

Extraordinary meeting of
Nelson City Council
Te Kaunihera o Whakatū

Date:	Thursday 9 July 2020
Time:	9.00a.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

Karakia Timatanga

1. Apologies

- 1.1 An apology has been received from Councillor Rainey

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. Mayor's Report

6. Balanced budget requirements for 2020/21 Financial Year

24 - 48

Document number R18131

Recommendation

That the Council

- 1. Receives the report *Balanced budget requirements for 2020/21 Financial Year (R18131); and***
- 2. Revokes the resolutions (CL/2020/096 and CL/2020/97) of 30 June 2020 below:**
 - 2 "Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002.
 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:

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

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 m³

Usage from 10,001 – 100,000 cu.m/year

\$2.006 per m³

Usage over 100,000 cu.m/year \$1.584 per m³

Summer irrigation usage over

10,000 cu.m/year \$2.049 per m³

(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 assessed the Clean Heat Warm Homes rate as a result of agreements entered into on or 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 assessed the Clean Heat Warm Homes rate as a result of agreements entered into prior to 1 July 2011 the targeted rate of:

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

\$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

(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:

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

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:

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

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

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2020</i>	<i>20 August 2020</i>	<i>26 August 2020</i>
<i>August 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
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<i>June 2021</i>	<i>20 July 2021</i>	<i>26 July 2021</i>

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 after the due date stated above, to be added 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 8 July 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 7 July 2020.*
- a further additional charge of 5% will be added on 8 January 2021 to any balance from a previous rating year (including penalties previously charged) to which a penalty has been added according to the bullet point above, remaining outstanding on 7 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 after the due date stated above, to be added 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.”; **and**

3. **Resolves that the budget for the 2020/21 financial year is not a balanced budget because operating revenues are not at a level sufficient to meet 2020/21 operating expenses primarily due to the loan funding of the Waimea Dam grant and Nelson Plan costs signalled in the Consultation Document, and loan funding of the net zero percent rates increase; and**
4. **Resolves that setting an unbalanced budget for 2020/21 is prudent in terms of section 101 of the Local Government Act 2002 given the current COVID-19 pandemic and its effects, both known and potential, on the local economy and its ratepayers, having had regard to the matters in section 100(2) of the Local Government Act 2002; and**
5. **Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002; and**
6. **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**
7. **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:

General Rate	\$41,032,974
Uniform Annual General Charge	\$9,128,635
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Waste Water Charge	\$8,814,058
Water Annual Charge	\$3,721,307
Water Volumetric Charge	\$8,683,050

Clean Heat Warm Homes and Solar Saver **\$208,000**

Rates and Charges (excluding GST) **\$77,816,894**

Goods and Services Tax (at the current rate) **\$11,672,534**

Total Rates and Charges **\$89,489,428**

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:

- ***For properties assessed the Clean Heat Warm Homes rate as a result of agreements entered into on or 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 assessed the Clean Heat Warm Homes rate as a result of agreements entered into prior to 1 July 2011 the targeted rate of:***

<i>Loan Assistance Range</i>	<i>Installation after 30 Sept 2010</i>	<i>Completed prior to 30 Sept 2010</i>
<i>\$1,400 to \$1,599</i>	<i>\$140.00</i>	<i>\$143.11</i>
<i>\$1,600 to \$1,799</i>	<i>\$160.00</i>	<i>\$163.56</i>
<i>\$1,800 to \$1,999</i>	<i>\$180.00</i>	<i>\$184.00</i>
<i>\$2,000 to \$2,199</i>	<i>\$200.00</i>	<i>\$204.44</i>
<i>\$2,200 to \$2,399</i>	<i>\$220.00</i>	<i>\$224.89</i>
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<i>\$2,800 to \$2,999</i>	<i>\$280.00</i>	<i>\$286.22</i>
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<i>\$3,400 to \$3,599</i>	<i>\$340.00</i>	<i>\$347.56</i>
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<i>\$4,200 to \$4,399</i>	<i>\$420.00</i>	<i>\$429.34</i>
<i>\$4,400 to \$4,599</i>	<i>\$440.00</i>	<i>\$449.78</i>

\$4,600 to \$4,799	\$460.00	\$470.22
\$4,800 to \$4,999	\$480.00	\$490.67

(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:

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

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:

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

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

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

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 after the due date stated above, to be added 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 8 July 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 7 July 2020.**
- **a further additional charge of 5% will be added on 8 January 2021 to any balance from a previous rating year (including penalties previously charged) to which a penalty has been added according to the bullet point above, remaining outstanding on 7 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 after the due date stated above, to be added 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.

Karakia Whakamutunga

Note:

- **Youth Councillors Harriet Allen and Vienna van Heeswyck will be in attendance at this meeting.**

Balanced budget requirements for 2020/21 Financial Year

1. Purpose of Report

- 1.1 To revoke the Annual Plan resolutions of 30 June 2020, and readopt the plan and rating resolutions, with an additional resolution noting that the Council intends to not have a balanced budget in 2020/21.

2. Recommendation

That the Council

- 1. Receives the report **Balanced budget requirements for 2020/21 Financial Year (R18131); and*****
- 2. Revokes the resolutions (CL/2020/096 and CL/2020/97) of 30 June 2020 below:***
 - 2 "Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002.*
 - 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:

<i>General Rate</i>	<i>\$41,032,974</i>
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Item 6: Balanced budget requirements for 2020/21 Financial Year

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

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.*

Item 6: Balanced budget requirements for 2020/21 Financial Year

- *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"*

Item 6: Balanced budget requirements for 2020/21 Financial Year

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*

Item 6: Balanced budget requirements for 2020/21 Financial Year

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 m³

Usage from 10,001 – 100,000 cu.m/year

\$2.006 per m³

Usage over 100,000 cu.m/year \$1.584 per m³

Summer irrigation usage over

10,000 cu.m/year \$2.049 per m³

(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 assessed the Clean Heat Warm Homes rate as a result of agreements entered into on or 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 assessed the Clean Heat Warm Homes rate as a result of agreements entered into prior to 1 July 2011 the targeted rate of:*

Item 6: Balanced budget requirements for 2020/21 Financial Year

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

(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):

Item 6: Balanced budget requirements for 2020/21 Financial Year

- 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:

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

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:

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>August 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>September 2020</i>	<i>20 October 2020</i>	<i>26 October 2020</i>
<i>October 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>

Item 6: Balanced budget requirements for 2020/21 Financial Year

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

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

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

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

Item 6: Balanced budget requirements for 2020/21 Financial Year

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 after the due date stated above, to be added 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 8 July 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 7 July 2020.*
- a further additional charge of 5% will be added on 8 January 2021 to any balance from a previous rating year (including penalties previously charged) to which a penalty has been added according to the bullet point above, remaining outstanding on 7 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 after the due date stated above, to be added 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.

Item 6: Balanced budget requirements for 2020/21 Financial Year

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."; **and***

- 3. Resolves that the budget for the 2020/21 financial year is not a balanced budget because operating revenues are not at a level sufficient to meet 2020/21 operating expenses primarily due to the loan funding of the Waimea Dam grant and Nelson Plan costs signalled in the Consultation Document, and loan funding of the net zero percent rates increase; and**
- 4. Resolves that setting an unbalanced budget for 2020/21 is prudent in terms of section 101 of the Local Government Act 2002 given the current COVID-19 pandemic and its effects, both known and potential, on the local economy and its ratepayers, having had regard to the matters in section 100(2) of the Local Government Act 2002; and**

Item 6: Balanced budget requirements for 2020/21 Financial Year

5. ***Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002; and***
6. ***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***
7. ***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:

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

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.***

Item 6: Balanced budget requirements for 2020/21 Financial Year

- ***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.***

Item 6: Balanced budget requirements for 2020/21 Financial Year

- ***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 m³

Item 6: Balanced budget requirements for 2020/21 Financial Year

Usage from 10,001 – 100,000 cu.m/year
\$2.006 per m³

Usage over 100,000 cu.m/year **\$1.584 per m³**

Summer irrigation usage over

10,000 cu.m/year **\$2.049 per m³**

(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 assessed the Clean Heat Warm Homes rate as a result of agreements entered into on or 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 assessed the Clean Heat Warm Homes rate as a result of agreements entered into prior to 1 July 2011 the targeted rate of:**

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

Item 6: Balanced budget requirements for 2020/21 Financial Year

\$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

(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

Item 6: Balanced budget requirements for 2020/21 Financial Year

payable in four instalments on the following dates:

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

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:

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

Item 6: Balanced budget requirements for 2020/21 Financial Year

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

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

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 after the due date stated above, to be added on the penalty date as shown in the above table and also shown on each rate instalment notice.**

Item 6: Balanced budget requirements for 2020/21 Financial Year

- ***a charge of 5% will be added on 8 July 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 7 July 2020.***
- ***a further additional charge of 5% will be added on 8 January 2021 to any balance from a previous rating year (including penalties previously charged) to which a penalty has been added according to the bullet point above, remaining outstanding on 7 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 after the due date stated above, to be added 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.

3. Background

- 3.1 Council adopted the Annual Plan 2020/21 and rating resolutions on 30 June 2020. It has since come to light that Council needed to also resolve not to have a balanced budget in 2020/21.
- 3.2 In a year that Council resolves to not have a balanced budget the correct process is to, in the following order:
 - 3.2.1 Resolve to not have a balanced budget
 - 3.2.2 Adopt the Annual Plan
 - 3.2.3 Set the Rates for the year.
- 3.3 Officers are therefore recommending that the Annual Plan and Rating resolutions of 30 June 2020 be revoked, and that these resolutions be resolved again, following a resolution to resolve to not have a balanced budget.

4. Discussion

Balanced budget

- 4.1 The Local Government Act 2002 (section 100) requires that local authorities must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses. However, the Act also provides that a local authority may set revenues at a different level if it resolves that it is financially prudent to do so, having regard to:
- (a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and*
 - (b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and*
 - (c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and*
 - (d) the funding and financial policies adopted under LGA (2002) section 102 .*
- 4.2 The following discusses the consideration of points *a-d* above.
- 4.3 A balanced budget ratio is included in each year's annual plan and annual report as a balanced benchmark i.e. if operating revenue balances with operating expenses then this is a balanced benchmark of 100%.
- 4.4 There are three expense items in the 2020/21 budget which contribute to Council not setting a balanced budget for this year, these are:
- 4.4.1 the \$5 million contribution to the Waimea Dam that Council resolved to loan fund as part of the Long Term Plan 2018-28 process; and
 - 4.4.2 the \$1.122 million expenses for the Nelson Plan that Council resolved to loan fund as part of the 2020/21 Annual Plan Deliberations process; and
 - 4.4.3 the cost of setting a net zero rates increase in 2020/21 that Council resolved to borrow through the Disaster Recovery Fund as part of the 2020/21 Annual Plan Deliberations process.
- 4.5 Council consulted on the proposal to not meet the balanced benchmark section in the Local Government Act through including the following information in the Annual Plan Consultation Document:
- "Council does not meet the balanced budget benchmark as significant proposed costs (contribution to the Waimea Dam of \$5*

Item 6: Balanced budget requirements for 2020/21 Financial Year

million and Nelson Plan costs of \$1.122 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”.

4.6 As part of its response to the impacts of the COVID-19 pandemic, Council made the decision on 9 April 2020 to seek public feedback on an appropriate rates rise and extend the consultation period until 6 May 2020.

4.7 Council also considered the implications of not providing for a balanced budget at its meeting of 30 June 2020 when it originally adopted the Annual Plan, with that report including the following information:

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.

4.8 In terms of the requirements of section 100(2) of the LGA, the Annual Plan provides for continuation of levels of service set out in the Long Term Plan and maintaining assets and facilities. Furthermore, Council has relatively low debt and a strong balance sheet and the additional funding will not impact on its ability to meet current and future level of service objectives.

4.9 Operating expenditure in the final Annual Plan of \$122.9 million is slightly higher than proposed for year three of the Long Term Plan including the provision of \$27.4 million to ensure Council meets its depreciation programme.

4.10 Given Council’s continued funding of depreciation and operating expenditure, the unbalanced budget for 2020/21 does not affect Council’s ability to maintain the service capacity and integrity of its assets throughout their useful life.

Item 6: Balanced budget requirements for 2020/21 Financial Year

Section 101 of the Local Government Act 2002

- 4.11 Council also needs to consider the requirements of Section 101 of the LGA that requires that Council "*manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community*".
- 4.12 The discussions leading up to the adoption of the Annual Plan 2020/21 on 30 June 2020 included consideration of the matters outlined in section 101 of the Act.
- 4.13 The current and future economic situation as a result of COVID-19 and its effects on residents and businesses was discussed by Council at its meetings of 9 April, 23 April, as well as the deliberations meeting of 3 June and the Annual Plan adoption meeting of 30 June. The financial risks on the Annual Plan due to the effects of COVID-19 were also discussed at the Audit and Risk Subcommittee on 21 May. This report included analysis of the balanced budget benchmark.
- 4.14 Council concluded that borrowing for these items in paragraph 4.4 was the most appropriate decision and best met the needs of the current and future community.
- 4.15 Accordingly, having consulted on setting an unbalanced budget, the Council can consider that it has a reasonable understanding of the community's views on the matter in making the decision.

Consistency with Council Policies

- 4.16 Section 100(2)(d) requires Council to consider whether the unbalanced budget for 2020/21 is within the parameters of its funding and financial policies, including the Revenue and Financing Policy, and Financial Strategy.
- 4.17 The decisions to approve borrowing for the Waimea Dam and Nelson Plan expenditure were included as part of Council's Annual Plan processes and included consultation with the public on those exceptions. Borrowing for these items are provided for under the Revenue and Financing Policy, as they have multiple year benefits.
- 4.18 Council's Financial Strategy provides for Council to borrow from the Disaster Fund and repay the borrowings in future years. Accordingly, this policy allows for loan funding of the net zero percent rates increase for 2020/21.

5. Options

Option 1: Revoke the current Annual Plan and Rating resolutions and, resolve to not have a balanced budget in 2020/21 and then readopt the Annual Plan and Rating resolutions.	
Advantages	Follows the correct process for an Annual Plan where an unbalanced budget is proposed
Risks and Disadvantages	Technically the annual plan will be adopted after the statutory deadline, but this is not considered a significant risk.
Option 2: Do not revoke the current Annual Plan and Rating resolutions and rely on the resolutions passed 30 June 2020.	
Advantages	Administratively simpler
Risks and Disadvantages	A risk of legal challenge to the validity of the Annual Plan and rates as the unbalanced budget process required by the Local Government Act would not have been followed.

Author: Nicky McDonald, Group Manager Strategy and Communications

Attachments

Nil

Important considerations for decision making	
1. Fit with Purpose of Local Government	Revoking the previous resolutions and subsequently resolving that the 2020/21 budget is not a balanced budget, and then readopting the Annual Plan and set the rates demonstrates transparent decision making by Council.
2. Consistency with Community Outcomes and Council Policy	The Annual Plan supports all the Community Outcomes.
3. Risk	The recommendations in this report reduce the risk of legal challenge to the Annual Plan and the setting of rates.
4. Financial impact	The recommendations reduce the risk of future costs being incurred through legal challenge to the Annual Plan and setting of rates. The rates notices will be sent out as scheduled.
5. Degree of significance and level of engagement	The decisions in this report of low significance to the public as they are to correctly complete the administrative processes required when a council does not have a balanced budget.
6. Climate Impact	There are no impacts on climate change arising from matters in this report.
7. Inclusion of Māori in the decision making process	No engagement with Māori has been undertaken in preparing this report.
8. Delegations	The adoption of the Annual Plan and setting of rates are decisions for Council.