

Annual Report Summary

2022-23



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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.



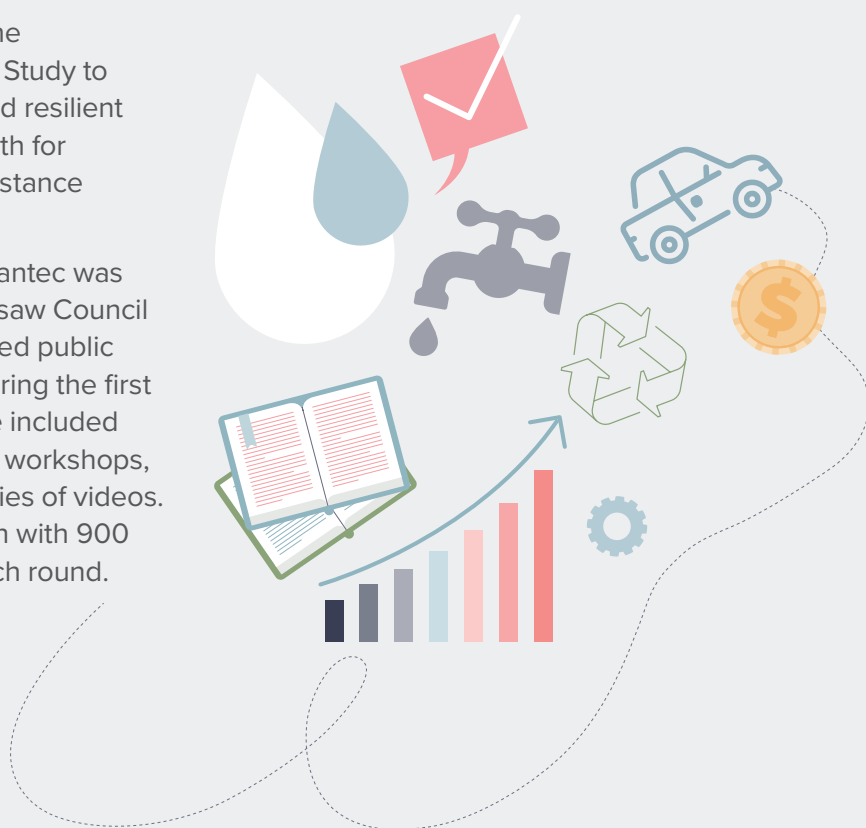
In late 2022 Council embarked on the Marlborough Sounds Future Access Study to support the case for funding safe and resilient long-term access for the Sounds, both for ourselves and to obtain funding assistance from Waka Kotahi.

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 Rārangi. 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



Summary Annual Report

The summary financial statements of the Council and Group are for the year ended 30 June 2023. The specific disclosures included in the summary financial statements have been extracted from the full financial statements. The full financial statements were authorised for issue by the Council on 14 December 2023 and have been audited, receiving a qualified opinion on the financial statements. An unmodified opinion was received on all other audited information.

The basis for the qualification of Council's financial statement is that the District Council's review of its water, sewer and stormwater valuation approach is yet to be undertaken. Therefore the scope of the audit was limited, and Audit NZ were unable to obtain sufficient appropriate audit evidence to determine if the carrying values of the water, sewer and stormwater infrastructure assets and their associated revaluation reserves are materially correctly stated.

The information that follows is intended to give an overview of Council's performance and cannot be expected to provide as complete an understanding as the full Annual Report. The full report is available from Council's website www.marlborough.govt.nz or by contacting Council."

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 the full document.

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

Significant judgements and estimates

In preparing the statement of service performance judgements and estimates have been made.

- Council surveys
 - resident satisfaction;
 - consents; and
 - senior housing.
- Three waters performance compulsory measures
 - real water loss from the networked reticulation system;
 - average consumption of drinking water per day per resident within the district; and
 - total number of complaints received in respect to District water supplies, wastewater schemes and stormwater.

Further information on these can be found on pages 34-36 of the full Annual Report.

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

Council Overall

Performance targets	Budget
<p>2022-23</p> <p>147 On track (100%)</p> <p>44 Almost achieved (≥ 80%)</p> <p>25 Not achieved (< 80%)</p>	<p>Achieved</p> <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 sever weather events; and • costs for desludge at the sewer treatment ponds.
<p>2021-22</p> <p>147 On track (100%)</p> <p>41 Almost achieved (≥ 80%)</p> <p>27 Not achieved (< 80%)</p>	



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
<p>2022-23</p> <p>27 On track (100%) 9 Almost achieved (≥ 80%) 4 Not achieved (< 80%)</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>
<p>2021-22</p> <p>22 On track (100%) 9 Almost achieved (≥ 80%) 8 Not achieved (< 80%)</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>2022-23</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>11</p> <p>On track (100%)</p> </div> <div style="text-align: center;"> <p>2</p> <p>Almost achieved (≥ 80%)</p> </div> <div style="text-align: center;"> <p>1</p> <p>Not achieved (< 80%)</p> </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>2021-22</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>12</p> <p>On track (100%)</p> </div> <div style="text-align: center;"> <p>1</p> <p>Almost achieved (≥ 80%)</p> </div> <div style="text-align: center;"> <p>0</p> <p>Not achieved (< 80%)</p> </div> </div>	

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
<p>2022-23</p> <p>11 On track (100%)</p> <p>4 Almost achieved (≥ 80%)</p> <p>0 Not achieved (< 80%)</p>	<p>Almost achieved</p> <p>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.</p>
<p>2021-22</p> <p>10 On track (100%)</p> <p>4 Almost achieved (≥ 80%)</p> <p>1 Not achieved (< 80%)</p>	

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
<p>2022-23</p> <p> 6 On track (100%) 5 Almost achieved (≥ 80%) 2 Not achieved (< 80%) </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>
<p>2021-22</p> <p> 10 On track (100%) 1 Almost achieved (≥ 80%) 2 Not achieved (< 80%) </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
<p>2022-23</p> <p> 9 On track (100%) 2 Almost achieved ($\geq 80\%$) 1 Not achieved ($< 80\%$) </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>
<p>2021-22</p> <p> 8 On track (100%) 1 Almost achieved ($\geq 80\%$) 3 Not achieved ($< 80\%$) </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
<p>2022-23</p> <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>	<p>Achieved</p> <p>The overall Activity spending was 1.2% (or \$0.1 million) below budget.</p>
<p>2021-22</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 26 On track (100%) </div> <div style="text-align: center;"> 4 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 5 Not achieved (< 80%) </div> </div>	

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 watermains 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
<p>2022-23</p> <p>5 On track (100%)</p> <p>1 Almost achieved (≥ 80%)</p> <p>0 Not achieved (< 80%)</p>	<p>Almost Achieved</p> <p>The overall Activity spending was 7.1% (or \$0.2 million) above budget.</p>
<p>2021-22</p> <p>5 On track (100%)</p> <p>1 Almost achieved (≥ 80%)</p> <p>0 Not achieved (< 80%)</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
<p>2022-23</p> <p>5 On track (100%) 3 Almost achieved (≥ 80%) 1 Not achieved (< 80%)</p>	<p>Almost Achieved</p> <p>The overall Activity spending is 8% (or \$1.2 million) above budget. This is mostly due to:</p> <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.
<p>2021-22</p> <p>5 On track (100%) 3 Almost achieved (≥ 80%) 1 Not achieved (< 80%)</p>	

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
<p>2022-23</p> <p>14 On track (100%) 6 Almost achieved (≥ 80%) 3 Not achieved (< 80%)</p>	<p>Achieved</p> <p>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.</p>
<p>2021-22</p> <p>16 On track (100%) 5 Almost achieved (≥ 80%) 1 Not achieved (< 80%)</p>	

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 PME P.
- 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
<p>2022-23</p> <p>29 On track (100%)</p> <p>6 Almost achieved (≥ 80%)</p> <p>5 Not achieved (< 80%)</p>	<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>2021-22</p> <p>27 On track (100%)</p> <p>7 Almost achieved (≥ 80%)</p> <p>6 Not achieved (< 80%)</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
<p>2022-23</p> <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>	<p>Achieved</p> <p>The overall Activity spending is 2.6% (or \$0.2 million) above budget.</p>
<p>2021-22</p> <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>	

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.



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 in the full Annual Report.

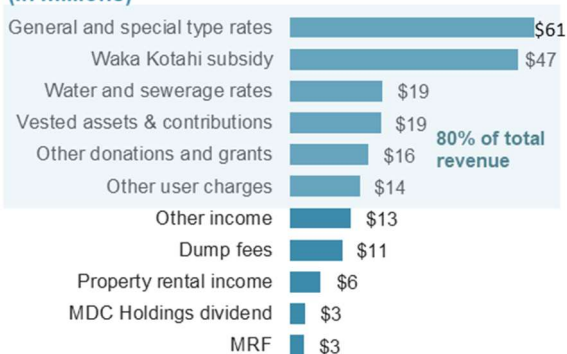
Revenue Sources

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.

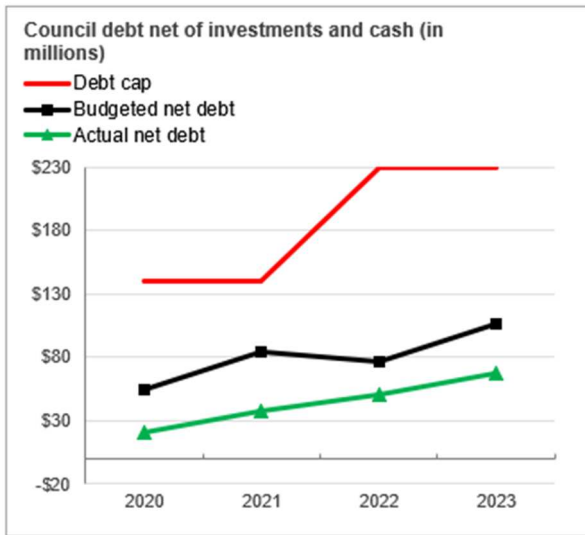
The primary reasons capital expenditure was below budget were:

- 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.



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'

Summary Financial Statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June

	Group		Council		
	2023 Actual \$000s	2022 Actual \$000s	2023 Actual \$000s	2023 Budget \$000s	2022 Actual \$000s
REVENUE					
Rates, excluding targeted water rates	76,592	72,694	77,045	76,296	73,126
Targeted rates for water supply	2,936	2,540	3,238	3,802	2,756
Subsidies and grants	63,174	57,884	63,174	63,721	57,884
Development and financial contributions	9,390	9,635	9,390	7,321	9,635
Gains	1,396	6,241	1,296	1,020	8,046
Interest revenue	4,191	10,936	6,368	3,033	8,099
Other revenue	93,627	82,053	52,161	47,306	48,761
Total revenue	251,306	241,983	212,672	202,499	208,307
EXPENDITURE					
Personnel costs	40,038	34,246	28,466	30,515	25,890
Finance costs	6,877	3,859	6,963	5,991	2,888
Depreciation	39,908	33,915	35,108	31,935	29,443
Other expenses (including contract payments)	154,873	99,728	117,864	129,575	88,056
Total Operating Expenditure	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)	(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)
Tax on property valuations	-	(2,319)	-	-	-
Total comprehensive revenue and expense	(38,841)	119,979	(27,048)	43,159	103,243

Statement of Financial Position

As at 30 June

	Group		Council		
	2023	2022	2023	2023	2022
	Actual	Actual	Actual	Budget	Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
ASSETS					
Total current assets	32,024	43,486	23,205	27,978	33,405
Total non-current assets	2,208,210	2,215,781	2,049,071	2,100,201	2,040,049
Total assets	2,240,233	2,259,267	2,072,275	2,128,179	2,073,454
LIABILITIES					
Total current liabilities	79,258	88,391	76,761	81,897	84,980
Total non-current liabilities	138,609	109,669	120,414	160,032	86,326
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	855,218	827,676	780,459	705,011	741,124
Other reserves	1,167,148	1,233,531	1,094,640	1,181,239	1,161,024
Total equity	2,022,366	2,061,207	1,875,100	1,886,250	1,902,148

Statement of Changes in Equity

For the year ended 30 June

	Group		Council		
	2023	2022	2023	2023	2022
	Actual	Actual	Actual	Budget	Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
Equity at the start of the year	2,061,207	1,941,228	1,902,148	1,843,091	1,798,905
Total comprehensive revenue	(38,841)	119,979	(27,048)	43,159	103,243
Equity at the end of the year	2,022,366	2,061,207	1,875,100	1,886,250	1,902,148

Statement of Cashflows

For the year ended 30 June

	Group		Council		
	2023 Actual \$000s	2022 Actual \$000s	2023 Actual \$000s	2023 Budget \$000s	2022 Actual \$000s
Cash, cash equivalents and bank overdrafts:					
At the start of the year	12,725	9,625	6,214	3,611	1,822
Net cash flow from:					
Operating activities	62,593	84,559	49,202	29,641	74,070
Investing activities	(88,327)	(111,692)	(71,066)	(86,437)	(99,911)
Financing activities	21,094	30,233	21,094	53,370	30,233
Net increase/(decrease) over the year	(4,640)	3,100	(770)	(3,426)	4,392
At the end of the year	8,085	12,725	5,444	185	6,214

For explanations of major variances refer to Annual Report note 30.

Accounting Policies and Disclosures

The full financial statements on which these summary financial statements have been based were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) for public benefit entities and were prepared according to the tier 1 Public Benefit Entity (PBE) Accounting Standards. These summary accounts comply with FRS 43 PBE, Summary Financial Statements.

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

The full Annual Report notes the existence of contingent liabilities for uncalled capital in MDC Holdings Ltd (\$70 million) and the Local Government Agency (LGFA) (\$0.2 million).

The full 2022-23 Annual Report can be found in Council's website <https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports/annual-report>.

Changes in Accounting Policies

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.

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 with reference to their disclosure in the full annual report 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.

Valuation of Water, Sewer and Stormwater Assets

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.

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.

Events after the Balance Date

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.

Independent Auditor's Report

To the readers of Marlborough District Council's summary of the annual report for the year ended 30 June 2023

The summary of the annual report was derived from the annual report of the Marlborough District Council (the District Council) for the year ended 30 June 2023.

The summary of the annual report comprises the following summary statements of the Marlborough District Council and Group on pages 4 to 26.

the summary statement of financial position as at 30 June 2023;

the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cashflows for the year ended 30 June 2023;

the notes to the summary financial statements that include accounting policies and other explanatory information; and

the summary statement of service performance referred to as "Key Achievements and Performance Overview".

Opinion

In our opinion:

the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and

the summary statements comply with PBE FRS-43: Summary Financial Statements.

However, the summary financial statements include a limitation in scope to the equivalent extent as the full audited financial statements. This limitation is explained below in *The full annual report and our audit report thereon* section.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed a qualified opinion on the financial statements and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2023 in our auditor's report dated 14 December 2023. The basis for our qualified opinion on the financial statements is explained below.

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 in the full annual report.

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.

Information about this matter is also disclosed on pages 4 and 25 of the District Council's summary annual report.

Emphasis of matter – Uncertainty over the water services reform programme

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the uncertainty over the Government's water services reform programme, as described in note 31 to the financial statements in the full annual report.

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.

Information about this matter is disclosed on page 26 of the summary financial statements.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

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
18 December 2023