of the old Blenheim Library to investment property.
Creditors and other payables	29,860	24,243	5,617	Higher accounts payable and accruals at year end due to significant capital programme currently in progress.
Total borrowings	158,527	207,155	(48,628)	Borrowings have decreased due to lower than budget advances to MDCH caused by delays in the iReX projects.

31. Events After the Balance Date

The Water Services Reform Programme Update

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes

effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.

The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.

The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

However, the financial impact of the transfer of three water assets and associated function, is not certain. With the change in the government there is a possibility of a change to water services reform programme. Considering the recent developments there is a possibility that the new Government might repeal or substantially amend the three legislations.

On 14 December 2023 it was announced that Cabinet has agreed to introduce and pass legislation early next year that will repeal Three Waters legislation restoring council ownership of water assets. The effect of this announcement on the Council is uncertain until such legislation is passed.

Other

While not significant, post balance date Council is providing support to Destination Marlborough and in the process of integrating the operation of the Marlborough Museum.

On 13 December 2023 KiwiRail advised Port Marlborough, a subsidiary of the Council, that the iReX project for the replacement of the Interislander ferries was cancelled. It is Port Marlborough's assessment that there is limited exposure to the Council and Group.

32. Breach of Statutory Deadline

The Council is required under section 98(3) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 31 October 2023. This timeframe was not met.

Funding Impact Statement

Marlborough District Council: Funding Impact Statement				
	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	48,761	49,208	51,818	52,138
Targeted rates	27,447	27,040	28,595	28,540
Subsidies and grants for operating purposes	5,776	17,926	56,270	42,500
Fees and charges	18,980	21,060	22,538	23,036
Interest and dividends from investments	5,066	4,197	6,046	8,088
Local authorities fuel tax, fines, infringement fees, and other receipts	14,819	12,591	18,618	14,633
Total Operating funding	120,849	132,022	183,885	168,935
Applications of operating funding				
Payments to staff and suppliers	92,087	100,667	152,403	136,503
Finance costs	5,638	2,960	5,991	7,036
Other operating funding applications	4,901	6,979	6,232	6,523
Total applications of operating funding	102,626	110,606	164,626	150,062
Surplus of operating funding	18,223	21,416	19,259	18,873
Sources of capital funding				
Subsidies and grants for capital expenditure	18,192	39,958	7,451	20,674
Development and financial contributions	7,176	9,635	7,321	9,390
Increase (decrease) in debt	47,924	30,233	52,750	21,094
Gross proceeds from sale of assets	-	9,248	-	27
Lump sum contributions	150	243	173	170
Other dedicated capital funding	2,415	1,328	2,650	1,713
Total sources of capital funding	75,857	90,645	70,345	53,068
Applications of capital funding				
Capital expenditure to meet additional demand	19,424	27,763	15,280	15,065
Capital expenditure to improve the level of service	25,257	11,492	38,194	15,774
Capital expenditure to replace existing assets	33,197	57,954	28,974	40,034
Increase (decrease) in reserves	(16,315)	(5,992)	(18,244)	(13,552)
Increase (decrease) of investments	32,517	20,844	25,400	14,620
Total applications of capital funding	94,080	112,061	89,604	71,941
Deficit of capital funding	(18,223)	(21,416)	(19,259)	(18,873)
Funding balance	-	-	-	-

Marlborough District Council: Funding Impact Statement

	2021-22 Long Term Plan \$000s	2021-22 Annual Report \$000s	2022-23 Annual Plan \$000s	2022-23 Annual Report \$000s
Reconciliation				
Total operating funding	120,849	133,999	183,885	168,935
plus - Subsidies and grants for capital expenditure	18,192	37,981	7,451	20,674
plus - Development and financial contributions	7,176	9,635	7,321	9,390
plus - Lump sum contributions	151	243	172	170
plus - Other dedicated capital funding	1,276	1,328	1,511	1,713
plus - Contributions vested assets	1,139	10,011	1,139	8,954
plus - Gain on sale of fixed assets	-	7,496	-	11
plus - Fair value gains	-	550	-	-
plus - Sale of inventory	-	-	-	-
plus - Fair value movement gain on SWAP	-	7,064	-	1,540
plus - Forestry asset revaluation gain	1,263	-	1,020	1,285
Revenue as per Statement of Comprehensive Revenue and Expense	150,046	208,307	202,499	212,672
Total applications of operating funding	102,626	112,687	164,626	150,062
plus - Depreciation and amortisation	29,342	29,443	31,935	35,108
plus - Loss on sale of fixed assets	-	700	-	94
plus - Surrendered New Zealand Carbon Units (NZUs)	501	1,357	1,345	718
plus - Landfill aftercare provision	53	656	110	1,047
plus - Fair value losses	-	-	-	1,372
plus - Forestry asset revaluation loss	-	1,433	-	-
Expenditure as per Statement of Comprehensive Revenue and Expense	132,522	146,276	198,016	188,401
Surplus as per Statement of Comprehensive Revenue and Expense	17,524	62,031	4,483	24,271

Notes to Funding Impact Statement

1. Statement of Accounting Policies

Sources of Operating Funding - includes revenue to the activity, but note:

- i. Grants and contributions received which are specified for funding capital expenditure are not included, they are included in “Sources of capital funding” - whereas under NZ GAAP they are included in either “Development and financial contributions” or “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- ii. Any gain from sale of assets is not included; instead the sale proceeds are included in “Sources of capital funding” - whereas under NZ GAAP any such gain is included in “Gains” in the Statement of Comprehensive Revenue and Expense.
- iii. Internal charges and overheads recovered are shown as a source of operating funding in the FIS – whereas in Council’s Statement of Comprehensive Revenue and Expense they are deducted from operating expenditure.
- iv. The value of assets vested in (effectively donated to) Council which are specified for funding capital expenditure are not included. Under NZ GAAP they are included in “Other revenue” in the Statement of Comprehensive Revenue and Expense and added to the value of Fixed assets in the Statement of Financial Position.

Applications of Operating Funding - includes operating expenditure of the activity, but note:

- v. Depreciation and amortisation expense is excluded as it does not involve a cash payment - whereas under NZ GAAP it is included in Expenditure in the Statement of Comprehensive Revenue and Expense. The value of this expense is shown in the reconciliation section.
- vi. In Council’s Statement of Comprehensive Revenue and Expense internal charges and overheads recovered are deducted from operating expenditure whereas in the FIS they are shown as a source of operating funding.
- vii. The “Finance costs” shown are the amount paid by the activity to Council’s Investment unit and so are also an internal cost.
- viii. Any loss on sale of assets is not included as it does not involve a cash payment - whereas under NZ GAAP it is included in Expenditure in the Statement of Comprehensive Revenue and Expense.

Sources of Capital Funding - shows direct sources of funding the capital expenditure of the activity, but note:

- ix. Grants and contributions received which are specified for funding capital expenditure are included - whereas under NZ GAAP they are included in either “Development and financial contributions” or “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- x. Any proceeds from the sale of an asset are included in here - whereas under NZ GAAP only the loss or gain on sale would be included in the Statement of Comprehensive Revenue and Expense.
- xi. The value of assets vested in (effectively donated to) Council which are specified for funding capital expenditure are not included – whereas under NZ GAAP they are included in “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- xii. Funding from a reserve is included as a negative value of “Increase (decrease) in reserves” in the “Applications of capital funding” section.
- xiii. While loans are included here there are some situations in which a loan is used to fund operating expenditure.

- xiv. Capital expenditure may also be funded from items included as “Sources of operating funding”, e.g. activities with low levels of capital expenditure often fund it directly from rates.

Applications of Capital Funding - shows how much funding has been:

- xv. Used to fund capital expenditure; and
- xvi. Transferred to a reserve, less the amount taken from a reserve to fund capital expenditure.

Surplus (Deficit) of Operating Funding And Capital Funding - represent funds transferred between these two uses as defined by the FIS, for the reasons outlined here they differ from a surplus which would be calculated under NZ GAAP and as presented in the Statement of Comprehensive Revenue and Expense.

Council’s management and investment units are not included in any activity, their costs and revenues are allocated over all activities, using appropriate allocation bases. For this reason adding the information provided for all activity groups will not agree to Council’s financial statements. Similarly adding all “Internal charges and overheads recovered” gives a different answer to adding all “Internal charges and overheads applied” as most recoveries are to the management unit

PART 4

Policies

- STATEMENT ON CONTRIBUTIONS TO DECISION-MAKING PROCESSES BY MĀORI
- COUNCIL CONTROLLED ORGANISATIONS



Statement on Contributions to Decision-making Processes by Māori

Introduction

Council provides a wide range of services which make important contributions to the many communities in Marlborough. People should have the opportunity to participate in decisions about those services that affect them.

Context

Council recognises the uniqueness accorded to Māori as tangata whenua.

There are a wide range of Māori, iwi, hapū, business and community organisations in the Marlborough District as well as social and cultural organisations.

Māori make up more than 10% of the population of the Marlborough region (2013 Census), of which a significant number are mana whenua. Iwi authorities are an increasingly significant component of the Marlborough economy, following Te Tau Ihu Tiriti settlements.

There are nine iwi groups within Marlborough, who have completed Te Tiriti settlements. Most of these iwi have interests across Te Tau Ihu o Waka a Māui—

- Ngāti Kuia, Rangitāne o Wairau, and Ngāti Apa ki te Rā Tō (from the *Kurahaupō waka*)
- Ngāti Koata, Ngāti Rārua and Ngāti Toarangatira (from the *Tainui waka*)
- Te Ātiawa o Te Waka-a-Māui
- Ngāi Tahu (Ngāti Kuri hapū)
- Ngāti Tama (Tainui/Taranaki)

Marlborough's tangata whenua iwi have all signed Deeds of Settlement with the Crown to address breaches of Te Tiriti o Waitangi. The historic claims of each of Marlborough's tangata whenua iwi have now been settled.

Council recognises and respects the Crown's responsibility to take appropriate account of the principles of Te Tiriti, and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

Contributions to Decision-Making

Council is charged with the responsibility to promote opportunities for Māori and tauwiwi (other members of the public) to contribute to its decision-making processes.

These obligations apply to all Māori in the district. Council acknowledges that Māori other than tangata whenua may be resident in the area.

In the normal course of things, Council engages with the iwi authorities that have settled.

A number of key themes emerge from the various pieces of legislation including,

- (a) in Council decision-making processes:
 - i. to consider Te Tiriti o Waitangi principles;
 - ii. facilitating iwi participation;
 - iii. recognising and understanding Māori cultural values and perspectives including mātauranga Māori (Māori knowledge), tikanga Māori (Māori principles and protocols); and kaitiakitanga (Māori guardianship);
- (b) Council's duty to contribute to Māori capacity and to enable and promote Māori well-being as part of a comprehensive and effective long-term strategy of the Council; and

- (c) the Māori contribution to the social, economic, environmental, and cultural well-being of Marlborough.

Council has identified three main areas on which it needs to focus:

- (a) Assist Māori to build capacity to engage with Council:
- (b) Developing contributions to decision-making processes by iwi:
- (c) Building Council capacity.

Assist Iwi to Build Capacity

Council needs to find out how it can help with resourcing so that iwi can better engage in Council processes and decision-making.

To do this, Council needs to understand from iwi:

- What are their aspirations
- What are their expectations of Council

Council has historically provided assistance to iwi through their Tiriti settlement negotiation processes. Council provides information to iwi on infrastructure provision and various economic development opportunities.

However, post-settlement there may be more that Council can do.

Together we can assess what iwi need to be able to fully participate in Council decision-making processes.

Council Decision-Making

Iwi are entitled to be involved in Council decision-making across Council. This requires us to develop relationships of mutual respect, co-operation and goodwill.

Council will engage with iwi to ensure that its decision-making processes provide opportunities for iwi to take part.

Strong on-going personal relationships and structural arrangements can assist with this.

Regular relationship meetings with key iwi stakeholders allow Council and iwi at governance and management levels to focus on long-term strategic engagement, understanding each other's goals and aspirations.

Council will also review how iwi can have influence at the governance level.

In particular, Council continues to:

- (a) invite iwi authorities to take part in its annual and three-yearly strategic planning to develop the Annual Plan and the Long-Term Plan;
- (b) a Māori Ward has been established from the 2022 Local Government elections;
- (c) have positions available for iwi on Council's main standing committees;
- (d) consult on new and revised bylaws and other regulatory or planning instruments;
- (e) attend and assist to organise the Cook Strait Forum; and
- (f) engage with iwi over Policy statements and Plans under the RMA.

Build Council Capacity

Council needs to have a good understanding of Māori in our community, their aspirations and expectations. Knowing about and respecting tikanga, kawa, tē reo, tē Ao Māori will aid in developing relationships for effective engagement.

Council can do some basic things that will make staff and Councillors more at ease in moving in a Māori world.

Council will:

- train staff and Councillors in Council's obligations, basic te reo, tikanga, and an understanding of tē Ao Māori; and
- develop resources for Councillors and staff when engaging in the Māori world.
- promote appreciation and understanding of tē Ao Māori.

Council Controlled Organisations

Marlborough District Council operates the following Council Controlled Organisations (CCO's):

- MDC Holdings Ltd.

Marlborough Housing for the Elderly Trust would be a CCO but Council has exempted it under section 7(3-6) of the Local Government Act 2002.

The Local Government Act 2002 (Schedule 10 section 7) requires Council to include in the Long Term Plan information on CCO's, including:

- the nature and scope of the activities to be provided by the CCO;
- Council's significant policies and objectives in relation to the ownership and control of the organisation; and
- the key performance targets and other measures by which performance is to be judged.

MDC Holdings Ltd

MDC Holdings Ltd is 100% owned by Marlborough District Council. Council established MDC Holdings Ltd for the purposes of:

- separating commercial trading activities from the other functions it carries out;
- bringing Council's main trading activities into one structure; and
- obtaining commercial borrowing facilities at the most attractive rate attainable.

MDC Holdings Ltd wholly owns the subsidiaries Port Marlborough New Zealand Ltd and Marlborough Airport Ltd.

Port Marlborough New Zealand Ltd undertakes all the activities typically associated with a port

and also wholly owns subsidiaries PMNZ Marina Holdings Ltd and Waikawa Marina Trustee Ltd. Marlborough Airport Ltd is responsible for the maintenance of the runways and taxiways used by civil aircraft by means of an operating lease from the New Zealand Defence Force. It is also responsible for the provision of a terminal facility and associated minor freight handling.

The significant policies in place for MDC Holdings Ltd are:

- that it operate in a commercial manner:
- decisions to:
 - acquire assets, the value of which is more than 10% of the value of the company's assets before acquisition;
 - dispose of any shares in Port Marlborough New Zealand Ltd and Marlborough Airport Ltd require the prior written approval of Council as the major shareholder; and
- that it distribute by way of dividend, subject to solvency requirements, all the net tax paid profit available.

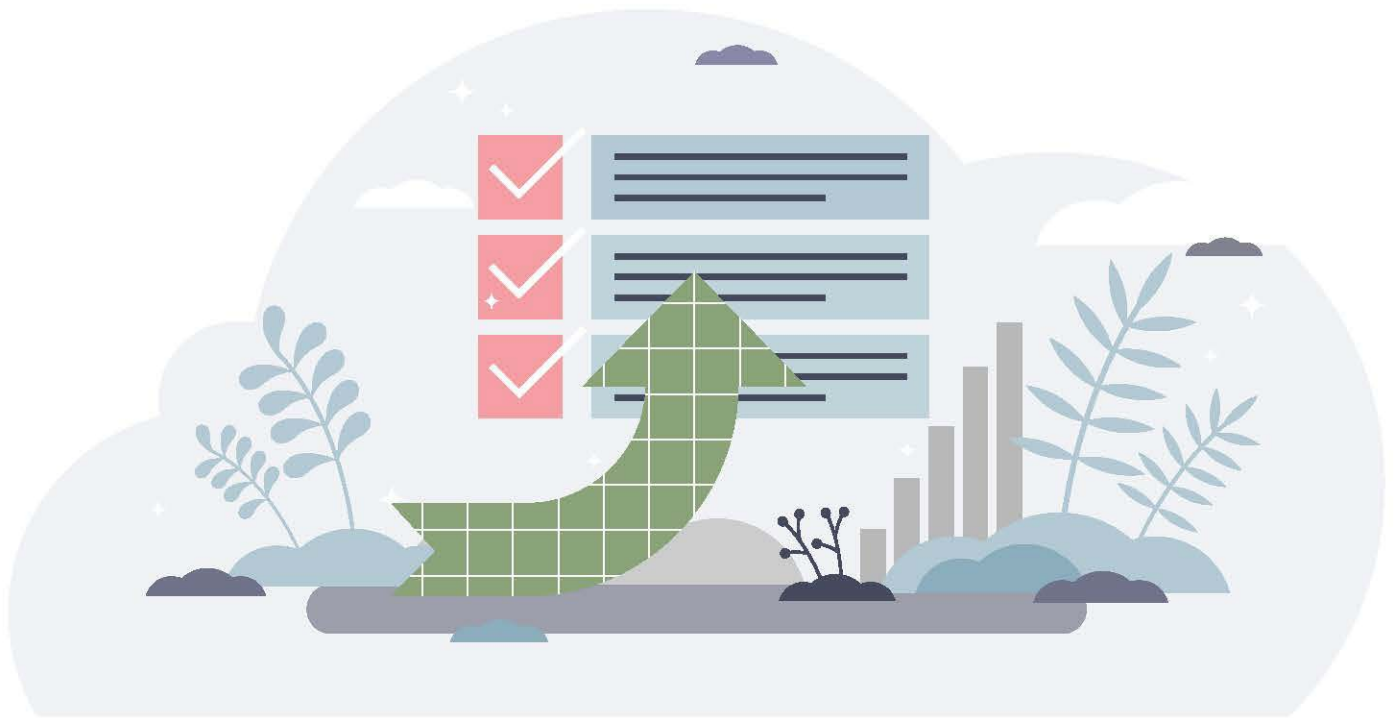
Consistent with an entity operating in a commercial manner, there is only one significant target which is to generate a long-term tax paid return on opening shareholder funds at 7.0%. The return achieved for 2022-23 was 25% (2021-22: 31%). The average for the past three years was 29%.

Marlborough Housing for the Elderly Trust

Marlborough Housing for the Elderly Trust is a charitable trust that assists in the provision of adequate housing for the elderly people of Marlborough and other members of the community.

PART 5

Statement of Compliance and Audit Report



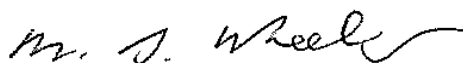
Statement of Compliance

Responsibility

Council and management of Marlborough District Council accept responsibility for the presentation of the annual report, including the Financial Statements and the Statement of Service Performance including the judgments used in them.

Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and the Statement of Service Performance.

In the opinion of Council and management of Marlborough District Council, the annual report for the year ended 30 June 2023 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group except for the value of the Three Waters infrastructure assets where the valuation is still to be finalised.



MARK WHEELER
CHIEF EXECUTIVE
14 December 2023



NADINE TAYLOR
MAYOR
14 December 2023

Independent Auditor's Report

To the readers of Marlborough District Council's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Marlborough District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 14 December 2023. This is the date on which we give our report.

Opinion on the audited information

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matters described in the *Basis for our opinion on the audited information* section of our report, the financial statements on pages 126 to 192:

- present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023;
 - the results of the operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Unmodified opinion on the audited information excluding the financial statements

In our opinion:

- the funding impact statement on page 193, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service provision on pages 32 to 124:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 38 to 124, presents fairly, in all material respects, the actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan and annual plan; and

- the funding impact statement for each group of activities on pages 38 to 124, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s long-term plan and annual plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 24 to 26, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to uncertainty over the water services reform programme. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

Financial statements: Our work was limited with respect to the carrying value of the District Council’s revalued three waters infrastructure assets and their associated revaluation reserves

The District Council revalued its water supply, wastewater, and stormwater infrastructure assets (three waters infrastructure assets) as at 30 June 2022 to fair value using optimised depreciated replacement cost.

In the prior year, we concluded that there was evidence that the methodology applied by the District Council in the revaluation of its three waters infrastructure assets at 30 June 2022 may have resulted in the valuation being based on unit rates that did not appropriately reflect the current contract rates incurred by the District Council for renewal of the three waters infrastructure assets. The scope of our audit was limited, and it was impracticable to determine the amount of any adjustment required.

This matter remains unresolved as at 30 June 2023, as disclosed in note 10.3 to the financial statements.

As a result, our audit opinion on the 30 June 2023 financial statements is qualified because we are unable to obtain sufficient appropriate audit evidence to determine if the carrying values of the three waters infrastructure assets and their associated revaluation reserves as at 30 June 2023 are materially correctly stated. Our audit opinion on the 30 June 2022 financial statements was qualified for the same reason.

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the *Responsibilities of the auditor for the audited information* section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Emphasis of matter – Uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to note 31 to the financial statements which outlines developments in the water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities.

On 14 December 2023, the Government announced its intention to introduce and pass legislation early next year to repeal and replace the 'Three Waters' legislation. The effect of this announcement on the Council is uncertain until such legislation is passed.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's long-term plan and annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure, and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information is defined as all information in the annual report other than the audited information and the disclosure requirements and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed. This limited assurance engagement is compatible with those independence requirements.

Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Appendix

- MDC DIRECTORY



MDC Directory

Contact Details

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Email: mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

Addresses

District Administration Building

15 Seymour Street, Blenheim 7201

Picton Service Delivery Centre (includes Library)

2 Dublin Street, Picton 7220

Harbour Control

Mariner's Mall, Picton

Marlborough Library

15 High Street, Blenheim

Works and Operations Depot

Wither Road, Blenheim

Reserves Depot

Pollard Park, Blenheim

Compliance

Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act have been complied with.

Bankers

Bank of New Zealand, Blenheim

Westpac, Blenheim

Auditor

Julian Tan, Audit New Zealand, Wellington on behalf of the Auditor General

General Statistics

Population (Census count June 2018) 48,700

District Area 17,517 square kilometres

as at 30 June 2023

Rateable Land Value \$11,658,635,850

Rateable Capital Value \$23,518,294,760

Number of Rate Assessments 27,193

as at 30 June 2022

Rateable Land Value \$11,605,092,350

Rateable Capital Value \$23,303,722,810

Number of Rate Assessments 26,034

Forecast Number of Total Rateable Properties

Forecast growth in the number of rateable properties has been based on the projection of 170 units per annum in the Development Contributions Policy.

