

OPEN ATTACHMENTS

Ordinary meeting of the

Nelson City Council

**Thursday 18 March 2021
Commencing at 9.00a.m.
Council Chamber
Civic House
110 Trafalgar Street, Nelson**

ATTACHMENTS UNDER SEPARATE COVER

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1 A2563695 Consultation Document

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LONG TERM PLAN 2021-31 CONSULTATION DOCUMENT

4:30pm 12 March 2021

'Your Wellbeing, Nelson's Future'

Oranga Tonutanga



Edit history:

To Audit – 09 March 12:20pm

Blue = Changes from Mayor's meeting 10 March 9-11am

Yellow = Changes from 11 March 11:41am – which need to be made to DV

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Mayor's Foreword

Kupu Whakataki

Draft

Welcome to Nelson City Council's Long Term Plan 2021-31 Consultation Document. Its purpose is to put the social, cultural, economic and environmental wellbeing of the Nelson region at the heart of our plans over the next 10 years.

Every three years we develop a Long Term Plan for our City. The Plan looks at the next 10-year period (with a more detailed focus on the first three years), and outlines what Council will be aiming to achieve, how much it will cost and how that activity will be paid for. Consultation helps us make sure we have considered the things that are important to you, and that you are aware of the impact Council's proposed activities will have on your rates.

This is our Long Term Plan Consultation Document for 2021-2031. It lays out the eight key issues Nelson is facing - we explain what they are, the impact they will have and what we are proposing to do about them. We then ask for your feedback. Whether you agree, disagree or have an alternative suggestion, we really want to hear your views.

We have thought carefully about the feedback we have heard from the community on a broad range of issues, including through the pre-engagement sessions we held last year. Your input has influenced our proposals in this document. It has also helped guide our financial planning and how much money we think needs to be spent to achieve the outcomes you have told us are important to you.

We have considered a wide range of factors such as rates affordability, working in partnership with other organisations, our role in caring for our natural environment, responding to legislative changes, building a strong foundation for future generations, and doing what we can to help ensure positive wellbeing outcomes for the Nelson region. We continue to respond to the impact of COVID-19, ensuring Council plays a significant role in Nelson's economic and social recovery. We also plan to build on our existing platform of climate change work, intensifying our efforts to address the serious impacts of the climate emergency that we are facing.

In this document we have not included a long list of everything Council plans to do over the next 10 years, or all of the background information that has informed our plans. If you would like to read more information please go to page 62 where we have provided a list of the relevant supporting information, which is readily available on our website.

Once we have received your feedback we will finalise our Long Term Plan 2021-2031 in June 2021, taking into consideration what you have told us.

<i>Note: Figures in this document are adjusted for inflation unless otherwise stated.</i>

Our journey over the past three years

We have achieved a lot since our last Long Term Plan was finalised in 2018. Here are a few highlights from the last three years:

Add graphic here representing the key milestones from 2018-2021 'Greatest Hits' including:

2018/19

- Hosted international sports games – All Blacks v Argentina, and Blackcaps games.
- Installed an award-winning replacement Saltwater Creek Bridge
- Upgraded Neale Park and Corder Park pump stations
- Completed the Greenmeadows Centre
- Worked on Saxton Creek upgrades
- Launched Te Huihui-o-Matariki (Nelson's annual Matariki Festival)
- Hosted Bay Dreams for the first time
- Implemented a new Estuarine Health monitoring programme for our four key estuaries
- Installed the Taurapa sculpture at the Waka Landing site on the Maitai River
- Declared a Climate Emergency and created a Climate Change Reserve

2019/20

- Partnered in the development and implementation of Project Kōkiri (our regional economic recovery plan)-
- Gained \$1.6 million from the Ministry for Primary Industries to help address hill country erosion in the Nelson region
- Installed LED streetlights which will result in a \$100,000 annual saving through lower energy use
- Installed Pay-by-Plate parking meters
- Secured government funding for Innovating Streets projects
- Rolled out the Bee Card for easy, cheaper bus trips
- Established a \$200,000 emergency fund to provide contestable grants to community groups facing hardship or increased costs due to COVID-19
- Achieved a 2.3% reduction in waste to landfill per capita on the previous year
- No breaches in air quality standards
- Renewed 706 metres of footpath and built 426 metres of new footpath
- Supported *Ngā Toi Huatau – The Seasonal Arts*, a collaborative initiative to showcase Nelson's arts and events community
- Completed Stage One of the Tahunanui Shared Pathway
- Completed Stage One of the Annesbrook Watermain Upgrade
- Progressed Stage Two of the Saxton Creek Upgrade
- Pedestrianised Upper Trafalgar Street
- Installed new award winning toilet facilities at Queens Gardens

Item : Adoption of the Consultation Document for the Long Term Plan 2021-31 and
Related Documents: Attachment 1

2020/21 so far

- Gained \$3.7 million of Jobs for Nature funding from central government to implement the Maitai River Ecological Restoration Plan
- Secured \$7.5 million in government funding for Saxton Creek Stage 4 flood protection works
- Gained \$5.7 million from central government as part of the national Three Waters Reform Programme.
- Supported Arts Council Nelson to relocate the Refinery ArtSpace to Hardy Street
- Hosted a Black Ferns vs. New Zealand Barbarians game
- A replacement bridge over Jenkins Creek (by the airport)
- Built a Pop-up Park on Halifax Street
- Built a two-tiered bike shelter in Montgomery Square, with parking space for 60 bikes
- Upgraded the Maitai pathway and Beach Road raised table using PGF funding
- Installed a new toilets at Tahunanui Playground and at Millers Acre
- Built Anzac Park to Maitai shared path – linking the Great Taste Trail to Vanguard Street
- Completed the underpass on the Railway Reserve
- Installed Beach Road wastewater storage tank
- ~~Beach Road raised table~~
- Main Road Stoke cycleway
- Developed a new dog park in Marsden Valley
- Installed a new playground in Marsden Valley
- Completed Stage Two of the Tahunanui Shared Pathway
- Completed Stage Two of the Annesbrook Watermain Upgrade
- Upgraded to Mount Street stormwater services
- Upgraded to the Poorman Valley Stream culvert under Main Road Stoke

The Key Issues: Summary

Kaupapa Mātua

There are eight key issues we have to address. We really want to hear your views on what we are proposing and value your feedback.

Note: this information will be presented in a graphic format in the final document

Climate Change

Council declared a climate emergency in May 2019, acknowledging the urgency of this issue at a global, national and local level. Council is prioritising collaboration to take action on climate change, working in partnership with iwi, community groups, businesses, schools, households, individuals and central government, with the aim of improving the Nelson region's resilience to the impacts of climate change. As well as working to meet Council's emission reduction targets we are supporting our community to take action to decrease Nelson's overall emissions.

It is important to note that we have not decided on all the climate change response projects that we will implement through the Plan, but funds have been set aside so we are ready. During the first few years of the Long Term Plan we will be engaging with the Nelson community on options and costs for development and implementation of a Climate Change Adaptation Framework. There is \$52 million of funding included for investment in climate change response projects throughout 2021-31. Approaches could include protection, accommodation, retreat, and avoiding risks. At the same time we understand that absolute protection is not possible and as a community we must balance risk versus costs. Find out more on page 14.

COVID-19

Dealing with the impact of COVID-19 will remain an ongoing challenge for the Nelson region. The path ahead is uncertain and will depend on many things, including the distribution and effectiveness of vaccines, how the global economy recovers, and what enduring changes may result to how communities live, work, travel and interact.

Council is prioritising recovery and regeneration of the Nelson economy through Project Kōkiri, our region's economic recovery plan. We are also proposing a significant increase in our capital works programme, to support employment and stimulate the economy. A reorientation of our social funding to communities of greatest need aims to help reduce social isolation, housing vulnerability, and the impact of poverty, and also to improve access to work and learning. Find out more on page 17.

Debt vs. Rates

Council understands the need to keep rates affordable but we also know continuing to invest in infrastructure and services is important to a thriving region. The proposed rates increases allow us to provide the services you have told us are important to you. We are also planning to keep debt to what we believe is a reasonable level (projected to be \$291 million by the end of the 10 years).

It is important to get the balance right so that future generations will not inherit debt that restricts their choices, and current ratepayers pay a fair price for the services being delivered now. The balance Council is proposing will make Nelson more resilient to

unexpected emergency events by leaving us a healthy margin between our level of debt and our debt cap. Find out more on page 20.

Nelson City Centre

To deliver a vibrant City Centre with a growing residential population and thriving retail, business, social and cultural environments. Council is proposing to invest \$15.3 million to create a people-focused City Centre over the next 10 years. This work is in addition to the proposed new library and bus exchange. The allocation of our \$15.3 million budget will mainly happen after completion of a Spatial Plan and Parking Strategy. However, one project that is already in our Plan is an urban park that would draw people into the City Centre. Find out more on page 23.

Community Facilities and Partnerships

Council is investing in our City Centre library. We are proposing to build a new and improved library at a cost of \$46.3 million, on a site next to the current library. The new library will be an iconic building and a vibrant hub in our City Centre, and will open up the Maitai River Precinct. It would also support cultural and social activities, and our aim of connecting the City to the sea. Council has been engaging with the community for the last three years to learn what you would want from a new library. Find out more on page 23.

Housing Affordability and Intensification

Housing in Nelson is some of the least affordable in New Zealand. Council will continue to work with others, including central government, the private sector, and community housing providers, to address the housing crisis. Council's focus is on planning for more compact urban living (intensification), supplying infrastructure, and leveraging our \$12 million Housing Reserve to help provide affordable housing. Find out more on page 25.

Environment

Environmental wellbeing is a key aspect of healthy community life. Council is proposing to invest \$11.5 million on a comprehensive weed control programme. This would support local environmental health and biodiversity outcomes, and allow us to maintain these areas at a lower cost going forward.

We also propose to invest in other environmental initiatives, including biosecurity, Project Mahitahi, the Whakamahere Whakatū – Nelson Plan, and meeting new government standards on freshwater and biodiversity. Find out more on page 37.

Infrastructure

Infrastructure is critical to the wellbeing of the City, the Nelson region, its residents and visitors. The importance of all of Council's infrastructure activities and assets to the City's wellbeing makes infrastructure a key priority. A large number of water and wastewater renewal and upgrade projects are on the horizon from 2030 onwards, so Council is bringing some forward to spread the load. Council is proposing to invest \$449 million over the next 10 years on essential infrastructure, including transport, solid waste, water supply, wastewater, stormwater and flood protection. Find out more on page 41.

What have we considered when creating this Long Term Plan?

We all want to see Nelson flourish, and for everyone who calls Nelson home to love living here. While that vision underpins the decisions Council makes every day, we also take many other factors into consideration.

An overarching framework that guides our thinking is the **Te Taihū Intergenerational Strategy**, developed over the last two years through comprehensive engagement with the people and communities at the top of the South Island (Te Taihū). This is 'Our Regional Strategy for Our People and Place', the start of the design of the future we want as the people of Te Taihū.

The partnership that built the Strategy was convened by Wakatū Incorporation, in collaboration with ngā iwi o Te Taihū, the three councils, central government, and many other community and business groups. It developed a strategy that supported a vision – 'Tūpuna Pono, To Be Good Ancestors'. It is a new way of thinking about and approaching regional development, ensuring we leave a legacy we can be proud of.

You can find out more about Te Taihū Intergenerational Strategy here: tetaihū.nz

There are many other important processes, requirements, and guidance documents that we reference. They help us make sure we are honouring our partnership agreements, being good kaitiaki (guardians) of our land and resources, meeting the standards set by central government, and ensuring that the decisions we make today don't negatively impact future generations. We also need to make sure we are being financially responsible, and don't burden future generations with too much debt – this is all part of being good ancestors.

Graphic here of some of the wide range of inputs Council takes into consideration

- Te Taihū Intergenerational Strategy
- The Local Government Act four aspects of Wellbeing
- Central government's Living Standards Framework
- The United Nations Sustainable Development Goals
- Our vision, mission, and eight Community Outcomes
- Our partnerships with iwi, central government, the community, businesses and other councils
- The views and needs of the community (pre-engagement and consultation)
- The impacts of COVID-19
- The Climate Emergency, Ministry for the Environment Guidance Document on climate change
- Legislation, regulation, central government policy statements
- Nelson Plan (existing and proposed)

Note: Where practical each item will link through to a dedicated web page – for example the Te Taihū Intergenerational Strategy has a web page dedicated to it. This will allow us to tell the story in detail to those with an interest.

For links to these documents go to: <https://shape.nelson.govt.nz/long-term-plan-2021-2031>

Council's Vision, Priorities and Outcomes

He Whakakitenga, He Whakaarotau

(Two page graphic similar to in the Annual Plan 2020/21 – to be inserted)

Partnership with iwi and Māori

He Waka Hourua

He aha te mea nui o te ao? He tāngata, he tāngata, he tāngata.

(What is the most important thing in the world? It is people, it is people, it is people).

Strengthening iwi and Māori Participation in Council Decision-Making

Council recognises that we need to build capacity and capability in order to have effective and meaningful partnerships with the iwi of Te Taihupo. Valuing and nurturing these relationships enriches the whole community and builds the cultural wellbeing of Nelson. We are committed to:

- Continuing to strengthen genuine partnerships with all eight iwi of Te Taihupo at governance, management and operational levels
- Supporting iwi and Māori to participate in local government
- Providing opportunities for Council to build its cultural competency.

As part of the development of the Long Term Plan, Council and iwi held a series of hui to discuss the Activity Management Plans which support the Plan.

Key initiatives to build Māori capacity to engage with Council decision-making over the next 10 years include:

- Continuing regular iwi-Council hui at both governance and management levels
- Increasing iwi/Māori representation across Council's governance structure
- Supporting events and activities to promote te reo Māori me ōna tikanga within the Whakatū Nelson community, including Te Huihui-o-Matariki - Matariki Festival, and Te Wiki o Te Reo Māori (Māori Language Week).

The government recently enacted the Local Electoral (Māori Wards and Māori Constituencies) Amendment Act, to make the process for establishing Māori wards for local authorities the same as the process for general wards. Council has previously advocated for a change to this process and made a submission in support of this amendment.

Read our full 'Statement on Fostering Māori Participation in Council Decision Making' online at: [link](#)

Te Matatini 2025/Kapa Haka

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.

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. 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, with a very large number of visitors expected. The events over the next five years will be an opportunity for all people, regardless of ethnicity, background or age to come together, to share in and celebrate Māori culture.

Total costs for this major undertaking have not yet been finalised. This is a partnership project for Te Taihū (the Top of the South) and once there is more certainty around budgets there is an expectation that our neighbouring councils will also allocate funding. Council has included \$100,000 per annum in its draft budgets for 2022/23, 2023/24 and 2024/25, plus \$40,000 in 2020/21, 2023/24 and 2025/26 to support venue costs. We will also support a part-time Kaitiuiti Ahurea (Events Coordinator).

Partnerships and Collaboration

Whanaungatanga

There are many organisations contributing to the wellbeing of the community that Council collaborates with, particularly as the Nelson region navigates its recovery from the impacts of COVID-19. With a common desire to see people of all ages and backgrounds thriving and living safe and happy lives in Nelson, we can all play a part in our region's recovery and regeneration. During a time when the community is under extra pressure our programmes and projects need to deliver on multiple priorities. Working together is a cost effective way of getting better outcomes for everyone, and ensuring Council is not always relying on ratepayer funding but looking for other contributions where possible.

Graphic here showing the range of public sector, business, community and voluntary sector partnerships with some examples of projects, including the homeless hub

The Key Issues:

Climate Change

Responding to climate change is our biggest global challenge. We have less than a decade to accelerate our emissions reductions to avoid the full effects of global warming. In Nelson, projected changes to our climate will impact our, economy, infrastructure, natural environment, lifestyles and future.

Acknowledging the need for urgent action, Council declared a climate emergency in May 2019. Our response prioritises working in partnership with iwi, business, schools, community groups, households, central government and individuals to improve the resilience of the Nelson region. Responding to climate change is central to Te Tauihu Intergenerational Strategy's vision of being good ancestors, as the greatest challenges will be faced by our tamariki.

This section outlines some of our plans but many other projects across all areas of Council's work are making a contribution to reducing our greenhouse gas emissions and improving community resilience. Council's entire work programme is viewed through a climate change lens. Actions and choices which support our climate change response have been woven throughout all our activities.

What are the projected effects of climate change?

The data compiled by New Zealand's Climate Change Commission (climatecommission.govt.nz) demonstrates that we are already experiencing the effects of climate change and that past emissions have locked in further change. The evidence in the Commission's 2021 report to the Government shows that to limit warming to 1.5°C will require rapid emission cuts of greenhouse gases between now and 2030, then slower reductions until the end of the century. To achieve our goals the response must be multifaceted:

- We need to quickly decrease our emissions to create a zero carbon future
- We need to consider how we live with the effects of the emissions already in the atmosphere
- We must create a safe and secure future for all by implementing strategies which will allow us to both reduce future impacts and adapt to an already changing climate
- We demonstrate leadership by using evidence-based knowledge, prioritising innovation, and embracing a partnership approach.

Our plans

How we will live:

By making smart choices over the next 10 years, including capitalising on new technology, we can improve our resilience and create a smart, sustainable city.

- Encouraging more inner city living and intensification to reduce traffic and congestion as well as support a more dynamic City Centre
- Progressing a transition towards a regenerative economy through Project Kōkiri 2.0 - the second phase of the region's COVID-19 economic recovery plan-
- Participating in and supporting the Nelson Tasman Climate Forum to deliver on the Regional Climate Action Plan
- Supporting initiatives such as Businesses For Climate Action, who aim to get 1000 local businesses to measure and reduce their carbon footprint
- Implementing an Urban Greening Plan to expand our urban canopy, bringing more CO₂ absorbing plants and trees into our City Centre while reducing air and noise pollution and supporting biodiversity
- Refurbishing Civic House (for an estimated \$18.3 million over eight years) to improve its environmental performance, its functionality, and to create a healthy working environment. Our focus will be on reducing the carbon footprint of the building, decreasing energy use (through efficiency and design measures), and increasing its resiliency to climate change.
- Building the proposed new library to the high Green Star rating, including a low carbon footprint, sustainable materials and energy efficient design (see page 25 for more information)
- Working with partners to investigate the opportunity to develop a Nelson Climatorium as a centre of innovation in tackling climate change (see page 27 for more information)
- Considering climate change adaptation across Nelson through the development of the Draft Whakamahere Whakatū Nelson Plan. Check our website to be part of conversations about this Plan (nelson.govt.nz/environment/nelson-plan/)
- Investing \$52 million in our future resilience through projects to reduce flooding and coastal inundation (see page 42)

How we will move:

Transport is one of the sectors where we can make the biggest reductions in CO₂ emissions (47% of New Zealand's CO₂ emissions were from transport in 2018).

- Continuing investment to support a shift away from single occupancy use of private vehicles towards public transport, cycling and walking between home, work and recreation e.g. \$3.5 million to improve shared walk/cycle paths (see page 44 for more information)
- Following an electric first policy when replacing/adding cars to Council's fleet

How we will reduce consumption and waste:

The gas produced from the decomposition of organic material in landfills is roughly 50% methane and 50% CO₂. Methane traps approximately 30 times more heat in the atmosphere over a 100-year period than CO₂, so it is important we reduce methane

emissions. The following projects are funded from the fees paid at the refuse centre (waste levy):

- Allocating \$13.3 million in the Plan for collection of kitchen waste at the kerbside for composting, if our current trial is successful. This is part of Council's commitment to supporting Nelson as a Good Food City and our aim to reduce waste to landfill by 10% per capita by 2030
- Encouraging reuse of products e.g. through our Second Hand Sunday events
- Establishing a grants programme to support everyone in our community to reduce waste
- Delivering a range of workshops and activities through the Rethink Waste programme, including support for Enviroschools.

How we will protect nature:

Restoring biodiversity is a major way of storing carbon. Healthy ecosystems can mitigate climate change impacts such as absorbing excess flood water or buffering us against coastal erosion and extreme weather events.

- Planting trees and restoring native forests to help capture and store CO₂
- Funding for the Brook Waimarama Sanctuary to support biodiversity and the education of future generations on the importance of protecting our natural spaces
- Funding through the Jobs for Nature programme to restore the Maitai River (see page 39 for more information)
- Implementing the Ecological Restoration Plans through an intensive weed 'knockdown' period (see page 38 for more information)

We see many opportunities in our climate change response because it also allows us to restore local biodiversity, build sustainable urban environments, take better care of our soil and water, promote healthy lifestyle choices, support mental health and improve wellbeing by creating connected communities within a more liveable City.

Council considers that the funding it has allocated is necessary to meet the requirements of the Climate Change Response (Zero Carbon) Act and the need to support community resilience to climate impacts.

An alternative would be not to make provision for flooding and coastal inundation projects related to climate change. This would be a saving of \$52 million in debt and saving on rates of \$2.7 million p.a. However Council believes it is necessary when doing physical works to build in climate change resilience in order to protect the community from future impacts.

KEY ISSUE

Q: There has been a strong community voice over many years asking Council to be proactive and show leadership on the issue of climate change. Do you think we should be more cautious and wait to see what Government direction and funding is planned or should we be proactive and move ahead with investments in a range of resilience, leadership and innovation actions?

COVID-19 and Economic Recovery and Regeneration

COVID-19 has had a huge impact globally, nationally, and regionally. While Nelson has been fortunate to have experienced relatively few infections, the social and economic consequences have been, and will continue to be, considerable. These impacts are not over – many changes to how we live, work and travel will be with us for much longer.

Council is committed to supporting recovery and regeneration in Nelson. This focus is reflected throughout the Long Term Plan. We will continue to work in partnership with central government, neighbouring councils, iwi, community organisations, businesses and the wider community, to help regenerate Nelson for us all and to support community wellbeing.

Uncertainty for local businesses and employment

COVID-19 has brought significant uncertainty to the operating environment for local businesses. Changes to Alert Levels, border restrictions, and the global economic outlook has required businesses to be resilient and remain agile to constant change. The impact of COVID-19 on the regional economy has been highly variable depending on the sector and the business.

Since the easing of lockdown restrictions, some sectors, particularly the primary industries, reported stronger demand than pre-COVID-19. Other sectors reliant on international migrant access to New Zealand, either as tourists or seasonal labour, have been more severely impacted. Given Nelson's high reliance on export markets, our industries are vulnerable to any global economic downturn that may eventuate.

The path and pace of economic recovery from here remains uncertain, depending on numerous factors such as the course of the virus, the distribution and effectiveness of vaccines, how quickly the global economy recovers, and any long lasting changes to production and consumer behaviour. While spending in the region rebounded post lockdown, it has remained lower than previous year levels since November 2020, due to a lack of international tourists in the region. Many economic indicators remain volatile and hard to predict. Spending patterns over the next few months will be critical to assess the real impact of border closures once the wage subsidy and domestic summer holiday effects are over.

The economic impact of COVID-19 has been disproportionate across our community. Those who were vulnerable pre-COVID-19 are at a greater risk of facing employment challenges.

In Nelson, the number of Jobseeker Support recipients increased from 1,150 in January 2020 to 1,530 in January 2021 (source: Ministry of Social Development). Numbers have recently dropped due to seasonal labour requirements over the summer and a lack of access to migrant labour. The labour market currently remains relatively tight, with those on the jobseeker benefit making up 4.6% of our working age population at the end of January 2021, compared to 3.5% at the same time last year (pre-COVID-19). Job seeker numbers are expected to lift again in autumn.

Housing unaffordability and availability has compounded the impact of COVID-19 across our region. There is a critical shortage of houses available for people in need, and dramatically increasing house prices are putting home ownership out of reach for a growing proportion of our people. This challenge is also limiting our local businesses' ability to grow and attract talent to our region. More information on our response to housing issues is provided on page 34.

The local response to COVID-19

In 2020/21 Nelson City and Tasman District Councils increased funding to the Nelson Regional Development Agency (NRDA) from \$1.2 million to \$1.66 million to support delivery of the first year of Project Kōkiri, our region's economic recovery plan. Project Kōkiri is a collaboration across NRDA, the two councils, iwi, the Chamber of Commerce, business and relevant government agencies.

Nelson City Council provided funding of \$250,000 alongside a \$200,000 contribution from Tasman District Council and a range of central government assistance to allow delivery of Project Kōkiri. This funding delivered an expanded work programme to help businesses through the initial response to COVID-19, with a particular focus on those sectors hardest hit due to border closures. The NRDA worked with the Chamber of Commerce and businesses to deliver the 'We've Got This' campaign, and supported social procurement policies to provide as much cash-flow as possible to businesses in the region. The tourism sector was supported to shift towards a domestic visitor market. Find out more at projectkokiri.nz.

Council supports the Interim Regional Skills Leadership Group identifying better ways to meet future skills and workforce needs in our regions. Resolving constraints of seasonal labour challenges has been a key focus.

Council responded to the impact of COVID-19 by identifying ways to directly support our local businesses and people. While being mindful of the need to save where it can, Council is not retrenching and has proposed an increase to our capital works programme over the next ten years of \$169 million. These capital projects are designed to deliver multiple benefits to the community, including the provision of local employment opportunities. Council has also streamlined procurement to allow faster approval of tenders to keep money circulating in the economy. The Jobs for Nature projects are also providing employment and training opportunities for those who may have lost their jobs due to COVID-19.

Council recognises that some residents have been harder hit by COVID-19 and an important element of our response is the reorienting of our social funding to organisations which support our communities of greatest need. The aim of this funding is to reduce social isolation, housing vulnerability and the impact of poverty and also to improve access to work and learning.

For more information on Council's COVID-19 response: nelson.govt.nz

Regeneration of our economy

We are now shifting into the next phase of economic recovery - Project Kōkiri 2.0 - which will support the transition towards a more regenerative, resilient and productive economy. The disruption caused by COVID-19 presents an opportunity to build back better.

Regeneration of the economy will deliver prosperity, through a shift towards a low emissions future that restores our environment, provides high value jobs for our people, and harnesses the creativity and innovation of our local businesses. Project Kōkiri 2.0 involves working with business and community to determine how we can meet the Te Taihū Intergenerational Strategy outcome for Nelson Tasman to have a "resilient economy that allows our people, places, communities, and businesses to thrive". COVID-19 has demonstrated that an economy's resilience is critical to how well it can respond to shocks and disruptions.

Our economic opportunities and challenges require creative thinking and strategic analysis, engagement with businesses and our community, and partnership with iwi and central government to move forward. This work has started through the development of a [Regional Economic Development](#) briefing that sets out our region's partnership opportunities with central government.

Project Kōkiri 2.0 will develop an Economic Development Strategy that will set the overall direction of regeneration for our economy and include a range of strategic initiatives to improve our region's overall wellbeing. The alternative is to spend less on this project, however this funding will help with the economic recovery of the region which is crucial.

KEY ISSUE

Q: COVID-19 will have an ongoing impact on our region and provides an opportunity to think differently about how Council invests in economic development and supports wellbeing. Would you support a new allocation of \$350,000 per year over the next three years for Project Kōkiri 2.0? What areas are most important to ensure the regeneration of our Nelson region?

Debt vs. Rates

Balancing the Budget

Te taha pūtea

What has shaped our thinking around debt vs. rates?

Council will have to increase the revenue it generates to achieve everything that you've told us is important to you over the next 10 years, meet your aspirations for Nelson's progress, and provide core services. User charges apply for some services, but most of our revenue comes from rates.

In setting its budgets Council considers:

- What it must do, for example because it is required by legislation
- What it has to do, for example finishing projects it has already started
- What it should do, because to not act will create problems in the future.

How much we need to increase rates by each year depends on several factors. Major drivers are:

- How much the cost of providing services has increased
- What the community want us to achieve, and how much this costs
- How much money we should borrow and pay back later
- The changing value of our assets and how much we need to save annually to replace them in future (known as depreciation – explained further in our financial supporting information)
- Government legislation, regulations and standards.

Three significant factors have impacted the budgets Council has developed for the Long Term Plan:

COVID-19 recovery: The significant and ongoing impact of the pandemic, including the impact of setting the net rates increase to 0% in 2021/21, and Council's role in supporting Nelson's recovery and regeneration. You can read more about our proposed activity on page 49.

Revaluation: At 30 June 2020 Council had a large revaluation of its Three Waters assets which would have, if no balancing action had been taken, driven an extra 3% of rating increase.

Capital Expenditure: The proposed capital expenditure in this Long Term Plan (the money we require to build and upgrade physical assets such as infrastructure and community assets) has increased by \$169 million compared to the previous Long Term Plan.

These factors have put our Financial Strategy (how much we increase rates and how much we borrow) under pressure. We know we need to cap rates at an affordable level. We also don't want to burden future generations with high debt or by not looking after and upgrading vital infrastructure.

We will need to increase Council's revenue from rates to deliver the Long Term Plan. Rates rises are expected to be between 5.0% and 5.7% per year over the 10 years of the Long Term Plan. This will enable us to achieve the outcomes that you have told us

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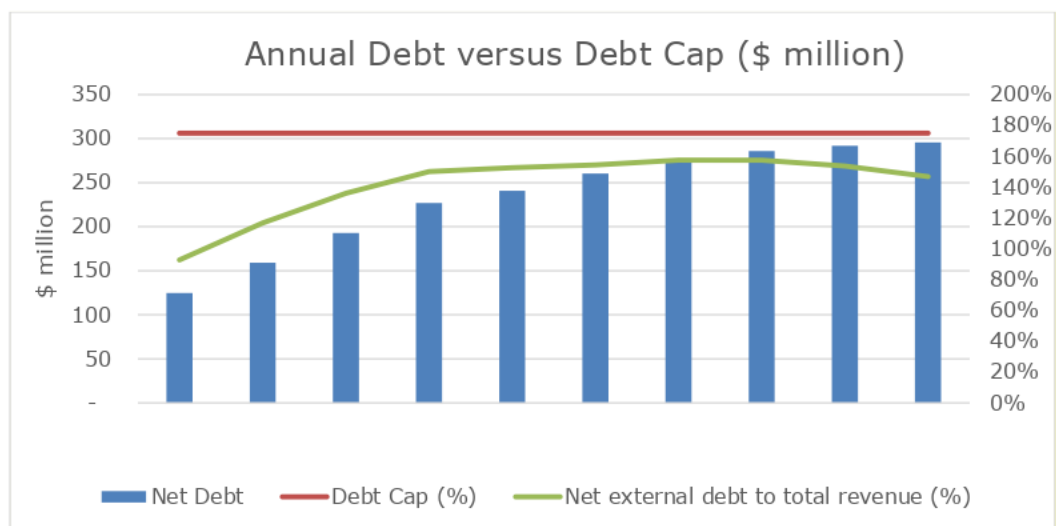
are important to you, and deliver the core services we need to provide as a unitary authority (a council which has the responsibilities of both a regional and district council). At the end of the 10 years our net debt will be \$291 million, and our debt/revenue ratio will be 143%.

A benefit of this approach is that although our debt will increase, it will be less than what it would be if rates were set at a lower level. This means that future generations won't inherit a larger than necessary level of debt, and will have more choice about what they can invest in. It will also make Nelson more resilient to unexpected events by leaving us with a healthy margin between our level of debt and our debt cap.

In order to achieve this, Council's Financial Strategy proposes to increase the rates cap from LGCI plus 2% (our current cap) to LGCI plus 2.5%. LGCI is the Local Government Cost Index. This is used rather than the Consumer Price Index as it better reflects the realities of higher local government costs. The debt to revenue ratio cap would also move from 150% to 175%.

In order to keep debt at lower levels than it would otherwise be at Year 10, and comfortably under the Debt to Revenue ratio of 175% (which will peak at 152% in Year 8), it is proposed to set annual rates increases at the new rates cap of LGCI + 2.5%, except for Year 1. In Year 1 the overall rates increase is proposed to be 5.7% (vs 6.2%, which it would be at LGCI +2.5%).

What this results in, is borrowing from the Emergency Fund in years 1-5 to keep the rates increases smooth and lower than they otherwise would be. In years 6-10, Council will repay the Emergency Fund which will come back into funds in Year 8, by having higher rates increases than they otherwise would be (and higher operating surpluses). This provides more stability for ratepayers, while also giving Council the income it needs to fund the services you have told us are important to you.



The Local Government Act 2002 provides for councils to have an unbalanced budget. Council has considered the 'big picture' for the next ten years, and has determined that an unbalanced budget is the best approach from 2022/23 to 2023/24 of the Long Term Plan to reduce rates fluctuations. This means that we will borrow money (using the Emergency Fund) in the first five years of the Long Term Plan to make up the shortfall that rates will not cover during this time. If Council did not borrow this shortfall, the

rates increases would need to be higher to compensate. Council considers that a more even annual rates increase is preferable. With this approach we will be able to maintain both our levels of service for the public and the integrity of our assets. In 2027/28 to 2030/31 of the Long Term Plan, Council will contribute \$29.2 million to the Emergency Fund, resulting in a projected balance of \$20.3 million at the end of the ten year period (less any disaster expenditure over the next 10 years). If there was a large event which wasn't covered by insurance, Council would borrow the funds from the Emergency Fund (after the first \$150k per activity was covered from existing Council budgets). Council has allowed enough headroom for this to occur with the self-imposed debt to revenue ratio of 175%.

Council is in a strong position to borrow, and our preferred strategy will spread the financial impact of an unbalanced budget in a manageable way. With this plan:

- We will receive \$1,758 million from 2021/22 to 2030/31
- We plan to spend \$1,611 million* from 2021/22 to 2030/31
- By June 2031 our net debt is expected to be \$291 million
- From 1 July 2021 to 30 June 2031 we expect to have increased total debt by around \$176 million
- By June 2031 our total asset value will be \$2,531 million.

**includes both capital and operating expenditure*

What are the alternatives?

Do not use the Emergency Fund to smooth rates increases and reduce debt

The alternative is to not use the Emergency Fund to smooth rate increases and reduce debt. This would result in rates increases for the first three years of 7.4%, 5.4% and 4.4% respectively, and an average of 3.5% for the remaining seven years. Net debt at the end of the ten years would be higher at \$315.9 million.

Significantly reduce our work programme

This could mean that less infrastructure is built and renewed. We would have to drop many of the initiatives we are talking about in this document, which would reduce the level of economic stimulus Council is able to contribute to the region through its projects. Council has considered its work programme through a COVID-19 recovery lens, and believes it has achieved a balance which will help support the community.

KEY ISSUE

Q: Balancing debt vs. rates is a key component of this 10 year plan. Do you support the balance we have struck between increasing rates and taking on debt? Or do you prefer one of the alternatives?

More information on how our debt levels and rates are set can be found in the summary of our Financial Strategy on page 46. A copy of the full Financial Strategy is available on our website: shape.nelson.govt.nz/xx.

Nelson City Centre

How will Nelson's City Centre evolve over the next 30 years, providing for our social, economic and cultural needs?

The activation and revitalisation of our City Centre is focussed around Six Key Moves that Council has developed to address the significant transformative opportunities in Nelson City:

- Destination Nelson
- Walkable Nelson
- Blue-Green Heart
- Smart Development
- Liveable Centre
- Clever Business.

That transformation will be guided by a spatial plan to define the changes needed to make sure that our City Centre meets everyone's needs, now and in the future. The plan will create a people-focused, place-based vision for the City Centre that attracts investment, residents, talent, thriving business, families, and events - the foundations of A Smart Little City.

Work on the Spatial Plan and a Parking Strategy for the City is ongoing but have been delayed by COVID-19. They are essential for understanding how to best invest in our City Centre. Until they are complete, Council's \$15.3 million provision for developing the City Centre will not be allocated to specific projects. The exceptions to this are the Streets for People programme (\$2.7 million), which is currently being implemented, and the urban park (\$1.4 million).

The most vital aspect of this project is to understand what you want from your City Centre and where you think the opportunities for improvement are. We have heard from a broad cross-section of the community about their aspirations for the City Centre and, building on that base, we are continuing conversations with interested groups and individuals. As part of the Spatial Plan engagement process, Council will hold a variety of sessions with the Nelson community.

It has become clear during this process that successful urban centres are destinations that are not just recognised for their retail and services offerings but also for the unique experiences they deliver: great food, arts and culture, and vibrant events. Underlying all experiences is one factor - people. People walking, shopping, enjoying a snack and great coffee at an outdoor café, chatting to friends on a bench under a street tree canopy, make the City Centre come alive.

When complete, the Spatial Plan will present a direction that also incorporates climate resilience, high quality developments which embrace intensification opportunities, transport modal shift, iwi partnership, Nelson's arts legacy, and our locally celebrated hospitality and retail sectors. It will help connect Nelson's thriving City Centre to our stunning natural landscapes.

The Spatial Plan will consider the needs of new residents living in and around Nelson's City Centre. This will include integrating urban greening measures and play spaces for families.

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Trial projects under the City Centre Streets for People programme will continue in from 2021/22 to 2023/24, to investigate ideas for spatial development and determine what works for the community. From 2024/25 to 2026/27 we will begin implementing more permanent solutions.

For more information go to: [Link](#)

An option to reduce the central city spend would be to not develop the planned urban park at a cost of \$1.4 million. This would be a saving of \$1.4 million on debt and \$108,965 p.a. on rates but would mean the loss of a project that will bring people into the centre of Nelson, particularly engaging families and youth, and supporting local businesses.

Science and Technology Precinct

Port Nelson, in collaboration with the Cawthron Institute, is looking to develop a Science and Technology Precinct on a piece of land bordered by Wildman Ave and Vickerman Street alongside State Highway 6.

The Precinct will be a hub of innovation and creativity, and will further augment Nelson's leading position as a location for value-add companies working in the ocean economy and aquaculture space. The involvement of Nelson's Cawthron Institute, with its 100 years' experience delivering world-class science, will blaze a trail for a range of national and international tenants.

Companies from a variety of sectors working to provide solutions to some of our regions' most pressing challenges in science and research, information technology, software development, health, agritech and aquatech, will be targeted to locate in the Precinct. With a growing appetite for new ways to work, there has been increased interest from technology companies that are considering relocating to Nelson.

The campus will include a collaborative workspace and shared amenities such as conference facilities. With innovation as a key theme, it will be designed to a high environmental standard, which will include open spaces and a park-like environment, and connect to the City Centre via the Maitai River walkway and cycleway.

The Precinct will support the work being undertaken by Council to improve the City to Sea connection, contribute to economic development opportunities (which is consistent with our vision for Nelson to be A Smart Little City), and align with the Te Taihū Intergenerational Strategy.

The attraction of new-high value companies and their staff to Nelson will generate sustainable economic value for the region, and supports our desire to be a City that provides modern opportunities to live, work and play.

To support the right mix of companies to be attracted to the site, Council is proposing to provide support for the development of the Precinct in this Long Term Plan. There is an allocation of \$3.5million proposed in the Long Term Plan and project initiation funding of \$1.5million already available in the current year. This would result in total support of up to \$5 million. This would be paid for through debt funding at a cost of \$150,000 in rates per annum (across 40 years).

Have your say!

Q: Do you agree with Council's support for the new Science and Technology Precinct and the funding that has been allocated?

Community Facilities and Partnerships

The range of facilities that Council provides and manages on behalf of and in partnership with the community help bring us together, and make Nelson an exceptional place to live. Libraries, halls, sport and leisure facilities, marina, mountain bike trails, and campgrounds fall under this category.

We would particularly love to hear your opinions on the following significant project:

Library Precinct Redevelopment

Creating a vibrant and resilient community space for Nelson

Council is planning to redevelop the Elma Turner Library. This significant project would revitalise and open up the Maitai River Precinct, and provide a modern library space for the whole community to use. Delivering on our vision for Nelson as A Smart Little City, the new library will use innovation and clever design to deliver a climate change-resilient building, and a vibrant, functional place for the community to gather together, learn, and enjoy. It will also be a significant construction project for our City, providing jobs.

A modern library is not a nice-to-have, it is a need-to-have. At their best, libraries offer people the chance to expand their horizons. They are a gateway to opportunity and a great equaliser for our community.

Council plans to build an iconic Nelson library that:

- Has a Green Star rating of five, and demonstrates a range of sustainable and climate resilient features. For example:
 - Low embodied carbon design
 - Passive heating/ventilation
 - Solar power generation

More information on Green Star ratings see:
<https://www.nzgbc.org.nz/GreenStar>
- Is adaptable to sea level rise and river flooding for more than 100 years
- Is resilient to earthquakes
- Reflects the importance of the location to mana whenua.

Why do we need a new library?

Currently Elma Turner Library is located in a converted space, which was previously a car sales office. Parts of the building date back to 1973, with a new extension and internal refurbishment undertaken in 2005 and 2012. It has served us well but is no longer suitable for the amount of use it receives, and the expanding role libraries play in our community. The library currently receives over 300,000 visitors each year.

A new, modern library would better serve the changing needs of our community. The facility would provide more space for us to deliver the full range of activities and programmes that a library should offer. There would be more space available to be booked for individuals and community groups, a greater connection to the natural environment, and a layout that meets modern standards. There are opportunities to develop the Maitai River Precinct with new spaces for people to enjoy.

What you told us

This section as a graphic

In 2019 and 2020 we engaged with a range of people and groups about what the library could deliver. Feedback included a desire for:

- A range of inclusive spaces for the whole community to enjoy
- Easy access and car parking
- A welcoming place to host and engage visitors
- A café
- Well serviced community rooms, available after-hours
- A connected Nelson archive and heritage space.
- A sustainable building, demonstrating Nelson's approach to climate change
- A community building that is connected to its landscape and surrounds
- A building that maximises opportunities to connect to the Maitai/Mahitahi River

Working with local genealogical organisations and the Nelson City Council Archives, the archive space would be available as an important heritage and research centre. This facility could be incorporated into a larger new library (Options One and Four).

There will be further engagement with the community on the detail of services the library will provide – it is an important place for everyone and we want to make sure we get it right.

Council's proposal

Options considered for the library redevelopment included refurbishing the existing building, rebuilding on the current site to a lower specification, and moving the library to another part of town. However, these options would not deliver all the outcomes desired by our community. Our proposal is to build a new, expanded library on the corner of Halifax Street and Trafalgar Street, which includes a plaza connection to the Maitai/Mahitahi River from the Halifax/Trafalgar Street intersection. (Option One - page 30).

There are several benefits to delivering the project in this location:

- The existing library can be kept open and operating until the new library is complete
- The design connects the community and the city to our awa (river), through the creation of a new entrance to the Maitai walkway
- A new, attractive, public open space will be created that sits between the library and the Maitai/Mahitahi River
- The old library site will become part of the integrated development of the adjacent land.

Partnering with Wakatū Incorporation

We are proposing to partner with Wakatū Incorporation to deliver this project. The mouth of the Mahitahi, along with Matangi Awhio (Auckland Point), was an important site for waka landing, settlement and mahinga kai. Wakatū Incorporation owns most of the land in the Maitai River Precinct, including the proposed location of the new library. Council shares Wakatū Incorporation's vision for the site: to link the River to the heart of Nelson City, and for the adjacent land to be a focal point for the community.

We propose to carry out a land swap with Wakatū Incorporation, so that once the new library is complete, it takes ownership of the current library site, and Council takes ownership of the new library in its new location. An indicative plan of the area prepared by Wakatū Incorporation is on the following page.

A Climatorium for Nelson

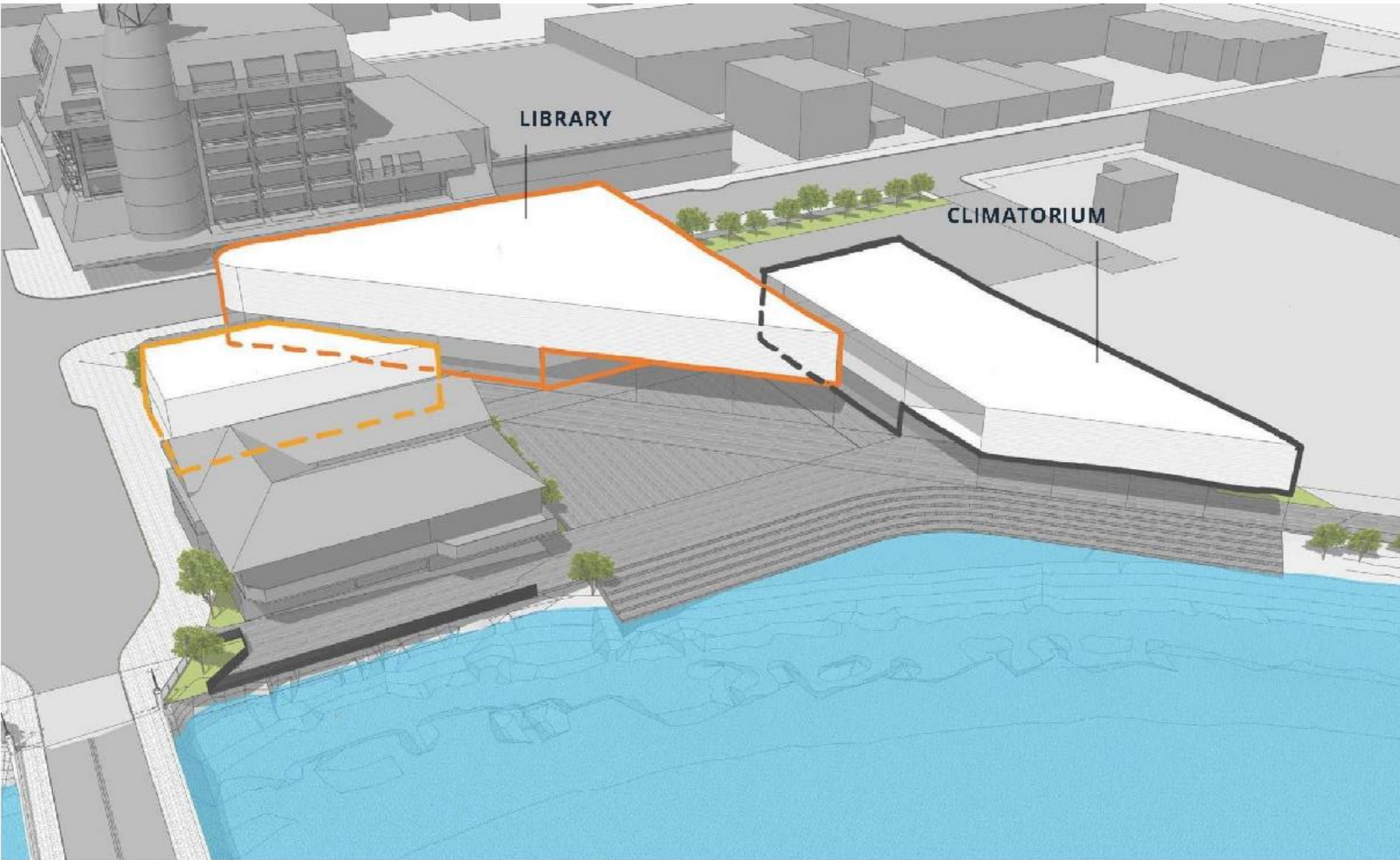
Wakatū Incorporation is exploring the creation of a Climatorium on its land next to the proposed library site.

A Climatorium is a centre where the scientific community can come together with central and local government, industry, academics, and the community, to develop and share innovative solutions to the challenges of climate change.

In 2020 Council signed a Principles of Collaboration agreement with Wakatū Incorporation and four Danish organisations associated with the Lemvig Climatorium. The agreement identifies three key areas for collaboration: investigating the opportunity to establish a Climatorium in Nelson, sharing knowledge on climate adaptation and actions, and incorporating sustainability in education.

A Climatorium would establish Nelson as a centre of climate change solutions, and show leadership in addressing the climate emergency. Council proposes to support this project, by bringing together key organisations to help explore the opportunity and progress the concept.

Two library site concept images:





Budget and Timeline

We propose to invest \$46.3 million (\$44.4 million uninflated) in the new library, which includes an appropriate contingency budget. This development would be funded through borrowing, with the cost spread over 40 years – as it will benefit Nelsonians for years to come. Design work is proposed to start in the 2021/22 financial year, with the aim of lodging the necessary consents in 2022/23 and commencing construction in 2023/24.

A new library is expected to result in greater usage and an increase in operational costs of \$51,000 in 2022/23, increasing to \$136,000 per year by 2026/27. It is expected there will be annual energy savings of at least 30 percent but potentially as high as 70 per cent compared to a non-Green Star build. The proposed increase in costs does not include any change to opening hours, which would require additional staff.

What are our options?

There are several options we could take to redevelop the library. Council has spent time considering them all and has concluded that Option One would deliver the best results for the community. All options include provision for fit-out of the library.

Our Options	
<p><u>Option One: Construct a new library on the corner of Halifax Street and Trafalgar Street (Council's preferred option)</u></p> <p>This option involves building a new, modern library (3,250m²) within the Maitai River Precinct that would also act as a gateway from the central city to the River. Construction would be to high environmental standards, to deliver a modern, low-carbon, climate resilient library. This option would provide excellent urban design outcomes, with significant landscaping and plaza connection to enhance the library's links to the River. There would be very little disruption to library services, as the current library building would continue to operate until the new one is completed.</p> <p>Because this option includes building the library on a new site it requires a land swap with Wakatū Incorporation. Depending on the value of the sites this may include some additional payment or boundary adjustments to land titles to ensure a fair exchange.</p> <p>Disadvantages of this option include the estimated cost, slightly smaller footprint compared to option four, and some additional time delays to complete the land exchange negotiations.</p>	
<p>Cost</p> <p>The estimated cost for this option is \$46.3 million (funded through borrowing, with the cost spread over 40 years).</p>	<p>Impact on rates</p> <p>\$2.1 million p.a. (total increase in rates of 2.5%)</p>
<p><u>Option Two: Refurbish the existing library building</u></p> <p>This option would involve replacing the existing roof, and changing and refreshing the internal layout of the library to make better use of the existing space (2,450m²). Refurbishment would extend the life of the library for another 20-30 years. This is the</p>	

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<p>lowest cost option, it does not require a land purchase, retains the riverside location and provides medium-term flexibility on location.</p> <p>Disadvantages include limited improvements to the physical environment and no contribution to the cohesive Riverside precinct. Refurbishing the existing building would not provide much more additional space to deliver the wider range of services and programmes that the community has asked for. It would also result in significant disruption to library services while the refurbishment work is being carried out and only add a relatively short increase in the building's life expectancy.</p>	
<p>Cost</p> <p>The estimated cost for this option is \$21.3 million.</p>	<p>Impact on rates</p> <p>\$1.4 million p.a. (total increase in rates of 1.6%)</p>
<p><u>Option Three: Construct a new, reduced-specification library on the current site</u></p> <p>This option involves deconstructing the current library building and replacing it with a larger (3,150m²) modern building. This has a lower cost than the proposed Option One, it doesn't require new land to be purchased, retains the riverside location and provides medium-term flexibility on location.</p> <p>The disadvantages of this option include: in order to keep the overall budget down some of the sustainability, design, fit-out and external landscaping features that have been asked for by the community would not be included. This option would have limited environmental benefits and impact the development of a cohesive Riverside precinct. It would also result in significant disruption to library services while the new library was being built.</p>	
<p>Cost</p> <p>The estimated cost for this option is \$33.6 million.</p>	<p>Impact on rates</p> <p>\$1.7 million p.a. (total increase in rates of 2.1%)</p>
<p><u>Option Four: Construct a new, high-specification library on the current site</u></p> <p>This option involves deconstructing the current library building and replacing it with a larger (3,400m²) modern building. This option does not require any new land purchase, retains the riverside location and construction would be to high environmental standards, meaning we would end up with a modern, low-carbon, climate resilient library. It is also likely to be the quickest of the new-build options.</p> <p>While this option would deliver some good urban design outcomes, it would impact development of a cohesive Riverside precinct and wouldn't provide an integrated entranceway from the central city to the Maitai River. This option would also result in significant disruption to library services while the new library was being built.</p>	
<p>Cost</p> <p>The estimated cost for this option is \$45.2 million.</p>	<p>Impact on rates</p> <p>\$2.1 million p.a. (total increase in rates of 2.5%)</p>
<p><u>Option Five: Construct a new library somewhere else in the City</u></p> <p>Building elsewhere in the City would mean losing the connection between the library and the River. We have consistently heard a preference for the Maitai River Precinct as the community's preferred location for the library, but have retained this option in case a decision cannot be reached on one of the above options.</p>	

This option would significantly delay the start of the project while a suitable site is found. A decision by Council to not build a high quality gateway building on the River could discourage other significant investment in this area. Other disadvantages include, drawing foot traffic away from the river end of Trafalgar Street, the cost of the land purchase and unknown construction risks.	
Cost This option has not been fully costed, as land purchase, design and construction costs would all depend on the exact location.	Impact on rates This option has not been fully costed, as land purchase, design and construction costs would all depend on the exact location.

Riverside Precinct Flooding Risk

The current library floor level is 2.86 metres above the sea level and is protected from river flooding by the Maitai Walkway, which is 3 metres above sea level.

Any new building in the Riverside Precinct would be built to exceed the current standard in relation to minimum ground levels for 2130. Floor levels would be designed to meet above 4 metre projections, with the ability to raise the floor level in the future if required. The design of Wakatū Incorporation's new offices within the Riverside Precinct demonstrates one method of how this can be achieved.

A refurbishment of the existing building would not have the same level of protection. While floor levels could be raised from their current level of 2.86 metres, these would not provide the same long-term resiliency as a new build with a floor level at 4 metres.

For more information on the Library please see [link](#)

KEY ISSUE

Q. We've set out why Council believes we need to redevelop the library. Do you support the redevelopment? Why or why not?

Council has an ongoing relationship with Wākatu Incorporation and believes that working together allows us to achieve more for the Riverside Precinct. Do you support us working towards a precinct with Wākatu?

Council's preferred option is a redevelopment on the corner of Halifax and Trafalgar streets with a public plaza down to the river. What do you think works about Council's proposal and what doesn't? If you prefer a different option please let us know your reasons.

Other community projects planned over the next 10 years:

Council is supporting projects and initiatives that protect our heritage and strengthen the artistic and cultural life of Nelson.

Council is proposing to provide funding (\$38,000 over three years) to the Nelson Arts Council in order to help it maintain the new, high visibility central city location of the Refinery Artspace in Hardy Street. Work on the Heritage Strategy, Taonga Tuku Iho, is

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underway and Council has received valuable feedback on this work through the engagement processes to date.

Council and Tasman District Council are both proposing contributions to the Tasman Bays Heritage Trust's project to build a new Archive Research and Collections facility for the **Nelson Provincial Museum**. Council has allocated \$3.165 million to this project in 2023/24.

Sea Sports Building

Sea sports at the Nelson Marina include a range of popular activities such as Scouts, Cadets, canoe, surf skis, rowing, waka ama and kayaking. However there is no adequate building to either store equipment or to be a base for activities. The proposed building is expected to cost \$8.3 million (in 2024/25 and 2025/26), with design and consenting work commencing in 2022/23. 80% of the project's construction costs are proposed to be funded from the Marina account, with an expectation that the sports groups who will use the facility will make a 20% contribution. For this option, Council's initial outlay will be \$6.7 million funded through debt, with ongoing interest of approximately \$184,000 per year. There will be no impact on rates as the Marina account is a closed account.

The other two upgrade options considered were both to carry out basic improvements on the existing buildings, which would mean less cost but not meet the identified user needs. Users of the facility would be expected to contribute 20% for both these options and neither of the options will have an impact on rates as both will be funded from the Marina Account. Option two would see the existing buildings upgraded and owned by the users, with Council adding on facilities at an approximate cost of \$3.2 million. Council's initial outlay for option two would be \$2.6 million debt funded, with interest of approximately \$72,000 per year. Option three would have Council owning and carrying out all the work on existing buildings at an approximate cost of \$5.6 million. Council's initial outlay would be \$4.5 million debt funded with interest of approximately \$122,000 per year.

Have your say!

Q: Do you agree with Council's proposed approach of funding 80% of the construction cost of the Sea Sports building from the Marina account to construct a purpose-built, multi-user facility?

Cemeteries

Council projects that Nelson will run out of burial space in our existing cemeteries within 10 – 20 years. Council is planning now on how to meet our future cemetery needs. There are two options which are being considered - we can develop a regional cemetery with Tasman District Council in the Moutere or Wakefield, or we could find suitable space within the Nelson area, most likely on the northern edges of our city as there is a shortage of suitable space closer in.

Collaborating on a regional cemetery would take advantage of the available land in Tasman and provide up to 80 years of capacity. However, for some residents it would be further than they might expect to travel to reach a cemetery.

Have your say!

Q: What is your preference? Build a new regional cemetery with Tasman District Council or find space within Nelson?

Housing Affordability and Intensification

Housing

Housing is one of the most basic needs for people, and stable housing is linked to positive economic, educational and social outcomes for individuals and communities. The lack of affordable housing is one of the most significant challenges facing the Nelson region. Our housing market is consistently one of the least affordable in the country.

Although Nelson rent and house prices are slightly lower than national medians (4.7% and 2.4% respectively), household incomes (recorded for Nelson, Tasman, Marlborough and the West Coast combined) are 22.9% below the national median. This results in a higher level of unaffordability for both renters and property purchasers.

	Median rent per week - October 2020	Median house price - January 2021
Nelson	\$425	\$712,500
New Zealand	\$470	\$730,000

Real Estate Institute of New Zealand (REINZ)

	Median total household income (estimate for the year ended June 2020)
Nelson /Tasman/ Marlborough/West Coast (combined)	\$68,078
New Zealand	\$88,327

Stats NZ Tatauranga Aotearoa

We see the impact of this housing crisis in our community every day – in the rising numbers of homeless people, the families living with housing vulnerability, people leaving the region or being more reluctant to move here, and our growing tide of residents struggling to keep a roof over their heads.

Council has made affordable housing and intensification a focus area and is committed to helping to improve the situation. Unless otherwise specified, the measures outlined below don't have a material impact on debt or rates.

Council's work includes:

Partnering with Central Government

Many of the factors affecting housing affordability, such as rising prices due to increasing demand, and the level of household income, are not within Council's control so it is

crucial that we work closely with central government to ensure Nelson is receiving as much help as possible. The government's recently released public housing plan recognises Nelson's housing challenges and acknowledges that we are a priority area for assistance.

Council is working in partnership with Kāinga Ora; the Government's primary housing and urban development delivery arm with two key roles, firstly to be its own public housing landlord, and secondly, to partner with the development community, including local government, on urban development projects.

Council's Housing Reserve

Council consulted the community on the divestment of its community housing portfolio to Kāinga Ora and how the proceeds should be applied. Feedback from the community confirmed all the proceeds should go to the creation of a \$12 million Housing Reserve, rather than being used to pay off debt. The Reserve will be used to work with and support partners who have the ability to deliver social and affordable housing solutions for the community. Council sees the Reserve as a community asset for which it has a stewardship role.

Council is undertaking research and talking to partners and experts including regional and national Community Housing Providers, the Ministry of Housing and Urban Development, Community Housing Aotearoa, and other councils about how the Reserve could operate and continue to deliver positive housing outcomes for Nelson over the long term. We expect decisions on the fund to support housing development during 2021.

Intensification

For Nelson to be A Smart Little City, a vibrant place to live where business and innovation thrive, it is vital that Council plays its part in helping ensure that housing development keeps up with demand.

In the short term Council is anticipating a low rate of growth, with an additional 1,256 rating units from 2021 to 2031, but we are planning for higher growth in the longer term. (Read more about growth on page 57). Part of this planning for growth includes providing for further intensification of housing.

What is intensification?

Enabling housing intensification is a focus for Council in this Long Term Plan. This is the practice of improving our use of existing land to provide more housing, while also encouraging more housing types and choices. On previously developed land (brownfield developments), it typically involves adding dwellings to sites, or adapting and replacing dwellings on one or more sites with more housing. Intensification also happens in previously undeveloped (greenfield) areas, through medium-density housing. Intensification of housing along or close to our main transport corridors has many benefits including supporting our sustainable transport and carbon reduction objectives.

Council's approach

Council's support for greater intensification in Nelson includes funding of infrastructure projects which enable higher density housing. Infrastructure services (such as water supply, wastewater and stormwater) need to be in place before new homes are built. Existing services in an area often need upgrading to meet the increased capacity

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required by intensified housing. For 'greenfield' development, totally new services are built.

Council receives payment for providing these additional services through development contributions. Council borrows the money required for the work when upgrades and installations are required prior to developers starting work and paying the contributions.

Over the next 10 years we will concentrate our proactive infrastructure upgrade activity in Washington Valley and the wider Nelson City area, and be responsive to city wide intensification demands. As well as preparing for intensification, upgrading the infrastructure in these areas has additional benefits such as replacing ageing infrastructure, increasing stormwater capacity, reducing the risk of wastewater overflows, and improving water supply flows and pressures. This activity is budgeted to cost \$23 million.

Supporting development

Council provides guidance and staff time to assist property owners undertaking intensification projects. The rules around higher density housing and tiny houses are also being re-written as part of the draft Whakamahere Whakatū Nelson Plan. The 2018 Development Contributions Policy waived development contributions for up to 30 Housing Units of Demand (HUDs) per year in the City Centre and City Fringe areas. The draft 2021 policy proposes that the 30 HUD per year limit be removed so that all residential development in the City Centre qualifies for a waiver.

To comply with the National Policy Statement on Urban Development, Council resolved that Nelson Resource Management Plan (NRMP) on-site car parking requirements no longer apply from 1 January 2021. This means there is no requirement to provide a specified number of on-site parking spaces, except for accessible parks. A number of changes will be made to the NRMP in 2021 to reflect these changes.

Council will also be considering methods of making some of its own landholdings available for intensification projects and mixed use developments.

Council's proposal is to undertake a range of work to promote affordable housing and intensification. The alternative would be to not proactively progress the many strands of work outlined above. This would have a minimal impact on rates and debt as it mainly involves staff time. However the impact would be fewer initiatives to improve the amount of affordable housing in Nelson. Without this staff resource the Housing Reserve would not be able to be activated for innovative projects which leverage additional funding. The Reserve would need to be disbursed as grants, which don't require significant resource to operate.

KEY ISSUE

Q: Housing in Nelson is some of the least affordable in the country. Do you agree with Council's proposal to focus on affordable housing and intensification or would you prefer that Council simply met the legislative requirements in this area and did not devote resource to innovative partnership approaches and leveraging funding?

The Environment

Nelson's stunning natural environment is treasured by residents and visitors alike – it is part of what makes this an extraordinary place. We recognise that the environment is our foundation – a healthy natural environment is essential to our health and wellbeing and we all have a duty to care for it. The challenge of climate change has made this work all the more important. The proposed activity detailed below affirms our commitment towards improving and protecting Nelson's environment.

The proposed budgets vary from year to year, but in 2021/22 we propose to invest \$18.2 million in environmental activity, with a particular focus on freshwater management and monitoring required by the new National Policy Statement for Freshwater Management, biodiversity management, responding to biosecurity threats and data management and reporting. This budget for environmental activity is proposed to increase to \$20.4 million per year (including inflation) by 2031.

Forest Regeneration on Council Conservation and Landscape Reserves

Council owns over 10,000 hectares of conservation and landscape reserves. These reserves are Nelson's jewels and the backdrop to the City. Our Conservation and Landscape Reserve Management Plan 2009 has a goal to protect indigenous vegetation, habitats and ecosystems and, where appropriate, restore degraded vegetation, habitats and ecosystems.

Council's Landscape Reserves are at risk from invasive pest plants (weeds), particularly vine weeds, and as part of developing our Regional Pest Management Plan many people from our community submitted on the importance of getting these smothering weeds under control. As a result of this feedback from the community Council has developed Ecological Restoration Plans for these areas, and is now seeking the funding to implement those plans.

The Ecological Restoration Plans identify that an intensive weed 'knockdown' period is needed to allow for the protection and regeneration of the vegetation in the reserves and halt the loss of existing biodiversity areas. This initial investment will allow for lower cost maintenance activity in future years to keep the weeds under control. If a slower and less intensive approach is taken, the weeds can come away again each season and it becomes difficult and expensive to make real progress. We intend to use both mechanical removal and 'cut and paste' gel application methods to combat weeds.

Controlling the pest plants is important for several reasons. It prevents the weeds from smothering old growth trees and destroying the canopy cover, which in turn means that future weed growth is suppressed by the protected canopy. A healthy canopy also reduces the impact of heavy rainfall. The leaves slow the rate at which the rain hits the ground, which can be an important factor in helping our waterways to respond to extreme rainfall events.

Weed control also reduces the seed source that can spread weeds to neighbouring land and impact on new plantings. Council invests significantly in new native plantings, and weed control on adjacent land will reduce the risk to those plantings. Likewise, if weeds are controlled then forest regeneration can occur without the need to plant new trees. As long as there is healthy forest nearby the trees will grow by themselves and all we have to do is to make sure they have a chance. Supporting the growth of forest by planting

new trees, protecting the trees we have, and allowing for forest regeneration is an important part of Council's actions to help mitigate climate change.

As well as biodiversity gains, caring for these reserves has significant wellbeing benefits for our community. Nelsonians place a high value on the visual and recreational values of the Grampians, Tantragee and Botanical Hill Reserves that form the city backdrop, and the environmental health of these areas is closely linked to the wellbeing of the people who love these places.

This funding also has the potential to generate local jobs for our community. The proposed increase in service levels will result in some new jobs immediately, increasing as the budget increases. This will provide an important pipeline of long term employment opportunities for the ecological restoration workforce being trained through the 2-5 year Jobs for Nature projects underway in the region, such as Project Mahitahi.

Council is a partner in the Kotahitanga mō te Taiao Alliance and delivery of landscape scale biodiversity outcomes is a key outcome for the Alliance. Council's financial commitment to undertake important kaitiakitanga on its own land signals to our partners including iwi, that we are committed to delivering on these key biodiversity outcomes and restoring our natural landscapes. This financial commitment also has the potential to leverage additional funding from Government through initiatives such as Jobs for Nature.

Current funding for weed control is around \$250,000 per year on average, which has not been sufficient to manage pest plants, especially vine species including Old Man's Beard, Banana Passionfruit, and Climbing Asparagus. We propose to include \$250,000 in 2021/22, \$669,000 in 2022/23, rising to \$1.7 million by 2027/28 and then inflation adjusted for the rest of the Long Term Plan. This funding is for widespread pest plant control work on Council land – totalling \$11.5 million over the next 10 years, with many significant benefits to both biodiversity and the wellbeing of our community.

Council considered the alternative of a reduced investment in this Plan for the weed control programme, which would result in delivery over a longer timeframe. Reducing, by 50%, the investment on weed control results in a \$5.7 million saving on rates but with significantly reduced protection of our biodiversity.

KEY ISSUE

Q. We expect the investment in weed control to make a real difference. How much of a priority is protecting biodiversity through weed management to you? Do you support this major investment or would you prefer that we progress this project more slowly with a saving of \$5.7 million on rates but a significantly reduced outcome for biodiversity protection?

Biosecurity

Over the next ten years biosecurity management will become increasingly important as our climate changes and allows new organisms to make their home in Nelson. Biosecurity management means responding to any plant, animal or microbial pest that should not be there. Responses range from public education through to eradication for some pests. Council needs to manage pests specified in the Tasman-Nelson Regional

Pest Management Plan, respond to any incursions of new organisms, and manage biosecurity threats to its own assets. We propose to include an average of \$45,000 per year in the Long Term Plan for dealing with new freshwater, marine and terrestrial pests as they arise.

Project Mahitahi

Project Mahitahi is a collaborative programme of work, co-designed and co-governed by Council and iwi, which will restore the ecosystem of the Maitai/Mahitahi Valley. Project Mahitahi aims to restore two hectares of wetland ecosystems, carry out widespread pest plant control, work with the community to establish a trapping network to protect native fauna, and plant at least 125,000 native trees.

The total government funding of \$3.7 million for this project will also provide over 50 local jobs over the next five years, assisting with COVID-19 recovery. The Ministry for Primary Industries will support planting projects. Council is contributing \$627,500 from existing funding for the Healthy Streams, Nelson Nature and Sustainable Land Management programmes.

This government investment will include weed knockdown on Council, iwi and private land in the Mahitahi (Maitai) catchment, so that at the end of the project only a maintenance budget will be needed, which is included in the proposed pest plant funding discussed above. Project Mahitahi will also train a number of people in ecological restoration techniques, who will then be available to undertake similar work on other Council reserves in the future.

Impacts of National Freshwater and Biodiversity Policy

Several important new government policy changes which came into force towards the end of 2020 will increase Council's obligations for freshwater management and alter the way Council carries out some of its activities. They will impact service delivery across many areas of Council (science and environment, planning, consents, compliance, infrastructure, transport, and parks and facilities). The planned changes are predicted to cost Council approximately \$6.3 million across the freshwater planning, compliance and science activities over the next 10 years.

These changes are part of a future focused package to improve freshwater throughout New Zealand, and are being considered by councils around the country. Although we are required to make changes through this legislation, there are also benefits for our community in the form of improved freshwater health and greater collaboration in the management of this valuable resource. Some of the changes will mean that we can see more clearly what is working and what needs to change.

In addition to the new freshwater policy, a draft National Policy Statement for Indigenous Biosecurity has also been developed and is expected to come into force during 2021. Anticipated changes will require a focus on identifying, monitoring and protecting more of Nelson's significant biodiversity, and will increase Council's statutory obligations for managing indigenous biodiversity. The pest plant funding discussed above will help us to meet those obligations, along with other existing programmes such as Nelson Nature which focus on wider biodiversity management including predator control.

Whakamahere Whakatū - The Nelson Plan

The Draft Whakamahere Whakatū Nelson Plan will become the resource management plan for managing how Nelson grows and develops, and for protecting our natural environment. Council is currently undertaking a review of all of its plans developed under the Resource Management Act 1991 (RMA), including the Nelson Regional Policy Statement, Nelson Air Quality Plan and Nelson Resource Management Plan. The Nelson Plan will integrate all of these into one document. Council is allocating \$12.08 million over the next 10 years to further develop and then implement the Nelson Plan. The programme and budget are expected to change over the coming three years as the Government introduces new planning legislation. These reforms are likely to impact the scope, content and timing of the Nelson Plan, but it is prudent to retain the budget at this point. Future Annual Plans and Long Term Plans will be updated as the legislation is enacted and timeframes for local authorities are confirmed.

Infrastructure Projects

Infrastructure is about people – our lives, health and wellbeing ultimately depend on it. Continuing our significant levels of investment in Nelson’s core infrastructure is of fundamental importance to Council. Despite being largely unseen, our infrastructure provides the foundation for our city to develop, grow, thrive, and meet central government requirements.

Diagram showing extent of infrastructure provided/managed by Council (similar to a 'what do I get for my rates' diagram)

The Long Term Plan proposes to invest \$449 million in transport, water supply, wastewater, solid waste, stormwater and flood protection projects over the life of this Long Term Plan. This equates to 71% of Council’s total capital programme. In addition, approximately 49% of Council’s operational expenditure is allocated to these services (see graphs on page 47).

We have worked to balance affordability for ratepayers with furthering the resilience of the community. This balancing exercise is a complex one, so we want to hear what you think.

Council invests in renewals and upgrades to our infrastructure cyclically and large number of water and wastewater renewal and upgrade projects are on the horizon from 2030 onwards, so Council is bringing some forward to spread the load. This work will have the added benefits of enabling intensification, reducing the risk of wastewater overflows, improving water supply flows and pressures, and addressing central government initiatives. Dealing with higher risk elements for wastewater, such as overflows, also responds to community concern about discharges into the freshwater and coastal marine environment.

To ensure Nelson’s wellbeing is supported by our infrastructure, we have emphasised responsible and targeted infrastructure work programmes. Council is committed to maintaining its ongoing renewal strategy, and under this Long Term Plan is bringing renewals forward and putting aside significant funding over the next 10 years for the renewal of its water and wastewater infrastructure. This necessary expenditure over the next ten years of this Long Term Plan is \$165 million of capital expenditure.

Council is proposing to prioritise these key projects within the upcoming Long Term Plan:

Saxton Creek Upgrade – Stage 4 (Main Road Stoke to Whakatū Drive)

This is the last stage of a multi-million dollar investment in upgrading Saxton Creek from Champion Road to the sea. The upgrade of the Creek between Champion Road and Main Road Stoke will be completed by June 2021, and Stage 4 is scheduled for completion by 2023/24.

A total of \$20 million has been budgeted for Stage 4 (Main Road Stoke to the sea) in the Long Term Plan, funded in part by central government through a grant of \$7.5 million from the COVID-19 Response and Recovery Fund (which is also being used in 2020/21).

Maitai Flood Mitigation

This project seeks to provide safe, affordable and sustainable flood management for the City Centre, to achieve acceptable levels of risk for urban areas within the Maitai River floodplain. The project was signalled in the 2018-28 Long Term Plan and is at an early stage of options identification.

Community engagement is planned for the next three years, to raise awareness of current and future flood risk, and align flood mitigation options with community priorities. \$830,000 has been budgeted for these investigations and the development of designs. A further \$9.8 million has been allocated as a placeholder in 2024/25 – 2030/31 for implementation of options that reduce flood risk within the floodplain, including areas potentially susceptible to coastal inundation.

It is anticipated that this project will span multiple decades, and that flood protection will be upgraded over time as existing structures require renewal, and to respond to the effects of climate change on flood risk.

Water Supply and Wastewater Renewals

A large portion of Nelson's water supply and wastewater network was installed between 1950 and 1970. Over the next three decades a large portion of this network will be due for renewal. To manage this workload Council has budgeted in the order of \$20 million for water supply renewals and \$20 million for wastewater renewals in this Long Term Plan.

Nelson Regional Sewerage Business Unit (NRSBU)

The NRSBU was established in 2000 by the Nelson City Council and Tasman District Council, with costs shared between the councils and the major industrial users. Its purpose is to manage and operate the wastewater treatment facilities at Bell Island and the associated reticulation network efficiently and in accordance with resource consent conditions to meet the needs of its customers.

Priorities for the NRSBU include the commitment to measure and reduce gas emissions, increased capital expenditure over the next ten years for infrastructure renewals, pipeline upgrades to accommodate future growth and pond desludging and increased operational expenditure to cater for maintenance contract costs.

Total capital expenditure for the next ten years is \$58.4 million and operating costs are approximately \$10.5 million per annum.

Nelson Wastewater Treatment Plant (NWWTP) Resource Consent

The current resource consent is due to expire in December 2024, and work commenced in 2019 to prepare for its renewal. The proposal is to ensure that the existing facility will continue to operate in its existing location until its long term future is decided.

This approach underpins our rising main renewal strategy, which allows us to plan for and implement the renewal of the Atawhai Rising Main – the main pipe feeding the wastewater treatment facility.

Atawhai Rising Main Renewal

Planning work will commence slightly earlier than originally proposed for the renewal of this key lifeline asset, that conveys half the City's wastewater from Neale Park Pump

Station to the Nelson Wastewater Treatment Plant. The renewal of this key asset will be split into three stages, with the first stage being undertaken in the next 10 years with a budget of \$23 million. This work is based on an assumption that Nelson's wastewater treatment plant will continue to be located north of Atawhai.

Increasing capacity for growth

The Future Development Strategy has identified parts of the central city as areas which will need additional capacity over the first 10 years of the Infrastructure Strategy. As capacity increases so too will demand for services and infrastructure.

National Transport Funding: Priorities and Challenges

Nelson works in close partnership with Waka Kotahi (NZ Transport Agency) to deliver positive outcomes for the region. Waka Kotahi takes its direction from the Government Policy Statement on Land Transport 2021-24 (GPS) that sets the Government's priorities for land transport investment over the next 10 year period.

Key transport outcomes of the GPS are Inclusive Access, Health and Safe People, Economic Prosperity, Environmental Sustainability, and Resilience and Security.

The four strategic priorities of the GPS are Safety, Better Travel Options, Climate Change and Improving Freight Connections. Addressing congestion is not a specific priority.

Each Regional Council is required to prepare a Regional Land Transport Plan (RLTP) and a Regional Public Transport Plan (RPTP) that gives effect to the GPS. These documents are prepared in partnership with Waka Kotahi and are used to access funding from the National Land Transport Fund.

Waka Kotahi assists Council by way of a subsidy, called the Funding Assistance Rate (FAR) to fund aspects of our transport programme work. For Nelson this FAR is 51% and includes assistance for maintenance and operations of existing assets (such as footpaths, roads, streetlights and traffic signals) as well as assistance for new projects (such as roads and footpaths) and programme improvements such as public transport.

Waka Kotahi 100% funds all state highway networks.

Most transport projects are only affordable if they qualify for subsidy.

Waka Kotahi has however signalled that the NLTF is facing considerable funding constraints, with overall investment in the land transport system expected to increase from \$18.5 billion (2018-21) to \$20.8 billion (2021-24). Significant programmes are already underway across the country which will require more than 90% of the anticipated revenue from the NLTF to meet existing commitments and to fund programmes at current levels of service.

As a result, Waka Kotahi has advised it is not currently approving funding for any new delivery projects in this NLTP period but will continue to monitor and review the situation.

Sustainable Transport

Transport is the second biggest carbon emitter in New Zealand, behind agriculture. Changing our attitudes to transport and how we use it will be critical to achieving climate change targets. In light of this, Council is adopting sustainability and climate change targets consistent with central government's stated priorities, including those outlined in the Government Policy Statement on Land Transport 2021.

Council is encouraging the community to transition to more sustainable modes - choosing active transport (including walking, cycling, skateboarding, riding scooters), and public transport more often for their journeys. This will support social and environmental wellbeing, and reduce the City's greenhouse gas emissions. A reduction in car use (particularly single occupancy vehicles) will also contribute to improved traffic flows, and has the potential to reduce the need for investment in major road upgrades.

To make progress in our region, investment and support will be required from Waka Kotahi for a variety of projects and programmes that support a move toward a more sustainable transport system. There is a risk that if that Waka Kotahi funding support is not possible or less than expected we may not achieve modal shift and current congestion levels may worsen.

Nelson Future Access Project (NFA)

The NFA is led by central government through Waka Kotahi, working with Council and local iwi. Council is not leading this project, but is a heavily involved party, engaged in decision-making and responding to central government's decisions.

The NFA will help us plan a transport system that is fundamental to shaping our city and providing vital access for people, goods and services to key hubs (including our Airport and Port) that are essential to our wellbeing and economic success. The outcomes will reflect initiatives that work for everyone by identifying an investment programme that supports the community's aspirations for a thriving City Centre and a healthy environment. The strategic direction in the Regional Land Transport Plan (RLTP) fully supports the NFA, which aims to confirm the best way to provide a long-term (30 year) safe, accessible and resilient transport system that supports continued economic growth and meets the diverse needs of our community.

Waka Kotahi has advised that the NFA project (including the Rocks Rd walking and cycling facility) is running significantly behind time and that no decisions on packages of activities have been made yet. This means that Council has been unable to place any specific work related to this project in the LTP (or RLTP) other than general placeholders over the next 10 years. That placeholder funding includes provision for a range of short/medium term activities targeted at making best use of existing infrastructure that will help improve safety and increase the attractiveness of public transport, walking and cycling.

Completion of the NFA business case still requires careful consideration of the environmental factors relating to working within the coastal marine area, as well as the feedback from residents, transport system users and other stakeholders and partners. An agreed package of activities will need to be included in the final business case, and the business case endorsed by Nelson City Council and approved by Waka Kotahi, before Waka Kotahi can consider funding. The NFA business case will not be completed before the LTP or RLTP is finalised but Waka Kotahi has advised that it is committed to completing this work in a timely way. Once the business case is completed the RLTP will need to be amended to include the relevant activities and that will then need to be considered by Council for funding. Depending on the significance of the funding requirements a separate consultation process may be required.

After considering the Government spending priorities set out in the GPS and Waka Kotahi's funding constraints, it is possible that over the next 10 years Nelson will not see

any additional funding to support the delivery/outcomes of the final business case. It will be unaffordable for Nelson to undertake this work without significant Waka Kotahi funding support. In addition, Council is also mindful that any improvement measures implemented on our arterial roads over the next 10 years are also likely to provide benefit to the state highway. In such an event Council will be advocating that this work should qualify for a financial assistance rate (FAR) higher than the 51% that currently applies.

You can find all of the detail regarding the Nelson Future Access Project at www.nelson.govt.nz/projects/infrastructure/nelson-future-access-project/

An alternative would be for Council to not bring forward the Atawhai Rising Main project resulting in a saving of \$4.4 million to debt. However this project was a way to begin work early on a crucial renewal to help moderate the surge in utilities renewals needed after 2030. This would be a burden for future ratepayers and would delay progress on this key lifeline asset.

Another option is to defer stage 4 of the Saxton Creek upgrade at a saving of \$536,410 p.a. to rates and debt of \$12.3 million. However this would reduce resilience to flooding, put property at risk and forgo the \$7.5 million grant funding from central government to help with the project.

KEY ISSUE

Q: We have increased our spending on wastewater, water supply and stormwater projects to ensure our infrastructure remains fit for purpose and cope with the projected growth. Are you satisfied with the proposed level of investment or would you prefer a reduced spend under one of the options outlined above?

Maitahi/Bayview development

A residential development close to the City Centre has been proposed by developers on private land, and a private plan change request is expected. Council is yet to receive an application and no funding is currently in the draft infrastructure work programme in the Long Term Plan. Decisions on a plan change will not be made through the Long Term Plan.

For more information on intensification see our website: xx

All infrastructure projects have been planned to consider costs and benefits associated with:

- Climate change adaptation, mitigation (emissions reduction), and risk
- Intensification and population growth
- Government's freshwater provision requirements
- The Nelson Future Access Project
- Creation of a sustainable transport culture
- Replacement of aged utility assets (which will increase significantly over the next 30+ years)
- Renewals of significant transport assets
- External influences (for example COVID-19).

Council's Financial Strategy includes an increased debt to revenue ratio cap of 175% (from 150% in the previous LTP). This limit will enable Council to invest in and deliver

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sufficient quality infrastructure and work towards our Infrastructure Strategy goals while also being financially responsible.

Central Government - Three Waters Review

The Government is currently reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater services (Three Waters). It has been proposed that new entities be established to manage these by July 2023. As decisions around the reform will take time and have not yet been made at a national level, Council's budgets for the Long Term Plan 2021-2031 have been prepared assuming business as usual, that Council will continue to provide three water services. Depending on when and how the government introduces the changes it is likely that Council will either incorporate the changes into the relevant future Annual Plan and/or Long Term Plan process or undertake a separate consultation process. You can read more about the proposed reforms at dia.govt.nz/Three-waters-review

Our Infrastructure Strategy

He Rautaki Tūāpapa

Council is responsible for managing and maintaining a range of critical infrastructure that enables our city to keep functioning effectively. This includes transport, solid waste, water supply, wastewater, stormwater and flood protection.

Our approach to decisions around infrastructure is one of balance. We manage existing infrastructure, assessing and maintaining the condition of assets, and monitoring performance. As demands for infrastructure change with demographic shifts, population growth and land development, the levels of service required from our assets similarly change. This must be balanced against our ability to pay for it (Our Financial Strategy – see page 47).

To guide this work we have developed an Infrastructure Strategy which supports this Long Term Plan. This Strategy identifies the requirements for Nelson's infrastructure over the next 30 years, noting that some assets will last for much longer than that. It assesses the challenges facing our assets and how Council can respond to them.

The main objective of this Infrastructure Strategy is to assess the resilience of all Council infrastructure assets, considering climate change and projected sea level rise. Simultaneously it delivers on environmental outcomes, by acknowledging central government initiatives focused on improving fresh water and ecosystems, and reducing carbon emissions. Council also needs to maintain and renew existing assets in a way that enables growth and development and contributes to a more sustainable transport culture.

There are a variety of changes that the 2021 Infrastructure Strategy has had to address compared with the 2018 Strategy:

- Council's infrastructure work programme makes an important contribution to Nelson's economy. Therefore expanded capital works programmes are being undertaken to act as an economic stimulant. The increased capital works programme will help mitigate the impact COVID-19 has had on Nelson's economy, which has affected growth and revenue forecasts, in the medium term
- Variations to the rate of population growth, which will change the levels of demand for new infrastructure, including housing intensification across the City
- The projected impacts of climate change, which require us to assess our assets and undertake work to make them more resilient or adaptable to changing rain patterns, the increased likelihood of flood events and sea level rise.

Over the next 30 years, the approach to manage the key issues include:

Increase resilience to natural hazards and climate change

- Council will continue to investigate and develop strategies relating to the impacts from natural hazards and climate change. This includes Climate Change Vulnerability Assessments and continuing with the Natural Hazards Assessments. Funding has been set aside over the thirty year programme for the implementation of these strategies.

Maintain, Renew and upgrade existing assets in a cost-effective way

- Council will be proactively focusing on improving its understanding on the condition of its assets. This includes improved data collection and analysis, modelling, CCTV inspection and condition assessments. This work will inform renewal strategies and provide a consistent basis for prioritising renewals and upgrades to Council's infrastructure.
- As referred to in the Infrastructure chapter, a large portion of the water and wastewater network will need to be renewed. Significant funding has been allowed for over the next 30 years to manage this surge.

Provide infrastructure to enable growth

- As referred to in Council's activity summaries, Council will be significantly investing in infrastructure to enable growth within the region.

Maintain or improve public health and safety and environmental outcomes.

- Council will be developing monitoring programmes to help better understand the water quality within the stormwater network. This data will be used to inform a stormwater quality treatment strategy. Funding has been set aside over the next thirty years for the implementation of this strategy in both the stormwater and transport programmes.
- Council will continue to invest in reducing wastewater overflows and improving the water quality within the Maitai Dam. Further information on these works can be found in Council's activity summaries.

[LINK: Council's activity summaries](#)

Infrastructure total spend graph

You can view a copy of the full Infrastructure Strategy online at nelson.govt.nz, or at our Customer Service Centre and public libraries.

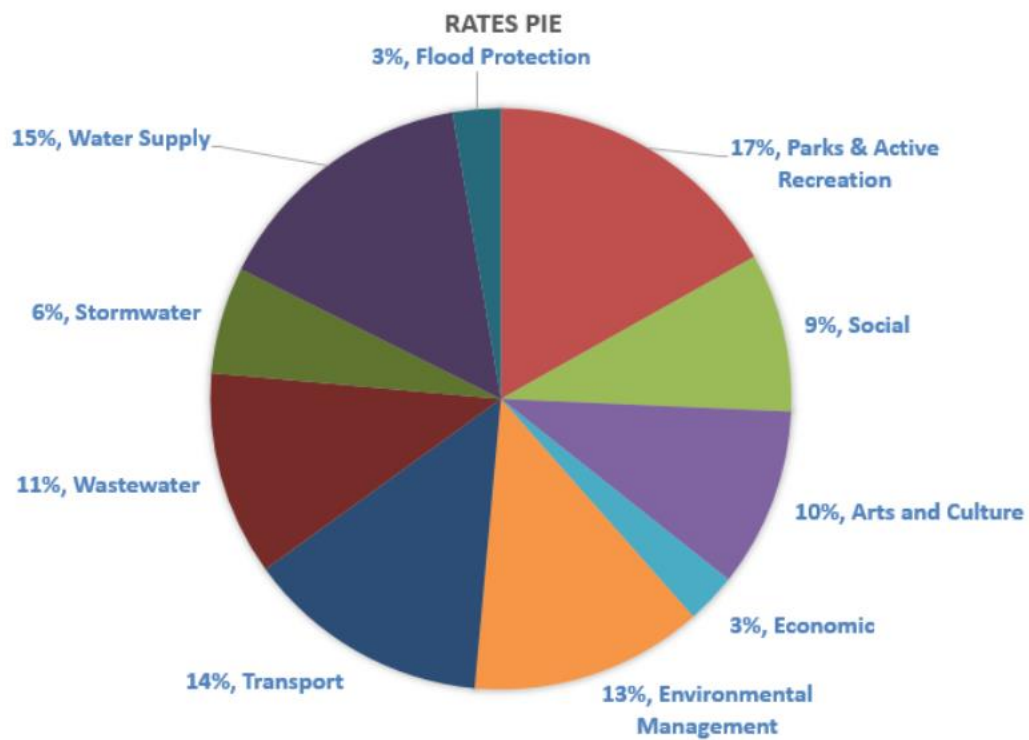
Our Financial Strategy

He Rautaki Ahumoni

Where your rates are spent.

There are two types of rates: the general rate, based on the land value of a property, and targeted rates for specific services, such as wastewater.

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Note: This pie chart shows the rates requirement for all activities. Solid Waste and Corporate are not shown as they are 0%. Solid Waste receives 100% user charges to cover operations and Corporate receives interest and dividends. Environmental Management also receives building and resource consent fees and charges.

Our Approach to Decisions on Investment and Funding

As part of the process of developing budgets for the Long Term Plan, Council has reviewed its Financial Strategy. There have been significant changes in the past three years, including the response to COVID-19, population growth, and incorporation of climate change response into business as usual. This Strategy sets out how Council will prudently manage its revenue, expenses, assets, liabilities, investments and general financial dealings, while responding to the challenges our community faces.

The full Strategy links the strategic direction of Council to its financial priorities, and covers the factors that influence how Council activities are funded. This includes the proposed increase in debt limits to allow for capital expenditure, the expectation that Council's capital expenditure in any year will be approximately 90% of what is budgeted, and Council's return to a balanced budget in 2025/26 (see page 20). It explains how Council balances its existing asset renewals programme, funds network and community infrastructure, manages levels of service, provides for growth and manages changes in land use.

Council must demonstrate financial prudence and consider all aspects of financial performance. The Strategy explains how we manage Council finances in a way that sustainably promotes our community's current and future interests.

The Strategy review looked at how Council could respond to key issues including enhancing the environment, population changes, and community's social and cultural needs. Council then prioritised potential activities and projects, summarising the key priorities in this consultation document.

The Strategy shows how Council will ensure that the level of rates and borrowing are financially sustainable, obtain pre-set returns on financial investments and equity securities and give securities on borrowing.

Our Approach to Rates

In preparing the draft Financial Strategy, Council has weighed up requests for more and improved services and infrastructure, while keeping rates and charges affordable and subsequent debt at a manageable level.

According to our proposals, the average overall increase in rates required in the first three years, including growth, would be 5.7%, 5.4%, and 5%, respectively. Over the following seven years, the overall increase in rates required including growth would average 5.1%.

As part of this Long Term Plan, Council is also proposing to continue to reduce the commercial differential for a further three years and make it available to other commercial ratepayers, in order to support businesses throughout Nelson. The commercial differential will be applied to commercial properties throughout Nelson. This would change the distribution of the rates, but not the overall average (see page 51).

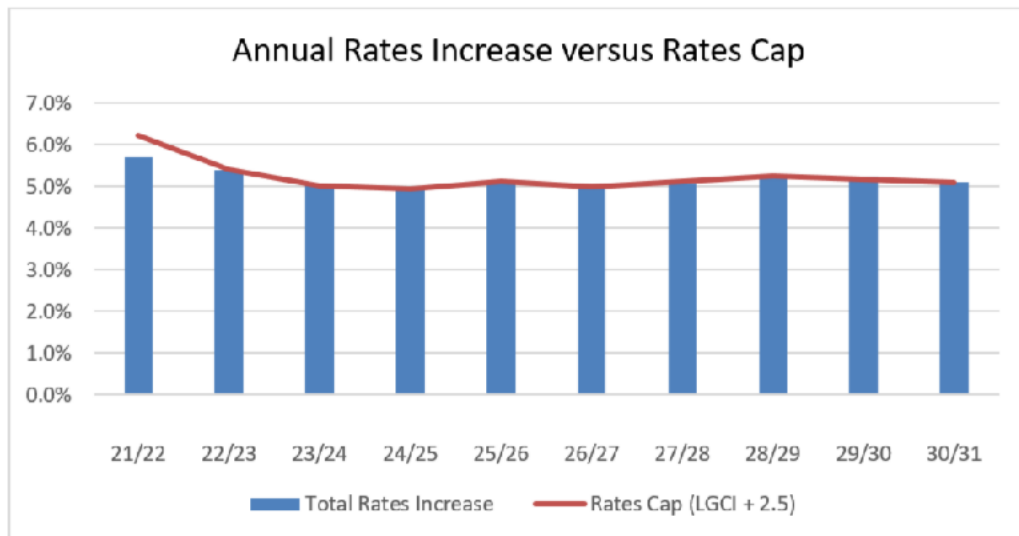
In developing the draft Financial Strategy, we considered:

- The level of debt that current and future ratepayers would need to fund balanced with the investments Council is proposing
- The balance of service levels, costs of these services, and the money required to achieve them
- The setting of rates and charges across the 10 years of the Long Term Plan, and how to minimise these while achieving the desired levels of service
- The level of population growth expected over the next 20 years and beyond.

After careful consideration, Council believes that what is proposed will deliver the core infrastructure projects that enhance the city and make our city a place where people want to live and work. Council therefore considers that the proposed Long Term Plan is financially sustainable and supports our work on Council's visions, community outcomes, and work programmes such as the Nelson Plan and Te Tauihu Intergenerational Strategy.

Council has set a cap on the overall increase in rates required each year of the Local Government Cost Index plus 2.5%. The following graph shows proposed annual overall increase in rates required versus the rates cap:

Annual Rates Increase versus Rates Cap



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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	2020/21 Rates	2021/22 Rates								
			General Rate	UAGC	Stormwater / Flood Protection	Waste water	Water Annual Charge	Water Volumetric (Based on 160m ³)	Total Rates	% increase on 2020/21	\$ increase on 2020/21
Residential	\$147,000	\$2,547	\$836	\$431	\$382	\$508	\$200	\$345	\$2,702	6.10	\$155
	\$160,000	\$2,614	\$910	\$431	\$382	\$508	\$200	\$345	\$2,776	6.18	\$162
	\$175,000	\$2,692	\$995	\$431	\$382	\$508	\$200	\$345	\$2,861	6.28	\$169
	\$220,000	\$2,926	\$1,251	\$431	\$382	\$508	\$200	\$345	\$3,117	6.53	\$191
	\$275,000	\$3,212	\$1,564	\$431	\$382	\$508	\$200	\$345	\$3,430	6.78	\$218
	\$315,000	\$3,420	\$1,791	\$431	\$382	\$508	\$200	\$345	\$3,657	6.94	\$237
	\$370,000	\$3,706	\$2,104	\$431	\$382	\$508	\$200	\$345	\$3,970	7.13	\$264
	\$400,000	\$3,862	\$2,274	\$431	\$382	\$508	\$200	\$345	\$4,141	7.23	\$279
	\$435,000	\$4,043	\$2,474	\$431	\$382	\$508	\$200	\$345	\$4,340	7.32	\$296
	\$495,000	\$4,355	\$2,815	\$431	\$382	\$508	\$200	\$345	\$4,681	7.47	\$325
	\$650,000	\$5,161	\$3,696	\$431	\$382	\$508	\$200	\$345	\$5,562	7.78	\$401
	\$800,000	\$5,940	\$4,549	\$431	\$382	\$508	\$200	\$345	\$6,415	7.99	\$475
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	\$320,000	\$4,390	\$2,002	\$862	\$382	\$1,016	\$399		\$4,661	6.69	\$294
	\$1,100,000	\$8,649	\$6,880	\$862	\$382	\$1,016	\$200		\$9,340	6.19	\$535
Empty Residential Section (Water annual charge included if water meter is installed)											
	\$113,000	\$1,357	\$643	\$431	\$382				\$1,456	8.46	\$115
	\$295,000	\$2,504	\$1,677	\$431	\$382		\$200		\$2,690	6.74	\$169
Small Holding (Water annual charge included if water meter installed)											
	\$370,000	\$2,501	\$1,894	\$431	\$382				\$2,707	7.09	\$176
Rural (Water annual charge included if water meter installed)											
	\$520,000	\$3,403	\$2,661	\$431	\$382		\$200		\$3,674	6.40	\$218
Commercial - Outside Inner City / Stoke - 1 Unit											
	\$475,000	\$8,103	\$7,368	\$431	\$382	\$127	\$200		\$8,508	4.78	\$387
Commercial - Outside Inner City / Stoke - 1 Units											
	\$530,000	\$8,915	\$8,222	\$431	\$382	\$127	\$200		\$9,361	4.73	\$421
Commercial - Outside Inner City / Stoke - 3 Units											
	\$205,000	\$5,225	\$3,180	\$1,293	\$382	\$381	\$200		\$5,435	5.68	\$297
Commercial - Inner City - 2 Units											
	\$44,000	\$1,556	\$704	\$431	\$382	\$127	\$0		\$1,644	7.73	\$120
Commercial - Inner City - 2 Units											
	\$365,000	\$7,403	\$6,078	\$862	\$382	\$254	\$200		\$7,775	5.34	\$396
Commercial - Inner City - 1 Unit											
	\$415,000	\$8,191	\$6,910	\$862	\$382	\$254	\$200		\$8,608	5.27	\$433
Commercial - Inner City - 1 Unit											
	\$1,450,000	\$23,967	\$24,144	\$431	\$382	\$127	\$200		\$25,284	4.75	\$1,138

This table includes water charges based on consumption for occupied residential properties only at \$2.159 per cubic meter and an usage of 160 m³ costing \$345.37 (GST Incl).

Funding Impact Statement

Council is proposing the following changes to the Funding Impact Statement.

- Reduce the Rates Penalties to 5%. This was temporarily reduced from 10% following COVID-19 and Council is proposing to make this a permanent change. This better reflects the cost of financing the late payments as interest rates have reduced in recent years.
- Remove the Water Penalties. Many water penalties are currently remitted, which creates a large administrative burden. Based on an average water invoice of \$160, the average water penalty would be \$8. Council believes staff time would be better spent promoting efficient payments options for ratepayers such as emailed invoices and direct debit.
- Change the rates instalment invoice issuing date from 1 August, November, February and May to 25 July, October, January and April. This change will give ratepayers longer to pay their rates. In considering this change Council weighed up the cost to Council (\$4,500 per quarter) and feedback from ratepayers that due to less frequent mail deliveries there is insufficient time to pay.
- Change the Water invoice dates for consistency with other Council invoices. It is proposed that the volumetric water invoices are due on the 20th of the month following invoice.
- Council will continue to reduce the proportion of rates collected by commercial rates by 0.5% per year for the first three years of the Long Term Plan (to be reviewed annually). This will mean residential properties will see rates increases of at least 0.4% higher than otherwise

However, it is proposed to expand the Commercial Differential reduction to all commercial ratepayers in the region. The commercial differential recognises the additional Council services that businesses receive. Currently, the reduction is spread across the City Centre and Stoke commercial area and was put in place to help stimulate economic activity. However, if continued, Inner City and Stoke commercial properties would be paying lower rates than General Commercial but essentially receiving more services. By extending this to all commercial ratepayers, it would allow for some re-balancing of the relative rating contributions to all commercial ratepayers.

The expansion of the Commercial Differential to all Commercial ratepayers would rebalance rating contributions. Based on 2020/21 rates, the reduction to General Commercial Rates for 2021/22 would be approximately \$286,000, and the reduction to the Inner City and Stoke Commercial Rates would be approximately \$89,000 (instead of the full \$375,000 which would be the case under the current policy).

- Remove the Rural Differential Category for rural properties which are zoned residential and that have a rating unit area greater than 15 hectares. This is currently a -35% differential rate. It is recognised that for rural land which is zoned residential, this differential and resulting lower rates does not encourage landowners to develop their land for housing purposes.
- For Separately Used or Inhabited Parts (SUIP) of a rating unit, removing the requirement for statutory declaration (required to be witnessed by a JP etc.) and

replacing this with a requirement for a declaration (no witness required). Where a property is deemed to have a SUIP for rating purposes, a declaration can be provided to Council to confirm it is unoccupied, or the second unit is not being used as a separate unit.

Uniform Annual General Charge (UAGC)

- Council sets a flat charge per rating unit - the UAGC - which is currently 14% of rates collected. It is a fixed charge for services that every property receives, irrespective of its land value. It is also to reduce the extremes of rates paid for the highest and lowest valued properties. The new fixed rates arising from increased infrastructure work, including wastewater, stormwater and flood protection are funded through a fixed charge per property, and the effect of the increased work programme and expenditure for these puts an increased rating burden on lower valued properties.
- Therefore Council proposes to reduce the proportion of rates collected from the UAGC from 14% of total rates (excluding water charges, Clean Heat Warm Homes, and the Solar Saver rates) to 13%. With the adjustment to the commercial differential it was expected that the rates increases for residential would be at least 0.4% higher than the overall increase in rates required of 5.7%, and by adjusting the UAGC to 13%, the lowest value properties would see rates increases of 6.1% compared to the highest value properties which would go up 7.99%. Find out more about the UAGC in the Revenue and Financing Policy and Funding Impact Statement (link).

Capital and Operating Costs

Capital expenditure is generally expenditure on assets that are expected to last more than one year. **An increase in capital expenditure of \$1 million increases 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.

Maintaining Nelson's transport, water, stormwater and wastewater infrastructure makes up approximately 71% of Council's capital expenditure in 2021/22. This infrastructure is important to businesses and residents' health, and the social, economic, environmental, and cultural wellbeing of the community.

Operating costs include 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 increases rates by 0.13%, or to put it another way, 1% of rates is \$790,000.** 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.

Look through the complete Financial Strategy in the supporting documents, online at nelson.govt.nz, at Council's Customer Service Centre, or our public libraries.

Proposed Changes to the Rates Remissions Policy

Council is consulting on proposed changes to the Rates Remission Policy alongside the Long Term Plan. These proposed changes aim to reduce administrative burdens, provide consistency, and better meet the needs of ratepayers.

Council's Rates Remissions Policy provides for a reduction of all, or part of rates, in some circumstances. The full policy can be found online at nelson.govt.nz, at Council's Customer Service Centre, or in our libraries.

Council is proposing the following changes to the Rates Remission Policy.

- Split Community, Sporting and Other Groups Remission and create a separate remission policy for Social and Kaumātua Housing with no changes to the assessment criteria. This is to provide for accurate evaluation of applications.
- Extend the Charges for Excess Water Arising from Leaks Remission to commercial ratepayers. To ensure fairness for all ratepayers, it is proposed to extend the remission to commercial ratepayers to a maximum remission of 50% of the water lost due to a leak with the same assessment criteria as residential ratepayers.
- Remove the dollar figures from the Low Valued Properties Remission for small parcels of land and allow any required changes to the value to be set by Council resolution.
- Limit the Land Affected by Natural Calamity Remission to five years. The proposed five year remission limitation will encourage property owners to rectify issues. This limitation will not affect ratepayers currently receiving the remission.
- Remove the Early Payment of Rates Remission. Council proposes to remove the 2% discount for early payment of rates. This will affect 2,000 ratepayers annually however the \$137,000 cost of early payment to Council per year is borne by all ratepayers, and is therefore subsidised by ratepayers who do not, or cannot afford to, pay their annual rates bill in one payment.
- Create a new policy for Other Remissions Deemed Fair and Equitable. The remission would give Council the ability to remit any rate or penalty when it's considered fair and equitable to do so, and would require a Council resolution. This would provide Council some flexibility for a specific event or unforeseen circumstances.
- Remove the Remission of Rates For Cemeteries. There are two properties that currently receive the remission, both owned by Council – Marsden Valley Cemetery and Wakapuaka Cemetery. The removal of the remission will contribute to increases in overall operating costs and therefore fees will be increased by 23% to meet the increased expenses of cemetery operation along with rates remission
- When considering these changes, Council analysed the other reasonably practicable options, namely the status quo. Council determined that the proposed changes best meet the stated aims.

York Valley Landfill Fees and Charges

The fees and charges for the York Valley Regional Landfill facility are set by the Nelson Tasman Regional Landfill Business Unit, but are consulted on separately by each council.

Fees and charges are proposed to increase by 20%, from \$148/tonne (including GST) in 2020/21 to \$178/tonne (including GST) in 2021/2022. This is as a result of increased capital expenditure to implement a number of improvements to the gas management system that will enable reduced carbon emissions, increased costs to address stormwater control, increases to the government's Waste Minimisation Levy (which is a levy imposed for waste disposed to landfill), increases in carbon emissions costs under the New Zealand Emissions Trading Scheme, and funding requested by Nelson and Tasman councils for the local disposal levy.

The local disposal levy is used to fund local solid waste programmes – for Nelson this includes running the Pascoe Street transfer station, waste minimisation initiatives, green waste disposal, and recycling.

Concurrent Consultations

Whakawhiti Kōrero

Development Contributions 2021

Nelson continues to experience growth, which places greater pressure on a wide range of assets and services provided by Council - such as stormwater, transportation, and reserves. Significant investment is required to provide additional assets, or increase the capacity of existing assets so we can keep up with the demand. One way of making sure everyone pays their fair share is through development contributions.

The purpose of the Development Contributions Policy is to ensure that those who create a need for new or additional Council assets, or assets of increased capacity, contribute their fair share to the cost of providing those assets.

Proposed updates to Council's Development Contributions Policy 2018 are being consulted on at the same time as this Long Term Plan 2021-31.

Planning for Growth

Mahere Tupuranga

Nelson's population is expected to increase by 4.5% in the next 10 years, and by 13.5% by 2041 – mainly due to net migration. Population growth presents both challenges and opportunities for Council.

More people will bring talent and investment to the region, and help grow the region's economy. Nelson will become more vibrant and enhance its position as the commercial and cultural heart of the Top of the South.

While growth presents opportunities for the City, it also comes with challenges, which Council is planning to address. These centre on the availability of housing, and increased demand for services.

There are a large number of variables associated with the COVID-19 crisis which will impact migration into and out of Nelson, including border closures and unemployment. Despite these uncertainties, Council is planning its response based on projections from Statistics New Zealand.

How Nelson is expected to grow

During the 2021-31 period, Nelson is projected to move from low to higher net migration levels, as the country recovers from the financial impact of COVID-19 and international borders open.

	Population projections (based on a 2020 population of 54,620)	Projected increase from the previous decade	Projected increase from 2021 baseline
2021	54,700		
2031	57,180	↑ 4.5%	↑ 4.5%
2041	62,080	↑ 8.6%	↑ 13.5%

Council has used these growth projections to plan its work programme appropriately for this Long Term Plan, in order to meet future demand for infrastructure and services.

A New Company Model for Nelson Airport and Port Nelson

Nelson Airport and Port Nelson provide key gateways to the Nelson Tasman Region.

Both are essential partners for many businesses, with most exports leaving the region either by sea or air. Jointly owned by us and Tasman District Council, they are important strategic assets that are vital to the ongoing economic and social wellbeing of our communities.

Together we are jointly proposing to transfer our shareholdings in both Nelson Airport Limited and Port Nelson Limited into a single new company. The company will be set up as an operational holding company, and will be 50% owned by us and 50% owned by Tasman District Council.

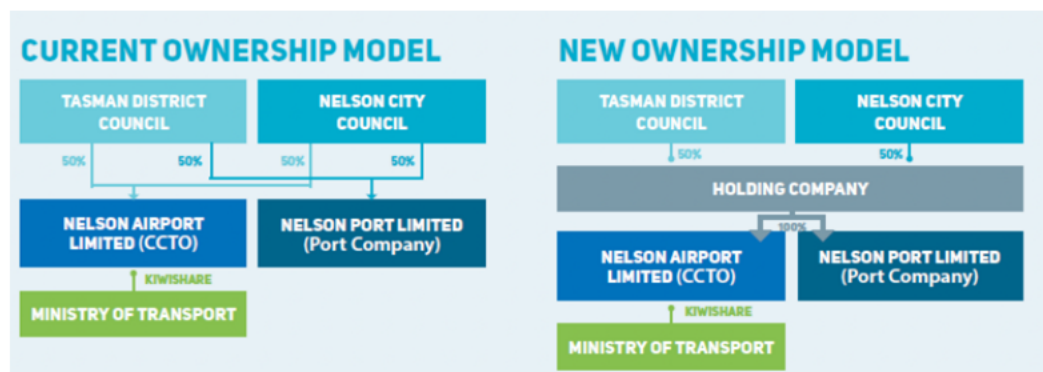
The Ministry of Transport will continue to own one share in Nelson Airport, the 'Kiwishare'.

The reason for the proposed change is that there are many positive benefits that would arise from the new structure both to the companies and to the Council shareholders. These include operational efficiencies, cheaper borrowing, tax efficiencies and increased resilience for the two companies. The benefits to the Councils include better governance, potential debt reduction and increased future dividends. This approach will also help to mitigate some of the risks arising from economic uncertainties.

As part of the business proposal, seven alternative options were considered by both Councils. These were narrowed down to four reasonably practicable options. The preferred option is seen to offer the best value for the Council shareholders, while also keeping risk to an acceptable level. The options not progressed further included: asset transfer; share transfer; and changing the funding mechanism to allow Local Government Funding Agency (LGFA) borrowing through the shareholders.

Any change in the current structure of the companies is conditional on both Councils agreeing to proceed. A final decision will not be made before 20 June 2021, when both Long Term Plans are due to be adopted.

For more information please see supporting document xx.



Our Future

We believe the new structure will bring about significant operational efficiencies and savings. This new ownership model also applies to the preferred option and also alternative options C&D.

Have your say!

Q: Do you support the councils' proposal to establish a new company for holding the investments in, and overseeing operations of, Nelson Airport and Port Nelson?

Our preferred choice A

To establish a new company for holding the investments in, and overseeing operations of, Nelson Airport and Port Nelson – with Council and Tasman District Council as equal shareholders.

A single Board of Directors, with the necessary range of skills and expertise to operate both the Airport and the Port, will replace the two existing Boards. Under the proposal one Chief Executive Officer and one Chief Financial Officer will be appointed, removing the current duplication across the two companies. A Chief Operating Officer will also be appointed to Nelson Airport, mirroring the existing role in Port Nelson. All other operational aspects of the Airport and Port will remain as they currently are.

One of the main benefits to Council will be reduced borrowing costs for the Port and the Airport, as the new Company will be able to access Local Government Funding Agency (LGFA) loan funding directly, and hold its own debt saving an estimated \$900,000 per year. In addition, the level of operational savings is estimated between \$592,000 and \$942,000 per year, with synergies including savings in payroll, directors' fees, insurance, IT systems and through joint procurement and the sharing of services. Therefore total savings are estimated to be between \$1.492 million and \$1.842 million per year.

This proposal does not result in any loss of dilution of either Councils' overall ownership of Nelson Port and Port Nelson.

Effect on rates: No immediate impact. The new company structure is forecasted to be in a position to increase dividends to shareholders.

Effect on debt: Potential reduction in Council debt levels if, as part of the restructure, there is a release of equity to the shareholders.

Effect on Levels of Service: No impact.

Note: The effect on rates, debt and levels of service are the same for all options.

Alternative option B

Status quo

We could retain the current structure, with the Port and Airport remaining independent with their own Boards and management team. The funding structure and costs associated with running and managing the two would remain as they currently are. There would be no operational savings or advantages to either company in terms of funding differentials under this option.

Alternative Option C

A new company established as a funding vehicle only

Under this option we could establish a new Company as a funding vehicle only for the Port and Airport – meaning they could access reduced borrowing costs through the LGFA saving an estimated \$900,000 per year. All other aspects of the entities would remain the same, meaning there would be little or no direct operational synergies.

Alternative Option D

A new company established as a funding vehicle and shared services arrangement

As a variation to the alternative option C above, we could establish a new Company to provide a funding vehicle for the Port and Airport and also establish a single Board of Directors with a shared services agreement. Both companies will still have their own CEO's and executive teams. This provides funding benefits, taxation efficiencies and operational synergies, but the value of operational savings is significant less than the preferred option with an estimated \$167,000 per year compared to \$942,000 per year. Therefore, including borrowing cost savings of \$900,000, total savings are estimated to be \$1.067 million per year.

Further information on the benefits and disadvantages/costs are outlined in the table below. There is also a supporting document which can be found at [webpage](#).

Audit Opinion

Whakaaro Arotake

How to have your say

Whakahoki Kōrero mai

We want to hear from you. Please look through what we propose, consider your priorities, and let us know what you think. You can write on the enclosed form or online at **shape.nelson.govt.nz**

We have popped a feedback form into every copy of this document. You can pick up more from our:

- Customer Service Centre at the corner of Trafalgar and Halifax Streets
- The public libraries in Nelson, Tahunanui and Stoke
- Online at **shape.nelson.govt.nz**
- or write your own

More information

- **Online** – Supporting information is available on our website at nelson.govt.nz
- **Talk to a person** – Call us on 546 0200 to answer your questions or send you more information
- **Social Media** – Join the conversation at facebook.com/nelsoncitycouncil