

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

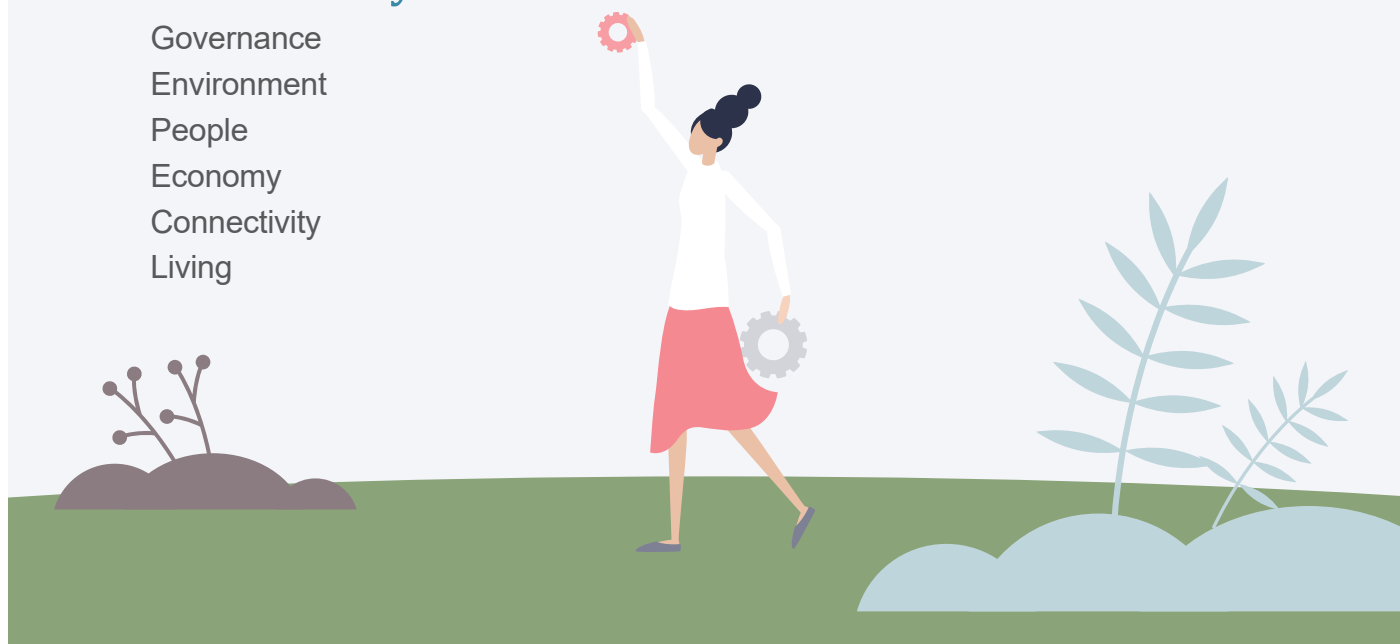
Environment

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 focused 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



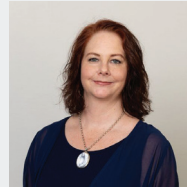
Deputy Mayor
David Croad
WARD: BLENHEIM



Councillor
Scott Adams
WARD: WAIRAU-AWATERE



Councillor
Jamie Arbuckle
WARD: BLENHEIM



Councillor
Sally Arbuckle
WARD: WAIRAU-AWATERE



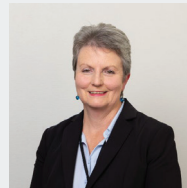
Councillor
Allanah Burgess
WARD: MARLBOROUGH
MĀORI



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



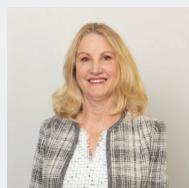
Councillor
Raylene Innes
WARD: MARLBOROUGH
SOUNDS



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
<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;"> 2 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 1 Not achieved (< 80%) </div> </div>	<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;"> 6 On track (100%) </div> <div style="text-align: center;"> 5 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 2 Not achieved (< 80%) </div> </div> <p>We achieved 6 and almost achieved 5 of the 13 KPI's we set for this year.</p>	<div style="background-color: #28a745; color: white; padding: 5px; font-weight: bold;">Achieved</div> <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 Summerset 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>	Achieved
<p>We achieved 29 and almost achieved 6 of the 40 KPI's we set for this year.</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>

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.

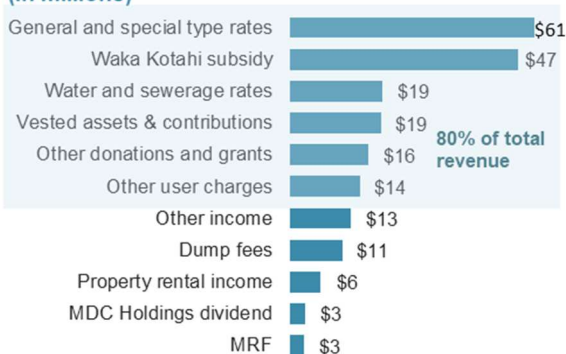
Revenue Sources

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.

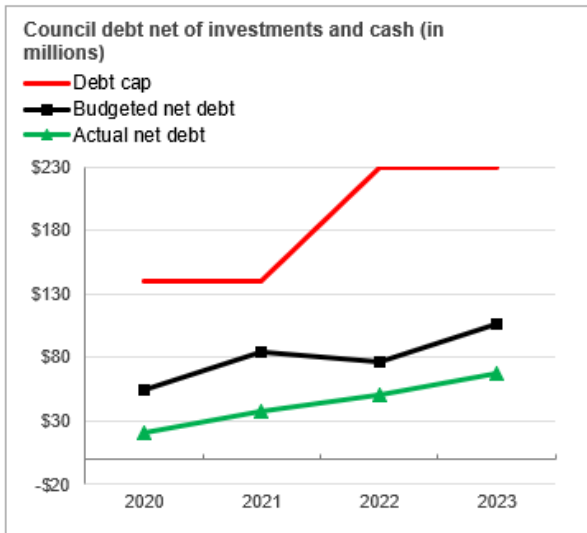
The primary reasons capital expenditure was below budget were:

- 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?

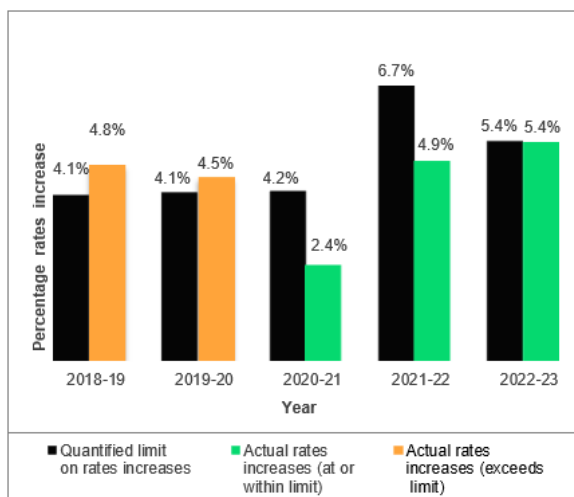
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing revenues, expenses, assets, liabilities and general financial dealings.

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.



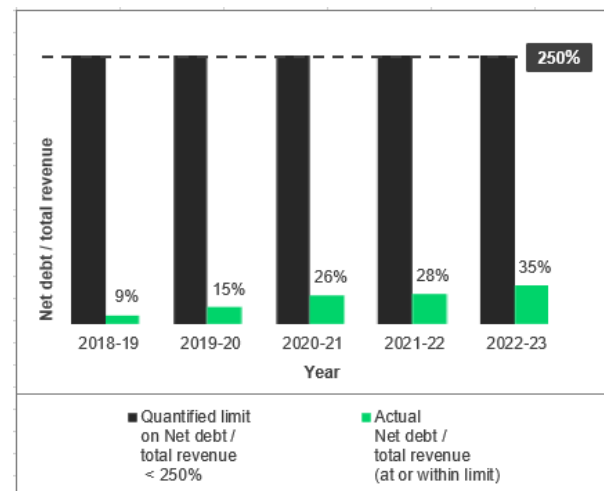
Debt Affordability Benchmark

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

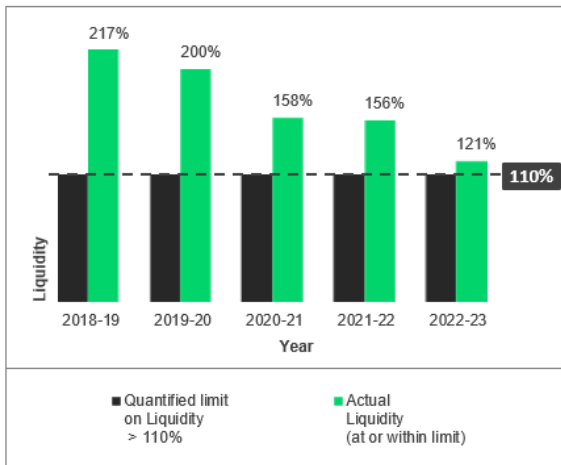
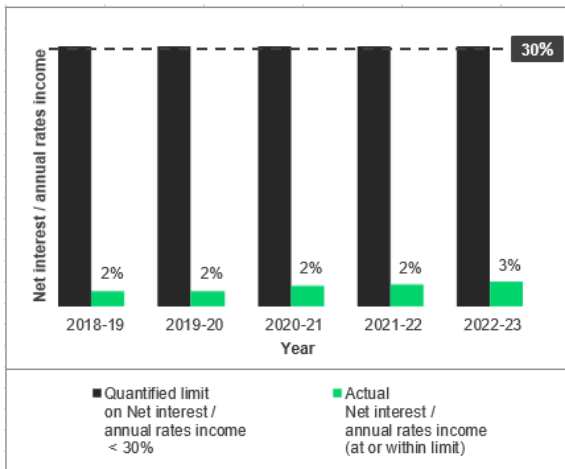
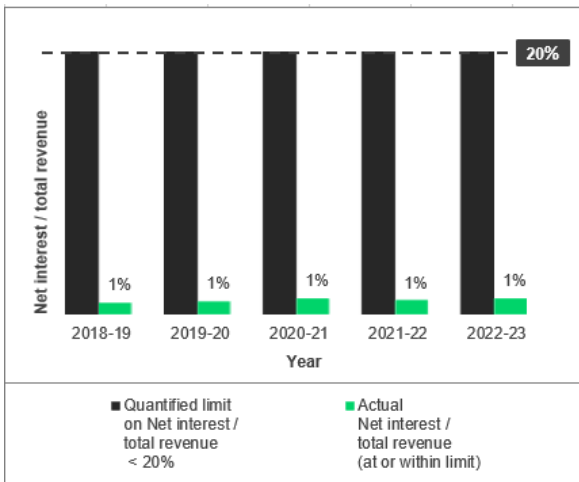
The following graphs compare Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan. The quantified limits are:

- 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.

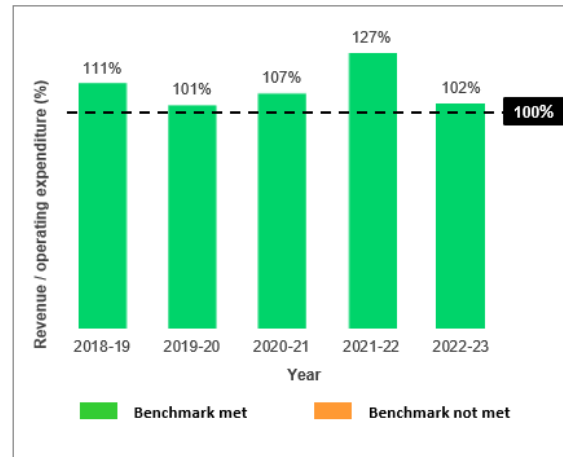


Note: Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

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.

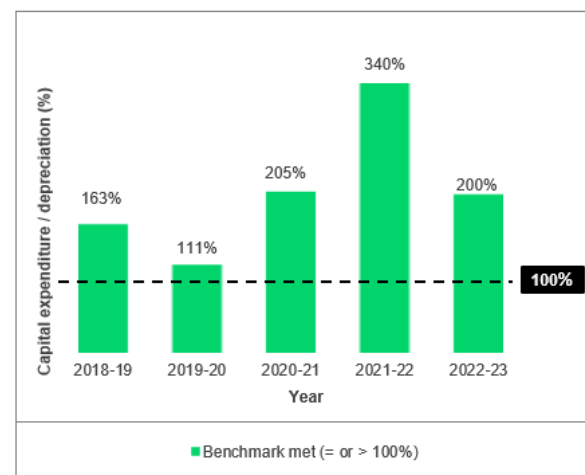
Balance Budget Benchmark

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.



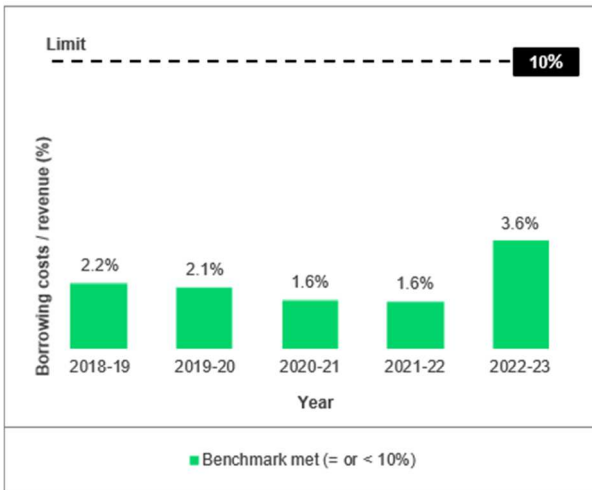
Essential Services Benchmark

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.

borrowing costs are equal or less than 10% of its revenue.

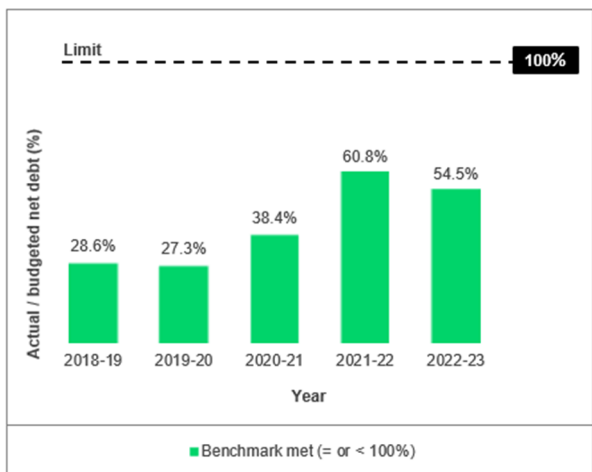


Debt Control Benchmark

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.

