



SHAPING NELSON'S FUTURE



Te waihanga i nga tau titoki o Whakatū

Nelson's Long Term Plan 2018-28 Consultation Document

HAVE YOUR SAY

All about your rates,
see page 31


Nelson City Council
te kaunihera o whakatū

Consultation Dates
23 March - 23 April 2018

WHAT'S IN THIS CONSULTATION DOCUMENT:

ngā rārangi take o te uiringa nei

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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.

HOW TO HAVE YOUR SAY – IT'S EASY!

Whakahoki kōrero mai

We want to hear what you think. Please look through what we propose, consider your priorities, and let us know what you think in writing on the enclosed form or online at nelson.govt.nz

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



Customer Service
Centre at the corner
of Trafalgar and
Halifax Streets



The public libraries
in Nelson, Tahunanui
and Stoke



Online at
nelson.govt.nz



Or write your own

MORE INFORMATION



ONLINE

Supporting information is
available on our website at
nelson.govt.nz



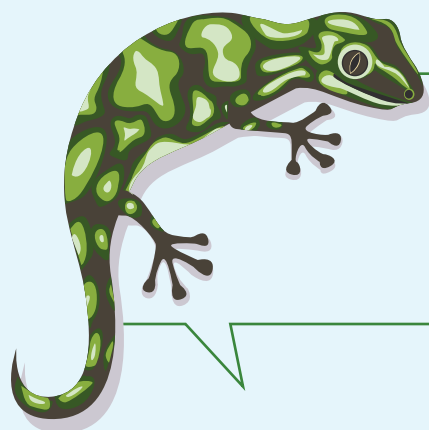
TALK TO A PERSON

Call us on 546 0200 to answer
your questions or send you more
information.



SOCIAL MEDIA

Join the conversation at
facebook.com/nelsoncitycouncil



Watch out for Gabe the Nelson Green Gecko

Look for Gabe as he points out the consultation issues and
other matters we'd like your feedback on.

NOTE: All funding amounts in this document include inflation unless otherwise stated.



FOREWORD: MAYOR

*Unuhia te rito o te harakeke kei whea te kōmako e kō?
Whakatairangitia - rere ki uta, rere ki tai:
Ui mai koe ki ahau he aha te mea nui o te ao,
Māku e kī atu he tangata, he tangata, he tangata!*

**Remove the heart of the flax bush and where will the bellbird sing?
Proclaim it to the land, proclaim it to the sea;
Ask me, 'What is the greatest thing in the world?'
I will reply, 'It is people, people, 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 piece together the Long Term Plan 2018-2028. This vision helps us shape our decision making 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 is proposing 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. And balances 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.

This year more than ever we need your input. Council will be directing significant funding towards these four priorities. Do you agree these are the four most important areas to invest in to secure Nelson's future? Please take the time to give us your views.

Council will continue with our partnership approach. In particular we plan to deepen and extend our special partnership with iwi and ensure those 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.

“

This year more than ever we need your input on our proposed top four priorities of infrastructure, environment, CBD development and lifting Council performance. Please take the time to give us your views.

”


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.

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.



Rachel Reese
MAYOR OF NELSON

VISION AND PRIORITIES:

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:
he tāone tōrire a whakatū

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



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

REGIONAL IDENTITY

Just as we partner with Tasman District Council, we take a combined approach to marketing and promoting our region.

The Nelson Regional Development Agency has developed a regional identity - 'extraordinary nelsontasman' - which reflects the story of who we are and what we stand for. It has been designed to provide a unique and compelling framework to drive success for our region in the attraction and retention of talent, investment and visitors who want to add value to the identity of the Nelson Tasman region. The core concept being that, when people know who you are and what you are about, they engage, share and spread that identity story more readily and easily amongst others.

Our regional identity speaks of how we are highly connected both locally and globally, a place of surprising diversity, humming with arts and artisans, a place where clever urban and rural businesses thrive, all set in our stunning natural landscapes. The aim is to create an identity that is authentic to the local community while being inspiring to those from outside the region. This identity thinking is incorporated into our planning, so there is a consistent approach when we describe our extraordinary region.

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 Tāsmān Bay. Fewer overflows mean significant benefits for our environment, and contribute to the smart development of our city.

We are consulting on key issues that align with our four broad priorities, and some other proposals that are individually significant or of importance to the city.



1. INFRASTRUCTURE

te hanganga

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

te taiao

Kia whakatu tika te tai ao me te tai ao tiaki te tai ao - if the environment is kept well and strong it will look after itself and us. 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

te whanaketanga o te pū o te tāone

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

4. LIFT COUNCIL PERFORMANCE

kia ekea te taumata o te kaunihera

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.



CHALLENGES AND CONTEXT:

ngā wero

AFFORDABILITY

Balancing the city's needs with rates affordability is an ongoing challenge. We know that many people struggle with increasing costs, and a fixed income. We are mindful of this reality when the costs to maintain our infrastructure, keep our community safe, and protect our environment are rising.

The Financial Strategy, which is summarised later in this document, sets out how we approach our decision

making to find an affordable balance. We have to manage the income from rates in a way that promotes the community's current and future interests. This includes ensuring that the level of rates and borrowing are financially sustainable and that we keep to the discipline of our pre-set rates and debt caps. Council looks for every opportunity to reduce costs while not setting back Nelson's progress.

DELIVERING INFRASTRUCTURE

Even with a large programme of essential work there is a physical limit to the amount of infrastructure work than can be completed in one year. The total programme is affected by factors such as our staffing resource, the availability of contractors in a competitive market and the need to time projects to minimise disruption to the community. With these factors in mind, we have looked closely at the 10 year work programme to ensure it is realistic.

We have also adopted a standard approach where projects are phased over four years to reduce delivery risk. Tailored according to the size and complexity of a project, this approach gives adequate time for each stage: investigation, engagement, design, consenting and construction.

CLIMATE CHANGE

Climate change is an issue that affects all of New Zealand, and one that Council knows it must address now to help protect Nelson into the future.

We can only achieve the necessary results in partnership with the community and alongside every council in New Zealand. Over the next 10 years we will work with our community to understand, prepare for and respond to climate change impacts. We will also work with central government to deliver emission reduction targets and support resilience for Nelson.

Council is focusing on the following approaches to the issue of climate change:

- **Adaptation** – becoming more resilient to the effects of sea level rise and changing weather patterns
- **Climate action** - reducing our emissions to contribute to efforts to slow or reverse global warming.

Adaptation: Council has undertaken extensive computer modelling to help determine the nature and extent of flood hazard events and sea level rise and there have been some initial conversations with the community about managing these risks. Council will work with Local Government New Zealand, central government and the community to address the broader issues and how these impacts can be managed. Discussions with the community through Whakamahere Whakatū, the Nelson Plan process, will help drive some of the local conversation on managing the effects of climate change.

We are taking a whole of Council approach to make this transition. For example, we have embedded this thinking in the Infrastructure Strategy, which looks forward 30 years to identify climate issues that could affect our core infrastructure and options to address

them. The Local Government Leaders Climate Change Declaration also provides guidance for this work.

Climate action: Nelson is already leading the way on one key strategy - active transport. Our rates of cycling and walking are among the highest in the country; we were in the top 5% in the 2013 Census. Other initiatives that reduce greenhouse gas emissions are our investment in public transport, waste minimisation, and planting programmes. Our approach also acknowledges that the responsibility for responding to climate change extends throughout our community, down to the individual level. We look to harness the enthusiasm and commitment of our residents to help reduce greenhouse gas emissions.

A series of Council activities are already in place to take climate action in partnership with the community. Together we are working towards a sustainable future for our region including through the following:

- Our Eco Design Advisor assisting households to better manage their energy use and reduce costs
- Review of our stormwater projects resulting in shared resources and reduced costs overall, for example the rainwater gardens in Rutherford Park
- Increasing the amount of recycling and reducing the volume of waste going to landfill, thanks to an upgraded domestic recycling programme
- The compost bin subsidy making it easier for residents to divert food waste from landfill by composting it instead.

We also look forward to working with the government's new Climate Change Commission that is being established to help New Zealand transition to a low carbon economy.

PARTNERSHIP

We want to signal clearly that we are continuing our partnership approach, as promised three years ago during the 2015 Long Term Plan consultation. You will see this approach throughout the document, from the Council's collaborative approach to delivering great results for the environment, to key projects like the Elma Turner Library re-development where we need community input on what should be included.

This Council wants to build on our relationship with the community, keeping our focus on a no surprises

approach where we understand each other's thinking before decisions are made.

A partnership approach also means working with central government, councils, businesses, community groups and others who can help stretch our resources further. Council alone can't deliver everything our community needs. The contribution from willing partners of time, funding and other support justifies Council committing your rates to projects.

AN AGEING POPULATION

Nelson is one of the regions that has seen the most growth over the last several decades. We expect those higher than average population increases to continue through the 10 year life of this Long Term Plan. With an ageing population and increasing retirement migration, the net effect is that all of our growth is expected to be in the over 65 age group.

We are committed to working with our community to ensure the availability of the support and services that an older population needs. It is also important that our

valued older residents are recognised as an integral part of our community; connected, contributing and participating fully.

Equally Council understands that a thriving economy needs workers and we need to continue to attract talent and investment into our region. Through our funding of the Nelson Regional Development Agency, the rolling out of our regional identity, our city development work and many other initiatives we will make Nelson a place where talent wants to live.

MANAGING GROWTH

Nelson is continuing to grow and our challenge is to manage this growth in a sustainable manner. Councils are unique in having a specific democratic mandate for place shaping, ensuring our communities are attractive, prosperous and safe. It is vital 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. This will be a key focus during 2018 and 2019.



KEY ISSUES WHERE WE NEED YOUR FEEDBACK:

ngā Kaupapa

The following sections cover the significant issues Council proposes to tackle over the next 10 years, and where your feedback will be particularly helpful in making decisions on the best way forward.

These include decisions that are likely to cost the most, have the greatest impact, or might be of most interest to the community. The first sections focus on our four top priority areas and this is followed by some community projects that we believe are significant or of particular interest to the community. We have included any alternative options that Council might have considered. Your input on the proposed priorities is important and to assist you with considering the financial implications of the alternatives, and any other changes that you would like Council to consider, we have calculated the effect on rates for changes to both the capital expenditure programme and operating costs.

Capital and operating costs:

Capital expenditure is generally expenditure on assets that are expected to last more than one year. An increase in capital expenditure of \$1 million increases rates by between \$100,000 and \$250,000 per annum. This covers interest, depreciation, maintenance and running costs for the asset. The reason for the range of increased costs is that depreciation and running costs vary between different assets, for example library books wear out much faster than pipes in the ground, which can last for up to 120 years before they need to be replaced.

Operating costs includes expenditure for items such as staff costs and overheads, asset maintenance, running costs and depreciation, interest on borrowings, and grants made by Council. An increase of \$100,000 in operating costs increases rates by 0.14%, or to put it another way, 1% of rates is \$704,000. So, by considering the impact of increasing or decreasing Council expenditure you can estimate what effect any changes to our work programme will have on rates.

INFRASTRUCTURE

Continuing our significant investment in Nelson's core infrastructure is a top priority for Council. While often this investment is underground and unseen it is the solid base on which our city is able to develop and grow. Ultimately, infrastructure is all about people as our health and wellbeing fundamentally depend on it.

For more on our long term planning for infrastructure, refer to page 42 for a summary of the Infrastructure Strategy.

The Long Term Plan proposes to invest \$338 million in transport, water supply, wastewater, solid waste, stormwater and flood protection projects over the next 10 years. That is 75% of Council's total capital programme for the city. This is an investment in improving the resilience of our network but needs to be balanced against affordability for ratepayers. We can spend less if the community is prepared to accept a higher risk of problems occurring in the network or we can invest more to reduce that risk. We think we have that balance right but we want the community to consider the choice it has in balancing risk against cost.

KEY PROJECTS THAT ARE INCLUDED AS PART OF THAT INVESTMENT INCLUDE:

- Reducing groundwater infiltration and stormwater inflow into the wastewater network to lower the risk of overflows of wastewater into streams and Tasman Bay during wet weather events. 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 began in 2017/18 and an accelerated project is proposed over the next 10 years to tackle this problem at a total cost of \$3.7 million. This will include an education programme to inform householders about how they can contribute, especially by fixing household gully traps that allow rainwater to flow into the wastewater system. This can reduce the risk of overflows elsewhere in the network that contaminate our rivers, streams and Tasman Bay
- Continuing to replace old asbestos cement and cast iron pipes responsible for carrying our safe drinking water, within a total budget of \$22.9 million
- Replacing residential water meters that have now reached the end of their service lives, and continuing the back flow prevention programme to protect our safe drinking water at \$3.3 million in total
- Resealing roads to keep them safe by reducing skid risk and to protect their underlying foundations. A total of \$13 million has been allocated across the 10 years
- The continuation of the footpath renewal programme with \$4.6 million to be spent over the life of the Plan
- Continuing to enhance Nelson's walk and cycle network including cross town links (\$1.9 million), the Tahunanui cycle link (\$2.1 million), Stoke East/West connection (\$1 million) and the Atawhai shared path extension (\$533,000)

Did you know?

We have a high level of confidence in the safety of our water supply. Nelson's reliable water treatment has for many years provided the public with safe to drink water. This is because we use an ultra-filtration process, followed by chlorination before it is provided to the public through the pipe network.

- Council has a backlog of work for road sealed surfaces and has allocated \$333,000 per annum to improve our understanding of asset condition and performance. This information will be used to best optimise the use of Council's renewal budgets.

Council has choices to make around the timing of this infrastructure work. Our proposal is to commit a substantial part of our total budget to progressing the works above. However there is a trade-off. If we are to stay within our debt cap this limits the number of other capital projects we can fund for social and community activities.

Key issue:

Council has the option of spreading work on this core infrastructure over a longer period. If it spread these projects over 20 years through to 2038, Council's debt would be approximately \$43 million less than planned by 2028 and interest and depreciation costs would be approximately \$29 million lower during the term of the Long Term Plan. There may also be savings for maintenance and running costs. However, slowing the planned improvements to roading and utilities services is likely to result in lower levels of satisfaction with Council services. Alternatively Council could accelerate its core infrastructure work programme but that would require increased staff resources and funding.



ENVIRONMENT

Nelson's stunning natural environment is an essential part of what it is to belong to this place. Our aim is to meet the Nelson community's aspirations for our environment and to implement the requirements of a wide range of legislation and policy direction. Feedback from the community shows the value Nelsonians hold for the environment, and particularly our freshwater, biodiversity and the coast. Responding to that community concern for the environment, and in order to meet our regional council obligations, Council has made a significant step change in the approach to its programme of work over the last four years. It recognises that we are all physically connected to our environment, and have a duty to care for it.

As this is operational expenditure it has an immediate upward pressure on rates, as opposed to capital expenditure, which has a slower impact due to being

funded by loans. However, we believe that in addition to the requirements of legislation, this is what our community expects and our environment needs. This additional spending has been offset by increased income in the Council's Environment activity over the same period. We are stepping up to make a difference and the spending in the Long Term Plan affirms our commitment towards improving Nelson's environment.

Nelson is facing a range of complex issues related to the coastal and marine environment including sea level rise, coastal erosion, marine biosecurity, Tasman Bay water quality and biodiversity, and estuarine health. The amount will vary from year to year but in 2018/19 we propose to include an additional \$754,000 of operational funding for environmental activities, with a particular focus on coastal marine issues, environmental monitoring, and data management and reporting.

KEY WORK PROPOSED TO BE UNDERTAKEN USING THE ADDITIONAL FUNDING INCLUDES:

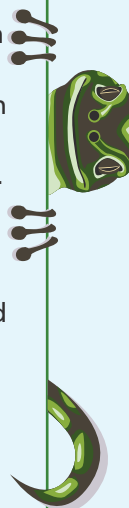
- Building on the Project Maitai/Mahitahi ecosystem approach to include other streams and rivers, with \$257,000 per year operating and \$108,000 per year in capital funding for a Healthy Streams programme
- More operational funding for state of the environment monitoring
- Council is launching a new estuarine health monitoring programme across Nelson's four estuaries: Waimea Inlet, The Haven, Delaware Bay and Kokorua Bay
- We are also getting ready to respond to national and regional initiatives in coastal and marine areas, such as the Sustainable Seas National Science Challenge
- Project work on the Whakamahere Whakatū Nelson Plan, to ensure our resource management plans are up to date and the framework for development in the Nelson environment is current and appropriate, hazards are identified and there is a particular focus on freshwater improvement. A draft Plan is anticipated in August 2018 for full public feedback.

In addition, over the next decade, we are also planning an increased focus on biodiversity and freshwater, delivered through Nelson Nature, and the wider Healthy Streams programme, which carries on the good work started with Project Maitai/Mahitahi.

Overall Council's proposal is for increased investment in environmental activities that would cost an additional \$8.7 million (including interest and

depreciation) over the next 10 years. This is in addition to the infrastructure projects that will benefit the environment, including improving freshwater quality, reducing traffic congestion, and encouraging low-carbon forms of transport.

Key issue: Council has the option of choosing different environmental focus areas for Nelson within the proposed budget, however it believes the projects identified are the top priorities. It could choose to keep spending at current levels, which would also eliminate the \$1.2 million increase in debt the proposed investment would bring by 2028. This would mean that we would not undertake many of the projects listed above and undertake less planning for environmental changes. There may also be savings in maintenance/operating costs over the 10 years of the Long Term Plan. However, this would impact on the city's resilience and its ability to meet our regional council obligations. We would like your views on whether or not Council should increase its budget for managing Environmental issues.



CBD DEVELOPMENT

Funding has been included across many different Council activity areas for projects that will ensure Nelson's central business district can deliver Council's vision for an attractive, thriving city centre. For example, there is 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.

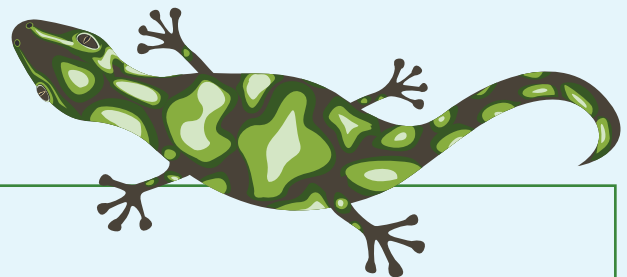
City centres around New Zealand have been challenged by the change in shopping patterns and the growth of online commerce. Council wants to support our CBD businesses and see the city centre continue to thrive and is therefore proposing an initiative to help revitalise the central business district through 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 the proposed 0.5% would reduce rates collected from those businesses by a total of \$320,000 per annum. This decrease would allow some re-balancing of the relative rating contributions from commercial and residential properties. It would also keep 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 would rise by 0.4% - 0.9% per annum, depending on the land value. This would be 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 proposed change would be reviewed each year as part of the rates setting process.

INITIATIVES PROPOSED TO ENHANCE THE CENTRAL CITY INCLUDE:

- A reduction in the commercial rating differential to reduce the burden on CBD and Stoke commercial area businesses
- The first hour free parking is retained and subsequent fees would increase to \$2 per hour to raise additional funding to support the CBD
- New operational CBD enhancement funding of \$70,000 along with \$200,000 of capital funding per year included in the CBD Enhancement Fund
- A greater staff focus on streamlining processes, engaging with developers and encouraging inner city living
- Investigation, design and construction of a new bus exchange in 2020/21. \$270,000 has been budgeted for this work
- More and better public toilets across the city, at \$1.7 million in total
- Development of Rutherford and Trafalgar parks as urban parks and the location of events to attract visitors, \$1.8 million in total
- The parking meter renewal project, which is a study into smarter options for parking in the CBD.



Key issue:

Council has the option of reducing funding for CBD development by removing the CBD Enhancement Fund. This would reduce the borrowing requirement over the 10 years by \$2.2 million and save \$7.5 million in operating costs over the 10 years of the Long Term Plan. However, it would also impact on the vitality of our CBD and its ability to attract visitors. The re-balancing of the commercial differential could be deferred so that there is no impact on residential rates but this would not support businesses to succeed and create a robust local economy.

LIFTING COUNCIL PERFORMANCE

Council is committed to a programme of continuous improvement to ensure a high performing organisation that consistently achieves excellence in service delivery and asset management. This is not a quick-fix approach but a long-term holistic programme to improve performance and effectiveness. The aim is to build capacity to collaborate and innovate with partners to achieve outcomes for the community.

The funding outlined will enable us to build effectiveness, recruit and retain highly skilled staff, and to equip workspaces to function to modern standards. While the focus of this investment is lifting Council performance, the truth is that without it we will be unable to deliver the ten year work programme.

THE FIRST THREE POINTS ARE CHANGES TO OPERATIONAL BUDGETS AND THE LAST MATTER IS A SPECIFIC PROJECT:

- Extra funding of \$75,000 (uninflated) is included in 2020/21 and 2021/22 to support organisational improvement
- Undertake a further review of performance through a Local Government New Zealand Excellence independent assessment in 2018/19
- Council is below capacity in some key areas, resulting in risks to project delivery and increased costs from engaging contractors and consultants. We propose to invest \$1.2 million in 2018/19, a further \$517,000 the following year, and \$482,000 the year after in additional staff resource to make delivery of the work programme achievable
- Council's main office at Civic House has a history of under-investment over its 40 year life, with the result that working conditions in some areas are seriously substandard and in urgent need of improvement. Staff struggle to work efficiently in noisy, cramped, and outdated office space and this impacts on Council's ability to recruit in a competitive labour market. Council proposes to address this neglect and bring office space at Civic House up to an adequate standard with \$5.7 million allocated for construction from 2018/19 to 2021/22.



Key issue:

Council could choose to make only those improvements to Civic House that are required to meet health and safety requirements. This would reduce the borrowing requirement over the 10 years by \$3.5 million and reduce interest and depreciation costs by \$1.7 million. However this would impact on Council's ability to attract and retain appropriate qualified staff and the work programme would need to be reduced where vacancies could not be filled. Council could choose not to recruit the necessary additional staff but, projects would need to be removed from the work programme to match resourcing.

OTHER ISSUES WE WOULD LIKE YOUR INPUT ON

COMMUNITY

There are a range of community projects in the Long Term Plan aimed at providing a balanced mix of promoting social wellbeing, supporting vulnerable residents and building community vitality. We highlight below some key projects and invite your feedback. Council has the option not to include funding for these projects but this would impact on the vitality and resilience of our local community.

LIBRARY RE-DEVELOPMENT

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 with adjoining landowners. There is also the possibility of a larger footprint by using the space adjacent to the library currently occupied by the vacant ex-Mediterranean Foods building. We want to refurbish this well-used facility so it can continue to be a much-loved hub but with expanded community space.

At this stage there is considerable uncertainty about the exact scope of the re-development and we need community input to help us settle on a vision for an upgrade. We have therefore made our best estimates of the scale of the project and set aside an inflation adjusted total of \$14.9 million for the re-development, which would be completed in 2021/22. This might be adjusted up or down as the project progresses. Timing of the Stoke Library re-development would be coordinated around this project so there is a continuity of public library services for Nelson residents.

SPOTLIGHT ON STOKE

Work continues in Stoke to ensure our fastest growing suburb receives its share of investment in community facilities. The much anticipated Greenmeadows complex will be completed in 2018, providing a valuable focus for activity in the Stoke community. There is a new Stoke East-West cycle connection between Ngawhatu Valley and Isele Park planned. We are also looking for local champions, particularly young people, to partner with Council to develop a youth park, which is planned for investigation and construction at an estimated total cost of \$618,000 from 2019 through to 2022. Community involvement in the project, particularly in helping find the right location, will be critical to this project moving ahead.



Give us your views:

Council wants to make the most of the riverside precinct and the Elma Turner Library will be key to activating that space as a significant community asset and activity hub. We need community input both on the elements and services we should include in the scope for the library and how to maximise the opportunity it offers for expanded community gathering spaces.



Give us your views:

Do you support building a Youth Park in Stoke? What might Council have to consider, and who should we work with to create this facility?

COMMUNITY EVENTS

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. Council is also aware that small community-supported events sometimes grow into something bigger that helps attract visitors and supports the local economy. Community events are usually started by passionate volunteers, but without some support it can be hard to turn their vision into a reality. Council is proposing to include funding to support community events starting at \$50,000 in 2018/19 and rising to \$75,000 plus inflation in following years.

Give us your views:

Should Council support events aimed at community wellbeing and is this an appropriate level of funding?

NATURELAND

Natureland delivers a zoo experience for our community and is an attraction for visitors. It is also developing a role in the conservation of endangered species through its captive breeding programmes. Council increased its operational funding for Natureland last year from \$200,000 to \$248,000 and that level of annual funding (plus inflation) is proposed to continue throughout the 10 years of the Long Term Plan. Council also provided \$200,000 in capital funding over the last five years to bring facilities to an acceptable level and no further capital funding is proposed.



Give us your views:

Natureland provides the community, particularly our young people, with an opportunity to see and interact with a range of native and exotic wildlife. It now wishes to expand its role into a world class conservation organisation and Council funding recognises those new outcomes it will be delivering. Do you support ratepayer funding for an expanded Natureland programme?

BROOK WAIMARAMA SANCTUARY

The Brook Waimarama Sanctuary provides pest-free native wildlife habitat over 715 hectares of Council land adjacent to the Mt Richmond Conservation Area. The sanctuary plays a role in educating our community about conservation activities and delivers a wildlife-rich natural forest environment close to the city centre. Council contributed to the building of the pest-proof perimeter fence and proposes ongoing operational support throughout this Long Term Plan. In 2018/19 \$250,000 is allocated, dropping to \$150,000 (plus inflation) per annum after that to recognise the fact that the Sanctuary will be open to the public and have other streams of revenue.



Give us your views:

Do you think Council's proposal is the right level of support for the Brook Sanctuary facility?

MARAE MAINTENANCE CONTRIBUTION

Our developing relationships with Te Tau Ihu iwi is a priority for Council, and Whakatū marae is a focus for these relationships. It provides a home for our 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 proposes to contribute \$30,000 in 2018/19 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. In the first year, Council staff would assist with developing an asset management plan to guide future maintenance.



Give us your views:

Is this a useful way for Council to support Whakatū marae?

ONGOING PROJECTS

WAIMEA DAM

Council undertook a separate community consultation in 2017 on a possible contribution to the Waimea Dam project. Since that community feedback, a new expert report has been received considering drought impacts for Nelson under various population growth and demand scenarios. The report also looks at the possible impact of Nelson city needing to supply water to the Wakatu industrial estate and Nelson residential areas adjacent to Champion Road, should Tasman District Council cease to do so.

The draft Long Term Plan currently shows a contribution of \$5 million to the project in 2020/21, which is Council's proposal. Before Council makes a decision on whether that proposed contribution should be confirmed or not, it wants to give the community an opportunity to see the new information from the report and provide any further feedback. The report is available online at nelson.govt.nz or you can pick up a hard copy from our Customer Service Centre at the corner of Trafalgar and Halifax Streets or from public libraries. Submissions can be made between 23 March and 23 April as part of consultation taking place in parallel to the Long Term Plan process.

MAITAI RIVER AND COMMUNITY CONSULTATION

We think that a significant priority is to analyse Maitai River flooding response options during a range of different flood event scenarios. This would enable us to identify the likely effects on the Nelson city centre and the Wood caused by the Maitai River, Brook and York Stream flood flows. We have budgeted \$584,000 over the six years from 2018/19 to ensure we make progress on this long term priority.

For the rest of the city, we also want to have an in-depth conversation with the community about a risk-based approach to stormwater across Nelson.

How do we balance the probability and consequences of flood events with community values for streams and rivers? How much are we willing to alter waterways with works such as flood banks and deeper riverbeds? How much should the city as a whole fund works that protect individual properties? A risk-based approach would weigh up risks and the impact of flooding with affordability and the impact on the environment.

Given the realities of changing weather patterns, and a city built on a floodplain and close to the coast, we think now is the time to initiate a conversation with the community about resiliency and how to ensure our city thrives in the future.

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 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. \$574k in 20/21 and \$117k in 21/22 has been budgeted as the Council's contribution to the SH6 Rocks Road Walking and Cycling Project.



MOUNTAIN BIKING

Nelson is blessed with a wonderful network of mountain biking trails on our doorstep. This is a great attraction both for visitors and residents who enjoy regular easy access to this popular sport. A recent report by Business and Economic Research Ltd indicated that the economic benefit of mountain biking is very significant for Nelson, both in terms of dollars into the local economy and job creation. The total annual economic impact for Nelson in 10 years' time is expected to be \$20 million in GDP and an additional 269 full-time equivalent (FTE) jobs.

Providing support for mountain biking will be a key focus over the next 10 years. A particular priority will be ensuring Nelson has enough lower grade mountain biking trails for learner riders and children, and setting up mountain biking hubs.

The first priority 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 a Ministry of Business, Innovation and Employment contestable grant. The next priority is the Maitai Recreation Hub that is proposed to be completed by 2021. At this early stage, the project has an estimated cost of \$940,000 and we will be seeking external contributions to offset this cost to Council.

KEY RELATIONSHIPS:

whanaungatanga

BUILDING CLOSER RELATIONSHIPS WITH IWI MĀORI AND MĀTĀ WAKA

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.

Key initiatives to build Māori capacity to engage with Council decision making include:

- sustaining the Council Kaihautū and Kaumatua positions to help us work together
- discussions with the eight Te Tau Ihu iwi on how our relationships might adapt in the post Treaty settlement world

- appointing a representative with Te Ao Māori insight on the Planning and Regulatory Committee
- representation at a 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
- continuing the Iwi Working Group to inform and contribute to the development of Whakamahere Whakatū – the Nelson Plan, which is working well together in the interests of the whole of Nelson
- establishing a way for iwi chairs to work with Mayors and council Chief Executives across Te Tau Ihu.



WORKING WITH TASMAN DISTRICT COUNCIL

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. Examples of ongoing shared services, projects and programmes include:

- Joint ownership, for example the Port Company, Nelson Airport, Nelson Regional Sewerage Business Unit and the Nelson-Tasman Regional Landfill Business Unit
- Joint funding, such as for Saxton Field
- Co-funding of services and activities including the Nelson Provincial Museum
- Aligned service delivery, for example some shared library services
- Co-ordinated strategic planning, and
- Civil Defence Emergency Management across the region.

Over the next 10 years the two councils will work together on a range of projects and services, including connecting cycleways, funding the Nelson Regional Development Agency, environmental monitoring programmes, pest management, marine biosecurity, biodiversity protection, Top of the South maps and many more.



BALANCING THE BUDGET:

te taha pūtea

The following shows what we earn against what we spend, and the impact on debt. Council receives its income from a variety of sources - rates, loans and income from subsidies, fees and charges.

WE WILL EARN \$113 MILLION
in the 2018/19 financial year

WE PLAN TO SPEND \$125 MILLION¹
in the 2018/19 financial year

BY JUNE 2019 OUR NET DEBT IS EXPECTED TO BE \$108 MILLION

FROM JUNE 2018 TO JULY 2019 WE EXPECT TO HAVE INCREASED TOTAL DEBT BY AROUND \$12 MILLION

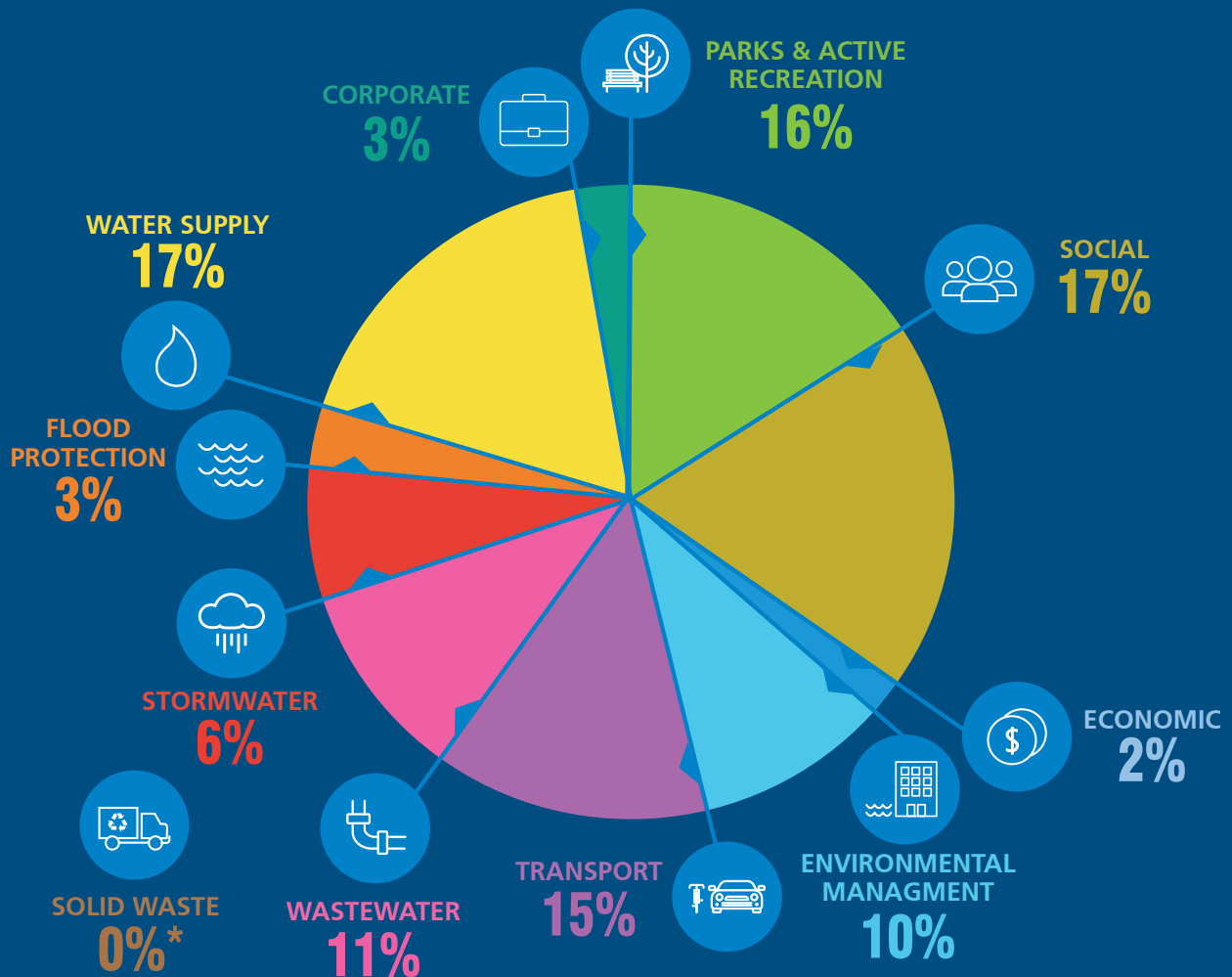
¹ Includes both operational and capital expenditure

WHERE YOUR RATES ARE SPENT

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

Did you know?

Since the previous Long Term Plan, Nelson City Council's credit rating was upgraded by Standard and Poor's in 2015 from AA- to AA, now among the best in New Zealand local government.



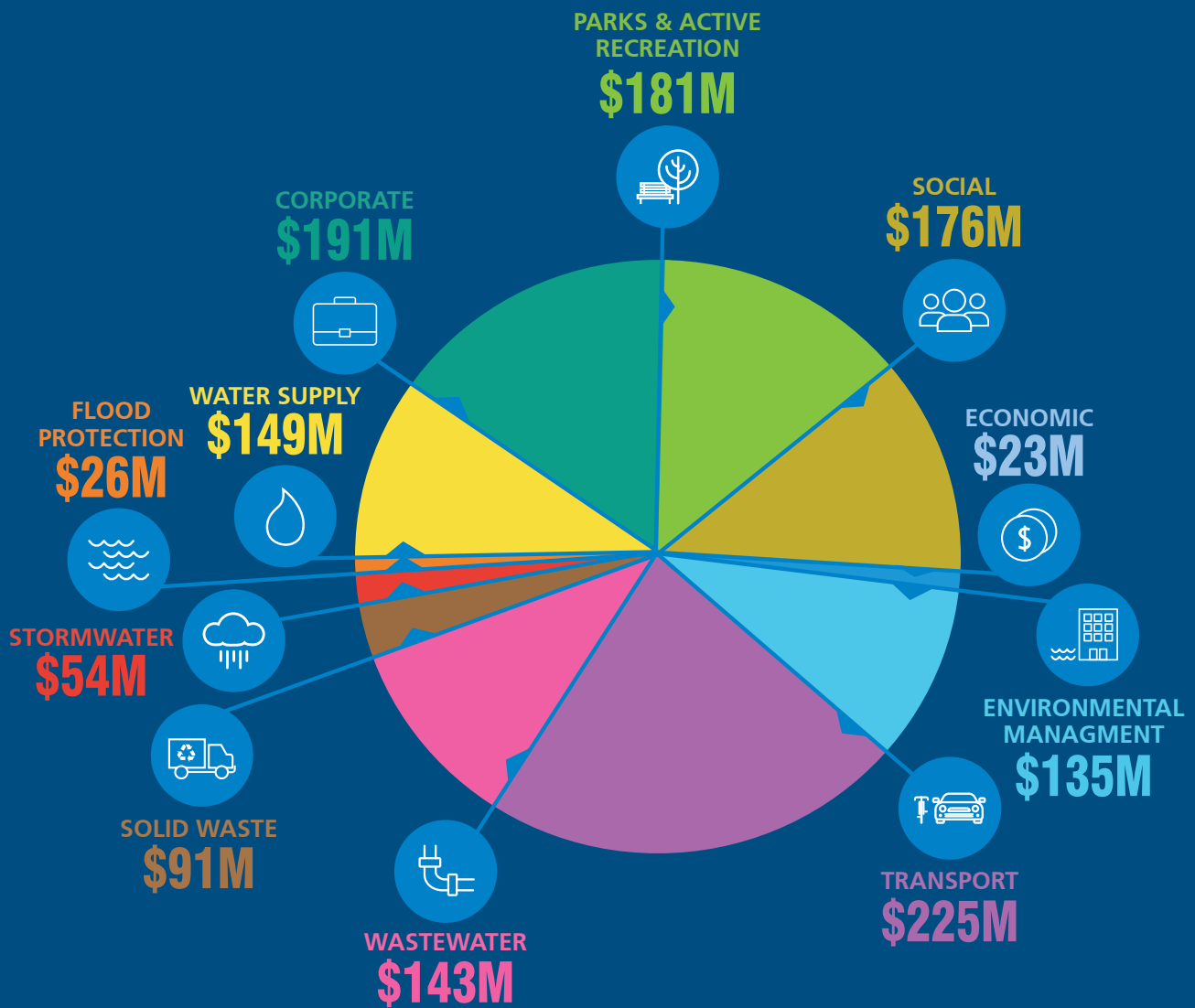
Find out more...

You can look through a copy of the full Financial Strategy online at nelson.govt.nz or at our Customer Service Centre and public libraries.

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

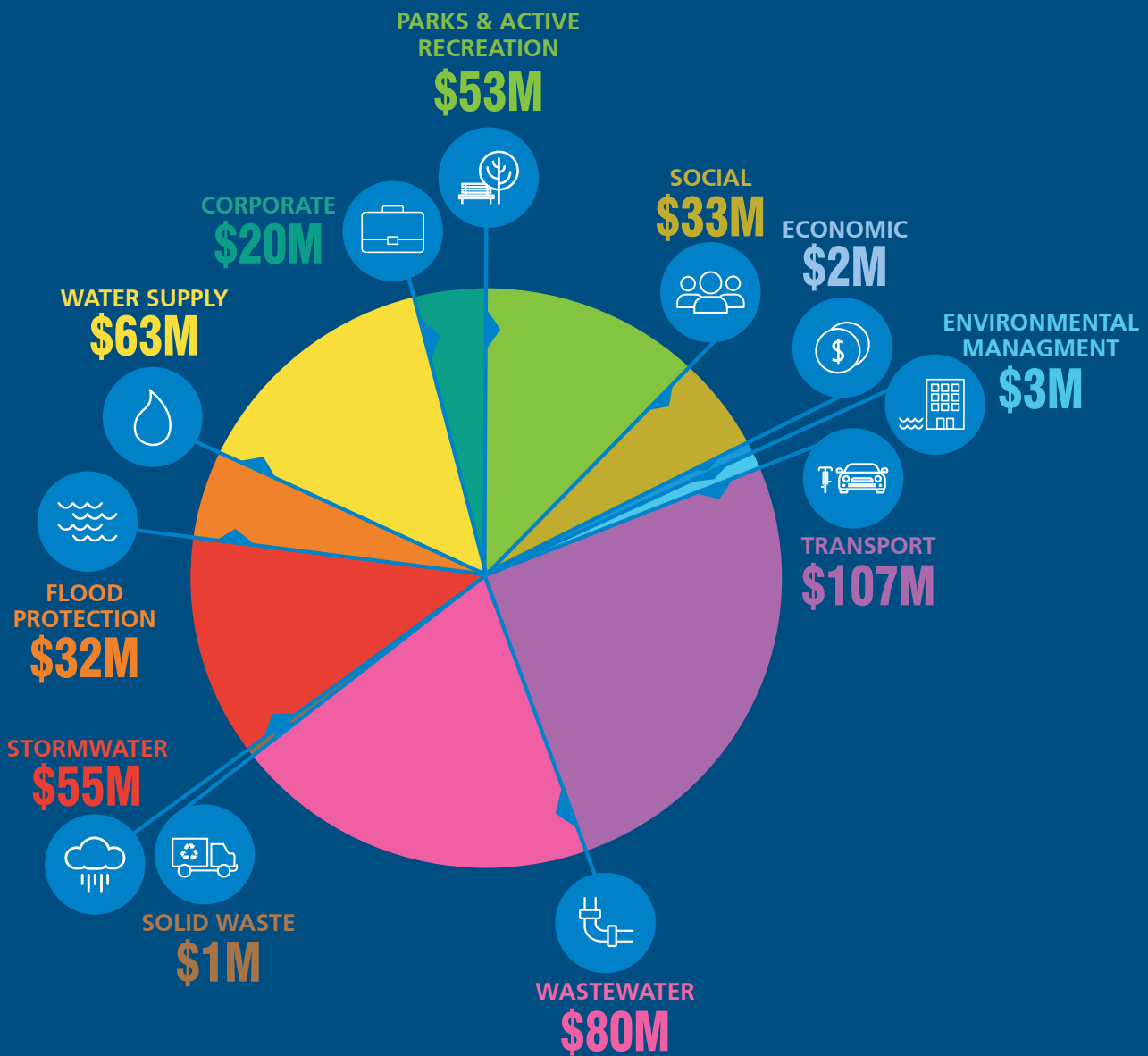
OPERATIONAL SPENDING - WHAT WE PLAN TO DO

10 YEAR TOTAL OPERATING EXPENDITURE



CAPITAL SPENDING – WHAT WE PLAN TO BUILD

10 YEAR TOTAL CAPITAL EXPENDITURE



YOUR RATES:

ngā take kaunihera

If Council implements the draft Long Term Plan 2018-28, as outlined through the preferred options on the key projects in this Consultation Document, what would that mean for your rates?

We have put together some examples showing the effect on rates for properties with different land values across the city.

You can also check what your 2018/19 rates would be according to the draft Long Term Plan 2018-28 by going to the rates search link at nelson.govt.nz



PROPOSED OVERALL INCREASE IN RATES REQUIRED, BASED ON 2015 VALUATIONS

It is important to note that these properties are examples and do not cover all situations across the rating base.

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	\$645	\$412	\$316	\$432
	\$105,000	\$2,039	\$753	\$412	\$316	\$432
	\$125,000	\$2,177	\$896	\$412	\$316	\$432
	\$147,000	\$2,329	\$1,054	\$412	\$316	\$432
	\$200,000	\$2,695	\$1,434	\$412	\$316	\$432
	\$210,000	\$2,764	\$1,506	\$412	\$316	\$432
	\$230,000	\$2,902	\$1,649	\$412	\$316	\$432
	\$255,000	\$3,074	\$1,828	\$412	\$316	\$432
	\$315,000	\$3,489	\$2,259	\$412	\$316	\$432
	\$330,000	\$3,592	\$2,366	\$412	\$316	\$432
	\$445,000	\$4,386	\$3,191	\$412	\$316	\$432
\$580,000	\$5,318	\$4,159	\$412	\$316	\$432	
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	\$220,000	\$4,011	\$1,735	\$824	\$316	\$864
	\$800,000	\$8,226	\$6,310	\$824	\$316	\$864
Empty Residential Section (Water annual charge included if water meter is installed)	\$82,000	\$1,283	\$588	\$412	\$316	
	\$220,000	\$2,425	\$1,578	\$412	\$316	
	\$405,000	\$3,702	\$2,904	\$412	\$316	
Small Holding (Water annual charge included if water meter installed)	\$280,000	\$2,456	\$1,807	\$412	\$316	
	\$385,000	\$3,298	\$2,485	\$412	\$316	
Rural (Water annual charge included if water meter installed)	\$790,000	\$3,974	\$3,682	\$412		
	\$1,940,000	\$9,324	\$9,042	\$412		
Commercial - Outside Inner City / Stoke - 1 Unit	\$365,000	\$7,376	\$6,590	\$412	\$316	\$108
Commercial - Outside Inner City / Stoke - 2 Units	\$355,000	\$7,922	\$6,410	\$824	\$316	\$216
Commercial - Outside Inner City / Stoke - 2 Units	\$335,000	\$7,383	\$6,049	\$824	\$316	\$216
Commercial - Stoke - 1 Unit	\$35,000	\$1,664	\$810	\$412	\$316	\$108
Commercial - Inner City - 2 Units	\$290,000	\$8,873	\$7,058	\$824	\$316	\$216
Commercial - Inner City - 2 Units	\$330,000	\$9,884	\$8,031	\$824	\$316	\$216
Commercial - Inner City - 1 Unit	\$1,160,000	\$30,344	\$28,231	\$412	\$316	\$108

This table does not include water charges based on consumption. This is charged at \$2.076 per cubic meter and an average residential ratepayer uses 160 m3 costing \$332.16 (GST Incl)

REDUCTION IN UNIFORM ANNUAL GENERAL CHARGE (UAGC)

Council sets a flat charge per rating unit - the UAGC - which is currently 15% of rates collected. It is a fixed charge for services that every property receives, irrespective of its land value. It is also to reduce the extremes of rates paid for the highest and lowest valued properties.

The Long Term Plan proposes to set a higher priority for infrastructure work, including wastewater, water, stormwater and flood protection, and transport. Wastewater and stormwater and flood protection are funded through a fixed charge per property, and the effect of accelerating the work programme and expenditure for these puts an increased rating burden on lower valued properties. Therefore Council proposes to reduce the proportion of rates collected from the UAGC from 15% of total rates (excluding water charges, Clean Heat Warm Homes, and the Solar Saver rates) to 14%. Without this adjustment the lowest value properties would see rates increases of 4.43% compared to the highest value properties which would go up 2.82%. Examples of the effect of the change on two sample properties are:

- A residential property with a land value of \$90,000 would pay rates of \$2,021 if the UAGC was 15% of total rates, and \$2,004 if the UAGC was only 14%.
- A residential property with a land value of \$445,000 would pay rates of \$4,509 if the UAGC was 15% and \$4,550 if it was 14%.

Find out more about the UAGC in the Revenue and Financing Policy and Funding Impact Statement.

Give us your views:

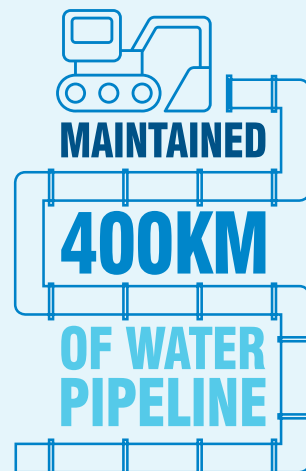
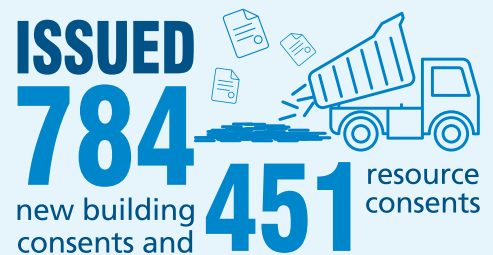
Should Council reduce the fixed proportion of the rates so that the lowest value properties don't see a steep increase relative to high value properties?

2018/19 Rates				
Water Annual Charge	Total Rates	% increase on 2017/18	\$ increase on 2017/18	
\$199	\$2,004	3.58	\$69	
\$199	\$2,112	3.60	\$73	
\$199	\$2,255	3.61	\$78	
\$199	\$2,413	3.63	\$85	
\$199	\$2,793	3.66	\$99	
\$199	\$2,865	3.67	\$102	
\$199	\$3,008	3.67	\$107	
\$199	\$3,188	3.68	\$113	
\$199	\$3,618	3.71	\$129	
\$199	\$3,725	3.71	\$133	
\$199	\$4,550	3.74	\$164	
\$199	\$5,518	3.76	\$200	
\$398	\$4,137	3.16	\$127	
\$199	\$8,513	3.49	\$287	
	\$1,316	2.62	\$34	
\$199	\$2,505	3.31	\$80	
\$199	\$3,831	3.50	\$129	
	\$2,535	3.21	\$79	
\$199	\$3,412	3.45	\$114	
	\$4,094	3.02	\$120	
\$199	\$9,653	3.53	\$329	
\$199	\$7,626	3.38	\$250	
\$398	\$8,164	3.06	\$242	
\$199	\$7,604	2.99	\$220	
\$0	\$1,646	-1.06	-\$18	
\$199	\$8,613	-2.93	-\$260	
\$199	\$9,586	-3.01	-\$298	
\$199	\$29,266	-3.55	-\$1,078	

WHAT WE PROVIDE FOR YOUR RATES:

ngā ratonga i ngā tāke kaunihera

JUST SOME OF WHAT COUNCIL DELIVERED IN THE LAST YEAR



RATES REMISSIONS

Council has a policy to reduce all or part of rates in some circumstances - the Rates Remission Policy. While the majority of the policy is unchanged since 2015, there are three new or changed sections. The first is a change to the community, sporting and other organisations section to make it clear that social housing or kaumatua housing providers may apply for rates remission.

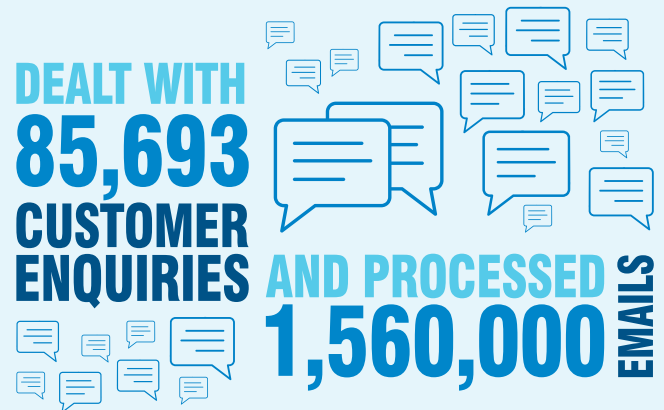
A new section has been added to formalise the discount that is offered for the early payment of rates.

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 the closing date for applications clearer.

Find out more:

Search online at nelson.govt.nz or ask at Council's Customer Service Centre for the Rates Remission Policy and Policy on the Remission and Postponement of Rates on Māori Freehold Land.



FINANCIAL STRATEGY SUMMARY:

he whakarāpopoto rautaki pūtea

OUR APPROACH TO DECISIONS ON SPENDING AND FUNDING

The Long Term Plan includes a detailed Financial Strategy. It sets out how Council will prudently manage its revenue, expenses, assets, liabilities, investments and general financial dealings. It explains how we manage Council finances in a way that sustainably promotes our community's current and future interests.

The full Financial Strategy links the strategic direction of Council to its financial priorities, and covers the factors that influence how Council activities are funded. These factors can include population growth and changes, and providing existing levels of service while meeting additional demand. Council must demonstrate financial prudence and consider all

aspects of financial performance including the useful life of assets and estimated expenses.

The Financial Strategy explains how Council developed the full Long Term Plan by considering the balance between the existing asset renewals programme, increased levels of service, and providing for growth. It also looked at key issues and how it could respond to them such as enhancing the environment, and meeting the community's social and cultural needs. Council then prioritised potential activities and projects, with the key priorities summarised at the beginning of this document.

RATES, OVERALL INCREASE IN RATES REQUIRED, AND THE RATES INCREASE LIMIT

In preparing the Long Term Plan, Council had to weigh up requests for more and improved services with keeping rates and charges affordable.

According to what we propose, average overall increase in rates required in the first three years, including growth, would be 3.2%, 3.9%, and 3.6%,

respectively. Over the following seven years, the overall increase in rates required including growth would average 2.3%.

A reduction in the commercial differential would change the distribution of the rates but not the overall average.

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.

To develop the long term plan, we consider:

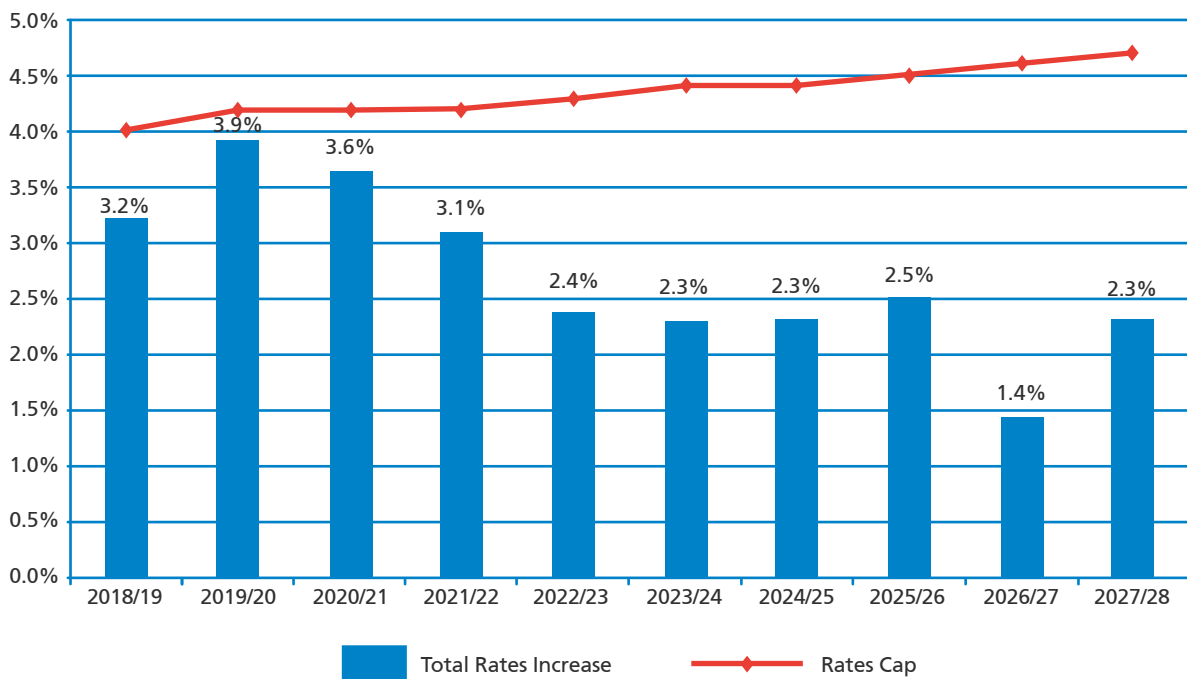
- The balance of service levels, costs of these services, and the money required to achieve them

- Setting rates and charges across the 10 years of the Long Term Plan, and how to minimise these while achieving the desired levels of service
- The level of debt that current and future ratepayers would need to fund
- The level of population growth expected over the next 20 years and beyond.

After careful consideration, Council believes that what it proposes would deliver the core infrastructure to keep Nelson safe and functioning, as well as projects that enhance the city and make it a place where people want to live and work. Council therefore considers that the Long Term Plan would be financially sustainable.

Council has set itself a cap on the overall increase in rates required each year of the Local Government Cost Index plus 2%. The following graph shows proposed annual overall increase in rates required versus the rates cap:

ANNUAL RATES INCREASE VERSUS RATES CAP



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

TOTAL RATES AND DEBT

Council's programme of work is funded through a mix that includes rates, development contributions, capital grants, and debt. Our net debt peaks at \$174 million in 2024/25.

Capital expenditure drives increased borrowings. Council's approach is to only take on more debt when other sources of funds are not available.

Much of Council's debt is to provide for infrastructure to support our growing city.

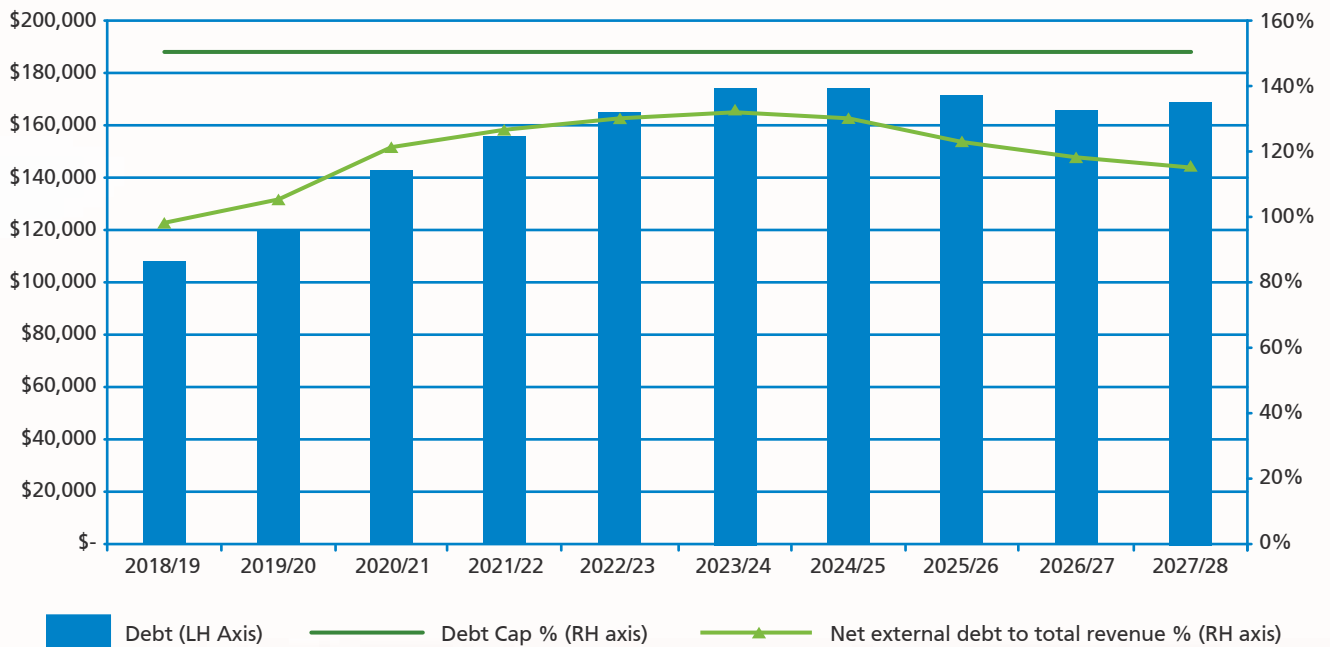
Council monitors its debt using two key measures:

1. We have set ourselves a debt to revenue ratio limit of 150% (this is the dark coloured green line) and this ratio is a useful way to monitor how much debt we have compared to income received.
2. The maximum debt over the 10 year period is forecast to be \$174 million in 2024/25.

The blue bars represent the forecast debt level in dollars. The light green line is the prospective debt to revenue ratio in each year.

The following graph shows proposed annual debt versus the debt cap:

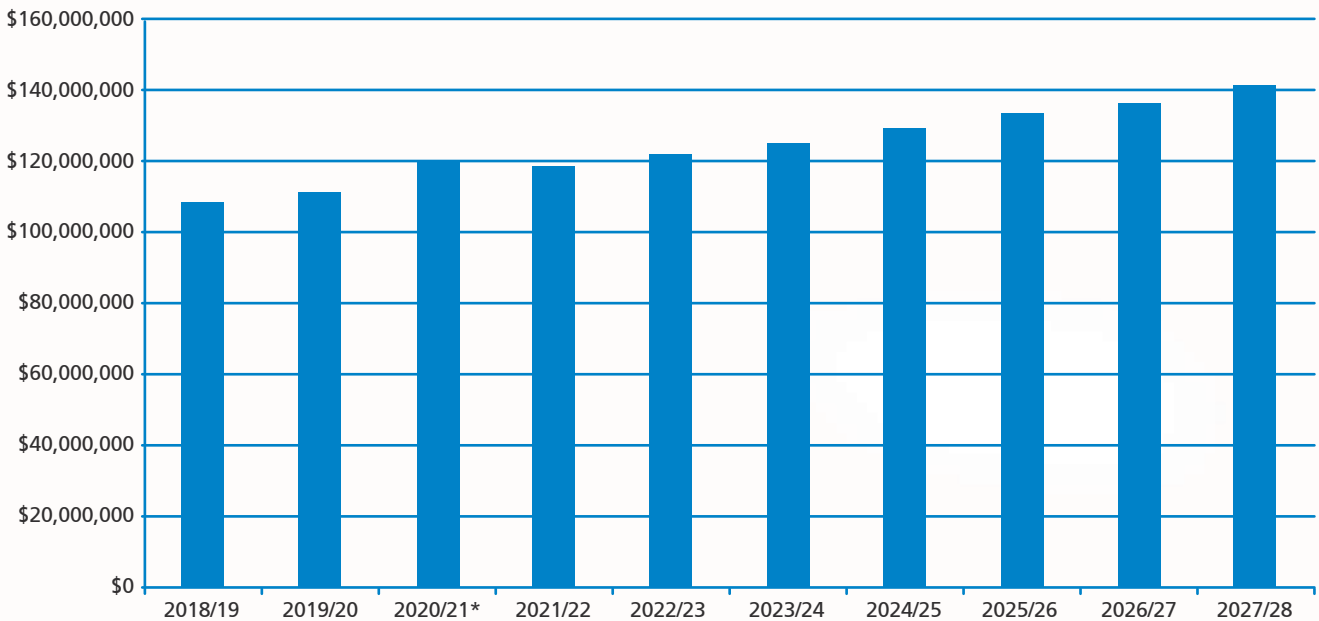
ANNUAL DEBT VERSUS DEBT CAP (000s)



HOW RATES WOULD BE SPENT

Total operating expenditure is budgeted to increase from \$108 million in 2018/19 to \$141 million in 2027/28, a 31% increase including inflation over the 10 years of the Long Term Plan. This is shown in the following graph.

ANNUAL INFLATED EXPENDITURE (000s)



How Council funds its expenditure is also covered in the full Financial Strategy, listing sources that include targeted rates, grants, and other fees and charges.

The Financial Strategy covers Council's approach to managing risks from natural hazards through an emergency fund, which Council intends to increase to \$12.5 million by the end of 2028.

* The slightly larger increase in expenditure in 2020/21 is due to the proposed contribution to the Waimea Dam project



BORROWING AND LIMITS

The Financial Strategy also explains our approach to borrowing and the priority order for funding capital expenditure. The first priority is from financial and development contributions, followed by grants and subsidies, then cash surpluses after meeting the costs of renewals expenditure, and finally by loans as the final option.

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 are set as:

- Net external debt¹ not to exceed 150% of total revenue²
- 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 tables below show the net debt, debt to revenue, interest on external debt to revenue, and interest on external debt to rates income over the next 10 years, so that they can be compared to the limits set.

BORROWING LIMITS

	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	108,013	119,618	142,368
	%	%	%	%
Net external debt not to exceed 150% of total revenue	112.7%	98.6%	105.4%	121.2%
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%	7.6%

TOTAL RATES AND 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	46,728	49,001	51,380
Targeted Rates (Water, stormwater, wastewater)	24,696	26,438	27,792	29,004
Total Rates	70,353	73,166	76,793	80,384
Total Net Debt	118,948	108,013	119,618	142,368

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	108,013	119,618	142,368
Debt/Revenue Ratio	112.7%	98.6%	105.4%	121.2%
Rates	2.8%	3.2%	3.9%	3.6%
Rates Cap		4.0%	4.2%	4.2%

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.

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 this 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.

	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
	156,323	164,698	173,961	174,180	171,978	166,179	168,529	
	%	%	%	%	%	%	%	
	127.0%	129.9%	133.2%	130.5%	123.9%	118.5%	116.1%	<150%
	6.2%	6.6%	6.9%	7.2%	7.1%	7.1%	6.9%	<15%
	9.1%	9.7%	10.1%	10.3%	10.3%	10.2%	9.9%	<20%

	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)
	52,605	54,496	56,075	57,649	59,587	60,810	62,949
	31,098	32,062	33,365	34,781	36,121	37,259	38,415
	83,703	86,558	89,440	92,430	95,708	98,069	101,364
	156,323	164,698	173,961	174,180	171,978	166,179	168,529

	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)
	156,323	164,698	173,961	174,180	171,978	166,179	168,529
	127.0%	129.9%	133.2%	130.5%	123.9%	118.5%	116.1%
	3.1%	2.4%	2.3%	2.3%	2.5%	1.4%	2.3%
	4.2%	4.3%	4.4%	4.4%	4.5%	4.6%	4.7%

The Financial Strategy summarises Council's portfolio of investments, comprising equity, assets and associated organisations. It also sets out how we secure external borrowing, and explains the variation between what will be included in the final Long Term Plan following the consultation process, and the actual results. It can only be a best estimate of the costs that Council anticipates it will face.

INFRASTRUCTURE STRATEGY SUMMARY:

he whakarāpopoto rautaki hanganga

Council's full Infrastructure Strategy, which is in the Long Term Plan, updates the first strategy from 2015. The revised strategy identifies critical challenges for our transport, water supply, wastewater, stormwater and flood protection assets over the next 30 years. It looks at the options to respond to those challenges, which are summarised here.

Affordability and the implications of technological advances are considered throughout the strategy. The issues and options identified in the 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 current asset management plans.

Find out more

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

INFRASTRUCTURE OBJECTIVE

1.

INCREASE RESILIENCE TO NATURAL HAZARDS

Our key natural hazards are: earthquake risk, sea level rise, intense rainfall events and land instability. Climate change is likely to increase the impacts of coastal hazards and heavy rainfall events on our infrastructure. For example, we anticipate more road closures and flooding, and surface inflow and groundwater infiltration into the wastewater network.

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 accidental discharges from the wastewater rising main into the Nelson Haven and to continue funding levels for renewals.

INFRASTRUCTURE OBJECTIVE

3.

PROVIDE INFRASTRUCTURE TO ENABLE GROWTH AND DEVELOPMENT

The 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.

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.

MOST LIKELY SCENARIO FOR INFRASTRUCTURE COSTS FOR THE NEXT 30 YEARS

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 the Infrastructure 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 are expected to change over time but the extent and direction is not always clear so ongoing monitoring of customer needs and 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 (e.g. 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. There are many calls on rates funding 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 preceding sections have demonstrated that 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.

ASSET CONDITION

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.

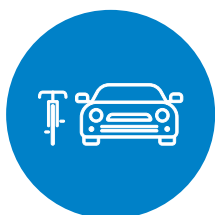
In the water supply network Council has recognised the AC Black pipe (a bituminous coated asbestos cement pipe) is showing a larger number of failures than expected. These pipes are currently the focus of the renewal programme and have been funded to ensure replacement in the next 10 years. As this material 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.

As stated previously, the funding requested reflects the assessed need based on current information and Council will adjust as required to ensure levels of service are met.



PROPOSED OPTIONS TO ADDRESS CHALLENGES

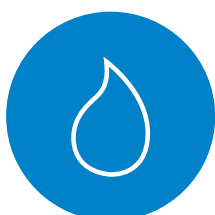
Approaches to address infrastructure challenges are discussed in detail in Section Three of the full Strategy. The following summarises how Council aims to respond to these challenges, giving a flavour of what is included in the Infrastructure Strategy.



TRANSPORT

Council's proposed approach for **transport** includes:

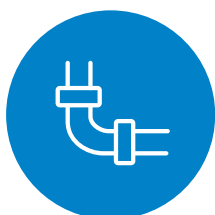
- Implementing projects that enable growth and improve travel time reliability on key journey routes
- Investing in initiatives that provide and promote transport choice
- Integration of the local network with any transport solutions flowing from the Nelson Southern Link Investigation
- Adopting new technology where it helps us solve issues or meet objectives.
- Undertaking improved modelling of the life expectancy of road surfaces, and use this information to modify the renewals programme so that the highest priority work is undertaken.



WATER SUPPLY

Council's proposed approach for the **water supply** network includes:

- Renewal of older pipes and pressure reduction strategies to help reduce losses from the network
- Replacing cast-iron pipes in areas of the city where the existing pipes are discolouring residents' drinking water
- Aerating the Maitai Dam to improve water quality prior to its discharge to the Maitai River



WASTEWATER

Council's proposed approach for the **wastewater** network includes:

- Reducing stormwater flowing into wastewater pipes
- Containing more wet weather flows within the wastewater system by either constructing several detention tanks or upgrading wastewater pipes and pump stations
- Investigating long term options for managing natural hazard risks affecting the Nelson wastewater treatment plant as part of the resource consent process



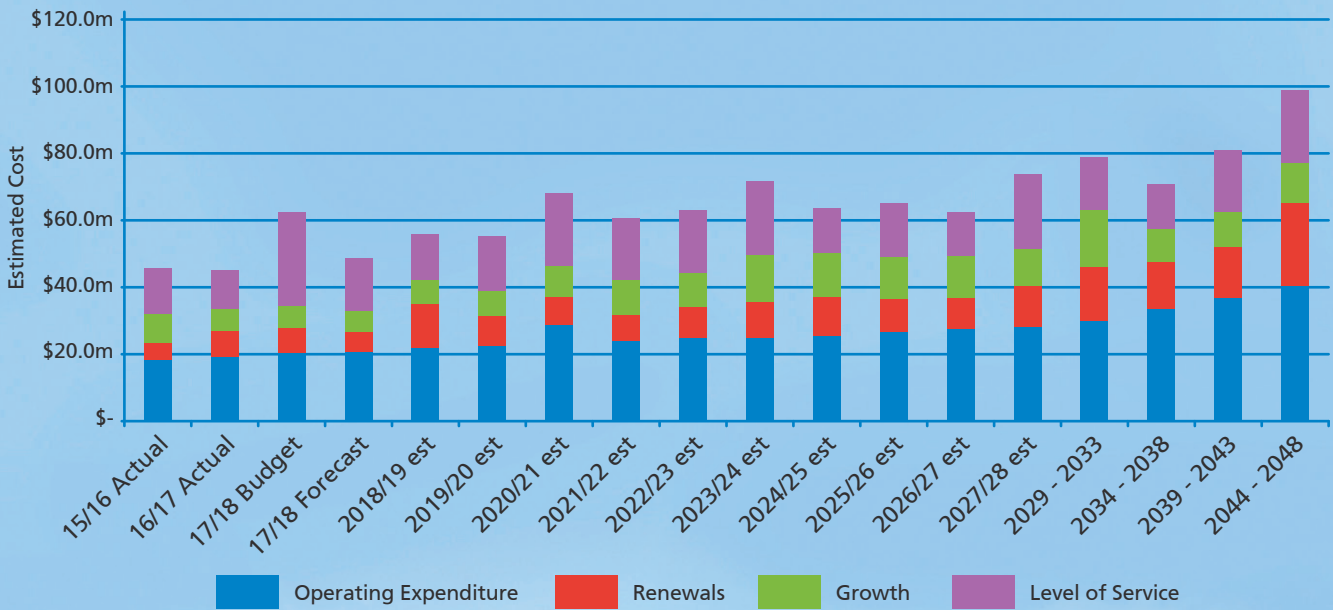
STORMWATER AND FLOOD PROTECTION

Council's proposed approach for **stormwater and flood protection** includes:

- Focusing flood protection works on areas that 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.

This graph shows 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.

INFRASTRUCTURE TOTAL



DEVELOPMENT CONTRIBUTIONS:

ngā pūtea whakāhu

Development contributions are a charge that developers pay to meet the growth costs of infrastructure across the City including roads, wastewater and water.

These are different from financial contributions, which are imposed as conditions on resource consents to ensure the costs of potential adverse effects of a development are included in developers' costs.

The amount developers are required to pay is included in the 2015 Development and Financial Contributions Policy, which is being reviewed as part of the Long Term Plan process.

A proposed significant change to the policy is to simplify the administration of all levies imposed on developers. Council's preferred option is to eliminate financial contributions and charge only development contributions under the new policy. Projects that would have development contributions collected for them include growth-related projects planned in the Long Term Plan 2018–28 and also some growth-related projects that have already been completed.

Other developments that need infrastructure not yet included in any Long Term Plan may use private developer agreements between Council and developers over costs.

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.



Give us your views:

Consultation on the draft 2018 Development Contributions Policy is open at the same time as the Long Term Plan. The draft Policy is available online at nelson.govt.nz, from Nelson public libraries and Council's Customer Service Centre on the corner of Halifax and Trafalgar Streets.

AUDIT OPINION:

ngā whakāro arotake

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent auditor's report on Nelson City Council's Consultation Document for its proposed 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Nelson City Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. We have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 20 March 2018.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2018-28 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long-term plan; and
 - identifies and explains the main issues and choices facing the Council and city, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

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 consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.


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).

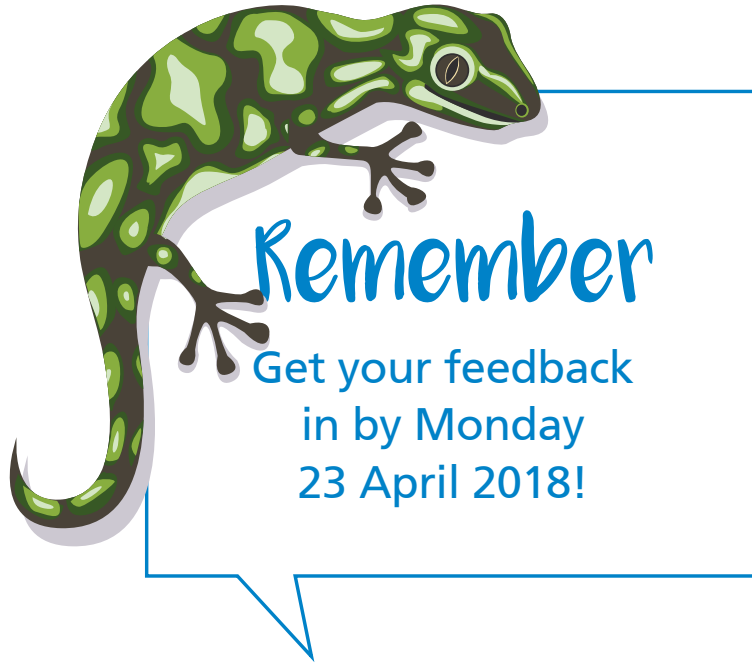
Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

In addition to this report on the Council's consultation document and all legally required external audits, we provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interest in the Council.



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





Nelson City Council
te kaunihera o whakatū

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