

**Notice of the ordinary meeting of**

**Nelson City Council**

***Te Kaunihera o Whakatū***

Date:	Tuesday 30 June 2020
Time:	10.00a.m.
Location:	Council Chamber Civic House 110 Trafalgar Street, Nelson

**Agenda**

***Rārangi take***

**Mayor** Her Worship the Mayor Rachel Reese

**Deputy Mayor** Cr Judene Edgar

**Members** Cr Yvonne Bowater

Cr Trudie Brand

Cr Mel Courtney

Cr Kate Fulton

Cr Matt Lawrey

Cr Brian McGurk

Cr Gaile Noonan

Cr Rohan O'Neill-Stevens

Cr Pete Rainey

Cr Rachel Sanson

Cr Tim Skinner

**Quorum** 7

**Pat Dougherty**  
**Chief Executive Officer**

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision. For enquiries call (03) 5460436.

## **Council Values**

Following are the values agreed during the 2016 – 2019 term:

- A. Whakautetanga: respect
- B. Kōrero Pono: integrity
- C. Māiatanga: courage
- D. Whakamanatanga: effectiveness
- E. Whakamōwaitanga: humility
- F. Kaitiakitanga: stewardship
- G. Manaakitanga: generosity of spirit

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**Karakia Timatanga****1. Apologies**

Nil

**2. Confirmation of Order of Business****3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

**4. Public Forum****5. Confirmation of Minutes**

5.1 25 June 2020

**15 - 46**

Document number M10966

Recommendation

***That the Council***

- 1. Confirms the minutes of the meeting of the Council, held on 3 June 2020, and reconvened on 4 and 9 June 2020, as a true and correct record.***

**6. Mayor's Report****7. Contract for Services between Nelson City Council and Uniquely Nelson****47 - 57**

Document number R10407

Recommendation

***That the Council***

1. **Receives the report Contract for Services between Nelson City Council and Uniquely Nelson (R10407) and its attachments (A2181631 and A2247471); and**
2. **Agrees to a change to a contract for services for the contractual relationship between Council and Uniquely Nelson; and**
3. **Notes that the existing Memorandum of Understanding between Council and Uniquely Nelson will cease to apply from the date that the new contract is signed.**

**8. Funding Request: Businesses for Climate Action 58 - 76**

Document number R18096

Recommendation

***That the Council***

1. **Receives the report Funding Request: Businesses for Climate Action (R18096) and its attachments (A2406802); and (A2406803)**
2. **Approves \$28,880 of Climate Change Reserve funding for Businesses for Climate Action to support Nelson businesses to measure and reduce their greenhouse gas emissions; and**
3. **Agrees that this funding be contingent on Businesses for Climate Action undertaking further engagement with the Nelson Tasman Climate Forum.**

**9. Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21 77 - 210**

Document number R18078

Recommendation

***That the Council***

1. **Receives the report Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21 (R18078) and its attachment (A2409905); and**



2. **Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002; and**
3. **Delegates the Mayor, Deputy Mayor and Chief Executive to make any necessary minor editorial amendments prior to the release of the Annual Plan 2020/21 to the public; and**
4. **Sets the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing on 1 July 2020 and ending on 30 June 2021.**

**The revenue approved below will be raised by the rates and charges that follow.**

**Revenue approved:**

<b>General Rate</b>	<b>\$41,032,974</b>
<b>Uniform Annual General Charge</b>	<b>\$9,128,635</b>
<b>Stormwater and Flood Protection Charge</b>	<b>\$6,228,870</b>
<b>Waste Water Charge</b>	<b>\$8,814,058</b>
<b>Water Annual Charge</b>	<b>\$3,721,307</b>
<b>Water Volumetric Charge</b>	<b>\$8,683,050</b>
<b>Clean Heat Warm Homes and Solar Saver</b>	<b>\$208,000</b>
<b>Rates and Charges (excluding GST)</b>	<b>\$77,816,894</b>
<b>Goods and Services Tax (at the current rate)</b>	<b>\$11,672,534</b>
<b>Total Rates and Charges</b>	<b>\$89,489,428</b>

**The rates and charges below are GST inclusive.**

**(1) General Rate**

**A general rate set under section 13 of the Local Government (Rating) Act 2002, assessed on a differential land value basis as described below:**

- **a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential – single unit" category.**

- ***a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential empty section" category.***
- ***a rate of 0.57170 cents in the dollar of land value on every rating unit in the "single residential unit forming part of a parent valuation, the remainder of which is non-rateable" category. This represents a plus 10% differential on land value.***
- ***a rate of 0.57170 cents in the dollar of land value on every rating unit in the "multi residential" category. This represents a plus 10% differential on land value.***
- ***a rate of 1.47642 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 184.075% differential on land value.***
- ***a rate of 1.23748 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 25% residential and 75% commercial" category. This represents a plus 138.1% differential on land value.***
- ***a rate of 0.99788 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 50% residential and 50% commercial" category. This represents a plus 92% differential on land value.***
- ***a rate of 0.75881 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 75% residential and 25% commercial" category. This represents a plus 46% differential on land value.***
- ***a rate of 1.57772 cents in the dollar of land value on every rating unit in the "commercial inner city" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 203.565% differential on land value.***
- ***a rate of 1.31336 cents in the dollar of land value on every rating unit in the "commercial inner***

**city subject to 25% residential and 75% commercial" category. This represents a plus 152.7% differential on land value.**

- a rate of 1.04882 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 50% residential and 50% commercial" category. This represents a plus 101.8% differential on land value.**
- a rate of 0.78427 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 75% residential and 25% commercial" category. This represents a plus 50.9% differential on land value.**
- a rate of 1.51501 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 100% commercial and industrial (occupied and empty)" category. This represents a plus 191.5% differential on land value.**
- a rate of 1.26606 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 25% residential and 75% commercial" category. This represents a plus 143.6% differential on land value.**
- a rate of 1.01763 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 50% residential and 50% commercial" category. This represents a plus 95.8% differential on land value.**
- a rate of 0.76868 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 75% residential and 25% commercial" category. This represents a plus 47.9% differential on land value.**
- a rate of 0.33782 cents in the dollar of land value on every rating unit in the "rural" category. This represents a minus 35% differential on land value.**
- a rate of 0.46776 cents in the dollar of land value on every rating unit in the "small holding" category. This represents a minus 10% differential on land value.**

**(2) Uniform Annual General Charge**

***A uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 of \$434.64 per separately used or inhabited part of a rating unit.***

### ***(3) Stormwater and Flood Protection Charge***

***A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$335.36 per rating unit, this rate is payable by all ratepayers excluding rural rating units, rating units east of the Gentle Annie saddle, Saxton's Island and Council's stormwater network.***

#### **(4) Waste Water Charge**

***A targeted rate for waste water disposal under section 16 of the Local Government (Rating) Act 2002 of:***

- ***\$477.33 per separately used or inhabited part of a residential, multi residential, rural and small holding rating units that is connected either directly or through a private drain to a public waste water drain.***
- ***For commercial rating units, a waste water charge of \$119.33 per separately used or inhabited part of a rating unit that is connected either directly or through a private drain to a public waste water drain. Note: a "trade" waste charge will also be levied.***

**(5) Water Annual Charge**

***A targeted rate for water supply under Section 16 of the Local Government (Rating) Act 2002, of:***

**Water charge (per connection) \$200.60**

### **(6) Water Volumetric Rate**

***A targeted rate for water provided under Section 19 of the Local Government (Rating) Act 2002, of:***

**Price of water:**

**Usage up to 10,000 cu.m/year      \$2.092 per m<sup>3</sup>**

**Usage from 10,001 – 100,000 cu.m/year**  
**\$2.006 per m<sup>3</sup>**

**Usage over 100,000 cu.m/year**      **\$1.584 per m<sup>3</sup>**

**Summer irrigation usage over**

**10,000 cu.m/year**      **\$2.049 per m<sup>3</sup>**

**(7) Clean Heat Warm Homes**

**A targeted rate per separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of:**

- For properties levied the Clean Heat Warm Homes as a result of agreements entered into after 1 July 2011, the targeted rate for each year for 10 years will be the total cost of the installed works excluding GST, divided by 10, plus GST.**
- For properties levied the Clean Heat Warm Homes as a result of agreements entered into prior to 1 July 2011 the targeted rate of:**

<b>Loan Assistance Range</b>	<b>Installation after 30 Sept 2010</b>	<b>Completed prior to 30 Sept 2010</b>
<b>\$1,400 to \$1,599</b>	<b>\$140.00</b>	<b>\$143.11</b>
<b>\$1,600 to \$1,799</b>	<b>\$160.00</b>	<b>\$163.56</b>
<b>\$1,800 to \$1,999</b>	<b>\$180.00</b>	<b>\$184.00</b>
<b>\$2,000 to \$2,199</b>	<b>\$200.00</b>	<b>\$204.44</b>
<b>\$2,200 to \$2,399</b>	<b>\$220.00</b>	<b>\$224.89</b>
<b>\$2,400 to \$2,599</b>	<b>\$240.00</b>	<b>\$245.34</b>
<b>\$2,600 to \$2,799</b>	<b>\$260.00</b>	<b>\$265.78</b>
<b>\$2,800 to \$2,999</b>	<b>\$280.00</b>	<b>\$286.22</b>
<b>\$3,000 to \$3,199</b>	<b>\$300.00</b>	<b>\$306.67</b>
<b>\$3,200 to \$3,399</b>	<b>\$320.00</b>	<b>\$327.11</b>
<b>\$3,400 to \$3,599</b>	<b>\$340.00</b>	<b>\$347.56</b>
<b>\$3,600 to \$3,799</b>	<b>\$360.00</b>	<b>\$368.00</b>
<b>\$3,800 to \$3,999</b>	<b>\$380.00</b>	<b>\$388.44</b>
<b>\$4,000 to \$4,199</b>	<b>\$400.00</b>	<b>\$408.89</b>
<b>\$4,200 to \$4,399</b>	<b>\$420.00</b>	<b>\$429.34</b>
<b>\$4,400 to \$4,599</b>	<b>\$440.00</b>	<b>\$449.78</b>
<b>\$4,600 to \$4,799</b>	<b>\$460.00</b>	<b>\$470.22</b>
<b>\$4,800 to \$4,999</b>	<b>\$480.00</b>	<b>\$490.67</b>

## **(8) Solar Hot Water Systems**

**A targeted rate for any separately used or inhabited parts of a rating unit that has been provided with financial assistance to install a solar hot water system under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of the following factors on the extent of provision of service (net cost of the work including GST after deducting EECA grant, plus funding cost):**

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST.**
- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.**

### **Other Rating Information:**

#### **Due Dates for Payment of Rates**

**The above rates (excluding water volumetric rates) are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable in four instalments on the following dates:**

<b>Instalment Number</b>	<b>Instalment Due Date</b>	<b>Last Date for Payment</b>	<b>Penalty Date</b>
<b>Instalment 1</b>	<b>1 August 2020</b>	<b>20 August 2020</b>	<b>26 August 2020</b>
<b>Instalment 2</b>	<b>1 November 2020</b>	<b>20 November 2020</b>	<b>26 November 2020</b>
<b>Instalment 3</b>	<b>1 February 2021</b>	<b>20 February 2021</b>	<b>26 February 2021</b>
<b>Instalment 4</b>	<b>1 May 2021</b>	<b>20 May 2021</b>	<b>26 May 2021</b>

**Rates instalments not paid on or by the Last Date for payment above will incur penalties as detailed in the section "Penalty on Rates".**

#### **Due Dates for Payment of Water Volumetric Rates**

**Residential water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:**

<b>Billing Month</b>	<b>Last Date for Payment</b>	<b>Penalty Date</b>
<b>July 2020</b>	<b>21 September 2020</b>	<b>25 September 2020</b>
<b>August 2020</b>	<b>21 September 2020</b>	<b>25 September 2020</b>

<b>September 2020</b>	<b>20 October 2020</b>	<b>26 October 2020</b>
<b>October 2020</b>	<b>21 December 2020</b>	<b>11 January 2021</b>
<b>November 2020</b>	<b>21 December 2020</b>	<b>11 January 2021</b>
<b>December 2020</b>	<b>20 January 2021</b>	<b>26 January 2021</b>
<b>January 2021</b>	<b>22 March 2021</b>	<b>26 March 2021</b>
<b>February 2021</b>	<b>22 March 2021</b>	<b>26 March 2021</b>
<b>March 2021</b>	<b>20 April 2021</b>	<b>26 April 2021</b>
<b>April 2021</b>	<b>21 June 2021</b>	<b>25 June 2021</b>
<b>May 2021</b>	<b>21 June 2021</b>	<b>25 June 2021</b>
<b>June 2021</b>	<b>20 July 2021</b>	<b>26 July 2021</b>

**Special (final) water volumetric rates will be payable 14 days from the invoice date of the special (final) water reading as shown on the water invoice.**

**Commercial water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:**

<b>Billing Month</b>	<b>Last Date for Payment</b>	<b>Penalty Date</b>
<b>July 2020</b>	<b>20 August 2020</b>	<b>26 August 2020</b>
<b>August 2020</b>	<b>21 September 2020</b>	<b>25 September 2020</b>
<b>September 2020</b>	<b>20 October 2020</b>	<b>26 October 2020</b>
<b>October 2020</b>	<b>20 November 2020</b>	<b>26 November 2020</b>
<b>November 2020</b>	<b>21 December 2020</b>	<b>11 January 2021</b>
<b>December 2020</b>	<b>20 January 2021</b>	<b>26 January 2021</b>
<b>January 2021</b>	<b>22 February 2021</b>	<b>26 February 2021</b>
<b>February 2021</b>	<b>22 March 2021</b>	<b>26 March 2021</b>
<b>March 2021</b>	<b>20 April 2021</b>	<b>26 April 2021</b>
<b>April 2021</b>	<b>20 May 2021</b>	<b>26 May 2021</b>
<b>May 2021</b>	<b>21 June 2021</b>	<b>25 June 2021</b>
<b>June 2021</b>	<b>20 July 2021</b>	<b>26 July 2021</b>

### **Penalty on Rates**

**Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid rates (excluding volumetric water rate accounts) and delegates authority to the Group Manager Corporate Services to apply them:**

- a charge of 5% of the amount of each rate instalment remaining unpaid on the penalty date as shown in the above table and also shown on each rate instalment notice.**
- a charge of 5% will be added on 6 July 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 5 July 2020.**

- ***a further additional charge of 5% will be added on 11 January 2021 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 10 January 2021.***

#### ***Penalty on Water Volumetric Rates***

***Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid volumetric water rates and delegates authority to the Group Manager Corporate Services to apply them:***

- ***a charge of 5% of the amount of each volumetric water rate account remaining unpaid on the penalty date as shown in the above table and also shown on each volumetric water rate account.***

#### ***Penalty Remission***

***In accordance with Council's rate remission policy, the Council will approve the remission of the penalty added on instalment one due to late payment provided the total annual rates are paid in full by 20 November 2020. If full payment of the annual rates is not paid by 20 November 2020 the penalties relating to the first instalment outlined above will apply.***

***The above penalties will not be charged where Council has agreed to a programme for payment of outstanding rates.***

***The Group Manager Corporate Services is given discretion to remit rates penalties either in whole or part in accordance with Council's approved rates remission policy, as may be amended from time to time.***

#### ***Discount on Rates***

***Pursuant to Section 55 of the Local Government (Rating) Act 2002, the Council will allow a discount of 2.0 percent of the total rates (excluding volumetric water rates) where a ratepayer pays the year's rates in full on or before the Last Date for Payment for instalment one being 20 August 2020.***



### ***Payment of Rates***

***The rates shall be payable at the Council offices, Civic House, 110 Trafalgar Street, Nelson between the hours of 8.30am to 5.00pm Monday, Tuesday, Thursday and Friday and 9.00am to 5.00pm Wednesday.***

***Where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due.***

## **CONFIDENTIAL BUSINESS**

### **Exclusion of the Public**

Recommendation

#### ***That the Council***

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Confirmation of Minutes  03 June 2020</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"><li>• Section 7(2)(g) To maintain legal professional privilege</li><li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or</li></ul>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			disadvantage, commercial activities <ul style="list-style-type: none"> <li>Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>

## Karakia Whakamutunga



## **Minutes of a meeting of the Nelson City Council**

**Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson**

**On Wednesday 3 June 2020, commencing at 9.09a.m. -  
Deliberation of Submissions to Draft Annual Plan**

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**Present:** Her Worship the Mayor R Reese (Chairperson), Councillors Y Bowater, T Brand, M Courtney, J Edgar (Deputy Mayor), K Fulton, M Lawrey, R O'Neill-Stevens, B McGurk, G Noonan, P Rainey, R Sanson and T Skinner

**In Attendance:** Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (C Barton), Acting Group Manager Community Services (M Preston-Thomas), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Team Leader Governance (R Byrne), Governance Support (K McLean) and Governance Adviser (E Stephenson)

**Apologies :** Nil

### **Karakia Timatanga**

There was an opening karakia.

#### **11. Apologies**

**There were no apologies.**

#### **12. Confirmation of Order of Business**

Her Worship the Mayor advised that the order of items would be flexible to allow recommendations to be parked and revisited as necessary and that the decisions would be passed in principle and confirmed at the end of the meeting.

#### **13. Interests**

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

#### **14. Public Forum**

There was no public forum.

#### **15 Confirmation of Minutes**

As the minutes of the 14 May 2020, (Reconvened on 19 and 20 May 2020) Draft Annual Plan 2020/21 Hearing of Submissions had only been distributed the day prior to this meeting, the confirmation of minutes was deferred until later in the meeting to allow Elected Members time to read the minutes prior to confirmation.

#### **16 Mayor's Report**

Her Worship the Mayor advised that her report would be presented at the 9 June 2020 reconvened meeting.

#### **17. Deliberations on Annual Plan Consultation Document 2020/21**

Document number R15930, agenda pages 8 - 61 refer.

Her Worship the Mayor acknowledged the economic pressure in the region and her concern regarding the region's level of unemployment for the under 30s, which, at over 40%, was the highest rise in New Zealand. She advised that reduced employment numbers were being projected over the next three months and stressed the importance of stimulus packages, retaining young people and that the community was struggling.

Manager Strategy, Mark Tregurtha, presented the report. He noted a correction to paragraph 7.20 of the agenda report – the total mobility cap was reviewed as part of the Activity Management Plans every three years, and had been reviewed in 2015 and 2018. He also noted in relation to paragraph 7.12 of the report, that the New Zealand Transport Agency had asked Council to work with the Ministry of Health for guidelines regarding contactless payments.

#### **7.1 Receipt of the Deliberations on Annual Plan Consultation Document 2020/21 Report**

Resolved CL/2020/052

***That the Council***

- 1. Receives the report Deliberations on Annual Plan Consultation Document 2020/21 (R15930) and its attachment (A2394034).***

Her Worship the Mayor/Sanson

Carried

Nelson Regional Development Agency (NRDA)

In response to a question regarding regular reporting and any variance to the Statement of Intent, Mr Tregurtha noted that Council was still in discussion with the NRDA and that budgets would be provided that week. Questions and discussion took place regarding government funding, recovery support for economic development, ability for iwi to participate in recovery and Project Kōkiri developing a zero carbon regenerative economic strategy and affirming a focus on social enterprise and community initiatives took place.

Her Worship the Mayor requested that a draft document regarding Project Kōkiri be distributed to Elected Members prior to the reconvened meeting on Tuesday 9 June and advised that further discussion on this matter would take place at that meeting.

Mahitahi/Bayview

Questions and discussion took place regarding the number of new houses planned for the development, the management of freshwater and the Nelson Plan, additional resources for the project and Council's priority of affordable housing and active transport. It was clarified that if government funding was not awarded, the project would be debt funded and repaid through development contributions, with the process going through the Long Term Plan (LTP).

It was requested that wording be added to recommendation 3, clarifying that additional resources be funded from the capital works programme.

*That the Council*

*Notes in principle that approval for funding from the central government Crown Infrastructure Fund for capital expenditure works is still being sought; and if approvals are received then these projects will be included in the Council's work programme and as far as possible any additional resources required will be funded from the capital works programme.*

Noonan/Fulton

Carried

*That the Council*

*Notes in principle that approval for funding from the central government Crown Infrastructure Fund to upgrade Council infrastructure which will support the Mahitahi/Bayview development, has been sought; but if approval is not received prior to the Annual Plan being finalised then a report will come back to Council requesting funding for design work for the project.*

McGurk/Courtney

Carried

### Provincial Growth Fund

Her Worship the Mayor clarified that the Rocks Road walkway/cycleway project had been put forward for funding.

*That the Council*

*Notes in principle an increase of \$780,000 for Council capital expenditure works by way of grants from the Provincial Growth Fund; and*

*Notes in principle an increase of \$100,000 for Nelson Regional Sewerage Business Unit capital expenditure works by way of grants from the Provincial Growth Fund; and*

*Notes in principle an increase of \$350,000 for Nelson Tasman Regional Landfill Business Unit capital expenditure works by way of grants from the Provincial Growth Fund.*

McGurk/Lawrey

Carried

### Employment Funding

Questions and discussion took place on retirement of Council-owned forestry land and the Maitai Valley Regional Park.

### Impact of COVID-19 on Council budget estimates and proposed strategy

Questions and discussion took place regarding debt levels and borrowing, the use of the Disaster Recovery Fund and the level of public confusion regarding its use, the commercial differential and residential rates and Council's borrowing ability.

The meeting was adjourned from 10.41a.m. until 11.03a.m.

Group Manager Corporate Services, Nikki Harrison, provided a whiteboard explanation regarding debt/rates/partial funding, debt-to-revenue ratio and Council's borrowing capacity and insurance.

Further questions and discussion took place regarding rates levels, rates rebates, debt usage as a tool and the importance of not having an austerity budget for economic recovery.

### Commercial Differential

Discussion took place regarding commercial differential and the use of land value versus capital value and it was noted that a discussion on this should be part of the LTP process.

The meeting was adjourned from 12.40p.m. until 1.35p.m.

## **Activities**

### Public Transport COVID-19 Implications

Manager Transport and Solid Waste, Marg Parfitt, answered questions regarding hierarchy of footpath use, the carry forward of budgets to maximise New Zealand Transport Agency (NZTA) subsidies, reduction in public transport revenue, the parking strategy, give way signage on bridges and clear communication for cyclists, walking only footpaths and parking meter charges. Council's clear direction to encourage active transport was noted.

*That the Council*

*Notes in principle that the public transport revenue has been reduced by 50% to \$374,000 for the 2020/21 Annual Plan.*

Edgar/Her Worship the Mayor

Carried

### Water Supply

Manager Utilities, David Light, and Manager Capital Projects, Lois Plum answered questions regarding budget lines. Manager Science and Environment, Jo Martin, answered questions regarding weed removal and biosecurity. Group Manager Environmental Management, Clare Barton answered questions regarding the possibility of requirements in the Nelson Plan for new builds to have rainwater tanks. It was noted that any discussion on this matter should be in conjunction with the Infrastructure team and the Chair of the Infrastructure Committee.

Attendance: Councillor Lawrey left the meeting at 2.27p.m.

### Solid Waste

Manager Transport and Solid Waste, Marg Parfitt, answered questions regarding the food waste collection trial.

### Environment

In response to a question regarding budget for the climate change fund, Group Manager Strategy and Communications, Nicky McDonald, noted that the Long Term Plan (LTP) process would provide the opportunity for that discussion.

In response to a questions regarding incentives for solar panels in new builds, Group Manager Environmental Management, Clare Barton, noted that this was a similar issue to rainwater tanks, that it was not as simple as putting a rule in the Nelson Plan and needed to be part of a wider package.

### Funding of the Nelson Plan

The Mayor noted that discussion on this matter would take place after the 4 June 2020 Environment Committee meeting.

### City Centre Development

Discussion took place regarding the Pop up Park and the library, the overspend of the Innovative Streets budget and the split over two years. Her Worship the Mayor noted that this matter required further discussion.

### **Extension of Meeting Time**

Resolved CL/2020/053

***That the Council***

***Extends the meeting time beyond six hours, pursuant to Standing Order 4.2.***

Her Worship the Mayor/Skinner

Carried

The meeting was adjourned from 3.11p.m. until 3.21p.m.

### Nelson Environment Centre

Discussion took place regarding transferring this matter to the NRDA and it was noted that this would be considered as part of the LTP process.

### Good Food City Declaration

Discussion took place regarding a food procurement policy and the health and climate change aspects. It was noted that Council was supportive of the Nelson Marlborough District Health Board committing to, and taking the lead with the Good Food Cities Declaration.

### Housing Intensification and Affordability

Discussion took place regarding setting a ten-year target for the Inner City Limit and a changing mind set to repurpose buildings to reimagine and rethink the CBD. It was suggested that this be progressed before the LTP and be regularly reported to Council, and that the Council's three focus areas should be included in every agenda.

The following topics were deferred until later in the meeting:

- Suter Depreciation



- Nelson 100<sup>th</sup> Aviation Anniversary
- Establishment of a Not-for Profit Sector agency
- Nelson Youth Choir
- New Zealand Chinese Language Week Charitable Trust
- Arts Council
- Nelson Festivals Trust
- Events Fund

#### Stoke Memorial Hall

Group Manager Corporate Services, Nikki Harrison, noted that design funding was already included in the Annual Plan and that there was an upcoming report on the level of remediation.

Attendance: Councillor Rainey left the meeting at 3.55p.m.

#### Koata Park

Discussion took place on this project and it was noted that there was nothing new to update. A suggestion was made regarding making a provision to enable the groundwork.

#### Brook Waimarama Sanctuary

Discussion took place regarding the provision of financial and business support, increased operating hours and expectations on reporting back to Council. It was noted that Council needed to be confident that ratepayer money was being well spent and that if the offer of provision of a business manager was declined, Council would need to look at the business model.

A suggestion was made to remove the words 'at the conclusion of their work' from recommendation 16 to reflect the fact that more regular reporting was required and the recommendation was amended accordingly.

Attendance: Councillor Noonan left the meeting at 4.06p.m.

#### *That the Council*

*Agrees in principle to make provision for \$40,000 in 2020/21 to offer support to the Brook Waimarama Sanctuary Trust by way of a contract for a business manager to provide advice; and*

*Notes in principle the grant would be contingent on agreement that the business manager report to Council on the future opportunities and challenges in the Trust business model.*

Courtney/Noonan

Carried

The meeting was adjourned at 4.12p.m. to reconvene on Thursday 4 June at 9.00a.m.



## **Minutes of a reconvened meeting of the Nelson City Council**

**Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson**

**On Thursday 4 June 2020, commencing at 9.07a.m. - Deliberation of Submissions to Draft Annual Plan**

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**Present:** Her Worship the Mayor R Reese (Chairperson), Councillors Y Bowater, T Brand, M Courtney, J Edgar (Deputy Mayor), K Fulton, M Lawrey, R O'Neill-Stevens, B McGurk, G Noonan, P Rainey, R Sanson and T Skinner

**In Attendance:** Group Manager Infrastructure (A Louverdis), Acting Group Manager Community Services (M Preston-Thomas), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Manager Strategy (M Tregurtha), Team Leader Governance (R Byrne) and Governance Adviser (J Brandt)

**Apologies :** Nil

### **7. Deliberations on Annual Plan Consultation Document 2020/21 – (continued)**

Document number R15930, agenda pages 8 - 61 refer.

#### Suter Depreciation

Discussion took place regarding rate funding half of the Suter depreciation. It was noted any change in approach to depreciation funding would need to be considered as part of a future review of Council's Revenue and Finance Policies.

#### Arts Council

*That the Council*

*Approves in principle the carry forward of \$47,500 from the Arts Council's allocated budget for the current financial year to 2020/21.*

Edgar/Her Worship the Mayor

Carried

### Nelson Festivals Trust

It was agreed to defer the Nelson Festival Trust recommendation until later in the meeting to allow officers time to obtain further information requested by Elected Members about details regarding the ability to put on events going forward in the light of COVID-19 restrictions, and what other options the Trust was pursuing in regards to funding other than that from Council.

### Events Fund

Manager Strategy, Mark Tregurtha, noted that with the likelihood of COVID-19 Alert Level 1 commencing much sooner than initially anticipated, officers recommended reinstating the Economic Events Fund to the amount initially proposed.

Discussion took place about the level of funding, and how funding would best be accessed, administered, and aligned with other strategies already underway to support economic recovery post COVID-19.

It was agreed to defer the Events Fund recommendations until later in the meeting to obtain more detailed advice from officers.

### Nelson Tasman Cycle Trail Trust

Team Leader Parks and Facilities, Paul Harrington, noted that the Trust had advised that no additional funding was required for Jenkins Creek Bridge.

### Nelson Mountain Bike Club

Team Leader Parks and Facilities, Paul Harrington, answered questions about the carryover request, noting the Club's project plan was robust and that the club was confident it could deliver.

Manager Strategy, Mark Tregurtha, answered questions about the 2021 Enduro event, noting that further information regarding a possible delay of the event due to COVID-19 would be available from event organisers in July/August this year.

### *That the Council*

*Agrees in principle to the carry forward to 2020/21 of \$326,000 of contract funding for the Nelson Mountain Bike Club for trail construction services.*

Sanson/O'Neill Stevens

Carried

### Marina

Discussion took place about the Marina and the need for a full and independent, unbiased review.

Attendance: Councillor Sanson left the meeting from 10.06a.m. to 10.08a.m.

*That the Council*

*Agrees in principle to increase the budget for the Marina review from \$20,000 to \$50,000, funded from the Marina account.*

Edgar/Her Worship the Mayor

Carried

Modellers Pond

Group Manager Strategy and Communication, Nicky McDonald, noted that additional interim funding of \$50,000 may be needed for the Modellers Pond.

Principal Parks and Facilities Activity Planner, Andrew Petheram, answered questions about the anticipated costs of solutions proposed for the Modellers Pond as part of a report currently in preparation for the Sports and Recreation Committee. It was noted that any decision regarding the Modellers Pond would sit with the Sports and Recreation Committee but that Council was keen to see a timely solution for this infrastructure asset.

Attendance: Councillor Lawrey left the meeting from 10.36a.m. to 10.40a.m.

Nelson Volunteer Coastguard

Discussion took place about providing an additional \$20K towards a replacement vessel for the Nelson Volunteer Coastguard Inc. While it was noted that Tasman District Council (TDC) had not contributed, it was considered a worthy undertaking, especially as the vessel would be constructed locally, thus supporting the local economy.

*That the Council*

*Confirms in principle a grant of \$20,000 for the Nelson Volunteer Coastguard for the 2020/21 year towards a replacement regional rescue vessel.*

Skinner/Her Worship the Mayor

Carried

Community Housing

It was agreed to defer the Community Housing recommendation until later in the meeting as officers were in the process of preparing additional information for Elected Members by way of a late report.

The meeting was adjourned from 10.44a.m. to 11.08a.m.

## Capital Expenditure

Parks and Facilities Activity Planner, Jane Loughnan, answered questions regarding the proposed variance for the Water Sports building – agenda page 57, line 210 refers. Ms Loughnan explained that a 50/50 split with users had been assumed in the LTP . It was noted that a report would be brought to Council before spending commenced as different funding options and building designs were being explored.

## **Economic**

### Millers Acre

Elected Members raised questions regarding the building issues at Millers Acre. In order to discuss the question of liability and legal advice obtained, it was agreed to go into confidential session.

## **18. Exclusion of the Public**

Resolved CL/2020/044

### ***That the Council***

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Millers Acre – legal advice</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(g) To maintain legal professional privilege</li> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>

Lawrey/Her Worship the Mayor

Carried

The meeting went into confidential session at 11.17a.m. and resumed in public session at 12.01p.m.

Millers Acre

It was agreed to defer the Millers acre recommendations until later in the meeting as further discussion was needed.

The meeting was adjourned at 12.02p.m. to reconvene on Tuesday 9 June at 9.00a.m.



## Minutes of a reconvened meeting of the Nelson City Council

**Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson**

**On Tuesday 9 June 2020, commencing at 9.08a.m. - Deliberation of Submissions to Draft Annual Plan**

Present: Her Worship the Mayor R Reese (Chairperson), Councillors Y Bowater, T Brand, J Edgar (Deputy Mayor), K Fulton, M Lawrey, R O'Neill-Stevens, B McGurk, G Noonan, P Rainey, R Sanson and T Skinner

In Attendance: Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Acting Group Manager Community Services (M Preston-Thomas), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Manager Strategy (M Tregurtha), Team Leader Governance (R Byrne), and Governance Adviser (E Stephenson)

Apologies : Councillor M Courtney for attendance and Councillor P Rainey for lateness

### Apologies

Resolved CL/2020/046

#### ***That the Council***

- 1. Receives and accepts the apologies from Councillor Courtney for attendance and Councillor Rainey for lateness.***

Her Worship the Mayor/Edgar

Carried

## 1. Confirmation of Order of Business

Her Worship the Mayor advised of a late item for the confidential part of the meeting, and that the following resolution needed to be passed for the item to be considered:

## 2.1 Confidential Late Item - Community Housing – Update on divestment

Resolved CL/2020/047

### ***That the Council***

- 1. Considers the confidential item regarding Community Housing – Update on divestment at this meeting as a major item not on the agenda, pursuant to Section 46A(7)(a) of the Local Government Official Information and Meetings Act 1987, to provide information that has just come to hand.***

Her Worship the Mayor/Bowater

Carried

## **Interests**

Councillor McGurk declared an interest in the Confidential late item – Community Housing: Update on Divestment.

Councillor Rainey subsequently declared an interest in the Events Fund decision.

## 7. **Deliberations on Annual Plan Consultation Document 2020/21 – (continued)**

Document number R15930, agenda pages 8 - 61 refer.

### Millers Acre

It was noted that a clause had been added to the recommendation regarding investigation of the causes of the building issues and reporting back to Council.

In response to questions, the Chief Executive, Pat Dougherty, confirmed that provision for the investigation was within existing budgets, that the building had been built as a gateway building for economic development and tourism and that his understanding was that it had been paying its own way.

Attendance: Councillor Fulton entered the meeting at 9.15a.m.

Further questions and discussion took place on insurance, contingency budget, calculation of the remedial works figure and recladding material. In response to questions, Mr Dougherty confirmed that the building would be reclad with suitable material and that learnings from work undertaken on buildings in that era would be part of the brief, noting



that Millers Acre had been constructed towards the end of the leaky building era.

It was suggested that Council check whether any of the remedial work could be covered by insurance.

Whilst awaiting information relating to Millers Acre, discussion took place on Capital Expenditure.

#### Capital Expenditure

In response to a question regarding line item 77 – Land Purchase General Reserve – Group Manager Corporate Services, Nikki Harrison confirmed that the increase was a straight carry forward.

In response to a question regarding line item 96 – Retired forestry block conversion programme – Ms Harrison confirmed that the amount did not include any funding from the Government's Green Environmental Programme.

In response to a question whether there would be any adjustments resulting from the review of aquatic facilities regarding Pools – line items 171-177 – Parks and Facilities Activity Planner, Jane Loughnan, advised that there was an overall carry forward of \$35,000 to the following year, and that the Pool strategy work currently underway would influence budgets from the 20/21 AMP, but that some work would have to remain until the next stage through the strategy.

#### Millers Acre (continued)

Ms Loughnan confirmed that there was a contingency of 30% in the Millers Acre budget and that the figure included consultancy and building consent fees.

*That the Council*

*Approves in principle a budget of up to \$850,000 for remedial work at the Millers Acre site; and*

*Requests officers contract an external expert to investigate and advise on the causes of the building issues at Millers Acre and report back on next steps and how to avoid such problems in future.*

Lawrey/Sanson

Carried

#### Capital Expenditure (continued)

Ms Harrison noted the following corrections:

- Traffic Service Renewals - line item 313, which should have been a straight carry forward, with a zero variance

- Tahunanui Hills Stormwater Catchment 4 – Bisley Ave – line item 445 should have been \$30,000, not zero, so that there would be no variance next year.

Attendance: Councillor Rainey entered the meeting at 9.30a.m.

It was noted regarding Refinery Gallery EQ Strengthening – line item 277, that Council would be applying for external funding for earthquake strengthening, which opened on 1 July.

*That the Council*

*Approves in principle the changes to the draft 2020/21 capital expenditure budget, as set out in Attachment 1 (A2394034) as amended and noted in the minutes.*

Edgar/Brand

Carried

As he had previously declared an interest in Community Housing, Councillor McGurk left the meeting at 9.31a.m.

Community Housing

It was confirmed that the divestment proceeds would be net and the recommendation was amended to reflect this. A suggestion was made to add specific wording to the recommendation to reflect that the reserve was for affordable/social housing.

The meeting was adjourned at 9.42a.m. until 9.45a.m.

It was confirmed that the purpose of the Reserve was to allow Council to work with and support partners who had the ability to deliver social and affordable housing solutions for the community.

*That the Council*

*Confirms in principle its intent to set aside the net proceeds of any divestment of its community housing assets as a Housing Reserve.*

Edgar/Noonan

Carried

It was noted that confidential discussion was required regarding this matter and the meeting went into confidential session.

### **Exclusion of the Public**

Resolved CL/2020/048

***That the Council***

- 1. Excludes the public from the following parts of the proceedings of this meeting.***

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

Edgar/Brand

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
<b>1</b>	<b>Community Housing – Update on divestment</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>

The public was excluded at 9.50a.m. and readmitted at 10.35a.m.

The meeting was adjourned from 10.36a.m. until 10.51a.m.

Her Worship the Mayor advised of a new recommendation regarding Koata Park, noting that she felt this was the right alignment for the region, that timeframes needed to change, and the project's importance for Māori tourism.

Pop Up Park

Discussion and questions followed on the proposed library access to the Pop Up Park.

*That the Council*

*Approves in principle an increase in the City Centre Enhancement 2020/21 budget of \$20,000 to provide a link between the Elma Turner Library and the proposed pop up park, with the balance of the costs met from existing budgets.*

Rainey/Fulton

Carried

Nelson Festivals Trust

Acting Group Manager Community Services, Mark Preston-Thomas, confirmed that the Festivals Trust had made significant efforts to look for additional savings and was happy with the proposed funding.

*That the Council*

*Agrees in principle to the Nelson Festivals Trust's request to vary the current funding agreement and reduce the funding in 2020/21 to \$305,000, which will be used for core operations and Festival 2021 planning, as well as the delivery of a programme of collaborative events in the 2020/21 year.*

Fulton/Edgar

Carried

Economic

Discussion took place on a recommendation proposed by Councillor Edgar regarding Council's procurement policy, which was in response to submissions.

*That the Council*

*Requests in principle that when reviewing the Council Procurement Policy, officers incorporate broader outcomes as outlined in the Government Procurement Rules, including a focus on buying local.*

Edgar/Sanson

Carried

Chief Executive of the NRDA, Mark Rawson, and Chief Executive of the Nelson Tasman Chamber of Commerce, Ali Boswijk, were present for discussion and questions regarding NRDA key focus areas, delivery of support, economic impacts, the Mahitahi/Bayview project, Koata Park, events funding and Project Kōkiri.

It was noted that confidential discussion was required.

Resolved CL/2020/052

**Exclusion of the Public**

***That the Council***

- 1. Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that Mark Lawson Nelson Regional Development Agency CEO and Ali Boswijk, Nelson Tasman Chamber of Commerce CEO remain for discussion on the Nelson Regional Development Agency, as they have knowledge relating to this matter that will assist the meeting.***

Her Worship the Mayor/O'Neill-Stevens

Carried

Resolved CL/2020/053

***That the Council***

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Her Worship the Mayor/O'Neill-Stevens

Carried

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Nelson Regional Development Agency</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary:  <ul style="list-style-type: none"> <li>Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li> </ul>

The public was excluded at 12.27p.m. and readmitted at 12.50p.m.

Discussion took place regarding funding, and in response to a concern raised that Nelson City Council funding was not specific to Nelson City, Her Worship the Mayor suggested that the minutes note that this was Nelson City Council's contribution to Project Kōkiri towards economic recovery in the Nelson Tasman region.

Nelson Regional Development Agency (NRDA)

*That the Council*

*Makes provision in principle for additional funding of up to \$350,000 for the Nelson Regional Development Agency to support the development and implementation of Project Kōkiri.*

Fulton/Sanson

Carried

Events Fund

Discussion took place regarding the need for flexibility in the Events Fund and the need to be able to provide support for smaller events across the board with an impact on the CBD for an extended period of time and on the reinstatement of funding for events that would now be able to take place because of the move to Alert Level 1.

The meeting was adjourned at 1.00p.m. and reconvened at 1:45p.m. at which time Councillors Fulton and McGurk were not present.

Attendance: Councillor McGurk returned to the meeting at 1.50p.m.

In response to a question whether the amount of proposed funding was sufficient, Her Worship the Mayor noted that if NRDA felt it could reactivate the recovery process with more events, it would come back to Council.

The Mayor also noted that a late communication had been received from the Festivals Trust, requesting \$50,000 for CBD events plus \$100,000 for the Mask Parade and Carnivale.

The meeting was adjourned from 1.52p.m. until 1.53p.m.

Councillor Rainey declared an interest in the Events Fund and left the meeting at 1.53p.m.

Attendance: Councillor Fulton returned to the meeting at 1.55p.m.

Funding amounts were clarified and the Events Fund funding was reinstated to include the New Year's Eve and Santa Parade, to provide flexibility and a clause noting amounts that were already included in the Draft Annual Plan 2020/21 was added for clarity.

*That the Council*

*Approves in principle reinstating funding of \$280,000 for events in 2020/21 as follows:*

- \$230,000 for the Events Fund Economic
- \$35,000 for a New Year's Eve event

- \$15,000 for the Santa Parade

*recognising that with the relaxing of restrictions on gatherings it is expected that a full range of events will be able to resume; and*

*Approves extra flexibility for the Events Fund in consideration of opportunities that will support economic recovery in the region; and*

*Notes the Annual Plan 2020/21 included the following allocations:*

- Events Fund Community \$76,000

- Venue Hire Fund \$30,000.

Her Worship the Mayor/Edgar

Carried

Her Worship the Mayor noted that the matter of the Mask Parade and Carnivale funding would be would be discussed later in the meeting.

Mahitahi/Bayview (revisited)

In response to a question, Group Manager Infrastructure, Alec Louverdis, provided context on the funding application process. He confirmed the project had been included in the Future Development Strategy which had been adopted.

Further questions and discussion took place Crown Infrastructure projects and the subdivision process. Chief Executive, Pat Dougherty confirmed that if funding was successful, Council approval would be required for authority to spend the funds and reiterated that three waters infrastructure work would add value irrespective of subdivision. Mr Louverdis confirmed that officers had been considering what infrastructure was required, not just for development but to future proof development in that area. Concerns were raised regarding the lack of detailed plans indicating the placement of roads, the number of houses involved and the amount of work that had been undertaken without detail. The difficulties caused by the COVID-19 lockdown were discussed.

As a result of discussion, the recommendation was amended to clarify that grant funding was being sought, and if not received, it would be loan funded, clarifying that funding would also support Council infrastructure resilience.

Attendance: Councillor Bowater left the meeting at 2.50p.m.

Her Worship the Mayor ruled against Councillor Lawrey on a Point of Order relating to misrepresentation of the Chief Executive's words and requested that respectful language be used at all times.

*That the Council*

*Notes that approval for grant funding from the central government Crown Infrastructure Fund to upgrade Council infrastructure which will support Council infrastructure resilience and the Mahitahi/Bayview development, has been sought; but if approval is not received prior to the Annual Plan being finalised then a report will come back to Council requesting loan funding for design work for the project.*

Noonan/Bowater

Carried

The motion was put and a division was called:

<u>For</u>	<u>Against</u>	<u>Apology</u>
Her Worship the Mayor Reese (Chairperson)	Cr Lawrey	Cr Courtney
Cr Brand		
Cr Edgar		
Cr Fulton		
Cr O'Neill-Stevens		
Cr McGurk		
Cr Noonan		
Cr Rainey		
Cr Sanson		
Cr Skinner		

The motion was carried 10 - 1.

**Extension of Meeting Time**

Resolved CL/2020/054

***That the Council***

- 1. Extends the meeting time beyond six hours, pursuant to Standing Order 4.2.***

O'Neill-Stevens/Brand

Carried

The meeting was adjourned from 3.17p.m. until 3.30p.m.

Funding of the Nelson Plan

A spreadsheet – Nelson Plan Life of Plan Summary June 2020 (A2398258) was tabled. Group Manager Environmental Management, Clare Barton, explained the Nelson Plan process and Manager Environmental Planning, Maxine Day, spoke to the budget. The risk of not proceeding and not meeting statutory requirements was highlighted and options going forward were discussed.



Her Worship the Mayor noted that Elected Members were frustrated at the length of time taken and the high costs.

Questions and discussion took place regarding review requirements, freshwater provisions, national planning standards and funding options and it was noted that a key element of the budget was to engage an experienced resource management planner to overview the project, which would significantly reduce the costs of relying solely on external contractors.

It was noted that the Nelson Plan was expected to be notified in February 2022 and it would need to be reviewed ten years after it became operative. Ms Barton advised that although the Plan would not be a physical asset, it was a critical asset of Council. Ms Day confirmed that the Plan would be fully electronic and searchable online and outlined the process for 2020. Further questions were answered regarding internal employee and external contractor costs and it was noted that a mix of both would be used, with expertise being brought in where it was most efficient. Further reporting would be provided via the Environment Committee Quarterly Report.

Following discussion, a clause was added to the recommendation to include the Nelson Plan in Council's Risk Register to allow Audit and Risk Subcommittee oversight.

*That the Council*

*Confirms in principle its intent to fund \$1.122 million of the 2020/21 Nelson Plan costs by loan.*

*Requests officers to place the Nelson Plan on the Council's Risk Register to allow for Audit and Risk Subcommittee oversight.*

Edgar/McGurk

Carried

City Centre Development (continued)

Her Worship the Mayor clarified that provision was being made for options to be explored and the recommendation was amended accordingly. The words 'up to' were added to the recommendation regarding the balance of funding. Team Leader City Development, Lisa Gibellini, answered questions regarding potential partial NZTA funding, which was unknown at this stage, and confirmed the matter would be brought back to Council prior to any further decision being made.

*That the Council*

*Approves in principle provision in the Annual Plan 2020/21 of a capital budget of \$3.1 million, subject to the outcome of the public feedback process and NZTA funding applications; and*

*Notes in principle that the balance of up to \$1.9 million of funding will be included in the draft budget for 2021/2022, this being year 1 of the Long Term Plan.*

O'Neill-Stevens/Sanson

Carried

Koata Park (continued)

Discussion took place on funding required to advance project management and planning for the development.

*That the Council*

*Approves an increase in the Koata Park Development 2020/21 budget from \$30,000 to \$50,000.*

Her Worship the Mayor/O'Neill Stevens

Carried

Arts Festival Trust (continued)

Acting Group Manager, Community Services, Mark Preston-Thomas answered questions regarding events and activation in the CBD. It was suggested that there was an option to make a decision at a later date for unbudgeted expenditure.

Discussion took place about the Trust's request for funding for the Mask Parade and Carnivale and the Trust's capacity to deliver and support artists in the community. In response to questions, Mr Preston-Thomas noted that this would provide more transparency regarding parade funding and that the Trust had offered to do this work to assist with CBD activation.

Further discussion took place regarding making a decision when further information had been received and questions were raised on how the Trust worked with Uniquely Nelson and the activation of the CBD, what the cost of the Parade was when it was organised in-house and financials on last year's Parade.

Discussion took place on capacity to deliver and whether schools would be in a position to participate and it was suggested that if a provision was put in place, this would enable the Trust to start organising a strong parade and the recommendation was amended accordingly. It was agreed that the matter be reported though to the Community Services Committee.

Attendance: Councillor Bowater returned to the meeting at 4.42p.m.

*That the Council*

*Approves inclusion in principle a provision of \$100,000 for the Arts Festival Trust to deliver the Mask Parade and Carnivale.*

O'Neill- Stevens/Her Worship the Mayor

Carried

Submissions

Discussion took place on any comments arising from submissions. A request was made to signal to the Nelson community that Council was open to innovation and ideas for beautifying Civic House, although not committing any funding.

It was noted that some submitters had expressed their disappointment that the Climate Change Fund had not been topped up, and that it and should be at the forefront of decision-making and a focus towards recovery.

In response to a question regarding where the rates figures sat as a result of today's discussion, Ms Harrison indicated that the figure was less than originally anticipated.

Rating recommendations

*That the Council*

*Confirms, in principle in accordance with the Long Term Plan 2018-28, that the percent of total rates collected as commercial rates reduces from 24.1% in 2019/20 to 23.6% in 2020/21.*

Noonan/Her Worship the Mayor

Carried

Debate took place regarding the remaining rates recommendations. In response to a question regarding the rates shortfall, Ms Harrison advised that it was approximately \$3m.

*That the Council*

*Confirms in principle its intent to have a net zero percent rates increase in 2020/21; and*

*Agrees in principle to drawdown the net rating income shortfall from COVID-19 from the Disaster Recovery Fund for the Annual Plan 2020/21.*

Edgar/Brand

The motion was put and a division was called:

<u>For</u>	<u>Against</u>	<u>Apology</u>
Her Worship the Mayor Reese (Chairperson)	Cr Noonan	Cr Courtney
Cr Bowater	Cr Rainey	
Cr Brand		

Cr Edgar  
Cr Fulton  
Cr Lawrey  
Cr O'Neill-Stevens  
Cr McGurk  
Cr Sanson  
Cr Skinner

The motion was carried 10 - 2.

Attendance: Councillor Noonan left the meeting at 5.14p.m.

## 8. Confirmation of Minutes (Agenda Item 5)

The minutes of the 14 May 2020 Council meeting - Draft Annual Plan 2020/21 Hearing of Submissions, reconvened on 19 and 20 May 2020 (A2395851) were tabled.

Resolved CL/2020/055

***That the Council***

- 1. Confirms the minutes of the meeting of the Council, held on 14 May 2020, and reconvened on 19 and 20 May 2020, as a true and correct record.***

Edgar/Skinner

Carried

The meeting was adjourned from 5.15p.m. until 5.25p.m. at which time Councillor Noonan returned.

## 9. Mayor's Report (Agenda Item 6)

Her Worship the Mayor acknowledged the empathy and care for the community's wellbeing that had been shown and thanked the Chief Executive and all of the Council team. She noted the challenges faced by many in the community who had lost or were about to lose jobs.

The Mayor was supportive of the use of the words recovery and regeneration, noting that more lives may be lost after lockdown than during it due to financial, mental health and family stress and she stressed the need for Council to be more understanding than ever, and as responsive as it could to people's circumstances.

The Mayor felt that the Draft Annual Plan was well-balanced and that it had taken discipline, sound financial management and a strategy to get Council to this point. She noted that officers had taken every opportunity to apply for central government funding for the region, but that the outcome of those applications was not yet known, and acknowledged the capability of people in the organisation.

The Mayor felt that this was the hardest Annual Plan she had ever led, and reminded Elected Members of the need to be prepared for changes and to work towards building confidence in the community about the work Council was doing, noting that the community needed kind empathetic leaders. She encouraged Elected Members to have diverse views, operating as a team and to do the best it could for the community.

Resolved CL/2020/056

***That the Council***

- 1. Receives the Mayor's Report.***

Her Worship the Mayor/Edgar

Carried

## **10. Formalising Resolutions passed 'in principle'**

Her Worship the Mayor explained that the resolutions passed 'in principle' during the deliberations on the Annual Plan Consultation Document 2020/21 were now required to be formally passed.

Resolved CL/2020/057

***That the Council***

- 1. Confirms the following Annual Plan 2020/21 Deliberations 'in principle' resolutions as the basis for the 2020/21 Annual Plan to be adopted on 30 June 2020:***

Nelson Regional Development Agency

***That the Council***

- 2. Makes provision for additional funding of up to \$350,000 for the Nelson Regional Development Agency to support the development and implementation of Project Kōkiri.***

Crown Infrastructure Fund Projects

***That the Council***

- 3. Notes that approval for funding from the central government Crown Infrastructure Fund for capital expenditure works is still being sought; and if approvals are received then these projects will be included in the***

***Council's work programme and as far as possible any additional resources required will be funded from the capital works programme.***

Mahitahi/Bayview

***That the Council***

- 4. Notes that approval for grant funding from the central government Crown Infrastructure Fund to upgrade Council infrastructure which will support Council infrastructure resilience and the Mahitahi/Bayview development, has been sought; but if approval is not received prior to the Annual Plan being finalised then a report will come back to Council requesting loan funding for design work for the project.***

Provincial Growth Fund

***That the Council***

- 5. Notes an increase of \$780,000 for Council capital expenditure works by way of grants from the Provincial Growth Fund; and***
- 6. Notes an increase of \$100,000 for Nelson Regional Sewerage Business Unit capital expenditure works by way of grants from the Provincial Growth Fund; and***
- 7. Notes an increase of \$350,000 for Nelson Tasman Regional Landfill Business Unit capital expenditure works by way of grants from the Provincial Growth Fund.***

Public Transport COVID-19 Implications

***That the Council***

- 8. Notes that the public transport revenue has been reduced by 50% to \$374,000 for the 2020/21 Annual Plan.***

Funding of the Nelson Plan

***That the Council***

- 9. Confirms its intent to fund \$1.122 million of the 2020/21 Nelson Plan costs by loan; and***

- 10. Requests officers to place the Nelson Plan on the Council's Risk Register to allow for Audit and Risk Subcommittee oversight.**

City Centre Development

***That the Council***

- 11. Approves provision in the Annual Plan 2020/21 of a capital budget of \$3.1 million, subject to the outcome of the public feedback process and NZTA funding applications; and**
- 12. Notes that the balance of up to \$1.9 million of funding will be included in the draft budget for 2021/2022, this being year 1 of the Long Term Plan.**

Pop Up Park

- 13. Approves an increase in the City Centre Enhancement 2020/21 budget of \$20,000 to provide a link between the Elma Turner Library and the proposed Pop up Park, with the balance of the costs met from existing budgets.**

Arts Council

***That the Council***

- 14. Approves the carry forward of \$47,500 from the Arts Council's allocated budget for the current financial year to 2020/21.**

Nelson Festivals Trust

***That the Council***

- 15. Agrees to the Nelson Festivals Trust's request to vary the current funding agreement and reduce the funding in 2020/21 to \$305,000, which will be used for core operations and Festival 2021 planning, as well as the delivery of a programme of collaborative events in the 2020/21 year; and**
- 16. Approves inclusion of a provision of \$100,000 for the Nelson Festival Trust to deliver the Mask Parade and Carnivale.**

Events Fund

***That the Council***

***17. Approves reinstating funding of \$280,000 for events in 2020/21 as follows:***

- ***\$230,000 for the Events Fund economic***
- ***\$35,000 for a New Year's Eve event***
- ***\$15,000 for the Santa Parade;***

***recognising that with the relaxing of restrictions on gatherings it is expected that a full range of events will be able to resume; and***

***18. Approves extra flexibility for the Events Fund in consideration of opportunities that will support economic recovery in the region; and***

***19. Notes the Annual Plan 2020/21 included the following allocations:***

- ***Events Fund Community \$76,000***
- ***Venue Hire Fund \$30,000.***

Brook Waimarama Sanctuary

***That the Council***

***20. Agrees to make provision for \$40,000 in 2020/21 to offer support to the Brook Waimarama Sanctuary Trust by way of a contract for a business manager to provide advice; and***

***21. Notes the grant would be contingent on agreement that the business manager report to Council on the future opportunities and challenges in the Trust's business model.***

Nelson Mountain Bike Club

***That the Council***

***22. Agrees to the carry forward to 2020/21 of \$326,000 of contract funding for the Nelson Mountain Bike Club for trail construction services.***

Marina

***That the Council***



- 23. Agrees to increase the budget for the Marina review from \$20,000 to \$50,000, funded from the Marina account.**

Nelson Volunteer Coastguard

***That the Council***

- 24. Confirms a grant of \$20,000 for the Nelson Volunteer Coastguard for the 2020/21 year.**

Economic

***That the Council***

- 25. Requests that when reviewing the Council Procurement Policy, officers incorporate broader outcomes as outlined in the Government Procurement Rules, including a focus on buying local.**

Community Housing

***That the Council***

- 26. Confirms its intent to set aside the full proceeds of any divestment of its community housing assets as a Housing Reserve.**

Millers Acre

***That the Council***

- 27. Approves a budget of up to \$850,000 for remedial work at the Millers Acre site; and**
- 28. Requests officers contract an external expert to investigate and advise on the causes of the building issues at Millers Acre and report back on next steps and how to avoid such problems in future.**

Capital Expenditure

***That the Council***

- 29. Approves the changes to the draft 2020/21 capital expenditure budget, as set out in Attachment 1 (A2394034) as amended and noted in the meeting minutes.**

Koata Park

- 30. Approves an increase in the Koata Park Development 2020/21 budget from \$30,000 to \$50,000.**

Rating recommendations

***That the Council***

- 31. Confirms, in accordance with the Long Term Plan 2018-28, that the percent of total rates collected as commercial rates reduces from 24.1% in 2019/20 to 23.6% in 2020/21; and**

- 32. Confirms its intent to have a net zero percent rates increase in 2020/21; and**

- 33. Agrees to drawdown the net rating income shortfall from COVID-19 from the Disaster Recovery Fund for the Annual Plan 2020/21.**

Her Worship the Mayor/Edgar

Carried

**Attachments**

- 1 A2395851 - 14 May 2020 Council Minutes
- 2 A2398258 Nelson Plan Life of Plan Summary

**Karakia Whakamutunga**

Council's Kaihautu, Pania Lee gave the closing karakia.

There being no further business the meeting ended at 5.39p.m.

Confirmed as a correct record of proceedings:

\_\_\_\_\_ Chairperson \_\_\_\_\_ Date

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**REPORT R10407**

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**Contract for Services between Nelson City Council and Uniquely Nelson**

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**1. Purpose of Report**

- 1.1 To confirm the change to a contract for services between Council and Uniquely Nelson rather than a Memorandum of Understanding.

**2. Recommendation**

***That the Council***

- 1. Receives the report Contract for Services between Nelson City Council and Uniquely Nelson (R10407) and its attachments (A2181631 and A2247471); and***
- 2. Agrees to a change to a contract for services for the contractual relationship between Council and Uniquely Nelson; and***
- 3. Notes that the existing Memorandum of Understanding between Council and Uniquely Nelson will cease to apply from the date that the new contract is signed.***

**3. Background**

- 3.1 Uniquely Nelson engage with stakeholders and seek ways to support central city business. Specifically their role is to:
- Promote the city centre to current and potential users.
  - Leverage opportunities to promote the city when events are taking place.

## Item 7: Contract for Services between Nelson City Council and Uniquely Nelson

- Provide open communication with and between city centre stakeholders, Council and the Nelson Regional Development Agency (NRDA).
  - Assist and support the Council with the promotion of Nelson as the Smart Little City.
- 3.2 Uniquely Nelson (UN) has been allocated funding of \$193,501 (excluding GST) in the Annual Plan 2019/2020. This consists of \$148,501 (2018/2019's funding adjusted for inflation) and an additional \$45,000 which was approved for UN to fund a promotional assistant position to assist the delivery of the organisation's functions, particularly marketing. UN does get some income from other sources.
- 3.3 At the Governance Committee meeting of 13 June 2019, the Committee received UN's business plan and recommended to Council that it should approve the Memorandum of Understanding (MoU) between Council and Uniquely Nelson for the 2019/20 year. Council approved the MoU at its meeting on 20 June 2019.
- 3.4 The Committee also heard that officers, with the support of the Uniquely Nelson Board, proposed to develop a contract for services to replace the MoU. It was felt that the MoU was too vague and that a contract would provide more clarity on Council's expectations of UN.
- 3.5 Officers, in consultation with UN, have developed a service schedule for inclusion within a formal contract document (attachment 1). The current agreed MoU is also attached for reference (attachment 2).

## 4. Discussion

- 4.1 Uniquely Nelson is not a Council Controlled Organisation. It is an Incorporated Society governed by a Board of seven members, representing businesses and stakeholders in the City Centre.
- 4.2 Previously, UN has provided a one year business plan to Council ahead of its annual work programme. It has not always been clear how that one year programme fits within a longer strategic context. The most recent business plan sets out four priorities. Key performance measures will be developed against which success could be measured.
- 4.3 The services schedule identifies three performance areas: planning, delivery and reporting. Specific deliverables are identified within each area.

### **Planning**

- 4.4 The services schedule requires UN to develop a three year Strategic Business Plan, to be reviewed annually, which should include focus areas, SMART objectives and effective key performance indicators (KPI's) to be developed by the Board.

## Item 7: Contract for Services between Nelson City Council and Uniquely Nelson

- 4.5 The service schedule recognises that UN should have freedom to set its own strategic objectives, based on the environment it sees within the City Centre. The role of the Council is to then ensure that those objectives have been translated into a work programme that meets the outcomes desired by the Council.

### **Delivery**

- 4.6 This section of the service schedule identifies that UN should deliver its annual work programme and also be able to respond proactively to opportunities and issues as they arise.

### **Reporting**

- 4.7 The Council needs to have evidence that UN has delivered on its work programme, and that the work programme has made a positive contribution to City Centre health and vibrancy.
- 4.8 UN is asked to report back to Council on an annual basis against the agreed KPI's and also to report back on how it has contributed to the health of the City Centre. UN has agreed with the content of the Contract and representatives will be in attendance at the meeting.

## **5. Options**

- 5.1 Council could continue to use the MoU to define its relationship with Uniquely Nelson, or it could enter into a contractual relationship to better define the expected outcomes. If it enters into a contractual relationship, Council could either let Uniquely Nelson set its own objectives and KPI's (as per the attached draft services schedule), or Council could set prescriptive objectives and KPI's.
- 5.2 The recommended option is Option 2: Council enters into a contract with UN, in the form of the schedule for services attached. This achieves a good balance between ensuring Uniquely Nelson's programme is aligned with Council priorities and allowing UN professional freedom to develop its own objectives and KPI's.

<b>Option 1: Continue to use a MoU to define the relationship with Council</b>	
Advantages	<ul style="list-style-type: none"><li>• No further Officer time will be required on this matter</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• The MoU is vague and has no performance measures in place</li><li>• The MoU is not legally enforceable</li></ul>

## Item 7: Contract for Services between Nelson City Council and Uniquely Nelson

<b>Option 2: Council enters into a contract with Uniquely Nelson, in the form of the schedule for services attached</b>	
Advantages	<ul style="list-style-type: none"><li>• Gives clarity to Uniquely Nelson around expectations</li><li>• Uniquely Nelson can set key focus areas, objectives and KPI's (aligned with Council expectations)</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• Onus is on Uniquely Nelson to develop effective KPI's</li></ul>
<b>Option 3: Council enters into a contract with Uniquely Nelson based on prescriptive KPI's</b>	
Advantages	<ul style="list-style-type: none"><li>• Clarity over what is expected to be delivered</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• KPI's may not fully align with Uniquely Nelson's strategic priorities</li><li>• Council assumes more responsibility for performance of Uniquely Nelson</li><li>• Significant officer time would need to be applied in order to develop effective KPI's</li><li>• Lack of flexibility may mean opportunities are lost</li></ul>

## 6. Conclusion

- 6.1 Officers have developed the service schedule which is to be used as part of a contractual arrangement between Council and Uniquely Nelson. The recommended approach gives UN the freedom to set its own strategic direction, whilst giving Council some measures against which Uniquely Nelson's performance can be measured.

## 7. Next Steps

- 7.1 Officers will provide a contract for services, in the form of the attached service schedule for signing by Uniquely Nelson and Council's Chief Executive.

**Author:** Clare Barton, Group Manager Environmental Management

### Attachments

Attachment 1: A2247471 - Services Schedule [↓](#)

Attachment 2: A2181631 - Current Uniquely Nelson MOU 2019-2020 [↓](#)

<b>Important considerations for decision making</b>	
<b>1. Fit with Purpose of Local Government</b>	The move to a contract for service will enable Council's social and economic objectives for the City Centre to be better delivered by Uniquely Nelson.
<b>2. Consistency with Community Outcomes and Council Policy</b>	<p>The relevant Community Outcomes that are delivered are:</p> <p><i>"Our urban and rural environments are people friendly, well planned and sustainably managed...</i></p> <p><i>The buoyant city centre is celebrated for its distinctive boutique character.</i></p> <p><i>Our region is supported by an innovative and sustainable economy."</i></p>
<b>3. Risk</b>	The move to a contract assists in minimising risk as it is much clearer what the deliverables will be from UN as opposed to the current delivery model of a Memorandum of Understanding.
<b>4. Financial impact</b>	There is no financial impact.
<b>5. Degree of significance and level of engagement</b>	This matter is of low significance because it is a more effective form of delivering Council's expectations regarding UN. Consultation has been undertaken with the UN Board.
<b>6. Climate Impact</b>	There has been no specific consideration of climate change resilience as this is simply a different form of ensuring delivery of an existing service with no specific climate change impact.
<b>7. Inclusion of Māori in the decision making process</b>	No engagement with Māori has been undertaken in preparing this report.
<b>8. Delegations</b>	The Governance and Finance Committee has the following delegations:

5.5.1 *Areas of Responsibility:*

- *Business, economic development and tourism in Nelson*

5.5.2 *Delegations:*

*The committee has all of the responsibilities, powers, functions and duties of Council in relation to governance matters within its areas of responsibility, except where they have been retained by Council, or have been referred to other committees, subcommittees or subordinate decision-making bodies.*

However, because of timing this matter will be considered by Council, in accordance with the Delegations Register, as below:

*5.2.2 On the recommendation of the Chief Executive, and with the agreement of the Chair of the relevant committee, subcommittee or subordinate decision-making body and Mayor, matters within the area of responsibility of a particular committee, subcommittee or subordinate decision-making body may be considered directly by Council instead. If this occurs, the Chair of the relevant committee, subcommittee or subordinate decision-making body will report to the following meeting of the committee, subcommittee or subordinate decision-making body regarding the reason for doing so, and the outcome of the matter at the Council meeting.*

The Mayor, and the Chair of the Governance and Finance Committee have agreed with this approach being taken in the case of this report.



## Item 7: Contract for Services between Nelson City Council and Uniquely Nelson: Attachment 1

Services Schedule for Uniquely Nelson Incorporated (Uniquely Nelson) with Nelson City Council (Council)

The purpose of this contract is to support one of Nelson City Council's key priorities - that the Nelson city centre is healthy, vibrant and thriving where businesses feel supported and which attracts visitors and residents.

Uniquely Nelson's role is to:

- Promote the city centre to current and potential users
- Leverage opportunities to promote the city for events
- Provide open communication with and between city centre stakeholders, Council and the Nelson Regional Development Agency
- Assist and support the Council with the promotion of Nelson as the Smart Little City

### 1. Planning

- 1.1. Uniquely Nelson will demonstrate to Council that it (Uniquely Nelson) is operating to a strategic framework that is consistent with Council's Long Term and Annual Plans and with the Nelson Regional Development Agency (NRDA) Statement of Intent
- 1.2. Uniquely Nelson will provide detail on its forward work programme to Council, including budget, performance targets and other measures by which progress can be measured
- 1.3. Uniquely Nelson will identify and report to Council on key trends, opportunities and threats to the urban health and vibrancy of the Nelson city centre
- 1.4. Uniquely Nelson will prepare a three year Strategic Business Plan by 31 September 2020 and will provide that to Council and will review and report to Council on that annually by 31 September of each subsequent year, including that:
  - The Strategic Business Plan will -
    - Describe the current situation in the Nelson city centre including business composition, events, visitation and business environment
    - Identify trends or key drivers that could affect the urban health of the Nelson city centre
    - Identify Uniquely Nelson's focus areas for the three year period, and how these align with the purpose of this contract
    - Identify specific, measurable, achievable, relevant, and time-based (SMART) objectives for each of these focus areas
    - Identify effective key performance indicators relating to the objectives for each focus area
    - Outline Uniquely Nelson's approach to:
      - promotion and marketing of the Nelson city centre
      - events promotion and leverage
      - communication and advocacy
      - excellent service delivery
      - good governance
      - urban health and safety
  - The Strategic Business Plan will demonstrate alignment with the NRDA draft Statement of Intent
  - Year one of the three year Strategic Business Plan (and then each subsequent year following review annually) will describe the business plan for the year ahead

### 2. Delivery

- 2.1. Uniquely Nelson will:
  - Deliver the work programme described in the Strategic Business Plan
  - Leverage opportunities to market and promote the Nelson city centre for events, both programmed and unprogrammed
  - Engage with Council, city centre businesses and other stakeholders to facilitate a coordinated response to issues and opportunities as those arise

## Item 7: Contract for Services between Nelson City Council and Uniquely Nelson: Attachment 1

### Services Schedule for Uniquely Nelson Incorporated (Uniquely Nelson) with Nelson City Council (Council)

- Acknowledge Council's support for Uniquely Nelson in all online channels, publicity material, and advertising
- 2.2. Uniquely Nelson will:
- Deliver the programme of work as agreed in year one (and then each subsequent year following review annually) of the Strategic Business Plan
  - Respond to ad hoc or unprogrammed opportunities and issues as these arise, within either the constraints of Uniquely Nelson's budget and capability or agreed additional budget
  - Provide ongoing communication of key Council messages to city centre businesses
  - Provide ongoing communication of key issues affecting businesses to Council
3. Reporting
- 3.1. Uniquely Nelson will report regularly to Council including but not limited to:
- Regular reporting which demonstrates to the Council that (and how) Uniquely Nelson's work programme has contributed to a measurable difference in the health and vibrancy of the Nelson city centre
  - An annual report to be provided to Council by 1 September each year which includes:
    - : A summary of Uniquely Nelson's activities over the year
    - : Performance against the key performance indicators
    - : A summary of city centre health over the year, including accessible economic data and occupancy rates
    - : Annual accounts
    - : Performance against budget
    - : Health and safety reporting
4. Requests for Information
- 4.1. Uniquely Nelson will immediately pass any request for information on to Council's contract manager, noting that information held by Uniquely Nelson in its capacity as a contractor to Council is considered information held by Council and that the Local Government Official Information and Meetings Act 1987 (LGOIMA) applies
- 4.2. Uniquely Nelson will keep Council's Communications team informed of requests for media comment or interviews, and will work with the Communications team to identify key messages for response
5. Risk Management
- 5.1. Uniquely Nelson will maintain and provide to Council (on a regular basis or on request) a risk register that identifies risks to successful delivery of this contract, including:
- Description of mitigation measures
  - Identification of any residual risk ratings that remain high after mitigation
  - Immediate reporting of any residual risk ratings that remain high to Council's contract manager
6. Incorporated Society
- 6.1. Uniquely Nelson will maintain registration with the Companies Office as an incorporated society, including to:
- Update address details as required
  - Update officer or trustee details as required
  - File a copy of their annual financial statement each year
- 6.2. Uniquely Nelson must notify Council immediately in the event of that their registration as an incorporated society is dissolved or struck off

## Item 7: Contract for Services between Nelson City Council and Uniquely Nelson: Attachment 1

Services Schedule for Uniquely Nelson Incorporated (Uniquely Nelson) with Nelson City Council  
(Council)

### 7. Partnering

7.1. Uniquely Nelson and Council agree to manage and deliver this contract in a partnering approach which includes:

- Operating the contractual relationship in a manner which promotes prompt and constructive communication and a problem solving approach
- Working together to achieve the following objectives:
  - : Ensuring the contract runs smoothly
  - : Facilitating 'no surprises' contract communication
  - : Exploring opportunities to deliver mutual
  - : Facilitating the prompt and constructive resolution of disputes

### **Memorandum of Understanding between Uniquely Nelson and Nelson City Council**

Nelson City Council agrees to fund Uniquely Nelson at a base level of \$193,501 (excluding GST) for the 2019/20 financial year (July 2019–June 2020). During that time either party may present an option for the provision of additional services and/or funding on a project by project basis. Consideration will be given this year to progressing a more detailed contract for service delivery model.

Uniquely Nelson will work with Nelson city businesses and key stakeholders to create added value and excellent service delivery that builds on Nelson's history, arts, and natural environment with the primary focus on the Nelson city centre.

Uniquely Nelson will:

1. Promote the city centre to potential and current customers through:
  - actively seeking new retail opportunities for the city centre;
  - added value initiatives;
  - physical enhancement of the city centre;
  - excellent service delivery;
  - strategic marketing through both traditional and emerging communications channels, in particular through on-line marketing;
  - leveraging opportunities to increase people presence in the city centre, particularly during the winter period;
  - implementing a living marketing strategy for the Nelson City Experience.
2. Assist, promote and support NCC with the initiative of Nelson Smart Little City.
3. Leverage opportunities to market and promote the city centre from events, both programmed and unprogrammed.
4. Engage with retailers and other stakeholders and take action to achieve greater vibrancy in the city centre.
5. Work alongside the Nelson Regional Development Agency to promote the Nelson city centre in a manner consistent with the regional identity project.
6. Act as the communication conduit between Nelson businesses, Council and other stakeholders on issues impacting business in the city centre.
7. Refer Nelson city businesses to appropriate networking, support and advice agencies.
8. Gain continued commitment and participation from businesses towards a positive profile of the city centre.
9. Promote and demonstrate a commitment to sustainability initiatives.
10. Demonstrate high standards of governance and operational best practice.
11. Continue to build and enhance relationships to ensure value for money, including strategic partnership with Nelson City Council and other key stakeholders.
12. Develop other opportunities as agreed that support the enhancement of the city centre.
13. Acknowledge Nelson City Council's support for Uniquely Nelson in all publicity material and advertising.

A2181631

Item 7: Contract for Services between Nelson City Council and Uniquely Nelson:  
Attachment 2

14. Provide Council with an annual business plan each February for the following financial year showing core services and any additional opportunities for Council to consider.
15. Provide Council with an annual report on Uniquely Nelson's activities, including a summary of performance against the objectives of the business plan.

Payment will be quarterly in advance.

Signed for and on behalf of:  
NELSON CITY COUNCIL

Signed for and on behalf of:  
UNIQUELY NELSON

Chief Executive

Date:

  
16/7/19

Date: 10th / 07/ 2019

A2181631

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**REPORT R18096**

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**Funding Request: Businesses for Climate Action**

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**1. Purpose of Report**

- 1.1 To consider a funding request from Businesses for Climate Action to assist Nelson businesses to measure and reduce their greenhouse gas emissions.

**2. Summary**

- 2.1 A local business group, Businesses for Climate Action (BCA) is seeking Council funding support to assist businesses to measure and reduce their greenhouse gas (GHG) emissions.

**3. Recommendation**

***That the Council***

- 1. Receives the report Funding Request: Businesses for Climate Action (R18096) and its attachments (A2406802 and A2406803); and***
- 2. Approves \$28,880 of Climate Change Reserve funding for Businesses for Climate Action to support Nelson businesses to measure and reduce their greenhouse gas emissions; and***
- 3. Agrees that this funding be contingent on Businesses for Climate Action undertaking further engagement with the Nelson Tasman Climate Forum.***

**4. Background**

- 4.1 Businesses for Climate Action (BCA) consists of several business owners and individuals with a desire to see businesses reduce both costs and emissions. Members include businesses such as the Chia Sisters, ShiftOn

## Item 9: Funding Request: Businesses for Climate Action

and Ekos. The major initial goal of BCA is to get 1,000 businesses in Nelson committed to measuring their carbon footprint.

### 5. Discussion

#### Funding Request

- 5.1 Attachment 1 contains the funding request from BCA. An earlier proposal was received by Council on 8 March 2020 and sought funding of \$49,500. The timing of the proposal (just prior to lockdown) meant that it was unable to be considered by Council for Climate Change Reserve funding at that point.
- 5.2 Following ongoing discussions with BCA, a revised proposal was received on 9 June, which reduced the total requested amount to \$28,880. This second proposal reflects the need for a different approach following the COVID-19 lockdown and expected impacts on the economy. Typically, addressing GHG emissions makes economic sense by reducing overheads for organisations, as well as contributing to environmental benefit. It is therefore arguably more important than ever to assist businesses to take such steps. However, reducing the proposal amount reflects the fact that Council budgets are under pressure and many businesses are also likely to be struggling with day-to-day operations and therefore uptake may be lower than anticipated at this time.
- 5.3 The BCA proposal has as its key focus encouraging 1,000 local businesses to measure their climate footprints. The initial work will target those identified as likely “early adopters” while giving other businesses, currently in survival mode post COVID-19 lockdown, more time to adjust and then engage.
- 5.4 Council support would go towards BCA’s webpage, administrative support, reimbursement for time spent developing BCA’s work programme, speakers and events. Attachment 2 contains BCA’s earlier funding proposal as it includes more details on a number of aspects of the group’s planning and network.

#### Collaboration with the Nelson Tasman Climate Forum

- 5.5 Recent dialogue with the BCA has indicated that there is benefit in strengthening the connection with the Nelson Tasman Climate Forum (NTCF). Both groups are seeking to take action to address climate change, and both are seeking (or have accessed) funding from Council. The NTCF appears to have a shortage of direct business involvement, while the BCA can potentially tap into members of the NTCF to assist in their work (e.g., ‘in-kind’ support).
- 5.6 Strengthening these connections would be expected to lead to greater collaboration between the two groups and overall improved outcomes for addressing climate change. On this basis it is suggested that any funding agreed to support the work of the BCA is contingent on them engaging further with NTCF and connecting Nelson businesses to the work of the Forum.

## Item 9: Funding Request: Businesses for Climate Action

- 5.7 Some of that connection is already occurring, but there may be scope to bolster it. Founding members of the BCA have attended Forum meetings, including facilitation of the business workshop at the Climate Forum launch. In addition, the BCA has received offers of assistance from the NTCF, and they presented at the most recent Forum meeting about the benefits of businesses measuring their carbon footprint. The focal person on business activity in the Forum has joined the leadership group of BCA to further increase links with the Forum. However, it is likely that further strengthening connections between the business community and the Forum would be beneficial. A similar discussion will be initiated with NTCF to encourage that their activity to effectively tap in to the wider business community, including connecting into BCA.

### Climate Change Reserve

- 5.8 The Climate Change Reserve has now funded a number of projects. The following table (Table 1) outlines the committed, requested and remaining funds within the Climate Change Reserve:

Table 1: Summary of current status of the Climate Reserve Fund

<b>Total fund value</b>	\$500,000
<b>Committed funding</b>	
Preparations: Danish delegation	\$20,000
City centre spatial plan	\$100,000
Food waste collection e-bike	\$9,000
<b>Total committed to date</b>	\$129,000
<b>Current requests / Annual Plan proposals</b>	
Food waste trial	\$120,000
Nelson Tasman Climate Forum	\$62,500
Businesses for Climate Action	\$28,880
<b>Remaining funds</b>	\$159,620

## 6. Options

- 6.1 Council has the option to fund the proposal as requested by allocating \$28,880 from the Climate Change Reserve. It has the option to fund some parts of the proposal only or to decline funding.
- 6.2 Officers consider that supporting businesses to measure and reduce their emissions will make an important contribution to achieving the aims of Council's Climate Declaration, which prioritises collaboration with business. It is recommended that Council approve the funding request.



## Item 9: Funding Request: Businesses for Climate Action

**Author:**        **Chris Cameron, Climate Change Champion**

### **Attachments**

Attachment 1: A2406802 Businesses for Climate Action funding application -  
admendment June 2020 [↓](#)

Attachment 2: A2406803 Businesses for Climate Action funding application -  
First request March 2020 [↓](#)

<b>Important considerations for decision making</b>
<b>1. Fit with Purpose of Local Government</b>  Support for businesses to measure and reduce their carbon emissions promotes the economic, environmental and social wellbeing of the community.
<b>2. Consistency with Community Outcomes and Council Policy</b>  The funding proposed supports the following community outcomes: <ul style="list-style-type: none"><li>- <i>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.</i></li><li>- <i>Our unique natural environment is healthy and protected</i></li><li>- <i>Our communities are healthy, safe, inclusive and resilient</i></li><li>- <i>Our region is supported by an innovative and sustainable economy</i></li></ul>
<b>3. Risk</b>  There is a risk that businesses, post COVID-19 lockdown, are not able to engage with BCA initiative. This has been mitigated by the revised proposal and scaling down of the immediate objectives of the work.
<b>4. Financial impact</b>  There is sufficient funding in the Climate Change Reserve to accommodate this proposal.
<b>5. Degree of significance and level of engagement</b>  This matter is of low significance because funding is proposed from the Climate Change Reserve and will not impact directly on rates. Therefore no engagement with the wider community has been undertaken.
<b>6. Climate Impact</b>  Engaging businesses in the work of emissions reductions is essential if Nelson is to meet the government target of being carbon neutral by 2050. Enabling a business-led group to support this work is an important step for the community.

**7. Inclusion of Māori in the decision making process**

No engagement with Māori has been undertaken in preparing this report.

**8. Delegations**

Council retains all responsibilities, powers, functions and duties in relation to use of the \$500,000 reserve for possible climate change initiatives.

Businesses for Climate Action

## Businesses for Climate Action

9 June 2020

### 1. Purpose

The purpose of this report is to provide a revised budget for funding from Council.

### 2. Background

In early March Businesses for Climate Action (BCA) put in a request to Council for support. This request was for \$49,500 (this was a fraction of our budget estimated as \$124,000).

As suggested and recognising there is a lot of pressure on Council budgets, we have nearly halved our funding request.

This request is for \$28,880 which is again a fraction of the nearly \$100,000 in value as shown in our revised budget.

### 3. Revised Plan

Our initial goals are still valid. However, the details of the plan have changed slightly.

A key focus will continue to be getting 1,000 businesses to measure their climate footprints. Measuring the climate footprint is much easier than most businesses expect. We will present to different groups and bodies helping our business community to understand this.

Pre COVID19 our key target audience was the “early majority” and our strategy was to enable the “early adopters” to inspire and model the way.

The “early adopters” are still passionate and energised in this space. However, many of the “early majority” are in survival mode. They are busy “working in the business” with less energy and other resources for “working on the business”.

We will focus more of our efforts on the “early adopters” modelling the way. An example of this is the fleet management group. Nelmac have offered to be “activators” in this space, helping lead interested parties to look at how businesses transition their fleets to carbon friendly transport and also looking at whether Nelson is ready for a shared vehicle business using EVs.

We will keep running workshops for the wider business community, including the “early majority”. An example of this is the energy efficiency workshop with EECA that Fonterra is organising. However, our efforts focussing on the wider business community will reduce until there is capacity for this group to engage.

A key part of our plan is to leverage the existing networks and partnerships in our business community such as the Chamber of Commerce, Sustainable Business Network, Te Taihū intergenerational strategy. These are described more fully in our initial funding application.

## Businesses for Climate Action

### 4. Support Requested

We are seeking funding support from Council.

A breakdown of the revised costs is appended to this report as well as the original request.

Key for us is help with a webpage and some admin support.

#### **Webpage and Communication**

We need a professional webpage. This will tell our story and showcase business success stories. We will have a list of businesses that are measuring their footprints and zero carbon.

The budget includes some comms support for newsletters and campaigns.

Value \$11,000, Support requested \$8,400

#### **Admin Support**

We are seeking admin support to help with event management, website management and communication with businesses. Support will also be required to manage the contractual interface with Council such as invoicing and processing costs.

Support requested \$12,480.

#### **Leadership**

Our leadership time is a valuable resource. This resource has been stretched by COVID19 as businesses are currently demanding more attention and some of us are on reduced hours and reduced income.

Most of the leadership is offered for free. Some support from Council would be appreciated.

Value \$60,000, support requested \$3,000.

#### **Speakers**

Out of town speakers and access to out of town advice will help us not reinvent the wheel. This would be used to fund experts to be present in workshops to give advice on our needs and challenges. Some of this would be in person and many remotely through platforms such as Zoom.

The Sustainable Business Network are producing tools and support that would be useful for our business community. Funding would enable us to access some of these tools and would represent excellent value for money.

Value \$5,000, support requested \$2,000.

#### **Sponsorship and Networking Events**

With the changes after COVID19 we are expecting to run fewer large in-person events. This budget has been reduced. We will also look at other ways of recovering these costs, such as charging businesses to attend and seeking sponsorship.

#### Businesses for Climate Action

Value \$10,000, support requested \$3,000.

#### Legal Entity

Businesses for Climate Action is not currently a legal entity. We are in discussions with the Sustainable Business Network for this organisation to manage our contractual interface with Council.

#### Total

Value \$99,080, support requested \$28,880. Our request for funding on 8 March 2020 was \$49,500.

### 5. Conclusion

Imagine a future, where strong business leadership and action means that Nelson is seen as a leader in having a resilient sustainable economy and where Nelson businesses are sought after for their innovation, their value to supply chains and commitment to minimising their impacts.

We believe this is possible and there is strong business appetite to lead in this space. With Council's help we can unlock the potential in our community.

## Businesses for Climate Action

## Original Budget

Businesses for Climate Action: Next 6 months					
	Rate	Number	Cost	Discounted cost	
<b>Webpage</b>					
Webpage			\$ 6,000	\$ 5,400	based on quote from Avoca
Copy and comms			\$ 3,000	\$ 2,000	based on estimate from Avoca
Logo and branding			\$ 2,000	\$ 1,000	guess
<b>Admin support</b>					
Contract support	\$ 60	260	\$ 15,600	\$ 15,600	6 months of support to get up and running. Managing the website, loading businesses names, helping with events. 8 hours per week
<b>Leadership</b>					
Katrina	\$ 185	208	\$ 38,480	\$ 15,000	based on 8 hours per week for 6 months
Chia Sisters			\$ 10,000		Estimate
Johnny Odonnell			\$ 5,000		Estimate
Other			\$ 10,000		Estimate, presently we have Ekos, Fonterra providing free time support.
<b>Speakers</b>					
Out of town speakers and access to experts			\$ 14,000	\$ 5,500	2 in the next 6 months. In the pipeline are lined up free ones by CEO of EECA
<b>Sponsorship of Networking events</b>					
average per event	\$ 2,500	8	\$ 20,000	\$ 5,000	Based on getting sponsorship and moving to self funding events.
<b>Total</b>			\$ 124,080	\$ 49,500	
<b>Present events planned</b>					
NTBT	9/03/2020		costs covered		
NRDA	30/04/2020		costs covered		
Product Stewardship	4/03/2020		costs covered		
launch	1/04/2020		help please		
Chamber	?/04/2020		costs covered		
all prices are GST exclusive					

## Businesses for Climate Action

## Revised Budget

Businesses for Climate Action: Next 6 months					
	Rate	Number	Cost	Discounted cost	
<b>Webpage</b>					
Webpage			\$ 6,000	\$ 5,400	based on quote from Avoca
Copy and comms			\$ 3,000	\$ 2,000	based on estimate from Avoca
Logo and branding			\$ 2,000	\$ 1,000	guess
<b>Admin support</b>					
Contract support	\$ 60	208	\$ 12,480	\$ 12,480	6 months of support to get up and running. Managing the website, loading businesses names, helping with events. Managing costs. 8 hours per week
<b>Leadership</b>					
Claire Keeling - Ekos	\$ 150	104	\$ 15,600		
Chia Sisters			\$ 15,000		Estimate
Katrina			\$ 15,000		
Other			\$ 15,000		Estimate, Fonterra and others providing free time support.
				\$ 3,000	
<b>Speakers</b>					
Out of town speakers and access to experts			\$ 5,000	\$ 2,000	2 in the next 6 months. In the pipeline are lined up free ones by EECA. Charge businesses to attend or find sponsor. Many of these won't require payment however some will.
<b>Sponsorship of Networking events</b>					
average per event	\$ 2,500	4	\$ 10,000	\$ 3,000	Based on getting sponsorship and moving to self funding events.
<b>Total</b>					
			\$ 99,080	\$ 28,880	
<b>Past and planned events</b>					
NTBT	9/03/2020		costs covered		
NRDA	30/04/2020		costs covered		
Product Stewardship	4/03/2020		costs covered		
launch	7/05/2020		online - no costs		
Chamber	?/04/2020		costs covered		
Fleet Management Gro	16/06/2020		online - no costs		
EECA event	July		help with costs please		
all prices are GST exclusive					



Businesses for Climate Action

## Businesses for Climate Action

8 March 2020

### 1. Purpose

This is a short report prepared to request support from Council for a business led initiative to help our business community transition to a resilient, low carbon economy that is net zero carbon.

### 2. Background

Businesses for Climate Action (BCA) is a business-led movement supporting our business community to work together in the transition to a resilient, sustainable economy by having a lower climate footprint.

Businesses in our community are at various levels of confidence and activity on the path to our improved economy. Many are now wanting to do something but do not know where to start. Business Leadership groups such as the Nelson Tasman Chamber of Commerce confirms this sentiment. Businesses for Climate Action will unlock activity in our business community that needs only a little support and inspiration to get moving.

### 3. Vision

**Our vision** is for Te Taihū to:

- become the first recognised zero-carbon region in Aotearoa New Zealand and for our businesses to be seen as global leaders in sustainable business practice,
- be a resilient sustainable economy that adapts well to the disruptions and pressures of climate change (environmental, business opportunities etc)

To achieve this, we are building a movement of business leaders who are committed supporting our business community transform.

Globally & locally, business is a key part of our climate problem and therefore will need to be a key part of the solution. In many ways it is an easier part of our community to activate and will have a large positive impact for Te Taihū.

### 4. Our Strategy

1. **Commitment** - Businesses of Te Taihū are measuring and reporting on their carbon footprint to inform their business strategy and decision-making. We have a resilience sustainable economy that adapts well to climate disruption.
2. **Community** - We have a connected and active community of business leaders who are climate action champions that collaborate on climate action.

## Businesses for Climate Action

3. **Storytelling** - We celebrate our efforts as a region and elevate businesses who are taking action on climate change. By telling their stories effectively, we incentivise further action.

Our role is delivering leadership from within the business community in a similar way that the Climate Leaders Coalition does this on a national level.

We will succeed through collaboration so a key part of our strategy, is connecting in with and enhancing initiatives that are already underway such as the proposed Climatorium, Nelson Tasman Climate Forum, and the Te Taihu Intergenerational Strategy.

## 5. Our Goals for 2020

1. Have **1,000 businesses to measure** and report their carbon emissions by the end of 2020. This is to build awareness of climate impacts so businesses owners can start to make smart business decisions in this space.
2. Build a **community** of climate leaders from within the business community who are “activators” for our cause. One of the ways that these “activators” will help is leading workstreams based around industries (such as tourism) or emissions area (such as energy management). Alternatively, they may wish to sponsor or provide facilities and or funding for the workshops.
3. Link up with existing initiatives to support **collaboration** across groups and stakeholders such as iwi, local government and technical experts who have influence and knowledge in this space.

## 6. Stakeholders & Influencers

1. **Businesses of Te Taihu** - Business leaders are our primary audience.
2. **Local Government** - Nelson City Council, Tasman District Council & Marlborough District Council.
3. **Business Associations** - Nelson Tasman Chamber of Commerce, Marlborough Chamber of Commerce, Nelson Tasman Business Trust, NRDA, Uniquely Nelson and the Sustainable Business Network.
4. **Mana Whenua** - Ngā Iwi o te Taihu, Iwi Leaders Forum, Marae o Te Taihu

## 7. Current Structure

### Founding Oversight Group

- Katrina Kidson (business coach)
- Chloe van Dyke (Chia Sisters)
- Florence van Dyke (Chia Sisters)
- Claire Keeling (Ekos)
- Johnny O'Donnell (Shifton)

## Businesses for Climate Action

### Second Tier – Activators

We also have a number of businesses and groups from within the business community who are “activators” for our cause. One of the ways that these “activators” will help is leading workstreams based around industries (such as tourism) or emissions area (such as energy management). Other ways include sponsorship such providing facilities or funding.

We need collective action and a strong business community working together to transition to a resilient, zero carbon economy. Activators are people and business who have decided to support our community transition and there are many different ways that Activators can help.

Businesses can decide what they would like to offer to be an activator, this might include:

- being passionate about a sector and happy to help whole sector get organised.
- are keen to share what they know about a common challenge (such as reducing flying or transitioning your transport to low carbon or managing our webpage or event organising).
- can pledge some cold hard cash to support action.
- want to sponsor an event, helping with the catering or venue
- or offer some research capability.

This is all about connecting what businesses can offer with what is needed.

### Third Tier - The Movement & Wider Business Community

We expect this to be a large group, starting with the 1,000 businesses that we are targeting to measure their footprint.

## 8. Progress

### Workshops

We have been running simple workshops to over 150 local businesses at Nelson Chamber of Commerce, New Zealand Trade and Enterprise National Webinar, Bank of New Zealand and New Zealand Trade and Enterprise Women in Leadership Evening. We receive excellent feedback from these workshops and businesses are surprised at how easy it is to measure your footprint and go Zero Carbon.

Businesses leave feeling inspired and empowered.

Further workshops already planned include:

- Nelson Tasman Business Trust (9 March),
- The Tourism Sector through the NRDA (30 April), and
- A repeat workshop with the Chamber of Commerce (date to be confirmed).

We currently have at least 30 new businesses beginning the process of measuring their footprint. There are a number of business that have been measuring their footprint for years. It is not clear how many businesses in Te Taihū have measured (or are currently measuring their

## Businesses for Climate Action

footprint). Our guess is 50 to 100 businesses. The target of 1,000 is ambitious. Ambition is what we need.

### Activators

We request that our list of activators is kept confidential at this stage. Some staff in these organisations are still seeking formal sign off. However, we are very confident on this list.

*<list of organisations removed due to confidentiality request above>*

## 9. Relationships

### Nelson Tasman Climate Forum and Zero Carbon Nelson Tasman

There is strong links between the Nelson Tasman Climate Forum and Businesses for Climate Action. Katrina Kidson and the Chia Sisters have attended the meetings with ZCNT and the NTCF. Katrina has an open invitation to attend these meetings and is intending to attend every 4 to 6 weeks. Katrina facilitated the business workshop at the Climate Forum launch.

### Mana Whenua - Ngā Iwi o te Taihū, Iwi Leaders Forum, Marae o Te Taihū

There are strong personal relationships between Businesses for Climate Action, Wakatū and Te Taihū Intergenerational Strategy, especially through Johnny O'Donnell. We are working to broaden this to relationships between the organisations and are confident that this will be possible. We will also build relationships with the wider Iwi of te Taihū.

## Businesses for Climate Action

### Business Groups

We have strong relationships with the Nelson Tasman Chamber of Commerce, the NRDA and The Nelson Tasman Business Trust. All of these groups are actively supporting this group.

### Businesses

There is strong support from businesses, as indicated by the list of activators above.

### Klimatorium

Both Katrina Kidson and the Chia Sisters were asked to present to the Klimatorium on 12<sup>th</sup> of March. We connected to this initiative as well.

### ACE (Action for a Climate Emergency)

Katrina Kidson & Claire Keeling are part of this group.

### NCC

We are good relationships with Chris Cameron and Karen Lee.

## 10. Plan

Our present plan is simple.

Firstly, we will focus on getting **1,000 businesses to measure their footprint**. We will do this through workshops, storytelling of the successes, and through businesses encouraging their networks to be involved.

Secondly, we will support and lead businesses through **emission reductions**. As businesses become more aware of how climate is affecting their businesses, they will identify issues they have with reduction. We imagine running a number of workstreams to help the community to collaborate on solutions, as well as finding technical experts to support. An example is that Fonterra have offered to lead a workstream on Energy Management. They experts in “process heat” (transitioning from coal etc) and also well networked with EECA. Another example is the work that the NRDA is leading on Zero Carbon tourism in the area.

Thirdly we will look for ways **to profile Nelson and Nelson Businesses**. This could include profiling business or sector successes. It could also be through high profile statements that we may be able to make as a region. This could include things such as **NZ’s first Zero Carbon shopping street, Door to Door Zero Carbon holidays** etc. This profile will help inspire businesses to act.

Current events include:

- NTBT 9/03/2020
- NRDA 30/04/2020
- Launch 1/04/2020
- Chamber of Commerce ?/04/2020

## Businesses for Climate Action

### 11. Support

We are seeking funding support from Council to build momentum in this area. This group is currently running on volunteer labour from busy businesspeople. This is holding the group back. Some funding will speed up the success of this group. A breakdown of costs is appended to this report.

#### Webpage and Comms

We need a professional webpage. This will tell our story and showcase business success stories. We will have a list of businesses that are measuring their footprints and zero carbon. Where possible we will advertise the size of their footprint.

The budget includes some comms support for newsletters and campaigns.

Value \$11,000, Support requested \$8,400

#### Admin Support

We are seeking admin support to help with event management, website management and communication with businesses.

Support requested \$13,000.

#### Leadership

Katrina Kidson is currently spending at least 2 days a week supporting this group, this may reduce when we get some admin support. She is happy to provide some of this support for free. Others on the leaders' team are spending up to a day a week, this is offered for free.

Value \$63,500, support requested \$15,000.

#### Speakers

Out of town speakers and access to out of town advice will help us not reinvent the wheel. This would be used to fund experts to be present in workshops to give advice on our needs and challenges. Some of this would be in person and some remotely through platforms such as Zoom.

Value \$14,000, support requested \$5,500.

#### Sponsorship and Networking Events

Currently we have a launch event planned for 1 April. We have sponsorship for the venue and currently don't have sponsorship for the catering. We would like our events to be self-funding, either through sponsorship or tickets. We request that Council funding is available if sponsorship and ticket income is short of our full costs.

Value \$20,000, support requested \$5,000.

## Businesses for Climate Action

### **Legal Entity**

We do not currently have a legal entity under which we are operating. We will find or create an entity to have a legal and financial relationship with Council.

### **Speed**

If council would like to move faster in this space, more funding would help. Doubling the administration time or the leadership time would mean that we can achieve more at a greater speed.

### **Total**

Value \$124,000, support requested \$49,500.

## **12. Conclusion**

Imagine a future, where strong business leadership and action means that Nelson is seen as a leader in having a resilient sustainable economy.

We believe this is possible and there is strong business appetite to lead in this space. With Council's help we can unlock the potential in our community.

## Businesses for Climate Action

Businesses for Climate Action: Next 6 months					
	Rate	Number	Cost	Discounted cost	
<b>Webpage</b>					
Webpage			\$ 6,000	\$ 5,400	based on quote from Avoca
Copy and comms			\$ 3,000	\$ 2,000	based on estimate from Avoca
Logo and branding			\$ 2,000	\$ 1,000	guess
<b>Admin support</b>					
Contract support	\$ 60	260	\$ 15,600	\$ 15,600	6 months of support to get up and running. Managing the website, loading businesses names, helping with events. 8 hours per week
<b>Leadership</b>					
Katrina	\$ 185	208	\$ 38,480	\$ 15,000	based on 8 hours per week for 6 months
Chia Sisters			\$ 10,000		Estimate
Johny Odonnel			\$ 5,000		Estimate
Other			\$ 10,000		Estimate, presently we have Ekos, Fonterra providing free time support.
<b>Speakers</b>					
Out of town speakers and access to experts			\$ 14,000	\$ 5,500	2 in the next 6 months. In the pipeline are lined up free ones by CEO of EECA
<b>Sponsorship of Networking events</b>					
average per event	\$ 2,500	8	\$ 20,000	\$ 5,000	Based on getting sponsorship and moving to self funding events.
<b>Total</b>					
			\$ 124,080	\$ 49,500	
<b>Present events planned</b>					
NTBT	9/03/2020		costs covered		
NRDA	30/04/2020		costs covered		
Product Stewardship	4/03/2020		costs covered		
launch	1/04/2020		help please		
Chamber	?/04/2020		costs covered		
all prices are GST exclusive					



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**REPORT R18078**

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**Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21**

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**1. Purpose of Report**

- 1.1 To adopt the Annual Plan and set the rates for 2020/21.

**2. Summary**

- 2.1 Council has deliberated on the submissions to the Consultation Document for the Annual Plan 2020/21. The next step in the process is for Council to adopt the final Annual Plan 2020/21 by 30 June, in accordance with S95(3) of the Local Government Act 2002.

**3. Recommendation**

***That the Council***

- 1. Receives the report Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21 (R18078) and its attachment (A2409905); and***
- 2. Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002; and***
- 3. Delegates the Mayor, Deputy Mayor and Chief Executive to make any necessary minor editorial amendments prior to the release of the Annual Plan 2020/21 to the public; and***
- 4. Sets the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing on 1 July 2020 and ending on 30 June 2021.***

***The revenue approved below will be raised by the rates and charges that follow.***

***Revenue approved:***

Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21

<b>General Rate</b>	<b>\$41,032,974</b>
<b>Uniform Annual General Charge</b>	<b>\$9,128,635</b>
<b>Stormwater and Flood Protection Charge</b>	<b>\$6,228,870</b>
<b>Waste Water Charge</b>	<b>\$8,814,058</b>
<b>Water Annual Charge</b>	<b>\$3,721,307</b>
<b>Water Volumetric Charge</b>	<b>\$8,683,050</b>
<b>Clean Heat Warm Homes and Solar Saver</b>	<b>\$208,000</b>
<b>Rates and Charges (excluding GST)</b>	<b>\$77,816,894</b>
<b>Goods and Services Tax (at the current rate)</b>	<b>\$11,672,534</b>
<b>Total Rates and Charges</b>	<b>\$89,489,428</b>

**The rates and charges below are GST inclusive.**

**(1) General Rate**

**A general rate set under section 13 of the Local Government (Rating) Act 2002, assessed on a differential land value basis as described below:**

- a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential – single unit" category.**
- a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential empty section" category.**
- a rate of 0.57170 cents in the dollar of land value on every rating unit in the "single residential unit forming part of a parent valuation, the remainder of which is non-rateable" category. This represents a plus 10% differential on land value.**
- a rate of 0.57170 cents in the dollar of land value on every rating unit in the "multi residential" category. This represents a plus 10% differential on land value.**

Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21

- ***a rate of 1.47642 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 184.075% differential on land value.***
- ***a rate of 1.23748 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 25% residential and 75% commercial" category. This represents a plus 138.1% differential on land value.***
- ***a rate of 0.99788 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 50% residential and 50% commercial" category. This represents a plus 92% differential on land value.***
- ***a rate of 0.75881 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 75% residential and 25% commercial" category. This represents a plus 46% differential on land value.***
- ***a rate of 1.57772 cents in the dollar of land value on every rating unit in the "commercial inner city" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 203.565% differential on land value.***
- ***a rate of 1.31336 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 25% residential and 75% commercial" category. This represents a plus 152.7% differential on land value.***
- ***a rate of 1.04882 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 50% residential and 50% commercial" category. This represents a plus 101.8% differential on land value.***
- ***a rate of 0.78427 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 75% residential and 25%***

Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21

***commercial” category. This represents a plus 50.9% differential on land value.***

- ***a rate of 1.51501 cents in the dollar of land value on every rating unit in the “Stoke commercial subject to 100% commercial and industrial (occupied and empty)” category. This represents a plus 191.5% differential on land value.***
- ***a rate of 1.26606 cents in the dollar of land value on every rating unit in the “Stoke commercial subject to 25% residential and 75% commercial” category. This represents a plus 143.6% differential on land value.***
- ***a rate of 1.01763 cents in the dollar of land value on every rating unit in the “Stoke commercial subject to 50% residential and 50% commercial” category. This represents a plus 95.8% differential on land value.***
- ***a rate of 0.76868 cents in the dollar of land value on every rating unit in the “Stoke commercial subject to 75% residential and 25% commercial” category. This represents a plus 47.9% differential on land value.***
- ***a rate of 0.33782 cents in the dollar of land value on every rating unit in the “rural” category. This represents a minus 35% differential on land value.***
- ***a rate of 0.46776 cents in the dollar of land value on every rating unit in the “small holding” category. This represents a minus 10% differential on land value.***

***(2) Uniform Annual General Charge***

***A uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 of \$434.64 per separately used or inhabited part of a rating unit.***

***(3) Stormwater and Flood Protection Charge***

***A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$335.36 per rating unit, this rate is payable by all ratepayers excluding rural rating units, rating units east of***

***the Gentle Annie saddle, Saxton's Island and Council's stormwater network.***

**(4) Waste Water Charge**

***A targeted rate for waste water disposal under section 16 of the Local Government (Rating) Act 2002 of:***

- ***\$477.33 per separately used or inhabited part of a residential, multi residential, rural and small holding rating units that is connected either directly or through a private drain to a public waste water drain.***
- ***For commercial rating units, a waste water charge of \$119.33 per separately used or inhabited part of a rating unit that is connected either directly or through a private drain to a public waste water drain. Note: a "trade" waste charge will also be levied.***

**(5) Water Annual Charge**

***A targeted rate for water supply under Section 16 of the Local Government (Rating) Act 2002, of:***

**Water charge (per connection) \$200.60**

### **(6) Water Volumetric Rate**

***A targeted rate for water provided under Section 19 of the Local Government (Rating) Act 2002, of:***

**Price of water:**

**Usage up to 10,000 cu.m/year      \$2.092 per m<sup>3</sup>**

**Usage from 10,001 – 100,000**

**cu.m/year                      \$2.006 per m<sup>3</sup>**

**Usage over 100,000 cu.m/year      \$1.584 per m<sup>3</sup>**

### Summer irrigation usage over

**10,000 cu.m/year** **\$2.049 per m<sup>3</sup>**

### ***(7) Clean Heat Warm Homes***

***A targeted rate per separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-***

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***complying solid fuel burner under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of:***

- For properties levied the Clean Heat Warm Homes as a result of agreements entered into after 1 July 2011, the targeted rate for each year for 10 years will be the total cost of the installed works excluding GST, divided by 10, plus GST.***
- For properties levied the Clean Heat Warm Homes as a result of agreements entered into prior to 1 July 2011 the targeted rate of:***

<b><i>Loan Assistance Range</i></b>	<b><i>Installation after 30 Sept 2010</i></b>	<b><i>Completed prior to 30 Sept 2010</i></b>
<b><i>\$1,400 to \$1,599</i></b>	<b><i>\$140.00</i></b>	<b><i>\$143.11</i></b>
<b><i>\$1,600 to \$1,799</i></b>	<b><i>\$160.00</i></b>	<b><i>\$163.56</i></b>
<b><i>\$1,800 to \$1,999</i></b>	<b><i>\$180.00</i></b>	<b><i>\$184.00</i></b>
<b><i>\$2,000 to \$2,199</i></b>	<b><i>\$200.00</i></b>	<b><i>\$204.44</i></b>
<b><i>\$2,200 to \$2,399</i></b>	<b><i>\$220.00</i></b>	<b><i>\$224.89</i></b>
<b><i>\$2,400 to \$2,599</i></b>	<b><i>\$240.00</i></b>	<b><i>\$245.34</i></b>
<b><i>\$2,600 to \$2,799</i></b>	<b><i>\$260.00</i></b>	<b><i>\$265.78</i></b>
<b><i>\$2,800 to \$2,999</i></b>	<b><i>\$280.00</i></b>	<b><i>\$286.22</i></b>
<b><i>\$3,000 to \$3,199</i></b>	<b><i>\$300.00</i></b>	<b><i>\$306.67</i></b>
<b><i>\$3,200 to \$3,399</i></b>	<b><i>\$320.00</i></b>	<b><i>\$327.11</i></b>
<b><i>\$3,400 to \$3,599</i></b>	<b><i>\$340.00</i></b>	<b><i>\$347.56</i></b>
<b><i>\$3,600 to \$3,799</i></b>	<b><i>\$360.00</i></b>	<b><i>\$368.00</i></b>
<b><i>\$3,800 to \$3,999</i></b>	<b><i>\$380.00</i></b>	<b><i>\$388.44</i></b>
<b><i>\$4,000 to \$4,199</i></b>	<b><i>\$400.00</i></b>	<b><i>\$408.89</i></b>
<b><i>\$4,200 to \$4,399</i></b>	<b><i>\$420.00</i></b>	<b><i>\$429.34</i></b>
<b><i>\$4,400 to \$4,599</i></b>	<b><i>\$440.00</i></b>	<b><i>\$449.78</i></b>
<b><i>\$4,600 to \$4,799</i></b>	<b><i>\$460.00</i></b>	<b><i>\$470.22</i></b>
<b><i>\$4,800 to \$4,999</i></b>	<b><i>\$480.00</i></b>	<b><i>\$490.67</i></b>

***(8) Solar Hot Water Systems***

***A targeted rate for any separately used or inhabited parts of a rating unit that has been provided with financial assistance to install a solar hot water system under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original***

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**ratepayer, of the following factors on the extent of provision of service (net cost of the work including GST after deducting EECA grant, plus funding cost):**

- **0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST.**
- **0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.**

**Other Rating Information:**

**Due Dates for Payment of Rates**

**The above rates (excluding water volumetric rates) are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable in four instalments on the following dates:**

<b>Instalment Number</b>	<b>Instalment Due Date</b>	<b>Last Date for Payment</b>	<b>Penalty Date</b>
<b>Instalment 1</b>	<b>1 August 2020</b>	<b>20 August 2020</b>	<b>26 August 2020</b>
<b>Instalment 2</b>	<b>1 November 2020</b>	<b>20 November 2020</b>	<b>26 November 2020</b>
<b>Instalment 3</b>	<b>1 February 2021</b>	<b>20 February 2021</b>	<b>26 February 2021</b>
<b>Instalment 4</b>	<b>1 May 2021</b>	<b>20 May 2021</b>	<b>26 May 2021</b>

**Rates instalments not paid on or by the Last Date for payment above will incur penalties as detailed in the section "Penalty on Rates".**

**Due Dates for Payment of Water Volumetric Rates**

**Residential water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:**

<b>Billing Month</b>	<b>Last Date for Payment</b>	<b>Penalty Date</b>
<b>July 2020</b>	<b>21 September 2020</b>	<b>25 September 2020</b>
<b>August 2020</b>	<b>21 September 2020</b>	<b>25 September 2020</b>
<b>September 2020</b>	<b>20 October 2020</b>	<b>26 October 2020</b>
<b>October 2020</b>	<b>21 December 2020</b>	<b>11 January 2021</b>
<b>November 2020</b>	<b>21 December 2020</b>	<b>11 January 2021</b>
<b>December 2020</b>	<b>20 January 2021</b>	<b>26 January 2021</b>
<b>January 2021</b>	<b>22 March 2021</b>	<b>26 March 2021</b>
<b>February 2021</b>	<b>22 March 2021</b>	<b>26 March 2021</b>
<b>March 2021</b>	<b>20 April 2021</b>	<b>26 April 2021</b>

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<b>April 2021</b>	<b>21 June 2021</b>	<b>25 June 2021</b>
<b>May 2021</b>	<b>21 June 2021</b>	<b>25 June 2021</b>
<b>June 2021</b>	<b>20 July 2021</b>	<b>26 July 2021</b>

***Special (final) water volumetric rates will be payable 14 days from the invoice date of the special (final) water reading as shown on the water invoice.***

***Commercial water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:***

<b><i>Billing Month</i></b>	<b><i>Last Date for Payment</i></b>	<b><i>Penalty Date</i></b>
<b><i>July 2020</i></b>	<b><i>20 August 2020</i></b>	<b><i>26 August 2020</i></b>
<b><i>August 2020</i></b>	<b><i>21 September 2020</i></b>	<b><i>25 September 2020</i></b>
<b><i>September 2020</i></b>	<b><i>20 October 2020</i></b>	<b><i>26 October 2020</i></b>
<b><i>October 2020</i></b>	<b><i>20 November 2020</i></b>	<b><i>26 November 2020</i></b>
<b><i>November 2020</i></b>	<b><i>21 December 2020</i></b>	<b><i>11 January 2021</i></b>
<b><i>December 2020</i></b>	<b><i>20 January 2021</i></b>	<b><i>26 January 2021</i></b>
<b><i>January 2021</i></b>	<b><i>22 February 2021</i></b>	<b><i>26 February 2021</i></b>
<b><i>February 2021</i></b>	<b><i>22 March 2021</i></b>	<b><i>26 March 2021</i></b>
<b><i>March 2021</i></b>	<b><i>20 April 2021</i></b>	<b><i>26 April 2021</i></b>
<b><i>April 2021</i></b>	<b><i>20 May 2021</i></b>	<b><i>26 May 2021</i></b>
<b><i>May 2021</i></b>	<b><i>21 June 2021</i></b>	<b><i>25 June 2021</i></b>
<b><i>June 2021</i></b>	<b><i>20 July 2021</i></b>	<b><i>26 July 2021</i></b>

***Penalty on Rates***

***Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid rates (excluding volumetric water rate accounts) and delegates authority to the Group Manager Corporate Services to apply them:***

- a charge of 5% of the amount of each rate instalment remaining unpaid on the penalty date as shown in the above table and also shown on each rate instalment notice.***
- a charge of 5% will be added on 6 July 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 5 July 2020.***
- a further additional charge of 5% will be added on 11 January 2021 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 10 January 2021.***



### ***Penalty on Water Volumetric Rates***

***Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid volumetric water rates and delegates authority to the Group Manager Corporate Services to apply them:***

- ***a charge of 5% of the amount of each volumetric water rate account remaining unpaid on the penalty date as shown in the above table and also shown on each volumetric water rate account.***

### ***Penalty Remission***

***In accordance with Council's rate remission policy, the Council will approve the remission of the penalty added on instalment one due to late payment provided the total annual rates are paid in full by 20 November 2020. If full payment of the annual rates is not paid by 20 November 2020 the penalties relating to the first instalment outlined above will apply.***

***The above penalties will not be charged where Council has agreed to a programme for payment of outstanding rates.***

***The Group Manager Corporate Services is given discretion to remit rates penalties either in whole or part in accordance with Council's approved rates remission policy, as may be amended from time to time.***

### ***Discount on Rates***

***Pursuant to Section 55 of the Local Government (Rating) Act 2002, the Council will allow a discount of 2.0 percent of the total rates (excluding volumetric water rates) where a ratepayer pays the year's rates in full on or before the Last Date for Payment for instalment one being 20 August 2020.***

### ***Payment of Rates***

***The rates shall be payable at the Council offices, Civic House, 110 Trafalgar Street, Nelson between the hours of 8.30am to 5.00pm Monday, Tuesday,***

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***Thursday and Friday and 9.00am to 5.00pm  
Wednesday.***

***Where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due.***

#### **4. Background**

- 4.1 Council's Annual Plan 2020/21 Consultation Document was initially open for submissions from 17 March to 17 April 2020, and was made available on Council's website, at Nelson Public Libraries and the Customer Service Centre. A summary was delivered to all Nelson households through a special edition of Our Nelson.
- 4.2 In response to the impacts of the COVID-19 pandemic Council made the decision on 9 April to seek public feedback on an appropriate rates rise and extend the consultation period until 6 May 2020. As the constraints of Alert Level 4 prevented face-to-face public engagement Council took a number of steps to make the community aware of the extended submission opportunity and make the process as accessible as possible. Additional radio and newspaper advertising was commissioned to publicise the request for feedback on the rates rise and the extended consultation period. The Council's website and social media also included this information and Council also provided the opportunity for submissions to be made by telephone.
- 4.3 282 submissions were received in total, including three late submissions. 74 submissions were spoken to at the hearings on 14, 19 and 20 May, held via Zoom. Council deliberated on submissions on 3, 4 and 9 June 2020.

#### **5. Discussion**

##### *Annual Plan 2020/21*

- 5.1 The Annual Plan 2020/21 is presented for Council to adopt.
- 5.2 The Consultation Document contained variations to the Long Term Plan. Those variations that have not received comment or were supported by submissions were included in the Annual Plan without change. Amendments made through resolutions at the deliberations meeting are reflected in the updated Annual Plan.

##### *Setting of the rates*

- 5.3 Following adoption of the Annual Plan 2020/21 Council needs to pass a resolution to set the rates for the 2020/21 financial year. This resolution must be passed after the Annual Plan is adopted.

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- 5.4 At the conclusion of the deliberations meeting Council resolved to set the increase in rates at net 0%. The forecast net debt at the end of June 2021 is \$115.7 million. The respective figures for 2020/21 in the Long Term Plan 2018–28 were a rates rise of 3.1% and net debt of \$138.7 million. The lower expected debt forecast reflects a lower opening debt level anticipated at 30 June 2020 compared to the Long Term Plan.
- 5.5 The report to Council on COVID-19 dated 9 April 2020 included several suggestions for supporting residents and businesses by reducing the penalties on rates these included:
- 5.5.1 Remove the penalty which is to be applied at 5 July for any balance outstanding from the previous rating year, and/or
  - 5.5.2 Reduce the penalty charge of 10% to a lower rate for unpaid rates and water, and/or
  - 5.5.3 Remove the rates and water penalties in entirety for 2020/21, which would reduce budgeted revenue by \$241,000, but may create difficulty in encouraging payment arrangements, and/or
  - 5.5.4 Increase the penalty date for each instalment to more than three days past due date
- 5.6 Of these proposals Officers recommend a reduction in the penalty charge from 10% to 5%. This would encourage on time payment of rates, and, at the same time, assist ratepayers with cash flow problems related to COVID-19. Recent reductions in interest rates also supports this approach.

*Letters to submitters*

- 5.7 Once Council has adopted the Annual Plan 2020/21, responses will be sent to submitters. Committee chairs and the Mayor/Deputy Mayor will be responsible for signing out letters to submitters.

## **6. Options**

- 6.1 Council can, as recommended, adopt the Annual Plan 2020/21 and set the rates for the 2020/21 financial year. Alternatively, Council could ask that further amendments be made to budgets and/or the Annual Plan 2020/21, and that updated documents and resolutions be brought back to a future Council meeting.
- 6.2 Adopting the Annual Plan and setting the rates is the preferred option. The alternative would mean that Council would not be able to set rates for 2020/21 by 1 July 2020, and a further consultation process may be required. The resolution provides for minor amendments to be approved by the Mayor, Deputy Mayor, and Chief Executive.

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**Conclusion**

- 6.3 It is recommended that Council adopt the Annual Plan 2020/21 and set the rates for the 2020/21 financial year.

**Author:** Mark Tregurtha, Manager Strategy

**Attachments**

Attachment 1: A2409905 FINAL Annual Plan 2020-21 for adoption 30June2020  
[!\[\]\(23d9fc146e83b5c3013cfa32c784f8d5\_img.jpg\)](#)

## **Important considerations for decision making**

### **1. Fit with Purpose of Local Government**

Adopting the Annual Plan 2020/21 supports the long term wellbeing of Nelson residents and businesses, as it sets out how Council will fund and deliver infrastructure, community services, regulatory functions and support services during 2020/21. In particular Council has considered, through the deliberations process, how it can support the social and economic wellbeing of residents effected by COVID-19.

The process that has been followed is consistent with the Local Government Act 2002 principles, including that Council should conduct its business in an open, transparent, and democratically accountable manner.

### **2. Consistency with Community Outcomes and Council Policy**

The Annual Plan supports all the Community Outcomes.

### **3. Risk**

Given the diversity of views expressed by submitters, there are some decisions that not all members of the public would agree with. However, the thorough consultation undertaken mitigates this risk and all submitters will receive a customised letter explaining Council's decisions.

### **4. Financial impact**

The adoption of this Annual Plan will result in a final net rates change of 0%, compared to 2019/20, after allowing for growth in the rating base.

Total net debt is forecast to be \$115.7 million (compared to the \$138.7 million projected in the Long Term Plan) at the end of June 2021. The lower proposed debt forecast reflects lower opening debt levels anticipated at 30 June 2020 compared to the Long Term Plan.

Capital expenditure is planned to be \$54.1 million in 2020/21 (excluding vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit), which is significantly higher than the Long Term Plan forecast of \$47 million. The larger work programme has been planned to support the Nelson economy and includes government subsidies as well as projects from 2019/20 that were deferred during to the COVID-19 lockdown period

There is still a level of uncertainty about the effects of COVID-19 on Council activities and budgets including; Council's capital work programme, rental income, fee income and dividend income lines; and event and facilities income and expenditure. Officers will report back to Council and committees during 2020/21 on variances.

## Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21

Through the adoption of this Annual Plan, Council plans to meet the financial benchmarks included in the Annual Plan disclosure statement, apart from the balanced budget benchmark.

The balanced budget benchmark is normally at least 100%, i.e. that revenue for the year (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) for the year exceeds operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

In 2020/21 this benchmark is planned to be 97%. This reflects that Council is contributing \$5 million to the Waimea Dam, Nelson Plan costs of \$1.122 million will be borrowed, and the net expected costs of COVID-19 for 2020/21 will be borrowed, rather than funded from operational expenditure. Offsetting this is additional capital grant revenue for the footpath widening and Provincial Growth Fund projects.

### **5. Degree of significance and level of engagement**

This report relates to the adoption of the final Annual Plan 2020/21 and the setting of rates for 2020/21. These matters are considered to be low significance, as the key decisions on submissions were made as part of the 3 June 2020 deliberations meeting.

The Annual Plan Consultation Document and subsequent request for feedback on the appropriate rates level was of medium to high significance as these included Council's rates and, work programme for 2020/21. Accordingly, Council's engagement on these matters was as broad as possible, given the constraints of Alert Level 4 which prevented face-to-face public engagement. Radio and newspaper advertising was commissioned and information included on Council's website and social media.

282 submissions were received in total, including three late submissions. 74 submissions were spoken to at the hearings on 14, 19 and 20 May, held via Zoom. These figures are similar to Annual Plans in previous years.

### **6. Climate Impact**

Council's proposed actions on climate change for 2020/21 were included in the Annual Plan Consultation Document. Submitters also commented on the effects of climate change on Council activities, and these were discussed at the deliberations meeting.

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**7. Inclusion of Māori in the decision making process**

A combined submission from the general managers of Ngāti Tama, Ngāti Rārua, Ngāti Koata, Ngāti Apa ki te Rā Tō and Ngāti Kuia iwi, as well as a separate submission from Wakatū Incorporation were received.

**8. Delegations**

The adoption of the Annual Plan and setting of rates are decisions for Council.



# Annual Plan 2020/21

Variations to Year Three of the Long Term Plan 2018-28

Annual Plan 2020/21

A2409905

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Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21:  
Attachment 1

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## About this Annual Plan

Council's major planning document for the current period is the Long Term Plan 2018-28. The Long Term Plan sets out Council's planned priorities and spending for ten years from 2018.

This 2020/21 Annual Plan provides an update to the Long Term Plan, highlighting the reasons for any changes to Council's work programme for Year Three (2020/21) of the Long Term Plan and the impact those changes will have on rates and debt. This includes changes to the work programme which have become necessary due to COVID-19. Council has implemented a net 0% rates rise in 2020/21, in recognition of the increased hardship experienced by the Nelson community at this time. Information on the changes made to implement the net 0% rates rise is on page XX.

This Annual Plan is an exceptions document, i.e. it only details changes to the Long Term Plan and does not include projects that are proceeding as planned. To fully understand this Annual Plan, you may find it helpful to read it alongside the Long Term Plan 2018-28, which contains a detailed explanation of Council's work programme.

This Annual Plan is set out in the same order as the Long Term Plan 2018-28 to make it easy to compare the two documents. Following the introductory sections, there is discussion of changes within each of Council's 11 activity areas. This is followed by financial information and tables setting out the planned expenditure for the 2020/21 year.

**Copies of the Long Term Plan 2018-28 can be viewed at the Council Customer Service Centre at 110 Trafalgar Street, at any of our public libraries, or on our website [nelson.govt.nz](https://nelson.govt.nz)**

Council will continue to be responsive to opportunities that arise in 2020/21 to assist with our Region's economic recovery, including employment and business support. This means that the final work programme and expenditure reported in the Annual Report 2020/21 may vary from what is contained in this Plan, and those variances may be material.

## Mayor's Message

A mere nine days after the draft Annual Plan Consultation Document was adopted by Council, New Zealand moved into COVID-19 Alert Level 2. Four days after that we were in Level 4.

What followed is the greatest global economic crisis in decades, and Nelson Whakatū was not exempt from its effects. While we are fortunate to have experienced relatively few infections in our city, the social and economic consequences have been, and will continue to be, immense.

For Nelson City Council, an essential services provider, much of our work continued during the shutdown period – recycling was still collected, clean water and public transport were provided, but there have inevitably been delays to key projects, and revenue streams have been severely impacted.

Council remains acutely aware of the financial toll the COVID-19 shutdown has had on so many of our ratepayers, especially our young people who have been the most effected by the loss of jobs as a result of this crisis.

Our support package included a range of responses such as hardship provisions for ratepayers struggling to pay rates, rental relief for Council lease and licence holders in the tourism and hospitality sectors, and the establishment of a \$200,000 Emergency Fund for community organisations.

This Annual Plan builds on that support package and reflects a very different environment than the draft Plan. I have said that this Council will be both compassionate and financially prudent, and this Annual Plan delivers on that promise.

The major change you will see is the setting of a net rates rise of 0% for 2020/21. Council put this proposal to the community midway through the consultation period as the financial burden of the emergency became clearer, and the submissions we received subsequently were overwhelmingly in support.

To deliver a net 0% rise, Council has made savings in many areas, especially staffing costs, but this is not an austerity Plan. Conversely, in the next financial year Council has committed to delivering a \$54.1 million capital works programme for 2020/21, which is \$7.1 million higher than the Long Term Plan forecast. We have taken advantage of the sound financial position of this Council to enable us to continue to invest in projects that will reinvigorate the economy.

The focus areas for elected members introduced during consultation remain the same: housing affordability and intensification, developing the Maitai River Precinct, and creating a sustainable transport culture. These will continue to receive additional governance oversight to ensure positive outcomes for the community, but now we will be giving particular consideration to whether the projects will result in new infrastructure that stimulates the economy, as well as responding to urgent needs in our community.

Our work to create a sustainable transport culture will see the introduction of electronic ticketing for our bus system, paperless parking meters that will reduce ticket waste to zero, and new shared cycling and walking paths to make it easier for Nelsonians to choose to leave the car at home when they travel to and around the city.

Crucial work on our stormwater and wastewater systems will improve our resilience to flooding. With heavy rainfall events likely to become more common due to climate change, this is important work that we must undertake to protect our homes, businesses, and environment. We also have work scheduled on the Gracefield sewer diversion, the Mount Street and Konini Street stormwater upgrades and the Saxton Creek upgrade, which will improve our water networks.

## Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

There will also be visible changes to the Maitai River Precinct, with a pop-up playground planned for the vacant space next to the Elma Turner Library. Planning for our redevelopment of the Library will also progress. Council will continue its focus on improving the Precinct's resilience to climate change, increasing the amount of public space and recreation areas, and improving links from the River to other parts of the city.

The Long Term Plan emphasised the importance of working in partnership with the eight iwi of Te Tau Ihu, and Council will continue that work in 2020/21. Collaborative actions are underway, including regular meetings of the Iwi-Council Partnership Group, and the further development of an Iwi Engagement and Partnership Strategy

Nelson City Council also has a key role to play in a new collaboration - Project Kōkiri, an economic recovery and regeneration plan for Nelson Tasman that sets out the region's economic strategy and priorities for the next 12 months. As well as Council and community actions to respond to the effects of COVID-19, through Project Kōkiri, this region has submitted projects to central government for their support. Projects that collectively would provide direct employment for over 2,500 people. Projects that will not just provide a much-needed stimulus to our economy right now, but provide benefits for future generations of people living in Te Taihū.

Crucially Project Kōkiri also aims to build back better. We cannot let this crisis derail the work undertaken since this Council declared a climate emergency last year. This is why this Annual Plan continues to incorporate climate change considerations into council work planning and budgets. The Nelson Plan, which incorporates the district, regional and coastal plans, will look at sea level rise, flooding and other associated hazards. We have a responsibility to build back in a way that is more resilient, creating an environment for our young people to stay and thrive here.

I want to end by acknowledging that sadly lockdown was also a time of mourning for our Council with the loss of Kaumātua Kereopa Ratahi, an individual who provided not only cultural guidance to our Council but through his grace and serenity gave all of us at Council a strength that will be greatly missed as we embark on the challenge of regenerating our region.

He waka eke noa - we are all in this together.

**Rachael Reese**

MAYOR OF NELSON

## Council's Response to COVID-19

Council adopted an Annual Plan Consultation Document on 12 March 2020. National Alert Level 2 of the COVID-19 emergency was announced on 21 March, with notification that New Zealand was moving to Level 4 shutdown on 25 March. The effect of the shutdown, including closing New Zealand's borders, made it clear that the economic consequences for the country would be significant. Accordingly, Council met (online) on 9 and 23 April 2020 - at these meetings it decided to extend the Annual Plan consultation process by three weeks until 6 May, and seek public feedback on what would be an appropriate rates rise. The option of a net 0% rates rise was put forward to support the community in this difficult time, and received strong support through submissions. Council has implemented a 0% net rates rise for 2020/21 (see page XX for details).

Responding to the COVID-19 emergency and lockdown required significant changes to how Council operated, but Council adapted quickly and smoothly, and essential services (such as water and wastewater) continued to be provided through all Alert Levels. Council also took actions to support the community in the response phase, and will continue this work as the region moves into further response and recovery actions under difficult economic circumstances.

### **Council's response to the COVID-19 emergency in 2019/20**

- Transferred online many services usually provided at Civic House, for example the processing of building and resource consents.
- Immediately transitioned over 250 staff to work remotely from the start of Alert Level 4.
- Initiated a \$200,000 Emergency Fund for community organisations for the 2019/20 year, to support them to continue operating in the response/recovery phase of the pandemic. Unspent funds from the 2019/20 year will be carried forward to 2020/21.
- Activated the regional Emergency Operations Centre (EOC). The initial response and recovery work was managed by the EOC under four work streams - economic, social/cultural, natural environment, and built environment. The majority of the work was to provide economic and social support. Council officers were seconded to work for the EOC.
- Made welfare calls to potentially vulnerable older residents - during lockdown Council staff and councillors personally made 2,300 calls to offer support.
- Made weekly payments to creditors to assist businesses with cash flow.
- Provided assistance to ratepayers struggling to pay their rates, through the rates rebate scheme and payment plans.
- Provided support to Council lease and licence holders in the tourism and hospitality sector, and community groups, with a three month waiver of rent and outgoings until 30 June 2020.
- Extended the consultation period for the Annual Plan by three weeks to 6 May, and endeavoured to make the process accessible to those without internet access. Public feedback was sought on what an appropriate rates change would be, including the option of 0% net rates rise.
- Continued all core utility, roading, transport, and solid waste activities.
- Suspended inner city parking charges until 1 July 2020. (The enforcement of parking time limits, and the associated infringement fees, was reinstated from 1 June).

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- Moved Council meetings online, using video conferencing.
- Maintained as many Council services as possible at each Alert Level - for example a 'click and collect' library service was provided at Alert Level 2, and the Heritage Festival took its celebrations online.

At the time of adoption of this Plan, New Zealand is at Alert Level 1, and all services provided by Council are running as normal.

### **Council's Plan for 2020/21**

The 0% net rates rise is a key tool Council is using to support the community in 2020/21. Information on the effect of COVID-19 on Council budgets is set out on page XX.

Other actions Council is taking to assist regional recovery are:

- Supporting the development of Project Kōkiri – a joint economic recovery and regeneration plan for Nelson/Tasman (see page XX)
- Setting a capital works budget (including carryovers from 2019/20) of \$54.1 million for 2020/21, compared to \$47.3 million proposed for the year in the Long Term Plan, in order to provide employment opportunities and stimulate the economy.

### **The impact of COVID-19 on Council's Financials in 2020/21**

Council has carefully considered the impacts of COVID-19 on its finances. This section discusses changes to Annual Plan 2020/21 finances since the Consultation Document (draft Plan) was released for public engagement in March 2020.

#### *Income*

COVID-19 has resulted in a reduction in Council's projected revenue for 2020/21 from a range of sources. The impact of the pandemic on Council's revenue is difficult to forecast at this early stage. A net reduction of \$2 million in total revenue has been made to the final 2020/21 Annual Plan when compared to the draft Plan that was consulted on, including:

- A provision of \$2 million has been made as a reduction in overall commercial revenue
- A reduction in rating income of \$2.8 million has been made to bring the rating increase to net 0%
- An increase in subsidy and grant income of \$4.2 million, including additional operating and capital grant income from the Waka Kotahi New Zealand Transport Agency and other government sources
- Reductions in building consent income, resource consent income, parking revenue and venue rental income have resulted from expectations that there will be less activity in these areas

#### *Expenditure*

Council has reviewed budgets to find savings to offset this loss of revenue. Savings of \$2.2 million have been identified, compared to the draft Annual Plan, mainly by:

- Freezing staff salaries in 2020/21, and making savings in other staffing related costs (\$1.3 million savings)
- Assessing interest costs (\$642,000 savings) and depreciation costs (\$89,000 savings)
- Reducing consultancy costs and halving the travel and training budgets for staff and elected members

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### *Net 0% Rates Rise*

Council proposes a net 0% rating increase in 2020/21 (compared to 3.7% in the draft Annual Plan). Despite the net 0% rates rise, Council proposes to largely undertake work streams as proposed in the draft Annual Plan. Much of this work is critical to achieving Council's priorities and key elements of the Long Term Plan.

Continuation of Council services also supports economic activity. Advice from economic advisory organisations, as well as from central government, is that now is not the time for councils to introduce strict austerity measures. Reductions in local government spending would compound the negative economic impact of COVID-19, and contribute to a rise in unemployment.

Therefore, delivering the 2020/21 Annual Plan work programme and keeping the rates increase to a net 0% change will require approximately an additional \$3.7 million to be drawn down (borrowed) from Council's Disaster Recovery Fund.

Drawing down against the Fund will require borrowing as, despite consistent repayment, the fund is overdrawn as a result of Nelson experiencing emergencies in 2011, 2013, 2014, and 2018. The balance of the Fund as at 30 June 2021 was previously projected to be \$679,000 overdrawn, but is now expected to be \$4.3 million overdrawn.

It will likely take at least three to four years to recover from the impacts of COVID-19, which will require Council to find savings in the future, as well as the ongoing use of the Disaster Recovery Fund. This will ensure that Council can maintain levels of service and capital spending to support economic recovery in our region. Council has a strong balance sheet position, which puts it in a good position to absorb the borrowing needed to respond to this emergency.

There is still a level of uncertainty around the effects of COVID-19 on Council activities and budgets, including Council's capital work programme and projects that may be approved through the Crown Infrastructure Fund and Provincial Growth Fund, rental and fee services, dividend income lines, and event and facilities income and expenditure. Variances will be reported to Council and committees during 2020/21.

### Project Kōkiri

A joint economic recovery plan for Nelson/Tasman, Project Kōkiri, has been launched. It has a governance group which includes the Nelson and Tasman mayors, Nelson-Tasman Chamber of Commerce, business leaders, and iwi. The Project is being managed by the Nelson Regional Development Agency (NRDA). Council has made provision of up to \$350,000 for additional operational funding in 2020/21, to support the development and implementation of the project. Implementation of Project Kōkiri will require additional resources and skills. Further external funding to support to project will be applied for.

The initial response phase of six months is focused on supporting businesses to get through the crisis period, identifying projects for central government funding, and determining a framework for medium to long term sustainable economic recovery. The work programme will operate from individual business through to sector level, in diverse areas such as targeted business needs analysis and support, skills and workforce development and redeployment, 'buy local' campaigns, tourism sector recovery, and local government infrastructure investment.

### Crown Infrastructure Fund projects

Central government has called for applications from the regions for 'shovel ready' projects which would assist with stimulating economic activity, through the Crown Infrastructure Partners Fund (CIF). Proposals from this Council (in collaboration with Tasman District Council for some projects) with a combined value of \$217 million (excluding the proposed Mahitahi/Bayview development, see below) were coordinated through Project Kōkiri and have been submitted for consideration. The applications have requested funding assistance in some form (through either grants or long-term interest free loans) of around

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\$83 million. Thirteen Nelson/Tasman applications have been forwarded to ministers for consideration – as at the beginning of June three had been referred to the Provincial Growth Fund for consideration.

Notwithstanding central government funding for any approved projects, Council will also need to contribute. The difficulty for planning purposes is that Council does not know at this stage which projects will receive central government funding, and what form that assistance may take. If approvals are received, subject to favourable terms, then these projects will be included in Council's work programme, and as far as possible any additional resources required will be funded from the capital works programme.

Applications have also been made to central government for employment funding to assist with five 'shovel-ready' environmental projects with a total value of \$8 million across five years. The projects include plant and animal pest control, fencing, planting, and working with private landowners on biodiversity projects. A number of agencies may be involved in the funding and support of these projects, including the Department of Conservation.

### Mahitahi/Bayview Infrastructure Upgrades

As part of the proposed Mahitahi/Bayview housing development, Council has made an application to central government for \$25 million to replace and upgrade existing critical water and wastewater infrastructure affecting the Nelson East, Maitai and Bayview catchment area. The upgrades will provide enough capacity and resilience for the development of up to 700 new dwellings to be consented and built in the Maitai and Bayview catchment area.

The funding application has been made to the Crown Infrastructure Partners Fund, which was established to commence 'shovel ready' infrastructure projects as a way of kick-starting the economy as the country recovers from the COVID-19 pandemic.

The project involves co-operation between a group of experienced local developers and iwi, and Council. The land, situated just over two kilometres from the city centre, has been identified in the Nelson/Tasman Future Development Strategy as having potential for residential development. The development plans include enhanced environmental outcomes for waterways and the river bank, along with expanded walking and cycling links allowing residents to choose to leave their car at home when travelling for work, leisure or school.

This work will bring considerable economic benefits to Nelson at a time when the region needs a vital boost, and will also provide a catchment close to the city centre, and relieve pressure on our limited housing stock.

If funding from central government is received, it is anticipated that as a condition of funding that work will need to be fast tracked, with the aim of commencing work on site towards the end of the 2020 calendar year. To achieve this, work is planned for the upgrade of the wastewater and water supply infrastructure, with an anticipated spend of \$1.7 million for wastewater and \$1 million for water in the 2020/21 financial year.

If central government funding is not received then Council will consider loan funding to undertake infrastructure design work. As the infrastructure is required for growth, the costs would be recovered from development contributions over time.

### Provincial Growth Fund

Applications were also made to the Provincial Growth Fund (PGF) for various projects. Council's application to the PGF has resulted in grant funding for five roading projects totalling \$1.23 million. Two projects sit with Council (\$780,000), two with the Nelson Regional Sewerage Business Unit (\$350,000), and one with the Nelson Tasman Regional



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Landfill Business Unit (\$100,000). Discussions with the Ministry of Business, Innovation and Employment are progressing, with plans to implement these projects underway.

Employment funding

One of the actions already underway to provide employment opportunities in Nelson is making applications for central government funding to assist with several environmental projects. These include pest control, planting, and working with private land owners on biodiversity projects. A number of agencies may be involved in the funding and support of these projects, including the Department of Conservation. The outcome of these applications will be reported back to Council in due course.

Council will continue to be responsive to opportunities that arise in 2020/21 to assist with economic recovery, including employment and business support.

## Capital Works Programme and Operating Costs

The supporting documents for the Annual Plan Consultation Document proposed a capital expenditure programme of \$41.2 million (excluding vested assets, the Nelson Regional Sewerage Business Unit, Nelson-Tasman Regional Landfill Business Unit, and capital staff costs). Following consideration of submissions to the Plan, the impacts of COVID-19, and changes that would be required to achieve a net 0% rates rise, Council has set a final capital works programme of \$54.1 million for 2020/21. The programme represents a significant investment in the community. It takes advantage of government subsidies and includes projects from 2019/20 that were deferred due to the COVID-19 lockdown. The main changes are set out in each activity section.

Capital expenditure is generally expenditure on assets that are expected to last more than one year. An increase in capital expenditure of \$1 million would normally increase rates by between \$100,000 and \$250,000 per annum. This covers interest, depreciation, maintenance and running costs for the asset. The reason for the range of increased costs is that depreciation and running costs vary between different assets, for example library books wear out much faster than pipes in the ground, which can last for over 80 years before they need to be replaced.

Operating costs includes expenditure for items such as staff costs and overheads, asset maintenance, running costs and depreciation, interest on borrowings, and grants made by Council. An increase of \$100,000 in operating costs would normally increase rates by 0.14%, or to put it another way, 1% of rates is \$736,000. So, by considering the impact of increasing or decreasing Council expenditure you can estimate what effect any changes to our work programme will have on rates. In 2020/21 the net changes to the capital and operating budgets have been offset through drawing on Council's Disaster Fund account (see page XX).

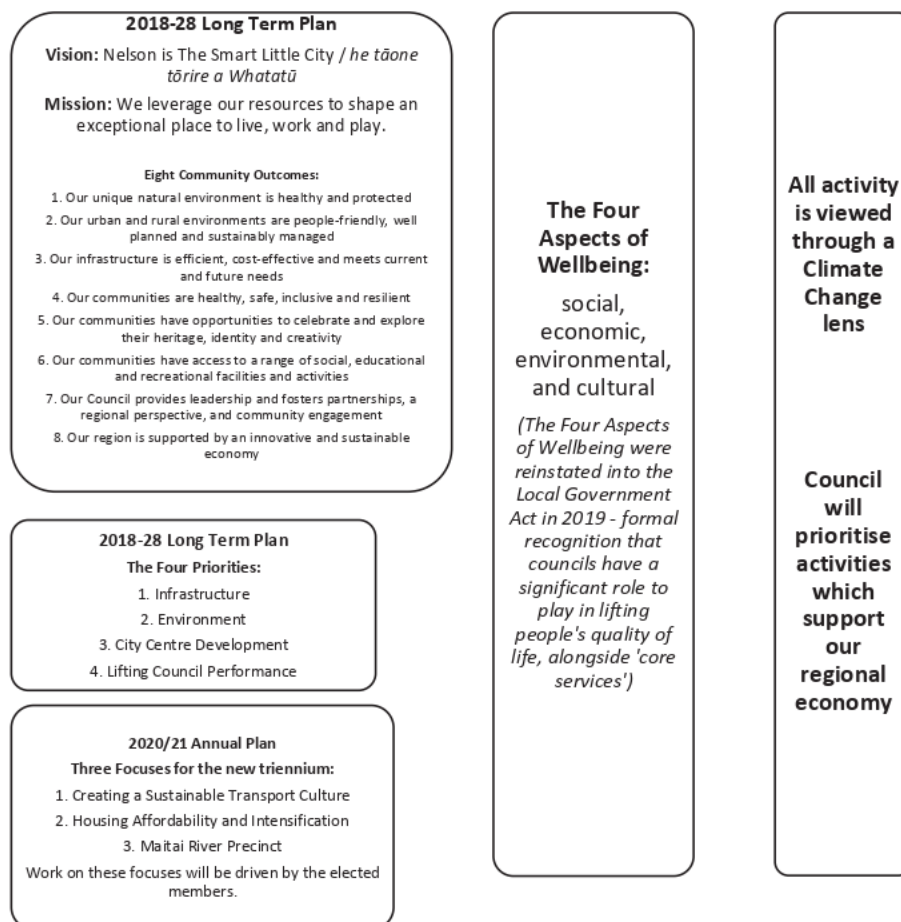
## COUNCIL ACTIVITIES

Council has 11 activity areas:

- Transport
- Water supply
- Wastewater
- Stormwater
- Flood protection
- Solid Waste
- Environment
- Social
- Parks and active recreation
- Economic
- Corporate

Each of these activities is summarised in the following pages with comments on the major changes to Year Three (2020/21) of the Long Term Plan 2018-28.

## Visualising Our Direction for the 2020/21 Annual Plan



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Second page of visualisation (designed version)

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## Iwi and Council Partnership

Council and iwi are committed to working together.

In 2020/21, the Iwi-Council Partnership Group will continue to meet on a regular basis. The Group includes the Mayor, Deputy Mayor, chairs of the Community Services and Governance and Finance committees, and iwi chairs from each of the eight Te Tau Ihu (Top of the south) iwi (Ngāti Toa Rangitira, Ngāti Rārua, Ngāti Koata, Te Ātiawa, Ngāti Tama, Ngāti Kuia, Rangitāne and Ngāti Apa ki te Rā Tō).

The Partnership Group is currently reviewing the draft Memorandum of Understanding between Tangata Whenua o Whakatū and Council (2005), and developing an Iwi Engagement and Partnership Strategy. These will remain a priority in 2020/21.

As of 2019/20, opportunities for Māori participation and involvement in decision making has been progressed through appointments to the Environmental Committee, the Nelson Regional Sewerage Business Unit, and Nelson Tasman Regional Landfill Business Unit. The Nelson Regional Development Agency has also appointed two iwi representatives to its Board in 2019/20. Representation of Māori in Council decision-making will continue to be progressed in 2020/21.

A key objective for our work together is to strengthen the relationship between iwi and Council, support communication, and implement an active partnership.

### Te Matatini 2025 – National Kapa Haka Festival

Nelson has been offered the exciting opportunity to host Te Matatini National Kapa Haka Festival in 2025 - pending the successful hosting of two major competitions leading up to Te Matatini. These are Te Mana Kuratahi, the National Primary Schools Kapa Haka Competition in 2021, and Ngā Kura Tuarua Kapa Haka, the National Secondary School Kapa Haka Competition in 2022. These events draw in around 10,000 spectators each.

Te Matatini is a biennial national event hosted by a different region each year. It is a world-class four day festival showcasing Māori performance in competitive kapa haka. It is expected to attract up to 60,000 spectators to the region (based on numbers that attended the previous event in Wellington). Te Matatini 2025 and its lead-in events may provide an economic boost of up to \$20 million to the region over the next five years.

The kapa haka events over the next five years will have significant cultural, social, and economic benefits for the city. The programme is whānau (family) friendly, smoke and alcohol-free, and an opportunity for all people, regardless of ethnicity, background or age to come together, to share in and celebrate Māori culture.

Operating expenditure funding of \$25,000 has been included in the 2020/2021 budget to support a part-time project manager, to be appointed in 2021, and to offset costs for venue hire for lead-up kapa haka events in 2020/2021.

## The Four Priorities

### 1. Infrastructure Ko ngā Tūāpapa

Our city, community and environment all depend on our core infrastructure networks to provide safe and smart transport, water, wastewater, stormwater, and flood protection. Key city assets need ongoing maintenance and replacement so we can depend on these essential utilities. This work also enables and protects investment in our city and removes constraints on our growth. Council is putting essential infrastructure at the forefront to future-proof our city.

### 2. Environment Ko te Taiao

Council recognises that investing in the environment is essential for our future. A healthy environment underpins the health of our community and the way people enjoy Nelson, supports the economy and means we have functioning ecosystems to support our treasured species. Responding to climate change and growing our community's resilience to the more extreme weather events it will bring is a top priority.

### 3. City Centre Development Whakahou tāone

Our aim for Nelson's central business district is for it to be attractive to businesses, residents and visitors, with an exceptional mix of events, civic facilities and retail. We are working to build an environment that supports commerce, encourages inner city living and is a catalyst for private sector investment. The Top of the South, Te Tau Ihu, needs a strong commercial centre to thrive. We want our city centre to enrich and build our local culture - the bustling meeting place for everyone who lives, works and visits here.

### 4. Lifting Council Performance Whakapikinga pūkenga

To achieve our vision of a Smart Little City, we need a Council team that enables things to happen. It needs to provide solutions to cut through the red tape so that real value can be delivered to our community. Nelson deserves a Council that is strategic, achieves excellence in delivery and asset management, is business-friendly and has a strong culture of engagement with its community. The projects in this Annual Plan seek to follow best practice principles, while always seeking to improve how we partner with our community.

## Council's Focus for 2020/21

In October 2019 a new council was sworn in. In addition to the Long Term Plan vision and priorities, elected members have identified three key areas that need more governance oversight to ensure that they deliver outcomes for the community:

- Creating a Sustainable Transport Culture
- Housing - Intensification and Affordability
- Maitai River Precinct

This Annual Plan has been developed with consideration of how all our choices will affect these focus areas – making sure that the work we do contributes to getting the best possible results and supports the economic recovery of our region.

All our work will be viewed through a climate change lens – see page [X](#).



## Creating a Sustainable Transport Culture

A well designed transport network is essential to allow the safe and efficient movement of people and goods around our Smart Little City.

As Nelson continues to grow, the number of vehicles on our roads is also increasing. Council is looking at ways to improve the network to not only reduce congestion, but to reduce the emissions from fossil-fuelled vehicles. This will have a direct impact on reducing our contribution to climate change.

COVID-19 will have ongoing impacts on transport in Whakatū. In 2020/21, Council is budgeting for lower public transport income, reflecting an increase in the number of people working from home, transition by bus users back to using public transport, and a decrease in tourism and employment.

Notwithstanding this, Council wants to work with the community on continuing to develop a sustainable transport culture in the city.

- We want to increase the proportion of journeys made using sustainable transport options (active transport - cycling and walking, electric vehicles, micro-mobility, and public transport). We are working on:
  - Electronic bus ticketing which is commencing in August 2020 - this will modernise our NBus service and make it easier to use
  - The City Centre Development project, which will encourage a more walkable CBD with improved cross-town links
- We are looking at ways to make choices about using sustainable travel modes easier.
- We want to better manage how urban growth impacts our transport network, by reducing undesirable impacts on people and our environment, and introducing improvements offered by new technology (such as ticketless parking meters).

The upcoming Transport Activity Management Plan will set goals to continue progress towards a sustainable transport culture. Work has begun on shaping the plan, including a public transport review, a speed limit bylaw review, a parking strategy and an Active Transport Strategy review.

In addition to this, Council is working with its strategic partner, the Waka Kotahi New Zealand Transport Agency, on the Nelson Future Access Project. This project will develop, in consultation with the community, specific projects that will feed into the Transport Activity Management Plan. The work for 2020/21 includes developing a preferred option and specific projects that will need to be costed for inclusion in the next Long Term Plan, the Regional Land Transport Plan, and prioritised for investment in central government's National Land Transport Programme.

## Housing - Intensification and Affordability

### Intensification

Population growth presents both challenges and opportunities for Council. Nelson's population is projected to grow to approximately 59,000 people by 2028. The Nelson Tasman Future Development Strategy (FDS) identified that more intensive residential development will be necessary if we are to accommodate the projected 8,000 additional households in the combined Nelson-Richmond area by 2048. Enabling housing intensification is a focus for Council in 2020/21.

Intensification occurs when an existing building, site or area within the existing urban area is developed or redeveloped at a density higher than that which currently exists. This can occur through:

- Infill: insertion of additional houses into an already-approved property, creating new residential lots by further subdivision, or dividing existing larger homes into multiple dwellings
- Comprehensive redevelopment of sites: removal of a number of buildings on adjoining properties, and building more houses on the total site, than were there originally
- Urban renewal: including conversion of existing buildings, such as office buildings in the Central Business District to residential, and partitioning of larger residences into smaller ones

As part of the FDS, Nelson City Council and Tasman District Council agreed to create a programme of actions so that we can deliver on the vision of the strategy.

This work includes encouraging an increase in housing supply within existing neighbourhoods which are suitable for residential intensification. To achieve this we need to improve the perception of medium density living, provide the right supporting and enabling rules and policies, consider other investment levers, connect and develop the right infrastructure, including sustainable building practices.

There is an opportunity to consider intensification options as part of the new Nelson Plan. When intensification is undertaken, Council supports waste material from construction and deconstruction being managed in line with sustainable practices. The Nelson Tasman Joint Waste Management and Minimisation Plan 2019 includes several policies encouraging this - supporting investigation and development of markets for reuse or recycling of recovered materials.

### Affordable Housing

Having access to safe, warm, dry and affordable housing is important to the health and wellbeing of our community. However, Nelson has consistently been one of the least affordable regions for housing in New Zealand. The Massey Home Affordability Index shows that housing affordability declined a further 7.9% in Nelson over the 12 months to December 2019, reflecting rising house prices. Affordability issues are exacerbated by Nelson incomes being lower than the national average. Waiting lists for social housing in Nelson have also increased - as reflected by the Ministry for Social Development Housing Register for the city which increased by over 25% in the year to December 2019.

Nelson also experiences strong demand for emergency housing, which needs to cater for both adults and children.

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More recently, the economic effects brought on by the COVID-19 crisis has reduced the income of many individuals and households nationally, making housing affordability an even more important issue.

For these reasons Council has decided to make housing affordability one of its top priorities during its three year term. This will mean the issue will get extra governance oversight to ensure Council is doing everything it can to deliver better outcomes for the community, including working with partners and advocating for our community for central government support. One initiative Council is progressing to support this priority is outlined below.

### **Community Housing/Housing Reserve**

Last year, following consultation with the community, Council decided to progress divestment of its community housing assets to a provider who could upgrade and expand the housing. Council had planned to create a Housing Reserve with some of the divestment income. However, in light of the continued deterioration of Nelson's housing affordability Council has confirmed that all of the net income from the divestment will go into a Housing Reserve. The Reserve will be used by Council to support partners who have the ability to deliver social and affordable housing solutions for the community.

## Maitai River Precinct

Over the last few years the Maitai River Precinct has improved significantly, with the upgrade of the Maitai walkway providing a better link from city to sea, open space for recreation, as well as the installation of artworks to admire. All these changes have improved residents' and visitors' enjoyment of this area. However, there is still much more to achieve.

The Maitai River Precinct is a significant cultural site for iwi and this partnership is an important component in considering options and developing this area. As key stakeholders, adjoining landowners will also be involved in the development process.

Early engagement with the community about the library area of the Precinct started last year, and a theme that came through many times was that this area could be so much more. Feedback from the community on the proposed new library has consistently included suggestions that we improve the links between the central city and the Maitai River. Ideas from the public for both the Precinct and the proposed library have been inspiring. There is also an opportunity to transform this space by working with other property owners in this area.

Residents don't have to wait long to see some changes in this area, as a new youth pop-up park will open in a vacant space next to the library in winter 2020. The pop-up park is a collaboration project between Council and Wakatū Incorporation and will include a pump track for skaters, bicycles and scooters, a basketball court, and an 'imagination playground' for younger children. It is a temporary installation for the area while planning for the library and civic space is undertaken. Council has also decided to bring forward the removal of an unoccupied earthquake-prone building next to Elma Turner Library, at 23 Halifax Street. This will offer new opportunities for interesting temporary urban space while we refine options for the Maitai River Precinct.

In 2020/21 Council will continue to develop options for this area, including improved resilience for this area to the impact of climate change. Our intention is that the future Maitai River Precinct will include more open public space and recreation areas, as well as providing improved links to the City Centre, Trafalgar Centre, Rutherford Park and down to the Haven Precinct.

## Climate Change and Our Environment

### Good Leadership, Community Focus and Smart Actions

The declaration of a Climate Emergency in 2019 signalled Council's recognition that urgent, meaningful action was needed to respond to the challenge of climate change. Global and national momentum on climate change issues built significantly in 2019 – the Climate Change Response (Zero Carbon) Amendment Act 2019 was passed in New Zealand, bringing new national policies to limit the country's contribution to global temperature increase, and prepare for the challenges ahead. There is strong support for this legislation from Parliament and Local Government New Zealand. Many decisions that are made by local government have intergenerational effect, and may fall under the requirements of the Zero Carbon Act, so climate change is now at the forefront of Council's decision-making.

Recent major fires, droughts, significant storm events, and flooding have given us an idea of what more frequent intense weather events may be like – a predicted outcome of climate change. Protests, school strikes, submissions to the last Annual Plan, and community action in our region have made it clear that the Nelson community expects urgent responses.

We are prioritising work to support climate change mitigation, and are thinking smarter to help the city adapt to this global reality. We are encouraging a whole of community response. Addressing climate change now gives us the greatest potential to manage risks, and also to harness the opportunities of a climate conscious society.

### Challenges for Nelson

Climate change presents major challenges for our region. Local Government New Zealand's 2019 report on the economic impacts of sea level rise identified Nelson as one of the South Island's priority areas, in terms of the financial implications of sea level rise on water management, buildings and facilities. Scientific projections suggest that the major effects on Nelson will include:

Major anticipated climate change effects on Nelson	Challenges for Nelson
Sea level rise (The Ministry for the Environment estimates a rise of between 0.6 and 1.5 metres by 2120).	→ Sea level rise is the biggest climate challenge for Nelson, as a large proportion of our investments (buildings and infrastructure, pipes, roads, seawalls etc.) are coastal or low-lying. These areas will become more vulnerable to erosion and inundation (flooding). There will be an increased risk of stormwater/wastewater overflows, which can damage the built and natural environment
More heavy rainfall and flooding events	→ Increased likelihood and severity of flooding in low-lying areas of Nelson → The capacity and resilience of our water infrastructure will be tested, with an increased risk of stormwater/wastewater overflows → Some areas of land will be more vulnerable to slips



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More frequent and severe droughts, and extreme temperatures	<ul style="list-style-type: none"> <li>→ Greater fire risk</li> <li>→ Less water available in our rivers and reservoirs</li> <li>→ Negative impacts on our local biodiversity</li> </ul>
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These challenges will drive a need for greater mitigation (reducing net greenhouse gas emissions), adaptation (adjusting to the effects of climate change), innovation and community resilience.

### In 2019/20 Council:

- Created a Climate Change Reserve of \$500,000 to fund new climate initiatives. Since its establishment in May 2019, \$120,000 has been allocated from the Reserve for the 2019/20 year. This was mainly distributed across two projects - the City Centre Spatial Plan (\$100,000, of which approximately half was spent in 2019/20), and project management of a proposed visit by Danish climate change experts in 2020 (which was cancelled due to the impacts of COVID-19). Council has also provided funding through the Reserve for an e-bike which is used to support food waste composting services. During development of the Long Term Plan 2021-31 climate change funding for the next decade will be considered and allocated across Council activities, to recognise that all areas of Council have a contribution to make in addressing climate change.
- Approved a Principles of Collaboration agreement to sign with our counterparts in Lemvig, Denmark and locally with Wakatū Incorporation. The Danish are world leaders in climate change adaptation and emissions reduction - we aim to build a strong relationship with them and exchange valuable knowledge.
- In February 2020 Council joined the **Nelson Tasman Climate Forum**, a community-led initiative that is the first of its kind in New Zealand. The launch event was a great success, and the Forum will continue to meet on a monthly basis. A current focus is drafting the first Nelson Tasman Climate Strategy. Everyone is welcome to join the Forum - find out more on their website [nelsontasmandclimateforum.org](https://nelsontasmandclimateforum.org)
- Created a new position of Climate Change Champion to work collaboratively with a range of partners to ensure that tangible and effective climate change action occurs.
- Carried out flood modelling, to examine the possible impacts of sea level rise, tidal conditions, and extreme rainfall events on our waterways and infrastructure. This will help us to explore options for adaptation.
- Continued work to develop a City Centre Spatial Plan. It will consider a range of opportunities to build resilience and capacity for the City Centre, against the effects and risks of climate change.
- Continued developing a Council emissions reduction action plan - considering how to reduce emissions from areas such as landfill and use of electricity.
- Represented Nelson in national level discussions - our Mayor represents Local Government New Zealand on a whole of Government project on Community Resilience. A senior staff member co-leads a project that supports the work of local government to collectively respond to climate change.
- Joined the New Zealand Green Building Council, a voluntary organisation that promotes the development and adoption of green building practices.
- Initiated a review of opportunities for offsetting Emissions Trading Scheme liabilities through earning carbon credits from our own forestry and reserves.

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- Increased the number of electric vehicles (EVs) in its fleet, and committed to replacing outgoing Council vehicles with EVs when practical.

### **Our Key Actions on Climate Change for 2020/21**

- \$62,500 of funding from the Climate Change Reserve has been allocated to help fund the **Nelson Tasman Climate Forum** in 2020/21.
- \$120,000 from the Reserve has been budgeted for a kerbside food waste collection trial. Organic matter contributes significantly to emissions from landfills - keeping food waste out of our landfill with collections for composting is a smart and accessible way to reduce waste. It is an exciting opportunity for people to try a new sustainable action - 220 households in Nelson will take part in the trial. The success of the trial will guide future Council decisions.
- The City Centre Spatial Plan project has \$52,000 funded from the Climate Change Reserve this year (the amount remaining from the \$100,000 allocated in 2019). It will consider the city centre in the current context of current trends, including the projected impacts of climate change. The Spatial Plan will build on development, transport, and open space scenarios, to achieve the outcomes of the Six Key Moves (see page XX).
- Work on developing a **Climate Taskforce** will advance in 2020/21. The taskforce will provide input to Council on opportunities to stretch ourselves in achieving innovative smart city climate responses. Members will be sought from key sectors including leaders in design, future-thinking, and climate change.
- Council will identify coastal areas that could be impacted by coastal erosion and flooding over the next 100 years. We will be working with our community, to find out how they want to respond, as well as central government.
- Work on the 30 year Infrastructure Strategy and Nelson Plan will continue, focusing on planning a climate adapted and resilient city. There will be public engagement in this process.
- We are investing in projects to adapt our above and below ground infrastructure to coastal hazards, and increased flooding risk. See the variations to work programme section on pages X to X for more detail on water management projects.
- We will only continue to accept viable types of plastics for recycling from 2020/21, (types 1, 2 and 5). These plastics are processed in New Zealand and we are confident that they are able to be recycled locally, responsibly and ethically. This will prevent Nelson's excess plastic waste being shipped abroad where we cannot trace its impact on other nations.

### **Good Leadership - A Whole of Community Response**

Council is committed to walking the talk, advocating for climate issues, and showing good leadership. We want to reduce our emissions as an organisation, and find opportunities to work more sustainably

Climate change requires a whole of community response. Partnerships with all sections of the Nelson community will be essential for achieving substantial reductions in emissions and becoming more resilient to the effects of climate change. Community engagement on Council's climate change actions will be given a high priority in the coming years. It is critical to involve our residents in these discussions, as this issue affects everyone in

Annual Plan 2020/21

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Whakatū - there will be skills, resources and great ideas to share. This year's Residents' Survey is asking for views on Council's response to climate change.

Planting trees is an effective strategy for combating climate change. Council plants thousands of trees every year through its operations in Parks and Reserves, Transport, and Nelson Nature.

**Want to join the Nelson Tasman Climate Forum?**

Be a part of the conversation - register your interest as an individual or organisation at [actionnetwork.org/forms/join-the-nelson-tasman-climate-forum](https://actionnetwork.org/forms/join-the-nelson-tasman-climate-forum)

**Further information:**

If you would like further information on climate change and the action we are currently taking, you can go to our website where we have included links to other internet sites which have national and international information on climate change.

[nelson.govt.nz/environment/climate-change](https://nelson.govt.nz/environment/climate-change)



## City Centre Development

The focus on activation of Nelson's City Centre is an exciting initiative that is a key component of achieving the vision of Nelson as the Smart Little City. Our approach is people-focused, aiming to create a stronger commercial centre, and bustling social hub for everyone who lives, works, and visits here.

Council aims to make Nelson's Central City even more attractive to businesses, residents and visitors, with an exceptional mix of events, civic facilities, retail, and hospitality destinations. We are working to build an environment that supports commerce, encourages inner city living, and is a catalyst for more private sector investment. Developing a City Centre Spatial Plan (in progress) and prioritising capital projects will be essential to the City Centre's long term success. The effects on COVID-19 on the economy will continue to be a high priority for Council and the community.

Our proposed plans for 2020/21 include activation to bring people to the City Centre for longer periods of time and therefore support local businesses. Some upcoming projects are - a study of the how people use Selwyn Place, bringing back the popular 4 Lanes Festival, moving to Stage 2 of the Upper Trafalgar Street activation, and installing a movable urban pop-up park near the Maitai River.

Our City Centre is relatively compact so it makes sense to focus on how people move around the City, ensuring that people can get where they need to go easily on foot. These projects will be considered alongside improved mobility and walking spaces around the city, and public transport options, in the context of a sustainable transport culture.

Our work programme focuses on these six key moves:

### 1. Destination Nelson

- o A people-focussed City Centre expressing its unique identity hosting major events, and supporting and growing existing precincts including The Haven/Waterfront, Maitai River, Civic, Justice, Medical/Professional, Arts, Learning, Shopping/Hospitality.

### 2. Walkable Nelson

- o Well-designed areas and laneway links in order to easily move about the City Centre on foot (Upper Trafalgar, Church Street, Laneway Circuit) and amenity standards.

### 3. Blue-Green Heart

- o Integrating frameworks linking Nelson's City Centre to its iconic natural environment in order to deliver meaningful social spaces with areas that appeal to all ages (City Centre Urban Park, Marina link, River walk and street trees).

### 4. Smart Development

- o Attracting and enabling high quality development that supports our vision and positively contributes to the City Centre.

### 5. Liveable Centre

Trends across New Zealand show a desire by some to live in close proximity to safe urban centres that offer a diverse selection of amenities including retail, restaurants and bars, and cultural and arts facilities.

### 6. Clever Business

- o Supporting local businesses that contribute to Nelson's identity and sense of place to attract customers and visitors to the City Centre.

## Lifting Council Performance

In the Long Term Plan, one of Council's four priorities was to lift Council performance. To enable this, we have increased staffing in critical areas, implemented new systems of monitoring and reporting on programmes and projects, and developed a sharper focus on continuous improvement of key systems and processes.

The addition of 23.2 full time equivalent staff positions was agreed in the Long Term Plan for 2018/19 and 2019/20 - these have now been recruited. In addition, existing activity budgets and external project funds have been used to hire extra staff in key activity areas such as environmental programme management, infrastructure development, economic development, and to support successful event management. These activity/externally funded positions enhance Council's ability to deliver outcomes of value to the city, without increasing the rates demand on the community.

As part of achieving a 0% net rates rise in 2020/21, a wage freeze for Council staff has been implemented for the year. This and reductions in other staffing related costs, including training and travel, resulted in a rates saving of \$1.3 million. Notwithstanding the need for careful budgeting in 2020/21, Council will continue to invest in staff, to enable ongoing improvements to the services that we provide to businesses and residents, and the meeting of project timelines.

### Civic House

Civic House is now nearly forty years old and is in need of major refurbishment if it is to meet modern standards of office accommodation and energy efficiency. Council will carry out works on the building in 2020/21.

There are risks to Civic House's occupants from heavy plaster ceiling tiles, which each weigh over 7.5 kg, falling during an earthquake. Council has prioritised replacing critical ceiling tiles as well as improving seismic bracing in the ceiling grids. This is budgeted at \$400,000 in 2020/21.

\$95,000 has been included in the 2020/21 budget for the design and consent of roof renewal works, as the roof is ageing and in need of repair. \$86,000 has been allocated for work on the clock tower, which requires improvements to the exterior concrete.

The longer term decision on more extensive building modifications at Civic House will be considered by Council as part of a wider work programme which includes the Maitai River Precinct and Elma Turner Library. The timings of several Civic House improvement projects have changed, and the majority of the \$1.34 million building modifications budget for year three of the Long Term Plan has been deferred to future years. The overall budget for the project has not changed.

### Living Wage

Throughout this year Council will be having discussions with businesses undertaking contracts for Council about paying their staff The Living Wage, when contracts come up for renewal. Council is making provision to support this initiative, including consideration, through Council's procurement policy, of Council's role in encouraging suppliers to support or to work towards a living wage for their employees. Council is mindful that the current economic conditions will make the transition to paying the Living Wage difficult for many businesses.

Council pays at least The Living Wage hourly rate to all its employees, with the exception of several short term training positions.

## Variations to the 2020/21 Work Programme

The following sections cover the significant or material changes in activity areas from what was stated in Year Three (2020/21) of the Long Term Plan 2018-28. The amounts mentioned in this section are mostly capital expenditure, and are normally funded by loan. Where the expenditure is operational expenditure, and funded from rates or charges, this is mentioned.

Following a review of projects that were included in Year Three (2020/21) of the Long Term Plan, Council has made a number of changes to the schedule of work for this year. Major changes to projects which have had a timing change are listed in the activity sections.

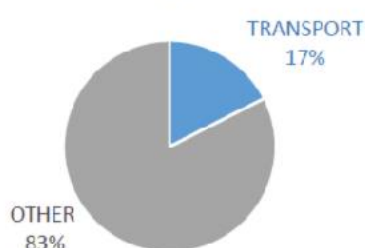
## Transport

Council's transport assets and services include the provision, operation and maintenance of physical infrastructure and the environment on road reserves for driving, cycling and walking. Council also manages road safety, parking control, traffic control and public transport services within the transport activity.

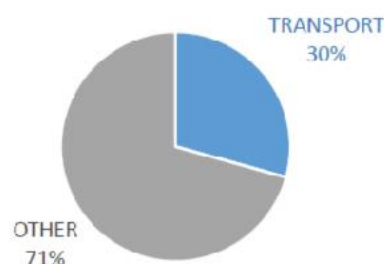
As a result of COVID-19, public transport revenue is expected to be \$375,000 lower than forecast in the Long Term Plan. Parking revenues, including enforcement, are expected to be \$503,000 lower than forecast.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the transport activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes the main changes to Year Three (2020/21) for the transport activity since the Long Term Plan 2018-28 was adopted. All other transport activities are to be delivered as stated in the transport activity section of the Long Term Plan 2018-28.

The figures below are the cost before Waka Kotahi New Zealand Transport Agency (NZTA) subsidies are applied:

### CBD Footpaths

City Centre Development is one of the four priorities in the Long Term Plan. There was significant support from submitters to the Annual Plan Consultation Document for the City Centre Programme.

Due to COVID-19 there have been some delays to the construction works scheduled for Upper Trafalgar Street (multi-function light poles) and the Pop-Up Park adjoining Elma Tuner Library. Construction of those projects has now recommenced, however the delay has meant that capital works budget of \$314,000 has been carried forward into 2020/21 to enable them to be completed.

Council has approved a capital budget of up to \$3.1 million in this Annual Plan, subject to the outcome of a public feedback process on options for initiatives to enable safer pedestrian movement in the city centre. The public feedback process opened on 2 June 2020 and Council will make a decision on which option, if any, it will proceed with in 2020/21. If the works proceed then a further \$1.9 million could be included in the 2021/22 budgets as part of the 2021-2031 Long Term Plan process.

The funding is a mixture of NZTA subsidised and Council unsubsidised transport budgets and is pending NZTA funding decisions. The preliminarily split for 2020/21 is \$1 million with a 90% subsidy (Innovative Streets subsidy), and the remainder \$2.1 million with a 51% subsidy.

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### Toi Toi Street Upgrade

A safety upgrade of Toi Toi Street is planned, including the addition of a footpath and traffic calming measures. In 2020/21 \$150,000 of the allocated budget will be used to complete detailed design, with construction funding of \$524,500 re-phased into 2021/22. This re-phasing will enable the work to be aligned with stormwater projects in this neighbourhood – excavating the road once for the two projects saves money and reduces disruption overall.

### Seafield Terrace Road Reinstatement

Following the damage caused by ex-Cyclone Fehi, work is required on Seafield Terrace Road to maintain safe access and minimise the chance of damage occurring again in the future. The adjoining boulder bank is recognised nationally as an outstanding natural feature with significant cultural values and requires the input of iwi, Heritage NZ and the Department of Conservation. A resource consent has not yet been secured and construction scheduled for 2019/20 will now occur in 2020/21. This delay has resulted in a 2020/21 budget increase from zero in the Long Term Plan to \$1,240,000. We will continue to work with the community on this project, and would like to thank affected residents for their cooperation and understanding.

### Anzac Park to Maitai Shared Pathway

The project to connect Anzac Park to the Maitai Shared Pathway will improve the Great Taste Trail connection through Nelson's city centre. The budget has increased from \$261,000 in year three of the Long Term Plan to \$950,000 reflecting more accurate engineers' estimates and that construction is now occurring in 2020/21. This pathway will provide a safer route for users into and out of the central city.

### Parking Strategy

\$100,000 operating expenditure has been included in the 2020/21 budget to develop a Parking Strategy for Nelson. Most vehicle journeys require parking at the start and end of each trip and how Council provides for and manages parking influences peoples' travel decisions. The objective is to work with the community to integrate parking provision with other key strategies, including the Public Transport Review and City Development projects, to reduce Nelson's carbon emissions, achieve a more sustainable transport network, reduce the impact of parking on urban areas, and create a walkable city that is good for people and businesses.

### Millers Acre Centre

Water damage has been identified in the building at Millers Acre, with some parts having mould present. Testing in the affected sites found a strain of *Stachybotrys chartarum* mould in air and wall samples taken at the complex. Work to remediate, disinfect and remove the mould was undertaken in 2019/20.

The preferred solution has not yet been confirmed, but funding of up to \$850,000 (including a contingency) has been included in this Annual Plan budget to enable design, consent, and construction of the preferred solution.



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## TRANSPORT FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	10,444	12,063	11,570	(493)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	3,394	3,229	3,889	660
Fees and charges	1,397	1,480	754	(726)
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,800	1,876	1,602	(274)
<b>Total Operating Funding</b>	<b>17,035</b>	<b>18,648</b>	<b>17,815</b>	<b>(833)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	12,983	12,781	13,399	618
Finance costs	78	0	0	0
Internal charges and overheads applied *	609	811	532	(279)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>13,670</b>	<b>13,592</b>	<b>13,931</b>	<b>339</b>
<b>Surplus (Deficit) of operating funding</b>	<b>3,365</b>	<b>5,056</b>	<b>3,884</b>	<b>(1,172)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	5,181	4,855	8,956	4,101
Development and financial contributions	318	323	323	0
Increase (decrease) in debt	3,733	1,443	4,962	3,519
Gross proceeds from sale of assets	26	27	27	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>9,258</b>	<b>6,648</b>	<b>14,268</b>	<b>7,620</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	1,178	1,304	1,644	340
- to improve level of service	6,437	6,306	12,701	6,395
- to replace existing assets	5,008	4,094	3,807	(287)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>12,623</b>	<b>11,704</b>	<b>18,152</b>	<b>6,448</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(3,365)</b>	<b>(5,056)</b>	<b>(3,884)</b>	<b>1,172</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

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## 2020/21 Annual Plan variances against Long Term Plan

Subsidies and grants for operating purposes include New Zealand Transport Agency (NZTA) subsidies, and have increased in line with higher subsidisable operating costs.

Fees and charges have decreased by \$726,000, due to anticipated reductions in Public Transport ticket revenue (\$375,000) and parking meter income (\$330,000).

The increase in payments to staff and suppliers (\$618,000) includes an increase in staff costs of \$607,000. This variance sits mainly within the subsidised roading activity, and reflects the most current understanding of where staff are spending their time. Additional funds have also been allocated for the parking strategy modal shift and for street tree maintenance costs.

Internal charges (interest) have decreased by \$279,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan.

The increase in subsidies and grants for capital reflects changes to the capital programme in the subsidised roading sub-activity.

The increase in loans of \$3.5 million is due to changes in the capital programme, mostly related to the timing of project work. The changes to the capital programme are listed at the end of the Financials section of this document.

Increased depreciation of \$290,000 has resulted from the 2018/19 asset revaluation.

## RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

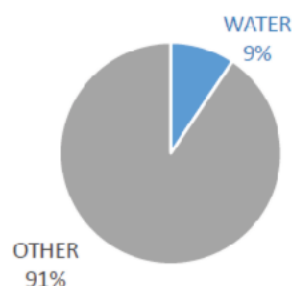
	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>3,365</b>	<b>5,056</b>	<b>3,884</b>	<b>(1,172)</b>
Subsidies and grants for capital expenditure	5,181	4,855	8,956	4,101
Development and financial contributions	318	323	323	0
Vested Assets	4,895	4,303	4,303	0
Gains on sale	0	0	0	0
Depreciation	(7,631)	(7,639)	(7,929)	(290)
Other non-cash income/expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>6,128</b>	<b>6,898</b>	<b>9,537</b>	<b>2,639</b>

## Water supply

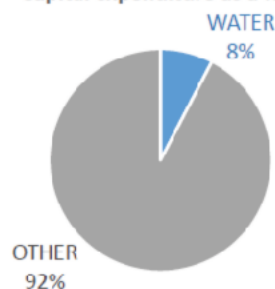
Council supplies high quality water to most Nelson households and businesses through a piped network. Operations and maintenance in the water supply activity include the water intake structures on the Maitai and Roding Rivers, the Tantragee treatment plant and looking after the network of pipes, valves and storage reservoirs throughout the city.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the water supply activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes changes to Year Three (2020/21) for the water supply activity since the Long Term Plan 2018-28 was adopted. All other water supply activities are to be delivered as stated in the water supply activity section of the Long Term Plan 2018-28.

### Residential Water Meters

Residential water meters are being upgraded around the city, to make sure we can accurately measure our water usage.

In 2018/19, 1,200 residential water meters were installed, and in 2019/20 a further 5,000 are being installed in Tāhunanui, Stoke and Annesbrook. 5,000 meters are projected to be installed in 2020/21, and 4,500 in 2021/22 to complete the project.

This programme is anticipating an overall saving of \$1.2 million against the Long Term Plan as the awarded tender came in lower than the Long Term Plan budget.

The 2020/21 budget for the renewal of residential water meters has reduced from \$1.04 million to \$750,000 due to projected savings.

### Atawhai Reservoir Number 2

The Atawhai Reservoir Number 2 is a key project for improving water supply security for the north Atawhai community. The budget has been reduced from \$313,000 to \$175,000 for 2020/21. This is due to the time taken in identifying a suitable site for the large water storage reservoir. Construction timing will be reviewed as part of the development of the next Long Term Plan.

### Mahitahi/Bayview Upgrades

Water infrastructure upgrade works are required to cater for the proposed Mahitahi/Bayview development. Council has made an application to central government for \$25 million towards this project (see page XX). If this funding is successful, it is anticipated that \$1 million worth of work will be proceeding in 2020/21. This funding is



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not currently in the Annual Plan, but once Council receives feedback from Central Government a report will be brought back to council (see page 8).

If funding from central government is unsuccessful and council wishes to support this development a report will be brought back to council to request money in 2020/21 to progress design works that will guide planning for the LTP.

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## WATER SUPPLY FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	12,350	12,874	12,404	(470)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	45	34	40	6
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	40	9	34	25
<b>Total Operating Funding</b>	<b>12,435</b>	<b>12,917</b>	<b>12,478</b>	<b>(439)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,634	6,930	7,054	124
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,418	1,545	1,047	(498)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>8,052</b>	<b>8,475</b>	<b>8,101</b>	<b>(374)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>4,383</b>	<b>4,442</b>	<b>4,377</b>	<b>(65)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	407	416	416	0
Increase (decrease) in debt	(64)	301	62	(239)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>343</b>	<b>717</b>	<b>478</b>	<b>(239)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	0	105	105
- to improve level of service	1,344	1,545	1,285	(260)
- to replace existing assets	3,382	3,614	3,466	(148)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>4,726</b>	<b>5,159</b>	<b>4,856</b>	<b>(303)</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(4,383)</b>	<b>(4,442)</b>	<b>(4,377)</b>	<b>65</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

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## 2020/21 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers have increased by \$124,000 as a result of increased insurance costs.

Internal charges (interest) have decreased by \$498,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan (LTP).

The decrease in loans of \$239,000 is due to changes in the capital programme. The changes to the capital programme are listed at the end of the Financials section of this document.

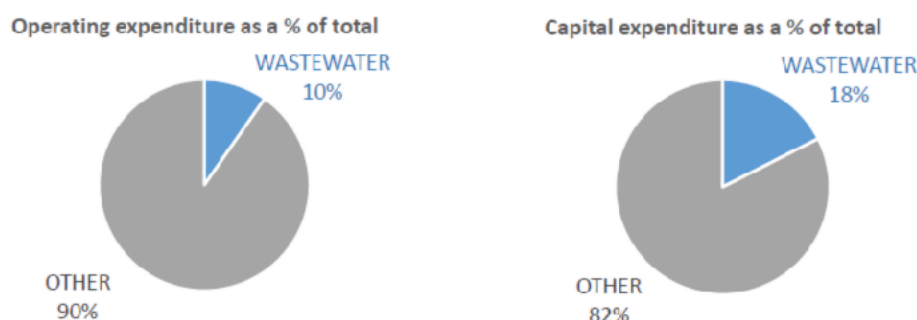
## RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>4,383</b>	<b>4,442</b>	<b>4,377</b>	<b>(65)</b>
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	407	416	416	0
Vested Assets	1,306	813	813	0
Gains on sale	0	0	0	0
Depreciation	(4,383)	(4,442)	(4,377)	65
Other non-cash income/expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>1,713</b>	<b>1,229</b>	<b>1,229</b>	<b>0</b>

## Wastewater

Council's wastewater activity includes the collection, treatment and disposal of sewage and other wastewater that is discharged into Nelson's sewers in order to prevent harm to people, contribute to their wellbeing and protect the environment.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the wastewater activity in 2020/21.



The following section describes changes to Year Three (2020/21) for the wastewater activity since the Long Term Plan 2018-28 was adopted. All other wastewater activities are to be delivered as stated in the wastewater activity section of the Long Term Plan 2018-28.

### Awatea Pump Station

This project involves the construction of a large pump station, new gravity trunk main, pumping main and an additional storage tank facility in Beach Road. This pump station will significantly reduce operation and maintenance costs, and improve odour control and wet weather pumping capacity. The project is expected to be completed in 2021/22 as per the Long Term Plan.

Council has re-phased the project by reducing the Awatea Pump Station budget in 2020/21 from \$3.65 million to \$1 million. This rephasing of the budget is necessary to better align with the timing of construction and finalisation of landowner agreements. There is no reduction to the overall project budget.

### Wastewater Modelling

An accurate and detailed wastewater hydraulic model is critical for understanding the performance of the wastewater network. The original budget set aside in the Long Term Plan only considered a high level upgrade of this model. To enable a detailed update of this model, \$420,000 has been added to the budget for 2020/21. The overall upgrade is scheduled to be completed in 2021/22. A comprehensive model is required to ensure the Council makes the appropriate decisions when considering upgrades to the network to accommodate key factors, such as population growth and reducing sewer overflows.

### Neale Park Pump Station

The Neale Park Pump Station was upgraded in 2019, which was critical for providing wet weather pumping capacity. After several months of operating, odour has been identified as an issue. While the upgrade of the pump station has significantly reduced the odour from the site, the continued levels are unacceptable during peak times. Additional funding of \$160,000 has been included for 2020/21 to resolve the issue.

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### Gracefield Sewer Diversion

This project is key for reducing sewer overflows during wet weather events. This project is running one year ahead of the Long Term Plan programme and accordingly Council has brought forward the 2021/22 budget through to the 2020/21 year. This has increased the 2020/21 budget from \$565,000 to \$1.59 million.

### Mahitahi/Bayview Upgrades

Wastewater infrastructure upgrade works are required to cater for the proposed Mahitahi/Bayview development. Council has made an application to central government for \$25 million towards this project (see page XX). If this funding is successful, it is anticipated that \$1.7 million worth of work will be proceeding in 2020/21. This funding is not currently in the Annual Plan, but once Council receives feedback from Central Government a report will be brought back to council (see page 8).

If funding from central government is unsuccessful and council wishes to support this development a report will be brought back to council to request money in 2020/21 to progress design works that will guide planning for the LTP.

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## WASTEWATER FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	8,719	8,715	8,814	99
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	2,610	2,469	2,949	480
Internal charges and overheads recovered	(49)	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,289	1,551	1,185	(366)
<b>Total Operating Funding</b>	<b>12,569</b>	<b>12,735</b>	<b>12,948</b>	<b>213</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	7,026	7,724	7,396	(328)
Finance costs	0	529	0	(529)
Internal charges and overheads applied *	402	169	434	265
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>7,428</b>	<b>8,422</b>	<b>7,830</b>	<b>(592)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>5,141</b>	<b>4,313</b>	<b>5,118</b>	<b>805</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	679	694	694	0
Increase (decrease) in debt	103	5,007	5,315	308
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>782</b>	<b>5,701</b>	<b>6,009</b>	<b>308</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	220	3,980	1,757	(2,223)
- to improve level of service	3,547	4,287	6,062	1,775
- to replace existing assets	2,156	1,747	3,309	1,562
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>5,923</b>	<b>10,014</b>	<b>11,128</b>	<b>1,114</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(5,141)</b>	<b>(4,313)</b>	<b>(5,118)</b>	<b>(805)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

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## 2020/21 Annual Plan Variances against Long Term Plan

Commercial trade waste income, which is included in fees and charges, is higher than assumed in the LTP. Nelson Regional Sewerage Business Unit (NRSBU) recoveries, which are included in other receipts, are lower than assumed in the LTP.

Payments to staff and suppliers have decreased reflecting the Nelson North Wastewater Treatment Plant (NNWTP) desludging programme having been completed ahead of time and under budget.

There is an offset between Finance costs and Internal charges as a result of the NRSBU consolidation.

Debt requirements have been impacted by increases in the capital programme, however these increases are partially offset by changes to loan funded operating expenditure (NNWTP).

Changes to the capital programme are listed at the end of the Financials section of this document.

## RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>5,141</b>	<b>4,313</b>	<b>5,118</b>	<b>805</b>
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	679	694	694	0
Vested Assets	1,004	843	843	0
Gains on sale	0	0	0	0
Depreciation	(5,066)	(4,890)	(5,045)	(155)
Other non-cash income/expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>1,758</b>	<b>960</b>	<b>1,610</b>	<b>650</b>

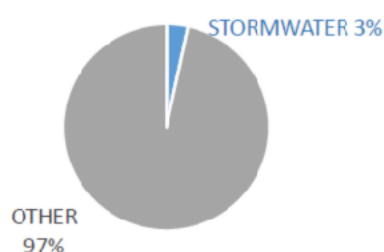
## Stormwater

The stormwater network covers the pipes, open channels, detention dams, overland flow paths and pump stations that carry stormwater to waterways and the sea in the areas for which stormwater drainage rates are charged by Council.

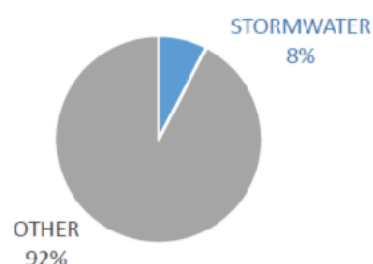
Council provides a stormwater system to prevent harm to people and property and to protect the environment from uncontrolled stormwater discharges.

The charts below show how much of Council's total operational and capital budgets is proposed to be spent on the stormwater activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes changes to Year Three (2020/21) for the stormwater activity since the Long Term Plan 2018-28 was adopted. All other stormwater activities are to be delivered as stated in the stormwater activity section of the Long Term Plan 2018-28.

### Washington Valley Stormwater Upgrade

This project seeks to address overflows from the stormwater network that occur during heavy rain events, and reduce flooding of the road reserve and private property which has historically resulted in a number of landslips. The overall scope of this project has been increased to include upgrades to the water and sewer networks. This will improve services for the community, including a reduction of wastewater overflows during storm events. Changing the scope and phasing of the project has resulted in the budget for the stormwater work in 2020/21 being reduced from \$1.13 million to \$128,000. This will allow for detailed design and resource consenting to be completed in 2020/21, with construction proposed to commence in 2021/22. The updated project construction timelines will be reviewed as part of the next Long Term Plan, but it is provisionally planned for construction to be staged over three years.

### Little Go Stream Upgrade - Rutherford Street

Stage 1 of this project involves stormwater upgrades from Snows Hill on Waimea Road to the Rutherford Street/Examiner Street intersection. This project is part of a larger programme to upgrade Little Go Stream's capacity to cope with a 'one in one-hundred year' flood event and follows on from the completed upgrades in Waimea Road. The budget for this project in 2020/21 has been reduced from \$1.04 million in the Long Term Plan to \$100,000. This will allow for detailed design, any property agreements, and additional investigations required to finalise the route, with the construction proposed to get underway in 2021/22. This requires careful consideration, given the potential disruption associated with routing a new stormwater pipe along Rutherford Street.

### Wastney Terrace Stormwater Upgrade

This project is key for enabling development within the southern part of the Marybank area in Atawhai. The planned stormwater upgrade is from the south end of Wastney



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Terrace to Atawhai Crescent. The project has experienced significant delays due to landowner negotiations, but these are now progressing well. Council has reduced the 2020/21 budget from \$835,000 to \$115,000. This will allow finalisation of the agreements, and completion of the remaining planning and documentation, with construction beginning in 2021/22.

### Mount Street and Konini Street Upgrades

This stormwater upgrade aims to reduce uncontrolled overland flows along these streets and through private property, which has led to a significant number of slips in the area. The budget for 2020/21 has been increased by \$745,000 to \$1.31 million so the first stage of this project can be completed. This increase in budget was required to allow the stormwater reticulation to be routed along the public road rather than through private property as originally planned.

### **National Three Waters Review**

In 2017 the Government commenced a process of reforming the regulation and supply arrangements for drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety, and environment.

Reforms could have a significant impact on how all councils in New Zealand manage their water. Central government acknowledges that three waters service providers like councils will need support and time to adjust.

The National Policy Statement for Freshwater Management 2014 (as amended 2017), and National Environmental Standard for Sources of Human Drinking Water are particularly significant, as they are likely to necessitate further investment in our networks and monitoring processes.

Council has begun to prepare for anticipated changes. A comprehensive work programme will be developed as part of the Long Term Plan 2021-31, so that Council is in the best possible position to respond to changes in the delivery and funding arrangements for three waters services, on behalf of the community.

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## STORMWATER FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	4,435	4,676	4,504	(172)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
<b>Total Operating Funding</b>	<b>4,435</b>	<b>4,676</b>	<b>4,504</b>	<b>(172)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,483	1,596	1,687	91
Finance costs	0	0	0	0
Internal charges and overheads applied *	477	673	354	(319)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,960</b>	<b>2,269</b>	<b>2,041</b>	<b>(228)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>2,475</b>	<b>2,407</b>	<b>2,463</b>	<b>56</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	380	388	388	0
Increase (decrease) in debt	(413)	3,547	1,970	(1,577)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(33)</b>	<b>3,935</b>	<b>2,358</b>	<b>(1,577)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	60	117	45	(72)
- to improve level of service	2,276	6,176	4,554	(1,622)
- to replace existing assets	106	49	221	172
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>2,442</b>	<b>6,342</b>	<b>4,820</b>	<b>(1,522)</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(2,475)</b>	<b>(2,407)</b>	<b>(2,463)</b>	<b>(56)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

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**2020/21 Annual Plan Variances against Long Term Plan**

Internal charges (interest) have decreased by \$319,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan.

Loans of \$1.6 million are no longer required due to changes in the capital programme mostly related to the timing of project work. The changes to the capital programme are listed at the end of the Financials section of this document

**RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE**

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>2,475</b>	<b>2,407</b>	<b>2,463</b>	<b>56</b>
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	380	388	388	0
Vested Assets	1,399	1,179	1,179	0
Gains on sale	0	0	0	0
Depreciation	(2,474)	(2,407)	(2,462)	(56)
Other non-cash income/expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>1,780</b>	<b>1,567</b>	<b>1,568</b>	<b>0</b>

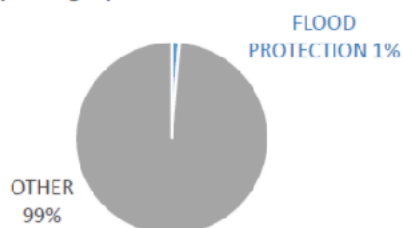
## Flood protection

The Nelson stormwater and flood protection system is in two parts – the natural waterways, and a constructed stormwater system. This section covers the flood protection works that are generally associated with natural waterways. Operations and maintenance in Council's flood protection activity centres on the rivers and streams in the urban area of Nelson city. While Council has carried out a programme of upgrading works over the past 20 years, ongoing maintenance is required to keep the streams clear.

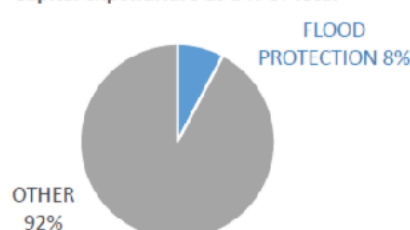
The next 30 year Infrastructure Strategy and new Whakamahere Whakatū Nelson Plan will consider the impacts of climate change on our city and appropriate infrastructure and planning responses to it. Increased likelihood and frequency of flooding of low-lying land is the most significant risk. These tools together with Flood Management Strategies, will help Council determine which future upgrading works are needed to reduce the impacts of projected sea level rise and higher storm rainfall on Whakatū, as a part of the next Long Term Plan and beyond.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the flood protection activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes changes to Year Three (2020/21) for the flood protection activity since the Long Term Plan was adopted. All other flood protection activities are to be delivered as stated in the flood protection activity section of the Long Term Plan.

### Saxton Creek Upgrade

The major change in this activity is the re-phasing of the Saxton Creek Upgrade Programme. The upgrade of the Saxton Creek was included in Council's work programme following the 2013 extreme rainfall event that caused severe flooding in the area. The programme is being done under four stages, with stage one to three being - Main Road Stoke to Champion Road, and the fourth stage between Main Road Stoke to the sea. The first and second stage have been completed, and the third stage has seen several delays over the past four years due to landowner negotiations.

The budget for stage three of the Saxton Creek Upgrade (upstream of Main Road Stoke) has been increased to \$2.35 million for 2020/21, following Council approval of additional funding in December 2019. The project is currently under construction and the increased budget mainly reflects the delay in the project, higher environmental requirements and changes to bridge design standards.

The budget for stage four of the Saxton Creek Upgrade (downstream of Main Road Stoke) has been reduced to \$300,000 from \$3.9 million for 2020/21. This is due to the complexities of land owner negotiations, which has required this stage of the project to be rephased. The rephasing is to allow land negotiations to be resolved, and design completed in 2020/21, reallocating approximately \$3.6 million into future years.

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Whakatū Drive (Storage World)

The aim of this project is to provide flood protection to properties in the Wakatū Industrial Estate, including the Storage World property. This project has seen historic delays due to negotiations with the Waka Kotahi New Zealand Transport Agency and construction challenges. Council is undertaking work this financial year to confirm secondary flow paths for the whole industrial estate, and has allocated \$80,000 in 2020/21 to enable the completion of detailed design, with construction planned in 2021/22.

Orphanage Stream Upgrade

A programme of works to upgrade Orphanage stream was implemented following the extreme rainfall event in 2013. Substantial work has already been completed and the next stage of this programme is to construct a bund and flood wall upstream of Saxton Road East, as well as improving water flow downstream of Suffolk Road. This project has been delayed to enable a review of the proposed location of the bund and wall, and to continue with landowner negotiations at Suffolk Road. The 2020/21 budget has been increased from \$668,000 to \$970,000 for 2020/21 to allow for construction to be progressed upstream of Saxton Road East and design to be completed for Suffolk Road. The project construction timeline for works downstream of Suffolk Road will be completed in 2021/22, which will conclude the Orphanage Stream upgrade programme.

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## FLOOD PROTECTION FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	1,661	2,118	1,725	(393)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
<b>Total Operating Funding</b>	<b>1,661</b>	<b>2,118</b>	<b>1,725</b>	<b>(393)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	412	307	437	130
Finance costs	0	0	0	0
Internal charges and overheads applied *	753	1,120	675	(445)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,165</b>	<b>1,427</b>	<b>1,112</b>	<b>(315)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>496</b>	<b>691</b>	<b>613</b>	<b>(78)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	3,690	4,993	4,300	(693)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>3,690</b>	<b>4,993</b>	<b>4,300</b>	<b>(693)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	4,186	5,684	4,914	(770)
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>4,186</b>	<b>5,684</b>	<b>4,914</b>	<b>(770)</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(496)</b>	<b>(691)</b>	<b>(613)</b>	<b>78</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

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## 2020/21 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers (\$130,000) is largely due to the allocation of staff costs.

Internal charges (interest) have decreased by \$445,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan.

Loans of \$693,000 are no longer required due to changes in the capital programme, mostly related to the timing of project work. The changes to the capital programme are listed at the end of the Financials section of this document.

## RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>496</b>	<b>691</b>	<b>613</b>	<b>(78)</b>
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	170	173	173	0
Gains on sale	0	0	0	0
Depreciation	(497)	(691)	(615)	76
Other non-cash income/expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>169</b>	<b>173</b>	<b>171</b>	<b>(2)</b>

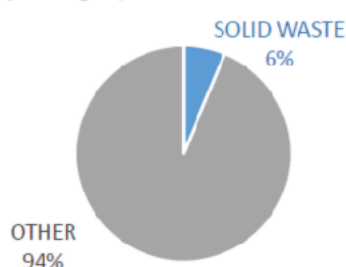


## Solid Waste

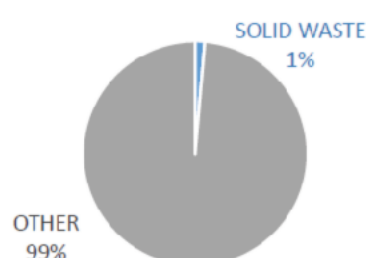
Good public health and wellbeing depend on the safe disposal of waste. Environmental protection also depends on promoting the reduction, reuse, recycling, and recovery of potential solid waste and compostable material. Council provides waste management and minimisation services to reduce the creation of waste, improve the efficiency of resource use, and to reduce the harmful effects of waste on people and the environment.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the solid waste activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



### York Valley Landfill charges

The fees and charges for the York Valley Regional Landfill facility are set by the Nelson Tasman Regional Landfill Business Unit. The budget makes provision for the local disposal levy required by each Council to undertake their solid waste activities which is set for 2020/21 at \$2.4 million for each Council. In Nelson, this levy is used to manage the Pascoe Street Transfer Station, undertake waste minimisation initiatives, and green waste disposal and recycling.

In setting the fees and charges, other important factors are taken into account, such as the costs to run the regional landfill, essential renewal work required at the landfill, work on stormwater systems, mechanisms to mitigate potential groundwater contamination, and increased costs for the Emission Trading Scheme (ETS). In addition, as a part of a national focus on climate change and sustainability, new central government policy on the ETS and Landfill Levy is expected in 2020/21. Future changes may include the Climate Change Commission setting reduction targets for CO<sub>2</sub> emissions. Council needs to prepare for new costs associated with complying with anticipated national policies.

The York Valley landfill fees for residual waste will be increasing by 5%, from \$163/tonne (including GST) in 2019/20 to \$171/tonne in 2020/21 (including GST).

### Food Waste Collection Trial

Council will launch a 12 month kerbside food waste collection trial in 2020/21, at a cost of \$120,000 (operating expenditure). This is being funded from Council's Climate Change Reserve.

The Joint Waste Management and Minimisation Plan for Nelson and Tasman has set a target to reduce waste to landfill by 10% per resident by 2030. Organic matter contributes significantly to emissions from landfills and approximately 8,000 tonnes of food waste goes to the landfill each year. Keeping more of this out of our landfill through kerbside collection would be a smart and accessible way to reduce waste, and create useful compost. This trial is an exciting opportunity for residents to try a new sustainable action at home - 220



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households in Nelson will take part initially. The trial will provide valuable data regarding uptake and cost. If the trial proves successful, an expanded version will be considered for inclusion in next Long Term Plan.

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## SOLID WASTE FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	198	204	199	(5)
Fees and charges	3,106	3,690	3,156	(534)
Internal charges and overheads recovered	2,330	2,315	2,466	151
Local authorities fuel tax, fines, infringement fees, and other receipts	2,424	2,434	2,415	(19)
<b>Total Operating Funding</b>	<b>8,058</b>	<b>8,643</b>	<b>8,236</b>	<b>(407)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,309	5,837	5,435	(402)
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,328	2,352	2,470	118
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>7,637</b>	<b>8,189</b>	<b>7,905</b>	<b>(284)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>421</b>	<b>454</b>	<b>331</b>	<b>(123)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(10)	(344)	533	877
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(10)</b>	<b>(344)</b>	<b>533</b>	<b>877</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	34	288	254
- to improve level of service	31	31	561	530
- to replace existing assets	380	35	15	(20)
Increase (decrease) in reserves	0	10	0	(10)
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>411</b>	<b>110</b>	<b>864</b>	<b>754</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(421)</b>	<b>(454)</b>	<b>(331)</b>	<b>123</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

# Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

## 2020/21 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers have decreased by \$402,000 overall. This movement includes a \$614,000 decrease relating to an update of the Nelson Tasman Regional Landfill Business Unit (NRLBU) consolidation. Conversely, there has been an increase due to the Green Waste activity being reinstated in the Annual Plan.

It is noted that both of the above two factors (NRLBU consolidation and reinstatement of Green Waste activity) have also impacted fees and charges (the NRLBU consolidation has resulted in a decrease in fees and charges, and the Green Waste reinstatement has resulted in an increase in fees and charges).

Additional loans of \$877,000 are required due to changes in the capital programme, mostly related to the timing of project work. These changes to the capital programme are listed at the end of the Financials section of this document.

## RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>421</b>	<b>454</b>	<b>331</b>	<b>(123)</b>
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(267)	(343)	(382)	(39)
Other non-cash income/expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>154</b>	<b>111</b>	<b>(51)</b>	<b>(162)</b>

## Environment

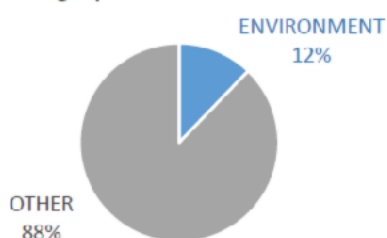
As a unitary authority, Council has a wider span of environmental management responsibilities than most other councils. It manages both territorial authority and regional council functions. Council's environmental functions include responsibilities for freshwater, coastal and marine environments, air quality, land management, biodiversity and biosecurity, resource management planning, navigation safety, and resource and building consents. It fulfils these responsibilities through a variety of methods including advice to landowners and residents, delivery of on the ground projects, monitoring, research, education, advocacy, and compliance. This activity also includes compliance functions such as dog control and liquor licensing, and emergency management.

Our outstanding environment, including our hills, rivers, coastlines, and flora and fauna all contribute to making Nelson a unique and special place for residents and visitors. The maintenance and enhancement of our environment doesn't happen by itself but is a combination of aroha (care, love), time and money from individuals, groups, businesses, Council and mana whenua as kaitiaki (guardians) of the environment.

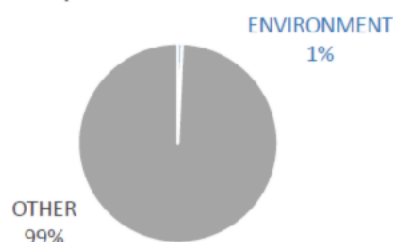
Following consideration of the impact of COVID-19 on the economy and businesses, Council has reduced forecast income from Building Consents and Resource Consents in line with a 30% reduction in activity in those areas.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the environment activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes changes to Year Three (2020/21) for the environment activity since the Long Term Plan 2018-28 was adopted. All other environment activities are to be delivered as stated in the environment activity section of the Long Term Plan 2018-28.

### Development Contributions

Council will carry out a review of its Development Contributions Policy in 2020/21 as part of the Long Term Plan process, to ensure that development contributions support our revitalisation of the city centre and housing intensification. \$50,000 of operational expenditure has been allocated for this in 2020/21.

### Biosecurity and Regional Pest Management Plan implementation

As part of our Regional Council function we are responsible for the management of biosecurity risks as specified in the Tasman-Nelson Regional Pest Management Plan 2019-2029. This is a statutory plan produced under the Biosecurity Act 1993. The plan requires the eradication of Taiwan cherry and Sabella (Mediterranean fanworm) in the Nelson region.

The cost of effectively controlling Taiwan cherry in Nelson is expected to be \$20,000 per year for up to 15 years, and the cost of controlling Sabella is expected to be \$20,000 per

## Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

year on an ongoing basis. Therefore, an additional \$40,000 was allocated to this biosecurity work in 2019/20.

For the 2020/21 year the Taiwan cherry funding represents an additional \$20,000 included in the biosecurity budget. The \$20,000 Sabella funding has been moved to the Nelson Marina account from 2020/21 onwards, and so will not affect the biosecurity budget. The closed Marina account means there is no impact on rates. The main threat of Sabella incursions is from recreational vessels, and recent occurrences have all been in the Nelson Marina area, either on vessels or pontoons. Therefore the total increase to the biosecurity budget for 2020/21 is \$20,000 operational expenditure.

### Nelson Plan

The Whakamahere Whakatū Nelson Plan is Council's statutory resource management plan, and sets out the framework for sustainable management of the city. The Resource Management Act 1991 requires us to review the Plan every 10 years. Council sees the content of the Plan as crucial to enabling our Smart Little City, providing for growth whilst managing our natural environment. The draft Plan brings all of Nelson's resource management plans together into one integrated document, including the Regional Policy Statement and Nelson Air Quality Plan.

Work on the Plan will continue into 2021/22 when it will be publicly notified, at which point the public will be able to formally make a submission on it. 2020/21 will see an increase in costs from \$379,000 in the Long Term Plan to \$1.6 million to account for consultation with the community and the changes to Government directives, such as in the areas of freshwater management, air quality, and changes to resource management legislation. The Nelson Plan has multiple year benefits, and therefore Council has decided to loan fund the remaining expenditure. In 2020/21 \$1.122 million has been budgeted to be loan funded. This is in line with Council's Revenue and Financing Policy.

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## ENVIRONMENT FUNDING IMPACT STATEMENT

	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	8,586	7,950	9,661	1,711
Targeted rates	12	1	4	3
Subsidies and grants for operating purposes	365	31	443	412
Fees and charges	228	231	241	10
Internal charges and overheads recovered	50	0	50	50
Local authorities fuel tax, fines, infringement fees, and other receipts	4,318	4,564	3,830	(734)
<b>Total Operating Funding</b>	<b>13,559</b>	<b>12,777</b>	<b>14,229</b>	<b>1,452</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	13,171	12,451	15,740	3,289
Finance costs	0	0	0	0
Internal charges and overheads applied *	341	272	365	93
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>13,512</b>	<b>12,723</b>	<b>16,105</b>	<b>3,382</b>
<b>Surplus (Deficit) of operating funding</b>	<b>47</b>	<b>54</b>	<b>(1,876)</b>	<b>(1,930)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	148	32	2,147	2,115
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>148</b>	<b>32</b>	<b>2,147</b>	<b>2,115</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	250	40	0	(40)
- to improve level of service	197	236	324	88
- to replace existing assets	114	46	118	72
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(366)	(236)	(170)	66
<b>Total applications of capital funding</b>	<b>195</b>	<b>86</b>	<b>272</b>	<b>186</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(47)</b>	<b>(54)</b>	<b>1,876</b>	<b>1,930</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

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## 2020/21 Annual Plan Variances against Long Term Plan

Subsidies and grants for operating purposes include a Hill Country Erosion Fund grant of \$310,000 from the Ministry of Primary Industries, which was not planned in the LTP.

Other receipts have decreased by \$734,000, which includes projected decreases in Building Consent and Resource Consent activity.

Payments to staff and suppliers have increased by \$3.3 million. This increase includes significant movements in staff costs (\$870,000) and Nelson Plan expenditure (\$1.2 million additional cost, to be partially loan funded), as well as costs relating to Building Claims, Building Consents, and Resource Consents.

Additional loans of \$2.1 million are impacted by the planned loan funding of Nelson Plan expenses.

Changes to the capital programme are listed at the end of the Financials section of this document.

## RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>47</b>	<b>54</b>	<b>(1,876)</b>	<b>(1,930)</b>
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(48)	(54)	(83)	(29)
Other non-cash income/expenditure	11	3	2	(1)
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>10</b>	<b>3</b>	<b>(1,957)</b>	<b>(1,960)</b>



## Social

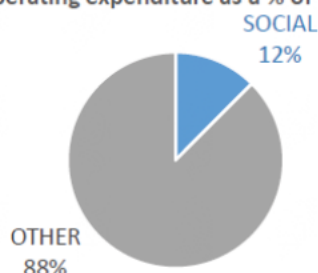
Council provides many facilities and services that support the quality of life and wellbeing of Nelson residents. Collectively these activities have been grouped under the heading 'social' and cover delivery of services as diverse as running an art gallery to providing public toilets.

Council works together with the community to deliver facilities and services that support the wellbeing of Nelson residents. Expenditure to support social outcomes is classified as operating expenditure.

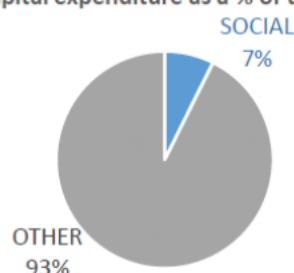
The Whakatu Nelson Heritage Strategy is currently under review, engagement is underway with iwi and a Strategy Working Group has been established. Residents' input will be sought over the coming year. We want to understand what the community values around heritage, why they value it, and how they wish to see it protected, promoted and celebrated. The Strategy will create a prioritised approach for meeting the needs of our heritage taonga and the community, set priorities for funding, and build mechanisms for effective delivery through partnership. The updated version is proposed to be adopted by the end of 2020/21.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the social activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes changes to Year Three (2020/21) for the social activity since the Long Term Plan 2018-28 was adopted. All other social activities are to be delivered as stated in the social activity section of the Long Term Plan 2018-28.

### Elma Turner Library Redevelopment

The library is an important project in the Maitai River Precinct. Early engagement with the community about the library started last year and a theme that came through many times was that this area could be so much more. Feedback from the community has consistently included suggestions that Council improve the links between the central city and the Maitai River. There is also an opportunity to transform the Precinct by working with other property owners in this area. Public engagement will continue as the library project progresses.

\$1.1 million has been included in the 2020/21 budget for progressing the library project, including demolition of the adjoining Mediterranean Foods building. \$20,000 has been added to the City Centre Enhancement budget for 2020/21, to provide a link for easy movement between the Elma Turner Library and the proposed pop-up park. The balance of the costs will be met from existing budgets.



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### Nelson Provincial Museum Storage Facility

The Museum has advised that further investigation of options for this facility is required - to facilitate this Council is carrying forward the 2020/21 project budget of \$1.5 million through to 2021/22.

### Stoke Memorial Hall

Council has included \$120,000 in 2020/21 for design work for earthquake strengthening of the Stoke Memorial Hall in 2020/21. Total project costs are to be confirmed. Strengthening work for the hall was originally budgeted at \$458,000 in 2024/25. The total cost for construction will be higher than this - the amount will be confirmed once the design is completed. In planning for this project, Council received a peer review of the original engineering advice and decided that, given the earthquake risk of the building and the number of users of the community hall, the project should be carried out earlier than originally proposed. In the meantime, the hall has been closed to protect public safety, and Council has assisted users into alternative venues. Council will investigate whether Central Government funding is available to assist with this work.

### Refinery Building

The Refinery Art Space building on Halifax Street is owned by Council and has been leased to Arts Council Nelson as a contemporary art space since 2003, supporting local emerging artists, providing a space for community art exhibitions and highlighting Nelson's wealth of artistic talent.

The Refinery is an Earthquake-Prone Building under the Building Act 2004. Council is undertaking a project to strengthen the building, with physical works scheduled for 2020/21. \$452,000 has been allocated to the project in 2020/21. Council closed the building at the end of March 2020 and it will remain closed until the strengthening work has been completed. Council is working closely with tenant.

Council has undertaken a feasibility study on the development of a Community Arts Centre, including stakeholder engagement. The final feasibility report with recommendations will be presented to Council in September 2020.

### Arts Festival

In discussion with the Nelson Festivals Trust, its funding was reduced to \$305,000 in 2020/21 due to the disruptive impact of COVID-19 on event planning and implementation. This will be used for core operations and Arts Festival 2021 planning, as well as the delivery of a programme of collaborative events in 2020/21. With the transition to COVID-19 Alert Level 1, provision of additional funding of \$100,000 has been included in the final Plan, subject to approval of the Trust's plans to deliver the Mask Parade and Carnivale in 2020/21.

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## SOCIAL FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	13,837	12,912	14,072	1,160
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	174	177	154	(23)
Fees and charges	913	641	855	214
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,304	914	1,371	457
<b>Total Operating Funding</b>	<b>16,228</b>	<b>14,644</b>	<b>16,452</b>	<b>1,808</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	13,373	12,029	13,725	1,696
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,735	1,394	1,509	115
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>15,108</b>	<b>13,423</b>	<b>15,234</b>	<b>1,811</b>
<b>Surplus (Deficit) of operating funding</b>	<b>1,120</b>	<b>1,221</b>	<b>1,218</b>	<b>(3)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	23	24	384	360
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(7,403)	4,583	(5,510)	(10,093)
Gross proceeds from sale of assets	8,383	0	8,383	8,383
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>1,003</b>	<b>4,607</b>	<b>3,257</b>	<b>(1,350)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	1,258	816	1,391	575
- to improve level of service	951	3,295	2,811	(484)
- to replace existing assets	754	254	466	212
Increase (decrease) in reserves	0	123	0	(123)
Increase (decrease) in investments	(840)	1,340	(193)	(1,533)
<b>Total applications of capital funding</b>	<b>2,123</b>	<b>5,828</b>	<b>4,475</b>	<b>(1,353)</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(1,120)</b>	<b>(1,221)</b>	<b>(1,218)</b>	<b>3</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

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### 2020/21 Annual Plan Variances against Long Term Plan

Fees and charges have increased by \$214,000, including additional income from the Brook Camp and the Crematorium, which have both experienced increased usage.

Other receipts have increased by \$457,000 due to Community Housing receipts. Community Housing was assumed to have been sold in the Long Term Plan.

Payments to staff and suppliers have increased by \$1.7 million. This increase includes the costs associated with Community Housing, as well as increased staff costs, contractor costs at the Brook Camp, and an additional grant to the Nelson Centre of Musical Arts.

Subsidies and grants for capital include \$360,000 of contributions from the Ministry of Business, Innovation & Employment (MBIE) for new toilets at Tahunanui and Millers Acre Centre.

The decrease in debt required of \$10.1 million is due to the sale of Community Housing, in addition to changes in the capital programme. The changes to the capital programme are listed at the end of the Financials section of this document.

### RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

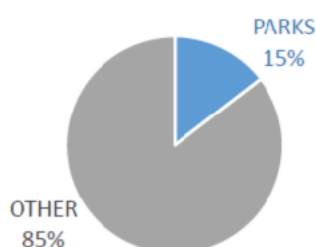
	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>1,120</b>	<b>1,221</b>	<b>1,218</b>	<b>(3)</b>
Subsidies and grants for capital expenditure	23	24	384	360
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,250)	(1,202)	(1,287)	(85)
Other non-cash income/expenditure	702	(59)	702	761
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>595</b>	<b>(15)</b>	<b>1,017</b>	<b>1,033</b>

## Parks and active recreation

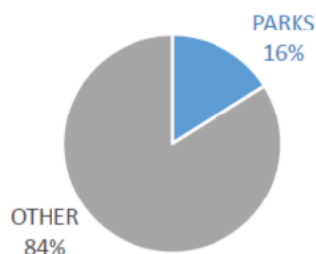
Council's parks and reserves, including sports grounds, have a key role in promoting wellbeing by providing opportunities for exercise, active transport, and recreation. Their environmental benefits are numerous, including protection of biodiversity, controlling and storing groundwater, carbon storage, and improving air and water quality. Council is currently working on Ecological Restoration Plans for our reserves with conservation values. These plans focus on long-term restoration to protect and enhance Nelson's unique biodiversity. Council continues to support a wide range of sporting and recreational activities.

The charts below show how much of Council's total operational and capital budgets is proposed to be spent on the parks and active recreation activity in 2020/21.

**Operating expenditure as a % of total**



**Capital expenditure as a % of total**



The following section describes changes to Year Three (2020/21) for the parks and active recreation activity since the Long Term Plan 2018-28 was adopted. All other parks and active recreation activities are to be delivered as stated in the parks and active recreation activity section of the Long Term Plan 2018-28.

### Marina - Business

A \$50,000 budget in 2020/21, funded from the marina account, will be used to undertake a review of the governance, management and operations of the marina, with a view to an improved operational model for the future.

### Marina - Hardstand Improvements

The marina hardstand development project is to ensure that the existing hardstand is meeting resource consent requirements. Design for the area is underway. Work in 2020/21 will include a continuation of 2019/20 work (including extending the hardstand area to have 12 sealed bays, and improved filtration systems), as well as starting work to seal the remainder of the existing hardstand area. The budget for 2020/21 is \$1.2 million.

### Sea Sports Building

Through the Long Term Plan, Council committed to a project to support sea sports users to have a building at the marina for storage and club activities. Council has been meeting with the group to determine its requirements and preferences for the project, and plans to carry out design for the preferred option in 2020/21, with a budget for the year of \$365,000. Although there was no budget assigned to this project in year three of the Long Term Plan, the funding is within the total project budget for the 10 year Long Term Plan (which was programmed for 2018/19 and 2019/20). The total project budget will be considered as part of the 2021 Long Term Plan. It is anticipated that the clubs will contribute towards the capital construction cost of the project.

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### Modellers Pond Solution

Council is proceeding with an option to infill the pond and create a family friendly grassed picnic area on the site. The area will be surrounded with native trees and shrubs, and include picnic tables, barbeques, and shade to encourage recreational use. The design will complement the existing model train network, which could be further extended in future.

The early design concept is sensitive to environmental considerations, with plans to expand on vegetation in keeping with the original ecosystem of the site and adjacent estuary margin, typical of the wider Waimea Estuary area.

Cultural interpretation and artwork would be guided by iwi through the design process, and form an integral part of the overall design.

A stormwater filtration system is proposed for installation, prior to where stormwater enters the Centennial Road pump station, before it reaches the new recreation area. Further cleansing will be provided through a wetland of native reeds and rushes before discharge to the back beach estuary.

\$105,000 has been included in 2020/21 for this project, including for resource consents. \$47,000 annually is in operational budgets for cleaning of the pond until the new work is completed. The project is estimated to be completed in 2021/22.

### Nelson Volunteer Coastguard – Rescue Vessel

Council is making a further grant of \$20,000 to the Nelson Volunteer Coastguard incorporated in 2020/21, towards a replacement regional rescue vessel. This is in addition to \$20,000 previously allocated through the Long Term Plan. The vessel is currently being constructed in Port Nelson, so the \$1.4 million project is directly benefiting the local economy and providing jobs for skilled workers.

### Stoke Youth Park

The Long Term Plan proposed funding of \$500,000 for the Stoke Youth Park in 2020/21, however Council has reduced this budget and spread the cost over two financial years - with \$250,000 in 2020/21 and \$250,000 in 2021/22. The first stage of the investigation was adopted by the Community Services Committee in February 2019, with 'Targeted Options' being resolved as the way forward. A Council workshop then discussed those options, including opportunities for Whanake Youth and relocatable recreation options in the short term. In the meantime the temporary skate ramp Council built in the Marsden Reserve carpark is getting great use. Rephasing the budget allows time to determine the best location for the park that will meet the needs of our youth.

### Koata Park

Council has taken a close interest in a project, led by Nelson Adventure Park (NAP), to create a world class gondola-serviced visitor attraction near the top of Fringed Hill. The project envisages construction of a gondola which would enable residents and visitors to take in stunning views and enjoy a mix of recreational, environmental and cultural experiences. 'Koata Park' as the attraction is currently labelled, would be situated on land owned by Ngāti Koata. Ngāti Koata are also guardians of the Tuatara for all of Aotearoa, and this offers the project an exciting opportunity to incorporate Tuatara to create a visitor experience that would be unique in New Zealand. There is also the possibility to re-naturalise up to 200 hectares of land around the gondola site, providing not just an enhanced environmental experience for visitors, but adding further to the city's much-loved green backdrop. In short, the project presents an exciting opportunity to promote Nelson's environment, and has the potential to be a major regional tourist attraction. It also has the potential to attract Government and external funding.

Council proposes to support Ngāti Koata, as guardians of the whenua, and the other partners in the Nelson Adventure Park project, to advance the gondola project. As NAP's planning moves to the next stage, Council proposes to also engage with the public more directly in discussions on next steps.

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Council has previously provided \$100,000 to assist with the initial development of the business case for this project. \$50,000 has been included in the budget for 2020/21, to support the work on this project. There would be engagement with the public in due course on the project, which also has the potential to attract Government and external funding.

Brook Waimarama Sanctuary Trust

Council has made provision for \$40,000 in 2020/21, to offer support to the Trust by providing the services of a business manager to assist with work on its business model.



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## PARKS AND ACTIVE RECREATION FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	13,206	13,496	12,965	(531)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	2,284	2,339	2,324	(15)
Internal charges and overheads recovered	459	469	469	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,544	1,438	1,447	9
<b>Total Operating Funding</b>	<b>17,493</b>	<b>17,742</b>	<b>17,205</b>	<b>(537)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	11,242	11,641	12,523	882
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,489	2,838	1,795	(1,043)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>13,731</b>	<b>14,479</b>	<b>14,318</b>	<b>(161)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>3,762</b>	<b>3,263</b>	<b>2,887</b>	<b>(376)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	1,038	233	810	577
Development and financial contributions	1,716	1,880	1,716	(164)
Increase (decrease) in debt	2,347	1,526	4,758	3,232
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>5,101</b>	<b>3,639</b>	<b>7,284</b>	<b>3,645</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	2,439	2,519	3,267	748
- to improve level of service	3,437	2,611	4,751	2,140
- to replace existing assets	2,987	1,574	2,153	579
Increase (decrease) in reserves	0	198	0	(198)
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>8,863</b>	<b>6,902</b>	<b>10,171</b>	<b>3,269</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(3,762)</b>	<b>(3,263)</b>	<b>(2,887)</b>	<b>376</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

# Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

## 2020/21 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers have increased by \$882,000, mainly driven by an increase in contract maintenance costs.

Internal charges (interest) have decreased by \$1.1 million in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan.

Subsidies and capital grants include grant contributions from MBIE for the Maitai Mountainbike Hub and to the Great Taste Trail.

The increase in debt of \$3.2 million reflects movements in the capital programme mostly related to the timing of project work. The changes to the capital programme are listed at the end of the Financials section of this document.

## RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>3,762</b>	<b>3,263</b>	<b>2,887</b>	<b>(376)</b>
Subsidies and grants for capital expenditure	1,038	233	810	577
Development and financial contributions	1,716	1,880	1,716	(164)
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(3,488)	(3,507)	(3,663)	(156)
Other non-cash income/expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>3,028</b>	<b>1,869</b>	<b>1,750</b>	<b>(119)</b>

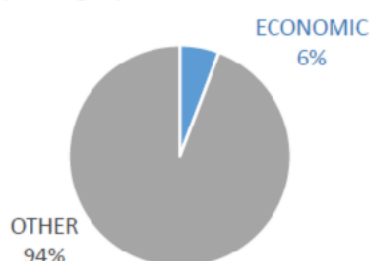


## Economic

Council has a role to create a successful, sustainable and economically viable region and achieves this largely through providing infrastructure, and fostering economic development. The focus is on activities that will contribute to the strengthening of the region's identity, where increased effort is likely to be most positive for the region. This economic development activity is largely delivered through the Nelson Regional Development Agency, with a focus on the generation of outcomes that contribute to the attraction and retention of investment, visitors and talent who want to add to the special character of the region. This work will take on a new focus in 2020/21 – encouraging the region's economic recovery in the wake of the COVID-19 crisis and recession. An outline of Project Kōkiri, the Nelson/Tasman economic response and recovery plan, is on page XX.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the economic activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes changes to Year Three (2020/21) for the economic activity since the Long Term Plan 2018-28 was adopted. All other economic activities are to be delivered as stated in the economic activity section of the Long Term Plan 2018-28.

### Project Kōkiri

An economic recovery plan for Nelson and Tasman, Project Kōkiri, is currently being developed (see page XX for details). Council has made provision for up to \$350,000 additional funding for the Nelson Regional Development Agency (NRDA) in 2020/21, to support the development and implementation of the project. This is an increase to its budget allocation of \$1.18 million, proposed in the Long Term Plan, to \$1.53 million.

The cost of developing and implementing this project in 2020/21 is estimated at approximately \$1 million, however, fully funding this from non-Council sources, including central government, is not considered achievable. The Nelson and Tasman mayors are advocating to ministers for additional regional economic support and this may be forthcoming, but Council considers it prudent to make a financial provision to ensure that the NRDA can fulfil this important role.

### Commercial Differential

The commercial differential recognises the additional Council services that businesses receive, such as extra rubbish collection, street sweeping, and events to attract visitors. In the Long Term Plan, Council consulted on reducing the commercial differential by 0.5% each year for 5 years, to be reviewed annually.

Following consideration of submissions on the differential, Council has confirmed the reduction for the 2020/21 year, and set the percentage of total rates collected as commercial rates at 23.6% (a 0.5% decrease from 24.1% in 2019/20).

Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21:  
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Reducing the commercial differential reduces the rates collected from the City Centre and Stoke and allows a re-balancing of the relative rating contributions from commercial and residential properties. It also keeps our Central Business District competitive relative to other centres that do not have such a charge.

City Centre Programme Plan

\$50,000 of operational expenditure is proposed to be added to the City Centre Programme Plan budget, for necessary consultancy services to assist with the delivery of the City Centre Spatial Plan. The total capital budget for the City Centre Programme Plan in 2020/21 is \$924,000. This is a mixture of programmed funding and capital budget carried over from 2019/20, for projects yet to be completed due to delays from COVID19.

In addition a provisional sum of up to \$3.1 million has been set aside for city centre streets for people, depending upon the outcome of a public feedback process currently underway and Waka Kotahi New Zealand Transport Agency funding application.

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## ECONOMIC FUNDING IMPACT STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	1,755	1,843	2,219	376
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	310	310	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	90	90
<b>Total Operating Funding</b>	<b>1,755</b>	<b>2,153</b>	<b>2,619</b>	<b>466</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,730	7,071	7,542	471
Finance costs	0	0	0	0
Internal charges and overheads applied *	25	82	66	(16)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,755</b>	<b>7,153</b>	<b>7,608</b>	<b>455</b>
<b>Surplus (Deficit) of operating funding</b>	<b>0</b>	<b>(5,000)</b>	<b>(4,989)</b>	<b>11</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	590	5,209	5,913	704
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>590</b>	<b>5,209</b>	<b>5,913</b>	<b>704</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	590	209	924	715
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>590</b>	<b>209</b>	<b>924</b>	<b>715</b>
<b>Surplus (Deficit) of capital funding</b>	<b>0</b>	<b>5,000</b>	<b>4,989</b>	<b>(11)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

### 2020/21 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers include a planned \$5 million loan-funded payment to Tasman District Council in relation to the Waimea Dam. The increase in payments to staff and suppliers of \$471,000 represents increases in staff costs and community economic support initiatives.

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The increase in other receipts includes a grant from Ministry of Business Innovation & Employment.

Additional debt of \$704,000 relates to changes to the capital programme. The changes to the capital programme are listed at the end of the Financials section of this document.

**RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE**

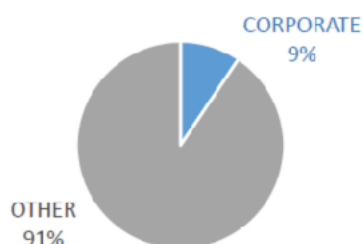
	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>0</b>	<b>(5,000)</b>	<b>(4,989)</b>	<b>11</b>
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	0	0	(11)	(11)
Other non-cash income/expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>0</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>0</b>

## Corporate

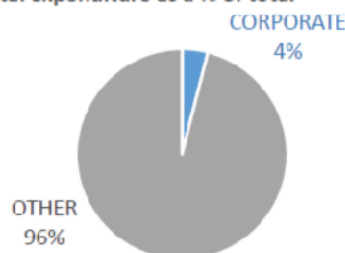
Council's corporate activity includes governance services, local government elections, and behind the scenes support services to ensure the smooth running of the organisation. This includes finance and administration, strategic documents and elected member support.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the corporate activity in 2020/21.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes changes to Year Three (2020/21) for the corporate activity since the Long Term Plan 2018-28 was adopted. All other corporate activities are to be delivered as stated in the corporate activity section of the Long Term Plan 2018-28.

### Staff Costs

As a major tool to achieve a 0% net rates increase in 2020/21, there will be no staff salary increases for the year. This and changes to other staffing related costs, including staff training and travel budgets, have resulted in a reduction of \$1.3 million operating expenditure when compared to the draft Annual Plan

### Commercial Activities

As a result of COVID-19, Council's commercial lease and dividend income is expected to be \$2 million lower than forecast in the Long Term Plan.

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## CORPORATE FUNDING IMPACT STATEMENT

	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	1,643	3,031	(617)	(3,648)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	6	5	5	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	8,432	9,586	6,688	(2,898)
Local authorities fuel tax, fines, infringement fees, and other receipts	5,369	5,731	3,457	(2,274)
<b>Total Operating Funding</b>	<b>15,450</b>	<b>18,353</b>	<b>9,533</b>	<b>(8,820)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	8,563	8,411	7,542	(869)
Finance costs	3,883	5,708	3,011	(2,697)
Internal charges and overheads applied *	645	763	426	(337)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>13,091</b>	<b>14,882</b>	<b>10,979</b>	<b>(3,903)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>2,359</b>	<b>3,471</b>	<b>(1,446)</b>	<b>(4,917)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	3,408	24,210	28,380	4,170
Gross proceeds from sale of assets	800	0	800	800
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>4,208</b>	<b>24,210</b>	<b>29,180</b>	<b>4,970</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	1,197	339	395	56
- to improve level of service	1,386	1,616	379	(1,237)
- to replace existing assets	866	420	1,739	1,319
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	3,118	25,306	25,220	(86)
<b>Total applications of capital funding</b>	<b>6,567</b>	<b>27,681</b>	<b>27,733</b>	<b>52</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(2,359)</b>	<b>(3,471)</b>	<b>1,446</b>	<b>4,917</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Internal charges and overheads include finance costs for internal loans.

## Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

### 2020/21 Annual Plan Variances against Long Term Plan

Rating income in the Corporate Activity is negative and has reduced by \$3.6 million compared to the Long Term Plan. This movement mainly reflects council's decision to debt-fund a portion of rates in response to the impacts of COVID-19.

Other receipts are lower than LTP budget by \$2.3 million, including reductions in dividend expectations, commercial lease income, and NRSBU interest income.

Internal income has reduced because the timing changes in the capital programme over the whole of council (along with a more favourable interest rate environment) have resulted in reduced internal interest.

Staff costs have decreased. The staff cost allocation model has been reviewed, and significant costs that were previously budgeted in the Corporate activity have now been allocated across council's activities. This change can be seen in a relative decrease to staff costs in the Corporate activity, and increases in staff costs across the other activities.

Finance costs are lower than calculated in the Long Term Plan due to reduced external debt resulting from changes in the capital programme over the whole of Council (including an updated opening balance of external borrowings), and interest rates being lower than anticipated.

The increase in debt of \$4.2 million reflects the loan-funding of rates discussed above.

The capital programme changes are listed at the end of the Financials section of this document.

### RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Surplus/(Deficit) of operating funding from Funding Impact Statement</b>	<b>2,359</b>	<b>3,471</b>	<b>(1,446)</b>	<b>(4,917)</b>
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,879)	(1,930)	(1,509)	421
Other non-cash income/expenditure	28	0	28	28
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>508</b>	<b>1,541</b>	<b>(2,927)</b>	<b>(4,468)</b>

## ACCOUNTING INFORMATION

How we plan to fund the 2020/21 Work Programme	X
What has changed?	X
What will my new rates be?	X
Funding Impact Statement	X
Trade waste charges	X
Accounting policies	X
Financials	X
Statement of comprehensive revenue and expense	X
Statement of changes in net assets/equity	X
Statement of financial position	X
Cash flow statement	X
Summary of capital expenditure over \$100,000 in any one year	X
Financial reserves estimates	X
Council Controlled Organisations	X
Annual Plan disclosure statement	X



## Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

### How we plan to fund the 2020/21 work programme

This section of the Annual Plan outlines Nelson City Council's Financial Strategy for the next year. Council must, under the Local Government Act 2002, manage its assets, expenses, revenues, investments, liabilities and general financial dealings prudently. It must manage these in a manner that sustainably promotes the community's current and future interests.

#### *Keeping within the limits set out in our Financial Strategy*

A key priority for Council is to keep within the rating and debt limits that were set as part of last year's Long Term Plan. The following table summarises the Annual Plan 2020/21 values against those agreed in the Long Term Plan.

Benchmark	Limit	Planned	Met
<b>Rates affordability benchmark</b>			
-income	\$105m	\$77m	Yes
-increases	4.2%	0%	Yes
<b>Debt affordability benchmark</b>	<150%	97%	Yes
<b>Balanced budget benchmark</b>	>100%	97%	No
<b>Essential services benchmark</b>	>100%	251%	Yes
<b>Debt servicing benchmark</b>	<10%	2.5%	Yes

Council does not meet the balanced budget benchmark as significant proposed costs (contribution to the Waimea Dam of \$5 million and Nelson Plan costs of \$1.1 million) are designated as operating rather than capital expenses for Council. This benchmark is affected because Council intends to fund the expenditure from borrowings due to intergenerational equity considerations.

In response to the economic hardship brought by the COVID-19 lockdown, Council proposes an overall 0% rating increase in 2020/21 (compared to 3.1% in the Long Term Plan). The zero percent rates rise has been achieved through borrowings, noting that Council's debt levels remain within our financial limits and are below the levels planned in the Long Term Plan.

Total net debt is forecast to be \$115.7 million (compared to the \$138.7 million projected in the Long Term Plan) at the end of June 2021. The lower proposed debt forecast reflects lower opening debt levels anticipated at 30 June 2020 compared to the Long Term Plan.

Under the lens of COVID-19, Council has had to carefully consider the mix of projects and programmes that it intends to provide in 2020/21. Total operating expenditure is forecast to be \$122.9 million compared to \$119.8 million in the Long Term Plan for 2020/21. A portion of this increase relates to the Nelson Plan and is loan funded. Council revenues have also been examined, and total revenue has increased from \$129.2 million in the 2020/21 Long Term Plan to \$129.8.

Capital expenditure is proposed to be \$54.1 million in 2020/21 (excluding vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit), which is significantly higher than the Long Term Plan forecast of \$47.3 million. The larger work programme has been planned to rejuvenate our city and our region. The programme takes advantage of government subsidies and includes projects from 2019/20 that were deferred due to the COVID-19 lockdown.

## Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

### Commercial Differential

The commercial differential recognises the additional Council services that businesses receive, such as extra rubbish collection, street sweeping, and events to attract visitors. In the Long Term Plan, Council consulted on reducing the commercial differential by 0.5% each year for five years, to be reviewed annually.

Reducing the commercial differential reduces the rates collected from the City Centre and Stoke and allows a re-balancing of the relative rating contributions from commercial and residential properties. It also keeps our Central Business District competitive relative to other centres that do not have such a charge.

In the Long Term Plan, Council reduced the commercial differential for 2018/19 for the City Centre and Stoke commercial areas by 0.5%, subject to reassessing this at each Annual Plan. Council is implementing the 0.5% reduction again this year. This will mean that the City Centre and Stoke City Centre rates will increase by less than they would have without this change. Residential rates will increase slightly more as a result of this change.

In 2020/21, 23.6% of total rates are planned to be collected from commercial rates (0.5% reduction). With less rates collected from those commercial ratepayers in 2020/21, there will be an increase to residential rates, depending on land value.

### What has changed?

	Annual Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Final Annual Plan 2020/21 (\$000)	Difference to Long Term Plan 2020/21 (\$000)
Total Income	128,712	129,188	129,799	611
Total Operating Expenditure	112,867	119,771	122,856	3,085
Total Capital Expenditure*	41,436	46,997	54,078	7,081

\*Capital Expenditure excludes vested assets, capital staff costs and Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.

### What will my new rates be?

The net increase in rates for 2020/21 is set at 0%. For further information on how Council sets its rates and charges, please refer to the Funding Impact Statement section in the Supporting Financial Information document. The three yearly valuation of the city for rating purposes was undertaken in 2018. The new values were used as the basis for assessing rates as from 1 July 2019.

### Further information:

If you'd like to know what the net 0% rates rise means for your property, you can find out at [nelson.govt.nz/rates-search/](https://nelson.govt.nz/rates-search/)

## Funding Impact Statement

### HOW MUCH WILL MY RATES COST?

Total rates on each property in Nelson include payment for local authority (city council) and regional council services. Council is a unitary authority combining both of these functions. The final figure is made up of a combination of whichever of the following apply to your rating unit(s):

- General rate, which includes the uniform annual general charge (UAGC)
- Stormwater and flood protection charge
- Wastewater charge or commercial wastewater charge for sewage disposal
- Water annual charge
- Water volumetric rate

If part of scheme:

- Clean Heat Warm Home targeted rate
- Solar hot water targeted rate
- Postponement application charge
- Postponement interest.

### DIFFERENTIALS

Some rates are set on a differential basis, which adjust rates upwards or downwards, typically depending on whether more or less Council services are provided, for example commercial, rural or multi-unit properties.

### RATES AND CHARGES

The 'funding impact statement' sets out the rates and charges that are planned for the next year.

Unless otherwise stated, rates and charges are shown including GST.

### RATING UNITS

The projected number of rating units within Nelson at 30 June 2020 is 22,578.

The projected total capital value of rating units within Nelson at 30 June 2020 is \$16,231,295,750.

The projected total land value of rating units within Nelson at 30 June 2020 is \$7,470,893,700.

## Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

### **RATING OF SEPARATELY USED OR INHABITED PARTS (SUIP) OF A RATING UNIT**

#### **Definition**

A separately used or inhabited part of a rating unit includes any part separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, license or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used' by the owner for this separate purpose. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

The following are considered to be separately used or inhabited parts of a rating unit where the above requirements are met.

- Flats or apartments (including flats that share kitchen or bathroom facilities)
- Separately leased commercial areas of a rating unit
- Where there is multiple use of a single rating unit, such as a shop with a dwelling.

The following are not considered to be separately used parts of a rating unit:

- A residential sleep-out or granny flat without independent kitchen facilities
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities
- A bed and breakfast room with or without kitchen facilities
- Individual offices or premises of business partners
- Individually leased car parks
- Storage units
- Properties subject to statutory declarations for unoccupied or second residential units not being used as separate units.

#### **Examples of Rates for 2020/21**

To further clarify the rates changes from 2019/20 to those for the 2020/21 rating year a selection of properties has been shown to provide a guide. See pages X-X (the table is GST inclusive).

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Examples of Total Impact of General and Targeted Rates on Different Land Uses and Values (GST Inclusive)										
Property Type	2018 Land Value	2019/20 Rates	2020/21 Rates							
			General Rate	UAGC	Stormwater/ Flood Protection	Waste water	Water Annual Charge	Total Rates	% increase on 2019/20	\$ increase on 2019/20
Residential	\$147,000	\$2,199	\$764	\$435	\$335	\$477	\$201	\$2,212	0.60	\$13
	\$160,000	\$2,266	\$832	\$435	\$335	\$477	\$201	\$2,279	0.62	\$14
	\$175,000	\$2,343	\$910	\$435	\$335	\$477	\$201	\$2,357	0.64	\$15
	\$220,000	\$2,574	\$1,143	\$435	\$335	\$477	\$201	\$2,591	0.69	\$17
	\$275,000	\$2,856	\$1,429	\$435	\$335	\$477	\$201	\$2,877	0.74	\$21
	\$315,000	\$3,061	\$1,637	\$435	\$335	\$477	\$201	\$3,085	0.77	\$24
	\$370,000	\$3,344	\$1,923	\$435	\$335	\$477	\$201	\$3,371	0.81	\$27
	\$400,000	\$3,498	\$2,079	\$435	\$335	\$477	\$201	\$3,527	0.83	\$29
	\$435,000	\$3,678	\$2,261	\$435	\$335	\$477	\$201	\$3,709	0.85	\$31
	\$495,000	\$3,986	\$2,573	\$435	\$335	\$477	\$201	\$4,021	0.88	\$34
	\$650,000	\$4,782	\$3,378	\$435	\$335	\$477	\$201	\$4,826	0.93	\$44
	\$800,000	\$5,552	\$4,158	\$435	\$335	\$477	\$201	\$5,606	0.97	\$54
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	\$320,000	\$4,365	\$1,829	\$869	\$335	\$955	\$401	\$4,390	0.57	\$25
	\$1,100,000	\$8,570	\$6,289	\$869	\$335	\$955	\$201	\$8,649	0.92	\$79
Empty Residential Section (Water annual charge included if water meter is installed)	\$113,000	\$1,346	\$587	\$435	\$335			\$1,357	0.85	\$11
	\$295,000	\$2,481	\$1,533	\$435	\$335		\$201	\$2,504	0.93	\$23
	\$560,000	\$3,841	\$2,910	\$435	\$335		\$201	\$3,881	1.03	\$41
Small Holding (Water annual charge included if water meter installed)	\$370,000	\$2,476	\$1,731	\$435	\$335			\$2,501	1.02	\$24
	\$520,000	\$3,369	\$2,432	\$435	\$335		\$201	\$3,403	1.01	\$34
Rural (Water annual charge included if water meter installed)	\$920,000	\$3,506	\$3,108	\$435				\$3,543	1.05	\$36
	\$2,140,000	\$7,778	\$7,229	\$435			\$201	\$7,865	1.11	\$87
Commercial - Outside Inner City / Stoke - 1 Unit	\$475,000	\$7,849	\$7,013	\$435	\$335	\$119	\$201	\$8,103	3.24	\$254
Commercial - Outside Inner City / Stoke - 2 Units	\$530,000	\$8,632	\$7,825	\$435	\$335	\$119	\$201	\$8,915	3.28	\$283
Commercial - Outside Inner City / Stoke - 2 Units	\$205,000	\$5,114	\$3,027	\$1,304	\$335	\$358	\$201	\$5,225	2.17	\$111
Commercial - Stoke - 1 Unit	\$44,000	\$1,685	\$667	\$435	\$335	\$119	\$0	\$1,556	-7.66	-\$129
Commercial - Inner City - 2 Units	\$365,000	\$8,473	\$5,759	\$869	\$335	\$239	\$201	\$7,403	-12.64	-\$1,071
Commercial - Inner City - 2 Units	\$415,000	\$9,409	\$6,548	\$869	\$335	\$239	\$201	\$8,191	-12.94	-\$1,217
Commercial - Inner City - 1 Unit	\$1,450,000	\$28,231	\$22,877	\$435	\$335	\$119	\$201	\$23,967	-15.10	-\$4,265
This table does not include water charges based on consumption. This is charged at \$2.092 per cubic meter and an average residential ratepayer uses 160 m <sup>3</sup> costing \$334.72 (GST incl)										

The actual 2020/21 rates for each property are available on Council's website at <http://www.nelson.govt.nz/rates-search/>

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### GENERAL RATE

A general rate set under section 13 of the Local Government (Rating) Act 2002 is based on the ratable value of the land. General rates are set at different rates in the dollar of ratable value for different categories of ratable land. The general rate is 0.51973 cents in the land value dollar (including GST) for the 2020/21 rating year for the base differential category.

This compares to the previous year's rate of 0.51346 in the land value dollar for the base differential category.

### UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge (UAGC) is set under section 15 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit.

It is assessed:

- As a charge for services which have an equal element of benefit irrespective of property value
- To ensure a minimum charge on all properties
- To reduce the extremes of rates paid by the highest and lowest valued rating units
- In recognition that land valuation-based rating does not necessarily reflect a ratepayer's ability to pay.

Council will collect 14% of rates, excluding Solar Saver and Clean Heat Warm Homes targeted rates and water annual charge and water volumetric rate, through the UAGC.

The UAGC is \$434.64 including GST per separately used or inhabited part of a rating unit for the 2020/21 rating year. The charge for 2020/21 is \$0.58 lower than the charge of \$435.22 for the 2019/20 rating year.

The rates revenue sought from the uniform annual general charge and certain targeted rates set as a fixed amount is 19.78% of the total revenue from all rates sought by Council. This is well within the 30% limit set by Section 21 of the Local Government (Rating) Act 2002.

### DIFFERENTIALS

Differentials are adjustments to the rates of particular property types to better reflect the services provided by Council. Commercial properties pay higher rates to reflect additional services such as street cleaning and car parks. Properties classified as rural have a negative differential to reflect the fewer Council services provided to those properties.

### CATEGORIES OF DIFFERENTIALS BASED ON LAND USE

These differential categories are defined in accordance with the provisions of Schedule Two of the Local Government (Rating) Act 2002. The same definitions are also used to calculate the liability for some other rates. The differential categories are as follows:

#### General Rate

Residential – all rating units that are used primarily for residential purposes.

Multi Residential – all rating units that contain more than one residential dwelling that are capable of being used primarily for residential purposes.

Commercial – any rating unit which is used primarily for commercial use. Properties that have a portion of residential use shall have a reduced commercial differential.

Inner City Commercial – any rating unit which is used primarily for commercial use that is located within the Inner City Zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced inner city



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commercial differential.

Stoke Commercial – any rating unit which is used primarily for commercial use that is located within the Stoke commercial zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced Stoke commercial differential.

Rural – any rating unit having an area greater than 15 hectares which is used primarily for dairy, fattening and grazing, quarries, forestry or horticultural use and is recorded as rural on the District Valuation Roll.

Small Holding – any rating unit which is primarily used as a small holding and having an area greater than 0.5 hectares but is less than 15 hectares and is recorded as a small holding on the District Valuation Roll.

### Rating categories

Council has adopted the following differentials:

- Single residential with non-rateable portion and Multi Residential both have a plus 10% general rate differential
- Rural have a minus 35% general rate differential
- Small holdings have a minus 10% general rate differential

Commercial rates are set to collect 23.6% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. This has decreased from 24.1% in the Annual Plan 2019/20 and the reduction affects the inner city and Stoke commercial properties. 22.124% of this is funded from inner city commercial properties, 1.619% from Stoke commercial properties, while 76.257% is funded from commercial excluding inner city and Stoke commercial properties. This would result in commercial properties paying a total of \$18,063,800 (including water annual charge) in rates for the 2020/21 rating year compared to \$18,257,863 the previous year. The commercial zones of inner city and Stoke are defined in the Nelson Resource Management Plan.

### DIFFERENTIAL RATES FOR THE GENERAL RATE

Council's general rate is assessed on a differential basis.

Category 2020/21	Differential %	Cents in the dollar
Residential – single unit	0.0	0.51973
Residential empty section	0.0	0.51973
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.57170
Multi Residential	10.0	0.57170
Rural	-35.0	0.33782
Small holding	-10.0	0.46776

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**Commercial – excluding inner city and Stoke commercial**

100% commercial and industrial (occupied and empty)	184.075	1.47642
25% residential/75% commercial	138.1	1.23748
50% residential/50% commercial	92.0	0.99788
75% residential/25% commercial	46.0	0.75881

**Commercial – inner city**

100% commercial and industrial (occupied and empty)	203.565	1.57772
25% residential/75% commercial	152.7	1.31336
50% residential/50% commercial	101.8	1.04882
75% residential/25% commercial	50.9	0.78427

**Commercial – Stoke**

100% commercial and industrial (occupied and empty)	191.5	1.51501
25% residential/75% commercial	143.6	1.26606
50% residential/50% commercial	95.8	1.01763
75% residential/25% commercial	47.9	0.76868

The categories that are to be used for applying the general rate differential and the amount of total revenue (excluding volumetric water) to be collected from each category, for 2020/21, is as follows:

Category	Total Revenue to be collected (\$)
Residential	54,637,450
Multi-residential	4,529,712
Commercial (Inner City, Stoke and other)	18,063,800

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Rural	436,656
Small holding	1,815,109

Properties that have more than one use identified above will be placed into a rating category subject to the rating unit's majority use as determined by Council. The neutral base from which differentials are calculated is a residential property with a single dwelling.

Note: Objections to the Rating Information Database under Section 29 of the Local Government (Rating) Act 2002 will be reviewed by Council and Council is the sole determiner of rating categories

### **STORMWATER AND FLOOD PROTECTION CHARGE**

The stormwater and flood protection charge is a uniform targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is \$335.36 for the 2020/21 rating year. It recovers the funding required by Council for stormwater and flood protection purposes. It is assessed on all rating units excluding:

- Rural rating units
- Rating units east of the Gentle Annie saddle
- Saxton's Island
- Council's stormwater network

The charge for 2020/21 is \$4.89 higher than the charge of \$330.47 for the 2019/20 rating year.

### **TARGETED RATES FOR CLEAN HEAT WARM HOMES**

The Clean Heat Warm Homes (CHWH) rates are targeted rates under Section 16 of the Local Government (Rating) Act 2002 and are assessed on each separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner in accordance with agreement of the original ratepayer.

The cost to the community is from funding the interest on the borrowing for the assistance, the administration costs and any rate remissions. The CHWH scheme closed to new applicants from 30 May 2012, but interest costs continue until the last targeted rate is repaid in 2022.

For CHWH agreements dated before 1 July 2011, the targeted rate for each year is based on the agreement entered into with the ratepayer, adjusted for any change in GST.

For CHWH agreements dated on or after 1 July 2011, the targeted rate for each year for 10 years is the total cost of the installed works excluding GST, divided by 10, plus GST at the current rate.

The table below details the loan assistance bands:

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Loan Assistance Range	Installation after 30 Sept 2010	Completed prior to 30 Sept 2010
\$1,400 to \$1,599	\$140.00	\$143.11
\$1,600 to \$1,799	\$160.00	\$163.56
\$1,800 to \$1,999	\$180.00	\$184.00
\$2,000 to \$2,199	\$200.00	\$204.44
\$2,200 to \$2,399	\$220.00	\$224.89
\$2,400 to \$2,599	\$240.00	\$245.34
\$2,600 to \$2,799	\$260.00	\$265.78
\$2,800 to \$2,999	\$280.00	\$286.22
\$3,000 to \$3,199	\$300.00	\$306.67
\$3,200 to \$3,399	\$320.00	\$327.11
\$3,400 to \$3,599	\$340.00	\$347.56
\$3,600 to \$3,799	\$360.00	\$368.00
\$3,800 to \$3,999	\$380.00	\$388.44
\$4,000 to \$4,199	\$400.00	\$408.89
\$4,200 to \$4,399	\$420.00	\$429.34
\$4,400 to \$4,599	\$440.00	\$449.78
\$4,600 to \$4,799	\$460.00	\$470.22
\$4,800 to \$4,999	\$480.00	\$490.67

#### TARGETED RATE FOR SOLAR HOT WATER SYSTEMS

The Solar Saver charge is a targeted rate collected under Section 16 of the Local Government (Rating) Act 2002 on each separately used or inhabited part of a rating unit where the owner has been provided with financial assistance to install a Solar Hot Water System (SHWS).

The targeted rate applying to any participating property is determined on the extent of provision of service by the net cost of the work including GST, after deducting Energy Efficiency & Conservation Authority (EECA) grants, plus the funding cost. The full cost of the works and Council's costs of borrowing and administering the scheme are paid over a 10 year period by the homeowner receiving the service.

Calculation factors:

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST
- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.

The CHWS scheme closed to new applicants from 30 June 2012.

#### WASTEWATER CHARGE

A targeted rate is set under Section 16 of the Local Government (Rating) Act 2002 to recover the costs required for Council's wastewater and sewage disposal system. This charge is assessed to all rating units to which Council's wastewater and sewage disposal service is connected either directly or through a private drain to a public waste water drain.

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The wastewater charge for residential, multiresidential, rural and smallholding properties is \$477.33 per separately used or inhabited part of a rating unit including GST for the 2020/21 rating year compared to the previous year's rate of \$477.93. The same definition of the differential categories for the general rate is used for the wastewater charge.

The wastewater charge for commercial properties is set at \$119.33 per separately used or inhabited part of a rating unit being 25% of the charge for the residential, multiresidential, rural and smallholding properties. Commercial properties are also assessed wastewater charges based on Council's Trade Waste Bylaw. These charges are set out in the Commercial Wastewater Charge – Trade Waste Charges section of this Annual Plan 2020-21.

### WATER RATES

Nelson's water rates are targeted rates for water supply set under sections 16 and 19 of the Local Government (Rating) Act 2002 which together recover the funding required by Council to supply water.

### WATER ANNUAL CHARGE

A fixed annual charge set per connection under Section 16 of the Local Government (Rating) Act 2002 on all rating units where a water meter is installed on the property.

The annual rate for 2020/21 is \$200.60 per connection including GST compared with \$200.40 in the previous year.

### WATER VOLUMETRIC RATE

A charge for the quantity of water provided set under Section 19 of the Local Government (Rating) Act 2002 according to the following scale. These charges are invoiced separately from the other rates.

The cost per cubic meter is set out in the table below

### WATER CHARGES – RESIDENTIAL, COMMERCIAL AND INDUSTRIAL INCLUDING GST

Amount/type	Cost (\$ per m3) 2019/20	Cost (\$ per m3) 2020/21
Usage up to 10,000m <sup>3</sup> per year	2.137	2.092
Usage from 10,001 to 100,000m <sup>3</sup> per year	1.883	2.006
Usage over 100,000m <sup>3</sup> per year	1.486	1.584
Summer irrigation usage over 10,000m <sup>3</sup> per year	2.010	2.049

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The water rates represent an average decrease of 0.6% for the 2020/21 year for an average water user.

Note: an average residential water user uses 160m<sup>3</sup> per annum.

Lump sum contributions will not be invited in respect of any targeted rate.

### **PAYMENTS, PENALTIES AND DISCOUNTS**

#### **Payment methods for rates**

Payment for rates can be made by Cash, cheque, EFTPOS, direct debit, direct credit, internet banking, telephone banking and credit card.

#### **Penalty on unpaid rates (excluding water volumetric rates)**

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 5% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 20 August 2020, 20 November 2020, 22 February 2021 and 20 May 2021. Previous year's rates that remain unpaid will have a further 5% penalty added on 8 July 2020 and 8 January 2021.

#### **Penalty on unpaid water volumetric rates**

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 5% is added to each water account or part thereof that is unpaid after the last date for payment. The penalty is added three working days after the last day for payment.

#### **Penalty remission on full payment of yearly rates**

The total annual rates, excluding water volumetric rates, may be paid in one lump sum by 20 November 2020 and any first instalment penalty already incurred will be remitted.

#### **Discount for early payment of rates**

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water volumetric rates, will be allowed where they are paid in full on or before 20 August 2020.

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**NELSON CITY COUNCIL FUNDING IMPACT STATEMENT**

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	49,471	51,296	49,872	(1,424)
Targeted rates including water by meter	27,177	28,384	27,451	(933)
Subsidies and grants for operating purposes	4,137	3,955	4,999	1,044
Fees and charges	10,583	10,883	10,319	(564)
Interest and dividends from investments	3,608	3,686	2,758	(928)
Local authorities fuel tax, fines, infringement fees, and other receipts	14,480	14,834	12,670	(2,164)
<b>Total Operating Funding</b>	<b>109,456</b>	<b>113,038</b>	<b>108,069</b>	<b>(4,969)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	81,922	86,779	92,481	5,702
Finance costs	3,961	5,886	3,011	(2,875)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>85,883</b>	<b>92,665</b>	<b>95,492</b>	<b>2,828</b>
<b>Surplus (Deficit) of operating funding</b>	<b>23,573</b>	<b>20,373</b>	<b>12,576</b>	<b>(7,797)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	6,242	5,112	10,150	5,038
Development and financial contributions	3,499	3,701	3,537	(164)
Increase (decrease) in debt	2,936	25,810	28,266	2,456
Gross proceeds from sale of assets	9,208	27	9,209	9,182
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>21,885</b>	<b>34,650</b>	<b>51,162</b>	<b>16,512</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	6,602	9,149	8,892	(257)
- to improve level of service	24,382	31,996	39,266	7,270
- to replace existing assets	15,753	11,833	15,294	3,461
Increase (decrease) in reserves	2	334	0	(334)
Increase (decrease) in investments	(1,281)	1,711	286	(1,425)
<b>Total applications of capital funding</b>	<b>45,458</b>	<b>55,023</b>	<b>63,738</b>	<b>8,715</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(23,573)</b>	<b>(20,373)</b>	<b>(12,576)</b>	<b>7,797</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	23,573	20,373	12,576	(7,797)
Subsidies and grants for capital expenditure	6,242	5,112	10,150	5,038
Development and financial contributions	3,499	3,701	3,537	(164)
Vested Assets	8,774	7,311	7,311	0
Gains on sale	0	0	0	0
Depreciation	(26,984)	(27,106)	(27,364)	(258)
Other non-cash income	741	27	732	705
Other non-cash expenditure	0	0	0	0
<b>Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense</b>	<b>15,845</b>	<b>9,417</b>	<b>6,942</b>	<b>(2,475)</b>

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## Commercial Wastewater Charge – Trade Waste Charges

Wastewater charges for commercial properties are set according to Council's Trade Waste Bylaw. The methodology for calculating the charges to commercial producers is complicated, but in summary Council examines the flow rates and effluent strength during the previous three years to calculate charges for the following year.

Two methods are used for commercial properties:

- Method A is applied to the largest trade waste contributor and the charge is calculated on both discharge rates and effluent strength. Charges are highest for the most concentrated and larger volumes.
- Method B applies to all other trade waste contributors, of which there are approximately 2000 in Nelson city. The charge is calculated based on the estimated volume of effluent discharged. The estimate assumes the amount of wastewater is 80% of the volume of incoming water.
- Total trade waste revenue for 2020/21 is estimated to be \$1,522,584

For 2020/21, the GST inclusive trade waste charges are:

- Trade waste A conveying charge \$663.96 per litre per minute
- Trade waste A treatment charge \$1,137.18 per kg BOD\* per day
- Trade waste B combined charge \$2.06 per m<sup>3</sup>
- Wastewater charge \$119.33 per year.

\*BOD is the biochemical oxygen demand, or effluent strength.

For the previous year, 2019/20, the GST inclusive trade waste charges were:

- Trade waste A conveying charge \$633.73 per litre per minute
- Trade waste A treatment charge \$1,128.54 per kg BOD\* per day
- Trade waste B combined charge \$2.00 per m<sup>3</sup>
- Wastewater charge \$119.48 per year.

### Method A: quality/quantity approach

The largest commercial contributor is monitored every three months and the waste stream sampled over four days to measure the discharge rate and effluent strength as BOD, the biochemical oxygen demand. The trade waste charge is then calculated using the conveyance, which is the amount discharged, and treatment rates from the method of charging schedule. These rates are determined annually. The conveyance rate is calculated by dividing the estimated conveyance costs for the coming financial year by the average of the previous three year's average flows. The treatment rate is calculated by dividing the estimated treatment costs for the coming financial year by the average of the previous three year's BOD loadings.

The 2020/21 charges compared with the previous year's charges are:

### CONVEYING (\$/ANNUM/LITRE/MINUTE), INCLUDING GST

Year	Total Cost (\$)	Average Flow Rate (litres/minute)	Cost/Litre/Minute (\$)
2019/20	7,232,821	11,413	633.73
2020/21	6,678,520	11,567	663.96

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**TREATMENT (\$/KG BOD/DAY), INCLUDING GST**

Year	Total Cost (\$)	Average BOD loading (kg/day)	Cost/kg/ BOD/day (\$)
2019/20	4,782,130	4,237	1,128.54
2020/21	4,218,864	4,266	1,137.18

**Method B: quantity approach**

For all other commercial premises, the trade waste charge is simply based on the volume of effluent assessed as being discharged from the premises.

This effluent volume is calculated by multiplying the volume of water supplied into the premises by a correlation factor. The correlation factor is usually set at 0.8 unless another figure is agreed. It is assumed that 80% of the water that is distributed to a commercial property is subsequently discharged as wastewater. The trade waste charge is then calculated using a combined conveyance and treatment rate. This rate is determined annually by dividing the estimated cost of operating the sewerage system for the coming financial year by the average of the previous three year's total effluent volume. Initially, all trade waste ratepayers pay the wastewater rate that is then deducted from the trade waste charges. Any surplus is not refunded. The deficit is the payable trade waste charge.

The 2020/21 charges compared with the previous year's charges are:

**CONVEYING AND TREATMENT, INCLUDING GST**

Year	Total Cost (\$)	Total effluent volume (m3)	Cost/m3 (\$)
2019/20	12,014,952	5,998,738	2.00
2020/21	10,897,385	6,079,864	2.06

## Accounting Policies

### Reporting entity

The Nelson City Council Group consists of Nelson City Council, its subsidiaries and associates and joint ventures.

The information provided in these prospective financial statements includes the operation of Nelson City Council ('Council') only, as Council considers that this provides the clearest and most relevant information about the cost of services provided to ratepayers and consequently the rates income that is required to fund those services. The level of rates funding required to provide core services is not affected by other members of the group except to the extent that Council receives distributions from, or further invests in, those other members. The effects of such transactions are included in the prospective financial statements of the Council.

### Basis of preparation

These prospective statements of Nelson City Council are for the year from 1 July 2020. The forecast information was authorised for issue by Council on 30 June 2020.

This prospective financial information is based upon the financial statements as published in the June 2019 Annual Report, and adjusted to incorporate updated assumptions and council decisions made for the purpose of this Annual Plan. Actual financial results are likely to be different from these Prospective Financial Statements, and that difference may be material.

### Statement of compliance

This forecast information has been prepared in accordance with the requirements of the Local Government Act 2002. With the exception of the Funding Impact Statements this forecast information has also been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) as it relates to prospective financial information and PBE FRS 42 – prospective financial statements. They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The prospective financial statements have been prepared in accordance with Tier 1 PBE standards.

The Funding Impact Statements (FIS) do not comply with GAAP as they do not recognise depreciation and movements in the valuation of assets and also they do not show capital income (Subsidies and Development Contributions) as operating income. A reconciliation is provided between the FIS surplus/(deficit) of operating funding and the Statement of Comprehensive Revenue.

### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Entity and its subsidiaries and associate is New Zealand dollars.

### Summary of Significant Accounting Policies

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

The following particular accounting policies, which materially affect the anticipated results, have been applied.

### Revenue

Revenue is measured at the fair value of consideration received or receivable.



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### *Exchange and non-exchange transactions*

An exchange transaction is one in which Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transactions are where Council receives value from another entity without giving approximately equal value in exchange.

The specific accounting policies for significant revenue items are explained below:

### *Rates revenue*

Rates are set annually by a resolution from Council and relate to a financial year. All customers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

All rates with the exception of water by meter are non-exchange transactions. Water by meter charges are exchange transactions.

### *Government grants*

Council receives government grants, in the main from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. Government grants are generally non-exchange transactions.

### *Provision of commercially based services*

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. These are exchange transactions and include rents and resource and building consents.

### *Vested assets*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as income when control over the asset is obtained. This is non-exchange revenue.

### *Sales of goods*

Revenue from the sale of goods is recognised when a product is sold to the customer. These are exchange transactions.

### *Traffic and parking infringements*

Revenue from traffic and parking infringements is recognised when paid. This income is non-exchange revenue.

### *Interest and dividends*

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Interest and dividends are considered income from exchange transactions.

### *Development and financial contributions*

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service. Development and financial contributions are non-exchange transactions.

### *Suspensory Loans*

The Council considers that suspensory loans are in substance a grant with conditions and has recognised the funds received as a liability and releases the liability to revenue on a

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straight line basis over the term of the agreement(s). This is in substance a non-exchange transaction.

### **Expenditure**

#### *Borrowing costs*

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

#### *Foreign currency transactions*

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

#### *Grant expenditure*

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

#### *Operating leases*

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Any lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

### **Receivables**

Short term debtors and other receivables are recorded at their face value, less any provision for impairment.

### **Derivative financial instruments**

The Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently re measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The valuation at balance date is performed by Hedgebook Limited.

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are taken directly to the surplus or deficit for the year. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The net differential paid or received on

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interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the agreement.

Swaps are classified as non-current if the remaining maturity is more than 12 months, and as current if the remaining maturity is less than 12 months.

Although some members of the Group do so, the Council (parent) does not apply hedge accounting for its derivative financial instruments.

### **Fixed Assets**

Property, plant, and equipment consist of:

- **Operational Assets** – these include land, buildings, improvements, motor vehicles, plant and equipment, library books, forestry and the marina.
- **Restricted Assets** – restricted assets are land, buildings and improvements, which are owned by Council but which benefit or service the community.
- **Heritage Assets** – Heritage Assets – include museum artefacts, collections and historical buildings and monuments.
- **Infrastructure Assets** – infrastructure assets are the fixed utility systems owned by Council. These include the roading, water, sewer and stormwater networks.

### *Revaluation*

All asset classes are carried at depreciated historical cost with the exception of infrastructure assets apart from land under roads and land (operational and restricted). These are re valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### *Additions*

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Entity and Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

New Council assets that are added between valuations are recorded at cost except when acquired through a non-exchange transaction. Where an asset is acquired through a non-exchange transaction, such as vested assets, it is recognised at fair value as at the date of acquisition. Vested assets are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. The fair value is based on the actual quantities of infrastructure components and the current "in the ground" cost of providing identical services.

### *Disposals*

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the

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surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

### *Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Entity and the cost of the item can be measured reliably.

### *Depreciation*

Depreciation has been provided on a straight line basis on all fixed assets, other than forestry, heritage, operational land, restricted land, land under roads and the marina basin at rates that will write off the cost or valuation of the assets to their estimated residual values over their useful lives.

Assets depreciated are as follows:

ASSET	DEPRECIABLE LIFE (YEARS)
<b>Operational</b>	
Buildings	50-100
Improvements	Nil-20
Motor vehicles	7
Plant and equipment	2-30
Library books	3-10
Marina	30-50
<b>Restricted</b>	
Buildings	50-100
Improvements	Nil-20
<b>Roading</b>	
Roads formation	n/a
Sub-base	n/a
Basecourse	5-80
Surfacing (sealed)	1-50
Surfacing (unsealed)	n/a
Bridges	20-100
Retaining/sea walls	30-100
Box culverts	60-90

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Footpaths	5-100
Streetlights	20-60
Signs	15
<b>Water supply</b>	
Pipeline	55-120
Manholes	58-110
Reservoirs and tanks	100
Dams	10-200
<b>Wastewater</b>	
Pipeline	40-120
Manholes	80
Pump stations	10-50
Oxidation pond	15-151
<b>Stormwater</b>	
Pipeline	50-90
Bank protection	25-100
Manholes	90
<b>Solid Waste</b>	
Pipes	60-90
Ponds and dam	100
Gas flare	20
Resource consents	24

#### **Impairment of Property, Plant and Equipment and Intangible Assets**

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired, and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

#### **Other Fixed Assets including Biological Assets, Intangible Assets, Investment Property, and Work in Progress**

##### *Biological assets*

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2019. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.



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### *Intangible assets*

#### **Software acquisition and development**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use, are recognised as an intangible asset. Direct costs include the software development employee related costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

#### **Amortisation**

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

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

Intangible Asset	Useful life (years)	Amortisation rate
Computer software	3 - 10	10 – 33%

### *Inventory*

Inventories are valued at cost or net realisable value, whichever is lower. For the purposes of arriving at the cost, the weighted average cost method is used.

### *Work in progress*

Profits on contracts are recognised progressively over the period of each contract. The contract amount included in the surplus or deficit, and the value of work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on contracts are recognised immediately.

### *Investment property*

Investment property is measured initially at its cost, including transaction costs.

Council's investment property is valued annually at fair value as at 30 June. Investment properties were valued based on open market evidence. The valuation was performed by Telfer Young (Nelson) Limited and changes in valuation are recognised in the surplus or deficit.

### *Other financial assets*

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade date, the date on which the Council and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Entity and Group has transferred substantially all the risks and rewards of ownership.

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

- fair value through surplus or deficit;
- loans and receivables; and
- held to maturity investments; and
- fair value through other comprehensive revenue and expense.

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

### ***Financial assets at fair value through surplus or deficit***

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking.

Derivatives are also classified as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy.

### ***Loans and receivables (including cash and cash equivalents and other receivables)***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Trade and other receivables are initially measured at fair value, subsequently measured at amortised cost using the effective interest method less any provision for impairment and are stated at expected realisable value after providing for doubtful and uncollectable debts. Any accounts considered to be unrecoverable are written off at year end.

Loans made to community organisations if at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the current value and the face value of the expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

### ***Held to maturity investments***

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

With the exception of shares in the Local Government Insurance Corporation, which are recorded at their net asset value, investments other than in associated entities are measured after initial recognition at amortised cost, using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in surplus or deficit.

### ***Financial assets at fair value through other comprehensive revenue and expense***

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management

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intends to dispose of, or realise, the investment within 12 months of balance date. The Entity and Group includes in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

### *Impairment of financial assets*

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the instruments. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

### ***Financial assets at fair value through other comprehensive revenue and expense***

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.



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### **Borrowings**

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Entity or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

### **Creditors and other payables**

Short term creditors and other payables are recorded at their face value.

### **Employee entitlements**

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Provision has been made for annual leave due and retirement gratuities calculated on an actual entitlement basis at current rates of pay. The provision for long service leave is based on an actuarial calculation.

### **Superannuation schemes**

#### *Defined contribution schemes*

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

### **Provisions**

The Regional Landfill Business Unit (a joint activity with Tasman District Council) has a legal obligation to provide ongoing maintenance and monitoring services at landfill sites after closure. This provision is calculated on the basis of discounting closure and post-closure costs into present day values. The calculation assumes no change in resource consent conditions for closure and post-closure treatment. Nelson City Council has consolidated its 50% share of this provision.

### **Income tax**

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities

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

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

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Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity

### **Goods and services tax**

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statements of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Cost allocation**

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

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

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

### **Equity**

Equity is the community's interest in the Entity and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- accumulated funds;
- restricted reserves;
- property revaluation reserves;
- Council created reserves

#### *Restricted reserves*

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Entity. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

#### *Council created reserves*

Part of the accumulated balance established at the will of the Council. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

#### *Revaluation reserves*

The results of revaluing land, infrastructural assets and derivative instruments are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in

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the surplus or deficit. To the extent that increases in value offset previous decreases debited to the surplus or deficit, the increase is credited to the surplus or deficit.

### **Critical accounting estimates and assumptions**

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

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

#### *Infrastructural assets*

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

The revaluation of infrastructural assets is carried out in house by council engineering staff, and is then peer reviewed by experienced independent valuers.

## Financials

Council's Annual Plan 2020/21 covers the period 1 July 2020 to 30 June 2021. It incorporates operating and capital expenditure for the period for the core Council entity – consolidated statements have not been prepared to include subsidiaries.

In this section, financial information is provided at a summary level but more detailed information for each activity and group of activities is included throughout the document.

This Annual Plan achieves the following:

- In general terms, maintains the current level of service for each of the Council activities.
- An ability to maintain the condition of the city's assets, although there is only limited provision for unforeseen events.
- A capital programme of \$54.1 million, which is \$6.8 million more than what was planned in the Long Term Plan.
- Forecast net debt of \$115.7 million at the end of June 2021.
- A net 0% change in the total rates requirement for 2020/21, after allowing for a 0.6% growth in the rating base.

To provide a degree of certainty to ratepayers, the Financial Strategy sets limits on rate increases and levels of debt in each year of the Long Term Plan 2018-28. The table in the Annual Plan disclosure statement of this Annual Plan 2020/21 discloses Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

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## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Revenue</b>				
Rates other than metered water, net of remissions	68,003	70,668	68,640	(2,028)
Subsidies and grants	10,379	9,067	15,149	6,082
Fees and charges including metered water	30,034	28,684	28,425	(259)
Other Revenue	20,249	20,731	17,553	(3,178)
Interest received	9	9	2	(7)
Other gains/losses	39	29	30	1
<b>Total Revenue</b>	<b>128,712</b>	<b>129,188</b>	<b>129,799</b>	<b>611</b>
<b>Expenses</b>				
Personnel costs	22,358	20,701	22,932	2,231
Finance costs	3,961	5,886	3,011	(2,875)
Depreciation and amortisation	26,984	27,106	27,364	258
Other expenses	59,564	66,078	69,549	3,471
<b>Total Expenses</b>	<b>112,867</b>	<b>119,771</b>	<b>122,856</b>	<b>3,085</b>
<b>Net Surplus/(Deficit) before Taxation</b>	<b>15,845</b>	<b>9,417</b>	<b>6,942</b>	<b>(2,475)</b>
Taxation	0	0	0	0
<b>Net Surplus/(Deficit)</b>	<b>15,845</b>	<b>9,417</b>	<b>6,942</b>	<b>(2,475)</b>
Increase in asset revaluation reserves	43,865	21,285	20,153	(1,132)
<b>Total Other Comprehensive Revenue and Expense</b>	<b>43,865</b>	<b>21,285</b>	<b>20,153</b>	<b>(1,132)</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>59,710</b>	<b>30,702</b>	<b>27,095</b>	<b>(3,607)</b>

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### STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Equity at beginning of year	1,495,121	1,532,758	1,544,305	11,547
Total comprehensive revenue and expense	59,710	30,702	27,095	(3,607)
<b>Equity at end of year</b>	<b>1,554,831</b>	<b>1,563,460</b>	<b>1,571,400</b>	<b>7,940</b>

The 2020/21 Annual Plan equity at the beginning of the year is based on 2018/19 Annual Report closing balance plus a forecast for 2019/20, and therefore is not equal to 2019/20 Annual Plan equity at end of year.

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**STATEMENT OF FINANCIAL POSITION**

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>Current Assets</b>				
Cash and cash equivalents	2,432	937	5,056	4,119
Inventories	0	0	0	0
Trade and other receivables	13,048	13,193	15,659	2,466
Other financial assets	2,602	431	2,981	2,550
Taxation	0	0	0	0
Derivative financial instruments	0	0	0	0
Non-Current assets held for sale	0	0	0	0
<b>Total Current Assets</b>	<b>18,081</b>	<b>14,561</b>	<b>23,696</b>	<b>9,135</b>
<b>Non Current Assets</b>				
Trade and other receivables	0	0	0	0
Investments accounted for using the equity method	36,663	38,163	36,663	(1,500)
Investment in subsidiaries	8,200	8,200	8,200	0
Investment properties	1,201	1,193	1,234	41
Other financial assets	2,859	5,242	3,724	(1,518)
Intangible assets	2,380	2,256	2,897	641
Biological assets	3,704	4,391	4,411	20
Property, plant, and equipment*	1,603,053	1,651,911	1,644,992	(6,919)
Derivative financial instruments	0	25	0	(25)
<b>Total Non Current Assets</b>	<b>1,658,060</b>	<b>1,711,381</b>	<b>1,702,121</b>	<b>(9,260)</b>
<b>Total Assets</b>	<b>1,676,141</b>	<b>1,725,942</b>	<b>1,725,816</b>	<b>(126)</b>
<b>Current Liabilities</b>				
Bank overdraft	0	0	0	0
Trade and other payables	16,368	13,128	17,272	4,144
Provisions	267		148	148
Employee benefit liabilities	2,175	2,258	2,478	220
Taxation payable	0	0	0	0
Current portion of borrowings	24,123	4,623	5,592	969
Derivative financial instruments	116	40	290	250
<b>Total Current Liabilities</b>	<b>43,049</b>	<b>20,049</b>	<b>25,779</b>	<b>5,730</b>
<b>Non Current Liabilities</b>				
Trade and other payables	399	110	572	462
Provisions	1,563	1,675	2,480	805
Employee benefit liabilities	240	248	197	(51)
Derivative financial instruments	6,058	5,401	10,273	4,872
Non-current portion of borrowings	70,000	135,000	115,115	(19,885)
<b>Total Non-Current Liabilities</b>	<b>78,261</b>	<b>142,434</b>	<b>128,637</b>	<b>(13,797)</b>
<b>Total Liabilities</b>	<b>121,310</b>	<b>162,483</b>	<b>154,416</b>	<b>(8,066)</b>
<b>Net Assets</b>	<b>1,554,831</b>	<b>1,563,460</b>	<b>1,571,400</b>	<b>7,941</b>
<b>Ratepayer's Equity</b>				
Accumulated comprehensive revenue and expense	553,479	563,796	554,284	(9,512)
Other reserves	1,001,352	999,664	1,017,116	17,452
<b>Total Ratepayer's Equity</b>	<b>1,554,831</b>	<b>1,563,460</b>	<b>1,571,400</b>	<b>7,940</b>

Opening balances for 2020/21 Annual Plan have been derived from 2018/19 Annual Report closing balances plus a forecast for 2019/20, as this represents a more recent and accurate assessment than the 2019/20 Annual Plan closing balances.



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## CASH FLOW STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Receipts from rates revenue	76,648	79,355	77,323	(2,032)
Subsidies and grants received	10,379	9,067	15,149	6,082
Receipts from other revenue	24,854	25,195	22,709	(2,486)
Development and financial contributions	3,499	3,701	3,537	(164)
Interest Received	9	9	2	(7)
Dividends Received	3,599	3,677	2,756	(921)
	<b>118,988</b>	<b>121,004</b>	<b>121,476</b>	<b>472</b>
<b>Cash was disbursed to:</b>				
Payments to suppliers	59,279	65,529	69,227	3,698
Payments to employees	22,318	20,662	22,882	2,220
Interest Paid	3,961	5,709	3,011	(2,698)
Tax Paid/(refund)	0	0	0	0
	<b>85,558</b>	<b>91,900</b>	<b>95,121</b>	<b>3,221</b>
<b>Net Cash Flows from Operating Activities</b>	<b>33,430</b>	<b>29,104</b>	<b>26,356</b>	<b>(2,748)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Sale of Investments and properties for resale	8,383	0	0	0
Repayment of LGFA* borrower notes	160	320	0	(320)
Sale of biological assets	380	0	179	179
Sale of fixed assets	825	8,410	9,209	799
Repayment of community loans and advances	1,231	397	397	0
	<b>10,979</b>	<b>9,127</b>	<b>9,785</b>	<b>658</b>
<b>Cash was disbursed to:</b>				
Investments in LGFA* borrower notes	80	880	640	(240)
Community loans advanced	0	0	0	0
Other investments	0	1,500	0	(1,500)
Purchase of biological assets	121	40	144	104
Purchase of intangible assets	0	0	0	0
Purchase of fixed assets:				
Renewals	15,753	11,685	15,294	3,609
New works - growth	6,602	9,149	8,892	(257)
New works - Increased level of service	24,382	31,996	39,266	7,270
	<b>46,938</b>	<b>55,250</b>	<b>64,236</b>	<b>8,986</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(35,959)</b>	<b>(46,123)</b>	<b>(54,451)</b>	<b>(8,328)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Proceeds from borrowings	2,529	34,022	19,760	(14,262)
<b>Cash was applied to:</b>				
Repayment of borrowings	10,000	16,860	5,000	(11,860)
<b>Net Cash Flows from Financing Activities</b>	<b>(7,471)</b>	<b>17,162</b>	<b>14,760</b>	<b>(2,402)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(10,000)</b>	<b>143</b>	<b>(13,335)</b>	<b>(13,478)</b>
<b>Add Opening Cash Balance</b>	<b>12,432</b>	<b>794</b>	<b>18,391</b>	<b>17,597</b>
<b>Closing Balance</b>	<b>2,432</b>	<b>937</b>	<b>5,056</b>	<b>4,119</b>
<b>Represented by:</b>				
Cash and Cash Equivalents	2,432	937	5,056	4,119

The opening cash balance for 2020/21 Annual Plan is based on the 2018/19 Annual Report closing balance plus a forecast for 2019/20 and therefore is not equal to the 2019/20 Annual Plan closing balance.

\* Local Government Funding Agency



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SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000 IN ANY ONE YEAR

Project	Annual Plan 2019/20	Long-Term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
	\$	\$	\$	\$
<b>CORPORATE</b>				
<b>Civic Expenses</b>				
Christmas decorations CBD	51,100	52,224	100,000	47,776
<b>Civic House</b>				
Floor 1 upgrade	800,000	-	-	-
Aircon	400,000	52,224	50,000	(2,224)
Capital: Furniture & Fittings	30,000	18,801	120,000	101,199
Building modifications	50,000	1,357,824	-	(1,357,824)
Civic House Renewal Program	174,498	5,222	135,898	130,676
Floor 6 fit out/ upgrade	100,000	-	100,000	100,000
Civic House Ceiling Tiles	-	-	400,000	400,000
<b>Strategy</b>				
Haven precinct capital works	558,800	-	-	-
<b>Administration</b>				
Aerial Photography Programme	136,000	-	152,000	152,000
Upgrade TOTSM	-	104,448	104,448	-
Capital: Motor Vehicles	143,622	90,327	150,000	59,673
Core Systems enhancement	275,940	282,010	282,010	-
<b>Corporate Projects under \$100,000</b>	<b>728,963</b>	<b>412,487</b>	<b>918,717</b>	<b>506,230</b>
<b>Total Corporate</b>	<b>3,448,923</b>	<b>2,375,567</b>	<b>2,513,073</b>	<b>137,506</b>
<b>ECONOMIC</b>				
<b>Economic Development</b>				
CBD Enhancements	590,000	208,896	924,000	715,104
<b>Total Economic</b>	<b>590,000</b>	<b>208,896</b>	<b>924,000</b>	<b>715,104</b>
<b>ENVIRONMENTAL MANAGEMENT</b>				
<b>Monitoring the Environment</b>				
Healthy Streams	110,478	112,908	142,908	30,000
Renewals: Monitoring Equipment	75,282	41,779	107,061	65,282
Plant & Equipment	86,870	104,448	181,005	76,557
<b>City Development</b>				
Upper Trafalgar Street Pedestrian Precinct	250,000	-	-	-
<b>Environmental Management Projects under \$100,000</b>	<b>38,667</b>	<b>62,477</b>	<b>10,800</b>	<b>(51,677)</b>
<b>Total Environmental Management</b>	<b>561,297</b>	<b>321,612</b>	<b>441,774</b>	<b>120,162</b>
<b>FLOOD PROTECTION</b>				
Maitai flood management	51,100	104,448	150,000	45,552
Brook Stream fish passage	51,100	167,117	167,117	-
Brook Stream Catchment Improvements	-	112,908	50,000	(62,908)
Inventory of Urban Streams	251,400	104,448	104,448	-
Review of Jenkins & Arapiki (airport)	-	121,433	121,433	-
Flood Mitigation	161,610	165,165	165,165	-
Saxton Creek upgrade	1,300,000	-	2,350,000	2,350,000
Minor Flood improvement prgm	300,000	-	-	-
Whakatu Drive (Storage World)	600,000	-	80,000	80,000

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Project	Annual Plan 2019/20	Long-Term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
Secondary Flow Paths	102,200	-	-	-
Saxton Creek Culvert Upgrade	150,000	3,951,790	300,000	(3,651,790)
Orphanage Stream - bunding and Suffolk Road Culvert	918,480	668,467	970,000	301,533
Vested Assets	169,652	173,384	173,384	-
<b>Flood Protection Projects under \$100,000</b>	<b>300,051</b>	<b>288,680</b>	<b>456,079</b>	<b>167,399</b>
<b>Total Flood Protection</b>	<b>4,355,593</b>	<b>5,857,840</b>	<b>5,087,626</b>	<b>(770,214)</b>
<b>PARKS &amp; ACTIVE RECREATION</b>				
<b>Public Gardens</b>				
Isel park bridge upgrade	100,000	130,560	5,000	(125,560)
Miyazu Garden Pond Relining	170,000	36,557	10,000	(26,557)
<b>Neighbourhood Parks</b>				
Land Purchase: General Reserve	1,198,211	835,584	1,833,795	998,211
Atawhai Reserve Improvements	91,980	156,673	230,000	73,327
Paddys Knob reserve development	180,000	-	-	-
<b>Landscape reserves</b>				
Landscape reserves	50,000	208,897	-	(208,897)
Maitai MTB Hub	715,400	182,784	769,896	587,112
Eureka Park walkway development	25,000	156,672	56,672	(100,000)
Retired forestry block conversion programme	229,000	-	205,000	205,000
MTB Trail Maitai camp to Maitai Dam	100,000	-	100,000	100,000
<b>Esplanade &amp; Forshore</b>				
Modellers Pond Solution	-	-	105,000	105,000
Renewals: Structures	92,342	15,667	125,667	110,000
Poormans walkway (Main rd - Neale ave)	800,000	313,344	985,000	671,656
Curtis St footbridge (link to Manu Kau Rsrv)	-	156,672	-	(156,672)
Almond Tree flats to Maitai track connection	30,600	104,448	-	(104,448)
Wakefield Quay sea wall renewal	-	282,010	50,000	(232,010)
Wakapuaka Sandflats Esplanade shared path	-	313,344	285,089	(28,255)
Dog exercise park	10,220	73,114	158,720	85,606
<b>Walkways</b>				
Tahuna Beach to Great Taste Trail (airport)	609,998	-	370,757	370,757
<b>Sports Parks</b>				
Saltwater Cr bridge (Haven Rd - Traf Centre)	-	-	105,000	105,000
Rutherford Park - Saltwater Cr path landscaping	-	470,016	-	(470,016)
<b>Pools</b>				
Renewals: Minor Assets	10,220	10,445	185,830	175,385
Renewals: Riverside	61,320	135,782	61,320	(74,462)
Riverside Pool water heating system renewal	300,000	-	270,000	270,000
<b>Play Facilities</b>				
Stoke Youth Park	51,100	501,352	250,000	(251,352)
City Play Space	20,440	261,120	10,000	(251,120)
Renewals: Play Equipment	204,400	208,896	183,296	(25,600)
<b>Marina</b>				
Capital: Minor Development	112,540	20,890	-	(20,890)
Marina Hardstand LOS improvements	525,000	-	1,201,000	1,201,000
Public boat ramp improvements	35,000	104,448	35,000	(69,448)
New Trailer Boat Storage Yard	102,200	-	102,200	102,200
Marina Boat Sheds	25,000	208,896	25,000	(183,896)
<b>Saxton Field</b>				
Capital: General Development	91,980	94,003	135,983	41,980

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Project	Annual Plan 2019/20	Long-Term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
Renewal: Athletic Track	899,360	-	-	-
<b>Regional Community Facilities</b>				
Water sports building at Marina	150,000	-	365,000	365,000
<b>Parks &amp; Active Recreation Projects under \$100,000</b>	<b>1,871,457</b>	<b>1,722,141</b>	<b>1,951,111</b>	<b>228,970</b>
<b>Total Parks &amp; Active Recreation</b>	<b>8,862,768</b>	<b>6,704,315</b>	<b>10,171,336</b>	<b>3,467,021</b>
<b>SOCIAL</b>				
<b>Nelson Library</b>				
Elma Turner Library Extension/ Relocation	613,200	2,506,752	1,048,000	(1,458,752)
Book Purchases	408,328	417,309	390,057	(27,252)
<b>Stoke Library</b>				
Stoke Library structural improvements	200,000	-	55,000	55,000
<b>Marsden Valley Cemetary</b>				
New burial area	350,000	-	15,000	15,000
<b>Toilets (Free)</b>				
Growth: Millers Acre Toilet	260,610	208,896	717,000	508,104
Queens Garden Toilet	140,000	-	20,000	20,000
Tahunanui Lions Toilet Upgrade	143,080	313,344	880,000	566,656
<b>Stoke Hall</b>				
Stoke Hall Remediation	-	-	120,000	120,000
<b>Community Properties</b>				
Refinery Gallery EQ strengthening	30,660	386,458	452,000	65,542
<b>Community Housing</b>				
Community Housing Renewals	296,380	-	-	-
<b>Social Projects under \$100,000</b>	<b>521,344</b>	<b>532,202</b>	<b>971,438</b>	<b>439,236</b>
<b>Total Social</b>	<b>2,963,602</b>	<b>4,364,961</b>	<b>4,668,495</b>	<b>303,534</b>
<b>SOLID WASTE</b>				
Joint Landfill Upgrade	380,000	69,550	832,500	407,950
<b>Solid Waste Projects under \$100,000</b>	<b>30,660</b>	<b>31,334</b>	<b>31,334</b>	<b>-</b>
<b>Total Solid Waste</b>	<b>410,660</b>	<b>100,884</b>	<b>863,834</b>	<b>407,950</b>
<b>STORMWATER</b>				
Pvt/Public Drains	110,478	112,908	62,908	(50,000)
Nile St East Storm water	-	-	120,000	120,000
Washington Valley Stormwater Upgrade	80,000	1,129,083	128,000	(1,001,083)
Capital: Mount St / Konini St	60,440	564,541	1,310,000	745,459
Stormwater Pump Station Renewals	30,660	31,334	161,334	130,000
Airlie St	30,000	417,792	100,000	(317,792)
Wastney Terrace stormwater (pvt drain prgm)	100,000	835,584	115,000	(720,584)
Stansell Pvt/ Pub Drains	55,000	250,675	-	(250,675)
Tahunanui Hills Stormwater Catchment 9 - Moana Ave to Rocks	-	-	150,000	150,000
Bisley Avenue	106,600	-	96,600	96,600
Brooklands	60,000	173,384	103,384	(70,000)
Examiner	100,000	10,445	50,000	39,555
Kauri Street	30,000	-	120,500	120,500
Marybank / Tresillian Ave	55,239	112,908	-	(112,908)
Nayland Road / Galway	716,000	-	-	-
Rutherford Stage 1 - Girls College Detention	100,000	1,044,480	100,000	(944,480)

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Project	Annual Plan 2019/20	Long-Term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
Catchment 3 - days Track & SH6 Culverts	121,458	564,541	500,000	(64,541)
Natural Hazards Risk Remediation	-	112,908	-	(112,908)
Emano Reserve Stormwater	10,220	10,445	145,445	135,000
<b>Vested Assets</b>				
Vested Infrastructural Assets	1,153,838	1,179,218	1,179,218	-
Hill Street North stormwater	245,280	-	-	-
<b>Stormwater Projects under \$100,000</b>	<b>675,532</b>	<b>970,965</b>	<b>1,556,745</b>	<b>585,780</b>
<b>Total Stormwater</b>	<b>3,840,745</b>	<b>7,521,211</b>	<b>5,999,134</b>	<b>(1,522,077)</b>
<b>TRANSPORT</b>				
<b>Subsidised Roading</b>				
Streetlight Improvement	111,100	104,448	597,000	492,552
UCP Saltwater Creek Crossing	400,000	-	29,996	29,996
Marsden Valley Ridgeway Upgrade	102,200	522,242	88,412	(433,830)
Renewals: Footpaths	820,053	840,615	840,615	-
Minor Improvements	805,771	365,568	79,846	(285,722)
Drainage Renewals	399,000	156,672	343,367	186,695
Sealed Road Pavement Rehabilitation	-	188,006	-	(188,006)
Sealed Road Resurfacing	1,304,700	1,222,042	1,316,045	94,003
Railway Reserve/Princes Dr cycle crossing upgrade	430,000	-	274,000	274,000
Maitai shared path to Nelson east programme	120,000	156,672	-	(156,672)
Waimea Road Retaining Wall at Snows Hill	51,100	10,445	605,000	594,555
New Footpaths	715,400	731,139	589,567	(141,572)
Curtis Street footbridge (Link to Manu Kau reserve)	45,990	-	192,962	192,962
Toi Toi St upgrade	125,000	-	195,000	195,000
Main Road Stoke cycleway Saxton Creek to Champion Roa	15,000	417,792	815,000	397,208
Structures replacement	335,500	492,279	109,854	(382,425)
Traffic Service Renewals - Signs, markings and deline	81,760	83,558	115,420	31,862
Traffic Services Renewal - Lighting	375,074	383,324	383,324	-
Maitai shared path to Anzac Park active transport fac	339,000	261,120	950,000	688,880
Tahunanui Cycle Network - SH6 Tahunanui Drive connect	817,600	1,880,071	1,020,000	(860,071)
Cross Town Links Brook to Central Programme	10,220	104,448	50,000	(54,448)
Arapiki Road Upgrade - retaining Wall	313,344	313,344	754,000	440,656
Seaview Underpass Weir	-	-	100,000	100,000
Cyclepath Renewals	20,000	-	122,700	122,700
Westbrook Convergence Bridge deck replacement	143,000	-	-	-
Seafeld Terrace Road Re-instatement	1,330,000	-	1,239,000	1,239,000
Travel demand management improvements	255,500	261,121	200,000	(61,121)
Ped facilities at Arapiki Road/ The Ridgeway	231,000	-	17,088	17,088
<b>Unsubsidised Roading</b>				
Mount Street and Konini Street upgrade	20,440	208,896	54,636	(154,260)
Maitai Shared Path	-	-	660,000	660,000
Quarantine to Annesbrook shared walk/cyclepath along Jenkins	-	-	180,000	180,000
Toi Toi St upgrade	-	574,464	-	(574,464)
Maitai Valley Road shared path modifications	110,000	-	-	-
<b>Parking and CBD Enhancement</b>				
Renewal: CBD aesthetic elements	103,520	156,672	179,912	23,240
Renewals: On and Off St Parking Meter	867,016	287,232	100,000	(187,232)
Stoke Centre Traffic Calming and Ped Safety Works	-	313,344	-	(313,344)
CBD Enhancement	-	-	3,100,000	3,100,000
<b>Millers Acre Centre</b>				

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Project	Annual Plan 2019/20	Long-Term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
Building Improvements	-	-	850,000	850,000
<b>Public Transport</b>				
Integrated Ticketing GRETS	190,000	-	80,000	80,000
CBD interchange	51,100	208,897	266,996	58,099
<b>Vested Assets</b>				
Vested Infrastructural Assets	4,210,640	4,303,258	4,303,258	-
Hill Street North improvements	684,740	-	-	-
<b>Transport Projects under \$100,000</b>	<b>1,584,707</b>	<b>1,459,664</b>	<b>1,652,027</b>	<b>192,363</b>
<b>Total Transport</b>	<b>17,519,475</b>	<b>16,007,333</b>	<b>22,455,025</b>	<b>6,447,692</b>
<b>WASTEWATER</b>				
Neale Park PS	-	-	160,000	160,000
Renewals Pump stations	165,717	169,362	259,362	90,000
Wastewater Pipe Renewals	-	887,808	510,000	(377,808)
Wastewater model calibration	260,000	-	420,000	420,000
Awatea Place Pump station	1,107,195	3,655,680	1,000,000	(2,655,680)
Pump station resilience improvement programme	55,239	183,484	183,484	-
Washington Rd (wolfe - arrow) sewer renewal	-	-	224,393	224,393
Nelson Regional Sewerage - Growth	-	3,393,000	-	(3,393,000)
Nelson Regional Sewerage - Renewals	435,000	284,000	4,445,000	4,161,000
Nelson Regional Sewerage - Upgrade	2,025,000	-	1,061,000	1,061,000
NWWTP renewals	153,300	156,672	306,672	150,000
NWWTP - Resource Consent	102,200	112,908	276,000	163,092
Gracefield Sewer Diversion	200,000	564,541	1,669,422	1,104,881
St Vincent street sewer renewal	380,000	-	-	-
Stansell #52 and Princes Drive 274/278 Sewer renewal	150,000	-	40,000	40,000
Bronte Street and Collingwood Street sewer renewal	165,000	-	-	-
System Performance Improvements	102,200	104,448	104,448	-
<b>Vested Assets</b>				
Vested Infrastructural Assets	824,754	842,895	842,895	-
Elm st sewer upgrades	153,300	-	-	-
Hill St sewer upgrade	25,550	-	-	-
<b>Wastewater Projects under \$100,000</b>	<b>621,689</b>	<b>502,101</b>	<b>467,994</b>	<b>(34,107)</b>
<b>Total Wastewater</b>	<b>6,926,144</b>	<b>10,856,899</b>	<b>11,970,670</b>	<b>1,113,771</b>
<b>WATER SUPPLY</b>				
Capital: Rider mains	171,241	175,008	75,000	(100,008)
Capital: Backflow Prevention	165,717	169,362	169,362	-
Renewals: Water Pipes	-	1,669,973	917,442	(752,531)
Renewals: Commercial Meters	153,300	156,672	156,672	-
Residential Meters renewals	700,000	1,044,480	750,000	(294,480)
Roding Pipeline	-	112,908	112,908	-
Capital: Atawhai Trunkmain	110,000	56,471	-	(56,471)
Capital: Atawhai No.2 Reservoir	100,000	313,510	175,000	(138,510)
Pressure Enhancement	63,517	112,908	112,908	-
NCC - TDC Link	-	-	100,000	100,000
Water Loss Reduction Programme	220,956	225,817	245,817	20,000
Natural Hazards Risk Remediation	110,478	112,908	112,908	-
Dam Upgrades	102,200	104,448	112,648	8,200
Water Treatment Plant Renewals	204,443	190,815	190,815	-

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Project	Annual Plan 2019/20	Long-Term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
Tui Glen Road water renewal	555,000	-	-	-
Hardy St renewal (Trafalgar - Collingwood)	172,000	-	-	-
Annesbrook (Manchester - Marie St) water renewal	800,000	-	20,000	20,000
Hardy (Rutherford-Vanguard) watermain renewal	60,000	-	800,000	800,000
<b>Vested Assets</b>				
Vested Infrastructural Assets	795,116	812,605	812,605	-
Suffolk Road (Saxton to Ngawhatu) water upgrade	357,700	-	-	-
Suffolk Road to Hill Street Trunk water main	153,300	-	-	-
<b>Water Supply Projects under \$100,000</b>	<b>1,037,595</b>	<b>714,131</b>	<b>804,137</b>	<b>90,006</b>
<b>Total Water Supply</b>	<b>6,032,563</b>	<b>5,972,016</b>	<b>5,668,222</b>	<b>(303,794)</b>
<b>TOTAL CAPITAL</b>	<b>55,511,770</b>	<b>60,291,534</b>	<b>70,763,189</b>	<b>10,116,655</b>
Less Total Vested Assets	8,773,870	7,311,360	7,311,360	-
<b>TOTAL CAPITAL PER FUNDING IMPACT STATEMENT</b>	<b>46,737,900</b>	<b>52,980,174</b>	<b>63,451,829</b>	<b>10,116,655</b>



## Financial Reserves Estimates

The Local Government Act requires that councils provide a summary of the restricted reserves that it holds.

Local Government Act changes in 2010 placed more focus on the accounting for, and disclosure of, financial reserves. The Act defines reserve funds as "money set aside by a local authority for a specific purpose". Reserves are part of equity which may or may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity. The Act requires Council to specify the amount expected to be in the fund at the commencement of the year, the end of the year, the amount expected to be deposited in the fund during the year and the amount expected to be withdrawn from the fund during the year.

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## FINANCIAL RESERVES ESTIMATES

The Local Government Act 2002 requires that councils provide a summary of the restricted reserves it holds.

Name	Activity	Purpose	Projected Balance July 2020	Deposits	Withdrawals	Balance June 2021
			\$	\$	\$	\$
Nelson Institute Funds	Nelson Library	Bequest to Nelson Institute	9,023	180		9,203
L C Voller Bequest (ETL)	Nelson Library	Youth Section of Elma Turner Library	24,301	486		24,787
Subdivisions Reserve	Reserve Contributions	Financial Contributions for Reserves	3,937,907		1,086,187	2,851,720
Nelson 2000 Trust	Esplanade Reserves	Wakefield Quay Development	164,607	-		164,607
Insurance Reserve	Investment Management	To fund Insurance claim excess	1,061,664		575,726	485,938
Health & Safety Reserve	Admin and Meeting Support	OSH Compliance	31,363	627		31,990
Parking Reserve	Car parks	Self funded activity balance	-	-	-	-
Roading Contributions	Roading	Financial Contribution for capital works	116,116			116,116
Walker bequest	Parks		9,966	199		10,165
Dog Control Reserve	Dog Control	Self funded activity balance	(154,790)		3,096	(157,886)
Sport & Rec Grants Reserve	Physical Activity Fund	Ex Hillary Commission fund for Sport and Recreation	13,826	164		13,990
Art Council Loan Fund	Physical Activity Fund	Ex Sport & Rec Grants	10,000			10,000
Events Contestable Fund Reserve	Economic Development	Unspent allocation held for eligible events	(118,885)		2,378	(121,263)
Housing Reserve	Community Housing	Self funded activity balance	334,971	8,366,293	-	8,701,264
Founders Park Reserve	Founders	Founders development	209,345	4,187		213,532
Forestry Fund	Forestry	Self funded activity balance	1,534,685		214,330	1,320,355
Climate Change	Environmental Management	To fund climate change initiatives	432,400		234,500	197,900
Landfill	Solid Waste	Share of development of new landfill when required	4,524,291	90,486		4,614,777
Solid Waste	Solid Waste	Self funded activity balance	1,417,216		203,062	1,214,154



## Council Controlled Organisations

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. The seven Council controlled organisations that Council owns or part owns to achieve agreed community outcomes are:

- Port Nelson (50% with Tasman District Council)
- Nelmac Ltd
- Nelson Airport Ltd (50% with Tasman District Council)
- Nelson Regional Development Agency
- Tasman Bays Heritage Trust (Nelson Provincial Museum) (50% with Tasman District Council)
- Bishop Suter Trust
- City of Nelson Civic Trust
- Nelson Municipal Band Trust

Further details on Council controlled organisations can be found in the Accounting Information section of the Long Term Plan 2018-28 and their respective statements of intent.

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## ANNUAL PLAN DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

### WHAT IS THE PURPOSE OF THIS STATEMENT?

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

The council is required to include this statement in its annual plan 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.

Benchmark	Limit	Planned	Met
Rates affordability benchmark			
-income	\$105m	\$77m	Yes
-increases	4.2%	0%	Yes
Debt affordability benchmark	<150%	97%	Yes
Balanced budget benchmark	>100%	97%	No
Essential services benchmark	>100%	251%	Yes
Debt servicing benchmark	<10%	2.5%	Yes

### NOTES

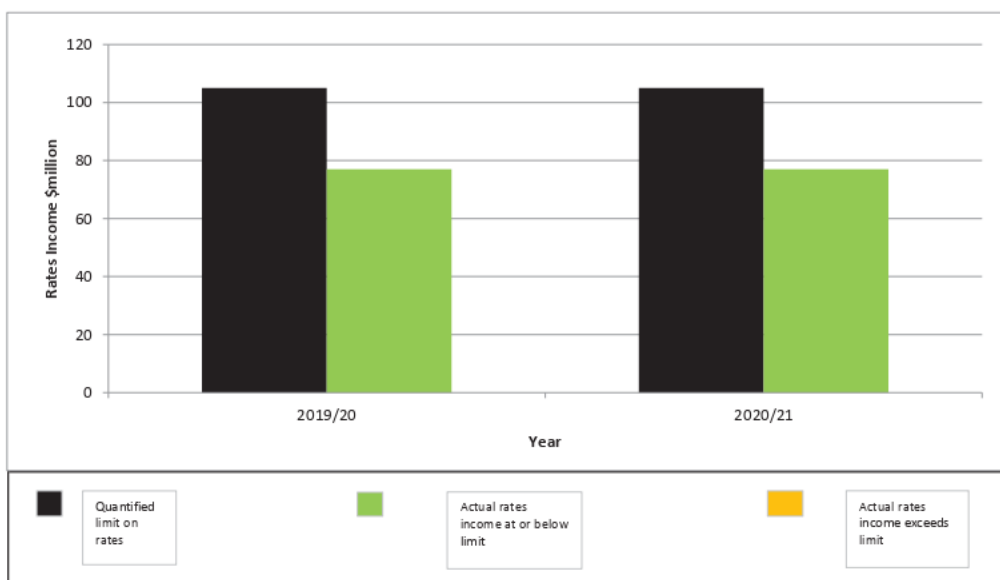
#### Rates affordability benchmark

The council meets the rates affordability benchmark if –

- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

#### Rates (income) affordability

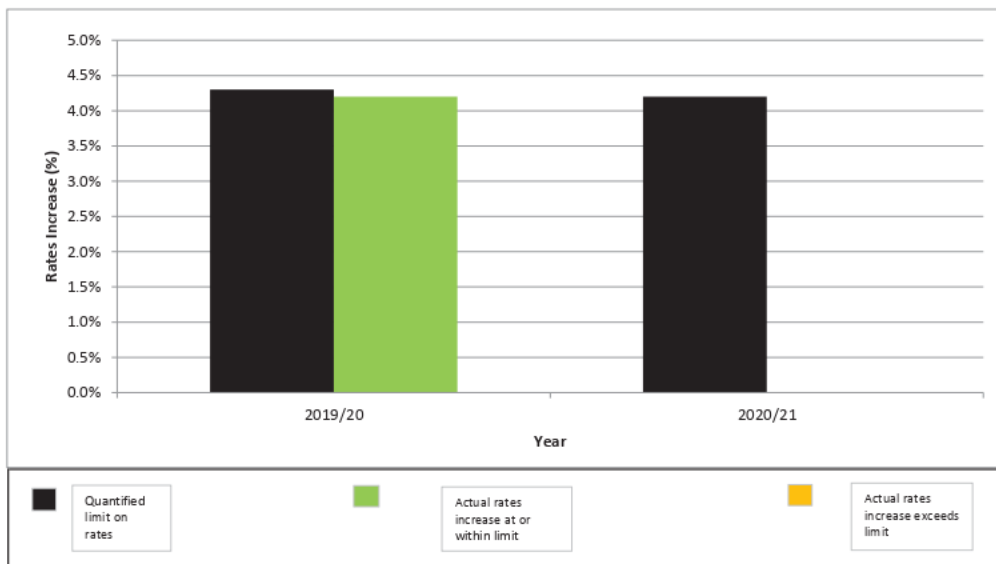
The following graph compares the council's planned rates income with a quantified limit on rates contained in the financial strategy included in this long term plan. The quantified limit is \$105 million.



## Item 10: Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21: Attachment 1

### Rates (increases) affordability

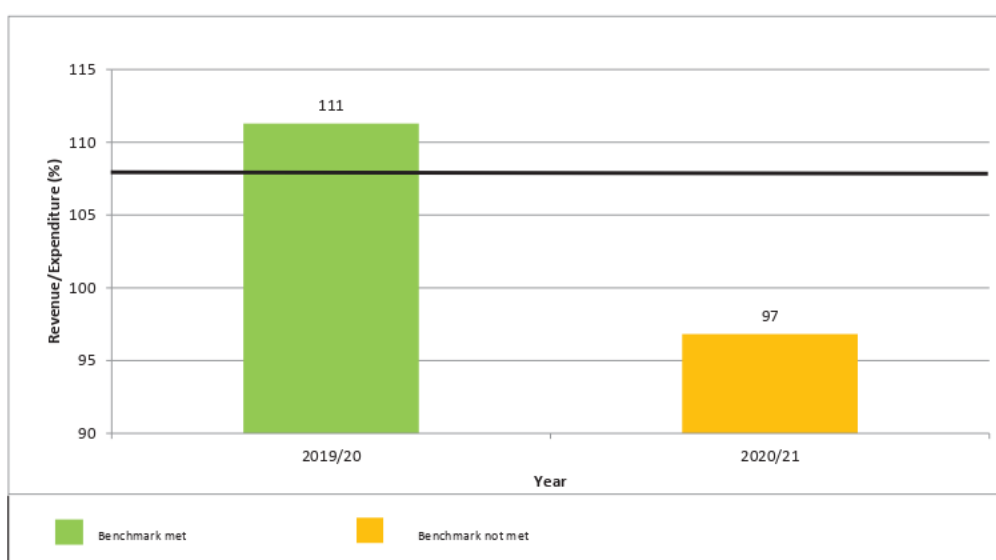
The following graph compares the council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in this long-term plan (LTP). The quantified limit is the local government cost index plus 2% for each year of the LTP.



### Balanced budget benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.

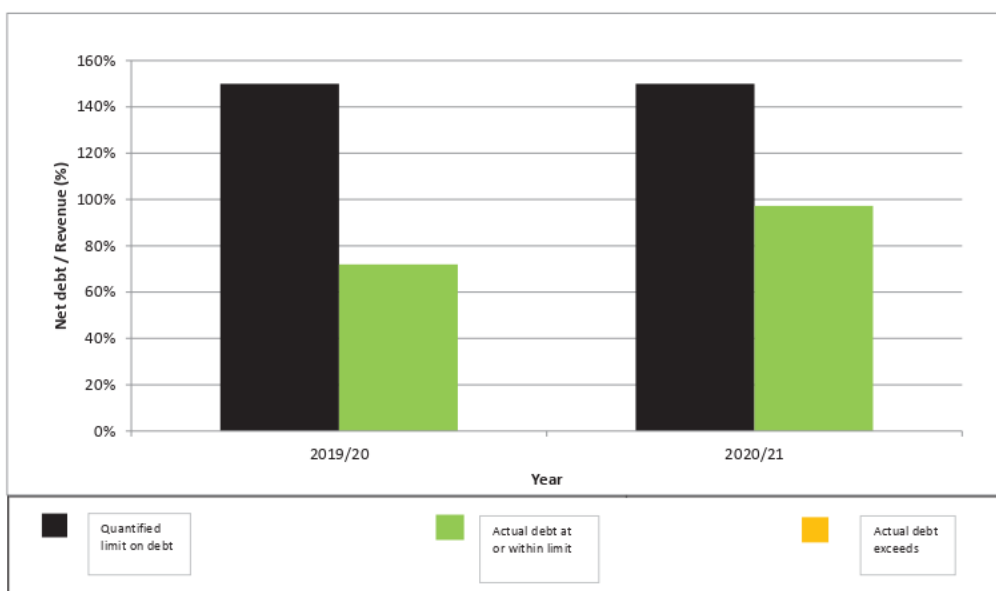


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### Debt affordability benchmark

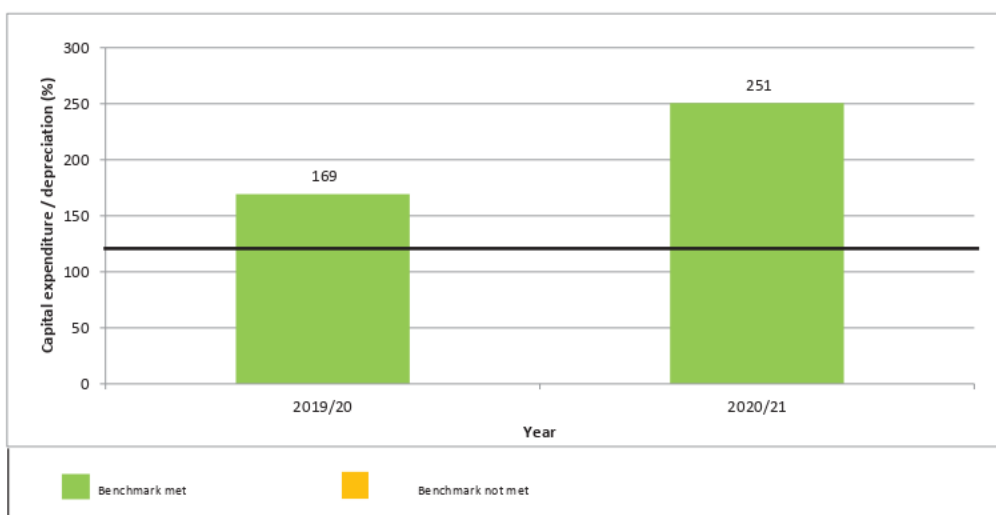
The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that net external borrowings are not to exceed 150% of revenue. Net external borrowings are defined as external debt and overdraft less cash balances and deposits.



### Essential services benchmark

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

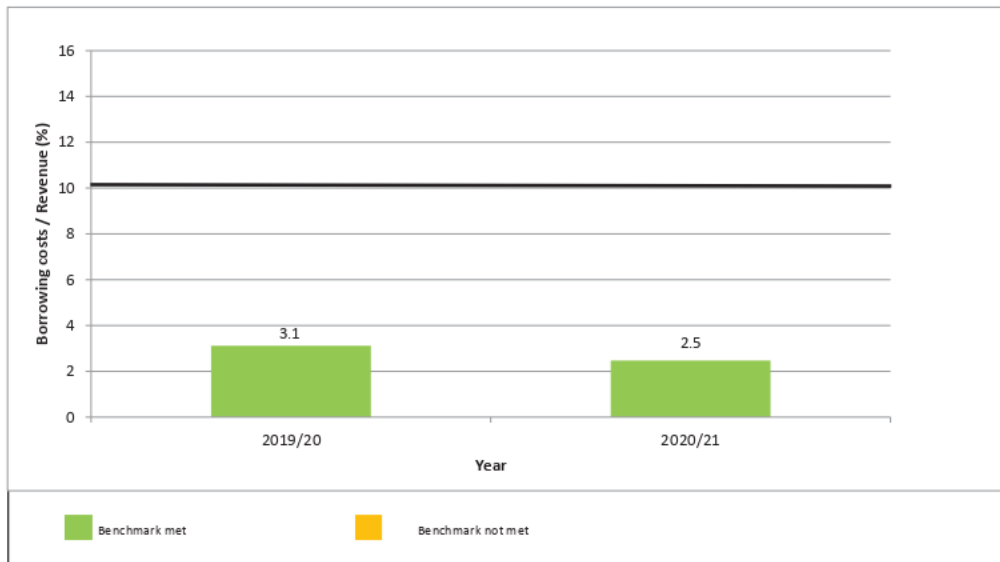


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### Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## Contact Us

Civic House, 110 Trafalgar Street, Nelson  
PO Box 645, Nelson, 7040  
[enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)  
03 546 0200  
[nelson.govt.nz](http://nelson.govt.nz)

### **COUNCIL CUSTOMER SERVICE CENTRE**

Open from 8.30am to 5.00pm weekdays (from 9.00am on Wednesdays) in Civic House, corner Halifax and Trafalgar St, 110 Trafalgar Street, Nelson

### **CORRESPONDENCE**

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or faxed to 546 0239. Emails should be sent to [enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

### **ATTEND A COUNCIL MEETING**

Council meetings are advertised in Our Nelson and listed on our website. Members of the public are welcome to attend meetings of Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

### **PUBLIC FORUMS**

There is a Public Forum at the beginning of most ordinary Council meetings where up to five minutes will be available for members of the public to speak to Council. You need to book a time before the meeting by contacting a Council Governance Adviser on 03 546 0436.

### **PETITIONS**

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Contact a Council Governance Adviser on 03 546 0436.