LONG TERM PLAN 2018-28

Adopted 21 June 2018.
This document has been superseded.

SHAPING NELSON'S FUTURE

Nelson City Council
te kaunihera o whakatū

CONTENTS

FOREWORD: MAYOR

HUTIA TE RITO O TE HARAKEKE

Kei hea te kōmako e kō?
Kī mai ki ahau
He aha te mea nui?
He aha te mea nui o te ao?
Māku e kī atu
He tangata! He tangata! He tangata, hī!

Pull out the shoot,
Pull out the shoot of the flax bush
Where will the bellbird sing?
Say to me
What is the greatest thing?
What is the greatest thing in this world?
I will say
The people! The people! The people

Nelson is the Smart Little City. It is a vibrant place - where we are deeply connected with, and committed to, our natural, social and cultural environment. Clever business and innovation help us thrive. We enjoy living fulfilled lives in smart, sustainable communities.

This is our vision for our city, and guides us as we deliver the Long Term Plan 2018-2028. This vision helps us shape our efforts as we keep the key question in our minds - where do we, as a city, want to be in 10 years' time?

Nelson is the best little city in New Zealand, and we want to keep it that way. Our size has so many benefits and allows us to connect with nature and each other in deeply meaningful ways. We need to be smart in our decision making, so we carefully shape and craft our resources to address the challenges we have ahead.

As we look forward 10 years we see a period of great change, challenge and opportunity. The demographics of our country are undergoing a major transition, climate change is altering our weather patterns, funding is increasingly under pressure and the needs and expectations of our communities are changing.

Councils are facing a bow wave of infrastructure renewals that will need investment well above what is possible under the current local government funding model.

These challenges require us to be smart in our thinking. We need to be focused on making the right decisions about where and when we use our resources.

Nelson City Council has four focus priorities for this 10 year plan: infrastructure, environment, central business district (CBD) development and lifting Council performance. These priorities build on the work we started three years ago. They balance the focus on key assets that enable the growth and development of our city, with a need to keep Nelson humming through new projects that support our creative culture, our environment and our community wellbeing.

The message I gave you three years ago about the need for significant investment in our core infrastructure remains unchanged. We have made good progress in that time through projects such as the investment in the treatment plant that supplies

our drinking water, the extra funding for footpaths, the upgrading of one of our major wastewater pump stations and building our resilience with the completion of the Maitai duplicate pipeline. But much work remains to be done and Council believes we cannot afford to reduce momentum in this area.

The story is the same for Council's environmental work. We oversaw a significant step change four years ago with increased funding for projects that enhance our city's major waterway, the Maitai River, and improving biodiversity in a number of key ecosystems. We will continue those efforts battling invasive pest species, working to improve freshwater quality and managing the impacts of climate change as the need for action is as urgent as ever. Increased investment in this area is a feature of the 10 year work programme.

Council's third priority is a healthy, vibrant and thriving CBD; one that supports our retail and other businesses, while attracting visitors and residents alike. As the main urban centre for the top of the South Island, Nelson city has a special role to play in the economic life of the region. Continued investment is necessary to maintain the fabric and distinctive identity of our city.

Lifting Council performance is our fourth priority, and is one that enables us to achieve success in all our other priorities. Nelson deserves a Council that is strategic, demonstrates best practice, has excellent systems and communicates and engages effectively to help it achieve even greater levels of success for our community.

Council will be directing significant funding towards these four priorities to secure Nelson's future.

Council will continue with our partnership approach. In particular we plan to deepen and extend our special partnership with iwi and ensure these relationships are strengthened over the life of the Long Term Plan. We also recognise that alone we cannot affordably deliver all the services and facilities residents want so we need to partner with community groups, business, central government and neighbouring councils to make funding go further.

The new government has indicated it wants to work with councils, supporting economic development of the regions and building successful communities. This is a hopeful sign and you can be sure we will be working hard on your behalf, engaging with the government to take advantage of the support offered in all areas possible.

One critical area where we will be working closely with the government and the New Zealand Transport Agency is to ensure we have a transport network that supports Nelson as a liveable city and helps our region and its economy to thrive.

"...ensure we have a transport network that supports Nelson as a liveable city and helps our region and its economy to thrive."

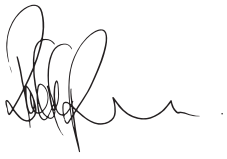
Our city to sea linkage is critical for walking and cycling both for commuting and recreation. Our waterfront has untapped potential as a world class visitor destination. Our thriving regional economy also needs a safe, efficient and resilient corridor for freight to reach our Port. It is essential that progress is made on the Rocks Road Walking and Cycling project and the Nelson Southern Link Investigation. For this reason the Council has advocated for funding for both projects to advance as soon as possible.

Council has also allocated funding for new community projects that will support wellbeing and continue to bring us together as a community. We are looking forward to the collaborative development with the Stoke community of a new youth facility and to engaging closely with users about the much-anticipated upgrade of the Elma Turner Library. Other projects that will contribute to the city's vibrancy include new funding for community events, expansion of mountain biking facilities, and a new water sports centre at the marina.

This Long Term Plan has been designed to maintain our momentum in tackling the key issues facing our Smart Little City. It will deliver the bright future that Nelson deserves. A liveable city, with reliable infrastructure, a flourishing community life and a wonderful natural environment.

Although there are challenges ahead, I know that Nelson will approach our future with an enthusiasm and a confidence in our ability to meet those challenges with smart, inspired solutions.

Thank you to everyone who took the time to let us know their thoughts on the direction we set in our Consultation Document. We received 434 submissions and over 150 people took the opportunity to present their feedback to Council in person. The level of interest in our plan for the future was heartening and all submissions were carefully considered when finalising the Long Term Plan 2018–28.



Rachel Reese
MAYOR OF NELSON

AUDIT OPINION

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the reader:

Independent auditor's report on Nelson City Council's 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Nelson City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 21 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
    - long-term, integrated decision-making and co-ordination of the Council's resources; and
    - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 188 to 191 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

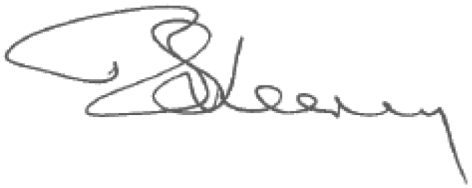
I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General, Christchurch, New Zealand

QUICK GUIDE:

FINDING YOUR WAY AROUND THE LONG TERM PLAN

Welcome to Nelson City Council's Long Term Plan 2018-28, which outlines the activities and services Council is planning to fund over the coming 10 years.

The Plan has three sections:

INTRODUCTION: This includes Council's vision for Nelson and the outcomes we will achieve over the 10 years of the Plan, the rates we need to collect to fund the work programme and how we will consult and cooperate as we implement this plan.

ACTIVITIES: Council's work programme is divided into 11 activities. This section explains what is delivered by each activity, the key projects, challenges and costs.

ACCOUNTING INFORMATION: This covers how rates are set, comprehensive income, changes in equity, the balance sheet, cashflows, financial contributions, reserve funds, Council's financing and revenue policy.

The Appendices include the Infrastructure Strategy, Policy on Development Contributions and Significance and Engagement Policy. They also give an overview of the governance and management structure of Council and provides a Glossary to explain terms that may be unfamiliar. Jargon and abbreviations have been minimised, but there are some words that have been used because of legislation or the specialised activities that Council carries out.

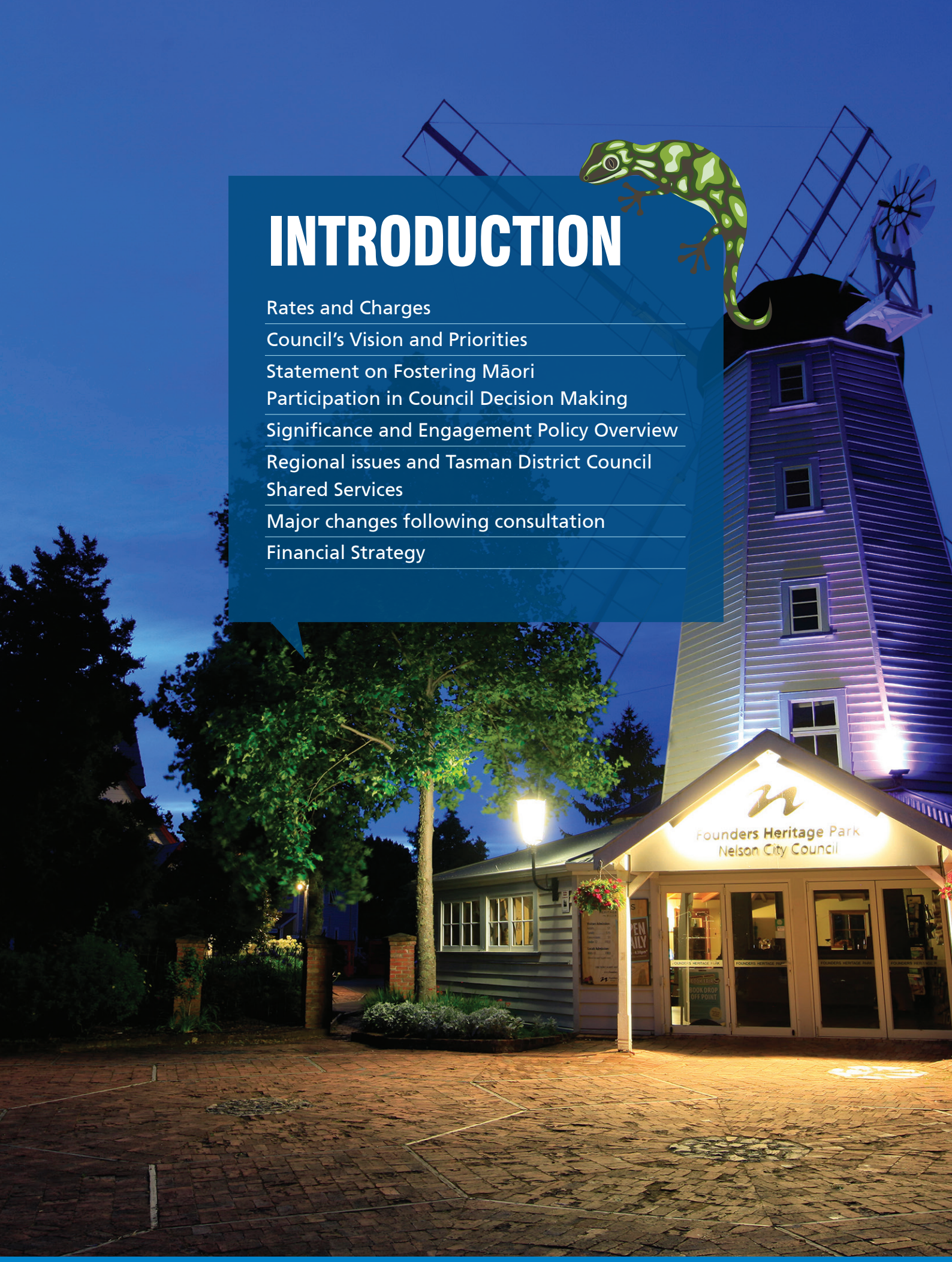
Council's financial year runs from 1 July to 30 June of the following year. Throughout the text dates are formatted as 2018/19, for example, shorthand for 1 July 2018 to 30 June 2019.

WHAT WOULD MY RATES BE?

Average overall increase in rates required in the first three years, adjusted for the impact of growth, will be 3.8%, 3.9% and 3.4%, respectively. Over the following seven years, the overall increase in rates required including growth would average 2.4%. Council has set itself a cap on the overall increase in rates required each year of the Local Government Cost Index plus 2%. This increase includes an assumption of 1% growth in the rating base in each year of the Long Term Plan.

Information on your rates can be found on page 12.

INTRODUCTION



Nelson's very own Green Gecko

The Nelson Green Gecko is one of our rarest animals. Confined to the Nelson area but almost never seen. Without near-complete predator control, these beautiful animals will struggle in the wild.

INTRODUCTION

Under the Local Government Act 2002, councils have to publish and consult on a 10 year plan, which undergoes a full review every three years.

This Plan states Nelson City Council's vision for Nelson, the community outcomes it plans to deliver and the services and activities it will undertake to achieve those outcomes. The Plan also contains the likely costs of Council providing those services and activities over the next 10 years.

The financial information in this Long Term Plan is forecast information based on assumptions about what Council reasonably expects to occur. Significant assumptions are included in the Accounting Information section at page 157. Each activity section also outlines the assumptions specific to that activity.

Between three yearly reviews, Council produces an Annual Plan outlining activities and services for one year. At the end of each financial year Council produces an Annual Report, which records what Council actually did, compared with what it was planning to do (as set out in the Long Term Plan and Annual Plan).

This Long Term Plan explains Council's priorities and spending from July 2018 to June 2028, with more detail for the first three years from July 2018 to June 2021. There is no separate Annual Plan for 2018/19 – this is included as year one of the 10 financial years covered by this Long Term Plan. The proposed rates and charges are based on the 2018/19 information.

This Long Term Plan can be viewed or downloaded from Council's website nelson.govt.nz and hardcopies or electronic versions can be requested from Council's Civic House Customer Service Centre. Hard copies of the document are also available at Nelson Public Libraries for review.

ABOUT NELSON CITY COUNCIL

Nelson City Council is one of six unitary authorities in New Zealand, which means it has the combined responsibilities of both a district and a regional council involving management of the environment as well as delivering local services. It has 12 elected councillors and a Mayor. Elections are held every three years with the next elections scheduled for October 2019. As at 31 March 2018, Council currently employs 270 full-time and part-time staff across seven teams in 239 full-time equivalent positions.

Council's goal is to make Nelson an even better place for everyone. Council owns more than $1.5 billion of assets and approximately $130 million is spent each year on projects and services that help to meet that goal.

ACHIEVING OUR VISION

Council has reflected on what is important to achieving its vision for Nelson and the financial challenges in creating and maintaining assets over the next decade. Council is focused on delivering critical core infrastructure projects, maintaining existing networks and providing infrastructure to meet Government requirements.

It is not financially sustainable for Council to provide all the services and activities that parts of the community would like, in the period of this 10 year plan. Therefore, Council has had to carefully prioritise its work programme. Council undertook a series of early pre-consultation meetings over a six month period on a range of issues of importance to the community as well as meeting with individual stakeholders and key sectors in the city. This added to other information Council held on community priorities, and provided early knowledge of projects the community wished to initiate. Council used this information to help shape and prioritise projects in the Long Term Plan.

RATES & CHARGES

General rates are forecast to increase by an average of 2.8% over the 10 year period of this Long Term Plan, with a maximum increase of 3.9% in any one year (2019/20). For more on the rates and charges, refer to the Financial Strategy (page 30) and Funding Impact Statement (page 193).

Using the estimates and projections Council has developed, the table below shows how rates and charges will look for the 2018/19 year.

EXAMPLES OF TOTAL IMPACT OF GENERAL AND TARGETED RATES ON DIFFERENT LAND USES AND VALUES (GST INCLUSIVE)

Property Type	2015 Land Value	2017/18 Rates	2018/19 Rates	
			General Rate	UAGC
Residential	$90,000	$1,935	$654	$416
	$105,000	$2,039	$763	$416
	$125,000	$2,177	$909	$416
	$147,000	$2,329	$1,069	$416
	$200,000	$2,695	$1,454	$416
	$210,000	$2,764	$1,527	$416
	$230,000	$2,902	$1,672	$416
	$255,000	$3,074	$1,854	$416
	$315,000	$3,489	$2,290	$416
	$330,000	$3,592	$2,399	$416
	$445,000	$4,386	$3,236	$416
	$580,000	$5,318	$4,217	$416
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	$220,000	$4,011	$1,760	$832
	$800,000	$8,226	$6,399	$832
Empty Residential Section (Water annual charge included if water meter is installed)	$82,000	$1,283	$596	$416
	$220,000	$2,425	$1,600	$416
	$405,000	$3,702	$2,945	$416
Small Holding (Water annual charge included if water meter installed)	$280,000	$2,456	$1,832	$416
	$385,000	$3,298	$2,519	$416
Rural (Water annual charge included if water meter installed)	$790,000	$3,974	$3,734	$416
	$1,940,000	$9,324	$9,169	$416
Commercial - Outside Inner City / Stoke - 1 Unit	$365,000	$7,376	$6,680	$416
Commercial - Outside Inner City / Stoke - 2 Units	$355,000	$7,922	$6,497	$832
Commercial - Outside Inner City / Stoke - 2 Units	$335,000	$7,383	$6,131	$832
Commercial - Stoke - 1 Unit	$35,000	$1,664	$828	$416
Commercial - Inner City - 2 Units	$290,000	$8,873	$7,136	$832
Commercial - Inner City - 2 Units	$330,000	$9,884	$8,120	$832
Commercial - Inner City - 1 Unit	$1,160,000	$30,344	$28,543	$416

This table does not include water charges based on consumption.
This is charged at $2.102 per cubic meter and an average
residential ratepayer uses 160 m3 costing $336.32 (GST Incl).

		2018/19 Rates			
Stormwater/ Flood Protection	Waste water	Water Annual Charge	Total Rates	% increase on 2017/18	$ increase on 2017/18
$318	$432	$198	$2,018	4.28	$82
$318	$432	$198	$2,127	4.33	$88
$318	$432	$198	$2,272	4.39	$95
$318	$432	$198	$2,432	4.45	$104
$318	$432	$198	$2,818	4.57	$124
$318	$432	$198	$2,890	4.59	$128
$318	$432	$198	$3,036	4.62	$134
$318	$432	$198	$3,218	4.66	$143
$318	$432	$198	$3,654	4.74	$165
$318	$432	$198	$3,763	4.76	$171
$318	$432	$198	$4,599	4.86	$213
$318	$432	$198	$5,581	4.94	$263
$318	$865	$395	$4,169	3.95	$158
$318	$865	$198	$8,610	4.67	$384
$318			$1,330	3.68	$47
$318		$198	$2,531	4.38	$106
$318		$198	$3,876	4.70	$174
$318			$2,566	4.46	$110
$318		$198	$3,451	4.63	$153
			$4,150	4.42	$176
		$198	$9,783	4.92	$458
$318	$108	$198	$7,719	4.66	$344
$318	$216	$395	$8,258	4.25	$336
$318	$216	$198	$7,694	4.21	$311
$318	$108		$1,670	0.38	$6
$318	$216	$198	$8,699	-1.96	-$174
$318	$216	$198	$9,683	-2.03	-$201
$318	$108	$198	$29,582	-2.51	-$762

COUNCIL'S VISION AND PRIORITIES:

The purpose of local government, as set out in the Local Government Act 2002 is:

- to enable democratic local decision-making and action by, and on behalf of, communities; and
- to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

This means that Council needs to make decisions on how to make Nelson the Smart Little City, based on its understanding of the views of the community. Given the range of activities that Council engages in, this can be a complex task. Council has developed a vision, a set of priorities and community outcomes to help guide its decision making.

VISION AND MISSION

he whakakitenga, he whakārotau

Council has developed a vision and mission statement, which link to the community outcomes. We have decided on four overarching priorities for the 10 year work programme. These will express the aspirations we have for our city, guide our decision making and help us better direct our resources.

VISION

Nelson is the Smart Little City: Whakatū Tōrire

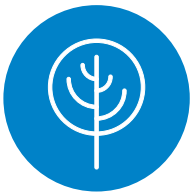
Nelson is a vibrant place where we are deeply connected with, and committed to, our natural, social and cultural environment. Clever business and innovation help us thrive. We enjoy living fulfilled lives in smart, sustainable communities.

MISSION

We leverage our resources to shape an exceptional place to live, work and play.

COMMUNITY OUTCOMES

Our eight community outcomes are broad, long term goals that guide our overall direction, and are aligned with those of Tasman District Council to ensure a consistent regional approach. Each Council works towards achieving the outcomes in different ways, reflecting their unique communities.



OUR UNIQUE NATURAL ENVIRONMENT IS HEALTHY AND PROTECTED

Nelson is a place of stunning natural beauty and we treasure, protect and restore our special places, landscapes, native species and natural ecosystems. Our open spaces are valued for recreation and we welcome the many visitors who want to experience our extraordinary natural environment. We recognise the kaitiakitanga (guardianship) role of tangata whenua iwi.

OUR URBAN AND RURAL ENVIRONMENTS ARE PEOPLE-FRIENDLY, WELL PLANNED AND SUSTAINABLY MANAGED

Nelson is a well-planned district with a carefully managed urban intensification and a clear urban/rural boundary. The buoyant city centre is celebrated for its distinctive boutique character. Our easy city to sea access provides locals and visitors with a world-class waterfront experience. We work with our partners to support the development of a range of affordable, healthy and energy-efficient housing in our residential areas. Good urban design and thoughtful planning create safe, accessible public spaces for people of all ages, abilities and interests.

OUR INFRASTRUCTURE IS EFFICIENT, COST EFFECTIVE AND MEETS CURRENT AND FUTURE NEEDS

Nelson City relies on its good quality, sustainable, affordable and resilient infrastructure network which supports a growing population and strong regional economy. The community is proud of the many active transport options available and the effective public transport system. We invest in waste water, storm water, solid waste and flood protection networks to keep our people safe and healthy, the environment protected and the economy flourishing.

OUR COMMUNITIES ARE HEALTHY, SAFE, INCLUSIVE AND RESILIENT

Nelson is a city of strong, and connected people and communities who live, work and play together. We support each other to build individual and community resilience. Our community works in partnership to understand, prepare for and respond to the impacts of natural hazards. We take pride in the warm welcome we give to our visitors and new arrivals and work together to see that our people are safe, and their diversity supported.

OUR COMMUNITIES HAVE OPPORTUNITIES TO CELEBRATE AND EXPLORE THEIR HERITAGE, IDENTITY AND CREATIVITY

We are proud of and celebrate our history and heritage and how that contributes to our identity. We have a strong sense of community, enhanced by the wide range of arts, cultural and sporting opportunities on offer.

OUR COMMUNITIES HAVE ACCESS TO A RANGE OF SOCIAL, EDUCATIONAL AND RECREATIONAL FACILITIES AND ACTIVITIES

Nelson has developed high quality sports and recreation facilities for all ages. There are educational and leisure opportunities for the whole community to enjoy. We protect, enhance and celebrate Nelson's human heritage and historic sites.

OUR COUNCIL PROVIDES LEADERSHIP AND FOSTERS PARTNERSHIPS, A REGIONAL PERSPECTIVE, AND COMMUNITY ENGAGEMENT

Our leaders understand our community, are confident in our future, know how to drive success and to work with others to tackle the big issues facing Nelson. Council leaders are strongly connected to our people and mindful of the full range of community views and of the generations that follow. Residents have the opportunity to participate in major decisions and information is easy to access. We support and mentor our young people to be our leaders of the future.

OUR REGION IS SUPPORTED BY AN INNOVATIVE AND SUSTAINABLE ECONOMY

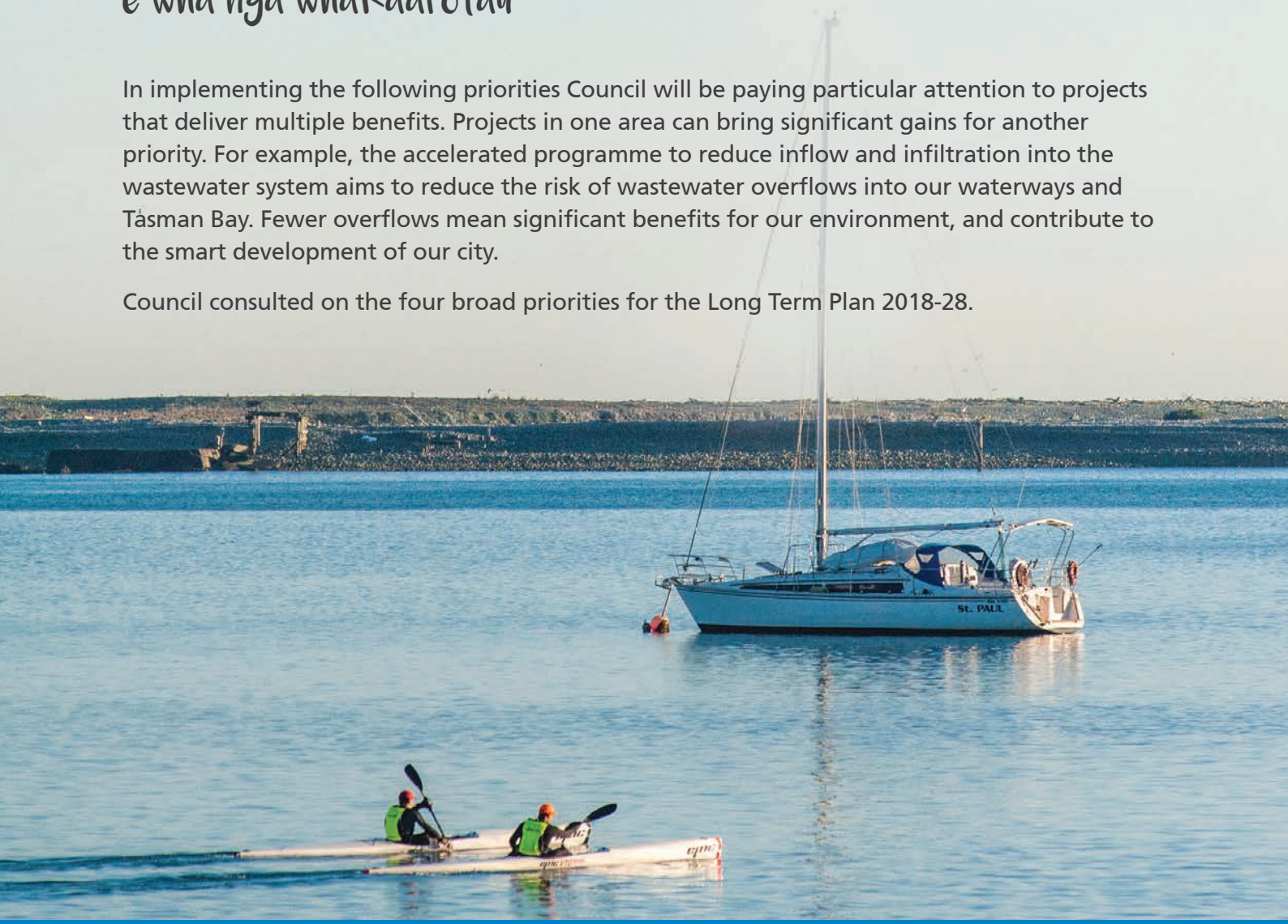
Nelson is a business-friendly city and the commercial centre of Te Tau Ihu, the top of the South Island. Economic activity is sensitive to the environment, heritage and people of Nelson. We are skilled and adaptable and we see the benefits of high-value industries and businesses. We enjoy a range of employment, education and training opportunities and take pride in being a city where youth can live, learn and work. Innovation and achievement are recognised and celebrated by our community.

OUR TOP FOUR PRIORITIES FOR THE NEXT 10 YEARS:

e whā ngā whakaarotau

In implementing the following priorities Council will be paying particular attention to projects that deliver multiple benefits. Projects in one area can bring significant gains for another priority. For example, the accelerated programme to reduce inflow and infiltration into the wastewater system aims to reduce the risk of wastewater overflows into our waterways and Tasman Bay. Fewer overflows mean significant benefits for our environment, and contribute to the smart development of our city.

Council consulted on the four broad priorities for the Long Term Plan 2018-28.



1. INFRASTRUCTURE

Ko ngā Tūāpapa

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

2. ENVIRONMENT

Ko te Taiao

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

3. CBD DEVELOPMENT

Whakahou taone

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

4. LIFT COUNCIL PERFORMANCE

Whakapikinga pukenga

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

STATEMENT ON FOSTERING MĀORI PARTICIPATION IN COUNCIL DECISION MAKING

Council acknowledges that Treaty of Waitangi obligations rest with the Crown and seeks to uphold the mana of the Treaty of Waitangi Settlements of Te Tau Ihu by continuing to build its relationship with iwi. There are numerous pieces of legislation under which Council operates that recognise the Treaty of Waitangi and recognise or acknowledge iwi and Māori.

Council believes that by working in partnership with iwi and Māori it will create benefits for the whole community.

Fundamental principles and values that guide the relationship between the Nelson City Council, the Whakatū iwi and mātāwaka include mana atua (spiritual authority), mana whenua (customary authority), mana tangata (individual authority), rangatiratanga (authority), kaitiakitanga (guardianship) and manaakitanga (hospitality).

Ways of working together are being explored with Te Tau Ihu iwi post-settlement. These are described at the end of this section.

COUNCIL AND MĀORI WORKING TOGETHER

Nelson City Council's partnerships with Māori are based on the following principles: recognition of the contribution of Māori, common ground and interests shared by Council with the original people of this area, Tangata Whenua o Whakatū, Council's responsibilities towards Māori as set out in a variety of legislation.

There are two distinctly different relationships between Council and Māori. The first is a partnership with local iwi, and the second is democratic consultation with all Māori living in Nelson.

The Council Kaumatua (Māori elder) assists the Mayor and Council on official occasions providing cultural support for citizenship ceremonies and when welcoming dignitaries. The Kaumatua is another cultural support for the organisation as a whole.

The Council officer position of Kaihautū was developed to act as a conduit between Council and iwi. Council recognises the importance of this role, particularly post Treaty of Waitangi Settlements, and will continue to talk to iwi leaders of Te Tauihu (Top of the South) about the most effective use of this role.

The Council Kaumatua, like the Kaihautū position, is often asked to support community groups in their desire to recognise the tikanga and kawa of the haukāinga (home people).

Representatives of the Māori community are involved in Council working groups on relevant issues, and the Mayor (or the Mayor's nominated representative) is a standing member of the Whakatū Marae Management Kōmiti.

Statutory responsibilities Council enacts under the various Treaty of Waitangi Settlements across the eight iwi derive from the:

- Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Ātiawa o Te Waka-a-Māui Claims Settlement Act 2014;
- Ngāti Apa ki te Rā Tō, Ngāti Kuia, and Rangitāne o Wairau Claims Settlement Act 2014, and;
- Ngati Toa Rangatira Claims Settlement Act 2014.

The Treaty of Waitangi Settlements Acts above clearly outline each area of interest including statutory acknowledgements over land, water, sites, wāhi tapu, valued flora and fauna, and other taonga for the eight iwi.

Opportunities of mutual benefit to Council and iwi to work together in a post-settlement environment also exist in continuing to raise social, cultural and economic outcomes for iwi, Māori and the broader region.

The Iwi Working Group (IWG) has been established with the following role and purpose:

- Identify the strategic outcomes to lead the development of the Nelson Plan
- Identify resource management issues of significance to iwi
- Consider and comment on draft provisions of the Nelson Plan to ensure adequate cultural perspective is provided and outcomes and issues identified by iwi are addressed. Where necessary, the IWG will assist to develop appropriate responses with agreement of the Manager Environment.

There is a commitment to establish a Freshwater Committee with the eight iwi and the three unitary authorities across Nelson, Tasman and Marlborough.

TREATY SETTLEMENTS

The Crown has formally recognised and re-affirmed the relationship of the eight iwi of Te Tau Ih[1] with the whenua (land), moana (sea), awa (river), maunga (mountains), wahi tapu (sacred sites) and puna waiora (spiritual wellbeing) through the Treaty of Waitangi Settlement process.

Te Tau Ihu Treaty of Waitangi Settlement Acts 2014 (the Acts) for the eight iwi of Te Tau Ihu provide statutory obligations for Council in respect to general decision making processes, and specifically in Resource Management Act 1991 processes and decision making. The Acts passed into legislation on 1 August 2014. Each Act provides each of the eight iwi with redress for past grievances dating back to 1840 in the Top of the South with an apology from the Crown.

There are three types of redress provided for in the settlements:

- Cultural redress such as giving statutory kaitiaki over areas of Crown land or changing place names

1 Ngāti Kuia, Rangitāne o Wairau, Ngāti Toa Rangatira, Ngāti Koata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, Te Ātiawa o Te Waka a Māui, Ngāti Apa ki te Rā Tō

- Relationship redress such as the establishment of a river and freshwater advisory committee to provide input into Council decision making
- Financial redress which includes payments and commercial redress e.g. first right of refusal over certain properties.

Council, alongside the apology of the Crown, acknowledges that the iwi of Te Tau Ihu only received 2% of the value of what was taken from them as part of the Treaty of Waitangi Settlement process and appreciates the iwi position that this was a gift from the iwi of Te Tau Ihu to the region.

Council seeks to work with the eight iwi of Te Tau Ihu on establishing relationships and fora which support implementation of the settlements and that provide input to Council's governance and decision-making processes. This is a work in progress.

LOOKING FORWARD - BUILDING CAPACITY AND OPPORTUNITIES

The following are the key initiatives to build Māori capacity to engage with Council and its decision-making:

- Council's Kaihautū and Kaumatua positions assist Council's relationships and capacity building with iwi and all Māori living in Whakatū. The Kaihautu role will continue to help bridge the gaps between iwi, Council, the wider community and the legislation pertaining to how Council and iwi work together.
- Support for ongoing discussions with iwi and Māori.
- Delivery of Council overview to iwi to outline the breadth of Council's business, and to better understand the activities where iwi and Māori are most interested in participation. Council will continue to build readily accessible tools (such as the GIS layers for Statutory Acknowledgements).
- Discussions have begun with the eight iwi of Te Tau Ihu to assess how relationships between Council and iwi should look in a post settlement environment.
- A Māori world view on the Planning and Regulatory Committee by the appointment of a representative with an insight into Te Ao Māori.
- Representation at governance level on the Nelson Regional Sewerage Business Unit.
- The opportunity for iwi to be involved at the leadership level early in the process to create a Regional Growth Plan for te Tau Ihu; an initiative to align Nelson, Tasman, Marlborough, iwi, central government, and the business community thinking on what are the really important investment and economic development priorities for the region.
- The strategic plans of iwi reflect their desire for growth in the region. Iwi continue to grow commercially. However equally important for iwi is to consider their cultural growth, their kaitiaki obligations and their social obligations both to their beneficiaries and as part of the wider community of Te Tauihu.
- Council has a prescribed process and legislative obligations for its strategic and financial planning. Māori appreciate the opportunity for participation in that planning, and Council seeks to build in more time in the project plans for involvement, reflection and contribution. There may be issues around capacity restricting participation which will need to be addressed.
- Continuation of an Iwi Working Group to help guide, inform and provide meaningful contributions in the development of Whakamahere Whakatū – The Nelson Plan. These working groups are performing well. This shows that the opportunities are there to work together well in the community's interests.
- Council is seeking to establish a strategic framework for Chairs of Te Waka a Māui to work with Mayors across Te Tau Ihu. Similarly, a framework for Chief Executives will be established following this.
- These initiatives will continue to build strong ongoing relationships and will aid the effective consideration of Te Ao Māori in all major Council decisions.

WAYS OF WORKING TOGETHER

Council accepts that capacity and capability must be built upon to have effective and meaningful partnerships with Te Tau Ihu iwi.

Council is committed to:

- Having effective, long-lasting, and genuine relationships/partnerships with all eight Te Tau Ihu iwi at both operational and governance levels.
- Supporting iwi to participate with local government
- Delivering local government functions in a manner which acknowledges the mana of Te Tau Ihu iwi
- Enabling iwi aspirations particularly for development post settlement.

SIGNIFICANCE AND ENGAGEMENT POLICY OVERVIEW

Community engagement is an important part of Council's decision-making. The Significance and Engagement Policy lets both Council and the community identify the degree of significance attached to particular decisions, to understand when the community can expect to be engaged in Council's decision making processes, and know how this engagement is likely to take place.

Following is a summary of Council's Significance and Engagement Policy. The full Policy can be found on Council's website nelson.govt.nz

DETERMINING SIGNIFICANCE

Local authorities must make decisions about a wide range of matters and most will have a degree of significance, but not all issues will be considered to be "significant". An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision making occurs.

Council will take into account the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- Whether the asset is a strategic asset as listed in schedule two of the policy;
- The impact on levels of service provided by Council or the way in which services are delivered;
- The degree of impact on Council's debt or the level of rates it charges;
- Whether the decision is reversible and the likely impact on future generations;
- The impact on the community, how many people are affected and by how much;
- Whether the decision or action flows from, or promotes, a decision or action that has already been taken by Council or furthers a community outcome, policy or strategy;
- Whether there is a past history or reasonable expectation of the issue generating wide public interest within the district.

COMMUNITY ENGAGEMENT

The ways engagement can take place are varied and will be in proportion to the significance of the matter being considered.

There are still situations where the Special Consultative Procedure must be used under both the Local Government Act 2002 and a number of other statutes.

Outside of matters where it remains mandatory for a special consultative procedure to be undertaken, Council will determine the appropriate level of engagement on a case by case basis.

In any engagement process undertaken with the community, that engagement will be in proportion to the matter being considered. When any engagement takes place, other than simply providing information, we will:

- Seek to hear from everyone affected by a decision;
- Ask for views early in the decision making process so that there is enough time for feedback to be provided, and for this to be considered properly;

- Listen and consider views in an open and honest way;
- Respect everyone's point of view;
- Provide information that is clear and easy to understand;
- Consider different ways in which the community can share views with us;
- Ensure that the engagement process is efficient and cost effective.

Council will ensure that, when conducting any engagement or consultation process in relation to a significant decision, we provide:

- Clear information on what is being proposed and why it is being proposed;
- Sufficient information on which to provide meaningful feedback;
- The advantages and disadvantages of each option being considered;
- What impacts, if any, will occur if the proposal goes ahead;
- How the community can provide its views;
- The timeframe for completing the community engagement or consultation;
- How submitters and participants can learn about the outcome.

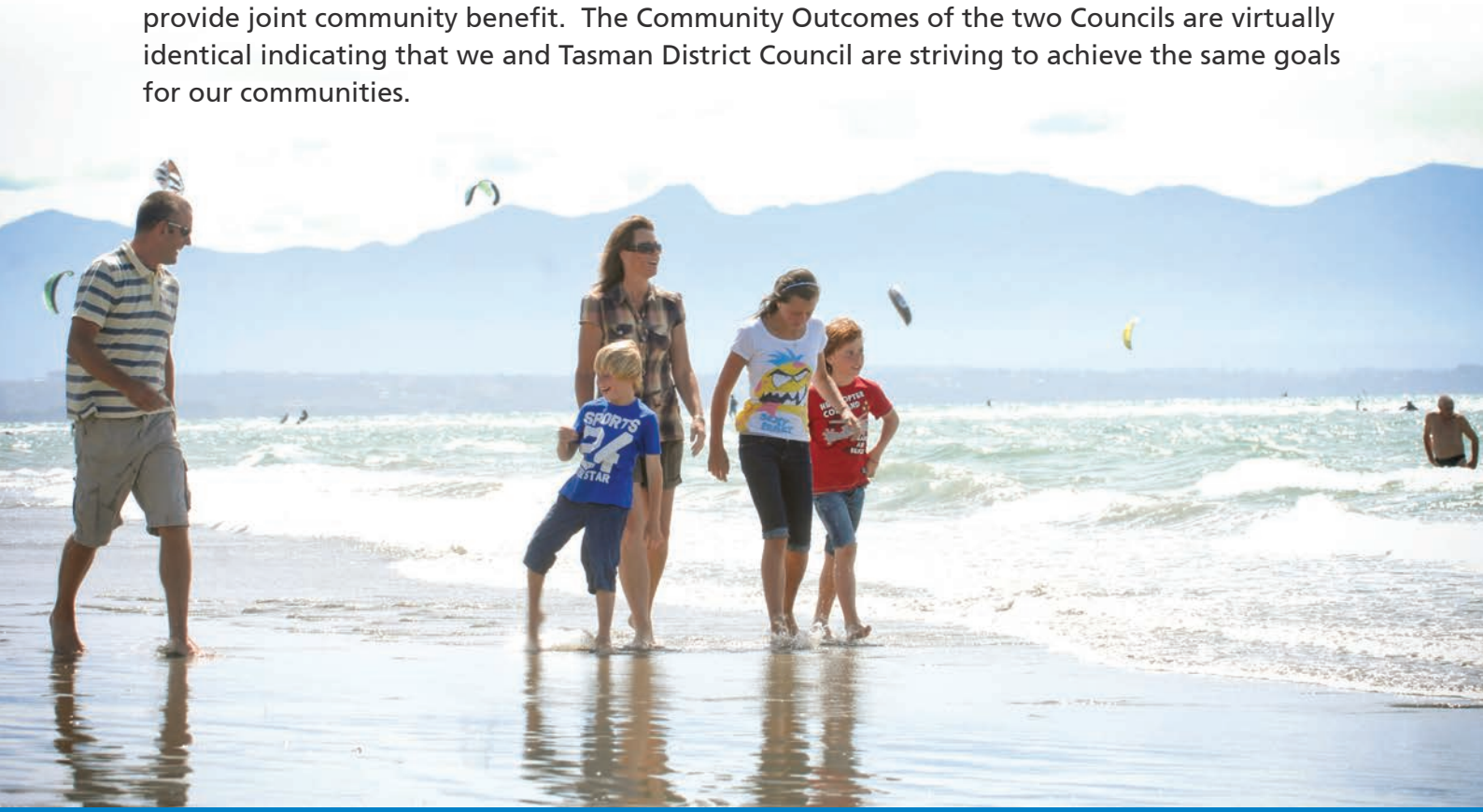
ENGAGEMENT WITH IWI

Council will take into account its obligations as outlined under legislation including Te Tau Ihu Claims Settlement Act 2013 and all other relevant Acts. Council will also take into account National Policy Statement Frameworks, and will honour all engagement processes, agreements and memorandums of understanding developed with Maori as they relate to its decision-making processes.

The full Significance and Engagement Policy can be found on Council's website at nelson.govt.nz

REGIONAL ISSUES AND TASMAN DISTRICT COUNCIL SHARED SERVICES

Tasman District Council is our neighbour and many residents who live in Nelson work in Tasman District and vice versa. It is important that both councils work closely together to provide joint community benefit. The Community Outcomes of the two Councils are virtually identical indicating that we and Tasman District Council are striving to achieve the same goals for our communities.



We collaborate closely with Tasman District Council, which benefits the wider region and results in the provision of better services to ratepayers, improved efficiency and/or cost savings.

Examples of shared services, projects and programmes include:

- Joint ownership, for example the Port Company and Nelson Airport
- Joint capital funding, such as for the development of Saxton Field
- Co-funding of services and activities, such as the Nelson Provincial Museum
- Aligning service delivery, for example shared library services
- Co-ordinated strategic planning such as the development of consistent engineering standards.
- The provision of services, like those in place for hydrological and biosecurity functions.

Some region-wide programmes are led by one council because it has particular expertise so specialist skills do not have to be duplicated. For example, Tasman District Council implements the Regional Pest Management Strategy. In other cases a shared approach benefits customer service, for example the reciprocal lending agreement allows residents to use libraries in both council areas.

Some other joint Nelson Tasman projects, programmes and services are described below, under broad operational headings.

ENGINEERING/INFRASTRUCTURE

Interconnected water supply services provide enhanced security of supply for both councils, especially during an emergency situation.

Nelson City Council can currently provide a small proportion of Tasman's water supply needs but lacks the infrastructure to supply large volumes, and Tasman District Council provides water and wastewater services to some Nelson residents and business premises in Nelson South.

Cycleways between Richmond and Stoke involved the two councils working together at the design stage.

Regional transport planning continues to involve both councils. Regional advocacy to central government is coordinated through the Top of the South Land Transport Liaison Forum, involving Tasman District, Marlborough District and Nelson City Councils.

Nelson and Tasman District Councils share a joint regional landfill business unit.

The Nelson Regional Sewerage Business Unit (NRSBU) is operated jointly by the Tasman District and Nelson City councils to treat the municipal wastes (mainly domestic sewage) from Nelson City and Richmond, Wakefield, Brightwater (the Waimea Basin) and Mapua in the Tasman District.

There is a coordination of bylaws where issues span council boundaries, including the Trade Waste Bylaw.

SOCIAL/COMMUNITY SERVICES

The Saxton Field development is a good example of how the development of one regional facility benefits residents of both Nelson and Tasman. The two councils have invested significantly in developing the facility, and have signalled further commitments to future development in their respective Long Term Plans. A joint committee oversees the development, management and marketing of the Saxton Field complex.

Some community policy development is undertaken collaboratively, e.g. the Regional Places and Spaces Strategy.

The Nelson Regional Development Agency runs the 'ItsOn' website which show cases events in the Nelson Tasman Region. Other shared activities in this area include the Positive Ageing Expo and the Found Community Directory.

ENVIRONMENT/PLANNING/ REGULATION ACTIVITES

We are a partner with Tasman District Council in the Nelson Tasman Civil Defence Emergency Management Group (CDEM). The CDEM Group is jointly resourced by the councils and operates a regional Emergency Operations Centre based in Richmond. In 2018 the region has experienced severe weather events in the form of ex-tropical cyclones Fehi and Gita which have required long term recovery programmes. The Civil Defence Emergency Management Plan for the Nelson Tasman region has recently been reviewed and consulted on.

The two councils work together on aligning monitoring programmes, including estuarine monitoring and industrial land needs. Tasman District Council manages Nelson City Council air quality, water level and rainfall data and provides flood warnings for Nelson through a Hydrological Shared Services contract.

Along with Marlborough District Council and Tasman District Council, Nelson City Council is a partner with the Ministry of Primary Industries in the Top of the

South Marine Biosecurity Partnership, the main aim of which is to build systems and processes for the early detection and prevention of marine invasive species. Tasman District Council is the biosecurity management agency for Nelson City Council under the joint Nelson-Tasman Regional Pest Management Plan.

The two councils work together on the management of growth including, combined monitoring and reporting on housing and business trends required as a result of new obligations under the National Policy Statement for Urban Development Capacity. In addition the two Councils are working together to produce a joint Future Development Strategy for the wider Nelson-Tasman region. The Strategy will identify location, timing and sequencing of future development capacity over the long term for urban development.

Coastal oil spill contingency planning and management is coordinated across the two councils.

Under the Joint Waste Management and Minimisation Plan, Nelson City Council and Tasman District Council collaborate on a range of community engagement programmes, events and activities such as SecondHand Sunday and Kickstart Compost Month. The purpose is to enable the whole community to avoid or reduce waste. Nelson and Tasman also collaborate on combined regional enviroschools events such as Moturoa Mission at Rabbit Island.

Some management of regional biodiversity is coordinated across the Region for example analysis of regional shorebird populations and support for community based predator control.

There are a variety of regional environmental fora that both Nelson and Tasman councils participate in such as the Waimea Inlet Forum and the Mount Richmond Forest Park Management Unit Stakeholder Group and Kotahitanga mō te Taiao Alliance, along with other partners.

CORPORATE AND ECONOMIC ACTIVITIES

Marlborough, Nelson and Tasman Councils have jointly procured insurance including for building assets.

Together with Tasman District Council, we are part of the Aon South Island collective, which is a local government scheme insuring water supply, wastewater, stormwater and flood protection assets.

Officers from both councils shared information to prepare their Long Term Plans.

Top of the South maps is a joint initiative between both councils to provide common geographic and map information to the public.

The Nelson Regional Development Agency (NRDA)'s is owned by Nelson City Council but funding is provided from both councils.

MAJOR CHANGES FOLLOWING CONSULTATION

Council consulted on this Long Term Plan from 23 March 2018 to 23 April 2018. 434 submissions were received.

Seeking community input on Council direction is an important part of Council's planning process. Following consideration of submissions, Council made the following changes to what was proposed in the Consultation Document (figures exclude inflation).

- Included additional budget of $160,000 for the Saxton Creek Bridge widening project.
- Approved operational funding for the Regional Sector Office of $16,000 per year and fish passage research and development programme of $10,000 per year.
- Allocated $15,000 per year from the CBD Enhancement Fund for the holding of the annual Santa Parade.
- Allocated up to $11,500 per year to support the Nelson Returned and Services Association to deliver ANZAC Day commemorations.
- Provided $150,000 as a one-off grant in 2018/19 towards the capital development of a new facility for the Nelson Tasman Hospice.
- Provided $1.5 million in 2020/21 and $1.5 million in 2021/22 as a provision for a capital grant to the Tasman Bays Heritage Trust for a new regional collection facility.
- Made an additional commitment to mountain biking (An additional $190,000 in 2018/19, $100,000 in 2019/20 and $210,000 in 2020/21) as a grant for trail development and preparations to allow hosting of the Enduro World Series in Nelson in 2021.
- As well as the commitment above, Council also made changes to budgets for other cycle trails: Council brought forward Great Taste Trail funding of $204,000 for Council's contribution to the Tahunanui Beach to airport section from 2019/20 to 2018/19, approved $10,000 for a geotechnical report and design plan for the proposed off-road route between the Maitai Dam and the Maitai Camp, approved $50,000 in 2019/20 to develop the off road route between the Maitai Dam and the Maitai Camp, provided $50,000 in 2018/19 to renew the Dun Mountain Trail from Coppermine Saddle to the Maitai Dam and $50,000 in 2018/19 to reinstate the trail below the slip along the Maitai Pipeline. The capital expenditure share is subject to MBIE confirming 50% share of the project costs.
- Council brought forward the project to resurface the Saxton Field Athletics Track to 2018/19 and 2019/20.
- Council also moved the cycle path development at Saxton Field to commence in 2021.
- Included $20,000 as a contribution towards a new vessel for Coastguard Nelson.
- Brought forward the Stoke Youth Facility to commence in 2018/19 with construction in 2020/21.

- Directed staff to initiate consideration of the proposed Kohatu Motorsport Park as a potential facility through a future Regional Funding Forum.
- Agreed to look to cease grazing open areas at the Paremata flats reserve and transition towards maintaining remaining grass through management methods other than grazing.
- Allocated capital funding of $30,000 in each of the first three years of the Long Term Plan 2018-28 to improve the surface of fields at Neale Park.
- Council amended the charging bands for accommodation business rating to alleviate the rating burden on medium sized bed and breakfast operations.

In addition, several changes were made to the Long Term Plan to incorporate adjustments made to the Regional Land Transport Plan (RLTP), which arose following consideration of submissions to that document. These changes included:

- Renamed 'Hill Street Extension' to 'Saxton Growth Area' Project and included $450,000 operational funding and $15.6 million capital expenditure for Saxton Area Growth Transport Projects. With the investigation phase to be undertaken 2018/19 to 2020/21 and the design/consenting and construction phase 2022/23 to 2026/27.
- Increasing the capital budget for the bus terminus to $2.6m over five years commencing 2018/19.
- Increasing the Tahunanui Cycle Network capital budget from $2.0m to $2.9m spread out over three years.
- Including $250,000 per year for three years commencing 2018/19 for Travel Demand Management/Active Transport initiatives.
- Changing phasing of Marsden/Ridgeway intersection project to commence in 2018/19 with a budget of $700,000.
- Electronic bus ticketing.

The overall effect of the RLTP changes was to increase rates in each of the ten years of the Long Term Plan 2018-28. The increases for the first three years are 0.19% in year one, 0.22% in year 2 and 0.25% in year three.

There were a number of other smaller funding decisions, or requests for reports that are not included in the above list.

FINANCIAL STRATEGY

This section of the Long Term Plan outlines Nelson City Council's financial strategy for the next 10 years. Council must, under the Local Government Act 2002, manage its revenues, expenses and assets, liabilities, investments and general financial dealings prudently. It must manage these in a manner that sustainably promotes the community's current and future interests.

The Financial Strategy demonstrates how Council will:

- Provide for growth in its region and manage changes in land use
- Ensure that the level of rates and borrowing are financially sustainable and are kept within pre-set limits
- Be accountable for maintaining the assets that it owns on behalf of the community
- Fund network infrastructure and maintain levels of service
- Obtain pre-set returns on financial investments and equity securities
- Give securities on borrowing.

In preparing the Long Term Plan and this Financial Strategy, Council considered the balance of:

- Service levels, the costs of these services and the money required to achieve those levels of service
- Priorities for expenditure across all activities
- Setting rates and charges across the full 10 year period of this Long Term Plan and how to minimise these while achieving the targeted levels of service
- The level of debt that current and future ratepayers would need to fund
- The level of growth that is expected in the next 20 years and beyond.

Overall, Council considers this Long Term Plan to be financially sustainable and will provide the most important services to residents, businesses and visitors.

STRATEGIC DIRECTION OF COUNCIL

Council has developed a vision, priorities and community outcomes to guide decision making.

FACTORS THAT INFLUENCE HOW ACTIVITIES ARE FUNDED

The following factors are expected to have a significant impact on the Long Term Plan:

PROVIDING FOR EXISTING LEVELS OF SERVICE AND MEETING ADDITIONAL DEMAND

Council assessed the funding requirements to meet the levels of service set for each of its activities and considers that the capital and operating expenditure is sufficient to achieve the planned levels of service.

There are no activities that will have either an increase or decrease in levels of service over the 10 years of this Long Term Plan.

Major capital expenditure planned to maintain or increase levels of service includes the majority of projects in the following Council activities:

- Transport projects
- Water supply
- Wastewater
- Stormwater
- Flood protection

Major operating expenditure changes to maintain or improve levels of service include:

- Data collection and structure inspection/ maintenance in the transport activity
- Public Transport
- Monitoring of the environment
- City development

GROWTH AND CHANGES IN POPULATION

The number of people in Nelson and where they choose to live, and the growth in economic activity, directly affects the demand for land for development, infrastructure and the other services that Council provides. This growth underpins land use planning, infrastructure developments, where and when new services or facilities are required and how much things will cost. An increased number of ratepayers also helps to spread costs so that collectively a greater range of facilities and services can be afforded.

The assumptions section of the Long Term Plan describes Council's population estimates, which are based on an expectation that the population will grow by 6,100 between 2018 and 2028, to a total population of 58,200.

Council takes a generally conservative approach in applying population growth estimates in its infrastructure planning, using mid-range estimates, which are continually updated and revised as new data becomes available.

Council's intention is that the costs of growth be recovered through development and financial contributions, primarily from the development of subdivisions. Information on the amount expected to be collected from these sources is set out in the Development Contributions Policy, which can be found on Council's website.

Council is conscious of the many variables affecting the rate of development in Nelson. For the purposes of calculating income from Development Contributions we have taken a conservative approach. Rather than make the calculation on the basis of high growth, we have assumed a more modest amount in line with historical Development Contribution income figures, as the impact of growth and the timing of DC revenue do not necessarily directly align with the overall growth forecasts. The costs of meeting demand created by growth have been included in the Long Term Plan.

Growth rates will be reviewed when new population projections, based on the 2018 census, are provided by Statistics New Zealand.

Any variance between the budget and actual contributions received for each activity is stated in the Annual Report. In the short term, between Long Term Plans, any shortfall or surplus from Development Contributions are offset by borrowings (serviced by rates), these variances flow through to the three-yearly Development Contributions recalculations.

SUMMARY BY ACTIVITY OF GROWTH COMPONENT OF CAPITAL PROJECTS (2018/19)

Activity	$ per HUD[3] (exc GST)
NETWORK INFRASTRUCTURE	**$11,650**
Stormwater[1]	$3,230
Wastewater	$5,000
Water supply	$2,050
Transportation	$1,370
COMMUNITY INFRASTRUCTURE	**$280**
Community infrastructure	$280
RESERVES	**$1,160 + 40m2/HUD**
General reserves[2]	$1,160
Neighbourhood reserve land	40m2 land/HUD, or cash equivalent
Total	**$13,090**

LAND USE CHANGES

Although some of the increase in population can be met from improved and more intensive use of land already zoned for residential and business use, there is a requirement to provide further land for houses and businesses. A change in land zoning requires a change to the Nelson Resource Management Plan (NRMP) using processes set out in the Resource Management Act 1991.

Council is part way through a full review of the Nelson Resource Management Plan. That review is considering growth and includes focus on:

a) encouraging greater infill in existing residential areas (minimising the cost of growth)

b) enabling greater utilisation of space above

1 This includes flood protection capital projects that have a growth-related component within the stormwater collection and management development contribution, and where each relevant flood protection project is required, at least in part, to collect or manage stormwater run-off from developments or to protect developments from stormwater run-off.

2 General Reserves includes the land and the improvements to that land.

ground floor for residential activities in the city centre (minimising the cost of growth)

c) considering extended residential areas including in Atawhai, Marsden Valley and Saxton

Information on projects with a growth component is included in the schedules attached to the Development Contributions Policy.

OTHER FACTORS

In addition to those listed above, the following factors will also be important:

- **Urban area** - Nelson City Council covers a relatively compact urban area and a small rural area. This means that the funding of services is largely done by a general rate across the city rather than through rates targeted at separate communities
- **External factors** - These are factors outside Council's control that have an impact on how we fund our activities. For example, changes in road and transport funding provided by Central Government affect what projects Council carries out
- **Affordability** - Many residents have low incomes and rates affordability is an important focus for many households. Council looks for every opportunity to reduce costs while not setting back Nelson's progress
- **Goods and services** - The cost of goods and services that Council provides may increase at a higher rate than the Consumer Price Index (CPI). For example, roading costs are dependent on oil based products
- **Private/Public split** - Council aims to have costs and fees that are an appropriate reflection of the balance of individual benefit versus public good.

The consequences of these factors are:

- It is not financially sustainable for Council to provide all the services and activities wanted by the community at the same time. Therefore Council has to prioritise its work programme
- Council spent the last 12 months reviewing its work programme and services to prioritise the needs of the community
- Costs to maintain and deliver Council services will continue to increase in the foreseeable future, mainly due to inflation, managing infrastructure for growth and environmental improvement, interest, and other operating costs associated with capital expenditure.
- Some projects that have a lower priority, but were included in the previous Long Term Plan 2015 – 2025, have been removed. These are:
  - Wakapuaka Sandflats development $289,672
  - Saxton Field Football training ground drainage $270,328
  - Newmans walkway link $149,108
- Two projects have been removed as the services are expected to be provided through different methods. These are:
  - Renewal of Close Circuit Televisions (CCTVs) $109,680 (these are proposed to be contracted out)
  - Development of the Recycling Process Building $342,911 (recycling is now being undertaken at the TDC facility in Richmond)

Figures are from year four onwards of the 2015 Long Term.

FINANCIAL PRUDENCE

Council is required under the Local Government Act 2002 to ensure each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses, i.e. Council must demonstrate financial prudence. Council may set projected operating revenues at a different level from that required, if Council resolves it is financially prudent to do so.

In assessing a financially prudent position, consideration is given to:

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the Long Term Plan. This includes the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life
- The funding and financial policies and this Financial Strategy.

During the development of the draft Long Term Plan, Council considered how to balance its existing asset renewal programme, increased levels of service and providing for growth.

DEPRECIATION AND RENEWALS

Council notes that depreciation is greater than renewals and appreciates that this position is not sustainable in the long term. Council's current approach is to repay debt using funding for depreciation, and Council acknowledges that borrowing for renewals will need to be made when this is required.

Council's Infrastructure Strategy shows operating expenditure of $710 million over the 20 years from 2029-2048, and capital expenditure of $935 million over the same period. A significant renewal project is the water pipe renewal programme, at total estimated cost of $95 million for the 30 years from 2018. Although these are outside the time period of this Financial Strategy, Council intends to ensure that these important infrastructure projects can be funded by drawing on depreciation reserves (funded by debt).

SUMMARY OF PLANNED 10 YEAR FINANCIAL PERFORMANCE

As part of the process of developing the draft Long Term Plan, Council considered the key issues and what could be done about them. Council looked at what to do to meet expected population growth, to enhance the environment, and to meet the community's social and cultural needs. Council then prioritised the potential activities and projects.

The financial information in the Long Term Plan reflects the activities and projects Council identified as priorities, and is planning to deliver over the next 10 years, while keeping within its limits for rates increases and borrowing.

Council is forecasting capital expenditure of $480 million, of which $144 million would be for renewals, and operating expenditure of $1,254 million over the 10 years of this Long Term Plan. Council's total income, after inflation, would increase from $122 million in 2018/19 to $160 million in 2027/28, Year 10.

RATES, OVERALL INCREASE IN RATES REQUIRED AND RATES INCREASE LIMIT

Council has to weigh up requests for more and improved services with keeping rates and charges affordable.

According to what is included in the Long Term Plan, average overall increase in rates required in the first three years, adjusted for the impact of growth, will be 3.8%, 3.9%, and 3.4%, respectively. Over the following seven years, the overall increase in rates required including growth would average 2.4%.

The reduction in the commercial differential changes the distribution of the rates but not the overall average.

This increase includes an assumption of 1.00% growth in the rating base in each year of the Long Term Plan.

The rates rises are greater than the predicted rate of inflation in some years, reflecting:

- Cost increases faced by Council, particularly for insurance and construction, which are projected to increase at a higher rate than the Consumer Price Index
- Depreciation and interest payments – an increased capital expenditure programme will mean that there will be a corresponding increase in depreciation and interest charges
- An increased work programme, including changes arising from new central government policies, e.g. Environmental Policy Statements, and community expectations.

While Council will continue to consider affordability issues when setting rate levels each year, it is required by the Local Government Act to 2002 to include a statement on quantified limits on rates and rates increases. Council will limit the increase in Council's 'Total Rate Requirement'[3] to no more than the forecast[4] percentage increase of the Local Government Cost Index (LGCI) plus 2% in each of the 10 years, including an assumption of a 1% rating base growth per year. Using the LGCI rather than Consumer Price Index (CPI) is considered to be more realistic as LGCI reflects the realities of higher local government costs - the cost of doing Council business.

From time to time, Council will need to increase the level of service that it is providing to meet, for example, community expectations.

Individual properties may experience smaller or larger increases depending on movements in property values, the services received and location. Council has set a limit of $105 million per year for the total rate requirement over the 10 years of this Long Term Plan.

3 The 'Total Rate Requirement' includes both general and targeted rates such as water, wastewater, stormwater and flood protection

4 As provided by Business and Economic Research Limited (BERL).

TOTAL RATES AND DEBT

GENERAL RATES, TARGETED RATES, TOTAL RATES AND TOTAL NET DEBT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
General Rates	45,657	47,151	49,434	51,787
Targeted Rates (Water, stormwater, wastewater)	24,696	26,438	27,794	28,905
Total Rates	70,353	73,589	77,228	80,692
Total Net Debt	118,948	109,940	121,470	147,068

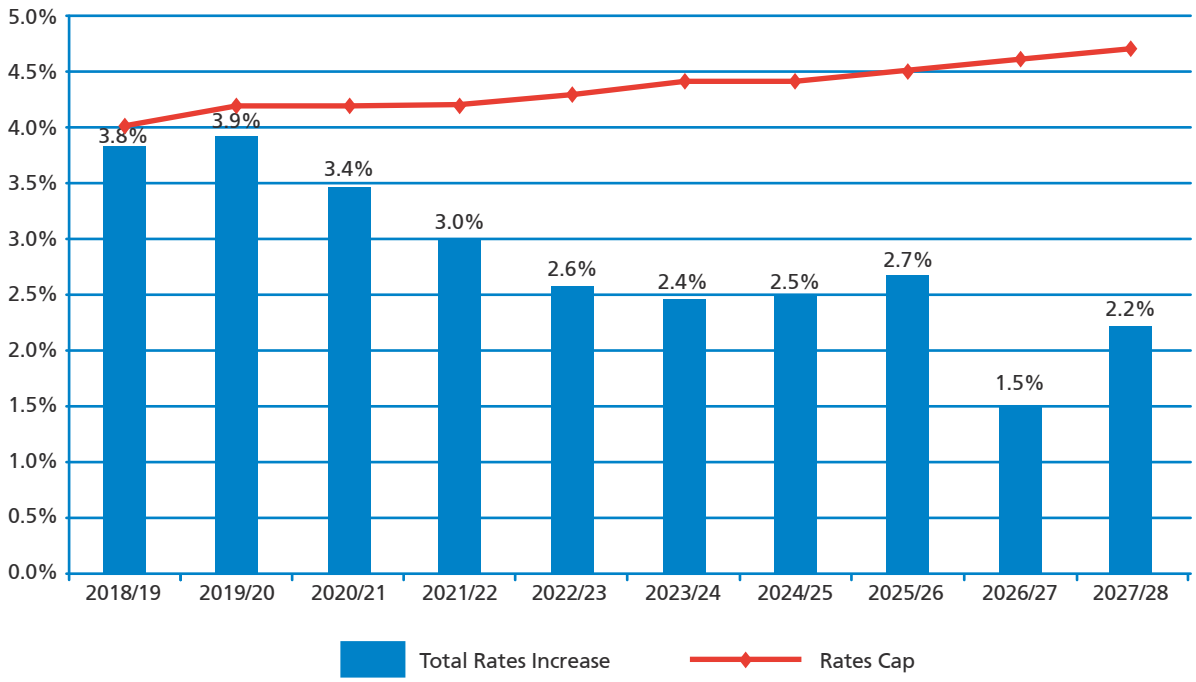
NET DEBT, DEBT/REVENUE RATIO, RATES AND RATES CAP

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Net Debt	118,948	109,940	121,470	147,068
Debt/Revenue Ratio	112.7%	98.6%	105.1%	123.0%
Actual Rates increase	2.8%	3.8%	3.9%	3.4%
Rates Cap		4.0%	4.2%	4.2%

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
53,482	55,520	57,221	58,934	61,018	62,346	64,414
30,459	31,432	32,748	34,179	35,532	36,682	37,853
83,941	86,952	89,969	93,113	96,550	99,028	102,267
163,418	172,444	183,952	186,371	186,310	180,020	181,847

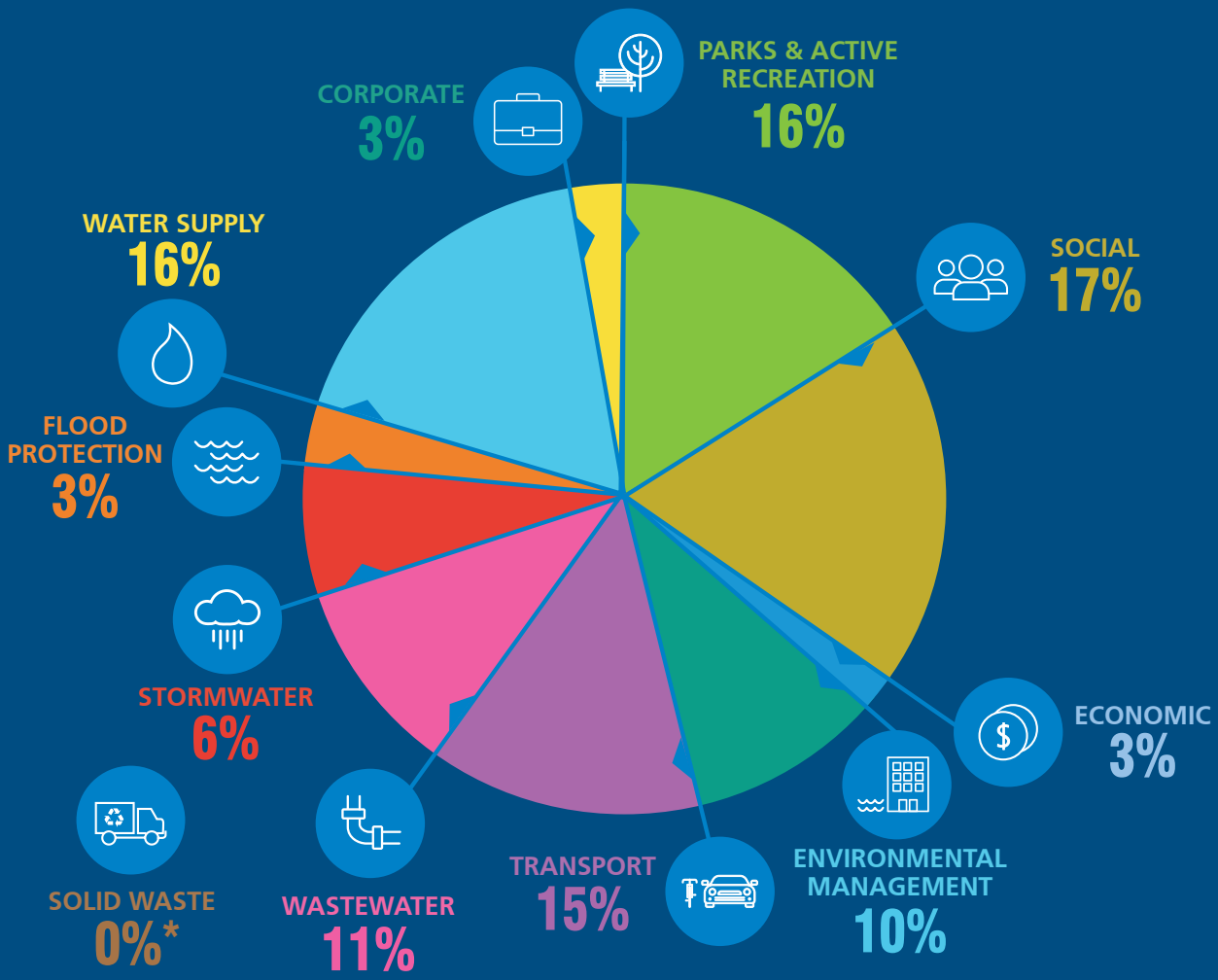
Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
163,418	172,444	183,952	186,371	186,310	180,020	181,847
130.4%	134.2%	136.8%	135.3%	130.0%	126.4%	123.5%
3.0%	2.6%	2.4%	2.5%	2.7%	1.5%	2.2%
4.2%	4.3%	4.4%	4.4%	4.5%	4.6%	4.7%

ANNUAL RATES INCREASE VERSUS RATES CAP



WHERE THE MONEY WILL GO

The following diagram shows the proportion of rates anticipated to be collected for Council services over the next 10 years. See the individual activity sections to see what services are provided under each activity.

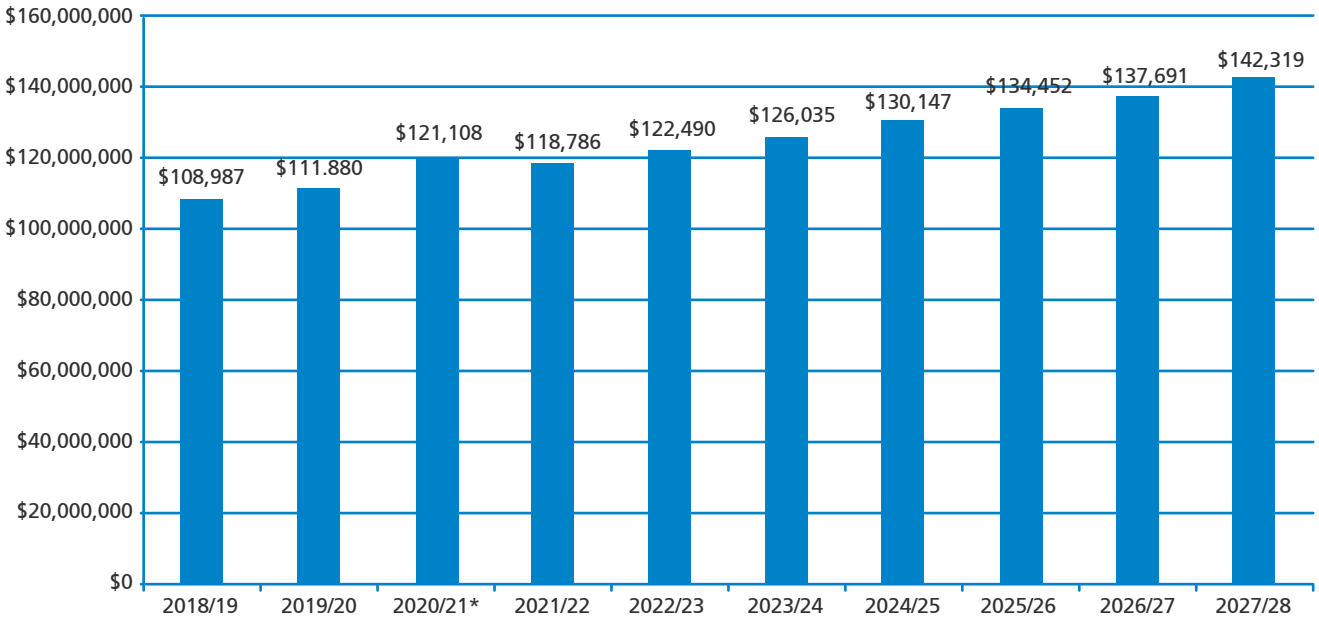


Note: this pie chart does not match the rates requirement for all activities as many activities such as building and resource consents have income from fees and charges.

**Solid waste costs are user pays and not rate funded.*

Total operating expenditure is budgeted to increase from $109 million in 2018/19 to $142 million in 2027/28, a 31% increase including inflation over the ten years of the Long Term Plan. This is shown in the following graph.

ANNUAL EXPENDITURE (000s)



FUNDING EXPENDITURE

Council funds operating expenditure from the following sources:

- Council levies fees and charges or targeted rates on the basis of direct user pays for the benefit received, however in some cases targeted rates are levied as a proxy for direct user pays
- Where Council is providing services that are part of national programmes or the Government provides subsidies to Council to provide certain services, then Council will claim for these government grants / subsidies
- Other sources of funding include interest and dividends received, and other operating revenue such as rent received
- A general rate where there is a deemed general benefit across the city.

Each activity uses different sources of funding depending on the services it delivers. All operating costs are funded with the exception of some minor assets and depreciation on the NZ Transport Agency share of subsidised transport projects, which are funded by NZTA directly.

Council may choose to not fully fund operating expenditure in any particular year if the deficit can be funded by operating surpluses in the immediately previous or later years. An operating deficit will only be budgeted where it would be beneficial to avoid large fluctuations in rates, fees or charges and would be made up in prior/subsequent years.

MANAGING RISKS FROM NATURAL HAZARDS

An extra $3.25 million total funding across the 10 years of the Plan has been added to Council's Disaster Recovery Fund with a view to having the Fund in a more robust position at the end of the period. An extra $150,000 is included in 2020/21, climbing to $500,000 in 2023/24. The Fund is currently carrying debt from the December 2011 event but this extra funding would take the balance at Year 10 to $12.5 million compared to $9.9 million.

The timing of these events in future cannot be known, and Council have not assumed any withdrawal from this fund over the 10 years of the Long Term Plan. However, Council accepts that it is likely that withdrawals from this fund will be necessary over the upcoming ten years. If that should be the case and if the balance of the fund at that time is insufficient, Council has the ability to borrow the shortfall which would be repaid from the fund in future years. Council may reconsider, from time to time, the amount

transferred to this fund from rates, particularly if a significant event should occur. It is important to note that even with the reserve built up to the desired level, Council will continue to hold appropriate levels of insurance for assets.

BORROWING

Capital expenditure is funded in the following priority order:

- Financial Contributions and Development Contributions, if a growth project
- Grants and subsidies, for example from NZ Transport Agency, Tasman District Council, or community groups
- Cash surpluses after meeting the costs of renewals expenditure, which arise from Councils funding of depreciation
- Loans.

Because the level of borrowing is planned to increase, the management of interest costs is very important.

Council Treasury Policy includes the Investment and Liability Management Policies. These are published separately and are available on Council's website. Council has determined maximum amounts and limits of debt.

The borrowing limits table shows a comparison of the limits in the Treasury Policy compared with those set in this Long Term Plan. The policy limits were determined in association with Council's bankers and Treasury Adviser. The table also shows that Council is operating within the guidelines contained in the Treasury Policy.

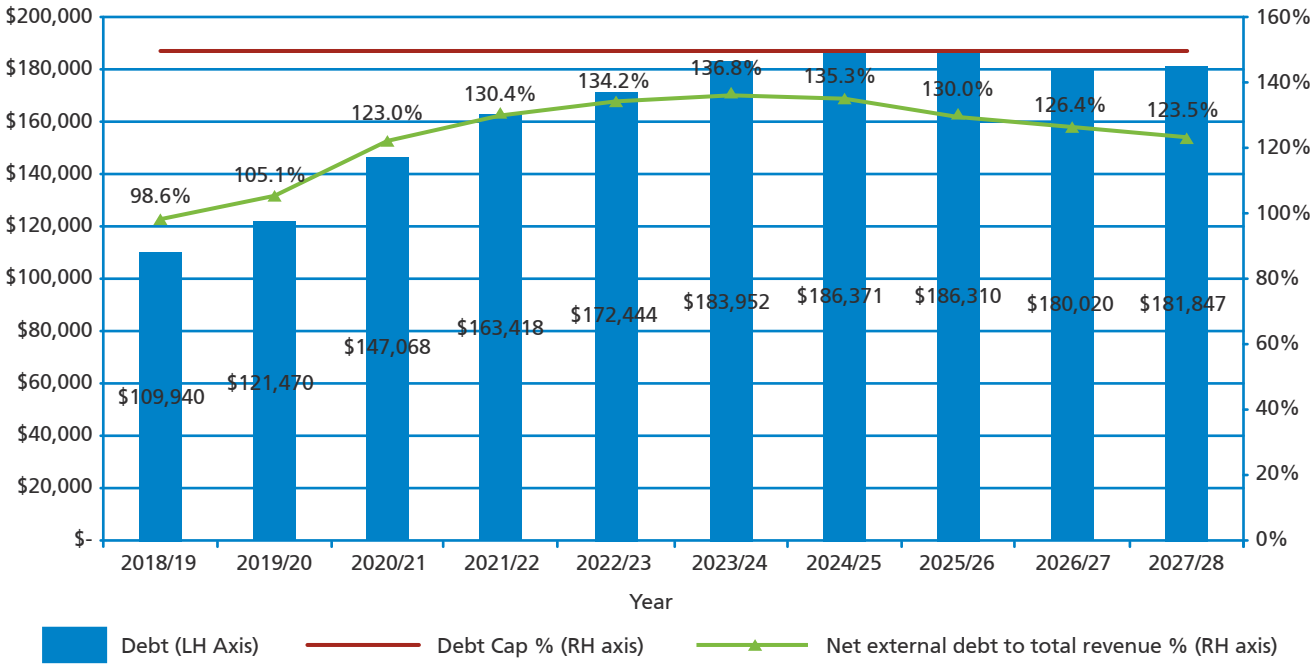
BORROWING LIMITS

The borrowing limits are set as:

- Net external debt[1] not to exceed 150% of total revenue[2] % (see graph below)
- Net interest expense on external debt as a % of total revenue to be less than 15%
- Net interest expense on external debt as a % of total rates income to be less than 20%

The following graph shows that Council's net external debt is not expected to exceed 150% of total revenue for all ten years of the Long Term Plan.

ANNUAL DEBT VERSUS DEBT CAP (000s)



1 Net external debt is defined as total debt less cash deposits.

2 Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, and excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment.

The table below shows the net debt, and debt to revenue, interest on external debt to revenue, interest on external debt to rates income over the life of this plan so that they can be compared to the limits set. NOTE: For readability the following table is also included at the end of document.

NET DEBT, NET EXTERNAL DEBT, AND NET INTEREST EXPENSE AS A % OF TOTAL RATES INCOME

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Net Debt	118,948	109,940	121,470	147,068
	%	%	%	%
Net external debt not to exceed 150% of total revenue	112.7%	98.6%	105.1%	123.0%
Net interest expense on external debt as a % of total revenue to be less than 15%	4.4%	4.5%	4.8%	5.2%
Net interest expense on external debt as a % of total rates income to be less than 20%	6.6%	6.8%	7.1%	7.7%

In 2012, after consultation, Nelson City Council became a Guaranteeing Local Authority in the Local Government Funding Agency (LGFA). Access to the LGFA means Council is able to achieve a lower cost of borrowing, and therefore funding. Council must ensure that its interest to rates revenue ratio is below 30% in order to retain the ability to borrow through LGFA.

To fund the capital works programme in this Long Term Plan, net borrowings would peak at $186 million during 2024/25. The borrowing programme is within the three limits imposed under the Liability Management Policy (and outlined above). The Liability Management Policy is available on Council's website.

Although interest rates are currently low, Council has budgeted for the average interest rate paid on its loans to increase over the 10 years of this Long Term Plan within a range between 4.19% and 4.94%.

Base interest rate assumptions use the most recent Reserve Bank of New Zealand 90 day bank bill rate forecasts and long term historical 90 day bank bill averages. Council's all-up interest rate cost includes the current fixed rate borrower swap hedge portfolio and assumptions regarding future credit margins. In addition to obtaining lower rates for borrowing through the Local Government Funding Agency, Council manages the cost and risk of borrowing through its Liability Management Policy, which requires a spread of terms for loans so that they do not have their interest rates reviewed at the same time, when interest rates may be high.

INVESTMENTS

Nelson City Council has a portfolio of investments comprising:

- Equity investments.
- Asset investments.
- Associated organisations.

Council's Investment Policy is published separately and available on Council's website. It contains information on the reasons for holding these investments.

Council's main investments are shareholding of Council Controlled Trading Organisations, commercial property and forestry investments. A list of these investments and the targets for returns on these investments is set out below.

It is acknowledged that in cash terms the investments of Port Nelson Ltd, Nelson Airport Ltd, and the Civic Financial Services Limited will return less than Council's overall objective of receiving a return equal to or greater over time than the average costs of Council borrowing. Council will review the expected return on investments prior to the 2021-2031 Long Term Plan.

INVESTMENT	TARGET RETURN
Port Nelson Limited	6% on average shareholder funds
Nelson Airport Limited	5% on opening shareholder funds
Nelmac Limited	7% on closing shareholder funds
Civic Financial Services Limited	No return on shareholders' funds

Council also has approximately 546 hectares of commercial forestry which generate a return, while providing recreational opportunities.

	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)	Limit
	163,418	172,444	183,952	186,371	186,310	180,020	181,847	
	%	%	%	%	%	%	%	
	130.4%	134.2%	136.8%	135.3%	130.0%	126.4%	123.5%	<150%
	6.3%	6.8%	7.0%	7.3%	7.3%	7.5%	7.3%	<15%
	9.3%	10.0%	10.4%	10.8%	10.8%	10.8%	10.5%	<20%

SECURITIES FOR BORROWING

Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally or 'pari passu' with other lenders, which means on equal terms in all respects, at the same rate, or proportionately.

From time to time, with Council and Trustee approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset that it funds, for example an operating lease or project finance.
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

VARIATION BETWEEN THE LONG TERM PLAN AND ACTUAL RESULTS

Actual financial results achieved for the period covered by the Long Term Plan may vary from the information presented and the variations may be material.

This means that, while Council will do its best to keep to what is set out in the Long Term Plan, there are legitimate reasons why the final results in the Annual Report at the end of each financial year might be different. Variables include unanticipated changes in interest rates or market conditions. The Long Term Plan can only be a best estimate of the costs Council will face. Factors outside its control can affect project completion.

COUNCIL ACTIVITIES

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

COUNCIL ACTIVITIES

Council structures its work programme around eleven activities:


TRANSPORT


WATER SUPPLY


WASTEWATER


STORMWATER


FLOOD PROTECTION


SOLID WASTE


ENVIRONMENT


SOCIAL


PARKS AND ACTIVE RECREATION


ECONOMIC


CORPORATE

If you are interested in finding out more about a particular project this section is a good place to start. The key projects and budgets for the 10 years of this Plan are included in the relevant activity sections.

What has changed since the 2015 Long Term Plan? Solid waste has moved from within the Environment activity and is now a stand-alone activity, recognising the joint landfill operation with Tasman District Council. Civil defence emergency management has moved from the Environment activity to Corporate, which is a more appropriate location. Capital expenditure for central business district enhancement is included in the Economic activity, which is the activity these projects most directly contribute to.

The activity sections are set out in a consistent way. There is a brief description of what each activity covers - **what we do**. Then follows discussion of the rationale for Council's involvement - **why we do it**. The **challenges** Council faces in delivering the activity are next and then the **priorities** give more detail on key projects. The **service levels** explain the standard to which Council aims to deliver and how it measures progress towards targets.

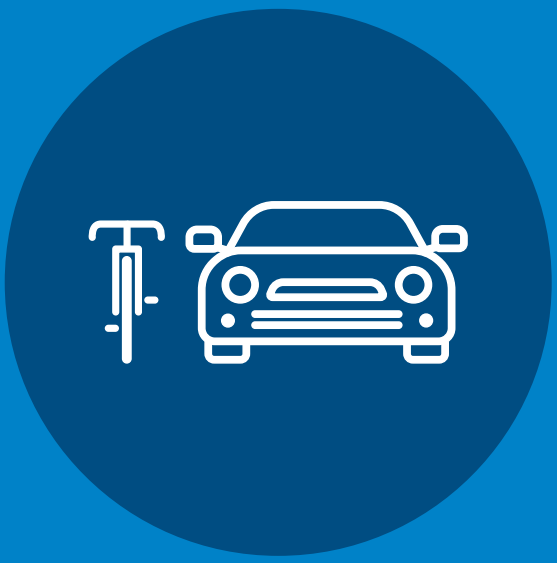
The **drivers of capital expenditure** show where the main capital costs lie. **Assumptions** specific to that activity are followed by a section on **impacts and risks** of the activity and how those risks are mitigated.

At the end of each section is the relevant **summary financial information** that sets out the forecast budget for the next 10 years.

STREET LIGHTS
TRAFFIC SIGNALS
PARKING CONTROL
BRIDGES
DATA COLLECTION
ROAD SAFETY
PUBLIC TRANSPORT

TRANSPORT

SEALED & UNSEALED ROADS
CYCLE LANES
CULVERTS
ROAD SIGNS
FOOTPATHS & CYCLEWAYS
CITY PARKING



RETAINING WALLS
TECHNOLOGY CHANGE
TRAFFIC CONTROL
ON & OFF STREET PARKING

WHAT WE DO

Council provides transport infrastructure for Nelson city, including the roads and paths used for driving, parking, cycling and walking. Services include road safety, traffic and parking control, and public transport.

WHY WE DO IT

Council aims to provide a transport network, now and into the future that enables the safe and efficient movement of people and goods throughout Nelson. Enabling regional freight and tourism movements is essential for economic wellbeing and the city's amenity. A well-designed transport system is critical to creating a liveable city.

Council aims to minimise the risk of transport disruption as a result of:

- natural hazards such as earthquakes and flooding
- increasing traffic movements and congestion
- road maintenance and renewals.

CHALLENGES

NATURAL HAZARDS AND CLIMATE CHANGE

The transport network is essential for all other utilities to get up and running rapidly after a disaster, so needs to be resilient to natural hazards such as earthquakes and flooding and the consequences of climate change such as storm surge and coastal inundation. Council responds to this challenge by focusing resources on maintaining and developing alternatives routes to arterial roads, emergency response and repair and integrating the Civil Defence Emergency Management Lifelines Plan into the Transport Asset Management Plan. Council has a robust inspection and renewals programme to ensure Council gets the best value for money for its transport assets.

EXISTING NETWORK CAPACITY

An increase in tourism and commercial vibrancy has seen growth in the number of car and freight users and additional demands on the existing road network including the primary freight corridors to Port Nelson and the airport. Council has a Regional Transport Plan with Marlborough and Tasman District councils that prioritises transport projects and responds to this and other challenges. A key project is to progress the Nelson Southern Link Investigation to better understand the appropriate response to increasing levels of congestion and forecast growth, in tandem with the Rocks Road walking and cycling project. Other projects are a partnership with our neighbours and the New Zealand Transport Agency that consider the best form, function and hierarchy of the Richmond and Stoke South transport network, and improvements to the safety and resilience of the SH6 Blenheim to Nelson route.

RENEWAL FUNDING

Over recent years Council has significantly increased its investment in looking after and renewing its existing assets with the main areas of increased expenditure on sealed road resurfacing and the replacement of bridges and retaining walls. However, there is some uncertainty over the New Zealand Transport Agency's level of co-investment in these renewal activities, which will not be resolved until after this Plan is completed. Council responds to this challenge by having a prioritised renewals programme based on improved monitoring and data analysis to identify where the focus is most needed. NZTA have recently signalled their intention to co-fund footpath renewal, maintenance and construction. Council will investigate opportunities to secure this co-funding. We regularly update and assess the Road Asset Maintenance Management database.

GROWTH

The Infrastructure Strategy considers how we will provide and pay for infrastructure to enable growth, and explores opportunities to reduce these costs. To support the growing city, Nelson needs infrastructure that is able to readily adapt to changes in demand. The biggest challenge is to provide a transport network that is safe, enables economic development and allows residents to travel efficiently day to day. Unfortunately, increasing congestion due to limitations in the network is constraining growth, increasing travel times, limiting other travel options and causing safety concerns.

The approach in the 2018 Infrastructure Strategy for Transport includes:

- implementing projects that improve safety, enable growth and improve travel time reliability on key journey routes
- investing in initiatives that provide and promote transport choice
- integrating the outcomes of the Southern Link Investigation with the local network, as the project proceeds
- adopting new technology where it helps us solve issues or meet objectives.

In addition to the money collected by Council through development contributions, more funding is required to cater for the transport demands associated with population growth and development and to help ensure the region has a well-designed transport network that supports a liveable city. Better data collection and analysis, monitoring of demand and growth assumptions and road surface issues will help Council plan for and respond to growth. The Top of the South councils, in partnership with the New Zealand Transport Agency, have collaborated to develop a joint Regional Land Transport Plan that aims to provide the community with an efficient, safe and resilient road network.

The key problems and benefits from solving those problems that face land transport in the Top of the South were collaboratively determined. The following key problems were identified for a coordinated response:

- Constraints on the transport network are leading to delays affecting freight, tourism, business and residential growth
- Lack of redundancy, limited alternative routes and susceptibility of the network to the impacts of climate change and high impact natural hazards increases the risk of losing community connectivity and impacting the economy
- Roads and footpaths do not currently meet the needs of our ageing population, walkers and cyclists thereby creating barriers to those wishing to use alternative modes of transport.

THE NELSON SOUTHERN LINK INVESTIGATION AND SH6 ROCKS ROAD WALKING AND CYCLING PROJECT

To support this growing city, Nelson needs a transport network that is safe, resilient, enables economic development, supports our tourism industry and provides our residents with choices on how they travel day to day. Unfortunately, increasing congestion is limiting our ability to create a liveable city and to see our region thrive. Our monitoring data shows the problems experienced during peak times are now extending into off-peak times in the morning and afternoon.

Port Nelson is the region's maritime gateway but the movement of freight to and from this key economic hub is hampered by delays due to congestion. Our waterfront has the capacity to be a world class visitor attraction, but is compromised by the heavy vehicles and traffic it currently has to accommodate.

Furthermore, Rocks Road functions as a vital lifelines route but is at risk from increasingly frequent severe weather events.

It is important that residents and visitors to the city can enjoy the waterfront, including if they wish to walk or cycle. Cycling is increasingly important as more and more people come to the region to experience the Great Taste Trail and begin or end their cycling experience with time in our city. Council wants to encourage these environmentally friendly modes of transport and needs a network that supports this.

Council supports the Nelson Southern Link Investigation continuing and indeed it is essential that we make progress on this project if we are to address problems in the transport network and make the most of the opportunities to support businesses, residents and visitors.

Accordingly the Regional Land Transport Plan includes funding for the preparation of the Detailed Business Case (years 2018/19 and 2019/2020) as well as pre-implementation work (years 2020/21 and 2021/22). This is a New Zealand Transport Agency led project but Council is seeking progression of the Nelson Southern Link Investigation and SH6 Rocks Road Walking and Cycling projects as soon as practical. $574,000 in 2020/21 and $117,000 in 2021/22 has been budgeted as the Council's contribution to the SH6 Rocks Road Walking and Cycling Project.

TECHNOLOGY

Technological change will result in new, currently unknown demands on the transport network to support ride and car share apps and the use of driverless cars. Council wants to do more work in coming years to respond to this change. There are opportunities to use new technology to manage parking demand, encourage more use of electric bikes and cars, trialling and use of autonomous vehicles, and for Nelson to lead the change to a transport system that meets the needs of an ageing population.

Our existing bus ticketing system, is nearing the end of its technological life cycle and a replacement system is needed as soon as possible. A consortium of nine regions has agreed to work together to jointly procure an interim single ticketing solution that will meet immediate ticketing needs for bus services only. This interim solution is expected to be in place for about five years until it is replaced by a New Zealand Transport Agency-driven National Ticketing Programme solution for all of New Zealand's local government public transport providers.

COMMUNITY OUTCOMES

Council's transport activity contributes primarily to the following community outcomes:

- Our urban and rural environments are people-friendly, well planned and sustainability managed
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our communities have access to a range of social, educational and recreational facilities and activities
- Our region is supported by an innovative and sustainable economy
- Our unique natural environment is healthy and protected

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- Improving **collection and analysis of data** to inform future decision making and prioritisation at $6.1 million over the 10 year period
- **City Parking** – Council has retained the first hour free parking with subsequent fees to increase to $2 per hour to raise additional funding to support the CBD
- **Stoke foothills road network** – As part of a wider investigation of priorities for required transport projects over the ten years of this Plan
- **Bridges and retaining walls** – Inspection, maintenance and renewal programme to ensure resilient structural infrastructure. $10.5 million has been allocated over the Long Term Plan
- **Re-sealing programme** – Council's priority is to ensure an appropriate level of service, making sure the road pavements are kept waterproofed, and to maintain safety through required skid resistance levels. $13 million has been allocated across the ten year work programme
- **Investment in roads** - Integration of the local network with any transport solutions flowing from the Nelson Southern Link Investigation to ensure the city has an effective arterial network which includes state highways and securing New Zealand Transport Agency funds for our region
- **Cross town links** – $1.9 million has been allocated to improve central city cycling and walking facilities, including along Nile Street
- The **Tahunanui cycle network** – planned programme of works for implementation by 2020/21at a cost of $2.9 million
- A **Stoke East/West connection** to improve cycling and walking routes from the Stoke foothills into central Stoke and the Railway Reserve. This is an integrated project with planning beginning in 2020/21 and construction completed by 2024/25
- Repainting of the **Collingwood St bridge** is planned for 2019 at a cost of $350,000
- The **continuation of the footpath programme** with $800,000 per year to renew footpaths
- The **parking meter renewal project**, will provide a study into smarter options for parking in the CBD.
- CBD **Bus Terminus**, $2.6m over 5 years commencing 2018/19
- **Travel Demand Management and Technology**, $250,000 per year for 3 years commencing 2018/19,
- **Public Transport**, $10,000 to undertake ratepayer surveys in Year 1.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
A safe road network	Change from the previous financial year in the number of fatalities and serious injury crashes on the local road network	2016 - 15 serious injury crashes and one fatality 2015 – 11 serious injuries 2014 – 10 serious injuries	One fewer fatality and serious injury crashes on the local road network compared to previous year	Zero fewer fatality and serious injury crashes on the local road network compared to previous year	One fewer fatality and serious injury crashes on the local road network compared to previous year	Between year 4 and year 10 = five fewer fatality and serious injury crashes on the local road network

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Smooth sealed road network	Average quality of ride on a sealed local road network, measured by smooth travel exposure by One Network Road Classification	90% in 2016/17, 92% in 2015/16 (target 87% in 2015/16 and 2016/17)	The following Smooth Travel Exposure targets are not exceeded, in each year: One Network Smooth Travel Exposure Target Road Classification Regional 90% Arterial 85% Primary Collector 80% Secondary Collector 80% Access 75% Low Volume 75%			
Maintenance of sealed local road network	Percentage of the sealed local road network resurfaced	5.6% in 2016/17, 7.4% in 2015/16, 4.8% in 2014/15	Not less than 3% and not more than 8.5% (in length) is resurfaced, in each year			
Good quality smooth footpath surface	Percentage of footpaths that fall within the level of service standard for condition of footpath, as in Asset Management Plan (i.e. has a condition rating of no greater than 3)	93% of footpath network with condition rating of 3 or less, 95% in 2014 (only two surveys to date)	95% or more of the footpath network by length has a condition rating between 1 and 3 (1-excellent/3-good/5-very poor)			
Accessibility - Providing transport choices via public transport and, Efficiency – Maximise movement of people via public transport	NBus patronage transport choices via public transport and, Efficiency – Maximise movement of people via public transport	2014/15 415,326 annual number of passengers 2015/16 414,212 annual number of passengers 2016/17 426,237 annual number of passengers	An increase to at least match a 4% increasing trend over time, from a baseline of 2017/18			
Efficiency – Maximise movement of people via walk and cycle modes	Percentage of the community that travel to work by walking or cycling as measured in the residents survey	2013 Census - 18.3% of commuters made up of walker/ joggers 9.6%, cyclists 8.7%. 2016 Residents Survey - 21% walked or cycled. 2017 Residents Survey - 19% walked or cycled.	20% combined of all journeys to work by walking or cycling	20% combined of all journeys to work by walking or cycling	21% combined of all journeys to work by walking or cycling	25% combined of all journeys to work by walking or cycling in each year
Responsiveness to service requests	Percentage of customer service requests relating to roads and footpaths to which Council responds within five working days	78% in 2016/17, 82% in 2015/16	80% of service requests responded to within five working days			

DRIVERS OF CAPITAL EXPENDITURE

The main capital expenditure drivers for the region over the next three years are:

- ensuring a resilient and innovative transport network
- planning integrated and sustainable developments to respond to population growth and ageing population needs
- walking and cycling projects to encourage communities to be more active

A proportion of capital expenditure will be allocated from regional funding, as explained in detail in the Regional Land Transport Plan.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, the following specific assumptions apply to Council's transport activities. It is assumed that:

- National and regional funding identified in the Regional Land Transport Plan will be supported in the National Land Transport Programme
- New Zealand Transport Agency financial assistance rates will increase from the current 49% to 51% in 2018/19
- Integration of the outcomes of the Nelson Southern Link Investigation project with the local road system has not been included but a detailed business case is planned to be completed by NZTA by 2019/20 with implementation to follow
- Tasman District Council will contribute $89,000 per year to the Nelson / Richmond passenger transport service and $84,000 to the total mobility service
- The patronage of public transport will continue to meet Council's 45 – 55% target for Fare Box Recovery and this proportion will enable Council to continue to support the public transport level of service
- The public transport SuperGold central government bulk funding allocation will reimburse total costs incurred by Council for administering the scheme
- Energy prices will not increase or decrease significantly over the next three years with a consequent effect on vehicle use or shifts to other modes of transport. (This may need to be reviewed due to current increases in fuel prices).
- Tasman District Council will continue to promote free parking in Richmond
- Parking meter revenue is collected at a level of approximately $637,000 each year
- Free parking for the first hour will continue over the period covered by this Long Term Plan, with an increased rate of $2 per subsequent hour.

IMPACTS AND RISKS

- Since 2014 there has been a continued upward trend of increased traffic volume along some of our main arterial routes such as Main Road Stoke and Waimea Road. The traffic volume trend is being monitored to inform future capacity requirements. Council is developing better localised traffic modelling capabilities and is working with NZTA on arterial models. The Nelson Southern Link Investigation updated the Regional Transport Model in 2015/16 to better understand future regional and arterial traffic demand
- Following the recent significant growth in traffic volume, Council has subsequently received complaints during the morning and afternoon peaks about the routes that provide an alternative to the arterials of SH6 and Waimea Road. This traffic that is avoiding the arterial routes is typically known as "rat running". Customer complaints often express a concern for safety due to the rat running traffic often travelling fast as well as a loss of amenity from increased traffic noise
- Access to ongoing NZTA funding will require Council to develop a better understanding of its transport assets and specific asset deterioration curves. Our understanding of carriageway surface ages and conditions has recently improved enough to know that there is a backlog in road surface renewals. This cost is being spread to catch up over a 10 year period; this should reduce the annual cost on average
- The outcome of the Nelson Southern Link Investigation may have an impact on Rocks Road retaining its current state highway status. Any proposal to make Rocks Road a local road would be subject to negotiations with NZTA
- Incompatibility of users on some parts of the network. For example, the issue of narrow footpaths and the safe travel of mobility scooters has been mitigated through the construction of the wider, smoother and flatter footpaths in acknowledgment of the ageing population.

NELSON CITY COUNCIL TRANSPORT FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	10,927	11,025	11,304	12,063
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	2,388	3,345	3,129	3,229
Fees and charges	599	1,432	1,456	1,480
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,909	1,829	1,852	1,876
Total Operating Funding	**15,823**	**17,631**	**17,741**	**18,648**
Applications of operating funding				
Payments to staff and suppliers	9,749	12,120	12,091	12,781
Finance costs	134	0	0	0
Internal charges and overheads applied *	1,134	824	799	811
Other operating funding applications	0	0	0	0
Total applications of operating funding	**11,017**	**12,944**	**12,890**	**13,592**
Surplus (Deficit) of operating funding	**4,806**	**4,687**	**4,851**	**5,056**
Sources of capital funding				
Subsidies and grants for capital	4,728	3,985	3,938	4,855
Development and financial contributions	195	313	318	323
Increase (decrease) in debt	4,009	(249)	(176)	1,443
Gross proceeds from sale of assets	23	25	26	27
Lump sum contributions	0	0	0	0
Total sources of capital funding	**8,955**	**4,074**	**4,106**	**6,648**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	629	602	300	1,304
- to improve level of service	10,009	4,112	4,300	6,306
- to replace existing assets	3,123	4,047	4,357	4,094
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	**13,761**	**8,761**	**8,957**	**11,704**
Surplus (Deficit) of capital funding	**(4,806)**	**(4,687)**	**(4,851)**	**(5,056)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
11,986	12,739	13,269	14,056	14,778	15,369	16,007
0	0	0	0	0	0	0
3,150	3,389	3,411	3,536	3,581	3,662	3,929
1,505	1,532	1,560	1,589	1,620	1,652	1,686
0	0	0	0	0	0	0
1,903	1,929	1,958	1,988	2,020	2,053	2,089
18,544	**19,589**	**20,198**	**21,169**	**21,999**	**22,736**	**23,711**
12,290	12,873	13,042	13,466	13,775	14,069	14,736
0	0	0	0	0	0	0
954	1,130	1,285	1,487	1,696	1,822	1,819
0	0	0	0	0	0	0
13,244	**14,003**	**14,327**	**14,953**	**15,471**	**15,891**	**16,555**
5,300	**5,586**	**5,871**	**6,216**	**6,528**	**6,845**	**7,156**
6,009	5,393	8,015	7,546	8,516	4,754	5,317
328	334	340	346	352	359	366
3,388	2,887	3,868	3,921	2,813	(938)	51
28	0	0	0	0	0	0
0	0	0	0	0	0	0
9,753	**8,614**	**12,223**	**11,813**	**11,681**	**4,175**	**5,734**
3,211	3,566	7,810	8,209	7,293	2,242	1,175
7,363	5,725	5,401	4,290	5,169	3,250	6,262
4,479	4,909	4,883	5,530	5,747	5,528	5,453
0	0	0	0	0	0	0
0	0	0	0	0	0	0
15,053	**14,200**	**18,094**	**18,029**	**18,209**	**11,020**	**12,890**
(5,300)	**(5,586)**	**(5,871)**	**(6,216)**	**(6,528)**	**(6,845)**	**(7,156)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**4,806**	**4,687**	**4,851**	**5,056**
Subsidies and grants for capital expenditure	4,728	3,985	3,938	4,855
Development and financial contributions	195	313	318	323
Vested Assets	3,000	4,120	4,895	4,303
Gains on sale	0	0	0	0
Depreciation	(6,734)	(7,018)	(7,303)	(7,639)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**5,995**	**6,087**	**6,699**	**6,898**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Transport				
Roads: Subsidised				
Sealed Road Resurfacing	613,312	1,170,000	1,195,740	1,222,042
Drainage Renewals	103,087	150,000	153,300	156,672
Footpath Renewals	-	800,000	820,053	840,615
New Footpaths	-	700,000	715,400	731,139
Sealed Road Pavement Rehabilitation	276,100	278,000	349,780	188,006
Structures component replacement - Retaining walls	372,046	104,000	334,586	492,279
Traffic Services Renewal - Lighting	301,429	367,000	375,074	383,324
Quarantine/Nayland intersection upgrades	-	-	51,100	52,224
Waimea Rd/Van Diemen Jct improvements	-	-	-	-
CCTV at traffic signals	-	10,000	132,860	-
Gloucester Street intersection improvements	-	-	-	-
Jenkins Creek shared path widening	47,437	180,000	-	-
Maitai shared path to Anzac Park	20,000	60,000	306,600	261,120
Market Rd Intersection improvements	-	-	12,264	-
Marsden Valley Ridgeway Upgrade	-	50,000	102,200	522,242
Waimea Ridgeway intersection upgrade	-	-	10,220	52,224
Minor Improvements	40,808	525,000	357,700	365,568
Railway Reserve/Princes Dr cycle crossing upgrade	-	104,000	-	-
St Vincent Street Toi Toi Street safety improvements	-	-	-	52,224
Streetlight improvement	-	-	51,100	104,448
Toi Toi Emano Street intersection	-	-	-	-
Waimea Road / Hampden Street intersection upgrade	-	40,000	255,500	-
Waimea Road Franklyn Street intersection improvements	-	-	15,330	20,890

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
5,300	**5,586**	**5,871**	**6,216**	**6,528**	**6,845**	**7,156**
6,009	5,393	8,015	7,546	8,516	4,754	5,317
328	334	340	346	352	359	366
4,398	4,499	4,607	4,718	4,836	4,961	5,095
0	0	0	0	0	0	0
(8,019)	(8,418)	(8,853)	(9,344)	(9,866)	(10,389)	(10,865)
0	0	0	0	0	0	0
8,016	**7,394**	**9,980**	**9,482**	**10,366**	**6,530**	**7,069**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1,248,928	1,277,652	1,308,317	1,339,720	1,373,217	1,408,926	1,446,962
160,119	163,802	167,733	171,759	176,054	180,632	185,508
861,702	884,190	908,159	932,786	959,025	986,974	1,016,736
426,985	382,205	503,200	744,289	762,896	782,732	803,865
373,611	382,204	391,377	400,771	410,792	421,474	432,852
607,873	655,209	670,934	687,036	704,212	722,521	742,029
391,758	400,768	410,387	420,237	430,744	441,945	453,876
115,392	546,005	1,467,272	2,290,120	821,583	-	-
-	59,023	120,880	22,901	1,056,321	361,263	-
-	-	-	-	-	-	-
-	-	78,275	171,759	586,845	602,105	618,360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	22,901	93,895	842,947	123,672
53,373	-	-	-	-	-	-
106,746	21,840	-	-	-	-	-
373,611	382,204	391,377	400,771	1,173,690	1,204,210	3,091,800
-	-	-	-	-	-	-
160,119	218,402	-	-	-	-	-
106,746	-	-	-	-	-	-
-	-	13,419	-	58,685	361,263	61,836
-	-	-	-	-	-	-
53,373	764,407	111,822	-	-	-	-

Table continued overleaf

	Forecast 2017/18	2018/19	2019/20	2020/21
Tahunanui Cycle Network - SH6 Tahunanui Drive connect	-	200,000	817,600	1,880,071
UCP Saltwater Creek Crossing	586,246	400,000	-	-
Railway Reserve surface renewal	-	-	-	-
Arapki Road Upgrade	-	50,000	51,100	313,344
Main Rd Stoke / Marsden Rd	-	-	10,220	33,841
Polstead Main Road Stoke intersection upgrade	-	-	10,220	-
Streetlight conversion to LED	1,677,001	723,000	-	-
Airport Bridge replacement	40,115	-	255,500	-
Market Road/Bishopdale Ave intersection improvements	-	-	-	15,667
Montreal Princes Drive intersection	-	-	-	-
Ngawhatu Suffolk intersection	-	-	10,220	-
Polstead Suffolk intersection upgrade	-	-	10,220	-
Railway Reserve improvements	-	-	-	12,534
Sharedzone - Beachville Cres	1,202	40,000	183,960	-
Sharedzone - Wigzell	-	-	88,914	10,445
Stoke Pedestrain Refuges	-	-	10,220	31,334
Toi Toi/Vanguard intersection upgrade	-	-	16,556	39,481
Travel Demand Management Improvements	-	-	255,500	261,121
Waimea Road Retaining Wall at Snows Hill	-	20,000	51,100	10,445
Westbrook Convergence Bridge	-	448,000	-	-
Saxton Growth Area Transport Programme	50,000	-	-	-
Atawhai Shared path extension to Todds Valley	-	-	-	-
Cross Town Links Brook to Central Programme	-	35,000	10,220	104,448
Main Road Stoke cycleway Saxton Creek to Champion Road	83,000	-	81,760	417,792
Maitai shared path to Nelson east programme	25,000	50,000	51,100	156,672
Nile Street cycle facilities	-	-	51,100	52,224
Stoke East West cycle connection	-	-	-	52,224
Roads: Unsubsidised				
Grove Street Footpath upgrade	-	-	10,220	52,224
Halifax (Maitai to Milton)	-	-	-	-
Hampden Street walkway upgrade	-	-	-	-
Maitai Valley Road shared path modifications	20,000	180,000	-	-
Marsden Valley Road Upgrade	-	-	-	10,445
Milton St (Grove to Cambria)	-	-	-	52,224
Mount Street and Konini Street upgrade	52,659	50,000	20,440	208,896
Toi Toi St upgrade	-	50,000	81,760	574,464
Inner City Enhancement - Car Parks				
CBD Carpark resurfacing	-	-	-	-
Church Street improvements	4,003	400,000	51,100	-
Polytech to CBD enhancements	-	10,000	10,220	52,224
CBD aesthic elements	3,635	150,000	153,300	156,672
On and Off St Parking Meters	-	158,500	529,784	287,232
Stoke Centre Traffic Calming and Ped Safety Works	95,000	-	-	313,344
Strawbridge Sq Layout & access improvement	7,453	-	-	10,445
Public Transport				
CBD interchange	-	50,000	51,100	208,897
Integrated Ticketing	117,131	310,000	-	-
Stoke interchange	-	-	-	-
Vested Assets				
Hill Street North improvements	-	-	684,740	-
Other vested assets	3,000,000	4,120,000	4,210,640	4,303,258
Projects under $100,000	886,162	898,495	844,767	940,348
Total Transport	**8,422,826**	**12,880,995**	**13,852,388**	**16,007,333**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	447,288	515,277	469,476	-	-
53,373	-	-	-	-	-	-
80,775	35,381	894,576	194,660	-	-	-
213,492	327,603	782,754	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
21,349	218,402	-	-	-	-	-
-	-	27,956	85,880	938,952	120,421	-
-	-	-	-	58,685	60,211	309,180
-	-	-	57,253	117,369	120,421	-
-	27,300	223,644	229,012	234,738	-	-
-	-	-	-	-	-	-
213,492	-	-	-	-	-	-
106,746	174,722	-	-	-	-	-
640,476	109,201	-	-	-	-	-
-	-	-	-	-	-	-
960,714	-	-	-	-	-	-
-	-	-	-	-	-	-
1,248,931	1,277,657	4,942,544	5,061,165	5,187,694	-	-
-	-	-	28,627	11,737	60,211	432,852
533,730	54,601	559,110	57,253	586,845	-	-
-	-	-	-	-	-	-
800,595	273,003	67,093	-	-	-	-
160,119	54,601	-	-	-	-	-
106,746	54,601	391,377	400,771	-	-	-
320,238	327,603	223,644	-	-	-	-
-	-	-	58,747	117,369	216,758	1,360,392
-	-	-	-	58,685	240,842	-
-	-	-	-	-	-	-
26,687	65,521	100,640	1,943,396	-	-	-
74,722	54,601	480,835	-	-	-	-
373,611	-	-	-	-	-	-
106,746	-	-	-	-	-	-
266,865	546,005	-	400,771	586,845	-	432,852
-	-	-	-	-	-	-
800,595	109,201	-	-	-	-	-
160,119	163,802	167,733	171,759	176,054	180,632	185,508
-	-	-	-	-	602,105	-
533,730	1,201,211	782,754	114,506	-	-	-
74,722	655,206	111,822	-	-	-	-
1,067,463	1,201,216	-	-	-	-	-
-	-	-	-	-	-	-
-	23,616	362,639	-	-	-	-
-	-	-	-	-	-	-
4,397,935	4,499,081	4,607,066	4,717,647	4,835,603	4,961,345	5,095,286
1,066,357	1,106,951	984,210	1,104,868	1,056,589	1,101,448	1,191,771
19,450,664	**18,698,997**	**22,700,837**	**22,746,642**	**23,044,600**	**15,981,386**	**17,985,337**

HYDRANTS
WATER PIPES
MAITAI PIPELINE
TRUNK MAINS
WATER QUALITY
WATER SUPPLY
COVERED WATER STORAGE
MAITAI DAM
MAINTENANCE HOLES
RODING DAM

RODING PIPELINE
RESERVOIRS AND TANKS
WATER TREATMENT PLANT

WHAT WE DO

Council supplies high quality water to households and businesses through a piped network. The water supply system includes dams and weirs on the Maitai and Roding Rivers, the water treatment plant and the network of pipes and storage reservoirs throughout the city.

Water is metered to ensure it is used efficiently and costs are shared fairly between water users.

WHY WE DO IT

Water supply is a major part of Council's core business because human health and disease prevention, tourism and other industries are all reliant on having a safe, reliable water supply.

Council aims to reliably and efficiently supply water to residents and businesses while also ensuring the ecological, recreational and cultural values of the Maitai and Roding Rivers are recognised and enhanced.

CHALLENGES

WATER LOSSES

Council has an ongoing project to track water losses in the network. These losses are as a result of leaks from broken or impaired pipes or earthquake damage, in both the public network and through privately owned water pipes. Losses also result from flushing of the network to clear sediment build-up, water used by the Fire Service and water used in construction. The losses from the public network results in a 20-30% difference between the volume of water leaving the water treatment plant and the amount actually used by the community. A better understanding of where the water is being used is expected to develop in the next three years as contractors and the Fire Service are asked to meter the water they use.

MAITAI RIVER WATER QUALITY

A Council priority is to improve river and stream water quality and quantity. During drought conditions water is released from the Maitai Dam to the Maitai River to ensure sufficient river flows to support ecological and recreational values. This water can be of a lower quality than the natural river water because it is lower in oxygen over the summer months, therefore Council has decided to aerate and mix the dam water to improve the river water quality.

MAITAI DAM WATER QUALITY

Usually water for the Nelson city supply is taken directly from the Roding River and the south branch of the Maitai River. However, during storm conditions the Roding and south branch water can have too much sediment to be used, so water is taken from the Maitai Dam instead. The Water Treatment Plant doesn't work as efficiently when processing this water, as the ultra-filtration membranes have to remove more organic material. Long term, it is important for the city to be able to rely on the Maitai Dam as a raw water source especially in summer periods when river flows are low and in emergencies. A budget to investigate the option to pre-treat the water via a primary clarifier is included in this Long Term Plan. Another option is to accept that the filtration membranes will have a shorter lifespan and to allow for more frequent replacement. Both of these options will be considered in more detail before a final decision is made.

DISCOLOURED DRINKING WATER

Some of the water supply network consists of cast-iron pipes, and water can become discoloured when iron and manganese deposits are loosened while passing through these pipes, leading to customer dissatisfaction. This is being addressed through more detailed investigation into the conditions that allow the deposits to move and operational changes at the water treatment plant. Longer term the renewal of the older cast iron pipes will address the issue. There are approximately 48kms of cast iron pipes in the network and Council has a long term renewal programme for these over the next 3 to 4 decades at a cost of $20-$30 million.

NATURAL HAZARDS AND CLIMATE CHANGE

Changing weather patterns due to climate change, damage resulting from ground shaking and liquefaction, storm events and other natural hazards have the potential to cause significant and long term disruption to the community and result in a loss of services to affected areas. Council is taking several steps to improve resilience through having an interlinked network that can redirect water throughout the city and improve the earthquake resistance of pipes and reservoirs. Numerous water storage reservoirs around the city hold a total of approximately one day's supply of drinkable water. The water treatment plant can use a variety of raw water sources in the event of an emergency. The recently duplicated water pipeline from the Maitai Dam down the Maitai Valley to the treatment plant and City also provides security against such damage.

COMMUNITY OUTCOMES

Council's water supply activity contributes primarily to the following community outcomes:

- Our unique natural environment is healthy and protected
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our communities are healthy, safe, inclusive and resilient
- Our region is supported by an innovative and sustainable economy.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **Water Treatment Plant** - renewal of the last two trains of ultra-filtration membranes in 2018/19 at a cost of $3 million
- **Replacing residential mechanical water meters** - residential water meters installed in the mid-1990s have reached the end of their useful lives and Council is planning to begin a large-scale replacement project. Renewal of commercial and industrial water meters started in 2014/15 and is approximately 50% complete. The project also includes back flow prevention to protect the water supply from the risk of contamination from sources within the pipe network. A total of $3.3 million has been allocated across the 10 year work programme for residential meter replacement
- **Replacing ageing pipes** - including asbestos cement and cast iron pipes, within a budget of approximately $22.9 million over the next 10 years
- **Fire-fighting flows** – local areas where changes in the way the Fire Service measures access to water to fight fires are being identified for upgrading
- **Atawhai storage reservoir** – current storage capacity for the Atawhai area is sufficient to provide one day's drinkable water but to accommodate future growth a second reservoir is needed. This project would be undertaken in conjunction with work on the Atawhai trunk water main in 2021/22
- **Maitai Dam aeration project** – planning to improve the quality of water released from the Maitai Dam into the Maitai River in times of drought will begin in the next three years, with project construction in 2022/23
- **Water leak reduction programme** – Council will continue to search for and repair leaks and quantify unaccounted for water and has budgeted $355,000 over the next 10 years for this.
- *Note, discussion about the Waimea Dam is now included in the economic activity section of this Long Term Plan.*

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Quality – good quality water	The extent to which drinking water supply complies with: a) part 4 of the drinking water standards# (bacterial compliance criteria), and b) part 5 of the drinking water standards# (protozoal compliance criteria)	Complied 2016/17 Complied 2015/16 Protozoal compliance is not measured for distribution as treatment plant removes any at source	100% compliance with parts 4 and 5 of the drinking water standards			

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
	c) part 8 of the drinking water standards (chemical compliance criteria)	This is a new measure in the Long Term Plan 2018-28. In 2016/17, Council complied with part 8 of the drinking water standards at the treatment plant, but the distribution network did not comply.	100% compliance with part 8 of the drinking water standards			
	Total number of complaints per 1000 connections about any of the following: - drinking water clarity - drinking water taste - drinking water odour - drinking water pressure or flow - continuity of supply - Council's response to any of these issues	21 complaints per 1000 connections in 2016/17 35 complaints per 1000 connections in 2015/16	No more than 50 valid complaints per 1000 connections			
Reliability – a reliable supply	Average drinking water standard consumption per day per resident	288L/person per day in 2016/17	Normal demand less than 500L per person per day. This includes both domestic and commercial-industrial			
	% real water loss from the system	23% in 2016/17 29% in 2015/16	Real water loss less than 25%			
Customer service – prompt response	When attending a call-out in response to a fault or unplanned interruption to the system, the following median response times will be measured: a) attendance for urgent call-outs: from the time notification is received to the time service personnel reach the site	Median 21 minutes in 2016/17 28 minutes in 2015/16	a) Contractor to attend urgent call-outs in a median time of 30 minutes or less			
	b) resolution of urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption	Median 107 minutes in 2016/17 105 minutes in 2015/16	b) Contractor to resolve urgent call-outs in a median time of 480 minutes or less			

Table continued overleaf

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
	c) attendance for non-urgent call-outs: from the time notification is received to the time service personnel reach the site	Median 54 minutes in 2016/17 56 minutes in 2015/16	c) Contractor to attend non-urgent callouts in a median time of 120 minutes or less			
	d) resolution of non-urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption	Median 330 minutes in 2016/17 346 minutes in 2015/16	d) Contractor to resolve non-urgent call outs in a median time of 24 hours or less			

#Ministry of Health (2008), Drinking-water Standards for New Zealand 2005 (Revised 2008), Wellington, Ministry of Health

DRIVERS OF CAPITAL EXPENDITURE

The following factors drive the requirement for capital expenditure on water supply:

- The need to continue to renew older pipe network assets, including reduction of water losses and unaccounted for water
- Providing acceptable firefighting flows
- Reducing the higher water pressure areas in the network
- Microbiological and chemical water quality issues that have been identified as needing improvement
- Addressing risks of backflow contamination
- The need to continue to improve security of the network against the risk of hazards.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, the following specific assumptions apply to Council's water supply activities. It is assumed that:

- Renewals will be continued at a rate that is sustainable, based on consideration of both staffing and financial resources.
- While there are expected to be changes to weather patterns due to climate change in the longer term, it is assumed that Nelson's climate will not face substantial change within the next ten years and there will be enough rain to meet our water needs. Factors such as climate change and population growth will receive increased analysis as the 30 year Infrastructure Strategy is reviewed in future years.
- There will be reductions in water losses.
- Water supply is expected to continue to be funded from water charges.
- Council will provide education and promotion of the importance of water conservation, however the demand for water is expected to continue to primarily be managed through Council's water charging system.
- The service delivery strategy will be sustained for the term of this Long Term Plan.
- The water treatment plant filtration membranes will continue to operate satisfactorily.
- Council will retain its 'Ab' water grading.

IMPACTS AND RISKS

- To ensure there is a safe supply of water, water supply catchment controls have to limit the range of recreational activities allowed in the Maitai and Roding valleys. For example, no swimming, boating or fishing is allowed in the Maitai Dam. The commissioning of the water treatment plant allowed the slight relaxing of some restrictions, but most are necessary to meet Ministry of Health water quality grading requirements.
- Reduced flow rates occur in the Maitai and Roding Rivers below the water supply intakes. The amount of this reduction is controlled and monitored through adhering to Council's resource consents to extract water.
- Emergency water treatment is provided by a portable chlorinator using sodium hypochlorite held at the water treatment plant. It is a stand-alone unit, run by a small petrol generator and is sufficient to treat the full Maitai daily flow.

- The high risk to trunk main pipes is from earthquakes where sections of key main pipes could be damaged. Council holds replacement pipe stocks to allow single repairs to each main. Aid would be required from other water supply authorities to reinstate trunk mains in the event of multiple major breaks.
- The water treatment plant reservoir, and Clearwater, Stoke, Walters Bluff, and Observatory Hill Reservoirs are constructed to category 2 standards, able to withstand a 1 in 1000 year earthquake. All large reservoirs have automatic seismic shut off valves. When excess flow from the reservoir is detected, such as from a broken outlet trunk main, the outlet valve is automatically shut and an alarm is triggered.
- Risks posed to water quality range from low to extreme. Completion of the water treatment plant in August 2004 reduced the risk to source water to very low levels. Extreme risk relates to possible backflow from premises into the water reticulation network, thereby putting other consumers in danger. Dual check valves are fitted to all residential connections. These will be replaced when the water meters are updated from 2018/19. Backflow preventers have been installed at all Nelson City Council drainage pump stations. Council has a continuing programme to install backflow preventers, in conjunction with replacing commercial and industrial water meters. The backflow prevention devices will be sourced and installed by Council with the costs recovered from all customers connected to the city water mains.
- The Health (Drinking Water) Amendment Act 2007 requires large drinking water suppliers, such as Nelson City Council, to have Water Safety Plans. Nelson City Council has a Water Safety Plan approved by the Ministry of Health that is regularly updated. It includes measures for dealing with deliberate or accidental contamination of the water supply and implementing potential outcomes from the Havelock North contamination investigation.

NELSON CITY COUNCIL WATER SUPPLY FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	11,416	12,096	12,526	12,874
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	32	33	33	34
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	8	8	9	9
Total Operating Funding	**11,456**	**12,137**	**12,568**	**12,917**
Applications of operating funding				
Payments to staff and suppliers	5,885	6,445	6,692	6,930
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,498	1,461	1,541	1,545
Other operating funding applications	0	0	0	0
Total applications of operating funding	**7,383**	**7,906**	**8,233**	**8,475**
Surplus (Deficit) of operating funding	**4,073**	**4,231**	**4,335**	**4,442**
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	525	398	407	416
Increase (decrease) in debt	(310)	3,772	300	301
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**215**	**4,170**	**707**	**717**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	55	0	0	0
- to improve level of service	1,226	917	1,164	1,545
- to replace existing assets	3,007	7,484	3,878	3,614
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	**4,288**	**8,401**	**5,042**	**5,159**
Surplus (Deficit) of capital funding	**(4,073)**	**(4,231)**	**(4,335)**	**(4,442)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
0	0	0	0	0	0	0
13,209	13,587	14,283	14,903	15,220	15,591	15,927
0	0	0	0	0	0	0
34	35	36	36	37	38	38
0	0	0	0	0	0	0
9	8	9	9	9	9	10
13,252	**13,630**	**14,328**	**14,948**	**15,266**	**15,638**	**15,975**
7,045	7,260	7,529	7,727	7,840	8,044	8,239
0	0	0	0	0	0	0
1,655	1,704	1,953	2,171	2,211	2,216	2,194
0	0	0	0	0	0	0
8,700	**8,964**	**9,482**	**9,898**	**10,051**	**10,260**	**10,433**
4,552	**4,666**	**4,846**	**5,050**	**5,215**	**5,378**	**5,542**
0	0	0	0	0	0	0
425	435	446	456	468	480	493
(1,196)	4,637	5,593	176	(644)	(710)	(1,997)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(771)	**5,072**	**6,039**	**632**	**(176)**	**(230)**	**(1,504)**
194	0	362	287	1,642	1,662	257
1,108	6,154	5,894	785	624	641	677
2,479	3,584	4,629	4,610	2,773	2,845	3,104
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,781	**9,738**	**10,885**	**5,682**	**5,039**	**5,148**	**4,038**
(4,552)	**(4,666)**	**(4,846)**	**(5,050)**	**(5,215)**	**(5,378)**	**(5,542)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**4,073**	**4,231**	**4,335**	**4,442**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	525	398	407	416
Vested Assets	790	778	1,306	813
Gains on sale	0	0	0	0
Depreciation	(4,073)	(4,231)	(4,335)	(4,442)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**1,315**	**1,176**	**1,713**	**1,229**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Water Supply				
Annesbrook (Manchester - Marie St) water renewal	17,400	50,000	1,430,800	-
Bolt Road pipe renewal	-	600,000	-	-
Brooklands water renewal	141,717	416,262	-	-
Capital Roding RC renewal	641	210,000	-	-
Atawhai No.2 Reservoir	10,000	50,000	51,100	313,510
Atawhai Reservoir & Pump	-	-	-	-
Atawhai trunk main	-	10,000	45,035	56,471
Backflow Prevention	157,979	162,197	165,717	169,362
Ridermains	-	167,603	171,241	175,008
Church St water renewal	4,003	200,000	-	-
Dam Upgrades	-	50,000	102,200	104,448
Kakenga Road water renewal	17,400	210,000	-	-
Maitai Pipeline hazard mitigation	-	-	-	-
Maitai Resource consent renewal	20,641	190,000	-	-
Natural Hazards risk remediation	-	58,131	110,478	112,908
NCC - TDC Link	-	-	-	-
Ngawhatu Valley high level reservoir	-	-	-	-
Pressure Enhancement	-	-	63,517	112,908
Pump Stations - Renewals	92,427	50,000	51,100	52,224
Membranes Water Treatment Plant	353,426	3,000,000	-	-
Commercial Meters	157,979	150,000	153,300	156,672
Water Pipes	156,183	29,000	511,000	1,669,973
Residential Meters renewals	22,500	1,100,000	1,124,200	1,044,480
Roding Pipeline	-	-	-	112,908
Tui Glen Road water renewal	-	600,000	-	-
Water Loss Reduction Programme	210,641	216,262	220,956	225,817
Water pump stations - upgrades	-	-	-	-
Water Treatment Plant Renewals	212,377	200,042	204,443	190,815
Water Treatment Plant Upgrades	-	-	-	-
Vested Assets				
Suffolk Road (Saxton to Ngawhatu) water upgrade	-	-	153,300	-
Suffolk Road to Hill Street Trunk water main	-	-	357,700	-
Other vested assets	790,000	778,000	795,116	812,605
Projects under $100,000	230,633	681,508	637,033	661,907
Total Water Supply	**2,595,947**	**9,179,005**	**6,348,236**	**5,972,016**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
4,552	**4,666**	**4,846**	**5,050**	**5,215**	**5,378**	**5,542**
0	0	0	0	0	0	0
425	435	446	456	468	480	493
830	850	870	891	913	937	962
0	0	0	0	0	0	0
(4,552)	(4,667)	(4,846)	(5,050)	(5,215)	(5,378)	(5,542)
0	0	0	0	0	0	0
1,255	**1,284**	**1,316**	**1,347**	**1,381**	**1,417**	**1,455**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
53,373	1,180,463	3,021,990	-	-	-	-
173,089	-	-	-	-	-	-
109,623	1,965,618	2,012,796	-	-	-	-
173,089	177,069	181,319	185,671	190,314	195,263	200,534
63,466	64,925	66,484	68,080	69,782	71,596	73,529
-	-	-	-	-	-	-
115,392	2,184,020	120,880	123,781	-	-	-
-	-	-	-	-	-	-
-	-	-	-	117,369	120,421	123,672
-	-	-	-	-	-	-
53,373	-	-	-	-	-	-
-	-	-	-	117,369	120,421	24,734
-	-	55,911	57,253	1,173,690	-	-
106,746	-	-	-	-	-	-
53,373	54,601	55,911	57,253	117,369	120,421	123,672
-	-	-	-	-	-	24,734
160,119	163,802	167,733	171,759	176,054	180,632	185,508
1,601,194	1,638,021	1,677,334	1,717,590	1,760,530	1,806,303	1,855,074
-	-	-	-	-	-	-
115,392	1,180,463	1,813,194	1,856,715	-	-	-
-	-	-	-	-	-	-
230,785	236,093	241,759	247,562	117,369	120,421	123,672
-	-	111,822	22,901	23,474	1,204,210	-
171,057	273,003	670,932	400,771	410,792	421,474	432,852
-	-	181,319	185,671	190,314	198,695	204,059
-	-	-	-	-	-	-
-	-	-	-	-	-	-
830,484	849,584	869,975	890,857	913,131	936,875	962,168
600,455	619,727	505,139	586,991	574,574	588,507	665,801
4,611,010	**10,587,389**	**11,754,498**	**6,572,855**	**5,952,131**	**6,085,239**	**5,000,009**


SERIES 3
SERIES 3

INFLOW AND INFILTRATION CONTROLS

WASTEWATER

MAINTENANCE HOLES

SWALLOW MAINS

TRUNK MAINS

PIPES

TANKS

RISING MAINS

PUMP STATIONS

NELSON REGIONAL SEWERAGE BUSINESS UNIT (50% SHARE)

NELSON NORTH WASTEWATER TREATMENT PLANT

BELL ISLAND TREATMENT FACILITY (50% SHARE)

WHAT WE DO

Council collects, treats and disposes of wastewater for the Nelson district. It operates and maintains a network of pipes and pump stations across the city that carry wastewater from Stoke and Tahunanui for treatment at the Bell Island facility, and from the rest of the city to the Nelson Wastewater Treatment Plant at Wakapuaka.

Nelson generates 16 million litres of wastewater a day, with the Nelson treatment plant at Wakapuaka treating around eight million litres and the Bell Island treatment plant in the Tasman district treating the other half.

Nelson City Council owns and operates the Nelson Wastewater Treatment Plant. A separate waste water facility at Bell Island is managed by the Nelson Regional Sewerage Business Unit of which the Nelson and Tasman councils are each 50% shareholders. This plant uses a series of five oxidation ponds to treat wastewater from Stoke, Tahunanui, the Wakatu Industrial Estate, Richmond, Wakefield, Brightwater and Mapua, as well as trade waste from some large industrial operations.

WHY WE DO IT

Wastewater infrastructure is a high priority for Council. Providing a piped wastewater system and wastewater treatment facilities is a core role of Council in order to prevent people from being exposed to diseases associated with wastewater and avoid contamination of the environment. Council aims to provide an efficient system that prevents wastewater from harming people, property or the wider environment.

CHALLENGES

STORMWATER INFLOW AND GROUNDWATER INFILTRATION INTO WASTEWATER PIPES

There are two main causes of inflow and infiltration. If households' stormwater pipes have been accidentally connected to the wastewater system instead of the stormwater system, rainfall ends up flowing into the wastewater system. Groundwater can also enter the wastewater system if underground stormwater and wastewater pipes are broken. Council will be undertaking work to investigate and communicate on this issue with affected households.

Inflow and infiltration of stormwater and groundwater into the wastewater network puts pressure on the network, and can lead to overflows during wet weather. A multi-year project began in 2015 to investigate inflow and infiltration issues across the city and develop a strategy to reduce them. Work to renew sections of the network found to be in poor condition and where there are environmental benefits began in 2017/18 and will continue over the next ten years to tackle this problem.

UNTREATED DISCHARGES TO NELSON HAVEN

There is one pressurised pipeline (rising main) between Nelson City and the Nelson Wastewater Treatment Plant, which is located adjacent to the Boulder Bank to the North of the city. This pipeline was installed in the mid 1960's and suffered from acid attack to the inside of the concrete pipes. In the early 1990's the full pipeline was inspected and sections were repaired or replaced with more durable pipes. The repairs were expected to allow the pipeline to remain operational until approximately 2040-2050. In recent years, three minor failures of this pipeline have led to low volumes of untreated wastewater discharging directly into the Nelson Haven as a result of leaking fittings. The total volume of any such leak is hard to estimate precisely, but would be approximately 4-5 cubic metres. Council considers any discharge into the Haven should be avoided and has supported a range of projects aimed at inspecting and repairing any areas of weakness in the pipeline in the short term with the eventual aim of renewing the full pipeline in stages with construction starting on the first stage in 2027/28. Upgrading the two main pump stations at Corder Park and Neale Park are key components of the long term strategy to reduce pressures in the existing pipeline and improve operational performance, particularly in wet weather. The Corder Park pump station upgrade is already completed and work on the Neale Park pump station is underway.

IMPACT OF CLIMATE CHANGE

The Nelson Wastewater Treatment Plant is low-lying and located in the coastal environment. That means it is particularly exposed to the effects of climate change, including sea level rise, flooding and storm surges. All new pump stations are designed to withstand expected sea level rise predictions for the service life of the pump station.

The potential impacts of climate change are covered in the Infrastructure Strategy, which outlines approaches to address challenges to infrastructure networks. Strategies to increases resilience to natural hazards also include reducing groundwater infiltration and stormwater inflows to the wastewater network. Other ways to respond to climate change include constructing more detention tanks and upgrading wastewater pipes.

RISKS TO THE WASTEWATER NETWORK FROM SIGNIFICANT EARTHQUAKES

A significant earthquake would be likely to cause significant and long term damage to the wastewater network as a result of ground shaking and liquefaction. In response, Council is planning further hazard vulnerability studies with approximately $155,000 budgeted over the next ten years for investigations. Much of this work will focus on the Nelson Wastewater Treatment Plant, pump stations and the piped network across the city. The studies are expected to lead to a range of specific projects to improve the resilience of the network to earthquakes. The focus will be on minimising damage so it can be quickly repaired with minimum impact on day to day operations. These projects will be identified in future long term plans.

COMMUNITY OUTCOMES

Council's wastewater activity contributes primarily to the following community outcomes:

- Our unique natural environment is healthy and protected
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our region is supported by an innovative and sustainable economy
- Our urban and rural environments are people-friendly, well planned and sustainably managed
- Our communities are healthy, safe, inclusive and resilient

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **Reducing inflow and infiltration** – Council has made a long term commitment to reducing inflow and infiltration and this should lead to a steady improvement in wet weather flows. Council has committed to investigations to identify issues and carry out repairs. In particular Council's contractors have begun an extensive programme of property inspections and camera inspections of wastewater pipes in an effort to track down sources of stormwater and ground water entry into the wastewater network. Property inspections have identified a number of locations where stormwater from buildings and yards has been directed into the network (inflow) and camera inspections of the mains have identified a range of pipe issues that allow groundwater to enter the network (infiltration). An accelerated programme is included with increased expenditure over the next ten years to address both inflow and infiltration. The ongoing work to renew sections of the wastewater network in poor condition began to target areas with high inflow and infiltration in 2017/18 and will continue as a focus area for Council with a budget of $3.7 million allocated in the Long Term Plan. This will include an education programme to inform householders about how they can contribute e.g. by fixing household gully traps that can allow rainwater into the waste water system. The renewal programme will also continue alongside investigations into the opportunity to either upgrade trunk mains and pump stations or construct detention tanks to hold excess wet weather flows until rain events pass. There is also a catchment optimisation project to redirect some of the upper Wakatu/Enner Glynn catchment away from Gracefield Street and divert it to the Quarantine Road pump station.
- **Neale Park pump station upgrade** – this is a key pump station on the network with all of the wastewater from the centre of the city and the Port areas directed to Neale Park. Upgrading became a priority following the December 2011 storm event when one of the older pumps was damaged beyond repair. The redevelopment, at a total cost of $7.1 million ($2.1 million in this Long Term Plan), will allow for larger collection wells and improve odour control, particularly in summer. Construction has begun and is programmed to be completed in 2019.
- **Atawhai rising main** – a programme of ongoing inspections is planned with remedial work identified as part of the investigation.
- **Natural hazard security due to earthquakes, storm events and sea level rise** – hazard vulnerability studies will focus on the Nelson Wastewater Treatment Plant, pump stations and the piped network across the city, linked with similar projects in the stormwater and water supply activities.
- **Compliance with National Policy Statement for Freshwater and other Central Government freshwater reforms** - Council, iwi and the wider community are developing environmental standards for streams and rivers in Nelson based on the requirements of the National Policy Statement. These standards are expected to be the basis of rules in the proposed Whakamahere Whakatū Nelson Plan and will set the scene for water quality improvements into the future. Although rules are yet to be finalised, activities that impact on freshwater will need to respond to any changes in rules from the date of notification of the proposed plan which is expected to be in 2019.

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Reliability – a fully operational wastewater treatment system	Level of compliance of treatment plant with resource consent conditions	100% compliance in 2016/17 (were 15 odour complaints in 2015/16)	100% compliance			
	Number of dry weather overflows from sewerage system, per 1000 connections	8 in 2016/17 (down from 12 dry weather overflows in 2015/16)	Fewer than 15 dry weather overflows per 1000 connections			
Response – appropriate to reported network issues	These median response times are measured for overflows resulting from a blockage or other fault in the sewerage system:	Steady over past two years				
	a) attendance time: from when notification is received to the time service staff reach the site,	Median response time (attendance) of 21 minutes in 2016/17	a) Contractor to attend in median time of 60 minutes or less			
	b) resolution time: from the time notification is received to the time service staff confirm resolution of the blockage or fault	Median response time (resolution) of 202 minutes in 2016/17	b) Contractor to resolve issue in median time of 480 minutes or less			
Quality – environmental protection	Compliance with territorial authority's resource consents for discharge from the sewerage system measured by number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions in relation to those resource consents	100% compliance i.e. none of the listed actions were identified by regulatory section in 2016/17, also none in 2015/16	100% compliance			
	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with the sewerage system	16 complaints per 1000 connections in 2016/17 (slightly fewer, was 19 the previous year)	No more than 20 valid complaints a year per 1000 connections			

DRIVERS OF CAPITAL EXPENDITURE

The following factors drive the requirement for capital expenditure on wastewater:

- Renewing ageing reticulation pipes to avoid accumulating assets that are past their service life and risk accidental discharges if they fail
- Reducing inflow and infiltration of groundwater and stormwater in the network
- Reducing the risk of failure of the Atawhai rising main
- Improving the efficiency of the Nelson South network by re-directing flows to the Quarantine Road pump station and constructing a new pump station at Awatea Place
- Meeting higher environmental standards for fresh and coastal water in partnership with tangata whenua.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, the following specific assumptions apply to Council's wastewater activities. It is assumed that:

- Renewals will continue at a rate that is sustainable taking into consideration the resource and finance required
- While there are expected to be changes to weather patterns due to climate change in the longer term, it is assumed that Nelson's climate will not face substantial change within the next ten years. Factors such as climate change and population growth will receive increased analysis as the 30 year Infrastructure Strategy is reviewed in future years
- Wastewater activities of Council will be funded from wastewater charges and, consistent with Council's financial policies, most of the capital expenditure will be borrowed. Development Contributions over the next 10 years will fund all of the increased provision of wastewater treatment that is due to population growth.

IMPACTS AND RISKS

The identified significant impacts the wastewater activity may have on the local community are overflows from pump stations, rising mains and network mains.

- Pump station overflows are generally reported and resolved promptly. Both network and rising main overflows are addressed by carrying out a high level of inspections. The duplication of the Atawhai rising main will reduce the risk of overflows from those sources
- The risk of wastewater overflows into waterways or onto land that could pose a hazard to the environment or public health is managed by strategies to upgrade key pump stations on the rising main, implementation of emergency response plans, the strategy of reducing inflow and infiltration, and Council's commitment to enhancing pump station storage to meet its obligations under its 'accidental discharge' consent. The maintenance and response contract is monitored for compliance to ensure problems are addressed promptly. Renewal of ageing rising mains is programmed as they reach the end of their service lives. The upgrade of the Corder Park pump station and completion of the Neale Park pump station will significantly lower the risk of failure in the Atawhai rising main. Non-invasive testing of the Atawhai rising main will help to ensure that repair works can be programmed with urgency for any damaged areas of the pipe before it fails
- The risks associated with the operation of the wastewater treatment plants are assessed under the relevant asset management plan, prioritised and the appropriate response identified. Any response requiring a capital investment is identified within the budgets for future works. The risk of failure of the Nelson Wastewater Treatment Plant is being considered through a comprehensive condition assessment and as part of work on resilience to natural hazards and consequences of climate change
- In the longer term, climate change is expected to bring higher groundwater levels through rising sea levels and more intense rain events increasing the risk of inflows and infiltration potentially causing overflows from the network. Where overflows discharge to the wider environment this can pose a potential health hazard to people, particularly where the overflow enters places that people use for recreation or food gathering. This risk is being mitigated by ongoing work to identify properties where stormwater is directed to wastewater pipes and locations where pipes are damaged and groundwater is able to infiltrate the network. A substantial programme of repairing and renewing the damaged sections of the network is included every year for the next ten years. In addition, options for either upgrading parts of the network or constructing detention tanks at strategic locations around the city have also been included in the budget for the next ten years.

NELSON CITY COUNCIL WASTEWATER FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	7,265	7,794	8,313	8,715
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	1,280	2,337	2,403	2,469
Internal charges and overheads recovered	(289)	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	718	1,379	1,458	1,551
Total Operating Funding	**8,974**	**11,510**	**12,174**	**12,735**
Applications of operating funding				
Payments to staff and suppliers	5,099	7,021	7,476	7,724
Finance costs	0	310	399	529
Internal charges and overheads applied *	153	126	147	169
Other operating funding applications	0	0	0	0
Total applications of operating funding	**5,252**	**7,457**	**8,022**	**8,422**
Surplus (Deficit) of operating funding	**3,722**	**4,053**	**4,152**	**4,313**
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	398	664	679	694
Increase (decrease) in debt	4,043	2,356	1,707	5,007
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**4,441**	**3,020**	**2,386**	**5,701**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	300	111	687	3,980
- to improve level of service	6,293	4,765	4,084	4,287
- to replace existing assets	1,570	2,197	1,767	1,747
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	**8,163**	**7,073**	**6,538**	**10,014**
Surplus (Deficit) of capital funding	**(3,722)**	**(4,053)**	**(4,152)**	**(4,313)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
0	0	0	0	0	0	0
9,430	9,595	9,918	10,266	10,905	11,255	11,740
0	0	0	0	0	0	0
2,576	2,659	2,717	2,777	2,855	2,927	2,999
0	0	0	0	0	0	0
1,694	1,750	1,773	1,801	1,842	1,902	1,904
13,700	**14,004**	**14,408**	**14,844**	**15,602**	**16,084**	**16,643**
7,640	7,549	7,749	7,890	8,363	8,617	8,901
688	732	713	703	696	712	708
225	327	371	460	524	526	576
0	0	0	0	0	0	0
8,553	**8,608**	**8,833**	**9,053**	**9,583**	**9,855**	**10,185**
5,147	**5,396**	**5,575**	**5,791**	**6,019**	**6,229**	**6,458**
0	0	0	0	0	0	0
709	725	743	760	779	800	821
5,561	(317)	985	1,038	(683)	202	3,156
0	0	0	0	0	0	0
0	0	0	0	0	0	0
6,270	**408**	**1,728**	**1,798**	**96**	**1,002**	**3,977**
5,387	87	1,320	1,443	643	661	956
3,970	3,500	3,976	3,921	3,024	3,218	4,713
2,060	2,217	2,007	2,225	2,448	3,352	4,766
0	0	0	0	0	0	0
0	0	0	0	0	0	0
11,417	**5,804**	**7,303**	**7,589**	**6,115**	**7,231**	**10,435**
(5,147)	**(5,396)**	**(5,575)**	**(5,791)**	**(6,019)**	**(6,229)**	**(6,458)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**3,722**	**4,053**	**4,152**	**4,313**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	398	664	679	694
Vested Assets	930	807	1,004	843
Gains on sale	0	0	0	0
Depreciation	(4,478)	(4,605)	(4,716)	(4,890)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**572**	**919**	**1,119**	**960**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Wastewater				
Achilles Avenue and Whakatu Lane sewer renewal	14,000	170,000	-	-
Atawhai Pump Stations (Brooklands & Marybank)	-	-	88,408	86,065
Atawhai Rising Main - Stage 1	-	-	-	-
Awatea Place Pump station	111,158	300,000	2,044,000	3,655,680
Bronte Street and Collingwood Street sewer renewal	14,000	355,000	-	-
Gracefield Beheading	27,795	80,000	165,717	564,541
Halifax Street and Halstead Street sewer renewal	14,000	200,000	-	-
Natural hazards risk remediation	-	-	-	56,471
Neale Park Pump Station	4,440,663	2,116,729	-	-
Nelson Wastewater Treatment Plant - Renewals	-	150,000	153,300	156,672
Nelson Wastewater Treatment Plant - Resource Consent	-	-	102,200	112,908
Nelson Wastewater Treatment Plant - Upgrade	-	-	30,660	31,334
Nelson Regional Sewerage growth	-	-	511,000	3,393,000
Nelson Regional Sewerage renewals	564,000	317,000	325,000	284,000
Nelson Regional Sewerage upgrade	618,000	2,010,000	1,615,000	-
Network Capacity Confirmation for Growth Areas	-	-	-	-
Ngawhatu Valley TM - Stage 2	-	-	-	-
Pump Station Storage	75,792	129,757	55,239	183,484
Quarantine Road Sewer Pump Station	-	-	-	-
Renewals Pump stations	134,581	162,197	165,717	169,362
Rising/swallows renewals	-	57,979	51,100	52,224
Saxton Road sewer upgrade	-	-	-	-
St Vincent street sewer renewal	-	200,000	-	-
Stansell #52 and Princes Drive 274/278 Sewer renewal	1,053	150,000	-	-
System Performance Improvements	-	100,000	102,200	104,448
Wastewater model calibration	-	100,000	-	-
Wastewater Network Upgrades	-	-	-	-
Wastewater Pipe Renewals	125,631	90,000	868,700	887,808
Vested Assets				
Elm st sewer upgrades	-	-	153,300	-
Hill St sewer upgrade	-	-	25,550	-
Other vested assets	930,000	807,000	824,754	842,895
Projects under $100,000	521,321	384,340	259,759	276,007
Total Wastewater	**7,591,994**	**7,880,002**	**7,541,604**	**10,856,899**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
5,147	**5,396**	**5,575**	**5,791**	**6,019**	**6,229**	**6,458**
0	0	0	0	0	0	0
709	725	743	760	779	800	821
861	881	902	924	947	972	998
0	0	0	0	0	0	0
(5,147)	(5,396)	(5,575)	(5,791)	(6,018)	(6,229)	(6,458)
0	0	0	0	0	0	0
1,570	**1,606**	**1,645**	**1,684**	**1,727**	**1,772**	**1,819**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
-	-	-	-	-	-	-
87,959	472,185	483,518	247,562	-	-	-
-	-	-	123,781	211,264	216,758	2,473,440
1,067,460	-	-	-	-	-	-
-	-	-	-	-	-	-
1,644,422	-	-	-	-	-	-
-	-	-	-	-	-	-
57,696	118,046	232,702	238,287	-	-	123,672
-	-	-	-	-	-	-
213,492	273,003	279,555	297,260	304,692	312,615	321,055
173,089	177,069	181,319	185,671	-	-	-
21,349	10,920	279,555	-	-	120,421	123,672
3,468,000	-	-	-	-	-	-
470,000	392,000	276,000	309,000	244,000	1,317,000	273,000
-	-	-	401,000	470,000	422,000	-
-	59,023	60,440	123,781	586,845	602,105	-
207,706	23,609	1,208,796	1,237,810	-	-	-
1,067,460	1,092,010	1,118,220	1,145,060	-	-	-
-	-	-	-	117,369	120,421	1,855,080
173,089	177,069	181,319	185,671	190,314	195,263	200,534
53,373	163,802	55,911	57,253	176,054	60,211	61,836
-	-	-	22,901	23,474	24,084	927,540
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,601,190	1,638,015	1,677,330	1,717,590	1,760,535	1,806,315	1,855,080
-	-	-	-	117,369	-	-
-	-	55,911	57,253	586,845	602,105	618,360
907,341	928,209	950,487	973,301	1,056,321	1,083,789	1,113,048
-	-	-	-	-	-	-
-	-	-	-	-	-	-
861,440	881,252	902,404	924,063	947,168	971,797	998,033
202,916	279,044	262,038	265,815	269,913	347,900	488,682
12,277,982	**6,685,256**	**8,205,505**	**8,513,059**	**7,062,163**	**8,202,784**	**11,433,032**

MAINTENANCE HOLES

CULVERTS SUMPS

STORMWATER

OUTFALLS

PIPE NETWORK

OPEN CHANNELS

PUMP STATIONS

STORMWATER

DETENTION DAMS

WHAT WE DO

The stormwater network includes pipes, open channels, and overland flow paths that convey stormwater to receiving rivers and streams, or directly to the sea.

In many parts of the city a fully reticulated system is not provided and individual properties discharge stormwater to on-site soakage or to roads as part of the primary drainage system.

The stormwater system also includes two pump stations and 12 detention systems. Detention dams are an increasing feature of stormwater management and play a vital role in holding back stormwater for gradual release into pipes and streams after a heavy rainfall event, when the system has more capacity to take the additional flows.

WHY WE DO IT

Managing the flow of stormwater prevents water from accumulating in low lying areas and potentially causing harm to people or damage to buildings, property or the environment.

Maintenance of stormwater pipes reduces the risk of stormwater exiting the reticulation system and infiltrating the wastewater network, which puts pressure on that system. Expanding the stormwater network provides people with disposal options and reduces the likelihood of stormwater being directed into the wastewater network. Controlling the flow of stormwater on hillsides helps address land instability and reduces the risk of landslides.

Council aims to manage stormwater runoff in a way that prevents harm to people, property and the environment. Any response will be based on what is feasible and affordable in any specific location.

CHALLENGES

CAPACITY OF THE STORMWATER NETWORK

Some areas of the city have ongoing stormwater drainage issues due to the varying standard of stormwater protection that has been required by Council over the decades and the expansion of the city into areas upstream of existing reticulation. An inadequate stormwater network can contribute to landslides, wastewater inflow and infiltration, and damage to buildings. The current and future impact of climate change is an expected trend for wetter winters and the other seasons being drier. More frequent heavy rainfall events will bring the need for either increased network capacity or a greater community acceptance of adverse impacts. Council is therefore prioritising works in areas at greatest risk.

MAINTENANCE OF THE STORMWATER NETWORK

There is an extensive network of pipes and open channels (drains) across the city that Council does not own or maintain but may be legally considered to be public drains. Additionally, many secondary flow paths cross private property. The first step is to develop a consistent approach as to what would be considered a public drain and confirm this through the Land Development Manual currently under review jointly with the Tasman District Council. Following on from this is confirmation of maintenance standards for these drains and what budget provision will be required for ongoing operation and maintenance.

There are associated issues related to private drains within road reserve and across multiple private properties that are also not maintained by Council. As part of the approach outlined above, Council will confirm what, if any, private pipes in road reserve it will seek to re-define as public drains according to the requirements of the Local Government Act 2002.

NATURAL HAZARDS AND CLIMATE CHANGE

Damage as a result of ground shaking and liquefaction, climate change and storm events can cause significant and long term disruption to the community, and loss of services to affected areas. Council will respond to this challenge by building on the hazard vulnerability studies carried out by the Treasury in 2017. Much of this work is expected to focus on detention dams and pump stations, and piped network linkages to similar projects for the wastewater and water supply activities.

COMMUNITY OUTCOMES

Council's stormwater activity contributes primarily to the following community outcomes:

- Our unique natural environment is healthy and protected
- Our urban and rural environments are people-friendly, well planned and sustainably managed
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our region is supported by an innovative and sustainable economy

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **Urban streams and rivers** – continuing to develop an inventory to assist in the management and protection of urban streams and rivers.
- **Stormwater disposal** - ensuring sufficient options are available to allow for the on-going growth of the city, using a risk-based approach.
- **Little-Go Stream** – completing work in progress at a cost of $2.9 million.
- **Compliance with the National Policy Statement (NPS) for Freshwater Management** – ensuring Council complies with the Freshwater NPS, and other central government freshwater reforms such as the Clean Water Package and the draft Whakamahere Whakatū Nelson Plan.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Environmental protection	Compliance with resource consents for discharge from the stormwater system, measured by number of: a) abatement notices b) infringement notices c) enforcement orders, and d) successful prosecutions received in relation to those resource consents	No contraventions identified in the previous three years to 2016/17	100% compliance with resource consents for discharge			
Protection from damage to property	a) The number of flooding events that occur b) For each flooding event, the number of habitable floors affected per 1000 properties connected to the stormwater network	One flooding event in 2015/16, none in 2016/17 No habitable floor damage in 2015/16 or 2016/17	No damage from flood events of a level that have a 50% probability of occurring in any one year No more than 10 per 1000 properties with habitable floor damage from events that have a 5% probability of occurring in any one year			
Response to stormwater system issues	Median response time to attend a flooding event, measured from the time that notification is received to the time service personnel reach the site	Median response time 25 minutes in 2016/17 48 minutes in 2015/16	Median response time less than 60 minutes			
Customer satisfaction – minimise valid complaints	Number of complaints received about the performance of the stormwater system, per 1000 properties connected to the stormwater network	10 complaints per 1000 connections in 2016/17 17 complaints per 1000 connections in 2015/16	No more than 20 complaints per 1000 connections per year			

DRIVERS OF CAPITAL EXPENDITURE

The following are the main drivers of capital expenditure needed for the stormwater network:

- There are still large parts of Nelson that do not have access to a reticulated stormwater system. Where these areas are developed on a good gravel base, on-site soakage has not caused any particular problems over the years. Where these areas discharge stormwater onto clay based sites where soakage is very limited, overland flow into open ditches quickly results
- Land stability issues, neighbour to neighbour relationships, public health issues arising from water ponding and insect breeding, together with the aesthetic and economic cost of maintaining open ditches, have led previous councils to support a programme of providing a reticulated stormwater network in the city. The Long Term Plan 2018-28 contains budgets for the development of stormwater strategies across the city that will be used to identify appropriate stormwater disposal techniques and prioritise those areas where a piped network is still considered appropriate. Priority has been given to those areas with poor soakage, high levels of inflow and infiltration into the wastewater network, inundation and land stability issues.

Decisions on priorities for new works and renewal of assets for the stormwater network have been based on the following, and are anticipated to continue to be the primary drivers for capital expenditure:

- Known problem areas with flooding or inundation issues, especially where they are on steep hillsides
- New growth areas
- Secondary flow paths
- High levels of inflow and infiltration into the wastewater network
- Criticality of works
- Multiple network projects, for example a project combining road works, sewerage, and water assets
- In addition, the current and future impact of climate change is a driver of capital expenditure in areas of greatest identified risk.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, the following specific assumptions apply to Council's stormwater activities. It is assumed that:

- The most efficient, equitable, safe and cost-effective means of disposing of stormwater is a council-provided system for the Nelson urban area.
- Stormwater reticulation will be designed for a storm event with a 6.67% probability of occurring in any one year, that is an event occurring on average once every 15 years, with roads and overland flow providing the flow path for larger events.
- While there are expected to be changes to weather patterns due to climate change in the longer term, it is assumed that Nelson's climate will not face substantial change within the next ten years. Factors such as climate change and population growth will receive increased analysis as the 30 year Infrastructure Strategy is reviewed in future years.

IMPACTS AND RISKS

There are potential negative impacts from providing the stormwater network such as:

- Stormwater construction works that can impact on roads and private property
- Stormwater that can become contaminated by substances on the land over which it flows. Industrial waste, tyre residues on roads and sediment are examples of contaminants that subsequently end up in waterways. These effects are to some extent reduced by Council's initiatives under the Nelson Resource Management Plan, National Policy Statement for Freshwater Management and the Whakamahere Whakatū Nelson Plan, which is in preparation
- One risk mitigation is enforcement powers, which are available to Council through the Resource Management Act 1991 and can be used to prevent or respond to pollution

Extreme and high risks associated with the stormwater activity include:

- high intensity rainfall events
- climate change and sea level rise
- secondary flow paths
- areas with low impact design ceasing to function e.g. if low impact design features such as swales are not properly maintained
- stormwater contamination

Mitigation options include:

- ongoing expansion of the stormwater network
- increasing maintenance
- Council and community accepting low level risk in some locations

Capital spending, operations and maintenance budgets have been identified to address the majority of risks. There is a risk of hazardous substances causing stormwater contamination e.g. chemicals from weed control on reserves or paint from residential areas. To mitigate this risk Council funds education programmes targeting residential and industrial properties and is also reviewing its use of chemicals in reserves.

NELSON CITY COUNCIL STORMWATER FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	3,998	4,151	4,370	4,676
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	**3,998**	**4,151**	**4,370**	**4,676**
Applications of operating funding				
Payments to staff and suppliers	1,100	1,344	1,479	1,596
Finance costs	0	0	0	0
Internal charges and overheads applied *	707	579	581	673
Other operating funding applications	0	0	0	0
Total applications of operating funding	**1,807**	**1,923**	**2,060**	**2,269**
Surplus (Deficit) of operating funding	**2,191**	**2,228**	**2,310**	**2,407**
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	288	372	380	388
Increase (decrease) in debt	434	(18)	1,787	3,547
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**722**	**354**	**2,167**	**3,935**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	136	0	58	117
- to improve level of service	2,662	2,504	4,350	6,176
- to replace existing assets	115	78	69	49
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	**2,913**	**2,582**	**4,477**	**6,342**
Surplus (Deficit) of capital funding	**(2,191)**	**(2,228)**	**(2,310)**	**(2,407)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
0	0	0	0	0	0	0
5,009	5,271	5,555	5,874	6,139	6,434	6,665
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
5,009	**5,271**	**5,555**	**5,874**	**6,139**	**6,434**	**6,665**
1,616	1,647	1,660	1,617	1,650	1,735	1,629
0	0	0	0	0	0	0
864	970	1,086	1,280	1,387	1,483	1,651
0	0	0	0	0	0	0
2,480	**2,617**	**2,746**	**2,897**	**3,037**	**3,218**	**3,280**
2,529	**2,654**	**2,809**	**2,977**	**3,102**	**3,216**	**3,385**
0	0	0	0	0	0	0
397	406	416	426	436	448	460
2,084	1,402	4,519	1,955	1,144	2,436	4,825
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,481	**1,808**	**4,935**	**2,381**	**1,580**	**2,884**	**5,285**
48	637	1,292	520	134	136	138
4,933	3,739	6,133	4,508	4,453	5,880	8,340
29	86	319	330	95	84	192
0	0	0	0	0	0	0
0	0	0	0	0	0	0
5,010	**4,462**	**7,744**	**5,358**	**4,682**	**6,100**	**8,670**
(2,529)	**(2,654)**	**(2,809)**	**(2,977)**	**(3,102)**	**(3,216)**	**(3,385)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**2,191**	**2,228**	**2,310**	**2,407**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	288	372	380	388
Vested Assets	1,170	1,129	1,399	1,179
Gains on sale	0	0	0	0
Depreciation	(2,191)	(2,228)	(2,310)	(2,407)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**1,458**	**1,501**	**1,779**	**1,567**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Stormwater				
Airlie St	87,411	50,000	-	417,792
Anglia/Scotia	-	-	-	-
Ariesdale/Thompson Terrace	127	-	-	-
Athol Street Stormwater	5,000	-	30,660	-
Beach Road	-	-	35,770	10,445
Beatson Road	-	-	-	-
Black	-	-	-	-
Brooklands	-	55,000	-	173,384
Arapiki Road	-	-	-	41,831
Freshwater improvement programme	-	-	-	52,224
Halifax St - Tasman to Milton Street	-	-	-	-
Main Rd Stoke - Hays cnr / Louisson Avenue	-	-	-	41,805
Main Rd Stoke - Louisson Avenue to Marsden Road	-	-	-	41,805
Milton - Grove Street to Cambria Street	-	-	-	28,235
Mount Street / Konini Street	52,659	10,000	10,220	564,541
Poynters Crescent	-	-	-	31,334
Railway Reserve - Newall Avenue to Bledisloe Street	-	-	-	-
Rangiora Terrace	-	-	-	-
Shelbourne Street	-	-	-	56,454
Cawthron Crescent	-	30,000	10,659	22,582
Cherry/Baigent/Ridgeway	-	-	-	-
Collingwood Street	-	-	-	-
Dodson Valley	-	-	49,715	22,582
Emano Reserve Stormwater	-	10,000	10,220	10,445

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
2,529	**2,654**	**2,809**	**2,977**	**3,102**	**3,216**	**3,385**
0	0	0	0	0	0	0
397	406	416	426	436	448	460
1,205	1,233	1,262	1,293	1,325	1,360	1,396
0	0	0	0	0	0	0
(2,529)	(2,654)	(2,809)	(2,977)	(3,103)	(3,217)	(3,385)
0	0	0	0	0	0	0
1,602	**1,639**	**1,678**	**1,719**	**1,760**	**1,807**	**1,856**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
-	-	-	-	-	-	-
-	21,895	11,350	11,622	190,314	-	-
32,024	273,003	-	-	-	-	-
32,024	27,300	11,182	572,530	-	-	-
266,865	-	-	-	-	-	-
-	59,023	60,440	23,245	380,628	-	-
10,675	27,300	223,644	-	-	-	-
-	-	-	-	-	-	-
10,888	273,330	-	-	-	-	-
53,373	54,601	27,956	28,627	117,369	120,421	123,672
-	-	-	29,374	30,109	12,828	1,113,048
10,701	10,920	615,021	-	-	-	-
10,701	11,630	841,628	-	-	-	-
10,710	268,634	-	-	-	-	-
10,675	10,920	604,398	-	-	-	-
10,904	23,609	335,466	-	-	-	-
-	-	-	61,890	28,227	28,961	668,447
-	-	-	-	126,912	-	-
173,089	-	-	-	-	-	-
240,179	-	-	-	-	-	-
42,698	21,922	22,845	618,905	-	-	-
-	-	-	41,772	63,438	26,035	309,180
128,095	-	-	-	-	-	-
266,865	-	-	-	-	-	-

Table continued overleaf

	Forecast 2017/18	2018/19	2019/20	2020/21
Examiner	-	20,000	55,188	10,445
Golf/ Parkers	-	-	-	39,529
Hardy (Tasman-Alton)	-	-	-	-
Haven Rd open channel upgrade	-	-	-	-
Isel Place	-	-	-	-
Jellicoe/Bledisloe/Kaka/Kea/Freyberg/Maple	-	-	-	-
Karaka	-	-	-	-
Kauri/Matai/Titoki/Ranui	-	-	-	-
Kipling	-	-	-	-
Kowhai	-	-	-	-
Little Go Stream upgrade Rutherford St	100,353	290,000	1,533,000	1,044,480
Nile Street East	24,998	807,904	-	-
Mahoe/Orsman/Matipo	-	-	-	-
Manson Ave	-	-	55,239	10,445
Manuka	-	-	-	-
Marsden Valley Cemetery diversion	-	-	-	-
Martin	-	-	-	-
Marybank / Tresillian Ave	-	-	55,239	112,908
Montcalm/Arrow/Wash Vly/Hastings	-	37,915	1,105,099	1,129,083
Natural Hazards Risk Remediation	-	-	-	112,908
Nayland Road / Galway	-	206,000	-	-
Network Capacity Confirmation for Growth Areas	-	-	-	-
Ngaio/Maitland	-	-	-	-
Nikau Rd open channel upgrade	-	-	-	-
Otterson Street to Pascoe Street Stormwater	-	-	-	-
Paru Paru	-	-	-	11,291
Pateke	-	-	-	-
Public/Private Drains & Open Chanel upgrade programme	-	-	-	-
Private / Public Drains	-	58,131	110,478	112,908
Renwick / Wellington Street / Waimea Road	-	-	-	56,471
Riverside	-	-	-	33,872
Rotoiti	-	-	30,660	10,445
Rutherford Stage 2 - Box Culvert	-	-	63,565	52,224
Seaton/Allisdair	-	-	55,239	20,942
St Vincent / Hastings St Culvert	50,000	10,000	10,220	10,445
Stafford Ave	-	-	-	-
Stansell Private / Public Drains	-	55,000	5,110	250,675
Stormwater Pump Station Renewals	51,518	30,000	30,660	31,334
Tahunanui Hills Stormwater- Moana Avenue to Rocks Road	88,321	100,000	92,649	564,541
Tide Gate Renewals	-	25,653	20,440	-
Tipahi / Eckington	-	-	-	-
Tosswill to Tahuna Stormwater Upgrade	-	100,000	30,660	20,890
Totara / Hutcheson	-	-	11,048	11,291
Trafalgar Square (Betts Carpark)	-	-	-	-
Tui Glen	-	-	-	36,557
Vanguard Street Stormwater	-	316,000	-	-
Wastney Terrace stormwater	59,698	-	817,600	835,584
York Terrace	-	-	-	-
Vested Assets				
Hill Street North Stormwater	-	-	684,740	-
Other vested assets	1,170,000	1,129,000	1,153,838	1,179,218
Projects under $100,000	45,731	370,116	247,662	307,276
Total Stormwater	**1,735,816**	**3,710,719**	**5,876,118**	**7,521,221**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
320,238	-	-	-	-	-	-
10,675	10,920	483,518	-	-	-	-
-	-	54,396	24,756	11,737	602,105	-
-	-	-	28,627	29,342	30,105	432,852
57,696	23,609	11,350	185,671	-	-	-
-	-	-	61,909	23,474	12,644	643,713
-	-	-	60,299	25,382	12,644	334,224
-	-	-	60,299	25,382	12,644	324,206
-	-	-	55,701	11,737	12,042	247,344
32,024	11,029	279,555	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
57,713	59,041	22,364	495,124	-	-	-
10,675	295,116	-	-	-	-	-
-	-	-	55,701	23,474	12,042	618,360
-	-	24,176	12,378	222,033	-	-
-	-	60,440	22,958	12,465	325,438	-
11,208	590,231	1,118,220	-	-	-	-
807,747	-	-	-	-	-	-
115,392	118,046	-	-	-	-	-
-	-	-	-	-	-	-
-	-	120,880	123,781	126,876	130,175	133,689
21,632	11,597	503,199	-	-	-	-
-	-	-	22,901	11,737	12,042	185,508
-	-	-	-	23,474	12,042	309,180
11,539	11,805	279,555	-	-	-	-
11,539	11,805	120,880	-	-	-	-
-	59,023	60,440	61,890	634,379	650,876	668,447
115,392	118,046	120,880	123,781	126,876	130,175	133,689
56,212	338,523	-	-	-	-	-
11,539	11,805	279,555	-	-	-	-
117,421	-	-	-	-	-	-
160,119	-	78,555	123,781	126,876	1,301,751	1,336,894
11,208	236,093	-	-	-	-	-
10,675	32,760	111,822	174,049	1,760,535	1,806,315	-
-	-	-	37,134	25,375	12,789	200,534
-	-	-	-	-	-	-
-	54,601	279,555	286,265	-	-	-
577,128	590,401	447,288	-	-	-	-
-	-	-	-	30,768	19,526	123,672
-	-	-	-	23,474	325,532	401,068
480,357	273,003	-	-	-	-	-
213,492	-	-	-	-	-	-
80,775	63,446	64,969	928,357	-	-	-
155,849	-	-	-	-	-	-
-	59,023	78,555	229,298	-	-	-
-	-	-	-	-	-	-
34,618	11,390	11,182	371,343	-	-	-
-	-	-	-	-	-	-
1,205,162	1,232,879	1,262,470	1,292,773	1,325,096	1,359,553	1,396,257
206,668	386,512	378,732	424,066	469,987	490,869	362,277
6,215,159	**5,694,791**	**9,006,466**	**6,650,807**	**6,007,476**	**7,459,554**	**10,066,261**

URBAN STOP BANKS

TIDE GATES

CULVERTS

GRAVEL REMOVAL

CLIMATE CHANGE

FLOOD PROTECTION

URBAN STREAMS AND RIVERS

MAIN RIVER CATCHMENTS

WHAT WE DO

Council flood protection works include physical upgrades to rivers and streams to increase the volume of water they can carry, increasing the size of culverts, removing gravel in areas where it accumulates and reduces flow capacity, modelling, land use planning and management of detention ponds. This work aims to manage risks associated with flooding from rivers and streams during heavy rainfall events.

Sea water flowing upstream during high tides can also affect the extent of flooding, which is why Council's flood protection assets include tide gates.

Council's flood protection activity only relates to the rivers and streams in Nelson's urban area. The special general charge for stormwater and flood protection is only levied on properties that benefit from these activities. This excludes properties greater than 15ha in area, and all properties located on the eastern side of the Gentle Annie Saddle.

WHY WE DO IT

The proximity of the Nelson foothills, and the location of commercial and residential development on the flood plains and close to waterways, mean that during heavy rainfall water levels can rise rapidly and often localised but intense flash flooding can occur.

Council's flood protection system is intended to protect people and property from harm during extreme rainfall events while minimising the negative impacts of flood protection activities on the recreational and environmental values of waterways.

Council aims to build on work already undertaken and follow a risk based approach that balances affordability against risk impact, recognising that to provide complete protection for all properties would be unaffordable for our community. The results of the stream and river flood models that have been prepared in 2016/17 have been presented to community meetings. It is expected to finalise these models in 2018 in order to use the results to inform the draft Whakamahere Whakatū Nelson Plan. Interim statements will be added to Land Information Memorandum reports until such time as the models are completed.

CHALLENGES

CLIMATE CHANGE

Existing flooding issues in the urban area are likely to increase as a result of climate change, sea level rise and more frequent and more intense rainfall events which are predicted to occur in the future. Council plans to respond to this challenge by modelling where flooding is likely to occur, and use this hazard information to inform future development rules in areas subject to flooding. Council also aims to refine a risk-based approach for decision making on flood protection. A risk based approach is expected to better align the probability and consequences of flood events with community values for streams and rivers, and the affordability of flood control schemes.

COMMUNITY OUTCOMES

Council's flood protection activity contributes primarily to the following community outcomes:

- Our unique natural environment is healthy and protected
- Our urban and rural environments are people-friendly, well planned and sustainably managed
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our region is supported by an innovative and sustainable economy

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **Waterways** – Council will continue to have a focus on maintaining the capacity of existing waterways. Any future upgrading of channel capacity will be undertaken following a risk based approach.
- **Maitai River flooding** – the main priority is analysing Maitai River flood response options and identifying implications for the central business district of Nelson and the Wood caused by Maitai, Brook and York Stream flood flows.
- **Saxton Creek, Orphanage Stream** – completing work in progress at those sites at a cost of $13.6 million to complete. Council approved an additional budget of $160,000 for the Saxton Creek Bridge widening project.
- **Flood protection strategies** – this work will identify areas with inadequate flood protection services. A more strategic approach is required to identify flood protection requirements across the city and to develop appropriate responses.
- **Community consultation** - Council proposes to have an in-depth conversation with the community about a risk based approach to flood protection. It would recognise the likely changing weather patterns and flood risk over the life of this Long Term Plan, and the trade-offs between flood protection, stream and river values with affordability.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Environmental protection, damage to people and property minimised, and a reliable flood protection network	The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Flood Protection Asset Management Plan	No loss of current service potential in any urban streams 2016/17	Network maintained to current service potential			
		No flood events occurred which required repairs in 2016/17. Previous flood event damage repair underway or completed	Flood event damage identified, prioritised and repair programme agreed with community			
		Repairs from storm events prioritised via repairs consent	High priority work completed as soon as practicable			
		2016/17 flood repairs completed to maintain waterways	Network components renewed to continue provision of original design service potential			
	Develop risk based Maitai flood response options	New measure	Flood analysis and property impacts identified	Response options identified	Community engagement on response options	Implementation of response options
	Develop city wide flood protection strategies	New measure	Complete flood models for major streams	Prioritise flood response based on results of risk based analysis	Identify top priority response options	Engage with the community and implementation of options

DRIVERS OF CAPITAL EXPENDITURE

The main driver of the capital expenditure for flood protection:

- The risk of flood damage to people, property or the environment from extreme rain events.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, the following specific assumptions apply to Council's flood protection activities. It is assumed that:

- While there are expected to be changes to weather patterns due to climate change in the longer term, it is assumed that Nelson's climate will not face substantial change within the next ten years. Factors such as climate change and population growth will receive increased analysis as the 30 year Infrastructure Strategy is reviewed in future years.

IMPACTS AND RISKS

There are potential negative impacts from providing flood protection such as:

- Channel upgrading works altering land use and ownership if property is required for the work.
- Stormwater becoming contaminated by substances on the land over which it flows. Industrial waste e.g. oil, plastic or paint, tyre residues on roads and sediment are examples of contaminants that subsequently end up in waterways. These effects are to some extent reduced by Council's initiatives under the Freshwater Plan, and asset management plans programmed for implementation over the next 10 years.
- Unknown stormwater quality, largely depending on behaviours and decisions of residents, visitors and business operators, especially where they discharge a substance into the stormwater system. These effects are lessened by Council providing information, incentives, monitoring and controls to encourage the protection of environmental quality. Ultimately the co-operation of residents, visitors and businesses is essential to achieve improved environmental outcomes. Enforcement powers,

when required to prevent or respond to pollution, are available to Council through the Resource Management Act 1991.

The extreme and high risks in the flood protection activity are associated with:

- flood events
- secondary flow paths
- stormwater contamination

Mitigation options include:

- capital works to improve capacity using a risk-based approach
- increased maintenance
- identification and regular inspection of secondary flow paths
- increased regulatory activity to monitor the storage and use of hazardous substances under the Nelson Resource Management Plan
- Council and community accepting low level risk in some locations
- Council will also have a focus on the management of contracts and contractors to ensure efficient and effective response to flooding is maintained

Capital spending and operation/maintenance budgets have been identified to address risks. Further resources would be required to support the increased regulatory activity to address hazardous substances.

NELSON CITY COUNCIL FLOOD PROTECTION FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	1,237	1,654	1,863	2,118
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	**1,237**	**1,654**	**1,863**	**2,118**
Applications of operating funding				
Payments to staff and suppliers	198	289	279	307
Finance costs	0	0	0	0
Internal charges and overheads applied *	674	767	924	1,120
Other operating funding applications	0	0	0	0
Total applications of operating funding	**872**	**1,056**	**1,203**	**1,427**
Surplus (Deficit) of operating funding	**365**	**598**	**660**	**691**
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	8,598	4,133	4,795	4,993
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**8,598**	**4,133**	**4,795**	**4,993**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	8,963	4,731	5,455	5,684
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	**8,963**	**4,731**	**5,455**	**5,684**
Surplus (Deficit) of capital funding	**(365)**	**(598)**	**(660)**	**(691)**
Funding balance	**0**	**0**	**0**	**0**

	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
	0	0	0	0	0	0	0
	2,460	2,704	2,712	2,850	3,068	3,198	3,313
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	2,460	**2,704**	**2,712**	**2,850**	**3,068**	**3,198**	**3,313**
	291	364	306	361	429	329	337
	0	0	0	0	0	0	0
	1,395	1,491	1,528	1,580	1,670	1,836	1,900
	0	0	0	0	0	0	0
	1,686	**1,855**	**1,834**	**1,941**	**2,099**	**2,165**	**2,237**
	774	**849**	**878**	**909**	**969**	**1,033**	**1,076**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	1,805	210	944	443	3,673	241	2,615
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	1,805	**210**	**944**	**443**	**3,673**	**241**	**2,615**
	0	0	0	0	0	0	0
	2,579	1,059	1,822	1,352	4,642	1,274	3,691
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	2,579	**1,059**	**1,822**	**1,352**	**4,642**	**1,274**	**3,691**
	(774)	**(849)**	**(878)**	**(909)**	**(969)**	**(1,033)**	**(1,076)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**365**	**598**	**660**	**691**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	110	166	170	173
Gains on sale	0	0	0	0
Depreciation	(366)	(598)	(660)	(691)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**109**	**166**	**170**	**173**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Flood Protection				
Brook Stream catchment improvements	-	-	-	112,908
Brook Stream fish passage	10,000	80,000	51,100	167,117
Brook Stream Outlet low flow	1,305	50,000	-	-
Arapiki Stream	-	-	-	-
York Stream Channel Upgrade	2,605,002	-	-	52,224
Emano Street Channel	-	-	-	-
Flood Mitigation	212,419	-	161,610	165,165
Inventory of Urban Streams	27	238,000	102,200	104,448
Main Rd Stoke/Poormans St/Culvert op. Fire Station	-	20,000	20,440	10,445
Maire Stream - Stage 1	149,553	150,000	-	-
Maitai flood management	-	100,000	51,100	104,448
Murphy Street	-	-	-	-
Oldham Creek stormwater upgrade	-	-	-	-
Orphanage Stream - bunding and Suffolk Road Culvert	33,335	140,000	858,480	668,467
Orphanage Stream / Sunningdale	157,808	132,103	-	-
Orphanage Stream Upgrade - Stage 2	-	-	-	-
Poormans Stream	-	-	-	-
Review of Jenkins & Arapiki (airport)	-	-	-	121,433
Saxton Creek upgrade	1,300,002	2,795,598	367,920	-
Saxton Creek, Main Rd Stoke Culvert to Sea	65,985	150,000	3,089,506	3,951,790
Secondary Flow Paths	-	50,000	102,200	-
Wakapuaka Flats Stormwater Network Upgrade	-	-	-	-
Whakatu Drive (Storage World)	9,998	604,414	408,800	-
Vested Assets				
Vested Assets	110,000	166,000	169,652	173,384
Projects under $100,000	-	220,881	241,780	226,011
Total Flood Protection	**4,655,434**	**4,896,996**	**5,624,788**	**5,857,840**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
774	**849**	**878**	**909**	**969**	**1,033**	**1,076**
0	0	0	0	0	0	0
0	0	0	0	0	0	0
177	181	186	190	195	200	205
0	0	0	0	0	0	0
(774)	(849)	(879)	(909)	(968)	(1,034)	(1,076)
0	0	0	0	0	0	0
177	**181**	**185**	**190**	**196**	**199**	**205**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
115,392	21,840	604,398	618,905	634,379	-	-
-	-	-	-	-	-	-
335,250	-	-	-	-	-	-
-	-	-	61,890	63,438	65,088	334,224
21,349	382,204	55,911	57,253	1,760,535	-	-
-	177,069	60,440	61,890	1,173,690	-	-
168,799	118,046	120,880	123,781	126,876	130,175	133,689
53,373	-	-	-	-	-	-
266,865	-	-	-	58,685	301,053	-
-	-	-	-	58,685	60,211	61,836
106,746	109,201	111,822	-	-	-	-
-	-	-	114,506	58,685	60,211	1,236,720
-	-	-	91,605	58,685	12,042	1,014,110
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	126,876	60,211	61,836
-	-	-	-	117,369	60,211	61,836
57,696	58,969	604,398	-	-	-	-
-	-	-	-	-	-	-
1,200,893	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	58,685	60,211	309,180
-	-	-	-	-	-	-
177,198	181,274	185,625	190,080	194,833	199,899	205,296
252,535	191,956	264,286	222,174	345,437	464,583	477,416
2,756,096	**1,240,559**	**2,007,760**	**1,542,084**	**4,836,858**	**1,473,895**	**3,896,143**

SOLID WASTE

RECYCLING COLLECTION

YORK VALLEY LANDFILL

WASTE MANAGEMENT

WASTE MINIMISATION

PASCOE ST TRANSFER STATION

COMPOSTING PROMOTION

NELSON TASMAN REGIONAL LANDFILL BUSINESS UNIT

JOINT WASTE MANAGEMENT AND MINIMISATION PLAN

WHAT WE DO

Council manages the Pascoe Street Transfer Station, which receives domestic hazardous waste, refuse and separated green waste. Council also manages the recycling service to residential properties and promotes waste minimisation.

The joint responsibility for the management of both York Valley Landfill in Nelson and Eves Valley Landfill in Tasman has been transferred to the Nelson Tasman Regional Landfill Business Unit (NTRLBU), which became operational from 1 July 2017. York Valley Landfill has capacity for 15 more years of waste disposal. The landfill fees for the Joint Venture will be included in the Long Term Plan once confirmed by the RLBU in early 2018.

The focus of Council's solid waste activity over the next few years will be to consider the outcomes from the review of the Nelson Tasman Joint Waste Management and Minimisation Plan (JWMMP). The Joint WMM Plan is currently being reviewed.

The joint landfill fees are set by the NTRLBU after considering the views of Nelson City and Tasman District Councils. For 2018/19 they are $141 per tonne.

WHY WE DO IT

Good public health and wellbeing depends on the safe disposal of waste. Environmental protection also depends on promoting the reduction, reuse, recycling, and recovery of potential solid waste and compostable material. Council provides waste management and minimisation services to reduce the creation of waste, improve the efficiency of resource use, and to reduce the harmful effects of waste on people and the environment.

Managing landfill disposal on a regional level on behalf of Nelson and Tasman residents will result in better outcomes in all aspects of waste minimisation and management.

CHALLENGES

WASTE GENERATION

There are limits to both the Nelson and Tasman councils' ability to influence waste generation within the region. To achieve significant change, all residents and businesses will need to take responsibility for their generation of waste and decisions regarding reuse, recycling and disposal. The councils support this change through incentivising recyclables collection, and providing a user pays household refuse collection service. To divert green waste from the landfill Council promotes composting, provides information and discount coupons for compost, worm farm or bokashi bins. Council plans to track household composting as an example of Council supporting the community to make a personal choice about avoiding the creation of waste. Council promotes minimisation and awareness of the 'circular economy' with a programme that includes, for example, recycling and waste reduction at events.

DEMAND FOR SERVICES

Increasing population, visitors and industry will increase demand for waste management and minimisation services. The approach taken in the Joint Waste Management and Minimisation Plan is to respond to the increasing demand by identifying the following waste streams for priority waste minimisation action:

- organics, including both garden and kitchen waste
- recyclable packing and paper
- inorganic and 'special' wastes
- timber and other construction and demolition waste, and
- hazardous waste.

COMMUNITY OUTCOMES

Council's solid waste activity contributes primarily to the following community outcomes:

- Our unique natural environment is healthy and protected
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our communities are healthy, safe, inclusive and resilient
- Our regional is supported by an innovative and sustainable economy

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **Nelson Tasman Joint Waste Management and Minimisation Plan 2018** – Council will contribute to achieving the outcomes of this Plan, which will set the waste minimisation and management priorities for the region over the next six years in conjunction with the Tasman District Council.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Measures to encourage the community to reduce waste to landfill	Quantity (kg) per capita, annually, excluding biosolids, material from H.A.I.L sites (contaminated land) and out of region waste e.g. Buller District	598 kg per resident was disposed of at landfill 2016/17 January 2018 estimate NZ average was 734 kg per person per year	Maintain or decrease the amount of waste (kg) per capita to landfill, per year			
Measures to encourage the community to increase composting of food and garden waste	Proportion of households composting food waste and garden waste, from Survey of Residents	New measure From 2014 Survey of Residents: 67% composted food waste, and 73% composed garden waste	Maintain or increase the % of households that compost food and garden waste compared to previous survey results			
Support for the collection and recycling of e-waste	Uptake of available subsidies for recycling e-waste	New measure	Consistent or increasing uptake of available e-waste subsidies compared to the previous year (in dollars)			

DRIVERS OF CAPITAL EXPENDITURE

The main driver of capital expenditure on solid waste is the demand for waste disposal, which in turn is driven by increasing population, tourist activity and industry.

ASSUMPTIONS

There are no assumptions specific to the Solid Waste activity other than the general assumptions that apply to all Council activities.

IMPACTS AND RISKS

There are potential negative impacts from providing solid waste management. The following outlines some of the major impacts and risk mitigation strategies:

- Pollution of the air, soil and groundwater from the York Valley landfill. This is limited through using best practice to meet resource consent conditions.
- Greenhouse gas emissions from the landfill are reduced through capping the landfill site and extracting some methane for sale to be combusted.
- The risk of gas collection system failure leading to a landfill fire, or hazardous waste not being identified, leading to impacts on human health and/or the environment is mitigated by regular monitoring.
- Given the changes in the international market for recyclables, the risks associated with this activity are being closely monitored by Council.

NELSON CITY COUNCIL SOLID WASTE FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	154	0	0	0
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	191	193	198	204
Fees and charges	955	3,795	3,628	3,690
Internal charges and overheads recovered	2,105	2,250	2,269	2,315
Local authorities fuel tax, fines, infringement fees, and other receipts	2,018	2,271	2,403	2,434
Total Operating Funding	**5,423**	**8,509**	**8,498**	**8,643**
Applications of operating funding				
Payments to staff and suppliers	2,900	5,771	5,741	5,837
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,154	2,296	2,310	2,352
Other operating funding applications	0	0	0	0
Total applications of operating funding	**5,054**	**8,067**	**8,051**	**8,189**
Surplus (Deficit) of operating funding	**369**	**442**	**447**	**454**
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	5	0	0	0
Increase (decrease) in debt	(374)	(334)	(338)	(344)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**(369)**	**(334)**	**(338)**	**(344)**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	33	7	34
- to improve level of service	0	42	31	31
- to replace existing assets	0	30	26	35
Increase (decrease) in reserves	0	3	45	10
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	**0**	**108**	**109**	**110**
Surplus (Deficit) of capital funding	**(369)**	**(442)**	**(447)**	**(454)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
209	215	221	227	234	240	248
3,760	3,840	3,929	4,022	4,123	4,225	4,333
2,363	2,434	2,485	2,517	2,575	2,635	2,591
2,484	2,558	2,608	2,642	2,702	2,764	2,722
8,816	**9,047**	**9,243**	**9,408**	**9,634**	**9,864**	**9,894**
5,955	6,113	6,256	6,385	6,549	6,715	6,892
0	0	0	0	0	0	0
2,400	2,466	2,512	2,539	2,592	2,647	2,599
0	0	0	0	0	0	0
8,355	**8,579**	**8,768**	**8,924**	**9,141**	**9,362**	**9,491**
461	**468**	**475**	**484**	**493**	**502**	**403**
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(380)	(351)	(318)	(324)	(405)	(412)	(142)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(380)	**(351)**	**(318)**	**(324)**	**(405)**	**(412)**	**(142)**
0	54	0	72	0	0	0
0	66	73	74	0	121	429
27	46	28	50	29	30	31
54	(49)	56	(36)	59	(61)	(199)
0	0	0	0	0	0	0
81	**117**	**157**	**160**	**88**	**90**	**261**
(461)	**(468)**	**(475)**	**(484)**	**(493)**	**(502)**	**(403)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**369**	**442**	**447**	**454**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	5	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(369)	(332)	(337)	(343)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**5**	**110**	**110**	**111**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Solid Waste				
NTRLBU Joint Landfill				
Joint Landfill upgrades		12,000	-	-
Projects under $100,000	-	92,500	62,839	100,884
Total Solid Waste	**-**	**104,500**	**62,839**	**100,884**

	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
	461	**468**	**475**	**484**	**493**	**502**	**403**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(351)	(358)	(366)	(374)	(383)	(392)	(402)
	0	0	0	0	0	0	0
	110	**110**	**109**	**110**	**110**	**110**	**1**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	-	-	-	-	-	120,500	428,824
	26,675	167,184	100,478	196,344	29,350	30,125	30,950
	26,675	**167,184**	**100,478**	**196,344**	**29,350**	**150,625**	**459,774**


UMBR 350

CONSENTS AND PERMITS
FRESHWATER QUALITY
BUILDING CONSENTS
ANIMAL CONTROL
BIOSECURITY
COASTAL ENVIRONMENTAL QUALITY
RESOURCE MANAGEMENT PLANNING
BIODIVERSITY PROTECTION
LIQUOR LICENSING
CLIMATE CHANGE
AIR QUALITY
NATURAL HAZARDS

HARBOUR NAVIGATION AND SAFETY

ENVIRONMENT

WATER QUALITY
MARINE POLLUTION MANAGEMENT
ENVIRONMENTAL MONITORING
LICENSING
OIL SPILLS
BYLAWS

WHAT WE DO

As one of only six unitary councils, this Council has both local and regional responsibilities for environmental management. This means Council also needs to consider natural resources such as air, freshwater, coastal environments and soil as well as the quality of the built environment and regional growth.

Regional council environmental responsibilities are important for protecting our environment and community wellbeing into the future. Council delivers these functions and obligations through planning, consent and compliance work as well as integrated and targeted programmes such as Nelson Nature and our science and monitoring programme.

Council's environmental activities include planning, city development, scientific monitoring and reporting, education and assistance, as well as building and resource consents, compliance and enforcement.

Navigation safety is also part of this activity; a responsibility that has been delegated to Port Nelson Ltd and is managed by the Harbourmaster. Council is responsible for the marine environment for 12 nautical miles out from Waimea Estuary to Cape Soucis.

WHY WE DO IT

Council has made the environment one of its key priority areas to meet the Nelson community's aspirations related to the environment, reflect the importance of our region's strong environmental identity and implement the requirements of a wide range of legislative and policy directives. Feedback from the community highlights the need to focus on water quality in streams and at our beaches and the maintenance of our biodiversity areas.

CHALLENGES

GOVERNMENT LEGISLATION AND STANDARDS

Recent and planned changes to national policy and standards relating to freshwater, urban development capacity, air, forestry, climate change, and environment reporting require an increasing commitment to the provision of ongoing monitoring information, achievement of environmental improvements, and changes to plans and strategies.

RESOURCE MANAGEMENT PLANNING

The Resource Management Act requires Council to ensure its resource management plans are kept up to date and reviewed every ten years. Nelson has a number of resource management plans that are either due or overdue for review, and are to be brought together in the updated Whakamahere – meaning 'to plan' - Whakatū Nelson Plan. This is a complex document being developed from the review Council initiated in 2013. Public feedback in 2015 on Nelson's significant resource management issues and in 2016 on the Regional Policy Statement, and key stakeholder and iwi engagement have helped shape the draft Whakamahere Whakatū Nelson Plan. Public release of the draft Plan is anticipated in August 2018, which will be followed by a full feedback process before its public notification in mid-2019 and the formal submission and hearing process over the next few years.

COASTAL AND MARINE ENVIRONMENTS

A greater focus on the marine environment is needed because it is so significant to Nelson. Marine biosecurity issues, marine and estuary sedimentation, coastal erosion, and the potential effects of sea level rise also need to be better understood.

Nelson's coastal waters are under threat from invasive marine species. These have the potential to impact on the ecology of Tasman Bay and on the marine economy. Council is responding by increasing its focus on the protection of the marine environment for which it is responsible.

INTEGRATION

Implementation of Council's other asset and activity management plans has a significant influence on the achievement of its environmental goals. Integration between the different environmental programmes, including planning, consents and monitoring, is also essential for the achievement of environmental outcomes. Other Council activities, including its infrastructure asset management, now include environmental outcomes in their plans and levels of service to deliver environmental management across the Council organisation. Increased prioritisation of environmental data collection will assist informed decision making and public understanding of the state of our environment.

COMMUNITY OUTCOMES

Council's Environment activity contributes primarily to the following community outcomes:

- Our unique natural environment is healthy and protected
- Our urban and rural environments are people friendly, well-planned and sustainably managed
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our communities are healthy, safe, inclusive and resilient
- Our communities have opportunities to celebrate and explore their heritage, identity and creativity
- Our communities have access to a range of social, educational and recreational facilities and activities
- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement
- Our region is supported by an innovative and sustainable economy

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **Freshwater** – Council is expanding the Project Maitai/Mahitahi ecosystem approach to other stream catchments across the region. There is $258,000 for Healthy Streams projects focused on improving stream health in both rural and urban areas. Council has budgeted capital expenditure provision of $108,000 per annum in support of the Healthy Streams Programme outcomes. Strategic linkages have also been formed to ensure funding is directed to infrastructure projects that improve environmental outcomes.
- **Biodiversity / Nelson Nature** – Council will focus on the next three years of the Nelson Nature ten year integrated project to deliver regional council biodiversity obligations across land and water areas of the region. It is focused on pest plant and animal control, significant natural areas, management of coastal margins, development of bio-corridors, threatened species and habitat restoration.
- **Climate Change** – Council is planning to develop a programme of work to reflect national direction and the Local Government NZ climate change work. The Local Government Leaders Climate Change Declaration also drives this work. Council is currently researching carbon emissions measurement and reduction programmes, and considering actions to support the community to adapt and respond to the effects of climate change. The baseline information will enable well informed and targeted emission reduction outcomes to be set by Council and the community and for actions that will make a difference to be undertaken.
- **Natural Hazards** - The management of significant risks from natural hazards has been identified as a matter of national importance in recent Resource Management Act reforms. Council's prior work will inform risk-based hazard planning and infrastructure management, which will be incorporated in the Whakamahere Whakatū Nelson Plan and Council's infrastructure work programme. Recent hazard modelling information will determine what regulatory and other controls are required.
- **Coast and marine** - Council recognises there is a range of complex issues related to coastal and marine environment including sea level rise, coastal erosion, marine biosecurity, Tasman Bay water quality and biodiversity, and estuarine health. Council has successfully advocated for Tasman Bay and is now launching a new estuarine health monitoring programme across Nelson's four estuaries – Waimea Inlet, The Haven, Delaware Bay and Kokorua Bay - and developing a programme of work to respond to national and regional initiatives in the coastal and marine areas such as the Sustainable Seas National Science Challenge.
- **State of the Environment monitoring** – Council is increasing its state of the environment monitoring programme to respond to national reporting requirements and to provide good long term data about the state of our land, air, water and biodiversity and evidence. This will be used in policy development and to inform our communities.
- **Land and marine biosecurity** - To minimise the risk of invasive marine species impacting on the Tasman Bay environment and industry Council will work collaboratively though the Top of the South Marine Biosecurity Partnership and other biosecurity agencies.
- **Cost recovery** – Council plans to implement charging for monitoring under section 36 of the Resource Management Act with an expected income of $100,000 per year of the Long Term Plan.
- Council approved operational funding for the Regional Sector Office of $16,000 per year and fish passage research and development programme of $10,000 per year.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Clean air	Compliance with national Air Quality Standards – number of breaches in each airshed	Number of breaches in airshed A: 1 in 2016 1 in 2017	No more than 3 breaches in winter 2018	No more than 3 breaches in winter 2019	No more than 3 breaches in winter 2020	No more than 1 breach per winter
		Number of breaches in airshed B1: 1 in 2016 2 in 2017	No more than 1 breach in winter 2018	No more than 1 breach in winter 2019	No more than 1 breach in winter 2020	No more than 1 breach per winter
		Number of breaches in airshed B2: none in 2016 none in 2017	No breaches			
		Number of breaches in airshed C: none in 2016 none in 2017	No breaches			
Natural water ways complying with National Policy Statement Freshwater requirements	% of pristine water bodies maintained at current state (2017 baseline) as a minimum	New measure	100%			
Safe recreational bathing sites, marine and freshwater	% key bathing sites monitored and public advised if water quality standards breached	New measure	100%			
Resource consent processes that comply with statutory timeframes	% non-notified processed within 20 working days	98% in 2017	100%			
	% fast track consents within 10 working days	New measure	100%			
Building unit compliance	% building consents and code compliance certificates issued within 20 working days	99% in 2017	100%			
Dog and animal control	% of all complaints responded to within one day	90% in 2017	90% of complaints responded to within one day			
Food safety and public health	% premises receiving inspection as per statutory requirements	New measure	100% of premises are inspected according to legislative requirements on frequency			
Alcohol licensing	% of licensed premises receiving two inspections per year	New measure	100% of premises inspected two times per year			
Pollution response	% responses to emergences within 30 minutes and all other incidents within one day	New measure	100% of emergencies responded to within 30 minutes and all other incidents within one day			

DRIVERS OF CAPITAL EXPENDITURE

The main driver of capital expenditure is to provide environmental monitoring equipment and environmental protection through projects such as planting and fish passage. Although in general capital expenditure is a minor part of total expenditure on this activity as most is operational funding, it is critical for good environmental management. Also capital expenditure to improve environmental outcomes will be seen in core infrastructure activities such as stormwater and wastewater.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, the following specific assumptions apply to Council's Environment activities. It is assumed that:

- Nelson's climate will remain substantially unchanged for the next decade. Factors such as climate change and population growth will receive increased analysis as the 30 year Infrastructure Strategy is reviewed in future years
- The level of consent processing activity is stable given the state of the economy and consistent with a high growth scenario.

IMPACTS AND RISKS

Potential significant negative effects on the community of Council's Environment activities, and relevant risk mitigation strategies include:

- Regulation costs - transaction and implementation costs may occur for individuals and businesses as well as constraints on the actions they can undertake, because of Council carrying out its regulatory and legislative responsibilities. Council limits costs by ensuring best practice is applied to regulatory management. It is accepted that some costs are necessary to achieve environmental and public health and safety goals
- The time it takes for Council to respond to changes in information on hazards and amendments to legislation and regulations. This risk is mitigated by monitoring changes and annually reviewing Council's work programme to ensure highest priority risks are action addressed
- Marine biosecurity incursions in the marina and wider port. The risk is reduced by regular monitoring and membership of Top of South Biosecurity Partnership.

NELSON CITY COUNCIL ENVIRONMENT FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	7,177	7,853	8,176	7,950
Targeted rates	24	12	5	1
Subsidies and grants for operating purposes	90	55	31	31
Fees and charges	1,159	224	228	231
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	3,840	4,384	4,475	4,564
Total Operating Funding	**12,290**	**12,528**	**12,915**	**12,777**
Applications of operating funding				
Payments to staff and suppliers	11,843	12,209	12,593	12,451
Finance costs	0	0	0	0
Internal charges and overheads applied *	284	285	278	272
Other operating funding applications	0	0	0	0
Total applications of operating funding	**12,127**	**12,494**	**12,871**	**12,723**
Surplus (Deficit) of operating funding	**163**	**34**	**44**	**54**
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(4,457)	(215)	(155)	32
Gross proceeds from sale of assets	7,677	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**3,220**	**(215)**	**(155)**	**32**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	39	39	40
- to improve level of service	372	175	177	236
- to replace existing assets	3,477	44	87	46
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(466)	(439)	(414)	(236)
Total applications of capital funding	**3,383**	**(181)**	**(111)**	**86**
Surplus (Deficit) of capital funding	**(163)**	**(34)**	**(44)**	**(54)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
8,061	8,090	8,248	8,687	8,773	9,062	9,313
0	0	0	0	0	0	0
32	32	33	33	34	35	35
235	239	254	259	264	269	274
0	0	0	0	0	0	0
4,640	4,722	4,813	4,899	4,994	5,096	5,192
12,968	**13,083**	**13,348**	**13,878**	**14,065**	**14,462**	**14,814**
12,623	12,719	12,963	13,474	13,640	14,012	14,344
0	0	0	0	0	0	0
283	295	308	321	335	352	366
0	0	0	0	0	0	0
12,906	**13,014**	**13,271**	**13,795**	**13,975**	**14,364**	**14,710**
62	**69**	**77**	**83**	**90**	**98**	**104**
0	0	0	0	0	0	0
0	0	0	0	0	0	0
77	180	144	187	177	140	141
0	0	0	0	0	0	0
0	0	0	0	0	0	0
77	**180**	**144**	**187**	**177**	**140**	**141**
31	30	32	32	33	34	35
168	206	176	176	221	190	196
12	13	13	62	13	14	14
0	0	0	0	0	0	0
(72)	0	0	0	0	0	0
139	**249**	**221**	**270**	**267**	**238**	**245**
(62)	**(69)**	**(77)**	**(83)**	**(90)**	**(98)**	**(104)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**163**	**34**	**44**	**54**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	2,251	0	0	0
Depreciation	(168)	(34)	(44)	(54)
Other non-cash income/expenditure	(323)	27	11	3
Net Surplus (Deficit) before taxation in Cost of Service Statement	**1,923**	**27**	**11**	**3**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Environmental Management				
Monitoring the Environment				
Other Catchment Upgrades	-	108,131	110,478	112,908
Plant & Equipment	-	50,000	51,100	104,448
Projects under $100,000	-	99,816	140,679	104,256
Total Environmental Management	**-**	**257,947**	**302,257**	**321,612**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
62	**69**	**77**	**83**	**90**	**98**	**104**
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(62)	(69)	(77)	(83)	(90)	(98)	(104)
0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
115,392	118,046	120,880	123,781	126,876	130,175	133,689
32,024	65,521	33,547	34,352	70,421	36,126	37,102
63,852	65,319	66,861	111,789	70,177	71,972	73,886
211,268	**248,886**	**221,288**	**269,922**	**267,474**	**238,273**	**244,677**

COMMUNITY PARTNERSHIPS ARTS VENUES
FOUNDERS HERITAGE PARK
HISTORIC MEMORIAL SITES
HERITAGE HOUSES
HERITAGE PROJECT FUND
INTERPRETIVE PANELS
YOUTH COUNCIL
PUBLIC TOILETS

COMMUNITY HOUSING
COMMUNITY INVESTMENT
NELSON PROVINCIAL MUSEUM (50% SHARE)
PUBLIC ARTWORKS
SUTER ART GALLERY
PUBLIC LIBRARIES
CEMETERIES & CREMATORIUM PROW WEBSITE
HERITAGE AWARDS HERITAGE WALKS HERITAGE WEEK
COMMUNITY EVENTS & FESTIVALS

SOCIAL

WHAT WE DO

The Social Activity supports community wellbeing through provision of a range of social, arts and heritage facilities such as our libraries or Founders Heritage Park. Council also funds events such as the annual Arts Festival and services such as downloadable heritage walks. It invests in and supports the work of key community-owned facilities such as the Nelson Centre of Musical Arts and the Theatre Royal. Council also funds community development, including through grants to groups providing social services and support to the community. This activity helps strengthen and connect our community, build resilience, support our most vulnerable residents and contribute to making Nelson an attractive and vibrant city.

WHY WE DO IT

Arts and heritage assets and the festivals and events that celebrate our city contribute to our identity and build civic pride. Council receives ongoing feedback from members of the community about the value they place on these assets and activities. This activity also supports vulnerable members of the community through grants to community groups, partnering with social agencies to deliver services and providing social housing as well as delivering some of the important city assets such as public toilets and libraries. These activities contribute to the health and wellbeing of residents and help to build a more cohesive community.

CHALLENGES

COMMUNITY SECTOR CONSTRAINTS

The ability for community organisations to take a strategic, innovative approach is often limited by reliance on volunteers with limited time and the ongoing need to focus on funding applications in order to continue operating. Council staff work closely with the community sector to support its work and deliver community outcomes.

ARTS SECTOR FUNDING

Council recognises that a robust arts sector contributes significantly to Nelson's identity and the wellbeing of the community and that volunteer support and patronage is critical to the ongoing health, wellbeing and sustainability of the sector. Council acknowledges that the sector is not able to be fully self-funded and supports this activity through grant funding, direct provision and partnerships and has made significant investments to upgrade key arts facilities.

COMMUNITY OUTCOMES

Council's Social activities contribute primarily to the following community outcomes:

- Our communities are healthy, safe, inclusive and resilient
- Our communities have opportunities to celebrate and explore their heritage, identity and creativity
- Our communities have access to a range of social, educational and recreational facilities and activities
- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement
- Our region is supported by an innovative and sustainable economy.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **Public libraries** - The precinct around the Elma Turner Library is a vital part of central Nelson. A project to re-develop the library is central to this riverside area, and provides opportunities to collaborate adjoining landowners. Council plans to redevelop this well-used facility so it can continue to be a much-loved hub but with expanded community space. Using best estimates of the scale of the project, which is currently scheduled for completion in 2022/23, a provision of $14.9 million (inflated) for the redevelopment has been made. This might be adjusted up or down as the project progresses. Council will be preparing a development brief to inform a revised Business Case for the Elma Turner library re-development. This will take into account wider issues involving the development of the riverside precinct, technology change and the future of libraries. Timing of the Stoke Library redevelopment would be coordinated with this project so there is a continuity of public library services for Nelson residents.
- **Bishop Suter Art Gallery** - Council has increased the operating grant for the Bishop Suter Art Gallery from $550,000 in 2017/18 to $656,000 in 2018/19 to reflect the need make the most of its recent investment in upgrading the facility. Most of the increased grant will be invested in updated financial management systems. Maintenance costs have reduced following the new build, while depreciation costs have increased alongside its increased asset value.

- **Nelson Arts Festival** - Based on consultation in 2015, 2016 and 2017 on the future governance of the Nelson Arts Festival, Council decided to establish an independent charitable trust to govern and deliver the Festival in future. The aim is to establish the Trust so that it can shadow the Festival operations in 2018 and be ready to take over full responsibility in time to deliver the 2019 Festival. The outcomes for Council's ongoing funding of the Arts Festival would be managed under a contract with the new Trust.
- **Community events** - Council currently supports economic events and has included funding for community events to sit alongside that, starting at $50,000 in 2018/19 and rising to $75,000 plus inflation in following years. Community events are important for wellbeing as they build feelings of belonging, identity and a sense of pride in our city as well as helping to grow awareness of our diverse community
- **Improved public toilets** - Council has two significant projects to upgrade and extend the Millers Acre and the Tahunanui Lions toilets. Both will see construction completed in 2020/21. These projects are estimated to cost a total of $515,000 and $516,000 respectively.
- **Nelson Provincial Museum** – Council has made a provision of $1.5 million in 2020/21 and $1.5 million in 2021/22 for a grant to the Tasman Bays Heritage Trust for a new regional collection facility.
- **Nelson Tasman Hospice** – Council has allocated funding of $150,000 in 2018/19 for a grant to the Nelson Tasman Hospice for its new facility in Stoke.
- **Marae maintenance grant** – Whakatū Marae provides a home for Nelson's six mana whenua iwi, as well as Mātā Waka, residents and visitors as a focus for welcomes, events, celebrations, and to farewell those who have passed. Council will contribute $30,000 in 2018/19 for development of an asset management plan and $20,000 each year after that to support iwi/Māori in Nelson to maintain appropriate infrastructure for their communities in a cost effective and efficient way.
- **Stoke library behaviour** – Following concerns of behaviour issues at the Stoke library, Council has included a budget of $50,000 in 2018/19 to support efforts to resolve youth antisocial behaviour at the library. Funding will mainly cover the cost of youth workers but also some security guard presence at the library. Staff will engage with Central Government and community agencies to develop and deliver appropriate social services in the medium to longer term.
- Coucil has allocated up to $11,500 per year to support the **Nelson Returned and Services Association** to deliver ANZAC Day commemorations.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Community partnerships address community needs and issues	Number of successful projects funded where officers work with groups to increase partnership opportunities & leverage funding	At least 80% of users satisfied or very satisfied	One new project funded per year that achieves the outcomes of the funding agreement			
Bishop Suter Art Gallery: a regional art gallery that engages, educates and entertains	% users satisfied or very satisfied with the facility	85% in 2016/17 (gallery re-opened after renovation in October 2016)	At least 80% of users satisfied or very satisfied			At least 80%
	Number visits per year	In the 2016/17 year there were at least 102,167 on site visits [includes Halifax and Bridge Street Premises] of which approximately 97,989 visits are to the new Suter	At least 110,000			At least 110,000

Table continued overleaf

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Theatre Royal: regional theatre widely used	Audience numbers per year and percentage of local audience	New measure. 46,100 per annum of which 75% were locals in 2017/18	Audience of 40,000 per annum 70% local audience			
	Days in use per year.	The Theatre Royal was in use for 329 days in 2016/17.	At least 275 days of usage			
Nelson Centre of Musical Arts: independent music school & venue	Audience numbers per year Number of students per year Number of people regularly using recital rooms / facility usage / community participation	Facility renovation due for completion by 2018/19. The facility has been closed for earthquake strengthening and refurbishment 2015/16/17, opened in April 2018. Old St Johns church has been used to present a number of shows and some students were retained however audience and student numbers have been limited during this time.	Audience numbers per year: At least 13,000 Number of students attending per year, including pathway courses: At least 530 Number of people regularly using facility for community participation: At least 12,000			
Public libraries: well used, welcoming and safe	Customer satisfaction	94% in 2016/17 98% in 2015/16	At least 90% user satisfaction			
	Library membership	77% in 2016/17 73% in 2015/16	At least 75% residents are library members			
	Door counts	505,792 - 2016/17 500,116 - 2015/16	At least 500,000 per year (except during redevelopment period)			
	Online use (previous 3 years)	987,077 - 2016/17 914,209 - 2015/16 778,242 - 2014/15	Online use increasing each year			
Founders Heritage Park: well used by residents and visitors	% occupancy of available space	New measure	95% occupancy maintained	Maintain year 1		
	Number of visitors of the facility per year	56,637 visitors in 2016/17	Maintain or increase visitor number each year	Maintain year		

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
High quality, popular and accessible arts events	Nelson Arts Festival, Summer Programme and Opera in the Park well-supported by local community measured by Council survey of attendance every three years	Summer Festival: 55% 2016/17 43% 2015/16 Masked Parade: 39% 2016/17 34% 2015/16 Arts Festival: 27% 2016/17 22% 2015/16 Opera in the Park not held 2016/17	Council resident survey attendance levels maintained or exceeded: • 53% Summer Festival • 44% Masked Parade • 31% Arts Festival • 30% Opera in the Park (alternate years)			
	Percentage of tickets allocated	New measure	Percentage of available tickets allocated is greater than 60%			
	Satisfaction levels of attendees measured at events annually	New measure	The percentage of attendees' satisfaction at events increases each year from a baseline of 2018/19			

DRIVERS OF CAPITAL EXPENDITURE

The main drivers of capital expenditure on Council's Social activity are:

- Need to refurbish library space to continue meeting current levels of service and cater for population growth
- Ageing community housing infrastructure requiring increased maintenance and renewals and eventually replacement
- Need to refurbish and expand public toilets at key sites to service growth in visitor numbers.

ASSUMPTIONS

There are no assumptions specific to the Social activity other than the general assumptions that apply to all Council activities.

IMPACTS AND RISKS

- Alterations to Nelson Public Libraries and the refurbishment of public toilets would result in some disruption to the public. Projects would be managed to limit disruption as far as possible
- The cost of the Arts Festival to rates and the fact that events may not be accessible to many residents due to cost are negative impacts of this activity. This is mitigated by making a number of events free and considering cost and location in programming of events

NELSON CITY COUNCIL SOCIAL FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	12,560	12,872	13,317	13,403
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	296	171	174	177
Fees and charges	917	621	733	641
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,577	1,708	1,733	1,760
Total Operating Funding	**15,350**	**15,372**	**15,957**	**15,981**
Applications of operating funding				
Payments to staff and suppliers	12,561	12,502	12,989	12,835
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,478	1,652	1,669	1,745
Other operating funding applications	0	0	0	0
Total applications of operating funding	**14,039**	**14,154**	**14,658**	**14,580**
Surplus (Deficit) of operating funding	**1,311**	**1,218**	**1,299**	**1,401**
Sources of capital funding				
Subsidies and grants for capital	22	23	23	24
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	4,340	1,571	782	4,583
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**4,362**	**1,594**	**805**	**4,607**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	572	1,512	921	816
- to improve level of service	4,816	690	1,450	3,295
- to replace existing assets	385	770	573	557
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(100)	(160)	(840)	1,340
Total applications of capital funding	**5,673**	**2,812**	**2,104**	**6,008**
Surplus (Deficit) of capital funding	**(1,311)**	**(1,218)**	**(1,299)**	**(1,401)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
14,130	14,970	15,585	15,734	16,420	16,527	16,993
0	0	0	0	0	0	0
180	183	186	189	193	196	200
736	642	762	665	768	668	798
0	0	0	0	0	0	0
1,789	1,818	1,850	1,883	1,897	1,932	1,969
16,835	**17,613**	**18,383**	**18,471**	**19,278**	**19,323**	**19,960**
13,318	13,572	13,971	13,924	14,634	14,696	15,304
0	0	0	0	0	0	0
2,069	2,404	2,616	2,715	2,778	2,790	2,796
0	0	0	0	0	0	0
15,387	**15,976**	**16,587**	**16,639**	**17,412**	**17,486**	**18,100**
1,448	**1,637**	**1,796**	**1,832**	**1,866**	**1,837**	**1,860**
24	24	25	25	26	26	27
0	0	0	0	0	0	0
6,641	5,025	1,037	228	(902)	(842)	(747)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
6,665	**5,049**	**1,062**	**253**	**(876)**	**(816)**	**(720)**
589	626	632	682	714	760	746
5,548	5,754	1,764	1,101	0	0	0
636	466	622	462	436	421	554
0	0	0	0	0	0	0
1,340	(160)	(160)	(160)	(160)	(160)	(160)
8,113	**6,686**	**2,858**	**2,085**	**990**	**1,021**	**1,140**
(1,448)	**(1,637)**	**(1,796)**	**(1,832)**	**(1,866)**	**(1,837)**	**(1,860)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**1,311**	**1,218**	**1,299**	**1,401**
Subsidies and grants for capital expenditure	22	23	23	24
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,307)	(1,351)	(1,362)	(1,382)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**26**	**(110)**	**(40)**	**43**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Social				
Heritage & Arts Planning				
Art Works Programme	118,491	181,098	82,882	84,705
Nelson Library				
Book Purchases	417,608	399,538	408,328	417,309
Elma Turner Library Extension/ Relocation	19,531	400,000	1,226,400	2,506,752
Stoke Library				
Stoke Library Extension/ Relocation	-	-	-	-
Nightingale Library				
Nightingale Roof Repair	-	-	-	-
Marsden Valley Cemetery				
New burial area	-	850,000	-	-
Public Toiltes, Free				
Millers Acre Toilet	-	45,000	260,610	208,896
Tahunanui Lions Toilet upgrade	-	60,000	143,080	313,344
Public Toilets, Charge				
Toilet Renewals Programme	-	-	-	15,667
Greenmeadows Centre				
Greenmeadows Centre	4,235,082	125,000	-	-
Stoke Hall				
Stoke Hall Remediation	-	-	-	-
Community Properties				
Refinery Gallery EQ strengthening	-	-	30,660	386,458
Community Housing				
Community Housing Renewals	71,572	290,000	296,380	302,899
Projects under $100,000	518,847	621,716	495,183	431,830
Total Social	**5,381,131**	**2,972,352**	**2,943,523**	**4,667,860**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
1,448	**1,637**	**1,796**	**1,832**	**1,866**	**1,837**	**1,860**
24	24	25	25	26	26	27
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(1,399)	(1,557)	(1,716)	(1,752)	(1,788)	(1,793)	(1,798)
0	0	0	0	0	0	0
73	**104**	**105**	**105**	**104**	**70**	**89**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
86,569	88,560	90,685	92,862	95,184	97,659	100,296
426,491	436,299	446,771	457,495	468,934	481,128	494,117
5,337,300	5,460,050	-	-	-	-	-
106,746	163,802	1,677,330	572,530	-	-	-
-	-	223,644	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
192,143	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	11,182	458,024	-	-	-
-	-	-	-	-	-	-
160,119	109,201	111,822	114,506	117,369	120,421	123,672
463,748	587,798	456,505	549,705	468,697	481,963	582,186
6,773,116	**6,845,710**	**3,017,939**	**2,245,122**	**1,150,184**	**1,181,171**	**1,300,271**

PARKS AND ACTIVE RECREATION

NELSON MARINA
PUBLIC GARDENS
LIGHTING
SAXTON FIELD
CONSERVATION RESERVES
NEIGHBOURHOOD PARKS
TRAFALGAR CENTRE
PLAY FACILITIES
SPORTS GROUNDS
HERITAGE AND PARK TREES
TRAFALGAR PARK
LANDSCAPE RESERVES
RUTHERFORD PARK
PEST AND WEED CONTROL
PHYSICAL ACTIVITY AND RECREATION
ESPLANADE AND FORESHORE RESERVES

SWIMMING POOLS
SEATING
MOUNTAIN BIKING
WALKWAYS AND CYCLEWAYS
WAAHI TAAKARO GOLF COURSE
PARKS AND RESERVES

WHAT WE DO

Council manages a network of approximately 11,250 hectares of parks and reserves for the city. It provides recreation opportunities, such as those at Saxton Field with its wide range of indoor and outdoor sports facilities.

Council is also a key partner supporting a range of international and national sporting to be hosted in Nelson. These activities build on our regional identity and provide economic and social benefits to the city.

WHY WE DO IT

As Nelson city's population continues to grow, protection and management of green space is increasingly important for residents' and visitors' quality of life, and to balance the expanding built environment. Parks and reserves, including sports grounds, have a key role in promoting healthy lifestyles and wellbeing by providing opportunities for exercise and recreation.

Nelson's parks are an important part of the city's character and identity and are recognised as part of the Nelson brand by visitors. The extensive range of parks and green spaces is a point of difference for Nelson City.

The environmental benefits of the city's parks are numerous, including protection of biodiversity, controlling and storing groundwater, carbon storage, improving air and water quality and reducing noise pollution. Reserves and parks also help reduce the impacts of flood events by acting as a buffer between waterways and the built environment.

CHALLENGES

AGEING POPULATION

Nelson's population is ageing faster than the national average and all growth over the next few decades is expected to be in the 65+ age group. This is changing the demand for types of recreation, including a declining demand for organised sport. However, many of the most popular recreation activities for New Zealanders, such as walking and swimming, have no age barriers. Council will focus on inclusion and accessibility to make recreation opportunities available for all ages and abilities.

RECREATION TRENDS

Nelson's participation rates are well above the national average for informal activities including walking and mountain biking, and below average for traditional sporting codes. Managing and prioritising requests for funding recreation facilities within limited budgets, and accommodating competing interests and needs within reserves is an ongoing challenge. Council ensures that funding is allocated appropriately, and explores opportunities for cost savings. For example, it encourages multi-use facilities, with shared maintenance.

PESTS AND WEEDS

Invasive species need to be controlled in landscape and conservation reserves, as well as along waterways and coastal areas where it is particularly important to ensure water quality and habitat isn't affected by spray use. Pest control chemicals are used carefully to avoid contaminating water or affecting parks and reserves users. Council uses organic management where practicable to minimise chemical use. The Parks and Reserves Sustainability Action Plan includes targets aimed at reducing the amount of chemical use per hectare on parks and reserves land.

COMMUNITY OUTCOMES

Council's Parks and Active Recreation activities contribute primarily to the following community outcomes:

- Our unique natural environment is healthy and protected
- Our urban and rural environments are people-friendly, well planned and sustainably managed
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our communities have access to a range of social, educational and recreational facilities and activities
- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement
- Our communities have opportunities to celebrate and explore their heritage, identity and creativity
- Our region is supported by an innovative and sustainable economy.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **Mountain biking** – Providing support for mountain biking will be a key area of attention during the life of this plan, beginning in the first three years. A particular focus will be ensuring Nelson has an adequate provision of lower grade mountain

biking trails to enable access to learner riders and children, and progressing the mountain biking hubs identified in the Out and About – On Tracks strategy. A priority for Council was the Andrews Farm project in the Brook Valley that provided car parking for 30 vehicles, toilets, a bike wash-down facility, landscaping and access improvements. This project, due to be completed later in 2018, was 50% funded from the Ministry of Business, Innovation and Employment contestable grant. The next priority is the Maitai Recreational Hub that is planned to be completed by 2021, with external funding also being sought. Benefits of investment in mountain biking include economic returns from tourism and improved social and recreational opportunities for residents. A recent report analysing the economic impact of mountain biking shows that it is very significant for Nelson, both in terms of money into the local economy as well as job creation. Following consultation, Council allocated additional funding in the first three years of the Long Term Plan 2018-27 for a grant to the Nelson Mountain Bike Club for trail development and preparations to allow hosting of the Enduro World Series in Nelson in 2021. Council also allocated additional funding for the off-road route between the Maitai Dam and the Maitai camp and for renewals of the Dun Mountain Trail from Coppermine Saddle to the Maitai Dam and to reinstate the trail below the slip along the Maitai Pipeline.

- **Water sports facility at Nelson marina** – construction of the multi-purpose facility is programmed for 2019/20 at a cost of $1.4 million and will be used by a wide range of water sports such as kayaking, waka ama, sea scouts/cadets and rowing.
- **Poorman's Stream Walkway** – from Main Road Stoke to Neale Avenue, a $577,000 project to improve walking facilities in Stoke.
- **Stoke Youth Facility** – Council will engage with the Stoke community, with a focus on engaging youth, to develop this project over the next couple of years. Construction is currently planned for 2020/21.
- **Saxton Field** – a hockey turf is planned for renewal in 2018/19 at a cost of $605,000, extension of the walkways and cycleways is due for completion in 2022/23 at a total investment of $256,000 and $823,000 contribution to the extension of the Champion Drive access road is planned to be completed 2020/21. In addition, the Saxton Field Athletics Track is planned for renewal over 2018/19 and 2019/20.
- **Brook Waimarama Sanctuary** – Council will be continuing to support the Sanctuary to be successful with a grant of $250,000 in 2018/19 and $150,000 for every following year over the Long Term Plan.
- **Natureland** – Council will continue to support Natureland with a grant of $248,000 in 2018/19, and an annual grant of $170,000 per year after this. In addition, Council has allocated $50,000 in 2018/19 for capital works for Natureland.
- **Gondola** - Council has previously allocated funding to the Nelson Cycle Lift Society to develop the business case and commercial model for a gondola. The project is now at the stage of seeking investment. Council supports the project as it will deliver economic and recreational benefits to the Nelson Community. Council has an ongoing interest as landowner but not as an investor in the project.
- Council included $20,000 in year 1 as a contribution towards a new vessel for **Coastguard** Nelson.
- Council allocated capital funding of $30,000 in each of the first three years of the Long Term Plan 2018-28 to improve the surface of fields at **Neale Park**.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Parks and recreation service that meets or exceeds residents' expectations	Resident satisfaction with parks and recreation, by survey	82% satisfied or very satisfied in 2017	80% or more satisfied or very satisfied			
Iwi heritage recognised in parks and reserves	% new reserves and renewed signs with te reo Māori name where one exists	New measure	100%			
Sufficient open space provided in the City	Area in hectares of Neighbourhood Parks per 1,000 residents	1.7 ha in 2017 (New measure)	At least 1.7 ha per 1,000 residents			

Table continued overleaf

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Conveniently located open space i.e. neighbourhood park, public garden or sportsground	% residential properties within 800m of open space, approximately 10 min walk	99% of residential properties in 2017	At least 99%			
Play facilities that are conveniently located	% of residential properties within 1km of a playground, approximately 15 min walk	97% in 2017 (New measure)	At least 95%			
Saxton Stadium well utilised	Use rate in hours per annum	New measure	Saxton stadium use achieves target of at least 1,450 hours per annum			
Trafalgar Centre facilities well utilised	Annual number of users	New measure (Building closed for renovation 2014-16)	Trafalgar Centre annual number of users at least 60,000	At least 70,000	At least 80,000	Maintain at least 80,000
Marina managed to meet demand	Marina berth occupation rates in relation to target	New measure	Marina berth occupation of at least 85%			

DRIVERS OF CAPITAL EXPENDITURE

The main drivers of capital expenditure for Council's Parks and Active Recreation activity are:

- Capital works at Saxton Field
- Population growth in Nelson and surrounding areas
- Demand for mountain biking investment, including for families
- Increasing domestic and international tourism, with visitors' experiences significantly focused on recreation opportunities and requiring adequate facilities.

ASSUMPTIONS

There are no assumptions specific to the Parks and Active Recreation activity other than the general assumptions that apply to all Council activities.

IMPACTS AND RISKS

- New and increasing use of parks and reserves can result in conflict between different uses. This is monitored by staff and booking systems. Bylaws, engagement, communication, booking systems and meetings may be adjusted in response.
- Trees, vegetation and tree roots can encroach on roads, footpaths and interfere with power or telephone wires. Council applies good practice principles to ensure vegetation planting is carefully planned and managed for safety.
- Leaf fall can block stormwater systems and exacerbate surface flooding, particularly in autumn. Council's maintenance contracts are structured to reduce this risk.
- Seismic assessments to better understand public safety in and around council facilities, and to mitigate earthquake risk, have been carried out which follow Building Act timeframes.

NELSON CITY COUNCIL PARKS AND ACTIVE RECREATION FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	12,523	12,643	13,188	13,496
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	51	0
Fees and charges	2,288	2,224	2,259	2,339
Internal charges and overheads recovered	449	449	459	469
Local authorities fuel tax, fines, infringement fees, and other receipts	1,662	1,844	1,401	1,438
Total Operating Funding	**16,922**	**17,160**	**17,358**	**17,742**
Applications of operating funding				
Payments to staff and suppliers	10,929	11,466	10,861	11,641
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,840	2,817	2,786	2,838
Other operating funding applications	0	0	0	0
Total applications of operating funding	**13,769**	**14,283**	**13,647**	**14,479**
Surplus (Deficit) of operating funding	**3,153**	**2,877**	**3,711**	**3,263**
Sources of capital funding				
Subsidies and grants for capital	575	828	1,464	233
Development and financial contributions	1,652	1,800	1,840	1,880
Increase (decrease) in debt	2,103	1,254	1,690	1,526
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**4,330**	**3,882**	**4,994**	**3,639**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	3,087	2,951	2,884	2,519
- to improve level of service	1,176	1,858	2,373	2,611
- to replace existing assets	3,220	2,066	3,249	1,574
Increase (decrease) in reserves	0	(116)	199	198
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	**7,483**	**6,759**	**8,705**	**6,902**
Surplus (Deficit) of capital funding	**(3,153)**	**(2,877)**	**(3,711)**	**(3,263)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
14,009	14,057	14,226	14,606	14,873	15,229	15,728
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,379	2,419	2,345	2,388	2,433	2,479	2,529
479	490	502	514	526	540	554
1,463	1,484	1,533	1,570	1,627	1,639	1,668
18,330	**18,450**	**18,606**	**19,078**	**19,459**	**19,887**	**20,479**
10,923	10,779	10,804	11,425	11,402	11,707	12,496
0	0	0	0	0	0	0
3,081	3,042	2,977	2,890	2,861	2,788	2,690
0	0	0	0	0	0	0
14,004	**13,821**	**13,781**	**14,315**	**14,263**	**14,495**	**15,186**
4,326	**4,629**	**4,825**	**4,763**	**5,196**	**5,392**	**5,293**
537	407	184	169	372	90	284
1,921	1,966	2,013	2,061	2,113	2,168	2,226
(2,251)	(2,190)	(3,262)	(2,277)	(2,962)	(3,730)	(3,228)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
207	**183**	**(1,065)**	**(47)**	**(477)**	**(1,472)**	**(718)**
2,568	2,292	2,807	2,117	2,556	2,352	2,197
1,918	472	384	1,327	740	79	440
870	1,946	956	908	1,420	1,218	1,435
(823)	102	(387)	364	3	271	503
0	0	0	0	0	0	0
4,533	**4,812**	**3,760**	**4,716**	**4,719**	**3,920**	**4,575**
(4,326)	**(4,629)**	**(4,825)**	**(4,763)**	**(5,196)**	**(5,392)**	**(5,293)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**3,153**	**2,877**	**3,711**	**3,263**
Subsidies and grants for capital expenditure	575	828	1,464	233
Development and financial contributions	1,652	1,800	1,840	1,880
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(3,157)	(3,183)	(3,313)	(3,507)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**2,223**	**2,322**	**3,702**	**1,869**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Parks & Active Recreation				
Horticulture Parks				
Miyazu Garden Pond Relining	-	-	-	36,557
Isel park bridge upgrade	-	60,000	127,750	130,560
Conservation Reserves				
Dun Mountain Trail renewals	-	100,000	-	-
Neighbourhood Parks				
Reserve Development Programme	75,377	120,000	316,820	52,224
Land Purchase: General Reserve	165,551	1,180,000	817,600	835,584
Atawhai Reserve Improvements	-	10,000	91,980	156,673
Landscape Reserves				
Marsden Valley MTB Hub	-	-	-	-
Upgrade: Structures	21,063	-	-	-
Eureka Park walkway development	-	-	20,440	156,672
Mountainbike Tracks	-	-	-	-
Maitai MTB Hub	20,000	20,000	715,400	182,784
Retired forestry block conversion programme	-	150,000	255,500	208,897
Esplanade & Foreshore				
Almond tree flats pedestrian and cycle bridge	-	-	30,600	104,448
Jenkins Stream (Pascoe to Airport)	-	-	-	-
Saxton Creek path (Champion Dr - Saxton field)	-	-	-	-
Link to Manu Kau reserve	-	-	45,990	156,672
Modellers Pond Solution	75,463	-	970,900	-
Poormans walkway (Main rd - Neale ave)	49,000	60,000	204,400	313,344
Wakapuaka Sandflats bridges and walkway	-	30,000	-	313,344
Wakefield Quay sea wall renewal	-	57,792	-	282,010
Walkways				
Tahuna Beach to Great Taste Trail (airport)	10,000	808,988	-	-
Sports Parks				
Trafalgar Park - tower lights renewals	-	-	-	-
Trafalgar Park Field renewal	362,280	-	-	-
Rutherford Park - Saltwater Cr path landscaping	-	-	20,440	470,016
Rutherford Park Toilets	-	-	40,880	10,445
Saltwater Cr bridge (Haven Rd - Traf Park)	-	-	51,100	-

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
4,326	**4,629**	**4,825**	**4,763**	**5,196**	**5,392**	**5,293**
537	407	184	169	372	90	284
1,921	1,966	2,013	2,061	2,113	2,168	2,226
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(3,703)	(3,868)	(3,993)	(4,149)	(4,273)	(4,421)	(4,539)
0	0	0	0	0	0	0
3,081	**3,134**	**3,029**	**2,844**	**3,408**	**3,229**	**3,264**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
10,675	185,642	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
426,985	54,601	447,289	57,253	469,476	60,211	-
853,968	873,608	894,576	916,048	938,951	963,367	989,375
-	-	-	-	-	-	-
21,349	-	167,733	-	-	-	-
32,024	327,603	-	-	-	-	-
-	-	-	-	-	-	-
106,746	10,920	111,822	11,451	117,369	12,042	123,672
-	-	-	-	-	-	-
213,493	218,403	223,645	229,012	234,737	240,840	247,343
106,746	-	-	-	-	-	-
-	11,466	33,547	572,530	-	-	-
-	-	-	371,343	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,810	-	-	-	-	-	247,344
-	-	22,364	-	469,476	-	-
-	-	-	-	-	-	-
533,730	-	-	-	-	-	-
-	382,204	-	-	-	-	-

Table continued overleaf

	Forecast 2017/18	2018/19	2019/20	2020/21
Trafalgar Centre				
Minor Asset renewals	12,489	35,000	10,220	10,445
Pools				
Nayland Pool improvements	7,979	-	-	31,334
Riverside renewals	-	60,000	61,320	135,782
Play Facilities				
Stoke Youth Park	-	52,660	51,100	501,352
Rutherford playground	-	20,000	20,440	261,120
Play Equipment Renewals	78,989	90,000	204,400	208,896
Playground Development Programme	-	15,000	30,660	36,557
Mako Street Playound Development	-	150,000	-	-
Marina				
Marina boat storage expansion	-	-	204,400	208,896
New Trailer Boat Storage Yard	35,000	45,000	102,200	-
Marina boat trailer car park improvements	-	100,000	204,400	-
Marina Hardstand improvements	79,786	227,000	71,540	-
Public boat ramp improvements	-	285,000	286,160	104,448
Saxton Field Capital Works				
Alliance Green toilets and pavilion	-	-	-	-
Cricket block renewal	-	-	-	-
Cricket oval surface renewal	-	-	-	-
Flood lighting for concert safety	-	-	-	-
Athletic Track	-	20,000	899,360	-
Saxton field playground	-	-	-	-
Courtside lighting and seating for outdoor netball courts	-	-	10,220	-
Alliance Green levelling, irrigation and drainage	-	-	25,550	-
New Cycle Path development	329,000	-	-	20,890
General Development	64,047	90,000	91,980	94,003
Replace hockey turf	15,000	605,000	-	-
Regional Community Facilities				
Water sports building at Marina	69,785	600,000	817,600	-
Projects under $100,000	1,406,114	1,884,006	1,704,690	1,680,362
Total Parks & Active Recreation	**2,876,923**	**6,875,446**	**8,506,040**	**6,704,315**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
10,675	16,380	111,822	11,451	11,737	120,421	185,508
288,214	-	-	-	-	-	-
32,024	32,760	33,547	80,154	35,211	36,126	37,102
-	-	-	-	-	-	-
266,865	273,003	279,555	-	-	-	-
85,397	109,201	89,458	114,506	176,054	240,842	61,836
32,024	202,023	33,547	211,836	35,211	222,777	37,101
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	45,802	469,476	-	-
-	109,201	-	-	-	-	-
21,349	305,763	-	-	-	-	-
-	-	-	-	-	24,084	247,344
-	-	-	-	-	-	-
-	-	27,956	143,133	146,711	-	-
213,492	-	-	-	-	-	-
266,865	-	-	-	-	-	-
213,493	21,840	-	-	-	-	-
96,071	98,281	100,640	103,055	105,632	108,379	111,305
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,510,737	1,477,289	1,569,833	1,484,156	1,505,865	1,619,680	1,784,541
5,355,732	**4,710,188**	**4,147,334**	**4,351,730**	**4,715,906**	**3,648,769**	**4,072,471**


NO SKATEBOARDING
y03 Square
BRONCOS

ECONOMIC

NELSON REGIONAL DEVELOPMENT AGENCY

HOUSING ACCORD

SPECIAL HOUSING AREAS

TOURISM PROMOTION

VISITOR INFORMATION CENTRE

CITY DEVELOPMENT

REGIONAL IDENTITY

WHAT WE DO

Council fosters economic development in Nelson through providing the city infrastructure, enhancing the central city and funding a range of economic development services. It supports Uniquely Nelson and maintains relationships with key partners impacting the local economy such as the Chamber of Commerce, Nelson Marlborough Institute of Technology, Cawthron Institute, Nelson Tasman Business Trust and many others.

Council's City Development team is responsible for the implementation of the National Policy Statement on Urban Development Capacity, the Housing Accord and the Special Housing Areas Act. This activity focuses on ensuring there is an adequate planned supply of residential and business land and facilitates the relationships between developers and the Council throughout the land development process. This team also connects with developers through Council's Developer Advisory Group.

The Nelson Regional Development Agency (NRDA) is a Council Controlled Organisation. Nelson City Council is the sole shareholder and Tasman District Council also contributes funding. Its initiatives include the regional identity project, tracking regional economic performance, and sustainable business support. It uses Council funding to leverage Government and private sector funds.

WHY WE DO IT

Everyone depends directly and indirectly on the wealth generated by the local economy and Council recognises that Nelson businesses need the right economic environment to flourish. The aim of city development is to ensure Nelson continues to be a vibrant, attractive place for residents, visitors and businesses. The key objective of the Nelson Regional Development Agency is to enhance the sustainable economic vitality of the region and strengthen the region's identity through a key focus in: investment attraction, destination management and business development.

CHALLENGES

ECONOMIC DEVELOPMENT

Economic development challenges include sustaining economic growth while our population undergoes significant change as a result of the ageing demographic. In future a larger proportion of our population will be older adults and likely to be retired and on fixed incomes. Attracting talented residents to settle and work in Nelson, establishing and maintaining a vibrant and attractive city centre, building a strong regional identity, recognising and fostering the contribution of Maori economic development and funding the Nelson Regional Development Agency are some of Council's responses to this challenge.

COMMUNITY OUTCOMES

Council's Economic activity contributes primarily to the following community outcomes:

- Our regional is supported by an innovative and sustainable economy
- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- **City Development** - Council aims for Nelson to be a vibrant, attractive place by providing for growth and development in positive ways. Funding has been included across many different activity areas for projects which will ensure Nelson's central business district can deliver Council's vision for an attractive, thriving city centre. For example there are a range of projects to improve water supply, stormwater and wastewater in the CBD to ensure the city's infrastructure does not constrain development possibilities. There is also a CBD Enhancement Fund with both capital and operational funding from which projects will be prioritised according to need. Additionally a specialist Council team is responsible for implementing the National Policy Statement on Urban Development Capacity (NPSUDC) and Housing Accord and Special Housing Areas Act (HASHA), including the provision of Special Housing Areas. It works with Tasman District Council, developers, infrastructure providers, and the wider community to ensure there is adequate supply of feasible residential and business land and to ensure our city development partners have the best possible customer journey.
- **Nelson Regional Development Agency (NRDA)** – Council oversees the NRDA, which has a tight focus on Sustainable Destination Management, innovation and an emphasis on promoting an extraordinarily unique and enduring regional identity. NRDA also has a strong focus on facilitating the development and execution of a regional economic development aspirations strategy, which will focus on the following key economic driver sectors: Food & beverage, Ocean based blue

economy, Forest and wood processing, Visitor economy, Research, science & technology, Education and Aviation.

- **Commercial Differential** - City centres around New Zealand have been challenged by the change in shopping patterns and the growth of online commerce. Council wants to support our CBD businesses and see the city centre continue to thrive and is therefore proposing an initiative to help revitalise the central business district through a reduction in the commercial differential in the CBD and the Stoke commercial centre. The differential recognises the additional services that businesses receive, such as extra rubbish collection, street sweeping, and events to attract visitors. Reducing the differential by 0.5% reduces rates collected from those businesses by a total of $320,000. The decrease allows a re-balancing of the relative rating contributions from commercial and residential properties in response to property revaluations in recent years. It also keeps our CBD competitive compared to other centres that do not have such a charge. The net effect of this proposal is that residential property rates rise by approximately 0.4% - 0.9%, depending on the land value. This results in an annual increase to residential rates for the first five years of the Long Term Plan and a corresponding decrease to the amount charged through the commercial differential. This change will be reviewed each year as part of the rates setting process. For further information refer to Council's Revenue and Financing Policy and Funding Impact Statement.
- **Provincial Growth Fund** – The new $1 billion per annum Provincial Growth Fund provides an important opportunity for Nelson to access funds for proposals that can boost local economic growth. Council has included an allocation of $50,000 of operational funding in 2018/19 for additional resources to work on projects related to the Provincial Growth Fund.
- Council has allocated $15,000 per year from the CBD Enhancement Fund for the holding of the annual **Santa Parade**.

WAIMEA DAM

Council initiated a special consultative procedure in 2017 to seek community feedback on a proposal to contribute to the Waimea Dam project. New information relevant to the decision was subsequently received and Council invited further feedback on the project in March 2018. Following this consultation, Council decided to allocate $5 million for a grant to the Waimea Dam project in year 3 (2020/21) of the Long Term Plan 2018-28. This funding is subject to conditions of a contract which would assure Nelson's ongoing rights to access up to 22,000m3 per day of water from the Waimea Aquifer and allow the grant to be transferred to a shareholding at any point in the future.

This project is included in Council's economic activity as the Waimea Dam is expected to provide significant economic benefits for Nelson.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

The Council-controlled organisations (CCOs) are covered in a separate section of this Long Term Plan, and each has its own detailed performance measures and targets. The Nelson Regional Development Agency and Port Nelson are covered in the CCO section on page 241.

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Overview of a healthy local economy	GDP measured as three year average	New measure, 2.7% rolling average for 2014-16 (2.5% national average)	Percentage increase in GDP per annum at least equal to or better than the national average			
Strategic overview of economic development for the benefit of the community	Value of tourism (total spend) annually in Nelson city	New measure	Increase the annual value of tourism spend in Nelson from previous year			
Measures that contribute to the vitality and attractiveness of the Nelson CBD	Total annual spending in the Nelson CBD	New measure	Total annual spending in the Nelson CBD is greater than or equal to previous annual spend.			

Table continued overleaf

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Events funding that provides a sound return on investment for Nelson	Return on investment measured by number of out of town visitors attending major events	New measure 15,000 out of town visitors attended major events in year ended June 2017	Number of out of town visitors attending events funded from the economic component of the events fund is greater or equal to previous year.		Number of out of town visitors attending events funded from the economic component of the events fund is greater or equal to previous three year average*	
			At least 80% of those visits are in the months of March to November			

**Note that this is a new measure and data on the previous three year average will not be available until year 3.*

DRIVERS OF CAPITAL EXPENDITURE

The driver of investment in central city development is the need for central Nelson to be competitive and attractive to residents, visitors and business. Land development and the core infrastructure needed to support this are key to supporting development.

ASSUMPTIONS

There are no assumptions specific to the Economic activity other than the general assumptions that apply to all Council activities.

IMPACTS AND RISKS

Council's Economic activity is funded from rates, which causes a financial effect on ratepayers. There is a risk that funding for the Economic activity does not result in measurable outcomes. This is mitigated by Council ensuring its activities are focussed on the core infrastructure development and central business district activity aligned to the city's vision.

NELSON CITY COUNCIL ECONOMIC FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	1,685	1,720	1,798	1,843
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	400	300	305	310
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	**2,085**	**2,020**	**2,103**	**2,153**
Applications of operating funding				
Payments to staff and suppliers	2,074	2,006	2,081	7,071
Finance costs	0	0	0	0
Internal charges and overheads applied *	11	14	22	82
Other operating funding applications	0	0	0	0
Total applications of operating funding	**2,085**	**2,020**	**2,103**	**7,153**
Surplus (Deficit) of operating funding	**0**	**0**	**0**	**(5,000)**
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	200	204	5,209
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**0**	**200**	**204**	**5,209**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	0	200	204	209
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	**0**	**200**	**204**	**209**
Surplus (Deficit) of capital funding	**0**	**0**	**0**	**5,000**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
2,315	2,307	2,407	2,396	2,506	2,499	2,614
0	0	0	0	0	0	0
315	320	326	332	338	345	352
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	(1)	0
2,630	**2,627**	**2,733**	**2,728**	**2,844**	**2,843**	**2,966**
2,165	2,156	2,259	2,251	2,361	2,355	2,474
0	0	0	0	0	0	0
265	271	274	277	283	288	292
0	0	0	0	0	0	0
2,430	**2,427**	**2,533**	**2,528**	**2,644**	**2,643**	**2,766**
200	**200**	**200**	**200**	**200**	**200**	**200**
0	0	0	0	0	0	0
0	0	0	0	0	0	0
13	18	23	29	35	40	47
0	0	0	0	0	0	0
0	0	0	0	0	0	0
13	**18**	**23**	**29**	**35**	**40**	**47**
0	0	0	0	0	0	0
213	218	223	229	235	240	247
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
213	**218**	**223**	**229**	**235**	**240**	**247**
(200)	**(200)**	**(200)**	**(200)**	**(200)**	**(200)**	**(200)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**0**	**0**	**0**	**(5,000)**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	0	0	0	0
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**0**	**0**	**0**	**(5,000)**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Economic Development				
CBD Enhancements	-	200,000	204,400	208,896
Total Economic Development	**-**	**200,000**	**204,400**	**208,896**

	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
	200	200	200	200	200	200	200
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	200	200	200	200	200	200	200

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	213,492	218,402	223,426	228,788	234,508	240,370	246,620
	213,492	218,402	223,426	228,788	234,508	240,370	246,620


SCANIA
Ph. 03 544 3199

GOVERNANCE SERVICES

COMMUNICATION AND CONSULTATION

ORGANISATION SUPPORT SERVICES

INFORMATION TECHNOLOGY

COUNCIL ELECTIONS

POLICY DEVELOPMENT

LONG TERM PLANNING

ANNUAL PLANNING

PROPERTY PORTFOLIO

ANNUAL REPORTS

COUNCIL CONTROLLED ORGANISATIONS

CORPORATE

CIVIL DEFENCE EMERGENCY MANAGEMENT

COUNCIL CONTROLLED TRADING ORGANISATIONS

FOSTERING MĀORI PARTICIPATION

WHAT WE DO

Council's Corporate activity includes a range of necessary services to ensure the smooth running of the organisation from managing Council's information technology to running the three yearly Council elections.

Council also manages a small portfolio of properties that were purchased for strategic purposes. These include:

- Anchor building at 258 Wakefield Quay
- Former Four Seasons building at 250 Wakefield Quay
- Former Reliance Engineering building at 236 Wakefield Quay
- Zumo site at 42 Rutherford Street
- Former Mediterranean Foods Building at 23 Halifax Street
- Former Hunting & Fishing building at 81 Achilles Avenue
- Four Seasons building at 105 Achilles Avenue.

Council uses a range of companies and trusts to help achieve agreed community outcomes:

- The Port Company (50% ownership with Tasman District Council)
- Council Controlled Trading Organisations, which are Nelson Airport Ltd (50% ownership with Tasman District Council) and Nelmac Ltd
- Council Controlled Organisations including the Nelson Regional Development Agency, the Tasman Bays Heritage Trust (Nelson Provincial Museum – 50% ownership with Tasman District Council), and the Bishop Suter Trust.

The Corporate activity also includes civil defence emergency management where Nelson City and Tasman District councils work together with local emergency services to promote the resilience of our communities in response to the region's hazards and risks.

WHY WE DO IT

Running local authority elections to provide democratic representation is a fundamental function of local government, as is long term strategic planning. Consultation, opportunities for participation by Māori, communication and annual reports are some of the ways Council involves the community in long term planning and decision making. Support systems need to be provided, and procedures followed, to enable sound democratic decision making. Risk management, transparency and accountability processes also need to be in place, with regular auditing to improve systems.

Council has agreed Statements of Intent for each of the organisations it controls. Overseeing these organisations is important to ensure they have good governance arrangements in place and to ensure they deliver outcomes that contribute to the wellbeing of the Nelson community.

Council's support for civil defence emergency management work helps our community become more resilient by preparing for hazards and risks and having systems to help recover following events. Recent disasters such as the Kaikoura earthquake and flooding in other parts of New Zealand are a reminder of the major impact that even quite localised events can have.

CHALLENGES

STRATEGIC PROPERTIES

Council owns a number of buildings in strategic sites which have been purchased with future development in mind and need to provide a return to ratepayers in the meantime. Council mitigates this risk by working to activate the properties, e.g. through tenancies or by finding other purposes that contribute to outcomes for ratepayers.

CIVIL DEFENCE EMERGENCY MANAGEMENT

Preparing for the range of hazards and risks that might occur in the region is a focus for the Nelson Tasman Civil Defence Emergency Management Group. For example, it is closely involved in planning for a South Island-wide response to a rupture of the Alpine Fault and, in recent years, planning for tsunami response has become a higher priority. However, floods are the most commonly-occurring major natural hazard in the Nelson Tasman region and have caused the most damage in recent years. Council staff are trained to respond during emergencies, coordinated through the regional Emergency Operations Centre based in Richmond.

COMMUNITY OUTCOMES

Council's Corporate activity contributes primarily to the following community outcomes:

- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement
- Our region is supported by an innovative and sustainable economy
- Our communities are healthy, safe, inclusive and resilient
- Our communities have opportunities to celebrate and explore their heritage, identity and creativity

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Priorities for the first three years of the Long Term Plan through until 2020/21 include:

- Extra funding of $75,000 has been allocated for 2020/21 and 2021/22 to support **organisational improvement**.
- **Civic House** – A top priority for Council over the term of the Long Term Plan is to address a 40 year underinvestment in working conditions and bring office space at Civic House up to an adequate standard. $5.7 million has been allocated for this work, with construction spread from 2018/19 to 2021/22.
- **Staffing** Council is below capacity in some key areas, resulting in risks to project delivery and increased costs from engaging contractors and consultants. To address this $1.2 million will be invested in 2018/19, a further $517,000 in 2019/20 and $482,000 in 2020/21.
- **Information Technology** - key Information Technology systems and services need replacing at a cost of $3.4 million because the current software and hardware is at the end of its operational life.
- **Civil defence emergency management** – Council will implement the Nelson Tasman Civil Defence Emergency Management Group Plan 2018-22, with Tasman District Council and emergency services and respond effectively to all emergency events.
- **Commemorations** – Funding of $27,000 has been allocated to commemorate the 100th anniversary of Armistice Day.
- **Haven Precinct** - There is ongoing work to develop Council owned sites at the Haven Precinct. This work will consider recreation; city to sea linkages; public access, use and enjoyment; commercial activity; and recognition of mana whenua. Cycle/walkways and parking are also considerations.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Effective engagement and consultation	% residents satisfied or very satisfied with opportunities to provide feedback, by survey	42% in 2016/17 37% in 2016 No survey 2015 53% in 2014	Annual improvement in the % of residents satisfied or very satisfied with opportunities to provide feedback			
Council Controlled Organisations that deliver net benefit to the community	Council satisfaction with attainment of six monthly CCO targets for all SOIs - refer to CCO section for measures for each CCO	Council satisfied with attainment of six monthly CCO targets for all Statements of Intent in 2016/17	Council receives six monthly reports from all CCOs and is satisfied with attainment of targets			
Promotion of Te Tau Ihu Māori/iwi participation in decision-making processes	Ability to operate an effective Emergency Operations Centre: % EOC roles staffed and EOC meets Ministry CDEM requirements	New measure	Collaboration between iwi and councils on development of a strategic framework	Strategic framework established and operational	Regular meetings to be held between Mayors and Chairs	Regular meetings to be held between Mayors and Chairs
Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Council satisfaction with attainment of six monthly CCO targets for all SOIs - refer to CCO section for measures for each CCO	98% of EOC management and group roles staffed 2016/17 97% in 2015/16 EOC met MCDEM requirements at previous review	95% of EOC management and group roles staffed EOC meets Ministry of CDEM monitoring and evaluation requirements			

DRIVERS OF CAPITAL EXPENDITURE

Most Council expenditure on its Corporate activity is operational spending rather than capital borrowing. The most significant capital spending is on Civic House improvements and renewing IT systems; both driven by organisational requirements.

ASSUMPTIONS

As well as the general assumptions that apply to all Council activities it is assumed that:

- There will be no by-election during the current term of office.

NELSON CITY COUNCIL CORPORATE FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	633	1,036	1,651	3,031
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	7	5	5	5
Fees and charges	0	0	0	0
Internal charges and overheads recovered	9,438	8,894	9,075	9,586
Local authorities fuel tax, fines, infringement fees, and other receipts	5,951	5,602	5,602	5,731
Total Operating Funding	**16,029**	**15,537**	**16,333**	**18,353**
Applications of operating funding				
Payments to staff and suppliers	6,884	7,335	7,778	8,411
Finance costs	4,536	4,712	5,105	5,708
Internal charges and overheads applied *	770	772	746	763
Other operating funding applications	0	0	0	0
Total applications of operating funding	**12,190**	**12,819**	**13,629**	**14,882**
Surplus (Deficit) of operating funding	**3,839**	**2,718**	**2,704**	**3,471**
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	23,277	12,276	12,607	24,210
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	**23,277**	**12,276**	**12,607**	**24,210**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	991	924	796	339
- to improve level of service	2,257	894	2,070	1,616
- to replace existing assets	1,509	718	617	420
Increase (decrease) in reserves	(25)	0	0	0
Increase (decrease) in investments	22,384	12,458	11,828	25,306
Total applications of capital funding	**27,116**	**14,994**	**15,311**	**27,681**
Surplus (Deficit) of capital funding	**(3,839)**	**(2,718)**	**(2,704)**	**(3,471)**
Funding balance	**0**	**0**	**0**	**0**

IMPACTS AND RISKS

Sometimes decisions made for the community have a perceived negative impact on the actions or wellbeing of some groups or individuals. Council weighs up the competing demands of different interest groups and aims to make decisions that are in the long term best interests of the city as a whole, taking into account its vision, priorities and strategies. Council ensures its decisions are consistent with the Local Government Act and other legislation.

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
2,982	3,356	3,479	3,446	3,660	3,652	3,748
0	0	0	0	0	0	0
5	5	5	6	6	6	6
0	0	0	0	0	0	0
11,168	12,053	12,785	13,538	14,082	14,417	14,572
5,980	6,178	6,180	6,264	6,431	6,446	6,539
20,135	**21,592**	**22,449**	**23,254**	**24,179**	**24,521**	**24,865**
8,489	8,842	9,006	9,209	9,762	9,958	10,282
7,157	7,995	8,687	9,348	9,743	9,959	9,985
821	879	860	850	843	844	833
0	0	0	0	0	0	0
16,467	**17,716**	**18,553**	**19,407**	**20,348**	**20,761**	**21,100**
3,668	**3,876**	**3,896**	**3,847**	**3,831**	**3,760**	**3,765**
0	0	0	0	0	0	0
0	0	0	0	0	0	0
15,838	9,597	12,349	2,600	1,094	(6,494)	2,804
0	0	0	0	0	0	0
0	0	0	0	0	0	0
15,838	**9,597**	**12,349**	**2,600**	**1,094**	**(6,494)**	**2,804**
393	352	341	349	350	359	362
1,464	148	196	276	236	142	158
1,612	763	1,020	742	1,023	801	726
0	0	0	0	0	0	0
16,037	12,210	14,688	5,080	3,316	(4,036)	5,323
19,506	**13,473**	**16,245**	**6,447**	**4,925**	**(2,734)**	**6,569**
(3,668)	**(3,876)**	**(3,896)**	**(3,847)**	**(3,831)**	**(3,760)**	**(3,765)**
0	**0**	**0**	**0**	**0**	**0**	**0**

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

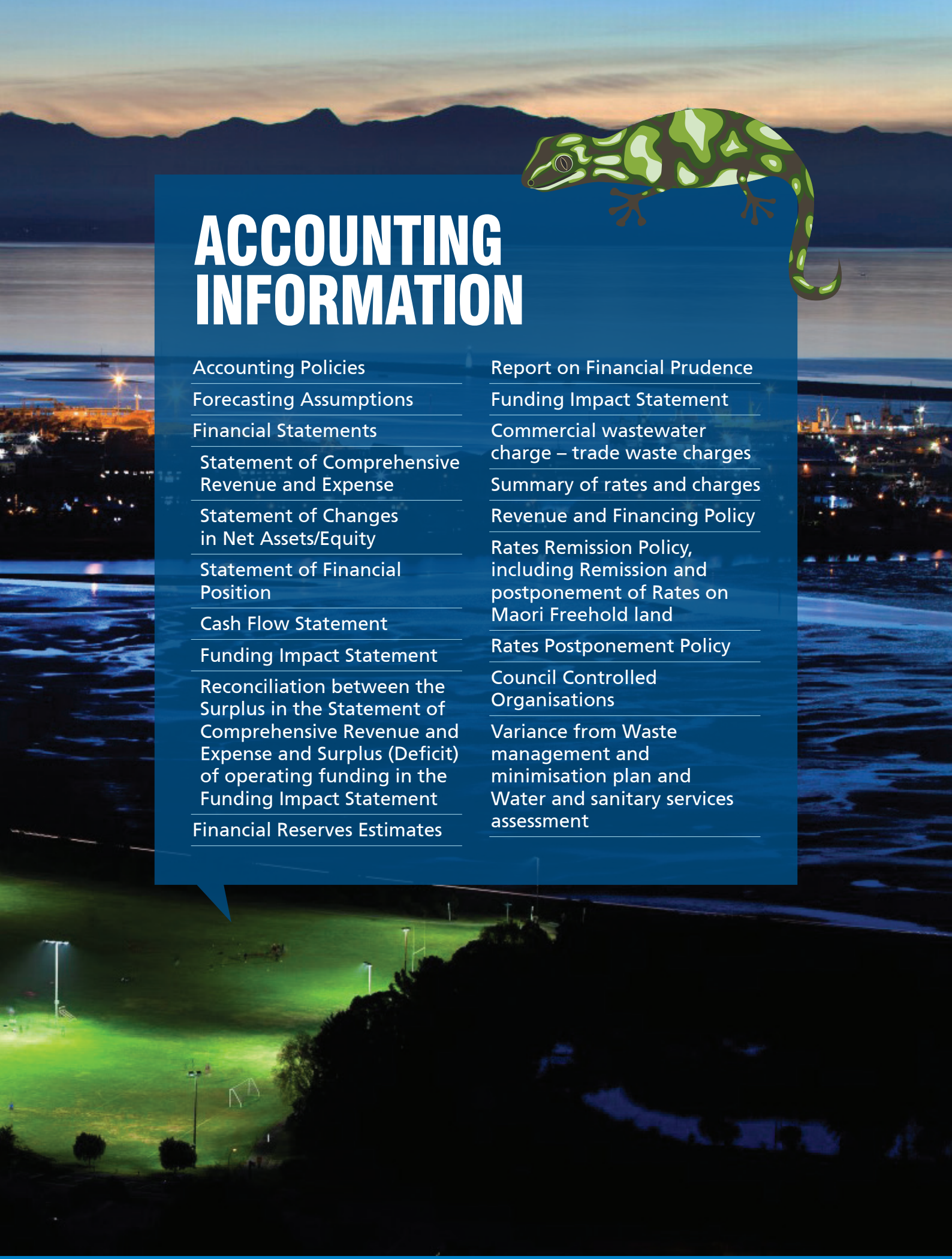
	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**3,839**	**2,718**	**2,704**	**3,471**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,702)	(1,875)	(1,936)	(1,930)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	**2,137**	**843**	**768**	**1,541**

SUMMARY OF CAPITAL EXPENDITURE OVER $100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Corporate				
Civic House				
Aircon	-	395,000	255,500	52,224
Building modifications	78,318	30,000	1,328,600	1,357,824
Plant & Equipment	78,318	186,000	6,132	10,445
Renewal Program	275,376	17,000	162,498	5,222
Floor 1 upgrade	116,742	588,000	-	-
Rental properties				
Ex-Four Seasons demolition and resurface	-	-	408,800	-
Hunter Furniture Roof renewal	-	-	-	-
Policy				
Haven precinct capital works	-	-	255,500	-
Administration				
Building Systems Upgrade	150,000	-	-	-
Computer Hardware & Network	18,455	40,000	-	-
Computer Desktops	490,505	10,000	10,220	10,445
Motor Vehicles	217,648	86,505	143,622	90,327
Telephone System	-	-	-	-
Chamber Sound System Upgrade	231,365	-	-	-
Core Systems enhancement	285,855	270,328	275,940	282,010
EDRMS Replacement	-	-	-	-
IT Infrastructure Hosting Investigation	393,852	-	-	-
Upgrade Top of the South Maps	78,709	-	-	104,448
Projects under $100,000	708,155	912,941	636,331	461,622
Total Corporate	**3,123,298**	**2,535,774**	**3,483,143**	**2,374,567**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
3,668	**3,876**	**3,896**	**3,847**	**3,831**	**3,760**	**3,765**
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(2,050)	(2,052)	(1,972)	(1,928)	(1,899)	(1,824)	(1,816)
0	0	0	0	0	0	0
1,618	**1,824**	**1,924**	**1,919**	**1,932**	**1,936**	**1,949**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
266,865	76,441	-	125,957	82,158	8,429	8,657
1,067,460	-	-	-	-	-	-
13,358	34,398	7,268	7,443	8,216	8,429	2,473
85,397	5,460	33,547	40,077	35,211	47,566	55,652
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,687	273,003	-	-	-	-	-
-	-	-	-	-	-	-
106,746	-	-	-	-	120,421	-
160,119	43,680	44,729	-	-	180,632	49,469
640,476	10,920	11,182	11,451	704,214	12,042	12,367
92,314	15,867	96,704	99,025	17,054	92,098	106,952
106,746	-	-	-	-	-	-
-	-	-	286,265	-	-	-
288,214	294,843	301,919	309,166	316,896	325,137	333,914
-	-	559,110	-	-	-	-
-	163,802	-	-	-	-	185,508
-	-	-	-	-	-	-
614,268	344,386	502,414	487,021	445,532	507,263	491,273
3,468,650	**1,262,800**	**1,556,873**	**1,366,405**	**1,609,281**	**1,302,017**	**1,246,265**



ACCOUNTING INFORMATION

- Accounting Policies
- Forecasting Assumptions
- Financial Statements
  - Statement of Comprehensive Revenue and Expense
  - Statement of Changes in Net Assets/Equity
  - Statement of Financial Position
  - Cash Flow Statement
  - Funding Impact Statement
  - Reconciliation between the Surplus in the Statement of Comprehensive Revenue and Expense and Surplus (Deficit) of operating funding in the Funding Impact Statement
- Financial Reserves Estimates
- Report on Financial Prudence
- Funding Impact Statement
- Commercial wastewater charge – trade waste charges
- Summary of rates and charges
- Revenue and Financing Policy
- Rates Remission Policy, including Remission and postponement of Rates on Maori Freehold land
- Rates Postponement Policy
- Council Controlled Organisations
- Variance from Waste management and minimisation plan and Water and sanitary services assessment

ACCOUNTING POLICIES

REPORTING ENTITY

The Nelson City Council Group consists of Nelson City Council, its subsidiaries, associates and joint ventures.

The information provided in these prospective financial statements includes the operation of Nelson City Council ('Council') only, as Council considers that this provides the clearest and most relevant information about the cost of services provided to ratepayers and consequently the rates income that is required to fund those services. The level of rates funding required to provide core services is not affected by other members of the group except to the extent that Council receives distributions from, or further invests in, those other members. The effects of such transactions are included in the prospective financial statements of the Council.

BASIS OF PREPARATION

These prospective statements of Nelson City Council are for the 10 years from 1 July 2018. The forecast information was authorised for issue by Council on 21 June 2018.

This prospective financial information is based upon the financial statements as published in the June 2017 Annual Report, and adjusted to incorporate updated assumptions and council decisions made for the purpose of this Long Term Plan. Actual financial results are likely to be different from these Prospective Financial Statements, and that difference may be material.

STATEMENT OF COMPLIANCE

This forecast information has been prepared in accordance with the requirements of the Local Government Act 2002. With the exception of the Funding Impact Statements this forecast information has also been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) as it relates to prospective financial information and PBE FRS 42 – prospective financial statements. They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The prospective financial statements have been prepared in accordance with Tier 1 PBE standards.

The Funding Impact Statements (FIS) do not comply with GAAP as they do not recognise depreciation and movements in the valuation of assets and also they do not show capital income (Subsidies and Development Contributions) as operating income. A reconciliation is provided between the FIS surplus/(deficit) of operating funding and the Statement of Comprehensive Revenue.

PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of the Council is New Zealand dollars.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

The following particular accounting policies, which materially affect the anticipated results, have been applied.

REVENUE

Revenue is measured at the fair value of consideration received or receivable.

EXCHANGE AND NON-EXCHANGE TRANSACTIONS

An exchange transaction is one in which Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transactions are where Council

receives value from another entity without giving approximately equal value in exchange.

RATES REVENUE

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. All rates with the exception of water by meter are non-exchange transactions. Water by meter charges are exchange transactions.

GOVERNMENT GRANTS

Council receives government grants, in the main from the New Zealand Transport Agency, which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Government grants are generally non-exchange transactions.

PROVISION OF COMMERCIALLY BASED SERVICES

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. These are exchange transactions and include rents and resource and building consents.

VESTED ASSETS

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained. This is non-exchange revenue.

SALES OF GOODS

Revenue from sales of goods is recognised when a product is sold to a customer. Sales of goods are exchange transactions.

TRAFFIC AND PARKING INFRINGEMENTS

Traffic and parking infringements are recognised when tickets are paid. This is non-exchange revenue.

INTEREST AND DIVIDENDS

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established. Interest and dividends are considered income from exchange transactions.

DEVELOPMENT CONTRIBUTIONS

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such a time as the Council provides, or is able to provide, the service. Development contributions are non-exchange transactions.

EXPENDITURE

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the spot rate at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

GRANTS

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award in receipt of the grant application and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant. Council's grants awarded have no substantive conditions attached.

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Any lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

RECEIVABLES

Short term debtors and other receivables are recorded at their face value, less any provision for impairment.

DERIVATIVE FINANCIAL INSTRUMENTS

The Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently re-measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The valuation at balance date is performed by Hedgebook Limited.

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are taken directly to the surplus or deficit for the year.

The fair value of interest rate swaps is determined by reference to market values for similar instruments. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the agreement.

Swaps are classified as non-current if the remaining maturity is more than twelve months, and as current if the remaining maturity is less than twelve months.

Although some members of the Group do so, the Council (parent) does not apply hedge accounting for its derivative financial instruments.

FIXED ASSETS

Property, plant and equipment consist of the following categories:

- **Operational Assets** – these include land, buildings, improvements, motor vehicles, plant and equipment, library books, forestry and the marina.
- **Restricted Assets** – restricted assets are land, buildings and improvements, which are owned by Council but which benefit or service the community.
- **Heritage Assets** – Heritage Assets – include museum artefacts, collections and historical buildings and monuments.
- **Infrastructure Assets** – infrastructure assets are the fixed utility systems owned by Council. These include the roading, water, sewer and stormwater networks.

REVALUATION

All asset classes are carried at depreciated historical cost with the exception of infrastructure assets (apart from land under roads and operational and restricted land classes). These are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference then those asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue or expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

ADDITIONS

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably.

Work in progress is measured at cost less impairment and is not depreciated.

New Council assets that are added between valuations are recorded at cost except when acquired through a non-exchange transaction. Where an asset is acquired through a non-exchange transaction, such as vested assets, it is recognised at fair value as at the date of acquisition. Vested assets are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. The fair value is based on the actual quantities of infrastructure components and the current "in the ground" cost of providing identical services.

DISPOSALS

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When re-valued assets are sold or otherwise disposed of, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

SUBSEQUENT COSTS

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

DEPRECIATION

Depreciation has been provided on a straight line basis on all fixed assets, other than forestry, heritage, operational land, restricted land, land under roads and the marina basin at rates that will write off the cost or valuation of the assets to their estimated residual values over their useful lives.

Assets depreciated are as follows:

ASSET	DEPRECIABLE LIFE (YEARS)
Operational	
Buildings	50-100
Improvements	Nil-20
Motor vehicles	7
Plant and equipment	2-30
Library books	3-10
Marina	30-50
Restricted	
Buildings	50-100
Improvements	Nil-20
Roading	
Roads formation	n/a
Sub-base	n/a
Basecourse	5-80
Surfacing (sealed)	1-50
Surfacing (unsealed)	n/a
Bridges	20-100
Retaining/sea walls	30-100
Box culverts	60-90
Footpaths	5-100
Streetlights	20-60
Signs	15
Water supply	
Pipeline	55-120
Manholes	58-110
Reservoirs and tanks	100
Dams	10-200
Wastewater	
Pipeline	40-120
Manholes	80
Pump stations	10-50
Oxidation pond	15-151
Stormwater	
Pipeline	40-120
Bank protection	25-100
Manholes	90
Solid Waste	
Pipes	60-90
Ponds and dam	100
Gas flare	20
Resource consents	24

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired, and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

OTHER FIXED ASSETS INCLUDING BIOLOGICAL ASSETS, INTANGIBLE ASSETS, INVESTMENT PROPERTY, AND WORK IN PROGRESS

BIOLOGICAL ASSETS

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2017. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

INTANGIBLE ASSETS

SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Intangible Asset	Useful Life (yr)	Amortisation Rate
Computer software	3-10	10-33%

INVENTORY

Inventories are valued at cost or net realisable value, whichever is lower. For the purposes of arriving at the cost, the weighted average cost method is used.

WORK IN PROGRESS

Profits on contracts are recognised progressively over the period of each contract. The contract amount included in the surplus or deficit, and the value of work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. When it is intended at the inception of the contract that contract costs are to be fully recovered from the parties to that contract, foreseeable losses on contracts are recognised immediately.

INVESTMENT PROPERTY

Investment property is valued initially at its cost, including transaction costs.

Council's investment property is valued annually at fair value as at 30 June. Investment properties were valued based on open market evidence. The latest valuation was performed by Telfer Young (Nelson) Limited and changes in valuation are recognised in the surplus or deficit.

OTHER FINANCIAL ASSETS

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade date, the date on which the Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Council and group has transferred substantially all the risks and rewards of ownership.

For the purposes of measurement, financial assets of the Council and group are classified into the following categories:

- fair value through surplus or deficit
- loans and receivables
- held to maturity investments
- fair value through other comprehensive revenue and expense

The classification of financial assets depends on the purpose for which the instrument was acquired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking.

Derivatives are also classified as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

The current/non-current classification of derivatives is explained in the derivatives accounting policy.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance date, which are included in non-current assets.

Trade and other receivables are initially measured at fair value, subsequently measured at amortised cost using the effective interest method less any provision for impairment and are stated at expected realisable value after providing for doubtful and uncollectable debts. Any accounts considered to be unrecoverable are written off at year end.

Loans made to community organisations if at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the current value and the face value of the expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

HELD TO MATURITY INVESTMENTS

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than twelve months after balance date, which are included in noncurrent assets.

With the exception of shares in the Local Government Insurance Corporation, which are recorded at their net asset value, investments other than in associated entities are measured after initial recognition at amortised cost, using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in surplus or deficit.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified into any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within twelve months of balance date. The Council and group may include in this category:

- investments that it intends to hold long term, but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the instruments. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

BORROWINGS

Borrowings are initially recognised at their face value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least twelve months after balance date.

CREDITORS AND OTHER PAYABLES

Short term creditors and other payables are recorded at their face value.

EMPLOYEE ENTITLEMENTS

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Provision has been made for annual leave due and retirement gratuities calculated on an actual entitlement basis at current rates of pay. The provision for long service leave is based on an actuarial calculation at balance date.

SUPERANNUATION SCHEMES

DEFINED CONTRIBUTION SCHEMES

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

PROVISIONS

The Regional Landfill Business Unit (a joint activity with Tasman District Council) has a legal obligation to provide ongoing maintenance and monitoring services at landfill sites after closure. This provision is calculated on the basis of discounting closure and post-closure costs into present day values. The calculation assumes no change in resource consent conditions for closure and post-closure treatment. Nelson City Council has consolidated its 50% share of this provision.

INCOME TAX

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in

which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST except for debtors and creditors which are presented on a GST inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

COST ALLOCATION

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

EQUITY

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- restricted reserves
- Council created reserves
- property revaluation reserves

RESERVES

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be:

RESTRICTED RESERVES

Restricted reserves are those subject to specific conditions accepted as binding by Council, and which may not be revised by Council without reference to the courts or a third party. Transfer from these reserves may be made only for certain specified purposes or if certain specified conditions are met.

COUNCIL CREATED RESERVES

Part of the accumulated balance established at the will of Council. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

REVALUATION RESERVES

The results of revaluing land, infrastructural assets are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in the surplus or deficit. To the extent that increases in value offset previous decreases debited to the surplus or deficit, the increase is credited to the surplus or deficit.

STATEMENT OF CASHFLOWS

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council or group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made of the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of Council and group.

CHANGES IN ACCOUNTING POLICIES

There are no standards, amendments, and interpretations that are not yet effective and have not been early adopted that are relevant to Council.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing this forecast information Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

LANDFILL AFTER CARE COSTS

The Regional Landfill Business Unit (a joint activity with Tasman District Council) has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure.

The landfill post closure provision is recognised in accordance with New Zealand PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets. This provision is calculated on the basis of discounting closure and post closure costs into present day value.

The calculations assume no change in the legislative requirements for closure and post closure treatment.

Nelson City Council has consolidated its 50% share of this provision.

INFRASTRUCTURAL ASSETS

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual deprecation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates.
- Experienced independent valuers perform Council's infrastructural asset revaluations.

SIGNIFICANT FORECASTING ASSUMPTIONS

Council is required to identify all the significant forecasting assumptions and risk underlying the financial estimates. Assumptions are necessary to allow Council to plan for expenditure and costs over the next ten years. They are the best reasonable assessment made on the basis of currently available information.

Any assumptions that apply only to specific activities will be included in the discussion on that activity.

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Population growth The Nelson population is assumed to continue to grow based on the high series Statistics New Zealand projections. The population is expected to grow by 6,000 between 2018 and 2028 to 59,000. Population growth is expected to slow down over time, based on the assumptions that deaths will increase while births decrease slightly, and that migration rates also remain relatively constant.	That growth is higher than projected, putting pressure on Council services and infrastructure or that growth is lower than projected, putting pressure on ratepayers. Changes nationally may lead to changes in the rate of migration to or from Nelson, affecting population growth.	Low	Council is careful when applying population growth estimates to its infrastructure planning, given the uncertainties, so that there is generally a good margin for error should growth outstrip projections. New infrastructure is also usually built for the medium to long term so there is the ability to draw on that future capacity if population growth is higher than projected. This limits the risk exposure.
Affordability – an ageing population Nelson's population is ageing, and the proportion of the population aged 65 years and over is projected to increase from 20% in 2018 to 27% in 2028. Conversely, the proportion of the population aged under 15 years is projected to decrease from 18% in 2018 to 16% in 2028.	The age profile could vary from forecast, with accelerated ageing putting pressure on certain services and/or facilities.	Medium	Risks can be mitigated by Council working with the community to prepare for these changes and appropriately modifying investments in assets and provision of services to maintain rates affordability.

Table continued overleaf

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Affordability – an ageing population... continued Conversely, the proportion of the population aged under 15 years is projected to decrease from 18% in 2018 to 16% in 2028. A growing pattern of "sunbelt" migration is attracting increasing numbers of over 65 year olds to the Top of the South, with all net future growth in Nelson projected to be within that age group. As the population ages, it is assumed that the proportion of our population on a fixed income will increase and that there will be a corresponding downwards pressure on rates increases. The ageing population will also require a different balance of services/facilities/activities which will lead to changes in spending patterns across Council activities.	There is a risk that as a result of a higher cost of living in the region and the higher percentage of older residents, that there may be difficulties in attracting key staff		The risks of an ageing demographic may be balanced by the potential to bring economic opportunity to the region in specific industries such as retirement villages, and specialised services.
Affordability – the economy The Nelson Tasman economy has generally experienced slower growth than the national average over the last five years. However more recently the region has seen strong growth in tourism, horticulture, viticulture, construction, and retail sectors. It is assumed that the Nelson economy will continue to grow over the 10 year period, with stronger growth than the previous 10 year average expected for at least the first three years of the Long Term Plan 2018-28.	A less well performing regional economy may increase affordability issues in the community with some residents finding it more difficult to meet commitments, including rates.	Medium	A focus on affordability and support for initiatives such as the work of the Nelson Regional Development Agency combined with ongoing Council investment in maintaining Nelson's attractiveness as a destination for talent and investment can help to support the regional economy. It is also expected that rates of older adults remaining in the workforce will continue to rise improving incomes at older ages and mitigating against forecast workforce shortages.
Labour market It is assumed that Council will be able to hire the staff it needs with the appropriate technical qualifications to deliver the work programme. Long term there are sustained labour market shortages predicted but this is not expected to occur in the next ten years. However shortages in particular skills areas are likely.	A more competitive marketplace with accompanying labour shortages.	High	Reconsidering the way services are delivered may be necessary if there are skills shortages affecting delivery of the work programme. More use of consultants may result with impacts on budgets.

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Inflation/Price changes Council uses inflation forecasts from Business and Economic Research Limited (BERL) to estimate inflation over time. These figures were updated in October 2017, and are prepared specifically for Local Government. It is assumed that inflation rates are as predicted and modelled in budgets. Year ending CPI LGCI Opex% LGCI Capex% LGCI Total 30-Jun-19 1.8 2.0 2.0 2.0 30-Jun-20 1.6 2.2 2.2 2.2 30-Jun-21 1.6 2.2 2.2 2.2 30-Jun-22 1.7 2.2 2.2 2.2 30-Jun-23 1.7 2.3 2.3 2.3 30-Jun-24 1.8 2.3 2.4 2.3 30-Jun-25 1.8 2.4 2.4 2.4 30-Jun-26 1.9 2.5 2.5 2.5 30-Jun-27 1.9 2.5 2.6 2.6 30-Jun-28 2.0 2.6 2.7 2.7 CPI = Consumer price index LGCI = Local government cost index Opex = Operating expenditure Capex = Capital expenditure	Inflation higher than expected, increasing costs for Council.	Medium	Likely to be some variation in actual rates of inflation from predictions and this will impact on the financial results of Council. Changing costs may mean the timing of projects needs to be adjusted. Council has relied on the current parameters the Reserve Bank is required to operate under in terms of inflation being held with the range of 1-3%.
Capital project costs A competitive market means tenders are being received well above expectations. Assume that this escalation in prices will continue over the first 2-3 years of the Long Term Plan.	More expensive projects means less can be achieved in the capital works programme or upwards pressure on rates and debt.	High	Increased flexibility in the capital works programme around timing of projects could help mitigate this trend.
Interest rates In preparing the Long Term Plan Council has assumed the following interest rates: Year ending 30-Jun-19 4.36% 30-Jun-20 4.22% 30-Jun-21 4.19% 30-Jun-22 4.51% 30-Jun-23 4.61% 30-Jun-24 4.67% 30-Jun-25 4.71% 30-Jun-26 4.80% 30-Jun-27 4.88% 30-Jun-28 4.94%	Higher interest rates will increase costs for Council. Lower interest rates will decrease costs.	High	Interest rates used are based on advice from Price Waterhouse Coopers and includes the cost of both funds already borrowed and anticipated new debt at anticipated future interest rates. If actual interest rates are higher than the assumed rate, this cost would be rated for or future borrowing requirements adjusted. A degree of protection against fluctuating interest rates has been provided through the use of interest rate swaps. Council is also a member of the Local Government Funding Agency which provides access to loans at a lower rate than Council could obtain directly from banks.

Table continued overleaf

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Useful lives of significant assets It is assumed that there will be no reassessment of the useful lives of assets during the ten year period covered by this plan. The detail of useful lives for each asset category is covered in the Statement of Accounting Policies.	Assets wearing out earlier than predicted and funding needs to be found for replacements.	Low	This may result in changes needing to be made to the underlying capital expenditure programme.
Vested Assets Vested Assets are engineering assets such as roads, sewers and water mains, paid for by developers and vested to Council on completion of the subdivision. It is assumed that vested assets will increase by $7 million per year, adjusted by inflation, for most years of the Long Term Plan However, an additional $1.6 million has been added to year two of the plan to account for a private development agreement. Council assumes that the impact of vested assets will be neutral, in that the costs associated with the additional assets will be offset by a proportionate increase in rates revenue.	That Council will have more assets vested thereby increasing the depreciation expense in subsequent years that is not offset by a proportionate increase in rates revenue.	Low	Vested assets must be maintained by Council and depreciation provided for, therefore if growth is higher than forecast Council will need to increase its budget to maintain those assets. The impact of higher or lower growth is not considered significant.
Insurance costs It has been assumed that insurance premiums continue at current levels plus inflation and that Council can get 100% of the cover it is required to hold (40% for infrastructure assets/60% covered by Central Government). It is also assumed that the 40/60% split continues.	Premiums increasing above inflation and/ or Council cannot get 100% cover.	Medium	Any increase in premiums above the level assumed will have an impact on rates or the level of cover that Council adopts.
Return on investments It is assumed that the return on investments, including dividends from Council Controlled Trading Organisations and retained earnings on subsidiaries will continue at current levels plus inflation.	Returns lower than expected.	Low	This would impact on Council's ability to fund services and would likely require an increase in rates. Alternatively Council could consider reducing levels of service.
Accounting Policy Nelson City Council's accounting policy provides for its most significant asset classes (infrastructure assets and land, excluding land under roads) to be revalued with sufficient regularity that the carrying value does not differ materially from fair value. Infrastructure assets are revalued annually and land is reviewed annually and revalued at least every five years or if there is a material movement. For the purposes of this Long Term Plan, land revaluation is assumed to occur in years 2, 5, and 8.	Actual revaluation results differ significantly from those forecast in this Long Term Plan.	Medium	If the revaluations are different from those forecast it will affect fixed asset values and impact levels of depreciation expense and the rates funding requirement. Future Annual Plans and Long-term Plans will reflect the outcomes of actual revaluations.

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Accounting Policy... continued Council's investment property is revalued annually in accordance with generally accepted accounting practice. Revaluations have been based on the Business and Economic Research Ltd (BERL) forecasts of price level change adjusters and revaluation movements will be shown in the prospective Statement of Comprehensive Revenue and Expense.			
Growth in rating units The estimated growth in the City's ratings units is 1% for each of the 10 years of the Long Term Plan. Year / Growth / Number of rating units 2018/19 - 22,235 2019/20 1% 22,457 2020/21 1% 22,682 2021/22 1% 22,909 2022/23 1% 23,138 2023/24 1% 23,369 2024/25 1% 23,603 2025/26 1% 23,839 2026/27 1% 24,077 2027/28 1% 24,318	Growth in rating units is higher or lower than projected	Low	Council has used current property information from its valuation service provider (Quotable Value) to assess the level of growth in rating unites, along with an assessment of year by year increases from recent years.
NZ Transport Agency funding NZTA have recently advised that the Financial Assistance Rate will be 51% from July 1st 2018. Note: This is slightly higher than forecast for the 2018/19 and 2019/20 financial years, but as originally budgeted for the following years.	NZTA providing less funding than currently indicated, and Council's share of project costs therefore increasing.	Medium	Changes to the funding priorities of the NZ Transport Agency are outside Council control.
Loan arrangements It is assumed that Council's bankers will continue to renew the existing loan facilities.	Access to committed loan facilities less than expected.	Low	The Local Government Funding Agency should allow Council to diversify funding sources away from the local banks as well as being able to borrow for longer terms.
Co-funding arrangements It is assumed that for projects where other partners are contributing part of the funding, this funding will still be available. It is assumed that where Council could be eligible for Government funding (e.g. Housing Infrastructure Fund, Tourism Infrastructure Fund), Council will seek this funding.	Partners will no longer be in a position to provide funding which will result in an increased level of input from Council, or the termination of the project.	Medium	Viability of projects would be threatened and Council would need to consider its ongoing funding commitment.

Table continued overleaf

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Development contributions It is assumed that Council will collect $1.7 million p.a. from development contributions during the ten years of the Long Term Plan 2018-28.	The level of development contributions collected and the timing could results in insufficient income to cover the costs of required growth infrastructure.	Medium	Costs for infrastructure would need to be met from other sources.
Income from Development Contributions Council bases its financial forecasting for income from Development Contributions based on the funds received in previous years. This is because developments, and the income from these, takes time to be realised, and Council needs to minimise the risk of income being lower than forecast. This conservative approach uses an average of 230 new Household Units of Demand p.a. over the ten years.	If developments occur at an even slower rate than the conservative approach currently being applied in the Financial Statements, Council would receive less income. This would mean that, unless there was slowdown in the capital projects to support growth, the Council would need to borrow any shortfall until the developments were completed.	Low	Council reviews growth rates and the Development Contributions policy at least three yearly. Budgets, including income from Development Contributions, are reviewed each year as part of the Annual Report and Annual Planning processes. If development is slower than forecast then Council has the option of delaying or removing capital projects, and therefore keep within is planned debt levels.
Sources of funds for the future replacement of assets It is assumed that funding for the replacement of existing assets will be obtained from the appropriate sources as detailed in Council's Revenue and Financing Policy.	That a particular funding source is unavailable.	Low	Depreciation is used to fund renewals and is funded mainly through rates and user charges. Should other sources of capital funding such as subsidies or development/ financial contributions differ from levels forecast in a particular activity, Council is able to access borrowings through its central treasury function.
Relationship with iwi It is assumed that the staff resource allocated to work with iwi and Māori post Te Tau Ihu settlements will increase. Partnership with Te Tau Ihu iwi will necessitate a different way of working and it is important that Council understands iwi expectations and aspirations. To support this new way of working will require provision of training to relevant staff, increased emphasis on recognising Council responsibilities to Maori and iwi under relevant legislation, understanding opportunities for iwi investment in our region and may require changes to consultation processes to allow for	Establishing ways of working with Māori requires greater Council resource than anticipated.	Medium	The financial impact of dedicating resources to meet Treaty, settlement and legislated commitments may impact on rates and time may impact on project delivery rates.

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Relationship with iwi... continued sufficient engagement. In some instances, external assistance may need to be employed. Working with iwi will result in the need for additional time and resources to engage meaningfully on particular projects. Likewise changing engagement with iwi will have implications for governance time and resources.	May result in the need to build additional time into project timelines or delay project start dates.		
Earthquake prone buildings It is assumed that Council will face ongoing costs with regard to earthquake prone building assets, but that decisions about work to be undertaken and the timing of any necessary work will allow costs to be adequately spread. The Building (Earthquake-Prone Buildings) Amendment Act 2016 modifies the requirement on councils to identify potentially earthquake prone buildings. There is no requirement to complete seismic assessments for buildings it does not own, as was previously anticipated. Higher risk (Priority) buildings must be identified within five years and consultation is likely to be required to identify these priority buildings.	New work is identified, or required work is more significant than anticipated.	Medium	Significant additional expenditure on earthquake strengthening buildings could not be met by the current budget.
Resource consents It is assumed that any resource consents held by Council due for renewal during the life of the plan will obtain consent. It is assumed, however, that the consents will be subject to a more rigorous process, given national direction in areas such as freshwater. Note that a new consent will be required for the Nelson Wastewater Treatment Plant in December 2024.	Conditions of resource consents altered and significant new compliance costs or consents cannot be renewed as expected.	Medium	Budgets are in place for resource consents and it is assumed consents can be obtained.
Amalgamation Council's budgets for the Long Term Plan 2018-28 will be prepared assuming that Council will continue to be responsible only for the Nelson District through the term of the Long Term Plan and that there will be no amalgamation. However regional cooperation with Tasman District Council will continue to be a critical element in maximising benefits to the region, including through collaboration on projects such as the Regional Growth Programme.	A reorganisation process would require a significant amount of planning and consultation before an outcome was confirmed.	Medium	Amalgamation would require the Long Term Plans of both councils to be combined. Council will continue to work with Tasman District Council to develop shared services, where appropriate.

Table continued overleaf

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Climate change and natural hazards It is assumed that natural disasters might occur in the Nelson area during the life of the Long Term Plan. The frequency of some types of natural disaster, e.g. flooding, might increase due to the impact of climate change. This has been the experience of recent years and is consistent with predictions of climate change impacts. Exposure of low lying land to the risk of inundation from sea level rise is another assumption related to climate change. Council relies on Ministry for Environment guidance in estimating sea level rise and reviews assumptions when the Ministry for the Environment releases updated guidelines. The Nelson Tasman Civil Defence Emergency Management Group Plan provides a regional risk assessment which illustrates the difference in our natural hazards, for example earthquakes (infrequent but high consequence) versus flooding (likely but less consequence).	Increased numbers or severity of events lead to increased costs for Council in both responding and building greater resilience into infrastructure.	High	A characteristic of the Nelson community is the concentration of lifelines infrastructure (roading network, port, airport, wastewater treatment ponds etc.) on low-lying areas. Council will increase its contributions to the Emergency Fund as one method of mitigating the risk of natural disasters. Another mitigation is the work identifying hazards in the draft Nelson Plan and advising affected landowners. There is also work to address climate change through investments in public transport, use of solar technology and maximising walking and cycling as modes of transport.
Government Policy Changes It is assumed that with the change in government there will be significant policy changes which will impact on the Council work programme. Changes to legislation impacting on local government are likely to take place during the period of the Long Term Plan. It is assumed that Central Government will work with councils to ensure that any legislative changes are managed appropriately and to ensure benefits from its commitment to partnership with the local government sector are realised.	Government policy shifts may be more significant than assumed or not allow reasonable implementation/ transition.	Medium	Financial impact resulting from a need to respond to significant legislation and /or policy changes would impact on rates or fees and charges.
National Policy Statement for Urban Development Capacity (NPS-UDC) It is assumed that Council can meet the requirements of the National Policy Statement for Urban Development Capacity (NPS-UDC) which requires local authorities to ensure there is sufficient development capacity to meet demand in the urban environment in the short term (within 3 years), medium term (3-10 years) and long term (10-30 years)[1]. The Nelson Urban Area is currently classed as a medium growth area. This classification may change upon revisions to the NPS-UDC[2] definitions or to the Statistics New Zealand Urban Area population projections.	Meeting the requirements of the NPS-UDC may result in changes to timing of infrastructure projects. Growth classification may change.	Low	Nelson City and Tasman District Council are collaborating to ensure both can meet the requirements of the NPS-UDC.

1 Short-term capacity must be feasible, zoned and serviced while long-term capacity must be feasible, with servicing planned but does not need to be zoned yet. Local authorities with a medium or high growth urban area also need to provide an additional margin of feasible development capacity over and above projected demand of at least: 20% in the short and medium term; and 15% in the long term.

2 The Nelson Urban Area includes all of the area units of Nelson, except for Whangamoa and it also includes Area Units within Tasman District Council boundaries of Aniseed Hill, Hope, Best Island, Bell Island, Ranzau, Richmond West and Richmond West. Note that the Nelson Urban Area boundary is also under review.

FINANCIAL STATEMENTS

NELSON CITY COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Revenue				
Rates other than metered water, net of remissions	61,606	64,391	67,743	71,159
Subsidies and grants	8,697	8,905	9,317	9,067
Fees and charges including metered water	25,948	28,381	28,096	28,684
Other Revenue	18,287	20,345	22,779	21,636
Interest received	52	9	9	9
Other gains/losses	21	49	36	29
Total Revenue	**114,610**	**122,080**	**127,980**	**130,584**
Expenses				
Wages and salaries	19,867	19,820	20,256	20,701
Finance costs	4,670	5,022	5,503	6,237
Depreciation and amortisation	24,542	25,455	26,316	27,286
Other expenses	49,743	58,690	59,805	66,884
Total Expenses	**98,822**	**108,987**	**111,880**	**121,108**
Net Surplus/(Deficit) before Taxation	**15,788**	**13,093**	**16,100**	**9,476**
Taxation	0	0	0	0
Net Surplus/(Deficit)	**15,788**	**13,093**	**16,100**	**9,476**
Increase in asset revaluation reserves	16,895	17,501	44,827	21,285
Total Other Comprehensive Revenue and Expense	**16,895**	**17,501**	**44,827**	**21,285**
Total Comprehensive Revenue and Expense	**32,683**	**30,594**	**60,927**	**30,761**

NELSON CITY COUNCIL STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Equity at beginning of year	1,371,261	1,440,535	1,471,129	1,532,055
Total comprehensive revenue and expense	32,683	30,594	60,927	30,761
Equity at end of year	**1,403,944**	**1,471,129**	**1,532,055**	**1,562,816**

The 2018/19 Annual Plan equity at the beginning of the year is based on 2016/17 Annual Report closing balance plus a forecast for 2017/18, and therefore is not equal to 2017/18 Annual Plan equity at end of year.

	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
	74,345	77,166	79,691	82,396	85,696	87,910	90,910
	10,461	9,969	12,405	12,064	13,299	9,355	10,396
	29,780	30,080	31,335	32,050	32,157	32,740	33,463
	21,952	22,798	22,826	23,289	24,534	25,002	25,510
	9	9	9	9	9	10	9
	26	28	30	31	33	35	37
	136,573	**140,050**	**146,296**	**149,839**	**155,728**	**155,052**	**160,325**
	21,157	21,643	22,141	22,672	23,239	23,820	24,440
	7,845	8,727	9,408	10,058	10,447	10,679	10,701
	28,585	29,889	31,085	32,357	33,603	34,775	35,985
	61,199	62,231	63,401	65,060	67,163	68,417	71,193
	118,786	**122,490**	**126,035**	**130,147**	**134,452**	**137,691**	**142,319**
	17,787	**17,560**	**20,260**	**19,692**	**21,276**	**17,361**	**18,006**
	0	0	0	0	0	0	0
	17,787	**17,560**	**20,260**	**19,692**	**21,276**	**17,361**	**18,006**
	22,566	51,411	27,364	29,025	64,282	34,852	37,892
	22,566	**51,411**	**27,364**	**29,025**	**64,282**	**34,852**	**37,892**
	40,353	**68,971**	**47,624**	**48,717**	**85,558**	**52,213**	**55,898**

	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
	1,562,816	1,603,169	1,672,141	1,719,765	1,768,482	1,854,040	1,906,253
	40,353	68,971	47,624	48,717	85,558	52,213	55,898
	1,603,169	**1,672,141**	**1,719,765**	**1,768,482**	**1,854,040**	**1,906,253**	**1,962,151**

NELSON CITY COUNCIL STATEMENT OF FINANCIAL POSITION

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Current Assets				
Cash and cash equivalents	2,494	639	794	937
Inventories	0	0	0	0
Trade and other receivables	12,675	12,795	12,993	13,193
Other financial assets	744	1,466	637	431
Taxation	0	0	0	0
Derivative financial instruments	0	0	0	0
Total Current Assets	**15,913**	**14,900**	**14,424**	**14,561**
Non Current Assets				
Trade and other receivables	0	0	0	0
Investments accounted for using the equity method	36,663	36,663	36,663	38,163
Investment in subsidiaries	7,744	8,200	8,200	8,200
Investment properties	1,096	1,142	1,167	1,193
Other financial assets	4,234	4,854	4,814	5,242
Intangible assets	2,367	2,256	2,256	2,256
Biological assets	5,086	4,270	4,351	4,391
Property, plant, and equipment	1,483,391	1,532,491	1,605,723	1,660,294
Derivative financial instruments	0	25	25	25
Total Non Current Assets	**1,540,581**	**1,589,901**	**1,663,199**	**1,719,764**
Total Assets	**1,556,494**	**1,604,801**	**1,677,623**	**1,734,325**
Current Liabilities				
Bank overdraft	0	0	0	0
Trade and other payables	18,120	12,775	12,979	13,187
Employee benefit liabilities	1,872	2,181	2,222	2,258
Taxation payable	0	0	0	0
Current portion of borrowings	17,733	15,579	37,264	13,005
Derivative financial instruments	7	40	40	40
Total Current Liabilities	**37,732**	**30,576**	**52,506**	**28,490**
Non Current Liabilities				
Trade and other payables	819	813	754	695
Provisions	1,656	1,652	1,663	1,675
Employee benefit liabilities	227	231	244	248
Derivative financial instruments	8,405	5,401	5,401	5,401
Non-current portion of borrowings	103,709	95,000	85,000	135,000
Total Non-Current Liabilities	**114,817**	**103,097**	**93,062**	**143,019**
Total Liabilities	**152,549**	**133,672**	**145,568**	**171,509**
Net Assets	**1,403,945**	**1,471,129**	**1,532,055**	**1,562,816**
Ratepayer's Equity				
Accumulated comprehensive revenue and expense	423,473	474,578	535,548	566,353
Other reserves	980,472	996,551	996,507	996,463
Total Ratepayer's Equity	**1,403,945**	**1,471,129**	**1,532,055**	**1,562,816**

Opening balances for 2018/19 LTP have been derived from 2016/17 Annual Report closing balances plus a forecast for 2017/18, as this represents a more recent and accurate assessment than the 2017/18 Annual Plan closing balances.

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
1,085	1,238	1,389	1,530	1,678	1,847	2,035
0	0	0	0	0	0	0
13,410	13,630	13,867	14,109	14,368	14,632	14,916
390	422	456	489	451	387	325
0	0	0	0	0	0	0
0	0	0	0	0	0	0
14,885	**15,290**	**15,712**	**16,128**	**16,497**	**16,866**	**17,276**
0	0	0	0	0	0	0
39,663	39,663	39,663	39,663	39,663	39,663	39,663
8,200	8,200	8,200	8,200	8,200	8,200	8,200
1,219	1,247	1,277	1,308	1,341	1,376	1,413
5,442	5,638	5,754	5,710	5,581	5,530	5,470
2,256	2,256	2,256	2,256	2,256	2,256	2,256
4,120	4,005	3,768	3,564	3,644	3,644	3,644
1,715,605	1,793,486	1,852,705	1,904,055	1,989,644	2,035,685	2,093,541
25	25	25	25	25	25	25
1,776,530	**1,854,520**	**1,913,648**	**1,964,781**	**2,050,354**	**2,096,379**	**2,154,212**
1,791,415	**1,869,810**	**1,929,360**	**1,980,909**	**2,066,851**	**2,113,245**	**2,171,488**
0	0	0	0	0	0	0
13,411	13,639	13,884	14,134	14,403	14,677	14,970
2,296	2,335	2,377	2,420	2,466	2,513	2,563
0	0	0	0	0	0	0
39,503	23,682	25,341	37,901	32,988	16,867	23,882
40	40	40	40	40	40	40
55,251	**39,697**	**41,643**	**54,496**	**49,897**	**34,096**	**41,456**
636	577	518	459	400	341	282
1,706	1,738	1,772	1,805	1,842	1,878	1,916
252	257	261	266	271	276	282
5,401	5,401	5,401	5,401	5,401	5,401	5,401
125,000	150,000	160,000	150,000	155,000	165,000	160,000
132,995	**157,973**	**167,952**	**157,931**	**162,914**	**172,896**	**167,881**
188,246	**197,670**	**209,595**	**212,427**	**212,811**	**206,992**	**209,337**
1,603,169	**1,672,141**	**1,719,765**	**1,768,482**	**1,854,040**	**1,906,253**	**1,962,151**
607,586	676,511	724,595	773,017	858,646	910,680	966,163
995,583	995,630	995,170	995,465	995,394	995,573	995,988
1,603,169	**1,672,141**	**1,719,765**	**1,768,482**	**1,854,040**	**1,906,253**	**1,962,151**

NELSON CITY COUNCIL CASH FLOW STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from rates revenue	69,597	72,754	76,417	80,076
Subsidies and grants received	8,698	8,905	9,317	9,067
Receipts from other revenue	21,398	25,712	25,939	26,458
Development and financial contributions	3,064	3,547	3,623	3,701
Interest Received	52	9	9	9
Dividends Received	3,333	3,854	3,619	3,677
	106,142	**114,781**	**118,925**	**122,987**
Cash was disbursed to:				
Payments to suppliers	49,126	58,560	59,659	66,730
Payments to employees	19,844	19,777	20,202	20,662
Interest Paid	4,670	5,022	5,503	6,237
Tax Paid/(refund)	0	0	0	0
	73,640	**83,359**	**85,364**	**93,629**
Net Cash Flows from Operating Activities	**32,502**	**31,422**	**33,560**	**29,359**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Investments and properties for resale	0	0	0	0
Repayment of LGFA borrower notes	0	80	0	320
Sale of biological assets	0	626	0	0
Sale of fixed assets	4,331	25	26	27
Repayment of community loans and advances	507	608	1,258	397
	4,838	**1,339**	**1,284**	**744**
Cash was disbursed to:				
Investments in LGFA* borrower notes	107	240	320	880
Community loans advanced	0	0	0	0
Other investments	0	0	0	1,500
Purchase of biological assets	0	248	81	40
Purchase of intangible assets	0	0	0	0
Purchase of fixed assets:				
Renewals	12,929	17,434	14,623	12,136
New works - growth	5,770	6,172	5,692	9,149
New works - Increased level of service	37,774	20,888	25,658	31,996
	56,580	**44,982**	**46,374**	**55,701**
Net Cash Flows from Investing Activities	**(51,742)**	**(43,643)**	**(45,090)**	**(54,957)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from borrowings	26,765	14,856	17,857	34,218
Cash was applied to:				
Repayment of borrowings	7,381	2,451	6,172	8,477
Net Cash Flows from Financing Activities	**19,384**	**12,405**	**11,685**	**25,741**
Net Increase/(Decrease) in Cash Held	144	184	155	143
Add Opening Cash Balance	2,350	455	639	794
Closing Balance	**2,494**	**639**	**794**	**937**
Represented by:				
Cash and Cash Equivalents	2,494	639	794	937

Opening balances for 2018/19 LTP have been derived from 2016/17 Annual Report closing balances plus a forecast for 2017/18, as this represents a more recent and accurate assessment than the 2017/18 Annual Plan closing balances.
* Local Government Funding Agency.

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
83,488	86,572	89,576	92,713	96,227	98,698	101,924
10,461	9,969	12,405	12,064	13,299	9,355	10,396
27,321	27,880	28,323	28,716	29,461	29,855	30,419
3,781	3,866	3,957	4,049	4,149	4,254	4,366
9	9	9	9	9	10	9
3,739	3,803	3,871	3,941	4,016	4,092	4,174
128,799	**132,099**	**138,141**	**141,492**	**147,161**	**146,264**	**151,288**
61,012	62,038	63,190	64,844	66,931	68,153	70,897
21,114	21,600	22,094	22,625	23,188	23,768	24,384
7,845	8,727	9,408	10,058	10,447	10,679	10,701
0	0	0	0	0	0	0
89,971	**92,365**	**94,693**	**97,527**	**100,566**	**102,600**	**105,982**
38,828	**39,734**	**43,449**	**43,966**	**46,595**	**43,664**	**45,306**
0	0	0	0	0	0	0
0	240	160	240	480	320	160
271	115	284	211	0	0	0
28	0	0	0	0	0	0
232	160	160	160	160	160	160
531	**515**	**604**	**611**	**640**	**480**	**320**
320	560	400	320	400	320	160
0	0	0	0	0	0	0
1,500	0	0	0	0	0	0
0	0	46	7	80	0	0
0	0	0	0	0	0	0
12,204	14,030	14,477	14,919	13,984	14,293	16,275
12,421	7,644	14,596	13,711	13,365	8,206	5,866
29,264	27,041	26,042	18,039	19,344	15,035	25,153
55,709	**49,275**	**55,561**	**46,996**	**47,173**	**37,854**	**47,454**
(55,178)	**(48,760)**	**(54,957)**	**(46,385)**	**(46,533)**	**(37,374)**	**(47,134)**
24,761	16,910	21,207	11,455	9,740	6,463	11,030
8,263	7,731	9,548	8,895	9,654	12,584	9,014
16,498	**9,179**	**11,659**	**2,560**	**86**	**(6,121)**	**2,016**
148	153	151	141	148	169	188
937	1,085	1,238	1,389	1,530	1,678	1,847
1,085	**1,238**	**1,389**	**1,530**	**1,678**	**1,847**	**2,035**
1,085	1,238	1,389	1,530	1,678	1,847	2,035

NELSON CITY COUNCIL FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	45,657	47,151	49,434	51,787
Targeted rates including water by meter	23,940	25,707	27,077	28,384
Subsidies and grants for operating purposes	3,372	4,069	3,892	3,955
Fees and charges	7,237	10,666	10,738	10,883
Interest and dividends from investments	3,385	3,863	3,628	3,686
Local authorities fuel tax, fines, infringement fees, and other receipts	14,299	15,160	15,305	15,680
Total Operating Funding	**97,890**	**106,616**	**110,074**	**114,375**
Applications of operating funding				
Payments to staff and suppliers	69,228	78,510	80,061	87,585
Finance costs	4,670	5,022	5,503	6,237
Other operating funding applications	0	0	0	0
Total applications of operating funding	**73,898**	**83,532**	**85,564**	**93,822**
Surplus (Deficit) of operating funding	**23,992**	**23,084**	**24,510**	**20,553**
Sources of capital funding				
Subsidies and grants for capital	5,326	4,836	5,425	5,112
Development and financial contributions	3,064	3,547	3,623	3,701
Increase (decrease) in debt	19,384	12,512	11,756	25,810
Gross proceeds from sale of assets	7,700	25	26	27
Lump sum contributions	0	0	0	0
Total sources of capital funding	**35,474**	**20,920**	**20,830**	**34,650**
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	5,770	6,172	5,692	9,149
- to improve level of service	37,774	20,888	25,658	31,996
- to replace existing assets	16,406	17,434	14,623	12,136
Increase (decrease) in reserves	(25)	(111)	243	211
Increase (decrease) in investments	(459)	(379)	(876)	1,711
Total applications of capital funding	**59,466**	**44,004**	**45,340**	**55,203**
Surplus (Deficit) of capital funding	**(23,992)**	**(23,084)**	**(24,510)**	**(20,553)**
Funding balance	**0**	**0**	**0**	**0**

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
53,482	55,520	57,221	58,934	61,018	62,346	64,414
30,109	31,157	32,468	33,894	35,332	36,478	37,645
3,891	4,145	4,182	4,323	4,385	4,484	4,769
11,226	11,366	11,603	11,736	12,100	12,256	12,658
3,748	3,812	3,880	3,950	4,025	4,102	4,183
16,209	16,629	16,845	17,107	17,497	17,738	17,910
118,665	**122,629**	**126,199**	**129,944**	**134,357**	**137,404**	**141,579**
82,356	83,874	85,542	87,732	90,402	92,237	95,633
7,845	8,727	9,408	10,058	10,447	10,679	10,701
0	0	0	0	0	0	0
90,201	**92,601**	**94,950**	**97,790**	**100,849**	**102,916**	**106,334**
28,464	**30,028**	**31,248**	**32,154**	**33,508**	**34,488**	**35,245**
6,570	5,824	8,223	7,741	8,914	4,871	5,627
3,781	3,866	3,957	4,049	4,149	4,254	4,366
15,903	9,247	11,469	3,009	(18)	(6,019)	2,201
28	0	0	0	0	0	0
0	0	0	0	0	0	0
26,282	**18,937**	**23,649**	**14,799**	**13,045**	**3,106**	**12,194**
12,421	7,644	14,596	13,711	13,365	8,206	5,866
29,264	27,041	26,042	18,039	19,344	15,035	25,153
12,204	14,030	14,477	14,919	13,984	14,293	16,275
(771)	54	(334)	328	64	211	305
1,628	196	116	(44)	(204)	(151)	(160)
54,746	**48,965**	**54,897**	**46,953**	**46,553**	**37,594**	**47,439**
(28,464)	**(30,028)**	**(31,248)**	**(32,154)**	**(33,508)**	**(34,488)**	**(35,245)**
0	**0**	**0**	**0**	**0**	**0**	**0**

RECONCILIATION BETWEEN THE SURPLUS IN THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 ($000)	Budget 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**23,992**	**23,084**	**24,510**	**20,553**
Subsidies and grants for capital expenditure	5,326	4,836	5,425	5,112
Development and financial contributions	3,064	3,547	3,623	3,701
Vested Assets	6,000	7,000	8,774	7,311
Gains on sale	2,251	0	0	0
Depreciation	(24,542)	(25,455)	(26,316)	(27,286)
Other non-cash income	79	81	84	85
other non-cash expenditure	(382)	0	0	0
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	**15,788**	**13,093**	**16,100**	**9,476**

	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
	28,464	**30,028**	**31,248**	**32,154**	**33,508**	**34,488**	**35,245**
	6,570	5,824	8,223	7,741	8,914	4,871	5,627
	3,781	3,866	3,957	4,049	4,149	4,254	4,366
	7,472	7,644	7,828	8,015	8,216	8,429	8,657
	0	0	0	0	0	0	0
	(28,585)	(29,889)	(31,085)	(32,357)	(33,603)	(34,775)	(35,985)
	85	87	89	90	92	94	96
	0	0	0	0	0	0	0
	17,787	**17,560**	**20,260**	**19,692**	**21,276**	**17,361**	**18,006**

FINANCIAL RESERVES ESTIMATES

The Local Government Act 2002 (The Act) defines reserve funds as "money set aside by a local authority for a specific purpose". For example, Council holds bequests for specific facilities. Self-funded activities such as dog control, parking and community housing are also managed through reserve funds for each of those specified purposes.

Reserve funds are part of equity that may or may not be physically backed by cash or investments. These reserves are often used to separate a funding surplus of an activity. The Act requires Council to identify each reserve fund, specify the purpose of the fund, the activities to which the fund relates, the amount expected to be in the fund at the commencement of the Long Term Plan and at the end of the Long Term Plan period the amount expected to be deposited in the fund, and the amount expected to be withdrawn from the fund over the 10 year period that this Long Term Plan covers. This information is set out in the following table.

The Local Government Act 2002 requires that councils provide a summary of the restricted reserves it holds.

Name	Activity	Purpose	Balance July 2018	Deposits	Withdrawals	Balance June 2028
			$	$	$	$
Nelson Institute Funds	Nelson Library	Bequest to Nelson Institute	8,943	5,063	-	14,006
L C Voller Bequest (ETL)	Nelson Library	Youth section of Elma Turner Library	23,142	13,104	-	36,246
Subdivisions Reserve	Reserve Contributions	Financial contributions for reserves	675,383	20,064,810	20,466,083	274,110
Nelson 2000 Trust	Esplanade Reserves	Wakefield Quay development	171,965	97,367	-	269,332
Emergency Reserve	Emergency Response Fund	Funding unforeseen infrastructural damage	-	12,530,494	-	12,530,494
Insurance Reserve	Investment Management	To fund insurance claim excess	1,000,100	566,258	-	1,566,358

Name	Activity	Purpose	Balance July 2018	Deposits	Withdrawals	Balance June 2028
			$	$	$	$
Health & Safety Reserve	Admin and Meeting Support	OSH compliance	28,590	-	-	28,590
Parking Reserve	Car parks	Self funded activity balance	-	2,778,582	2,778,582	-
Landfill Development Reserve	Solid Waste	Share of development of new landfill when required	4,200,000	2,378,046	-	6,578,046
Roading Contributions	Roading	Financial contribution for capital works	110,863	-	-	110,863
Walker bequest	Parks		80,485	45,571	-	126,056
Dog Control Reserve	Dog Control	Self funded activity balance	119,713	25,670	-	145,383
Sport & Rec Grants Reserve	Physical Activity Fund	Ex Hillary Commission fund for Sport and Recreation	13,101	-	-	13,101
Art Council Loan Fund	Physical Activity Fund	Ex Sport & Recreation Grants	10,224	2,603	-	12,827
Events Contestable Fund Reserve	Economic Development	Unspent allocation held for eligible events	360,367	-	-	360,367
Pensioner Housing Reserve	Community Housing	Self funded activity balance	235,475	-	235,475	-
Founders Park Reserve	Founders	Founders development	143,985	1,112,268	1,131,627	124,626
Forestry Fund	Forestry	Self funded activity balance	334,406	1,164,929	1,369,667	129,668
Unused Depreciation Reserve	Various Activities	Special reserve to track unused depreciation	4,585,915	8,876,284	2,939,731	10,522,468

REPORT ON FINANCIAL PRUDENCE

Long Term Plan disclosure statement for the period commencing 1 July 2018

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in itslong-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

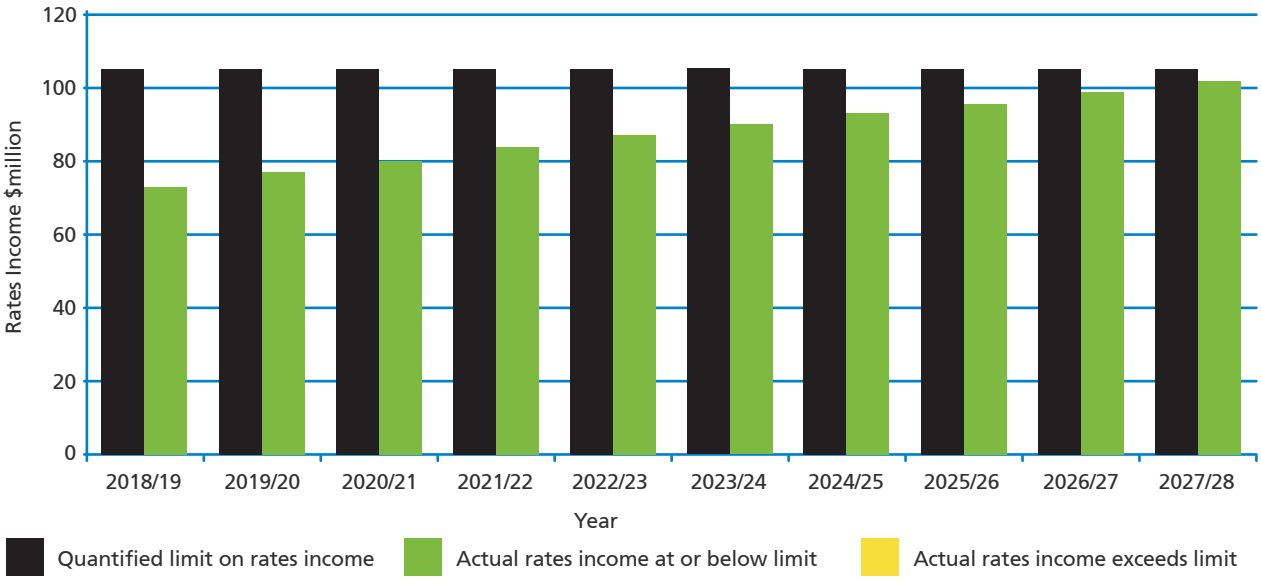
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if -

- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

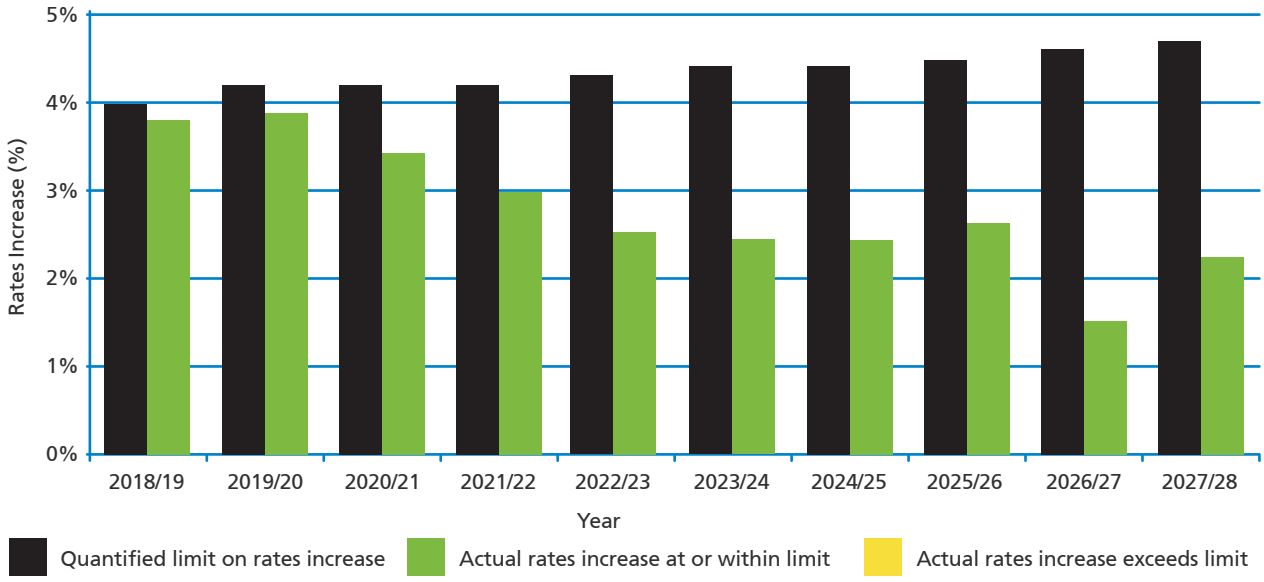
RATES (INCOME) AFFORDABILITY

The following graph compares the Council's planned rates income with a quantified limit on rates contained in the financial strategy included in this long term plan. The quantified limit is $105 million.



RATES (INCREASES) AFFORDABILITY

The following graph compares the Council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in this long-term plan (LTP). The quantified limit is the local government cost index plus 2% for each year of the LTP.

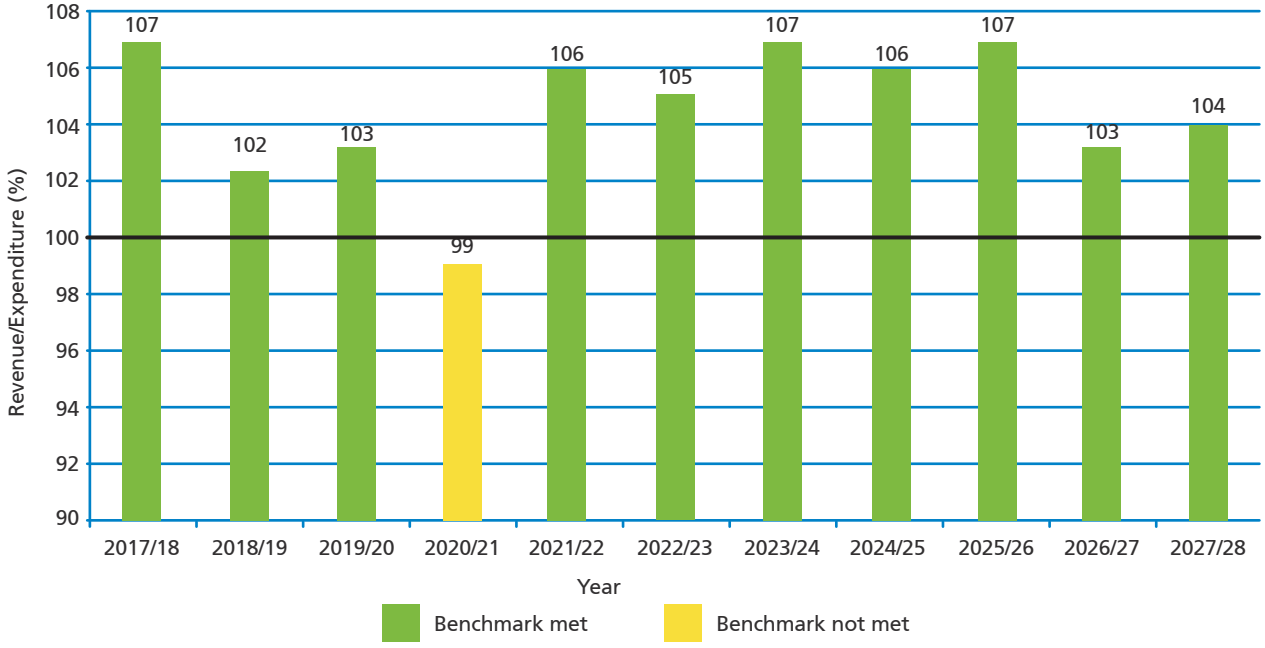


BALANCED BUDGET BENCHMARK

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.

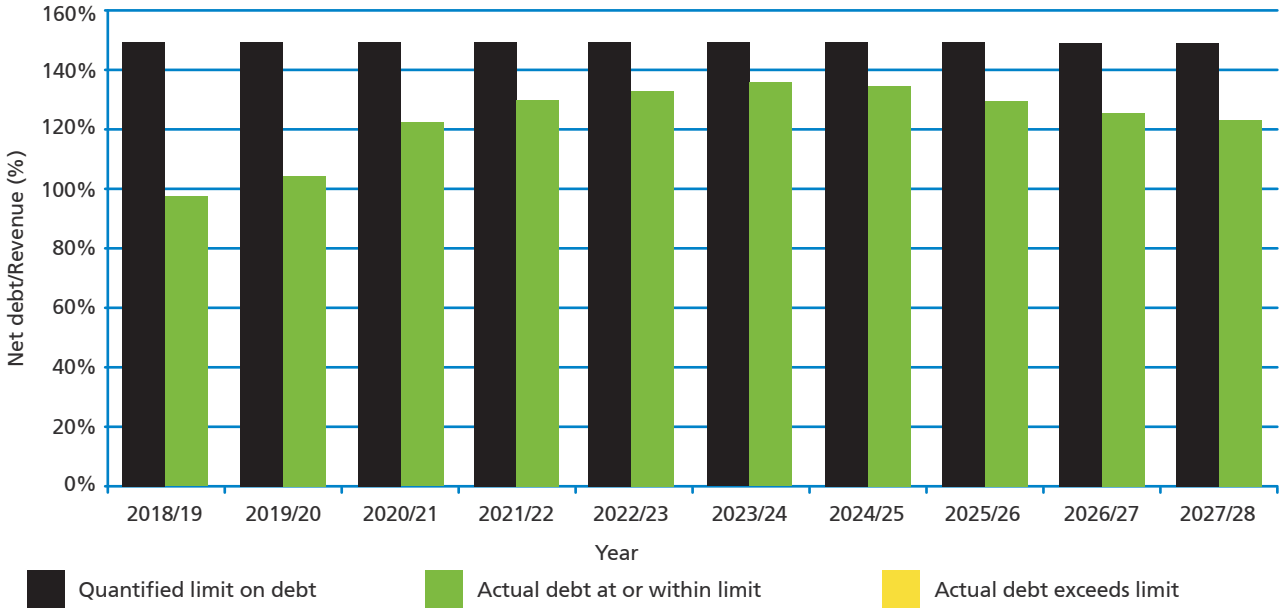
Council does not meet this benchmark in 2020/21 as the proposed contribution to the cost of the Waimea Dam of $5 million is designated as an operating rather than capital expense for Council. This benchmark is affected because Council intends to fund the expenditure from borrowings due to intergenerational equity considerations.



DEBT AFFORDABILITY BENCHMARK

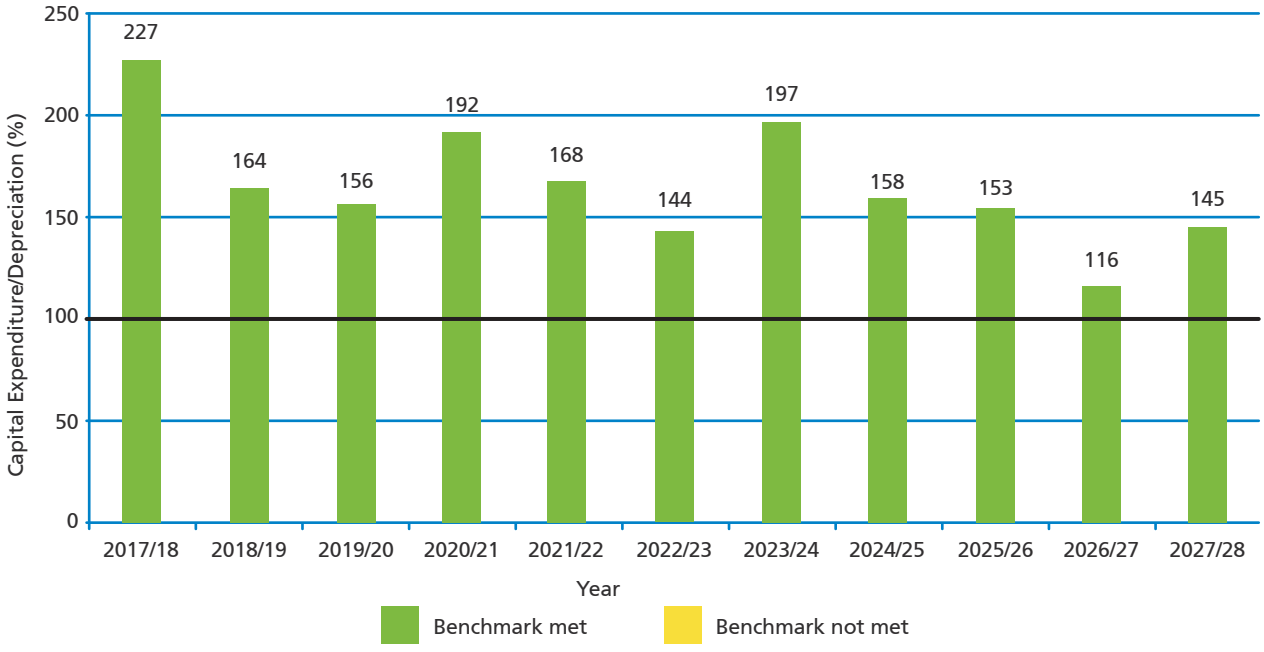
The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that net external borrowings are not to exceed 150% of revenue. Net external borrowings are defined as external debt and overdraft less cash balances and deposits.



ESSENTIAL SERVICES BENCHMARK

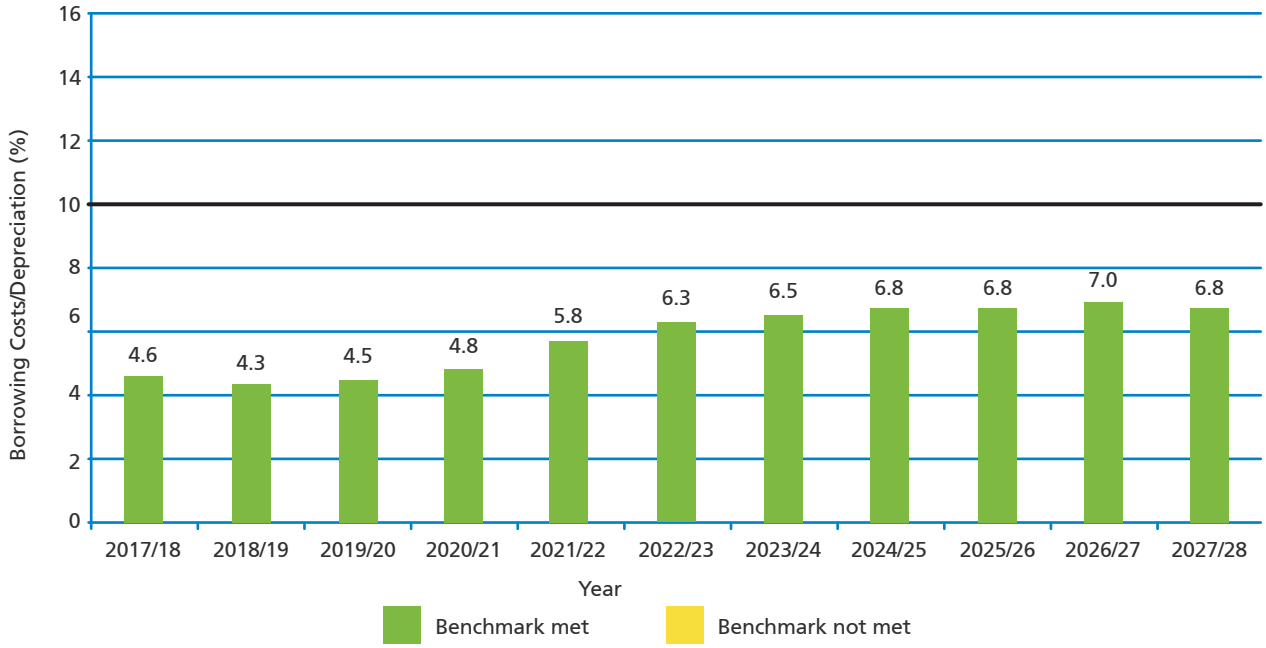
The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



DEBT SERVICING BENCHMARK

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.




BOWATER
TOYOTA
afalgar Park
@camsincs

FUNDING IMPACT STATEMENT

HOW MUCH WILL MY RATES COST?

Total rates on each property in Nelson include payment for local authority (city council) and regional council services. Council is a unitary authority combining both of these functions. The final figure is made up of a combination of whichever of the following apply to your rating unit(s):

- General rate, which includes the uniform annual general charge (UAGC)
- Stormwater and flood protection charge
- Wastewater charge or commercial wastewater charge for sewage disposal
- Water annual charge
- Water volumetric rate

If part of scheme:

- Clean Heat Warm Home targeted rate
- Solar hot water targeted rate
- Postponement application charge
- Postponement interest.

DIFFERENTIALS

Some rates are set on a differential basis, which adjust rates upwards or downwards, typically depending on whether more or less Council services are provided, for example commercial, rural or multi-unit properties.

RATES AND CHARGES

The 'funding impact statement' sets out the rates and charges that are planned for the next year.

Unless otherwise stated, rates and charges are shown including GST.

RATING UNITS

The projected number of rating units within Nelson at 30 June 2018 is 22,213.

The projected total capital value of rating units within Nelson at 30 June 2018 is $11,918,600,000.

The projected total land value of rating units within Nelson at 30 June 2018 is $5,062,450,000.

RATING OF SEPARATELY USED OR INHABITED PARTS (SUIP) OF A RATING UNIT

DEFINITION

A separately used or inhabited part of a rating unit includes any part separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, license or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used' by the owner for this separate purpose. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

The following are considered to be separately used or inhabited parts of a rating unit where the above requirements are met.

- Flats or apartments (including flats that share kitchen or bathroom facilities)
- Separately leased commercial areas of a rating unit
- Where there is multiple use of a single rating unit, such as a shop with a dwelling.

The following are not considered to be separately used parts of a rating unit:

- A residential sleep-out or granny flat without independent kitchen facilities
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities
- A bed and breakfast room with or without kitchen facilities
- Individual offices or premises of business partners
- Individually leased carparks
- Storage units
- Properties subject to statutory declarations for unoccupied or second residential units not being used as separate units.

EXAMPLES OF RATES FOR 2018/19

To further clarify the rates changes from 2017/18 to those for the 2018/19 rating year a selection of properties has been shown to provide a guide. The following table is GST inclusive.

EXAMPLES OF TOTAL IMPACT OF GENERAL AND TARGETED RATES ON DIFFERENT LAND USES AND VALUES (GST INCLUSIVE)

Property Type	2015 Land Value	2017/18 Rates	2018/19 Rates			
			General Rate	UAGC	Stormwater/ Flood Protection	Waste water
Residential	$90,000	$1,935	$654	$416	$318	$432
	$105,000	$2,039	$763	$416	$318	$432
	$125,000	$2,177	$909	$416	$318	$432
	$147,000	$2,329	$1,069	$416	$318	$432
	$200,000	$2,695	$1,454	$416	$318	$432
	$210,000	$2,764	$1,527	$416	$318	$432
	$230,000	$2,902	$1,672	$416	$318	$432
	$255,000	$3,074	$1,854	$416	$318	$432
	$315,000	$3,489	$2,290	$416	$318	$432
	$330,000	$3,592	$2,399	$416	$318	$432
	$445,000	$4,386	$3,236	$416	$318	$432
	$580,000	$5,318	$4,217	$416	$318	$432
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	$220,000	$4,011	$1,760	$832	$318	$865
	$800,000	$8,226	$6,399	$832	$318	$865
Empty Residential Section (Water annual charge included if water meter is installed)	$82,000	$1,283	$596	$416	$318	
	$220,000	$2,425	$1,600	$416	$318	
	$405,000	$3,702	$2,945	$416	$318	
Small Holding (Water annual charge included if water meter installed)	$280,000	$2,456	$1,832	$416	$318	
	$385,000	$3,298	$2,519	$416	$318	
Rural (Water annual charge included if water meter installed)	$790,000	$3,974	$3,734	$416		
	$1,940,000	$9,324	$9,169	$416		
Commercial - Outside Inner City / Stoke - 1 Unit	$365,000	$7,376	$6,680	$416	$318	$108
Commercial - Outside Inner City / Stoke - 2 Units	$355,000	$7,922	$6,497	$832	$318	$216
Commercial - Outside Inner City / Stoke - 2 Units	$335,000	$7,383	$6,131	$832	$318	$216
Commercial - Stoke - 1 Unit	$35,000	$1,664	$828	$416	$318	$108
Commercial - Inner City - 2 Units	$290,000	$8,873	$7,136	$832	$318	$216
Commercial - Inner City - 2 Units	$330,000	$9,884	$8,120	$832	$318	$216
Commercial - Inner City - 1 Unit	$1,160,000	$30,344	$28,543	$416	$318	$108

This table does not include water charges based on consumption. This is charged at $2.102 per cubic meter and an average residential ratepayer uses 160 m3 costing $336.32 (GST Incl).

	2018/19 Rates			
	Water Annual Charge	Total Rates	% increase on 2017/18	$ increase on 2017/18
	$198	$2,018	4.28	$82
	$198	$2,127	4.33	$88
	$198	$2,272	4.39	$95
	$198	$2,432	4.45	$104
	$198	$2,818	4.57	$124
	$198	$2,890	4.59	$128
	$198	$3,036	4.62	$134
	$198	$3,218	4.66	$143
	$198	$3,654	4.74	$165
	$198	$3,763	4.76	$171
	$198	$4,599	4.86	$213
	$198	$5,581	4.94	$263
	$395	$4,169	3.95	$158
	$198	$8,610	4.67	$384
		$1,330	3.68	$47
	$198	$2,531	4.38	$106
	$198	$3,876	4.70	$174
		$2,566	4.46	$110
	$198	$3,451	4.63	$153
		$4,150	4.42	$176
	$198	$9,783	4.92	$458
	$198	$7,719	4.66	$344
	$395	$8,258	4.25	$336
	$198	$7,694	4.21	$311
		$1,670	0.38	$6
	$198	$8,699	-1.96	-$174
	$198	$9,683	-2.03	-$201
	$198	$29,582	-2.51	-$762

GENERAL RATE

A general rate set under section 13 of the Local Government (Rating) Act 2002 is based on the ratable value of the land. General rates are set at different rates in the dollar of ratable value for different categories of ratable land. The general rate is 0.72712 cents in the land value dollar (including GST) for the 2018/19 rating year for the base differential category. An explanation of the differential categories, the relative differentials for each category and the amount in the land value dollar for each category is set out at the end of this funding impact statement.

This compares to the previous year's rate of 0.69042 in the land value dollar in the 2017/18 rating year for the base differential category.

UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge (UAGC) is set under section 15 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit.

It is assessed:

- As a charge for services which have an equal element of benefit irrespective of property value
- To ensure a minimum charge on all properties
- To reduce the extremes of rates paid by the highest and lowest valued rating units
- In recognition that land valuation-based rating does not necessarily reflect a ratepayer's ability to pay.

Council will collect 14% of rates, excluding Solar Saver and Clean Heat Warm Homes targeted rates and water annual charge and water volumetric rate, through the UAGC.

The UAGC is $415.94 including GST per separately used or inhabited part of a rating unit for the 2018/19 rating year. The charge for 2018/19 is $12.86 lower than the charge of $428.80 for the 2017/18 rating year.

The rates revenue sought from the uniform annual general charge and certain targeted rates set as a fixed amount is 19.8% of the total revenue from all rates sought by Council. This is well within the 30% limit set by Section 21 of the Local Government (Rating) Act 2002.

DIFFERENTIALS

Differentials are adjustments to the rates of particular property types to better reflect the services provided by Council. Commercial properties pay higher rates to reflect additional services such as street cleaning and

car parks. Properties classified as rural have a negative differential to reflect the fewer Council services provided to those properties.

CATEGORIES OF DIFFERENTIALS BASED ON LAND USE

These differential categories are defined in accordance with the provisions of Schedule Two of the Local Government (Rating) Act 2002. The same definitions are also used to calculate the liability for some other rates. The differential categories are as follows:

GENERAL RATE

Residential – all rating units that are used primarily for residential purposes.

Multi Residential – all rating units that contain more than one residential dwelling that are capable of being used primarily for residential purposes.

Commercial – any rating unit which is used primarily for commercial use. Properties that have a portion of residential use shall have a reduced commercial differential.

Inner City Commercial – any rating unit which is used primarily for commercial use that is located within the Inner City Zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced inner city commercial differential.

Stoke Commercial – any rating unit which is used primarily for commercial use that is located within the Stoke commercial zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced Stoke commercial differential.

Rural – any rating unit having an area greater than 15 hectares which is used primarily for dairy, fattening and grazing, quarries, forestry or horticultural use and is recorded as rural on the District Valuation Roll.

Small Holding – any rating unit which is primarily used as a small holding and having an area greater than 0.5 hectares but is less than 15 hectares and is recorded as a small holding on the District Valuation Roll.

RATING CATEGORIES

Council has adopted the following differentials:

- Single residential with non-rateable portion and Multi Residential both have a plus 10% general rate differential
- Rural have a minus 35% general rate differential
- Small holdings have a minus 10% general rate differential

Commercial rates are set to collect 24.6% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. This has decreased from 25.1% in the Annual Plan 2017/18 and the reduction affects the inner city and Stoke commercial properties. 28.82% of this is funded from inner city commercial properties, 1.91% from Stoke commercial properties while 74.07% is funded from commercial excluding inner city and Stoke commercial properties. This would result in commercial properties paying a total of $17,608,260 (including water annual charge) in rates for the 2018/19 rating year compared to $17,198,501 the previous year. The commercial zones of inner city and Stoke are defined in the Nelson Resource Management Plan.

DIFFERENTIAL RATES FOR THE GENERAL RATE

Council's general rate is assessed on a differential basis.

Category 2018/19	Differential %	Cents in the dollar
Residential – single unit	0.0	0.72712
Residential empty section	0.0	0.72712
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.79983
Multi Residential	10.0	0.79983
Rural	-35.0	0.47263
Small holding	-10.0	0.65441
Commercial – excluding inner city and Stoke commercial		
100% commercial and industrial (occupied and empty)	151.7	1.83016
25% residential/75% commercial	113.8	1.55458
50% residential/50% commercial	75.9	1.27900
75% residential/25% commercial	37.9	1.00270
Commercial – inner city		
100% commercial and industrial (occupied and empty)	238.4	2.46057
25% residential/75% commercial	178.8	2.02721
50% residential/50% commercial	119.2	1.59384
75% residential/25% commercial	59.6	1.16048

Category 2018/19	Differential %	Cents in the dollar
Commercial – Stoke		
100% commercial and industrial (occupied and empty)	225.5	2.36677
25% residential/75% commercial	169.1	1.95668
50% residential/50% commercial	112.8	1.54731
75% residential/25% commercial	56.4	1.13721

The categories that are to be used for applying the general rate differential and the amount of total revenue (excluding volumetric water) to be collected from each category, for 2018/19, is as follows:

Category	Total Revenue to be collected ($)
Residential	51,496,940
Multi-residential	3,604,732
Commercial (Inner City, Stoke and other)	17,608,263
Rural	481,473
Small holding	1,677,607

Properties that have more than one use identified above will be placed into a rating category subject to the rating unit's majority use as determined by Council. The neutral base from which differentials are calculated is a residential property with a single dwelling.

Note: Objections to the Rating Information Database under Section 29 of the Local Government (Rating) Act 2002 will be reviewed by Council and Council is the sole determiner of rating categories.

STORMWATER AND FLOOD PROTECTION CHARGE

The stormwater and flood protection charge is a uniform targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is $317.59 for the 2018/19 rating year. It recovers the funding required by Council for stormwater and flood protection purposes. It is assessed on all rating units excluding:

- Rural rating units
- Rating units east of the Gentle Annie saddle
- Saxton's Island
- Council's stormwater network

The charge for 2018/19 is $29.95 higher than the charge of $287.64 for the 2017/18 rating year.

TARGETED RATES FOR CLEAN HEAT WARM HOMES

The Clean Heat Warm Homes (CHWH) rates are targeted rates under Section 16 of the Local Government (Rating) Act 2002 and are assessed on each separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner in accordance with agreement of the original ratepayer. CHWH targeted rates are a source of funding for years 1 – 4 of the long term plan when all repayments under the scheme are scheduled to have been received.

The cost to the community is from funding the interest on the borrowing for the assistance, the administration costs and any rate remissions. The CHWH scheme closed to new applicants from 30 May 2012, but interest costs continue until the last targeted rate is repaid in 2022.

For CHWH agreements dated before 1 July 2011, the targeted rate for each year is based on the agreement entered into with the ratepayer, adjusted for any change in GST.

For CHWH agreements dated on or after 1 July 2011, the targeted rate for each year for 10 years is the total cost of the installed works excluding GST, divided by 10, plus GST at the current rate.

The table below details the loan assistance bands:

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

TARGETED RATE FOR SOLAR HOT WATER SYSTEMS

The Solar Saver charge is a targeted rate collected under Section 16 of the Local Government (Rating) Act 2002 on each separately used or inhabited part of a rating unit where the owner has been provided with financial assistance to install a Solar Hot Water System (SHWS).

The targeted rate applying to any participating property is determined on the extent of provision of service by the net cost of the work including GST, after deducting EECA grants, plus the funding cost. The full cost of the works and Council's costs of borrowing and administering the scheme are paid over a 10 year period by the homeowner receiving the service.

Solar Saver targeted rates are a source of funding for years 1 – 4 of the long term plan when all repayments under the scheme are scheduled to have been received.

Calculation factors:

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

The CHWS scheme closed to new applicants from 30 June 2012.

WASTEWATER CHARGE

A targeted rate is set under Section 16 of the Local Government (Rating) Act 2002 to recover the costs required for Council's wastewater and sewage disposal system. This charge is assessed to all rating units to which Council's wastewater and sewage disposal service is connected either directly or through a private drain to a public waste water drain.

The wastewater charge for residential, multiresidential, rural and smallholding properties is $432.30 per separately used or inhabited part of a rating unit including GST for the 2018/19 rating year compared to the previous year's rate of $407.97. The same definition of the differential categories for the general rate is used for the wastewater charge.

The wastewater charge for commercial properties is set at $108.07 per separately used or inhabited part of a rating unit being 25% of the charge for the residential, multiresidential, rural and smallholding properties. Commercial properties are also assessed wastewater charges based on Council's Trade Waste Bylaw. These charges are set out in the Commercial Wastewater Charge – Trade Waste Charges section of this Long Term Plan 2018-28.

WATER RATES

Nelson's water rates are targeted rates for water supply set under sections 16 and 19 of the Local Government (Rating) Act 2002 which together recover the funding required by Council to supply water.

WATER ANNUAL CHARGE

A fixed annual charge set per connection under Section 16 of the Local Government (Rating) Act 2002 on all rating units where a water meter is installed on the property.

The annual rate for 2018/19 is $197.68 per connection including GST compared with $189.32 in the previous year.

WATER VOLUMETRIC RATE

A charge for the quantity of water provided set under Section 19 of the Local Government (Rating) Act 2002 according to the following scale. These charges are invoiced separately from the other rates.

The cost per cubic meter is set out in the table below

WATER CHARGES – RESIDENTIAL, COMMERCIAL AND INDUSTRIAL INCLUDING GST

Amount/type	Cost ($ per m3) 2017/18	Cost ($ per m3) 2018/19
Usage up to 10,000m³ per year	1.964	2.102
Usage from 10,001 to 100,000m³ per year	1.550	1.659
Usage over 100,000m³ per year	1.222	1.310
Summer irrigation usage over 10,000m³ per year	1.757	1.881

The water rates represent an average increase of 4.9% for the 2018/19 year for an average water user.

Note: an average residential water user uses 160m³ per annum.

Lump sum contributions will not be invited in respect of any targeted rate.

PAYMENTS, PENALTIES AND DISCOUNTS

PAYMENT METHODS FOR RATES

Payment for rates can be made by Cash, Cheque, EFTPOS, Direct Debit, Direct Credit, Internet Banking, Telephone Banking and Credit Card (via our website only).

PENALTY ON UNPAID RATES (EXCLUDING WATER VOLUMETRIC RATES)

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 24 August 2018, 26 November 2018, 26 February 2019 and 24 May 2019. Previous year's rates that remain unpaid will have a further 10% penalty added on 6 July and 8 January.

PENALTY ON UNPAID WATER VOLUMETRIC RATES

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each water account or part thereof that is unpaid after the last date for payment. The penalty is added three working days after the last day for payment.

PENALTY REMISSION ON FULL PAYMENT OF YEARLY RATES

The total annual rates, excluding water volumetric rates, may be paid in one lump sum by 20 November 2018 and any first instalment penalty already incurred will be remitted.

DISCOUNT FOR EARLY PAYMENT OF RATES

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water volumetric rates, will be allowed where they are paid in full on or before 20 August 2018.

COMMERCIAL WASTEWATER CHARGE – TRADE WASTE CHARGES

Wastewater charges for commercial properties are set according to Council's Trade Waste Bylaw. The methodology for calculating the charges to commercial producers is complicated, but in summary Council examines the flow rates and effluent strength during the previous three years to calculate charges for the following year.

Two methods are used for commercial properties:

- Method A is applied to the largest trade waste contributor and the charge is calculated on both discharge rates and effluent strength. Charges are highest for the most concentrated and larger volumes.
- Method B applies to all other trade waste contributors, of which there are approximately 1300 in Nelson city. The charge is calculated based on the estimated volume of effluent discharged. The estimate assumes the amount of wastewater is 80% of the volume of incoming water.
- Total trade waste revenue for 2018/19 is estimated to be $1,579,000

For 2018/19, the GST inclusive trade waste charges are:

- Trade waste A conveying charge $625.01 per litre per minute
- Trade waste A treatment charge $1,123.75 per kg BOD* per day
- Trade waste B combined charge $1.96 per m³
- Wastewater charge $108.53 per year.

*BOD is the biochemical oxygen demand, or effluent strength.

For the previous year, 2017/18, the GST inclusive trade waste charges were:

- Trade waste A conveying charge $606.11 per litre per minute
- Trade waste A treatment charge $1,097.29 per kg BOD* per day
- Trade waste B combined charge $1.87 per m³
- Wastewater charge $103.48 per year.

METHOD A: QUALITY/QUANTITY APPROACH

The largest commercial contributor is monitored every three months and the waste stream sampled over four days to measure the discharge rate and effluent strength as BOD, the biochemical oxygen demand. The trade waste charge is then calculated using the conveyance, which is the amount discharged, and treatment rates from the method of charging schedule. These rates are determined annually. The conveyance rate is calculated by dividing the estimated conveyance costs for the coming financial year by the average of the previous three year's average flows. The treatment rate is calculated by dividing the estimated treatment costs for the coming financial year by the average of the previous three year's BOD loadings.

The 2018/19 charges compared with the previous year's charges are:

CONVEYING ($/ANNUM/LITRE/MINUTE), INCLUDING GST

Year	Total Cost ($)	Average Flow Rate (litres/minute)	Cost/Litre/Minute ($)
2017/18	6,124,833	10,105	606.11
2018/19	6,476,807	10,363	625.01

CONVEYING ($/ANNUM/LITRE/MINUTE), INCLUDING GST CONTINUED...

Year	Total Cost ($)	Average BOD loading (kg/day)	Cost/kg/BOD/day ($)
2017/18	3,813,083	3,475	1,097.29
2018/19	4,182,416	3,722	1,123.75

TREATMENT ($/KG BOD/DAY), INCLUDING GST

METHOD B: QUANTITY APPROACH

For all other commercial premises, the tradewaste charge is simply based on the volume of effluent assessed as being discharged from the premises.

This effluent volume is calculated by multiplying the volume of water supplied into the premises by a correlation factor. The correlation factor is usually set at 0.8 unless another figure is agreed. It is assumed that 80% of the water that is distributed to a commercial property is subsequently discharged as wastewater. The trade waste charge is then calculated using a combined conveyance and treatment rate. This rate is determined annually by dividing the estimated cost of operating the sewerage system for the coming financial year by

SUMMARY OF RATES AND CHARGES

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)
General Rates:				
Uniform Annual General Charge	6,892	6,641	6,963	7,290
Cents in dollar	39,055	40,793	42,770	44,781
Total General Rates	**45,947**	**47,434**	**49,733**	**52,071**
Waste water charge	7,265	7,794	8,313	8,715
Stormwater & flood protection separate general rate	5,235	5,805	6,233	6,794
Water fixed charge	3,425	3,629	3,758	3,862
Metered water	7,991	8,467	8,768	9,012
Solar Saver	24	12	5	1
Solar Saver Capital Rate	83	82	89	75
Clean Heat Warm Homes Capital Rate	383	366	329	162
Total Rates	**70,353**	**73,589**	**77,228**	**80,692**
Estimated natural increment	(352)	(552)	(772)	(807)
	70,001	**73,037**	**76,456**	**79,885**
% Increase in rates and charges	**2.8%**	**3.8%**	**3.9%**	**3.4%**
Rates remissions	(290)	(283)	(299)	(284)
Other fees and charges	23,845	25,907	26,127	26,648
Operating grants and subsidies	3,372	4,069	3,892	3,955
Interest and dividends received	3,385	3,863	3,628	3,686
Capital Contributions:				
Capital rates	(466)	(448)	(418)	(237)
Development/financial contributions	3,064	3,547	3,623	3,701
Vested assets	6,000	7,000	8,774	7,311
Capital Grants and subsidies	5,326	4,836	5,425	5,112
Total Comprehensive Revenue	**114,589**	**122,080**	**127,980**	**130,584**

the average of the previous three year's total effluent volume. Initially, all trade waste ratepayers pay the wastewater rate that is then deducted from the trade waste charges. Any surplus is not refunded. The deficit is the payable trade waste charge.

The 2018/19 charges compared with the previous year's charges are:

CONVEYING AND TREATMENT, INCLUDING GST

Year	Total Cost ($)	Total effluent volume (m^3)	Cost/m^3 ($)
2017/18	9,937,916	5,311,249	1.87
2018/19	10,659,223	5,446,636	1.96

Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
7,526	7,811	8,050	8,291	8,571	8,757	9,047
46,234	47,984	49,451	50,928	52,647	53,793	55,575
53,760	**55,795**	**57,501**	**59,219**	**61,218**	**62,550**	**64,622**
9,430	9,595	9,918	10,266	10,905	11,255	11,740
7,470	7,975	8,267	8,725	9,207	9,632	9,978
3,963	4,076	4,285	4,471	4,566	4,677	4,778
9,246	9,511	9,998	10,432	10,654	10,914	11,149
0	0	0	0	0	0	0
23	0	0	0	0	0	0
49	0	0	0	0	0	0
83,941	**86,952**	**89,969**	**93,113**	**96,550**	**99,028**	**102,267**
(839)	(870)	(900)	(931)	(966)	(990)	(1,023)
83,102	**86,082**	**89,069**	**92,182**	**95,585**	**98,038**	**101,244**
3.0%	**2.6%**	**2.4%**	**2.5%**	**2.7%**	**1.5%**	**2.2%**
(278)	(275)	(280)	(285)	(200)	(204)	(208)
27,520	28,082	28,537	28,933	29,689	30,088	30,664
3,891	4,145	4,182	4,323	4,385	4,484	4,769
3,748	3,812	3,880	3,950	4,025	4,102	4,183
(72)	0	0	0	0	0	0
3,781	3,866	3,957	4,049	4,149	4,254	4,366
7,472	7,644	7,828	8,015	8,216	8,429	8,657
6,570	5,824	8,223	7,741	8,914	4,871	5,627
136,573	**140,050**	**146,296**	**149,839**	**155,728**	**155,052**	**160,325**

REVENUE AND FINANCING POLICY

1. PURPOSE

The Revenue and Financing Policy explains 'who pays and why' for each of the Council's activities, such as transport and water supply. The policy is based on an assessment of who benefits, and the timeframe over which the benefit occurs. The tables on pages 212-216 provide a summary of the Council's assessment for each activity.

Council's goal is to set affordable and predictable rates over the long term. To do this, the Council has to strike a balance between providing levels of service that meet customer and legislative requirements, and the public's ability to pay for these services.

The Council has a number of funding options. The main ones are: general rates, targeted rates, fees and charges, borrowing, development contributions and subsidies. Council's approach to these funding options is summarised on pages 207-209.

An aspect of this policy is Council's approach to operating and capital expenses. Operating expenditure pays for the work the Council does on an annual basis. An example of this type of spending is maintenance and running costs for existing infrastructure. Capital expenditure pays for new items, such as new buildings, pipes and roads.

2. LEGISLATIVE REQUIREMENTS

Under section 102(2)(a) of the Local Government Act 2002 (LGA), Council must adopt a revenue and financing policy. Section 103 sets out what the policy must contain for funding operating expenditure and capital expenditure. It must do this in relation to the sources of funding:

(a) general rates, including -

(i) choice of valuation system; and

(ii) differential rating; and

(iii) uniform annual general charges:

(b) targeted rates:

(ba) lump sum contributions:

(c) fees and charges:

(d) interest and dividends from investments:

(e) borrowing:

(f) proceeds from asset sales:

(g) development contributions:

(h) financial contributions under the Resource Management Act 1991:

(i) grants and subsidies:

(j) any other source.

Section 101(3) says that:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

(a) in relation to each activity to be funded,—

(i) the community outcomes to which the activity primarily contributes; and

(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

(iii) the period in or over which those benefits are expected to occur; and

(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and

(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) the overall impact of any allocation of liability for revenue needs on the community.

3. RELATED POLICIES

A number of Council policies have relationships with the Revenue and Financing Policy:

- Financial Strategy - this Strategy facilitates prudent financial management by Council by providing a guide for it to consider proposals for funding and expenditure against, and it makes transparent the overall effects of those proposals on the Council's services, rates, debt, and investments.
- Liability Management Policy – this Policy outlines Council's policies in respect of the management of both borrowing and other liabilities.
- Investment Policy – this Policy outlines Council's policies in respect of investments.
- Development and Financial Contributions Policy – the Act and the Resource Management Act 1991 each permit Council to require developers to provide or make financial contributions for the provision of community infrastructure. This is a potential source of funding for Council.
- Rates Remission and Postponement Policies – these policies detail those circumstances under which Council will give consideration to the remission or postponement of rates on properties.

4. OPERATING EXPENDITURE FUNDING

Council funds **operating expenditure** from the following sources:

- General - General rates are used where there is deemed to be a general community benefit across all ratepayers.
- Targeted rates - Council levies targeted rates to fund specific activities where there are groups of ratepayers that benefit from the activity, however in some cases targeted rates are levied as a proxy for direct user pays.
- Fees and charges - Fees and charges are set to recover the direct user pays for the benefit received. In some cases Council is limited by legislation, collection costs or the impact on the community and fees and charges are set at a lower level than the assessment of private benefits would indicate.
- Grants and subsidies - Where the Council is providing services that are part of national programmes or the Government provides subsidies to the Council to provide certain services then Council will claim for these Government grants/ subsidies.
- Other income - Other sources of funding include interest and dividends received, and other operating revenue such as rent received.

Operating expenditure is generally funded on an annual basis from money received in that year, apart from depreciation on the NZ Transport Agency share of subsidised transport projects and some other minor community assets. However, exceptions can be made to this approach when it is necessary to avoid significant fluctuations in rates on a year to year basis or when an operating expenditure item has multiple year benefits An example of this approach is loan funding the School of Music refurbishment grant. Repaying of these loans are funded from income over the life of the underlying assets.

The Council has divided its business into 11 activities. Some of these activities have a number of sub-activities, each with their own funding policies, as shown on pages 212-216.

5. DEPRECIATION

Managing depreciation ensures we have funds in the future to replace assets when they reach the end of their life. Depreciation is based on an estimate of the average wearing out, consumption, or other loss of value of an asset. Spreading the replacement cost of a long-life asset over the expected life of that asset means that current and future users of the asset contribute towards the eventual replacement of the asset, rather than just those paying rates at the time the asset needs replacing or major renewal.

Council raises cash through rates and charges to pay for current operating expenses which include depreciation. The cash raised for depreciation is used to purchase replacement assets or repay loans within that activity.

In the Funding Impact Statement depreciation does not appear as an expense line, but is included in the Statement of Comprehensive Income. These funds raised will, over time, fund the renewals that are required to maintain the assets at their required operational level. Each year's renewals are funded from this depreciation, but in most activities there is currently excess depreciation. This is because a majority of Council assets are in good condition and the required renewals in the period under review are less than the level of depreciation being funded. Renewals are normally low in the first few years of an asset's life, and then increase later in the life, for example when pipes need replacing after 60 years.

The excess depreciation raised could be put aside in an investment reserve until the funds are required to fund a major renewal. This could result in having to manage a large investment portfolio, while at the same time managing a large borrowing portfolio. This would be an inefficient way of managing the funds because the return on investments is likely to be 1% to 2% less than the interest rate on borrowings.

Nelson City Council, like many other councils, uses the depreciation fund to repay debt. This has resulted in more efficient management of funds. Internal loans are used to ensure that depreciation for individual activities is correctly accounted for.

A surplus can arise if an asset costs less to renew than expected. If this happens, any excess is used to fund new capital expenditure within that activity, and if there is still a surplus it is used to repay loans in that activity. In some activities there may still be money left over. In these cases the excess money is held in reserve for future years.

5.1 DEPRECIATION NOT FUNDED

These are assets where Council does not intend to fund or is not responsible for funding the replacement in the future. It therefore does not fund depreciation for these assets:

- Founders heritage assets
- Wakapuaka Hall
- Stoke Hall
- Natureland Wildlife Trust
- Camp grounds
- New Zealand Transport Agency (NZTA) share of subsidised assets

5.2 CAPITAL EXPENDITURE FUNDING

Capital expenditure is spending on assets such as new buildings, pipes and roads. The Council must outline in the Long Term Plan what capital expenditure is prudent, and within the guidelines it has set itself in the Financial Strategy.

Council funds capital expenditure in the following priority order from:

1. Financial contributions and development contributions, if funding is required for a growth project
2. Grants and subsidies, for example NZ Transport Agency, Tasman District Council, or charitable trusts
3. Cash surpluses after meeting the costs of renewals expenditure, which arise from Council's funding of depreciation.
4. Loans.

Asset management plans are maintained for all infrastructural services and these provide information about asset condition and asset renewals required to maintain desired service levels.

Renewals are funded from subsidies and grants (when available), depreciation, asset sales and lastly from borrowing if necessary.

New capital developments are funded from subsidies and grants (when available), user contributions, reserves, asset sales, and where necessary from borrowing.

Through the application of its Development and Financial Contributions Policy the Council receives contributions to fund infrastructure that is required due to growth.

Borrowing is an appropriate funding mechanism to smooth the peaks in capital expenditure. It also enables the costs of major developments to be borne by those who ultimately benefit from the expenditure. This is known as the 'intergenerational equity principle' and means that the costs of any expenditure should be recovered from the community over the period during which benefits from that expenditure accrue. It is not prudent or sustainable for all capital expenditure to be funded from borrowings and Council must balance prudence against equity. The overriding limits on borrowing are set out in the Financial Strategy.

6. RATING AND CHARGING OPTIONS

The following section explains the different options available to Council for levying rates and charges, followed by an explanation of the situations when each method is most appropriately applied.

6.1 GENERAL RATES

General rates are used where there is community wide public benefit or no other appropriate funding source. The general rate is used to fund all Council activities other than water supply, wastewater, stormwater and flood protection, which are targeted rates and are explained below. All ratepayers should bear the cost of these non-targeted activities based on their land values because they benefit the community as a whole.

Every property is charged a baseline amount, which is called the uniform annual general charge (UAGC) per separately used or inhabited part of a rating unit (SUIP). The rest of the general rate is based on the land value of the property, depending on its use. Single residential properties are the baseline and have no differential.

As shown in the tables on pages 212-216, the Council has compared the public and private benefit of each activity in order to decide what percentage of the costs should be recovered through user charges. In most years fees and charges, excluding water charges and development contributions, raise approximately 50% of total Council revenue, and rates around 50%.

6.2 DIFFERENTIALS

Differentials are a percentage adjustment to the rates to reflect differences in levels of services received. For example, rural property owners pay lower general rates, reflecting the lower level of services, such as fewer or no street lights. The Council has set differentials to collect higher rates from commercial properties, and where there are two or more residential units on one assessment. Lower differentials are used to collect lower rates on rural properties and small holdings.

Council has adopted a policy that commercial rates are set to collect 24.6% of the total rates, excluding water and voluntary targeted rates. This has decreased from 25.1% in the Annual Plan 2017/18 and the reduction affects the inner city and Stoke commercial properties.

6.3 TARGETED RATES

The Council charges targeted rates in the form of uniform annual charges and demand related charges. These are for the recovery of the cost of providing water, wastewater and stormwater and flood protection.

6.4 VOLUNTARY TARGETED RATES

- Clean Heat Warm Homes - Council operates the Clean Heat Warm Homes scheme to assist ratepayers in replacing non-complying solid fuel burners in parts of the city where air quality can be a problem. The scheme was funded through loans and the cost of the interest paid by Nelson City Council on the borrowing for the scheme is met from general rates. Council ceased to accept new entries to the scheme beyond 30 June 2012.
- Solar hot water systems - Council operates the Solar Hot Water systems scheme to assist ratepayers to install a solar hot water system (SHWs). The scheme was funded through loans and the cost of the interest and administration costs of $400 per installation is included in the total paid by the ratepayers using the scheme. Council ceased to accept new entries to the scheme beyond 30 June 2012.

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
General Rates		
General rates are currently set at rates of cents in the dollar of land value, calculated differentially based on the following classifications of property: • Single Unit Residential • Multi-unit Residential • Commercial Inner City and Stoke • Commercial general • Rural • Small Holdings Its incidence is changed by the uniform annual general charge (UAGC).	General rates will be primarily used to fund those activities, or parts of activities, that benefit the community in general and where no identifiable individuals or groups benefit in a significantly different way to the rest of the community. General rates may also be used where the use of direct charging would discourage use, where it is impractical, or too administratively expensive, to fund the activity from other funding sources. General rates are currently apportioned according to the land value and deemed use of each property. The UAGC is a fixed charge per rating unit which the Council treats as a part of the general rate. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high value properties.	Generally not used for capital expenditure directly. General rates can be used to fund depreciation.

Table continued overleaf

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
Targeted Rates		
Targeted uniform rates are set to cover the net cost of Water, Wastewater, Stormwater and Flood Protection for those groups of ratepayers that receive the services. Targeted rates, reflecting the actual costs from individual properties, are also set for Clean Heat Warm Homes scheme and the Solar Hot Water rate.	Targeted rates may be used to fund activities which identifiable categories of ratepayer, or ratepayers in identifiable locations, receive benefits from the activity to be funded in a significantly different way from other ratepayers. Targeted rates may be set as a fixed annual charge, or based on some other legally permissible basis such as land or capital value. They may be set differentially depending the location or classification of ratepayer or the nature of the service being provided.	Generally not used for capital expenditure directly. Targeted rates can be used to fund depreciation.
Fees and Charges		
Various fees and charges are set to cover all or parts of the cost of delivering activities	Fees and charges will generally be used for those services where the benefit is entirely, or in part, to the direct user of the service and where the use of the service is at the discretion of the user. This includes fees for various regulatory services, facilities operations or administrative services. Where the Council uses charges to ration the use of an activity, it may charge at a level above that which would be necessary to recover the costs of the activity. Fees and charges may be in the form of fines, penalties or similar and used where the Council wishes to modify the behaviours that impose cost, or inconvenience, on other members of the community.	Fees and charges may be used to reduce debt levels in the activity related to the fees and charges. User charges may be used to purchase physical assets used in that activity where prudent to do so.
Interest and Dividends from Investments		
The Council receives interest and dividends from its investments, such as Nelmac, Port Nelson and Nelson Airport Ltd, and short-term cash management.	Ordinary budgeted interest and dividends, along with any other investment income, is treated as general revenue.	Interest and dividends may be used to retire debt. Special dividends are used to reduce debt.
Borrowing		
Debt is used to help fund long life infrastructure assets and other physical assets.	The Council will not normally borrow to fund operating costs, except for: • Larger emergency events • Large operating expenses which have multiple year benefits i.e. de-sludging of wastewater treatment ponds • Some capital grants to external organisations which are classified as operating expenditure under Accounting Standards eg the School of Music refurbishment grant.	Borrowing is used to fund long life infrastructure assets and other physical assets after available funds from development / financial contributions, grants and depreciation reserves have been utilised.

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
Proceeds from Asset Sales		
Income received from selling surplus assets after paying for selling costs.	Operating costs are not funded from asset sales.	Proceeds from asset sales are an appropriate source for purchasing assets or retiring debt. Council will aim to ensure that the ratepayers who benefit from the use of funds match the group of ratepayers who paid for the asset.
Development Contributions		
Development contributions are sums payable, or assets transferred, to Council by developers or new service users. They are contributions to pay for Council infrastructure that results from growth.	Operating costs are not funded from Development Contributions.	Development contributions are a first choice for the funding of capital expenditure costs that result from development growth. The expenditure must be consistent with the purpose for which the development contributions were levied. Contributions will be calculated in accordance with the Council's Development and Financial Contributions Policy.
Financial Contributions under the Resource Management Act		
Financial contributions are sums payable, or assets transferred to Council, by developers or new service users to enable mitigation, avoidance or remedying of adverse effects arising from subdivision or development.	Operating costs are not funded from Financial Contributions	Financial contributions may be used to fund that proportion of new asset expenditure that is made necessary by the effects of subdivision and development. The contribution may be required as a condition of consent, in accordance with any relevant rule in the District Plan.
Grants and Subsidies		
These are payments from external agencies and are usually for an agreed, specified purpose. The main source of these is NZ Transport Agency subsidies for road maintenance, renewals and improvements.	Grants and subsidies will be used for operating expenses only when this is consistent with the purpose for which they were given.	Grants and subsidies will be used for operating expenses only when this is consistent with the purpose for which they were given.

7. FUNDING TARGETS

Council's funding targets set the level of revenue that is appropriate for users to contribute for each Council activity, as shown in the right hand column of the tables on pages 14-26. Council has reviewed these targets as required by section 101 of the Local Government Act 2002.

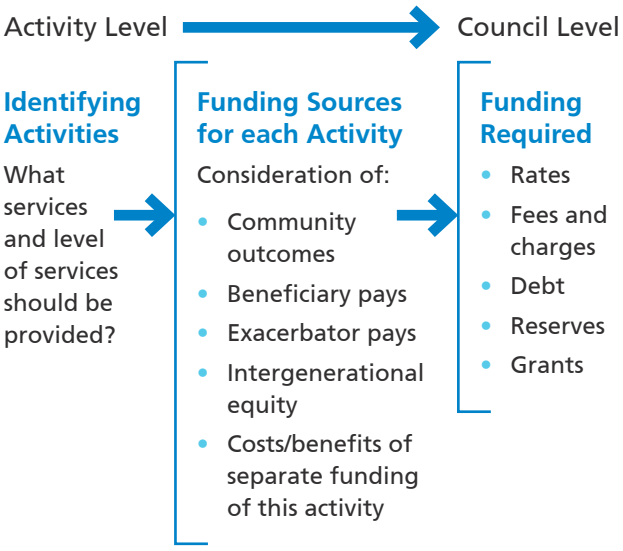
The specified funding source proportions are indicative only. In any given year there may be justification for variation from these proportions. This could be due to changes in market conditions, government policy or in the demand for a Council service. Most of the targets consist of a range rather than a precise number to reflect this uncertainty.

8. PROCESS FOR DETERMINING FUNDING SOURCES

The Council has adopted a two-stage process to determine the appropriate funding sources, as required by section 101(3) of the Local Government Act 2002.

Step 1: The first step is to determine the most appropriate source of funding for each activity by considering the following:

- Community outcomes to which the activity primarily contributes
- Distribution of benefits between the community as a whole, any identifiable part of the community and individuals (public versus private benefits)
- The period in, or over which, the benefits are expected to occur. Generally, benefits derived from operating costs are received in the year the expenditure is incurred. In contrast, capital expenditures relate to investments in assets that generate benefits over their useful lives that extend beyond the current year
- The extent of the actions or inaction of individuals or a group contributing to the activity undertaken (exacerbators)
- The costs and benefits, including consequences of transparency and accountability, of funding the activity distinctly from other activities.



Step 2: Once the most appropriate funding method(s) for each activity is identified, the Council needs to consider the overall impact of its funding mix on the community. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability.

9. SELECTING THE APPROPRIATE FUNDING SOURCE

The general principles used in the process are:

- Public good theory
  - the distribution of benefits within the community as a whole 'public benefit' = rates
  - An activity should be collectively funded if those who benefit directly cannot be identified and/or if those who benefit directly cannot be excluded from using the service
- User/beneficiary pays principle
  - An activity should be funded on a user pays basis if an individual or group of individuals directly receive benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or group of individuals.
  - An activity should be funded on a user pays basis if other users can be excluded from taking advantage of the service (if use of the service by one person reduces the availability for someone else).
- Merit goods theory
  - The use of private goods and services can also result in benefits to third parties – people who don't directly use them. In these cases Council considers that the service should be provided on the basis of community need rather than willingness to pay, or identifiable benefits received (e.g. regional sporting facilities).
- Intergenerational equity principle
  - The cost of the asset should be spread over the period over which the benefits between those that use it
- Exacerbator/polluter pays principle
  - the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity, and
- Costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

This considers the efficiency or ability to separate and identify costs and then collect revenue, and the impact on demand for services.

Differentiation of private and public goods is not easy because very few goods and services can be treated as purely private or public; most goods and services have characteristics of both private and public goods.

The following policy positions have been set by Council and are used with the principles above.

- Where the benefit accrues to the whole city, general rates will be used.
- Where benefits accrue to certain groups within the city, user charges, differentials or targeted rates will be used if it is efficient to do so.
- User pays is also recognised as a tool to achieve Council's goals e.g. charging for refuse collection to encourage waste minimisation.
- In some cases, e.g. wastewater, targeted rates are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges.
- Rates are at least partly a tax. While effort is made to link payment of rates to benefits received or costs generated it is not possible to do this on an individual ratepayer basis.
- Subsidies from central government recognise that some services, e.g. roading, form part of a national infrastructure and only central government can levy user charges.
- The Uniform Annual General Charge recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the city.

The process for funding the operating costs of these activities is as follows:

- Any operating grants or subsidies for a particular activity are used to reduce the gross cost.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this, provided there are no legislative constraints on doing this.
- Where a fee or charge is not practical, targeted rates may be set in accordance with Council's rating policies.
- Any net income from investments or petrol taxes may then be applied and any residual requirement will be funded through general rates and/or uniform annual general charges (UAGC) – the latter rates and charges will be set on a differential basis in accordance with Council's rating policies. For the purposes of this policy any reference to general rates as a funding source is considered to include UAGCs.
- Rating policies including the details of targeted rates, the level of the UAGC, the choice of valuation base for the general rate and the details of the differential system will be outlined in the Funding Impact Statement in the 10 Year Plan or Annual Plan as appropriate.

In this document we use the words "public" or "private" to reflect who benefits from the services Council provides. When the word "public" is used it means the community at large will receive benefits and generally it is more efficient to charge for those through a rate. When the word "private" is used it means that either an individual or an identifiable group of individuals will receive benefits and generally this group can be charged either directly through user charges because it is efficient to do so or by using a targeted rate.

The tables which follow show this analysis for each activity within the groups of activities. A summary is provided on page 26 of the policy.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Group - Transport							
Community Outcomes – Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy. Our communities have access to a range of social, educational and recreational facilities and activities.							
Road and footpath network	All road and footpath users benefit from Council providing these services (motorists, pedestrians, cyclists, transport operators and all those who have goods shifted by road transport). Utility service providers also use the road reserve for their services. While the users of the network receive the majority of benefits from this activity, the network is non-excludable and all properties have access. Other personal and public safety aspects are the provision of streetlights which help to prevent crime and prevent injury, and the road safety education initiatives.	High Road network maintenance provides both short and long term benefits. Assets such as bridges provide benefits to be enjoyed by future generations of ratepayers as well.	Heavy vehicles place a higher cost on maintenance of the roading network. This is recognised through Road User Charges. All individuals who have high usage of the network also pay more through excise fuel taxes. These users pay more towards the funds that NZTA provides through grants to the Council.	Roading and Footpaths is a mandatory Activity as defined in the LGA 2002. Costs have to be identified and reported separately in order to meet the requirements of the NZTA.	General rates Fees and charges Grants and subsidies Borrowings Reserves Development contributions Financial contributions	All residents and businesses benefit from Council funding a road network. People from outside the City also benefit. The roading network is a vital service that underpins the movement of people, goods and services. People who do not drive still derive an indirect benefit, for example, roads are used for street parades and fairs, festivals and other activities. Council collects the local share of costs through general rates. The Council has no practicable method of charging for usage. It is impractical (and illegal) to charge for road use by any direct mechanism such as tolls. The NZTA grant, funded by fuel taxes and road user charges, is a proxy for user charges. The residual cost should be borne by whole City through the general rate with a differential applied to business to reflect the additional costs heavy vehicles place on the roading network.	Private 10-20% Public 80–90%
Inner City Enhancement	Inner city properties receive benefits from extensive carparks for customers. Inner City businesses also benefit from a higher standard of surface, regular cleaning, amenity plantings and street furniture. The majority of benefits from carparking are attributable to the individual user therefore it is seen as a private benefit. There are wider benefits from parking enforcement from ensuring people have access to carparks.	Medium – High Carparks are mostly provided as part of the road reserve.	People who park for longer than allowed reduce the availability of carparks for others. This is managed through fines.	Carparks, street furniture and footpaths deliver particular benefits to the commercial sector. Footpaths do not receive NZTA funding and so have different funding sources. It is not feasible or legal to identify and charge all individual users of Council CBD services.	Fees and Charges General Rates Borrowings Reserves	Council provides these services to support a vibrant and successful commercial centre. The higher levels of service for commercial properties are recognised by a higher commercial general rate differential. The balance of funding comes from carparking fees, which are set at levels which are appropriate to manage demand, rentals and fines. Any court costs are paid by the person who received the fines.	Private 60-65 Public 35-40%

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Public transport and total mobility	A number of individuals and groups benefit from this activity: All users of public transport. Members of our community with disabilities. Total mobility and Super Gold cardholders. Those users without access to motor vehicles. School students who don't comply with Ministry of Education passenger transport criteria. General motorists due to reduction in vehicles using the roading network.	Mostly short term	People without disabilities using the mobility carpark spaces generate the need for enforcement. Costs are partly recovered through fines.	Separate funding from NZTA and Ministry of Transport requires identification of costs within the Transport Activitiy.	General Rates Grants and subsidies Fees and charges Borrowings	The Council delivers total mobility and public transport services as part of a national service. Council receives a NZTA subsidy, as well as funding from the Ministry of Transport for Super Gold Card users. The balance of funding comes from general rates and a grant from Tasman District Council for its share of the Total Mobility service and a share of public transport costs.	Private 60-80% Public 20-40%
Group - Water Supply							
Community Outcomes - Our unigue natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities are healthy, safe, inclusive and resilient. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy.							
Water Supply Source - Maitai and Roding rivers Treatment Reticulation network	The benefits from expenditure on water supply services are mainly private. However, there are some public health advantages from the community having a supply of safe drinking water and the assured availability of water for firefighting purposes. Water is also required by business and manufacturing for the production and processing of food and goods.	High The water supply network has components that last for 80 years or more therefore the benefits are spread over multiple generations.	Excessive use of water by some could reduce the amount available for others. Water is metered so it is used efficiently and supply costs are shared fairly. Those who use more are charged more. There are administrative costs in a user-pays approach from the transaction cost of collecting water charges, but this cost is small in relation to the benefits of applying this system.	This is a mandatory Activity as defined in the LGA 2002. Funding this activity on a user-pays basis provides an incentive for water conservation, which is a significant benefit.	Fees and charges (meters) as a targeted rate Development contributions Financial Contributions Borrowings Reserves	While there is wide public benefit in the provision of clean water, this needs to be practically managed and funded. The benefit of clean water is directly to individuals and businesses.. Benefits vary dependent on the volume of water used. Demand management is important to manage the available water resource during dry periods, and to minimise the water network costs. For this reason, the cost is recovered through an annual fixed charge and a metered charge for each property that is connected or can be connected to the water supply based on usage. All consumers of water are metered and charged for the actual amount used. In areas of new subdivision development, levies (development contributions) are also used.	Public 0% Private 100%

Table continued overleaf

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Group - Wastewater							
Community Outcomes – Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities are healthy, safe, inclusive and resilient. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy.							
Wastewater	The benefits from wastewater are largely equally spread across all households within the wastewater network area. Other commercial and industrial users benefit over and above this based on their volume and composition of wastewater. Their usage results in commercial benefits not associated with basic human health. There are recreational and environmental benefits associated with both inland and marine waters and protecting land from effects of wastewater seepage.	High. The timeframes of benefit are both short (e.g. each time the system is used) and ongoing with intergenerational benefits as an asset and in its protection of health and the environment. The network has components that last for 80 years or more therefore the benefits are spread over multiple generations.	Commercial volumes of waste can result in higher costs to run the network, as do industrial waste discharges to the network. Trade waste charges based on volume, biological loadings and chemical composition are set to reflect the costs of reticulation and treatment of commercial / industrial waste. Non-complying discharges require monitoring and enforcement. Stormwater infiltration through incorrectly installed downpipes requires monitoring and action by and on behalf of Council.	This is a mandatory Activity as defined in the LGA 2002.	Fees and charges (trade waste) Targeted rates Development contributions Financial Contributions Borrowings Reserves	While there is wide public benefit in the management of wastewater, this needs to be practically managed and funded. The cost is generally recovered through a targeted rate for each property that is connected or can be connected to the waste water network. Trade waste charges make up 20-30% of operational costs to reflect the additional loading these discharges have on the network. Costs of running the joint venture (NRSBU) trunk mains, pumping stations and treatment plant are shared between Tasman District Council and Nelson City Council in proportion to their respective use of the infrastructure. The apportionment of capital and the allocation of sewage drainage capacity are approximately 50/50.	Public 70-80% Private 20-30%
Group - Stormwater							
Community Outcomes – Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy.							
Stormwater Pipes, channels, natural waterways, pumps	All properties within the serviced areas benefit from management of stormwater. Stormwater management protects private property from flooding and erosion. There is also a public benefit with regard to health, safety and reducing inconvenience by maintaining access to properties during periods of high rainfall and flooding.	High. Stormwater includes assets that have very long lives servicing multiple generations.	Property developments that fail to provide appropriate stormwater collection and discharge to the stormwater network (if in the area serviced) could result in adverse impacts on neighbouring or downstream properties. These issues are managed through the Environment Group activities of Council.	This is a mandatory Activity as defined in the LGA 2002.	Targeted rates Development contributions Financial Contributions Borrowings Reserves	Stormwater management is largely a public benefit but applies only to those properties in the serviced areas. Therefore a targeted rate is the most appropriate funding source. The main objectives are the protection of public health and to protect private property. A fixed charge to recover 50% of the rate and 50% based on capital value is considered fair.	Public 100% Private 0%

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Group - Flood Protection							
Community Outcomes - Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy. Our communities are healthy, safe, inclusive and resilient.							
Flood Protection	This activity provides protection from floods and keeps urban areas (roads, land, amenities, shops etc) free from floodwaters. This contributes to public health and safety, maintains quality of life and enhances amenity and property values. All landowners protected from flood waters receive a private benefit. However these benefits vary considerably and are very hard to quantify at the individual property level.	High. Flood protection works are long life assets.	None	This is a mandatory Activity as defined in the LGA 2002.	Targeted rates Financial Contributions Borrowings Reserves	The benefits of funding Council's flood protection activity apply to all those who live in the areas where Council provides flood protection works. The benefit is split between public benefit to provide protection of public health and to protect private property. Therefore a targeted rate is the most appropriate funding source.	Public 100% Private 0%
Group - Solid Waste							
Community Outcomes - Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy. Our communities are healthy, safe, inclusive and resilient.							
Solid Waste Refuse Disposal and Recycling collection	The benefits from refuse and recycling collection are for every household within collection areas by giving access to an affordable collection system. Further public benefit arises from transfer station operations as this promotes public health and sanitation and controls pollution. Additional individual benefits are received by those who dispose of more waste. Solid waste management contributes to a tidy, clean, healthy and safe environment. A well-managed landfill results in less pollution, reduces waste and prolongs the life of the landfill. All residents and businesses benefit from access to a local well managed landfill that reduces disposal costs. The landfill is managed to reduce gas emissions and increase revenue with a methane gas collection facility.	Benefits are long term as this activity reduces the impact of solid waste on the environment. Refuse collection services benefits are more short term in nature. The current landfill is expected to last to around 2031.	Exacerbators include: manufacturers who use excessive packaging. those who produce unnecessary and unrecyclable waste. those who dispose of hazardous waste inappropriately. those who produce excessive hazardous substances. It is difficult to track and identify those who dispose of waste inappropriately and there is no suitable mechanism for charging manufacturers who use excessive packaging. This needs to be addressed at a national level.	This activity is funded on a user pays basis that requires separate identification.	Fees and charges Grants Methane gas sales from landfill Borrowings Reserves	The cost of operating the York Valley Landfill (jointly owned with TDC), Pascoe Street Transfer Station, recycling and associated infrastructure is funded from user charges collected at the landfill and transfer station. Methane gas from the landfill is sold. User charges are set at levels that cover the costs of the solid waste activity and also encourage reductions in the volumes of solid waste. The solid waste activity is managed as a closed account with any surplus transferred to a financial reserve and any deficit funded from the financial reserve or from debt.	Public 0% Private 100%

Table continued overleaf

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
	All residents benefit from access to recycling services that reduce waste and prolong the life of the landfill. Council has also assessed that the whole community benefits from waste minimisation as stated in the Joint Waste Minimisation Management Plan.		Those who recycle more create additional costs. However this actually supports the outcomes sought by government and the Council.				
Group - Environment							
Community Outcomes - Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy. Our communities are healthy, safe, inclusive and resilient.							
Animal / dog control	The benefits from animal control are mainly private through providing administration and licensing services for dog owners. Dog owners benefit as work volume is directly proportional to number of dog owners. There is also a degree of public benefit in increased public safety. There are also benefits for the SPCA and dog owner associations (animal welfare, education of dogs' needs). Neighbouring landowners stock is protected from the effects of wandering dogs. Some costs are the result of animals wandering from their home locations that are not directly caused by their owners. In these cases the costs are carried by the general public.	Benefits are short term, often requiring rapid responses to wandering dogs and stock.	Dog owners who do not control their dogs or do not register them create enforcement costs and endanger public health. These costs are partly recovered through fines, but some of these costs cannot be recovered.	Council is legally required to operate a dogs database and a register of dangerous dogs. The dog license fee also acts as a demand management tool to promote good dog ownership.	General rates Fees and charges Reserves Borrowing	The large majority of benefits are private and this is reflected in almost all costs being funded through the dog license fee, with some funding from fines and impounding fees. A small amount is funded through the general rate to reflect those costs that are a public good. These are usually associated with rural stock control.	Private 90-100% Public 0-10%
Building consents	The community benefits from safety and health protection on buildings over time. Individuals benefit from certainty of the quality of building (minimum standards), and occupiers gain the protection of consistent standards. People seeking advice about building and related requirements receive a private benefit. The benefits from building consents can be directly related to the individuals or organisations that apply for the building consent.	Short to long term.	Those who fail to obtain building consents, and those who do not build in accordance with a consent. Additional inspection costs from poor project design and / or management are passed on to the building owner.	User charges recover the majority of costs for this activity. The activity is delivered in accordance with the Building Act 2004.	General rates Fees and charges Borrowings Reserves	The majority of costs benefit private users, so user charges reflect this. Some costs associated with accreditation and general advice to residents is more of a public good and is charged through the general rate. Council has to balance the affordability of consent costs and public advice to residents against the impact on the general rate.	Private 60-80% Public 20-40%

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
	Full cost recovery is not always possible because some fees are set by law or regulation and the fee needs to be weighed against the cost of fee avoidance.						
Environmental Policy	The activity provides the District Plan and the strategies and policies that guide and regulate development in the City, based on the principles of the Resource Management Act. The benefits are attributable to the whole community and are therefore mainly a public benefit.	Medium to long term. Each District Plan has to be reviewed every 10 years. Development decisions made can result in very long term benefits to individuals and businesses.	Those seeking changes to the District Plan can initiate private plan changes. These costs can be charged to the initiator. Individuals and / or businesses who create the need for additional rules in the District Plan cannot be charged - the costs become a public good cost.	It is not possible to identify individuals or businesses that create the need for policy planning. Costs cannot be allocated to individuals and businesses using these services in any one year as the benefits and costs apply across the community differently each year. Charges are made in accordance with the provisions of the RMA 1991.	General rates Fees and charges	The benefits apply to the community in general and as such general rates are used to fund most of these costs. User charges are set for private plan changes, and for service requests that generate significant administration time.	Private 0-20% Public 80-100%
Resource Consents	The focus of this activity is to allocate the use of natural resources to consent holders and to protect the quality of Nelson's natural and physical environment, now and into the future. The resource consent holders benefit by obtaining approval for the use of resources. Benefits for the wider community are prevention of inappropriate development and the avoidance of adverse environmental effects. In cases where there is non-compliance with the District Plan the exacerbator pays.	Short to long term. Some resources can only be used once and decisions can have a long term impact. Benefits are usually medium term.	Resource consent applicants who do not properly research proposed changes create additional costs. Submitters to plans whose submissions are on vexatious grounds. Consent holders who do not meet the consent conditions create the need for monitoring and enforcement.	User charges recover the majority of costs for this activity, as benefits are clearly defined.	General rates Fees and charges Reserves	Direct benefits are charged through user charges to the people applying for resource consents. Some of these consents include regular monitoring which are also charged. Council has to balance the affordability of consent costs and public advice to residents against the impact on the general rate.	Private 40-60% Public 40-60%
Public Health	Public benefits arise from the general community health and safety that results from enforcement of bylaws and statutory requirements. Residents are assured minimum health standards apply in a range of businesses controlled by regulations (liquor to hairdressers to food).	Short term. There are some longer term public benefits from a healthy resident population, and the attractiveness of the City to visitors.	Businesses that do not meet the legal minimum standards create the need for enforcement actions.	Council's policy is to charge these activities on a user pays basis where possible. These activities have a common focus on licensing and inspections.	General rates Fees and charges Reserves	Council sets fees for the licences and inspections within the limits set by legislation and bylaws. In some cases these fees are at levels that do not cover the costs of the service. The public good benefits of health and safety result in the general rate being the choice for most of the costs.	Private 30-50% Public 50-70%

Table continued overleaf

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
	There is a significant private benefit arising from individual licences that certify individuals or owners of premises. These businesses create the need for the inspection and enforcement activity.					For the Solar Saver and Clean Heat Warm Homes schemes, targeted rates are used.	
Environmental Pest management Non-regulatory activities	There is a public benefit from having public land free from pest infestations. Rural landowners (pastoral farmers and foresters) gain increased productivity, economies of scale and efficiency from a joint effort. Such initiatives also reduce encroachment and re-infestation from neighbouring land. While there are private benefits pests and weeds are not constrained by property boundaries.	Short to medium term.	Landowners who do not undertake adequate pest control. Those who pollute the environment.	The cost of administering a separate rate outweighs the benefits.	General rates Fees and charges Reserves	Pest management requires concerted joint actions across property boundaries – otherwise re-infestation occurs. It is not feasible to allow individual property owners within an affected area to opt in or out.	Private 0-20% Public 80-100%
Group - Social							
Community Outcomes - Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy. Our communities have access to a range of social, educational and recreational facilities and activities. Our communities have opportunities to celebrate and explore their heritage, identity and creativity.							
Libraries	Users of the library gain a private benefit in that, with membership, they are able to access reading material. Other private benefits come from access to computers and the internet, audio-visual items and holiday programmes. There is a wider community benefit in the provision of reading material, the availability of reference material and protection of heritage documents. Increasing the reading abilities of children and adults increases the overall knowledge and skills of the entire community, including the availability of skilled employees for local businesses. However, the majority of benefits are seen as private.	Facilities provide both short and long term benefits. Facilities such as library buildings accrue benefits to be enjoyed by future ratepayers as well. The benefits to residents from knowledge are long term.	Books and other items not returned mean others are disadvantaged. Fines are the tool used to reduce this behaviour.	This is a significant cost activity for Council. Charging for usage is only feasible through item charges as usage varies substantially between individuals and properties.	General rates Fees and charges Grants and subsidies Reserves Borrowing	The rationale is to encourage life-long learning, therefore membership fees and item rental costs could create a barrier to that goal. Charging for general book issues at a level that would generate substantial income would result in significant declines in usage and issues. Internet and digital books may change funding options in the future but for the medium term general rates and a small proportion of user charges are the preferred options.	Private 0-10% Public 90–100%

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Art and Culture, Museums, Theatres and Art Galleries - Suter Art Gallery	Providing arts and heritage activities fosters community pride and identity. The entire community benefits from the educational opportunities & cultural awareness that the provision of activities and facilities brings. The whole community (including particular sector groups e.g. schools) benefit from the Museum through the provision of cultural services, information and education, exhibition and management of the museum collection. The business community benefits from spending by visitors attending facilities & events. Individual benefits accrue to those who use facilities and attend activities. Grants and heritage activities provided to groups exclude other groups from receiving funding. This is modified to some degree as Council applies criteria to grant funds that moves the benefits towards the whole community. Overall there is a fairly even split of public and private benefits.	Short to long term. Facilities tend to be civic buildings that last multiple generations. Art works and museum items usually last a very long time. Grant benefits are short term although they do build community capability for the longer term.	The need is created by the whole community. Sector artistic groups and private users also create a demand for facilities The community creates the need by requiring a facility to store and display museum collections as well as have access to cultural services, information and education. Groups of individuals with specific interests in heritage and arts.	This is a significant cost activity for Council. Charging for usage is only feasible through entrance charges. Most art and heritage activities funded involve partnerships with community groups and volunteers. Charging for these activities would significantly reduce community involvement.	General rates Fees and charges Grants and subsidies Reserves Borrowing	The need and spread of benefits for Museums, Theatres and Art Galleries is largely a political decision. The significant public good aspect of these activities supports the funding through the general rate. Some of these costs are attributed to the business sector to recognise the number of residents and visitors who are attracted to the City centre. The private benefit component is funded through sponsorship (as a proxy for community support) and user charges for special exhibitions. Entrance charges for the general facilities would significantly reduce usage and past investments in this activity would be poorly utilised. These facilities also provide activities for visitors. Because of these issues Council has decided to reduce the proportion to be funded by individuals. Grant funding and heritage activities benefit the whole community. Private and group benefits funded through external grants and sponsorships that are often required by Council.	Overall Private 10-20% Public 90 – 100% Founders Park Private 40-60% Public 40-60%
Cemeteries and Crematorium	These services provide appropriate and safe cemetery and crematorium services. The cemeteries also provide public open space, often with heritage value. Individual users / groups benefit, particularly families of the deceased. The entire community benefits adequate provision for interring the deceased in an appropriate manner and that cemeteries are maintained as a place of remembrance.	Long term.	None.	New users of the services are charged on a user pays basis. Historical burials and cremations created ongoing costs that cannot be charged for in retrospect.	General rates Fees and charges Reserves Borrowing	Council is faced with maintaining these facilities in perpetuity to a high standard. New users pay for the burial / cremation costs plus the ongoing costs of maintaining the plot. This is the private benefit funding proportion. The costs of maintaining historical burial areas, and some of the costs of public spaces, are a public good and are therefore funded through general rates. Crematorium fees have to meet market competition.	Cemeteries Private 40-60% Public 40–60% Crematorium Private 70-90% Public 10-30%

Table continued overleaf

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Motor Camps	Visitors to the City benefit from affordable camping facilities and other accommodation options. The Motor Camps also offer semi-permanent low-cost residential options. Businesses benefit from the attraction of visitors who can stay overnight due to the availability of a range of accommodation for residents and visitors. The whole community benefits from providing serviced camping spaces and not having visitors camping illegally and generating litter and pollution issues.	Short to long term.	None.	This activity is operated as a business and funding is separate from core Council operations.	General rates Fees and charges Borrowing	Motor Camps are provided to allow campers and other visitors to stay in the City. While the whole community, and businesses in particular, benefit from this, the users of the motor camps gain the most benefit. These facilities use reserve land but are operated as a business. Funding is largely from user charges and the balance is from general rates. Any surplus funds can be used to reduce the general rate requirements.	Private 90-100% Public 0-10%
Community Housing	Individual tenants are the primary beneficiaries. These reasonable quality low-cost housing units are targeted at older residents on low incomes with the least wealth. Rental levels are set below market rates. The assets have considerable value and the benefits are received by a small percentage of the community. The community as a whole benefits from having appropriate affordable housing available to senior residents.	Long term. Each housing unit will last at least 50 years.	Mature residents who are unable to provide for their long term accommodation needs.	Fees and charges as set by Council policy determine income. Funding needs are separately identified to clearly show the amount of subsidy.	Fees and charges Borrowing	The Community Housing activity was started in the 1950's in a partnership with government. Council has a Policy setting rental charges at 25% of national superannuation level. As the benefits are largely private the activity is self- funding through fees and charges. The ability to fund future renewals of the housing units may require changes to this policy.	Private 100% Public 0%
Social Development	Council has a role in supporting community groups which promote community development. The community benefits from the existence of a strong co-ordinated voluntary sector, and improved social services that better match the needs of the community. Community groups gain funding to proceed with their projects, and beneficiaries of those projects receive a range of benefits. Some individual benefits are excludable but many of the programmes aim to support groups or the community as a whole.	Generally short term.	Vulnerable and disadvantaged members of the community.	It is not possible to charge the costs to individuals who benefit, as they often have limited incomes. Community groups use volunteers and are not personally receiving the benefits of the funding.	General rates Grants and subsidies Reserves Borrowing	The purpose of the funding is to address social issues and to help those residents who are the most disadvantaged. In many cases the net cost to the community from these grants is positive. As the entire community benefits from improved social outcomes the general rate is used to fund grants and programmes. Council encourages community groups to maximise government funding and other grants. Council funding (general rates) are only used where these other sources are not sufficient to fund these approved grants / activities.	Private 0-20% Public 80-100%

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
	Migrants and intending migrants to the region gain support. Members of the Youth Council gain civic engagement experience and it provides an opportunity for the youth voice to be heard.					Council limits the funds available as the demand is always more than what Council deems is affordable through rates. Council also funds social policy and monitoring in order to know the current and expected state of social needs in the City. This is a Council-run function which is funded through the general rate.	
Community Properties – public toilets, halls etc	Benefits flow to the whole of the community through the provision of community buildings for leisure, arts, and cultural and community events. The whole community benefits from clean public toilets. There are economic benefits to businesses by providing facilities for visitors and residents, and community buildings that attract people to events and for recreational purposes. Private benefits arise from the enjoyment received from attending community events and other activities, and from using public toilets.	Short term for events and activities. Long term from the provision of buildings.	People and groups who want community spaces to meet or carry out an activity. People (visitors and residents) away from their home or workplaces needing toilets.	Council funds this activity through a mixture of user charges, rents and general rates. A specific rate could be used but the amount is not significant for the Council. The general rate is seen as appropriate to fund the public good aspects of the activity.	Fees and charges General rates Reserves Borrowing	Council provides a range of community buildings and public toilets to support community groups, activities and a more community orientated City. Many of these facilities are historical and some reflect the different community needs of previous generations. Council is now faced with maintaining these facilities as the general community is very supportive of retaining these facilities. Council sets charges at a level that balances income against usage. While these charges are lower than the private benefits would suggest there is little scope to significantly increase them. Public toilets are generally free in New Zealand and there is considerable resistance to setting charges for them. There is a high transaction cost through additional capital or operating costs to make charges possible. On balance Council has decided to encourage their use by making them free. Overall, Council funds this activity through a variety of user charges, rents and general rates.	Private 0-20% Public 80-100%

Table continued overleaf

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Group - Parks and Active Recreation							
Community Outcomes - Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities have access to a range of social, educational and recreational facilities and activities. Our communities are healthy, safe, inclusive and resilient.							
Premier Parks and facilities - Trafalgar Park, Trafalgar Centre and Saxton Field	This activity includes indoor stadiums, the premier sports park and grandstands, and the shared regional facility at Saxton Field. The benefits from expenditure on event venues are mainly private. The premier grounds and facilities for use by sporting groups, teams, clubs and associations is a significant private benefit to their members. The public derive benefit from having access to sports grounds for recreation other than sport. Having these regional facilities contributes a sense of community identity through inter-regional sporting contests, and provides entertainment opportunities. Benefits are shared with Tasman District and funding is jointly managed for some of these regional facilities. The community benefits from regional and national sports tournaments, commercial shows and events that occur due to the availability of these facilities. Businesses benefit from the attraction of visitors to these events. The majority of benefits are private to individuals, groups, clubs and commercial businesses, but also contain many public benefits.	Premier recreation facilities provide long term benefits to residents through improved health, social involvement and provision of visitor attractions.	Demand for commercial event space reduces their availability for community use. Regional level sports teams require higher quality sports facilities than are normally required. This provides benefits to a small number of residents.	Sporting and commercial events set entry fees and Council sets fees based on commercial private use. Many regular sports activities are funded through pay per play arrangements. The balance are public goods funded through general rates.	Fees and charges General rates Grants and subsidies Reserves Borrowing	Council operates these facilities with a mix of commercial and community users. More commercial events result in reduced access for community recreation users. There is considerable 'merit goods' in this activity and it is not feasible to set charges to match private benefits. Commercial use of the stadium and associated spaces is charged at market rates. Charges are limited by alternative costs both within and outside the Region. Top level sporting events are charged entry fees but these do not often go to Council. Council has to balance attendance and usage against the level of charges. Regular local sporting use charges are set more in line with the Sports Parks activity. Some clubs have provided additional facilities through partnerships with Council. These clubs charge on more of a 'pay per play' basis to fund those facilities. The balance of funds required to maintain the facilities after fees and charges income is from the general rate as all people and businesses benefit.	Private 10-20% Public 80-90%

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Sports Parks	Two main groups gain private benefits from sports parks – sporting groups and businesses involved in event organisation, hospitality and tourism. . In terms of organised active sport and commercial events the benefits are private. Access to the sports fields for informal sports and recreation is not excludable. The public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support individual and community health. The public derive benefit from having access to sports grounds for recreation other than sport, as well as the option of having access to organised club sport. The extensive open spaces created by sports parks enhances the overall attractiveness of the City. Overall there is a fairly even split of public and private benefits.	Long term. Good recreation facilities provide long term benefits to residents through improved health and social involvement.	Vandals and litterers create additional work to maintain the grounds. Sports teams and club demands for more services create pressure on Council budgets.	Recreation benefits the whole community so this activity is funded through general rates. The cost of administering a separate rate outweighs the benefits. Individual benefits are partly funded through user fees and charges	Fees and charges General rates Grants and subsidies Reserves Borrowing	While there are significant private and group benefits there are adverse impacts from imposing substantial fees and charges. Sports clubs are struggling to remain viable as adult participation in organised sport declines. Increasing charges is likely to further reduce numbers joining sports clubs. Council must balance participation numbers against rates impacts. It is possible that revenue would not increase much if charges are increased as some clubs may fold. The majority of sports parks were set aside by previous generations for recreation use. Changing recreation activities is likely to create the need to consider how these parks are allocated, as demand for indoor and court facilities increases.	Private 0-20% Public 80-100%
Neighbourhood reserves and playgrounds Includes Natureland, walkways, and cycleways planning	Individual users of the parks gain benefits from the enjoyment of the facilities and open spaces, exercise facilities and interaction with other members of the community. Adjoining landowners gain amenity value from living next to a reserve. Those who live in areas with significant densities of landscape trees gain amenity value. These benefits are often reflected in higher land values that result in higher general rates. The parks and reserves provide a venue for special events such as weddings, music events, organised picnics and promotions. These benefits can be commercial in nature and are not solely public goods.	The benefits from this activity range from immediate, such as walking through the parks, to the long term benefits to individuals and the city, by having a good quality environment and heritage trees.	Vandals and litterers create additional work to maintain the grounds. Inconsiderate users create the need to increase signage and improvements (e.g. cyclist vs. walkers).	This activity includes activities which are totally for the public good. It would be costly to identify individual users and any direct charges would reduce the sense of community.	General rates Fees and charges Reserves Borrowings	It is impractical to charge users of these reserves for access. All residents and visitors have the opportunity to use the services and Council encourages their use to build a sense of community as well as improve health and fitness. These benefits are public good in nature and should be funded through general rates. Business benefits from the attraction of visitors and increased population for lifestyle reasons. These benefits are reflected in the general rate commercial differential. The exception is when the reserves are used for a commercial basis such as formal private events or business promotions.	Private 0-10% Public 90-100%

Table continued overleaf

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
	The majority of benefits public good. The exception is commercial benefits from private functions that restrict the access of the general public.					In these cases fees and charges should be set to recognise the private use of public land that has an impact on the general public access.	
Marina	The main benefits are private to boat owners because it enables exclusive occupation of publicly owned space, which offers greater security than single moorings. Businesses benefit as the marina provides economic benefits from attracting visitors to Nelson. Residents benefit from passive recreation opportunities. The community as a whole benefits by managing an efficient use of scarce water space and protects marine environments, by concentrating boat moorings and marine contaminants in one area.	Medium term. Marina assets need to be renewed on a regular basis.	Mooring users need to comply with rules around contaminants and fees. The Marina needs to be managed to ensure this occurs.	This activity is operated as a business and funding is separate from core Council operations.	Fees and charges Reserves Borrowings	The marina is a stand-alone business that provides services to boat owners wishing to moor close to Nelson. While there are some benefits to the whole community, businesses and local individuals these are seen as being covered by the City providing the service. The large majority of benefits are private to the Marina users so this activity is fully funded from user charges.	Private 100% Public 0%
Recreation – including swimming pools and golf course	This activity includes recreation programmes and planning, as well as a range of assets such as a golf course and outdoor swimming pools. The community gains benefits from health and fitness, community participation, as well as some additional open space. Attractive places are provided for social interaction and club sports. Private benefits are received by recreational users, recreation programme participants and all users of Council reserves. The majority of benefits are public. The exceptions are pool users and the golf club users.	Medium to longer term.	Vandals create additional work to maintain the assets.	This activity is mainly a public good activity. It would be costly or impractical to identify individual users and any direct charges would reduce the sense of community.	General rates Fees and charges Lease / rents Reserves Borrowing	Council charges where feasible for entry to recreation assets and programmes. Charging more than a small proportion of costs would severely reduce the affordability of these services for large portions of the community. Council leases land to the Waahi Taakaro Golf Club. This lease is set at levels to support the Club and encourage public use.	Private 10-20% Public 90-100%

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Group - Economic							
Community Outcomes - Our region is supported by an innovative and sustainable economy. Our Council provides leadership and fosters partnerships, a regional perspective and community engagement.							
Economic	The whole community benefits through the spin-off impacts of economic development and through having a coordinated approach to economic development. The business community primarily benefits from economic development of a region (e.g. increased income and people, are likely to increase business wealth). Sectors within the business community benefit through targeted economic development programmes. Possible new businesses gain support, information, and contact with other businesses or investors who can help them become established. The not-for-profit sector benefits through indirect effects of economic development, such as increased sponsorship and grant availability. This activity is jointly funded with Tasman District and delivers regional strategies and programmes (Nelson Regional Development Agency and the Regional Economic Development Strategy). The benefits are a public good.	The benefits of economic and tourism growth range from immediate, such as business profits and salaries and wages to long term economic benefits to Nelson.	None.	Council's support for the Nelson economy benefits the community as a whole and therefore Council funds this activity through the general rate. As the business sector is the primary beneficiary this is reflected in the commercial general rate differential. It is not possible to identify individual residents, properties or businesses that benefit from this activity.	General rates Grants and subsidies Reserves	This activity is a classic public good and as such is funded through general rates with an emphasis on the commercial general rate differential. While it is difficult to attribute outcomes from this expenditure there is general agreement that Council not providing a coordinated investment in this activity can result in a decline in the economic activity of the Region and the City.	Private 0% Public 100%

Table continued overleaf

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Group - Corporate							
Community Outcomes - Our Council provides leadership and fosters partnerships, a regional perspective and community engagement.							
Civic and Democracy Services	The community benefits by having a democratic system of local government as required by law. Consultation has the benefit of producing decisions and outcomes that comply with the LGA 2002 and deliver the best outcomes for Nelson. Individuals and lobbyists requesting official information receive a degree of private benefit but this is a public good process.	Good governance resulting in high quality decisions which are supported by the public delivers long term benefits.	Those making unreasonable or excessive official information requests or vexatious or frivolous appeals.	Democratic processes benefit all residents and businesses; therefore this activity is funded through the general rate. It is not practical, legal or feasible to set individual charges or targeted rates based on specific issues and processes.	General rates Fees and charges Borrowings	This is public good where the processes are set in legislation. This activity is funded through the general rate.	Private 0% Public 100%
Emergency Management	The benefits of this activity are attributable to the whole community. Recovery from disasters will benefit some individuals or groups more than others. These benefits are seen as averaging out over time as the impacts and location of natural disasters cannot be accurately predicted.	Short to long term.	People who do not or are unable to provide for themselves in the event of an emergency. Those lighting fires without permits, or who do not prepare their Civil Defence three day kits.	Given the size and political importance of the expenditure, separate funding is considered important for transparency.	Grants and subsidies General rates Borrowing	As the benefits are entirely for the public good it is not appropriate to apply separate charges or a targeted rate. The general rates are the appropriate funding tool.	Private 0% Public 100%
Investment Management	Benefits are largely attributable to the whole community and are a public benefit. There are individual benefits for those who lease or buy land from Council, or are paid by Council for associated services. Some other beneficiaries are those who use the airport and port, and forestry consultants who manage the forests.	Short and long term.	None.	The returns from these investments reduce the general rates, unless particular assets produce income that goes into associated reserve accounts.	Dividends and interest Fuel tax Rent Borrowing Sale of trees	This activity manages the financial investments of Council. It produces revenue that offsets the costs of running the Council. Some of the assets are jointly owned with TDC and the revenue is split accordingly.	Private 100% Public 0%

10. SUMMARY OF FUNDING TARGETS

10.1 FUNDING SOURCE PROPORTIONS FOR OPERATING COSTS

	General Rates	Targeted Rates	Fees and Charges	Grants and Other Revenue
Transport				
Road and Footpath Network	80-90%			10-20%
Inner City Enhancement	35-40%		60-65%	
Public Transport and Mobility	20-40%			60-80%
Water Supply			100%	
Wastewater		70-80%	20-30%	
Stormwater		100%		
Flood Protection		100%		
Environment				
Solid Waste Collection, disposal and recycling			100%	
Animal / Dog Control	0-10%		90-100%	
Building Consents	20-40%		60-80%	
Environmental Policy	80-100%		0-20%	
Resource Consents	40-60%		40-60%	
Public Health	50-70%		30-50%	
Environmental	90-100%		0-10%	
Social				
Libraries	90-100%		0-10%	
Art and Culture	90-100%		10-20%	
Cemeteries and crematoriums	40-60%		40-60%	
Motor Camps	0-10%		90-100%	
Community Housing			100%	
Social Development	80-100%		0-20%	
Community Properties	80-100%		0-20%	
Parks and active recreation				
'Premier Parks and facilities' Trafalgar Centre, Trafalgar Park and Saxton Field 'Premier Parks'	80-90%		10-20%	
Sports Parks	80-100%		0-20%	
Neighbourhood Parks and Reserves	90-100%		0-10%	
Marina			100%	
Recreation	90-100%		10-20%	
Economic	100%			
Corporate				
Civic and Democracy	100%			
Emergency Management	100%			
Investment Management				100%

The funding proportions outlined in this table represent the Council's desired intentions – i.e. the share of the gross operating costs borne by each group of ratepayers / users.

Note: Council has varying levels of control over the actual revenue obtained from users of facilities that are not owned by Council. Management and operations that are carried out by other entities generally retain revenue from entry fees.

RATES REMISSION POLICY

The Rates Remission Policy includes the reasonably practicable options considered by Council.

While the majority of the policy is unchanged since 2015, there are three new or amended sections. The first is a change to the rates remission for community, sporting and other organisations to make it clear that social housing or kaumatua housing providers may apply for rates remission.

A new section has been added to formalise the discount that is offered for the early payment of rates.

The policy on remission and postponement of rates on Māori Freehold Land has been added to make clear that the postponement of rates is not offered. To recognise that Māori Freehold Land is different from General Land, the updated policy provides for the remission of rates according to criteria that include land that does not provide any income.

Minor changes have also been made to some sections of the policy to make closing dates for applications clearer.

INTRODUCTION

Council is required to adopt a rating remission policy as set out in Section 85 of the Local Government (Rating) Act 2002. The Nelson City Council has decided to remit all or part of the rates on properties covered by this Remission Policy.

GENERAL PROVISIONS FOR THE REMISSION OF RATES

The policy shall apply to such ratepayers and organisations as approved by Council by meeting the relevant criteria. Council may delegate the power to approve rates remission to Council Officers under Section 132 of the Local Government (Rating) Act 2002.

Any ratepayer granted rates remission is required to meet all remaining and applicable rates in full that are owed in addition to the amount eligible for the rates remission.

Rates remission will be provided for the following categories of rating units or under the following circumstances:

RATES REMISSION FOR COMMUNITY, SPORTING AND GROUPS DELIVERING AFFORDABLE SOCIAL AND COMMUNITY HOUSING

OBJECTIVE

To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities.

The purpose of granting rates remission to an organisation is to achieve following general social wellbeing objectives:

- Recognise the public good contribution to community wellbeing made by such organisations,
- Assist the organisation's survival,
- Make membership of the organisation more accessible to the general public, particularly disadvantaged groups including children, youth, young families, aged people and economically disadvantaged people.

Or to achieve the following social housing objectives:

- Facilitate the ongoing provision of social housing in Nelson by registered Community Housing Providers
- Facilitate provision of kaumatua housing at Whakatū Marae.

CONDITIONS AND CRITERIA

Council supports applications for financial assistance by any organisation not conducted for private profit. The principal object of the organisation should be to promote the development of Nelson City and provide for at least one of the following: the public, community housing, recreation, health, enjoyment, instruction, sport or any form of culture, or for the improving or developing of amenities, where the provisions of any one of these areas is to the benefit of the city.

FOR APPLICANTS OTHER THAN SOCIAL HOUSING OR KAUMATUA HOUSING PROVIDERS THE FOLLOWING INFORMATION SHOULD BE INCLUDED IN SUPPORT OF AN APPLICATION:

- Evidence that other areas of assistance have been investigated if available
- That there is a need for assistance
- That there has been a reasonable effort made to meet the need by the organisation itself
- The organisation's most recent financial accounts.

FOR SOCIAL HOUSING PROVIDERS THE FOLLOWING INFORMATION IS REQUIRED:

- Evidence that the organisation is a registered Community Housing Provider with the Community Housing Regulatory Authority
- Evidence that the property for which rates remission is sought is used for social housing and/or affordable rental housing, and is neither vacant nor commercial property
- A copy of the organisation's current Rules or Constitution that sets out the purpose of the organisation,
- The Social Housing Provider's most recent financial accounts.

FOR KAUMATUA HOUSING PROVIDERS THE FOLLOWING INFORMATION IS REQUIRED:

- A copy of the most recent financial accounts for the Kaumatua housing.

PROCEDURE

The organisation must apply to Council for a remission on or before 31 August if the applicant wishes the remission to apply to rates payable in that year.

An application for remission will apply for a maximum of three years and all applications will expire on 30 June following the revaluation of all properties in the city. A new application must be made if continued assistance is required.

Each application will be considered by Council on its merits, and provision of a remission in any year does not set a precedent for similar remissions in any future year.

Remission is granted only in respect of those parts of the rates that are based on land value. The remission is 50% of the rates payable.

Rates remissions will be made by passing a credit to the applicant's rates assessment.

No rate remission under this part of the Policy will be available to an organisation that is in receipt of a mandatory rate remission.

Decisions on applications under this Policy will be made according to the Delegations Register.

REMISSION OF PENALTIES

OBJECTIVE

The objective of the remission policy is to enable the Council to act fairly and reasonably in its consideration of rates that have not been received by the Council by the penalty date, due to circumstances outside the ratepayer's control. Remission will be made when any of the following criteria applies:

CONDITIONS AND CRITERIA

- Where there exists a history of regular punctual payment over the previous 12 months and payment is made within a reasonable time of the ratepayer being made aware of the non-payment
- When the rates instalment was issued in the name of a previous property owner
- On compassionate grounds, i.e. where a ratepayer

has been ill or in hospital or suffered a family bereavement or tragedy of some type and has been unable to attend to payment

- Where it can be proved that the rate account was not received and a genuine cause exists
- Automatic remission of the penalties incurred on instalment one will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the second instalment
- Where full payment of arrears of rates is made in accordance with an agreed repayment programme
- Where an error has been made on the part of the Council staff or arising through error in the general processing which has subsequently resulted in a penalty charge being imposed.

In implementing this policy, the circumstances of each case will be taken into consideration on their individual merits and will be conditional upon the full amount of such rates due having being paid.

Decisions on remission of penalties are delegated to officers as set out in the Council's delegations register.

RATES REMISSION FOR RESIDENTIAL PROPERTIES IN COMMERCIAL/INDUSTRIAL AREAS

OBJECTIVE

To ensure that owners of residential rating units situated in non-residential areas are not unduly penalised by the zoning decisions of this Council.

CONDITIONS AND CRITERIA

To qualify for remission under this part of the policy the rating unit must be:

- Situated within an area of land that has been zoned for commercial or industrial use
- Listed as a 'residential' property for differential rating purposes.

RATES REMISSION ON LAND PROTECTED FOR NATURAL, HISTORICAL OR CULTURAL CONSERVATION PURPOSES

OBJECTIVE

Rates remission is provided to preserve and promote natural resources and heritage by encouraging the protection of land held for natural, historical or cultural purposes.

CONDITIONS AND CRITERIA

Ratepayers who own rating units that have some feature of cultural, natural or historical heritage that is voluntarily protected may qualify for remission of rates under this policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act, and is liable only for rates for water supply or sewage disposal will not qualify for remission under this part of the policy.

Applications must be made in writing and be supported by documented evidence of the protected status of the rating unit, for example a copy of the covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy Council will consider the following criteria:

- The extent to which the preservation of natural heritage will be promoted by granting remission on rates on the rating unit
- The degree to which features of natural heritage are present on the land
- The degree to which features of natural heritage inhibit the economic use of the land
- The use of the property.

In granting remissions under this policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

RATES REMISSION FOR HERITAGE BUILDINGS

OBJECTIVE

Rates remission is provided to assist with the preservation of Nelson's heritage by encouraging the maintenance of historic buildings. Provision of a rates remission recognises that there are private costs incurred for public benefit.

CONDITIONS AND CRITERIA

Ratepayers who have buildings with a heritage classification may apply for a rates remission of up to 50% for Category A buildings and up to 25% for Category B buildings, providing the following conditions are met:

- Buildings must be listed in Appendix 1 of the Nelson Resource Management Plan as Category A or Category B buildings

- The property must not be owned by the Council or the Crown, or their agencies
- Building owners will need to make a commitment to ongoing maintenance of their building.

Council reserves discretion in awarding full remissions in some circumstances.

PROCEDURE

The ratepayer must apply to the Council for a remission on or before 31 August if the applicant wishes the remission to apply to rates payable in that year.

REMISSION OF CHARGES FOR EXCESS WATER ARISING FROM LEAKS

Credits for excess water charges arising from the following will always be processed:

- Misreading of the meter or faulty meter
- Errors in data processing
- The meter was assigned to the wrong account
- Leak on a Council fitting adversely impacting on the metered usage.

OTHER CONDITIONS AND CRITERIA INCLUDE:

- Leaks from pipes or fittings on farms[1], commercial, industrial, public service, educational, social service properties and unoccupied[2] properties (regardless of temporary or long term) or reserves or from irrigation, stock water, swimming pools, ponds, landscaping or similar systems on occupied properties. No credit.
- Leaks from pipes that are, or should be visible, such as header tanks, overflows from toilets, above ground pipes or fittings and those attached to raised flooring or in walls or ceilings. No credit.
- Where the leak is a previously unknown underground leak on the main lateral between the water meter and a residential dwelling or under the concrete floor of a residential dwelling. The lost water is credited where the leak has been repaired with due diligence. Only one leak per property, and maximum two consecutive water supply invoices covering the leak, per five year rolling timeframe, will be credited. Credit will be based on Council's assessment of the property owner's usual usage for the period.
- Due diligence is defined as within two weeks of the earliest of the following:
  - The date of the first invoice to identify a higher than usual[3] usage; or
  - The date of discovery or when it could have reasonably been discovered.
- The leak must be repaired by a Licensed or Certifying plumber who provides a brief report on the leak, where on the line the leak was found, dates and an opinion, as to how long the leak had been occurring.
- In extraordinary circumstances which fall outside the criteria above, a remission may be granted at the sole discretion of the Council's Group Manager Corporate Services. This may apply where a water credit remission application has been declined, and where this could lead to cases of genuine financial hardship for the owner/occupier, or where timely detection of a leak could not have reasonably occurred.

REMISSION OF RATES FOR CEMETERIES

The provisions of the Local Government (Rating) Act 2002 state that a cemetery is non-rateable if it does not exceed two hectares. Therefore, a remission policy is required if Council wishes to remit rates on a cemetery greater than two hectares.

OBJECTIVE

To provide a measure of relief, by way of remission, to enable Council to provide a cemetery greater than two hectares.

CONDITIONS AND CRITERIA

- A cemetery that is Council-owned and is solely used as a cemetery.

1 For the purpose of assessing credits for excess water arising from leaks "farm" is defined as any property that is or can be used for the growing of crops, including trees or rearing of livestock, with a land area greater than 5000 square metres

2 Unoccupied is taken to mean where there is no permanent building on the property or where the building is not occupied for more than seven days.

3 Usual being the amount used in the same period as last year. These amounts are shown on every water account.

REMISSION OF RATES ON GOLF PRACTICE GREENS

OBJECTIVE

To provide a measure of relief, by way of remission of rates, to enable the Council to act fairly and reasonably in its consideration of rates charged on golf practice greens.

CONDITIONS AND CRITERIA

- Land that is leased and used as a golf 'practice green'.

REMISSION OF RATES FOR UNDERGROUND UTILITIES

OBJECTIVE

To provide a measure of relief, by way of remission, to enable Council to act fairly and reasonably when rating utility companies that put utilities under the ground.

CONDITIONS AND CRITERIA

Where overhead utilities are put underground to the benefit of the Council and ratepayers, the Council will remit the portion of extra rates arising from the additional value of the reticulation; compared with the valuation that would have applied to overhead services.

This policy is subject to:

- Undergrounding carried out after 1 July 2002 and recorded in a programme of works agreed to by both Nelson City Council and network utility operators
- The agreed programme of works allows for undergrounding network utility lines in conjunction with upgrading of streets to be undertaken in any year.

REMISSION ON RATES ON LOW VALUED PROPERTIES

The Local Government (Rating) Act 2002 requires each separate property title to have a separate valuation and rating assessment. This has resulted in many low land value assessments being created for small parcels of land.

CONDITIONS AND CRITERIA

- Assessments with common ownership, used jointly as a single unit and for which only one uniform annual general charge is payable
- Assessments with a land value of $4,000 or less.

REMISSION OF CLEAN HEAT WARM HOMES TARGETED RATE

OBJECTIVE

To provide a measure of relief, by way of remission, to assist those people on low incomes who are required to convert to a clean heat source.

Council recognises that some homeowners on very low incomes might have difficulty meeting the rates payments under the Clean Heat Warm Homes targeted rate scheme.

CONDITIONS AND CRITERIA

Ratepayers who take up the Clean Heat Warm Homes targeted rates assistance and who qualify for the Government's rates rebate scheme may qualify for a remission on repayment of the targeted 'Clean Heat Warm Homes' rate.

Eligibility for the rate rebate scheme is assessed annually.

RATES REMISSION FOR LAND AFFECTED BY NATURAL CALAMITY

OBJECTIVE

The objective of this Rates Remission Policy is to permit the Council, at its discretion, to remit part or whole of the rates charged on any land that has been detrimentally affected by natural calamity, such as erosion, subsidence, submersion or earthquake, and is aimed at aiding those ratepayers most adversely affected.

CONDITIONS AND CRITERIA

The Council may remit wholly, or in part, any rate or charge made and levied in respect of the land, if:

- Land is detrimentally affected by natural calamity such as erosion, subsidence, submersion or earthquake and:
  a. as a result dwellings or buildings previously habitable were made uninhabitable[4]; or
  b. the activity for which the land and/or buildings were used prior to the calamity is unable to be undertaken or continued.
- The remission may be for such period of time as the Council considers reasonable, commencing

from the date upon which the Council determines that the dwelling, buildings or land were made uninhabitable or unable to be used for the activity for which they were used prior to the calamity, up to and limited to the time that the land and/or buildings are deemed by Council to be able to become habitable or available for use.

- In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply, Council may take into account:

  a. whether essential services such as water, sewerage or refuse collection to any dwelling or building are able to be provided; and

  b. whether any part of the building or land remains habitable or available for use.

- Rates remission will not apply to any part of a rate that is levied as a user pays charge.
- Rates remissions will only be considered following the receipt of an application by the ratepayer and the application must be received within six months of the event, or within such further time as Council in its sole discretion might allow.

APPLICATION

Each natural calamity event will be considered for rates remission on a case by case basis by Council.

The extent of any remission shall be determined by the Council or its delegated officer(s).

REMISSION OF RATES FOR HOUSEHOLDS WITH DEPENDANT RELATIVES HOUSED IN AN ADDITIONAL UNIT

OBJECTIVE

To provide financial relief for households where a dependent adult relative is housed in an additional unit, so they are not unfairly burdened by the payment of rates on the second unit.

CONDITIONS AND CRITERIA

To qualify for remission under this part of the policy, the second unit must be continuously occupied by the dependant relative, and:

- The ratepayer must apply to the Council for remission of rates on the second unit
- The applicant must confirm that the relative is dependent on the ratepayer
- If the unit is no longer occupied by the dependant relative, the householder must inform the Council within three months. Any change would apply from1 July for the next rating year.
- The rates remission is for one year, at which time the ratepayer must re- apply for the remission of rates on the second unit.

Providing these conditions and criteria are met by the applicant, the uniform charges for wastewater and the uniform annual general charge will not be charged against the second unit.

PROCEDURE

The ratepayer must apply to the Council for a remission on or before 31 August if the applicant wishes the remission to apply to rates payable in that year.

REMISSION OF RATES ON SEPARATELY USED OR INHABITED PARTS OF COMMERCIAL RATING UNITS LESS THAN 20M^2

OBJECTIVE

To provide relief from uniform annual general charges and wastewater charges for very small separately used or inhabited parts of commercial rating units (i.e. those less than 20m^2 floor area) where the effect of multiple uniform annual general charges and wastewater charges creates a significant financial impediment to economic use of the separately used or inhabited parts and where the Council considers that it is equitable to do so.

CONDITIONS AND CRITERIA

The uniform annual general charges and wastewater charges assessed for each separately used or inhabited part of a commercial rating unit that has a floor area of less than 20m^2 may be remitted where the following criteria is met:

- The separately used or inhabited part of the commercial rating unit must have a floor area of less than 20m^2
- The circumstances of the commercial rating unit must be such that the uniform annual general

4 For the purpose of this policy 'uninhabitable' shall mean a building cannot be used for the purpose it was intended due to s124 notice conditions being issued under the Building Act 2004.

charges and wastewater charges assessed for each separately used or inhabited part of the rating unit that has a floor area of less than 20m² will render the property uneconomic or are otherwise inequitable.

PROCEDURE

The ratepayer must apply to the Council for a remission on or before 31 August if the applicant wishes the remission to apply to rates payable in that year.

Applications must be made on the prescribed form which can be found via our Customer Service Centre or on our website www.nelson.govt.nz

Applications must include detailed information explaining how the property meets the conditions and criteria under this policy.

Application will not be accepted for prior years.

Any rates remission will be granted for one year only following which the ratepayer may make a new application for the remission of rates for any following year so long as the conditions and criteria are still met.

Decisions on applications under this policy will be made by Group Manager Corporate Services.

EARLY PAYMENT OF RATES

OBJECTIVE

Council recognises the cash flow advantage and reduced processing costs that result from early payment of rates and offers a discount to encourage this outcome. This discount is to be set each year in the Annual Plan and will be applied, if the criteria are met, without requiring a ratepayer to make an application.

RELEVANT LEGISLATION

Local Government (Rating) Act 2002, section 55

Local Government Act 2002, section 109

CONDITIONS AND CRITERIA

This policy applies to all ratepayers in the Nelson City Council area.

A discount will be allowed to early payment of rates in compliance with the following conditions:

- The discount will be allowed for any ratepayer who pays the total annual rates as specified on the rates assessment, by the last date for payment for the first instalment
- The discount will not apply to volumetric water charges
- The discount will be at a rate fixed annually by Council resolution.

PROCEDURE

Council will process early payment of the current year's rates in accordance with this policy.

POLICY ON REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

INTRODUCTION

The Local Government Act 2002 (sections 102 and 108) requires Council to adopt a policy on the remission and postponement of rates on Māori freehold land.

This policy follows the principle of ensuring the fair and equitable collection of rates from all sectors of the community recognising that certain Māori-owned lands have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide relief from rates. The policy allows for remissions where the land is unoccupied and non-income producing and where a temporary remission would assist in the economic development of the land.

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court. This policy explains the conditions and criteria under which the Council might consider it appropriate to provide rates relief in respect of Maori freehold land.

In determining this policy the Council has taken account of those matters set out in Schedule 11 of the Local Government Act 2002 – matters relating to rates relief on Māori Freehold Land. This includes the recognition that there are particular cultural, historical and legal factors that distinguish Māori Freehold Land from General Land. These factors include:

a. The land is generally multiply owned; and/or

b. There are legislative and cultural constraints on the ability to alienate Ma¯ori Freehold Land (and in many cases, the owners do not want to alienate the land) and therefore it is not freely tradeable; and/or

c. The land is undeveloped and/or unoccupied for cultural, spiritual or practical reasons.

The reason why Māori Freehold Land remains unoccupied is due to a number of factors which may include:

a. The nature of land ownership (for example, the land is owned by multiple owners, many of whom do not live near the land); and/or

b. The land has some special significance which makes it undesirable to develop or reside on; and/or

c. The land is isolated, difficult to access and marginal in quality.

In compliance with the Local Government Act 2002 and in recognition that the nature of Māori Freehold Land is different from General Land, the Council has formulated this Policy on the Remission and Postponement of Rates on Māori Freehold Land.

The Council only remits rates on Māori freehold land, it does not allow postponements.

As at the time of adopting this policy (14 December 2017) there are a small number of applicable properties within the Nelson City Council boundaries. It is anticipated that several more might meet the criteria in the future, through the Treaty Settlement process. This assessment is based on the Māori Land Court register, Council rating information and Council's GIS (Geographic Information System) records.

OBJECTIVES

To recognise that Māori Freehold Land may have particular conditions, ownership structures or other circumstances that make it appropriate to remit rates for defined periods of time.

To recognise situations where there is no occupier or no economic or financial benefit being derived from the land.

To recognise situations where land has been set aside for cultural or natural heritage reason and no income is derived from the land.

To avoid further alienation of Māori Freehold Land as result of pressures that may be brought by the imposition of rates on unoccupied land.

To recognise matters relating to the physical inaccessibility of land.

To provide the ability to grant remission for portions of land that is not occupied.

To support the traditional relationship of kaitiakitanga (guardianship) to the land including the use of the land by the owners for traditional purposes.

To support any wish of the owners to develop the land for economic or other purposes by removing the rates burden while they plan for this development.

CONDITIONS AND CRITERIA

Council will maintain a 'Maori Freehold Land Rates Relief Register' for the purpose of recording properties on which it has agreed to remit rates pursuant to this Policy. The Register will comprise the following list, being:

a) The 'Māori Land General Remissions List', used to achieve the above objectives.

Council will upon application and approval of remission add properties to the register. Rating relief, and the extent thereof, is at the sole discretion of Council and may be cancelled and reduced at any time.

Council will review the Register annually and may:

a) Add properties that comply, and

b) Remove properties where the circumstances have changed and they no longer comply.

The Council will consider remitting rates on Māori Freehold Land if the following criteria are met:

a) The land is Māori Freehold Land as defined by section 5 of the Local Government (Rating) Act 2002.

b) The land is multiply-owned and unoccupied Māori freehold land that does not produce any income and there is no economic or financial benefit derived from the land, or only a small portion of the land is occupied.

c) An application for a remission of rates has been made in writing annually, except where a remission has been granted for a longer period or when staff recognise that a property is unoccupied or uneconomic to use. Staff may initiate the application for remission of rates so that arrears are not overstated in the Council's records.

The remission for land recorded in the Maori Land General Remissions List will be 100% of any rates except targeted rates made for water supply, sewage disposal or refuse collection.

Any approved remission will generally be for a period of one year, but may be considered for up to three consecutive rating years. Where the Council is considering a remission of rates for past rating years, the three year maximum period of remission may be exceeded at the Council's discretion.

Applications for the remission of rates for Māori Freehold Land will be approved by Council officers according to the Council's delegations register.

PROCEDURE

A request for rates remission by the owners, their agent or the person(s) proposing to use the land must include:

a) Details of the land

b) Documentation that shows the ownership of the land, and

c) Reasons why remission is sought.

RATES POSTPONEMENT POLICY

OBJECTIVE

The objective of the postponement policy is to enable Council to provide older ratepayers with more options and flexibility. It lets older ratepayers decide how best to manage their finances and also gives older ratepayers the opportunity to stay in their houses for longer.

CONDITIONS AND CRITERIA

- The ratepayer must be over the age of 65 (or over the age of 60 if on a benefit)
- The property must be insured
- The postponed rates must not exceed 80 per cent of the available equity in the property. The available equity is the difference between the Council's valuation of the property (the capital value at the most recent revaluation) and the value of any encumbrances against the property, including mortgages or loans.
- The property must be the prime residence of the ratepayer and owner occupied.

PROCEDURE

Applications must be made on the prescribed form which can be found via Council's Customer Service Centre or on the website www.nelson.govt.nz

There is an initial application fee of $100. Applications must include detailed information explaining how they meet the conditions and criteria under this policy. This must include a statutory declaration for the first year of the ratepayer's property insurance and the value of encumbrances against the property, including mortgages and loans.

Note that, for the rates to continue to be postponed, the Council will require evidence each year thereafter, by way of statutory declaration, of the ratepayer's property insurance and the value of encumbrances against the property, including mortgages and loans.

Decisions on applications under this policy will be made by the Group Manager, Corporate Services.

OTHER MATTERS

The applicant may choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy. There is no income testing.

Repayment of the postponed rates will be required at the earlier of:

- Sale of the property, or
- Death of the ratepayer (or surviving ratepayer where there is a couple).

Interest will be charged on the postponed rates six monthly at Council's marginal rate (the current cost to Council of borrowing the required funds) plus 1% for administration and 0.25% to a risk reserve.

Council recommends that ratepayers considering postponing their rates seek independent advice from a financial adviser on the financial impacts and appropriateness of postponing their rates.

COUNCIL CONTROLLED ORGANISATIONS

This section summarises Council's involvement in Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) as well as Council's involvement in Port Nelson, a port company. CCOs are set up to deliver public benefit for the city in a financially prudent manner. Often this requires particular expertise which does not sit within Council. CCTOs are set up with the primary objective of returning a profit as well as delivering agreed strategic outcomes for the city.

This section lists the objectives for each organisation, the nature and scope of activities they provide and key measures by which performance is judged. More information can be found in Council's annual reports which summarise the annual results for each of these organisations, measured against the targets set in their respective statements of intent.

Full details for each organisation can be found in their current statements of intent and annual reports.

- Port Nelson Ltd (50% with Tasman District Council) (Port Company)
- Nelmac Ltd (CCTO)
- Nelson Airport Ltd (50% with Tasman District Council) (CCTO)
- Nelson Regional Development Agency (CCO)
- Tasman Bays Heritage Trust (Nelson Provincial Museum) (50% with Tasman District Council) (CCO)
- Bishop Suter Trust (CCO)
- City of Nelson Civic Trust (CCO)
- Tasman Regional Sports Trust (CCO)
- Nelson Municipal Band Trust (CCO)

Unless otherwise stated, these measures and targets are from the 2017/18 Statements of Intent. The activities and performance indicators outlined below for each organisation are indicative measures and detailed information can be found in their latest statements of intent.

PORT NELSON LTD

Structure	Objectives	Activities	Performance Indicators	Targets
Port Nelson is jointly owned by Nelson City and Tasman District Councils. The councils each appoint one director and the remaining four directors are jointly appointed.	To provide port services for the region including the provision of berths, leasing of land and the warehousing and storage of goods.	Marine services Berths to accommodate vessels at the Port Wharves, plant and other services to facilitate the discharge and loading of vessels Container terminal handling services Cargo logistics including warehousing and storage of goods Vessel slipping services	**People** • Lost time injury frequency rate	<1.5
			Customers • Cargo throughput (cargo tonnes)	3.2m
			Performance • Shareholder funds to total assets[2]	65%
			Environment and community • Compliance with all resource consent conditions	100%

NELMAC LTD

Structure	Objectives	Activities	Performance Measures	Targets
Nelmac is 100% owned by Nelson City Council and all directors are Council appointed.	To provide the city with high quality management, maintenance and construction of its natural and built environment. This includes managing facilities, parks, reserves and sports fields and infrastructure such as water and waste.	Consultancy/ planning and design Water treatment Manage greenspaces, waste, facilities Ecological restoration and management	**Equity ratio** • Financial risk limited by maintaining a ratio of Shareholder Funds to Total Assets.	55-65%
			Quality of service • Achieve compliance with NCC contract key performance measures for the year ending 30 June, to be monitored monthly	100%
			Staff • Staff health and safety: actively promote health & safety in the workforce	Workday losses to accidents <1%
			Work on NCC assets • In order to meet the requirement for increasing dividends it will be necessary for the company to expand its Non-NCC work portfolio. It is important to note that such expansion will not be to the detriment of the work provided to NCC. Any significant acquisitions, changes to lines of business or geographic location will be referred to the shareholder before a final decision is made.	Forecast Ratio of approximately 60:40 NCC/ Other

2 Shareholder funds comprises the issued and paid up capital together with retained earnings, the asset revaluation reserve and other reserves.

Total assets represent all assets of the company determined in accordance with the accounting policies as set out in this Statement of Corporate Intent

NELSON AIRPORT LTD

Structure	Objectives	Activities	Performance Indicators	Targets
Nelson Airport is a regional airport jointly owned by Nelson City and Tasman District Councils. The councils each appoint one director and the remaining three directors are jointly appointed.	To operate a successful airport business that meets the needs of the Nelson Tasman region.	Manage and operate the Airport, including managing aviation security Manage commercial non-aeronautical agreements and relationships at the Airport Terminal redevelopment	**Aeronautical** Deliver an aeronautical business development plan which underpins existing capacity, develops new opportunities for growth and supports "fly direct" connectivity • Forecast passengers per annum	1,073,000
			Commercial Actively manage commercial agreements and relationships to ensure non-aero stakeholders thrive at Nelson Airport. • Non-aeronautical revenue	>$4.7m
			Operations Proactively manage clean, safe, secure and friendly facilities services and infrastructure • Implement improved airfield inspection programmes, wildlife management techniques and FOD (foreign object debris) management	No findings in CAA Audits

NELSON REGIONAL DEVELOPMENT AGENCY LTD (NRDA)

Structure	Objectives	Activities	Performance Indicators	Targets
The NRDA is 100% owned by Nelson City Council and all directors are Council appointed.	To enhance the sustainable economic vitality of the Nelson region.	Attract investment into the region Promote the Regional Identity Business development and support Manage operation of i-SITE Administer the Events Fund	**Regional Business Partner Programme** • Ensure the delivery of the Regional Business Partner Programme with the aim of attracting $1 million in Central Government support and a customer satisfaction Net promoter score of +50.	Attract $1 million in Central Government support and a customer satisfaction Net promoter score of +50
			Domestic consumer marketing programme • Number of business partner contribution commitments to delivery of programmes.	25
			Financially sustainable organisation • The NRDA delivers a balanced budget on the Shareholder investment of $1.37 million adjustment base funding	Balanced budget

TASMAN BAYS HERITAGE TRUST (NELSON PROVINCIAL MUSEUM)

Structure	Objectives	Activities	Performance Indicators	Targets
The Tasman Bays Heritage Trust is a charitable trust which is not owned by Council although Nelson City and Tasman District Councils appoint more than 50% of the board members. One other board member is iwi appointed.	To be the repository of material culture and to present regional history, natural history, mātauranga Māori and contemporary narratives through displays and events; by maintaining its collection and records; and providing lifelong learning opportunities to challenge, inform, and engage the wider community including manawhenua iwi, as well as visitors to the region.	Manage and operate the Museum Acquire, manage, interpret, preserve and make accessible the Museum's collection Promote understanding and appreciation of region's rich cultural heritage and environs. Manage the Trust's assets	To provide increased outreach and support for regional museums and cultural heritage organisations	Continue organising three regional hui for Nelson Tasman regional museums and galleries annually.
			Implement a strong and varied Visitor Experience programme	Improve on results of last year's audience engagement survey.

BISHOP SUTER TRUST

Structure	Objectives	Activities	Performance Indicators	Targets
The Suter is a charitable trust which is not owned by Council although Council appoints more than 50% of the board members. One other board member is iwi appointed.	To provide Nelson residents and visitors to the region access to the district cultural heritage and many forms of contemporary cultural expression	Manage and operate the Suter Promote the study, creation and appreciation of all forms of visual arts Acquire, manage, interpret and preserve the collection and taonga Develop and maintain partnerships	**Governance** Operate a successful visual arts centre and visitor destination	Provide an arts centre and visitor attraction: That is open 362 days of the year with a minimum of 110,000 visits to The Suter facilities.
			Visitor Experience Provide learning experiences for regional school students that support their NZ curriculum studies based on The Suter's programmes and resources	Target is 3,100 students from 25 schools

CITY OF NELSON CIVIC TRUST[3]

Structure	Objectives	Activities	Performance Indicators
The City of Nelson Civic Trust is an independent charitable organisation that exists to provide amenities for the enhancement of the City and the benefit of the community as a whole. The Trust was established in 1973. The Council appoints all the trustees and provides administrative support.	To provide an opportunity for people to contribute funds for the development of cultural, artistic and social amenities for the enjoyment of the people of Nelson City and its visitors and to ensure that historic landmarks can be preserved for future generations.	Manage and operate the Civic Trust Fund including all gifts, donations and bequests and allocations for projects	Council agreed in March 2017 to continue an exemption[4] for the City of Nelson Civic Trust, meaning it is exempt from reporting requirements. Therefore, targets for the Trust are not included in this Long Term Plan.

TASMAN REGIONAL SPORTS TRUST (SPORT TASMAN)

Structure	Objectives	Activities	Performance Indicators
Tasman Regional Sports Trust (TRST) is a charitable regional sports trust that serves the Top of the South Island.	TRST leads and advocates for sport and recreation across a wide range of activities and projects. The mission of the TRST is: To get more people, more active, more often. The TRST operates in Nelson, Tasman, Kaikoura, Marlborough and Buller and is controlled by all five councils.	Help to get people more physically active: • provide sport and recreation events • deliver a range of targeted community activity programmes Support the coaching and capability of the sport sector Manage and operate facilities such as Sports House	Council is planning to provide an exemption for the Tasman Regional Sports Trust, which would mean that it is exempt from reporting requirements. Therefore, targets for the TRST are not included in this Long Term Plan.

NELSON MUNICIPAL BAND TRUST[5]

Structure	Objectives	Activities	Performance Indicators
Nelson Municipal Band Trust is a charitable trust that serves the Nelson-Marlborough-Tasman region.	To manage a special trust fund for the benefit of the Nelson Municipal Band.	Makes grants to organisations (including schools or other charities) Public performances under contract to Nelson City Council for events such as Anzac Day, Christmas, and other civic occasions	Council agreed in October 2017 to approve an exemption[6] for the Nelson Municipal Band Trust, meaning it is exempt from reporting requirements. Therefore, targets for the Trust are not included in this Long Term Plan.

3 Although the City of Nelson Civic Trust is a Council Controlled Organisation, it is exempt from reporting requirements.

4 23 March 2017 – exempt for the purposes of s6(4)(i) of the Local Government Act 2002, in accordance with s7(3) and s7(6) of the Act and after considering the matters in s7(5) of the Act.

5 Although the Nelson Municipal Band Trust is a Council Controlled Organisation, it is exempt from reporting requirements.

6 26 October 2017 – exempt for the purposes of s6(4)(i) of the Local Government Act 2002, in accordance with s7(3) and s7(6) of the Act and after considering the matters in s7(5) of the Act.

VARIANCE FROM WASTE MANAGEMENT AND MINIMISATION PLAN AND WATER AND SANITARY SERVICES ASSESSMENT

A Long Term Plan must identify and explain any significant variation between the Long Term Plan and the assessment of water and other sanitary services and the waste management and minimisation plan adopted under s43 of the Waste Minimisation Act 2008.

These statements are set out below:

WATER AND SANITARY SERVICES ASSESSMENT

Council carried out a Water and Sanitary Services Assessment (WSSA) in 2005 in accordance with section 125 of the Local Government Act 2002. A summary of findings was included in the 2009-19 Nelson Community Plan, as was required of Long Term Council Community Plans at that time. The assessment has been used to inform asset management plans and long term planning documents since.

Under this assessment, there is no significant variation between the 2005 assessment and the Long Term Plan 2018-28. However, Council would update the WSSA in the first three years of this Long Term Plan when the future of the Waimea Dam and or the requirements for freedom camping in Nelson City become clearer. The main change in the 2018 Long Term Plan is the stronger response to inflows and infiltration into the wastewater network, in recognition of the importance of this work to protect public health and the environment. Staff have also considered anticipated demand for water and waste water services over the next ten years, but it is not expected that such changes would introduce any significant variation.

WASTE MANAGEMENT AND MINIMISATION PLAN

As a Territorial Authority, Council is required under the Waste Minimisation Act 2008 (WMA) to adopt a Waste Management and Minimisation Plan (WMMP). A WMMP is a strategic policy document that sets out Council's objectives, policies and methods for promoting effective and efficient waste management and minimisation in the City.

Section 45 of the WMA provides for the development of a joint WMMP by two or more territorial authorities and the Nelson City and Tasman District Councils elected to use this provision of the Act to develop a joint Waste Assessment under the WMA and to develop a joint WMMP. This joint WMMP was consulted on between December 2011 and January 2012, and a final WMMP adopted in April 2012.

The joint WMMP was being reviewed by both Councils at the same time as this Long Term Plan was prepared. It is anticipated that a final joint WMMP will be adopted by the two councils in late 2018. As the review is proceeding on the basis of amending the 2012 JWMMP, we would anticipate no significant variation to report.

APPENDICES

INFRASTRUCTURE STRATEGY

EXECUTIVE SUMMARY

PURPOSE AND SCOPE OF THE STRATEGY

This strategy identifies critical challenges for our transport, water supply, wastewater and stormwater and flood protection assets over the next 30 years, and the options for responding to them.

The four infrastructure objectives to which these challenges relate are to:

- increase resilience to natural hazards
- maintain and renew existing assets
- provide infrastructure to enable growth and development
- maintain or improve environmental outcomes.

Affordability and the implications of technological advances are considered throughout the strategy.

The issues and options identified in this strategy will be further developed in a strategic plan to be completed in 2018/19, as well as through the work programmes outlined in the 2018-28 asset management plans.

INFRASTRUCTURE OBJECTIVE 1: INCREASE RESILIENCE TO NATURAL HAZARDS

Our key natural hazards are:

- earthquake risk
- sea level rise
- intense rainfall events
- land instability.

Climate change is likely to increase the impacts of coastal hazards and heavy rainfall events on our infrastructure, particularly in relation to:

- road closures
- the capacity of the piped stormwater system and rivers to contain flood waters
- rates of surface inflow and groundwater infiltration to the wastewater network
- the long term viability of the Nelson wastewater treatment plant, which is low lying and located in the coastal environment.

INFRASTRUCTURE OBJECTIVE 2: MAINTAIN AND RENEW EXISTING ASSETS

We need to consider how we prioritise maintenance and renewal of our existing assets, taking into account critical assets and the implications of their failure.

Specific infrastructure challenges include:

- sufficient funding for renewal of the transport network
- demands on the Water Treatment Plant from increasingly using water from the Maitai Dam
- accidental discharges from the wastewater rising main into the Nelson Haven
- maintain appropriate funding to renew the ageing water and wastewater network

INFRASTRUCTURE OBJECTIVE 3: PROVIDE INFRASTRUCTURE TO ENABLE GROWTH AND DEVELOPMENT

The strategy considers how we will provide and pay for infrastructure to enable growth.

To support the growing city, Nelson needs infrastructure able to readily adapt to changes in demand.

The transport network needs to be safe, enable economic development and allow residents to travel efficiently day to day. Unfortunately increasing congestion due to limitations in the network is constraining growth, increasing travel times, limiting multi-modal options and causing safety concerns.

Increasing population and commercial/industrial development coupled with seasonal droughts are significant issues for the water supply activity. The wastewater network has quite good capacity for increased dry weather flows into the future but suffers from high levels of inflow and infiltration in wet weather. These flows will act to constrain growth as overflows from the network become increasingly unacceptable to the community.

INFRASTRUCTURE OBJECTIVE 4: MAINTAIN OR IMPROVE ENVIRONMENTAL OUTCOMES

The key focus is to minimise negative effects on environmental outcomes and as much as possible support initiatives and solutions to improve water quality in all waterways and in the coastal and marine environment.

PROPOSED APPROACH TO ADDRESS CHALLENGES

Options for addressing these infrastructure challenges are discussed in section 3 of the strategy.

The proposed approach for transport includes:

- planning a works schedule to increase the level of transport renewals with a focus on those activities that also improve the network's resilience to natural hazards
- implementing projects that enable growth and improve travel time reliability on key journey routes
- investing in initiatives that provide and promote transport choice
- integration of the local network with any transport solutions flowing from the Nelson Southern Link Investigation
- adopting new technology where it helps us solve issues or meet objectives

The proposed approach for water supply network includes:

- renewal of older pipes and pressure reduction strategies to help reduce losses from the network
- aerating the Maitai Dam to improve water quality prior to its discharge to the Maitai River
- investigating a primary clarifier at the Water Treatment Plant to enable more reliance on water from the Maitai Dam, increasing resilience to droughts and enhancing flow levels in the Maitai River
- replacing cast-iron pipes in areas of the city where the existing pipes are discolouring residents' drinking water
- identifying risks to the water supply network from significant flooding and earthquakes, and carrying out protection works to reduce impacts as well as investing in insurance to assist with recovery
- replacing the existing water meters with new manual read meters to continue the benefits of efficient water use arising from user pays

The proposed approach for the wastewater network includes:

- reducing stormwater inflow to the wastewater pipes
- containing more wet weather flows within the wastewater system by either constructing several detention tanks or upgrading wastewater pipes and pump stations
- increasing inspections of the Nelson Haven wastewater pipeline to fix leaks, and considering early replacement of the pipeline
- investigating long term options for managing natural hazard risks affecting the Nelson wastewater treatment plant (as part of the resource consent process)
- identifying risks to the wastewater network from significant flooding and earthquakes, and carrying out improvements to reduce impacts as well as investing in insurance to assist with recovery

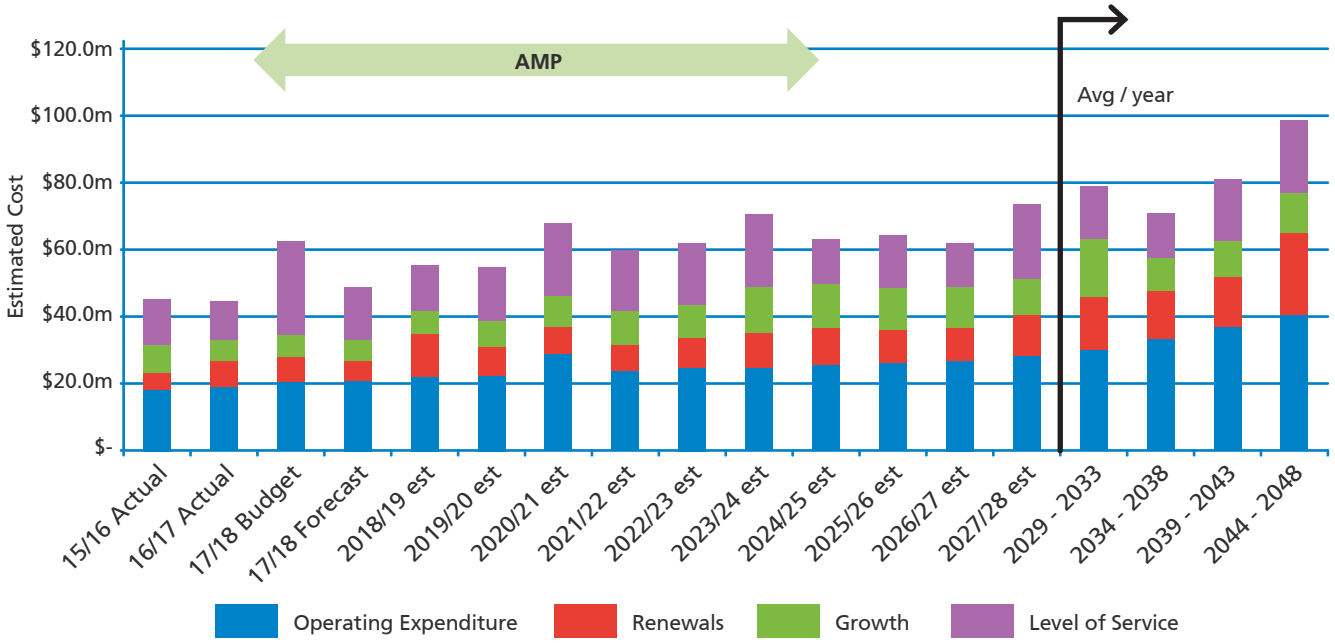
The proposed approach for stormwater and flood protection includes:

- focusing flood protection works on areas which have a high likelihood of being flooded and/or being seriously affected by flood events using a risk based approach
- providing adequate stormwater disposal solutions that protect property while maintaining environmental outcomes
- developing strategies for future stormwater services that maximise the use of public land
- developing a resilient stormwater network that is able to withstand moderate earthquakes with minimal damage

MOST LIKELY SCENARIO

Infrastructure costs for the next 30 years are shown in the graph below. These estimates are based on the preferred options outlined in this strategy and the work programmes included in the 2018-28 asset management plans.

INFRASTRUCTURE TOTAL



SUMMARY TABLE OF SIGNIFICANT PROJECTS AND PROGRAMMES

Activity	Project or Programme	CAPEX Cost Estimate	Estimated Timeframe	Issue Table Ref
Transport	Integration of the local network with transport solutions resulting from the Nelson Southern Link Investigation	$15M	2029-2031	T5
Wastewater	Atawhai Rising Main Renewal	$25M	2024-2031	WW2
Wastewater	Treatment Plant Renewals	$25M	2029+	n/a
Wastewater	Treatment Plant Protection	$25M	2043-48	WW3
Wastewater	Wet weather overflow mitigation programme	$25M	2018+	WW1
Water	Primary Clarifier	$25M	2023-2030	WS3
Water	Water Pipe Renewal Programme	$95M	2018+	WS1/4
Stormwater	Extend Piped and Open Channel Network	$120M	2029+	SW2
Flood Protection	Urban Streams Flood Management and Enhancement Programme	$100M	2029+	SW1

CONTENTS

INTRODUCTION

SCOPE

To be successful we need to have a constant focus on the things that are the most important for us to do to support the wellbeing of Nelson's people, economy and environment. That's why this strategy doesn't cover all of our infrastructure services. It identifies the most critical challenges coming up in the next 30 years for our core services, what they mean for Nelson, and what we need to do to respond to them. Affordability is an essential factor and is considered throughout this strategy and in the 2018 Financial Strategy.

The timeframe for this strategy is 30 years. That doesn't mean we can predict everything that's going to happen between now and 2048. In particular, the full of extent of climate change impacts on our infrastructure over the next 30 years will become clearer over time. In order to be resilient, as well as open to opportunities, we need to both plan for the future and be agile in our response to what actually happens over this time. Future uncertainty is a good reason to review and update this strategy every three years, as required by the Local Government Act 2002.

STRUCTURE

PART ONE provides the strategic direction for our infrastructure. It consists of the following sections.

SECTION 1 - STRATEGIC DIRECTION AND OUTLOOK

This section outlines the strategic vision, priorities and key planning document.

The strategic outlook includes likely population changes, the effect of automation and technology on our economy, the increasing impacts of climate change, legislative changes and regional opportunities.

SECTION 2 - SIGNIFICANT CHALLENGES AND OPPORTUNITIES FOR INFRASTRUCTURE

Nelson's challenges and opportunities in relation to our four strategic infrastructure objectives are discussed in more detail, including the specific implications for the transport, water supply, wastewater and stormwater networks.

SECTION 3 - SIGNIFICANT DECISIONS FOR CORE INFRASTRUCTURE

The tables in this section identify the preferred options for addressing each of our significant challenges, and are grouped under each asset type (transport, water supply, wastewater and stormwater). The preferred options inform the 'most likely scenario' that follows.

SECTION 4 - MOST LIKELY SCENARIO

This section shows the 30 year budgets for infrastructure services. More detail about individual projects is available in the 2018 asset management plans.

The financial estimates are shown by year for the first 10 years, then as average per year in 5 year increments for years 11-30.

PART TWO outlines the key assumptions and risks relating to our infrastructure assets.

INFRASTRUCTURE OBJECTIVES

Our strategic infrastructure objectives are to:

- increase resilience to natural hazards
- maintain and renew existing assets
- provide infrastructure to enable growth and development
- maintain or improve environmental outcomes.

NATURAL HAZARDS AND RESILIENCE

Much of our local infrastructure is built across or close to fault lines and the coastal environment, and is exposed to natural hazard risks. Flooding and coastal inundation in some low lying parts of the central city also affects the functioning of our infrastructure, and infrastructure servicing some of the flat land at Tahunanui (and the airport and port) is subject to liquefaction risks.

We are comprehensively assessing the impact of hazards (including flooding, sea level rise and liquefaction) on infrastructure, particularly as Council receives updated information in relation to these hazards. Failing to respond to natural hazards risks would lead to poor infrastructure investment decisions with significant financial and environmental implications for the community in the future.

Over the next ten years we will work with our communities to understand, prepare for and respond to climate change impacts.

EXISTING ASSETS AND LEVELS OF SERVICE

Ensuring assets are maintained and renewed in an appropriate manner is essential for meeting our levels of service. Given the age and expected life of our infrastructure assets, decisions will need to include a sound understanding of criticality (risk), condition, and

performance. Making effective decisions will require a balance between affordability and maintaining the agreed levels of service.

Cost-effective options to continue to deliver existing services are likely to involve the use of new technology and partnerships with others, including Tasman District Council and the New Zealand Transport Agency.

GROWTH IN DEMAND FOR INFRASTRUCTURE SERVICES

Providing enough new infrastructure at the right time is of critical importance to enabling economic growth and residential development. However, there are risks to manage related to over-investing in infrastructure, if growth does not occur when and where it is anticipated.

These issues need to be considered in conjunction with the likely growth in Richmond and the wider Tasman district.

The National Policy Statement on Urban Development Capacity (NPS-UDC) requires that Council provides sufficient infrastructure to serve projected urban growth with a 20% buffer over the next 30 years. The implications for the provision of infrastructure and proposed solutions are outlined in Section 2 of this strategy.

The Nelson Plan provisions relating to growth are relevant to the provision of new infrastructure to enable growth, and are summarised in Part Two.

THE WAIMEA DAM PROPOSAL

Nelson has three sources of raw water that supply the water treatment plant- The Roding River, The South Branch of the Maitai River and the reservoir formed by the dam on the North Branch of the Maitai River. In addition Tasman District Council supplies water to a small residential area adjacent to the Champion Road territorial boundary, two large industrial users and the Wakatu Industrial Estate.

Tasman District Council have acknowledged the over allocation of water from the various Waimea Plains aquifers and the challenges this presents to both irrigators and the Council municipal water supply.

The solution promoted by the Tasman District Council and irrigators is the construction of a detention dam on the Lee River behind Brightwater. The construction cost to be met by contributions from those who are in the zone of benefit from the dam. Tasman District Council have approached Nelson City Council for a contribution as a likely beneficiary of the augmentation of the Waimea Aquifer.

Without the proposed Waimea Dam the possibility exists that the Tasman District Council will cease to supply the area within the Nelson City Council territorial area and Nelson City Council will have to take up the demand.

A report by OPUS International Consultants Ltd showed that Nelson had sufficient water from current sources for the foreseeable future. However a benefit of the Waimea Dam, if it does go ahead, would be to future proof Nelson City Council's water supply, providing valuable access to a fourth water source during very dry summers. This would increase our resilience.

ENVIRONMENTAL OUTCOMES

The key environmental challenges and opportunities for our infrastructure relate to improving the quality of freshwater and coastal environments. Water supply, stormwater, wastewater, and transport infrastructure all have potential to affect water quality and aquatic biodiversity in Nelson.

The Council is committed to further assessing the implications of its infrastructure on the natural environment and embedding environmental outcomes in the decision making process. We take a whole of organisation approach to delivering on our environment priority, so some environmental outcomes are also delivered through infrastructure projects.

The National Policy Statement for Freshwater Management (NPSFM) requires the avoidance of further over-allocation of water and the phasing out of existing over-allocation. If there is an existing over-allocation issue this has potential implications for how much water the Council can take from the Maitai and Roding Rivers for the city's water supply in future. The Maitai water supply consent conditions are currently being finalised, and it may be that the long term volume abstracted needs to be reduced at critical periods. More reliance on water from the dam is likely in that future scenario, and additional water demand measures may also be required.

The Nelson Plan will also include revised rules for stormwater discharges to freshwater and coastal water, and treated wastewater discharges to coastal water. The rules related to wastewater overflows during heavy rainfall events are also likely to become more stringent, and require increased investment in the wastewater network.

The current resource consent for discharge via pump stations and the wastewater network already requires reduction in overflow events. The discharge of untreated wastewater from the wastewater network to land, freshwater and the coastal marine area requires nil dry weather discharge from any pump station by 2023; and reduction to a maximum of five wet weather overflow events from pump stations per 12 months by the date of expiry of the permit (2032).

Significant investment is proposed to reduce the risk of overflows of wastewater into streams and Tasman Bay during wet weather. Work to renew sections of the network found to be in poor condition began in 2017/18 and is proposed to continue over the next 10 years to tackle this problem.

More detail about the freshwater issues related to infrastructure and our proposed approach to meet these requirements is provided in Sections 2 and 3 of this strategy.

The Nelson Plan provisions relating to environmental outcomes are relevant to this topic, and are summarised at the end of Part Two.

INFLUENCING FACTORS

Affordability and technological advances influence all aspects of this strategy.

AFFORDABILITY

Affordability of service provision is a key factor when making decisions about infrastructure, and will be discussed throughout this strategy. The specific costs and the benefits of the options to address infrastructure issues are outlined in section 3 of this strategy (significant decisions).

Our goal is to meet required levels of service in the most cost effective manner, through management of assets for current and future generations. This is essential in order for the Council to meet its responsibilities, as outlined in section 10 of the Local Government Act.

The 2018 Financial Strategy:

- limits annual rate rises to the Local Government Cost Index plus 2%
- limits the debt to total revenue ratio to 150%

Ultimately, it is the role of the Mayor and Councillors to decide on rates and spending priorities following consideration of public feedback through the Long Term Plan consultation process. (The LTP consultation document proposes prioritising infrastructure spending over social projects and is seeking feedback from the public on this approach.)

This infrastructure strategy provides recommendations and highlights the risks and implications of the different options for addressing infrastructure issues. Ways in which the Council can influence the cost of services include prioritisation of projects, identification and use of cost effective, innovative solutions, user-pays pricing models and service level changes.

TECHNOLOGICAL ADVANCES

Technological advances are highly likely to affect how we manage our core infrastructure in future. Nelson's vision to be "the Smart Little City" and the mission "to leverage our resources to shape an exceptional place to live and work" is well aligned with adoption of technology to improve the functioning of the city, and to show we welcome innovation and are actively looking for new ways of doing things.

Ongoing learning will be necessary as we assess and adopt new options such as the use of robotics to maintain assets and make the most of advances in 'big data' to assist with modelling and updating of local climate change impacts and monitoring of the performance of our underground assets.

New technology for wastewater treatment could also be significant for Nelson considering the proximity of several key assets.

PART ONE - STRATEGIC CONTEXT

SECTION 1 - STRATEGIC DIRECTION AND OUTLOOK

STRATEGIC DIRECTION

Council has developed a vision and mission statement and decided on four overarching priorities for the ten year work programme. These will express the aspirations we have for our city, guide our decision making and help us better direct our resources.

VISION

NELSON IS THE SMART LITTLE CITY: WHAKATŪ TŌRIRE

Nelson is a vibrant place where we are deeply connected with, and committed to, our natural, social and cultural environment. Clever business and innovation help us thrive. We enjoy living fulfilled lives in smart, sustainable communities.

MISSION

We leverage our resources to shape an exceptional place to live, work and play.

KEY COMMUNITY OUTCOMES WHICH RELATE TO THIS INFRASTRUCTURE STRATEGY

- **Our unique natural environment is healthy and protected.**

Nelson is a place of stunning natural beauty and we treasure, protect and restore our special places, landscapes, native species and natural ecosystems. Our open spaces are valued for recreation and we welcome the many visitors who want to experience our extraordinary natural environment. We recognise the kaitiakitanga (guardianship) role of tangata whenua iwi.

- **Our communities are healthy, safe, inclusive and resilient.**

Nelson is a city of strong, and connected people and communities who live, work and play together. We support each other to build individual and community resilience. Our community works in partnership to understand, prepare for and respond to the impacts of natural hazards. We take pride in the warm welcome we give to our visitors and new arrivals and work together to see that our people are safe, and their diversity supported.

- **Our infrastructure is efficient, cost effective and meets current and future needs.**

Nelson City relies on its good quality, sustainable, affordable and resilient infrastructure network which supports a growing population and strong regional economy. The community is proud of the many active transport options available and the effective public transport system. We invest in waste water, storm water, solid waste and flood protection networks to keep our people safe and healthy, the environment protected and the economy flourishing.

- **Our urban and rural environments are people-friendly, well planned and sustainably managed.**

Nelson is a well-planned district with a carefully managed urban intensification and a clear urban/rural boundary. The buoyant city centre is celebrated for its distinctive boutique character. Our easy city to sea access provides locals and visitors with a world-class waterfront experience. We work with our partners to support the development of a range of affordable, healthy and energy-efficient housing in our residential areas. Good urban design and thoughtful planning create safe, accessible public spaces for people of all ages, abilities and interests.

- **Our region is supported by an innovative and sustainable economy**

Nelson is a business-friendly city and the commercial centre of Te Tau Ihu, the top of the South Island. Economic activity is sensitive to the environment, heritage and people of Nelson. We are skilled and adaptable and we see the benefits of high-value industries and businesses. We enjoy a range of employment, education and training opportunities and take pride in being a city where youth can live, learn and work. Innovation and achievement are recognised and celebrated by our community.

INFRASTRUCTURE IS ALSO ONE OF THE FOUR KEY PRIORITIES FOR THE NEXT 10 YEARS

INFRASTRUCTURE - KO NGĀ TŪĀPAPA

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

THE FOLLOWING STRATEGIC OBJECTIVES IN THE DRAFT NELSON PLAN ARE ALSO RELEVANT TO THIS INFRASTRUCTURE STRATEGY

City development:

- creates a vibrant and attractive city
- coordinates growth and infrastructure
- connects community
- adapts to hazards
- looks after our heritage.

Natural resources:

- clean and accessible water
- healthy coastal and marine areas
- enhanced natural areas and landscapes
- clean air.

KEY PLANNING DOCUMENTS

2018 LONG TERM PLAN

The Long Term Plan describes the projects and services Council intends to deliver in support of their community outcomes. The strategic priorities in the 2018 LTP are infrastructure, the environment, CBD development and to lift Council performance. The

Long Term Plan is informed by the asset management plans and both are aligned to support Nelson's community outcomes.

2018 ASSET MANAGEMENT PLANS

The asset management practices and 10 year work plans which support the objectives included in this strategy are outlined in each of the relevant asset management plans. Many of the issues noted in this strategy can be directly linked to work in the 10 years. There is a mix of capital expenditure in support of the solutions described in the issues tables as well as funding for investigations to better define and understand the issues faced. All can be found on Council's website.

- Transport Asset Management Plan
- Water Supply Asset Management Plan
- Wastewater Asset Management Plan
- Stormwater Asset Management Plan

2018 FINANCIAL STRATEGY

The Infrastructure Strategy works within the requirements of the Financial Strategy.

The Financial Strategy demonstrates how Council will:

- Provide for growth in its region and manage changes in land use.
- Ensure that the level of rates and borrowing are financially sustainable and are kept within pre-set limits.
- Be accountable for maintaining the assets that it owns on behalf of the community.
- Fund network infrastructure and maintain levels of service.
- Obtain pre-set returns on financial investments and equity securities.
- Give securities on borrowing.

In preparing the Long Term Plan and the Financial Strategy, Council considered the balance of:

- Service levels, the costs of these services and the money required to achieve those levels of service.
- Priorities for expenditure across all activities.
- Setting rates and charges across the full 10 year period of this Long Term Plan and how to minimise these while achieving the targeted levels of service.
- The level of debt that current and future ratepayers would need to fund.
- The level of growth that is expected in the next 20 years and beyond.

OTHER PLANNING DOCUMENTS WHICH INFLUENCE THE INFRASTRUCTURE STRATEGY

- The Nelson Resource Management Plan
- Draft Regional Policy Statement
- Draft Nelson Regional Land Transport Plan (2018 mid-term review)
- Draft provisions in the proposed Whakamahere Whakatu Nelson Plan

THE NELSON AREA

Nelson is a coastal city occupying the river valleys, low hills and plains inland of Nelson Haven and Waimea Estuary. The Nelson area sits between hills and the coastline bringing both opportunities and challenges.

Nelson's unique identity seeks to drive success for the region in the attraction and retention of talent, investment and visitors who want to add value. Nelson is well situated as a place of surprising diversity, humming with arts and artisans and a place where clever urban and rural businesses thrive, all set in stunning natural landscapes.

Nelson is continuing to grow and our challenge is to manage this growth sustainably. Councils are unique in having a specific democratic mandate for "place-shaping", ensuring our communities are attractive, prosperous and safe and that growth is channelled in a way that supports places where people want to live, work and do business.

We will be working closely with Tasman District Council to provide for the predicted growth in the Nelson and Richmond areas, and beyond. As a result of Central Government's new National Policy Statement on Urban Development Capacity, we will also be reporting more frequently on land supply and demand.

Anticipated development and our increasing population requires improved or new transport and water supply systems, stormwater, wastewater and other public amenities such as parks, libraries, and community centres. Meeting our infrastructure requirements will require a well thought out strategic plan that aligns with our Financial Strategy and meets the needs of our community. As a result of Central Government's new National Policy Statement on Urban Development Capacity, we will also be reporting more frequently on land supply and demand.

STRATEGIC OUTLOOK — WHAT'S LIKELY TO CHANGE OVER THE NEXT 30 YEARS

POPULATION, HOUSING AND ECONOMIC GROWTH

POPULATION GROWTH[1]

Between now and 2048 Nelson is likely to have:

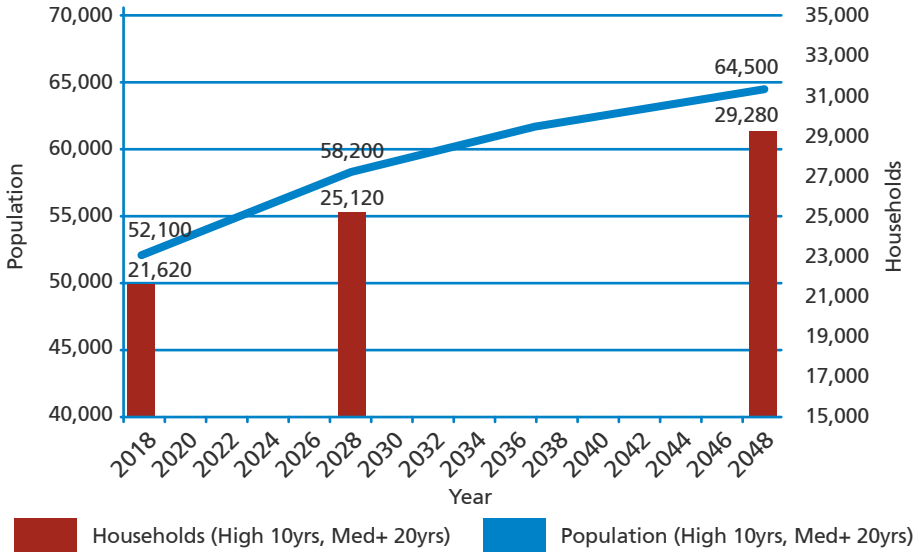
- 12,400 more residents
- 7,660 new households
- a population where 34% of people are aged 65 years and older, compared to 20% at the moment.

The increased number of older people living in Nelson means there are likely to be more one-person households and couple-without-children households. The Council also anticipates an additional 6% of housing will be required to meet demand for visitor/ non-resident accommodation, such as holiday homes.

Population projections (High for 10 years then medium plus adjusted net migration)

	2018	2028	2048
Population	52,100	58,200	64,500
Households	21,620	25,120	29,280
HH size	2.41	2.32	2.20

FIGURE 1: POPULATION AND HOUSEHOLD GROWTH 2018-2048



HOUSING GROWTH

The arrival of 12,400 more residents and the establishment of 7,660 new houses or apartments in Nelson has implications for infrastructure, particularly transport (more vehicles on the road) and the stormwater and wastewater networks (more water to manage, increasing pressure on existing capacity).

As the number of older people in the community increases, the affordability of rates could be a growing issue. However the Council's background paper 'Nelson's Ageing Population' notes (on page 3) that despite having lower incomes than younger age groups, older people generally have higher net worth and higher material and financial wellbeing. This could change over time, particularly as home ownership rates are declining in New Zealand.

The background paper states that most older people currently own their homes, and generally prefer to age in their own homes as long as possible, and prefer smaller properties than younger age groups.

Some people are still choosing to move to retirement villages later in life, and the retirement village sector is

1 Information in this section is sourced from 'Nelson Population and Household Projections: 2018–2048' (Document A1803950)

currently booming, with two large new villages being developed in Nelson/Richmond.

The increase in the percentage of older people will have an effect on the transport infrastructure that is available to them. Mobility declines with increasing age, reflecting the onset of physical or mental infirmity, affordability of travel for those on retirement incomes, and the often poor design of the transport infrastructure and operational arrangements not suiting the aged cohort.

NZTA research in 2012 showed public transport is expected to continue to be a minor mode for older people unless planning and public transport policy changes substantially, with the present reliance on the car, either as driver or passenger expected to continue. However, the absolute size of public and special transport activities will need to increase to cater for the greater older population, if only to keep pace with growth.

Most of Nelson's growth is predicted to be from migration as our city bucks the trend of declining growth in many areas around New Zealand, and our regional identity 'Extraordinary nelsontasman.nz' was designed to help attract visitors, investment, and talent to our region. Between 2006 and 2016 migration (both in and out of Nelson) has resulted in 450 additional people per year choosing to live in Nelson, and this is the basis for Council's population projections being calculated using the Statistics NZ medium growth projections plus a net migration of 450 people per year (rather than the 300 per year in the Statistics NZ projections).

ECONOMIC GROWTH

Although older people are becoming more active in the labour market, sustained labour shortages are expected as Nelson's workforce ages (Nelson's Ageing Population, page 3). Health care and social assistance is a significant area of employment growth, with the highest number of employees of any sector in Nelson.

The second largest type of employment is providing professional, scientific and technical services (2,710 people) followed by accommodation and food services (2,020) and transport, postal and warehousing (1,440).[2]

Of most significance to our infrastructure is the growth in commercial, industrial and residential development and tourism, which significantly increases demands on the transport system. While tourism increases congestion over summer, the increase of heavy vehicle traffic (all vehicles over 3.5 tonnes) has the most impact on transport asset life.

In the wider Nelson–Tasman region warmer temperatures, a longer growing season and fewer frosts could provide opportunities to grow new crops, as a result of climate change. However, these benefits may be limited by water shortages, as well as the negative effects of climate change such as prolonged drought or greater frequency and intensity of storms. Climate change could also affect the region's fishing and seafood industries, as a result of increasing ocean acidification.

The implications of automation are predicted to be far-reaching throughout the world. It could affect a wide range of existing jobs in Nelson over the next 30 years, including professional and manual work.

NATURAL HAZARDS AND THE EFFECTS OF CLIMATE CHANGE

Like all people living in the South Island and lower North Island, the Nelson community has a heightened awareness of the potential for strong earthquakes to affect our lives. There is a 30% likelihood of a major earthquake of 7.1 magnitude or greater on the Alpine Fault over the next 50 years.[3]

After our own intense rainfall events in December 2011 and April 2013, as well as news of severe flooding from around New Zealand, we know that significant rainfall events are increasing in both frequency and intensity as a result of climate change, affecting risks associated with floods and land instability.

The implications of climate change for Nelson include:

- **Coastal hazards**. There may be increased risk to coastal roads and infrastructure from coastal erosion and inundation, increased storminess and sea level rise.
- **Heavy rain**. The capacity of stormwater systems may be exceeded more frequently due to heavy rainfall events which could lead to surface flooding.

  River flooding can change the way stream channels are configured/protected and increase the need for alternative stormwater detention and management approaches.

  Urban hill country erosion events may also become more frequent, impacting on transport structures such as bridges and large culverts as well as failure of retaining walls from land slip events. The combination of wind and heavy rain causes tree fall events, blocking roads.

  More heavy rainfall events can also lead to a greater frequency of emergency overflows from wastewater

2 Employment data sourced from http://www.mbie.govt.nz/info-services/business/business-growth-agenda/regions/documents-image-library/2016-regional-reports/nelson-region.pdf

3 Page 124 of the draft Nelson Tasman Civil Defence Emergency Management Plan, September 2017.

pumping stations, and more inflow and infiltration of stormwater into the wastewater network. This puts a lot of pressure on the system and increases the likelihood of wastewater pollution events.

- **Drought**. By 2090 the time spent in drought ranges from minimal change through to more than double (compared to the climate experienced from 1986-2005). More frequent droughts are likely to lead to water shortages, increased demand for irrigation and increased risk of wildfires.
- **Disease**. There may be an increase in the occurrence of summer water-borne and food-borne diseases such as Salmonella. There may also be an increase in tropical diseases.
- **Biosecurity**. Climate change could increase the spread of pests and weeds. Warmer temperatures will make pests such as mosquitoes, blowflies, ants, wasps and jellyfish more prevalent in the region. There may also be a loss of habitat for native species.

Over the next 10 years the Council will work with the community to understand, prepare and respond to climate change impacts. The Council welcomes central government guidance, including the 'Coastal Hazards and Climate Change' guidance for local government published in December 2017. This outlines a ten step process for councils to follow in establishing a plan for adapting to coastal hazards and climate change.

STEP 1 - PREPARATION AND CONTEXT

Set up a multi-disciplinary team, recognising a wide set of expertise, skills and knowledge is needed; make connections with potentially affected communities; and establish (and resource) a work programme.

STEP 2 - HAZARD AND SEA-LEVEL RISE ASSESSMENTS

Identify the extent and magnitude of the hazards, including the effects of rising sea levels on coastal inundation and coastal erosion.

STEP 3 - VALUES AND OBJECTIVES

Identify what and where private property, businesses, local infrastructure and community spaces will potentially be affected by coastal hazards and sea-level rise, and the people who will be affected by these changes.

Use this information to develop objectives to guide the Council's decision making processes.

STEP 4 - VULNERABILITY AND RISK

Undertake two different assessments:

- how vulnerable people and assets are to being negatively affected by coastal hazards and sea level rise
- the level of risk (likelihood multiplied by the magnitude of the consequences).

STEP 5 - IDENTIFY OPTIONS AND PATHWAYS

Engage with the community to consider the options for adapting to the coastal hazards and sea level rise, including:

- accommodate
- protect
- retreat
- avoid.

STEP 6 - OPTION EVALUATION

Evaluate the options against criteria such as: flexibility, feasibility, ability to meet community values and provide co-benefits, value for money, and environmental impacts.

STEP 7 - ADAPTIVE PLANNING STRATEGY (WITH TRIGGERS)

Agree on triggers to be monitored, which will provide early signals that a change in approach is required. Examples of coastal signals that can be useful early alerts include:

- increasing frequency of clearing stormwater drainage systems
- measurement of saltwater in groundwater systems
- increasing cost and/or complexity of maintaining pumping systems
- the number of damaging or disruptive floods in the central business district over a specific time period.

STEP 8 - IMPLEMENTATION PLAN

Prepare a plan which sets out the agreed approach, and the trigger points at which new decisions will be required.

Reflect this in all relevant council plans and strategies, including resource management plans, asset management plans and the long term plan (which will need to identify how implementation of the plan will be financed).

STEP 9 - MONITORING

Develop new monitoring systems (at a regional rather than a district level) which focus on the impacts on coastal areas. Monitoring of the effectiveness of the climate change adaptation plan will also be required.

STEP 10 - REVIEW AND ADJUST

Regularly review the plan to reflect both changing risk levels and any new tools for managing hazard risk.

LEGISLATIVE CHANGES

TANGATA WHENUA PARTICIPATION

We recognise that we need to build capacity and capability to have effective and meaningful partnerships with Te Tau Ihu iwi. We are committed to:

- building effective, lasting, and genuine partnerships with all eight Te Tau Ihu iwi at both operational and governance levels
- supporting iwi and Māori to participate in local government
- delivering Council functions in a way that acknowledges the mana of Te Tau Ihu iwi
- enabling iwi aspirations, particularly for development following Treaty settlements.

The most recent changes to the Resource Management Act, via the Resource Legislation Amendment Act 2017, have formalised iwi participation in plan making processes. They include provision for Whakahono a Rohe (participation agreements between a council and iwi), which can be formed at the invitation of either NCC or iwi.

The Council established an iwi working group in 2015 to provide a forum for partnership working with the eight iwi o Te Tau Ihu through the development of the proposed Whakamahere Whakatu Nelson Plan, including the new freshwater management framework.

Statutory acknowledgements for the Maitai River and the Nelson coastal marine area are now in place for eight iwi, as a result of Treaty settlements in the Nelson area. Tangata whenua values related to abstraction from the Maitai River for the city's water supply, as well as treated and untreated wastewater discharges and stormwater discharges to coastal waters, will be given consideration in consent processes. Conditions might involve a requirement to ensure the minimum flow (the water level at which no water can be taken out of the river) provides for cultural values and mahinga kai.

The Treaty settlements also provide for the establishment of a Freshwater Advisory Group, which is likely to have a role in freshwater management across the Top of the South Island. The terms of reference for the Nelson Plan Iwi Working Group acknowledges that freshwater will be discussed in that forum until such time as an advisory group is established.

The Nelson Plan Iwi Working Group recently resolved to seek advice from the National Iwi Leaders Group and advisers. This group is likely to become increasingly better informed over time and to have aspirations aligned with New Zealand-wide aspirations relating to water management.

PUBLIC HEALTH RISKS

Contamination of water supplies is also an issue at the top of people's minds after recent issues in Havelock North and Dunedin. A specific outcome of the drinking water inquiry is likely to be a requirement for treatment of uncontrolled water sources. This is not significant for Nelson's urban water supply, as the water is already chlorinated at the treatment plant.

In Nelson there are two registered rural community supplies at Hira and Glenwood (serving residents in Lud Valley with the water sourced from the Teal River), and these are not owned or managed by the Council. Consents for community supplies at Unique Creek, Cable Bay Road and the Maitai should also be registered, and this is being progressed by the District Health Board. The Ministry of Health may require further actions by the owners of the Glenwood supply system (as the water supply authority) to ensure the safety of this water supply in future.

Of more potential significance to the Council is the consequent Government review on how to improve the management of drinking water, stormwater and wastewater to better support New Zealand's prosperity, health, safety and environment.

Given the national interests in water supplies throughout New Zealand, there is some uncertainty about whether water supply activities will remain as a local authority function in future. One of the outcomes of the Inquiry might be a transition to a more region-wide or nationwide approach to water supply, establishing organisations with a sole focus on delivery of these services. Any changes to New Zealand's approach to managing water supply services are likely to be signalled in 2018.

REGIONAL OPPORTUNITIES

We work with our closest neighbour, Tasman District Council, on regional issues and shared services. Collaboration between the two councils benefits the wider region and results in better, more efficient, and affordable services. These are described in more detail in the Long Term Plan.

Combined services and planning with Tasman District Council currently include:

- shared services (Bell Island Wastewater Treatment Plant, and Tasman supply of water to residents and industries on the Richmond/Nelson border)
- funding from Tasman District Council which contributes to the Nbus and total mobility services managed by Nelson City Council
- a combined approach to growth and infrastructure planning for the Nelson urban area and Richmond, and creation of a future development strategy
- a memorandum of understanding for shared infrastructure at the boundary between Nelson and Richmond
- connecting cycleways to ensure contiguous and safe routes

The top of the south councils (Tasman, Marlborough and Nelson) developed a combined Regional Land Transport Plan. This provides a consistent approach to the context, issues and objectives for the wider region, and agreement on the highest priority projects, in terms of what is best for the top of the south as a whole.

Further co-operation is anticipated in future, and over the next 30 years there is a reasonable likelihood that amalgamation between Nelson and Tasman councils will receive serious consideration.

SECTION 2 - SIGNIFICANT CHALLENGES AND OPPORTUNITIES FOR INFRASTRUCTURE

INTRODUCTION

The Local Government Act 2002 requires the Council to consider the following factors in this infrastructure strategy:

- resilience to natural hazards risks and making appropriate financial provision for those risks
- renewal or replacement of existing assets, and any proposed increases or decreases in levels of service to be provided by those assets
- growth or decline in the demand for services provided by infrastructure assets
- how to maintain or improve public health and environmental outcomes.

These requirements are the basis for the strategic infrastructure objectives that follow. As outlined in the previous section, public health risks are not a significant issue for our water supply infrastructure, so this is not discussed further.

The influencing factors of affordability and technology are also discussed, in terms of constraints and opportunities.

INFRASTRUCTURE OBJECTIVE 1: INCREASE RESILIENCE TO NATURAL HAZARDS

A) THE CHALLENGES AND OPPORTUNITIES

KEY CHALLENGES

We need to manage our exposure and our vulnerability to:

- earthquake risk
- sea level rise
- intense rainfall events
- land instability.

KEY OPPORTUNITIES

The following advances provide opportunities for meeting our objectives.

- New technology allows us to more accurately model the effects of climate change predictions in flood modelling.
- New building techniques and materials are likely to assist with adaptation to climate change over the next 30 years.
- More real time data allows for quicker responses to network failures following natural hazard events, and more sharing of information with customers.
- New guidance and standards are available on strengthening the foundations of new buildings and structures in liquefaction prone areas following the Christchurch earthquakes.
- More public awareness and understanding of the effects of climate change will make more constructive community discussions about adaptation possible in future.
- The Government published guidance for local government on coastal hazards and climate change

in December 2017 (as outlined in the previous section of this strategy).

- The Ministry for the Environment is also developing national guidance on managing the risks of significant natural hazards. This may provide nationally consistent guidance on applying a risk-based approach to natural hazards.

B) AFFORDABILITY FACTORS

Opportunities to reduce costs associated with natural hazards include:

- Carrying out proactive infrastructure protection works and a recent change to a more cost effective type of insurance for Council assets than the Local Authority insurance scheme focused on underground assets (LAPP). Claims from the Christchurch Earthquake led to the need to re-finance the scheme and a number of local authorities have opted to insure these assets through more mainstream insurance providers
- a risk based approach to flood protection, rather than a uniform approach across the city
- regulatory measures designed to avoid private development in or adjacent to hazard areas.

C) WHAT THIS MEANS FOR US

Our water-related natural hazards risks relate to Nelson's coastal location, land forms and soil types. Substantial parts of the central city area are built on land reclaimed from the sea and historical foreshore, which increases our exposure to flood risks. Because of the close proximity of the Nelson foothills and commercial and residential development on the flood plains and in riparian margins, the stream and river catchments are relatively short, narrow and steep, leading to rapid stormwater runoff and flash flooding in higher intensity rain events.

Nelson also has several active fault lines, which are part of the larger Waimea-Flaxmore Fault system. Although it's less likely during the next 30 years than an Alpine Fault earthquake, if an earthquake does occur along these local fault lines, there is potential for rupture of the land surface. The highest levels of earthquake shaking are also likely to occur near the fault lines. In addition, liquefaction-prone land has been identified in the Tahunanui area.

ALPINE FAULT SYSTEM

The Nelson Tasman Civil Defence Emergency Management (CDEM) Plan states the probability of the alpine fault rupturing in the next 50 years is in the order of 30%. It has a 300 year recurrence rate, and the last one occurred in 1717 (from page 124 of the CDEM Plan 2017).

The Alpine Fault and Marlborough Fault system have accumulated enough strain for rupture to occur along a significant length close to or within the Nelson Tasman region. Such a rupture is capable of generating a major earthquake with a magnitude of 7.1 or greater. Ground shaking intensities of MMVIII are predicted for the Nelson Richmond urban area.

MMVIII refers to the 'modified mercalli intensity scale'. MMVIII intensity relates to severe shaking which causes slight damage in specially designed structures; and considerable damage in ordinary substantial buildings with partial collapse. Damage is great in poorly built structures. Fall of chimneys, factory stacks, columns, monuments and walls can occur, and heavy furniture may be overturned.[4]

WAIMEA FLAXMORE FAULT SYSTEM

Page 126 of the CDEM Plan 2017 states the Waimea Flaxmore fault has a 6,000 year recurrence rate, and has ruptured at least three times over the past 20,000 years.

Rupture on the Waimea Flaxmore Fault system is estimated to result in an earthquake of magnitude 6.5 to 7.4. Severe ground shaking would result near the epicentre, potentially as high as MMIX, though a lesser level of ground shaking is more likely should only part of the fault rupture during an earthquake event."

MMIX refers to the 'modified mercalli intensity scale'. MMIX intensity relates to violent shaking where damage is considerable even in specially designed structures — well-designed frame structures will be thrown out of plumb. Damage will be great in substantial buildings, with partial collapse, and buildings will be shifted off foundations.[5]

"Reactivation of existing landslides as well as occurrence of new ones can be expected from earthquakes originating on the Waimea Flaxmore Fault System."

WATER-RELATED HAZARDS

While earthquake events have the potential to have the greatest impact, they are geological and therefore will occur according to their own timetable. In contrast, we know the water-related hazard events will occur the most frequently, and will intensify over time in response to climate change.

A key longer term question is whether it is a good use of public money to maintain or enhance the functioning of infrastructure in its current location, and in what areas does it make better sense to reduce

4, 5 Information sourced from https://earthquake.usgs.gov/learn/topics/mercalli.php

or remove services in areas where climate change will increase water-related hazards over time?

The planning and decision making process outlined in 'Coastal Hazards and Climate Change' (published in December 2017) recognises that the best options for adaptation (accommodate, protect, retreat or avoid) are likely to change over time. Triggers will need to be established and monitored, to enable a flexible decision making process to occur over time, as the impacts of climate change increase.

Most services follow city development, so in the case of new development a decision will be needed about its location before we consider the services to support that development.

A longer term approach to significant natural hazard risks will be considered in future updates of the infrastructure strategy, following the completion of the proposed Whakamahere Whakatu Nelson Plan and any additional guidance from the Ministry for the Environment.

This longer term planning will need to include consideration of the road between Tahunanui, the Port and Gentle Annie and how it may be impacted by sea level rise. This is a NZTA-owned state highway but there are many Council-owned assets within the state highway corridor and local roads coming off it. We will need to know what our future plan is for 20-30 years' time.

The Gloucester Street area is already subject to tidal influenced flooding that will impact a large portion of the CBD by 2100. There is a combined stormwater and transport budget to investigate options for responding to the effects of climate change on the stormwater and transport systems in this particular area, and the wider impact of sea level rise is relevant to growth planning decisions in the Nelson Plan.

D) WHAT WE'RE CURRENTLY DOING

As identified in the natural hazard-related tables in the next section of this strategy, we are at the stage of identifying and assessing the network risks from natural hazards. We have not yet worked through the other steps in the process recommended in the 'Coastal Hazards and Climate Change' guidance for local government, so we are not yet in a position to make decisions about specific assets. However, this will need to be addressed as soon as possible.

As a result of the extreme weather events in December 2011 and April 2013 the Emergency Fund is currently in deficit, and there is a risk that future disaster recovery costs during the next 10 years could be higher than anticipated. To manage this risk, the Council will need to consider the amount put aside on an annual basis. Nelson City Council intends to increase its Emergency Fund by the end of 2028. Even when the reserve has built up to the desired level, Council will continue to hold insurance for assets.

Work has already been carried out to identify the level of insurance required for the water supply and wastewater network in relation to natural hazards. Higher levels of insurance are necessary and this is now reflected in our asset management budgets.

Where transport activities that are subsidised by the New Zealand Transport Authority (NZTA) are damaged by natural hazards, NZTA pays 51% for small events and 71% for large events. Council needs to plan for contributing the local share of these costs, or take out sufficient insurance to manage this risk.

The same natural hazards data used in the insurance assessment is now being used to review what works can be carried out to increase the physical resilience of the water supply and wastewater networks. The timeframe for Natural Hazards Risk Assessment and remediation is:

- Stage 1 of the water supply involving investigation and identification of options to be complete by 2020/21
- Stage 2 of the water supply to implement the remedial works starts in 2028/29 and complete by 2042/43
- Stage 1 of wastewater involving investigation and identification of options to be complete by 2021/22
- Stage 2 of wastewater to implement the remedial works starts in 2027 and continues through to 2037/38
- Stormwater works will be ongoing through to 2037/38.

A) WHAT ELSE DO WE NEED TO DO?

REFINE THE RISK-BASED DECISION FRAMEWORK FOR CATCHMENT MANAGEMENT

The flood risk focus over the next three years will be on finishing major projects to increase the capacity for Saxton Creek, Orphanage Creek, York Stream and Little Go Stream to carry the flood waters from a 1%AEP [Annual Exceedance Probability] rainfall event (an event with a 1% likelihood of occurring in any one year). These projects have the potential to conflict with goals related to habitat creation and protection to support threatened species in these waterways. This

5 Information sourced from https://earthquake.usgs.gov/learn/topics/mercalli.php

is why the design of upgrades to accommodate both flood waters and ecological values is required.

The Council needs to balance the probability and consequences of flood events with community values for streams and rivers. This involves considering how much we are willing to alter waterways with flood banks and deeper river beds. A risk based approach to these competing values weighs up the risks and the impact of flooding with affordability and the impacts on the environment.

Given the realities of changing weather patterns, a city built on a flood plain and close to the coast, the Council considers it is time to have this conversation with the community and to make some difficult choices.

A risk-based approach to flood protection is referred to in the draft Whakamahere Whakatu Nelson Plan and in the 2018-28 Stormwater and Flood Protection Asset Management Plan. The Maitai is the first of the larger rivers to be looked at from a risk based perspective.

The practical details of this approach will evolve during the process of applying this approach to the Maitai catchment. It will involve council officers and consultants working together in a cross-disciplinary way to develop a decision-making framework for determining where we need to reduce flood risk — and where intervention is considered to be required, how best to take into account social, economic, cultural and environmental values.

The approach developed for the Maitai catchment will then be applied for all subsequent waterways. The Council uses computer models to understand the probability (return periods) and the consequences (location and extent of property flooding) and will also be using 'Riskscape' software. This is a new tool for assessing the impact on people, business and other property from natural hazards which is supported by New Zealand's natural hazard experts (GNS and NIWA).

This project will also involve discussion with the wider community to identify acceptable options (for example stopbanks, raise bridges, or do nothing and accept the risk). Funding for the Maitai flood risk management project is allocated from 2018/19 through to 2023/24, with construction works (if they are required) to occur in future years.

This decision-making process and its outcomes will be outlined in more detail in Nelson's 2021 infrastructure strategy, and will provide the direction for future investment in stormwater infrastructure.

RESPOND TO NELSON PLAN PROVISIONS RELATING TO INFRASTRUCTURE ASSETS

New natural hazards rules in the proposed Whakamahere Whakatu Nelson Plan, which will be released for public feedback in August 2018, followed by a more formal notification and consultation process in 2019. The next infrastructure strategy will need to respond to any new requirements. At this stage the draft earthquake, liquefaction and flood risk provisions have been developed (see the end of Part Two of this strategy). Slope instability and the coastal erosion and inundation rules have not yet been developed, but they will be discussed in terms of any implications for infrastructure in the next version of this strategy, in 2021.

NATURAL HAZARDS — SPECIFIC INFRASTRUCTURE CHALLENGES

TRANSPORT

Lifeline role of the road network — One of the key findings of a recent Nelson Tasman Lifelines Project is that the transport asset of roads, bridges and retaining structures is vitally important to allow reinstatement of other services the community needs in order to rebound from natural hazard events. The road network gives access to the water supply, sewer and stormwater networks as well as the private but critical telecom and power reticulation. It also provides the means for food and fuel to be moved around the region, which are all critical elements to enable the community to respond and recover.

Earthquakes — Earthquakes are a considerable risk to the transport network, especially in areas of reclaimed coastal margin and steep hillside suburbs. The transport assets most at risk are bridges and retaining walls.

Flooding and landslips — Unplanned road network closures as a result of flooding and landslips also cause disruptions in the functioning of the city (as occurred in the December 2011 rainfall event). Service disruptions to the transport network associated with severe weather are typically due to flooding from under capacity or overwhelmed drainage and bridge structures, the road acting as the secondary flow path, slope and retaining wall failures blocking roads, and fallen trees due to the occurrence of high winds, which are often associated with major storm events.

Due to Nelson's hilly topography we have many high value retaining walls and structures which are required to support the transport network compared to other cities located on flatter ground. Climate change (increased storm intensity), and local geology is

increasing stresses on the retaining wall asset leading to more frequent failures.

After the Southern Link is completed, Council may need to take over ownership of Rocks Road so affordable solutions will be needed for managing the slips occurring during rain and seismic events, as well as sea wall failure in a seismic event, as well as the impacts of increased tidal surges from higher sea levels and increased storm intensity.

Proposed solution: See Table T1 on page 283

WATER SUPPLY

Vulnerability of trunk mains and pipes — Because the Maitai Dam is a critically important asset, it was designed to withstand 1 in 1000 year seismic and flood events without damage. However, the pipes between the rivers, the Water Treatment Plant, and water users are more vulnerable to natural hazards, particularly the above ground trunk mains and pipes crossing earthquake faults, streams and rivers. In coastal areas liquefaction is a potential risk to the network.

Proposed solution: See Table WS5 on page 293

WASTEWATER

Location of the Nelson Treatment Plant — The Nelson Treatment Plant is low lying and located in the coastal environment. That means it is particularly exposed to the effects of climate change, including flooding, sea level rise and storm surges. This is significant because the plant treats half of Nelson's residential waste, at around 8 million litres of wastewater per day (the other half goes to the Nelson Regional Sewerage Business Unit Bell Island wastewater treatment plant in the Tasman district).

The Council has developed a flood model to evaluate impacts on the Nelson wastewater plant, covering Hillwood Stream, Todd Valley Stream and the Wakapuaka Flats drainage area. This shows the Nelson wastewater treatment plant will not be inundated, but will be surrounded, by flood water in a 1% AEP[6] year flood event. Loss of road access to the wastewater plant is predicted to occur by 2050. Uncertainty remains about the effect of coastal water infiltration from below the plant when coastal groundwater rises, as well as the potential for high storm waves to come over the boulder bank in a 1% AEP year storm event.

Another issue with the current location of the treatment plant is the marine sediments on which it is constructed. This results in:

- corrosion
- settling (due to the lack of firm rock underneath the treatment plant)
- low survival rates of the wetland plants (which are in a wetter environment than is optimal for them).

The Nelson wastewater treatment plant resource consents for the operation of the wastewater plant and for the discharge expire in December 2024, and future climate change impacts will be scrutinised through this process. There is a significant risk that renewal of consents for the wastewater treatment plant will not be successful unless long term options to manage the coastal hazard risks are identified. Treatment quality, and iwi cultural values, also need to be taken into account when considering the location of Nelson's wastewater treatment plant

Funding has been allocated for early investigation into the future of the wastewater treatment plant, including:

- the ability of the treatment plant to withstand climate change impacts
- cultural issues related to discharges of treated wastewater
- the economic implications of locating an oxidation pond in this area, and what the best options are for the future.

Proposed solution: See Table WW3 on page 297. The preferred approach is to keep this infrastructure in place and to gain a 35 year resource consent for its future operation. The resource consent planning process will consider where else a wastewater treatment plant could be located and treatment options. Our small population could make it easier to change our approach, but we also need to consider the small rating base, as this limits our ability to pay for the types of sophisticated technology used in larger centres.

BELL ISLAND WASTEWATER TREATMENT PLANT

The wastewater treatment plant operated by the Nelson Regional Business Unit (NRSBU) is located on a coastal island (Bell Island) that is subject to natural hazards, particularly earthquakes and sea level changes. The NRSBU is aware of the potential issues that may arise from these particular hazards. Currently the facilities on Bell Island are located approximately 1m above the highest recorded datum and the other assets are located higher than this. Sea level changes will be monitored and contingency plans developed in future asset management plans. The risk of liquefaction arising from strong earthquakes and has been identified as a significant risk and further work to consolidate all known natural disaster events information and reporting to the joint committee is considered necessary.

6 Annual Exceedance Probability – probability of an event in any given year.

STORMWATER

Earthquake risks — The risk of earthquake damage to the stormwater network will largely be managed through insurance.

Proposed solution: See Table SW4 on page 302

Flooding — Flooding occurs when rainwater cannot drain away quickly. The rate of drainage is affected by the size of stormwater pipes, the capacity of rivers and streams to contain the flood waters within their banks, and coastal tide levels.

i) ***Under-capacity stormwater pipes*** — Some areas of the city have ongoing stormwater drainage issues due to the lack of a consistent standard of stormwater protection. The Land Development Manual states the level of service for the primary pipe system should be 6.67% AEP throughout the city (this provides a pipe capacity to cope with a storm event that has a 6.67% probability of occurring in any one year). Current stormwater projects are designed for rainfall intensities that are expected out to 2100 as a way of allowing for climate change effects. Stormwater infrastructure constructed prior to 2010 will increasingly be of lesser standard as climate change develops. An under-capacity stormwater network can contribute to increased groundwater levels, wetter soil and surface ponding. These effects can result in landslides, wastewater infiltration, and damage to buildings.

Proposed solution: See Table SW2 on page 300

ii) ***More intense storms*** — Detailed computer models have been developed for eleven of the urban streams in the city. The flood plans from these models show that significant areas of the city are likely to be impacted by more frequent and more intense rainfall events in future, as a result of climate change.

Proposed solution: See Table SW1 on page 299

iii) ***Coastal influences*** — Coastal tide levels will increase as a result of sea level rise, and wave surges will be higher during storm events. Coastal water covering the stormwater outlets and flowing up the stormwater pipes blocks the ability of stormwater to drain away to sea.

Proposed solution: See Table SW1 on page 299

INFRASTRUCTURE OBJECTIVE 2: MAINTAIN AND RENEW EXISTING ASSETS IN A COST EFFECTIVE WAY

On average, Nelson's infrastructure assets are considered to be in good condition - they are able to deliver the expected levels of service and don't show significant signs of unexpected deterioration.

Where visual or formal assessments aren't readily accessible, evaluations are made based on other factors (eg staff knowledge, operational performance, frequency of failure, usage patterns, age, etc) to help predict deterioration and estimate remaining useful life.

The more critical assets are expected to meet a higher standard so their condition and performance is monitored more closely. As the criticality of the asset increase, the asset management activities also increase to reduce the risk of failure.

In general, the transport assets are performing as expected for most areas. Road pavements are starting to show some signs of age and a small renewal backlog is resulting. Budgets have been requested to address this back log over the next 10 years. Improving our understanding of pavement performance through appropriate analysis and modelling methods will help form the rehabilitation pavement forwards works plan.

The understanding of the performance of retaining walls is improving as effort and funding is directed to undertake more regular detailed condition assessments.

None of the water utilities have a significant backlog of deferred renewals but both the water supply and wastewater utilities have specific operational issues that can be improved by renewal of parts of the network.

In the water supply network Council has recognised the AC Black pipe (a bituminous coated asbestos cement pipe) is showing a larger number of failures than expected. These pipes are currently the focus of the renewal programme and have been funded to ensure replacement in the next 10years. As this material is known to be prone to failures the rate of failures will be closely monitored and renewal adjusted through future Long Term Plans if required.

The funding requested reflects the assessed need based on current information and Council will adjust are required to ensure LOS are met.

A) OPPORTUNITIES AND CHALLENGES

We need to consider:

- how we prioritise maintenance and renewal of our existing assets, taking into account critical assets and implications of their failure
- the impacts of increasing or decreasing capital expenditure, rates and/or debt
- the information we need to support decision making on when to continue to maintain assets and when it is more cost-effective to replace them
- what data is critical to understanding network limitations, expected future needs, and prioritising improvement opportunities.

B) AFFORDABILITY FACTORS

The following technological advances provide opportunities for cost-effectiveness:

- improved condition and performance assessments due to advances in 'big data' providing reliable evidence the infrastructure is lasting longer than anticipated
- new technology such as robotics to enable us to efficiently maintain the pipe networks
- extending the life of assets with new materials and technology (such as relining of existing pipes).

C) WHAT THIS MEANS FOR US

Infrastructure costs are increasing due to a number of factors including environmental requirements, climate change impacts, an increasing quantity of assets as a result of growth, and rising construction costs for local government infrastructure.

These costs and commitments need to be considered within the context of our financial strategy, which is to limit rates increases to 4% per year, and total debt to not exceed 150% of total revenue. That means we can't do everything we would like to do and must prioritise.

D) WHAT WE'RE CURRENTLY DOING

TRANSPORT

We are improving our pavement knowledge by modelling useful life/renewal options, and increasing retaining wall and structure inspections to better understand the upcoming work and investment required to increase our resilience to natural hazard risks. In terms of structures, our improvement register is used to prioritise projects based on need using a number of ranking criteria. We expect visual inspection, analysis of cost maintenance, and maintenance records as the primary means of pavement and surfacing renewal programmes in the meantime, also maintaining coordination with utilities providers to maintain alignment of programmes as much as possible.

WATER SUPPLY

Figure 2 shows the theoretical renewal dates for pipe materials based on our average expected service life. The current renewal strategy adapts the theoretical renewal dates by balancing the industry resourcing limits, apparent through number of tenders and tendered prices received by Council, against the need to renew parts of the network that have met the end of their service lives or are not meeting expected service lives. Assets are prioritised based on criticality. Effort is also made to ensure pipe life is maximised as much as possible and aren't renewed too early.

Council is also investigating ways of extending the service life of assets through measures such as pressure reduction and pipe lining.

The theoretical life expectancy is one indicator to help guide renewal funding and is helpful for assessing the longer term funding needs but has limitations.

Over the next five years these investigations are expected to allow figure 2 to be re-cast to reflect the renewal criteria based on the more accurate assessment of service lives.

The renewal programme will start to ramp up in future years to accommodate the estimated need.

FIGURE 2: WATER SUPPLY THEORETICAL RENEWAL DATES

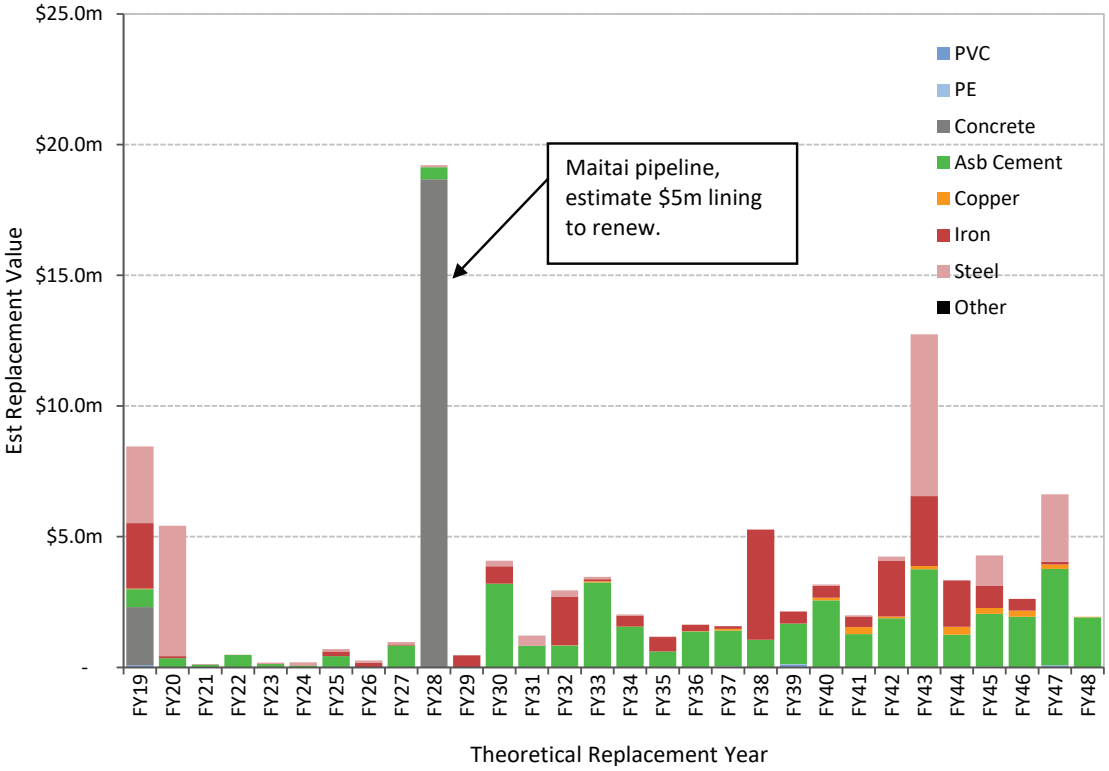
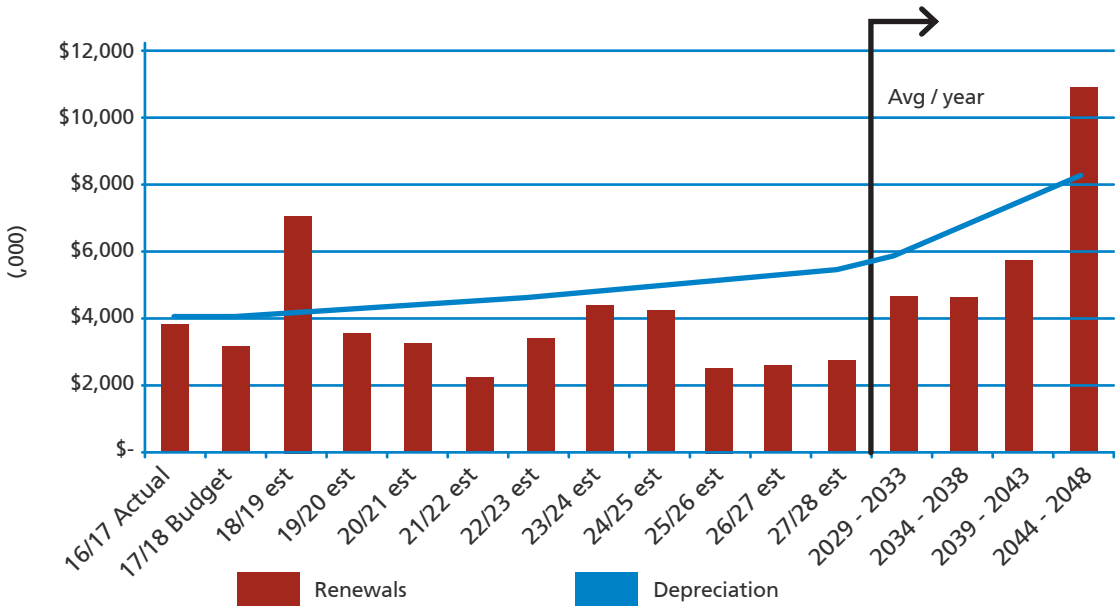


Figure 3 highlights the issue that has lead Council to focus on condition assessment of assets and greater investigation of rehabilitation techniques. The renewal strategy based on industry generic service lives necessarily establishes a level of depreciation to match and predicts either a shortfall in renewal activity or fails to identify the need for renewal of assets that do not meet their predicted service lives. This approach also does not take into account short term industry resourcing constraints that lead to higher renewal costs and a reduction in the overall renewal programme to maintain affordability.

Figure 3 will also be reviewed to match changes to Figure 2 and better align renewal expenditure to the more accurate service lives.

Years 2029-2048 are the average of each of the respective five yearly blocks.

FIGURE 3: WASTEWATER DEPRECIATION COMPARED TO RENEWAL EXPENSE



WASTEWATER

As with the stormwater activity the theoretical renewal dates in Figure 4 are based on industry generic expected lives.

The current renewal strategy is based on improving our knowledge of the actual service lives of the network components through CCTV records, fault analysis and the inflow and infiltration project. The latter highlights areas where the reticulation is allowing ground water into the network and wastewater to escape through the same faults (ex-filtration) out of the network. The current renewal strategy is supporting the inflow and infiltration project by renewing areas of pipe that have high levels of faults allowing infiltration. This additional information is used to amend the theoretical renewal dates in figure 4 and target those parts of the network where service lives have been reached. Additionally Council is trialling medium scale rehabilitation of existing pipework by installing pvc 'sleeves'. While this technique is quick and cost-effective and allows existing pipes to remain in place it will not be suitable for all pipes. Risks remain as the long term life of the technique is unknown, the sleeve is not able to bridge sections that have broken or dislocated and the sleeve reduces the capacity of the existing pipe.

Figure 4 will be reviewed in the first three years and adjusted to match the latest information prior to the Long Term Plan 2021-31.

The renewal of the Atawhai rising main is expected to commence in 2024-25 and extend into the early 2030s.

FIGURE 4: THEORETICAL WASTEWATER PIPE RENEWAL DATES

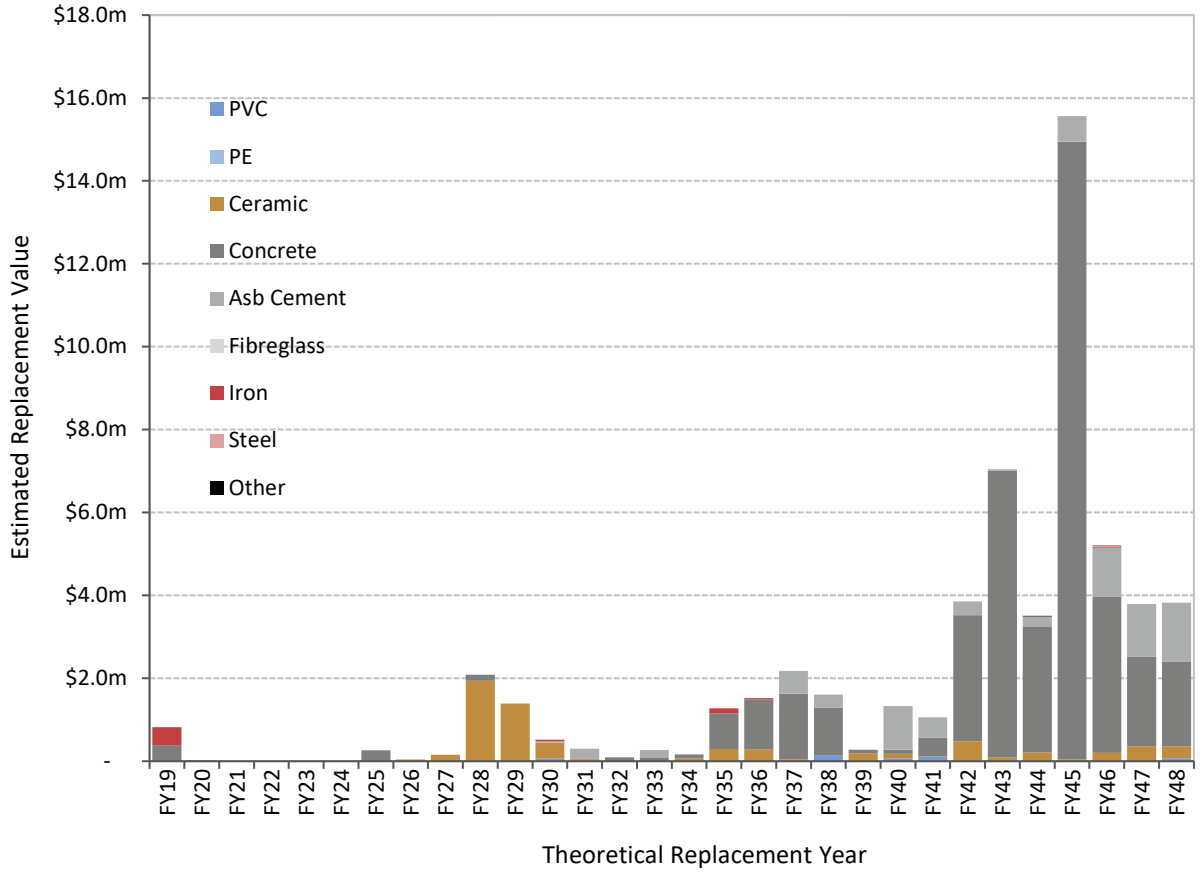
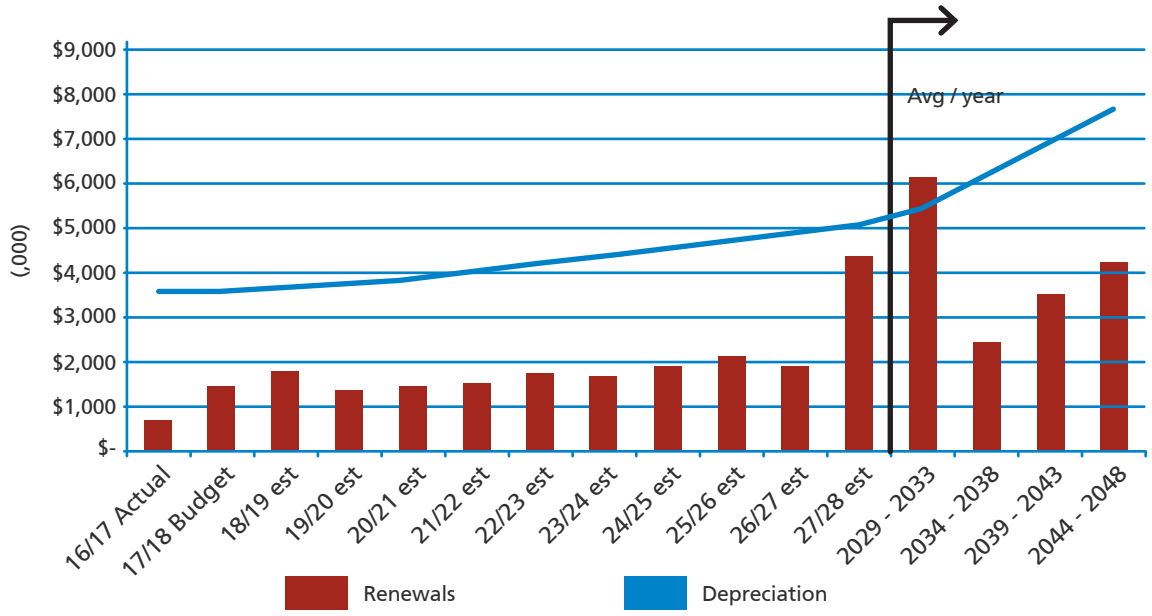


Figure 5 reflects Councils expectation that renewals in the first ten years will be strongly based on 'sleeving' existing pipes in areas subject to high levels of inflow and infiltration and developing better experience with their application.

Figure 5 will also be reviewed to match changes to Figure 4 and better align future renewal expenditure to the more accurate service lives.

Years 2029-2048 are the average of each of the respective five yearly blocks.

FIGURE 5: WASTEWATER DEPRECIATION COMPARED TO RENEWAL EXPENSE



STORMWATER

As with water and wastewater piped stormwater assets are renewed when they fail to provide the required level of service. The majority of stormwater assets are relatively new and are not subject to the same pressure or integrity requirements that influence decisions on the other water utilities. As a result pipe renewals are expected to remain at a low level ($15k-$60K) for the period of this strategy. Specific renewal budgets are in place for vulnerable assets such as pump stations, tide gates and larger culverts. The other most vulnerable parts of the stormwater asset are the remaining sections of brick culverts in the city that are becoming difficult to repair owing to an enhanced health and safety awareness of confined spaces. These will be inspected by cctv to confirm condition prior to developing a renewal strategy.

Assets are increasingly renewed as part of an upgrade to address inadequate capacity. The 2011 storm event highlighted issues with the size and debris control of many of the intake structures around the city. A programme of upgrading key intakes is underway and is expected to be completed by 2027/28.

E) WHAT ELSE DO WE NEED TO DO?

Some of the options to enhance affordability of the maintenance and renewal of our existing assets are:

- achieving efficiencies through shared services with Tasman District Council for all assets
- continuing to minimise stormwater inputs from new developments, particularly higher up the catchments by using detention methods and requiring compensatory storage for new areas of hard surfaces
- investigating alternative on-site storage/detention facilities city wide to better manage stormwater peaks
- extend our use of remedial 'sleeving' techniques for the wastewater network to retain the original pipework
- better understanding of trends and future predictions of community needs
- Knowing what the impacts of Travel Demand Management will be in the future.

In addition to maintaining and renewing our existing assets, the Council is committed to ensuring consistent levels of service throughout the city.

This involves continuing to develop stormwater and flood protection strategies for the city. These strategies will identify areas with inadequate stormwater and flood protection services, both built (eg pipes, flumes and concrete channels) and natural (eg smaller hillside gullies, overland flow paths, streams and rivers).

Much of Nelson still uses a network of small open drains to channel stormwater from hillsides to public drains or streams. These channels are largely on private property but serve a wider public purpose. Council receives regular requests for assistance from property owners to maintain these channels. A more strategic, risk-based approach is required to identify stormwater and flood requirements across the city and develop appropriate responses.

SECONDARY FLOW PATHS

Generally roads are the preferred secondary flow paths in the city. There will also be a large number of flow paths on private property that will carry stormwater from storm events that need to be identified and landowners made aware of the importance of keeping them clear (city wide). A budget for identifying these is proposed for 2018/19–2019/20, and they will be identified in the proposed Whakamahere Whakatu Nelson Plan.

EXISTING ASSETS AND LEVELS OF SERVICE — SPECIFIC INFRASTRUCTURE CHALLENGES

TRANSPORT

Delayed renewal programme — Insufficient funding to deliver the current renewals programme has led to a backlog of required renewals. For example, under-investment in the sealed surfaces over the past two decades has resulted in a backlog of sites that have degraded under ultraviolet (UV) light and the action of traffic.

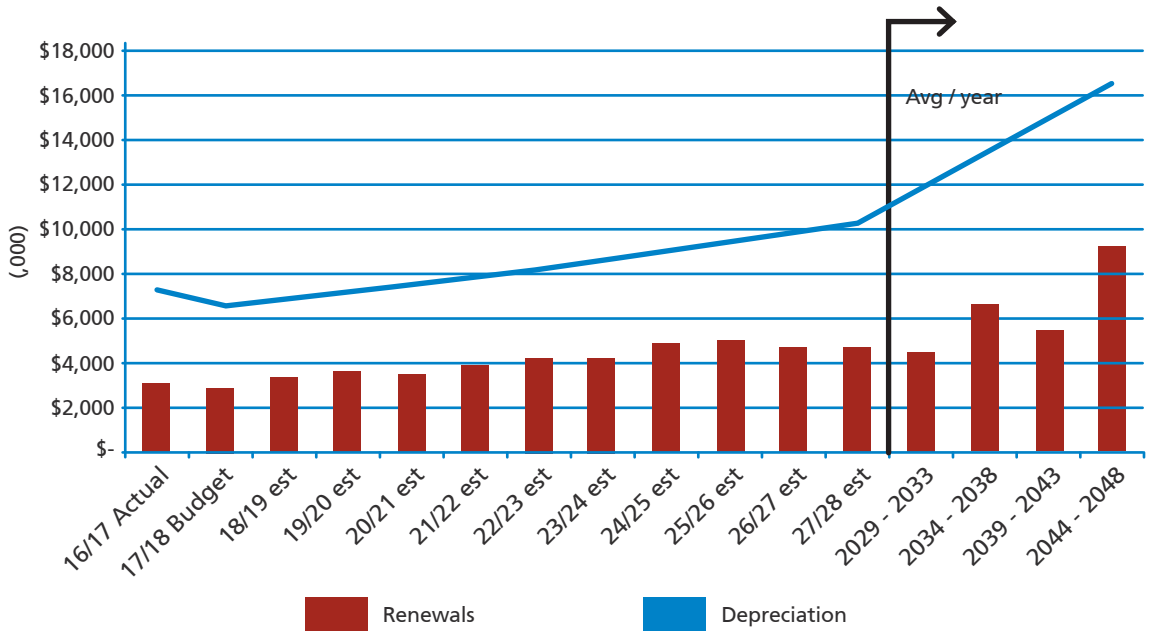
Lack of complete network knowledge also creates uncertainty about the level of renewal investment that is actually required, especially in the case of retaining walls. Structure ownership is also a challenge.

The graph below plots the deprecation based on the book value of the transport assets (blue line) and their expected life, whilst the red bars represents the actual proposed renewal spend based on observed asset performance.

There is a body of work planned to better understand if the current observed asset performance (red bars) allows us to extend the expected lives and thus reduce the depreciation shown by the blue line. Or, if the gap is simply asset consumption due to the asset age being less than the asset life.

Proposed solution: See Table T3 on page 285

FIGURE 6: TRANSPORT RENEWAL FUNDING COMPARED TO DEPRECIATION EXPENSE



WATER SUPPLY

Water losses from the network — Water leaks out of broken or impaired pipes, in both the public network and through privately owned water pipes, resulting in water losses. The total unaccounted for water is the difference between what is supplied to the water treatment plant and from Tasman District Council (7,207,900 + 106,300 = 7,314,200m3) and what is recorded through customer water meters (5,313,100m3). The difference is just over 27%.

After making assumptions on loss of water through pipe bursts, scouring water out to keep the water supply pipes clean, and testing by both the Fire Service and the Council, the water balance equation suggests that actual water losses are about 23% of the overall water take. This figure would place the Council at the higher end of reasonable actual losses for a water supplier. Before the Council can commit resources to address actual losses, improvement in the accuracy of the assumptions made for the water balance model will be necessary, as a priority.

Actual losses means:

- more water is being taken from the Maitai and Roding rivers than is actually needed to meet the community's needs, resulting in lower river levels and therefore poorer freshwater habitats
- we are more likely to be affected by the limits on how much water we can take from the Maitai and Roding rivers as the population grows
- we are not using water efficiently, as required by the National Policy Statement for Freshwater Management (NPSFM) objective B3.

Proposed solution: See Table WS1 on page 289

Impacts of the Maitai Dam water on the Water Treatment Plant — During storm conditions the Roding river intake and the south branch water are often too full of sediment to be used, so water is taken from the Maitai Dam instead. The Water Treatment Plant doesn't work as efficiently when processing this lower quality water as the membranes become clogged with high levels of organic material from the dam water. The organic material needs to be removed to ensure chlorination is successful.

In order to be able to rely on water abstracted from the Maitai Dam more often in future, the Council is considering investing $18-20 million at the 10 year period for primary clarification. An alternative to using a primary clarifier is to place more demand on the membranes used in the Water Treatment Plant process. Council has received advice that working the membranes hard for 6-8 years may be a more cost-effective approach.

Proposed solution: See Table WS3 on page 291

Discoloured drinking water quality — Some of the water supply network consists of cast-iron pipes that contain iron and manganese oxide build up. The colour of water can be affected by passing through these pipes, and while there currently is no specific service level regarding water colour, this leads to customer dissatisfaction with the water supply service.

There are significant financial costs ($10-$20 million) involved in replacing the cast-iron pipes.

Proposed solution: See Table WS4 on page 292

Replacement of the existing residential water meters — The current water meters have reached the end of their service lives. Meters which aren't functioning correctly tend to under-read the amount of water used, meaning they contribute to un-accounted for water use that can't be charged for.

Proposed solution: See Table WS6 on page 294

WASTEWATER

Stormwater and groundwater entering the wastewater pipes — If households' stormwater pipes have been connected to the Council's wastewater system instead of into the stormwater system, rainwater runoff from roofs and driveways ends up flowing into the wastewater system. (These above ground effects are called inflow.)

Stormwater and natural sources of groundwater also enter the wastewater system if underground stormwater and wastewater pipes are broken. (These underground effects are called infiltration.)

These are significant because inflow and infiltration of groundwater can lead to peak wastewater flows which are 4-6+ times greater than average dry weather flow.

All of the increased flows into wastewater pipes put pressure on the wastewater pipes and the capacity of the wastewater network as a whole, and results in wastewater overflows during wet weather. This has the potential to result in non-compliance with consent conditions and to constrain growth.

If the issues with stormwater entering the wastewater system are not addressed, wastewater overflows will become an even bigger problem in future, as a result of the predicted increase in the frequency and intensity of future rainfall events. That means wastewater contamination of land or water would cause ongoing and increasing impacts on cultural wellbeing, public health and the environment and make it difficult to achieve the outcomes required by the National Policy Statement for Freshwater Management (NPSFM).

The height of the tide also influences groundwater levels, and therefore the amount of groundwater infiltration into the wastewater system. For example, daily flows of wastewater increase by approximately

1000 m3/day from a 4.4m tide (compared to a 3.4m tide).

Reduction of the amount of stormwater that is directed into the network is seen as the most effective way of reducing wet-weather overflows from the network as it addresses the source of the issue.

A significant proportion of the inflow (up to 80%) that leads to the rapid increase of flows in the wastewater network in wet weather comes from private properties. To effectively address this issue both education and regulation are required. Both of these approaches require a significant investment by Council in dedicated staff or contractor resources.

Proposed solution: See Table WW1 on page 295

Discharges to Nelson Haven — There is one pipeline (rising main) between Nelson and the Nelson wastewater treatment plant, which is located along Atawhai Drive. Some failures of this pipeline have led to low volumes of untreated wastewater discharges directly into the Nelson Haven.

The rising main suffered significant damage from acid attack after approximately 30 years of service, and extensive repairs were carried out in the 1990s. However, further failures have since occurred.

These untreated wastewater discharges impact on coastal water quality, cultural values, and public (including visitors') perceptions of the quality of the environment.

Proposed solution: See Table WW2 on page 296

STORMWATER

Maintenance of pipes and open drains which are not owned by the Council — Lack of maintenance of all of the pipes and drains which are not owned or maintained by the Council can result in ponding and flooding, causing property damage and land instability.

Developers and Council officers need clarity on what Council can enforce and what it can maintain. Currently there is some inconsistency between the approach to public and private drains in the current land Development Manual, the Drainage Ownership Policy and legal advice. Council is working to resolve this through the new Proposed Land Development Manual (LDM) being developed with Tasman District Council, to clarify what Council owns and what Council has responsibility to maintain.

The issue has resulted from different definitions of public and private drains, which can lead to confusion.

Proposed solution: See Table SW3 on page 301

INFRASTRUCTURE OBJECTIVE 3: PROVIDE INFRASTRUCTURE TO ENABLE GROWTH AND DEVELOPMENT

A) THE CHALLENGES AND OPPORTUNITIES

KEY CHALLENGES

Over the next 30 years, we need to address:

- where new development occurs
- how we provide and pay for infrastructure related to this long term growth.

KEY OPPORTUNITIES

Funding opportunities related to growth include:

- access to national funding including the National Land Transport Fund, the Housing Infrastructure Fund, and the Tourism Infrastructure Fund
- access to local funding through development contributions.

B) AFFORDABILITY FACTORS

Opportunities to reduce costs associated with growth and development include:

- ensuring the development contributions policy accurately identifies the costs of growth, so that a user-pays approach applies
- prioritising the intensification of development in existing, serviced areas compared to extension of services to new areas.

C) WHAT THIS MEANS FOR US

The National Policy Statement for Urban Development Capacity (NPS-UDC) requires councils to ensure there is sufficient land available to meet demand for housing and business needs in the short term (within three years), medium term (3–10 years) and the long term (10–30 years).

This is relevant to the infrastructure strategy because infrastructure services must be in place for the next three years of growth, and must be planned for the next 30 years (which is the time period covered in this strategy).

POLICY PA1 IN THE NPS UDC

Local authorities shall ensure that at any one time there is sufficient housing and business land development capacity according to the table below:

Short term Development capacity must be feasible, zoned and serviced with development infrastructure.

Medium term Development capacity must be feasible, zoned and either:

- serviced with development infrastructure, or
- the funding for the development infrastructure required to service that development capacity must be identified in a Long Term Plan required under the Local Government Act 2002.

Long-term Development capacity must be feasible, identified in relevant plans and strategies, and the development infrastructure required to service it must be identified in the relevant Infrastructure Strategy required under the Local Government Act 2002.

D) WHAT WE'RE CURRENTLY DOING

The Council worked with Tasman District Council to complete a capacity assessment (as required by the NPS-UDC) for the combined Nelson and Richmond area. This enables us to predict where and when growth is likely to occur and at what time infrastructure projects across the Nelson Urban Area need to occur to support this growth.

The capacity assessment provides an opportunity for Nelson and Tasman councils to prioritise infrastructure projects across the territorial authority boundaries and to achieve efficiencies in infrastructure planning and development of housing and business growth areas.

The infrastructure priorities identified through this work inform our asset management plans, long term plan and this infrastructure strategy. Performance against the capacity assessment will be monitored quarterly and reviewed every three years.

The Nelson and Tasman councils are also working together to create a Future Development Strategy to achieve integrated land use and infrastructure planning for the Nelson Urban Area.

Nelson City Council, Tasman District Council and NZTA staff are jointly developing a Network Operating Framework for Richmond because this will have implications for the transport network near the Champion Road and Stoke South areas.

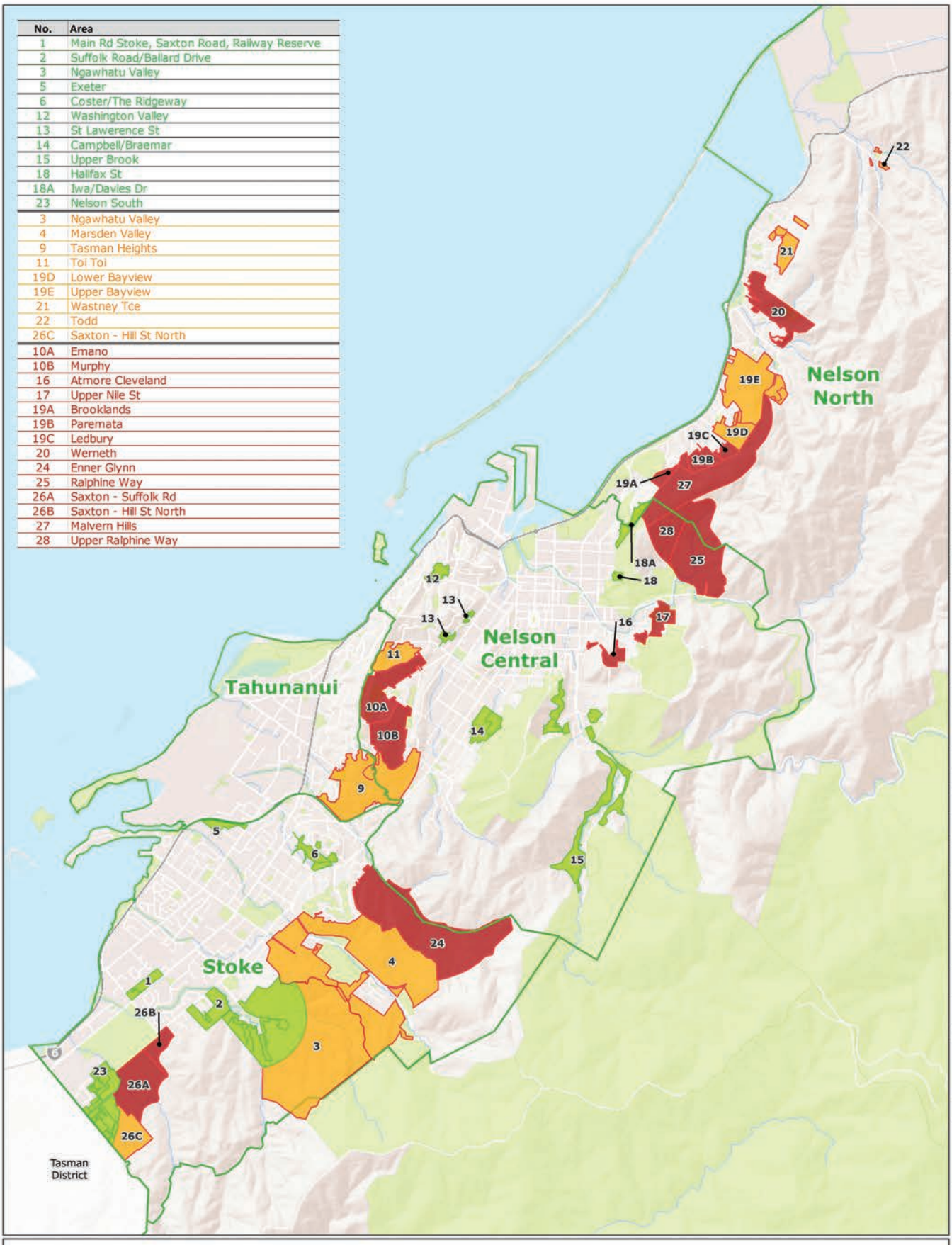
SPECIAL HOUSING AREAS

The general rule of thumb for Special Housing Areas is that if there isn't sufficient infrastructure network or capacity to serve them and it's not a project in the LTP, then the developers are responsible for providing sufficient capacity and connection.

E) WHAT ELSE DO WE NEED TO DO?

The map on the following page identifies the areas in which provision of new infrastructure for development is being planned for the next 30 years, and the order of priority for servicing. This represents the first capacity assessment Council has undertaken under the NPS-UDC, and refers to areas which are already zoned for urban development. A different approach may be required prior to zoning of new areas.

FIGURE 7: NELSON RESIDENTIAL GROWTH AREAS AND INFRASTRUCTURE TIMING



Nelson Residential Growth Areas and Infrastructure Timing

- Serviced and Zoned
- Zoned and to be serviced in LTP
- Services beyond LTP
- Area Unit Boundaries

N

June 2018

0 0.5 1 1.5 2 km

Scale 1:50,000

Nelson City Council
te kaunihera o whakatū

PO Box 645 Nelson 7040 New Zealand PH 03 5460200 nelson.govt.nz

File Ref: A1805396
SER. Original map size A3.

CHANGE IN DEMAND FOR SERVICES — SPECIFIC INFRASTRUCTURE ISSUES

TRANSPORT

Constraints on the transport network are leading to delays affecting freight, tourism, business and residential growth.

Constraints on the urban roading network in Nelson result in it operating at or near capacity causing peak hour delays at selected locations. These peak delays are likely to increase in volume and time as travel demand increases (with population and freight forecasts) and demand for private vehicle use continues.

Transport capacity in the high growth areas of Nelson and Richmond will be needed to meet the projected demand. The National Policy Statement on Urban Development Capacity requires an additional 4542 residences in the short to medium term and the transport system that is already constrained will need to respond to this demand.

Increases in pressure on the road network is also related to where we locate new development and the design of transport corridors to provide for access and transport choice (walk, cycle and bus). The Council intends to continue enhancing Nelson's walk and cycle network including cross town links, the Tahunanui cycle link, Stoke East/West connection, and Gloucester Street cycle facilities. A new bus exchange is also proposed.

In the long term, predicted growth in population in both Nelson and Tasman has the potential to further increase congestion on the road network. The increase in volume is reflected in a significant increase in peak hour travel time during the busiest time of the year when comparing 2015 and 2016 travel time data. For the Waimea Road route, there was an increase of 4.5 minutes in mean travel time during the two summer quarters.

Transport modelling indicates demand is likely to flatten off over the longer time scale of this 30 year strategy. More details are available in the demand section of the Transport Asset Management Plan.

Arterial road congestion is already resulting in travel time delays. This has a flow on effect for other areas, as some motorists are rerouting via residential streets to avoid arterial road congestion, reducing amenity and increasing safety risk in the affected residential areas.

Proposed solution: See Table T2 on page 284

NELSON SOUTHERN LINK INVESTIGATION

To support this growing city, Nelson needs a transport network that is safe, resilient, enables economic development, supports our tourism industry and provides our residents with choices on how they travel day to day. Unfortunately, increasing congestion is limiting our ability to create a liveable city and to see our region thrive. Our monitoring data shows the problems experienced during peak times are now extending into off-peak times in the morning and afternoon.

Port Nelson is the region's maritime gateway but the movement of freight to and from this key economic hub is hampered by delays due to congestion. Our waterfront has the capacity to be a world class visitor attraction, but is compromised by the heavy vehicles and traffic it currently has to accommodate. Furthermore, Rocks Road functions as a vital lifelines route but is at risk from increasingly frequent severe weather events.

It is important that residents and visitors to the city can enjoy the waterfront, including if they wish to walk or cycle. Cycling is increasingly important as more and more people come to the region to experience the Great Taste Trail and begin or end their cycling experience with time in our city. Council wants to encourage these environmentally friendly modes of transport and needs a network that supports this.

Council supports the Nelson Southern Link Investigation continuing and indeed it is essential that we make progress on this project if we are to address problems in the transport network and make the most of the opportunities to support businesses, residents and visitors.

Accordingly the Draft Regional Land Transport Plan includes funding for the preparation of the Detailed Business Case (years 2018/19 and 2019/2020) as well as pre-implementation work (years 2020/21 and 2021/22). This is a New Zealand Transport Agency project but Council is seeking progression of the Nelson Southern Link Investigation and SH6 Rocks Road Walking and Cycling projects as soon as practical.

Proposed solution: See Table T5 on page 287

WATER SUPPLY

DROUGHT SECURITY AND THE WAIMEA DAM PROPOSAL

Our existing water sources are expected to provide sufficient water for the city in the foreseeable future.

Through a service agreement, Tasman District Council supplies water to the residential areas in south Nelson adjacent to Champion Road, as well as the Wakatu Industrial Subdivision, Alliance Freezing Works and ENZA in Nayland Road. Although the demand from these areas is not a large volume of water (500,000 – 600,000m3/year) Council does not have the appropriately sized reticulation in place to be able to supply the required fire flows. Additionally the supply of these extra volumes in dry summers will reduce the drought security provided by the Maitai Dam.

The ongoing supply of water to these areas is currently dependent upon TDC securing the long term viability of water from the Waimea Plains via the construction of the Waimea Community Dam.

Without the proposed Waimea Dam the possibility exists that the Tasman District Council will cease to supply the area within the Nelson City Council territorial area and Nelson City Council will have to take up the demand.

Tasman District Council has acknowledged the over allocation of water from the various Waimea Plains aquifers and the challenges this presents to both irrigators and the Council municipal water supply.

The solution promoted by the Tasman District Council and irrigators is the construction of a detention dam on the Lee River behind Brightwater. The construction cost to be met by contributions from those who are in the zone of benefit from the dam.

A report by OPUS International Consultants Ltd showed that Nelson had sufficient water from current sources for the foreseeable future. However a benefit of the Waimea Dam, if it does go ahead, would be to future proof Nelson City Council's water supply, providing valuable access to a fourth water source during very dry summers. This would increase our resilience.

As part of the LTP2018-28 Council has included a budget of $5M for a contribution towards the construction of the proposed Waimea Dam. This contribution would secure Council's right to access up to 22,000m3/day from the Waimea aquifer once the dam is constructed. If this supplemental supply is deemed necessary in the future, additional budget would be required for the infrastructure to abstract, treat and distribute water. This will be further considered over the next few years and included in the next Strategy if required.

WASTEWATER

Impact of inflow and infiltration on wastewater capacity — Extensive investment is required to reduce inflow/infiltration in the areas served by the Council wastewater network, which will need to be considered through the 2018 Long Term Plan process. Council currently has a level of service regarding compliance with resource consents. The relevant resource consent requires no dry weather overflows from pump stations by 2023 and a maximum of 5 wet weather overflows from pump stations per 12 months by 2032. If the levels of service increase, further expenditure will be required to meet the new requirements.

The current levels of wet weather inflow and infiltration impacts on growth by using up the network capacity that could otherwise meet the needs associated with new development, as well as causing wastewater overflows.

Much of the proposed residential growth in the city can be accommodated for the next 5-10 years without major network upgrades, provided inflow and infiltration is addressed. As the network is renewed some opportunity for increasing the pipe diameters is also available.

Proposed solution: See Table WW1 on page 295

INFRASTRUCTURE OBJECTIVE 4: MAINTAIN OR IMPROVE ENVIRONMENTAL OUTCOMES

A) OPPORTUNITIES AND CHALLENGES

The key environmental challenges and opportunities for our infrastructure over the next 30 years relate to improving the quality of freshwater and coastal environments.

The environment is one of the Council's top three priorities for the next 10 years, with a particular focus on coastal issues, freshwater monitoring, data management and city development.

B) AFFORDABILITY FACTORS

Opportunities to reduce costs associated with maintaining or improving environmental outcomes include:

- more efficient environmental monitoring and analysis through electronic entry of data in the field and data management programmes to automate reporting, freeing up staff time for assessment of the results
- sharing of environmental data between council departments to avoid duplication of data collection and analysis
- residential and industrial uptake of technology which makes reuse and recycling of grey water easier and safer in urban environments, reducing demand for water supply and wastewater services.

C) WHAT THIS MEANS FOR US

We take a whole of organisation approach to delivering our environmental priority, so some environmental outcomes will be delivered through infrastructure projects.

The infrastructure discussed in this strategy has some of the biggest impacts on Nelson's water quality and quantity, and aquatic biodiversity. This is both a problem and an opportunity. The Council's service delivery teams are able to work collaboratively, together with Tasman District Council, to deliver core services while also implementing practical, affordable actions to improve environmental outcomes.

The Resource Management Act 1991, the National Policy Statement for Freshwater Management and the New Zealand Coastal Policy Statement all require sustainable management, improvement in water quality (so that it is suitable for human recreation more often) and elimination of over-allocation of water.

Locally, these requirements will be reflected in the proposed Whakamahere Whakatu Nelson Plan that is to be publicly available in August 2018, and in Council commitments such as Project Mahitahi/Maitai and Nelson Nature, which includes enhancing aquatic biodiversity.

D) WHAT WE'RE CURRENTLY DOING

We are currently assessing the implications of the draft freshwater rules for delivery of infrastructure services (see Part Two of this strategy).

The Land Development Manual includes requirements for detention and low impact design methods to manage the quality of stormwater discharges. Developers establish and maintain these systems for the first 2-5 years to prove they are functioning well, and then Council takes over ownership and maintenance. There will be more of these over time (over the next 30 years) which need to be budgeted for, as this change will result in different levels of service for stormwater maintenance — requiring different skills and more money.

E) WHAT ELSE DO WE NEED TO DO?

We also need to implement the sustainable development improvement actions identified in the 2018 asset management plans, as outlined below.

WATER SUPPLY

- Continue the water loss identification and reduction programme.
- Develop demand management options, including monitoring use of improved plumbing and appliance technology, reduced supply pressures in the public network, more stringent hosing restrictions, and possible Council support for greywater and rainwater storage on site for reuse and pricing incentives.

WASTEWATER

- Continue to investigate high E.coli readings in water samples and repair any damage in the public network.
- Comply with current consent requirements by reducing stormwater flow into the wastewater system to reduce sewer overflows. (A co-benefit of reduced stormwater flows into the wastewater system is reduced wastewater pumping costs.)

STORMWATER AND FLOOD PROTECTION

- Collaborative action by the Council and the community to improve freshwater quality.
- Enhancement of freshwater environments. Examples include natural gravel management in beds where practicable, protection of natural river banks, river bank shade through vegetation, protection of fish spawning areas, protection of natural 'pool and riffle' stream bed form, and maintaining or reinstating natural meanders where possible.
- As for wastewater, make additional effort to reduce stormwater flow into the wastewater system by expanding the public stormwater network.

TRANSPORT

- Refinement of sump cleaning and street sweeping frequencies to balance amenity and water quality objectives.
- Encourage through delivery of education, promotion and technology programmes greater use of active transport modes public transport, ride and car sharing.

ENVIRONMENTAL OUTCOMES — SPECIFIC INFRASTRUCTURE CHALLENGES

WATER SUPPLY

Maitai water quality — Usually water is taken directly from the 'run of the river', from the Roding River and the south branch of the Maitai River. To compensate for this loss of water (particularly during times of low flow), water is released from the Maitai Dam to the

Maitai River, to increase river flows to at least the level required by the Council's resource consent.

As with most large reservoirs the water quality within the Maitai dam can be of varying quality depending on the time of year and the position in the reservoir at which water is being monitored. The Maitai dam does retain higher levels of organic material than run of river flows, and there are some slightly elevated levels of minerals as a result of the close proximity of the Nelson hills mineral belt. However the greatest impact on water quality comes from the tendency of the reservoir to stratify over the summer months leading to anoxic (oxygen-depleted) conditions at the base of the reservoir

The lack of oxygen in the colder water (from the lower levels of the dam) creates a number of issues, outlined below.

- It creates a challenging environment for freshwater aquatic life.
- Elevated levels of iron and manganese occur in the water as these chemicals become soluble. Using this water to supplement flows in the Maitai River has the potential to lead to adverse environmental impacts in the river.
- The water from the lower parts of the dam needs to be conditioned before it can be used as part of the drinking water supply.

Discharging this water can lead to a poor quality environment in the river until the water becomes oxygenated. In recent years Council has limited the discharge of this water to storm events where the impact is greatly reduced.

As the frequency and intensity of droughts are predicted to increase over the next 30 years it's likely there will be more reliance on the release of dam water to maintain flow levels. This increases the need to address water quality in the Maitai Dam, and the biggest new requirement to result from the 2017 water supply resource consent for the Maitai River is likely to be aeration of the Maitai Dam.

Proposed solution: See Table WS2 on page 290

TRANSPORT

A benefit of widespread uptake of electric cars (expected to occur over the next 15-30 years) is they have no tail pipe emissions, and no brake dust — so this will reduce the effect of transport on water quality. This means savings for the Council in avoiding the need to install stormwater filters around intersections, where the most idling and braking occurs. In the meantime, we will increase road sweeping frequency on busy intersections, with the goals of improving amenity and water quality (currently amenity only).

INFLUENCING FACTORS

Affordability and technological advances will affect all aspects of infrastructure management over the next 30 years.

INFLUENCING FACTOR 1: AFFORDABILITY

Two key drivers which affect affordability are:

- rates level and annual changes
- level of debt.

Development contributions are another source of income which are linked to the cost of infrastructure services provided for growth.

Ways in which the Council can influence the cost of services include prioritisation of projects, identification and use of cost effective, innovative solutions, user-pays pricing models and service level changes.

THE OPTIONS

- The prioritisation of projects, including choosing what not to do, is ultimately the decision of the Mayor and councillors following their consideration of public feedback on the Long Term Plan consultation document. The role of Council staff is to clearly identify the costs and benefits of different options for consideration. The financial and non-financial implications of the different options for addressing the challenges described in the strategy are provided in Section 3.
- Identification and use of cost effective, innovative solutions includes recognising the uptake of technology has the potential to reduce costs related to transport, including less demand for capacity on arterial roads and parking technology linked to smart phones.
- User-pays pricing models are particularly relevant for provision of infrastructure to enable growth, and is closely linked to the development contributions policy which must identify what infrastructure costs are directly attributable to a development. Trade waste charges and water metering and charging are other situations where pricing incentivises residents and businesses to reduce their demands on infrastructure services.
- Service level changes also need to be assessed, taking into consideration the long term financial implications for Council and ratepayers.

INFLUENCING FACTOR 2: TECHNOLOGICAL ADVANCES

TECHNOLOGICAL ADVANCES

There have been huge changes in technology over the past 30 years, heavily influencing our working lives. It's particularly important for how we use technology to provide cost-effective services. It is also important to consider how our customers use technology and what that means for the services we provide.

The rate of change is likely to be even faster and more significant over the next 30 years. While there is uncertainty about what this will look like and how it will change our lives, there are some things we do know:

- autonomous vehicles will change how we travel and park
- electric-powered vehicles will be far more common, reducing carbon dioxide emissions and water pollution
- automation and robotics will result in both job losses and job creation, as well as changing business opportunities, potentially affecting where people choose or need to live
- LED lighting has proven to offer a more cost-effective approach to meeting community needs.

Automation will also affect how we manage our core infrastructure. Smart uptake of new technology, particularly that which is visible to residents and visitors such as new transport technology, helps to build Nelson's reputation as the Smart Little City, focused on making the most of technology to enhance the functioning of the city. Being a city which is regarded as tech savvy has the potential to attract investment and talent to the region, as outlined in the regional identity project (Extraordinary nelsontasman.nz) being led by the Nelson Regional Development Agency. New learning, and an agile approach will be necessary as we assess and adopt newly available technology.

ALL INFRASTRUCTURE ASSETS

HOW THE COUNCIL CAN USE TECHNOLOGY TO IMPROVE OVERALL COST-EFFECTIVENESS

There are likely to be efficiencies through more use of robotics to maintain assets. Advances in use of 'big data' are likely to assist with accurately modelling and updating the local effects of climate change (such as flood risk and coastal inundation) as more information becomes available.

CHANGES IN DEMAND FOR SERVICES

Here are some of the ways technology could assist with demand management:

- driverless cars, reducing the need for parking spaces in urban centres and improving road safety. This would help to reduce risks associated with drivers who are unfamiliar with our roads
- water recycling will become readily available
- smart metering will enable people to use water and electricity more efficiently.

TRANSPORT

TECHNOLOGICAL CHANGES MAY AFFECT DESIGN REQUIREMENTS FOR THE ROAD NETWORK

The overall goal is to be alert to the new technology and to adopt it when it is cost-effective to do so. The transport-related challenge is that the timing of the uptake of new technology in Nelson is uncertain. If we have a network of autonomous, self-drive cars, and electric vehicles, it is likely to improve the efficiency of the road network, reducing the need for additional capacity. This means it is difficult to know how much to invest in the existing demand for more capacity and how much to 'sweat the assets' and save this money for investment in the future transport technology and demand.

ELECTRIC VEHICLES

There is already a high demand for pure electric cars and with increases in battery power and vehicle efficiency the range will increase normalised their use. Some pure electric vehicle can now travel 300–400 km without recharging and overnight charging costs $4. Economics will drive their uptake.

PARKING TECHNOLOGY

Another saving due to technology relates to the potential to install parking technology that works with smartphones where Council will only be required to administer the service rather than maintaining and renewing the physical meters. Parking enforcement would be more efficient, as parking enforcement officers would know which vehicles had overstayed electronically, rather than having to go around searching for them.

Proposed solution: See Table T6 on page 288

WATER SUPPLY

- More water efficient household appliances and more use of demand management technology could reduce per capita use of water.
- There is also potential for water supply technology to be used to improve drinking water quality.
- Information about increasingly smaller areas of the water network will enable improved detection of leaks, for gradual reduction of water losses.

WASTEWATER

- The SCADA systems used to electronically manage the wastewater network will become more sophisticated, and better able to monitor valves and pump stations and check wetwells.
- There is potential to use different technology for wastewater treatment in future, instead of using oxidation ponds which rely on natural processes.

SECTION 3 - SIGNIFICANT DECISIONS FOR CORE INFRASTRUCTURE

This section details Nelson's key infrastructure issues and identifies response options to manage them. The issues and responses are a varying stages of development and will be updated in more detail in future strategies and asset management plans. Note: Estimated costs are not inflated in these tables but have been inflated in the roll up for key project tables and graphs.

TRANSPORT

TABLE TRANSPORT 1: RESILIENCE TO NATURAL HAZARDS

Issue	**Ensure the transport network is resilience to natural hazards** The transport network is critical to enable all other utilities to get up and running.
Desired Benefits Investment objectives	Essential service vehicles are able to access the parts of the network which are critical for recovery from natural hazard events. Reduction in the number of vehicles affected by closures.

Most Viable Options [preferred listed first]	Implications/ Risk	When	How much?
Preferred Option Structural inspections programmed in 2018 to inform a future resilience works schedule and the strategic infrastructure plan: • using lifeline route status as a factor when prioritising structure renewals and resilience capex works • considering if alternative routes or sole access is available to customers when prioritising structure renewals and resilience capex works.	Public opposition to other (non-lifeline/ alternative available locations) not being prioritised for renewal.	Annual work for the next 30 years	$15-$30M over the next 30 years
Ensure new infrastructure and new developments are constructed in a manner that increases resilience, such as providing connections to adjacent networks so there are multiple access/egress points for each community.	Developers will prioritise additional lots over increased infrastructure cost.	Exact timeline unknown as this work needs to be co-ordinated with developments	The required Council contribution is unknown and dependant on specific development circumstances, at a cost of $1-5M over 30 years
Ensure Civil Defence Emergency Response Plans are in place and routinely updated, and mock events practised, to ensure lifeline infrastructure is back up and running as quickly as possible following natural hazard events.	It may not be feasible to reduce the impacts of rare and significant natural hazard events.	Annual work for the next 30 years	Part of business as usual costs
Alternative option Ensure Civil Defence Emergency Response Plans are in place and routinely updated and mock events practised to ensure lifeline infrastructure is back up and running as quickly as possible following natural hazard events.	Rare and significant natural hazard events may not be mitigated against.	Annual work for the next 30 years	Part of business as usual costs

Investigative work required, CAPEX decision?	Structural inspections programmed for 2018 to better understand long term renewal requirements.
Key Assumptions [Level of uncertainty]	• Lifecycle management (renewal) — once an asset has matured, its current value is kept constant (i.e. significant expenditure is not passed to future generations). Demand for increased residential lots continue in isolated valleys, generating the need to develop multiple access/egress points for each community.

TABLE T2: CAPACITY AND SAFETY PRESSURES

Issue	**Transport — the capacity and safety of the road network is under pressure** Growth in the number of car users, and slow uptake of alternative transport options, has increased the demands on the existing road network.
Desired Benefits Investment objectives	Level of traffic congestion on the arterial routes of 85% or less. Arterial Road capacity meets LOS C (stable traffic flow but with restrictions to freely select desired traffic speed. Delays at intersections of 15-20 seconds per vehicle) or better and road safety is managed in growth areas.

Most Viable Options [preferred listed first]	Implications/ Risk	When	How much?
Preferred Option More road capacity on arterial routes as mentioned below plus travel demand management (TDM) activities, more attractive bus service (including a new bus exchange), more cycle paths (enhancements to Nelson's walk and cycle network including cross-town links, the Tahunanui cycle link, Stoke East/West connection, and Gloucester Street cycle facilities), education, be a technology enabler, and a rideshare programme. This option is preferred because development may be constrained or delayed if the traffic generation from development has more than a minor impact. Investigations are currently underway regarding the Nelson Southern Link (by NZTA) which are investigation the problem statement of "the form and function of Nelson's two arterial corridors results in congestions and delays". The Programme Business case have been completed and has recommended progression to the Detailed Business Case in 2018.	Increasing road capacity via road building has long lead times and gaining resource consent is difficult. TDM activities typically require social change, which can be hard to effect without significant incentives such as increased parking charges.	Annual work for the next 30 years	$20 million over 30 years.
Alternative [Option 2] Travel demand management (TDM) activities only, as listed above.	$10 million over 30 years. The disadvantage of this option is its potential impact on road congestion and travel delays in Nelson and Tasman as a result of population growth.	Annual work for the next 30 years	$10 million over 30 years

Investigative work required, CAPEX decision?	Investigations currently underway via Nelson Southern Link and Richmond Network Operating Framework to pinpoint priority areas of need. 2018 Transport AMP includes funding required to address this issue.
Key Assumptions [Level of uncertainty]	• Travel demand stays at the same level or increases over time. • The aged population will still rely on motor vehicles for a significant proportion of their trips. • Technology advances do not significantly alter forecast traffic volumes or eliminate safety risks in the short to medium term.

TABLE T3: RENEWAL BACKLOG

Issue	**Delayed renewal programme** NZTA co-investment is not sufficient to provide matching funding for the Council's preferred road surface and retaining wall renewals programme, and lack of complete network knowledge creates uncertainty about the level of renewal investment that is actually required.
Desired Benefits Investment objectives	The total cost of ownership (operating, maintaining, replacing) the asset is minimised over time. ie is considering costs from 'cradle to grave'. Better understanding of network knowledge.

Most Viable Options [preferred listed first]	Implications/ Risk	When	How much?
Preferred Option Flexibility in the budget to allocate additional (or reduced) renewal budget as network gaps are identified. Optimise levels of service as appropriate using a pavement deterioration model and the One Network Road Classification framework as a guide. It is expected the modelling will help understand existing, underlying issues in the pavement that traditional methods don't always identify.	The renewal budgets are based on theoretical modelling and may not represent reality over the longer term. Delaying renewals increases risk that co-funding from NZTA for renewals may not be available for carrying out these renewals if they become urgent at a later date. Failure of roads or poor levels of service may be experienced in the period during which modelling and NZTA funding is being requested. Heavy Commercial Vehicles (HCV) are increasing in their gross mass and overall numbers that have impact on pavement lives.	Annual work for the next 30 years	This option may cost $10M over 30 years
Alternative Reduce levels of service to match available funding and increase reactive maintenance budgets.	Resurface and retaining wall backlog will grow, increasing the renewal liability and resulting in increased unplanned closures.	Annual work for the next 30 years	Not known, but this option would be informed by theoretical modelling

Investigative work required, CAPEX decision?	Model development and ongoing asset optimisation as part of the Transport AMP improvement plan. Decision on investment without NZTA co-investment may be required in order to reduce long term asset risk.
Key Assumptions [Level of uncertainty]	• Lifecycle management (renewal) — once an asset has matured its current value is kept constant (i.e. significant expenditure is not passed to future generations). • Sealed surface LOS follows national best practice, i.e. asphaltic concrete (AC) only applied where volumes are greater than 10,000 per day and high stressed pavement areas.

TABLE T4: FUNDING GROWTH PROJECTS

Issue	**Costs of growth for the road network** This issue relates to uncertainty — for example, under the National Policy Statement on Urban Development Capacity (NPS-UDC) the Council is required to provide three years of zoned and serviced land for residential and business development, and 10 years of zoned (and planned to be serviced) land for residential and business development. However, these services could be provided and then the landowner decide the time is not right for them to subdivide or sell their land. This raises a question of how to tie the developer to this commitment before providing the servicing. There is a risk that growth doesn't occur at the rate projected (or adopted). More funding (in addition to the money given to the Council through development contributions) is required to cater for the transport demands associated with new growth and development. More congestion on the existing road network is anticipated if these services are not provided.		
Desired Benefits Investment objectives	Local road capacity meets LOS D (Approaching unstable flow where all drivers are severely restricted in their freedom to select desired speed and manoeuvre within the traffic stream. Delays at intersections of 25-35 seconds per vehicle) or better and road safety is managed in growth areas.		
Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Prioritise areas to deliver the agreed capacity and safety level of service 'just in time' to match or slightly lag actual development.	There is a risk the Council could invest in infrastructure in areas that don't end up being developed. Unplanned/unforeseen development areas would be delayed by the lack of roading infrastructure until this can be planned, funded and implemented. To manage this risk, investigations are currently underway to pinpoint priority areas of need. The city wide TRACKS model can be used to understand the impact of any large proposed developments at a macro scale. However, localised modelling using micro-simulation or similar is also necessary to understand the localised impacts.	Stage over next 30 years	See Table T2 ($30 million over 30 years)
Alternative [Option 2] Deliver capacity and safety level of service improvements across the city to enable distributed development.	This option would almost certainly result in Council investing in infrastructure in areas that don't end up being developed.		More than $30 million over 30 years
Investigative work required, CAPEX decision?	Development Contributions Policy will provide partial funding (approximately 30%), with the remainder budgeted in the 2018 Transport AMP.		
Key Assumptions [Level of uncertainty]	• Demand (growth) occurs as forecast by the Council. • Travel demand which is not related to new, isolated development continues at current levels.		

TABLE T5: NETWORK DEMAND GROWTH

Issue	**Demand exceeds existing network capacity to maintain acceptable levels of service for travel time and safety** Increasing congestion on main arterials and the State Highway is limiting our ability to create a liveable city and to see our region thrive. Monitoring data shows the problems experienced during peak times are now extending into off-peak times in the morning and afternoon.		
Desired Benefits Investment objectives	Maintain existing levels of service for travel time, safety, efficiency. Provides resilience for life line routes. Enhancement of the waterfront.		
Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Integrate the Nelson Southern Link with the local road network, additional measures to maintain LOS: • Minimise arterial road severance; • Provide for active travel via a separated pathway between the central city and Bishopdale; • Manage car parking demand; • Provide a clear road hierarchy, especially in the northern Stoke area.	Uncertainty over Council/ NZTA cost split for the Southern Link Uncertainty about the exact the timing of the project. Uncertainty over the Council's responsibility and costs associated with the revoked State Highway consisting of Haven Rd, Rocks Rd and Tahunanui Drive.	Likely staged over next 10 - 15 years	$10 million over 15 years (excludes OPEX and renewal costs associated with the revoked State Highway consisting of Haven Rd, Rocks Rd and Tahunanui Drive)
Alternative Option Progression of the Nelson Southern Link with minimal integration of the local road network.	Arterial road severance and parking demand increases. Central city traffic patterns/ volumes change resulting in congestion/travel time delays/increased safety risk. Network hierarchy is not clear and doesn't incentivise using the arterial network when travelling through the city. Uncertainty over responsibility and costs associated with the revoked State Highway consisting of Haven Rd, Rocks Rd and Tahunanui Drive.	Uncertain — likely staged over next 30 years	$5 million over 15 years. (excludes OPEX and renewal costs associated with the revoked State Highway consisting of Haven Rd, Rocks Rd and Tahunanui Drive)
Investigative work required, CAPEX decision?	As the Nelson Southern Link Investigation is progressed, then: • micro-simulation modelling on the interaction with the central city transport system • inclusive decision making on integration with the local road transport system. • Decision will be made upon completion of the NSLI		
Key Assumptions [Level of uncertainty]	• Government and / or NZTA progress Nelson Southern Link. • Uncertainty around the delivery timeframe of the Nelson Southern Link project creates uncertainty in the form and function of the growth projects in the Marsden/ Stoke area. • Travel demand (growth) stays at the same level or increases over time.		

TABLE T6: TECHNOLOGICAL CHANGE

Issue	**Technological changes may result in different demands on the transport network** Technological change will result in new, currently unknown, demands on the transport network.		
Desired Benefits Investment objectives	Reduced travel time, vehicle operating costs and road safety risk. Contribution to national climate targets by facilitating alternatives to fossil fuel powered vehicles.		
Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Put a nimble structure in place to allow rapid adoption of technology advances where they can respond to transport issues or objectives; and provide seed funding to the commercial sector for demonstration projects that raise public awareness.	There may be significant savings if other demand and growth-related projects (such as construction of new roads) are not necessary as a result of changes in technology. There is some uncertainty with this option — future technology advances may not result in transport benefits in the Nelson Tasman region. Another possibility is that future transport technology advances turn out to be largely driven by market forces, with little investment needed by the Council.	Uncertain — likely within next 30 years.	The cost is estimated to be $10 million over 30 years
Alternative [Option 2] Let market forces drive technology change.	Not investing in new transport-related technology may result in lost opportunities for network efficiencies.	N/A	N/A
Investigative work required, CAPEX decision?	The 2018 Transport AMP proposes increased staffing to enable Council to keep abreast of technology advances and respond to technology change where it can deliver on travel time, vehicle operating costs and road safety risk reductions.		
Key Assumptions [Level of uncertainty]	• The timing of benefits from technological change is highly uncertain. • Nelson won't seek to be at the cutting edge of technological changes but will take a pragmatic approach and ensure benefit-cost-risk is considered appropriately for new innovations		

WATER SUPPLY

TABLE WATER SUPPLY 1: WATER LOSSES

Issue	**Water losses from the network** Water leaks out of broken or impaired pipes in the public network and un-metred user's results in a 25-30% difference between the volume of water leaving the Water Treatment Plan and the amount actually identified by the community water meters. In addition, leaks occur in private lines throughout the city. Water losses impact environmental flows in the Maitai and Roding rivers and reducing demand will improve these flow levels.
Desired Benefits Investment objectives	Ensuring the water take from the rivers is the minimum necessary to meet the reasonable demands of the city.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option 1 An ongoing programme of investigating water leaks, and repairing and renewing the public network of water pipes. Investigating other uses of water from the network such as fire flows, construction uses by contractors and pipe scouring by Council.	Identifying leaks and un-metred uses will help improve water use reporting. Some income could result from monitoring contractor usage. Monitoring needs to be ongoing to ensure compliance with backflow and metering requirements and any drought restrictions	Ongoing over the next 30 years.	Renewal of water pipes — $44 million over 30 years. Targeted water loss reduction programme — $3.6M over 30 years.
Option 2 Placing a stronger emphasis on community responsibility for water taken from the network and water leaks in privately owned pipes through a charging regime that requires people to pay for all water taken from the public network, therefore incentivising the economical use of water and fixing of leaks in privately owned water pipes.	Finding and repairing leaks can be costly. This may create an affordability issue for some customers.	Ongoing over the next 30 years.	Charging regime based on recovering network costs.

Investigative work required, CAPEX decision?	Investigations currently underway to pinpoint priority areas of need. The 2018-28 Water Supply AMP will include funding required to address this issue.
Key Assumptions [Level of uncertainty]	• The current level of service, which sets a limit of real water loss of less than 25%, will be retained. Demand will increase as population increases. Current sources of raw water will be subject to resource consent conditions. Expected demand will be met by current sources out to 2050 if TDC continue to supply south Nelson. • Private landowners and contractors will support increased focus on the issue and will comply with NCC policy. • NCC will enforce private leaks and the contractor use policy.

TABLE WS2: WATER QUALITY

Issue	**Maitai water quality** During drought conditions raw water is sourced from the Maitai Dam and also released to the Maitai River to increase river flows to the level required by the Council's resource consent. This water has higher organic content and the water at the bottom of the dam is of a lower quality than surface water in the river.
Desired Benefits Investment objectives	Improve the quality of the environment in the lower levels of the dam, and in the Maitai River when this water is re-leased.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Aeration of the Maitai Dam and mix the water to prevent the loss of oxygen in the bottom layer.	Improved environment in the base of the full reservoir is the ultimate goal. Some risk exists as to the effectiveness of the aeration proposal.	Construction in 2022/23	The expected cost is $2.3M with construction programmed in 2022/23.
Alternative [Option 2] Pending indicative business case for additional information on possible solutions			

Investigative work required, CAPEX decision?	Detailed investigation and design is required to confirm viability and cost. Final construction is dependent upon detailed design and any consents required.
Key Assumptions [Level of uncertainty]	• The current level of service requires compliance with resource consents for the abstraction of raw water. New consents will likely set a limit on oxygen content of water released as back feed into the river. Water demand will also increase as the population increases. Expected demand will be met by current sources out to 2050, if TDC maintain supply to south Nelson, but will be impacted by climate change and expected increased use of the Maitai dam over dry periods. • The community will support an increased focus on the quality of the environment in the dam. • Nationwide freshwater policy will not result in significant changes to water supply consent conditions.

TABLE WS3: TREATMENT PLANT LIMITATIONS

Issue	**Impacts on the Water Treatment Plant from events causing water supply to be drawn from the dam for longer periods of time.** Usually water is taken directly as a 'run of the river' from the south branch of the Maitai River and the Roding River. However, during storm conditions the river water is often too full of sediment to be used, so water is taken from the dam instead. The higher levels of organic material in this source means the Water Treatment Plant doesn't work as efficiently when processing this lower quality water, as the membranes work harder processing the material and the very fine particles not removed by the membranes reduce the efficiency of the chlorination stage. This becomes important when the Maitai Dam is used for long periods as the raw water source. The issue is linked to river health and operational efficiency of the treatment plant. The appropriate solution will depend upon the source of raw water.
Desired Benefits Investment objectives	Ensuring the treatment plant is capable of meeting the demand for water to the required LOS irrespective of raw water source in the most cost-effective manner. Maintain promised LOS for customers.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option 1 Invest in a primary clarifier at the Water Treatment Plant.	A primary clarifier will require changes to the layout of the site. Additional sludge will be produced that will require extra settlement lagoons or a lamellar thickener.	This investment may be required if the Maitai Dam becomes a dominant raw water source. Detailed investigations, options, design and consents are programmed for years 5-10	Treatment Plant primary clarifier would cost $20M-$25M.
Alternative Option 2 More regular replacement of the water treatment plant membranes.	Regular replacement of membranes will lead to replacement before the end of their service lives and some economic inefficiency.	Replacement will be required when membrane efficiency begins to reduce.	More regular replacement of membranes is estimated to cost $7.5M every 6-8 years.

Investigative work required, CAPEX decision?	Detailed investigation of options and cost benefit analysis will be the first stage of the project. It is possible that the preferred option may change as a result.
Key Assumptions [Level of uncertainty]	• The current levels of service require compliance with drinking water standards and resource consent conditions. • Current sources of raw water are expected to meet demand out to 2040-2050 • Climate change will occur at a gradual rate and allow time for the community to adapt to longer drought periods. • Nationwide freshwater policy will not result in significant changes to water supply resource consent conditions.

TABLE WS4: DISCOLOURED WATER

Issue	**Water supply — discoloured drinking water** Some of the water supply network consists of cast-iron pipes containing iron and manganese oxide deposits which affect the visual quality, leading to customer dissatisfaction with the water supply service.		
Desired Benefits Investment objectives	Meet reasonable requirements for water clarity and reduce customer dissatisfaction.		
Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Renewal of cast-iron pipes in problem areas with the modern equivalent earlier than renewal plan indicates.	Most of the cast-iron pipe tested have been found to be structurally in good condition. Increasingly expensive to replace pipes by trenching. May have to delay renewal of lower priority asbestos cement (black bitumen coated) pipes.	Likely to begin after year 10.	Renewal of 48km of cast-iron pipes would cost $10-$20 million over 10 years.
Alternative [Option 2] Re-lining of the cast-iron pipes in problem areas depending upon accreditation of products for potable water.	Re-lining options are limited and higher risk. These need detailed investigation to confirm options for potable water exist. May have to delay renewal of lower priority asbestos cement (black bitumen coated) pipes.	Likely to begin after year 10.	Relining of cast-iron type pipes could cost approximately $12M.
Investigative work required, CAPEX decision?	Options for re-lining need to be investigated and proven for potable water. Focus would be the removal of iron and manganese oxides from the inside of the pipes and the sealing of the wall if possible to prevent regrowth		
Key Assumptions [Level of uncertainty]	• The current levels of service require monitoring of complaints about water clarity and compliance with the drinking water standards. • Renewing Asbestos Cement (black bitumen coated) water mains contains more risk and is more critical over the next eight years. • Suitable products for re-lining of potable water supply pipes are available in New Zealand but uncertainty remains on their performance and success on a large scale		

TABLE WS5: RESILIENCE TO NATURAL HAZARDS

Issue	**Risks to the water supply network from significant natural hazards.** Flooding and earthquake damage (ground shaking and liquefaction) can cause significant and long term disruption to the community, and loss of services to affected areas.		
Desired Benefits Investment objectives	Improving the resilience of the network and the speed of post-disaster recovery.		
Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Identify and assess risks to the water supply network from significant flooding and earthquakes (this investigation is underway) and invest in insurance as a means to assist with recovery costs.	Repairing significant damage to infrastructure from natural hazards is part funded by insurance. Council has investigated alternative insurance arrangements which are more cost effective than the Local Authority Protection Plan (LAPP) and has put in place insurance arrangements with the private insurance industry. Risks associated with natural hazards are currently being assessed. A better understanding of the likely impacts on the city should allow improvements in future construction. Costs of enhancing the network resilience will be better identified upon the completion of the investigation. Significant resilience to natural hazards will be 'built-in' through the renewals and capital upgrade programme for the dams and treatment plant.	Timeframes will not be determined until the investigation is completed.	Costs will not be known until this investigation is completed. $0.8M is identified for hazard mitigation to the Maitai raw water pipeline in years 8-15. A budget of $1.5M over 30 years has also been included to allow for any natural hazards risk remediation.
Alternative [Option 2] Solutions pending until investigation is complete			
Investigative work required, CAPEX decision?	The investigation costs will be approx. $450k. The work in years 1-4 will inform future Long Term Plans.		
Key Assumptions [Level of uncertainty]	• No specific level of service for recovery from natural hazards. Current level of service continues for recording number of complaints about continuity of supply. Water supply demand will increase with population growth. Protection from damage from some natural hazards will be embedded in renewals and capital works. • Climate change will be monitored and growth controls adjusted to respond to the latest information. • Earthquake risk will be reviewed as any future investigations provide additional information.		

TABLE WS6: METER REPLACEMENT

Issue	**Replacement of the existing water meters** The great majority of the residential meters have reached the end of their useful life (both physical condition and asset performance). Physical deterioration means they are not recording properly (out by more than 4% accuracy) leading to inconvenience for customers if they need to report discrepancies and an increase to staff time spent resolving errors.		
Desired Benefits Investment objectives	Correctly recover and record revenue, assist with identifying water leaks. Reduction in meter failures will reduce customer complaints and save staff time resolving issues.		
Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Manual read mechanical meters	Manual read mechanical meters have approximately 20 year service life. Replacement with new manual/mechanical meters could delay access to the benefits of electronic meters by 20 years.	2018/19 - 2020/21	$3.2 million
Alternative Option Mechanical meters with automated readings	Untested in New Zealand on a large scale, technology still not there to warrant cost and risk	N/A	$6.5 million (replacement required every 10 years)
Investigative work required, CAPEX decision?	Complete – manual read mechanical meters will be used as they provide the most cost-effective solution.		
Key Assumptions [Level of uncertainty]	• Current level of service for average consumption of drinking water per day per resident to be less than 500 litres. No specific level of service for water meters. Mechanical meters last for approximately 20 years. Currently, the lifespan of automated meters is governed by battery life, which is approximately 10 years. • Water charges will continue to be based on metered supplies. • Mechanical meters life is 15 years; electronic meters life is 12 years		

WASTEWATER

TABLE WASTEWATER 1: UNWANTED NETWORK DISCHARGES

Issue	**Wastewater — stormwater and groundwater entering the wastewater pipes** If households' stormwater pipes have been accidentally connected to the Council's wastewater system instead of the stormwater system, rainwater runoff from roofs and driveways ends up flowing into the wastewater system. Stormwater and natural sources of groundwater can also enter the wastewater system if underground stormwater and wastewater pipes are broken. All of the increased flows into wastewater pipes put pressure on the wastewater pipes and the capacity of the wastewater network as a whole. These additional inflows into the system can result in wastewater overflows during wet weather leading to potential environmental, cultural and health issues.
Desired Benefits Investment objectives	Minimise risk of negative environmental impacts and public health issues due to wet weather overflows from the wastewater network. Reduce costs for pumping and treating extra volume and for clean-up post overflow.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Continue site investigation programme to identify areas of high inflow and infiltration. Increase resources for investigating discharge of stormwater to wastewater pipes on private properties, to avoid inflow of rainwater to the wastewater system. Undertake public education campaign to encourage appropriate disposal of stormwater. Support regulatory response where necessary and investigate options for upgrading private wastewater reticulation where high levels of infiltration are identified. Increase the pipeline renewal programme in areas with high water tables (where groundwater levels are high, and close to the wastewater pipes). System improvements (eg detention tanks) in multiple locations to accommodate rapid increases in stormwater inflow to the wastewater system during heavy rainfall.	Additional resources are required to follow up results of property investigations. Site investigations and public education are important opportunities for community engagement. Detention tanks or network upgrades are 'end of pipe' solutions and do not treat the source of the problem. Significant issues on private property will require land owner support and possible funding to resolve	Investigation next 3 years; system improvements next 20 years; Public pipe renewals ongoing; private property issues tbd	Direct investigation of sources and construction of detention tanks or network upgrades $22.1 million over 30 years. Also costs for private issues resolution still to be assessed
Alternative [Option 2] Rely on pipeline renewal to reduce infiltration	Wet weather overflows will continue into the foreseeable future	Ongoing over the next 30+ yrs.	No detailed costs available but could be in excess of $50M.

Investigative work required, CAPEX decision?	Work currently underway but increase focus starting 18/19, decision on CAPEX needs and community requirements for private property issues expected 19/20.
Key Assumptions [Level of uncertainty]	• Increase LOS to improve environmental outcomes and reduce public health risks • 80% of stormwater entry to wastewater system from private connections • Community generally in support of resolving the issue • Growth may be constrained where wet weather capacity is insufficient

TABLE WW2: DISCHARGES TO NELSON HAVEN

Issue	**Wastewater — discharges to Nelson Haven due to asset failures** There is one pipeline (rising main) in the foreshore and partly under the sea bed between Nelson and the Nelson wastewater treatment plant, which is located near the Glen, to the north of the city. Some failures of this pipeline have led to low volumes of wastewater discharges directly into the Nelson Haven. Recent failures have been from access points on the pipeline rather than pipewall or joint failures.
Desired Benefits Investment objectives	Avoid wastewater discharges to Nelson Haven due to asset failures.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Increase resources for pipeline inspection. Check all fittings and access hatches along the pipeline. Carry out spot repairs as required.	Investigations focused on access points such as air valves and people hatches. Ongoing investigation of pipeline will be required as opportunities arise. Risk of pipewall failure still remains.	Years 1-4.	The investigation and spot repairs will cost $0.65 million.
Preferred Option 2 Consider early renewal of the pipeline.	Early renewal needs further investigation to avoid replacing sections that are still in good condition. Potential failure locations are not able to be identified without analysis of the pipewall condition.	Renewal investigation and options are to start 2024/25 with construction scheduled to commence in 2027/28 and take 2-3 years. Depending on the outcome of the pipeline/ fittings condition investigation in years 1-4 the renewal work may be brought forward.	The renewal of the pipeline will cost approx. $17.8 million.

Investigative work required, CAPEX decision?	Pipeline internal condition to be investigated as opportunities arise. Investigation of renewal options to include a duplicate pipeline located to minimise impact of climate change or relining/sleeving the existing pipeline.
Key Assumptions [Level of uncertainty]	• There is no current level of service specific to the Atawhai rising main. The existing rising main is expected to have capacity for dry weather flows out to 2050-2060. • Access for repairs and maintenance alongside the state highway will continue to be available.

TABLE WW3: CLIMATE CHANGE IMPLICATIONS - WASTEWATER TREATMENT PLANT

Issue	**Impact of climate change on the Nelson wastewater treatment plant** The Nelson wastewater treatment plant is low lying and located in the coastal environment. That means it is particularly exposed to the effects of climate change, including sea level rise, flooding and storm surge. This is significant because the Nelson wastewater plant treats half of Nelson's residential waste, at around 8 million litres of wastewater per day (the other half goes to the Bell Island treatment plant).
Desired Benefits Investment objectives	As a critical asset with significant capital investment Council wishes to ensure it continues to operate effectively in this location for as long as practicable.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Investigate long term options for managing natural hazard risks affecting the Nelson wastewater treatment plant as part of the resource consent process.	The cost of any actions required in response to this investigation are not yet known, but could be considerable, particularly if relocation is the most cost effective option in the long term.	The resource consent for the Nelson treatment plant expires 1 Dec 2024. Preparation for the replacement consent begins 2019/20. Lodgement of the consent application is proposed by Jan 2024.	The investigation and resource consent costs will be $0.8 million over six years. A budget of $15.5M over 30 years ($12M in 2043-48) has been included to allow for pro-tection/ upgrading/ investigating relocation options as required.
Alternative [Option 2] Investigate alternative locations or treatment options.	An options report will be part of the investigations in year 2-3. Any decision on the long term future of the plant is likely to 3-4 years away. Rogue events can still damage the plant in the interim.	Investigations and options study 2019/20-21/22.	The investigation and options study will cost approx. $100k.

Investigative work required, CAPEX decision?	Investigations and options are required for the protection in place of the treatment plant or the relocation to a new location. One option is to treat all wastewater at Bell Island through the NRSBU. Capex decisions are expected after the resource consent processing is complete in 2024.
Key Assumptions [Level of uncertainty]	• The existing treatment plant will have capacity for dry weather flows out to at least 2050-2060. • Replacement resource consents will be granted for the operation of the plant out to 2050. • Climate change will be monitored and growth controls adjusted to respond to latest information.

TABLE WW4: RISKS TO WASTEWATER FROM NATURAL HAZARDS

Issue	**Risks to the wastewater network from significant natural hazards.** Flooding and earthquake damage (ground shaking and liquefaction) can cause significant and long term disruption to the community, and loss of services to affected areas.
Desired Benefits Investment objectives	Improving the resilience of the network and the speed of post-disaster recovery.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Identify and assess network risk (this investigation is underway) and have insurance as a means to assist with recovery costs. Undertake improvements where possible.	Repairing significant damage to infrastructure from natural hazards is part funded by insurance. Council have investigated alternative insurance arrangements which are more cost effective than the Local Authority Protection Plan (LAPP) and put in place insurance arrangements with private insurers. Risks associated with natural hazards are currently being assessed. A better understanding of the likely impacts on the city should allow improvements in future construction. Costs of enhancing the network's resilience will be better identified upon the completion of the investigation. Significant resilience to natural hazards will be 'built-in' through the renewals and capital upgrade programme.	Investigation years 1-4 and then year 10 with updates every five years thereafter. Construction of network upgrades to follow investigation.	Investigation $400k. Accurate construction costs will not be known until this investigation is completed. A budget of $7.2M over 30 years ($6M in 2038-48) has been included to allow for any protection that is not provided in other works.
Preferred Option 2 Have Civil Defence Emergency Response Plans in place for getting lifeline infrastructure back up and running as quickly as possible following natural hazard damage.	This provides a response only rather than protection of the network and focuses on the lifeline utilities.	Ongoing over 30 years.	Plans likely to be developed in-house. Costs of re-instatement to be met from emergency funds and insurance.
Preferred Option 3 Ensure new infrastructure avoids hazard prone areas where feasible and is constructed in a manner that increases resilience to hazard events.	Only addresses new infrastructure. Risk to existing infrastructure remains.	Ongoing over 30 years.	Cost will be part of any new capital project.

Investigative work required, CAPEX decision?	The investigation costs will be $0.4 million over 30 years. Individual projects will be identified as part of the investigation.
Key Assumptions [Level of uncertainty]	• There is no specific level of service regarding impacts of natural hazards. Demand will increase with population growth. Protection from damage from some natural hazards will be embedded with renewals and capital works. • Climate change will be monitored and growth controls adjusted to respond to latest information. • Earthquake risk will be reviewed as any future investigations provide additional information.

STORMWATER AND FLOOD PROTECTION

TABLE STORMWATER & FLOOD PROTECTION 1: LEVEL OF FLOOD PROTECTION

Issue	**Level of flood protection** Unless improvements are made, the existing flooding issues in areas impacted by the 13 larger urban streams are likely to be exacerbated by more frequent and more intense rainfall events in future, as a result of climate change.
Desired Benefits Investment objectives	No fatalities directly attributable to up to 1% AEP flood event. No flooding of habitable floors from 2% AEP event. Minimise disruption to business and day to day activities from 1% AEP events.

Most Viable Options [preferred listed first]	Implications/ Risk	When	How much?
Preferred Option The preferred option is a risk based approach to flood protection which means focusing flood protection works on areas which have a high likelihood of being flooded and/or being seriously affected by flood events.	Risk profile can change annually as property valuations change and land use changes through redevelopment. Potentially the flood risk will need to be reviewed regularly. Assessing	Over 30 years	The cost of implementing a risk-based approach will not be known until the analysis for each stream and river has been completed. A very rough estimate is likely to be in the order of $100 million over 30 years.
Alternative [Option 2] An alternative option is to upgrade all streams and rivers to ensure flows from a 1% AEP event are contained within the river channel.	The cost of upgrading channels to meet a 1%AEP event will be expensive and in some areas the cost may be found to outweigh the cost of damage from the event.	Over 30 years	The cost of implementing a consistent standard of 1% AEP to the 13 major urban streams would require preliminary design for each stream /river to be undertaken. A very rough estimate is likely to be in the order of $150 million over 30 years.

Investigative work required, CAPEX decision?	Complete development of computer flood models of the largest 13 urban streams. Complete development of a risk based framework for flood protection. Investigations for the Maitai are in years 1-6 with budget $550k. Any subsequent construction works will be identified in future LTPs.
Key Assumptions [Level of uncertainty]	• Current levels of service focus on maintaining major flood protection and control works and ensuring there is limited damage to habitable floors from a 50% AEP event. Development in flood prone areas of the city is controlled by the district and regional plans under the Resource Management Act. The flood models are expected to support future controls for new developments, to ensure property damage is avoided. • Climate change will be monitored and development controls adjusted to respond to latest information. • A risk based response to flood protection will underpin the stormwater and flood protection activity for the life of this plan.

TABLE SW2: LEVEL OF STORMWATER PROTECTION

Issue	**The capacity of the stormwater network is not able to meet expected levels of service when considering heavy rain events and rising sea levels** Some areas of the city have ongoing stormwater drainage issues due to the lack of a consistent standard of stormwater protection. An under-capacity stormwater network can contribute to: landslides, wastewater infiltration, and damage to buildings.
Desired Benefits Investment objectives	Properties in the city are protected from the effects of uncontrolled stormwater discharge in up to events with a 6.67% AEP. No disruption to business and day to day activities from 6.67% AEP events.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option The preferred approach is to provide a piped stormwater network to a 6.67%AEP event for the entire city.	Many parts of the existing network have been installed prior to the recognition of climate change and will not cope with increasing flows into the future. Until climate change is better understood there is a residual risk that construction may be either undersized or oversized.	Ongoing for 30 years.	Piped stormwater network for the entire city would cost in the order of $80 million over 30 years.
Alternative [Option 2] An alternative option is to utilise ground discharge and secondary flow paths to collect and convey stormwater to a safe discharge point.	Some areas of the city are prone to slippage and additional surface water could initiate or exacerbate slips. Secondary flow paths can pass through private property, development would have to be carried out in ways that leave flow paths clear. Identifying slip prone land is likely to be undertaken as part of the proposed Whakamahere Whakatu Nelson Plan but may not be to a fine enough level of detail for property specific advice.	Identify secondary flowpaths years 1-2. Any consequent work will be identified after this first stage.	Investigation of secondary flow paths $150k. Any necessary works will be identified in future LTPs.
Alternative [Option 3] An alternative option is to rely on stormwater detention and eventual discharge to ground	As with option 2 those areas that are sensitive to slips would need to be considered carefully. Sizing of detention tanks would need to be able to change to meet any change to expected future rainfall. Likely to only be available for new development.	Ongoing over 30 years.	Cost of tanks likely to be borne by property owners.

Investigative work required, CAPEX decision?	Stormwater strategies are required for the whole city assessing current disposal provisions and setting out appropriate disposal options for each area. Future projects will be identified in LTPs.
Key Assumptions [Level of uncertainty]	• Current levels of service focus on maintaining the serviceability of the existing infrastructure and ensuring appropriate disposal options are available across the city. All new developments within the city are required to provide appropriate stormwater disposal through connection to public services, disposal to ground or detention as appropriate. Renewal budgets have been established. • Climate change will be monitored and development controls adjusted to respond to latest information. • Stormwater disposal options will protect other utilities and adjacent property and be carefully matched to geotechnical constraints.

TABLE SW3: PRIVATE DRAINS MAINTENANCE

Issue	**Maintenance of stormwater pipes and open drains, including secondary flow paths, which are not owned by the Council** There is an extensive network of pipes and open channels (drains) across the city that the Council does not own or maintain but may be legally considered to be public drains. Additionally many secondary flow paths cross private property. There are associated issues related to private drains within road reserve and across multiple private properties that are also not maintained by the Council.
Desired Benefits Investment objectives	Protection of property from damage by poorly or non-maintained stormwater networks.

Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option The preferred option is to develop strategies for future stormwater services across the city that maximise the use of public property.	Residual risk will continue as strategies are developed. Construction of new public drains will also take some time.	Develop four separate strategies to cover the city in the first ten years. Implementation will follow each strategy.	The cost to investigate and carry out minimal upgrades of public drains is $4.6 million over 30 years.
Preferred Option 2 Develop a drainage ownership/ maintenance policy as part of the Land Development Manual to clarify when Council or landowners are responsible for drains.	Drainage ownership/ maintenance policy will provide more clarity of responsibilities for operational staff. Some risk of not being able to define every possible scenario affecting a timely response to queries. Policy will be dependent on adoption of LDM.	Policy can only be developed once Land Development Manual is adopted by Council. Likely 2019/20.	To be undertaken by Council staff. No external cost expected beyond that required for the LDM.

Investigative work required, CAPEX decision?	Develop an inventory of drains that are owned by Council or could be considered to be public drains requiring maintenance by Council. Develop strategies for the provision of stormwater services across the city.
Key Assumptions [Level of uncertainty]	• Current levels of service focus on the reliability of the network as measured by blockages and the response to issues as measured by contractor response times. Future demand for stormwater services are primarily considered through subdivision consents and city growth planning. Renewal planning matches the rate at which assets reach the end of their service lives. • New developments will ensure ownership of drains is clear.

TABLE SW4: NATURAL HAZARD RESILIENCE

Issue	**Risks to the stormwater network from natural hazards.** Earthquake damage as a result of ground shaking and liquefaction can cause significant and long term disruption to the community, and loss of services to affected areas. Climate change with possible increases in rainfall intensity and sea level rise, will impact services.		
Desired Benefits Investment objectives	A resilient network that will continue to provide property protection during and after the action of natural hazards.		
Most Viable Options [preferred listed first]	**Implications/ Risk**	**When**	**How much?**
Preferred Option Identify and assess network risk (this investigation is underway) and develop a resilient network to withstand moderate earthquakes with minimal damage. Have insurance as a means to assist with recovery costs.	Council has investigated alternative insurance arrangements which are more cost effective than the Local Authority Protection Plan (LAPP). Actual costs are yet to be determined.	Insurance ongoing. Risk assessment of assets years 1-5 and every ten years thereafter. Construction of network upgrades to follow investigation.	Accurate costs will not be known until this investigation is completed and climate change implications are better understood. A rough order cost of $7.8M over 30 years has been included.
Alternative Option Identify and assess network risk (this investigation is underway) and rely on insurance as a means to assist with recovery costs.	Significant damage to the network, and slower recovery.	Risk assessment of assets years 1-5 and every ten years thereafter.	$400k over 30 years
Investigative work required, CAPEX decision?	Complete investigation and risk analysis of key components of the network. Develop response plan to inform priorities for network upgrades.		
Key Assumptions [Level of uncertainty]	• Current levels of service focus on the reliability of the network as measured by blockages and the response to issues as measured by contractor response times. Future demand for stormwater services are primarily considered through subdivision consents and city growth planning that considers natural hazards as one of the assessment criteria. Renewal of assets incorporates design to minimise the impact of natural hazards. • Climate change will be monitored and growth controls adjusted to respond to latest information. • Earthquake risk will be reviewed as any future investigations provide additional information.		

SECTION 4 - MOST LIKELY SCENARIO

This section shows the estimated financial implications of the most likely scenario resulting from addressing the key issues and maintaining planned service provision over the next 30 years. This includes the estimated costs for the projects and initiatives identified in the previous section. More detail about individual projects over the next 10 years is available in the 2018 asset management plans.

As described throughout this strategy the objective of core network infrastructure is to support achievement of the desired outcomes for the community. Each specific infrastructure objective aligns with the outcomes and will contribute to the city's success.

The future brings uncertainty in many areas but Council has shown the ability to remain flexible and adapt to change. While this strategy has identified the

significant infrastructure issues over the next 30 years, it is based on existing information and thinking. It is understood that as new opportunities and challenges arise, future strategies will need to consider those changes.

The waters and transport networks will continue to grow to meet user demand and the existing network will be managed to provide the expected service levels. Based on current assessments this is manageable within the funding estimates.

Levels of service will probably change over time but the extent and direction is not always clear so ongoing monitoring of customer preferences and asset utilisation will continue. Regardless of what transpires, the focus remains on meeting the required levels of service in the most cost-effective manner.

Improving mechanisms to collect and analyse data on performance and condition is underway. This will help ensure whole of life costs are fully understood, assets life is maximised, and funding requirements are based on sound evidence.

Technological advancements are already showing signs that useful lives may be extended on certain assets and brings the potential to reduce maintenance and renewal costs (eg sleeving pipes). As confidence grows in these technologies, asset lives could be extended and costs of replacements could decrease. There will be more focus on understanding and seizing these opportunities in the next strategy.

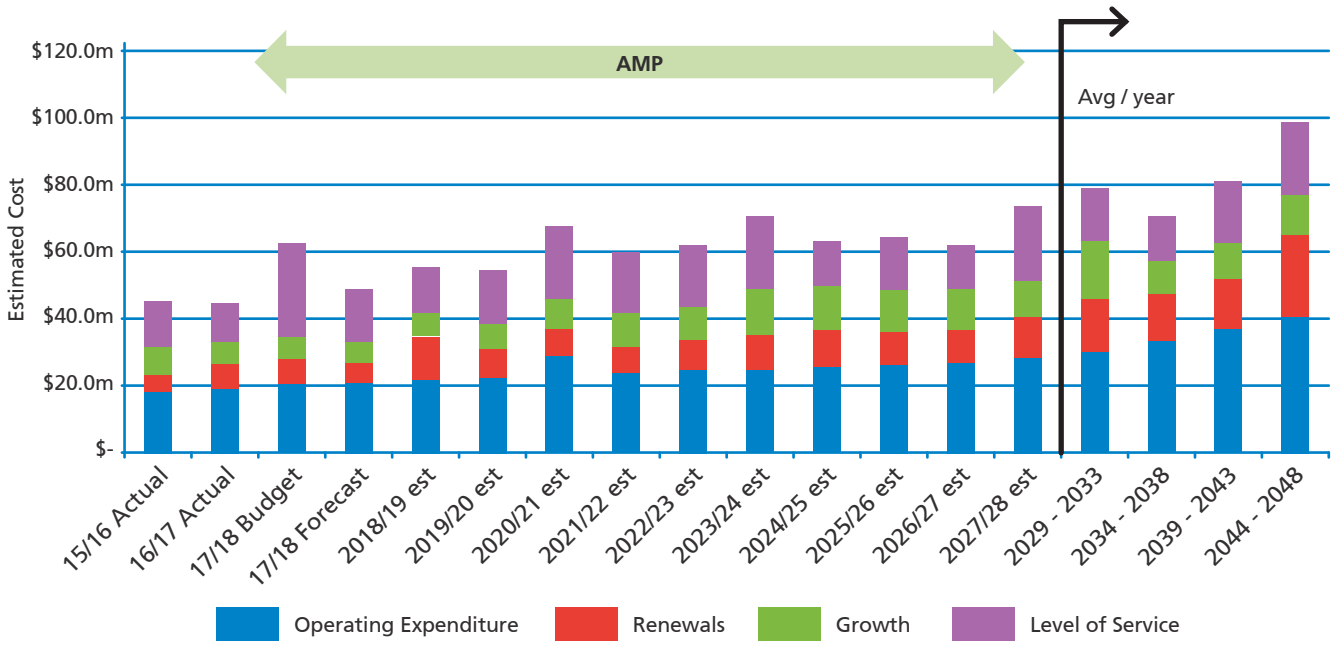
Key to success is not only maintaining and understanding current community needs and how our assets meet those corresponding service levels but to also keep an eye on the horizon for changes that may require a response. Community faces competing priorities and each decision requires a balance of whole of life benefit vs cost vs risk across all activities. The decision process needs to remain robust so trade-off implications are understood when future changes require a re-allocation of funding.

The proceeding sections have shown our approach is to ensure that over the next 30 years Nelson's infrastructure assets are managed to continue to deliver expected levels of service. The networks will become more resilient and environmentally friendly. They seek to provide accessible and safe transport options which allow efficient travel around the city, quality water supply to households and businesses, wastewater disposal that remains in the network until treatment, and storm water disposal options that are right sized to protect properties from flooding.

This graphs show the financial estimates (each year is shown for the first 10 years, then spending in years 11-30 is shown in five year increments as the average per year) for all infrastructure and by activity.

Estimates are adjusted for inflation using BERL forecasts.

INFRASTRUCTURE TOTAL ESTIMATES

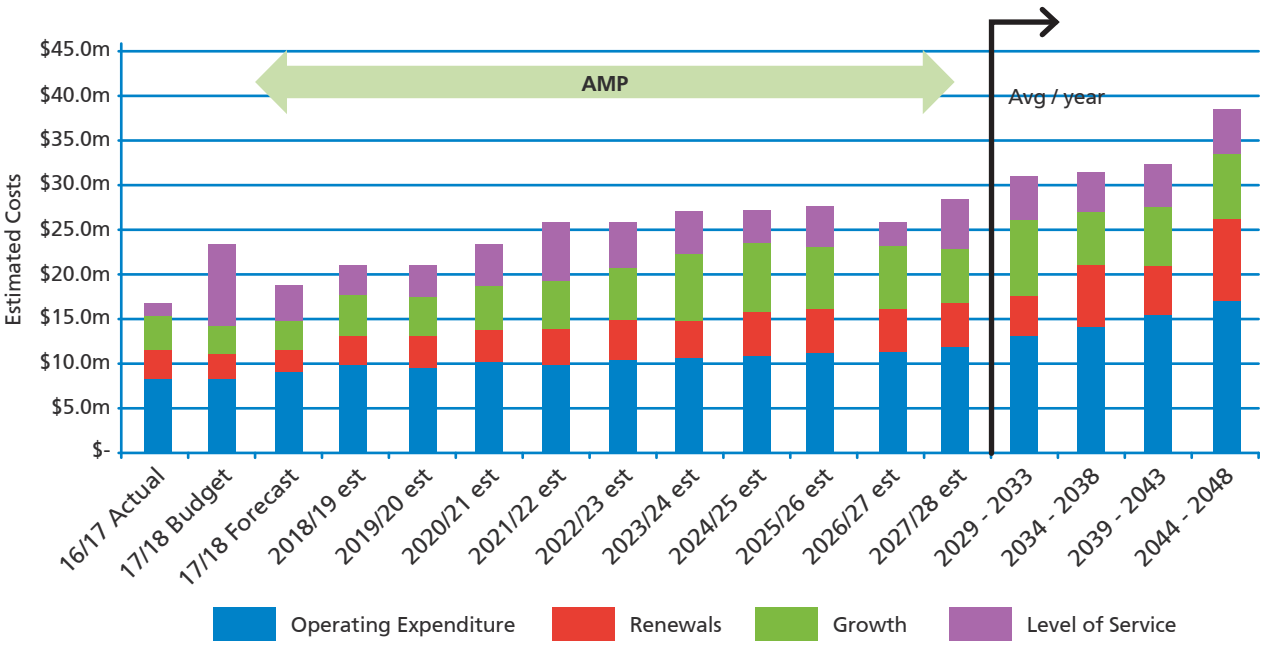


SUMMARY TABLE OF SIGNIFICANT PROJECTS AND PROGRAMMES

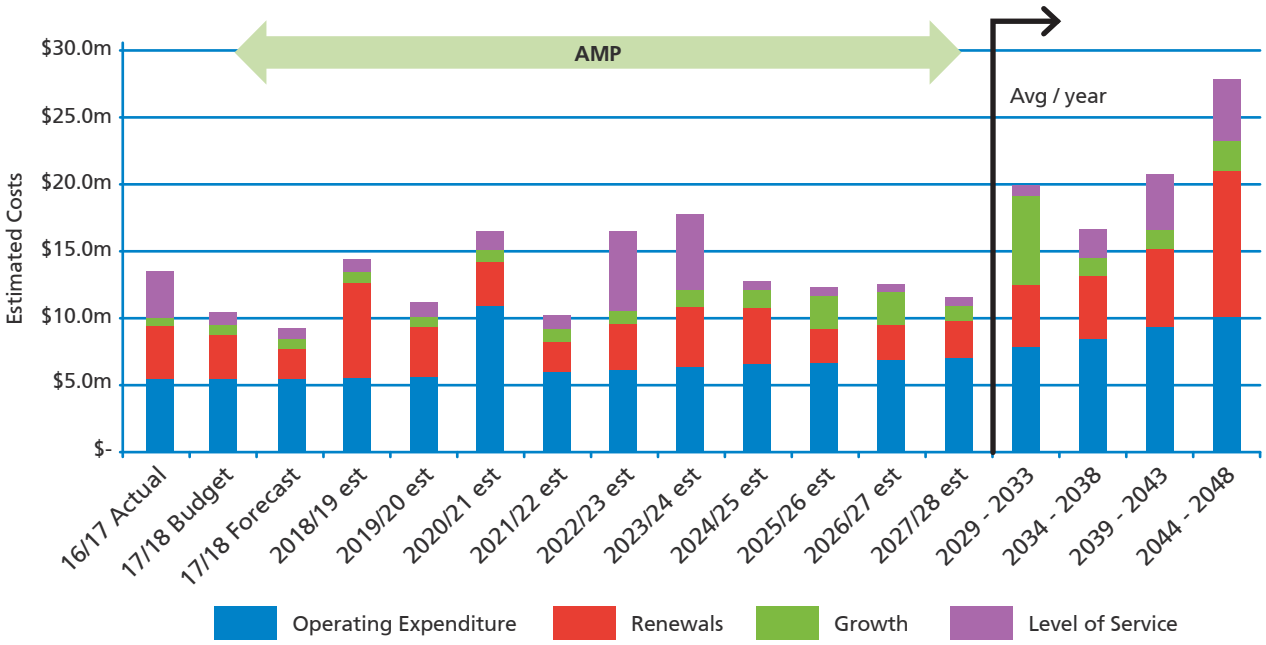
Activity	Project or Programme	CAPEX Cost Estimate	Estimated	How much?
Transport	Integration of the local network with transport solutions flowing from the Nelson Southern Link Investigation	$15M	2029-2031	T5
Wastewater	Atawhai Rising Main Renewal	$25M	2024-2031	WW2
Wastewater	Treatment Plant Renewals	$25M	2029+	n/a
Wastewater	Treatment Plant Protection	$25M	2043-48	WW3
Wastewater	Wet weather overflow mitigation programme	$25M	2018+	WW1
Water	Primary Clarifier	$25M	2023-2030	WS3
Water	Water Pipe Renewal Programme	$95M	2018+	WS1/4
Stormwater	Extend Piped Open Channel Net-work	$120M	2029+	SW2
Flood Protec-tion	Urban Streams Flood Mgmt and Enhancement Programme	$100M	2029+	SW1

ACTIVITY ESTIMATES

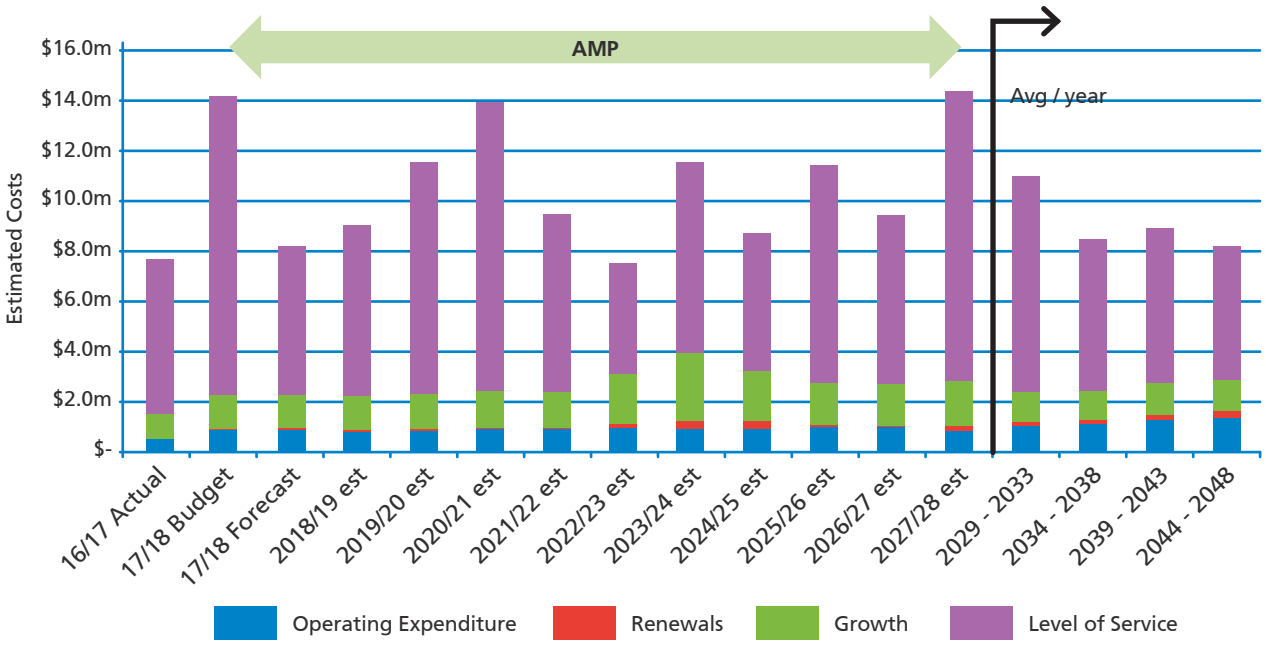
TRANSPORT



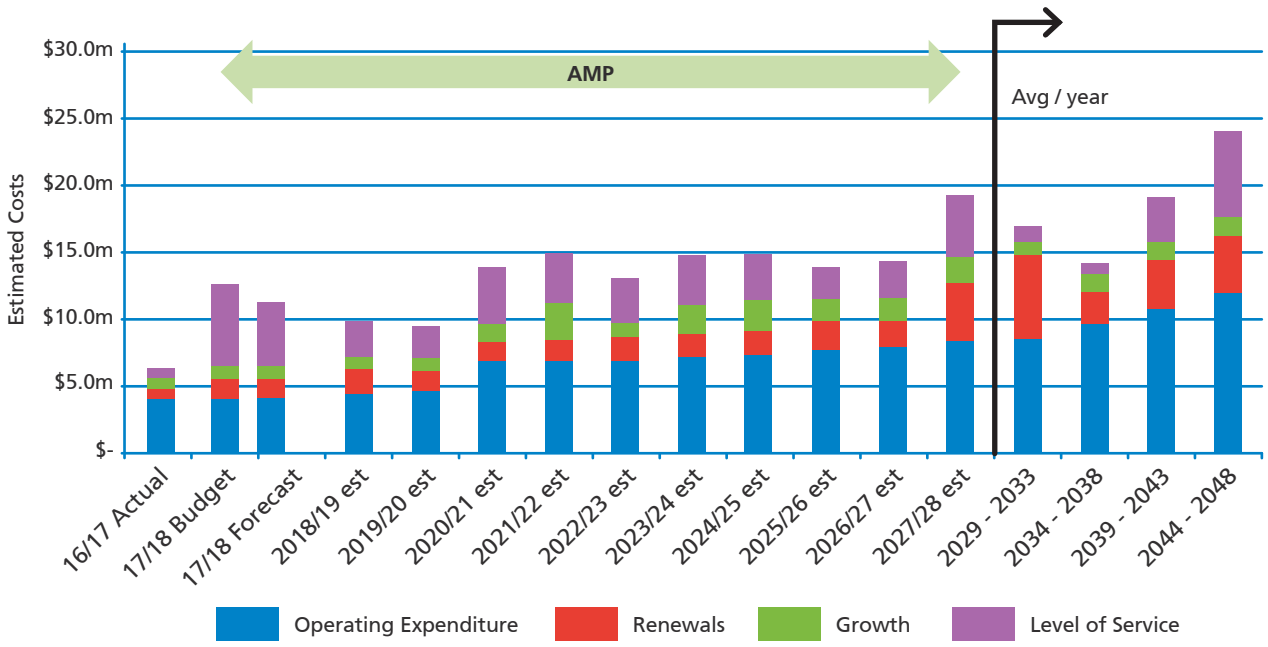
WATER SUPPLY



STORMWATER AND FLOOD PROTECTION



WASTEWATER



PART TWO - ASSUMPTIONS AND RISKS

INFRASTRUCTURE

It is assumed that the service delivery strategy will be sustained for the term of the strategy, where Council manages maintenance, renewal and asset replacement through an internal business unit and hires specialist consultants and contractors as required.

TRANSPORT

Assumption	Risk	Impact
Customer happy with existing ser-vice levels given the rate impact	Increasing standards / expectations of services	Significant LOS changes and cost implications would be consulted with the community.
Technological change is managed pragmatically and significant changes managed during subsequent AMPs	High – technology is fast moving and new initia-tives need to be consid-ered	Whole of life cost savings could be realised de-pending on the initiative. Significant LOS changes would be consulted with the community.
Heavy commercial vehicle move-ments don't deviate significantly more than planned	Growth is higher than expected	Increased loading from Heavy Commercial Vehi-cles resulting in rapid and not forecast pavement failures
Retaining walls on road reserves not built by Council are privately owned	Not formally defined re-taining wall ownership and	Extra funding required to cover repairs and renewal of private assets

WATER SUPPLY

Assumption	Risk	Impact
No significant legislative changes af-fecting current water supply services	Low - Havelock North Drinking-Water Inquiry may lead to a nation-wide or region-wide approach to water supply services.	Additional projects and funding required to meet standards
Tasman District Council will continue to supply the Wakatu Industrial Estate and Champion Road area.	Med - TDC is likely to be dependent on the proposed Waimea Dam proceeding to provide sufficient wa-ter to supply areas in Nelson.	Council will have to make provision to supply those areas with water. Likely to reduce the drought securi-ty that the Maitai Dam pro-vides.
Drought period demand does not ex-ceed storage volume of the Maitai dam in the next 30 years	Medium. Impacts of climate change can reduce this drought security.	Water restrictions could become regular and in-creasing in severity.
No new high water demand industries establish in Nelson until water losses are reduced.	Low.	Processing industries are becoming more water con-scious and are locating in areas with good reliable water supplies. Increasing fish processing at sea.
Water supply activity will continue to be funded from water charges.	Low.	Limited funding mecha-nisms.
Water conservation and the demand for water continues to primarily be managed through Council's water charging system.	Low.	Cost of water supply does influence water use.
Waimea community dam (TDC) — It is currently not known whether this dam will go ahead or not. Nelson could be asked to contribute to this dam (total cost approximately $82.5 million — any possible Nelson contribution is not yet decided).	Med – monitoring progress.	Capital works will be required to service areas in the city currently supplied by TDC. Drought security will be impacted.
Pipe lives are between 80 and 100 years depending on material and pressure. Critical assets lives (eg WTP membranes) have been assessed separately.	Low - Significant variance in actual vs theoretical lives.	Would require change to phasing of renewal plan

WASTEWATER

Assumption	Risk	Impact
Existing Atawhai Rising Main contin-ues in operation until renewal	Med - more frequent breaks could necessitate earlier re-newal	Would require change to programme and funding needs
Inflow and Infiltration initiatives re-duce peak wet weather flows to 4 x average dry weather flows.	Low - Mitigation work slower than expected or doesn't pro-duce expected results	Additional funding or phasing of programme

STORMWATER AND FLOOD PROTECTION

Assumption	Risk	Impact
No significant effects on stormwater struc-tures occur within the next ten years from climate change-induced sea level rise.	Low - However, such effects may arise in the longer term.	Any change could af-fect phasing of 10 year work programme
New stormwater reticulation will be de-signed for a 6.67%AEP event with roads and overland flow providing the secondary flow path for larger events.	Low - Existing LOS could change as events become more frequent	Any LOS change will be consulted and consid-ered against affordabil-ity factors
New flood protection works will be designed using a more flexible risk based approach.	Low - Updated deci-sion framework in pro-gress	Changes to funding requirements & cus-tomer expectations

Council is required to identify all the significant forecasting assumptions and risk underlying the financial estimates. Assumptions are necessary to allow Council to plan for expenditure and costs over the next ten years. They are the best reasonable assessment made on the basis of currently available information.

Any assumptions that apply only to specific activities will be included in the discussion on that activity.

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Population growth The Nelson population is assumed to continue to grow based on the high series Statistics New Zealand projections. The population is expected to grow by 6,000 between 2018 and 2028 to 59,000. Population growth is expected to slow down over time, based on the assumptions that deaths will increase while births decrease slightly, and that migration rates also remain relatively constant	That growth is higher than projected, putting pressure on Council services and infrastructure or that growth is lower than projected, putting pressure on ratepayers. Changes nationally may lead to changes in the rate of migration to or from Nelson, affecting population growth.	Low	Council is careful when applying population growth estimates to its infrastructure planning, given the uncertainties, so that there is generally a good margin for error should growth outstrip projections. New infrastructure is also usually built for the medium to long term so there is the ability to draw on that future capacity if population growth is higher than projected. This limits the risk exposure.
Affordability – an ageing population Nelson's population is ageing, and the proportion of the population aged 65 years and over is projected to increase from 20% in 2018 to 27% in 2028. Conversely, the proportion of the population aged under 15 years is projected to decrease from 18% in 2018 to 16% in 2028. A growing pattern of "sunbelt" migration is attracting increasing numbers of over 65 year olds to the Top of the South, with all net future growth in Nelson projected to be within that age group.	The age profile could vary from forecast, with accelerated ageing putting pressure on certain services and/or facilities	Medium	Risks can be mitigated by Council working with the community to prepare for these changes and appropriately modifying investments in assets and provision of services to maintain rates affordability

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
As the population ages, it is assumed that the proportion of our population on a fixed income will increase and that there will be a corresponding downwards pressure on rates increases. The ageing population will also require a different balance of services/facilities/activities which will lead to changes in spending patterns across Council activities.			
Affordability – the economy The Nelson Tasman economy has generally experienced slower growth than the national average over the last five years. However more recently the region has seen strong growth in tourism, horticulture, viticulture, construction, and retail sectors. It is assumed that the Nelson economy will continue to grow over the 10 year period, with stronger growth than the previous 10 year average expected for at least the first three years of the Long Term Plan 2018-28.	A less well performing regional economy may increase affordability issues in the community with some residents finding it more difficult to meet commitments, including rates.	Medium	A focus on affordability and support for initiatives such as the work of the Nelson Regional Development Agency combined with ongoing Council investment in maintaining Nelson's attractiveness as a destination for talent and investment can help to support the regional economy. It is also expected that rates of older adults remaining in the workforce will continue to rise improving incomes at older ages and mitigating against forecast workforce shortages.
Inflation/Price changes Council uses inflation forecasts from Business and Economic Research Limited (BERL) to estimate inflation over time. These figures were updated in October 2017, and are prepared specifically for Local Government. It is assumed that inflation rates are as predicted and modelled in budgets. Year ending / CPI / LGCI Opex% / LGCI Capex% / LGCI Total 30-Jun-19 1.8 2.0 2.0 2.0 30-Jun-20 1.6 2.2 2.2 2.2 30-Jun-21 1.6 2.2 2.2 2.2 30-Jun-22 1.7 2.2 2.2 2.2 30-Jun-23 1.7 2.3 2.3 2.3 30-Jun-24 1.8 2.3 2.4 2.3 30-Jun-25 1.8 2.4 2.4 2.4 30-Jun-26 1.9 2.5 2.5 2.5 30-Jun-27 1.9 2.5 2.6 2.6 30-Jun-28 2.0 2.6 2.7 2.7 CPI = Consumer price index LGCI = Local government cost index Opex = Operating expenditure Capex = Capital expenditure	Inflation higher than expected, increasing costs for Council.	Medium	Likely to be some variation in actual rates of inflation from predictions and this will impact on the financial results of Council. Changing costs may mean the timing of projects needs to be adjusted. Council has relied on the current parameters the Reserve Bank is required to operate under in terms of inflation being held with the range of 1-3%.

Table continued overleaf

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Capital project costs A competitive market means tenders are being received well above expectations. Assume that this escalation in prices will continue over the first 2-3 years of the Long Term Plan.	More expensive projects means less can be achieved in the capital works programme or upwards pressure on rates and debt.	High	Increased flexibility in the capital works programme around timing of projects could help mitigate this trend.
Interest rates In preparing the Long Term Plan Council has assumed the following interest rates: Year ending 30-Jun-19 4.36% 30-Jun-20 4.22% 30-Jun-21 4.19% 30-Jun-22 4.51% 30-Jun-23 4.61% 30-Jun-24 4.67% 30-Jun-25 4.71% 30-Jun-26 4.80% 30-Jun-27 4.88% 30-Jun-28 4.94%	Higher interest rates will increase costs for Council. Lower interest rates will decrease costs.	High	Interest rates used are based on advice from Price Waterhouse Coopers and includes the cost of both funds already borrowed and anticipated new debt at anticipated future interest rates. If actual interest rates are higher than the assumed rate, this cost would be rated for or future borrowing requirements adjusted. A degree of protection against fluctuating interest rates has been provided through the use of interest rate swaps. Council is also a member of the Local Government Funding Agency which provides access to loans at a lower rate than Council could obtain directly from banks.
Useful lives of significant assets It is assumed that there will be no reassessment of the useful lives of assets during the ten year period covered by this plan. The detail of useful lives for each asset category is covered in the Statement of Accounting Policies.	Assets wearing out earlier than predicted and funding needs to be found for replacements.	Low	This may result in changes needing to be made to the underlying capital expenditure programme.
Vested Assets Vested Assets are engineering assets such as roads, sewers and water mains, paid for by developers and vested to Council on completion of the subdivision. It is assumed that vested assets will increase by $7 million per year, adjusted by inflation, for most years of the Long Term Plan However, an additional $1.6 million has been added to year two of the plan to account for a private development agreement. Council assumes that the impact of vested assets will be neutral, in that the costs associated with the additional assets will be offset by a proportionate increase in rates revenue.	That Council will have more assets vested thereby increasing the depreciation expense in subsequent years that is not offset by a proportionate increase in rates revenue.	Low	Vested assets must be maintained by Council and depreciation provided for, therefore if growth is higher than forecast Council will need to increase its budget to maintain those assets. The impact of higher or lower growth is not considered significant.

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Insurance costs It has been assumed that insurance premiums continue at current levels plus inflation and that Council can get 100% of the cover it is required to hold (40% for infrastructure assets/60% covered by Central Government). It is also assumed that the 40/60% split continues.	Premiums increasing above inflation and/or Council cannot get 100% cover.	Medium	Any increase in premiums above the level assumed will have an impact on rates or the level of cover that Council adopts.
Accounting Policy Nelson City Council's accounting policy provides for its most significant asset classes (infrastructure assets and land, excluding land under roads) to be revalued with sufficient regularity that the carrying value does not differ materially from fair value. Infrastructure assets are revalued annually and land is reviewed annually and revalued at least every five years or if there is a material movement. For the purposes of this Long Term Plan, land revaluation is assumed to occur in years 2, 5, and 8. Council's investment property is revalued annually in accordance with generally accepted accounting practice. Revaluations have been based on the Business and Economic Research Ltd (BERL) forecasts of price level change adjusters and revaluation movements will be shown in the prospective Statement of Comprehensive Revenue and Expense.	Actual revaluation results differ significantly from those forecast in this Long Term Plan.	Medium	If the revaluations are different from those forecast it will affect fixed asset values and impact levels of depreciation expense and the rates funding requirement. Future Annual Plans and Long-term Plans will reflect the outcomes of actual revaluations.
Growth in rating units The estimated growth in the City's ratings units is 1% for each of the 10 years of the Long Term Plan. Year / Growth / Number of rating units 2018/19 - 22,235 2019/20 1% 22,457 2020/21 1% 22,682 2021/22 1% 22,909 2022/23 1% 23,138 2023/24 1% 23,369 2024/25 1% 23,603 2025/26 1% 23,839 2026/27 1% 24,077 2027/28 1% 24,318	Growth in rating units is higher or lower than projected.	Low	Council has used current property information from its valuation service provider (Quotable Value) to assess the level of growth in rating unites, along with an assessment of year by year increases from recent years.
NZ Transport Agency funding NZTA have recently advised that the Financial Assistance Rate will be 51% from July 1st 2018. Note: This is slightly higher than forecast for the 2018/19 and 2019/20 financial years, but as originally budgeted for the following years.	NZTA providing less funding than currently indicated, and Council's share of project costs therefore increasing.	Medium	Changes to the funding priorities of the NZ Transport Agency are outside Council control.

Table continued overleaf

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Loan arrangements It is assumed that Council's bankers will continue to renew the existing loan facilities.	Access to committed loan facilities less than expected.	Low	The Local Government Funding Agency should allow Council to diversify funding sources away from the local banks as well as being able to borrow for longer terms.
Co-funding arrangements It is assumed that for projects where other partners are contributing part of the funding, this funding will still be available. It is assumed that where Council could be eligible for Government funding (e.g. Housing Infrastructure Fund, Tourism Infrastructure Fund), Council will seek this funding.	Partners will no longer be in a position to provide funding which will result in an increased level of input from Council, or the termination of the project.	Medium	Viability of projects would be threatened and Council would need to consider its ongoing funding commitment.
Development contributions It is assumed that Council will collect $1.7 million p.a. from development contributions during the ten years of the Long Term Plan 2018-28.	The level of development contributions collected and the timing could results in insufficient income to cover the costs of required growth infrastructure.	Medium	Costs for infrastructure would need to be met from other sources.
Income from Development Contributions Council bases its financial forecasting for income from Development Contributions based on the funds received in previous years. This is because developments, and the income from these, takes time to be realised, and Council needs to minimise the risk of income being lower than forecast. This conservative approach uses an average of 230 new Household Units of Demand p.a. over the ten years.	If developments occur at an even slower rate than the conservative approach currently being applied in the Financial Statements, Council would receive less income. This would mean that, unless there was slowdown in the capital projects to support growth, the Council would need to borrow any shortfall until the developments were completed.	Low	Council reviews growth rates and the Development Contributions policy at least three yearly. Budgets, including income from Development Contributions, are reviewed each year as part of the Annual Report and Annual Planning processes. If development is slower than forecast then Council has the option of delaying or removing capital projects, and therefore keep within is planned debt levels.
Sources of funds for the future replacement of assets It is assumed that funding for the replacement of existing assets will be obtained from the appropriate sources as detailed in Council's Revenue and Financing Policy.	That a particular funding source is unavailable.	Low	Depreciation is used to fund renewals and is funded mainly through rates and user charges. Should other sources of capital funding such as subsidies or development/ financial contributions differ from levels forecast in a particular activity, Council is able to access borrowings through its central treasury function.

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Relationship with iwi It is assumed that the staff resource allocated to work with iwi and Māori post Te Tau Ihu settlements will increase. Partnership with Te Tau Ihu iwi will necessitate a different way of working and it is important that Council understands iwi expectations and aspirations. To support this new way of working will require provision of training to relevant staff, increased emphasis on recognising Council responsibilities to Maori and iwi under relevant legislation, understanding opportunities for iwi investment in our region and may require changes to consultation processes to allow for sufficient engagement. In some instances, external assistance may need to be employed. Working with iwi will result in the need for additional time and resources to engage meaningfully on particular projects. Likewise changing engagement with iwi will have implications for governance time and resources.	Establishing ways of working with Māori requires greater Council resource than anticipated. May result in the need to build additional time into project timelines or delay project start dates.	Medium	The financial impact of dedicating resources to meet Treaty, settlement and legislated commitments may impact on rates and time may impact on project delivery rates.
Resource consents It is assumed that any resource consents held by Council due for renewal during the life of the plan will obtain consent. It is assumed, however, that the consents will be subject to a more rigorous process, given national direction in areas such as freshwater. Note that a new consent will be required for the Nelson Wastewater Treatment Plant in December 2024.	Conditions of resource consents altered and significant new compliance costs or consents cannot be renewed as expected.	Medium	Budgets are in place for resource consents and it is assumed consents can be obtained.
Amalgamation Council's budgets for the Long Term Plan 2018-28 will be prepared assuming that Council will continue to be responsible only for the Nelson District through the term of the Long Term Plan and that there will be no amalgamation. However regional cooperation with Tasman District Council will continue to be a critical element in maximising benefits to the region, including through collaboration on projects such as the Regional Growth Programme.	A reorganisation process would require a significant amount of planning and consultation before an outcome was confirmed.	Medium	Amalgamation would require the Long Term Plans of both councils to be combined. Council will continue to work with Tasman District Council to develop shared services, where appropriate.
Climate change and natural hazards It is assumed that natural disasters might occur in the Nelson area during the life of the Long Term Plan. The frequency of some types of natural disaster, e.g. flooding, might increase due to the impact of climate change. This has been the experience of recent years and is consistent with predictions of climate change impacts.	Increased numbers or severity of events lead to increased costs for Council in both responding and building greater resilience into infrastructure.	High	A characteristic of the Nelson community is the concentration of lifelines infrastructure (roading network, port, airport, wastewater treatment ponds etc.) on low-lying areas. Council will increase its contributions to the

Table continued overleaf

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
Exposure of low lying land to the risk of inundation from sea level rise is another assumption related to climate change. Council relies on Ministry for Environment guidance in estimating sea level rise and reviews assumptions when the Ministry for the Environment releases updated guidelines. The Nelson Tasman Civil Defence Emergency Management Group Plan provides a regional risk assessment which illustrates the difference in our natural hazards, for example earthquakes (infrequent but high consequence) versus flooding (likely but less consequence).			Emergency Fund as one method of mitigating the risk of natural disasters. Another mitigation is the work identifying hazards in the draft Nelson Plan and advising affected landowners. There is also work to address climate change through investments in public transport, use of solar technology and maximising walking and cycling as modes of transport.
Government Policy Changes It is assumed that with the change in government there will be significant policy changes which will impact on the Council work programme. Changes to legislation impacting on local government are likely to take place during the period of the Long Term Plan. It is assumed that Central Government will work with councils to ensure that any legislative changes are managed appropriately and to ensure benefits from its commitment to partnership with the local government sector are realised.	Government policy shifts may be more significant than assumed or not allow reasonable implementation/ transition.	Medium	Financial impact resulting from a need to respond to significant legislation and /or policy changes would impact on rates or fees and charges.
National Policy Statement for Urban Development Capacity (NPS-UDC) It is assumed that Council can meet the requirements of the National Policy Statement for Urban Development Capacity (NPS-UDC) which requires local authorities to ensure there is sufficient development capacity to meet demand in the urban environment in the short term (within 3 years), medium term (3-10 years) and long term (10-30 years)[8]. The Nelson Urban Area is currently classed as a medium growth area. This classification may change upon revisions to the NPS-UDC[9] definitions or to the Statistics New Zealand Urban Area population projections.	Meeting the requirements of the NPS-UDC may result in changes to timing of infrastructure projects. Growth classification may change.	Low	Nelson City and Tasman District Council are collaborating to ensure both can meet the requirements of the NPS-UDC.

8 Short-term capacity must be feasible, zoned and serviced while long-term capacity must be feasible, with servicing planned but does not need to be zoned yet. Local authorities with a medium or high growth urban area also need to provide an additional margin of feasible development capacity over and above projected demand of at least: 20% in the short and medium term; and 15% in the long term.

9 The Nelson Urban Area includes all of the area units of Nelson, except for Whangamoa and it also includes Area Units within Tasman District Council boundaries of Aniseed Hill, Hope, Best Island, Bell Island, Ranzau, Richmond West and Richmond West. Note that the Nelson Urban Area boundary is also under review.

A summary of the proposed Whakamahere Whakatu Nelson Plan provisions is included for context, as a draft version of this Plan will not be available for public and stakeholder feedback until later in 2018. This version of the infrastructure strategy has considered draft provisions to ensure alignment but recognises the 2021 strategy will need to be reviewed and update against the final Nelson Plan in case any gaps arise.

DRAFT NELSON PLAN PROVISIONS

NATURAL HAZARDS

The relevant provisions relate to fault hazard and liquefaction risks. Draft flood hazard, coastal inundation, coastal erosion and slope instability rules are not yet available for review.

The draft earthquake risk provisions in the Nelson Plan are as follows.

- Network utilities are to be included in the rules related to the fault rupture risk overlay, which is a change from the Nelson Resource Management Plan. That means 10m setback from fault traces is required.
- In other cases, installation of network utilities within the Fault Rupture Overlay will be a restricted discretionary activity.

The draft liquefaction provisions in the Nelson Plan are as follows.

- A liquefaction overlay area will be included in the plan.
- Network utilities within this overlay will be a permitted activity if a geotechnical report for the new activity or development has assessed the liquefaction hazard risk and provided recommendations on network utilities, and these recommendations have been met.
- In other cases, network utilities will be a discretionary activity, and discretion will be restricted to the proposed remediation or ability of the network utility design to mitigate the liquefaction risk.

The draft flood hazard provisions in the Nelson Plan are as follows.

- A high risk flood overlay will be mapped in the Plan, which identifies areas with more than 30cm or fast flowing water during a flood event with a 1% chance of happening in any one year (taking into account the effects of climate change by 2100).
- A general flood hazard overlay will also be mapped in the plan, for areas which are predicted to experience some flooding (less than 30cm and not involving fast flowing water) in a flood event with a 1% chance of happening in any one year (taking into account the effects of climate change by 2100).
- Subdivision, use and development is to be avoided in greenfield areas within the High Flood Hazard Overlay.
- Controls on development apply in existing urban areas, with both types of flood hazard overlay. The controls include minimum floor levels, building design and earthworks.

GROWTH IN DEMAND

The draft Regional Policy Statement will also include growth and servicing targets as required by the National Policy Statement on Urban Development Capacity (NPS-UDC). These have not yet been drafted.

The following method in the draft Regional Policy Statement part of the draft Nelson Plan will need to be taken into account in the 2021 infrastructure strategy.

"Adopt a 30 Year Infrastructure Strategy that identifies the following on maps, including provision for a regular update mechanism:

- growth and redevelopment areas that have sufficient existing infrastructure capacity
- growth and redevelopment areas that do not have sufficient infrastructure strategy to support growth
- growth and redevelopment areas that are provided with infrastructure by Tasman District Council solely or jointly with Nelson City Council
- infrastructure and networks that are subject to hazards risk (high, medium and low)."
- The draft RPS also includes these methods:
- undertake a project to investigate existing infrastructure capacity across the city, starting with centres and other identified intensification areas
- undertake a prioritisation exercise for the roll out of infrastructure to growth areas and make this publicly available.

The draft RPS anticipates that information on the existing capacity of infrastructure networks will be publicly available and used by developers to inform the timing and location of development/growth. This requires a capacity analysis of transport, water, stormwater and wastewater networks to be completed and outlined in the 30 Year Infrastructure Strategy.

ENVIRONMENTAL OUTCOMES

The relevant provisions relate to stormwater discharges, treated and untreated wastewater discharges, low impact design requirements (through the LDM) and activities in the beds of rivers (through the draft code of practice).

Note these are draft provisions only, and are subject to change.

- Under Policy RP.1.27 of the draft Nelson Plan, reviews of consents to coincide with the common catchment expiry dates — this may have significant implications for water supply abstraction and stormwater discharges.
- Under draft Regional Plan Policy RP.1.6 where overflow discharge to surface water from a community wastewater network is unavoidable, require the network to be managed in accordance with an overflow mitigation plan.
- Policy RP.1.12 of the draft Nelson Plan is to require community stormwater networks to be sized to accommodate the probable maximum stormwater volume from the network catchment, having regard to planned development intensity and reasonably foreseeable areas of impervious surfaces.

The Council's global consent for work in rivers expires when the Nelson Plan becomes operative. The intention is for this to be replaced by the 'Code of Practice for Activities in the Beds of Rivers' to be an externally referenced document to the Nelson Plan, linked to a permitted activity rule. The Code of Practice consists of best practice, followed by permitted activity standards. Other bed disturbance by NCC would be a discretionary activity.

POLICY ON DEVELOPMENT CONTRIBUTIONS

1 July 2018

GLOSSARY AND DEFINITIONS

Glossary and definitions	
Accommodation units	Defined in the LGA as: "…units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation."
Allotment	Defined in section 218 of the Resource Management Act 1991: a) any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not: (i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another Act; or (ii) a subdivision consent for the subdivision shown on the survey plan has been granted under this Act; or b) any parcel of land or building or part of a building that is shown or identified separately; (i) on a survey plan; or (ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or c) any unit on a unit plan; or d) any parcel of land not subject to the Land Transfer Act 1952
Allotment Value	Valuation of residential allotment values will be the GST-included valuation.
Applicant	The person(s) applying for a resource consent, building consent, or service connection.
Asset Management Plan	Council plans for the management of assets, applying technical and financial management techniques to ensure that specified levels of service are provided in the most cost-effective manner over the life-cycle of the asset.
Bedroom	For the purpose of assessing 1 and 2 bedroom residential units, a bedroom is any room in a residential unit that is greater than 4.5m² in floor area and capable to be used for sleeping purposes.
Building Work	Work for, or in connection with, the construction, alteration, or demolition of a building.
Capital Expenditure	The cost Council expects to incur to acquire new assets, or to upgrade or renew existing assets.
Community Facilities	Defined in the LGA as: Reserves, network infrastructure, or community infrastructure for which development contributions may be required.
Community infrastructure	Defined in the LGA as the following assets when owned, operated, or controlled by a territorial authority: (a) community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated: (b) play equipment that is located on a neighbourhood reserve: (c) toilets for use by the public
Community Outcomes	The outcomes that Council aims to achieve in meeting the current and future needs of the community for good-quality local infrastructure, local public services, and performance of regulatory functions.
Consent Holder	The person(s) to whom the resource consent, building consent, or service connection was granted.
Crown Entity	Crown entities are bodies established by law in which the Government has a controlling interest.

Glossary and definitions	
Development	Defined in the LGA as: (a) any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but (b) does not include the pipes or lines of a network utility operator
Development Agreement	Defined in the LGA as: A voluntary contractual agreement made under Sections 207A to 207F between one or more developers and 1 or more territorial authorities, for the provision, supply or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in 1 or more districts or part of a district. .
Development Contribution	Defined in the LGA as: A contribution that is: a) provided for in a Development Contributions Policy included in the Council's Long Term Plan; and b) calculated in accordance with the methodology; and c) comprising (i) money; or (ii) land, including a reserve or esplanade reserve other than in relation to a subdivision consent, but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or (iii) both.
District	The district of a territorial authority, in this case, the Nelson City area.
Estimated Building Value	The estimated aggregate of the values determined in accordance with Section 10 of the Goods and Services Tax Act 1985 of all goods and services to be supplied for that building work.
Household Unit of Demand (HUD)	The same meaning as Residential Unit in the Nelson Resource Management Plan applies. The HUD is equivalent to one residential title containing one residential unit.
ISA	Impermeable surface area
Land Development Manual	The Nelson City Council Land Development Manual 2010 forms the basis for design and construction of all Nelson City's roads, drains, water supply and reserve areas.
Lodged	The point in time at which an application that complies with all the requirements in Section 88(2) of the Resource Management Act 1991 or Section 45 of the Building Act 2004, has been received by the Council.
LGA	The Local Government Act 2002.
Methodology	The method by which development contributions are calculated.
NRMP	Nelson Resource Management Plan.
Network Infrastructure	Defined in the LGA as: The provision of roads and other transport, water supply, wastewater, and stormwater collection and management.
Non-Residential Development	Any development that is not for a residential unit.
Residential Unit	A single self-contained household unit, used principally for residential activities, whether by one or more persons and including accessory buildings. Where more than one kitchen facility is provided on site, there shall be deemed to be more than one residential unit. For the purposes of the policy, retirement villages are covered by this definition.
RMA	The Resource Management Act 1991.

Table continued overleaf

Glossary and definitions	
Service Connection	Defined in the LGA as: A physical connection to a service provided by, or on behalf of, Council.
Service Overlay	Chapter 3 of the NRMP: AD11.3.3 Services overlay AD11.3.3.i The Services Overlay relates to the availability and capacity of services such as wastewater, water supply, stormwater drainage, and roads. The overlay areas contain one or more of the following servicing constraints: a) Development of the area is beyond the immediate scope of the Long Term Plan or Council's Nelson Development Strategy. b) The area is low lying and requires filling before servicing can occur c) The area is one where extension of services is required to serve other land or contribute to a network. This includes the provision of legal road and utilities up to the boundary of the development site to serve the development potential of adjoining land in the Services Overlay. d) Services in the area are inadequate and require comprehensive upgrading before development can proceed e) The area is above the contour for which water can be supplied to meet the requirements of the Council's Land Development Manual. (The standards are based on the NZS4404: Land Development and Subdivision, and the New Zealand Fire Service Water Supplies Code of Practice). These constraints must be addressed before development of these areas can proceed. Resource consent will not be declined for servicing constraint reasons when they have been resolved. AD11.3.3.ii The Services Overlay also deals with situations where services need to be developed in the area in a comprehensive manner in conjunction with the Council and other property owners.
Subdivision	Defined in section 218 of the RMA: The division of an allotment by: a) an application to the District Land Registrar for the issue of a separate certificate of title for any part of the allotment; or b) the disposition by way of sale or offer for sale of the fee simple to part of the allotment; or c) a lease of part of the allotment which, including renewals, is or could be for a term of more than 35 years; or d) the grant of a company lease or cross lease in respect of any part of the allotment; or e) the deposit of a unit plan, or an application to a Registrar General of Land for the issue of a separate certificate of title for any part of a unit on a unit plan; or an application to Registrar-General of Land for the issue of a separate certificate of title in circumstances where the issue of that certificate of title is prohibited by Section 226.

EXPLANATORY NOTE

This note is only a guide to the major changes from the Development Contributions and Financial Contributions Policy 2015 and this Policy, but does not form substantive Policy. The contents are not a complete summary of the changes or policy reasons for the changes. Developers and their advisers should read the Policy in its entirety to familiarise themselves as to the policy changes made in this document.

Significant changes which have been made in this Policy to the Development Contributions and Financial Contributions Policy 2015 include:

- *Removal of financial contributions for neighbourhood reserve land in respect of new developments.*

  Under recent legislative changes, levying financial contributions will not be permitted after April 2022. However, the Council considers there is merit in removing financial contributions earlier. This will ensure that contributions towards Council capital expenditure are determined solely by the provisions of the Local Government Act (LGA);

- *Inclusion of Nelson Regional Sewerage Business Unit (NRSBU) capital projects within the wastewater development contribution;*

  The NRSBU is a significant item of infrastructure capital expenditure by Nelson, and it is appropriate to include a fair, equitable, and proportionate portion of its total cost in the policy.

- *Inclusion of flood protection capital projects that have a growth-related component within the stormwater collection and management development contribution, and where each relevant flood protection project is required, at least in part, to collect or manage stormwater run-off from developments or to protect developments from stormwater run-off.*

  New developments which have the effect of requiring additional capital expenditure to provide better flood protection by managing stormwater run-off are appropriately included in the calculation of infrastructure development contributions.

- *Introduction of a development contribution of $1,160/HUD for general reserves and improvements;*

  Development contributions have not been previously levied for reserve land. However, new developments have the cumulative effective of requiring the Council to expend capital to acquire additional reserve land and as such a development contribution is appropriate.

- *Introduction of a development contribution for neighbourhood reserve land based on either a land contribution of 40m2/HUD or the equivalent in cash based on local land values;*

  Replacing the current financial contributions for neighbourhood reserves with a development contribution requires a calculation methodology based on the principles of the LGA. Accordingly, the new development contribution is proportionate to the level of service provided by Nelson (40m2 of reserve land for every HUD), rather than the current land value based calculation for financial contributions.

- *Introduction of a development contribution of $280/HUD for community infrastructure (community centres, public toilets, and playgrounds on council reserves);*

  Development contributions have not been previously levied for community infrastructure. However, new developments have the cumulative effective of requiring the Council to expend capital to acquire additional community infrastructure and as such a development contribution is appropriate.

- *Removal of the some of the listed exemptions from paying development contributions and introduction of a general exemption provision for applicants providing evidence of exceptional circumstances;*

  An objective of the new Policy is that there should be consistency; i.e. like developments should generally be treated in a like manner. Accordingly, the Policy considers that exemptions from payment should only be provided in exceptional circumstances.

- *Shortening the period for exemption from development contributions for residential developments in the city centre to those where construction of the development is commenced within one year (from the current grace period of two years). This only applies to the first 30 HUDs applying for an exemption in each financial year.*

  The Council wishes to hasten the development of inner-city residential developments and considers that limiting the time period for which this waiver applies will increase the incentive to commence construction of such residential developments.

- *Introduction of a reduced development contribution for reserves of 25% for brownfield residential intensification.*

  The Council wishes to incentivise residential intensification in existing brownfield urban areas by providing for a reduced reserves development contribution, recognising that existing urban areas already have a level of service for neighbourhood reserves.

1 INTRODUCTION

1.1 OVERVIEW

Nelson city continues to experience strong growth in its population, visitors, development and the local economy. This growth generates increased levels of subdivision and development activity which places greater pressure on the assets and services provided by the Council. Significant investment is required to meet the demands of growth through providing additional assets, or increasing the capacity of existing assets.

Historically, Council has sought a contribution towards the expansion of the city's reserves, community facilities and infrastructure from those developments that place additional demands on these services. Council has previously levied these contributions under two pieces of legislation:

1) **Development Contributions:** are levied under the provisions of Part 8 Subpart 5 and Schedule 13 of the Local Government Act 2002 (LGA). To make use of these provisions Council must adopt a Policy on Development Contributions as part of the Council's 10-Year Plan ("Long Term Plan" or "LTP").

2) **Financial Contributions:** are imposed as a condition of a resource consent pursuant to sections 108, 220, 407 or 409 of the Resource Management Act (RMA) 1991. Under the Resource Legislation Amendment Act 2017, Councils will no longer be able to levy financial contributions after April 2022. However, in order to streamline and simplify the development process, this Policy removes the levying of financial contributions. All growth-related costs for community facilities and reserve land that are attributable to development will be charged through development contributions.

1.2 TRANSITION BETWEEN POLICIES

This policy shall come into force from 1 July 2018, and applies to applications for a resource consent, building consent, or service connection received on or after that date.

For the purpose of determining when an application is received, all the required and relevant information must accompany an application for it to be considered complete.

Where an application had been received prior to 1 July 2018, notwithstanding anything in the Nelson Policy on Development Contributions and Financial Contributions 2015, the following financial contributions shall no longer be payable:

a) The financial contribution of 0.5% of building value that is payable under Table 3 of the 2015 Policy in respect of reserves for residential and non-residential developments; and

b) The financial contribution of 2% of estimated building value that is payable for infrastructure in the 2015 Policy.

1.3 UPDATING THE POLICY

It is anticipated that this policy will be reviewed, and if necessary amended, at least every three years as part of the LTP process. For the financial years in between LTPs, the development contributions will be inflated based on the rate of increase (if any) in the Producers Price Index Outputs for Construction provided by Statistics New Zealand since the development contribution was last set. Any increase will only apply to the proportion of the development contribution that does not relate to the interest component

Before any increase takes effect, council will make publicly available information setting out the amount of the newly adjusted development contribution and show how any increase was calculated.

2 PURPOSE AND OBJECTIVES

Section 197AA of the LGA states that the purpose of development contributions is:

"…to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term."

Under this Policy, Council intends to entirely fund the portion of capital expenditure ("capex") that is attributable to growth by development contributions wherever it can be done so lawfully, fairly, reasonably, and practically.

Council considers that development contributions are the best mechanism available to ensure the cost of growth is apportioned to those who have created the need for that cost. Council considers it inappropriate to burden the community as a whole, by way of rating or other payment means, to meet the cost of growth.

Accordingly, the objectives of this policy are:

(i) **Fairness:** ensure that those who create a need for new or additional assets, or assets of increased capacity, contribute their fair share to the cost of providing those asset, and to also ensure that the cost of providing new or additional assets, or assets of increased capacity, is allocated proportionately between those who benefit from the assets to be provided as well as those who create a need for those assets.

(ii) **Simplicity:** ensure that the Policy is easy to understand and administratively simple to apply.

(iii) **Certainty and transparency:** provide developers with a clear understanding of what will be funded from development contributions, what they will have to pay towards those costs, and when.

(iv) **Consistency:** ensure that like developments are treated in a like manner.

(v) **Contribution to Nelson goals:** support and facilitate the wider outcomes sought by Nelson City Council.

In developing this Policy, the principles in section 197AB of the LGA have also been taken into account, namely that:

(a) development contributions are only required where the effects or cumulative effects of developments will create or have created a requirement for the council to provide or to have provided new or additional assets or assets of increased capacity;

(b) development contributions are determined in a manner that is generally consistent with the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to development contribution funding:

(c) cost allocations used to establish development contributions are determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets;

(d) development contributions are used —

(i) for or towards the purpose of the activity or the group of activities for which the contributions were required; and

(ii) for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required;

(e) the council should make sufficient information available to demonstrate what development contributions are being used for and why they are being used;

(f) development contributions should be predictable and be consistent with the methodology and schedules of this Policy;

(g) in calculating and requiring development contributions, the council may group together certain developments by geographic area or categories of land use, provided that—

(i) the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and

(ii) grouping by geographic area avoids grouping across an entire district wherever practical.

Other considerations which form part of the development of this policy include:

(a) Council will use development contributions only for capital expenditure in respect of the activity for which they are collected. For instance, contributions collected because of a need to increase water supply capacity will be spent only on the water supply system. This will be according to an aggregated project basis for each of the activities. Any particular development contribution will not be allocated to any specific project within an activity.

(b) Development contributions are not used to fund operational costs to maintain or to improve levels of service for existing users.

(c) Development contributions are not required if:

(i) Council has imposed a condition on a resource consent in relation to the same development for the same purpose; or

(ii) the developer will fund or otherwise provide for the same network infrastructure; or

(iii) Council has already required a development contribution for the same purpose in respect of the same building work; or

(iv) Council has received or will receive funding from a third party for the project or provision of the same network infrastructure.

3 APPLICATION OF THE POLICY

3.1 WHO IS ASSESSED?

A development that creates additional demand will be assessed for development. A development can be any subdivision, building, land use, or work that generates a demand for reserves, network infrastructure or community infrastructure.

A development contribution may be required to be made to Council when:

(i) a resource consent is granted under the RMA,

(ii) a building consent is granted under the Building Act 2004, or

(iii) an authorisation for a service connection is granted.

3.2 WHAT CONTRIBUTIONS ARE PAYABLE?

Council may require development contributions in relation to developments where the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, Council incurs capital expenditure to provide appropriately for:[1]

(i) Reserve land and improvements.

(ii) Network infrastructure.

(iii) Community infrastructure.

For the purpose of this policy, the transportation activity has been considered as an integrated activity that includes all modes of transport.

3.3 HOW MUCH IS PAYABLE?

Council applies a standard development contribution for all development within the city-wide catchment. Due to the relatively small and compact nature of the city, Council considers that the benefits from capital works on community facilities will generally flow through to developers and the community as a whole.

Accordingly, a one-catchment approach is the fairest and simplest for all. A more targeted, catchment by catchment approach is considered to be significantly more complex to develop and assess; more costly and inefficient to administer; and inconsistent with other funding streams. All developments benefit from the network infrastructure provided, accordingly it is considered appropriate that all pay the same equitable amount for the additional capacity built into council's network.

The city-wide development contribution per household unit of demand (HUD) for each of the network infrastructure activities is shown below.

TABLE 1: 2018/19 DEVELOPMENT CONTRIBUTIONS BY ACTIVITY

Activity	$ per HUD (exc GST)
NETWORK INFRASTRUCTURE	**$11,650**
Stormwater[2]	$3,230
Wastewater	$5,000
Water supply	$2,050
Transportation	$1,370
COMMUNITY INFRASTRUCTURE	**$280**
Community infrastructure	$280
RESERVES	**$1,160 + 40m²/HUD**
General reserves[3]	$1,160
Neighbourhood reserve land	40m² land/HUD, or cash equivalent
Total	**$13,090**

The development contributions levied for consents in previous financial years are shown in Section 9. The development contribution payable is quantified for all types of developments using a HUD. The number of HUDs payable reflects the additional demand on council infrastructure created by the development. Only the additional demand created will be considered when assessing development contributions.

1 Definitions of the assets for which development contributions may be payable can be found in the Glossary and Definitions section of this Policy.

2 This includes flood protection capital projects that have a growth-related component within the stormwater collection and management development contribution, and where each relevant flood protection project is required, at least in part, to collect or manage stormwater run-off from developments or to protect developments from stormwater run-off.

3 General Reserves includes the land and the improvements to that land.

TABLE 2: ASSESSMENT OF CONTRIBUTIONS

Development	Stormwater	Waste Water	Water Supply	Transport	Community Infrastructure	Reserves
Subdivision	1 HUD per title for each activity (See Section 4 for exemptions)					
Residential building New residential units on one title over and above 1 HUD	One bedroom residential unit = 0.5 HUD for each activity Two bedroom residential unit = 0.75 HUD for each activity Three or more bedroom residential unit = 1 HUD for each activity					
Non-residential [(a)] building If additional to 1 HUD paid at subdivision	HUDs = ISA [(b)] / 2	Greater of: increase in pans, 2 pans = 1 HUD and water pipe size.	Water pipe size (see below)	HUDs = Car parks / 4	0.5 HUD per accommodation unit Remainder not applicable [(c)]	0.5 HUD per accommodation unit (General Reserves) Remainder not applicable [(c)]

Internal diameter of water connection (mm)	20	25	32	40	50	100	150
HUDs	1	1.56	2.56	4	6.25	25	56.25

Notes to Table 2:

(a) Assessment applies to all developments in the city-wide catchment, refer Section 3.4.

(b) ISA = impermeable surface area

(c) Accommodation units are deemed to be residential (reference s198A (2) LGA).

3.4 DEVELOPMENT AREAS?

The provision of infrastructure to enable development will be prioritised through the LTP to ensure that:

- growth projections are aligned with capital spending for growth to enable infrastructure to be provided at the optimal time – not too early and not too late;
- optimal use is made of existing infrastructure;
- residential intensification is prioritised;
- sufficient capacity is provided to meet the requirements of the National Policy Statement on Urban Development Capacity.

Under this approach, not all identified development areas will be serviced in the next ten years. Therefore, the assessment of development contributions under this policy has been split into three categories:

Category 1: Development where no services overlay applies. (See Glossary for definition of a "service overlay.")

Category 2: Development where a services overlay is currently in place, but the existing constraints relating to council provided infrastructure (to the development boundary at the bottom of the catchment) will be removed by works planned in the 2018-2028 LTP.

Category 3: Development where a services overlay is in place, and where the existing constraints relating to council provided infrastructure are not planned to be fully removed by works planned in the 2018-2028 LTP.

Maps of these development areas can be found in Section 9.

3.4.1 DEVELOPMENT AREAS TO BE ASSESSED UNDER THE STANDARD RULES OF THIS POLICY

Categories 1 and 2 will be assessed for the city-wide development contribution identified in this policy. The development areas, and the number of titles that meet the criteria of category 2 are shown in the following table.

TABLE 3: DEVELOPMENT AREAS CATEGORY 2

No.	Development Area Name	Estimated Total Yield (Titles)	Titles available Years 1-5	Titles available Years 6-10
3	Ngawhatu Valley	800	0	345
4	Marsden Valley	1,000	0	650
9	Tasman Heights	500	314	0
11	Toi Toi	202	202	0
12	Washington Valley	39	34	0
19D	Lower Bayview	100	0	100
19E	Upper Bayview	250	0	250
21	Wastney Terrace	29	29	0
22	Todd Valley	4	0	4
26C	Saxton - Summerset, Wakatu	350	350	0
23	Nelson South	173	173	0

3.4.2 DEVELOPMENT AREAS THAT WILL NOT BE ASSESSED UNDER THE STANDARD RULES OF THIS POLICY

The third category is for any development areas not included in the above table, or for development above the limits set in the titles available years 1-5 and titles available years 6-10 columns in the table above.

For these areas, Council has not included the capital projects to remove all council provided infrastructure constraints within the 2018/19-2027/28 LTP. Therefore, the additional growth-related costs have not been included in the development contribution calculations. These development areas are shown below.

TABLE 4: DEVELOPMENT AREAS CATEGORY 3

No.	Development Area Name	Estimated Total Yield (Titles)
7	Quarantine Road	30
8	Airport and Golf Road	40
10A	Emano	96
10B	Murphy	75
16	Atmore Terrace/Cleveland Terrace	15
17	Upper Nile Street	10
19A	Brooklands	15
19B	Paremata	10
20	Werneth	20
24	Enner Glynn	110
25	Ralphine Way	30

In order to proceed with developments under this category, a Private Development Agreement (PDA) between Council and the developer may be required. Details on PDAs are provided in Section 8. Any PDA is likely to require a bespoke development contribution based on the standard contribution plus consideration of any works that the developer may need to undertake.

4 ASSESSMENT, PAYMENT AND EXEMPTIONS

4.1 TIMING OF ASSESSMENT

Council will calculate contributions on a development's first application for a resource or building consent or connection authorisation and will re-calculate a development for contributions on any subsequent application after the first in relation to the same development.

4.2 TIMING OF PAYMENT

Invoices become due for payment immediately upon issue and will be generated at the following points:

Consent type	Issue of invoice / Payment timing
Resource consent (subdivision)	At the time of applying for a certificate under s.224(c) of the RMA
Resource consents (others)	Prior to the commencement of work
Building consent	At the time the building consent is granted
Service connections	At the time service connection approval is sought

Where invoices remain unpaid under Council's payment terms [the 20th day of the month following issue of invoice], normal debt collection practices to recover outstanding debts may be invoked.

Alternative enforcement action may include:

- Withholding the section 224(c) certificate on a subdivision;
- Preventing the commencement of a resource consent for a development;
- Withholding a code of compliance certificate under the Building Act;
- Withholding a certificate of acceptance under the Building Act;
- Withholding a service connection to a development; and
- Registering the development contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land in respect of which the development contribution was required.

4.3 EXEMPTIONS

The following exemptions to payment of development contributions will apply to developments assessed under this policy:

4.3.1 CENTRAL CITY RESIDENTIAL DEVELOPMENTS

Council wishes to encourage residential growth in the central city in order to intensify development within networks of existing infrastructure. Accordingly, an exemption to development contributions shall apply for the development of:

(a) additional residential units, or a mixed development of residential and commercial units (provided that the exemption shall apply only in respect of the residential portion of the development), in the City Centre Zone of the Inner City Zone; and

(b) additional residential units in the City Fringe Zone of the Inner City Zone as defined in the NRMP (refer Map 2 in Section 9).

The following conditions will apply in respect of this exemption:

(i) The exemption shall be limited to 30 additional HUDs per financial year (1 July to 30 June);

(ii) The allocation of the exemption will be based on the date the application for resource or building consent was submitted accompanied by all required information. The earliest applications will be granted the exemption until the limit is reached. Any unused exemption will not carry forward to the following financial year;

(iii) The exemption shall be granted on the condition that construction commences within 12 months after the exemption is granted. If this condition is not met the exemption will no longer apply and the Development Contribution will be required at that time. Where an applicant can demonstrate that substantial progress has been made, the exemption may be extended up to 24 months from the date it was granted.

4.3.2 BROWNFIELD INTENSIFICATION – RESERVE CONTRIBUTION

Council will exempt a residential subdivision from 25% of the amount which would otherwise be payable as reserve contribution where the subdivision:

(i) Has an underlying title of 2000m² or less; and

(ii) Creates lots of 300m² or less; and

(iii) Is located in the Residential Zone; and

(iv) Is not located in the Services Overlay.

4.3.3 LOW INFRASTRUCTURE IMPACT DEVELOPMENTS

Council will consider exemptions, or partial exemptions, for developments which have low impact on network infrastructure requirements. Applications for exemptions must include clear evidence that the low impact design will reduce the demand on council services at peak times. It is envisaged these will be applied as such:

(a) **Stormwater:** Council recognises that some developments control the additional stormwater they produce and consequently, have a reduced impact on Council's network. Where this impact is permanent and won't become redundant as a result of Council works in the future, Council may reduce development contributions for stormwater. In exercising this discretion, Council will be guided by the following:

(i) Where, following events equal to or greater than a one in 15 years storm event, stormwater will not discharge into a Council managed system, stormwater development contributions may be reduced by up to 50%;

(ii) Where, following events equal to or greater than a one in 15 years storm event, the stormwater will discharge into a Council managed system, stormwater development contributions: may be reduced by up to:

1. 25% where primary stormwater flows are managed to pre-development levels;

2. 50% where both primary and secondary stormwater flows are managed to pre-development levels

The maximum 50% discount reflects the fact that the developed property will receive benefit from associated stormwater mitigation capital expenditure work by Council in the catchment area. It will either be directly protected or the ability to move around the area unencumbered during storm events will be improved.

4.3.4 WATER SUPPLY AND WASTEWATER:

If a development is unable to connect to the water supply or wastewater network then a contribution for these activities will not be required.

4.3.5 TASMAN DISTRICT WATER SUPPLY:

Where water for a development is to be supplied by Tasman District Council, the development contribution for water will be levied in accordance with the Tasman District Council's Development Contributions Policy current at the time, and not under this Policy. Applicants will be advised when consent applications are processed.

4.3.6 OTHER EXEMPTIONS

The Council's general policy is that there are no other exemptions. Council will only consider any other application for exemption from payment of a development contribution at its absolute discretion and in exceptional circumstances.

An application must be made to Group Manager Environmental Management prior to an invoice being issued. Each application will be considered on its own merits but the Group Manager Environmental Management may have regard to (i) whether the development is part of a not-for-profit entity; (ii) any unique contribution that the development is making towards Nelson City Community Outcomes and (iii) consistency with the general application of the 2018 Policy.

A decision to decline the application will not be subject to further review or reconsideration within the Council. If the council officer recommends the application be granted, the exemption may only be granted by a resolution of the Council (or a Committee or Subcommittee acting under delegated authority).

4.4 LISTED EXEMPTIONS

The following developments are exempt from development contributions

(a) Boundary adjustments, and subdivisions undertaken to place existing building development onto separate titles, either unit titles or freehold titles, i.e. those subdivisions that do not create additional titles and/or do not involve the erection of additional household units of demand.

(b) Additions and alterations to buildings where no additional HUD is created.

(c) Accessory buildings that do not create an additional unit of demand e.g. hay sheds, unserviced utility buildings.

(d) Developments undertaken by entities of the Crown.

(e) Social housing developments undertaken by the following organisations: Abbeyfield, Habitat for

Humanity, Nelson Tasman Housing Trust and any other partnership where Council has entered into an agreement to provide social housing.

(f) Development undertaken at Whakatu Marae

(g) Utility titles (e.g. for power transformers), access ways or legal roads.

4.5 REFUNDS

Where a development or subdivision does not proceed, any refund of money or return of land will be applied in accordance with section 209 of the LGA. Any refunds will be issued to or any returns made to the consent holder of the development to which they apply and will not be subject to any interest or inflationary adjustment.

5 RECONSIDERATIONS AND OBJECTIONS

5.1 RECONSIDERATION OF A DEVELOPMENT CONTRIBUTION

An applicant may request the reconsideration of a development contribution within 10 working days of receiving notice to pay. The request must be in writing, stating the grounds for a reconsideration, and the relief sought. As provided for in section 199A(1) of the LGA those grounds are that:

(a) the development contribution was incorrectly calculated or assessed under council's Development Contribution Policy; or

(b) Council incorrectly applied its Development Contributions Policy; or

(c) the information used to assess the person's development against the Development Contributions Policy, or the way council has recorded or used it when requiring a development contribution, was incomplete or contained errors.

If reconsideration is applied for in relation to the first two grounds described above, no fee will be charged. In the case of the third ground (paragraph (c)) for reconsideration, if any error in recording of information or the manner in which it has been used is proven to be the fault of Council, no fee will be charged. If the information used to assess the person's development against the Development Contributions Policy is incomplete or contains errors and these errors or omissions are attributable to the applicant, a fee of $255 + GST will be charged.

Requests for reconsideration can be lodged with Council in writing using the prescribed form and payment of any applicable fee. Applications with insufficient information or without payment of fee will be returned to the applicant with a request for additional information or payment.

Applications for reconsideration will be considered by a panel of up to three staff, including at least one person with delegated authority to determine the matter. A decision in writing shall be given to the person who made the reconsideration request within 15 working days after the date on which Council receives all required information relating to a request.

5.2 OBJECTION TO A DEVELOPMENT CONTRIBUTION

In accordance with sections 199C and 199D of the LGA, a person may object to any development contribution requirement. The right to object does not apply to challenges to the content of a Development Contributions Policy prepared in accordance with the Act, but can apply if the objector believes:

(a) Council has failed to properly take into account features of the objector's development that on their own or cumulatively with other developments, would substantially reduce the impact of the development upon the requirement for Council to provide community facilities; or

(b) Council required a development contribution for community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or

(c) Council has required a development contribution in breach of Section 200 of the LGA; or

(d) Council has incorrectly applied its Development Contributions Policy to the objector's development.

Any objection must be lodged with the Council within 15 working days of receiving notice to pay a development contribution, or within 15 working days of receiving the outcome of any request for reconsideration. Objectors must pay a deposit of $2,750.00 + GST and are liable for all costs incurred in the objection process, including staff and commissioner time, and other costs incurred by Council associated with any hearings unless the Council is directed to remit costs by the Commissioner.

The other aspects of the objections process are defined in Sections 199E to 199P and Schedule 13A of the LGA. It should be noted that when considering

a development contribution objection and any evidence provided in relation to that objection, development contributions commissioners must give due consideration to the following:

(a) the grounds on which the development contribution objection was made:

(b) the purpose and principles of development contributions under Sections 197AA and 197AB:

(c) the provisions of the development contributions policy under which the development contribution that is the subject of the objection was, or is, required:

(d) the cumulative effects of the objector's development in combination with the other developments in a district or parts of a district, on the requirement to provide the community facilities that the development contribution is to be used for or toward:

(e) any other relevant factor associated with the relationship between the objector's development and the development contribution to which the objection relates.

6 CALCULATION METHODOLOGY

This section provides an introduction to the development contributions calculation method for development contributions.

6.1 ONE-CATCHMENT APPROACH

The Council assessed the effects of adopting a multiple catchment approach for planning and funding services in 2006 and again in 2014 when this Policy was reviewed in line with principles outlined in the LGA. The funding framework of Nelson City has been based on a one-catchment approach to reflect the compact nature of the city (see Chapter 6 of the NRMP).

For the reasons stated in section 3.3, Council has adopted a one-catchment approach to calculating development contributions.

6.2 CALCULATION METHOD

The key concept of the approach is to define the total capital expenditure (capex) for growth consumed by the growth population over a period of time. This consumption of capex for growth is then apportioned among the increased number of household units of demand (HUDs) over the same time period. This defines the long run average cost of growth per unit of demand, defined as the dwelling equivalent contribution.

The calculation method can be summarised by the following steps:

STEP 1: Assess capital expenditure for growth on an asset by asset basis using financial reports (past expenditure) and projected expenditure.

STEP 2: Apportion capital expenditure for growth by the growth population (HUDs) over the design life of the asset, to assess the $/unit of demand.

STEP 3: For each year in the analysis period determine the total consumption of asset capacity for each asset identified, namely – $/unit of demand x the number units of demand.

STEP 4: Sum for all assets in each year in the analysis period, namely total capacity consumed in that year, measured in $.

STEP 5: Sum each year in the ten-year analysis period and divide by the growth population (new dwelling equivalents) projected over the analysis period to determine the dwelling equivalent contribution.

6.2.1 GROWTH COSTS

Capital expenditure may be attributable to one or more factors: growth, changes to levels of service, statutory requirements, or asset renewal. Under this Policy all projects have been assessed to calculate a fair, equitable and proportionate portion of council's infrastructure costs that can be attributed to growth. The growth costs reflect the cost that council has or will incur because of growth. The growth-related costs are solely those required to meet the additional demand created by the effects (including cumulative effects) of all development within the citywide catchment. This includes capacity in all up and downstream areas of the network, and not just the capacity in the locality of a given development. For example, the growth costs include the capacity in the headwork's assets such as treatment plants and storage asset.

Projects that were/are completed solely to address the demands of, and the benefits to, development, are considered to be 100% growth. Projects that were/are solely to replace existing assets or change levels of service are considered to be 0% growth. Projects that benefit both the existing community and the future community are apportioned using the following formula:

Growth % = (Demand at capacity - Demand at construction) / Demand at capacity

Where possible the demand has been quantified using first principles, e.g. traffic flow, litres used, impermeable surface area (ISA). In other cases the demand is quantified using the number of HUDs, and the increase over the capacity life of the asset. This ensures that only a fair, equitable and proportionate portion of the total costs is passed onto the future community via development contributions.

This approach can be used on projects where growth is not the main driver. For example, an upgrade to a wastewater treatment plant may be a combination of both level of service change for the existing community and provision of capacity for the future community.

6.2.2 AVERAGE COST OF GROWTH

The development contributions are based on the long-term average cost of growth across the city and reflect the average cost of infrastructure required to service new development for each activity. This includes those growth-related projects planned for in the 2018-2028 LTP and also those growth-related projects that have already been completed.

The calculation method uses the capacity life of each asset to fairly apportion the growth costs across the capacity life of the asset created. This ensures that all developments that benefit from the growth-related capital expenditure contribute an equitable portion. This also ensures that the rate the capacity is consumed is considered in the calculation so that early and late developers do not pay an unfairly high proportion of the growth costs. This also means that not all growth costs incurred in the LTP period will be funded over that period.

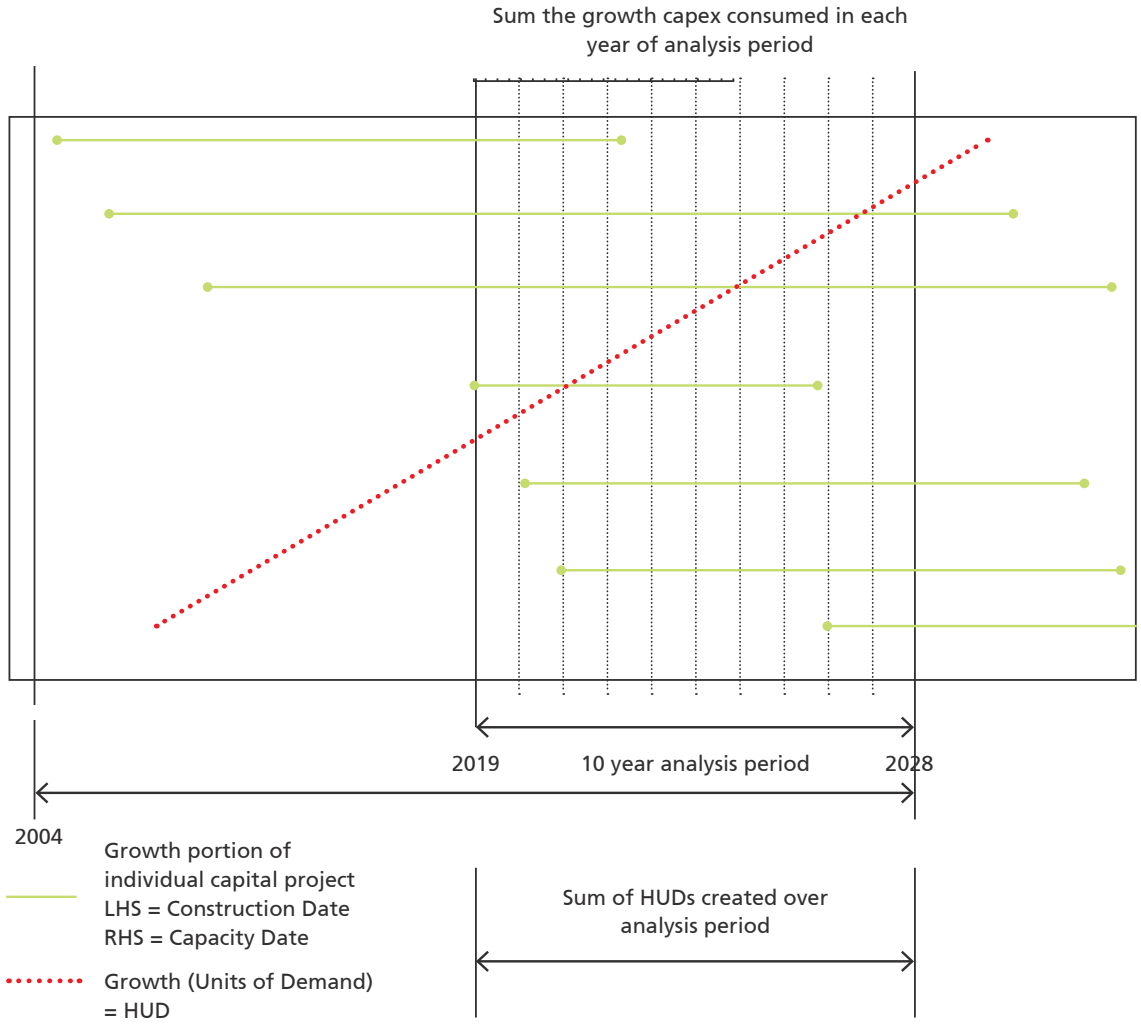
The standard contribution ($/HUD) is based on the average cost of growth for each activity over a 10-year analysis period.

$$\textit{Standard development contribution} = \frac{\$}{HUD}$$

= Sum of growth costs consumed in analysis period / Sum of new HUDs in analysis period

This method is summarised in the following diagram:

FIGURE 1 - LONG RUN AVERAGE COST OF GROWTH



Although the method uses a bottom up approach at the project level, the standard contribution reflects the average cost of growth for the overall activity. This is considered the fairest way to ensure all development in the city-wide catchment pays a fair and equitable contribution to fund each activity and service growth over the long term.

For the purpose of the calculations, the design life of the longer life assets has been capped at 30 years. This design life is used in both the calculation of the growth portion and the consumption of the growth costs. This ensures that the interest costs of funding long life assets are not disproportionally high. The 30 years was chosen as it is consistent with Council's 30 Year Infrastructure Strategy.

6.2.3 INTEREST CONSIDERATIONS

Interest costs have been assessed based on 5% interest per annum, as adopted in the 2018 LTP. The interest component of the standard contribution is based on the average interest costs over the 10-year analysis window. This includes consideration of the existing growth-related debt which is based on the growth costs to date and the contribution income received to date.

6.2.4 NEIGHBOURHOOD RESERVE LAND

The basis of the 40m² / HUD is linked back to the level of service for neighbourhood reserves. This is currently 1.7Ha per 1,000 persons. Based on an average household size of 2.4 people this equates to 1.7Ha per 400 HUD, or 40m² / HUD. Provision of this land ensures that sufficient neighbourhood reserves land is provided to maintain the desired level of service.

6.3 SIGNIFICANT ASSUMPTIONS

6.3.1 BEST AVAILABLE KNOWLEDGE

All information used in the calculation of development contributions is the best available knowledge at the time of the calculation models being prepared.

Capital expenditure projections are those that have been forecast in the Long Term Plan. Actual expenditure for the years to and including 2007/08 to 2016/17, and estimates for 2017/18 have been used. Amendments to the capital programme have been made to account for budgets carried forward and expenditure changes. The public scrutiny and the audit of these capital projections provides additional confidence as to the process.

6.3.2 GROWTH PROJECTIONS

Council prepared growth projections in 2018. These projections used Statistics New Zealand census data and projections. These show that Nelson's population is expected to grow by over 6,000 residents and by 2028 the population is expected to be over 59,000. The number of households is expected to increase by over 3,500 in the life of this LTP, before continuing to grow at a slightly slower rate.

The increase in residential HUDs in the development contribution model is based on the projected increase in households. The growth in non-residential rating units is assumed to be 1%, as adopted in the 2018 LTP.

However, Council bases its financial forecasting for income from Development Contributions based on the funds received in previous years. This is because developments, and the income from these, takes time to be realised, and Council needs to minimise the risk of income being lower than forecast. This conservative approach uses an average of 230 new Household Units of Demand p.a. over the ten years, i.e 2,300 for the term of the LTP. Growth rates and the Development Contributions policy are reviewed at least three yearly and income from Development Contributions, are reviewed each year as part of the Annual Report and Annual Planning processes. If development is faster or slower than forecast then Council can consider changing its capital work programme to match the rate of growth.

7 ASSESSMENT OF DEVELOPMENT CONTRIBUTIONS

7.1 DEVELOPMENTS OVER MORE THAN ONE ALLOTMENT

Where a development is over more than one allotment and is subject to Sections 75 and 77 of the Building Act 2004, then the development contributions will be assessed as for one allotment.

7.2 STAGED SUBDIVISION

Where a staged subdivision development is undertaken via a single consent, the development contribution payable will be assessed based on the date the application for consent was submitted and will continue to apply to each stage of the

development for which a separate certificate under section 224(c) of the RMA is applied for.

Where a staged subdivision development is undertaken via multiple consent applications, each development contribution requirement will be assessed according to the policy applying at the time each separate application for consent is submitted.

7.3 QUANTIFYING DEMAND

The following conversion factors shall be used to quantify the demand created by each type of development.

7.3.1 RESIDENTIAL

Each additional residential title created where the standard development contributions are applicable shall pay 1 HUD.

New residential units on one title over and above 1 HUD, shall be assessed as follows:

- 0.5 HUD for a one bedroom residential unit,
- 0.75 HUD for a two bedroom residential unit,
- 1 HUD for a residential unit of three or more bedrooms.

Council considers this the fairest and simplest way to acknowledge that a smaller residential unit places a lower demand on council's infrastructure, compared to a typical dwelling. This also achieves Councils strategic outcome of promoting intensification for residential development throughout the city, encourages greater housing choice, and may also promote housing affordability.

7.3.2 NON-RESIDENTIAL

Each additional non-residential title shall pay 1 HUD for each activity at subdivision stage. In addition, non-residential developments that create additional demand shall be converted to HUDs at building consent stage based on:

- **Stormwater** – impermeable surface area in addition to the existing shall be converted to HUDs based on 316m^2 per HUD.
- **Water Supply** – the increase in pipe size from the existing shall be used to calculate the HUD.
- **Wastewater** – the greater of the number of pans in addition to existing, where each two additional pans equates to 1 HUD, or the increase in water pipe size from the existing.

The conversion table for both water and wastewater is shown below:

Internal diameter of water connection (mm)	20	25	32	40	50	100	150
HUDs	1	1.56	2.56	4	6.25	25	56.25

- **Transportation** - The number of car parks shall be used as a proxy to quantify the additional demand created by a non-residential development, i.e. the more car parks, the higher the increase in demand. The standard approach defined below shall be applied to all developments in the city-wide catchment, regardless of the actual car parking requirements of the consent conditions. A development not required to provide car parks (e.g. in the city centre) will still be assessed for a transportation contribution under the standard approach because Council considers that regardless of the car parking being on-site or off-site, all non-residential development will create additional demand on the transportation network.

  The number of car parks for all non-residential developments will be calculated under the formula set out in Table 10.3.1 in Appendix 10 of the NRMP based on the development type (e.g. commercial activity, industrial activity etc) and size. The number of car parks shall be converted to HUDs based on 4 car parks per HUD, e.g. 6 car parks = 1.5 HUD.
- **General Reserves and Community Infrastructure** – 0.5 HUD per accommodation unit for Accommodation developments (considered "residential" for the purpose of assessing reserve land contributions).
- **Neighbourhood reserve land** – not applicable.

7.4 ASSESSMENT METHOD

When Council receives an application for a resource consent, building consent or service connection, it will:

1) test that the application represents a "development" (as defined under Section 197 of the LGA);
2) determine whether the development, alone or cumulatively with other developments, has the effect of requiring new or additional assets of increased capacity;
3) assess whether it has required or will require council, as a consequence, to incur capital expenditure to provide for this.

If Council is satisfied that the legal requirements have been met, as outlined above, and that a development contribution is required and provided for under this Policy, it will then assess the level of contribution payable as follows:

Step One: Assess demand currently on the development site

In attributing units of demand to a particular development or type of development the Council will identify the number of units of demand that existed on the site prior to the development.

Step Two: Assess the post development demand

The number of HUDs post development can be quantified based on the size of the development using the same method.

Step Three: Assess the additional demand

The additional demand is simply the difference between pre-development and post development, quantified in HUDs for each activity.

Step Four: Calculating the Development Contribution to be charged

To calculate the contribution the number of additional HUDs is multiplied by the standard contribution of each activity.

TABLE 5 : ASSESSMENT METHOD – SUMMARY TABLE

	A	B	C = (B – A)	D	C x D
Activity	**Pre Development HUDs**	**Post Development HUDs**	**Additional Demand HUDs**	**Standard DC $ per HUD (exc GST)**	**Total DC $ per HUD (exc GST)**
NETWORK INFRASTRUCTURE					
Stormwater				$3,230	
Wastewater				$5,000	
Water Supply				$2,050	
Transportation				$1,370	
COMMUNITY INFRASTRUCTURE					
Community infrastructure				$280	
RESERVES					
General reserves				$1,160	
Neighbourhood reserve land				40m²/HUD	
TOTAL				**$13,090 + 40m²/HUD**	

RESERVE LAND CONTRIBUTION – VALUATION AND STATUTORY CAP

The Neighbourhood Reserve Land contribution may be paid as cash or by provision of land. The land must meet the requirements of the Land Development Manual in order to be deemed an acceptable contribution.

Where the Neighbourhood Reserve Land contribution is paid in cash, the contribution will be based on a land valuation of the developed lot. The valuation must be provided by a suitably qualified professional at the time of application for 224(c).

For developments that are not subdivisions, the land valuation used will be the existing land value as shown on NCC NMap. All land valuations will be exclusive of GST, if any.

The statutory cap will be applied as follows. Section 203 (1) of the LGA 2002 states that the total reserve contribution must not exceed the greater of:

(a) 7.5% of the value of the additional lots created by a subdivision; and

(b) the value equivalent of 20 square metres of land for each additional HUD created by the development.

The total reserve contribution is the sum of the General Reserve contribution and the equivalent cash value of the Neighbourhood Reserve Land contribution.

For a subdivision consent the cap will be the greater of (a) and (b). For a development that is not a subdivision (e.g. a secondary dwelling on an existing lot) the cap will be (b). Examples of how these caps are applied are shown in the following table.

Subdivision - number of lots and land valuation ($)	Subdivision and average lot size (m²)	Land Value ($/m²)	40m² /HUD Neighbourhood Reserves	General Reserves ($/HUD)	Total Contribution	20m² cap	7.5% cap	Maximum cap	DC Levied
10 lots with total valuation of $3.0M; ($300k/lot)	5,000m²; average = 500m²/lot	$600/m²	$240k	$12k	$252k	$120k	$225k	$225k	$225k[1]
20 lots with total valuation of $3.5M; ($175k/lot)	4,000m²; average = 200m²/lot	$875/m²	$700k	$23k	$723k	$350k	$262.5k	$350k	$350k[2]
30 lots with total valuation of $7.5M; ($250k/lot)	19,500m2; average = 650m²/lot	$385/m²	$462k	$34k	$496k	$231k	$563k	$563k	$496k[3]
$300k – second dwelling BC	700m²	$430/m²	$17,140	$1,160	$18,300	$8,570	n/a – not a subdivision	$8,570	$8,570[2]
$250k – single lot subdivision	290m²	$860/m²	$34,480	$1,160	$35,640	$17,200	$18,750	$18,750	$14,060[3]

1 = 7.5% cap applies

2 = 20m2/HUD cap applies

3 = 7.5% cap and Brownfield intensification exemption applies

8 DEVELOPMENT AGREEMENTS

Sections 207A to 207F of the Act provides for the Council and a developer to enter into specific arrangements for the provision of particular infrastructure to meet the special needs of a development.

These will typically be used for development occurring ahead of when it was anticipated or development areas not included in the long term plan and therefore not considered under the standard schedule of this policy.

Development agreements may provide that:

a) Council pays the full costs of the growth-related reserves, community and network infrastructure, and recovers the costs through a bespoke, targeted development contribution from the developer(s) specific to the subject site; or

b) The developer(s) pays for the cost of the growth-related reserves, community and network infrastructure, and is responsible for recovering the costs from any other developers that receive the benefit of the infrastructure. This provision of infrastructure would off-set any development contributions for each specific activity; or

c) A combination of (a) and (b) above.

A development agreement may be entered into after being requested in writing by either the developer, or the Council. Regardless of which party requests the Agreement, the request may be accepted in whole or in part, subject to any amendments agreed by the Council and the developer, or may be declined by the Council. Council will provide the developer who made the request with a written notice of its decision and the reasons for its decision.

A development agreement is a legally enforceable contract, and comes into force when all parties that will be bound by the agreement have signed it.

A development agreement does not oblige Council to grant a resource consent, building consent, service authorisation, or to issue certification. Council may not refuse to grant or issue a consent, certificate, or authorisation on the basis that a development agreement has not been entered into.

9 APPENDIX – DISCLOSURE SCHEDULES AND SUPPORTING INFORMATION

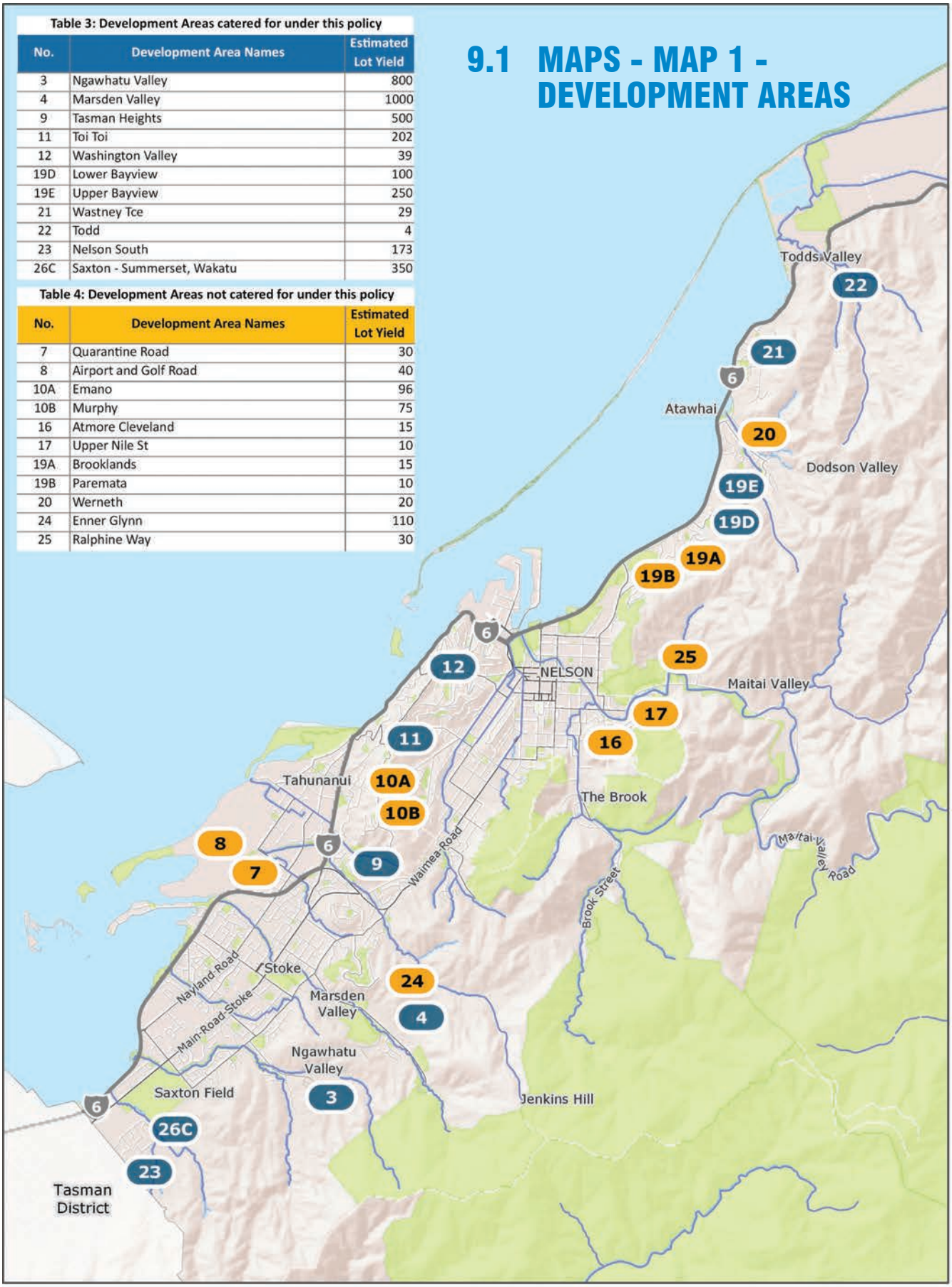
9.1 MAPS - MAP 1 - DEVELOPMENT AREAS

Table 3: Development Areas catered for under this policy

No.	Development Area Names	Estimated Lot Yield
3	Ngawhatu Valley	800
4	Marsden Valley	1000
9	Tasman Heights	500
11	Toi Toi	202
12	Washington Valley	39
19D	Lower Bayview	100
19E	Upper Bayview	250
21	Wastney Tce	29
22	Todd	4
23	Nelson South	173
26C	Saxton - Summerset, Wakatu	350

Table 4: Development Areas not catered for under this policy

No.	Development Area Names	Estimated Lot Yield
7	Quarantine Road	30
8	Airport and Golf Road	40
10A	Emano	96
10B	Murphy	75
16	Atmore Cleveland	15
17	Upper Nile St	10
19A	Brooklands	15
19B	Paremata	10
20	Werneth	20
24	Enner Glynn	110
25	Ralphine Way	30



Development Areas

Policy on Development Contributions 2018

Nelson City Council
te kaunihera o whakatū

Catered for under this policy

Not catered for under this policy

N

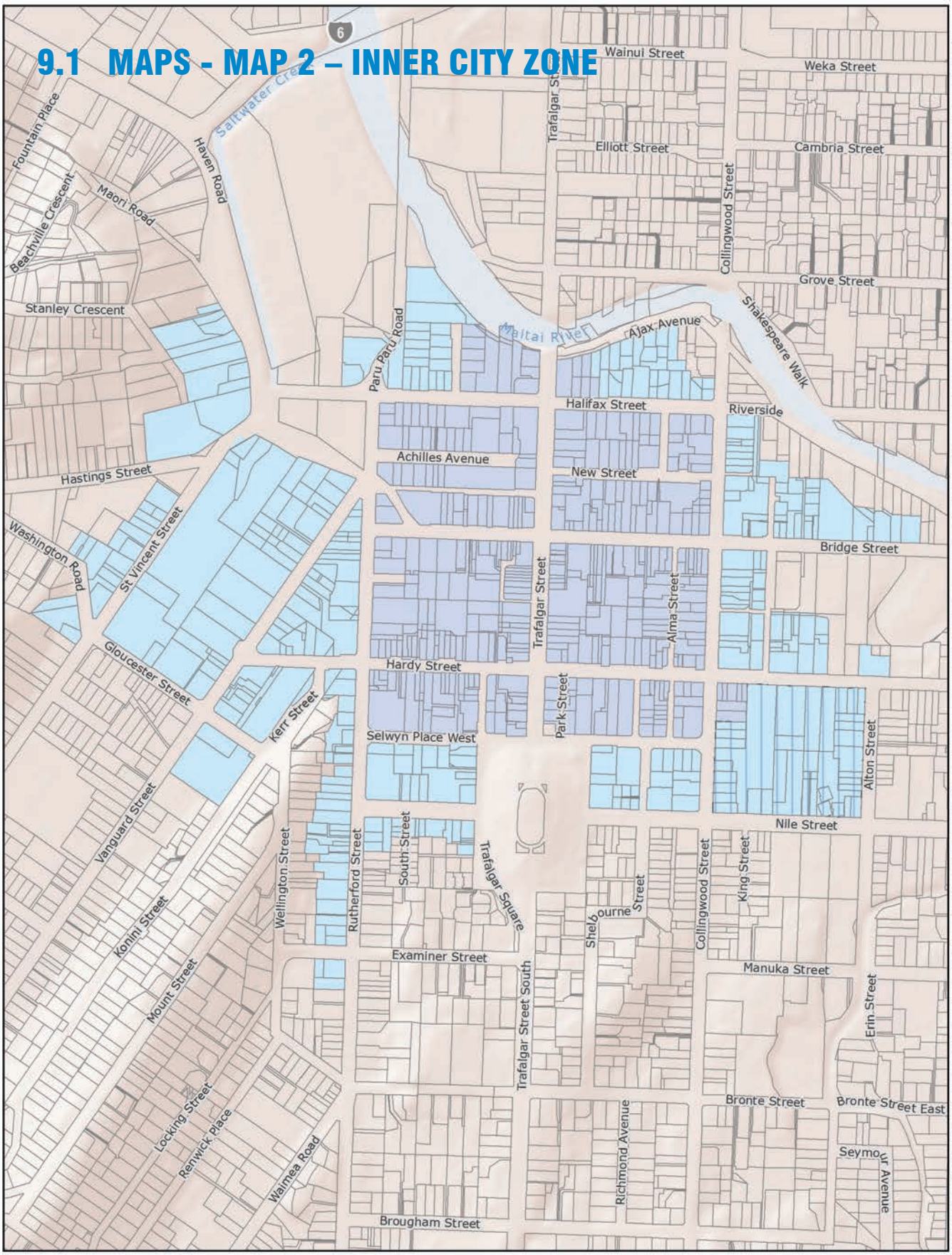
May 2018

0 0.5 1 1.5 2 km

File Ref: A1330350
MP. Original map size A4.

PO Box 645 Nelson 7040 New Zealand PH 03 5460200 nelson.govt.nz

9.1 MAPS - MAP 2 – INNER CITY ZONE



Inner City Zone

Development Contributions Policy 2018

Zones

- Inner City - Centre
- Inner City - Fringe
- Inner City - Intense Development

0 50 100 150 200 m

N

July 2018

Nelson City Council
te kaunihera o whakatū

PO Box 645 Nelson 7040 New Zealand PH 03 5460200 nelson.govt.nz

File Ref: A1432371
MP. Original map size A4.

9.2 CONSIDERATION OF ACTIVITY FUNDING – SECTION 101(3)

Section 101(3)	Consideration of services
(a)(i) the community outcomes to which the activity primarily contributes	Network infrastructure, community infrastructure and reserves contribute to several of the Council's joint regional community outcomes: • **Our unique natural environment is healthy and protected** - Development Contributions enable Council to provide network infrastructure that reduces the impact of people on the environment. • **Our urban and rural environments are people-friendly, well planned and sustainably managed** - Development contributions enable provision of good quality, sustainable and effective infrastructure and facilities. • **Our infrastructure is efficient, cost effective and meets current and future needs** - the Policy provides a funding framework that helps enable integrated land use planning and development by providing efficient and effective infrastructure that meets current and future needs. • **Our communities are healthy, safe, safe, inclusive and resilient** - Development contributions enable council to provide network infrastructure that enables a healthy, safe community • **Our region is supported by an innovative and sustainable economy** - Development contributions ensure that the cost of growth is fairly and reasonably met by new developments
(a)(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals	Due to the relatively small and compact nature of the city, Council considers that the benefits from capital works on community facilities will generally flow through to developers and the community as a whole. Accordingly, a one-catchment approach is the fairest and simplest for all. A more targeted, catchment by catchment approach is considered to be significantly more complex to develop and assess; more costly and inefficient to administer; and inconsistent with other funding streams. All developments benefit from the network infrastructure provided, accordingly it is considered appropriate that all pay the same equitable amount for the additional capacity built into council's network.
(a) (iii)the period in or over which those benefits are expected to occur	The purpose of development contributions is to assist in providing infrastructure that will ensure intergenerational equity. The approach determines the capacity of each asset and the amount of capacity that will be utilised by the growth community. The length of time over which the asset created will provide a benefit to the future community has been considered. Many of the assets may provide capacity beyond the 10 year window of the LTP. If this benefit extends beyond the current LTP horizon, then growth costs shall be recovered in this LTP and the next, as the capacity is taken up. This approach ensures the developers today do not subsidise future development in an inequitable manner.
(a)(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity	Development contributions are a fair source of funding for each of the activities for which they are collected because they allow the capital costs of the activity to be allocated to those that create the need for capital expenditure.
(a)(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and	Development contributions received for a specific activity will only be used for, or towards, the capital expenditure of that activity for which the contributions were required. Using development contributions to fund the cost of providing additional services for growth, provides greater transparency. The benefits of this approach include intergenerational equity, fairer apportionment of costs and a more targeted, user pays system. These benefits are considered to significantly exceed the costs of assessing development contributions.
(b) the overall impact of any allocation of liability for revenue needs on the community	Council believe that the level of contributions required do not place an overly burdensome requirement on developers. The use of contributions ensure that the existing community do not have to subside all growth-related costs through rates. Similarly, the city-wide catchment approach ensures that the liability for revenue does not unreasonably fall on a particular area of the development community.

9.3 SUMMARY OF CAPITAL EXPENDITURE FOR GROWTH

The planned expenditure over the 10-year plan, the growth portion and the development contribution revenue projected to be recovered during the 10 year window is shown below. The historic total cost and growth costs considered in the calculations of development contributions are also shown.

TABLE 6: 2018/19-2027/28 LTP – SUMMARY OF CAPITAL COSTS, GROWTH COSTS AND PROJECTED CONTRIBUTION REVENUE

	Historical		2018/19 to 2027/28 LTP			2018/19 to 2027/28 LTP	
Activity	NCC Capital Costs	Growth Costs	NCC Capital Costs	Growth Costs	Total Growth Costs Considered	Total 10 Year Interest Costs	Projected Revenue from development contributions
Stormwater	40,765,000	8,828,000	83,714,000	11,801,000	20,629,000	3,340,000	11,454,000
Wastewater	45,948,000	16,460,000	68,157,000	14,212,000	30,672,000	4,595,000	17,723,000
Water Supply	38,463,000	9,114,000	59,579,000	3,494,000	12,609,000	1,464,000	7,192,000
Transportation	19,061,000	2,344,000	83,999,000	10,058,000	12,402,000	1,007,000	5,279,000
Community Infrastructure	9,272,000	1,499,000	6,550,000	225,000	1,724,000	0	766,000
General Reserves	9,121,000	3,541,000	27,941,000	4,931,000	8,472,000	397,000	4,043,000
Grand Total	**162,630,000**	**41,786,000**	**329,940,000**	**44,721,000**	**86,508,000**	**10,803,000**	**46,457,000**

1. Due to the transitional nature of the policy, a portion of the revenue may be financial contributions, depending on the location of the future development.
2. Council intends to fund all growth costs through development contributions. The projected revenue is based on the forecast number of new HUDs over the next 10 years. The revenue is subject to a number of factors such as the speed of development, the quantum of remissions and exemptions, the lag time between consent and certification (payment) and is therefore difficult to forecast.
3. Neighbourhood reserve land is not shown as a $ value as this will be provided as a combination of land and money.

The proposed growth costs for each year of the 2018 LTP are summarised in the below table for each activity.

TABLE 7: 2018/19-2027/28 LTP GROWTH COSTS BY YEAR ($000S)

Activity	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Grand Total
Stormwater	946	1,648	2,051	1,133	752	1,334	699	999	845	1,394	11,801
Wastewater	565	1,088	3,712	3,939	379	1,562	1,546	428	340	654	14,212
Water Supply	66	594	132	264	928	902	88	240	227	53	3,494
Transportation	462	973	987	927	760	1,458	2,683	855	399	555	10,058
Community Infrastructure	48	80	98								225
General Reserves	314	961	585	742	339	628	344	684	170	164	4,931
Grand Total	**2,401**	**5,344**	**7,563**	**7,004**	**3,157**	**5,883**	**5,360**	**3,206**	**1,981**	**2,820**	**44,721**

9.4 SCHEDULE OF ASSETS

The following table shows the core component and the interest component of the development contribution for each activity. These have been rounded the nearest $10.

TABLE 8 : SUMMARY OF DEVELOPMENT CONTRIBUTIONS COMPONENT

Activity	Core Component	Interest Component	Total Development Contribution
Stormwater	2,290	940	3,230
Wastewater	3,700	1,300	5,000
Water Supply	1,630	420	2,050
Transportation	1,110	260	1,370
Community Infrastructure	280	0	280
General Reserves	1,040	120	1,160
Neighbourhood reserve land			40m²/HUD
Grand Total	**10,050**	**3,040**	**$ 13,090 +40m²/HUD**

The following tables show the schedule of assets as required by Section 201A of the LGA 2002. This table includes both historical and planned capital projects, these have been split out for each activity. The component each project makes up of the total contribution for each activity is also shown. Projects in year 10 of the 2018 to 2027 LTP are not included in this table as the capacity does not start getting consumed until the year following construction, therefore the projects are not included in the contributions.

TABLE 9 : SCHEDULE OF ASSETS

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Stormwater	**114,081,731**	**18%**	**82%**	**20,628,857**	**$2,289**
Historic	**38,753,175**	**23%**	**77%**	**8,828,259**	**$1,202**
Arapiki Stream (first stage)	6,320,007	28%	72%	1,741,386	$229
Q15 reticulation upgrades (Q15 pipelines) - pre-2009	5,070,537	29%	71%	1,492,916	$186
Q15 reticulation upgrades (pump station catchment) - pre-2009	4,400,016	29%	71%	1,295,495	$161
Hampden St East Little Go Stream: Stage 2	3,980,830	23%	77%	909,941	$142
Orchard Creek	2,361,308	28%	72%	650,624	$86
Other conditioned projects (prior to Jul 2006)	283,942	100%	0%	283,942	$34
Nayland Road (to Saxton)	874,924	29%	71%	252,051	$32
Saxton Creek upgrade	4,265,682	5%	95%	203,128	$31
Capital: York Stream Channel Upgrade	3,297,145	5%	95%	181,241	$29
Orphanage Stream upgrade	649,995	24%	76%	156,315	$23
Salt Water Creek/Haven Rd Culvert	601,913	25%	75%	148,823	$22
Railway Reserve - Saxton Rd West - Dryden Street	599,495	23%	77%	137,217	$21
Montcalm/Arrow/Wash Vly/Hastings	558,481	24%	76%	135,423	$20
Orphanage Stream upgrade (saxton Road East Culvert)	526,808	22%	78%	114,591	$19

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Tasman St upgrade(Nile to Bronte)	436,157	25%	75%	107,243	$16
Stanley Beachville (stage 1)	333,218	29%	71%	95,995	$12
Iwa Road	299,405	28%	72%	84,368	$11
Stanley/Beachville stormwater	235,953	24%	76%	56,292	$8
Hampton St East- Little Go Stream	189,561	24%	76%	46,230	$7
Orphanage Stream / Sunningdale	188,124	22%	78%	41,230	$7
New Pumps (part of Pump Station Catchment Wood Area)	178,000	24%	76%	43,542	$7
Wastney Terrace stormwater (pvt drain prgm)	182,148	23%	77%	42,702	$7
Tahuna Slip Pvt/ Pub Drains	166,520	22%	78%	36,490	$6
Maire Stream: Stage 1	171,638	22%	78%	37,787	$6
Neale/Kea/Kaka/Railway Reserve	160,119	27%	73%	43,125	$6
Tahuna Slope Risk Area	145,285	23%	77%	34,096	$5
Tasman (Cambria/Grove) (part of Pump Station Catchment Wood Area)	140,978	26%	74%	36,487	$5
147A to 149 Waimea Road Stormwater	114,309	23%	77%	26,031	$4
LOS: York catchment evaluation	106,723	25%	75%	26,505	$4
Little Go Stream upgrade Rutherford St	100,353	22%	78%	21,829	$4
Saxton Creek, Main Rd Stoke Culvert to Sea	222,089	10%	90%	21,787	$3
Pvt/Pub Drains programme	92,255	24%	76%	21,976	$3
Tahunanui Hills Stormwater- Moana Avenue to Rocks Road	88,321	22%	78%	19,212	$3
Airlie St	87,411	22%	78%	19,014	$3
Rutherford Stage 1: Girls College	79,251	23%	77%	18,448	$3
LOS: Nile Street East SW & flood protection	78,671	24%	76%	19,111	$3
Fifeshire	75,525	23%	77%	17,199	$3
Wakapuaka Flats Stormwater Network Upgrade	73,654	25%	75%	18,294	$3
North Esk/Beccles	71,773	25%	75%	17,663	$3
Vanguard Street Stormwater	69,292	23%	77%	16,247	$2
Wastney Terrace stormwater (pvt drain prgm)	59,698	22%	78%	12,985	$2
Capital: Mount St / Konini St	52,659	22%	78%	11,454	$2
Piping Ditches programme	50,026	24%	76%	11,758	$2
St Vincent/Hastings St Culvert	50,000	22%	78%	10,876	$2
Saxton Creek upgrade Land Purchase	237,207	5%	95%	11,296	$2
Atawhai Crescent Storm Water	40,000	22%	78%	8,701	$1
Brook Stream Catchment Improvements	39,403	25%	75%	9,787	$1
Capital: Todds Valley Stream upgrade	38,139	25%	75%	9,371	$1
Capital: Arapiki Road stormwater	38,003	23%	77%	8,795	$1
Orphanage Stream - bunding and Suffolk Road Culvert	33,335	22%	78%	7,251	$1
Catchment Mgt Plans: Maitai	26,323	25%	75%	6,538	$1

Table continued >

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Oldham Creek upgrade	24,036	22%	78%	5,267	$1
LOS: Nile Street East	24,998	22%	78%	5,438	$1
Bisley Avenue	21,208	22%	78%	4,613	$1
Bisley Avenue	20,619	23%	77%	4,720	$1
Suburban Club private drain subsidised (storm)	19,258	22%	78%	4,215	$1
Stansell Pvt/ Pub Drains	17,010	20%	80%	3,436	$1
Chamberlain stormwater upgrade	16,527	25%	75%	4,105	$1
Airlie St Stormwater	16,555	23%	77%	3,770	$1
Maitai flood management	13,519	24%	76%	3,284	$0.48
St Vincent/Hastings St Culvert	11,326	24%	76%	2,696	$0.40
Halifax St upgrade(Tasman to Milton)	9,179	24%	76%	2,185	$0.33
Main Rd Stoke/Poormans St/Culvert op	5,050	24%	76%	1,236	$0.18
Athol Street Storm water	5,000	22%	78%	1,088	$0.18
Fifeshire	5,000	22%	78%	1,088	$0.18
Ballard Dr stormwater upgrade	1,152	25%	75%	286	$0.04
Ariesdale/Thompson Tce	127	22%	78%	28	$0.00
2018 LTP	**75,328,556**	**16%**	**84%**	**11,800,598**	**$1,087**
Saxton Creek, Main Rd Stoke Culvert to Sea	8,389,855	19%	81%	1,596,956	$212
Little Go Stream upgrade Rutherford St	2,867,000	20%	80%	559,142	$77
Montcalm/Arrow/Wash Vly/Hastings	3,078,977	19%	81%	581,857	$76
Tahunanui Hills Stormwater- Moana Avenue to Rocks Road	2,371,406	18%	82%	418,307	$47
Orphanage Stream - bunding and Suffolk Road Culvert	1,666,640	19%	81%	324,153	$45
Hill ST stormwater	240,000	100%	0%	240,000	$45
Wastney Terrace stormwater (pvt drain prgm)	1,652,800	19%	81%	318,385	$43
Marybank / Tresillian Ave	1,887,525	17%	83%	311,578	$30
LOS: Nile Street East	807,904	21%	79%	167,662	$26
Brook Stream Catchment Improvements	2,107,738	15%	85%	324,703	$24
Capital: Mount St / Konini St	1,210,371	17%	83%	210,074	$23
Saxton Creek upgrade	3,163,518	5%	95%	150,644	$23
St Vincent/Hastings St Culvert	3,926,930	14%	86%	546,989	$23
Tosswill to Tahuna Stormwater Upgrade	904,690	18%	82%	162,136	$19
Pvt/Public Drains	1,150,265	16%	84%	185,254	$16
Vanguard Street Stormwater	682,848	18%	82%	122,528	$14
Rutherford Stage 2 - Box Culvert	3,243,760	14%	86%	439,086	$14
Review of Jenkins & Arapiki (airport)	842,296	17%	83%	139,269	$13
Capital: Main Rd Stoke (Louisson - Marsd)	905,575	16%	84%	145,792	$13
Maitai flood management	583,200	18%	82%	105,636	$13
Emano Street Channel	1,473,383	15%	85%	215,053	$12
Airlie St	388,666	19%	81%	73,965	$10
Capital: Main Rd Stoke (Hays cnr - Louis)	678,303	16%	84%	109,571	$10

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Examiner	405,728	18%	82%	73,991	$9
Public/Private Drains & Open Chanel Upgrade Progra	2,135,245	14%	86%	288,325	$9
Main Rd Stoke/Poormans St/Culvert op	677,330	16%	84%	105,952	$8
Stansell Pvt/ Pub Drains	310,670	16%	84%	49,906	$8
Renwick / Wellington Street / Waimea Road	451,153	17%	83%	77,567	$8
Athol Street Storm water	673,650	15%	85%	104,278	$8
Golf/ Parkers	544,524	16%	84%	88,188	$8
Cherry/Baigent/Ridgeway	706,315	15%	85%	108,050	$8
Capital: York Stream Channel Upgrade	2,329,890	5%	95%	128,072	$8
Mahoe/Orsman/Matipo	634,186	15%	85%	98,266	$7
Ngaio/Maitland	536,320	16%	84%	85,968	$7
Manson Ave	371,462	17%	83%	64,439	$7
Beach Road	312,960	18%	82%	56,507	$7
Cawthron Crescent	303,306	18%	82%	55,301	$7
Emano Reserve Stormwater	297,410	18%	82%	53,534	$6
Seaton/Allisdair	323,465	17%	83%	56,571	$6
Brooklands	228,304	19%	81%	43,954	$6
Capital: Poynters Cres	401,228	16%	84%	65,239	$6
Capital: Arapiki Road	326,023	17%	83%	55,785	$6
Capital: Milton: Grove-Cambria	307,560	17%	83%	52,412	$5
Maire Stream: Stage 1	330,750	17%	83%	55,130	$5
Ariesdale/Thompson Tce	305,010	17%	83%	51,640	$5
Riverside	336,696	16%	84%	54,934	$5
Totara/Hutcheson	235,733	18%	82%	42,285	$5
Capital: Shelbourne St s/w upgrade	229,442	18%	82%	41,390	$5
Piping Ditches	296,480	17%	83%	49,710	$5
York Terrace	428,496	15%	85%	65,732	$5
Kowhai	322,539	16%	84%	52,091	$5
Beatson Road	523,422	15%	85%	76,995	$5
Dodson Valley	200,326	18%	82%	36,852	$5
Paru Paru	314,124	16%	84%	50,696	$4
Orphanage Stream / Sunningdale	132,103	21%	79%	27,415	$4
Tui Glen	192,322	18%	82%	34,588	$4
Black	261,570	16%	84%	42,124	$4
Isel Place	278,290	16%	84%	43,983	$4
Rotoiti	158,470	18%	82%	28,910	$4
Private Drains/Sub	242,414	16%	84%	38,490	$3
Hardy (Tasman-Alton)	692,880	14%	86%	94,070	$3
Bisley Avenue	122,030	18%	82%	22,102	$3
Martin	421,234	14%	86%	58,098	$2
Pateke	144,195	16%	84%	23,298	$2
Anglia/Scotia	235,228	15%	85%	34,209	$2

Table continued >

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Kauri Street	66,471	20%	80%	13,237	$2
Murphy Street	1,470,400	13%	87%	187,222	$2
Ashdonleigh Grove Storm water	86,150	17%	83%	15,008	$2
Oldham Creek stormwater upgrade	1,176,680	13%	87%	149,713	$1
Strawbridge Sq Stormwater improvements	88,670	16%	84%	14,426	$1
Capital: Arapiki Stream	524,717	13%	87%	68,482	$1
Tipahi/Eckington	750,114	13%	87%	96,424	$1
Orphanage Stream Upgrade - Stage 2	248,959	14%	86%	33,664	$1
Poormans Stream	239,450	13%	87%	32,317	$1
Collingwood Street	440,505	13%	87%	57,153	$1
Capital: Railway Reserve/ Newall/Bledisloe	787,677	13%	87%	100,223	$1
Capital: Rangiora Tce	126,946	14%	86%	17,984	$1
Jellicoe/Bledisloe/Kaka/Kea/Freyberg/Maple	741,886	13%	87%	94,310	$1
Karaka	432,626	13%	87%	55,881	$1
Kauri/Matai/Titoki/Ranui	422,606	13%	87%	54,636	$1
Manuka	709,719	13%	87%	90,146	$1
Kipling	326,879	13%	87%	42,380	$1
Capital: Todds Valley Stream upgrade	180,750	13%	87%	24,001	$1
Jenkins Stream stormwater upgrade	180,750	13%	87%	24,001	$1
Wakapuaka Flats Stormwater Network Upgrade	428,150	13%	87%	54,736	$1
Orchard Stream	180,750	13%	87%	24,001	$1
Stafford Ave	275,880	13%	87%	35,801	$1
Haven Rd open channel upgrade	521,025	13%	87%	66,252	$1
Capital: Halifax St: Tas-Miltn	1,185,616	13%	87%	148,699	$1
Nikau Rd open channel upgrade	232,230	13%	87%	29,761	$0
Railway Reserve (Bishopdale - St Vincent) stormwater improve	16,005	18%	82%	2,849	$0
Nile St East Storm water	10,000	21%	79%	2,075	$0
Brougham St	63,215	14%	86%	8,625	$0
Capital: Viewmount/Ridgeway	64,781	14%	86%	8,779	$0
Annesbrook Drive Storm Water	10,440	19%	81%	1,960	$0
Marsden Road storm water	10,670	18%	82%	1,899	$0
Otterson Street to Pascoe Street Stormwater	344,770	13%	87%	43,345	$0
Wastewater	**80,880,807**	**38%**	**62%**	**30,671,568**	**$3,700**
Historic	**39,876,369**	**41%**	**59%**	**16,459,644**	**$2,220**
WWTP Upgrade Primary Clarifier - NRSBU	4,182,704	100%	0%	4,182,704	$527
Nelson North Wastewater Treatment Plant (NNWWTP) - mechanical treatment	9,721,760	29%	71%	2,861,609	$356
Marsden Valley Trunk / Express Sewer (Stage 1)	1,703,565	100%	0%	1,703,565	$237
Regional Pipeline - NRSBU	5,979,796	30%	70%	1,793,939	$233
Corder Park Pump Station upgrade	6,248,784	24%	76%	1,504,683	$223

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Neale Park PS	4,440,663	22%	78%	966,039	$157
NNWWTP - wetland treatment	3,416,983	28%	72%	962,636	$124
Previous contribution conditions	682,280	100%	0%	682,280	$104
Marsden Valley Trunk / Express Sewer (Stage 2)	720,751	100%	0%	720,751	$101
Ngawhatu Valley sewer trunk main	539,592	100%	0%	539,592	$78
Quarantine/Songer sewer trunk main	937,921	25%	75%	232,932	$34
Neale Park PS upgrade	559,177	24%	76%	132,875	$20
Vanguard and Paru Paru pump stations	316,903	24%	76%	77,341	$12
Nelson WWTP trickling filter cover	182,803	25%	75%	45,400	$7
Awatea Place Pump station	111,158	22%	78%	24,182	$4
Corder Park Pump Station	54,398	22%	78%	11,834	$2
Awatea Place	49,336	23%	77%	11,236	$2
Gracefield Beheading	27,795	22%	78%	6,047	$1
2018 LTP	**41,004,438**	**35%**	**65%**	**14,211,924**	**$1,480**
Regional Pipeline Upgrade - NRSBU	7,371,750	85%	15%	6,265,988	$773
Ngawhatu Valley TM - Stage 2	2,677,529	100%	0%	2,677,529	$211
Awatea Place Pump station	7,065,000	19%	81%	1,342,638	$177
System Performance Improvements	12,362,100	15%	85%	1,868,329	$127
Neale Park PS	2,116,729	21%	79%	439,363	$67
Gracefield Beheading	2,453,713	18%	82%	448,054	$55
Elm st sewer upgrades	153,300	100%	0%	153,300	$27
Atawhai Pump Stations (Brooklands & Marybank)	1,465,508	17%	83%	243,166	$23
Wastewater Network Upgrades	1,920,650	13%	87%	257,825	$7
Hill St sewer upgrade	25,550	100%	0%	25,550	$4
Wastewater model calibration	217,400	17%	83%	37,404	$4
Songer st upgrade- NRSBU	58,700	100%	0%	58,700	$3
Quarantine Road Sewer Pump Station	2,093,300	13%	87%	263,494	$1
Hill Street sewer upgrade	25,000	21%	79%	5,189	$1
Saxton Road sewer upgrade	998,210	13%	87%	125,395	$0.47
Water Supply	**48,265,385**	**26%**	**74%**	**12,608,567**	**$1,632**
Historic	**29,625,507**	**31%**	**69%**	**9,114,336**	**$1,270**
Maitai Pipeline (Dam to Water Treatment Plant)	13,171,954	26%	74%	3,413,260	$482
Stoke #3 reservoir and trunkmain	1,575,828	100%	0%	1,575,828	$206
Maitai Pipeline (WTP Westbk Tce)	4,954,723	23%	77%	1,151,078	$180
Obs. Hill Res & Pump	982,437	100%	0%	982,437	$144
Cross city link return	2,500,000	32%	68%	807,869	$95
WTP Membranes	4,170,012	13%	87%	523,516	$78
Todds Valley upgrade	760,944	32%	68%	245,897	$29
Maitai Pipeline design	537,295	29%	71%	155,132	$20
Wastney Tce pump station	520,191	31%	69%	160,272	$20

Table continued >

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Water Loss Reduction Programme	210,641	20%	80%	42,716	$8
Maitai Pipeline Duplication	88,071	25%	75%	21,786	$3
Chamboard Place new water ridermain	68,781	22%	78%	15,122	$3
Maitai Pipeline (WTP - Westbk Tce)	40,000	22%	78%	8,692	$1
Ngawhatu Valley - Polstead/Suffolk ridermain	32,630	25%	75%	8,110	$1
Capital: Atawhai No	10,000	22%	78%	2,173	$0.36
Water Loss Reduction Programme	2,000	22%	78%	448	$0.07
2018 LTP	**18,639,878**	**19%**	**81%**	**3,494,231**	**$362**
Capital: Atawhai No	4,669,663	16%	84%	764,519	$74
Capital: Atawhai Trunkmain	4,199,056	16%	84%	688,594	$67
Suffolk Road to Hill Street Trunk water main	357,700	100%	0%	357,700	$63
Dam Upgrades	2,800,573	17%	83%	473,694	$50
Water Loss Reduction Programme	1,980,468	15%	85%	303,786	$35
Suffolk Road (Saxton to Ngawhatu) water upgrade	153,300	100%	0%	153,300	$27
Capital: Atawhai Res & pump Ma	173,014	100%	0%	173,014	$20
Ngawhatu Valley high level reservoir	1,287,150	14%	86%	180,718	$9
Water Treatment Plant Upgrades	960,075	12%	88%	119,477	$6
water pump stations - upgrades	1,362,180	13%	87%	182,782	$6
Water supply H&S risk mitigation programme	72,660	19%	81%	13,790	$2
NCC - TDC Link	262,540	13%	87%	35,356	$1
Maitai Pipeline Hazard mitigation	361,500	13%	87%	47,500	$1
Transportation	**54,361,609**	**23%**	**77%**	**12,387,301**	**$1,115**
Historic	**9,453,251**	**25%**	**75%**	**2,343,784**	**$313**
Ridgeway connection	1,466,266	32%	68%	466,845	$53
Todd Bush Rd upgrade	590,473	23%	77%	137,178	$19
Tasman St upgrade(Nile to Bronte)	574,252	24%	76%	137,644	$18
Princes Drive	559,124	26%	74%	143,414	$18
Nayland Road	443,327	31%	69%	136,616	$16
Sundry Land Purchases - Growth	105,319	100%	0%	105,319	$15
Footpath: Walkway Connection	443,930	26%	74%	113,867	$14
Minor Improvements top up	408,080	26%	74%	104,672	$13
Waimea Rd / Motueka St Intersection	575,280	14%	86%	82,871	$13
Maitai Walkway (Akerston St to Traf St)	355,361	25%	75%	87,545	$11
Bishopdale to the Ridgeway shared path	284,358	21%	79%	58,914	$9
WC 452 UCP Saltwater Creek Crossing	298,985	22%	78%	65,519	$9
Stock Effluent Facility	256,698	25%	75%	63,415	$8
Arapiki Rd retaining wall replacement	210,857	21%	79%	45,055	$7
School approaches/frontage treatments	201,553	22%	78%	45,058	$7
Bronte Street new footpath, Scotland to Collingwood	193,154	22%	78%	42,202	$6

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Railway Reserve to CBD (via St Vincent (Stage II Gloucester Street to Haven Rd))	132,948	20%	80%	26,233	$4
Manuka St minor improvements	130,458	21%	79%	27,214	$4
Bridge St enhancement	127,129	24%	76%	30,536	$4
Streetlight upgrade Programme	116,838	21%	79%	24,972	$4
WC341 Maori Rd Retaining wall	111,967	20%	80%	22,789	$4
WC341 Maitai footbridge cathodic protection	107,473	22%	78%	23,551	$3
Songer St new footpath - Nayland to Durham	102,439	19%	81%	19,937	$3
WC 341 Oldham Bridge Replace	197,243	10%	90%	19,364	$3
Corder Park Cycleway	87,731	30%	70%	26,421	$3
WC 341 Elm Street Intersection safety improvements	86,661	19%	81%	16,889	$3
Gloucester / Kerr / Oxford St cycle lane & Hardy St crossing	79,995	24%	76%	19,467	$3
Ring Route Signage CBD	74,916	20%	80%	15,296	$2
School frontage St Josephs and Central (Willow Walk)	73,230	21%	79%	15,658	$2
Capital: Halifax/Traf St landscape improvements	64,974	21%	79%	13,893	$2
Rocks Rd cycling and walking project	61,119	25%	75%	15,057	$2
School frontage Nelson Intermediate	55,454	21%	79%	11,858	$2
Church Street Improvements	53,600	19%	81%	10,432	$2
WC452 Main Road Stoke cycleway Saxton Creek to Champion Road	53,714	20%	80%	10,787	$2
Rocks Rd to Maitai shared path	52,866	21%	79%	11,257	$2
Nikau/Palm new footpaths	45,559	22%	78%	9,984	$1
School frontage Auckland Point School	41,924	21%	79%	8,964	$1
Whakatu Drive / Beatson Road	43,376	24%	76%	10,605	$1
Railway Reserve to CBD (via St Vincent (Stage I Railway Reserve to Gloucester Street))	30,469	21%	79%	6,515	$1
Atawhai Dr (near Founders)	30,641	22%	78%	6,715	$1
St Vincent to CBD cycle connection	28,498	20%	80%	5,648	$1
WC341 Poleford Bridge seismic upgrade	28,082	20%	80%	5,543	$1
WC341 Gibbs Bridge Seismic upgrade	26,413	20%	80%	5,165	$1
WC 452 UCP Tahunanui Cycle Network	26,979	20%	80%	5,463	$1
The Brook Area Cycling and Walking Improvements	26,037	20%	80%	5,287	$1
WC 341 Jenkins Creek shared path widening	27,122	22%	78%	5,872	$1
Roading Minor Improvement Programme	25,766	21%	79%	5,342	$1
WC151 Saxton Growth Area Transport Programme	25,500	22%	78%	5,588	$1
WC 452 Gloucester Street Connections	24,371	22%	78%	5,341	$1

Table continued >

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
WC 341 Minor Improvements	20,812	19%	81%	3,853	$1
Muritai SH6 intersection (incl Ped crossing across SH6)	19,902	20%	80%	4,045	$1
Maitai Valley Road shared path modifications	20,000	22%	78%	4,383	$1
Maitai Walkway (Saltwater Creek Crossing)	19,564	23%	77%	4,468	$1
WC 341 Anti Slip to Maitai Path deck	16,149	19%	81%	3,143	$1
WC341 Nikau/Palm new footpaths	15,015	22%	78%	3,290	$0.47
WC 341 Brook Cycle&Walk Improvements	13,821	19%	81%	2,559	$0.45
WC341 Waimea Road Pedestrian Refuge	12,982	20%	80%	2,561	$0.43
Maitai shared path (Collingwood St to Nile St)	13,100	24%	76%	3,142	$0.41
WC452 Maitai shared path to Nelson east programme	12,750	22%	78%	2,794	$0.40
WC 341 Maitai shared path to Anzac Park active transport fac	10,200	22%	78%	2,235	$0.32
WC341 Cable Bay catch fence	10,200	22%	78%	2,235	$0.32
WC341 Sharedzone - Beachville Cres	9,315	21%	79%	1,911	$0.31
WC341 Airport Bridge Replacement	27,558	5%	95%	1,390	$0.23
Wood to Intermediate via Colleges, part B (Brougham chgs)	7,153	24%	76%	1,721	$0.23
Tahunanui to Annesbrook cycle connection	6,925	23%	77%	1,598	$0.22
WC212 York Stream Reseal Kawai Street	5,892	22%	78%	1,291	$0.18
10 Halstead Rd building conversion (aka Bata, Hub)	5,813	25%	75%	1,436	$0.18
Wood to Intermediate via Colleges, part C (Van Deiman St)	5,693	24%	76%	1,390	$0.18
School approach & Frontage treatments	5,220	21%	79%	1,116	$0.17
Todd Bush Rd	5,000	22%	78%	1,096	$0.16
WC341 Ridgeway/Marsden Valley Rd, minor improvements	3,054	20%	80%	623	$0.10
Wood to Intermediate via Colleges, part A (Sharrows to Tasman)	1,260	25%	75%	311	$0.04
Toi Toi: Vanguard St intersection	1,153	21%	79%	247	$0.04
Ring Route Signage CBD	2,084	9%	91%	198	$0.03
WC 341 Cable Bay Road cycle safety signs	989	19%	81%	192	$0.03
Railway Res/Princes Dr ext overbridge	129	100%	0%	129	$0.02
Waimea/Motueka intersection upgrade	779	14%	86%	110	$0.02
Putaitai St/Main Rd Stoke Right Turn	540	19%	81%	105	$0.02
Putaitai St/ Main Rd Stoke Right turn	502	19%	81%	93	$0.02
WC 341 Milton weka intersection safety	497	19%	81%	97	$0.02
Variable speed signs	464	25%	75%	115	$0.01
North Esk ToiToi Street intersections MS	292	25%	75%	72	$0.01
Collingwood St pedestrian refuge at New St	162	25%	75%	40	$0.01
WC 341 Maitai Path underpass flooding improvements	9,768	0%	100%	15	$0.00

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
2018 LTP	**44,908,359**	**22%**	**78%**	**10,043,517**	**$801**
Marsden Valley Road Upgrade	2,146,549	96%	4%	2,060,687	$120
WC151 Saxton Growth Area Transport Programme	8,681,609	16%	84%	1,402,519	$86
Hill Street North improvements	684,740	75%	25%	513,555	$79
WC324 Main Rd Stoke/Marsden Rd	612,116	100%	0%	612,116	$59
WC 531 CBD interchange	2,578,100	18%	82%	466,663	$44
WC341 New Footpaths	3,217,627	17%	83%	547,503	$42
WC 341 Marsden Valley Ridgeway Upgrade	357,000	100%	0%	357,000	$41
New Footpaths	2,666,250	17%	83%	453,654	$35
WC 452 Tahunanui Cycle Network - SH6 Tahunanui Drive connect	1,421,432	20%	80%	278,675	$32
WC 341 Minor Improvements	4,055,737	12%	88%	485,865	$32
WC 324 Quarantine/Nayland intersection upgrades	2,618,279	9%	91%	231,406	$30
Toi Toi St upgrade	812,660	19%	81%	156,950	$18
Grove Street Footpath upgrade	933,720	18%	82%	165,366	$15
Mount Street and Konini Street upgrade	652,690	19%	81%	123,297	$13
WC452 Maitai shared path to Nelson east programme	685,535	18%	82%	125,858	$12
WC452 Cross Town Links Brook to Central Programme	951,425	17%	83%	160,669	$12
Milton St (Grove to Cambria)	662,230	17%	83%	113,437	$9
WC324 Polstead Main Road Stoke Intersection Upgrade	653,572	17%	83%	112,184	$9
WC 341 Railway Reserve/Princes Dr cycle crossing upgrade	52,000	100%	0%	52,000	$9
WC 341 Maitai shared path to Anzac Park active transport fac	308,124	20%	80%	61,119	$7
WC 341 Waimea Road Franklyn Street intersection improvements	473,222	18%	82%	82,870	$7
WC341 Toi Toi/Vanguard intersection upgrade	394,656	18%	82%	72,265	$7
WC452 Stoke East West Cycle Connection	492,720	17%	83%	82,327	$6
WC 452 UCP Saltwater Creek Crossing	200,000	21%	79%	42,023	$6
WC452 Main Road Stoke cycleway Saxton Creek to Champion Road	244,686	18%	82%	43,255	$5
WC 324 Waimea Rd/Van Diemen Jct improvements	794,083	8%	92%	60,888	$5
WC324 Arapki Road Upgrade	229,649	19%	81%	44,599	$5
Maitai Valley Road shared path modifications	180,000	21%	79%	37,821	$5
WC 531 Stoke interchange	386,183	17%	83%	64,576	$5
WC 341 Gloucester Street intersection improvements	1,008,180	15%	85%	146,280	$4
WC 341 Waimea Road / Hampden Street intersection upgrade	145,195	20%	80%	29,388	$4

Table continued >

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
WC 341 St Vincent Street Toi Toi Street safety improvements	211,019	18%	82%	38,012	$4
WC341 Montreal Princes Drive Intersection	574,978	15%	85%	86,810	$3
WC341 Raileway Reserve improvements	356,342	16%	84%	56,951	$3
WC341 Sharedzone - Wigzell	153,249	19%	81%	28,936	$3
WC452 Nile Street cycle facilities	155,796	19%	81%	29,022	$3
WC341 Sharedzone - Beachville Cres	110,140	20%	80%	22,336	$3
WC341 Stoke Pedestrian Refuges	158,250	18%	82%	28,515	$3
WC 341 Jenkins Creek shared path widening	90,000	21%	79%	18,911	$3
WC341 Market Road/Bishopdale Ave Intersection improvements	125,146	18%	82%	22,097	$2
Halifax (Maitai to Milton)	1,753,564	14%	86%	241,964	$2
WC 341 MI Waimea Ridgeway	93,570	19%	81%	17,390	$2
WC 341 Market Rd Intersection improvements	536,836	14%	86%	77,170	$2
Putaitai St/ Main Rd Stoke Right turn	40,000	18%	82%	7,035	$1
Hampden Street walkway upgrade	299,500	14%	86%	43,282	$1
WC341 Polstead Suffolk Intersection Upgrade	149,582	15%	85%	22,572	$1
WC 341 Toi Toi Emano Street intersection	242,631	14%	86%	34,836	$1
WC341 Sharedzone - Mayroyd	15,000	21%	79%	3,152	$0.42
WC 452 CBD Cycle parking facilities	25,002	18%	82%	4,424	$0.39
WC 341 Vanguard Street Stormwater	33,053	17%	83%	5,504	$0.39
WC341 Ngawhatu Suffolk Intersection	214,801	14%	86%	30,048	$0.38
WC452 Atawhai Shared path extension to Todds Valley	261,422	14%	86%	35,991	$0.25
WC341 Stoke Centre Traffic Calming and Pedestrian Safety Wor	5,008	20%	80%	1,007	$0.12
WC 341 Nile St/Clouston Tce intersection improvement	3,500	21%	79%	735	$0.10
Community Infrastructure	**7,893,120**	**22%**	**78%**	**1,723,759**	**$276**
Historic	**6,737,430**	**22%**	**78%**	**1,499,020**	**$244**
Greenmeadows Centre	6,609,773	22%	78%	1,469,423	$240
CP: Greenmeadows Centre	125,336	23%	77%	29,054	$5
AM: Greenmeadows Centre	1,322	24%	76%	315	$0
Cafe facility	1,000	23%	77%	228	$0
2018 LTP	**1,155,690**	**19%**	**81%**	**224,740**	**$32**
Growth: Millers Acre Toilet	514,410	19%	81%	99,691	$14
Tahunanui Lions Toilet Upgrade	516,280	19%	81%	99,165	$14
Greenmeadows Centre	125,000	21%	79%	25,884	$4
General Reserves	**25,960,909**	**33%**	**67%**	**8,456,862**	**$1,042**
Historic	**6,751,404**	**52%**	**48%**	**3,540,880**	**$537**
Capital: land purchase (Daelyn)	689,314	100%	0%	689,314	$115
Reserve Development Programme	744,236	100%	0%	742,858	$111
Capital: General Development	644,117	92%	8%	593,983	$86

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Relocate Overhead Power	868,538	26%	74%	225,143	$32
Capital: Planting	145,947	97%	3%	141,824	$20
Capital: Fences and Walls	143,147	88%	12%	126,659	$19
new Cycle / Path development	372,722	31%	69%	115,192	$19
Road Entrance Main Rd Stoke	474,566	27%	73%	128,091	$17
Capital: Furniture	109,912	92%	8%	101,668	$15
Upgrade for multiuse	262,426	26%	74%	67,968	$10
Saxton Creek recreation pond enhancements	256,525	23%	77%	58,389	$9
Capital: Upgrade Accessways/Carp	63,591	100%	0%	63,591	$9
Cricket oval drainage remediation	243,025	26%	74%	62,997	$9
Brook MTB Hub	135,000	22%	78%	29,327	$5
CP: Saxton Field General Development	106,716	25%	75%	26,385	$4
Esplanade & Foreshore Planting Prgm	103,992	22%	78%	22,591	$4
Upgrade: Structures	27,591	85%	15%	23,467	$3
Fringed hill Revegetation	84,256	22%	78%	18,303	$3
Capital: Stadium Surface Water Deflection	80,001	24%	76%	19,462	$3
Saxton Oval electrical improvements	77,856	24%	76%	18,536	$3
Capital: Planting	77,847	22%	78%	16,911	$3
Modellers Pond Solution	75,463	22%	78%	16,393	$3
CP: Saxton -Walkways/cycleways	67,677	24%	76%	16,441	$2
Minor LOS improvements	63,192	22%	78%	13,727	$2
Capital: Accessway / Carparks	52,659	22%	78%	11,439	$2
Saxton Oval Util shed & Fire Alarm (CWC)	51,349	25%	75%	12,766	$2
Poormans walkway (Main rd - Neale ave)	49,000	22%	78%	10,644	$2
New entrance signs	34,453	30%	70%	10,343	$2
Cricket ODI	44,796	26%	74%	11,612	$2
Codgers new MTB tracks	43,768	22%	78%	9,508	$2
Capital: Park Upgrades	42,127	22%	78%	9,151	$2
Hammer throw at Saxton Field	39,998	23%	77%	9,060	$1
Marsden Valley mountain bike tracks stage one 2016-17	36,641	22%	78%	7,960	$1
Maitai revegetation	31,598	22%	78%	6,864	$1
OPs: Neighbourhood Parks Upgrade Prgm	24,930	24%	76%	5,965	$1
Motor Vehicle	23,609	22%	78%	5,129	$1
CP: Saxton Road Construction Main Road Stoke	22,071	27%	73%	5,957	$1
CP: Grant: Road Entrance Champion Drive	22,105	23%	77%	5,136	$1
Cricket World Cup Ltd	21,750	25%	75%	5,407	$1
CP: Relocate Overhead Power	21,629	26%	74%	5,653	$1
Capital: Wakapuaka Sandflats	21,063	22%	78%	4,576	$1
Capital: Minor Development	21,063	22%	78%	4,576	$1
Maitai MTB Hub	20,000	22%	78%	4,345	$1

Table continued >

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Cricket/Athletics Pavilion	4,819	100%	0%	4,819	$1
Capital: Fences / Walls	15,800	22%	78%	3,432	$1
Capital: Security Gates/Bollards	15,800	22%	78%	3,432	$1
Growth: Furniture/Signs	15,800	22%	78%	3,432	$1
Internet Upgrade	13,370	26%	74%	3,466	$0.49
Athletics equipment shed	11,761	25%	75%	2,924	$0.43
HoN: Bio & Eco Planting	3,031	100%	0%	3,031	$0.41
Capital: Signs	10,532	22%	78%	2,288	$0.38
Upgrade: Structures	10,532	22%	78%	2,288	$0.38
Paremata Flats upgrade (growth)	10,532	22%	78%	2,288	$0.38
OPs: New Planting Prgm	9,845	26%	74%	2,517	$0.36
CWC Legacy	8,826	25%	75%	2,194	$0.32
LOS: accessibility improvement items	8,415	22%	78%	1,828	$0.30
Codgers MTB track reinstatement	7,573	22%	78%	1,645	$0.27
PF: Neighbourhood Parks Upgrade Prgm	7,027	23%	77%	1,618	$0.26
AM: Daelyn land purchase	5,846	25%	75%	1,458	$0.21
Capital: Lighting / Signs	5,794	22%	78%	1,259	$0.21
Minor Development	5,767	23%	77%	1,313	$0.21
Tahuna Reserve Development Plan	5,381	22%	78%	1,169	$0.19
Capital: Signs/Furniture	5,268	22%	78%	1,144	$0.19
Capital: New Planting	5,268	22%	78%	1,144	$0.19
HoN: Trees & Plants	1,344	100%	0%	1,344	$0.18
CP: Cricket oval drainage remediation	4,601	26%	74%	1,193	$0.17
PP: Saxton Field General Development	3,614	27%	73%	976	$0.13
CP: Neigh Parks: Capital Access ways carparks	3,396	27%	73%	916	$0.13
PP: Saxton Cycle Track (Regional Velodrome)	2,711	27%	73%	732	$0.10
CP: Branford Park	1,811	27%	73%	484	$0.07
PF: Neighbourhood Parks Planting Prgm	1,450	27%	73%	391	$0.05
PP: Daelyn land purchase	758	26%	74%	200	$0.03
ET: Neigh Parks: Capital Access ways carparks	640	26%	74%	168	$0.02
CP: Cricket/Athletics Pavilion	414	27%	73%	112	$0.02
PF: Saxton Field General Development	365	27%	73%	99	$0.01
PP: Saxton -Walkways/cycleways	290	27%	73%	78	$0.01
CP: Victory Square - Skateboard half pipe	232	23%	77%	53	$0.01
PP: Branford Park cycleway	226	27%	73%	61	$0.01
CP: Grant: Champion carpark	162	23%	77%	37	$0.01
CP: Saxton Cycle Track (Regional Velodrome)	138	27%	73%	37	$0.01
2018 LTP	**19,209,505**	**26%**	**74%**	**4,915,982**	**$505**
Reserve Development Programme	2,004,670	100%	0%	2,004,670	$195
Retired forestry block conversion programme	2,221,700	16%	84%	358,883	$33

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Modellers Pond Solution	970,900	20%	80%	191,248	$28
Maitai MTB Hub	918,100	20%	80%	179,219	$26
Poormans walkway (Main rd - Neale ave)	577,600	19%	81%	111,244	$16
Capital: General Development	999,270	16%	84%	161,627	$15
Capital: Planting	889,460	16%	84%	141,739	$13
Rutherford Park - Saltwater Cr path landscaping	490,240	19%	81%	91,861	$12
Fringed hill Revegetation	648,415	17%	83%	107,559	$11
Capital: Park Upgrades	610,665	16%	84%	98,772	$9
Isel park bridge upgrade	318,250	19%	81%	61,987	$9
Wakapuaka Sandflats Esplanade shared path	343,200	19%	81%	64,769	$9
Esplanade & Foreshore Planting Prgm	555,150	16%	84%	89,793	$8
Saltwater Cr bridge (Haven Rd - Traf Park)	433,300	17%	83%	73,947	$8
Atawhai Reserve Improvements	258,580	19%	81%	49,467	$7
Jenkins Stream (Pascoe to Airport)	617,506	15%	85%	92,526	$7
Alliance Green levelling, irrigation and drainage	292,300	18%	82%	52,252	$6
Upgrade: Structures	359,610	17%	83%	60,422	$6
Almond tree flats pedestrian and cycle bridge	241,760	18%	82%	44,446	$6
new Cycle / Path development	256,120	18%	82%	45,329	$5
Link to Manu Kau reserve	202,590	19%	81%	38,338	$5
Maitai revegetation	333,090	16%	84%	53,876	$5
Capital: Mountain bike Tracks	494,010	15%	85%	73,236	$5
Courtside lighting and seating for outdoor netball courts	223,620	18%	82%	39,788	$5
Capital: Accessway / Carparks	335,750	16%	84%	53,261	$5
Eureka Park walkway development	177,040	19%	81%	33,305	$4
Miyazu Garden Pond Relining	232,850	17%	83%	39,748	$4
Saxton Creek path (Champion Dr - Saxton field)	371,324	15%	85%	55,331	$4
Alliance Green toilets and pavilion	515,400	14%	86%	72,589	$4
Capital: Minor Development	162,130	17%	83%	28,024	$3
Saxton Field playground	317,825	15%	85%	46,296	$3
Marsden Valley MTB Hub	189,040	16%	84%	30,281	$3
Back beach car parking review	86,760	20%	80%	17,140	$2
LOS: accessibility improvement items	94,880	18%	82%	17,364	$2
Dog exercise park	83,300	19%	81%	15,676	$2
Capital: Furniture	133,236	16%	84%	21,550	$2
Capital: Upgrd Accessways/Carp	109,700	17%	83%	18,266	$2
Capital: Fences and Walls	111,030	16%	84%	17,959	$2
Capital: Security Gates/Bollards	111,030	16%	84%	17,959	$2
Paremata Flats upgrade (growth)	88,824	16%	84%	14,367	$1

Table continued >

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Capital: Fences / Walls	77,721	16%	84%	12,571	$1
Capital: Planting	66,618	16%	84%	10,775	$1
Mountain Bike track development (P59)	30,000	21%	79%	6,212	$1
Complete tree planting (Alliance and Champion)	30,660	20%	80%	6,039	$1
Upgrade: Structures	55,515	16%	84%	8,979	$1
Capital: Signs	55,515	16%	84%	8,979	$1
Alliance Green cricket wicket blocks (x2)	32,010	18%	82%	5,666	$1
Paddys Knob reserve development	20,000	21%	79%	4,141	$1
Oval embankment steps/accessibility stand	20,000	21%	79%	4,141	$1
Capital: Signs/Furniture	25,613	17%	83%	4,297	$0.45
Temporary Seating	19,062	18%	82%	3,454	$0.43
Glen - boulder bank pathway (P7)	15,660	19%	81%	2,928	$0.39
Fitness trail	21,840	17%	83%	3,650	$0.38
Growth: Furniture/Signs	22,206	16%	84%	3,592	$0.34
Walkway link from the Wood (Cambria St) to Stanley Whitehead	10,440	19%	81%	1,952	$0.26
Capital: Trafalgar Park Stand Removal	10,670	18%	82%	1,889	$0.22
Walkway to connect Poorman Stream to Greenmeadows	10,670	18%	82%	1,889	$0.22
New entrance signs	10,970	17%	83%	1,827	$0.19
Remove Trafalgar Park cycle track	11,180	16%	84%	1,767	$0.15
Boardwalk Tahuna camp to beach	11,450	15%	85%	1,706	$0.12
Flood lighting for concert safety	271,480	12%	88%	33,413	$0.08
Grand Total	**331,443,560**	**26%**	**74%**	**86,476,915**	**$10,055**

9.5 PREVIOUS DEVELOPMENT CONTRIBUTIONS

TABLE 10: HISTORICAL DEVELOPMENT CONTRIBUTIONS AND FINANCIAL CONTRIBUTION EXEMPTION

Activity	2006/07	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	$	$	$	$	$	$	$	$	$	$
Stormwater	3,884	3,843	3,897	3,991	2,999	3,043	3,075	2,370	2,394	2,442
Wastewater	3,221	3,832	3,886	3,980	2,756	2,796	2,825	4,270	4,319	4,418
Water Supply	1,871	2,436	2,470	2,529	3,054	3,098	3,131	2,950	2,984	3,053
Transport	2,196	2,414	2,448	2,507	882	895	904	980	998	1,034
Total Development Contributions[1]	**11,172**	**12,525**	**12,701**	**13,007**	**9,691**	**9,832**	**9,935**	**10,570**	**10,695**	**10,947**
Financial contribution exemption amount	**71,031**	**82,777**	**83,949**	**85,964**	**88,371**	**89,657**	**90,598**	**91,974**	**92,747**	**94,299**

1 Contributions set in the 2006,2009, 2012 and 2015 Long Term Plans and adjusted for inflation in between.

SIGNIFICANCE AND ENGAGEMENT POLICY

1 PURPOSE

1.1. This Significance and Engagement Policy lets both Council and the community identify the degree of significance attached to particular decisions, to understand when the community can expect to be engaged in Council's decision making processes, and know how this engagement is likely to take place.

2 INTRODUCTION

2.1. The Local Government Act 2002 states that one role of a Council is to enable democratic local decision-making and action by, and on behalf of, communities. This Policy explains how Council will decide the level of significance that a matter has, the types of matters where the community will be involved in the decision-making process and when the community can expect Council to make a decision on its behalf.

2.2. There are many informal ways that Council engages with the community during its everyday business which helps to inform it on community views. There are also decisions that a Council must make which require a more structured form of engagement. This is because of the importance that a matter has within the wider community, or for groups within the community.

2.3. The first part of this policy sets out how Council will decide whether or not a matter is "significant". The second part of this policy sets out when and how the community's views will be heard on these significant, and other, matters.

3 DETERMINING SIGNIFICANCE

3.1. Local authorities must make decisions about a wide range of matters and most will have a degree of significance, but not all issues will be considered to be "significant". An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision making occurs.

3.2. Council will take into account the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- Whether the asset is a strategic asset as listed in schedule two of this policy;
- The impact on levels of service provided by Council or the way in which services are delivered;
- The degree of impact on Council's debt or the level of rates it charges;
- Whether the decision is reversible and the likely impact on future generations;
- The impact on the community, how many people are affected and by how much;
- Whether the decision or action flows from, or promotes, a decision or action that has already been taken by Council or furthers a community outcome, policy or strategy;

- Is there a past history or reasonable expectation of the issue generating wide public interest within the district.

It may be that only one of the criteria applies, but to such a high degree that the decision will be considered "significant". Conversely, several criteria may be applicable, but to only a low degree, and therefore will be considered to have a lower level of significance. Each decision will involve staff making an assessment for consideration by elected members. Schedule one of this policy sets out how the criteria will be used to assess significance.

4 COMMUNITY ENGAGEMENT

4.1. The ways engagement can take place are varied and will be in proportion to the significance of the matter being considered.

SPECIAL CONSULTATIVE PROCEDURE

4.2. There are still situations where the Special Consultative Procedure must be used under both the Local Government Act 2002 and a number of other statutes.

4.3. It is important to note that formal consultation using a special consultative procedure is a structured process outlined in legislation and supported by case-law. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The Local Government Act 2002 has given local authorities the ability to determine this as appropriate for their communities.

ENGAGEMENT ON OTHER MATTERS

4.4. Outside of matters where it remains mandatory for a special consultative procedure to be undertaken, Council will determine the appropriate level of engagement on a case by case basis.

4.5. Council may decide that it will use a special consultative procedure if the matter is of high significance, or it may choose another form of appropriate consultation. In instances where significance is judged to be moderate, engagement with the community could involve consulting through an advisory committee or focus group, public meetings, or surveys.

4.6. When Council decides that a matter is of low to moderate significance, or in instances where it is considered that the views of the community are already known, it may make a decision on behalf of the community and then inform the community of the outcome. This may be, for instance, through publication on the Council website, in the local media, or other appropriate means.

5 PRINCIPLES OF ENGAGEMENT

5.1. In any engagement process undertaken with the community, that engagement will be in proportion to the matter being considered. When any engagement takes place, other than simply providing information, we will:

- Seek to hear from everyone affected by a decision;
- Ask for views early in the decision making process so that there is enough time for feedback to be provided, and for this to be considered properly;
- Listen and consider views in an open and honest way;
- Respect everyone's point of view;
- Provide information that is clear and easy to understand;
- Consider different ways in which the community can share views with us;
- Ensure that the engagement process is efficient and cost effective.

6 INFORMATION REQUIREMENTS

6.1. Council will ensure that, when conducting any engagement or consultation process in relation to a significant decision, it provides:

- Clear information on what is being proposed and why it is being proposed;
- Sufficient information on which to provide meaningful feedback;
- The advantages and disadvantages of each option being considered;
- What impacts, if any, will occur if the proposal goes ahead;
- How the community can provide its views;
- The timeframe for completing the community engagement or consultation;
- How submitters and participants can learn about the outcome.

7 ENGAGEMENT WITH IWI

7.1. Council will take into account its obligations as outlined under legislation including Te Tau Ihu Claims Settlement Act 2013 and all other relevant Acts. Council will also take into account National Policy Statement Frameworks, and will honour all engagement processes, agreements and memorandums of understanding developed with Maori as they relate to its decision-making processes.

8 DEFINITIONS USED IN THIS POLICY

Community	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.
Decisions	Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of council decisions will not be deemed to be significant).
Engagement	Is a term used to describe the process of seeking information from the community to inform and assist decision making. There is a continuum of community involvement.
Significance	As defined in Section 5 of the LGA 2002 in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for: (a) The district or region; (b) Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter; (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.
Strategic Asset	As defined in Section 5 of the LGA 2002 in relation to the assets held by the local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community, and includes: (a) any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and (b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and (c) any equity securities held by the local authority in— (i) a port company within the meaning of the Port Companies Act 1988: (ii) an airport company within the meaning of the Airport Authorities Act 1966

SCHEDULE ONE: ASSESSING SIGNIFICANCE AGAINST CRITERIA

Criteria	Higher Significance	Lesser Significance
Change in levels, or delivery, of service provided by Council.	There is a major and/or long term change to services.	There is a medium to low level of change to services.
Level of financial impact.	There is a major and long term financial impact.	There is a medium to low level of impact.
Impact on the community.	The decision would have a major impact on sections or all of the community.	The impact on the community is medium to low.
Decision involves a "strategic asset" as listed in this policy.	The decision involves the sale or transfer of more than 20% of a strategic asset.	The decision does not impact on the Council's ownership of the asset.
Impact on Council debt or level of rates.	The impact is major and/or long term on either debt levels or rates.	The impact is of a medium to low level
Reversibility of decision.	The decision is irreversible and would impact negatively on future generations to a high degree.	The decision is not irreversible, or if it were, the impact on future generations would not be high.
Building on previous decisions.	The matter is considered to be significant by other criteria, and has not been previously consulted with the community.	The decision or action is consequential to, or promotes, a decision or action already taken by Council or the views of the community on this matter are already known.
Historic interest.	There is a history of the matter generating wide and intense public interest and a reasonable expectation that this will again be so.	There is no history of the matter generating widespread interest.

SCHEDULE TWO: LIST OF STRATEGIC ASSETS

The Local Government Act 2002 definition of a strategic asset is outlined in the Significance and Engagement Policy.

The list of assets outlined below are considered to be "strategic assets", however not all decisions made regarding them will be significant. For example, the road network is strategic but the purchase or sale of small land parcels that make up the network may not amount to a significant decision.

- Water supply catchments and supply network as a whole;
- Wastewater network as a whole;
- Stormwater and flood protection network as a whole;
- Land transport network as a whole;
- Ownership of community housing;
- Ownership in the Nelson Airport Company;
- Ownership in the Nelson Port Company;
- Ownership of Nelmac Ltd.

COUNCIL COMMITTEES AND PORTFOLIOS

MAYOR

- Rachel Reese

DEPUTY MAYOR

- Paul Matheson

GOVERNANCE COMMITTEE

- Councillor Barker (Chair)
- Councillor Dahlberg (Deputy Chair)
- Councillor Courtney
- Councillor Noonan
- Councillor Rutledge
- Councillor Skinner
- Councillor Walker
- Her Worship the Mayor

PLANNING AND REGULATORY COMMITTEE

- Her Worship the Mayor (Co-Chairperson)
- Councillor McGurk (Co-Chairperson)
- Councillor Acland
- Councillor Barker
- Councillor Dahlberg
- Councillor Fulton
- Councillor Walker
- Glenice Paine (external appointment)

COMMUNITY SERVICES COMMITTEE

- Councillor Noonan (Chairperson)
- Councillor Courtney (Deputy Chairperson)
- Councillor Fulton
- Councillor Lawrey
- Councillor Matheson
- Councillor McGurk
- Councillor Rutledge
- Her Worship the Mayor

SPORTS AND RECREATION COMMITTEE

- Councillor Skinner (Chairperson)
- Councillor Dahlberg (Deputy Chairperson)
- Councillor Barker
- Councillor Courtney
- Councillor Fulton
- Councillor McGurk
- Councillor Walker
- Her Worship the Mayor

WORKS AND INFRASTRUCTURE COMMITTEE

- Councillor Walker (Chairperson)
- Councillor Rutledge (Deputy Chairperson)
- Councillor Acland

- Councillor Lawrey
- Councillor Matheson
- Councillor Noonan
- Councillor Skinner
- Her Worship the Mayor

CHIEF EXECUTIVE EMPLOYMENT COMMITTEE

- Her Worship the Mayor (Chairperson)
- Councillor Acland
- Councillor Dahlberg
- Councillor Noonan

CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP

- Her Worship the Mayor
- Deputy Mayor
- Note: This committee also includes the Mayor and Deputy Mayor of Tasman District Council
- Chairperson alternates between the Mayors of each Council

REGIONAL TRANSPORT COMMITTEE

- Councillor Rutledge (Chairperson)
- Councillor Noonan (Deputy Chairperson)
- Councillor Matheson
- Her Worship the Mayor
- New Zealand Transport Agency Representative (currently Jim Harland)

AUDIT, RISK AND FINANCE SUBCOMMITTEE

- John Peters (Chairperson, external appointment)
- John Murray (external appointment)
- Councillor Barker
- Councillor Dahlberg
- Her Worship the Mayor

COMMERCIAL SUBCOMMITTEE

- John Murray (Chairperson, external appointment)
- John Peters (external appointee)
- Councillor Acland
- Councillor Barker
- Councillor Courtney
- Her Worship the Mayor

NELSON CITY COUNCIL TASMAN DISTRICT COUNCIL JOINT SHAREHOLDERS COMMITTEE

- Her Worship the Mayor
- Councillor Barker
- Councillor Courtney
- Councillor Matheson
- Councillor Noonan
- Councillor Skinner

Note: This committee also includes the Mayor and 5 Councillors of Tasman District Council

Chairperson alternates between the Mayors of each Council

JOINT COMMITTEE OF NELSON CITY AND TASMAN DISTRICT COUNCILS

- Her Worship the Mayor
- All Councillors

Note: This committee also includes the Mayor and 13 Councillors of Tasman District Council

Chairperson alternates between the Mayors of each Council

NELSON REGIONAL SEWERAGE BUSINESS UNIT

- Councillor Skinner
- Councillor Walker
- Major Industrial Customers Representative (non-voting)
- Iwi Representative (non-voting)
- Two representatives from Tasman District Council

NELSON REGIONAL LANDFILL BUSINESS UNIT

- Councillor Barker
- Councillor Walker
- Two representatives from Tasman District Council

REGIONAL PEST MANAGEMENT COMMITTEE

- Councillor Fulton
- Councillor Lawrey
- Councillor McGurk
- Three Councillors from Tasman District Council

DISTRICT LICENSING

- Oke Blaikie (Chairperson, external appointment)
- Councillor Barker (Deputy Chairperson)
- Councillor Fulton
- Councillor Matheson
- Her Worship the Mayor
- Gail Collingwood (external appointment)
- Laurie Gabites (external appointment)
- David Lewis (external appointment)
- Derek Shaw (external appointment)

RESOURCE MANAGEMENT ACT PROCEDURES COMMITTEE

- Her Worship the Mayor
- Councillor Matheson
- Councillor McGurk

HEARINGS PANEL – RESOURCE MANAGEMENT ACT

- Commissioner Acland
- Commissioner Barker (Chair accredited)
- Commissioner Fulton
- Commissioner McGurk
- Commissioner Noonan
- Commissioner Reese (Chair accredited)
- Commissioner Skinner

HEARINGS PANEL – OTHER

- All councillors
- Saxton Field Committee
- Chair of Sports and Recreation Committee (Councillor Skinner)
- Deputy Chair of Sports and Recreation Committee (Councillor Dahlberg)

Note: This Committee also includes two Councillors from Tasman District Council, and one independent member

FORESTRY ADVISORY GROUP

- Chair of Commercial Subcommittee (currently John Murray - external appointment)
- Councillor Acland
- Her Worship the Mayor
- Independent External Forestry Expert (non-voting)
- Group Manager Infrastructure (non-voting)

Please refer to Council's website for the most up to date list of Council Committees and Portfolios.

COUNCIL MANAGEMENT STRUCTURE

Council employs a Chief Executive, who is responsible for employing staff to enable Council to deliver its services and activities. The Chief Executive is ultimately accountable for the delivery of Council business and is the bridge between governance and management.

OFFICE OF THE CHIEF EXECUTIVE

Responsible for ensuring that Executive Support Services are available to the Mayor, Deputy Mayor, Councillors and the Chief Executive. The Office of the Chief Executive also includes the Kaihautū and the People and Capability team, responsible respectively for leading the development of strategic rangatira to rangatira relationships between Nelson City Council and the eight iwi of Te Tau Ihu, and supporting the organisation effectively in all matters related to its people.

There are five Groups, each headed by a Group Manager reporting to the Chief Executive, that cover the substantive activities of Council, and maintaining relationships with (and oversight of) Council Controlled Organisations, Council Controlled Trading Organisations, Trusts and other partners and stakeholders in the city. These groups are:

ENVIRONMENTAL MANAGEMENT:

science and environment, city development, planning, resource consents and compliance, building consents, and regulatory activities

Responsible for developing formal documents including environmental bylaws, resource management policies and plans and a city development strategy. Ensures Council:

(a) Delivers on its regional council functions including air quality, freshwater, coastal, biodiversity, biosecurity, land management which includes monitoring and reporting on these matters;

(b) Meets statutory obligations to manage building and resource consents and enforcement and compliance requirements;

(c) Actively works to encourage development within the City;

COMMUNITY SERVICES:

libraries and heritage facilities, community partnerships, parks and facilities

Responsible for developing activity management plans and delivering Council's social and community development, libraries and heritage facilities, arts/culture initiatives, and parks and recreation facilities. The Group oversees the delivery of key festivals and events and through those contributes to the region's economic development and tourism support activities.

INFRASTRUCTURE:

roading, utilities, capital projects

Responsible for providing strategic direction and recommendations to Council in relation to key infrastructural assets through the development of activity management plans. The group manages the operations of transport, roading, subdivisions, traffic management, solid waste, the transfer station, landfill, recycling, wastewater, stormwater and water supply services. It provides design and project management services for implementing Council-wide capital and renewals projects.

CORPORATE SERVICES:

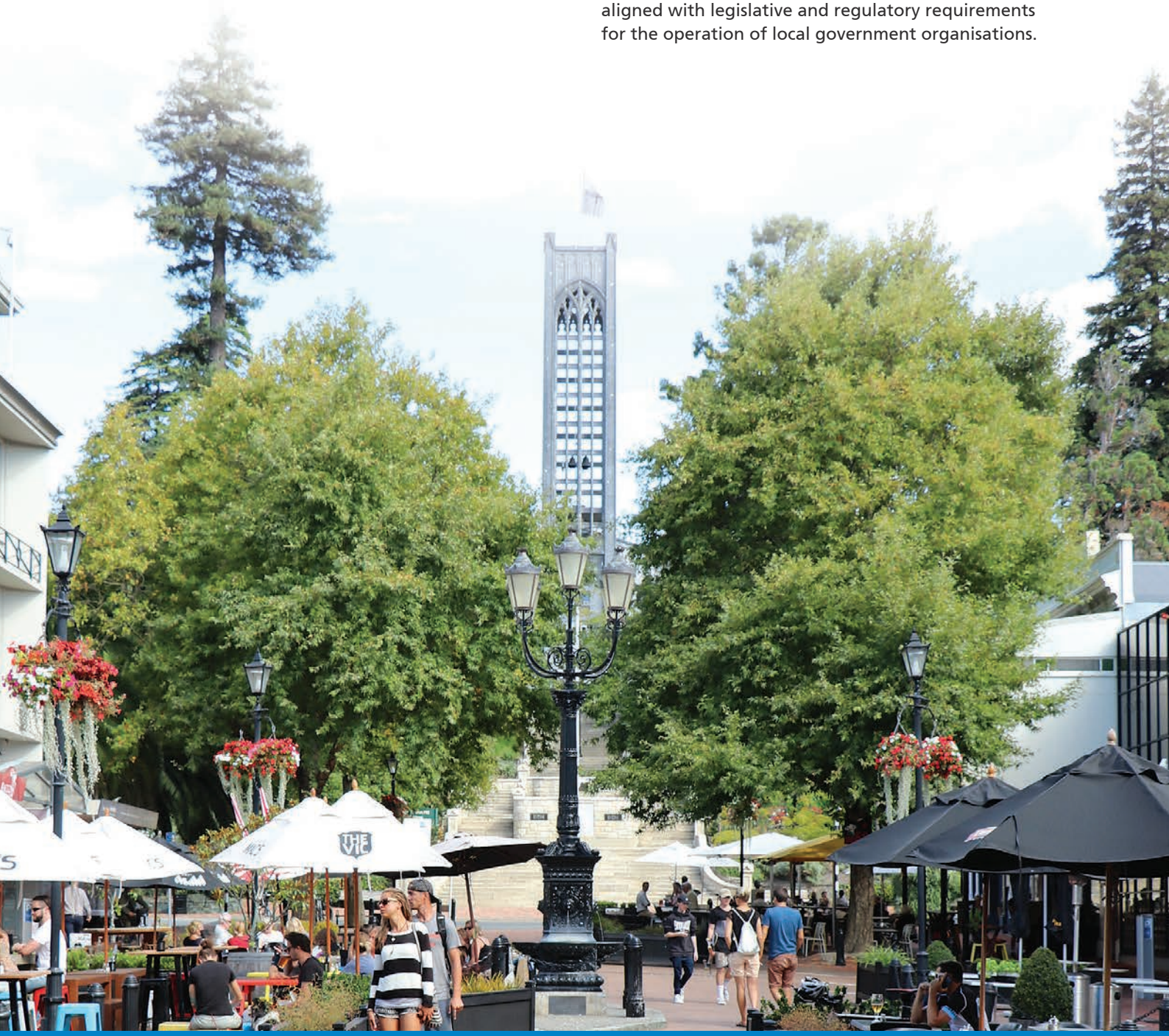
accounting and property services, finance; organisational assurance, emergency management, information services, customer services

Responsible for providing strategic financial planning, the Corporate Services Group maintains an oversight of Council's finances and ensures Council meets its financial key performance indicators. The team provides a broad range of support services across Council to enable it to function smoothly, effectively and efficiently. The Group also provides front-line customer service to the City's residents and ratepayers, manages information technology for the organisation and oversees the management of Council owned and leased property.

STRATEGY AND COMMUNICATIONS:

strategic planning, communications, legal, governance and administration support, record management, strategic property advice

This group is responsible for developing the Long Term Plan, annual plans, annual reports, and other policies, strategies and plans, and ensuring that Council is engaged with and informing the community about Council activities. This team produces Our Nelson and prepares media releases and briefings. It provides advice to Council on opportunities in relation to its property holdings. It also provides legal, governance and administrative support to the organisation and elected members, ensuring that the activities and democratic processes of the Council are robust and aligned with legislative and regulatory requirements for the operation of local government organisations.



GLOSSARY

Some technical words are hard to avoid using, as they have a specific meaning or are used in the Local Government Act (LGA). While we do our best to keep these to a minimum and use plain English wherever possible, there are some less familiar local government terms and abbreviations used in this document. We have separated the glossary into general and financial.

GENERAL

Accountability is a principle governing public service organisations, including Nelson City Council; it means that they are responsible to the public, and must answer to them if questioned on their performance. Our Annual Report is one way that we explain the results of the past year's work to the community.

Activities ('Groups of Activities') are the services, projects or goods produced by Council. Here the word 'activity' can also mean a group of 'sub-activities' carried out by Council. These are broad groups of Council's services and facilities, each with common elements. For example, the Environment 'activity' includes regulation, compliance and education as 'sub-activities'. For practical management of our work, we assign responsibility for these activities to various Council teams, each with their own budgets.

Annual Plan sets out Council's current financial situation, intended activities and work programme for the next financial year. It is published in the second and third year of a Long Term Plan to explain changes each year since the Long Term Plan was published.

Annual Report is an audited account of the results of Council's planned work programme for the past year. Any difference to planned work is explained. The Annual Report is a method for Council to be accountable to the community for its performance and is published by Council around October following the end of each financial year (30 June each year).

Asset(s) are physical facilities of value to the community that are owned by Council and have an economic life greater than one year. Examples are buildings, equipment, vehicles, and computers.

Asset (or Activity) Management Plan (AMP) is a Council plan for the management of assets or its activities. It applies technical and financial management techniques to ensure that specified levels of service, or agreed standards, are provided in the most cost-effective manner over the life-cycle of the asset.

Assumptions are the underlying 'givens' assumed by Council that affect its financial planning for a specific activity, or for all Council activities. These are made clear so everyone can understand the basis for Council's financial planning, and form an opinion about how reasonable those assumptions are.

Audit is the regular official inspection of Council's accounts and processes, currently carried out by Audit NZ.

Biodiversity is the natural diversity of all life, including diversity in genes, species, populations and ecosystems.

Consultation Document is the basis of discussions between Council and the community about the issues facing our district and how Council is proposing to address those issues. It includes how rates, debt and levels of service might be affected by the proposals.

Council Controlled Organisation (CCO) is a company controlled by one or more local authorities that does not operate only to make a profit, for example Nelson Tasman Tourism Ltd. Generally a CCO delivers activities that would otherwise be delivered by Council staff directly.

Council Controlled Trading Organisation (CCTO) is a type of Council controlled organisation that operates for the purpose of making a profit, for example Nelmac Limited.

Community Outcomes are the outcomes that a local authority aims to achieve in meeting the current and future needs of communities.

Development Contributions are payments to Council by developers to provide new network infrastructure, or network infrastructure of greater capacity, needed to service growth in demand for that infrastructure.

Household Unit of Demand (HUD) has the same meaning as Residential Unit in the Nelson Resource Management Plan. The HUD is equivalent to one residential title containing one residential unit.

Infrastructure includes the networks that support the running of an area, like the water, wastewater/ sewerage, solid waste (rubbish disposal), and transport systems managed by Council. Networks provided by non-Council organisations, like electricity and telecommunications, also form part of the community's essential infrastructure.

Infrastructure Strategy identifies critical challenges for our transport, water supply, wastewater and stormwater and flood protection assets over the next 30 years, and the options for responding to them.

Levels of service (LOS), or service levels, are the reasonable standards Council aims to meet when providing a facility or service. They are the measurable effect or result of a Council service, described in terms of quality, quantity, reliability, timelines, cost or similar variables. For example, the level of service for residential water supply includes purity and flow rate from your tap.

Local Government Act 2002 (LGA) sets out the purpose and powers of local government. The LGA provides for democratic local government, and promotes accountability to their communities.

Long Term Plan or LTP (formerly Long Term Council Community Plan or LTCCP) is the final adopted version of this document. An LTP is required by the Local Government Act 2002 to describe Council's activities, providing integrated decision-making and coordinating Council resources. It gives a long term focus for the decisions and activities of Nelson City Council, and is an important basis for the accountability of Council to Nelson residents.

Performance measures are a statement of intended results, usually annually based, that are measurable and subject to audit. Council is accountable for their achievement, and they are reported in the Annual Report.

Regulator is a role of Council where it seeks to modify the actions of individuals through enforceable regulations to achieve a specified purpose. For example, Council issues permits and regularly inspects restaurants and takeaways to make sure the food served is safe to eat, and can take action if it's not.

Resource Management Act 1991 (RMA) is an Act to promote sustainable management of natural and physical resources. Council is responsible for administering a range of duties under this Act including environmental planning and resource consents.

SOI, Statement of Intent, is required annually from each Council controlled organisation to provide accountability for meeting agreed targets and outcomes.

Third sector is the sector consisting of non-governmental and non-profit organisations. The other two sectors are the government and private sector.

Unitary authority is a city or district council that also has the responsibilities of a regional council. There are only six of these: Auckland, Nelson City, Tasman District, Marlborough District, Gisborne District and Chatham Islands Councils.

COMMON FINANCIAL TERMS

Capital expenditure (CAPEX) is money used to create new assets or to increase the capacity of existing assets; this increases the total value of Council's assets.

Depreciation is the wearing out, consumption or loss of value of an asset, where funding is set aside towards the asset's eventual replacement.

Financial year for Council runs for 12 months each year from 1 July ending 30 June the following year.

GAAP (Generally Accepted Accounting Practices) is a collection of commonly-followed accounting rules and standards for financial reporting.

General rate is charged based on the land value of a landowner's property. The money pays for Council services and facilities that benefit the community as a whole.

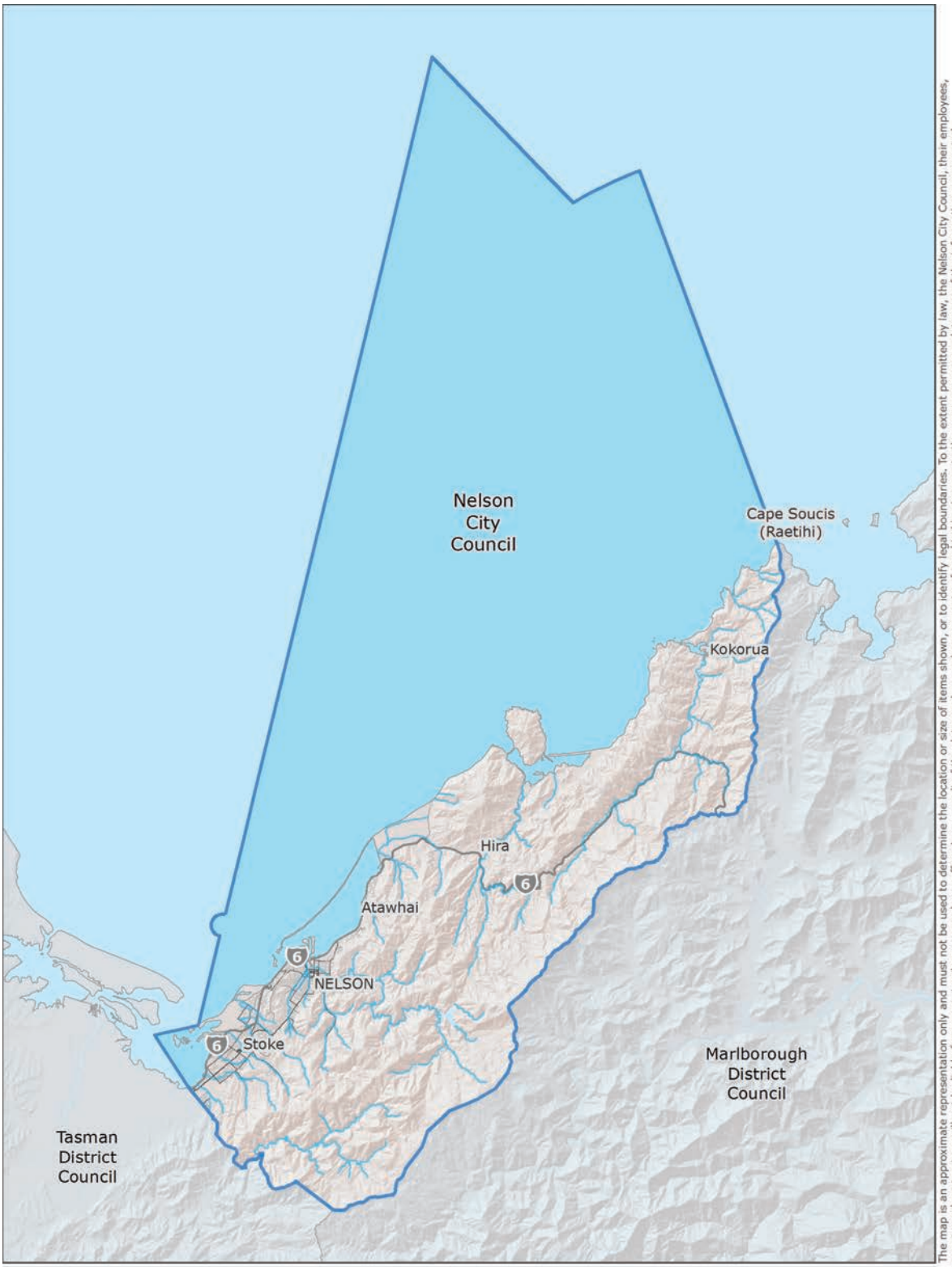
Operating expenditure (OPEX) is the cost of operating and maintaining an asset and running normal day to day business. Money spent on operations and maintenance does not alter the value of an asset and is not included in the asset valuation. It is operating expenditure that has the greatest effect on rates, as it has to be fully funded from income each year, whereas capital expenditure is generally borrowed.

PBE IPSAS (Public Benefit Entity International Public Sector Accounting Standards) are the accounting standards that public sector public benefit entities must apply in the preparation of financial statements.

Rate cap is a limit to a rates increase Council can implement under the Long Term Plan and Annual Plans. It is set by Council in the Financial Strategy.

Targeted rates are a charge on ratepayers to fund a specific service such as stormwater drainage.

MAP OF NELSON CITY COUNCIL BOUNDARIES



Nelson City Council Boundary

Nelson City Council
te kaunihera o whakatū

0 2.5 5 7.5 10 km

N

June 2017

File Ref: A146855
MP. Original map size A4.

The map is an approximate representation only and must not be used to determine the location or size of items shown, or to identify legal boundaries. To the extent permitted by law, the Nelson City Council, their employees, agents and contractors will not be liable for any costs, damages or loss suffered as a result of the data or plan, and no warranty of any kind is given as to the accuracy or completeness of the information represented. Nelson City Council information is licensed under a Creative Commons Attribution 3.0 New Zealand License, and the use of any data or plan or any information downloaded must be in accordance with the terms of that licence. For more information please contact us. Cadastral information derived from Land Information New Zealand. CROWN COPYRIGHT RESERVED.

PO Box 645 Nelson 7040 New Zealand PH 03 5460200 nelson.govt.nz

CONTACT US

Visit: Civic House, 110 Trafalgar Street, Nelson

Post: PO Box 645, Nelson, 7040

Email: enquiry@ncc.govt.nz

Phone: 03 546 0200

Online at **nelson.govt.nz**

COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays (from 9.00am Thursdays) in Civic House, corner Halifax and Trafalgar St, 110 Trafalgar Street, Nelson

CORRESPONDENCE

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239. Emails should be sent to enquiry@ncc.govt.nz

ATTEND A COUNCIL MEETING

Council meetings are advertised in Our Nelson. Members of the public are welcome to attend meetings of Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

PUBLIC FORUMS

There is a Public Forum at the beginning of most ordinary Council and Committee meetings where up to thirty minutes will be available for members of the public to speak to Council. (Note that five minutes is the time limit given to an individual speaker). You need to book a time before the meeting by contacting a Council Governance Adviser on 546 0200.

PETITIONS

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. These need to be provided to the Chief Executive at least five working days before the meeting it is being presented at. Contact a Council Governance Adviser on 546 0200.

PHOTOS

Many of the beautiful Nelson images in this publication were kindly provided by Dom Channon, Phillip Rollo and Tim Cuff.

Nelson City Council
te kaunihera o whakatū

Civic House, 110 Trafalgar St, Nelson
PO Box 645, Nelson, 7040
enquiry@ncc.govt.nz
03 546 0200

nelson.govt.nz