



Notice of the Ordinary meeting of

Nelson City Council

Te Kaunihera o Whakatū

Date:	Thursday 8 June 2023
Time:	9.00a.m.
Location:	Council Chamber Floor 2A, Civic House 110 Trafalgar Street, Nelson

Agenda

Rārangi take

Chairperson

Deputy Mayor

Members

His Worship the Mayor Nick Smith

Councillor Rohan O'Neill-Stevens

Cr Matty Anderson

Cr Matthew Benge

Cr Trudie Brand

Cr Mel Courtney

Cr James Hodgson

Cr Kahu Paki Paki

Cr Pete Rainey

Cr Campbell Rollo

Cr Rachel Sanson

Cr Tim Skinner

Cr Aaron Stallard

Quorum 7

**Nigel Philpott
Chief Executive**

Nelson City Council Disclaimer

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

Karakia and Mihi Timatanga

1. Apologies

Nil

2. Confirmation of Order of Business

3. Interests

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum

4.1 Nelson Environment Centre

Anton Drazevic (CEO), from Nelson Environment Centre, will introduce the work of the Nelson Environment Centre.

4.2 Citizens Advice Bureau

Phil Smith (CAB Nelson Tasman Board Chair and National Board member), from Citizens Advice Bureau, will introduce Citizens Advice Bureau.

5. Confirmation of Minutes

5.1 4 May 2023

16 - 27

Document number M20121

Recommendation

That the Council

- 1. Confirms the minutes of the meeting of the Council, held on 4 May 2023, as a true and correct record.***

Document number M20163

Recommendation

That the Council

- 1. Confirms the minutes of the meeting of the Council, held on 25 May 2023, as a true and correct record.***

6. Recommendations from Committees

6.1 Audit, Risk and Finance Committee - 1 June 2023

6.1.1 Review of Council's Section 17A service delivery reviews process

Recommendation to Council

That the Council

- 1. Approves the below changes to Council's Section 17A review process:***
 - a. Increase the value threshold that triggers a service delivery review under Section 17A of the Local Government Act 2002 from \$100,000 to \$1 million per annum; and***
 - b. The Chief Executive provides a report to Council at the start of the Triennium listing all Section 17A Reviews to be undertaken over the three years, at which time Council may indicate any reviews that should be reported back to Council; and***
 - c. Delegate the Chief Executive responsibility to sign off reviews unless they meet a threshold of either:***
 - i. proposing considerable change to the service's delivery and/or***
 - ii. is assessed as being of medium or high significance against Council's Significance and Engagement Policy; and***
 - d. An annual report be presented to Council on progress and outcomes of Council's Section 17A reviews.***

6.1.2 Internal Audit Plan 2023-2024

Recommendation to Council

That the Council

- 1. Approves the Draft Annual Internal Audit Plan for the year to 30 June 2024 (1194974384-3368).***

7. Infrastructure Holdings Limited

36 - 72

Document number R27725

Recommendation

That the Council

- 1. Receives the report Infrastructure Holdings Limited (R2772525) and its attachments (1511110536-695 and 1982984479-6044).***

Recommendation from the Joint Shareholders Committee 22 May 2023.

The Council notes as follows:

Purpose

A the purpose is to seek Council's approval for:

- a) the necessary amendments to update the form (previously approved by each of Nelson City Council (NCC) and Tasman District Council (TDC)) of each of:***
 - i. the Infrastructure Holdings Limited (IHL) Shareholders' Agreement to be in the form attached (1511110536-695) (Shareholders' Agreement);***
 - ii. the Agreement for Sale and Purchase of Shares in Port Nelson Limited (PNL) and Nelson Airport Limited (NAL) in the form attached (1511110536-698) (Agreement for Sale and Purchase of Shares) under which the shares of PNL and NAL are to be transferred from NCC and TDC to IHL;***
 - iii. Unanimous Shareholder Resolutions and Entitled Persons' Agreement in relation to the "Restructuring Transactions" (as defined in the Council's previous resolutions***

**[CL/2022/226] (1982984479-6044)
(1511110536-699); and**

- b) an updated resolution for the purposes of section 50 of the Companies Act 1993 (Act) (1511110536-701)**

Share values

- B. when the Joint Shareholders Committee previously approved and recommended to each of NCC and TDC (in RJSC22-6-1) the form of a Shareholders' Agreement for IHL and an Agreement for Sale and Purchase of Shares in PNL and NAL, the values for the shares in each of PNL and NAL were recorded at book value (being, at that time, \$8,446,000 in total); and**
- C. upon the incorporation of IHL on 17 January 2023, NCC and TDC each subscribed for 42,230 ordinary shares in IHL (being 84,460 ordinary shares in total) (Initial Shares), at an issue price of \$100.00 per share (Initial Share Issue). The total subscription amount for the Initial Shares was therefore \$8,446,000 (Initial Subscription Amount). This was equal to the aggregate book value of PNL and NAL, as determined at the time that RJSC22-6-1 was approved. The consideration for the Initial Shares (being the Initial Subscription Amount) remains unpaid and will be paid to IHL in accordance with the Shareholders' Agreement (that is to be approved in these resolutions); and**
- D. Deloitte has now advised that the share values for each of PNL and NAL need to be recorded at market value (being the value of net assets as at 31 March 2023) for the purposes of the transfer of those shares from NCC and TDC to IHL on 1 July 2023. Deloitte has valued the net assets of:**
- i. NAL at \$103,700,000; and**
- ii. PNL at \$275,700,000,**
- resulting in a total net asset value of \$379,400,000 for PNL and NAL combined (New Valuation); and**
- E. in order for IHL to be capitalised in an amount equal to the purchase price for the shares in PNL and NAL**

(being \$379,400,000), it will be necessary for NCC and TDC to each subscribe for a further 1,854,770 ordinary shares in IHL (being a further 3,709,540 ordinary shares in total) (Second Shares) at an issue price of \$100.00 per share (Second Share Issue). The total consideration for the Second Share Issue will be \$370,954,000 and will also be paid in accordance with the Shareholders' Agreement; and

F. the Shareholders' Agreement and the Agreement for Sale and Purchase of Shares have been updated from the form provided at 22 September 2022, to reflect the New Valuation and the Second Share Issue; and

G. Entitled persons' approvals will be required under the Act prior to IHL's entry into the Shareholders' Agreement and Agreement for Sale and Purchase of Shares, on the basis that (among other reasons already notified to this Council) the Second Share Issue will be undertaken in accordance with:

i. section 107(2) of the Act so that the Second Shares may be issued otherwise than in accordance with sections 42, 44 or 45 of the Act; and

ii. clause 3.4 of IHL's constitution;

H. The Council resolution at 22 September 2022, noted at items G., H., I., and S. that:

G. As part of the proposal to incorporate IHL, it is proposed that each of the Shareholders transfer all their shares in PNL and NAL to IHL (Share Sale) for \$8,446,000 in total (Purchase Price). The Purchase Price will be owed to the Shareholders in equal portions (being \$4,223,000 each). The Crown holds, and will continue to hold, one special "Kiwi Share" in NAL.

H. The Purchase Price allocation is:

a) \$2,400,000 for the shares in NAL; and

b) \$6,046,000 for the shares in PNL.

- I. Nelson City Council and Tasman District Council will each subscribe for 42,230 ordinary shares in IHL (being 84,460 ordinary shares in total) (Initial Shares), at an issue price of \$100.00 per share (Initial Share Issue). The total subscription amount for the Initial Shares is therefore \$8,446,000 (Initial Subscription Amount), which is equal to the Purchase Price.**
- S. The Restructuring Proposals and the Financing Proposals will require the approval of the Shareholders as:**
- a) the proposals are, or may be, "major transactions" (as defined in section 129 of the Companies Act 1993 (Act));**
 - b) the Initial Share Issue and the New Share Issue require the agreement of IHL's entitled persons (as that term is defined in the Act) for the purposes of section 107(2) of the Act. The only entitled persons of IHL will be the Shareholders; and**
 - c) Nelson City Council and Tasman District Council (as the shareholders of IHL) must consent, for the purposes of section 50 of the Act and for all other purposes, to becoming the holder of the Initial Shares and the New Shares.**

That the Council:

- 1. Amends clauses G., H., I., and S. of Resolution CL/2022/226 of the Council meeting on 22 September 2022, to reflect the New Valuation, the Second Share Issue and the updated form of Unanimous Shareholder Resolutions and Entitled Persons' Agreement, as follows:**
- G. As part of the proposal to incorporate IHL, it is proposed that each of the Shareholders transfer all their shares in PNL and NAL to IHL (Share Sale) for **\$379,400,000** in total (Purchase Price). The Purchase Price will be owed to the Shareholders in equal portions (being**

\$189,700,000 each). The Crown holds, and will continue to hold, one special "Kiwi Share" in NAL.

H. The Purchase Price allocation is:

- a) \$103,700,000 for the shares in NAL; and**
- b) \$275,700,000 for the shares in PNL.**

I. Upon incorporation of IHL, Nelson City Council and Tasman District Council each subscribed for (and IHL issued) 42,230 ordinary shares in IHL (being 84,460 ordinary shares in total) (Initial Shares), at an issue price of \$100.00 per share (Initial Share Issue). The total subscription amount for the Initial Shares is therefore \$8,446,000 (Initial Subscription Amount) which will be paid for in accordance with IHL's Shareholders' Agreement. Since IHL's incorporation on 17 January 2023, Deloitte has valued the shares in PNL and NAL at a total combined value of \$379,400,000. Accordingly, in order to capitalise IHL in an amount equal to the Purchase Price, Nelson City Council and Tasman District Council will each subscribe for a further 1,854,770 ordinary shares in IHL (being a further 3,709,540 ordinary shares in total) (Second Shares) at an issue price of \$100.00 per share (Second Share Issue). The consideration for the Second Share Issue will also be paid in accordance with the Shareholders' Agreement.

S. The Restructuring Proposals and the Financing Proposals will require the approval of the Shareholders as:

- a) the proposals are, or may be, "major transactions" (as defined in section 129 of the Companies Act 1993);**
- b) the Initial Share Issue requires the agreement of Nelson City Council and Tasman District Council as IHL's shareholders and only entitled persons (as that term is defined in the Companies Act 1993) for all purposes (including to meet**

any requirement under the Companies Act 1993).

- c) *the Second Share Issue and the New Share Issue require the agreement of IHL's entitled persons (as that term is defined in the Companies Act 1993) for the purposes of section 107(2) of the Companies Act 1993, and for the purposes of clause 3.4 of IHL's constitution.***
 - d) *Nelson City Council and Tasman District Council (as the shareholders of IHL) must consent, for the purposes of section 50 of the Companies Act 1993 and for all other purposes, to becoming the holder of the Initial Shares, Second Shares and the New Shares; and***
- 2. *Consents, for the purposes of section 50 of the Companies Act 1993 and for all other purposes, to being the joint owner in equal shares of the Initial Shares, Second Shares and the New Shares; and***
 - 3. *Approves the Shareholders' Agreement, Agreement for Sale and Purchase of Shares, and Unanimous Shareholder Resolutions and Entitled Persons' Agreement that will apply in place of the form of these documents previously approved by Council.***

8. Mayor's Report

73 - 76

Document number R27734

Recommendation

That the Council

- 1. *Receives the report Mayor's Report (R27734); and***
- 2. *Agrees that His Worship the Mayor, on behalf of Council, write to the Minister of Health and Te Whatu Ora officials seeking an urgent briefing to the full Council by Ministers and/or officials on the Nelson Hospital redevelopment project; and***
- 3. *Acknowledges the people involved with managing the May 2023 weather event; and***

4. ***Acknowledges the engineering team for the emergency river works in the Whangamoia River following the August 2022 weather event that prevented further damage and isolation for the Kokorua community in the May 2023 heavy rainfall event.***

9. Youth Council Update

The Youth Council will provide a brief update prior to a morning tea where members can meet the Youth Councillors.

10. National Policy Statement - Urban Development Annual monitoring report 2021/2022 77 - 98

Document number R27674

Recommendation

That the Council

1. ***Receives the report National Policy Statement - Urban Development Annual monitoring report 2021/2022 (R27674) and its attachment (336940202-6957); and***
2. ***Approves publishing the report National Policy Statement on Urban Development, Nelson-Tasman Joint Monitoring Report, June 2022 (336940202-6957) on the Council's website.***

11. City for All Ages Update 99 - 104

Document number R27711

Recommendation

That the Council

1. ***Receives the report City for All Ages Update (R27711).***

CONFIDENTIAL BUSINESS

12. Exclusion of the Public

Recommendation

That the Council

1. ***Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that Hana Wilkinson, from Te Whatu Ora remain after the public has been excluded, for Item 12 of the Confidential agenda (City Club and Tasman Rugby Union - Approval for Ground Lease at Trafalgar Park Lane and Agreement to Lease Variation at Kinzett Terrace), as she has knowledge relating to this item that will assist the meeting..***

Recommendation

That the Council

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

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Council Meeting - Confidential Minutes - 4 May 2023	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person • Section 7(2)(g) To maintain legal professional privilege • Section 48(1)(d)

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			<p>That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceedings to which this paragraph applies.</p> <p>Section 48(2)</p> <p>Paragraph (d) of subsection (1) applies to -</p> <p>(a) Any proceedings before a local authority where -</p> <p>(i) A right of appeal lies to any Court or tribunal against the final decision of the local authority in those proceedings; or</p> <p>(ii) The local authority is required, by any enactment, to make a recommendation in respect of the matter that is the subject of those proceedings; and</p> <p>c) Any proceedings of a local authority in relation to any application or objection under the Marine Farming Act 1971.</p>
2	Council Meeting - Confidential Minutes - 25 May 2023	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which</p>	<p>The withholding of the information is necessary:</p>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		good reason exists under section 7.	
3	Mayor's Report - Taskforce Remuneration	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
4	City Club and Tasman Rugby Union - Approval for Ground Lease at Trafalgar Park Lane and Agreement to Lease Variation at Kinzett Terrace	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
5	Stoke Rugby Football Club - Approval for Lease Term Variations	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
6	Establishing a new contestable Climate Change Mitigation Fund	Section 48(1)(a) The public conduct of this matter would be likely to result in	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(a)

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		disclosure of information for which good reason exists under section 7	<p>To protect the privacy of natural persons, including that of a deceased person</p> <ul style="list-style-type: none"> • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities
7	Appointment of Chair to the Board of the Nelson Marina Management Council Controlled Organisation	<p>Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
8	Nelson Regional Development Agency - reappointment of Director	<p>Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person

Karakia Whakamutanga

Minutes of a meeting of the

Nelson City Council

Te Kaunihera o Whakatū

Held in the Council Chamber, Floor 2A, Civic House, 110 Trafalgar Street, Nelson on Thursday 4 May 2023, commencing at 9.01a.m.

Present: His Worship the Mayor N Smith (Chairperson), Councillors M Anderson, M Benge, T Brand, M Courtney, J Hodgson, R O'Neill-Stevens (Deputy Mayor), K Paki Paki, P Rainey, C Rollo, R Sanson, T Skinner and A Stallard

In Attendance: Chief Executive (N Philpott), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (M Bishop) Interim Group Manager Environmental Management (D Bush-King), Group Manager Community Services (A White), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald) Team Leader Governance (R Byrne) and Governance Adviser (K Libeau)

Apologies : Nil

Karakia and Mihi Timatanga

1. Apologies

No apologies were received.

2. Confirmation of Order of Business

In order to confirm timing for external presenters Item 10 (Nelmac Six month Report) would be considered at 12.00p.m. followed by Confidential Item 2 (Nelmac Draft Statement of Intent).

3. Interests

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

4. Public Forum

- 4.1. Resilienz - Development and implementation of effective climate strategies in the region

Attendance: Councillor Skinner joined the meeting at 9.08a.m. and Councillor Brand joined at 9.11a.m.

Lindsay Wood, Convenor of Resilienz, spoke to a tabled presentation (1982984479-5911) about development and implementation of effective climate strategies in the region.

Attachments

- 1 1982984479-5911 Resilienz presentation to Council

5. Confirmation of Minutes

5.1 13 April 2023

Document number M20090, agenda pages 11 - 26 refer.

Resolved CL/2023/074

That the Council

1. ***Confirms the minutes of the meeting of the Council, held on 13 April 2023, as a true and correct record.***

Rollo/Courtney

Carried

6. Mayor's Report - left to lie 13 April 2023

Document number R27643, agenda pages 27 - 32 refer.

His Worship the Mayor Hon Dr Smith presented the report that had been left to lie on 13 April 2023. He advised since the last meeting he had had discussions with colleagues and proposed an amended recommendation to indicate there were a range of views on the effectiveness of Local Government New Zealand. He answered questions on how the relations with neighbouring Councils would be affected should Nelson City Council join the metropolitan sector, and membership fees.

The meeting adjourned from 10.15a.m. until 10.22a.m.

The motion was put in parts and a division was called for amended recommendations 1-4 and 7.

Resolved CL/2023/075

That the Council

1. ***Receives the report Mayor's Report - left to lie 13 April 2023 (R27643) and its attachment (NDOCS-1118544611-7016); and***
2. ***Notes that there is a range of views around the Council table on the effectiveness of Local Government New Zealand; and***

3. ***Notes that His Worship the Mayor, Deputy Mayor and the Chief Executive, while acknowledging the concerns about LGNZ, are satisfied that Nelson City Council, overall, gets value for money from its membership fees, particularly with regard to information sharing such as expensive legal opinions on complex areas of law; and***
4. ***Agrees that Nelson City Council continue its membership of LGNZ but, via its representation by the Mayor, Deputy Mayor and delegates at conferences, advocates for change to achieve a more effective voice for councils and a focus on ensuring good value for money for ratepayers; and***
7. ***Notes the update on the August 2022 severe weather event.***

The motion was put and a division was called:

<u>For</u>	<u>Against</u>	<u>Abstained/Interest</u>
Cr Smith (Chairperson)	Cr Courtney	
Cr Anderson	Cr Rollo	
Cr Bengé	Cr Skinner	
Cr Brand		
Cr Hodgson		
Cr O'Neill-Stevens		
Cr Paki Paki		
Cr Rainey		
Cr Sanson		
Cr Stallard		

The motion was carried 10 - 3.

Resolved CL/2023/076

Courtney/Sanson

Carried

That the Council

5. ***Agrees that the delegation to the 2023 Local Government New Zealand Conference and EXCELLENCE Awards should consist of four councillors, His Worship the Mayor and Deputy Mayor; and***
6. ***Delegates to His Worship the Mayor and the Deputy Mayor to write to Local Government New Zealand requesting a change in sector membership from the Provincial Sector Group to the Metropolitan Sector Group noting that:***
 - a. ***Nelson's challenges with housing, transport, climate change and urban development has more in common with the metro sector councils,***

- b. Nelson City Council would have a greater voice as one of the 12 on the metro group rather than one of 54 on the provincial/rural group and***
- c. Nelson City Council's involvement in the regional group ensures we remain engaged on the regional issues relevant to our Council.***

His Worship the Mayor/O'Neill-Stevens

Carried

7. Mayor's Report

Document number R27655, agenda pages 33 - 35 refer.

His Worship the Mayor Hon Dr Smith took the report as read and noted the amended recommendation to include discussions with Te Taihu iwi. He clarified the proposal was to initiate discussions only regarding forming a joint Te Taihu joint water reform committee and report back to Council on the outcome.

The motion was put in parts and a Division was called for amended recommendations 1-4.

Recommendation

That the Council

- 1. Receives the report Mayor's Report (R27655); and***
- 2. Notes the Government announcement on 13 April 2023 of changes to the Three Waters Reform programme, including the establishment of a Te Taihu Water Entity under the Water Services Entities Act 2022; and***
- 3. Agrees His Worship the Mayor approach the Mayors of Tasman and Marlborough District Councils proposing the establishment of an interim Te Taihu Water Reform Joint Committee; and***
- 4. Agrees His Worship the Mayor report back to Council on the outcome of the discussions with the Mayors of Tasman and Marlborough District Councils and with Te Taihu iwi on the proposed interim Te Taihu Water Reform Joint Committee by 20 July 2023.***

The motion was put and a division was called:

For

Cr Smith
(Chairperson)
Cr Anderson
Cr Bengé
Cr Hodgson

Against

Cr Brand
Cr Courtney
Cr Rollo
Cr Skinner

Abstained/Interest

Cr O'Neill-Stevens
Cr Paki Paki
Cr Rainey
Cr Sanson
Cr Stallard

The motion was carried 9 - 4.

- 7. Agrees that His Worship the Mayor and Chief Executive, in consultation with the Tasman and Marlborough District Councils, seek the earliest possible engagement with Te Taihu iwi on how best to involve them in discussions on the Three Waters reforms.**

8. Community Investment Fund Panel Membership Update

Document number R27483, agenda pages 36 - 49 refer.

Adjourned 11.12am until 11.20a.m.

Group Manager Community Services, Andrew White, and Manager Community Partnerships, Mark Preston-Thomas took the report as read, noting they had received feedback which referred to consensus voting and updated the terms of reference with a suggested change should Council decide to include Elected Members on the Panel.

Councillor Skinner, seconded by Councillor Rainey moved Option 1 – no change to the membership of the Panel.

Attendance: Councillor Anderson left the meeting at 11.45a.m.

Resolved CL/2023/077

That the Council

- 1. Receives the report Community Investment Fund Panel Membership Update (R27483) and its attachments (NDOCS-636034393-10799 and NDOCS-636034393-10790); and**
- 2. Retains the status quo for the Community Investment Fund Panel membership; and**
- 3. Approves the updated Terms of Reference for the Community Investment Fund Panel (NDOCS-636034393-10799).**

Skinner/Rainey

Carried

9. Submission on Charging our Future Strategy

Document number R27631, agenda pages 50 - 63 refer.

Group Manager Infrastructure, Alec Louverdis, Manager Climate Change, Rachel Pemberton, and Policy Adviser, Jane Borren, took the report as read noting that there was a sufficient level of EV chargers in Nelson City but with the predicted growth drivers, would become heavily reliant on them.

Following discussion it was agreed that the submission be amended to include discussion on supporting ebikes, references to the clean car scheme, and accessibility.

Attendance: Councillor O'Neill-Stevens left the meeting at 12.15p.m.

Resolved CL/2023/078

That the Council

- 1. Receives the report Submission on Charging our Future Strategy (R27631) and its attachment (839498445-14264); and***
- 2. Approves the draft Nelson City Council submission on the Charging Our Future Strategy to Te Manatū Waka Ministry of Transport (839498445-14264); and***
- 3. Agrees that the Mayor and Chief Executive be delegated authority to include:***
 - amendments supporting electric bike infrastructure and subsidies,***
 - toning back comments on the government clean car scheme,***
 - ensuring such infrastructure maintains accessibility,******as well as approving approve minor editorial amendments to the Council submission on the Charging Our Future Strategy to Te Manatū Waka Ministry of Transport.***

His Worship the Mayor/Hodgson

Carried

10. Nelmac Limited Six Month Report to 31 December 2022

Document number R27611, agenda pages 64 - 73 refer.

Group Manager Corporate Services, Nikki Harrison, introduced Nelmac Ltd Chairperson, Robb Gunn, and Chief Financial Officer, Lindsay Coll.

Attendance: Councillor O'Neill-Stevens joined the meeting at 12.20pm

Mr Gunn and Mr Coll answered questions on distribution of resources, carbon emissions, aspirations of being a national environmental company, employee turnover and retention.

Resolved CL/2023/079

That the Council

- 1. Receives the report Nelmac Limited Six Month Report to 31 December 2022 (R27611) and its attachment (1511110536-632).***

Brand/Skinner

Carried

11. Exclusion of the Public

Nelmac Ltd Chairperson, Robb Gunn, and Chief Financial Officer, Lindsay Coll were in attendance for Item 2 and Kerry Anderson from DLA Piper, if required, for Item 4 of the Confidential agenda to answer questions and, accordingly, the following resolutions were required to be passed:

Resolved CL/2023/080

That the Council

- 1. Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that Rob Gunn and Lindsay Coll remain after the public has been excluded, for Item 2 of the Confidential agenda Nelmac Limited Draft Statement of Intent 2023/24, as they have knowledge relating to Nelmac Ltd that will assist the meeting.***
- 2. Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that Kerry Anderson of DLA Piper remain after the public has been excluded, if required, for Item 4 of the Confidential agenda August 2022 Extreme Weather Event Recovery - Council Owned Land Geotechnical Assessments: Next steps , as she has legal advice that will assist the meeting.***

Courtney/Rollo

Carried

Resolved CL/2023/081

That the Council

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

Courtney/Rollo

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Council Meeting - Confidential Minutes - 13 April 2023	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person • Section 7(2)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information • Section 7(2)(f)(ii) To maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment • Section 7(2)(g) To maintain legal professional privilege • Section 7(2)(i) To enable the local authority to carry on,

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			<p>without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> <ul style="list-style-type: none"> Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities
2	Nelmac Limited Draft Statement of Intent 2023/24	<p>Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	Appointment of a Nelson Regional Development Agency Director and Chair	<p>Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
4	August 2022 Extreme Weather Event Recovery - Council Owned Land Geotechnical Assessments: Next steps	<p>Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(g) To maintain legal professional privilege Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
5	Private Plan Change - Nelson Junction	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 48(1)(d) That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceedings to which this paragraph applies. <p>Section 48(2)</p> <p>Paragraph (d) of subsection (1) applies to -</p> <p>(a) Any proceedings before a local authority where -</p> <p>(i) A right of appeal lies to any Court or tribunal against the final decision of the local authority in those proceedings; or</p> <p>(ii) The local authority is required, by any enactment, to make a recommendation in respect of the matter that is the subject of those proceedings; and</p> <p>c) Any proceedings of a local authority in relation to any application or objection under the Marine Farming Act 1971.</p> <ul style="list-style-type: none"> Section 7(2)(i)

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

The meeting went into confidential session at 12.33p.m. and resumed in public session at 4.33p.m.

Attendance: During the Confidential session Councillor Anderson had returned to the meeting at 2.17p.m.

Karakia Whakamutanga

12. Restatements

It was resolved while the public was excluded:

1 Nelmac Limited Draft Statement of Intent 2023/24

Agrees that the decision, Report (R27612) and attachments (1511110536-631 and 1511110536-533) remain confidential at this time.

2 Appointment of a Nelson Regional Development Agency Director and Chair

Agrees the decision will be made publicly available on the Nelson Regional Development Agency's website (www.nelsontasman.nz) once the appointment has been announced.

3 August 2022 Extreme Weather Event Recovery - Council Owned Land Geotechnical Assessments: Next steps

Agrees that the decision, the Report (R27510) and its attachments (1590798627-436, 1590798627-437, and 1590798627-435) remain confidential at this time.

4 Private Plan Change - Nelson Junction

Agrees that the decision, the Report R27617 and its attachment (539570224-14293) remain confidential until the Plan Change 31 has been publicly notified under the Resource Management Act (RMA).

5 Housing Reserve - Grant Application

Agrees that Report (R27667), Attachment (336940202-6964) and the decision be made publicly available following completion of negotiations.

There being no further business the meeting ended at 4.33p.m.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved

Minutes of a meeting of the

Nelson City Council

Te Kaunihera o Whakatū

Held in the Council Chamber, Floor 2A, Civic House, 110 Trafalgar Street, Nelson on Thursday 25 May 2023, commencing at 9.03a.m.

Present: His Worship the Mayor N Smith (Chairperson), Councillors M Anderson, M Benge, T Brand, M Courtney, J Hodgson, K Paki Paki, P Rainey, C Rollo, R Sanson, T Skinner and A Stallard

In Attendance: Chief Executive (N Philpott), Group Manager Infrastructure (A Louverdis), Acting Group Manager Environmental Management (D Bush-King), Group Manager Community Services (A White), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald) Team Leader Governance (R Byrne) and Senior Governance Adviser (H Wagener)

Apologies : Councillor R O'Neill-Stevens

Karakia and Mihi Timatanga

1. Apologies

Resolved CL/2023/094

That the Council

- 1. Receives and accepts the apologies from Councillor R O'Neill-Stevens for absence on Council business.***

His Worship the Mayor/Courtney

Carried

2. Confirmation of Order of Business

His Worship the Mayor Hon Dr Smith advised that that the order of business would be adjusted to allow Item 6 - Deliberations on the Schedule of Fees and Charges 2023/24 to be considered first.

Attendance: Councillor T Skinner joined the meeting at 9.05 a.m.

3. Interests

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

4. Public Forum

There was no public forum.

5. Confirmation of Minutes - 11 May 2023

Document number R27713, agenda pages 5 - 21 refer.

Resolved CL/2023/095

That the Council

1. ***Confirms the minutes of the meeting of the Council, held on 11 May 2023, as a true and correct record.***

Brand/Hodgson

Carried

6. Deliberations on the Schedule of Fees and Charges 2023/24

Document number R27671, agenda pages 65 - 91 refer.

Acting Group Manager Environmental Management, Dennis Bush-King, Group Manager Community Services, Andrew White, and Policy Adviser, Ailish Neyland took the report as read. Officers amended recommendation 2 for clarification.

Resolved CL/2023/096

That the Council

1. ***Receives the report Deliberations on the Schedule of Fees and Charges 2023/24 (R27671) and its attachments (1598046314-107); and***
2. ***Approves amending the proposed Schedule of Fees and Charges 2023/24 in response to submissions, to increase the Annual Pile Mooring fee by 7.2% instead of 10%.***
3. ***Confirms the approach to adopting the changes to the Schedule of Fees and Charges for 2023/24, as contained in Attachment 1 (1598046314-107).***

Rainey/Sanson

Carried

7. Deliberations on the Annual Plan 2023/24 submissions

Document number R27506, agenda pages 5 - 64 refer.

His Worship the Mayor requested that any proposal to increase allocated budget should indicate the source of the additional funding or quantify the effect on the proposed rates.

Group Manager Strategy and Communications, Nicky McDonald and Group Manager Corporate Services, Nikki Harrison took the report as read and answered questions. Ms. Harrison advised that since notification of the Annual Plan proposal, staff have found further savings of approximately \$247,000 that would allow an increase of 7.2% of grants to the Community Investment Fund and organisations supporting the most vulnerable members of the community and the 3.5% inflation adjustment to grants to other community organisations, facilities, Council Controlled Organisations and Council Organisations.

In response to questions, Acting Manager Environmental Planning, Dennis Bush-King, provided advice on the potential effect of the removal of funding for an urban design panel. His Worship the Mayor requested that it be noted that Council staff would still have the option to request funding from the Council and seek urban design advice in situations where that was desirable.

The meeting adjourned from 10.03a.m. until 10.13a.m.

Exclusion of the Public

Resolved CL/2023/097

That the Council

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

Stallard/Sanson

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Deliberations on the Annual Plan 2023/24 submissions	Section 48(1)(a) The public conduct of this matter would be likely to result in	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(g)

		disclosure of information for which good reason exists under section 7.	<p>To maintain legal professional privilege.</p> <ul style="list-style-type: none"> • Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage
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The meeting went into confidential session at 10.12a.m and resumed in public session at 10.30 a.m.

Three changes to the officers recommendations were proposed during deliberations.

Recommendation 6:

Following the submission at the hearings by the Nelson Festivals Trust about the requirement to use some of its reserves as part of core funding for the 2023 festival, and the concerns and the lack of clarity about how the current situation arose, it had been recommended that the issue be investigated. An amendment to the recommendation to clarify was proposed.

Councillor Courtney proposed an amended motion, seconded by Councillor Sanson.

Recommendation

That the Council

6. *Delegates to the Deputy Mayor, Councillor Courtney and Councillor Brand with the support of Group Manager Community Services, and in consultation with the Nelson Festivals Trust, a review of the circumstances that led to the growth in its reserves for the 2020-2022 period of Covid-19 impacts and whether it is appropriate for a portion of these resources to be offset against Council's funding for this year's festival, with the findings of this work to be reported back to Council by 6 July 2023; and*

Courtney/Sanson

Recommendation 7:

Following the submission at the hearing by Kotahitanga mō te Taiao Alliance and advice that the alliance had also requested the same level of increase in funding from Marlborough and Tasman District Councils, staff recommended an increase of funding from \$20,000 to \$40,000, conditional on Tasman and Marlborough District Councils also increasing their support to \$40,000.

During the deliberations, concern was expressed that unilateral approval of an increase in funding by Nelson City Council, without commensurate additional funding being made available by the two other local authorities, would create a precedent. However, it was also seen as an opportunity for the Council to set an example, to provide regional leadership and to urge the other councils to match the contribution.

Councillor Sanson proposed an amended motion, seconded by Councillor Stallard.

Recommendation

That the Council

7. *Approves amending the proposed Annual Plan 2023/24 in response to submissions, to provide an increase of funding in 2023/24 to Kotahitanga mō te Taiao Alliance from \$20,000 to \$40,000, and notes His Worship the Mayor will write to Tasman and Marlborough District Councils urging them to resolve likewise, in the interests of improved regional resilience, environmental and biodiversity outcomes; and*

Sanson/Stallard

Additional recommendation 12:

His Worship the Mayor Hon Dr Smith proposed a motion, seconded by Councillor Rollo.

In response to submissions to provide support to the Tāhunanui Surf Lifesaving and Sports Facility, an addition to the recommendations was proposed to investigate the potential to co-locate LandSAR at the council facilities. Councillor K Paki Paki requested that it be noted that he was not in favour of the recommendation as it was premature to make a commitment to any organisation.

Recommendation

That the Council

12. *Notes that the investigation into opportunities for a surf lifesaving and sports facility/facilities at Tāhunanui Beach Reserve will consider the potential co-location of LandSAR within the development.*

His Worship the Mayor/Rollo

Carried

The meeting adjourned from 11.12a.m. until 11.22a.m.

Following debate, the recommendations were taken in parts.

Resolved CL/2023/098

That the Council

- 1. Receives the report Deliberations on the Annual Plan 2023/24 submissions (R27506) and its attachments (839498445-14453 and 332184083-4780).***

Hodgson/Sanson

Carried

Resolved CL/2023/099

- 2. Notes that additional savings of \$247,000 have been identified by Council officers in the period since the Consultation Document was released, enabling funding of the recommended decisions 3, 4 and 7 below.***

Courtney/Paki Paki

Carried

Resolved CL/2023/100

- 3. Approves amending the proposed Annual Plan 2023/24 in response to submissions, to provide a 7.2% inflation adjustment to the Community Investment Fund and organisations identified as supporting Nelson's communities of greatest need, at an approximate cost of \$44,000.***

Anderson/Hodgson

Carried

Resolved CL/2023/101

- 4. Approves amending the proposed Annual Plan 2023/24 in response to submissions, to provide a 3.5% inflation adjustment to grants to other community organisations, facilities and Council Controlled Organisations and Council Organisations, at an approximate cost of \$183,000.***

Courtney/Sanson

Carried

Resolved CL/2023/102

- 5. Requests Council officers, in consultation with the Chief Executive and the Board of the Nelson Regional Development Agency, to prepare a report taking account of the financial challenges facing that agency due to the government COVID-19 support ending in June 2023 and a disparity of funding between Nelson City Council and Tasman District Council and considering how the agency can be refocussed and financed into the future.***

His Worship the Mayor/Sanson

Carried

Resolved CL/2023/103

- 6. Delegates to the Deputy Mayor, Councillor Courtney and Councillor Brand with the support of Group Manager Community Services, and in consultation with the Nelson Festivals Trust, a review of the circumstances that led to the growth in its reserves for the 2020-2022 period of Covid-19 impacts and whether it is appropriate for a portion of these resources to be offset for funding this year's festival, with the findings of this work to be reported back to Council.**

Courtney/Sanson

Carried

Resolved CL/2023/104

- 7. Approves amending the proposed Annual Plan 2023/24 in response to submissions, to provide an increase of funding in 2023/24 to Kotahitanga mō te Taiao Alliance from \$20,000 to \$40,000, and notes His Worship the Mayor will write to Tasman and Marlborough District Councils urging them to resolve likewise, in the interests of improved regional resilience, environmental and biodiversity outcomes.**

Sanson/Stallard

Carried

Resolved CL/2023/105

- 8. Approves the approach to Annual Plan 2023/24 submission responses included in the spreadsheet in Attachment 1 (839498445-14453).**

Sanson/Hodgson

Carried

Resolved CL/2023/106

- 9. Approves the changes to the proposed Annual 2023/24 resulting from Council decisions, corrections and timing changes as outlined at sections 5.43 to 5.46 of this report R27506.**

Courtney/Brand

Carried

Resolved CL/2023/107

- 10. Approves the budget carry forwards as set out in Attachment 2 (332184083-4780).**

Brand/Stallard

Carried

Resolved CL/2023/108

11. Confirms its intent to have an overall average rates increase of 7.2% in 2023/24.

His Worship the Mayor/Paki Paki

Carried

Resolved CL/2023/109

12. Notes that the investigation into opportunities for a surf lifesaving and sports facility/facilities at Tāhunanui Beach Reserve will consider the potential co-location of LandSAR within the development.

His Worship the Mayor/Rollo

Carried

Karakia Whakamutanga

There being no further business the meeting ended at 12.22 p.m.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved

REPORT R27725

Infrastructure Holdings Limited

1. Purpose of Report

- 1.1 To consider recommendations from the 22 May 2023 Joint Shareholders Committee which includes amendments to the Shareholders Agreement made at the meeting.

2. Recommendation

That the Council

- 1. Receives the report Infrastructure Holdings Limited (R2772525) and its attachments (1511110536-695 and 1982984479-6044).***

Recommendation from the Joint Shareholders Committee 22 May 2023.

The Council notes as follows:

Purpose

A the purpose is to seek Council's approval for:

- a) the necessary amendments to update the form (previously approved by each of Nelson City Council (NCC) and Tasman District Council (TDC)) of each of:***
- i. the Infrastructure Holdings Limited (IHL) Shareholders' Agreement to be in the form attached (1511110536-695) (Shareholders' Agreement);***
- ii. the Agreement for Sale and Purchase of Shares in Port Nelson Limited (PNL) and Nelson Airport Limited (NAL) in the form attached (1511110536-698) (Agreement for Sale and Purchase of Shares) under***

which the shares of PNL and NAL are to be transferred from NCC and TDC to IHL;

- iii. Unanimous Shareholder Resolutions and Entitled Persons' Agreement in relation to the "Restructuring Transactions" (as defined in the Council's previous resolutions [CL/2022/226] (1982984479-6044) (1511110536-699); and***
- b) an updated resolution for the purposes of section 50 of the Companies Act 1993 (Act) (1511110536-701)***

Share values

- B. when the Joint Shareholders Committee previously approved and recommended to each of NCC and TDC (in RJSC22-6-1) the form of a Shareholders' Agreement for IHL and an Agreement for Sale and Purchase of Shares in PNL and NAL, the values for the shares in each of PNL and NAL were recorded at book value (being, at that time, \$8,446,000 in total); and***
- C. upon the incorporation of IHL on 17 January 2023, NCC and TDC each subscribed for 42,230 ordinary shares in IHL (being 84,460 ordinary shares in total) (Initial Shares), at an issue price of \$100.00 per share (Initial Share Issue). The total subscription amount for the Initial Shares was therefore \$8,446,000 (Initial Subscription Amount). This was equal to the aggregate book value of PNL and NAL, as determined at the time that RJSC22-6-1 was approved. The consideration for the Initial Shares (being the Initial Subscription Amount) remains unpaid and will be paid to IHL in accordance with the Shareholders' Agreement (that is to be approved in these resolutions); and***
- D. Deloitte has now advised that the share values for each of PNL and NAL need to be recorded at market value (being the value of net assets as at 31 March 2023) for the purposes of the transfer of those shares from NCC and TDC to IHL on 1 July 2023. Deloitte has valued the net assets of:***
 - i. NAL at \$103,700,000; and***
 - ii. PNL at \$275,700,000,***

resulting in a total net asset value of \$379,400,000 for PNL and NAL combined (New Valuation); and

- E. in order for IHL to be capitalised in an amount equal to the purchase price for the shares in PNL and NAL (being \$379,400,000), it will be necessary for NCC and TDC to each subscribe for a further 1,854,770 ordinary shares in IHL (being a further 3,709,540 ordinary shares in total) (Second Shares) at an issue price of \$100.00 per share (Second Share Issue). The total consideration for the Second Share Issue will be \$370,954,000 and will also be paid in accordance with the Shareholders' Agreement; and**
- F. the Shareholders' Agreement and the Agreement for Sale and Purchase of Shares have been updated from the form provided at 22 September 2022, to reflect the New Valuation and the Second Share Issue; and**
- G. Entitled persons' approvals will be required under the Act prior to IHL's entry into the Shareholders' Agreement and Agreement for Sale and Purchase of Shares, on the basis that (among other reasons already notified to this Council) the Second Share Issue will be undertaken in accordance with:**
 - i. section 107(2) of the Act so that the Second Shares may be issued otherwise than in accordance with sections 42, 44 or 45 of the Act; and**
 - ii. clause 3.4 of IHL's constitution;**
- H. The Council resolution at 22 September 2022, noted at items G., H., I., and S. that:**
 - G. As part of the proposal to incorporate IHL, it is proposed that each of the Shareholders transfer all their shares in PNL and NAL to IHL (Share Sale) for \$8,446,000 in total (Purchase Price). The Purchase Price will be owed to the Shareholders in equal portions (being \$4,223,000 each). The Crown holds, and will continue to hold, one special "Kiwi Share" in NAL.**
 - H. The Purchase Price allocation is:**
 - a) \$2,400,000 for the shares in NAL; and**
 - b) \$6,046,000 for the shares in PNL.**
 - I. Nelson City Council and Tasman District Council will each subscribe for 42,230 ordinary shares in IHL (being 84,460**

ordinary shares in total) (Initial Shares), at an issue price of \$100.00 per share (Initial Share Issue). The total subscription amount for the Initial Shares is therefore \$8,446,000 (Initial Subscription Amount), which is equal to the Purchase Price.

- S. The Restructuring Proposals and the Financing Proposals will require the approval of the Shareholders as:**
- a) the proposals are, or may be, "major transactions" (as defined in section 129 of the Companies Act 1993 (Act));**
 - b) the Initial Share Issue and the New Share Issue require the agreement of IHL's entitled persons (as that term is defined in the Act) for the purposes of section 107(2) of the Act. The only entitled persons of IHL will be the Shareholders; and**
 - c) Nelson City Council and Tasman District Council (as the shareholders of IHL) must consent, for the purposes of section 50 of the Act and for all other purposes, to becoming the holder of the Initial Shares and the New Shares.**

That the Council:

- 1. Amends clauses G., H., I., and S. of Resolution CL/2022/226 of the Council meeting on 22 September 2022, to reflect the New Valuation, the Second Share Issue and the updated form of Unanimous Shareholder Resolutions and Entitled Persons' Agreement, as follows:**

G. As part of the proposal to incorporate IHL, it is proposed that each of the Shareholders transfer all their shares in PNL and NAL to IHL (Share Sale) for **\$379,400,000 in total (Purchase Price). The Purchase Price will be owed to the Shareholders in equal portions (being **\$189,700,000** each). The Crown holds, and will continue to hold, one special "Kiwi Share" in NAL.**

H. The Purchase Price allocation is:

- a) **\$103,700,000** for the shares in NAL; and**
- b) **\$275,700,000** for the shares in PNL.**

- I. Upon incorporation of IHL, Nelson City Council and Tasman District Council each subscribed for (and IHL issued) 42,230 ordinary shares in IHL (being 84,460 ordinary shares in total) (Initial Shares), at an issue price of \$100.00 per share (Initial Share Issue). The total subscription amount for the Initial Shares is therefore \$8,446,000 (Initial Subscription Amount) which will be paid for in accordance with IHL's Shareholders' Agreement. Since IHL's incorporation on 17 January 2023, Deloitte has valued the shares in PNL and NAL at a total combined value of \$379,400,000. Accordingly, in order to capitalise IHL in an amount equal to the Purchase Price, Nelson City Council and Tasman District Council will each subscribe for a further 1,854,770 ordinary shares in IHL (being a further 3,709,540 ordinary shares in total) (Second Shares) at an issue price of \$100.00 per share (Second Share Issue). The consideration for the Second Share Issue will also be paid in accordance with the Shareholders' Agreement.**
- S. The Restructuring Proposals and the Financing Proposals will require the approval of the Shareholders as:**
- a) the proposals are, or may be, "major transactions" (as defined in section 129 of the Companies Act 1993);**
 - b) the Initial Share Issue requires the agreement of Nelson City Council and Tasman District Council as IHL's shareholders and only entitled persons (as that term is defined in the Companies Act 1993) for all purposes (including to meet any requirement under the Companies Act 1993).**
 - c) the Second Share Issue and the New Share Issue require the agreement of IHL's entitled persons (as that term is defined in the Companies Act 1993) for the purposes of section 107(2) of the Companies Act 1993, and for the purposes of clause 3.4 of IHL's constitution.**
 - d) Nelson City Council and Tasman District Council (as the shareholders of IHL) must consent, for the purposes of section 50 of the Companies Act 1993 and for all other purposes, to becoming the holder**

Item 7: Infrastructure Holdings Limited

of the Initial Shares, Second Shares and the New Shares; and

- 2. Consents, for the purposes of section 50 of the Companies Act 1993 and for all other purposes, to being the joint owner in equal shares of the Initial Shares, Second Shares and the New Shares; and***
- 3. Approves the Shareholders' Agreement, Agreement for Sale and Purchase of Shares, and Unanimous Shareholder Resolutions and Entitled Persons' Agreement that will apply in place of the form of these documents previously approved by Council.***

Author and Authoriser: Nikki Harrison, Group Manager Corporate Services

Attachments

- Attachment 1: 1511110536-698 Draft Sale and Purchase Agreement (15 May 2023) [↓](#)
- Attachment 2: 1511110536-699 IHL - Unanimous Shareholders' resolutions approving restructuring transactions, initial share issue and secon share issue [↓](#)
- Attachment 3: 1511110536-695 - Draft Shareholders Agreeemnt (marked to show JSC approved further amendments 22 May 2023) [↓](#)

**Agreement for Sale and Purchase of
Shares in Port Nelson Limited and Nelson
Airport Limited**

between
Nelson City Council
and
Tasman District Council
and
Infrastructure Holdings Limited

PITT & MOORE
LAWYERS AND NOTARIES PUBLIC

SER-023544-426-59-V1

1511110536-698

Agreement for Sale and Purchase of Shares in Port Nelson Limited and Nelson Airport Limited

Date: 2023

Parties

Nelson City Council (NCC)

Tasman District Council (TDC)

(Vendor)

Infrastructure Holdings Limited (Purchaser)

Agreement

1. Definitions and interpretation

Definitions

1.1. In this agreement, unless the context otherwise requires:

Company or Companies	means Port Nelson Limited and Nelson Airport Limited, further details of which are set out in schedule 1;
Encumbrance	includes any mortgage, charge, lien, pledge, hypothecation, restriction against transfer, encumbrance, option, right of pre-emption and other security interest or third party interest (whether legal or equitable);
Nelson Airport Shares	1,200,000 ordinary shares owned by TDC and 1,200,000 ordinary shares owned by NCC (being together all the ordinary shares) on the date of this agreement;
Port Nelson Shares	12,707,702 ordinary shares owned by TDC and 12,707,702 ordinary shares owned by NCC in Port Nelson Limited (being together all the ordinary shares) on the date of this agreement;
Purchase Price	means \$379,400,00 in total, \$189,700,000 of which is payable to each Vendor;
Settlement	means the point in time where the settlement obligations of the Purchaser are completed in accordance with this agreement;
Settlement Date	means 1 July 2023 or such other date agreed between the parties in writing;
Shares	means the Port Nelson Shares and the Nelson Airport Shares;
Shareholders' Agreement	means the shareholders' agreement between the Vendors and the Purchaser dated on or about the date of this agreement in relation to shares held in the Purchaser; and
Subscription Amount	means the total amount to be paid up by each Vendor to the Purchaser in respect of the issue of the ordinary shares in the Purchaser pursuant to clauses 3.1, 3.2 and 3.5 of the Shareholders' Agreement.

Interpretation

1511110536-698

1.2. In this agreement, unless the context otherwise requires:

- a) A reference to a person includes any other entity or association recognised by law and vice versa.
- b) Words referring to the singular include the plural and vice versa.
- c) Any reference to a party includes:
 - (i) that party's executors, administrators, or permitted assigns; or
 - (ii) if a company, limited partnership, or any other body corporate, its successors or permitted assigns or both.
- d) Clause headings are for reference only.
- e) References to clauses and schedules are references to clauses of and schedules to this agreement.
- f) Reference to any document includes reference to that document as amended, novated, supplemented, or replaced from time to time.
- g) References to money will be New Zealand currency, unless specified otherwise.
- h) Expressions referring to writing will be construed as including references to words printed, typewritten or otherwise visibly represented, copied or reproduced (including by fax or email).
- i) In this agreement, time is of the essence.

2. **Sale and purchase of Shares**

2.1. Each Vendor agrees to sell its Shares, and the Purchaser agrees to purchase the Shares, together with all rights attached to them, for the Purchase Price with effect from Settlement and in accordance with this agreement.

2.2. The Shares will be sold and purchased free of all Encumbrances.

2.3. The Shares will be sold and purchased with all benefits, rights, privileges and entitlements which accrue or attach to them as at the date of this agreement including the right to all bonuses, dividends and other distributions made or paid in respect of the Shares on or after the date of this agreement.

3. **Purchase price**

Payment of purchase price

3.1. On the Settlement Date, the Purchaser must pay the Purchase Price to each Vendor in the portions described in the definition of "Purchase Price".

3.2. The Purchase Price must be paid in cleared funds, subject to clause 3.3, without any set-off, deduction, or withholding to such bank account as each Vendor nominates in writing before the Settlement Date.

- 3.3. The Purchaser may satisfy its obligation to pay each Vendor its portion of the Purchase Price by way of set-off against the Subscription Amount payable to the Purchaser in accordance with the Shareholders' Agreement.

Lower price

- 3.4. The purchase price for the Shares is the lowest price that the parties would have agreed on for them at the date this agreement is entered into under the rules relating to the accrual treatment of income and expenditure in the Income Tax Act 2007 and on that basis, no income or expenditure arises in respect of the sale and purchase of the Shares under those rules.

Pre-emptive rights

- 3.5. The Vendors, being all the ordinary shareholders in each of Port Nelson Limited and Nelson Airport Limited, agree that any pre-emptive rights they may have in connection with a transfer of any of the Shares are waived.

4. Settlement

Vendors' obligations

- 4.1. On Settlement, and as a condition of Settlement, each Vendor must deliver to the Purchaser:
- a) a transfer of its Shares to the Purchaser executed by that Vendor;
 - b) evidence satisfactory to the Purchaser that the transfer of its Shares to the Purchaser has been recorded in each Companies' respective share register so that the Purchaser is recorded as the legal owner of the Shares;
 - c) resolutions of the board of directors of each Company approving the transfers of the respective Shares and directing that on presentation of the executed transfer, the Purchaser be entered in each Company's register of shareholders; and
 - d) evidence satisfactory to the Purchaser that sole title in the Shares will vest in the Purchaser free from any Encumbrances, at Settlement.
- 4.2. The Vendors will procure that on the Settlement Date there will be, in the possession and control of each Company:
- a) all registers and statutory records required by the Companies Act 1993 and all other books, records and documents relating to each Company's affairs; and
 - b) all books of record and account (including all tax returns, statement of taxation, account and correspondence with IRD) of each Company and all computerised records of each Company.

Purchaser's obligations

- 4.3. On Settlement, subject to compliance by the Vendor with all of its obligations under clause 4.1 and 4.2, the Purchaser will pay the Purchase Price to the Vendors in accordance with clause 3.

Title, Property and Risk

- 4.4. Subject to Settlement occurring, title to, possession of, property in and the benefit and risk of, the Shares:
- a) until Settlement, remains solely with the Vendors; and

- b) on and from Settlement, passes to the Purchaser .

5. **Share Register**

- 5.1. The Purchaser will ensure that the share registers of each Company are updated to reflect the sale of the Shares promptly following Settlement.

6. **Kiwi Share**

- 6.1. The Kiwi Share (as defined in the constitution of Nelson Airport Limited) is not being transferred.

7. **Warranties and undertakings**

- 7.1. As at the date of this agreement and again on the Settlement Date, the Vendors each warrant to the Purchaser, and the Purchaser warrants to each Vendor, that:
- a) it has full power and authority to sign and perform this agreement, and has taken all necessary action to authorise this agreement's execution, delivery and performance; and
 - b) this agreement constitutes a valid and binding obligation enforceable against it in accordance with its terms.
- 7.2. As at the date of this agreement and again on the Settlement Date, each Vendor warrants to the Purchaser that:
- a) it is the legal and beneficial owner of the Shares with title to them to the exclusion of all others;
 - b) the Shares are fully paid up; and
 - c) the Shares are free from all Encumbrances.

8. **General**

Further Assurance

- 8.1. Each party will execute all documents and do all other acts and things which are both reasonable and necessary to carry out its obligations under, and the intention of, this agreement.

Waiver

- 8.2. No failure or delay by a party to exercise (in whole or in part) any right, power or remedy under this agreement will operate as a waiver of that right, power or remedy.
- 8.3. The single or partial exercise of any right, power or remedy under this agreement does not preclude the exercise of any other right, power or remedy, or its further exercise.
- 8.4. A waiver given by a party will not be effective unless it is in writing and is signed by the party against whom it is claimed.
- 8.5. Any waiver given by a party in accordance with this clause will be effective only in the specific instance and for the specific purpose for which it is given.

Non-merger

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- 8.6. This agreement, and anything done under or in connection with this agreement, will not operate as a merger of any of the rights, powers, or remedies of either party under or in connection with this agreement or at law. Those rights, powers, and remedies will survive and continue in full force and effect to the extent that they are unfulfilled.

Entire agreement

- 8.7. This agreement constitutes the entire agreement between the parties as to its subject. It supersedes and cancels any previous agreement, understanding, or arrangement whether written or oral. The parties agree that it is fair and reasonable that this clause is conclusive between them, as required by section 50 of the Contract and Commercial Law Act 2017.

Survival

- 8.8. Any provision of this agreement which by its nature is intended to survive the termination, Settlement, or expiration of this agreement will survive the termination, Settlement, or expiration of this agreement.

Counterpart

- 8.9. This agreement may be executed by each signatory in separate counterpart copies, whether originals, photocopies, fax, or electronic copies. When each signatory has executed at least one copy, the separately signed documents when brought together will form a binding legal document.

Copies

- 8.10. Any copy of this agreement that is received by facsimile or via email in PDF or other document reproduction format (including any copy of any document evidencing a party's signature to this agreement) may be relied on by any party as though it were an original copy of this agreement.

Amendment

- 8.11. No amendment to this agreement will be effective unless it is in writing and signed by each party.

Execution

Signed by **Nelson City Council** as Vendor by its
Chief Executive under delegated authority in the
presence of:

Chief Executive

Signature of witness

Name of witness

Occupation

Address

Signed by **Tasman District Council** as Vendor by its
Chief Executive Officer under delegated authority
in the presence of:

Chief Executive Officer

Signature of witness

Name of witness

Occupation

Address

Signed by **Infrastructure Holdings Limited** as
Purchaser:

Director's Signature

Director's Signature

Director's full name

Director's full name

**SCHEDULE 1
COMPANIES**

Company name:	Port Nelson Limited
Company Number:	401730
Place of Incorporation:	New Zealand
Incorporation Date:	29 September 1988
Registered Office:	8 Vickerman Street, Port Nelson, Nelson 7010, New Zealand
Directors:	Megan Ruth Matthews, Guy Roper, Jonathan Peter Safey, Kim Louise Wallace, Gerrard Llewellyn Wilson and Paul Alan Zealand
Issued Shares:	25,415,404
Shareholders:	Nelson City Council and Tasman District Council
Company Name:	Nelson Airport Limited
Company Number:	663266
Place of Incorporation:	New Zealand
Incorporation Date:	9 May 1996
Registered Office:	Nelson Airport Management Offices, Trent Drive, Nelson 7011, New Zealand
Directors:	Matthew Clarke, Quinton Charles Hall, Emma Jane Ihaia, Darren Nicholas Mark, and Matthew Dudley McDonald
Issued Shares:	2,400,001
Shareholders:	Nelson City Council, Tasman District Council and Her Majesty the Queen (Ministry of Transport)

INFRASTRUCTURE HOLDINGS LIMITED

Company number 8572709

(Company)

UNANIMOUS SHAREHOLDERS' RESOLUTIONS AND

ENTITLED PERSONS' AGREEMENT

passed in writing under sections 32, 50, 107(2), 122 and section 129 of the Companies Act 1993
(Act) and clauses 3.4 and 11.5 of the Company's constitution

Restructuring Transactions

BACKGROUND

On or before the date of these resolutions, the Company's directors passed the Establishment Resolutions attached at Schedule 1 and subsequent board resolutions attached at schedule 2 (**Board Resolutions**). Unless otherwise defined in these resolutions, terms defined in the Board Resolutions have the same meanings in this document.

The Establishment Resolutions and the Board Resolutions (among other things):

- record the Initial Issue;
- approve the Company's entry into, execution, and performance of the Restructuring Documents and the Restructuring Transactions (including the Second Share Issue), and the Intra-Group Loan Agreements and the Intra-Group Loans, once this document has been executed by each shareholder of the Company (**Shareholder**) and each entitled person of the Company (as that term is defined in section 2(1) of the Act) (**Entitled Person**);
- approve the Second Share Issue on the terms set out in the Shareholders' Agreement; and
- record the adoption of the Constitution by the Company.

NCC and TDC together constitute, through their separate shareholdings, all the Shareholders and Entitled Persons.

NOTED

Interested Directors

Each of the Company's directors has confirmed that he or she is not interested (within the meaning of section 139 of the Act) in the Initial Issue, the Restructuring Transactions (including the Second Share Issue), or the Intra-Group Loans.

Shareholder and Entitled Persons Approvals Required

The Directors have asked the Shareholders and the Entitled Persons (as relevant) to unanimously approve, confirm and ratify the Establishment Resolutions and the Board Resolutions for the following reasons.

Initial Issue

The Initial Issue as described in the Establishment Resolutions and the Board Resolutions requires the approval of all Shareholders and Entitled Persons for all purposes (including under any requirement of the Act).

Major transactions

The Company's entry into the Restructuring Transactions (including the Second Share Issue) and the Intra-Group Loans, and execution of the Restructuring Documents and Intra-Group Loan Agreements, as described in the Board Resolutions, are or may be major transactions (within the meaning of section 129 of the Act) and, accordingly, require the approval of the Shareholders by unanimous shareholder resolution.

Second Share Issue

The Second Share Issue, as described in the Board Resolutions, requires the approval of all Entitled Persons on the basis that that Second Shares will be issued in accordance with:

- (a) section 107(2) of the Act, so that the Second Shares may be issued otherwise than in accordance with sections 42, 44 or 45 of the Act; and
- (b) clause 3.4 of the Constitution.

Constitution

The adoption of the Constitution as described in the Establishment Resolutions and Board Resolutions requires the approval of the Shareholders by special resolution in accordance with section 32 of the Act.

RESOLVED

It is resolved, as special and unanimous shareholder resolutions, that the:

1. Initial Issue be ratified for all purposes (including under any requirement of the Act);
2. the Company's entry into, execution, and performance of the Restructuring Documents and the Restructuring Transactions (including the Second Share Issue), and the Intra-Group Loan Agreements and Intra-Group Loans, be approved for all purposes, including for the purposes of section 129 of the Act;
3. Establishment Resolutions and Board Resolutions be confirmed, approved, and ratified;
4. the Constitution in the form attached at schedule 3 be adopted as the constitution of the Company;
5. Company's entry into, execution, and performance of the Restructuring Documents and the Restructuring Transactions (including the Second Share Issue), and the Intra-Group Loan Agreements and Intra-Group Loans (as those documents may be varied from time to time), be valid and binding on the Company for all purposes, despite:
 - (a) any lack of or alleged lack of any sufficient benefit to the Company in entering into the Restructuring Transactions (including the Second Share Issue) and the Intra-Group Loans; and
 - (b) any other matter whatsoever; and

6. the Directors be authorised to:
- (a) execute the Restructuring Documents and the Intra-Group Loan Agreements; and
 - (b) give any notices and other communications, and do any other thing, under or in connection with, the entry into, execution and performance of the Restructuring Documents and the Restructuring Transactions (including the Second Share Issue), and the Intra-Group Loan Agreements and Intra-Group Loans (as those documents may be varied from time to time).

ENTITLED PERSONS' AGREEMENT

By signing this document, each Entitled Person:

1. ratifies the Initial Issue for all purposes (including under any requirement of the Act);
2. confirms that it is aware of the terms of the Second Share Issue and approves the Second Share Issue on the terms set out in the Shareholders' Agreement for the purposes of section 107(2) of the Act and for all other purposes;
3. confirms that it is satisfied that the Company has received or will receive fair value from the Restructuring Transactions (including the Second Share Issue) and the Intra-Group Loans;
4. approves the Company's entry into, execution, and performance of the Restructuring Documents and the Restructuring Transactions (including the Second Share Issue), and the Intra-Group Loan Agreements and Intra-Group Loans, (as those documents may be varied from time to time), for all purposes, notwithstanding:
 - (a) any lack of or alleged lack of any sufficient benefit to the Company in entering into the Restructuring Transactions (including the Second Share Issue) and the Intra-Group Loans; and
 - (b) any other matter whatsoever;
5. consents, for the purposes of section 50 of the Act and for all other purposes, to becoming the holder of the Initial Shares and the Second Shares on the terms described in the Board Resolutions;
6. confirms that it gives this agreement under, and for the purposes of, sections 107(2), 107(4), and 107(5) of the Act, and that nothing in sections 42, 44 and 45 of the Act will apply in relation to the Second Share Issue;
7. confirms that it will not take action with a view to the Company seeking to avoid the Restructuring Transactions (including the Second Share Issue) or the Intra-Group Loans; and
8. authorises the Directors to update the Company's share register and arrange for all relevant documents to be filed with the Registrar of Companies to reflect the issue of the Initial Shares and the Second Shares.

CONFIRMATION

By signing this document, each Shareholder and Entitled Person confirms that it has received, read, and understood the Establishment Resolutions and the Board Resolutions.

DATED

2023

SIGNED by NELSON CITY COUNCIL by:

Nigel Philpott
Chief Executive

SIGNED by TASMAN DISTRICT COUNCIL by:

Janine Dowding
Chief Executive Officer

(being all of the shareholders and entitled persons of the Company)

SCHEDULE 1

ESTABLISHMENT RESOLUTIONS

DRAFT

SCHEDULE 2

BAORD RESOLUTIONS

DRAFT

SCHEDULE 3
CONSTITUTION

DRAFT

**Shareholders' Agreement for
Infrastructure Holdings Limited**

between
Tasman District Council
and
Nelson City Council
and
Infrastructure Holdings Limited

SER-023544-426-101-V3

Approved by Tasman District Council on 30 June 2022

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Shareholders' Agreement for Infrastructure Holdings Limited

Date:

2023

Parties

Tasman District Council (TDC)

Nelson City Council (NCC)

Infrastructure Holdings Limited (the Company)

1. Interpretation and definitions

Definitions

1.1 In this agreement, unless the context otherwise requires:

Accession Deed	means an accession deed entered into by any Additional Shareholder in a form satisfactory to all of the Parties pursuant to which the Additional Shareholder agrees to observe, perform and be bound by this agreement;
Act	means the Companies Act 1993;
Additional Shareholder	means any person who becomes a Shareholder after the date of this agreement, as permitted by this agreement and the Constitution;
Agreement for Sale and Purchase	means the agreement for sale and purchase of all the ordinary shares in Nelson Airport Limited and Port Nelson Limited between TDC and NCC (as vendors) and the Company (as purchaser) dated on or about the date of this agreement;
Board	means the Directors acting together as the board of directors of the Company;
Business	means holding and administering investments in entities in which the Shareholders have a substantial interest for the benefit of the Nelson and Tasman regions and securing funding for and providing funding to the same;
Constitution	means the constitution of the Company as adopted or amended from time to time;

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Council-Controlled Trading

Organisation	has the meaning given to it in the Constitution;
Director	means a person appointed as director of the Company in accordance with the terms of the Constitution, this agreement and the Act;
Effective Date	means the date of this agreement;
Equity	means shares in the case of a company, and partnership interest (as defined in the Limited Partnerships Act 2008) in the case of a limited partnership;
Financial Year	<p>means:</p> <ul style="list-style-type: none"> (a) the period from the Effective Date to 30 June immediately following the Effective Date; (b) each subsequent period commencing on 1 July and ending on the next 30 June during the Term; and (c) the period from 1 July immediately preceding the end of the Term, to the end of the Term, <p>however, if there is a change of balance date, all references in this definition to 30 June will be deemed to be varied to the new balance date and all references to 1 July will be deemed to be varied to the day after that new balance date.</p>

Governance and Appointments

Committee	means the Governance and Appointments Committee described in clause 13;
Independent	has the meaning given in the Constitution;
Local Government Acts	has the meaning given to it in the Constitution;
Nelson Airport Shares	has the meaning given to that term in the Agreement for Sale and Purchase;
Party	means, as the context requires, any one or all of the Parties to this agreement and (on execution of an Accession Deed) any Additional Shareholder;
Port Nelson Shares	has the meaning given to that term in the Agreement for Sale and Purchase;

Purchase Price	has the meaning given to that term in the Agreement for Sale and Purchase;
Settlement	has the meaning given to that term in the Agreement for Sale and Purchase;
Share	means any share in the Company;
Shareholder	means a person for the time being registered in the Company's Share register as the holder of one or more Shares;
Statement of Intent	has the meaning given to it in the Constitution, and where the context requires, means the most recent Statement of Intent;
Subsidiary	means any company or limited partnership in which the Company holds a majority of the Equity;
Term	has the meaning given in clause 14.1;
Unanimous Resolution	means a resolution that is approved by all of the votes of those Shareholders entitled to vote and voting on the relevant matter; and
Working Day	means any day other than a Saturday, Sunday, or statutory public holiday in Nelson, New Zealand. A Working Day is deemed to commence at 9.00 am and end at 5.00 pm.

Interpretation

1.2 In this agreement, unless the context otherwise requires:

- (a) A reference to a person includes any other entity or association recognised by law and vice versa.
- (b) Words referring to the singular include the plural and vice versa.
- (c) The word including and other similar words do not imply any limitation.
- (d) Any reference to a Party includes its successors or permitted assigns or both.
- (e) Where a Party is made up of more than one person, the liability of each of those persons is joint and several.
- (f) Words importing any gender will include all other genders.
- (g) Clause headings are for reference only.
- (h) References to clauses and schedules are references to clauses of, and schedules to, this agreement.
- (i) Reference to any document includes reference to that document as amended, novated, supplemented, or replaced from time to time.
- (j) References to money will be New Zealand currency, unless specified otherwise.

- (k) Expressions referring to **writing** will be construed as including references to words printed, typewritten, or otherwise visibly represented, copied, or reproduced (including by electronic mail).
- (l) References to statutory provisions will be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time.

2. Objectives of the Company

- 2.1 The Shareholders intend to carry on the Business in the name of the Company and must at all times during the Term:
- (a) as the Company is a Council-Controlled Trading Organisation, comply with the Local Government Acts;
 - (b) use their reasonable endeavours to co-operate with each other to ensure the efficient operation of the Business; and
 - (c) carry on the Business and procure that any Director appointed by that Shareholder carries on the Business, in compliance with all laws.
- 2.2 Unless this agreement is varied by Unanimous Resolution, the Company may not engage in any business or activity which is not the Business or reasonably incidental to the Business.

3. Share subscriptions

Initial Issue

- 3.1 On incorporation, the Company issued 84,460 ordinary Shares to the Shareholders and agreed with the Shareholders that the consideration in respect of the issuance of such shares would be paid in accordance with the terms set out in clause 3.5:

Shareholder	Number of Shares	Issue Price	Subscription Amount
Tasman District Council	42,230	\$100	\$4,223,000
Nelson City Council	42,230	\$100	\$4,223,000

- 3.2 Immediately following the Effective Date, the Company will issue and the Shareholders will subscribe for a further 3,709,540 ordinary Shares for the consideration and to the Shareholders in the proportions set out below, with such consideration to be paid in accordance with the terms set out in clause 3.5:

Shareholder	Number of Shares	Issue Price	Subscription Amount
Tasman District Council	1,854,770	\$100	\$185,477,000

Nelson City Council	1,854,770	\$100	\$185,477,000
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General

- 3.3 The Shares issued pursuant to clauses 3.1 and 3.2 of this agreement will, on fulfilment by each Shareholder of their respective obligations to pay the Subscription Amounts recorded opposite their respective names in the tables contained in clauses 3.1 and 3.2 of this agreement, be credited as fully paid up.
- 3.4 In consideration of the Shareholders subscribing for the Shares in the Company in accordance with this agreement, the Company makes the following warranties, representations and undertakings to the Shareholders:
- (a) the Shares have been or will be (as applicable) issued to each Shareholder free and clear of any encumbrance, charge or other claim by a third party; and
 - (b) all requirements of the Act and the Constitution have been, or will be, complied with on a timely basis in relation to the issue of the Shares and the execution of this agreement and the allotment and issue of the Shares have been authorised by all necessary corporate and other acts and do not violate any trust deed, instrument, agreement or other arrangement to which the Company is party.
- 3.5 On the date of Settlement:
- (a) each Shareholder must pay the Subscription Amounts recorded opposite their respective names in the tables contained in clauses 3.1 and 3.2 in full to the Company; and
 - (b) the Company must pay the Purchase Price in full to the Shareholders in accordance with the Agreement for Sale and Purchase.
- 3.6 The parties agree that the amount payable by each Shareholder pursuant to clause 3.5(a) will be set off against the amount payable by the Company pursuant to clause 3.5(b), with the intent that on the date of Settlement, the consideration paid for the Shares issued under this agreement will be applied in full payment of the Purchase Price on a cashless basis.

4. Inconsistency with other documents

- 4.1 If there is a conflict or inconsistency between this agreement and the Constitution or any other document between the Parties or any of them, this agreement will prevail to the extent of that inconsistency.
- 4.2 To give effect to clause 4.1, if any Shareholder gives notice to the other Shareholders, the Shareholders will:
- (a) do all such things and sign all such documents necessary to alter the Constitution or any other document between the Shareholders or any of them to remove any inconsistency or conflict; and
 - (b) pass a Unanimous Resolution (as the case may require) to approve and ratify any and all past acts of the Board, the Company or the Shareholders done in

accordance with this agreement, which might otherwise be invalid as a result of any conflict or inconsistency with the Constitution.

5. Directors

5.1 Directors (including an Independent chairperson) are to be appointed in accordance with clauses 12.1 to 12.14 of the Constitution.

5.2 Directors are to be remunerated in accordance with clause 12.22 of the Constitution.

5.3 Any appointment of a director of a Subsidiary, and any remuneration of any such director, is to be made by the Board who must ensure that such remuneration is not inconsistent with any current Shareholders' joint directors remuneration policy.

5.4 The Company will:

- (a) indemnify each Director; and
- (b) effect insurance,

in accordance with any part or all of section 162 of the Act. The Shareholders will take all reasonable steps to cause the Board to do this.

6. Key Decisions

The Board must not, and must not cause the Company to do any of the following, unless first approved in writing by Unanimous Resolution:

- (a) enter into any "major transaction" as defined in the Act;
- (b) make any material disposal of assets which are not budgeted for and/or provided for in the Statement of Intent in the relevant Financial Year (or any series of related disposals which, if considered together, would be material); or
- (c) engage in any business or activity which is not the Business or reasonably incidental to the Business; or
- (d) undertake any capital raising or external debt financing or refinancing that is not in accordance with the Company's corporate treasury structure policies or existing lending and/or borrowing agreements; or
- (e) enter into, terminate or grant a waiver of rights under, or material amendment to, any contract in relation to a transaction with a Shareholder or a Subsidiary which has not been included in an approved budget, Statement of Intent or otherwise previously approved; or
- (f) grant any security interest over the assets of the Company, other than in the ordinary course of business or as permitted by the Company's policies regarding the granting of security interests and/or the Company's existing lending and/or borrowing agreements; or
- (g) appoint an administrator or take a step to liquidate, dissolve or wind up the Company; or
- (h) make any decision to undertake an initial public offering; or

- (i) make any alteration to, or revocation of, the Constitution or the adoption of a new constitution for the Company; or
- (j) issue, cancel, buy-back or make any reduction of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares; or
- (k) transfer any Shares held by the Company or purchase or otherwise acquire its own Shares; or
- (l) approve any transfer of Shares by any Shareholder; or
- (m) give financial assistance for the purposes of, or in connection with, the purchase of Shares; or
- (n) consolidate, divide or subdivide any Shares or create, alter or cancel any rights attaching to Shares; or
- (o) apply any amounts available for distribution in paying up Shares or other securities; or
- (p) exercise the right to issue shares in lieu of dividends conferred by section 54 of the Act; or
- (q) make any amendment to this agreement not expressly contemplated by the provisions of this agreement; or
- (r) create, acquire or sell any Subsidiary.

7. Loans and guarantees

No Shareholder will be required to:

- (a) make any loans to the Company; or
- (b) guarantee the obligations of the Company to a creditor,

except with the express agreement of that Shareholder and then only in accordance with all applicable laws.

8. Dividends

The dividend policy of the Company must be included in each annual Statement of Intent and accordingly approved by Unanimous Resolution.

9. Additional Shareholders

- 9.1 Shares may only be transferred in accordance with the Constitution.
- 9.2 Before a person becomes an Additional Shareholder, they must execute an Accession Deed.
- 9.3 The Board will refuse to approve a transfer of Shares if this clause is not complied with.

10. Grant of security over Shares

A Shareholder may not mortgage or pledge as security its Shares to any person without obtaining the prior written consent of all other Shareholders.

11. Provision of information

11.1 The Company must comply with the reporting obligations of Council-Controlled Trading Organisations in accordance with the Local Government Act 2002, including producing an annual Statement of Intent and the publication of required reports.

11.2 The Parties agree that they will ensure that:

- (a) each Subsidiary complies with any applicable reporting obligations under the Local Government Act 2002, the Port Companies Act 1988 and any other relevant legislation; and
- (b) prior to incorporation of any Subsidiary, the Parties will agree the timing and content of regular reporting to be provided by the Subsidiary to the Company.

12. Confidentiality

12.1 Subject to clause 12.2, each Shareholder will keep confidential, and make no disclosure of:

- (a) the contents of this agreement;
 - (b) all information obtained from the other Shareholder under this agreement or in the course of negotiations in respect of this agreement; and
 - (c) all information obtained from the Company, or developed or held for the purposes of the Company,
- (together, **Confidential Information**).

12.2 Confidential Information may be disclosed if:

- (a) disclosure is required by law, or is necessary to comply with the listing rules of any recognised stock exchange; or
- (b) that Confidential Information already is, or becomes, public knowledge other than as a result of a breach of this clause by that Shareholder; or
- (c) disclosure is made to an officer, employee, agent, contractor, financier, lawyer, accountant, or other professional adviser for that Shareholder on a need-to-know basis and such person is advised of the confidentiality obligations under this clause and reasonable security measures are put in place to safeguard the Confidential Information; or
- (d) disclosure is authorised in writing by the other Shareholders and then only on the terms, if any, specified in such written authority.

12.3 If any Shareholder is permitted by this agreement and by law to make a disclosure or announcement under the preceding clause, before doing so they must:

- (a) give to the other Shareholder the maximum notice reasonably practicable in the circumstances, specifying the requirement under which it is required to disclose Confidential Information, and the precise Confidential Information which it is required to disclose;
- (b) comply with all reasonable directions by the other Shareholders to contest or resist the requirement to disclose Confidential Information; and
- (c) consult in good faith with the other Shareholders with a view to agreeing on the form and timing of the disclosure.

12.4 The provisions of this clause will survive the termination or expiration of this agreement.

13. Governance and Appointments Committee

13.1 The Company will have a Governance and Appointments Committee to recommend to the Board the appointments for which the Company is responsible, including the appointment of directors to any Subsidiary.

13.2 The Governance and Appointments Committee will have ~~a maximum of six~~three members ~~and not less than three~~.

13.3 Nelson City Council is entitled to appoint one member to the Governance and Appointments Committee at any time and may likewise remove and/or replace that member at any time, in each case by notice in writing to the Company signed by a duly authorised officer of Nelson City Council.

13.4 Tasman District Council is entitled to appoint one member to the Governance and Appointments Committee at any time and may likewise remove and/or replace that member at any time, in each case by notice in writing to the Company signed by a duly authorised officer of Tasman District Council.

13.5 The Board shall be entitled to appoint, remove and replace ~~up to four~~one members to the Governance and Appointments Committee at any time but that member must not be a director of the Subsidiary for whom the appointment is being made.

13.6 Each member of the Governance and Appointments Committee holds office until his or her resignation, retirement, disqualification or removal in accordance with this agreement.

13.7 The Governance and Appointments Committee will elect one of their number to be chairperson.

13.8 A quorum for a meeting of the Governance and Appointments Committee will be three members (including the member appointed in accordance with each of clauses 13.3 and 13.4) present in person or by means of audio, or audio and visual, communication. The members must all be able to simultaneously hear each other throughout the meeting.

13.9 To avoid doubt, no decision or recommendation to the Board may be made by the Governance and Appointments Committee at any meeting where a quorum is not present.

13.10 Except as otherwise provided in this agreement, the Governance and Appointments Committee may regulate its procedure and meetings as it considers fit.

14. Term

14.1 The term of this agreement (**Term**) will commence on the Effective Date and continue until it is terminated on the earlier of the date on which:

- (a) the Shareholders unanimously agree in writing to terminate this agreement;
- (b) the Company is liquidated in accordance with this agreement or the Act; or
- (c) one Shareholder owns all of the Shares.

In the case of any Shareholder, it will also cease to apply in respect of that Shareholder when that Shareholder ceases to hold (whether beneficially or legally) any Shares. However, that Shareholder will remain liable to fulfil its obligations under this agreement or under any legislation prior to its ceasing to hold any Shares.

14.2 Termination of this agreement will not affect the rights and obligations of the Parties which are intended to survive the termination of this agreement. Such termination will be without prejudice to, and will not be deemed a waiver of any claims which any Party may have against any other Party in respect of any breach or other failure to comply with any provision of this agreement prior to the date of termination.

15. Dispute resolution

15.1 If any Party has any dispute (**Dispute**) with any other Party in connection with this agreement:

- (a) that Party will promptly give full written particulars of the Dispute to the others; and
- (b) the Parties will promptly meet together and in good faith try to resolve the Dispute.

15.2 If the Dispute is not resolved within 20 Working Days of written particulars being given (or any longer period agreed to by the Parties), the Dispute will be referred to mediation by either Party giving written notice of such referral to mediation to the other.

15.3 Until mediation ceases, neither Party may commence arbitration or legal proceedings.

15.4 The mediation procedure is:

- (a) the Party who wishes to resolve a Dispute must give a notice of Dispute to the other Party;
- (b) the notice must state that the Dispute has arisen, and state the matters in dispute;
- (c) when the notice has been given the Parties will appoint a mediator. If they fail to appoint a mediator within 10 Working Days, on request by either Party, the mediator will be appointed by the President of the New Zealand Law Society or the President's nominee;
- (d) the Parties must co-operate with the mediator in an effort to resolve the Dispute;
- (e) if the Dispute is settled, the Parties must sign a copy of the terms of the settlement;

- (f) if the Dispute is not settled within 20 Working Days after the mediator has been appointed, or within any extended time that the Parties agree to in writing, the mediation must cease; and
 - (g) the Company will pay the mediator's fee and costs including travel, room hire, refreshments.
- 15.5 The terms of settlement bind the Parties and override the terms of this agreement if there is any conflict.
- 15.6 The terms of settlement may not be used as evidence in any mediation, arbitration or legal proceedings except with the prior written approval of all Parties.
- 15.7 Written statements given to the mediator or to one another, and any discussions between them or between them and the mediator during the mediation are not admissible by the recipient in any arbitration or legal proceedings.
- 15.8 This clause will not apply to an application by either Party seeking urgent interlocutory relief from any court.
- 15.9 Pending resolution of any Dispute the Parties will perform this agreement in all respects including performance of the matter which is the subject of dispute.
- 15.10 Either Party may commence arbitration when the mediation procedure ceases by giving written notice to the other Party.
- 15.11 The arbitration will be conducted by one arbitrator appointed by the Parties. If they cannot agree on an arbitrator within 10 Working Days, on request by either Party, the appointment will be made by the President of the New Zealand Law Society or the President's nominee.
- 15.12 The arbitration will be conducted in accordance with the Rules in Schedules 1 and 2 of the Arbitration Act 1996.
- 15.13 Neither Party will unreasonably delay the dispute resolution procedures in this clause.
- 15.14 This clause does not apply to:
 - (a) any dispute arising in connection with any attempted renegotiation of this agreement; or
 - (b) an application by either Party for urgent interlocutory relief.

16. General provisions

Exclusion of implied relationships

- 16.1 Nothing contained in this agreement will be deemed or construed to constitute any Party a partner, agent, or representative of any other Party, or to create any trust, and this agreement must not be construed as giving to any Party any of the rights or subjecting any Party to any of the liabilities incidental to a partnership, agency, representative or trust relationship. No Party may make any warranties or representations or incur any obligation on behalf of any other Party.

Costs

- 16.2 The Parties will ensure that the Company pays the legal costs of the Parties associated with the preparation and negotiation of this agreement and all related ancillary documents.

Assignment

- 16.3 Except as provided elsewhere in this agreement, no Party may assign, transfer or novate any of that Party's rights or obligations under this agreement.

Entire agreement

- 16.4 This agreement constitutes the entire agreement between the Parties as to its subject. It supersedes and cancels any previous agreement, understanding, or arrangement whether written or oral. The Parties agree that it is fair and reasonable that this clause is conclusive between them, as required by section 50 of the Contract and Commercial Law Act 2017.

Further assurance

- 16.5 Each Party will execute all documents and do all other acts and things which are both reasonable and necessary to carry out its obligations under, and the intention of, this agreement.

Severance

- 16.6 If any provision of this agreement is held to be unenforceable, illegal or invalid by any court or tribunal:
- (a) the rest of this agreement will remain in full force and effect;
 - (b) the Parties will co-operate to ensure that the spirit and intention of this agreement is carried out as far as is reasonably possible; and
 - (c) the Parties will, if necessary, amend this agreement accordingly.

Waiver

- 16.7 None of the provisions of this agreement will be considered to have been waived by a Party except when such waiver is given in writing.
- 16.8 No delay or omission of any Party in exercising any right, power, privilege or remedy (each, a **Right**) under this agreement will operate to impair such Right or be construed as a waiver of such Right. Any single or partial exercise of any such Right will not preclude any other future exercise of such Right or the exercise of any other Right.
- 16.9 No waiver by a Party of any breach will be deemed a waiver of any continuing or recurring breach unless it is expressly agreed in writing to be so by that Party.

Notices

- 16.10 Any notice or other communication (**Notice**) given under this agreement must be in writing.
- 16.11 A notice may be served personally or sent to the relevant Party's following communication points:

Tasman District Council	Address: 189 Queen Street, Richmond Representative: Mike Drummond, Group Manager-Finance Email: Mike.Drummond@tasman.govt.nz
Nelson City Council	Address: 110 Trafalgar Street, Nelson Representative: Nikki Harrison, Group Manager Corporate Services Email: nikki.harrison@ncc.govt.nz
Company	Address: 8 Vickerman Street, Port Nelson, Nelson Representative: Daryl Wehner, Chief Financial Officer, Port Nelson Limited Email: daryl.wehner@portnelson.co.nz

- 16.12 Each Party will notify the other in writing of any changes to the communication points.
- 16.13 Notices are deemed served at these times when:
- (a) given personally, on delivery; or
 - (b) sent by email, as evidenced by the sender's sent email history, unless another party can prove it was not received.
- 16.14 Any notice served on a Saturday, Sunday or public holiday is deemed served on the first Working Day after that day.
- 16.15 If the Party is a company or limited partnership, the notice may be given to a director of that Party or a director of the general partner of that Party or the Representative named above, if any.
- 16.16 Time is of the essence.

Governing law and jurisdiction

- 16.17 This agreement is governed by and construed according to the laws of New Zealand and the Parties submit to the exclusive jurisdiction of the courts of that jurisdiction in respect of any dispute or proceeding arising out of this agreement.

Counterparts

- 16.18 This agreement may be executed by each signatory in separate counterpart copies, whether originals, photocopies, or electronic copies. When each signatory has executed at least one copy, the separately signed documents when brought together will form a binding legal document.

Signed by

Signed by **Tasman District Council** by its
duly authorised officer in the presence of:

Janine Dowding, Chief Executive Officer

Signature of witness

Name of witness

Occupation

Address

Signed by **Nelson City Council** by its duly
authorised officer in the presence of:

Nigel Philpott, Chief Executive

Signature of witness

Name of witness

Occupation

Address

Signed by **Infrastructure Holdings Limited**
as the Company:

Director's signature

Director's signature

Director's full name

Director's full name

REPORT R27734

Mayor's Report

1. Purpose of Report

- 1.1 To seek an urgent briefing by Ministers and/or officials on the Nelson Hospital redevelopment project.
- 1.2 To acknowledge the people involved with managing the May 2023 weather event.
- 1.3 To acknowledge the emergency river works by the engineering team in the Whangamoa River following the weather event in August 2022.

2. Recommendation

That the Council

- 1. ***Receives the report Mayor's Report (R27734); and***
- 2. ***Agrees that His Worship the Mayor, on behalf of Council, write to the Minister of Health and Te Whatu Ora officials seeking an urgent briefing to the full Council by Ministers and/or officials on the Nelson Hospital redevelopment project; and***
- 3. ***Acknowledges the people involved with managing the May 2023 weather event; and***
- 4. ***Acknowledges the engineering team for the emergency river works in the Whangamoa River following the August 2022 weather event that prevented further damage and isolation for the Kokorua community in the May 2023 heavy rainfall event.***

3. Discussion

Nelson Hospital Redevelopment Project

- 3.1 The redevelopment of Nelson Hospital is the most important infrastructure project for the Nelson-Tasman region this decade. The

Item 8: Mayor's Report

current hospital is below standard for both patients and health professionals. Two of the main buildings have been deemed earthquake-prone and there is insufficient capacity for Nelson's growing and ageing population. The Government stocktake of hospitals in June 2020 of 24 buildings housing clinical facilities found the George Manson Building at Nelson Hospital was the worst in the country. There is also the urgent issue of replacing the coal boilers with alternatives to reduce the city's greenhouse gas emissions.

- 3.2 Nelson City Council has multiple interests in this project given its size, Council's regulatory role and the hospital's importance to the region. Council issued earthquake-prone building notices in January 2020, noting that the two main tower blocks – the George Manson Building and the Percy Burnette Building – had earthquake ratings of 20% to less than 34%. These two buildings are the most significant and important in Nelson covered by the 2016 earthquake-prone buildings legislation and for which Council has a regulatory responsibility to ensure compliance. The deadline for addressing the serious seismic issues with these buildings is 16 November 2028. Council has a legal obligation to ensure this deadline is met. This five-year timeframe is tight given the scale of the rebuild and the complexity of maintaining hospital services while replacing these buildings.
- 3.3 The Greymouth and Christchurch hospital rebuilds experienced multi-year delays. The Dunedin Hospital project is also facing a major delay. The Government promised in 2017 that construction would begin in 2020 but this work did not start until mid-2022 and the completion date has now been pushed out to 2029. I believe there is a significant risk that Nelson Hospital will not be upgraded in time to meet the statutory deadline of November 2028 for these earthquake-prone buildings.
- 3.4 Council wants to work with the Government as constructively as possible to facilitate this huge building project and achieve the statutory timeframes. It will be the largest infrastructure project in the history of the region, with an estimated budget of \$800 million. (This is likely to increase given the significant ongoing increase in construction costs.) The resource and building consenting for a project this size needs to be planned and co-ordinated. Council should consider establishing a dedicated team in our building and consents department to support it when the timetable for consenting and construction is known. Nelson also needs to plan for the estimated 1000-strong workforce required during the peak of construction with consideration given to issues such as boosting skills training and preparing for the additional demand on housing.
- 3.5 Nelson was reassured on 23 January 2021 by the Health Minister who was quoted as saying: "Any new building will be commenced before the end of this term of Parliament, absolutely." This commitment was reinforced on 26 August 2022 when the Minister said "a start on the project will be made – as I indicated – before the election". The General Election is to be held on Saturday 14 October 2023.

Item 8: Mayor's Report

- 3.6 Council has received no resource or building consent applications for any work on the hospital site to date. I am not aware that any business case has been approved and there has been no community consultation on any layout or design proposals. I am concerned that the Minister's commitments to Nelson are not going to be met given it is just 18 weeks until the General Election.
- 3.7 It is also important for a public project of this size that the community is consulted on the core design of the new hospital. Issues such as parking, traffic flow, access to public transport, the continuation of early childhood education services on site and the effects on neighbours during construction and after completion all require engagement. I am concerned that without a District Health Board since 1 July 2022, which we had in various forms since the 1880s, there is a lack of local voices to push for progress and to ensure appropriate public consultation. It is my view that Council should be an advocate for this occurring and, if necessary, facilitating.
- 3.8 There is also the issue of the significant greenhouse gas emissions from the hospital coal boilers. Council has been encouraging and facilitating increased use of gas from the York Valley landfill (Nelson City Council's greatest source of greenhouse gas emissions) at the hospital since 2020 and replacing the coal boilers. This included meetings in November 2020 and March 2021 where Council tried to advance getting work under way. I wrote to the Health Minister in December 2022 suggesting a joint working party. This offer was not taken up. The coal boilers remain and now Te Whatu Ora has applied for a seven-year consent to burn up to 4000 tonnes of coal a year. Council resolved on 9 February 2023 to revoke the delegation to staff for this consent application:

Resolved CL/2023/002

That the Council

- 1. Receives the report Mayor's Report (R27449) and its attachments (1833911234-50, 1833911234-51, 1833911234-47, 1833911234-49 and 1833911234-62); and*
- 2. Revokes the delegation to staff to decide, under sections 95 and 104 of the Resource Management Act, the discharge consent application in the name of Te Whatu Ora (Nelson Hospital) as this application is of high public interest and will be considered directly by Council; and*

His Worship the Mayor/Brand

Carried

- 3.9 Te Whatu Ora has indicated publicly that it will reduce the term of the application to three years but no such amendment has yet been received. Council welcomes the announcement from Government on 3 May to replace all coal burners in hospitals and tertiary institutions by the end of 2025 and Council is keen to engage to help achieve this goal. We need to be pressing Te Whatu Ora for clarity on this resource consent application so we have a clear pathway to resolving this problem.

Item 8: Mayor's Report

- 3.10 The upgrade of the energy centre at Nelson Hospital is a small project relative to the overall upgrade but the frustrating delays in getting this issue addressed despite extensive efforts by Council does not bode well for achieving the much larger redevelopment in a timely way.

Recommendation

- 3.11 I recommend that I write, on behalf of Council, to the Minister of Health and Te Whatu Ora Chief Executive Fepulea'i Margie Apa (copying in Interim Lead - Hospital and Specialist Services, Nelson Marlborough – Lexie O'Shea) seeking an urgent briefing to the full Council by Ministers and/or officials on the Nelson Hospital redevelopment project including information on the progress of the project, the plan to meet the statutory timeframe in the Building (Earthquake-prone Buildings) Amendment Act 2016 and to get clarity on what consultation is planned for the wider Nelson community about this major redevelopment project.

4. Acknowledgements

- 4.1 I want to acknowledge those involved with managing the May 2023 weather event, especially Manager of Emergency Management Joe Kennedy and Councillor James Hodgson in respect of their efforts to provide emergency housing for Nelson's homeless. Their work coordinating between different agencies including Council and Unite Church went above and beyond the call of duty and was greatly appreciated.
- 4.2 I also want to acknowledge the engineering team for the emergency river works in the Whangamoa River following the extreme weather event in August 2022, outside of budget and in an area where there is no rating. Had this work not been undertaken, the Kokorua community would have again been isolated by more recent weather events. This sequence of events reinforces the need for Council to be nimble-footed in response to these weather challenges to best protect the public we serve.

Author: Hon Dr Nick Smith, Mayor

Attachments

Nil



Council

8 June 2023

REPORT R27674

National Policy Statement - Urban Development Annual monitoring report 2021/2022

1. Purpose of Report

- 1.1 To provide the results of the Nelson Tasman Joint Monitoring Report 2021/22 as required by the National Policy Statement on Urban Development (NPS-UD) and seek agreement to publish the Monitoring Report.

2. Recommendation

That the Council

- 1. Receives the report National Policy Statement - Urban Development Annual monitoring report 2021/2022 (R27674) and its attachment (336940202-6957); and***
- 2. Approves publishing the report National Policy Statement on Urban Development, Nelson-Tasman Joint Monitoring Report, June 2022 (336940202-6957) on the Council's website.***

3. Background

- 3.1 The National Policy Statement on Urban Development (NPS-UD) came into effect in August 2020. It replaced the National Policy Statement on Urban Development Capacity (NPS-UDC). This identifies Nelson-Tasman as a Tier 2 Urban Environment.
- 3.2 Nelson City Urban Environment comprises of Nelson, Hira and Cable Bay. Tasman District Urban Environment comprises of Richmond, Motueka, Māpua, Wakefield and Brightwater.
- 3.3 The NPS-UD (section 3.9) requires local authorities to monitor a range of indicators including:
- 3.3.1 The demand for dwellings.

Item 10: National Policy Statement - Urban Development Annual monitoring report 2021/2022

- 3.3.2 The supply of dwellings.
- 3.3.3 Prices of, and rents for, dwellings.
- 3.3.4 Housing affordability.
- 3.3.5 The proportion of housing development capacity that has been realised:
 - (i) in previously urbanised areas (such as through infill housing or redevelopment); and
 - (ii) in previously undeveloped areas (i.e. greenfield).
- 3.3.6 Available data on business land.
- 3.4 The NPS-UD requires both councils to work together to monitor and report on the required measures. The monitoring results for this range of indicators, are required to be reported and published at least annually. The Monitoring Report is required to be reported publicly on the Council website.

4. Overview of results

- 4.1 The Monitoring Report includes data for both Nelson and Tasman local authorities, recognising the connected, cross-boundary property market both Councils share. The information provided on the Ministry of Housing and Urban Development's (MHUD) online data dashboard has been supplemented with Nelson City Council and Tasman District Council resource and building consent data within the Monitoring Report.
- 4.2 The attached Monitoring Report covers the period 1 July 2021 to 30 June 2022 and the main conclusions are:
 - 4.2.1 Median house prices in Nelson and Tasman continue to increase. Compared with 5 years ago, median prices in Nelson have increased by around 64 per cent and in Tasman by 70 per cent. The annual increase in median house prices has been 13 per cent and 15 per cent for Nelson and Tasman respectively.
 - 4.2.2 Both Nelson and Tasman have seen a slight decrease in the number of eligible applicants on the waiting list for Social Housing, as recorded on the Ministry of Social Development's Social Housing Register with decreases of 2 per cent for each. A survey by Nelson Tasman Housing Trust found that, in addition to the 435 Nelson and Tasman households on MSD's public housing register, a further 528 households needed affordable housing but did not meet the public housing register's criteria.
 - 4.2.3 Affordability has continued to worsen in Nelson over the last 12 months, according to the Massey University Index. For the year to May 2022, home affordability declined in Nelson by 62 per cent. Of

Item 10: National Policy Statement - Urban Development Annual monitoring report 2021/2022

the sixteen regions assessed, Tasman remains the second least affordable in the country and Nelson is now ranked eleventh least affordable (up from the fifth least affordable in the previous reporting year).

- 4.2.4 New dwelling unit building consents in Nelson-Tasman Urban Environment fell from 645 in 2021 to 619 in 2022, or a decrease of 10 per cent. Total building consents for new dwelling units in Nelson have remained relatively constant at 257 in 2022, compared to 260 in the previous year.
- 4.2.5 New residential sections in Nelson have increased to 198, or roughly double the previous 106 new sections in 2021. Of these new sections, 134 were greenfield developments, 10 were backyard infill and 57 were the result of sites being redeveloped. The Tasman Urban Environment has seen a small decrease in the number of sections created (327), compared with the previous year (332).
- 4.2.6 Subdivision resource consents for residential lots have decreased in Nelson to 330, approximately 26 per cent less than the previous year. The Tasman Urban Environment also saw a decrease in subdivision consents down to 239, approximately 45 per cent. The difference between the new titles in 4.2.5 and the number of consented residential lots is related to timing and the lag between the two processes. Each development granted resource consent will have its own timing and staging of development.
- 4.2.7 The amount of floor space consented for building for business (commercial and industrial) fell in Nelson City to 3,169sqm consented, 58 per cent lower than the previous year. Tasman saw an increase of 74 per cent in the same period with 31,450sqm consented.
- 4.3 This annual monitoring report is usually made available to elected members in November; however, in election years, this is delayed until March. This year's report was further delayed due to staff changeover in the City Development Team.

Author: Martin Kozinsky, Senior City Development Adviser

Authoriser: Mandy Bishop, Group Manager Environmental Management

Attachments

Attachment 1: 336940202 6957 Nelson-Tasman Joint Monitoring Report 2022 [📄](#)



National Policy Statement on Urban Development

Nelson-Tasman Joint Monitoring Report

June 2022

NDOCS-336940202-6957

1

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KEY RESULTS

- This annual monitoring report covers the period July 2021-June 2022. The population in the Nelson-Tasman Urban Environment grew by 0.3% over 12 months to reach 88,660 by 30 June 2022.
- Since approximately 2015, housing supply in Nelson and Tasman has not kept up with the increasing demand for housing, although the gap appears to have narrowed in recent years. Most recent Central Government data shows that for the last year the number of consents have exceeded growth.
- The number of new dwellings granted building consent in the Nelson-Tasman Urban Environment was 10% lower in 2021/2022 than the previous year, with 645 new dwellings consented. Most of this decrease was due to 9% less dwellings consented in Tasman. Nelson recorded a similar number of new dwellings in both years.
- An increasing proportion of new dwellings in Nelson have been attached dwellings, such as retirement village units, townhouses, and apartments, which were 40% of Nelson's new dwellings in 2021/2022. In Tasman, stand-alone houses continue to be the dominant housing typology, with attached dwellings at 11% of total dwellings. Two thirds of the attached dwellings in both Districts were retirement villages.
- There were 375 new residential sections created in Tasman (327 (87%) in the Urban Environment), this is slightly more titles created in the District than last year and excludes residential titles in the Rural 3 zone in Moutere. Of these, 175 sections were created in the Richmond West special housing areas. Other new sections were created notably in Richmond South, Wakefield and Golden Bay. There were 198 sections created in Nelson, around double the number of sections created in the previous 12 months. Of these new sections, 134 (68%) were greenfield sites, 10 were infill and 57 were redevelopment sites.
- Of the 396 new dwellings in Tasman's part of the Urban Environment granted building consent in 2021/2022, the majority (417 dwellings, 89%) have been in previously undeveloped areas, mostly in Richmond West. There have been 50 new dwellings in the existing urbanised areas of Richmond and Motueka.
- In 2021/2022, there were 302 new lots granted resource consent (subdivision) in all of Tasman District, of which 239 were in the Urban Environment. This is lower than in 2020/2021 when there were 588 new lots, including 530 in the Urban area (a number in Richmond West). In Nelson, 330 new lots were granted resource consent, approximately 26% less than the previous year. The new lots included 69 lots in the Solitaire (Marsden Valley) subdivision.
- Tasman District Council also estimates housing demand and capacity for its main townships and communities. Growth in new dwellings over the last year in Tasman District has been higher than expected in the LTP 2021-2031, particularly in Richmond and Golden Bay. However, in Motueka, Māpua, and Lakes-Murchison, growth has been lower than expected.
- The 2021-2051 Nelson City Council Long Term Plan contains projected household growth over the next 10 years. For the year ending 30 June 2021, there is projected household growth of 35 households. On top of this the projected shortfall from the previous three years is estimated at around 200 households. In total, there were 257 new dwelling building consents granted in the 2021/2022 year. This would indicate that either there has been a period of 'catching up' with demand or alternatively growth in household numbers is higher than projected.
- There has been a steep rise in house prices in Nelson and Tasman since 2016, and particularly in 2020/2021. House prices for 2021/2022 have then stabilized with a small drop in sales prices in

the September quarter. The median sales price for a house in Nelson reached \$758,000 and was \$841,000 in Tasman for the September quarter. For the year ending June 2022 there was an annual increase of 13% and 15% for Nelson and Tasman respectively. Compared with five years ago, Nelson house prices are 64% higher, and Tasman house prices are 70% higher.

- According to the Home Affordability Index, Tasman is the second least affordable region to buy a house (behind Auckland). Nelson is currently the 11th-least affordable.

Where possible, this report summarises quarterly data for the 12 months ending June 2022 and compares it with previous June year results. Using annual data means any consistent changes to trends in the data are likely to be more reliable. Some of the datasets can exhibit a large degree of variance between quarters.

MONITORING REQUIREMENTS OF NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT 2020

The National Policy Statement on Urban Development 2020 (NPS-UD) came into force in August 2020 and sets out the objectives and policies for planning well-functioning urban environments under the Resource Management Act 1991. The NPS-UD 2020 applies to all local authorities with an urban environment within their boundaries. The NPS-UD replaced the earlier NPS on Urban Development Capacity.

The NPS-UD requires these local authorities to monitor quarterly, a set of indicators relating to housing and business land development, and to publish the results of its monitoring at least annually. Regular monitoring helps Councils better understand factors affecting the demand and delivery of residential and business development and also helps inform planning processes, including infrastructure investment.

As Nelson City Council and Tasman District Council each have jurisdiction over parts of the Nelson-Tasman tier 2 Urban Environment, both Councils are jointly responsible for monitoring development trends. Both Councils also monitor development trends more widely, including at the region-wide level and for specific locations outside of the Urban Environment. Where relevant data is available, this has been included in the annual report.

Since 2017, both Councils have monitored urban development trends, as required by the previous National Policy Statement on Urban Development Capacity 2016. These earlier reports are available on the Councils' websites. See <https://www.tasman.govt.nz/my-council/key-documents/more/urban-development-reports/monitoring-reports/> <https://www.tasman.govt.nz/my-council/key-documents/more/urban-development-reports/monitoring-reports/> and <http://www.nelson.govt.nz/building-and-property/city-development/urban-development-capacity/>.

NELSON-TASMAN URBAN ENVIRONMENT

This report covers development trends for the Nelson-Tasman Urban Environment, as well as the wider Nelson City and Tasman District local authority areas. Nelson-Tasman is identified as a Tier 2 Urban Environment in the NPS-UD. The Nelson City and Tasman District Councils are jointly responsible for the monitoring requirements of the NPS-UD.

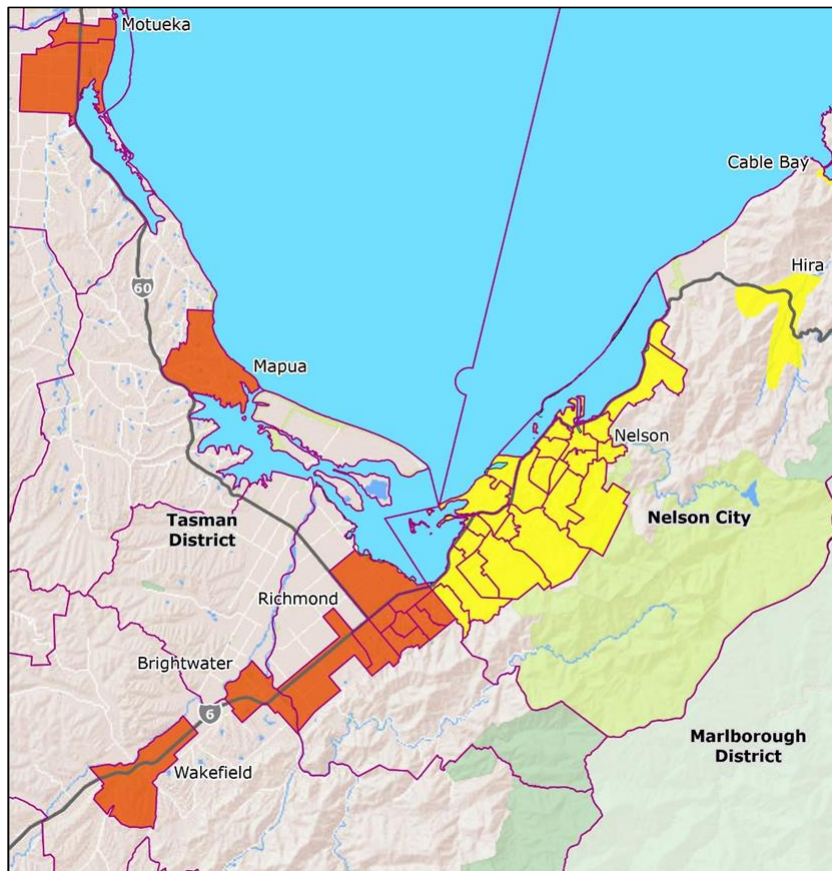
The two Councils have agreed the Nelson-Tasman Urban Environment comprises the following city and towns: Nelson, Richmond, Motueka, Māpua, Wakefield, Brightwater, Cable Bay and Hira. This is based

on the definition of 'urban environment' in the NPS-UD, recognising these communities are part of the same labour and housing market, and are or are intended to be predominantly urban in character and can include non-contiguous areas of urban land.

As at 30 June 2022, 88,660 residents live in the Nelson-Tasman Urban Environment, approximately $\frac{3}{4}$ of the Nelson-Tasman population. Of the total population in the Nelson-Tasman Urban Environment, 54,500 live in the Nelson part (61%) and 34,160 (39%) live in the Tasman part.

NOTE: The Urban Environment now monitored in this report and future reports covers a wider area than the previous Nelson Urban Area which was monitored under the former NPS Urban Development Capacity. The previous Nelson Urban Area covered most of Nelson as well as Richmond. This means some data is not directly comparable between years prior to 2020.

Figure 1 shows the extent of the Nelson Tasman Tier 2 Urban Environment:

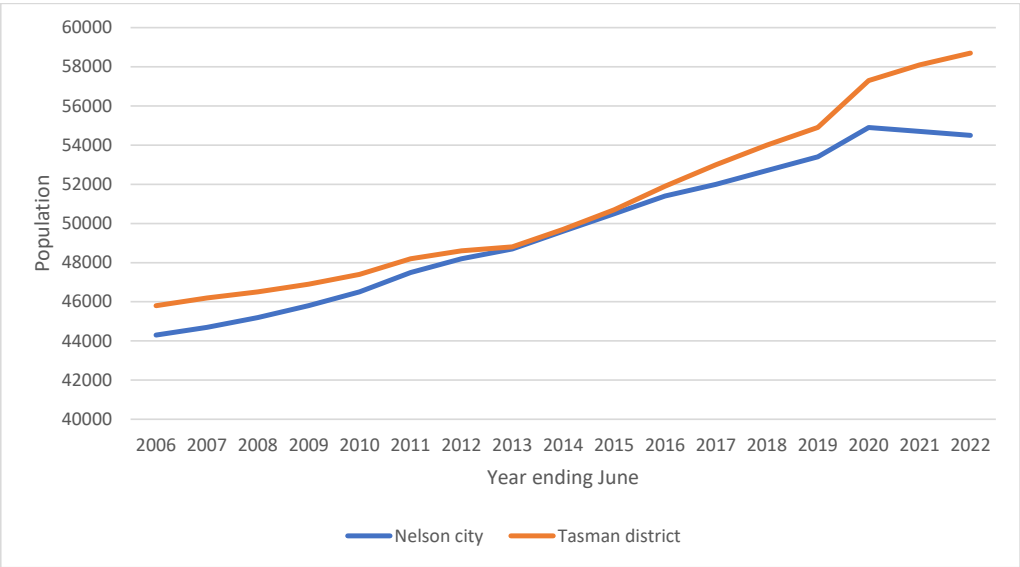


NDOCS-336940202-6957

POPULATION TRENDS

The most recent population estimates from Stats NZ indicate that in the year ending June 2022, Nelson’s population reduced by 0.4% to 54,700, and Tasman’s population grew by 1.1% to reach 58,700. The population in the Nelson-Tasman Urban Environment grew by 0.3% to reach 88,660.

Figure 2 Latest Stats NZ population estimates (as at June 2022)



RESIDENTIAL DEVELOPMENT TRENDS

Housing Demand and Supply

There are many market dynamics that affect the supply and price of housing, including the cost of infrastructure and building materials, the availability of skilled labour, bank lending policies to both developers and buyers, the release of new land and housing to the market, the types of new housing, investor purchase of housing, and internal migration and immigration trends.

The 2021 Housing and Business Capacity assessments published by both Councils have demonstrated there is sufficient zoned and serviced land in the Nelson Tasman Urban Environment to meet expected residential and business growth, with a 20% buffer, for at least the next 17 years. Both Councils are responding to growth pressures in various planning processes, including the recently adopted Nelson Tasman Future Development Strategy and infrastructure investment. Other processes include the Long Term Plans 2024-2034, Nelson Plan, Tasman Environment Plan, and recent applications and grants for government funding, such as the Infrastructure Acceleration Fund, Streets for People and Transport Choices Fund.

The following charts compare trends in housing supply (the solid line) with housing demand (the dotted line). Housing supply uses data on consented new dwellings. Housing demand is based on household growth, using data on population growth and household size. MHUD estimates household growth reduced after 2020 when population growth slowed.

Figure 3: Nelson City housing supply and demand

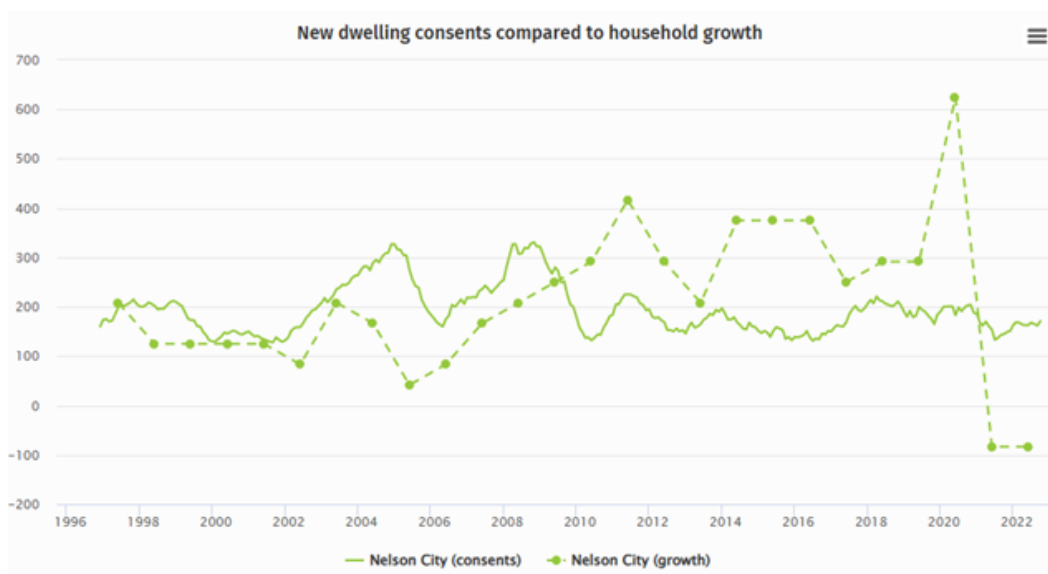
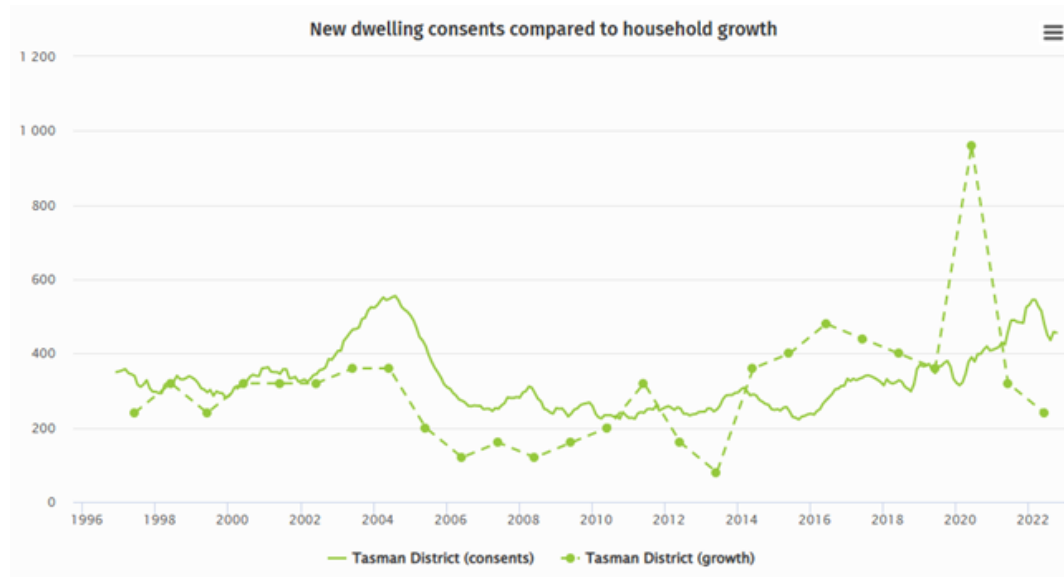


Figure 4: Tasman District housing supply and demand



Since around 2015, housing supply in Nelson and Tasman has not kept up with the increasing demand for housing, although the gap appears to have narrowed in recent years to an annual shortfall on 100 houses across Nelson and Tasman. The graphs above show that for the last year the number of consents have exceeded growth although it is important to consider unmet demand from previous years when looking at the data.

Other Housing Demand Indicators

Both Nelson and Tasman have seen a slight decrease in the number of eligible applicants on the waiting list for Social Housing, as recorded on the Ministry of Social Development's Social Housing Register.

As at June 2022, there were 288 eligible applicants for social housing in Nelson and 147 in Tasman. Compared with June 2021, the number in Nelson has decreased by 2% and the number in Tasman has decreased by 2%. For context, compared with six years ago, Nelson has experienced a more than ten-fold increase, from 24 applicants in June 2016. Tasman has seen a seven-fold increase, from 21 in June 2016 to 147 in June 2022.

However a survey by Nelson Tasman Housing Trust in June 2022 illustrates further demand for affordable housing. It found, that in addition to the 435 Nelson and Tasman households on MSD's public housing register, a further 528 households that did not meet the public housing register's criteria, were in need of affordable housing. Motor camps in the region have accommodated a significant number of homeless people staying on a semi-permanent basis. However, many of these people will need to move out either for the busy summer season, or because there are new limits on length of stays.

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Other Housing Supply Indicators

Both Councils have additional data on residential development trends that can provide further detail on the type and location of development that has occurred in recent years.

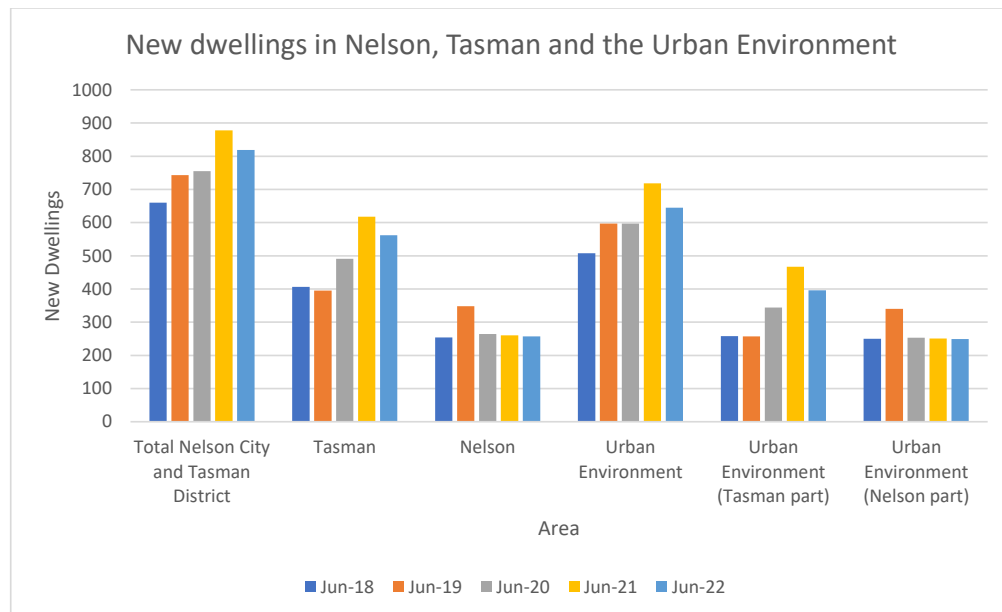
New Dwellings granted Building Consent

The number of new dwellings consented in the Nelson-Tasman Urban Environment was 10% lower in 2021/2022 than the previous year, with 645 new dwellings consented. The decrease was due to a 9% decrease in the number of dwellings consented in Tasman's part of the Urban Environment, particularly in Richmond. Nelson recorded a similar number of new dwellings in both years.

Table 1 Building consents 2018-2022

Year Ending	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Annual Change 2021/2022
NEW DWELLINGS						
Total Nelson City and Tasman District	660	743	755	878	819	-59
Tasman	406	395	491	618	562	-56
Nelson	254	348	264	260	257	-3
Urban Environment	508	597	597	718	645	-73
Urban Environment (Tasman part)	258	257	344	467	396	-71
Urban Environment (Nelson part)	250	340	253	251	249	-2

Figure 5 Building consents 2018-2022

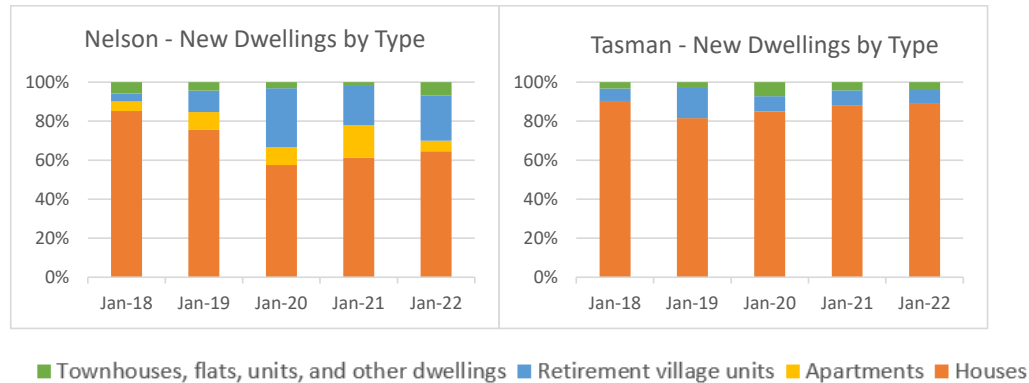


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Dwellings by Type

An increasing proportion of new dwellings in Nelson have been attached dwellings, such as retirement village units, townhouses, and apartments, which were approximately 40% of Nelson's new dwellings in 2021/2022. In Tasman, stand-alone houses continue to be the dominant housing typology, with attached dwellings at 11% of total dwellings.

Figure 6 Residential buildings consents by type



In the last year, two-thirds of the new attached dwellings in both Nelson and Tasman have been retirement village units.

Sections Created and granted Resource Consent

The numbers of residential sections being created (titles) and granted resource consent (subdivision) are useful lead indicators on the capacity for future housing supply. The number of sections created uses LINZ data on new titles, once a subdivision is complete. The number of new residential lots is based on the resource consents for subdivisions.

Table 2 New residential sections created and resource consents (subdivision)

	2020/2021	2020/2021	2021/2022	2021/2022
New residential sections created				
	Urban Area only*	All of District	Urban Environment only	All of District
Nelson	106	106	198	198
Tasman	332	348	327	375

*Nelson Urban Area was monitored under the NPS on Urban Development Capacity prior to the NPS UD replacing it with the Nelson Tasman Urban Environment definition.

Residential resource consents (subdivision)				
	2020/2021	2020/2021	2021/2022	2021/2022
	Urban Area only	All of District	Urban Environment only	All of District
Nelson	446	446	330	330
Tasman	530	588	239	302

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Nelson

In 2021/2022, there were 198 new residential sections created in Nelson. Of these 134 were greenfield sites, 10 were backyard infill and 57 were redevelopment sites. This is around double the number of sections created in the previous 12 months.

In 2021/2022, there were 330 new lots granted resource consent (subdivision) in Nelson City. The size of the subdivisions varied between providing a single additional lot through to an additional 69 lots in the Solitaire subdivision.

Tasman

In 2021/2022, there were 375 new residential sections created in Tasman (327 (87%) in the Urban Environment) which is slightly more than the previous year. Of these, 175 sections were created in the Richmond West special housing areas, including some on land still zoned Rural 1 deferred Light Industrial or Mixed Business, some residential. (A Plan Change to rezone the business land is operative Dec 2022.) 41 new sections were created in Richmond South. The rest of the sections were spread around the Tasman urban environment in 2021/22 with 69 created in Wakefield. Outside the urban environment the Windle subdivision in Tākaka and Matenga Road subdivision in Ligar Bay contributed 36 titles.

In addition, there were an additional 20 titles created for housing in the Rural 3 zone in Moutere, making 395 residential titles in total for Tasman over this period.

In 2021/2022, there were 302 new residential lots granted resource consent (subdivision) in all of Tasman District, of which 239 were in the Urban Environment. This is lower than in 2019/2020 and 2020/21 when a large number of resource consents were granted in Richmond West.

Housing prices, rents and affordability

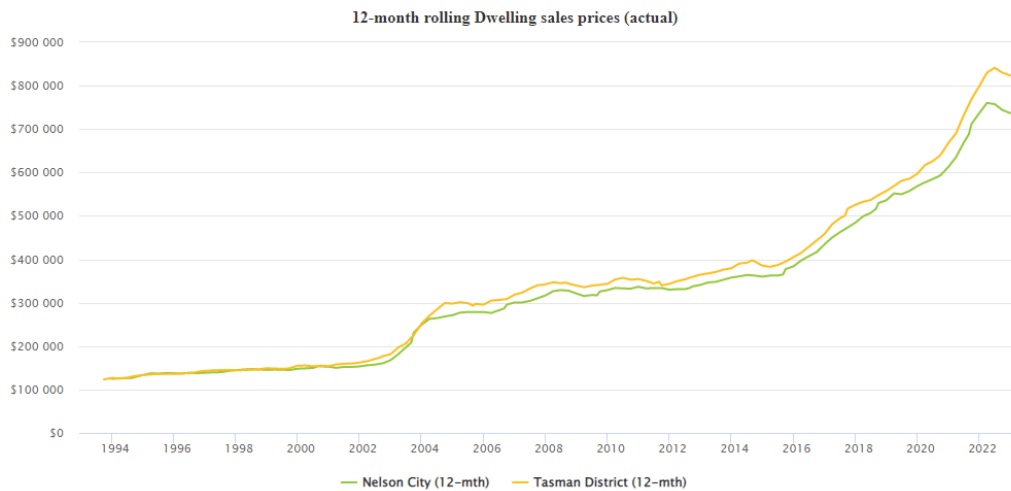
Housing affordability is the cost of housing relative to a household's income.

House prices

Data from the Ministry of Housing and Urban Development (MHUD) shows a steep rise in house prices in Nelson and Tasman between 2016 and the end of 2021. Over the last six months there has been a small correction in the market with house prices reducing. The peak median sales price for a house in Nelson reached \$758,000 and was \$841,000 in Tasman before dropping to \$744,000 and \$830,000 for the September quarter. For the year ending June 2022 there was an annual increase of 13% and 15% for Nelson and Tasman respectively. Compared with five years ago, Nelson house prices are 64% higher, and Tasman house prices are 70% higher.

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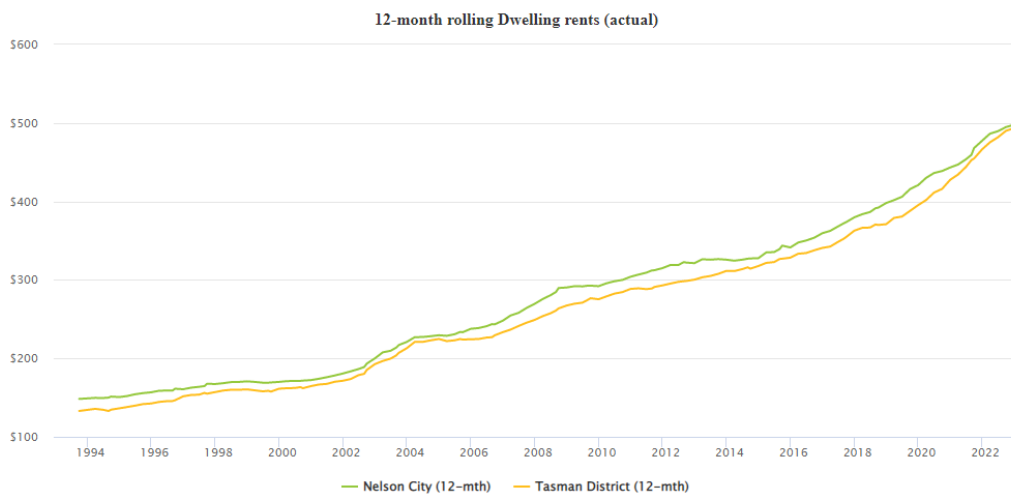
Figure 7 Median sales price (MHUD)



House rents

Data from MHUD also shows an increase in average rents in Nelson and Tasman, although not as steep as the increase in house prices. For 2021/2022, the average rent in Nelson was \$490, up 8% compared with a year ago, and 33% higher than five years ago. The average rent in Tasman was \$482, up 9% and 38% respectively.

Figure 8 average rents (MHUD)



Massey University Home Affordability and Residential Rental Reports

Massey University publishes a quarterly [Home Affordability Report](#) with a home affordability index by region. The index takes into account house prices, the cost of borrowing (interest rates), and wage levels. The June 2022 quarterly report shows a decline in home affordability in Nelson and Tasman.

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According to the Home Affordability Index, Tasman is the second least affordable region to buy a house (behind Auckland). Nelson is currently the 11th-least affordable.

Table 3 Massey University Home Affordability Report (June 2022)

HOME AFFORDABILITY INDEX				PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 12 MONTHS		PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 3 MONTHS	
Region	May 2021	Feb 2022	May 2022	Improvement	Decline	Improvement	Decline
Northland	21.5	31.5	34.0		58.5%		8.1%
Auckland	28.1	37.9	41.1		46.3%		8.5%
Waikato	21.2	31.5	34.8		64.3%		10.4%
Bay of Plenty	24.6	37.3	40.5		64.7%		8.6%
Gisborne	20.5	30.5	33.0		60.5%		7.9%
Hawke's Bay	22.7	32.5	34.0		49.5%		4.4%
Manawatu/Whanganui	16.8	23.5	26.8		59.1%		13.9%
Taranaki	17.0	27.3	29.5		73.3%		8.1%
Wellington	21.3	31.3	32.5		52.9%		3.8%
Tasman	25.7	36.7	40.9		59.2%		11.5%
Nelson	20.0	30.1	32.5		62.0%		7.7%
Marlborough	19.8	25.9	32.3		63.0%		24.5%
West Coast	8.9	14.0	18.2		105.4%		30.1%
Canterbury	18.9	30.2	33.6		77.2%		11.3%
Otago	20.9	32.2	33.7		61.7%		4.7%
Southland	12.7	19.6	21.3		68.4%		9.2%
All Regions	22.2	31.3	34.2		53.9%		9.4%

Massey University also publish a quarterly Rental Report with a rental affordability by region. Rental affordability is calculated by comparing average weekly wages and average rents. The March 2022 quarterly report shows a decline in rental affordability in Tasman and an improvement Nelson. The rental affordability in Tasman is worse than the national average and in Nelson, better than the national average.

Infometrics Housing and Rental Affordability

Infometrics also publish measures of housing and rental affordability.

Housing affordability is measured by the ratio between average house values and average annual household income. For the June 2022 quarter, the average house value in Nelson is 9.2 times the average household income, and the average house in Tasman is 8.6 times the average household income.

For rental affordability, Infometrics use the ratio between average annualised rents and average annual household income. A higher ratio suggests that average rents cost a greater multiple of typical incomes, which indicates lower rental affordability. Rental affordability has worsened in Nelson and Tasman in recent years although there has been a flattening off in the trend over the last 12-18 months. This flattening off in the trend has resulted in Tasman and Nelson 'improving' in ranking compared to other regions in New Zealand to being around the 15th least affordable regions for renting.

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MHUD Housing and Rental Affordability

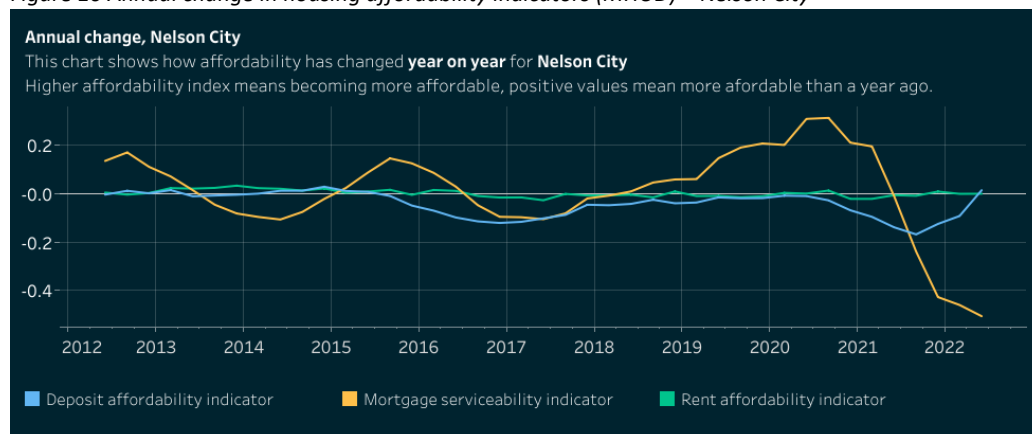
MHUD have released a new affordability measure at the end of 2022 which looks at deposit affordability, mortgage serviceability and rent affordability for people entering the market for the first time. For mortgage serviceability it compares changes in purchasing power of mortgage interest payments for new home loans with growth in median household disposable income. The indicators show experience of those in median incomes not individual experiences of affordability. They also track whether affordability is improving or worsening in an area but not how affordable an area is at a point in time.

Figures 9 and 10 below show that housing affordability for first home buyers in Nelson has been poor for large proportions of time since 2012. The indicator shows improvement in mortgage serviceability affordability between sometime in 2019 through to late 2021 before worsening into 2022.

Figure 9 Housing affordability indicators (MHUD) – Nelson City



Figure 10 Annual change in housing affordability indicators (MHUD) – Nelson City



Figures 11 and 12 below show a similar trend for housing affordability for first home buyers in Tasman. The indicators show that affordability has been poor for large proportions of time since 2012. The indicator shows improvement in affordability between sometime in 2018 through to late 2021 before worsening into 2022.

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Figure 11 Housing affordability indicators (MHUD) – Tasman District

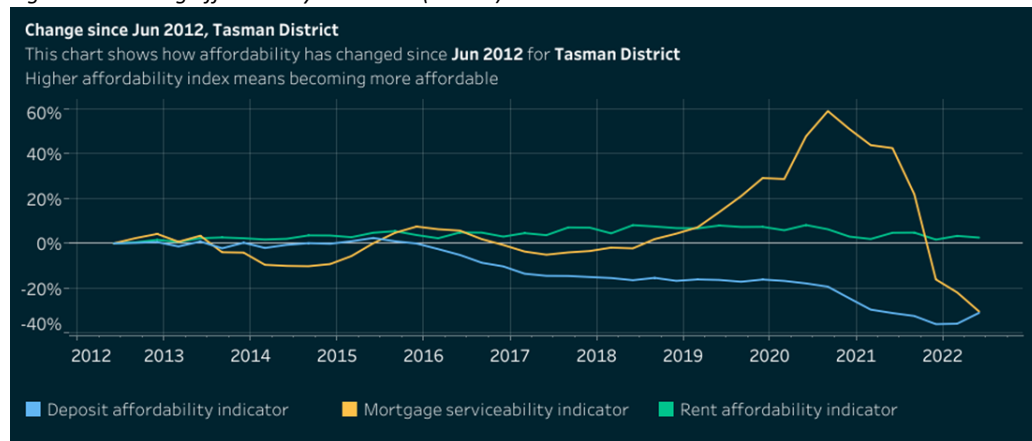
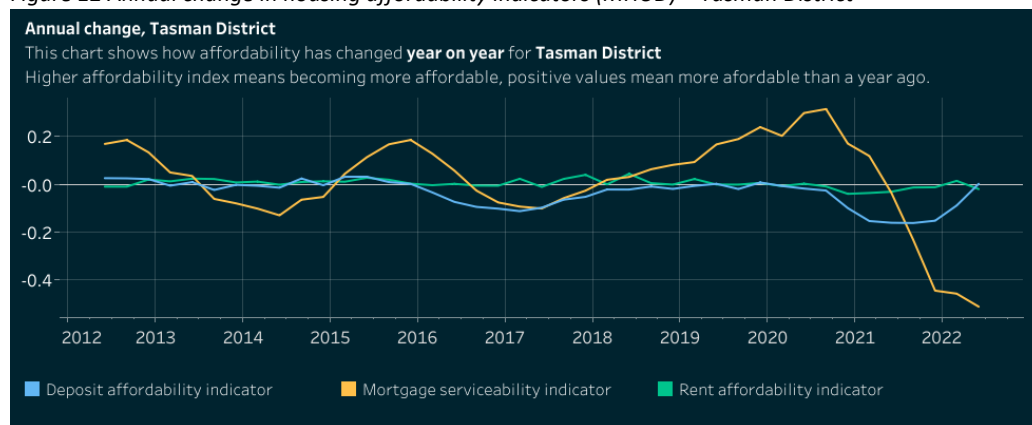


Figure 12 Annual change in housing affordability indicators (MHUD) – Tasman District



Proportion of Capacity in Greenfield Areas or in Previously Developed Areas

A new monitoring requirement of the NPS-UD is the proportion of housing development capacity which has been realized, in either existing urbanised areas or in previously undeveloped areas.

Of the 396 new dwellings granted building consent in Tasman's part of the Urban Environment in 2021/2022 (see table 1), the majority (341 dwellings, 86%) have been in previously undeveloped areas, mostly in Richmond West. There have been 55 new dwellings in the existing urbanised areas of Richmond and Motueka.

Nelson has assessed this requirement in relation to new residential sections created. In 2021/2022, there were 198 new residential sections created in Nelson. Of these 134 (68%) were greenfield sites, 10 were backyard infill and 57 were redevelopment sites.

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Comparing Actual and Forecast Development

Nelson

The 2021-2051 Nelson City Council Long Term Plan contains projections for household growth over the next 10 years. For the year ending 30 June 2022, there is projected growth of an additional 35 households. On top of this the projected shortfall from the previous three years is estimated at around 200 households. In total, there were 257 new dwelling building consents granted in the 2021/2022 year. This would indicate that either there has been a period of 'catching up' with demand or alternatively growth in household numbers is higher than projected.

Tasman

Tasman District Council estimates demand and capacity for its main townships and communities. The following table compares the actual number of new dwellings with the number projected in Council's growth model. The actual number is based on building consents for new dwellings. The numbers of new dwellings in the growth model were based on the population growth assumption and the infrastructure work programme in the Long Term Plan 2021-2031 (LTP).

Growth over the last year in Tasman District has been higher than expected, mostly due to Richmond's growth being higher than forecast. Growth in Golden Bay was also higher than expected. In Motueka, Māpua, and Lakes-Murchison, growth has been significantly lower than expected.

Table 4 Tasman's growth model dwelling forecasts compared with building consents

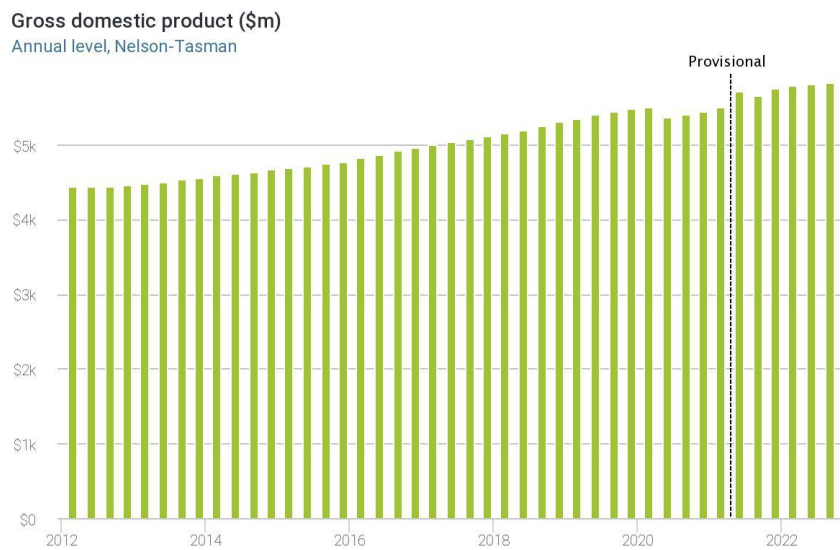
	Number of new dwellings projected (based on LTP projections)	Actual number of new dwellings (granted building consent)	Difference between actual and projected new dwellings
	2021/2022	2021/2022	2021/2022
Richmond	185	319	+134
Brightwater	16	11	-5
Wakefield	36	32	-4
Māpua	34	16	-18
Motueka	39	16	-23
Moutere	53	54	+1
Lakes-Murchison	26	12	-14
Golden Bay	26	48	+22
Tasman District	451	562	+111

The growth assumption for the Long Term Plan 2021-2031 was made in 2020 based on the best information available at the time. Council will review and update its growth assumption as part of developing the Long Term Plan 2024-2034.

BUSINESS DEVELOPMENT TRENDS

Demand for Business Land

The June 2022 Quarterly Economic Monitor for Nelson-Tasman, prepared by Infometrics, indicated a relatively resilient economy for the region. Gross Domestic Product was provisionally up 1.7% for the year to June 2022, which may have an impact on demand for business floorspace. Employment numbers have been relatively flat over the last year, after average annual growth of 2.6% in the previous year. Infometrics note that while economic activity bounced back in the second quarter of 2022, an even stronger recovery was prevented by the capacity challenges facing regional economies. The path ahead for regional economies remains uncertain.



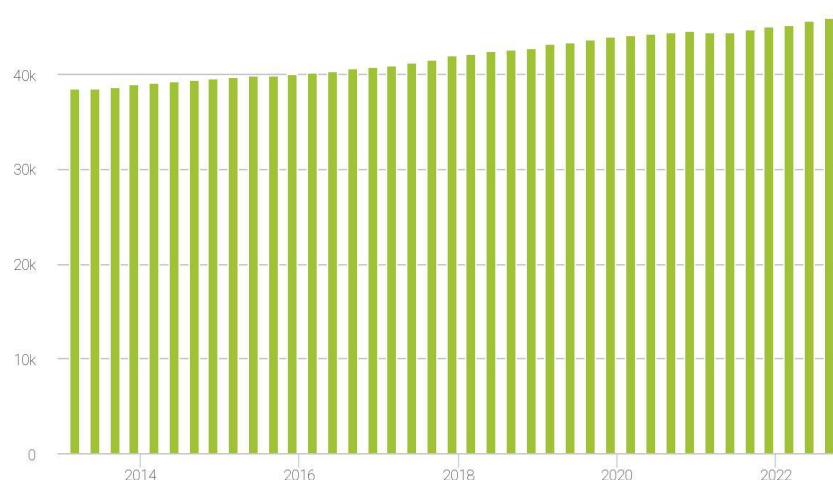
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Employment (place of residence)

Annual level, Nelson-Tasman



Supply of Business Land

New Buildings granted Building Consent

One measure of retail, commercial and industrial business land development is the total floor area for new building consents, for new buildings which are either commercial buildings (including shops, restaurants, bars, offices), factories, industrial and storage buildings, or hotels, motels and other short-term accommodation.

The amount of new commercial and industrial floor area consented in the Nelson-Tasman Urban Environment was 7% lower in 2021/2022 than the previous year. The decrease was due to less than half of the building consents being issued in Nelson than in the previous year. Tasman recorded a larger amount of floor area consented in both years.

Table 5 New commercial and industrial buildings granted building consent by floorspace (sq m)

	Year ending June					Annual Change 21/22	
	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22		
Total Nelson City and Tasman District	52,793	34,887	21,283	25,603	34,619	+9,016	35%
Tasman	35,548	24,463	14,229	18,043	31,450	+13,407	74%
Nelson	17,245	10,424	7,054	7,560	3,169	-4,391	-58%
Urban Environment	41,388	13,367	15,113	19,540	18,213	-1,327	-7%
Urban Environment (Tasman part)	25,241	2,943	9,209	12,455	15,116	+2,661	21%
Urban Environment (Nelson part)	16,147	10,424	5,904	7,085	3,097	-3,097	-56%

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Business Sections Created and Granted Resource Consent

The numbers of commercial and industrial sections being created (titles) and granted resource consent are useful lead indicators on the capacity for future business land supply. The number of business sections created uses LINZ data on new titles, once a subdivision is complete. The number of new business lots granted resource consent is based on subdivision consent.

Table 6 New Business sections created and Business Resource Consents

	2020/21	2021/2022
New business sections created		
Nelson City	1	5
Tasman District	9	0
New business sections granted Resource Consent		
Nelson City	5	7
Tasman District	10	101

NELSON

In 2021/2022, there were five new business title created in Nelson, located in the Port Nelson industrial zone.

In 2021/2022, there were 7 new commercial or industrial lots granted resource consent, two more than the number granted resource consent in 2020/2021.

TASMAN

In 2021/2022, there were no new business titles created in Tasman.

In 2021/2022, there were 101 new commercial or industrial lots granted resource consent all in Richmond, much higher than the previous year, largely due to one development called 'The Cube', which is a storage development in Lower Queen St, Richmond.

REPORT R27711

City for All Ages Update

1. Purpose of Report

- 1.1 To provide an update on the implementation of the He Rautaki Whakatūpuranga/City For All Ages Strategy.

2. Recommendation

That the Council

- 1. Receives the report City for All Ages Update (R27711).***

3. Background

- 3.1 He Rautaki Whakatūpuranga/City For All Ages Strategy was endorsed by Council in December 2021 following the hard work of the Community Steering Group that developed the strategy, taking into account the input of many individuals, community groups and agencies. The Strategy aims for Whakatū Nelson to be a place where older adults can live well, contribute to and connect with their community as they age.
- 3.2 An Implementation Group of community members works to monitor, support and report on implementation of the strategy and update the document as necessary. It aims to report to Council each year on progress. Paul Steere, Chairperson of the City for All Ages Implementation Group, will be present at the meeting to answer questions.

4. Discussion

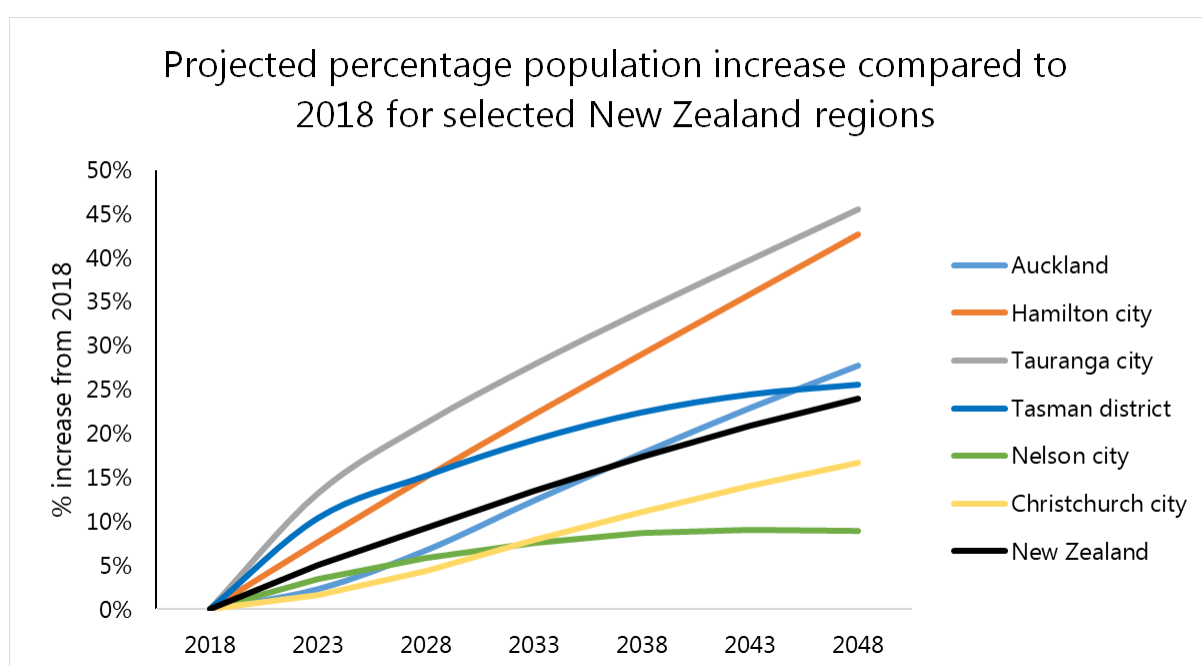
Nelson's ageing community

- 4.1 Nelson's population is ageing faster than most other parts of New Zealand. Compared to other territorial authorities we are experiencing the sixth fastest increase in the 65+ age group based on a medium growth projection.
- 4.2 Currently 21% of the Nelson population is 65 or older and this is expected by Stats NZ to increase to 34% over the next 3-4 decades. By

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2048 Nelson is projected to be the 11th oldest of New Zealand's 67 territorial authorities. This is not a temporary change as a bubble of baby boomers age, it is expected to be a profound and persistent change.

- 4.3 The ageing of a community is closely linked to population growth. Once a population has more than 20% of its residents aged 65 years and over, it is considered by demographers to be nearing the end of natural increase. Stat NZ predicts that within a decade deaths will outnumber births in Nelson. Nelson's population is still expected to grow until at least mid-century, due to inwards migration, but that will slow, as shown in the graph below.



Source: Tasman District Council and Nelson City Council Population Projections 2018-2058 Results, March 2023,

- 4.4 The impact of this increase in older residents, both in number and as a proportion of the population, will have significant impacts for Council and the services it delivers. Some of the key impacts are considered below.

Housing

- 4.5 Council currently has affordable housing as one of its priority focus areas and achieving this for many older residents will be a growing challenge. A decline in home ownership is a national trend and will mean a greater reliance on rental accommodation for older adults. As part of the National Science Challenge, data collected on changes in renting for Nelson residents 65 years and over showed a significant increase of 82% between 1986 and 2013 (albeit off a very low base). Non-homeowners are almost five times more likely to struggle in retirement.
- 4.6 One of the actions from the Strategy is to see better collaboration amongst agencies and an Older Adults Housing Subgroup now meets on

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an ad hoc basis, bringing together government agencies, community groups and councils. However, it remains a difficult issue to make progress on, but an important one as good housing supports people to stay independent for longer.

Retirement Villages

- 4.7 Nelson is an attractive retirement destination and there has been significant investment in retirement villages locally. There are 10 registered villages in Nelson which between them have 830 units housing around 1,100 older residents. This means about 26% of Nelson's 75+ population is living in a retirement village (based on 2018 census data).
- 4.8 Three existing villages are either under development or being expanded with another 307 planned to come on stream to house a further 400 people. The villages include 558 care beds (with another 79 in development) of which 45 are for people living with dementia.
- 4.9 The steady decline in home ownership is likely to impact retirement villages which rely on households being able to sell homes to achieve the capital necessary for purchase.
- 4.10 The Implementation Group is looking at ways to better connect with retirement villages as an important service provider for our older adults. A meeting with resident representatives from the villages is in the works.

Health

- 4.11 New Zealand ranks reasonably well (11th out of 121) on the international healthy ageing index and Nelson residents are typically more active than the national average (2018 Active NZ survey showing Te Taihupo as one of the regions with the highest participation rates for physical activity). This can be expected to be protective factor for our ageing population, including against disability the risk of which increases to 57% for over 65s. However, one area that is neglected is protecting older residents from muscle loss and achieving Ministry of Health guidelines of two days of resistance training per week. The Strategy has supported safe use of the Council-provided outdoor gym equipment at Saxton Field, Tāhunanui and Nelson CBD with regular instruction on site by a qualified trainer.
- 4.12 Even with a generally more active population Nelson will face difficulties providing health care for its growing number of older residents. Te Whatu Ora is finding Nelson hospital admissions climbing due to the ageing population. Surveying of carer availability last year found Nelson had a shortage of around 25 nurses and 34 caregivers in residential care and home/community support providers were also advising of shortages. Respite care is also limited by capacity. These strains on the health system are likely to continue due to increasing demand, though a positive factor is that Te Taihupo has one of the lowest volumes of people in aged residential care in the South Island.

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- 4.13 The Implementation Group is continuing to monitor health data as it becomes available and a number of actions in the Strategy that support health and wellbeing have been implemented.

Economic factors

- 4.14 With an ageing population more ratepayers will be on fixed incomes and likely to experience overall a greater difficulty in meeting increased rates costs. Spending patterns are likely to change eg away from education and towards health.
- 4.15 As Nelson's population ages it is expected that our workforce growth will slow and the labour market may contract as more people retire than enter the workforce. For the Nelson Tasman region 61.5% of the population was in what is considered "working age", 15-64 years, in 2022, compared to 64.8% for New Zealand.
- 4.16 Loss of workers can be mitigated to a degree by encouraging older workers to stay longer in employment. This may be a challenge for Nelson as it has typically had one of the lowest employment participation rates for its 65+ age group out of all councils – a strong trend over many census results (in the 2018 census Nelson was 56th out of 67 territorial authorities).
- 4.17 A recent success in this area has been a collaboration, led by the Chamber of Commerce in partnership with Council and Business Assist, which has received government funding to participate in a trial programme to support older entrepreneurs to progress their business ideas.

5. Delivery of Strategy Actions

- 5.1 Overall, delivery of Council-led actions within the City for All Ages Strategy has been positive, albeit a little side-tracked by the more acute and immediate COVID-19 health response that has made programme delivery to hesitant older adults a challenge.
- 5.2 Local research conducted by Age Concern released in June paints a concerning picture of older adults continued cautious attitude around the health risks of COVID-19. Trends indicated in the research paint a picture of a demographic vulnerable to social isolation and further decline in their overall physical and mental wellbeing
- 5.3 **Wellbeing:** The exercise and movement classes have been well received by participants who have reported not only finding themselves fitter but valuing the opportunities to make connections with others. More women than men are attending and staff, together with the instructor, are looking at other movement opportunities that men may be encouraged to attend such as 'circuit' training or 'water activities'.
- 5.4 The Creative art opportunities have not been as successful to getting off the ground. Staff are continuing to work with the Arts Council to find opportunities and communities to target.

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- 5.5 **Social:** Age Concern is now settled in its new Nelson Office and this seems sustainable for them. The office is staffed most of the day and hosts some social sessions for a small number of older adults to attend (Tea and Talk).
- 5.6 Two Social groups for Kaumatua have been established one at the Marae and one with Te Korowai Trust in Stoke. Both groups are in their infancy but are seeing a reasonable attendance by Kaumatua who had become quite isolated over the past couple of COVID years.
- 5.7 **Work:** A very successful expo for the recruitment of older volunteers was held in 2022. A Volunteer Strategy for the Nelson Tasman region is under development which will create opportunities for older people. The collaboration to deliver training for senior entrepreneurs (see 4.17) is another success.
- 5.8 **Housing:** Many older people are finding themselves in very vulnerable housing situations. There is an established housing cross agency forum that deals with older adults.
- 5.9 **Transport:** An active Transport Strategy as well as a Parking Strategy have been developed with consideration given to older adults. The new bus service will help the mobility of many older residents. Changes to the timings of the pedestrian crossings is well underway.
- 5.10 **Information:** An accessibility widget has been installed on to the Council's website. Many older people much prefer to have written information and some do not use any sort of online information source. With the demise of Mudcakes and Roses much thought is going into an alternative product for older adults.
- 5.11 The Found directory is to have some advanced Search filters put into place to allow easier access to information. Work is also underway to again have the Found Directory published in a printed form. This would be available to agencies and libraries for members of the public to use.
- 5.12 **Outdoors:** New seating has been installed at Saxton field after feedback that older exercisers needed places to stop and rest. An idea to involve businesses in making toilets more accessible (Use our loos) has not been as successful as hoped, partly due to COVID concerns.
- 5.13 The Hāpai Card programme will be introduced this year, so that people with a disability can show their card to identify the sort of assistance they require. This will initially be rolled out in Council premises.
- 5.14 Introducing Adults back into play will be trialled with the introduction of an adult swing. This idea, much used overseas, will give adults opportunities to enjoy both exercise and play.

6. Conclusion

- 6.1 Good progress has been achieved on the Strategy and Nelson has built a positive profile for this work. It is listed as a Council to contact in the

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Office for Seniors Age-Friendly Toolkit, has achieved membership of the WHO Age-Friendly Network, has been given government funding for age-friendly research and is often asked to participate in age-friendly initiatives at a national level.

- 6.2 With many of the initial actions in the Strategy completed or underway the Implementation Group is focussing on new projects to support the Strategy.

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Attachments

Nil