

NELSON LONG TERM PLAN 2012 – 2022

**Includes Annual Plan
for Year One 2012/13**



Nelson City Council
te kaunihera o whakatū

NELSON LONG TERM PLAN

2012 – 2022

Includes Annual Plan, Year One 2012/13



Nelson City Council
te kaunihera o whakatū

FINAL ADOPTED 19 JULY 2012 1238489
CONSULTATION DRAFTS 1238482 & 118257



HE MIHI – WELCOME

Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atākura

He tio, he huka, he hau hū

Thei mauri ora

Cease the winds from the west
Cease the winds from the south
Let the breeze blow over the land
Let the breeze blow over the ocean
Let the red-tipped dawn come with
a sharpened air
A touch of frost, the promise of
a glorious day

Sneeze, the breath of life

This karakia originates from the people of Tainui and Taranaki.
By kind permission of Tangata Whenua o Whakatū, the iwi of Nelson.

YOUR COUNCILLORS



Top L-R: Crs Kate Fulton, Ruth Copeland, Eric Davy, Paul Matheson, Derek Shaw, Jeff Rackley, Mike Ward.
Seated L-R: Crs Pete Rainey, Ian Barker, Ali Boswijk (Deputy Mayor), Aldo Miccio (Mayor),
Gail Collingwood, Rachel Reese.

QUICK REFERENCE

FIND YOUR WAY ROUND THE LONG TERM PLAN 2012-22

This final adopted Long Term Plan (LTP) includes:

- A description of changes made following consultation
- Nelson's main issues in the short and long term
- The goals Council has adopted for the next decade to drive the work programme
- Detail on how much Council plans to spend, on what and when
- Background information including a glossary
- The policies behind Council's budgets for the next ten years and other financial information
- Rates and charges, and how they were calculated
- Special cases when rates could be reduced – the rates remissions policies
- Council's approach to funding infrastructure for new development, in the updated Development Contributions Policy which is published separately
- Other financial policies that guide Council's funding decisions and therefore have an effect on how much ratepayers pay.

The draft LTP included a full proposal for Council to become a Guaranteeing Local Authority in the New Zealand Local Government Funding Agency Limited (LGFA). The intention behind this proposal is to enable local authorities to borrow at lower interest margins than would otherwise be available. Council adopted this proposal and this is explained further on page 26.

The draft was published as two volumes, but this final adopted version brings the two together into a single document. If you would like to refer to the draft consultation version, this is documents 1238482 and 1182570 and is available on request.

Note that all capital expenditure costs mentioned in this document include inflation from Year 2 onwards.

EXPLAINING OUR FINANCIAL YEARS

Council's financial year runs from 1 July to 30 June of the following year. Throughout the text we refer to 2012/13 for example as shorthand for

1 July 2012 to 30 June 2013. In other places we refer to Year 1, 2, 3 and so on, which refers to the LTP year with 2012/13 as Year 1. The following table gives a quick reference to convert between the two:

Year	Financial year 1 July to 30 June
1	2012/13
2	2013/14
3	2014/15
4	2015/16
5	2016/17
6	2017/18
7	2018/19
8	2019/20
9	2020/21
10	2021/22

THE LTP CONSULTATION PROCESS

The draft Long Term Plan consultation period ran from 16 April to 16 May 2012. Council received 867 submissions, of which 206 (24%) asked to speak at the hearings, which were held 14-19 June 2012. Of the total submissions, 193 were recorded as being lodged on behalf of 144 different organisations. The majority of submissions (82%) were from Nelson addresses, with 40 from Richmond and 20 from the rest of Tasman District, four from other South Island addresses, five from the North Island and one from overseas.

28% did not indicate what age group they belonged to, but of the 624 who did, the largest group was 40-54 (58%) followed by over 65 (24%). Although fewer than 10% were recorded as being under 21, there was a significant lift in the proportion of this age group compared to the previous year for the annual plan consultation. The gender balance was reasonably equal, of the 600 who provided that information.

The single biggest issue was the proposed velodrome for Saxton Field (294 responses), followed by the arts infrastructure proposals including the Nelson School of Music (191), Theatre Royal (158) and the Suter Art Gallery (166). The majority were supportive, although the proportion in support varied for each project. Other parts of the LTP that received high numbers of submissions included:

- Rutherford and Trafalgar Parks Development Plan (103 in total, of which 69 were in support)
- Rates and debt levels (102, 6 in support)
- Trafalgar Centre upgrade (99, 61 in support)
- NBus service and public transport (68, 66 in support)
- Walk/cycle package including the shared path beside Rocks Road (65, 59 in support)
- Museum storage facility (54, 43 in support)
- Framing our Future sustainability strategy (29, 24 in support)
- Earthquake prone funding for Council buildings (14, all in support).

POLICIES INCLUDED IN THE DRAFT LTP AND PUBLISHED SEPARATELY

The following four key sections were included for consultation in the draft LTP and, once adopted, are now available separately on request from Council or through the Council website:

- Resource consent fees and charges
- Investment Policy
- Liability Management Policy
- Development Contributions Policy

The resource consent fees and charges were adopted as proposed, with a very slight correction to two figures.

Both the Investment and Liability Management Policies were adopted as proposed with two minor technical wording corrections to the Liability Management Policy that didn't change the effect of the policy.

The Development Contributions Policy was also adopted as proposed, with the only change in between the draft and final version being the adjustment downwards of the HUD (household unit of demand) figure. The underlying spreadsheets, on which the calculation was based, were adjusted to align with the final set of included projects and resulted in the reduction.

In addition, there was background information in the draft on the following issues that is no longer applicable and so does not appear in the final, approved LTP:

- Amalgamation proposal
- The Māori ward poll
- The proposal to become part of Local Government Funding Agency (LGFA).

WHAT WOULD MY RATES BE?

Go to the 'rates search' link at www.nelsoncitycouncil.co.nz. Type in your address and you can see, based on the final LTP, what your rates are for 2012/13 compared to 2011/12.

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ABOUT THIS PLAN

Welcome to Nelson City Council's final, adopted Long Term Plan for 2012-22. Under the Local Government Act 2002, Councils have to publish, consult on and adopt a ten year plan, which is updated every three years. This is Nelson's fourth Long Term Plan (LTP). You might previously have known it as the Long Term Council Community Plan (LTCCP) or Nelson Community Plan in 2009.

The Long Term Plan explains Council's planned priorities and spending from 2012 to 2022, with more detail for the first three years from July 2012 to June 2015. There is no separate annual plan for 2012/13 – that is included here as Year 1 of the ten financial years covered by the plan. The rates and charges for 2012/13 are based on the Year 1 information.

We have done our best to limit jargon and abbreviations, but there are some words that we have to use because of legislation or the specialist work Council does. 'Long Term Plan' and 'statement of proposal' come from the Local Government Act, for example. The glossary at the end of this volume explains these and other words, abbreviations and phrases we've used.

This Long Term Plan and other related policies and information can be viewed or downloaded from our website www.nelsoncitycouncil.co.nz or you can request a hard copy through the Council's customer service centre.

VARIATION BETWEEN THE PLAN AND ACTUAL RESULTS

Actual financial results achieved for the period covered by the plan are likely to 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 plan, there are many legitimate reasons why the final results in the annual report at the end of each financial year might differ from what was planned.

- Variables include unanticipated changes in interest rates or market conditions. The plan can only be a best estimate of the costs Council will face. Factors outside its control can affect the completion of planned projects.

ADOPTION DATE OF THIS LONG TERM PLAN

- The process to develop this Long Term Plan (LTP) was significantly affected by an extreme rain event in December 2011. Council decided that the significant costs involved in recovery work related to that event should be included in the draft LTP to give the community a complete picture of funding requirements over the next ten years. Getting an accurate picture of the funding implications of the event therefore delayed completing the draft LTP by several weeks, which in turn delayed all following stages.

- Agreement was reached with Audit New Zealand in January 2012 to move the date of the formal adoption of the LTP beyond the statutory date of 30 June 2012. Council reached decisions about the final LTP on 29 June 2012, and the process of updating this document and completing the audit meant Council did not adopt its Long Term Plan by 30 June 2012, as per section 93(3) of the Local Government Act 2002.

- The LTP was adopted on 19 July 2012. This delay in adoption does not affect the validity of the LTP in any way, or the role it will play in guiding Council activities for the next ten years.

MAYOR'S MESSAGE

The confirmation of this Long Term Plan is a significant achievement in what has been a challenging year for both Council and the city's residents. So it is even more gratifying that the community has confirmed through submissions the quality, readability and content of the Plan.

The community has also confirmed through the recent Residents Survey that what Council is trying to achieve, the levels of service it is providing over a wide array of services, and the value of the products and services it provides, are pretty much on the mark.

The results tell us two things: first there is a lot of good stuff happening and being delivered; second there are still areas for improvement. We will take a close look at these results to provide a focus on where we can do better.

The Long Term Plan charts a ten year journey and some measurable, specific outputs consistent with the Council's big goals. Our residents through their responses in the Residents Survey provide confirmation of what meets their needs and expectations. We have locked in some major initiatives in the arts and culture area that respond to community concerns expressed consistently over a number of years. These initiatives around the completion of Trafalgar Centre, the re-development of the Suter Art Gallery, and the Council ownership of the land and building assets of Nelson School of Music and Theatre Royal will re-energise one of Nelson's defining characteristics of being a hub for arts and culture in New Zealand. These are exciting proposals to be delivered in partnership with the respective users, funders and managers of those facilities.

I would like to thank all those people who took the time to give us feedback on what was proposed, including those who spoke to Council at the hearings. Your comments helped guide our decisions for the next decade, as summarised in this Plan.



A handwritten signature in black ink, appearing to read 'Aldo Miccio', written over a series of light blue dots that form a vertical line.

Aldo Miccio
MAYOR OF NELSON

CHIEF EXECUTIVE'S WORD

It's been an interesting time since April in the role of Acting Chief Executive helping the Council finalise its plans for the next ten years to make Nelson a better place. Most years it is a challenging exercise crafting a plan that provides a necessary balance between doing the essential things that only a Council can do - sewerage, water supply, regulation, stormwater – and doing the things that create the city that people most desire in terms of amenities, facilities and activities. This Long Term Plan 2012-22 has had its own special challenges. These challenges have been created by unexpected and ongoing pressures including the December 2011 extreme rainfall event and working through proposals for different governance arrangements for the region and the city. More recently, Council has had to respond to the Government's reform agenda for local government while it keeps focussed on long term goals it wishes to achieve.

Those goals have been expressed by Council as: a leading lifestyle, a rich diverse community, community hubs, an active lifestyle, the Nelson edge - our natural advantages - the natural environment and a creative city. The Long Term Plan is the primary vehicle for the achievement of these goals in a sustainable and affordable manner.

As Chief Executive there have been specific challenges. These have arisen from the events noted above as well as a significant change in senior staff. There has been a need for a number of staff to step up to acting roles to deliver our core services and excellent customer service, as well as this Long Term Plan. The business of the Council has not been badly impacted by these things; we are very clear about what we want to achieve and how we will do this based on a quality system and a leadership programme for staff.

The back drop for the staff group has been a persistent narrative in the community and at national level on Council finances in the form of debt and rates, as well as a persistent enquiry into what a Council must do, what it should do, and what it could do; the core services debate. Staff live with this narrative and enquiry each day. It is a constant theme to our working week. I acknowledge and pay tribute to their passion for Nelson, their commitment to the Council, their

- concern for delivering excellent customer service
- with professionalism, accuracy and good humour
- so that Nelson can become a better place.
- This Long Term Plan will be delivered to the community on that basis.



Richard Johnson
ACTING CHIEF EXECUTIVE

Independent Auditor's Report

To the readers of Nelson City Council's Long-Term Plan for the ten years commencing 1 July 2012

The Auditor-General is the auditor of Nelson City Council (the City Council). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to report on the Long Term Plan (LTP), on her behalf. We have audited the City Council's LTP dated 19 July 2012 for the ten years commencing 1 July 2012.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

Opinion

Overall Opinion

In our opinion the City Council's LTP dated 19 July 2012 provides a reasonable basis for long term integrated decision-making by the City Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the City Council.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

Opinion on Specific Matters Required by the Act

In our view:

- **the City Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment; and**
- **the underlying information and assumptions used to prepare the LTP provide a reasonable and supportable basis for the preparation of the forecast information.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 19 July 2012. This is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the forecast information and disclosures in the LTP. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the information in the LTP. In making those risk assessments we consider internal control relevant to the preparation of the City Council's LTP. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council's internal control.

Our audit procedures also include assessing whether:

- the LTP provides the community with sufficient and balanced information about the strategic and other key issues, implications it faces and provides for participation by the public in decision making processes;
- the City Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP;
- the presentation of the LTP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP is based on materially complete and reliable asset or activity information;
- the agreed levels of service are fairly reflected throughout the LTP;

- the City Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP are based on best information currently available to the City Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the City Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP.

We do not guarantee complete accuracy of the information in the LTP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council

The Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of a LTP that is free from material misstatement

The Council's responsibilities arise from Section 93 of the Act.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP.

Independence

When reporting on the LTP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this report, and in conducting the audit of the LTP Statement of Proposal and the annual audit, we have no relationship with or interests in the City Council or any of its subsidiaries.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters Relating to the Electronic Presentation of the Report to readers of the Long-Term Plan

This audit report relates to the Long-Term Plan of the City Council for the ten years commencing 1 July 2012 included on the Council's website. The City Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of the City Council's website. We accept no responsibility for any changes that may have occurred to the Long-Term Plan since they were initially presented on the website.

The audit report refers only to the Long-Term Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long-Term Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long-Term Plan as well as the related audit report dated 19 July 2012 to confirm the information included in the audited Long-Term Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

UPFRONT: DECISIONS FOLLOWING CONSULTATION, THE BIG ISSUES AND COSTS

WHAT IT'S ALL ABOUT

This Long Term Plan (LTP) includes a lot of detailed information on Council's planned accounts for the years ahead.

CHALLENGES, ADAPTING TO CHANGE AND INCREASING COSTS



Since the 2009 Nelson Community Plan, a lot has happened that has changed what Council is expected to be able to deliver; many of these things were beyond the control of Council, such as the global downturn and storm events.

The New Zealand economy has performed comparatively well in difficult times but the global outlook remains challenging. More than ever we need to ensure that value for money and careful prioritising of spending are at the forefront.

Council has a significant role in investing in community infrastructure. Severely cutting its spending would negatively affect the construction industry and related service industries. Completely stopping work on projects now would mean higher costs in the future if we let infrastructure fall into disrepair. We also need to invest in our city to create conditions that attract investment, create jobs and secure a sustainable city.

Council has considered these constraints and opportunities in preparing this Long Term Plan (LTP) as it faces the next decade.

The assumptions underlying the forecasts in this LTP are explained in the section beginning on page 177 near the end of this document.

COUNCIL PRIORITIES

-  A leading lifestyle
-  A rich, diverse community
-  Community hubs
-  An active lifestyle
-  The Nelson edge
-  The natural environment
-  A creative city



The \$ icon shows financial issues that span all Council priorities.

Council priorities complement wider community outcomes and are described later in this document. Refer to the section on purpose, vision, outcomes and priorities.



RATES AND CHARGES



Through the submission, hearing and decision process, Council had to weigh up many requests for more and improved services with keeping rates and charges affordable. After considering submissions, Council confirmed an average rate increase, including water meter revenue, of 5.6% for the first year of the LTP. This increase includes an assumption of 1% growth in the rating base per year. For more on the rates increases, refer

- to the Financial Strategy that begins on page 30.
- The main difference between what was proposed in the draft LTP and what is in this final document was the smoothing loan. Council decided that the proposed smoothing loan will not be required as rates increases were able to be kept within prudent limits through the next ten years.
- Dispensing with the smoothing loan also has the advantage of a potential saving of over \$2.0m in interest charges.

Using the estimates and projections Council has developed, this is how rates and charges will look for the 2012/13 financial year:

Average increase in rates and charges, year one	5.6%
Average rate increase excluding water charges (2012/13)	6.83%
Average general rate increase excluding targeted rates	9.5%
Net increase in water charges	0.64%
Minimum annual water charges	\$188.12 (\$0.5154/day)
Stormwater and flood protection separate general charge	\$225.40
Wastewater charge	\$359.90
Trade waste charges including GST:	
Trade waste A conveying	\$428.53/litre/minute
Trade waste A treatment	\$973.22/kg BOD/day
Trade waste B combined	\$1.39/m ³

All rates and charges include GST unless stated otherwise.

The general rate is 0.62495 cents in the land value dollar (including GST) for the 2012/13 rating year. This would result in rates of around \$49 per week for an average residential property. In 2011, the average cost was around \$47 a week for general and targeted rates.

The fees and charges section of this document beginning on page 200 includes the full details on how each of these rates and charges were calculated. The main reasons for the increase in Year 1, 2012/13 are:

- The extreme rainfall event in December 2011, the response costs and recovery programme and the increase in funding to the Disaster Recovery Reserve (0.9%)
- Price increases (inflation)
- Depreciation and interest payments
- To a lesser extent, some service level increases, including for parks and active recreation.
- All capital costs in this document include inflation.



EXAMPLES OF TOTAL RATE CHANGES FOR PROPERTIES

To further clarify the rates changes between the 2011/2012 year, compared to those for the 2012/2013 year, a selection of properties of different categories of rateable land have been summarised to provide a guide. It is important

- to note that these properties are a sample of the total properties and do not cover all situations for the 20,650 rateable properties in the City.

- The following table is GST inclusive. It covers the total rates increases, incorporating the increase in the general rate and targeted rates.

RATES INCREASES BASED ON 2009 PROPERTY VALUATIONS

Summary of Rates Increases for representative properties within the City	Land Value (2009 valuation) \$	2011/12 Rates \$	2012/13 Rates \$	Increase on 2011/12 %	Increase from 2011/12 \$
Residential rates (including average \$500.00 water charges in 2011/12 & \$512.00 in 2012/13)	100,000	1,994.50	2,077.20	4.1	82.70
	177,000	2,425.80	2,561.40	5.6	135.60
	300,000	3,115.00	3,327.10	6.8	212.10
	400,000	3,675.20	3,952.00	7.5	276.80
Rural rates (No stormwater, sewerage or water charges supplied to property)	350,000	1,615.40	1,785.70	10.5	170.30
	680,000	2,817.10	3,126.20	11.0	309.10
Small holding rates (No wastewater or water charges supplied to property)	245,000	1,816.50	1,967.30	8.3	150.80
	360,000	2,396.30	2,614.10	9.1	217.80
Multi residential rates (Two flats – two charges for UAGC & sewerage as per Council rating policy)	138,000	2,478.60	2,621.70	5.8	143.10
	260,000	3,230.40	3,460.30	7.1	229.90
Commercial rates – inner city	205,000	4,506.10	4,831.10	7.2	325.00
	550,000	10,517.30	11,364.00	8.1	846.70
Commercial rates – excluding inner city	106,000	2,228.80	2,366.80	6.2	138.00
	210,000	3,499.00	3,757.70	7.4	258.70

THE FINANCIAL STRATEGY, RATES CAPS AND DEBT



This LTP includes a section outlining Council's Financial Strategy for the next ten years. Although detailed financial information has been included in all previous Annual and Long Term Plans, this is the first year that Councils in New Zealand have had to prepare, consult, and adopt a formal Financial Strategy. This can be found on page 30.

PAYING FOR THE CLEAN UP AFTER DISASTERS



- Recent natural disasters, such as the Canterbury earthquakes and the Nelson-Tasman extreme rainfall event in December 2011, have shown the importance of community resilience. The final cost to Council of recovering from the aftermath of the recent storm has not yet been finalised as insurance claims have not been completed. Indications are that the net cost to Council will be around \$5.9m after insurance and other cost recoveries. Council will borrow to fund the repairs and to spread the rates impact over the

next eight years. Most of the repair work will be completed by 2012/13.

Council will expand its Disaster Recovery Fund to assist with a rapid recovery in the face of future events. It will set aside \$0.5m from rates in Year 1 and \$1m per year thereafter, for the remaining nine years of this LTP. Once the current event is paid off in Year 8 from those funds, and assuming no other natural disasters in the interim, the Disaster Recovery Fund would begin to accumulate funds and would have a balance of \$2.7m in 2022.

With expert advice indicating that we can expect more frequent extreme weather events, Council has a responsibility to make sure the city and community is prepared to respond to such events and is supported in the recovery afterwards. An example of this is the expansion of the Rates Remission Policy so Council can give some relief to householders whose properties are affected by a natural calamity, such as the extreme rainfall and landslips in December 2011. The new section in the rates remission policy is included in this LTP. If a major disaster should occur in the next decade, other means of funding include borrowing, insurance and Central Government assistance.

EARTHQUAKE PRONE BUILDINGS



Following the devastating earthquakes in Canterbury, even more attention has focused on the importance of earthquake-safe buildings to improve survivability in the event of a damaging earthquake. We all want to have a safe environment in which to work and live. Some of Nelson's heritage facilities are particularly at risk. Feedback in submissions unanimously supported Council's approach. In response, Council decided to hasten its programme of assessments and is taking a precautionary approach as building owner as soon as it is aware a building is earthquake prone.

The draft LTP proposed funding to address this, which Council confirmed in response to submissions. It also confirmed additional funding to assess a number of Council facilities that

- are potentially at risk, increasing provision for assessments from \$60,000 to \$200,000 in the first year of this LTP.
- Council and the community face difficult choices in the next decade as we weigh up the costs and decide the best option for each building.
- Some buildings will need to be strengthened because of their value to the community. For others, it might be most cost effective to demolish and re-build.
- A total of \$5m, including funding for the Nelson School of Music (\$2.2m) and Riverside Pool facade (\$0.515m) has been set aside over the next ten years towards the cost of earthquake strengthening as building assessments are completed. These issues are covered further in the Environment and Social sections of this volume.

AMALGAMATION

- When the draft LTP was prepared, the result of the poll on the proposed union of the Tasman and Nelson Councils was not yet known. With the result being against proceeding, Council can move forward with its programme of work, as summarised in this LTP. Both Councils' LTPs were prepared on the basis of no amalgamation. A Rating Review, which had been on hold pending the poll result, has been signalled for the next term of Council, beginning 2013/14.

FRAMING OUR FUTURE – PUTTING SUSTAINABILITY AT THE CORE OF OUR WORK



- DELIVERING SERVICES TODAY, TOMORROW, IN FIFTY YEARS AND MORE
- Councils have a long life. They have to deliver what their community needs today and think about what might be needed for the future.
- During 2011, Council initiated the 'Framing Our Future' community engagement project, which led it to adopt a 50 year vision using sustainability principles. At the time this LTP was adopted, only the vision statement for this Strategy had been prepared and consulted on. Work on the detailed Framing Our Future sustainability strategy is planned for 2012/13.

Sustainability is a frequently used word and can mean different things to different people. The Local Government Act built on the United Nations definition of Sustainable Development where it “meets the needs of the present without compromising the ability of future generations to meet their own needs”. The Local Government Act defines it as taking into account:

- The social, economic and cultural wellbeing of people and communities
- The need to maintain and enhance the quality of the environment
- The reasonably foreseeable needs of future generations.

Framing Our Future is an ambitious vision for 2060. Over the next months, Council plans to continue to work with the community to develop an action plan. Council needs to ensure that all its activities line up with its longer-term aspirations. It already does a lot of work that is aligned with the vision but could do more. The next three years of this Long Term Plan will be a transition period while policies and activity plans are aligned so they contribute to delivering the long term vision.

In the years ahead, Nelson will face huge challenges in dealing with global forces such as climate change and rising energy and fuel costs. There will also be local challenges such as continuing population growth and a growing proportion of older people. Nelson has to plan now so we are ready for these changes.

No single organisation or group will have the resources to deal with changes on this scale; it will require the entire community to work together. The key to facing this uncertain future is to build resilience, be flexible and adaptable and support each other. Nelson rose to this sort of challenge during the December 2011 storm event. This sort of can-do attitude, where neighbourhoods work together and look after each other, is exactly what is needed to respond to the challenges ahead.

Building resilient communities, safeguarding robust ecosystems and enabling flexibility in our economy, infrastructure and buildings is what Council’s Framing Our Future Strategy is all about.

- Council is committed to applying sustainability principles to its work, planning and delivery.

To focus Council’s work on this vision of a more sustainable, more resilient community, it is planned to develop the Framing Our Future Strategy. This strategy aims to deliver:

- Resilient communities
- Robust ecosystems
- A flexible economy, infrastructure and buildings
- A good quality of life.

The Framing Our Future Strategy completed its first phase in 2011 with public consultation on a vision for Nelson 50 years into the future and Council’s adoption of that vision. The full Strategy is expected to be ready for a final consultation with the public in 2012/13.

TRAFALGAR CENTRE NORTHERN END



Last year, Council’s draft 2011/12 Annual Plan proposed that Council invest in a Performing Arts and Conference complex in Rutherford Park. After considering the submissions, a majority of which did not support the proposals, Council decided that the concept would not proceed at that time, mainly due to cost. Council has since responded to the majority call in submissions to direct funding towards ensuring the sustainability of Nelson’s existing arts infrastructure before proceeding with any new proposals.

The southern end upgrade of the Trafalgar Centre was completed in 2009 and the western side changing facilities were finished in 2011. The northern end upgrade is the final stage of the Trafalgar Centre refurbishment work, necessary to keep this a facility attractive to event and expo organisers in a competitive market. This is a separate project that is the final part of the Trafalgar Centre upgrade, which was first consulted on in 2005 and included in the 2006 and 2009 Long Term (Council Community) Plans. It is not intended to be a substitute for a performing arts centre or conference centre, which Council decided not to proceed with

following the consultation to develop the 2011/2012 Annual Plan and the submissions received on that draft. Further information including the costs for the northern end upgrade project are set out in the Parks and Active Recreation section.

For the \$10.2m budgeted, the works will provide a better entrance, modern large-scale kitchen, toilets, foyer upgrade, tiered stadium seating and more meeting/conference rooms. The aim is for Nelson to have a much improved multi-purpose events venue that is able to cater for a wide range of events and large numbers of spectators.

A design concept has been prepared for the northern end upgrade and can be viewed on the Council website or at Council's Customer Service Centre and public libraries. The upgrade was approved following public feedback on the draft LTP, and detailed design work will begin in July 2012 with construction to follow.

Once the upgrade is complete and the building is finished, Council plans to market this with other community facilities to get a good return on the investment for ratepayers.

RUTHERFORD AND TRAFALGAR PARKS – FUNDING THE UPGRADE



In early 2012, the community and interest groups were further consulted on a concept design for the whole of the Rutherford and Trafalgar parks area, including the Maitai walkway as stage one, Kinzett Terrace beside the Haven and surrounding connections.

This space has a prime location near the centre of town and is a key connection to the marina and waterfront. Council's goal is to develop it into an iconic active urban space used by many people to participate in sports, cultural activities and community events.

The plan for upgrading Rutherford and Trafalgar Parks is a long term one which would be rolled out over many years, much of it later than the ten year scope of this LTP. Given the difficult economic environment, this was one

- area where Council made savings and \$7m of proposed capital spending was removed from
- Year 5 onwards. There will still be significant improvements to the parks early in the LTP with
- completion of the Maitai Walkway upgrade over
- five years at a cost of \$3.1m, scheduled to begin
- in 2012/13. Council confirmed funding for a destination playground in Years 2 and 3. Funding
- of \$1.7m was included for work on car parking, access to the Trafalgar Centre and general
- improvements to the Paru Paru Road entrance.

- The decision to proceed on initial projects is a significant step forward that will show results for the community within the next few years.

- There is a lot more detailed information on the concept designs on our website and available through our Customer Service Centre and public libraries.

OTHER MAJOR PROJECTS



Other major projects for which Council confirmed funding after considering submissions include:

- Complete the new buried duplicate pipeline between the Maitai dam and the Tantragee Water Treatment Plant to reduce risks from earthquakes or slips, \$8.8m in the first two years of the LTP
- Design and construct a new pipeline between the Tantragee Water Treatment Plan and Westbrook Terrace, \$4m in 2020/21
- Renew the Roding River supply pipeline, \$15m over three years starting in 2017/18
- Design and implement improved organic waste collection and treatment facilities, \$2.6m in 2015/16.

TRANSPORT



The Arterial Traffic Study (ATS) in 2011 concluded that there is not a significant traffic problem in Nelson, nor is one forecast to develop over the next 25 years. Council's approach to long term solutions for city transport is to move away from increasing roading capacity for private transport. This aligns with the ATS outcomes, although Council has determined that future planning should continue to protect the Southern Arterial route as a future transport corridor. A key way to make transport more sustainable is to improve public transport, walking and cycling facilities and to make it more attractive for school children to travel to and from school using these methods rather than by vehicle. This approach was well supported in submissions and the recent 2012 Residents Survey. Council plans to continue with its 2011/12 initiative to improve public transport services, funded through adjusted inner city parking charges.

BETTER BUSES



The new NBus service started on 5 March 2012 between Nelson and Richmond to improve routes for commuters between the two urban areas. Council improved several local bus routes to integrate these with the Nelson – Richmond timetable. NBus services are funded from parking fees that provide an estimated \$550,000 a year, uninflated.

The increased services will help provide alternative transport options for commuters and students as fuel prices increase over the long term. The Transport section beginning on page 60 has more detail on other transport network initiatives, what they are estimated to cost and when they are planned to happen.

MANAGING PARKING



Parking revenue contributes towards the cost of the NBus services. To assist in maintaining this funding, Council intends to remove the time limit on part of the Wakatu Square car park. A three hour time limit had been introduced to free up parks for shorter stay shopping use, but there has proved to be less demand in this location than was originally thought. Council intends to offer a free parking day in winter to encourage more shoppers to come to Nelson following the trial in 2011. Council will develop a Parking Strategy that will set out a long term framework for managing parking supply and demand.

ROAD RESURFACING



Council had hoped to increase funding for re-sealing roads to improve road surface condition. Despite some support in submissions, this funding was not increased due to the recent announcement that the NZ Transport Agency would not provide the corresponding increase in subsidy that would have been needed to fund the work.

After the adoption of the draft LTP, the NZ Transport Agency updated its funding allocations for 2012-15, which has meant a drop of \$4.07m (uninflated) over the three years. Council funding has been reduced in line with this. We have assumed that our funding from the NZTA remains unchanged from Year 4 onwards.

ARTS AND HERITAGE INSTITUTIONS



Following feedback in submissions, Council confirmed it will take ownership of the Theatre Royal and Nelson School of Music buildings as community facilities, but will not manage the services delivered by them.

Council is not purchasing either the Nelson School of Music or Theatre Royal as these assets will be gifted to Council. The figures in the capital expenditure tables show \$2.4m and \$6.6m respectively to reflect the gifting of the land and buildings. In the case of the Theatre Royal, Council has agreed to take on its outstanding debt totalling \$2.1m. Of that amount, \$1.5m was owed to Council.

The aim is to ensure the most efficient management of both these facilities and to maximise delivery of community outcomes, preferably under a single entity. Council also signalled that this entity might, in time, have a role in other arts infrastructure and activities.

Last year, the state of Nelson's arts infrastructure was one of the high profile issues raised during Council's 2011/12 Annual Plan hearings. Many residents spoke of their concern over the long term future of much-loved Nelson institutions such as the Suter Art Gallery, Nelson School of Music and Theatre Royal. Their message was clear – they wanted Council to take action to ensure Nelson's key arts institutions were on a solid footing. The message was reinforced by the majority of submissions on the draft LTP.

Council agrees that these facilities deliver considerable community benefits that enhance Nelson and the region's social, cultural and economic wellbeing, so wants to ensure their viability. They are a cornerstone of Nelson's reputation as a creative city and provide venues for events and learning throughout the year. Funding in response to this priority is discussed in the Social section, which includes arts and heritage issues, beginning on page 132.

SUTER ART GALLERY



Those governing The Suter Art Gallery have long pursued redevelopment and this was one of the drivers for it becoming a Council Controlled Organisation in 2008. The Suter first opened in 1899 and, although there have been some upgrades and extensions since then, the building is overdue for a full refurbishment.

Following its consideration of submissions, Council decided on an investment of \$6.0m from Council, with additional funding needed from other partners. The re-development would bring the gallery and other facilities up to standard and improve accessibility. The Council confirmed its intention to proceed with current plans to extend the Suter, which require the removal of two large trees on Suter land adjacent to the Queens Gardens. The project is planned to begin in 2014/15.

NELSON SCHOOL OF MUSIC



The Nelson School of Music has urgent earthquake strengthening needs and a backlog of maintenance deferred over many years due to budget constraints. This is a venue that is internationally known for its superb acoustics, and for which the Nelson community can feel justifiably proud. It needs to improve its premises if it is to continue to be a musical education and performance hub for the region. Council has discussed with the Board of the Nelson School of Music how to ensure the School's sustainability into the future. The solution included in this plan, and which has the support of both parties, is for Council to take over ownership of the building on the same basis as the Theatre Royal. Council will own the land and buildings and be responsible for works including any upgrades or refurbishment and ongoing maintenance.

Council confirmed it does not intend to take over running the institution and services housed in the building. This will allow the School to concentrate on its core business, which is providing an excellent musical institution for the community.

THEATRE ROYAL

The Theatre Royal faces a different set of issues. Through the hard work and commitment of many community volunteers and with financial support from Council and Central Government, the building has been restored. However, the Theatre incurred a large debt and no repayments have been made. Council contracted an independent accountant to prepare a due diligence report on the Theatre. The report concluded that the Theatre would struggle to be financially viable without further Council and community funding, as it could not generate enough to repay its debts. Council discussed these issues with the Board that runs the Theatre and, as with the Nelson School of Music, agreement was reached that the LTP would be based on the building and land being gifted to the Council so maintenance costs could be covered. Council confirmed this approach following its consideration of submissions.

MANAGING NELSON SCHOOL OF MUSIC AND THEATRE ROYAL

For both the Nelson School of Music and the Theatre Royal, the broad intention is that Council will own and maintain the buildings and lease them back to a single entity that will run the activities for the two facilities. Council intends to let a contract for a variety of outcomes it expects to be delivered to the community from each facility and has budgeted to provide some subsidy to ensure community groups can use the facilities at a discounted rate. The aim is to ensure the most efficient management of both facilities, preferably by one entity that would maintain its independence but, through a contract, be accountable to the community for the outcomes that would be provided.

VELODROME AT SAXTON FIELD

After considering strong support expressed in the majority of submissions on this issue, Council confirmed that the deteriorating cycle track at Trafalgar Park is to be replaced with a new open air track at Saxton Field in 2012/13. Council's contribution to the cost will be \$855,000.

The Saxton Velodrome Trust, representing the community sporting code, will contribute 20% of the costs of the open air velodrome. Tasman District Council will contribute 37%. Construction of the velodrome will begin in 2012/13. More details on Saxton Field generally are in the Parks and Active Recreation section beginning on page 147 and on page 29.

HEART OF NELSON AND MONTGOMERY SQUARE

Many of the Heart of Nelson projects were delayed owing to complications such as the timing of the Rugby World Cup 2011, land ownership and connections between different projects. Following a High Court action in 2011, the proposed redevelopment of Montgomery Square was halted. After considering submissions, Council decided that full funding for the project will not be included in this LTP given that consultation is yet to take place. The priority is to go out to the community and those with an interest in the area to discuss options. Once there is a collective agreement on the best way forward, Council would consult on funding to deliver any subsequent project. Council decided to allocate funding in 2012/13 to consult further on Montgomery Square and, if there is support, to trial some ideas to improve the area.

Heart of Nelson projects are now spread across the relevant Council activities so the Montgomery Square project is included in the Transport section.

WORKING WITH MĀORI



The section beginning on page 51 covers what Council does to build capacity and involve iwi Māori in Council decision making. The section covers iwi representatives' enduring priorities from 2009 and summarises a range of issues including the result of the Māori ward poll. Following feedback in submissions, Council has included some additional information explaining its role, and information sources for those who would like to know more about te Tiriti o Waitangi and the Māori world view.

The primary link between Council and iwi leadership is through Kotahitanga Hui, an advisory Kōmiti of Council. It is anticipated that these hui will continue to discuss shared issues and agree on the best way forward for Nelson. There is also a Memorandum of Understanding developed through Kotahitanga Hui with Tangata Whenua o Whakatū, the local iwi of Nelson, and māta waka, Māori from elsewhere around our country.

Since the previous Long Term (Council Community) Plan in 2009, there has been progress towards settling Treaty claims by these iwi. The relationship between iwi Māori and Council will continue to develop, but it is still too early to know exactly how Treaty settlements will change those relationships and priorities in the future. Key themes and priorities for iwi representatives include education, te reo Māori (the language), long term planning, economic development, the environment, heritage protection and youth. These overlap considerably with Council's priorities, for example in protecting and restoring the health of Tasman Bay marine environment.

There are many ways through which Council continues its commitment to build capacity and involve Māori in Council decisions. Initiatives include working groups, positions on the Youth Council and training for iwi representatives to become Hearings Commissioners. Council reaffirmed its commitment to its role in working with Māori after considering submissions on what it proposed.

IMPROVING FRESHWATER QUALITY



With Tangata Whenua and many others, Council wants to improve the water quality of Nelson's rivers and streams. Poor water quality and health of these streams is largely due to the impact of runoff from the surrounding urban and farming areas. To improve water quality and the health of freshwater environments Council confirmed its approach to deliver a mix of initiatives that are set out in the Environment section. These include enforcement of resource consent conditions, more investigation of water quality problems to work out solutions, catchment management plans as integrated strategies with a sustainable approach and more community advocacy work to raise awareness, as in the Stoke Streams Rescue project.

Council has programmed, over time, to develop catchment management plans for Nelson's larger streams and rivers. Catchment management plans set out the community goals for a stream or river in terms of flood capacity and water quality and how it is planned to meet them. There are elements of these plans already in the various asset management plans, Council policies and bylaws and the Nelson Resource Management Plan. Increasingly, catchment management plans are to be developed to integrate all aspects of relevant plans, policies and bylaws and how the community's goals for the streams and rivers are supported or affected. After considering feedback in submissions, Council confirmed its intent to develop a plan for the Maitai River as the first catchment management plan, including addressing the flood risk to the urban area surrounding the river.

CLEARING THE AIR FOR NELSON NORTH



After considering submissions, Council confirmed funding towards addressing the causes of the pond failures at the Nelson North Wastewater Treatment Plant, now that these are better understood. Two independent investigations and a change of contractor have focused on better

aeration of the ponds and removing sludge build up. The estimated costs for this work are \$2m in Year 1 and \$3.1m in Year 2. The costs of the required removal of the sludge are treated as an expense for accounting purposes, but are loan-funded over a 30 year period to ensure intergenerational equity. More on Council's wastewater activities is included in the section beginning on page 85.

COUNCIL'S ROLE IN ECONOMIC DEVELOPMENT DURING CHALLENGING TIMES

Council recognises that Nelson businesses need the right economic environment to flourish, and that a focus on developing sustainable businesses benefits everyone living in and visiting the area. A strong economy also depends on having sound and reliable infrastructure, much of which is provided by the Council. Council plans to support economic wellbeing through a range of initiatives, including continued funding and support for the Nelson Economic Development Agency (EDA) and Nelson Tasman Tourism Ltd, funding implementation of the Nelson Events Strategy, maintaining Nelson's infrastructure, utilities and networks and making it easier for businesses to establish and grow. After considering submissions, Council confirmed funding for the EDA to investigate an economic development fund, to establish virtual incubation of new and emerging businesses, and facilitate cluster collaboration of existing businesses.

Over the longer term, Council will need to work with business and the wider community to consider how best to promote sustainable economic development across the region and move towards the Nelson 2060 long term vision. For more on Council's role in relation to economic development, see the Economic section.

FINANCIAL CHANGES

The main financial assumption change between the proposed and final LTP was an update to the interest rate assumptions in line with the most recent June 2012 Monetary Policy Statement. These assumptions are on page 178.

LOCAL GOVERNMENT FUNDING AGENCY

- In the LTP consultation process, Council proposed participating as a 'Guaranteeing Local Authority' in the NZ Local Government Funding Agency Limited (LGFA), which is a Council Controlled Trading Organisation (CCTO). While some submitters were concerned that it might expose ratepayers to risk if other Councils defaulted, Council received further information that the risk is minimal, and that the significant savings in interest payments for ratepayers make this approach attractive. Council therefore decided to join the many other Councils in LGFA to reduce borrowing costs.

- The aim of LGFA is to enable local authorities to borrow at lower interest margins than would otherwise be available. All participating local authorities are required to enter into a guarantee in favour of LGFA's creditors. Council decided that it will become a guaranteeing shareholder as it believes it would be able to borrow at lower interest margins. It considers that the benefit of these reduced costs would significantly outweigh the costs associated with participating in LGFA.

DEVELOPMENT CONTRIBUTIONS

- Development Contributions are a funding mechanism for capital expenditure on network infrastructure attributable to new population growth, mainly when new subdivisions are created as the city grows. After considering submissions, Council confirmed an updated Development Contributions Policy and signalled a full review, in line with the requirements of the Local Government Act 2002. The policy is published separately from this LTP, and is available on request through Council's customer service centre or on its website.

- The updated policy includes new and revised growth costs for infrastructure projects on which calculations are based and have resulted in a decrease in the Development Contribution cost per 'household unit of demand'. Parts of the policy text have had minor edits to clarify some of the legal context for Development Contributions. Updating the policy included removing a clause relating to possible contributions by Council to

infrastructure not already prioritised through a Long Term Plan, consistent with the intended outcome of Plan Change 14. The policy was reviewed in 2010 and the update in 2012 has not reviewed the policy intent or effect.

RESOURCE CONSENT FEES AND CHARGES

Council is required to consult on its resource consent fees and charges before setting them each year. This year, the majority of the fees remain unchanged, with a minor increase in the hourly rate charged for staff time from \$131 to \$135. As well as two other minor changes, there is a new charge of \$300 for claiming back a non-consented swing mooring if it is uplifted by Council, together with associated costs of towing and hauling out a vessel. The fees and charges were confirmed by Council, are published separately from this LTP and are available on request or through the Council website.

FUNDING POLICIES

Council's funding policies set the level of revenue that is appropriate for users to contribute for Council services. Council signalled it wishes to do further work on these issues to ensure those levels are set equitably. The current revenue and funding policies are included in each activity section.

OTHER ISSUES RAISED IN SUBMISSIONS AND COUNCIL DECISIONS

RATING REVIEW

Council noted the many submissions that raised issues around Council's rating policies, including for commercial properties and water leaks. Given the uncertain outcome of the amalgamation poll, Council had delayed a full review of rating policies until it knew the basis for its rating system. Now that the result is known, Council has signalled that such a review would begin in 2013/14, following the next local government elections. A Rating Review is a complex and significant project and could be expected to take most of the next three year term of Council to complete. Council would consider submissions already placed

through recent consultation processes, as well as consulting further on any changes that the review might identify.

FUNDING CONFIRMED FOR BRIDGE STREET UPGRADE

Council noted the support expressed in submissions to improve the streetscape in Bridge Street, and confirmed \$250,000 of funding for this project, working with property owners in the area.

NELSON REGIONAL SEWERAGE BUSINESS UNIT (NRSBU) PROJECTS

Council had allowed for a contribution of \$23.8m towards NRSBU capital projects over the next ten years. It decided to revise that contribution down to \$11.8m for Council's share of the first phase of the strategy as it achieves most goals for less cost. This option would result in a second pipe crossing the Waimea Inlet from near Champion Road to Bell Island to give improved security and capacity. Council will ask the NRSBU to review their strategy to achieve this saving. The \$11.8m option included in this LTP has not been confirmed as the preferred option of the NRSBU and further consultation will be required.

Later stages extend a longer, more expensive pipe around the western edge of the estuary to Bell Island, but this phase would not take place within the next ten years. The advantage of funding the \$11.8m option is that it disrupts the estuary margin less, achieves key goals and it is cheaper. Longer term strategic issues for later stages would remain to be addressed, beyond the ten years covered by this LTP.

STORMWATER PRIORITIES

Council noted feedback from residents who wanted stormwater network improvements in their area. Submissions and Residents Survey feedback confirmed the importance of this network for the City. In response to feedback, Council brought forward work on the Little Go Stream area, and moved Maire Street to later in the programme.

WHAT IS NOT IN THIS LONG TERM PLAN AND WHY

PROJECTS CONSIDERED BY COUNCIL WHEN PREPARING THE LTP, BUT NOT INCLUDED

Like a household, Council has to prioritise its spending and balance this with its income. This year Council was further constrained by the after effects of recovering from the mid-December 2011 extreme rainfall event. Inevitably this means it can't do everything. Council had to put a lot of careful thought into what to put on hold and where it can make savings. Council plans to focus generally on maintaining existing levels of service rather than starting new projects. The major projects listed below are NOT included in this LTP – the estimated costs are total, inflated capital cost, sometimes over more than one financial year:

- Marsden-Ridgeway roading \$1.499m in Year 10, although Council added funding in Year 6 for a study
- Minor road improvements \$2.489m in Years 4-10*
- Kawai Street road improvement \$1.218m in Years 6-7*
- Marsden Valley road upgrade \$1.964m in Year 10*
- Collingwood St stormwater \$1.381m in Years 4-7*
- Riverside Pool gym remodelling \$1.662m in Year 3
- Additional funding for esplanade reserve access ways \$1.527m in Years 1-10*
- Additional funding for reserve development \$2.075m in Years 2-10*
- Walkway* and cycle track developments in parks and reserves \$1.271m in Years 1-10
- Building new changing rooms and club and community facilities at Greenmeadows, Stoke \$2.070m in Years 1-2, although Council agreed to make land available

- Cable Bay (State Highway 6/Maori Pa Road), a former project planned before the extreme rainfall event, not the recovery works, \$6.726m in Year 5
- Three roundabouts upgrade (Main Rd Stoke/Champion Road/Salisbury) with TDC/NZTA, Nelson City's share has been estimated to be \$1.635m in Years 1-3*
- Bridge St extension to Vanguard St \$988,000 in Years 1-2
- Trafalgar Centre heating \$831,000 in Year 2
- Upgrading existing stormwater (Mahoe/Orsman/Matipo) \$546,000 in Years 3-6*
- Upgrading existing stormwater (Golf/Parkers) \$479,000 in Years 2-4*
- Russell Street edge alignment and other works totalling \$100,000 in Year 1*
- Lud Valley Road, extension of seal on the gravel road \$118,000 in Year 7.

* Projects that were included in the Long Term Council Community Plan (LTCCP) 2009-2019

At **Saxton Field**, the following projects have not been included. The following list includes net project costs to the Nelson City Council for ten years, rather than the total project costs:

- Cycling pavilion building \$856,000 in Years 3-4
- Developing ex-orchard at Saxton Field into a grassed open space/sportsfields/concert area \$601,000 in Year 6
- Additional exit road from Saxton Field alongside Garin College connecting to Champion Road, estimated to be \$560,000 in Year 1
- Relocation of the radio mast \$1.328m in Year 5*
- Recreation pond \$643,000 in Year 4
- Amenity pond \$706,000 in Years 4-5
- A skate park at Saxton Field, \$330,000 in Year 6
- A regional playground \$354,000 in Year 7
- Alliance land development into cricket and general sportsfields \$1.052m in Years 2-3.

The proposed **Lee Valley Dam** is a regionally important project and Council believes there is an economic benefit for Nelson ratepayers even though the location is in Tasman. However, at this stage there are still many unknowns including the exact funding split and the level of support from users across the Waimea plains. Council has omitted funding for this project until more is known about these issues and will continue working with Tasman District Council on the proposal. Current estimates indicate that Nelson City capital costs might be in the order of \$6.648m (inflated, Year 4).

There are a number of other capital projects delayed or deferred indefinitely included in more detail in the activity sections later in this volume, particularly in the **Transport** section.

Funding for upgrading Montgomery Square has not been provided until the result of further consultation is known.

Major operating costs not in this LTP include:

- Masked Parade: additional development and marketing, operating cost \$388,000.

The following projects were carefully considered by Council for inclusion in the LTP. They are thought to be priorities in the longer term, beyond ten years.

- The **relocation in the marina** of the sea scouts, waka ama and associated storage facilities was not included for affordability reasons, as it would potentially total \$2.3m. It is something that Council would consider supporting in the future*
- A proposed **artificial soccer turf** project is not considered to be a priority in the next ten years, but could become so in later years.



FINANCIAL STRATEGY

INTRODUCTION

This section of the Long Term Plan (LTP) outlines Council's Financial Strategy for the next ten years. Although detailed financial information has been included in previous Annual and Long Term Plans, this year is the first year that councils in New Zealand have had to prepare, consult and adopt a formal Financial Strategy.

The Council, must under the Local Government Act 2002, manage its revenues, expenses and assets, liabilities, investments and general financial dealings prudently, and in a manner that sustainably promotes the current and future interests of the community. The Financial Strategy is an important component of the Long Term Plan to demonstrate how Council will:

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

In preparing the LTP and this Financial Strategy, Council considered the balance of:

- Service levels, the costs of these services and the money required to achieve those levels of service
- Priorities for expenditure across all activities
- Setting rates and charges across the full ten year period of this LTP and how to minimise these while achieving the targeted levels of service
- The level of debt that current and future ratepayers would need to fund

- The level of growth that is expected to occur in the next twenty years and even beyond this time period.

Overall, Council considers this LTP to be financially sustainable and will provide the most important services to residents, businesses and visitors. Council took note of feedback on these priorities through the consultation process.

STRATEGIC DIRECTION OF COUNCIL

Council's Vision and the Community Outcomes are set out in the section beginning on page 41. Each activity section also includes information on the key contribution that Council activities make towards achieving the Community Outcomes.

OUTLINE OF FACTORS THAT INFLUENCE HOW WE FUND OUR ACTIVITIES

- Nelson City Council covers a relatively compact urban area and a small rural area meaning that the funding of services is largely done by a general rate across the city rather than through rates targeted at separate communities
- There are a number of factors that are outside Council's control that have an impact on how we fund our activities. For example, changes in road and transport funding provided by Central Government affect what projects the Council carries out
- The cost of goods and services that Council provides increases at a higher rate than the Consumer Price Index, for example roading costs are dependent on oil based products
- Many residents have low incomes and rates affordability is an important focus for many households. Council looked for every opportunity to reduce costs while not setting back Nelson's progress.

The consequences of these factors are that:

- It is not financially sustainable for Council to provide all the services and activities wanted

- by the community at the same time, therefore Council has to prioritise its work programme
- Council spent the last twelve months reviewing its work programme and services in order to prioritise the needs of the community
 - Costs to maintain and deliver Council services will continue to increase in the foreseeable future, mainly due to inflation
 - Some projects and levels of service that are of a lower priority, but were included in the previous 2009 – 2019 Nelson (Long Term) Community Plan have been delayed or removed. Refer to page 28 for further information on what is no longer included.

PROVIDING FOR EXISTING LEVELS OF SERVICE AND MEETING ADDITIONAL DEMAND

Council assessed the funding requirements to meet the levels of service set out in the activity sections of this LTP and considers that the capital and operating expenditure is sufficient to achieve the planned levels of service. However, in order to keep rate increases and debt levels to a minimum, Council has removed or delayed a number of projects over the next ten years. Details of these are set out within each activity section and in the previous section on what is not in this LTP. The most significant impact of these decisions to delay work on some projects.

Activities that are planned to have an increase in levels of service over the ten years of this LTP include improvements to:

- Public transport and cycling and walking facilities
- Flood protection for urban streams and the Maitai River
- Arts infrastructure
- Public toilets
- Air and freshwater quality
- Community facilities, including the Trafalgar Centre
- A new destination playground for Rutherford Park
- Saxton Field capital projects

- Museum storage
- A greenwaste processing facility.

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

- Transport projects
- Water supply
- Wastewater
- Stormwater
- Flood protection
- Seismic strengthening of Council facilities.

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

- Esplanade and foreshore reserves channel management
- Marketing of the Saxton Field complex
- A new business incubator.

Lower levels of service are:

- Running Opera in the Park every second year, starting 2012/13
- Road maintenance and renewals

CHANGES IN POPULATION

The assumptions section describes Council's population estimates based on Statistics New Zealand population projections. With the cancellation of the 2011 Census, the projected population data has been increased by 200 to allow for higher internal migration following the Canterbury earthquakes. Recent estimates from Statistics New Zealand have supported this assumption.

This LTP is based on a population of 46,100 in 2011 which is estimated to increase to 47,400 in 2016. The Council bases its planning on the estimated population increasing to 48,500 in 2021, to 49,400 in 2026, and to 50,100 in 2031.

Council takes a generally conservative approach in applying population growth estimates in its infrastructure planning, using a mid-range estimate and continually updating and revising as new data is available.

The number of people in Nelson and where they choose to live, and the growth in economic activity, directly affect the demand for land for development, infrastructure and the other services the Council provides. This growth underpins our land use planning, infrastructure developments, where and when new services or facilities are required and how much things will cost.

GROWTH FUNDING

The cost of the City's growth is funded through collecting Development Contributions and Financial Contributions, primarily from the development of subdivisions. Information on the amount expected to be collected from these sources is set out in the Development Contributions Policy, which is published separately and available on request.

SUMMARY BY ACTIVITY OF GROWTH COMPONENT OF CAPITAL PROJECTS

Activity	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Transport	268	339	561	160	121	105	37	38	39	40
Stormwater	112	207	568	177	151	76	87	-	146	-
Water Supply	3,012	2,897	42	21	217	-	-	64	1,630	1,937
Wastewater	1,355	748	940	1,185	449	474	289	-	525	-
TOTAL	4,747	4,191	2,111	1,544	938	655	413	102	2,340	1,977

LAND USE CHANGES

Although some of the increase in population can be met from improved and more intensive use of land already zoned for residential and business use, there is a requirement to provide further land for houses and businesses. A change in land zoning requires a change to the Nelson Resource Management Plan (NRMP) using processes set out in the Resource Management Act 1991. The Council has been processing a number of re-zoning plan changes over the past two years. The most significant changes in use of land over the next twenty years are expected to be:

- Residential development between Nelson and Richmond around the Champion Rd area
- Development of land in the Ngawhatu and Marsden valleys east of Stoke for residential use

To provide for this growth, Council has included projects with a growth component totalling \$19.02m over ten years.

BALANCING THE BUDGET

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

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

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the Long Term Plan, including the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life

- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life
- The funding and financial policies and this Financial Strategy.

During the development of this LTP, the Council considered balancing its current existing asset renewal programme, the recovery programme associated with damage caused by the extreme rainfall event in December 2011 and providing for growth.

OVERALL PRIORITIES

Council considers that the highest priorities for the next few years are to:

- Be financially prudent, including managing debt levels
- Ensure that Council services are as affordable as possible – the current economic environment is difficult for everyone and Council has worked hard to keep rates and charges affordable
- Repair the damage done by the extreme rainfall event in December 2011
- Maintain existing assets, for example the road network. Capital expenditure on renewals is \$129.5m over the ten year period
- Make improvements to existing arts infrastructure and governance to better ensure its financial sustainability and that it meets the needs of the community
- Continue improvements to community facilities such as the Trafalgar Centre, Saxton Field, Rutherford and Trafalgar Parks.

OVERALL SUMMARY OF TEN YEAR FINANCIAL PERFORMANCE

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

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

Council is forecasting capital expenditure of \$367.5m, of which \$129.5m would be for renewals, and operating expenditure of \$1,075m over the ten years of this LTP. Council's total income, after inflation, would increase from \$110m in 2012/13 to \$140m in 2021/2022, Year 10.

RATES

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

Average rates increases in the first three years are 5.6%, 3.2% and 5.0%, respectively. Over the following seven years the rates increases

- will average 2.8%. This increase includes an
- assumption of 1% growth in the rating base
- per year. Council decided that the proposed
- smoothing loan will not be required because
- rate increases were able to be kept within the
- limits set in this financial strategy over the next
- ten years. Not using a smoothing loan also saves
- around \$2.2m in interest charges.

TOTAL RATES AND DEBT

	Annual Plan 11/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)
General Rates	33,050	36,545	40,317	42,816
Targeted Rates (Water, stormwater, wastewater)	21,655	21,816	22,371	23,711
Total Rates	54,705	58,361	62,688	66,527
Total Net Debt	96,280	96,416	112,065	127,408

Limits on rates

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

business. It also recognises that, from time to time, Council will need to increase the level of service that it is providing to meet, for example, community needs. Individual properties may experience smaller or larger increases depending on movements in property values, the services received and location. Council has set a limit of \$88m per annum for the Total Rate Requirement over the ten years of this LTP.

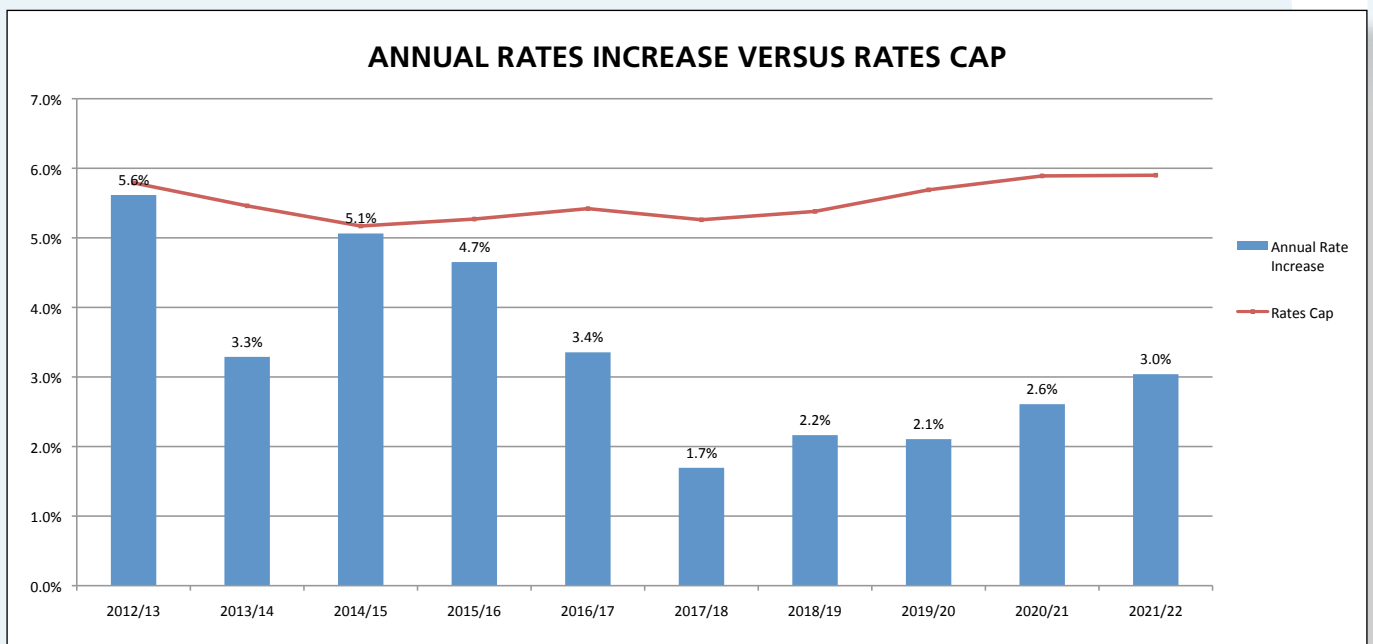
* The 'Total Rate Requirement' includes both general and targeted rates for example for water, wastewater, stormwater and flood protection.

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

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

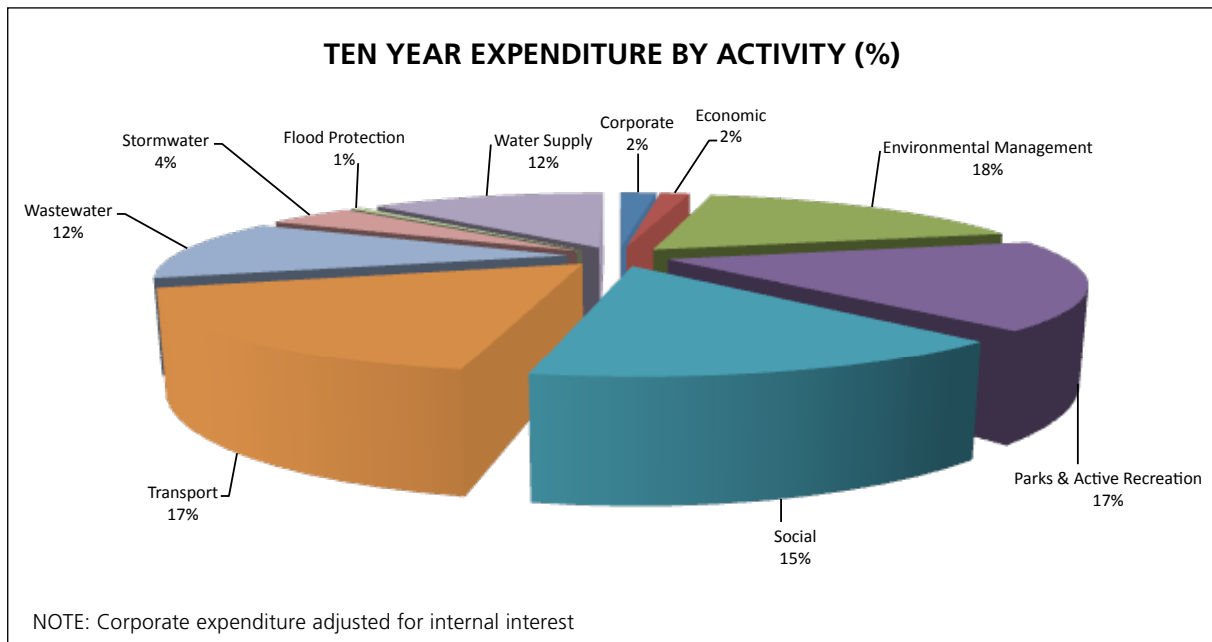
- Additional money set aside for the Disaster Recovery Fund
- Cost increases faced by Council, particularly for insurance, energy and construction, which are projected to increase at a higher rate than the Consumer Price Index
- Depreciation and interest payments – an increased capital expenditure programme will mean that there will be a corresponding increase in depreciation and interest charges.
- Reductions in Government funding for services, where Council has decided to maintain service levels.

Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
44,878	46,995	47,819	48,847	50,216	52,272	53,194
25,447	26,423	27,597	28,979	30,052	30,922	33,395
70,325	73,418	75,416	77,826	80,268	83,194	86,589
138,624	141,112	140,647	141,961	137,246	135,764	134,447

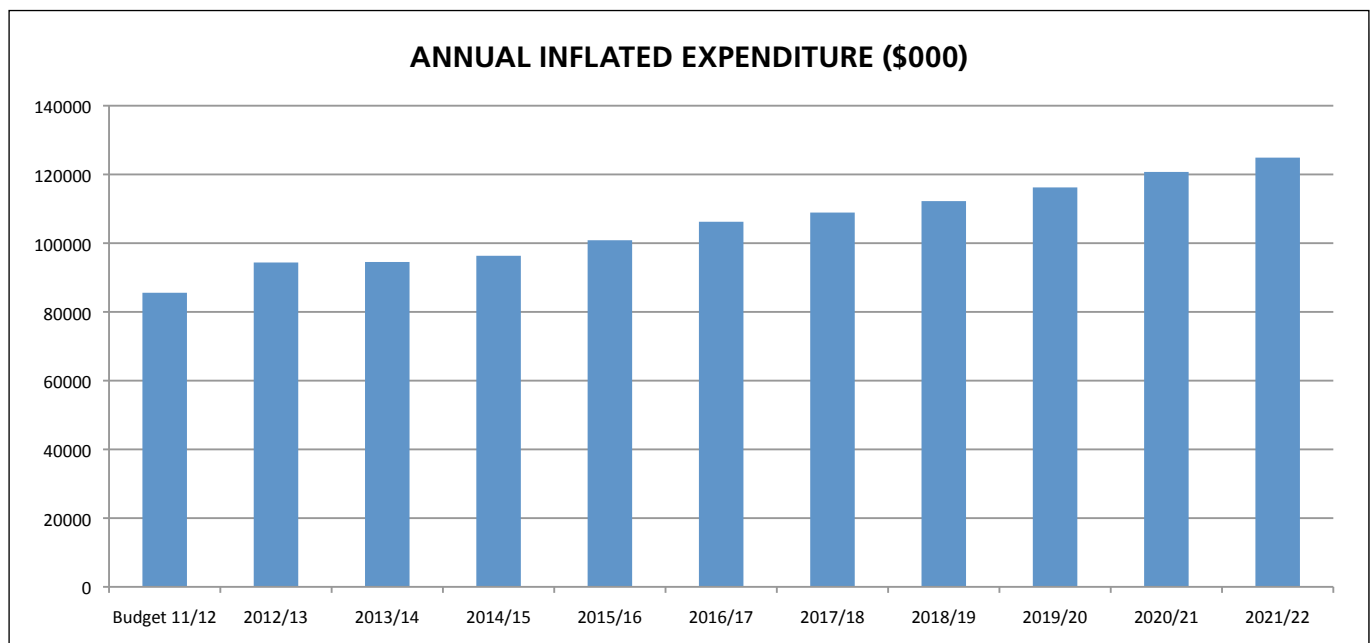


WHERE THE MONEY WILL GO

The following diagram shows the Council services provided and the proportion of rates to be spent on these services over the next ten years. See the individual activity sections later in this volume to see what services are provided under each activity.



Total operating expenditure is budgeted to increase from \$94.4m in 2012/13 to \$124.9m in 2021/22, a 32% increase.



FUNDING EXPENDITURE

Council funds operating expenditure from the following sources:

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

Each activity utilises different sources of funding depending on the services it delivers. This is illustrated for each activity within the Council Activities section of this LTP.

All operating costs are funded with the exception of depreciation on the NZTA share of

- subsidised transport projects and some other
- minor assets.
- Council may choose to not fully fund operating expenditure in any particular year if the deficit can be funded by operating surpluses in the immediately previous or later years. An operating deficit will only be budgeted where it would be beneficial to avoid significant fluctuations in rates, fees or charges, for example the effect of the December 2011 extreme rainfall event.

MANAGING DISASTER RISKS

- As a result of the recent extreme rainfall event in December 2011 Council intends to increase its Disaster Recovery Fund to \$2.7m over the next ten years. There is a risk that future disaster recovery costs during the next ten years could be higher than anticipated. Should this occur, Council might need to reconsider the amount put aside on an annual basis.

- It is important to note that even with the reserve built up to the desired level, Council will continue to hold appropriate levels of insurance for assets.



USE OF BORROWING

Capital expenditure is funded in the following priority order:

1. Financial Contributions and Development Contributions, if a growth project
 2. Grants and subsidies, for example from NZ Transport Agency, Tasman District Council, or community groups
 3. Depreciation
 4. Loans
- In earlier Long Term Plans, Council had a policy of funding the repayment of loans over 40 years as well as funding depreciation through rates. The loan repayments were suspended in the 2009-19 LTCCP (Nelson Community Plan) and Council now

BORROWING LIMITS

	Annual Plan 11/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)
Net Debt	96,280	96,416	112,065	127,408
	%	%	%	%
Net interest expense on external debt as a % of total revenue to be less than 15%	7.2	4.0	5.2	6.2
Net interest expense on external debt as a % of total rates income to be less than 20%	11.5	7.0	8.1	9.4
Net external debt not to exceed 150% of total revenue	111.0	95.9	115.4	125.3
Net external debt not to exceed 20% of equity	8.3	7.7	8.7	9.6

The borrowing limits table, above, shows that Council is operating within the guidelines contained in the Treasury Policy.

The Council consulted in the draft LTP to become a "Guaranteeing Local Authority" in the Local Government Funding Agency (LGFA) and subsequently decided to adopt the proposal. Council understood that access to LGFA would mean the Council would be able to achieve a lower cost of borrowing, and therefore funding, for the Council. The upper limit to be able to borrow through LGFA would require Council to contain its interest to rates revenue ratio under 25%.

In order to fund the capital works programme in this LTP, the amount of borrowing would peak at \$141.9m during 2018/19. The borrowing programme is within the four limits imposed under the Liability Management Policy, which is available separately on request.

Although interest rates are currently very low, Council has budgeted for the average interest rate paid on its loans to increase over the ten years of this LTP from 4.93% to 6.60%. Base interest rate assumptions use the most recent Reserve Bank of New Zealand 90 day bank bill rate forecasts (from the June 2012 Monetary Policy Statement) and long term historical 90 day bank bill averages. Council's all-up interest rate cost also includes the current fixed rate borrower swap hedge portfolio and assumptions regarding future credit margins. In addition to obtaining lower rates for borrowing through the Local Government Funding Agency, Council also manages the cost and risk of borrowing through its Liability Management Policy, which requires a spread of terms for loans so that they do not have their interest rates reviewed at the same time, when interest rates may be high.

repays debt only from excess depreciation, as and when an excess is available.

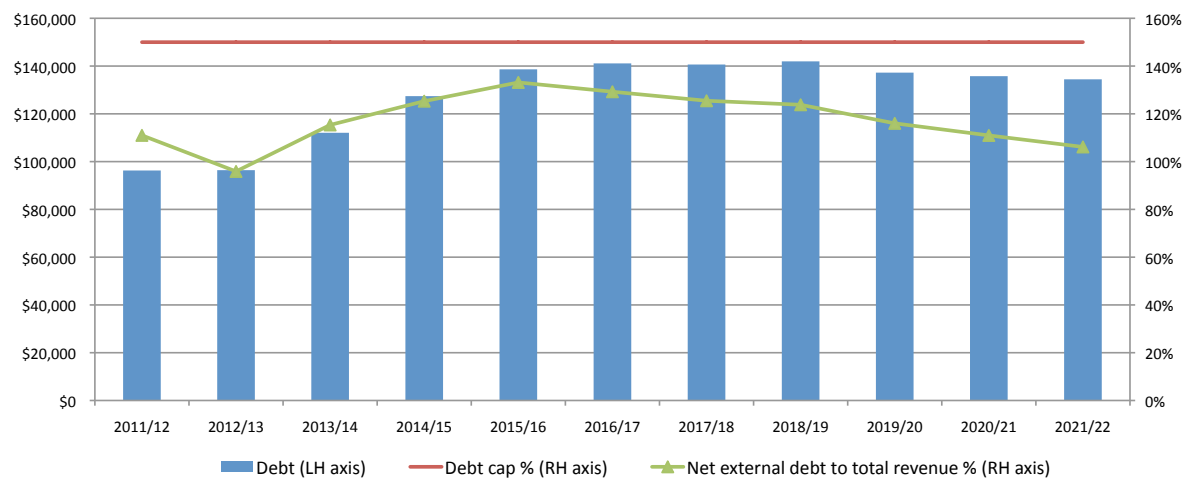
Because the level of borrowing is planned to increase, the management of interest costs is very important.

The Council Treasury Policy includes the Investment and Liability Management Policies. These are published separately and are available

- on request from Council. The Council has
- determined maximum amounts and limits of
- debt. The table below shows a comparison of
- the limits in the policy compared to those set
- in this LTP. The policy limits were determined
- in association with the Council's bankers and
- Treasury Adviser.

Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
138,624	141,112	140,647	141,961	137,246	135,764	134,447
%	%	%	%	%	%	%
7.9	8.1	8.1	8.0	7.7	7.4	7.5
11.8	12.1	12.0	11.7	11.4	10.9	11.0
133.2	129.2	125.5	123.8	116.0	111.0	106.1
10.0	9.9	9.5	9.2	8.5	8.1	7.6

ANNUAL DEBT VERSUS DEBT CAP (\$000)



INVESTMENTS

The Council has a significant portfolio of investments comprising:

- Equity investments
- Asset investments
- Associated organisations.

The full Investment Policy is published separately and available on request. It contains information on the reasons for holding these investments.

Council's main investments are shareholding Council Controlled Trading Organisations, commercial property and forestry investments.

- A list of these investments and the targets for returns on these investments is set out below.
- It is acknowledged that in cash terms the investments of Port Nelson Ltd, Nelson Airport Ltd, Tourism Tasman Nelson Ltd and the New Zealand Insurance Corporation will be less than Council's overall objective of receiving a return equal to or greater over time than the average costs of Council borrowing. While the cash returns are lower, Council expects to meet its policy once future realisable capital growth is included.

INVESTMENT

Port Nelson Limited.	6% on average shareholder funds
Nelson Airport Limited	5% on closing shareholders funds
Nelmac Limited.	7% on closing shareholders funds
Tourism Nelson Tasman Limited.	No return on shareholders funds
New Zealand Local Government Insurance Corp	No return on shareholders funds
Forestry	7%

TARGET RETURN

SECURITIES FOR BORROWING

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

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

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

COUNCIL'S PURPOSE, VISION, OUTCOMES AND PRIORITIES

The purpose of the Nelson City Council, as set out in The Local Government Act 2002 (LGA 2002) is to:

- Enable democratic local decision-making and action by, and on behalf of, communities
- Promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

In essence this means that Council needs to make decisions on how to make Nelson a better place, based on its understanding of the views of the community. Given the range of activities that Council engages in, this can be a complex task. Council has developed a vision, outcomes and a set of priorities to help the community understand what Council thinks is important for guiding the work programme set out in this LTP.

Council has adopted a **long term vision** for Nelson, based on consultation with the community on the Framing Our Future Sustainability Strategy. This vision describes what people want Nelson to be like in the future. The summary of this vision states that, in 2060:

Nelson is an inclusive city, with a diverse range of residents who can connect easily to each other and to the beautiful place we call home. Our inclusive leadership style supports our unique approach to living, which is boldly creative, ecologically exemplary, socially balanced and economically prosperous.

The full text of the vision is in the following section on Framing Our Future, and covers the four key themes that were identified:

- A sustainable city of beauty and connectivity
- Outstanding lifestyles, immersed in nature and strong communities
- A strong economy built on knowledge and understanding
- Successful partnerships providing good leadership.

- In addition to the vision statements, Council has adopted a number of **outcomes** to help it set its priorities for the next three years. The outcomes are what Council hopes to achieve through the implementation of the work planned in this LTP. Outcomes are medium term goals that Nelson people want for our city. They are broad, positive statements that we can all agree would be desirable when fully achieved. Everything Council does is to make Nelson a better place. Community outcomes are an expression of what that even better place would look like, so Council can make decisions about what to do to get there. By monitoring progress, Council can focus on what most needs improving.

- In addition, Council has adopted a number of **priorities**. These are the key focus areas that this Council plans to address. The priorities were specifically created to guide the development of this LTP. Having clear priorities helps Council to make difficult decisions between competing, worthwhile projects.

MONITORING PROGRESS TOWARDS COMMUNITY OUTCOMES

- The Council intends to continue to monitor progress on community outcomes. Primarily it will report through Environmental Scorecards, which replace State of the Environment reports, and updated Top of the South Indicators reports at approximately three year intervals, replacing Quality of Life reports. The baseline Indicators report was completed in 2009 and established broad indicators of community wellbeing comparing Nelson, Tasman and Marlborough.

COUNCIL OUTCOMES

Councils are required by the Local Government Act (2002) to have 'Council outcomes', which are a statement of the measures of success that this plan is working to achieve. Nelson's community outcomes were originally developed in consultation with the community in 2005. Council has decided that the aims previously agreed with the community are enduring and aligned with its own direction for the future, so has adopted these broad goals as its Council outcomes.

This section describes the outcomes and how they apply to the various activities in this LTP. Together they cover all aspects of community wellbeing – social, cultural, environmental and economic:

What we want - the outcomes	Council activities – deliver the outcomes	Council priorities – the focus
Healthy land, sea, air, and water	Transport, water supply, wastewater, stormwater, flood protection, environment	<ul style="list-style-type: none"> • Rich, diverse community • Community hubs • Easy access to an active lifestyle • Nelson's advantages • Edge/Natural environment • Creativity • Leading lifestyle
People-friendly places	Transport, water supply, wastewater, stormwater, flood protection, environment	
A strong economy	Economic	
Kind, healthy people	Social, parks and active recreation, economic	
A fun, creative culture	Social, parks and active recreation	
Good leadership	Corporate	

Outcome 1 – HEALTHY LAND, SEA, AIR, AND WATER

WE PROTECT THE NATURAL ENVIRONMENT

We treasure, protect and restore the special places, landscapes, native species and natural ecosystems of Nelson. Natural biodiversity is widely understood and valued. Introduced species have a place, and animal and plant pests are controlled. Open spaces and reserves are linked and productive land is protected. Waste and pollution are minimised so we have clean water, clean seas, clean air, and healthy flora, fauna and soils.

The kaitiakitanga (guardianship) of tangata whenua iwi is recognised and the community is well informed and involved in caring for the environment, ngā tāonga tuku iho. Nelson is a place where everyone can enjoy the natural environment while it is protected for the future. We recognise the importance of a healthy

- environment for tourism, and minimise the impacts of human activities on the environment.
- Examples of Council work that contributes to achieving this goal:
 - Water supply, sewage treatment and stormwater systems that protect the natural environment
 - Transport planning
 - Waste management facilities
 - Resource management consents, education and planning
 - Pollution monitoring and management
 - Parks and reserves management.

Outcome 2 – PEOPLE-FRIENDLY PLACES

WE BUILD HEALTHY, ACCESSIBLE AND ATTRACTIVE PLACES AND LIVE IN A SUSTAINABLE REGION

Urban and rural areas are designed to be child, family and people-friendly. We think and plan regionally and act locally within that context. We have good quality, sustainable, integrated, affordable and effective public transport, infrastructure, energy-use and transport networks. We are proud of our developing cycleway network. Growth is well managed and there is little waste or pollution.

Attractive, safe, accessible and walkable 'city villages' provide for people of all ages and abilities through good urban design. There is a full range of affordable, healthy, attractive and energy-efficient housing and community facilities with more intensification in urban areas and a clear urban/rural boundary. We have a good range of sports and recreation facilities for all ages, including youth and older residents. We protect, enhance and interpret Nelson's human heritage and historic sites.

Examples of Council work that contributes to achieving this goal:

- Community facilities
- City planning
- Water supply and wastewater treatment systems that meet city and public health needs
- Cycle and walking-friendly routes and campaigns to reduce cycling crash rates
- Liquor licensing and food premises monitoring
- Public artworks
- Crime prevention work.

Outcome 3 – A STRONG ECONOMY

WE ALL BENEFIT FROM A SUSTAINABLE, INNOVATIVE AND DIVERSIFIED ECONOMY

We all participate in the regional economy and it meets people's needs. We are a business-friendly region, and economic activity is sensitive to the environment, heritage and people of Nelson. We are skilled and adaptable and we see the benefits of a wide range of high-value industries and businesses. We enjoy high quality employment, education and training opportunities. Small, locally-owned businesses are an essential part of the community and central city. Our youth can live, learn and work in Nelson. We invest in skills development and our people so we can enjoy balanced and healthy lives. We recognise, support and celebrate innovation and achievement.

Examples of Council work that contributes to achieving this goal:

- Economic and tourism support
- Support and funding for culture, heritage and the arts
- Water supply, wastewater treatment and other infrastructure and utilities for businesses
- Transport planning
- Environmental management, education and awareness programmes.

Outcome 4 – KIND, HEALTHY PEOPLE

WE ARE PART OF A WELCOMING, SAFE, INCLUSIVE AND HEALTHY COMMUNITY

We are a tolerant, supportive and diverse community. We respect each other and what each contributes, including Māori culture, traditions and people. We take pride in the warm welcome we give to visitors and new arrivals. Everyone is included and involved, can participate in decision making and is able to enjoy a good quality of life, wherever they come from and whatever their age, abilities or income.

We nurture our young people so Nelson is a safe and healthy place for everyone to grow up in. We have adequate policing and well-designed, accessible public spaces providing a feeling of safety and security in our homes and communities. We have high quality and accessible recreation, education, health and community facilities. There is more attention to health promotion with quality primary and secondary health care accessible to all. We are a resilient community, able to cope with disasters or emergencies.

Examples of Council work that contributes to achieving this goal:

- Safe water, wastewater and solid waste facilities
- Accessible and safe active transport facilities
- Environmental management
- Civil defence and emergency management
- Consultation opportunities for the whole community
- Promotion of Crime Prevention Through Environmental Design (CPTED)
- Support for community groups
- Community events and celebrations
- Flood protection works that reduce risk to the community.

Outcome 5 – A FUN, CREATIVE CULTURE

WE ARE PROUD OF OUR CREATIVE LOCAL CULTURE AND REGIONAL IDENTITY

We are proud of our region, our communities and our diverse heritage. There is a wide range of recreation, arts and leisure opportunities for everyone to take part in. We have a strong sense of community, enhanced by activities, festivals, events and celebrations that reflect our distinct environment and people.

We understand that our heritage contributes to our distinctive identity, so we value, protect, interpret and celebrate our human heritage and historic places – Māori and more recent. We value and support those things that make

Nelson special and unique – our people, art and crafts, the café culture, the outdoors, local food and wines, boutique shops and the relaxed atmosphere.

Examples of Council work that contributes to achieving this goal:

- Community facilities
- Culture, heritage and arts support and grants
- Festivals and celebrations
- Parks and reserves
- Recreation programmes
- Environmental protection
- Inner city enhancement
- Public artworks.

Outcome 6 – GOOD LEADERSHIP

OUR LEADERS ARE PROACTIVE, INNOVATIVE, AND INCLUSIVE

We work together as a region, think of the generations that will follow and listen to the full range of views. Everyone has the opportunity to participate in the community's major decisions and information is easy to obtain. Leaders consult with and understand their communities and work for the good of all, including the wider region.

Our leaders inspire respect, take responsibility for their decisions and act to improve the big issues facing our community. All sectors of the community and region work effectively together. We support and mentor our youth to become the leaders of the future

Examples of Council work that contributes to achieving this goal:

- Local government elections
- Consultation on significant strategies and plans and providing information
- Regional collaboration and joint initiatives
- Support for youth development including the Youth Council
- Support for the Positive Ageing Forum.

COUNCIL PRIORITIES

The Council has developed a number of priorities based on what it thinks should be the main focus for the first few years of this LTP. These are:



A leading lifestyle. Council wants Nelson to be recognised internationally as being an outstanding place to live. To do so the city will need a full portfolio of opportunities: arts, music, sports, active recreation, excellent facilities, and a welcoming community. Nelson will be a place where a good lifestyle doesn't have to cost a lot of money. It will be a place where simple pleasures are valued.



A rich diverse community. Council wants to build on the sense of community in Nelson. Nelson can be a city whose residents find it easy to connect to each other and to the fabric of the city – a place where old and young, and people with diverse interests and diverse backgrounds have opportunities to interact with each other, where everyone feels that Nelson is their home.



Developing **community hubs.** These are physical spaces and buildings where people can gather and engage with each other. Hubs connect people to their community and to the city. Council will lead the way with urban design, providing hubs for neighbourhoods and the city, encouraging new ways of thinking about how the city is planned and developed. Providing places to come together, both casually and for events, will build pride in "our place" and a sense of belonging.



Easy access to an **active lifestyle.** Council wants to strengthen links between people and the natural environment. Nelsonians need to recognise and protect the special lifestyle which allows people to live in a city but be only minutes from beach and bush. Gateways are important: access points to special natural environments like the waterfront, local hills, national parks.



The Nelson edge. Council wants to nurture and promote areas where Nelson has a natural advantage. This includes the city's social capital – the skills and knowledge held in the community and the city's environmental capital – its unique physical environment. These advantages need to be strengthened and used to build expertise and prosperity. Council will be an enabling leader across economic, environmental and social domains – inspiring others to act with it.



The natural environment. Council wants to promote Nelson as a city that takes seriously its guardianship of the environment. Council commits itself to sustaining Nelson's natural environment, on land and in the sea. The city will have an enhanced reputation built on the care that it takes of the very special places that are an integral part of Nelson.



A creative city. We want to sustain the creative heart of the city by nurturing its arts talent and valuing its heritage. Council will understand and help to deliver the city's cultural aspirations, by acknowledging and supporting the role that arts and heritage plays in delivering a sustainable future for the city.

FRAMING OUR FUTURE – THE NELSON COMMUNITY SUSTAINABILITY STRATEGY

Council's guiding vision for Nelson was been developed over 2011-12 as part of the Framing Our Future project. The aim was to develop a long term vision for Nelson that would enable everyone in the community to have a clear picture of what Nelson could look like in 2060. Once this was agreed with the community, then different strategies and activities can start to be aligned in order to move the city towards that vision.

The full vision statement can be found at the end of this section. It is the basis of the community sustainability strategy that will be developed from July 2012 onwards.

BACKGROUND TO SUSTAINABILITY

The Local Government Act 2002 requires the Council to take a "sustainable development" approach to everything it does. This means taking into account:

- The social, economic and cultural wellbeing of people and communities
- The need to maintain and enhance the quality of the environment
- The reasonably foreseeable needs of future generations.

Council adopted a Sustainability Policy in 2008 setting out its commitment to sustainability through the services it provides and in the way it operates as an organisation. Sustainability is described in the policy as being:

"...a process of ensuring the wise use and management of all resources within a framework in which environmental, social, cultural and economic wellbeing are integrated and balanced. It means meeting the needs of today without adversely impacting on the needs of future generations."

In 2010, the Council resolved to take a more systematic approach to sustainable development and developed a Framing Our Future Strategy. This was in response to an increased awareness of the challenges facing our communities now

and in the years ahead such as climate change, higher energy costs, population growth and ageing, and affordability issues. Council also recognised the importance of managing local systems such as water, transport and waste in a more integrated way to future-proof Nelson. It was also agreed that Council needed to adopt a much longer planning horizon – 50 to 100 years – in order to be able to successfully respond to the challenges and protect the interests of future generations. The Framing Our Future Strategy takes a 50 year planning horizon.

THE DEVELOPMENT OF THE STRATEGY

The first step in developing the Framing Our Future Strategy was to find out what the wider community wants Nelson to be like in the future, being aware that society has to operate within the limits of what the earth can provide.

Conversations and consultation took place with the community throughout 2011. A Mayoral Taskforce was convened and a series of community workshops were held to gather a diverse range of ideas about what Nelson should be like in the future, looking 50 years out. This feedback was used to develop the vision statement later in this section.

The Council has adopted the vision statement for this LTP because it believes it reflects Nelson's strengths and where we want to be, in terms of our community and our environment. The Council's priorities in this volume are aligned with the vision.

However, the Council is aware that it does not have the resources and knowledge to address these challenges on its own. Change in

key issues such as household energy use, waste minimisation and water use will require the whole community to take action. The Council wants to create a strategy that will guide not only Council planning and investment but also be adopted and used by businesses, organisations and individuals throughout the community so there is a holistic approach to building a bright future for our city. Building strong, healthy communities and ecosystems and designing flexibility into our economy, infrastructure and buildings are the key objectives of the Framing Our Future Strategy.

NEXT STEPS

Council has demonstrated its commitment to the sustainable development of Nelson in this LTP, but there is still further work to be done to help Council and the community to make decisions about how best to work towards the vision. More analysis is needed to confirm the critical sustainability issues for Nelson, our shared goals across a range of community systems – for example transport, social, natural environment, energy, local economy – and the priority actions that will help us move towards our vision for Nelson 2060. This will form the basis of the Framing Our Future Strategy. Council plans to consult on the draft Strategy during 2012/13.

The Framing Our Future Strategy will need to be an evolving, living strategy which allows policies and responses to change if necessary to support strong communities and systems in the years ahead. It will also require an ongoing dialogue with the community, business, other local authorities and local iwi about opportunities, challenges and solutions for Nelson.

The Strategy will also identify tools to make smart choices that move Nelson efficiently and effectively towards the shared vision. One of the critical tools for achieving the community vision and addressing the big challenges such as population growth and the impacts of climate change is a Nelson Development Strategy – further information on this can be found in the Corporate section.

- During the consultation and decision making process for this Long Term Plan, Council saw
- connections between a number of issues raised by submitters around the future development of Nelson, including in Stoke and Tahunanui. Council
- noted that the Nelson Development Strategy provides an opportunity to consider wide ranging issues as part of implementing the Framing Our Future sustainability strategy and other connected policy development in the Council work programme.

SUSTAINABILITY IN THIS LONG TERM PLAN

- This LTP signals the Council's commitment to work towards the 2060 vision, adopting an approach to planning and decision-making that takes account of social, cultural, environmental and economic interdependencies and the need to operate within the Earth's limits. A number of existing and planned Council initiatives are consistent with the vision and the concept of sustainability. Some of these include:

- Nelson Air Quality Plan
- Bell Island pipeline upgrade
- Around 64% of the methane from York Valley Landfill is used to power Nelson Hospital furnaces
- Sustainability Action Plan for the Council's parks and reserves network
- Investment in walking and cycling
- New and improved bus service, the NBus
- Council funds a permanent Eco Building Adviser, Environmental Education Adviser, Sustainability Adviser and Land Management Adviser to support a range of community-based sustainability initiatives.

Planned initiatives include:

- Developing a Freshwater Policy for Nelson guided by sustainability principles
- Developing stormwater catchment management plans over the next ten years to guide sustainable management of all catchments and their rivers and streams

- Increasing investment in walking and cycling
- Nelson City Council and Tasman District Council joint Waste Management and Minimisation Plan
- Implementing the Council's Social Wellbeing Policy.

Once the Framing Our Future Strategy is in place, this list of initiatives as well as other Council policies and plans can be reviewed and aligned to the priorities in the Strategy, and planning and work can begin on longer term, prioritised changes.

NELSON 2060 – VISION STATEMENT

The following Framing Our Future 2060 vision statement was created as a result of a huge amount of feedback from the Mayoral Taskforce, community workshops, a public consultation and Council workshops:

Nelson 2060 is an inclusive city, with a diverse range of residents who can connect easily to each other and to the beautiful place we call home. Our inclusive leadership style supports our unique approach to living, which is boldly creative, ecologically exemplary, socially balanced and economically prosperous.

Theme 1.

A sustainable city of beauty and connectivity

**Naku te rourou, nau te rourou,
ka ora nga tangata katoa**

*With your basket and my basket,
the people will be well*

Nelson in 2060 has purposefully implemented sustainable development principles and technologies to create a beautiful city that is designed to provide social equity, liveability, ecological health and economic prosperity, and which also recognises and reflects our cultural heritage.

- People-centred urban development is thoughtfully managed to realise a compact, mixed use city that has strong local centres, with development along the main public transport arteries. Preference is given to development of existing urban areas over further growth on the city's outskirts. Thriving local community centres are empowered by their strong sense of interconnectedness, and by Nelson's commitment to localised renewable energy technologies, underpinned by our solar opportunity.

- An affordable range of well designed housing is built around community gardens; primary food production for and by local communities is a part of life, as is respectful resource use focused on reduced consumption and a culture which chooses not to create waste.

- The central city is a vibrant, attractive place in which people live, work and play. Quality open spaces are important factors in the cultural, historical and aesthetic identity of Nelson. Community hubs across the district are lively gathering places that hum with pride in "our place" and a sense of belonging.

- We have vastly reduced our reliance on fossil fuels. Commercial, public and private vehicles are now powered by sustainable fuel sources. Our approach to planning actively promotes and supports environmentally light travel (on foot, by bicycle and local public transport). Nelson's energy-efficient land, sea and air transport networks are well connected regionally and nationally. Locally, green corridors connect the inner city to the city fringes. Safe cycling routes run between schools and homes. Goods and services are within walking distance, and housing centres are further linked by public transport to local jobs.

- Our city's core services are delivered efficiently and effectively: sustainable local energy, water, food, transport options, waste and comprehensive risk management drive our smart, adaptive planning. Our infrastructure is appropriately scaled: regional and neighbourhood-based power, water and waste systems are integrated with household systems to ensure maximum energy and water efficiency.

We are resilient and self-sustaining, as are the natural ecosystems that we are intrinsically woven into. Understanding the interdependence of all the ecosystem systems, and having confidence in our ability to create and manage adequate, affordable and adaptive built systems, has secured Nelson 2060 as a liveable, complete community, supporting social and built networks that enhance quality of life for all.

We rely firstly on our own unique strengths and capabilities and we continue to plan effectively to secure our desired future. Our resilience brings us tangible benefits: preferences of cycling and walking enhance and enable the people-connections we highly value; consuming healthy, locally grown produce, and our active lifestyle, has contributed to the vast reduction in lifestyle related diseases; our choice to move to renewable fuels has helped to ensure that we are living well within our environmental limits.

We recognize that there is uncertainty around, and risk from, natural hazards and we work as a community to better understand and minimise the impacts these may have on the things we value.

Theme 2.

Outstanding lifestyles, immersed in nature and strong communities

**He aha nga mea o te ao, he tangata,
he tangata, he tangata**

*What is important, the people,
the people, the people*

Nelson 2060 is indisputably a beautiful place to live; a place where simple pleasures are as easy to access as reaching out a hand to touch the beauty of our environment. Nelson is celebrated as the gateway to a wider region richly endowed with an abundance of vibrant natural environments. These places teem with native plants and animals, and anywhere we are, there is easy access to active lifestyle choices and recreation opportunities that ground us in ourselves, each other and our place.

We wholeheartedly embrace those opportunities and encourage our surroundings to spill into our built areas: we exercise and rest alongside river corridors rich in biodiversity. We delight in sharing our city with birdsong and green spaces. The coast and the mauri (spirit) of our marine waters wrap around our built and natural edges.

We are proud of Nelson's reputation as a champion of natural advantages and environmental worthiness. Our stewardship of, and engagement with, this beautiful and unique regional environment has ensured that the range and diversity of naturally functioning ecosystems and indigenous biodiversity is enhanced, safeguarded and valued as natural tāonga.

This is a place where people connect to and value each other and the fabric of the place we call home. A deep sense of integrity bonds and engages the old and young, Māori and global cultures, diverse interests and eclectic backgrounds into one community. Nelson's warm and caring culture invites all to participate; religious and spiritual diversity is celebrated for its contribution to our community's social wellbeing.

The creative heart of the city is sustained by nurturing its arts and artisans, valuing its heritage and supporting community cultural aspirations. This wide ranging diversity contributes to a full portfolio of opportunities in the fields of art, music, literature, active recreation and sport, heritage and learning. Accessible and adaptable social and recreational facilities and services abound; Nelson creates memorable and enjoyable local festivals and celebrations.

Nelson continues to be a safe place to live and work. Vibrant cooperative networks have secured social equity and resilience. People commit to this community, assured that all have access to adequate income, healthy affordable housing and safe, vibrant lifestyles of distinction.

Theme 3.**A strong economy built on knowledge and understanding**

**Te wahie ka whāia mō takurua,
te kai ka mahia mōtau**

*Employ one's time and energies most effectively
as the firewood is sought in winter and food is
worked for all year round*

The importance we place on interaction and participation, and an appreciation for the role culture and creativity play in defining our community, provide the perfect conditions for entrepreneurial and learning excellence. Nelson's deliberate policy of embracing sustainable environmental and natural technologies is a constant stimulus for the local economy.

The environment and the economy are not antagonists here. For Nelson, sustainability is not simply a matter of ambitious environmental and social protection concepts. Instead, it is seen as the springboard for positive developments in the areas of economy, education and science. Nelson 2060 has developed strengths in the fields of research into, and the marketing of, renewable energy technologies. Private and state research excel; a centre for sustainable technologies has been established and acts as a centre of gravity, informing and supporting hundreds of spin-off companies, service providers, organisations and individuals.

Nelson's businesses understand and actively pursue business models built on sustainable development. New food production technologies have enhanced and extended our food security. Industry sectors such as agriculture, horticulture, aquaculture and technology are benefiting from the continued upsurge in the solar economy. Aquaculture within a clean, healthy and resilient coastal ecosystem is a key industry. Cultural tourism and local retail are flourishing. Knowledge based businesses with extremely light ecological footprints thrive alongside our traditional strengths.

Nelson's approach to life, its lifestyle, culture and creativity attracts entrepreneurs, thinkers and investors from across the globe. Education,

- training and employment options attract young people to Nelson, and they stay. Nelson's
- businesses attract and keep talent. Local schools and tertiary providers partner with businesses to
- prepare students for work – to become people who can add value to our economy, ensuring that
- our population continues to develop, creating ideal conditions for the city's social balance and
- economic success.

Theme 4.**Successful partnerships providing good leadership**

Ko koe ki tēnā, ko ahau ki tēnei kīwai o te kete

You at that and I at this handle of the basket

- Nelson's local leadership approach is founded on the principles of kaitiakitanga, partnership and intergenerational responsibility. This city plans
- ahead in a cooperative, participatory manner – Nelson 2060 is a living example of sustainable practice in action.

- Our commitment to inclusive governance has seen it stand out as an enabling, learning leader across economic, environmental, cultural and social domains. We use and strengthen this
- advantage and build expertise in our partnerships under the Treaty of Waitangi principles and responsibilities. Our community understands and
- embraces these principles.

- Nelson is known as a centre of community innovation; together we tackle increasingly interconnected social, environmental and economic issues in thoroughly engaging ways.
- The imagination and inventiveness of citizens, experts and activists is embraced in collaborative efforts that make us increasingly more inclusive, innovative and interactive with the world and
- each other.

WORKING WITH MĀORI

A LONG HISTORY

Council has for many years provided opportunities and helped build the capacity of iwi representatives and Māori to contribute to Council decision making. Iwi representatives, Councillors and staff continue to look for ways to enhance these opportunities and adapt processes to ensure they work well. Improvement ideas are drawn mainly from feedback from those attending Kotahitanga Hui, the partnership Kōmiti of Council and iwi leaders.

COUNCIL ROLE

In 2009 Nelson City Council re-stated its genuine commitment, as well as its legal obligations, to build capacity, consult and involve iwi Māori in its decision making. That commitment remains and will continue to be the basis of how Council works for the next decade.

The Nelson City Council, while acknowledging the primary Treaty obligation is with the Crown, understands its role and responsibilities in ensuring the delivery of relevant redress under any Treaty Settlement in terms of the Local Government Act 2002. Council chooses to continue to grow this partnership by encouraging active participation in local government where ever possible.

Council believes that, by working in partnership with Māori, it will create benefits for the whole community. Council will continue to uphold the principles in the Memorandum of Understanding (MOU) with Tangata Whenua o Whakatū and māta waka, iwi Māori from other tribal areas.

MĀORI WORLD VIEW

The principles in the MOU, as agreed through Kotahitanga Hui, require the parties to act in good faith, and require an understanding of the Māori world view, which is based on relationships between people and also between the spiritual world and the natural world, including natural resources such as water.

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

Council sees that one of the key roles of Kotahitanga Hui and the Kaihautū position is to assist in explaining Te Ao Māori to Council staff and the community. Council looks to the Kotahitanga forum for advice on tikanga (values) and kawa (ways of doing things) for Nelson.

Any further obligations under new legislation would be discussed at Kotahitanga Hui to agree on a way forward.

COUNCIL AND MĀORI WORKING TOGETHER

Nelson City Council's partnerships and relationships with Māori are based on many sound principles. These include recognition of the significant contribution of Māori, common ground and interests shared by Council with the original people of this area, Tāngata Whenua o Whakatū, Council's responsibilities towards Māori generally under the Treaty of Waitangi and its legislative responsibilities under the Local Government Act 2002 and other legislation. The rationale and basis for this involvement is explained further in the current Memorandum of Understanding with Tāngata Whenua o Whakatū.

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

TREATY SETTLEMENTS

Since Nelson's previous ten year plan was completed in 2009, there has been considerable progress towards settlements for Te Tau Ihu iwi across the Top of the South. Settlement of claims is expected to continue to influence how

Council works with local iwi as their capacity and resources continue to grow following settlements. Council believes it is in the region's best interests to continue to work closely with iwi Māori.

Council also anticipates that, over the next decade, there is likely to be an increased expectation of Council and iwi involvement, driven by Central Government and Treaty settlement processes. Some of this cost might fall on Council and more could fall on iwi Māori, for example, in implementing water management legislation. Iwi representatives have often provided advice and information without funding. When there are few to carry this load, these demands can amount to a significant cost and burden. Local iwi representatives have raised it for attention and Council has noted this is an issue.

IWI PRIORITIES

While capacity and resources are expected to increase for local iwi, their broad goals remain as enduring priorities to enhance their own people's, Māori generally and the wider communities' wellbeing in the long term. The following priorities were developed and shared with Council by iwi representatives early in the process to develop the 2009 Nelson Community Plan. Iwi leaders have indicated that essentially the same issues continue to be highest priorities for attention, through recent discussions at Kotahitanga Hui.

While the emphasis might differ, iwi priorities complement rather than conflict with Council's. We would expect that priorities could change in the future, and we would continue to discuss strategic priorities with iwi leaders. Iwi leaders have been united in consistently supporting a union of the two Councils.

For the first three years of this Long Term Plan, these are the broad priorities on which, Council believes, iwi leaders would like to see progress in Nelson. These are the broad themes around which Council's support would centre to build capacity and involve Māori in decision making:

1. **Education and information** on te Ao Māori, all things Māori, through a collaborative approach between Council and iwi leaders.
2. **Te reo and tikanga** including development and implementation of a Māori Language Policy for Council and strategies to support correct spelling and pronunciation.
3. **Long term planning and vision** to bring economic development in balance with looking after the environment.
4. **Arts and heritage visibility** to increase the presence and information about Māori heritage and arts as an integral part of Whakatū/Nelson's identity.
5. **Youth/rangatahi** and the development of strategies to promote Nelson as a great place for youth to live, learn and work.
6. **Issues raised earlier**, in previous discussions and annual plan submissions to Council by iwi leaders, including the perennial issue of fair representation for iwi Māori at Councillor level and amalgamation of the Nelson and Tasman Councils.

All of these have seen considerable progress over the last few years, most notably with the appointment of a senior Kaihautū/iwi liaison position to facilitate Council's relationships and shared goals with iwi Māori.

BUILDING CAPACITY AND OPPORTUNITIES FOR MĀORI TO CONTRIBUTE

At the end of each year, an annual report covers recent progress on what Council had done to provide opportunities for Māori to contribute to its decision making processes. There is a range of new and existing initiatives that would form the core of Council's actions for the next decade, including:

- Kotahitanga Hui, the primary conduit for 'rangatira to rangatira' discussions involving iwi leaders, mātā waka representatives and Council leaders. These hui oversee updating and implementing of a Memorandum of



Understanding between local iwi and Council and provide a forum for feedback on broad priorities, including for annual plan priorities

- Broadened representation of Māori on key Council working groups
- Increasing capacity of staff to engage with Māori effectively, including through better understanding of language and customs, Treaty workshops and marae visits
- High level advisory groups with Māori representation include the Heart of Nelson/ Arts/Heritage advisory group, Nelson Regional Sewerage Business Unit and Land Transport Committee
- Two rangatahi positions to represent Māori youth and build their capacity to participate on the Nelson Youth Council
- Continuation of the Kaihautū and Council Kaumātua positions to assist Council's relationships and capacity building with iwi Māori
- Funding iwi and tāngata whenua representatives to attend training to become

PHOTO: Kākati, the meeting house of Whakatū Marae, Nelson

*Ko Maungatau / Mocketapu te maunga,
Ko Aorere te moana,
Ko Tainui, ko Kurahaupō ngā waka,
Ko Maitai / Mahitahi te awa,
Ko Kākati te whare tupuna,
Ko Ngāti Kuia, ko Ngāti Kōata,
ko Te Ātiawa, ko Ngāti Tama, ko Ngāti Rārua,
ko Ngāti Toa Rangatira ngā iwi,
Ko Whakatū te marae*

Ministry for the Environment accredited Hearings Commissioners

- Iwi and tāngata whenua representatives attend the Biodiversity Forum.

These initiatives would be expected to continue to build strong ongoing relationships and the capacity of iwi Māori to contribute. This will ensure the effective consideration of Te Ao Māori in all major Council decisions.

MĀORI WARD PROPOSAL

In mid 2011, Council sent a submission to the Local Government Commission on the draft re-organisation scheme. Council suggested that the issue of representation for Māori should be considered in any final reorganisation proposal to provide significantly improved opportunities for Māori involvement in Council decisions.

The 2012 poll result was against establishing a Māori Ward. The outcome of this result for Council is that a Māori ward proposal cannot be considered until after the 2016 election, according to the Local Electoral Act section 19ZF(5).

MORE INFORMATION

Anyone interested in a full and inclusive history of Nelson/Whakatū can visit the Nelson Provincial Museum on the corner of Trafalgar and Hardy Streets in Nelson. Nelson Public Libraries have a significant collection of books and records on Te Ao Māori, including the volumes on the history of the Top of the South by Hilary and John Mitchell.

- For more on Te Tiriti, the Treaty of Waitangi, Council's obligations under the Local Government Act and other legislation, refer to the current Memorandum of Understanding with tāngata whenua. These responsibilities include the importance of incorporating the Māori world view into Council decision making.

- Any further obligations under new legislation would be discussed at Kotahitangi Hui to agree on a way forward.

- For further information on the Māori world view, concepts and Te Tiriti, refer to the following websites:

- General information on te Tiriti by the Waitangi Tribunal: <http://www.waitangi-tribunal.govt.nz/treaty/>
- Encyclopaedia of New Zealand on the Māori world view and concepts: <http://www.teara.govt.nz/en/te-ao-marama-the-natural-world/1>
- The glossary on page 244 includes commonly used te reo Māori words.



REGIONAL ISSUES AND SHARED SERVICES WITH TASMAN DISTRICT COUNCIL

Council delivers a range of services, projects and programmes with community groups, government agencies and other councils, particularly Tasman District Council. Collaboration between the two Councils benefits the wider region and results in the provision of better services to ratepayers, improved efficiency and/or cost savings. Examples include:

- Joint ownership, for example Port Nelson Ltd, the regional sewerage facility at Bell Island and Nelson Airport
- Joint capital funding, such as for the development of Saxton Field
- Co-funding of services and activities, such as the Nelson Provincial Museum, the Nelson Regional Economic Development Agency and funding for Ecofest and environmental education
- Aligning service delivery, for example shared library services, joint design of cycleways, provision of the Total Mobility scheme, road safety and cycle promotion
- Co-ordinated strategic planning, including for regional transport issues and a combined Waste Management and Minimisation Plan, development of consistent engineering standards and aligned bylaws dealing with issues spanning Council boundaries.

One **Civil Defence and Emergency Management** group serves both Council areas. This is funded by both Councils and allows the delivery of co-ordinated services and training across both Council areas.

WE GOT THROUGH – TOGETHER

Many staff from both Councils were involved in the civil defence response to the mid-December 2011 extreme rainfall event as the city was rocked by flooding and multiple slips. It was a devastating event for the residents who lost homes and had their lives turned upside down. Thankfully Nelson escaped without loss of life and the city pulled together magnificently with communities working to help each other and friends and neighbours opening their homes to those who were evacuated.

The combined Council response included partner organisations such as emergency services, contractors, volunteer organisations, other councils from around New Zealand and government departments. The strong partnerships amongst these organisations were crucial in the extremely difficult working conditions, as was our robust infrastructure and the resilience of the local community.

The **Saxton Field development** is a good example of how the development of one regional facility benefits residents of both Tasman and Nelson. Together the Councils have invested \$36m in developing this area, and have signalled further commitments to future development in their respective Long Term Plans.

The **Top of the South Maps** project is a recent example where Tasman District Council and Nelson City Council staff worked together, in this case to provide a single source of geographic

- and map information. The two Councils won the Project of the Year award at the ALGIM GIS Symposium in 2011.
- Some region-wide programmes are led by one Council because it has particular expertise so specialist skills don't have to be duplicated. For example Tasman District Council implements the **Regional Pest Management Strategy** while Nelson City Council leads the **Settlement Support** service, both covering the wider region.

In other cases a shared approach benefits customer service, for example the **reciprocal lending agreement** allows residents to use libraries in both Council areas, and both Councils share the same library management software service.

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

ENGINEERING/INFRASTRUCTURE

- Interconnected **water supply services** provide enhanced security of supply for both Councils, especially during an emergency such as the 2008 windstorm when Nelson City's main supply pipeline was damaged by windfalls. Nelson City Council also provides some of Tasman's water supply needs from the Roding Dam. Tasman District Council supplies water and wastewater services to some Nelson residents and business premises in Stoke. Both Councils have worked collaboratively with the Waimea Water Augmentation Committee, which includes land owners, iwi, and the Department of Conservation, on the Lee Valley Dam proposal
- **Cycleways** between Richmond and Stoke involved the two Councils working together at the design stage
- **Regional transport planning** continues to involve both Councils, although they have separate Regional Transport Committees. Regional advocacy to Central Government is coordinated through the Top of the South Land Transport Liaison Forum, involving Tasman, Marlborough and Nelson Councils.

SOCIAL/COMMUNITY SERVICES

- The joint Council Regional Facilities Plan and Regional Funding Forum set funding levels for **major regional recreational and community facilities** like Saxton Field, which is funded by both Councils
- Nelson Tasman Tourism trading as Tourism Nelson Tasman Ltd is co-owned by the two Councils and provides **tourism services** to promote the wider region, enhancing the

economic well-being of all Nelson Tasman communities

- **Community policy** development involves the input of both Councils, including the Alcohol Strategy and Accord, the Regional Physical Activity Plan and Regional Arts Strategy
- Both Councils work together on the **Get Moving** programme and **ItsOn** website
- Both Councils support Safe at the Top, a World Health Organisation programme to provide **safer cities**
- Tasman and Nelson Mayors are committed to the **Mayors' Taskforce for Jobs** programme. The workforce strategy advisory group also involves representatives from both Councils, as workforce issues span the wider region.

ENVIRONMENT/PLANNING/REGULATION

- The two Councils work together on aligning **monitoring programmes**, including industrial land needs, air quality management and where work is required on joint **planning studies** such as Nelson South/Richmond East residential intensification options
- Tasman District Council manages key Nelson City Council water level and rainfall measurement sites and provides **flood warnings** for Nelson through a Hydrological Shared Services contract
- Along with Marlborough District Council and Tasman District Council, Nelson City Council is a partner with the Ministry of Agriculture and Forestry in the **Top of the South Marine Biosecurity Partnership**, the main aim of which is to build systems and processes for the early detection and prevention of marine invasive species
- The Councils have a combined **urban design** panel
- **Coastal oil spill** contingency planning and management is coordinated across the two Councils
- The Councils run combined Environment Awards to recognise the efforts of people from the wider region who contribute to achieving good environmental outcomes.

CORPORATE

- The Marlborough, Nelson and Tasman Councils have jointly procured **insurance** including for building assets, professional indemnity insurance
- With Tasman, Nelson City Council is part of the **Local Authority Protection Programme**, which is a local government scheme insuring water supply, wastewater, stormwater and flood protection assets
- Staff from both Councils shared information to prepare their **Long Term Plans**, including this section.



COUNCIL ACTIVITIES

Council 'activities' are the groups of services, projects or public goods produced by Council. Money is budgeted for projects, programmes and services under these broad categories to provide comparisons, accountability and transparency in how Council funds its work and monitors how it is doing. If you are interested in finding out more about specific issues and what Council planned for them over the next decade, the relevant activity sections are a good place to start.

The way Council groups its work into financial activities has changed in the last year, partly in response to the TAFM (Transparency, Accountability and Financial Management) review of the Local Government Act. The aim of that review was to more readily allow for benchmarking and comparisons across different Councils. Council's span of work remains the same, but the number of activities has been re-grouped and reduced from 17 to 10. Some activities have mapped across substantially unchanged. The new activities have been re-ordered in this Long Term Plan to provide easier comparison with those of Tasman District Council.

The activity sections are set out in a consistent way. There is a brief description of what each activity covers, called **what we do**. There then follows some discussion of what the drivers are for Council's involvement in that activity – **why we do it**. This might be for statutory reasons, for example, if Council has to provide services by law, or there might be a community demand for

- services. The **vision, outcomes** and **priorities**
- give more detail on how the work programme
- in each activity has been identified – how it
- contributes to making Nelson a better place, and
- what the key projects are. There is a section on
- **other issues** to outline other important work
- for the next decade. The **service levels** give
- information on the standard of what Council aims
- to deliver and how it measures progress towards
- targets.
- The **strategies and policies** identify
- documents that shape, regulate or inform
- Council's management of that activity.
- **Deferred work** lists some of the projects that
- have been identified by Council as being of lower
- priority. These will be considered in the future as
- resources allow. **Assumptions** specific to that
- activity are followed by a section on any negative
- effects of the activity. At the end of each section
- is the relevant summary **financial** information
- that sets out the forecast budget totals for the
- next ten years.



CHANGES TO GROUPS OF COUNCIL ACTIVITIES

Before up to June 2012	Now from July 2012 on	Why
Transport	Transport (roads and footpaths)	Required by 2010 Local Government Act (LGA) changes, but no major changes to activity
Water supply	Water supply	Unchanged
Wastewater	Wastewater	Unchanged
Stormwater and flood protection	Stormwater	Separation required by 2010 LGA changes though closely interlinked
	Flood protection	
Solid waste management	Environment	Combines related built and natural environment, consents and risk management work
Environmental management		
Regulatory compliance		
Managing emergencies and natural hazards		
Community facilities	Social	Combines social, cultural and community facilities and services
Social development		
Culture, heritage and arts		
Parks and open space	Parks and active recreation	Combines parks, reserves and related properties management and services
Recreation and leisure		
Economic and tourism support	Economic	Name change only
Democracy and administration	Corporate	Combines organisational support, governance and financial management work
Financial reserves		
Heart of Nelson (HoN)	Heart of Nelson central city projects in individual activities	No longer a separate financial activity now strategy development is complete. Central city projects are grouped in their relevant activity sections to implement the strategy, so the cycling and road projects are in the Transport section and arts projects are in the Social activity.

TRANSPORT

WHAT WE DO

Council's transport services and assets include the provision, operation and maintenance of physical infrastructure and the environment on road reserves for driving, cycling and walking as well as safety, parking control, traffic control and public

transport services. In June 2011 the replacement cost of these assets was approximately \$670m, excluding land value.

The transport, roads and footpaths activity includes:

ROADS **Bridges** **RETAINING WALLS**
total mobility service
STREET FURNITURE **Road** **Cycle Lanes** **GUARD RAILS**
FOOTPATHS **WALKWAYS**
PEDESTRIAN BRIDGES **STORMWATER CONTROL**
SHARED CYCLE PATHS **PARKING METERS**
KERBS AND CHANNELS **street trees & gardens**
TRAFFIC LIGHTS **Signs**
Line markings **FENCES** **Streetlights**
ROAD SAFETY **BUS STOPS**
SUMPS **on & off street car parks**
PARKING ENFORCEMENT **BUS SERVICES**

WHY WE DO IT

Council provides transport planning, infrastructure and services to ensure there is safe, convenient, efficient and affordable access and movement of goods for residents, visitors and businesses. The way Council does this is directed by the community outcomes and priorities identified below, in line with the Local Government Act, the Land Transport Management Act and other relevant Acts, regulations, rules and bylaws.

Council does this work for a combination of reasons including meeting statutory requirements, delivering on customer expectations and to protect the City's investment in its assets.

OUR LONG TERM VISION

A sustainable transport future for Nelson, and a land transport system that is safe, efficient, integrated and responsive and that meets the needs of the region in ways that are environmentally, socially and economically sustainable.

REGIONAL LAND TRANSPORT STRATEGY

REGIONAL LAND TRANSPORT STRATEGY

The vision and objectives of this strategy can be achieved by moving away from providing for peak travel demand by increasing roading capacity. Instead the aim is to manage demand for private vehicle use by encouraging transport behavioural

change, and by providing an improved range of transport choices including buses, cycling and walking.

Council's planning for its transport network has taken a sustainable approach since the development of the 2009 Regional Land Transport Strategy. This is translated in this LTP as:

- Maintain our existing transport infrastructure up to the level of funding provided by the NZ Transport Agency (NZTA)
- Increase walking, cycling and passenger transport travel choice, subject to NZTA funding approval
- Cease to provide for street upgrades with an uneconomic level of service
- Improve safety and traffic flow along Waimea Road.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to achieving outcome
Healthy land, sea, air and water	Provides a range of transport systems that minimise the impact on the environment
People-friendly places	Takes into account the impact on public spaces when providing transport infrastructure
A strong economy	Provides an effective and efficient transport system that meets the needs of residents and businesses
Kind, healthy people	Provides a safe transport network for traffic, cyclists and pedestrians

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS



Active lifestyle: Many of the roading activities aim to create strong cycle links to the region's Cycle Trust routes, other improved walking, cycling and school facilities and provide an affordable passenger transport service that meets the needs of young and old while focusing on attracting commuters and students. To reinforce the shift towards active transport, funding for roading improvements has been significantly reduced and many local road upgrades previously identified have been postponed. Maintenance work would continue for the network.



Our edge: The focus for the next three years is smaller projects that provide for improved walking, cycling and school facilities, and safety and capacity improvements on Waimea Road.

Over the next three years the major changes in the transport activities are:

- A significant investment in a variety of projects designed to encourage walking and cycling and to improve pedestrian and cycle safety around schools, including providing for a 4m wide shared pathway around Rocks Rd, although this is subject to further evaluation
- To reinstate all day parking to Wakatu Square to ensure adequate revenue to fund the enhanced public transport service.
- Changes to parking fees and time limits introduced last year have not provided the revenue necessary to fund the upgraded public transport service that began in March 2012. This could be attributed to a number of reasons including the free parking Tuesdays in the winter and a lesser demand for short stay parking than anticipated. To ensure that parking revenue is sufficient to cover the additional costs from the improved public transport service in 2012/13 the three hour parking limit on Wakatu Square was lifted to allow all day parking.

BETTER BUSES

In early 2012, Council initiated an increased level of service for public transport, which is to be maintained in this LTP. Extensive promotion of this service is already under way, as is monitoring of an anticipated increase in use levels.

The new NBus service started on 5 March 2012 between Nelson and Richmond to improve routes for commuters between the two urban areas. Improvements were also made to several local bus routes to integrate these with the Nelson – Richmond timetable. NBus services are funded by increases in parking fees that provide an estimated \$550,000 a year, uninflated. The increased services will help provide alternative transport options for commuters and students as fuel prices are anticipated to increase over the long term.

OTHER ISSUES AND PLANNED WORK

ARTERIAL TRAFFIC STUDY OUTCOMES

The 2011 Arterial Traffic Study (ATS) was a key piece of work undertaken in 2010/11 to examine the long term roading options between Stoke and Nelson. This work enabled Council to make strategic decisions on transport funding for this LTP and in the Regional Land Transport Programme. The ATS determined that:

- There is not a significant traffic problem in Nelson, nor is one forecast to develop over the next 25 years
- Of the four options that were assessed in the study Option A – Peak Hour Clearways and Option B – Southern Arterial, both offered positives but also had negatives
- Elements of Option A can be done in stages to provide additional capacity when needed, for example the study recommended making progress on the walk/cycleway around the waterfront in the short term, subject to NZTA funding approval
- Option B – the Southern Arterial route should be protected as a long term future dedicated transport corridor.

- In considering the study Council weighed up a number of issues including the impact on the community of ongoing uncertainty over the route, the future security of the current state highway from climate change and storm surge and also the limits that might be placed on enhancing the waterfront. Council's subsequent resolution differed from the NZTA-approved study's recommendations in two respects:

- Council decided to retain only the Southern Arterial Corridor, not peak hour clearways
- The ATS Outcome Issues Definition Report was to cover protecting both the existing arterial routes and the Southern Arterial Corridor, but Council directed that the report should only cover the Southern Arterial Corridor.

LOCAL ROAD RESEALING

- Council had hoped to increase funding for the re-sealing of roads, but this was reduced due to the NZTA not providing the corresponding increase in subsidy.

- After the adoption of the draft LTP, the NZ Transport Agency updated its funding allocations for 2012-15, which has meant a drop of \$4.07m (uninflated) over the three years. Council funding has been reduced in line with this. We have assumed that our funding from the NZTA remains unchanged from Year 4 onwards.

- The work had been programmed to improve road condition. Older seals may now not be replaced in a timely manner, road conditions will not improve and might deteriorate as a consequence of the NZTA funding decision.

FUNDING

- The New Zealand Transport Agency (NZTA), like Council, works on a three year funding cycle. NZTA allocates funding through the National Land Transport Programme (NLTP), which it is programmed to adopt in September 2012 after considering each region's Regional Land Transport Programme (RLTP). NZTA has highlighted that regional funding is constrained as the bulk of the national fund is allocated to new state highway infrastructure, although all of Nelson's regional 'R' funding of approximately \$22m is still ring-



fenced for spending within this region. Because the NLTP is not released until after the LTP was adopted by Council, there is the potential that funding allocations for subsidised works might not be fully aligned.

REGIONAL FUNDING ACTIVITIES

- The RLTP identifies the regional subsidised
- roading programme, including the projects that
- would use the regional funding. The key local
- roading components of the RLTP are the walk/
- cycle/schools package and the Waimea Road
- Enhancement Package, the costs of which are
- shown in the table below.

Package	Total Cost estimate (\$m)	Local share contribution (\$m)	Regional funding component (\$m)
Walking/cycling and school safety improvements	13.044	4.715	8.329
Waimea Road enhancement package	2.349	1.104	1.245

Details of the walking/cycling and school safety improvements are provided in the RLTP.

Transport operations, maintenance, renewals and capital projects that are eligible for subsidy are included in detail in the RLTP. The RLTP was adopted by Council on 29 June 2012.

In the draft LTP, the financial statements for the Transport activity included a total of \$25.8m of depreciation on roading assets over the 10 year period, which was not funded by rates.

- A review of this calculation has been undertaken
- since, to better line up with expected future
- NZTA funding. The recalculation decreased
- unfunded depreciation by between \$604,000
- and \$969,000 a year, on an inflated basis. In
- combination with RLTP and other changes since
- the draft LTP, there has been an immaterial
- impact on rates in the Transport activity.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Walking and cycling are easy and attractive transport choices	Percentage of the community that travel to work by walking or cycling based on Annual Survey of Residents and/or national census	8% cycled and 6% walked from the June 2011 survey of residents	17%	18%	20%	25% of all journey to work trips by walking or cycling by 2018
An efficient transport system that enables people and freight to move efficiently	Average AM and PM peak hour travel times on Waimea Road and the State Highway between Annesbrook and Haven Road roundabout, based on the RLTS annual monitoring report	Rocks Rd PM peak delay: 3 min Waimea Rd AM peak delay: 2 min	Average peak hour travel time delays are no greater than 5 minutes above uncongested travel times			
Minimised social and economic costs of crashes on the transport network	Total five year average social cost of urban crashes (injury and non-injury) at the worst ten intersections	2002-06 = \$12.7m 2003-07 = \$10.8m 2005-09 = \$10.5m	The annual total social cost is below the previous five year average			
Public transport services that meet the transport needs of the community with an equitable sharing of costs	The fare recovery ratio	Approximately 25% in 2010/11	30-35%	30-35%	30-35%	Increase to 50% between 2015/16 and 2018/19
Supply and pricing of short stay parking managed to encourage commercial activity in the city centre	Percentage of short stay parking spaces occupied in midweek peak in December	Dec 2009 – 95%	95%	95%	95%	85%
Supply and pricing of long stay parking managed to incentivise greater use of transport options other than cars	Availability of long stay parking spaces between peak travel times as a percentage of the total long stay spaces within a 20min walk of the central city, excluding CBD long stay spaces	Dec 2009 – 25%, excluding Rutherford Park and Paru Paru Rd				No less than 5%

PLANNED MAJOR PROJECTS WITHOUT SUBSIDY

Project description	2012/2013 (\$000)	2013/2014 (\$000)	2014/2015 (\$000)
Princes Drive upgrade	1,074		
Maitai shared path (Akersten to Trafalgar St)	450	1,250	
Bridge St enhancement	262		
Trafalgar St entry enhancement	70		
Tasman St upgrade (Cambria to Grove)		300	
Rocks Rd crossing at bottom of Days Track	60		
Upper Trafalgar St improvements	25	251	
Tasman St upgrade (Nile to Bronte)	70	450	
Church St improvements	15	41	268
Halifax/Trafalgar St landscape improvements		52	172

Significant projects greater than \$500,000 planned for the following seven years from 2015 are:

- The Haven/Halifax intersection upgrade in 2015/16
- Halifax St west of Tasman St and Shakespeare Walk in 2016/17
- Todd Bush Rd upgrade in 2015/16.

Following its consideration of submissions, Council removed funding for work on Montgomery Square until further consultation takes place.

DRIVERS OF CAPITAL EXPENDITURE

The main capital expenditure driver for the region over the next three years is the allocation of regional funding. This is explained in detail in the Regional Land Transport Programme.

Transport-related Heart of Nelson central city strategy projects have been added to the Transport portfolio for implementation. These projects aim to maintain a vibrant and vital heart to Nelson City so it continues to be an attractive place in which people can live, work and play, and in which businesses operate.

Key drivers for capital expenditure generally are responding to population growth and walking, cycling and school improvement projects.

STRATEGIES AND POLICIES

The following strategies, studies, reports and new surveys are planned for the next three years to inform Council's decisions. The costs and timing for these are:

Study/strategy	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)
Parking strategy	100		
Arterial issues definition report	50		
Lighting study	50		
Journey to school surveys	20	10	10
Waimea Road enhancement strategy	50	52	

Other important policy documents relevant to this activity include:

- The Regional Land Transport Strategy
- Social Wellbeing Policy.

DEFERRED WORK

Council is shifting its capital expenditure priorities away from upgrading local low-traffic, -pedestrian and -cycle volume/high cost roads. It plans to prioritise projects that will incentivise walking and cycling, address safety and congestion issues and contribute to road upgrades when other significant utilities are being installed in streets.

Other projects/activities that have been removed from the programme are:

- SH6 Whakatu Drive/Champion Road/Saxton Road three roundabouts, although an investigation is planned for 2012/13
- SH6/Atawhai intersections project
- Bridge Street extension to Vanguard Street
- The Marsden/Ridgeway intersection, although an investigation is planned for 2017/18
- Muritai Street/Parkers Road intersection
- Collingwood Street/Grove Street intersection
- Maitai Valley, Enner Glynn, Teal Valley, Little Todd Valley and Rayners Roads rural road seal extensions
- Sundry land purchases.

- The following less urgent road upgrades identified in previous Long Term Plans have been removed from the ten year programme. These streets will be made safer for pedestrians through the use of line marking and traffic calming using the minor improvements budget, where funding allows.

- Shelbourne Street
- Scotia Street
- Alfred Street
- Tipahi Street from Franklyn Street to Alfred Street and Eckington Terrace upgrades
- Hampden Street from Tipahi to the end of the street
- Kawai Street
- Konini Street
- Muritai Street
- Franklyn Street, from Tipahi Street to Vanguard Street
- Brougham Street, from Trafalgar Street to Scotland Street
- Marsden Valley Road upgrade and shared walk/cycle path
- Motueka Street, from Tipahi to Vanguard
- Cable Bay Road, from the SH6 intersection to Maori Pa Road, pre-recovery project
- Airlie Street
- Domett Street from Bridge Street to Nile Street
- Mayroyd Terrace

- Mount Street
- Emano Street
- Montreal Road
- Rainier Street
- Poynters Crescent
- Maori/Beachville footpath
- Arrow Street from Quebec Road to 50 Arrow Street
- Stanley Crescent
- Fountain Place.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, the following assumptions apply specifically to transport.

- The Council expects National and Regional funding identified in the RLTP will be supported in the National Land Transport Programme
- Council has assumed that its funding from NZTA has remained unchanged for Years 4-10, despite the change in Years 1-3. If the NZTA funding is reduced, it could have implications for Council maintaining its levels of service
- The Council assumes NZTA financial assistance rates will remain at 43% and 53% for maintenance and capital projects
- The Council expects that the NZTA will continue to subsidise the region's passenger transport at 2011/12 levels from Year 4
- It is expected that Tasman District Council will continue its policy of not contributing to the Nelson/Richmond passenger transport service
- It is expected that Tasman District Council will continue its free parking policy in Richmond and not incentivise public transport use
- It is assumed that parking revenue and public transport occupancy levels will be at a level necessary to support the new public transport level of service
- Council expects there will be no significant increase in transport costs resulting from the Framing Our Future Sustainability Strategy
- It is assumed that energy prices will not increase or decrease significantly over the next three years, with a consequent effect on vehicle use or shifts to other modes of transport
- It is assumed that the number of vehicles and vehicle movements per household will continue at 2011 levels over the period covered by this Long Term Plan.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

While the transport services and assets associated with this activity are primarily focussed on the safe, efficient and effective movement of people and goods around the region, Council recognises that there are potential negative effects on the community. Council works to address most of these through the provision of Public Transport Services and travel demand management activities.

Environmental wellbeing: air, water and particle pollution from motor vehicles, disturbance of the natural environment from road construction and vehicle emissions that contribute to climate change.

Social wellbeing: noise and community severance caused by busy roads, the social cost of road congestion, accidents and injuries, and negative health effects from transport infrastructure that either inhibits or does not promote physical activity.

Economic wellbeing: costs resulting from road congestion, costs of operating, maintaining, renewing and investing in transport assets and services, and the dependence on motor vehicles creating a low resilience to increasing energy costs.

There is a risk that activities that might be eligible for funding, and were budgeted in the LTP to receive funding, are declined that funding by the NZTA after the Council has adopted the LTP.

REVENUE AND FINANCING POLICY FOR TRANSPORT

Distribution of benefits

Community benefits

These activities ensure a land transport system that operates safely and provides easy access throughout the city. It contributes to an attractive well-planned city, to sustainable management of resources and to a good quality of life for residents and visitors. The network allows people to travel to work and to leisure activities.

Individual benefits

All road and footpath users benefit from Council providing these services (motorists, pedestrians, cyclists, transport operators and all those who have goods shifted by road transport). Utility service providers also use the road reserve for their services.



Actions and inactions of individuals or groups that contribute to the need to undertake the activity

Heavy vehicles place a higher cost on maintenance of the roading network. This is recognised through Road User Charges.

The costs and benefits of funding the activity distinct from other activities

All residents and businesses benefit from Council funding a road network. People who do not drive still derive an indirect benefit, for example, roads are used for street parades and fairs, festivals and other activities. Therefore the Council's costs are collected through general rates.

Period over which the benefits are expected to occur

Capital expenditure for the transport activity provides long term benefit to the community. Many of the planned capital expenditure projects will provide services for more than 40 years, while other projects will provide benefits for between 10 and 20 years.

Transport – sources of funding

Operating: General rates, fees and charges, grants and other subsidies

Capital: General rates, borrowing, asset sales, development contributions (LGA), financial contributions (RMA), grants and other subsidies

TRANSPORT FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)	Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	7,400	8,076	8,417	8,729	9,634	10,061	10,417	10,564	10,532	11,064	11,270
Targeted rates (other than a targeted rate for water supply)	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	2,034	3,740	1,825	1,797	2,173	2,312	2,382	2,410	2,420	2,574	2,566
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	547	503	503	503	551	569	585	602	621	642	663
Local authorities fuel tax, fines, infringement fees, and other receipts	3,711	4,081	3,826	3,888	3,994	4,078	4,162	4,252	4,346	4,446	4,547
Total Operating Funding	13,692	16,400	14,571	14,917	16,352	17,020	17,546	17,828	17,919	18,726	19,046
Applications of operating funding											
Payments to staff and suppliers	8,307	13,450	9,099	9,117	10,115	10,583	10,971	11,162	11,177	11,909	12,151
Finance costs	183	158	157	171	203	207	208	209	210	210	213
Internal charges and overheads applied *	1,643	1,486	1,604	1,800	2,144	2,197	2,191	2,104	1,983	1,858	1,747
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	10,133	15,094	10,860	11,088	12,462	12,987	13,370	13,475	13,370	13,977	14,111
Surplus (Deficit) of operating funding	3,559	1,306	3,711	3,829	3,890	4,033	4,176	4,353	4,549	4,749	4,935
Sources of capital funding											
Subsidies and grants for capital	1,003	3,277	2,617	4,625	1,240	2,043	1,810	1,643	1,339	1,343	1,644
Development and financial contributions	400	180	184	189	193	198	203	208	214	220	225
Increase (decrease) in debt	3,530	2,935	1,994	1,545	14	162	(1,127)	(2,108)	(2,152)	(2,183)	(2,200)
Gross proceeds from sale of assets	10	20	20	21	21	22	23	23	24	24	25
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	4,943	6,412	4,815	6,380	1,468	2,425	909	(234)	(575)	(596)	(306)
Applications of capital funding											
Capital Expenditure											
- to meet additional demand	2,285	1,389	1,344	2,384	389	403	1,552	435	454	474	496
- to improve level of service	3,765	5,464	4,993	4,783	2,214	2,967	572	595	297	310	325
- to replace existing assets	2,469	3,340	2,195	3,042	2,761	3,091	2,970	3,089	3,223	3,369	3,808
Increase (decrease) in reserves	(17)	(2,475)	(6)	0	(6)	(3)	(9)	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	8,502	7,718	8,526	10,209	5,358	6,458	5,085	4,119	3,974	4,153	4,629
Surplus (Deficit) of capital funding	(3,559)	(1,306)	(3,711)	(3,829)	(3,890)	(4,033)	(4,176)	(4,353)	(4,549)	(4,749)	(4,935)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

TRANSPORT COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Income											
Rating Income	7,400	8,076	8,417	8,729	9,634	10,061	10,417	10,564	10,532	11,064	11,270
Operating Income	5,745	7,821	5,651	5,685	6,167	6,390	6,544	6,662	6,766	7,020	7,113
Capital Income	1,403	3,457	2,801	4,814	1,433	2,241	2,013	1,851	1,553	1,563	1,869
Total Income	14,548	19,354	16,869	19,228	17,234	18,692	18,974	19,077	18,851	19,647	20,252
Expenses											
Payments to staff and suppliers	8,307	13,450	9,099	9,117	10,115	10,583	10,971	11,162	11,177	11,909	12,151
Finance costs	1,279	1,141	1,258	1,468	1,796	1,835	1,814	1,711	1,572	1,426	1,297
Depreciation	4,394	4,793	5,110	5,386	5,691	5,972	6,267	6,581	6,912	7,270	7,650
Total Expenses	13,980	19,384	15,467	15,971	17,602	18,390	19,052	19,454	19,661	20,605	21,098
Net Surplus (Deficit)	568	(30)	1,402	3,257	(368)	302	(78)	(377)	(810)	(958)	(846)
Sources of funds											
Net Surplus (Deficit)	568	(30)	1,402	3,257	(368)	302	(78)	(377)	(810)	(958)	(846)
Non cash expenditure	4,394	4,793	5,110	5,386	5,691	5,972	6,267	6,581	6,912	7,270	7,650
Increase (decrease) in debt	3,530	2,935	1,994	1,545	14	162	(1,127)	(2,108)	(2,152)	(2,183)	(2,200)
Gross proceeds from sale of assets	10	20	21	21	21	22	23	23	24	24	25
Total Sources of funds	8,502	7,718	8,526	10,209	5,358	6,458	5,085	4,119	3,974	4,153	4,629
Applications of funds											
Capital Expenditure	2,285	1,389	1,344	2,384	389	403	1,552	435	454	474	496
- to meet additional demand	3,765	5,464	4,993	4,783	2,214	2,967	572	595	297	310	325
- to replace existing assets	2,469	3,340	2,195	3,042	2,761	3,091	2,970	3,089	3,223	3,369	3,808
Increase (decrease) in reserves	(17)	(2,475)	(6)	0	(6)	(3)	(9)	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of funds	8,502	7,718	8,526	10,209	5,358	6,458	5,085	4,119	3,974	4,153	4,629
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	3,559	1,306	3,711	3,829	3,890	4,033	4,176	4,353	4,549	4,749	4,935
Subsidies and grants for capital expenditure	1,003	3,277	2,617	4,625	1,240	2,043	1,810	1,643	1,339	1,343	1,644
Development and financial contributions	400	180	184	189	193	198	203	208	214	220	225
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(4,394)	(4,793)	(5,110)	(5,386)	(5,691)	(5,972)	(6,267)	(6,581)	(6,912)	(7,270)	(7,650)
Net Surplus (Deficit) before taxation in Cost of Service Statement	568	(30)	1,402	3,257	(368)	302	(78)	(377)	(810)	(958)	(846)

CAPITAL EXPENDITURE (\$000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Roads: Subsidised										
Arterial Pedestrian Access	60									
Bishopdale to the Ridgeway shared path	350									
Cycleway – waterfront to Annesbrook		50		111	288					
Cycleway St Vincent St	46									
Emergency 2011 Response	725									
Footpath: walkway connection	55	100	100	111	115	119	124	130	135	142
Integration activities	300	300	300							
Maitai Shared Path (Akersten St to Traf St)		1,000	50		345					
Maitai Shared Path (Collingwood St to Nile St)			450							
Other walk/cycle projects	50	300	450							
Poorman Valley Stream walk/cycle improvements	53		30		345					
R Fund: Waimea/Motueka junction	1,224									
Railway Reserve/Princes Dr extension overbridge	50	50	400							
Road Renewals: associated improvements	50	50	50	333	345	358	373	389	406	425
Road Renewals: bridge/retaining wall				167	173	179	186	194	203	213
Road Renewals: drainage				333	345	358	373	389	406	425
Road Renewals: Friction Course Replacement	989	567	1,441							
Road Renewals: pavement rehabilitation				389	403	418	435	454	474	496
Road Renewals: sealed road resurfacing	602	602	602	389	403	418	435	454	474	496
Road Renewals: traffic services	130	130	130	144	150	155	161	168	176	184
Road Renewals: unsealed road metalling	58	58	58	220	228	236	246	257	268	281
Road: minor improvements programme	413	469	690	389	403	418	435	454	474	496
Road: Waimea/Ridgeway Junction	60	75	850							
Rocks Rd 4 metre wide shared path	110	250	2,500							
School approach & frontage treatments	50	200	200							
Street lights	250	250	250							
The Brook Shared Path	50	450								
Three roundabouts	60									
Variable speed signs	360									
Waimea Rd widening/Snows Hill			54		575					
Waimea/Market Rd Junction	50		90			1,045				

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Roads: Unsubsidised										
Art: Waimea/Market Rd Junction						90				
Art: Waimea/Ridgeway Junction			54							
Cleveland Terrace Retaining	70									
Collingwood St tree planting		31	32							
Cycleway: Halifax St cyclelanes			38		138					
Halifax St (Tasman to Milton)		31		316						
Halifax St/Shakespeare Walk			32		690					
Haven/Halifax junction improvements		68		611						
Milton St (Grove to Cambria)		31		333						
Nile St/Maitai Rd intersection					35		311			
Princes Drive upgrade	1,074									
Renewals: footpaths	550	571	590	611	633	657	683	713	745	779
Renewals: street lights	125	130	134	139	144	149	155	162	169	177
Renewals: street/garden furniture	5	5	5	6	6	6	6	6	7	7
Road: arterial pedestrian access	60									
Road: Atawhai Drive	2									
Road: Iwa Rd	2									
Road: Locking St	4									
Road: Queens Rd	321									
Road: Tasman (Cambria-Grove)		300								
Road: Tasman (Halifax-Grove)	176									
Road: Tasman St (Nile to Bronte)	70	467								
Street garden development	43	45	46	48	49	51	53	56	58	61
Street garden planting	34	35	36	38	39	41	42	44	46	48
Street tree development	36	37	39	40	41	43	45	47	49	51
Sundry Land Purchases	220									
Todd Bush Rd		62		555						
Variable speed signs	120									
Inner City Enhancement – Car Parks										
Bridge St enhancement	262									
Church St improvements	15	42	268							
Collingwood St landscape improvements	28	29								
Halifax/Trafalgar St landscape improvements		52	172							
Hardy St crossing and Montgomery entrance improvements						281				
Maitai shared path (Akersten St to Trafalgar St)	450	1,299								
Montgomery Sq upgrade	100									
New St landscape improvements					17					
Paru Paru left turn exit removal	45				23					
Renewal CBD rubbish bins	5	5	5	6	6	6	6	6	7	7
Renewal: CBD pedestrian tables	75	52								
Renewal: CCTV					230					283
Renewal: off-street parking meters	8	8	9	9	9	10	10	10	11	11
Renewal: on-street parking meters	16	17	17	18	18	19	20	21	22	23
Tasman St landscape improvements		16								
Trafalgar St entry enhancement	70									
Upper Trafalgar St improvements	25	261								
Wakatu Square landscape improvements					17					
Public Transport										
CBD/Rutherford St bus priority					230					
PT Minor Improvements	36	36	36	51	19	37	20	21	22	23
Total	10,194	8,533	10,209	5,363	6,461	5,094	4,119	3,973	4,153	4,628



**TURNING
TRAFFIC
GIVE WAY
TO
PEDESTRIANS**

WATER SUPPLY

WHAT WE DO

Council supplies high quality water to most Nelson households and businesses through a piped network. Some rural properties provide their own water. The Nelson City area is served by the following mix of water supply systems:

1. The Nelson City system covering most of Nelson City, from Saxton Road to The Glen – Council takes water from the Maitai and Roding Rivers and treats it at the Tantragee Saddle ultra-filtration treatment plant, which opened in August 2004.
2. The Tasman District Council serves a small number of Nelson city properties between Saxton Road and Champion Road with water from the Waimea Aquifer.

3. Six private supplies in the Nelson North area serve between 25 and 180 people each. These take water from a variety of sources. Treatment ranges from no treatment to filtration and UV treatment.
 4. An increasing number of subdivisions take Council-supplied water, but operate a private pumping and storage system for properties that are higher up hills than the Nelson City Council supply can service.
- Water is metered so it is used efficiently and supply costs are shared fairly. Those who use less are charged less.
- Water supply work includes:

RAW WATER PUMP STATIONS **Water treatment plant + pumping and storage**
Maitai and Roding dams and intakes
SERVICE SUPPLY PIPES AND FITTINGS **320km WATER PIPES**
RAW WATER TRUNK MAINS FROM THE DAMS **TRUNK MAINS**
Treated water trunk mains and pump stations
SEVEN LARGE RESERVOIRS WITH
21,000m³ OF COVERED STORAGE

Operations and maintenance in the water supply activity includes the water intake structures on the Maitai and Roding Rivers, the treatment plant in the Tantragee Saddle and looking after the network of pipes, valves and storage reservoirs

throughout the city. Operating and maintaining the treatment plant, Maitai and Roding dams and the water network costs approximately \$4m annually.



WHY WE DO IT

Providing safe water for the city is a major part of Council's core business. A good quality, reliable water supply is essential for community and environmental wellbeing. Human health, tourism and industry rely on having a safe water supply, which is reflected in the duty under the Local Government Act 2002 that Councils provide water services.

Council has invested a considerable amount in developing water supply assets to ensure that it has the capacity to deliver safe water for residents and businesses. Much of Council's water supply work is needed to:

- Maintain existing infrastructure and assets
- Reduce the loss of treated water through leaks
- Build resilience into the network
- Expand the network as new areas of the city are developed.

As a reliable water supply is an essential 'lifeline' utility, Council has established procedures to ensure continuity of supply, or a rapid return of service, in the event of a civil defence emergency such as an earthquake or storm event. These

- provisions include locating a generator at the water treatment plant to provide an energy source should there be an interruption to electricity supplies. Work began in 2011 to duplicate the main supply pipeline from the Maitai Dam to the treatment plant.

OUR LONG TERM VISION

- The Council's long term vision recognises that core services, including water supply, need to be delivered efficiently and effectively, whilst minimising the impact of the activity on the natural environment. Future demand will be met by ensuring security of supply, minimising leaks and scaling new infrastructure appropriately. Opportunities to improve energy efficiency of this activity and to enhance biodiversity will be proactively explored.


OUR GOAL FOR WATER SUPPLY SERVICES


- Sustainably deliver good quality water at the right pressure and flow rate, with a reliable, secure supply.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to achieving outcome
Healthy land, sea, air and water	Ensures water resources are well managed and reduces the human impact on the environment. Council complies with water consent conditions to protect the environment
A strong economy	Supports economic development, business and tourism sector in Nelson. Council measures progress towards addressing risk, quality and sustainability, including increasing storage capacity
Kind, healthy people	Prevents disease, which improves public health. Water grading results are updated regularly

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

 **Community:** Microbiological and chemical water quality issues have been identified and require attention to bring water quality up to acceptable levels in some places. There is an ongoing risk from backflow contamination into the network, which requires one way valves to be installed in higher risk premises.

 **Leading lifestyle:** To ensure residents can continue to enjoy Nelson's distinctive lifestyle, the major activities planned for the next three years are:

- Complete the duplicate pipeline from the Maitai dam to the treatment plant
- Carry out investigations for a new reservoir to serve the Atawhai area
- Continue ongoing pressure reduction initiatives
- Prepare for the renewal of the water extraction consents
- Construct a new reservoir at Observatory Hill
- Implement backflow prevention initiatives
- Continue ongoing renewal of old pipes and fittings
- Replace residential and commercial meters
- Review earthquake readiness of the water supply network
- Identify areas with insufficient fire flows to enable improved supply.

OTHER ISSUES AND PLANNED WORK

The following areas of the water supply network are Council's focus over the next ten years.

Flow rate and pressure: Minimum flow rates for firefighting are lower than desired in many areas as a result of the NZ Fire Service changes to how distances from hydrants are measured.

There are still some properties on the network that experience higher than desirable pressures. A programme of installing pressure reducing valves will continue to reduce the small proportion affected by excessively high water pressure.

Consents: Resource consents for water extraction need to be renewed by 2017. There is some cost and uncertainty involved in applying for these consents.

Old pipes: The proportion of pipes in the network that are reaching the end of their serviceable life means the pipes are increasingly prone to leaking and associated water losses.

Emergencies: Attention has been drawn to the need to ensure security of the network in light of the Canterbury earthquakes that have continued since September 2010.

Excess water charges from a leak: Council has changed how it provides remissions for water losses. For the full policy, refer to the section later in this document. In short, there is provision for a refund if errors have occurred or there is a leak on a Council fitting. Under some other situations, you might also be able to apply for a refund if

a leak is discovered and promptly repaired by a licensed or certified plumber. The policy explains all the conditions and criteria.

In Years 4 to 10 of this Long Term Plan, from 2016 on, Council proposes to construct the reservoir at Atawhai, carry out investigations for the renewal of the Roding River supply pipeline, complete the backflow prevention measures, continue replacement of residential and commercial meters, continue ongoing renewals of pipes and fittings and complete the resource consent processes for water extraction.

Delivering a sustainable service: The key ways the Council supports a sustainable water supply include:

- Using abandoned pipes as ducts
- Using a water powered electricity generator at the treatment plant
- Gravity fed reticulation reducing dependency on pumping
- Adding water to the river from the Maitai Dam to increase natural flows
- Water sources and treatment sited close to the city
- Providing city wide access to reliable, safe water
- Providing consistently reliable safe water, which underpins the local economy.
- Further actions we could take towards making this activity even more sustainable:
 - More strategic monitoring of the condition and operation of water network assets
 - Enhanced network modelling to aid prediction of performance and renewal strategies
 - Additional effort to reduce demand and limit water losses
 - Reduction in electricity use in networks with consequent reduction in overall CO₂ emissions.

Engineering Services Agreement between Tasman District Council (TDC) and Nelson City Council (NCC)

Council has an engineering services agreement with TDC, primarily covering the supply of water to Champion Rd subdivisions and some properties in the Wakatu Industrial Estate. The agreement also covers a small amount of wastewater services by TDC to properties in Champion Road.

The Nelson City Council water reticulation does not have the capacity to supply full fire flows to these areas and TDC has taken on the water supply role since the subdivisions were granted.

The Engineering Services Agreement expired at the end of 2010. The agreement will be re-negotiated between the two councils as part of a Joint Services proposal. The current agreement was extended to 30 June 2013 to allow for this.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Good quality water	Grading under Drinking Water Standards for NZ 2005/08 sampling and test standards	Council's water supply has Ab grading – "A" for source and "b" for reticulation	Maintain Ab grading	Maintain	Maintain	Maintain
A reliable supply of water	Day to day continuity of supply	Achieved in 2011	1 in 60 year drought security for at least the next 50 years	Maintain	Maintain	Maintain
Acceptable water pressure	Percentage of customers with acceptable pressure, defined as minimum 30m head, max 90m head and maximum fluctuation <35%	2010/11 target of 79% achieved – 80% had acceptable pressure	82% in 2012/13	84% in 2013/14	87% in 2014/15	90% in 2015/16 93% in 2016/17 100% by 2019/20
Adequate flows of water	Proportion of properties with NZ Fire Service fire minimum flows of 24 litre/s and therefore adequate domestic, commercial, industrial minimum flows	Not Achieved Was 98.6%, 1.3% below target of 99.9% for 2010/11, 99.3% in 2009/10 when target was 99.4%	99.1% in 2012/13	99.3% in 2013/14	99.5% in 2014/15	100% by 2018/19
A prompt emergency response	Meet response times for emergencies identified in external works contract	Achieved in 2011	Maximum 24 hour outage (all) Supply 99.6% available at any property	Maintain	Maintain	Maintain
A network that protects the natural environment	Level of compliance with resource consents.	Achieved in 2011	100% compliance	Maintain	Maintain	Maintain

DRIVERS OF CAPITAL EXPENDITURE

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

- The need to continue to renew older pipe network assets to avoid the accumulation of assets that are past their service life
- Addressing the provision of acceptable fire flows
- Reducing the higher water pressure areas in the network
- Microbiological and chemical water quality issues that have been identified as needing improvement
- Addressing risks of backflow contamination
- Renewal of the resource consents for water extraction by 2017
- The need to replace old pipes and reduce associated water losses
- The need to address security of the network in light of the Canterbury earthquakes that have continued since September 2010.

STRATEGIES AND POLICIES

- Water Supply Asset Management Plan
- Water Supply Conservation Strategy 2003
- Freshwater Plan 2006, which is part of the Nelson Resource Management Plan
- Conservation and Landscape Reserves Management Plan, which includes the Maitai and Roding catchments
- Nelson Urban Growth Strategy 2005
- Development Contributions Policy
- Sustainability Policy and Framing Our Future Sustainability Strategy Vision.

DEFERRED WORK

Atawhai No 2 reservoir and associated trunk main have been moved to 2019-2022.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, the following assumptions apply specifically to water supply.

- Council assumes renewals will be continued as necessary at a rate that is sustainable based on consideration of both resource and financial aspects.
- It is assumed that Nelson's climate will remain substantially unchanged for the next decade, with enough rain to meet our water needs. Longer term impacts of climate change are provided for through the 50 years plus long term planning for infrastructure provision.
- Water supply is expected to continue to be funded from water charges and, consistent with Council's financial policies, most of the capital expenditure will be borrowed.
- Water conservation and the demand for water is expected to continue to primarily be managed through Council's water charging system.
- The service delivery strategy is expected to be sustained for the term of this Long Term Plan where Council manages maintenance, renewal and water supply asset replacement through an internal business unit and hires specialist consultants and contractors as required. The work will be contracted out through a competitive pricing procedure and funded from water charges and according to the terms of Council's financial policies.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Reduced flow rates occur in the Maitai and Roding Rivers below the water supply intakes. The amount of this reduction is controlled and monitored through adherence to Council's resource consents to extract water.

To ensure there is a safe supply of water, water supply catchment controls have to limit the range of recreational activities provided in the Maitai and Roding valleys. For example, no

swimming, boating or fishing is allowed in the Maitai Dam. The commissioning of the water treatment plant allowed the slight relaxing of some restrictions, but most are necessary to meet Ministry of Health water quality grading requirements.

Because the **Maitai Water Supply Scheme** is a vulnerable asset, it was designed to withstand 1 in 100 year earthquake and flood events without damage.

The **Maitai pipeline**, which supplies two thirds of Nelson's water, between the Dam and Brook Street was identified as being at extreme risk from damage due to earthquake displacement or slip. The pipeline is above ground, on a benched track along the hillside. Past experience shows that the repair or replacement of a 5m length of damaged pipe would take around 24-48 hours. Reservoirs in the city hold sufficient water for approximately eight hours' daytime consumption, which would only cover part of the repair period required for a relatively short length of damaged pipe. The new buried pipeline between the dam and the Water Treatment Plant was designed in 2011 and work began in late 2011. Completion is expected in 2014. Design and construction of a new pipeline between the Water Treatment Plant and Westbrook Terrace is scheduled for 2020/21.

The **Roding Water Scheme** poses low and moderate risks to structures other than a 200m length of pipe between the screen house and the chlorinator house. This pipe is suspended on piers along the riverbank. A 30m section was washed out in the large flood of January 1986. Subsequently, the pipes were more securely fixed and rock armouring was constructed in front of the piers. There is a possibility that a similar large flood could damage the pipe again. Reinstatement would take 2-3 days, during which time the Maitai and Richmond would be the only sources supplying the City.

Emergency water treatment is provided by a portable chlorinator using sodium hypochlorite held at the Water Treatment Plant. It is a complete stand-alone unit, run by a small petrol

- generator and is sufficient to treat the full Maitai daily flow.

- Risks posed to the **trunk mains** range from low to high. The high risk is from earthquakes where sections of key main pipes could be damaged. Stocks of replacement pipes are held to allow single repairs to each main. Mutual aid would be required from other water supply authorities to reinstate trunk mains in the event of multiple major breaks.

- The Clearwater, Stoke, Walters Bluff, and Observatory Hill **Reservoirs** have been constructed to category 2 standard, able to survive a 1 in 1000 year earthquake.

- All large reservoirs have automatic seismic shut off valves. When excess flow from the reservoir is detected, such as from a broken outlet trunk main, the outlet valve is automatically shut and an alarm is set off.

- Risks posed to **water quality** range from low to extreme. Completion of the Water Treatment Plant in August 2004 has reduced the risk to source water to very low levels.

- The extreme risk relates to possible **backflow** from premises into the water reticulation network, thereby putting other consumers in danger. Dual check valves have been fitted to all residential connections as part of the water meter manifold. These are planned to be replaced when the water meters are updated between 2013 and 2016. Backflow preventers have been installed at all Nelson City Council drainage pump stations. However, there are few protection devices on commercial and industrial premises. A programme of installing backflow preventers, in conjunction with replacing commercial and industrial water meters, is shown in the capital works projections. The backflow prevention devices will be sourced and installed by Council with the costs recovered from the property owner.

- A plan for dealing with deliberate or accidental **contamination** of the water supply is planned to be developed by 2012/13.

- The Health (Drinking Water) Amendment Act 2007 requires large drinking water suppliers, such as Nelson City Council, to have **Public**

Health Risk Management Plans by 1 July 2012, approved within 12 months and begin implementation within one month of that approval.

Water supply risk was reviewed while developing the Water Supply Asset Management Plan.

REVENUE AND FINANCING POLICY FOR WATER SUPPLY

Distribution of benefits

Community benefits

Water supply contributes to community health, fire safety, assists the local economy and improves the amenity value of the city.

Individual benefits

Those connected to the public water supply receive a private benefit. Overall, the benefits have been assessed as being 100% private.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

The costs and benefits of funding the activity distinct from other activities

Funding this account on a user-pays basis provides an incentive for water conservation, which is a significant benefit. Funding on a user-pays basis is a benefit in terms of an equitable method of sharing the costs of the provision of the water supply.

The only significant costs of a user-pays approach lie in the administrative and transaction cost of collecting water charges, but this cost is small in relation to the benefits of applying this system.

Period over which the benefits are expected to occur

The water supply capital expenditure provides long term benefits to the community. Council anticipates that the Maitai Dam and water treatment plant will provide services to Nelson well beyond the next 40 years to at least 2050.

Water supply – sources of funding

Operating: Targeted rates, fees and charges, borrowing including a smoothing loan

Capital: Targeted rates, development contributions (LGA), financial contributions (RMA)

WATER FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	9	9	10	10	10	10	11	11	11	11	12
Targeted rates (other than a targeted rate for water supply)	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges, and targeted rates for water supply	10,834	11,015	11,365	11,926	12,285	12,598	13,018	13,563	14,099	14,690	15,316
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	100	23	74	181	293	411	420	431	443	455	466
Total Operating Funding	10,943	11,047	11,449	12,117	12,588	13,019	13,449	14,005	14,553	15,156	15,794
Applications of operating funding											
Payments to staff and suppliers	5,554	6,093	5,793	6,064	6,022	6,237	6,399	6,611	6,796	7,044	7,261
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied *	1,667	1,375	1,527	1,747	2,075	2,090	2,136	2,243	2,345	2,415	2,531
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	7,221	7,468	7,320	7,811	8,097	8,327	8,535	8,854	9,141	9,459	9,792
Surplus (Deficit) of operating funding	3,722	3,579	4,129	4,306	4,491	4,692	4,914	5,151	5,412	5,697	6,002
Sources of capital funding											
Subsidies and grants for capital	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	318	610	625	640	655	671	688	706	724	744	763
Increase (decrease) in debt	2,168	3,147	3,148	(96)	33	(712)	1,700	1,305	1,528	526	1,826
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	2,486	3,757	3,773	544	688	(41)	2,388	2,011	2,252	1,270	2,589
Applications of capital funding											
Capital Expenditure	617	98	510	178	184	396	174	180	188	197	206
- to meet additional demand	4,468	6,258	5,393	939	915	949	981	601	816	5,245	6,791
- to improve level of service	1,123	1,373	1,999	3,733	4,080	3,306	6,147	6,381	6,660	1,525	1,594
- to replace existing assets	0	(393)	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	6,208	7,336	7,902	4,850	5,179	4,651	7,302	7,162	7,664	6,967	8,591
Surplus (Deficit) of capital funding	(3,722)	(3,579)	(4,129)	(4,306)	(4,491)	(4,692)	(4,914)	(5,151)	(5,412)	(5,697)	(6,002)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

WATER COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Income											
Rating Income	0	0	0	0	0	0	0	0	0	0	0
Operating Income	10,943	11,047	11,449	12,117	12,588	13,019	13,449	14,005	14,553	15,156	15,794
Capital Income	318	610	625	640	655	671	688	706	724	744	763
Total Income	11,261	11,657	12,074	12,757	13,243	13,690	14,137	14,711	15,277	15,900	16,557
Expenses											
Payments to staff and suppliers	5,554	6,093	5,793	6,064	6,022	6,237	6,399	6,611	6,796	7,044	7,261
Finance costs	1,667	1,375	1,527	1,747	2,075	2,090	2,136	2,243	2,345	2,415	2,531
Depreciation	3,737	3,941	4,126	4,306	4,490	4,692	4,914	5,152	5,412	5,697	6,002
Total Expenses	10,958	11,409	11,446	12,117	12,587	13,019	13,449	14,006	14,553	15,156	15,794
Net Surplus (Deficit)	303	248	628	640	656	671	688	705	724	744	763
Sources of funds											
Net Surplus (Deficit)	303	248	628	640	656	671	688	705	724	744	763
Non cash expenditure	3,737	3,941	4,126	4,306	4,490	4,692	4,914	5,152	5,412	5,697	6,002
Increase (decrease) in debt	2,168	3,147	3,148	(96)	33	(712)	1,700	1,305	1,528	526	1,826
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Total Sources of funds	6,208	7,336	7,902	4,850	5,179	4,651	7,302	7,162	7,664	6,967	8,591
Applications of funds											
Capital Expenditure	617	98	510	178	184	396	174	180	188	197	206
- to meet additional demand	4,468	6,258	5,393	939	915	949	981	601	816	5,245	6,791
- to improve level of service	1,123	1,373	1,999	3,733	4,080	3,306	6,147	6,381	6,660	1,525	1,594
- to replace existing assets	0	(393)	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of funds	6,208	7,336	7,902	4,850	5,179	4,651	7,302	7,162	7,664	6,967	8,591
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	3,722	3,579	4,129	4,306	4,491	4,692	4,914	5,151	5,412	5,697	6,002
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	318	610	625	640	655	671	688	706	724	744	763
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(3,737)	(3,941)	(4,126)	(4,306)	(4,490)	(4,692)	(4,914)	(5,152)	(5,412)	(5,697)	(6,002)
Net Surplus (Deficit) before taxation in Cost	303	248	628	640	656	671	688	705	724	744	763
of Service Statement											

CAPITAL EXPENDITURE (\$000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Atawhai No.2 reservoir								129	386	1,416
Atawhai reservoir & pump			21	22	227					
Atawhai trunk main								65	128	4,675
Backflow prevention	100	364	376	389	403	418	435	454	474	496
Fire flow upgrades		96	99	103	106	109				
Maitai duplicate pipeline	5,098	4,519								
Maitai Pipeline (water treatment plant to Westbrook Terrace)			54						4,064	
Observatory Hill reservoir & pump	94	364								
Other Sundry: Maitai planting	37	11	12	12	13	13	14	14	15	15
Pipe improvements/pressure reduction	395	260	268	277	287	298				
Pipe renewals	778	825	852	881	913	948	986	1,028	1,075	1,124
Renewal: water treatment plant membranes			1,623	1,678	1,739					
Renewals: commercial meters	287	292	302	312	323	336	349	364	381	398
Renewals: headworks	13									
Renewals: Misc pipes & fittings	116	63	65	67	69	71	73	75	78	80
Residential meters renewals	50	696	773	799						
Resource Consents	50	52	53	164	68					
Rider mains	179	155	160	165	171	178	185	193	202	211
Roding pipeline		52			115	4,777	4,969	5,183		
Roding Resource Consent renewal	20	21	53	164	68					
System improvements	123	128	132	137	142	147	153	159	167	174
Telemetry/control upgrade	60									
Staff time	329	7	7	7	7	8				
Total	7,728	7,902	4,850	5,179	4,651	7,301	7,163	7,665	6,968	8,591

WASTEWATER

WHAT WE DO

Council's wastewater activity includes the collection, treatment and disposal of sewage and other wastewater that is discharged into Nelson's sewers.

Nelson City discharges about 15 million litres of wastewater a day, with the Nelson North system treating around 10 million litres of this

- total and the Bell Island treatment plant taking on average 5 million litres of wastewater daily.
- Nelson City Council is a 50% owner, with Tasman District Council, of the treatment facility at Bell Island. This is managed by the Nelson Regional Sewerage Business Unit (NRSBU) and serves the Stoke and Tahunanui areas, several large industrial premises, urban Richmond, the Waimea plains and Mapua/Ruby Bay.

370km OF PIPES 26 pump stations RISING MAINS **NELSON NORTH WASTEWATER TREATMENT PLANT** **SWALLOWS Nelson Regional Sewerage** **Business Unit (50% share)** **Bell Island treatment facility**

Activities include operations and maintenance of the wastewater activity centres on the treatment plants at Nelson North and Bell Island and the network of pipes, manholes and pump stations in the city. The treatment facility at Nelson North treats waste from Bishopdale northwards and the Bell Island facility treats waste from Bishopdale southwards, as well as from a number of townships in the Tasman District. Both plants are based on oxidation ponds with enhanced secondary treatment. Operating and maintaining the treatment plants and the wastewater network costs approximately \$4.8m annually.

WHY WE DO IT

Council provides a wastewater system to prevent harm to people, protect the environment and contribute to community wellbeing.

Preventing harm to people: Council's wastewater system is intended to protect people from harm caused by insanitary conditions or disease. The provision of a piped network and treatment and safe disposal of waste products allows people and businesses to carry out their day to day lives with minimal disruption or adverse health effects.

- Protection of environment and community wellbeing:** Collection, treatment and safe disposal of wastewater ensures that both the built and natural environments do not become exposed to dangerous levels of pathogens. Large communities such as cities function more effectively and economically when the health and safety of residents can be relied on. Business, tourism and industry benefit from a healthy workforce and environment.
- Legislative requirements:** Council has statutory obligations under the Local Government Act 2002 to continue to provide existing wastewater services and a general authority to construct public drains and undertake sanitary drainage works. Council is required to take a sustainable development approach that takes into account:
 - the social, economic and cultural wellbeing of people and communities; and
 - the need to maintain and enhance the quality to the environment; and
 - the reasonably foreseeable needs of future generations.

OUR LONG TERM VISION

As with other core services, the vision for the wastewater activity is to deliver an efficient and effective service in a sustainable manner. This means ensuring that the network meets the needs of its users whilst minimising the impact of the activity on the environment.


OUR GOAL FOR WASTEWATER SERVICES

- To provide a wastewater system to Nelson City that is capable of collecting and treating wastewater in an efficient, safe and sustainable way whilst ensuring that the cultural ecological and recreational values of waterways and the marine environment are recognised and enhanced.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to achieving outcome
Healthy land, sea, air and water	Reduces the impact on the environment.
People-friendly places	Reduces harmful effects on people as well as the natural and built environment.
A strong economy	Allows businesses to operate safely in Nelson and protects the tourism sector from negative impacts.
Kind, healthy people	Minimises disease and health problems.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

 The major activities planned for the next three years to ensure we maintain the **natural environment** are:

- Ongoing renewal of old pipes, pumps and fittings
- Design and construction of the Corder Park pump station upgrade
- Design the Awatea Place pump station, rising main and trunk main upgrades
- Design and construct Marsden Valley Trunk Main and design an express sewer upgrade
- Design and construct sewer pipes to divert flows from Quarantine Road pump station catchment to Songer Street pump station
- Address Nelson North Wastewater Treatment Plant odour issues.

OTHER ISSUES AND PLANNED WORK

In years four to ten of this Long Term Plan, from 2016 on, Council plans to construct the Awatea pump station and mains, design and construct the Neale Park Pump Station upgrade, construct the Marsden Valley express sewer main and

- continue ongoing renewals of pipes and fittings. These projects are driven by the following issues.

Nelson North Wastewater Treatment Plant

odour issues: The Nelson North treatment facility has had a long history of odour problems. Most were caused by the ponds during seasonal changes that created anaerobic conditions also known as 'crashing', particularly in winter. The ponds crashed for a three month period in 1999 and it was discovered that part of the facility was overloaded in winter, so the dividing bund was removed in February 2000. This improved the capacity of the pond but the quality of the effluent returned to pre-1996 levels.

The 2008 upgrade was designed to comply with the higher requirements of the 2004 resource consent. The design of the new plant has enabled better management of changing inflows and allows for adjustments to reduce the negative effects of winter conditions.

While odour management has improved, there are still recurring odour problems to be addressed. Preliminary investigations by Council, the plant operator and consultants focused on the levels and distribution of sludge in the oxidation pond compartments. Maintenance aeration and sludge dredging is required to

remove high points. Council confirmed funding for this work of \$2m in Year 1 and \$3.1m in Year 2.

Accidental discharges: During extreme rainfall events, stormwater enters the wastewater network and results in wastewater volume spikes. When the volume of wastewater within the reticulation exceeds the design capacity, accidental discharges can occur from the wastewater pump stations and some manholes throughout the network.

Council has resource consent for accidental discharges that was issued in 2012 that runs to 2032. The consent considers the impact the wastewater would have on the receiving environments where the pump stations are located.

Inflow and infiltration: Stormwater getting into the sewer system through direct inflow and subsurface infiltration requires proactive intervention to control, given the significant effects on the sustainability and operation of the wastewater system.

Monitoring of wastewater flows during extreme rainfall events has shown that inflow and infiltration can lead to peak flows in excess of six times average dry weather flow with extreme spikes in excess of ten times. As a result, wastewater overflows due to wet weather do occur within the wastewater system. Also, additional volumes during wet weather lead to an increase in pumping and treatment costs.

Addressing this problem requires the ongoing installation and upgrading of the stormwater pipe network in the city, targeted initiatives to replace aging sewer lines and information to encourage residents to stop the discharge of stormwater into the wastewater system.

Reducing inflows and infiltration is a long term commitment for Council, and will be implemented through:

- Stormwater upgrades within existing pipe networks and in new works
- Sewer renewal programmes, depending on pipe age and catchment area
- Inflow and infiltration reduction programmes.

This problem means additional work needs to be carried out over the next three years to identify the parts of the network that have the highest levels of inflow and infiltration. Once identified, those worst performing areas can be improved sooner.

Neale Park and Corder Park pumping station upgrades: Sewage from the central city is piped to the Neale Park pump station and then pumped to Nelson North Wastewater Treatment Plant along the state highway. Due to the distance of Neale Park pump station from the treatment plant, the pumps have to pump at higher pressure to get the flows to the plant.

As the city grows, the rising main will be put under greater stress from high pressure flows. To reduce the pressure of the flow in the rising main, the pump station at Corder Park needs to be upgraded, which would mean the flows there could increase and pressure in the rising main could be lowered to maximise its life. Construction of Corder Park pump station would be the first priority, with Neale Park pump station following.

Awatea Place upgrades: In Stoke/Tahunanui, the twin pump stations in Parkers Road are programmed to be replaced with a single new pump station in Awatea Place. Upgrades to the trunk mains would be needed to link the existing pipe work with the new pump station. A single, larger pump station in Awatea Place would reduce operating and maintenance costs, allow for modern odour control equipment and give storage in the event of an emergency.

The issue of significance for pump stations is the need to provide four hours average dry weather flow storage, where possible, and provide generators for an emergency situation.

Marsden Valley upgrades: As Stoke grows, more wastewater will go through the Songer Street pump station. To increase capacity, the network needs to be expanded. Detailed investigation has identified a solution to upgrade some of the trunk mains for short term flows and install an express sewer line to take long term flows from Marsden Valley to Main Road Stoke and Songer Street pump stations. Additional flows would bypass sections of the existing pipe network

and the impact of these flows could be better managed.

The flows would go to Songer Street pump station, which has been recently upgraded to allow for greater volumes and would pump the wastewater directly to the Bell Island Treatment Facility.

Quarantine Road pump station and Arapiki catchment:

The Quarantine Road pump station is already operating at full capacity. Investigations for the Awatea Place facility highlighted the weakness of the Quarantine Road station and the need for its redevelopment. The pump station site constrains options, especially if we need to include more storage and odour control. The solution is to redirect much of the flow from the upper Stoke area away from Quarantine Road to the new Songer Street Pump Station.

Redirecting some of the flow in this way would allow the Quarantine Road pump station to have more capacity to allow for increased flows.

Rising mains and swallows renewals: Rising mains are the pipes that take the flow from pump stations and are consistently full of wastewater under pressure. The swallows are gravity pressure mains where the pipes are generally full, but at a lower pressure. It is difficult to inspect these mains and assess the condition, which makes it difficult to plan a renewal programme. Regular monitoring has not been possible and failures are usually the first sign of problems.

Work is planned using CCTV cameras to identify the mains that need more urgent work. This work would mean a section of the pipe network would be out of operation, causing some disruption in a wider area.

Rising mains are even more difficult to inspect and renewal programmes would focus on identifying pipeline materials, such as concrete, that are likely to be at greater risk of chemical attack.

Nelson Regional Sewage Business Unit:

The unit has nearly completed a comprehensive upgrade of the Bell Island facility and a new rising main pipe from Monaco to Bell Island.

The key developments for the Nelson Regional Sewerage Business Unit, towards the end of the ten years covered by this LTP, are the installation of a new pipeline from Beach Road to Bell Island and a new Tasman pump station. These would cater for projected growth, mainly in the Tasman District Council area, and provide for improved security and flexibility in operating the regional rising mains. Council is a regional partner in the Nelson Regional Sewerage Business Unit meaning that it remains a part owner of these assets, despite them being for the Tasman District. Council's half share of the project costs now amounts to \$11.8m in Years 8-10. Refer to page 27 for more on this project.

Sustainability is considered in Council's decision-making process when designing and constructing the wastewater network to meet the following objectives:

- Optimise the efficient use of resources and minimise waste
- Increase the use of renewable resources and reduce greenhouse gas emissions
- Deliver an improved quality of life for the current and future residents of Nelson.

Further work to make these activities more sustainable over the life of this plan could include:

- More strategic monitoring of the condition and operation of the Council's wastewater assets to identify the most sustainable renewal priorities
- Enhanced network modelling to aid the prediction of performance and renewal strategies
- Additional effort to reduce infiltration rates and overflow risks
- Re-development of Corder Park and Neale Park pump stations to extend the life of the existing single main to the Nelson North Wastewater Treatment Plant
- Ongoing monitoring of wastewater quality and advances in treatment options to reduce odour and improve the quality of eventual discharge to sea
- Investigation of further recovery and processing of wastewater components such as treatment pond effluent.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
A fully operational wastewater treatment plant	Level of compliance of treatment plant with resource consent conditions	Not Achieved Complied with all existing conditions for discharge consents. Breached odour conditions for Nelson North Wastewater Treatment Plant	100% compliance	Maintain 100% compliance	Maintain	Maintain
Emergency response	Time taken to respond and investigate emergencies	Achieved Contractor records show 100% response within 30 minutes for emergency works and 100% response within two hours for other non-urgent investigations All repairs within eight hours	Respond and investigate emergency works within 30 min and repairs within eight hours	Maintain	Maintain	Maintain
Environmental protection	Level of compliance with resource consent conditions for accidental discharges from the network	No base line data Application lodged for resource consent for accidental discharges from the network, not yet processed*	100% compliance	Maintain	Maintain	Maintain
	Number of confirmed odour complaints per annum associated with a pump station	Achieved Two odour events from central Nelson pump station	No more than three confirmed odour complaints a year associated with a pump station	Maintain	Maintain	Maintain

*The applications are to authorise emergency discharges of untreated sewage to land, freshwater and the coastal marine area from the Nelson City Council's wastewater network as a result of storm events or mechanical failures. The application includes a programme of upgrading the network so the frequency of discharges as a result of failed pipes and pump stations should reduce over time. It is anticipated that consent conditions, once granted, would have a maximum number of emergency discharges per year that would reduce over time as improvements are made to the network.

DRIVERS OF CAPITAL EXPENDITURE

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

- Renewing older pipes to avoid the accumulation of assets that are past their service life
- Reducing risk of failure of the Atawhai rising main by re-developing Corder Park and Neale Park pump stations
- Reducing inflow and infiltration of ground water and stormwater in the network
- Improving the efficiency of the Nelson South network by re-directing flows to the new NRSBU pump station in Songer Street
- Planning for growth with the Marsden and Ngawhatu Valleys trunk main upgrade
- Reducing risk of accidental discharges from the network.

STRATEGIES AND POLICIES

- Wastewater Asset Management Plan
- Water and Sanitary Services Assessment 2005
- Nelson Freshwater Plan 2006, which is part of the Nelson Resource Management Plan
- Nelson Urban Growth Strategy 2005
- Nga Tāonga Tuku Iho ki Whakatū Iwi environmental management plan 2004
- Land Development Manual
- Trade Waste Bylaw 214, which came into effect 1 October 2007
- Development Contributions Policy
- Sustainability Policy and Framing Our Future Sustainability Strategy Vision.

DEFERRED WORK

Extension of the sewer main further up the Maitai Valley to Ralphine Way has been moved to 2023.

Investigation of the wastewater servicing of the Hira area has been moved to 2023.

ASSUMPTIONS

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

- Council assumes renewals will be continued as necessary at a rate that is sustainable based on considering both resource and financial aspects.
- We assume Nelson's climate will remain substantially unchanged for the next decade, with no extreme events that will impact on the operation of the wastewater treatment plants. Longer term impacts of climate change are provided for through the 50 years plus long term planning for infrastructure provision.
- It is also assumed that the wastewater activities of Council will be funded from wastewater charges and, consistent with Council's financial policies, most of the capital expenditure will be borrowed. Council estimates it will collect \$6.7m from Development and Financial Contributions over the next ten years to fund the increased provision of wastewater treatment due to population growth.
- It is assumed that the service delivery strategy will be sustained for the term of this Long Term Plan where Council manages maintenance, renewal and wastewater asset replacement through an internal business unit and hires specialist consultants and contractors as required. The work will be contracted out through a competitive pricing procedure and funded from water charges and according to the terms of Council's financial policies.
- It is assumed that the most efficient, safe and cost-effective means of disposing of wastewater is to have a Council-provided piped system for the Nelson urban area, with treatment facilities to the north and west of the City.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Occasional odours from pump stations and treatment plants have largely been addressed by installing improved technology, maintenance and monitoring. Nelson North Treatment Plant requires additional works to address odour issues. Failure of the Wastewater Treatment Plant processes at Nelson North and Bell Island is mitigated by constant monitoring of both of these plants and regular maintenance and upgrades. As natural processes are the fundamental basis of operation they are subject to seasonal influences and the impact of unauthorised discharges.

The risk of **wastewater overflows** into waterways or onto land that could pose a hazard to the environment or public health is managed by upgrading pump stations, implementation of emergency plans, and the reduction of inflow and infiltration. The maintenance and response contract is monitored for compliance to ensure any problems are addressed promptly. Renewal of ageing rising mains is programmed as they reach the end of their service lives. The upgrade of the Corder Park and Neale Park pump stations will significantly lower the risk of failure in the Atawhai rising main.

Overflows from trunk mains caused by infiltration and blockages are mitigated by ongoing renewals of the wastewater network and inflow and infiltration reduction programmes will reduce stormwater and ground water influence on the wastewater stream. Wet weather overflows will reduce. Blockages from tree root growth are addressed through the renewal programme.

Trunk mains failure due to influence of hazardous trade wastes is mitigated by proactive monitoring of the effectiveness of the Trade Waste Bylaw, which will also reduce the risk of accidental **discharge of hazardous trade wastes**. More sophisticated analysis techniques improve the ability of Council to take regulatory action against those who deliberately discharge hazardous substances.

- The risk of Neale Park pump station failure due to power or system failures has been mitigated in part by the installation of an on-site emergency generator. The upgrade of the pump station proper will complete the works.

- Some minor restriction of recreational activity and shellfish gathering is necessary in the immediate area of the outfall mixing zones. Improved discharge quality from the recently completed Nelson North treatment plant upgrade has reduced negative impacts on the surrounding area.

- Risks to the wastewater supply activity were reviewed while developing the Wastewater Asset Management Plan.

REVENUE AND FINANCING POLICY FOR WASTEWATER

Collecting, treatment and disposing of sewage – Nelson and Regional scheme

Distribution of benefits

Community benefits

- Managing wastewater primarily contributes to community health and meets the community's increasing environmental standards. There are recreational and environmental benefits associated with both inland and marine waters and protecting land from effects of wastewater seepage. Wastewater treatment and disposal assists the local economy.

Individual benefits

- Benefits are received by those connected to the wastewater collection system.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

- Non-complying trade waste discharges requires enforcement
- Stormwater infiltration through incorrectly installed downpipes requires monitoring and action by and on behalf of Council.



The costs and benefits of funding the activity distinct from other activities

The benefit of funding wastewater disposal is mainly for those connected to the system and therefore a targeted rate is considered the most equitable form of funding this activity. Council uses trade waste bylaws to ensure industry and commerce businesses pay their share.

Period over which the benefits are expected to occur

Capital expenditure for sewage disposal provides long term benefits to the community. Many of the planned capital expenditure projects will provide services for up to 40 years, for example the Atawhai rising main and the Nelson Regional Sewerage Business Unit rising main duplication. Other projects will provide benefits for between 10 and 20 years.

Wastewater – sources of funding

Operating: Targeted rates, fees and charges

Capital: Targeted rates, development contributions (LGA), financial contributions (RMA)

The wastewater system is funded from residential wastewater charges and commercial trade waste charges. In line with Council's financial policies, most of this expenditure will be borrowed.

WASTEWATER FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	6,242	6,436	6,514	6,954	7,731	7,959	8,322	8,960	9,423	9,983	11,625
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	3,396	3,658	4,036	4,114	3,932	4,326	4,361	4,353	5,099	5,150	4,974
Total Operating Funding	9,638	10,094	10,550	11,068	11,663	12,285	12,683	13,313	14,522	15,133	16,599
Applications of operating funding											
Payments to staff and suppliers	5,588	5,983	8,984	6,050	6,286	6,552	6,728	7,034	8,027	8,297	8,869
Finance costs	658	605	584	522	555	623	602	617	658	863	1,474
Internal charges and overheads applied	29	0	85	246	330	308	359	402	285	163	159
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	6,275	6,588	9,653	6,818	7,171	7,483	7,689	8,053	8,970	9,323	10,502
Surplus (Deficit) of operating funding	3,363	3,506	897	4,250	4,492	4,802	4,994	5,260	5,552	5,810	6,097
Sources of capital funding											
Subsidies and grants for capital	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	265	540	553	566	580	594	609	625	641	659	676
Increase (decrease) in debt	3,210	78	2,373	1,161	1,707	(150)	279	1,822	(4,452)	6,075	4,226
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	3,475	618	2,926	1,727	2,287	444	888	2,447	(3,811)	6,734	4,902
Applications of capital funding											
Capital Expenditure											
- to meet additional demand	5,651	1,616	258	372	4,188	0	0	2,895	324	6,173	5,845
- to improve level of service	207	2,927	2,932	3,876	1,126	2,538	4,453	2,492	0	14	0
- to replace existing assets	980	1,341	983	1,729	1,465	2,708	1,429	2,320	1,413	4,266	1,420
Increase (decrease) in reserves	0	(1,760)	(350)	0	0	0	0	0	4	2,091	3,734
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	6,838	4,124	3,823	5,977	6,779	5,246	5,882	7,707	1,741	12,544	10,999
Surplus (Deficit) of capital funding	(3,363)	(3,506)	(897)	(4,250)	(4,492)	(4,802)	(4,994)	(5,260)	(5,552)	(5,810)	(6,097)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

WASTEWATER COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)	Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
Income											
Rating Income	6,242	6,436	6,514	6,954	7,731	7,959	8,322	8,960	9,423	9,983	11,625
Operating Income	3,396	3,658	4,036	4,114	3,932	4,326	4,361	4,353	5,099	5,150	4,974
Capital Income	265	540	553	566	580	594	609	625	641	659	676
Total Income	9,903	10,634	11,103	11,634	12,243	12,879	13,292	13,938	15,163	15,792	17,275
Expenses											
Payments to staff and suppliers	5,588	5,983	8,984	6,050	6,286	6,552	6,728	7,034	8,027	8,297	8,869
Finance costs	687	605	669	768	885	931	961	1,019	943	1,026	1,633
Depreciation	3,364	3,730	3,992	4,147	4,390	4,699	4,891	5,155	5,448	5,709	5,993
Total Expenses	9,639	10,318	13,645	10,965	11,561	12,182	12,580	13,208	14,418	15,032	16,495
Net Surplus (Deficit)	264	316	(2,542)	669	682	697	712	730	745	760	780
Sources of funds											
Net Surplus (Deficit)	264	316	(2,542)	669	682	697	712	730	745	760	780
Non cash expenditure	3,364	3,730	3,992	4,147	4,390	4,699	4,891	5,155	5,448	5,709	5,993
Increase (decrease) in debt	3,210	78	2,373	1,161	1,707	(150)	279	1,822	(4,452)	6,075	4,226
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Total Sources of funds	6,838	4,124	3,823	5,977	6,779	5,246	5,882	7,707	1,741	12,544	10,999
Applications of funds											
Capital Expenditure	5,651	1,616	258	372	4,188	0	0	2,895	324	6,173	5,845
- to meet additional demand	207	2,927	2,932	3,876	1,126	2,538	4,453	2,492	0	14	0
- to replace existing assets	980	1,341	983	1,729	1,465	2,708	1,429	2,320	1,413	4,266	1,420
Increase (decrease) in reserves	0	(1,760)	(350)	0	0	0	0	0	4	2,091	3,734
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of funds	6,838	4,124	3,823	5,977	6,779	5,246	5,882	7,707	1,741	12,544	10,999
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)	Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	3,363	3,506	897	4,250	4,492	4,802	4,994	5,260	5,552	5,810	6,097
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	265	540	553	566	580	594	609	625	641	659	676
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale											
Depreciation	(3,364)	(3,730)	(3,992)	(4,147)	(4,390)	(4,699)	(4,891)	(5,155)	(5,448)	(5,709)	(5,993)
Net Surplus (Deficit) before taxation in Cost of Service Statement	264	316	(2,542)	669	682	697	712	730	745	760	780



CAPITAL EXPENDITURE (\$000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Arapiki/Quarantine trunk main	91	1,558	1,610							
Atawhai air valve odour control	19	21	64							
Atawhai pump station									108	
Awatea Place		311	54	722	2,301	716				
Awatea Place pump station	11									
Beatson Road	120									
Corder Park pump station	78	1,039	1,932							
Enner Glynn trunk main							62		474	
Franklyn Street	170									
Jenner Road	50									
Kawai Street	190									
Marsden Valley express sewer	94			777						
Marsden Valley trunk main	584	260								
Neale Park pump station	226		215	266	92	3,582	2,485			
Ngawhatu Valley trunk main	44		376							
North Nelson Wastewater Treatment Plant	2,251								14	
Pipe Fittings: flow meters	42	43	45	46	48	49	50	52	54	55
Portable generators	60									
Pump station storage				133	138	143				
Regional Sewerage Business Unit/ Bell Island (NRSBU)	824	0	0	3,408	0	0	2,832	324	5,588	5,845
Renewals pump stations	215	224	232	240	248	258	268	280	292	306
Renewals: NRSBU	286	119	141	550	1,017	446	494	337	2,272	244
Renwick Place	11									
Rising/swallows renewals	134	52	746	55	799	60	863	65	941	71
Stoke/ Tahuna	6									
Tasman: Halifax-Grove	25									
Wastewater pipe renewals	26	545	563	583	604	627	652	680	711	743
Staff Time	329									
Total	5,883	4,172	5,977	6,780	5,247	5,882	7,707	1,737	10,453	7,265

STORMWATER

WHAT WE DO

The Nelson City Council has been responsible for stormwater disposal in the city since the first piped disposal system was installed in approximately 1907. The stormwater system has two parts:

- A natural component consisting of 27km of rivers and streams, which includes flood protection works
- A constructed stormwater system consisting of 181km of mains, two pump stations and 420 outfalls to rivers, streams or the sea.

The replacement costs of the stormwater assets are \$151m, according to the 2010 valuations.

The stormwater network covers reticulation – the pipes, channels, and overland flow paths and pump stations that carry stormwater to waterways and the sea in the areas for which stormwater drainage rates are charged by Council.

In large parts of the city, a fully-piped system is not provided. On many properties, stormwater soaks into the ground or flows into the road channels, which then become the primary drainage system when there is heavy rain.

Until 2012, this integrated system was managed as a single financial activity. Because of benchmarking requirements, the flood protection activity is managed separately, consisting of the rivers and streams that Council administers.

TWO STORMWATER PUMP STATIONS

RETICULATION SYSTEMS COLLECT AND SAFELY DISCHARGE STORMWATER FROM RAINFALL *181km OF STORMWATER MAINS*

STORMWATER MANAGEMENT PLANNING

Stormwater detention dams *420 stormwater outlets draining to rivers, streams or seas*

Operations and maintenance in the stormwater activity centres on the detention dams, pipes, manholes and sumps that make up the network reticulation. Detention dams are an increasing feature of the stormwater landscape and play a vital part in holding stormwater for gradual release into pipes and streams. The cost of maintaining the stormwater network is approximately \$500,000 a year.

WHY WE DO IT

Council provides a stormwater system to prevent harm to people and property, protect the environment and contribute to community wellbeing from uncontrolled stormwater discharges.

- **Preventing harm to people and property:** Large parts of Nelson do not have a formed stormwater network. This is particularly undesirable in areas with poor soakage or ground stability issues. Council will continue

to focus on installing appropriate stormwater disposal systems in areas lacking adequate protection, with highest priority areas installed first

- **Health, safety and property protection:** The provision of a robust stormwater system allows people to carry out their day to day lives with minimal disruption or adverse health effects from rainfall events
- **Protection of environment and community wellbeing:** The natural stormwater system comprises vegetation and ground soakage with overflow to rivers and streams in high rainfall events. Rivers and streams sustain aquatic ecosystems and are increasingly linked to human activity. For example, streams and rivers may border private properties, and also provide recreation amenities for both residents and visitors
- **Legislative requirements:** Council has statutory obligations under the Local Government Act 2002 to continue to provide existing stormwater services and a general authority to construct public drains and undertake land drainage, recognising the requirement to take a sustainable development approach that takes into account:
 - the social, economic and cultural wellbeing of people and communities; and
 - the need to maintain and enhance the quality to the environment; and
 - the reasonably foreseeable needs of future generations.

OUR LONG TERM VISION

Nelson in 2060 will need a resilient and effective stormwater system to mitigate for changing climatic conditions. Council's stormwater provision will continue to be a core activity which puts the safety of the community and protection of the natural environment at the forefront of its planning.

Council shares the concerns of residents who see stormwater systems as a priority. Council will

continue its programme to improve the network, with highest priority areas addressed first.

OUR GOAL

To provide a stormwater system to Nelson City that is capable of accommodating stormwater from Q_{50} rainfall events in an efficient and sustainable way while minimising flood damage to property and ensuring that the cultural, economic, ecological, recreational values and natural structures of waterways are recognised and enhanced.



COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to achieving outcome
Healthy land, sea, air and water	Reduces effects of excess rainfall on the environment by complying with resource consent conditions Works take into account natural and recreational needs
People-friendly places	Reduces the likelihood of excess rainfall damaging homes, businesses or essential infrastructure
A strong economy	Removes restrictions on developing land when adequate drainage is provided
Kind, healthy people	Reduces the likelihood of people being affected by excess rainfall Ensures emergency management systems are in place to protect people and property

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS



The major stormwater projects for the next three years to ensure we maintain our natural environment and our leading lifestyle include:

- **Design and construction of culverts in Haven Road:** Inspection of concrete box culverts on Haven Road and St Vincent Street/Haven Road has identified the need to carry out remedial works to parts of the St Vincent Street/Haven Road culvert and full replacement of the Haven Road culvert. Temporary propping has been installed and traffic re-direction carried out to allow ongoing investigation
- **Completion of a further stage of the Wood Stormwater:** A number of stages have been completed for the Wood area stormwater control project. Works are planned to complete the Tasman Street/Halifax East area
- **Review of flood paths in the Victory Square/Vanguard Street area:** Increasing redevelopment of the area between Vanguard Street and St Vincent Street requires a review of the stormwater reticulation in this area and a better understanding of the secondary flow paths that will take stormwater in extreme rainfall events

- **Ongoing expansion of the piped network:**

Work is ongoing to expand the stormwater reticulation network in areas that are not immediately suitable for low impact design.

These activities are aimed at addressing the following priority issues for stormwater over 2012-22:

- **Stormwater inflow and infiltration into Council's wastewater network:**

In common with most other urbanised areas in New Zealand problems are experienced in Nelson City with overloading of parts of the wastewater system due to stormwater inflow and infiltration. Maintaining the capital programme of network expansion will help to reduce wet weather overloading of the wastewater system caused by stormwater ingress, to acceptable levels

- **Stormwater channels on private properties:**

These are open channels on private property that predominantly carry stormwater from private properties with some stormwater from public spaces such as roads, parks and reserves. There are many of these channels throughout the city and little or no maintenance is carried out on these by Council, as it is considered to be the property owners' responsibility. A documented process to review, maintain or upgrade the channels is required

- **Climate change and the capacity of the network reticulation:** Council plans to review the impacts of climate change on network reticulation capacity
- **Freshwater quality improvement:** Council plans to focus on monitoring streams and rivers during storm events to evaluate the environmental impact of stormwater run-off
- **Low impact design:** Low impact design is a developing feature of new construction in the city and needs to be considered alongside the inflow/infiltration programme for wastewater. Council will continue to monitor the effectiveness and impact of low impact design
- **Capital expenditure prioritisation:** Council plans to document a process for prioritising projects with capital expenditure that are required in response to growth of the City.

Council received a large number of submissions that raised concerns about stormwater issues impacting on private property. Council also considers it to be a priority to continue delivery of the programme to improve the stormwater network, addressing high priority areas first. In response to submissions, Council moved work forward on the Little Go Stream area, and shifted Maire Street to later in the programme.

OTHER ISSUES AND PLANNED WORK

Over years four to ten of this Long Term Plan, Council plans to focus its activities on addressing the priorities for 2012-22 outlined above, with an emphasis on the Stoke area, where stormwater network expansion is programmed to coincide with wastewater reticulation projects.

The extreme rainfall event of December 2011 was notable for the volume of rain that fell over a 48 hour period, being the greatest for at least the past 50 years. The long duration of persistent rainfall led to hillsides becoming saturated and multiple slips occurred.

The stormwater network itself generally coped very well with this event as flows were even and at levels the pipework could cope with. Damage to the network from water flows was minimal. The greatest impact was on intake structures that struggled to cope with slip debris that was washed into the pipe inlets. There are also residual risks to many intakes from loose material that remains in slip areas. Recovery investigations will look at intake design and future works to improve these are likely to be needed.



SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Environmental Protection For the built and natural environment from flooding and stormwater discharges	Level of compliance with resource consent conditions	Achieved Water quality monitoring completed for first round of six city sites	100% compliance	Maintain	Maintain	Maintain
	Ensure appropriate stormwater disposal options are available throughout the city	Ongoing programme on track to improve network, targeting highest risk areas	Planned work programme completed to improve network, targeting highest risk areas	Maintain	Maintain	Maintain
Reliability An operational stormwater network	Number of blockages per 100 km of pipes on an annual basis	Achieved 21 blockages per 100km	Less than 25 blockages per 100 km of pipes on an annual basis	Maintain	Maintain	Maintain
Emergency response Provide a prompt, reliable and timely response to service requests and system failures	Time that contractors take to respond to emergencies	Not achieved – 98% response within 30 minutes Three events out of 138 did not meet target; two of these were just over target time, one was a delay of an hour due to a failure to recognise response urgency – change of call centre expected to improve this	Contractors respond to emergencies within 30 minutes	Maintain	Maintain	Maintain

DRIVERS OF CAPITAL EXPENDITURE

There are still large parts of Nelson that do not have access to a reticulated stormwater system. Where these areas are developed on a good gravel base, on-site soakage has not caused any particular problems over the years. Where these areas discharge stormwater onto clay based sites where soakage is very limited, overland flow into open ditches quickly results. Land stability issues, neighbour to neighbour relationships, public health issues arising from water ponding and insect breeding, together with the aesthetic and economic cost of maintaining open ditches, have led previous Councils to support a programme of providing a reticulated stormwater network in the City. Priority has been given to those areas with poor soakage, inundation and land stability issues.

Decisions on priorities for new works and renewal of assets for the stormwater network have historically been based on the following:

- Known problem areas with flooding or inundation issues
- New growth areas
- Secondary flow paths
- Criticality of works
- Multiple network project, for example incorporating road work, sewer, water assets.

STRATEGIES AND POLICIES

- Stormwater Asset Management Plan
- Freshwater Plan 2006, which is part of the Nelson Resource Management Plan
- Nelson Urban Growth Strategy Nga Tuku Iho ki Whakatū iwi environmental management plan
- Drainage Ownership Policy
- Coastal section of the Nelson Resource Management Plan
- Stormwater Bylaw No. 212, 2008 amendment
- Development Contributions Policy
- Sustainability Policy and Framing Our Future Sustainability Strategy Vision.

DEFERRED WORK

The following projects have been deferred beyond the ten year term of this Plan:

- Replacing the brick culvert in Collingwood Street
- Upgrades to Mahoe/Orsman/Matipo, Golf/Parkers, and Motueka Streets.

ASSUMPTIONS

As well as the general assumptions that apply across Council's work, assumptions specific to stormwater include the following:

- The Council assumes the most efficient, equitable, safe and cost-effective means of disposing of stormwater is a Council-provided system for the Nelson urban area
- It is assumed that stormwater reticulation is designed for a Q_{15} event with roads and overland flow providing the flow path for larger events
- It is expected that a storm event with more than Q_{50} rainfall would be very likely to cause major flood damage, which would have to be managed by Civil Defence Emergency Management systems
- It is assumed that no new environmental legislation will be imposed during the next decade that would require a higher level of stormwater works
- It is assumed that no significant effects on stormwater structures are expected within the next ten years from climate change-induced sea level rise; however, such effects may arise in the longer term.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Significant negative effects of providing the activity arise from the following:

- Stormwater rates are levied by the Council which causes a financial effect on property owners
- Stormwater construction works can impact on roads and private property

- Stormwater can become contaminated by substances on the land over which it flows. Industrial waste, tyre residues on roads and sediment are examples of contaminants that subsequently end up in waterways. These effects are to some extent reduced by the Council's initiatives under the Nelson Resource Management Plan
- Enforcement powers, when required to prevent or respond to pollution, are available to Council through the Resource Management Act 1991 and the Stormwater Bylaw.

Risks to the stormwater activity were reviewed while developing the Stormwater Asset Management Plan. The extreme and high risks are associated with the following:

- High intensity rainfall events
- Secondary flow paths
- Areas with low impact design ceasing to function
- Stormwater contamination.

Mitigation options include:

- Ongoing expansion of the stormwater network
- Increased maintenance
- Accepting low level risk in some locations, which includes doing nothing and continuing to monitor the network performance during extreme rainfall events.

Capital spending and operation/maintenance budgets have been identified to address the majority of these risks. Further resources would be required to support the increased activity of both the Network Services and regulatory departments addressing hazardous substances on public and private properties respectively that may lead to stormwater contamination.

REVENUE AND FINANCING POLICY FOR STORMWATER

Capital expenditure on the stormwater system is funded through the stormwater rate and development contributions.

The stormwater asset management plan provides further detail on the funds required

- to maintain, renew and replace assets to meet required standards.

Distribution of benefits

Community benefits

This activity disposes of stormwater and keeps urban areas (roads, land, amenities, shops etc) free from floods. This contributes to public health and safety, maintains quality of life and enhances amenity and property values.

Individual benefits

All landowners with stormwater runoff receive a private benefit.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

The costs and benefits of funding the activity distinct from other activities

The benefits of funding Council's stormwater activity apply to all those who live in the areas where Council provides a piped system. Therefore Council uses a targeted rate as the most equitable form of funding this activity. Refer to the funding impact statement for more information.

Period over which the benefits are expected to occur

Capital expenditure for stormwater disposal provides long term benefit to the community. Many of the planned capital expenditure projects will provide services for up to 40 years, like new pump stations, while other projects will provide benefits for between 10 and 20 years.

Stormwater – sources of funding

Operating: Targeted rates, grants and other subsidies

Capital: Targeted rates, fees and charges, development contributions (LGA), financial contributions (RMA)

STORMWATER FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	4,057	3,814	3,914	4,149	4,510	4,786	5,038	5,174	5,293	5,434	5,595
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total Operating Funding	4,057	3,814	3,914	4,149	4,510	4,786	5,038	5,174	5,293	5,434	5,595
Applications of operating funding											
Payments to staff and suppliers	1,001	1,079	949	985	1,051	1,061	1,065	1,141	1,168	1,217	1,267
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied *	1,248	918	936	1,023	1,195	1,319	1,387	1,303	1,223	1,144	1,067
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,249	1,997	1,885	2,008	2,246	2,380	2,452	2,444	2,391	2,361	2,334
Surplus (Deficit) of operating funding	1,808	1,817	2,029	2,141	2,264	2,406	2,586	2,730	2,902	3,073	3,261
Sources of capital funding											
Subsidies and grants for capital	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	233	598	612	627	642	658	675	692	710	729	748
Increase (decrease) in debt	69	311	641	(512)	(155)	3,225	(1,419)	(1,227)	(1,236)	(1,116)	(1,647)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	302	909	1,253	115	487	3,883	(744)	(535)	(526)	(387)	(899)
Applications of capital funding											
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand	1,878	2,369	3,045	2,130	2,628	6,312	1,662	2,052	2,230	2,510	2,223
- to improve level of service	232	457	237	126	123	104	257	143	146	176	139
- to replace existing assets	0	(100)	0	0	0	(127)	(77)	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	2,110	2,726	3,282	2,256	2,751	6,289	1,842	2,195	2,376	2,686	2,362
Surplus (Deficit) of capital funding	(1,808)	(1,817)	(2,029)	(2,141)	(2,264)	(2,406)	(2,586)	(2,730)	(2,902)	(3,073)	(3,261)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

STORMWATER COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Income											
Rating Income	4,057	3,814	3,914	4,149	4,510	4,786	5,038	5,174	5,293	5,434	5,595
Operating Income	0	0	0	0	0	0	0	0	0	0	0
Capital Income	233	598	612	627	642	658	675	692	710	729	748
Total Income	4,290	4,412	4,526	4,776	5,152	5,444	5,713	5,866	6,003	6,163	6,343
Expenses											
Payments to staff and suppliers	1,001	1,079	949	985	1,051	1,061	1,065	1,141	1,168	1,217	1,267
Finance costs	1,248	918	936	1,023	1,195	1,319	1,387	1,303	1,223	1,144	1,067
Depreciation	1,809	1,917	2,030	2,141	2,264	2,407	2,585	2,731	2,901	3,073	3,261
Total Expenses	4,058	3,914	3,915	4,149	4,510	4,787	5,037	5,175	5,292	5,434	5,595
Net Surplus (Deficit)	232	498	611	627	642	657	676	691	711	729	748
Sources of funds											
Net Surplus (Deficit)	620	498	611	627	642	657	676	691	711	729	748
Non cash expenditure	1,809	1,917	2,030	2,141	2,264	2,407	2,585	2,731	2,901	3,073	3,261
Increase (decrease) in debt	69	311	641	(512)	(155)	3,225	(1,419)	(1,227)	(1,236)	(1,116)	(1,647)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Total Sources of funds	2,348	2,726	3,282	2,256	2,751	6,289	1,842	2,195	2,376	2,686	2,362
Applications of funds											
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand	1,878	2,369	3,045	2,130	2,628	6,312	1,662	2,052	2,230	2,510	2,223
- to improve level of service	232	457	237	126	123	104	257	143	146	176	139
- to replace existing assets	0	(100)	0	0	0	(127)	(77)	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of funds	2,348	2,726	3,282	2,256	2,751	6,289	1,842	2,195	2,376	2,686	2,362
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	1,808	1,817	2,029	2,141	2,264	2,406	2,586	2,730	2,902	3,073	3,261
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	233	598	612	627	642	658	675	692	710	729	748
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(1,809)	(1,917)	(2,030)	(2,141)	(2,264)	(2,407)	(2,585)	(2,731)	(2,901)	(3,073)	(3,261)
Net Surplus (Deficit) before taxation in Cost	232	498	611	627	642	657	676	691	711	729	748
of Service Statement											

CAPITAL EXPENDITURE (\$000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Airesdale/Thompson Terrace								214		
Airlie Street				278						
Alfred Street							25		474	
Anglia/Scotia Streets						179				
Arapiki Road			50		234					
Beach Road								194		
Black Street								97		
Brook Stream fish passage	79							65	68	354
Brooklands Road									81	
Brougham Street	29	312								
Catchment Management Plans	85	26	27							
Catchment/freshwater improvements	50								135	354
Cawthron Crescent								39	203	
Cherry								97		
Dodson Valley									61	
Examiner Street								65		354
Fifeshire Crescent									68	71
Halifax Street (Tasman-Milton)	45		215							
Hampden St/Wigzel Park						36		389		
Hardy Street (Tasman-Alton)									61	
Isel Place									68	
Jellicoe/Bledisloe/Kaka/Kea/Freyberg/Maple					575					
Karaka Street										71
Kauri/Matai/Titoki/Rainui area										71
Kipling									61	
Kowhai								39	135	
Main Rd Stoke (Hays Corner)		23		392						
Main Rd Stoke (Louisson - Marsden)		23		725						
Manson Avenue										71
Manuka								58		
Marlowe Street	147									
Martin Street										43
Marybank area					115	60	621			
Milton Street (Grove-Cambria)		24		224						
Montcalm/Arrow/Washington Valley/Hastings	75		266	278						
Morrison/Hope/Alma								117		
Mount Street/Konini Street	45					537				
Neale/Kea/Kaka/Railway Reserve	245									
Newmans Link							123			
Ngaio/Maitland					190					
Nile Street (Trafalgar Sq - Collingwood)									61	
North Esk/Beccles	47	260								
Oldham Creek	22	26	107							
Parere								58		
Paru Paru Road								97		
Pateke									102	
Piping ditches	175	119	122	126	130	134	138	142	147	152
Poynters Crescent				17		179				
Public/private drains	126	119	213	219	226	233	239	247	255	264
Pump stations: renewals		62		22		119			27	
Queens Road stormwater	236									
Railway Reserve to Saxton					1,208					

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Railway Reserve/ Newall/Bledisloe/ Louisson/Main Rd Stoke (West)		519								
Rangiora Terrace	88									
Riverside									81	
Rotoiti								39		
Rutherford								65		354
Sadlier/Hob/Mules/Suter					48		501			
Salt Water Creek/Haven Road culvert	140	83	744							
Seaton/Allisdair						60	25			
Seaview	47	208								
Shelbourne Street			54		288					
St Vincent/Hastings Street Culvert	140	79			3,173					
Stafford Avenue								39	203	
Stanley/Beachville Crescent	52	338								
Stormwater renewals	417	180	134	110	115	144	152	156	148	137
Sussex					58		311			
Tasman Street (Grove-Cambria)	5	208								
Tasman Street (Halifax-Grove)	20									
Tasman Street (Nile-Bronte)	57	286								
Tipahi/Eckington				278						
Totara/Hutcheson								97		
Tui Glen									183	
Upgrading private drains (50% share)	76	52	53	55	57	58	60	62	64	66
Vanguard Street (Victory to Gloucester)	131	338	268							
Viewmount/Ridgeway				28		179				
Staff time	246	2	4							
Total	2,826	3,282	2,256	2,751	6,416	1,918	2,195	2,376	2,686	2,362

FLOOD PROTECTION

WHAT WE DO

The Nelson stormwater and flood protection system is in two parts – the natural waterways and a constructed stormwater system. Until this Long Term Plan, Council managed its stormwater and flood protection system as one financial activity. Legislative changes to the local government sector now mean Council has

- to account for these two parts of the system separately to enable benchmarking. Council will rate for the flood protection activity as part of the stormwater and flood protection special general charge. This section covers the flood protection works that are generally associated with natural water ways.

- Councils' flood protection assets include:

flood protection systems

FLOODING RESPONSE

AND MAINTENANCE

SECONDARY FLOW PATHS

27KM OF RIVER AND STREAM BANK PROTECTION

six water detention dams/ponds

Nelson City Council is responsible for flood protection systems in the following parts of rivers and streams within the city's urban area:

- Orphanage Creek through the existing urban and industrial development, as of 2003
- Orchard Creek from the Songer Street intake to outfall
- Poorman Valley Stream from Marsden Cemetery to outfall
- Arapiki Stream from the Ridgeways detention dam to outfall
- Jenkins Creek from Newman Drive to the outfall
- York Stream from York Valley detention structure to outfall
- Maitai River from Jeckells Bridge to outfall
- The Brook from 320 Brook Street to outfall into Maitai River
- Oldham Creek through the Q_{50} upgraded sections, as of 2003
- Todd Valley, where Q_{50} or Q_{15} upgrades have been completed.

- Rivers and streams outside these areas are currently not maintained by Council and repairs and maintenance are the responsibility of the property owners through whose property they flow.

- Operations and maintenance in Council's flood protection activity centres on the rivers and streams in the urban area of Nelson City. These are expected to be able to cope with flows from Q_{50} events to minimise damage to the city from extreme rainfall events. While Council has carried out a significant programme of upgrading works over the past twenty years, ongoing maintenance is required to keep the streams clear. Future upgrading works might be needed as a result of climate change. The cost of maintaining the flood protection network is approximately \$120,000 a year.

WHY WE DO IT

- Council provides a flood protection system to prevent harm to people and property, protect the environment and contribute to community wellbeing.

Preventing harm to people and property:

Council's flood protection system is intended to protect people from harm caused by excess water from extreme rainfall events while minimising negative impacts of the system and floods on property and the environment. The provision of a flood protection system allows people to carry out their day to day lives with minimal disruption or adverse health effects from flooding.

Protection of environment and community wellbeing:

Nelson's rivers and streams play an important role in the support of aquatic ecosystems, provide areas for recreation and public use and channel stormwater flows when it rains heavily. The high levels of energy during floods risks causing significant damage to property within the flood path, should the flow escape the channel. Rivers and streams are designed to cater for a flood event that might occur, on average, once in 50 years.

As the development of the City encroaches onto historical flood plains the multiple demands on the available river and stream areas needs to be balanced to ensure the long term best possible outcome for the City.

Control of the rivers and streams by Council, on behalf of the community, allows the various demands on the network to be balanced to best effect.

Legislative Requirements: Council has statutory obligations under the Local Government Act 2002 to continue to provide existing stormwater services and a general authority

to construct public drains and undertake land drainage, recognising the requirement to take a sustainable development approach that takes into account:

- The social, economic and cultural wellbeing of people and communities
- The need to maintain and enhance the quality to the environment
- The reasonably foreseeable needs of future generations.

OUR LONG TERM VISION

Council's vision recognises that there is uncertainty over the threat likely to be posed by natural hazards, such as flooding. A resilient community is one that tries to understand and reduce the impacts of such events, and one where, if such an event happens, there are good systems in place to return the city to normal. Well designed, efficient flood protection measures should integrate with the built and natural environments to keep the city safe whilst maintaining recreational opportunities.

COUNCIL'S GOAL FOR FLOOD PROTECTION

Provide a flood protection system to Nelson City that is capable of accommodating stormwater from Q_{50} rainfall events in an efficient and sustainable way while minimising flood damage to property and ensuring that the cultural, economic, ecological, recreational values and natural structures of waterways are recognised and enhanced.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to achieving outcome
Healthy land, sea, air and water	Reduces the effects of floods on the environment. All works take into account natural and recreational needs
People-friendly places	Reduces the likelihood of floods damaging homes, businesses or essential infrastructure
A strong economy	Reduces restrictions on developing land when adequate drainage is provided
Kind, healthy people	Reduces the likelihood of people being affected by a flood

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS



Addressing **Maitai River flood capacity** is the major priority for flood protection over the next three years and will contribute to the Council priorities of providing **a leading lifestyle** and maintaining our **natural environment**.

Addressing Maitai River flood capacity is needed to address flooding risks associated with city growth and climate change. An updated flooding model is planned for the full length of the Maitai River, which would allow Council to investigate the possible impacts of climate change and consider options for addressing the flooding risk to urban properties.

Significant building has occurred on flood plains as Nelson City has grown. Areas once open to floodwater flows are now occupied by buildings. The need to provide for stormwater flows, aquatic ecosystems and community recreation in constrained channels is a result of this growth.

The floods that Nelson would experience from a Q_{50} event, a once in 50-year flood, with a 2% probability of occurrence in any year, has been adopted as the optimum flow standard for design and construction works. While most of the smaller streams maintained by Council are nearing the end of an extensive programme to meet this capacity, the Maitai River still has substantial stretches that are at risk from storm flows, as shown during the 2008 floods.

The shared use of the urban floodplains with recreational and ecological values will mean that extensive community engagement will be needed when Council faces decisions on the nature of flood protection works.

As the December 2011 extreme rain event was characterised by longer duration persistent rainfall the various streams and rivers in the city held up well. While some damage to banks and berms was experienced in Marsden Valley (Poorman Valley Stream), the Brook Valley (Brook Stream) and Todds Valley, the greatest impact has been in the deposition of gravel and slip debris in the

- base of streams. A resource consent has been obtained for works in the rivers and streams and recovery is currently underway. It is expected that works will continue for the next 6-12 months
- owing to difficulty with access to extract gravel deposits in largely residential areas.

OTHER ISSUES AND PLANNED WORK

Climate change and urban rivers and streams: Council will continue its programme of enhancing rivers and streams to Q_{50} design capacity and review impacts of climate change on channel capacity.

Freshwater quality: Council plans to focus on monitoring streams and rivers during storm events to evaluate the environmental impact of stormwater run-off. This is also addressed in the Environment section.

Inventory of urban and rural streams: Climate change is expected to increase the intensity of future rainfall events and flooding. Council's Land Development Manual has recently been updated to reflect the latest information in this area. An inventory of streams and rivers in the district is required to understand the impact of this on past upgrading works and plan for the long term.

Demand management: Demand for flood protection facilities varies due to weather patterns, sea level changes, the introduction of water quality standards like those in Council's Freshwater Plan, water use and storage, and building developments. These changes are assessed in the current Stormwater Asset Management Plan in order to set service levels. Council has adopted the Q_{50} , Q_{15} and sea level standards. These are reviewed every three years as part of the asset management plan review.

The methods used to manage demand are outlined in the asset management plan and include site development conditions where city stormwater services are not provided. This means that if there is insufficient downstream stormwater capacity, additional development that would increase stormwater flows is not allowed

upstream unless the effects of these flows are mitigated.

Generally, the urban flood protection system meets smaller level flood protection standards, and this is reflected in residents' satisfaction with the service. Completion of the Q_{50} capacity upgrades is necessary to minimise damage to property in the event of these more extreme flood events.

Increasing development in the rural areas is leading to requests that Council assist property owners with stream maintenance. In terms of water quality, considerable challenges remain in terms of protecting and improving freshwater quality from stormwater-borne effects.

Rural rivers: Currently stormwater rates are set for urban and rural small holdings properties and no stormwater rates are set for properties, regardless of size, east of the Gentle Annie saddle or for rural properties through the rest of the city. 'Rural' is defined as properties greater than 15 Ha. As a result, no maintenance of streams/ rivers is undertaken by Council in those areas for which no stormwater rate is collected. Council plans to review stormwater rating for rural rivers.

- **Stormwater channels on private properties:**

- These are open channels that carry some
- stormwater from public spaces such roads, parks
- and reserves and discharge it to channels that
- flow through private property. There are many of
- these channels throughout the city and Council
- work on these is essentially reactive. Little or no
- maintenance is carried out on these as Council
- has considered this to be the property owners' responsibility. A documented process to review,
- maintain or upgrade the channels is required.

- **Sustainability:** Council plans to implement its flood protection work in such a way that it enables long term sustainability options to be considered along with the reduction of greenhouse gas emissions and associated targets.

- Council will focus on low impact urban design in new subdivisions and the control of stormwater run-off from roads. Low impact design is a developing feature of new construction in the city and needs to be considered alongside the inflow/ infiltration reduction programme for wastewater.

- **Capital expenditure prioritisation:** Council plans to document a process for prioritising projects with capital expenditure that are required in response to growth of the City.



SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Protection for the urban built and natural environment from Q ₅₀ floods	Damage to urban property from stream flooding is minimised	No base line data exists	Begin review of three urban streams Q ₅₀ capacity	Begin design works of three urban streams Q ₅₀ capacity	Begin construction works of three urban streams for Q ₅₀ capacity	Continue construction works of urban streams for Q ₅₀ capacity Carry out inventory of urban and rural streams for Q ₅₀ capacity
	Damage to urban property from Maitai River flooding is minimised	No base line data exists	Complete review of Maitai River Q ₅₀ capacity.	Begin review of Maitai River Q ₅₀ capacity	Begin design works for Maitai River Q ₅₀ capacity	Begin construction works for Maitai River Q ₅₀ capacity
	Fish passage in streams is maximised and ecological impact of structures is minimised	No base line data exists	Begin review of fish passage to Brook St channel, catchment management plan for the Maitai River and fresh water quality improvement initiatives	Complete catchment management plan for the Maitai River, design fresh water quality improvement initiative(s)	Begin construction of fresh water quality improvements to one urban stream channel and start catchment management plan for one urban stream	Begin design of fish passage to Brook St channel Continue freshwater quality improvements and catchment management plans for urban streams
Integration of ecological and stormwater requirements in urban sections of streams and rivers						

DRIVERS OF CAPITAL EXPENDITURE

There are still sections of Nelson urban streams and rivers that do not have the necessary capacity in event of a Q_{50} flood. Also urban-style development is increasing beside rural rivers. Protection of ecological values, life and minimising damage to property are Council priorities in the urban areas of the city.

Decisions on priorities for new works and the renewal of assets for the flood protection network have historically been based on:

- Known problem areas with flooding or inundation issues
- New growth areas of the City
- Primary flow conduits, the rivers and streams
- Secondary flow paths, where flood waters leave the main channels
- Criticality of works
- Multiple network projects combining road work, sewer and/or water assets.

All components of the flood protection goal are considered when developing final detailed designs for flood protection works, including:

- Economics of various options
- Efficiency of meeting the network need
- Cultural values relating to storm water disposal to freshwater and marine environments
- Ecological values of freshwater and marine eco-systems
- Recreational values of shared rivers and streams
- Enhancing natural structures of streams and rivers where possible.

STRATEGIES AND POLICIES

- Stormwater Asset Management Plan
- Freshwater Plan, which is part of the Nelson Resource Management Plan
- Nelson Urban Growth Strategy
- Ngā Tuku Iho ki Whakatū iwi environmental management plan
- Drainage Ownership Policy

- Coastal section of the Nelson Resource Management Plan
- Stormwater Bylaw No. 212, 2008 amendment
- Development Contributions Policy
- Sustainability Policy and Framing Our Future Sustainability Strategy Vision.

DEFERRED WORK

No major projects have been deferred within this activity.

ASSUMPTIONS

As well as the general assumptions that apply across Council's work, assumptions specific to flood protection include the following:

- The Council assumes most efficient, equitable, safe and cost-effective means of providing flood protection is a Council-provided system for the Nelson urban area
- It is expected a storm event with more than Q_{50} rainfall would be very likely to cause major flood damage, which would have to be managed by Civil Defence Emergency Management systems
- It is assumed no new environmental legislation will be imposed during the next decade that would require a higher level of flood protection works
- It is assumed no significant effects on flood protection structures are expected within the next ten years from climate change-induced sea level rise. However, such effects might occur in the longer term.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Significant negative effects of providing the activity arise from the following:

- Stormwater/flooding rates are levied by Council
- Channel upgrading works can alter land use and ownership if property is required for the work
- Stormwater can become contaminated by substances on the land over which it flows.

Industrial waste, tyre residues on roads and sediment are examples of contaminants that subsequently end up in waterways. These effects are to some extent reduced by the Council's initiatives under the Freshwater Plan, and are programmed for implementation over the next ten years

- Improvements in stormwater quality depend to a large extent on the behaviours and decisions of residents and business operators, especially where they discharge any substance into the stormwater system. These effects are lessened by Council providing information, incentives, monitoring and controls to encourage the protection of environmental quality. Ultimately, however, the co-operation of residents and businesses is essential to achieving improved environmental outcomes. Enforcement powers, when required to prevent or respond to pollution, are available to Council through the Resource Management Act 1991.

Risks to the flooding activity were reviewed while developing the Stormwater Asset Management Plan. The extreme and high risks are associated with the following:

- Flood events
- Secondary flow paths
- Stormwater contamination.

Mitigation options include:

- Capital works to improve Q_{50} capacity
- Increased maintenance
- Identification and regular inspection of secondary flow paths
- Increased regulatory activity to monitor the storage and use of hazardous substances under the Nelson Resource Management Plan
- Accepting low level risk in some locations, which includes doing nothing and continuing to monitor the network performance during flood events.

Capital spending and operation/maintenance budgets have been identified to address these risks. Further resources would be required to

- support the increased regulatory activity to address hazardous substances.

REVENUE AND FINANCING POLICY FOR FLOOD PROTECTION

Distribution of benefits

Community benefits

This activity provides protection from floods and keeps urban areas (roads, land, amenities, shops etc) free from floodwaters. This contributes to public health and safety, maintains quality of life and enhances amenity and property values.

Individual benefits

All landowners protected from flood waters receive a private benefit.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

The costs and benefits of funding the activity distinct from other activities

The benefits of funding Council's flood protection activity apply to all those who live in the areas where Council provides flood protection works. Therefore Council uses a targeted rate as the most equitable form of funding this activity. Refer to the funding impact statement for more information.

Period over which the benefits are expected to occur

Capital expenditure for flood protection provides long term benefit to the community. Many of the planned capital expenditure projects will provide services for several decades.

Flood protection – sources of funding

Operating: Targeted rates, grants and other subsidies

Capital: Targeted rates, fees and charges, development contributions (LGA), financial contributions (RMA)

FLOOD PROTECTION FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	100	122	158	268	507	676	825	915	927	935	989
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total Operating Funding	100	122	158	268	507	676	825	915	927	935	989
Applications of operating funding											
Payments to staff and suppliers	100	112	130	144	160	176	182	186	192	199	206
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied *	0	10	28	124	329	469	597	674	678	676	720
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	100	122	158	268	489	645	779	860	870	875	926
Surplus (Deficit) of operating funding	0	0	0	0	18	31	46	55	57	60	63
Sources of capital funding											
Subsidies and grants for capital	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	95	399	321	3,060	2,496	1,531	2,197	45	8	(60)	1,071
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	95	399	321	3,060	2,496	1,531	2,197	45	8	(60)	1,071
Applications of capital funding											
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand	95	399	321	3,060	2,514	1,562	2,243	100	65	0	1,134
- to improve level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	95	399	321	3,060	2,514	1,562	2,243	100	65	0	1,134
Surplus (Deficit) of capital funding	0	0	0	0	(18)	(31)	(46)	(55)	(57)	(60)	(63)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

FLOOD PROTECTION COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Income											
Rating Income	100	122	158	268	507	676	825	915	927	935	989
Operating Income	0	0	0	0	0	0	0	0	0	0	0
Capital Income	0	0	0	0	0	0	0	0	0	0	0
Total Income	100	122	158	268	507	676	825	915	927	935	989
Expenses											
Payments to staff and suppliers	100	112	130	144	160	176	182	186	192	199	206
Finance costs	0	10	28	124	329	469	597	674	678	676	720
Depreciation	0	0	0	0	18	31	46	55	57	60	63
Total Expenses	100	122	158	268	507	676	825	915	927	935	989
Net Surplus (Deficit)	0	0	0	0	0	0	0	0	0	0	0
Sources of funds											
Net Surplus (Deficit)	0	0	0	0	0	0	0	0	0	0	0
Non cash expenditure	0	0	0	0	18	31	46	55	57	60	63
Increase (decrease) in debt	95	399	321	3,060	2,496	1,531	2,197	45	8	(60)	1,071
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Total Sources of funds	95	399	321	3,060	2,514	1,562	2,243	100	65	0	1,134
Applications of funds											
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand	95	399	321	3,060	2,514	1,562	2,243	100	65	0	1,134
- to improve level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of funds	95	399	321	3,060	2,514	1,562	2,243	100	65	0	1,134
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	0	0	0	0	18	31	46	55	57	60	63
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	(18)	(31)	(46)	(55)	(57)	(60)	(63)
Net Surplus (Deficit) before taxation in Cost of Service Statement	0	0	0	0	0	0	0	0	0	0	0



CAPITAL EXPENDITURE (\$000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Arapiki Stream			54		288					
Hampden St East – Little Go Stream		83	53	822						
Inventory of rural streams				55	57	58				
Inventory of urban streams				55	57	58				
Jenkins Stream						1,254				
Main Rd Stoke/Poorman Valley Stream culvert			54	56	288					
Maire Stream	80				57	873				
Maitai River	100	104	762	788	817					
Oldham Creek							99	65		1,134
Todds Valley Stream	141	83	903	738						
York Stream channel	79	52	1,234							
Total	399	321	3,060	2,513	1,562	2,243	99	65	0	1,134

ENVIRONMENT

WHAT WE DO

Nelson City Council has a wider span of environmental management responsibilities than most other Councils because it is a unitary authority and has to manage both territorial

- authority and regional functions. Council's environmental functions include planning and service delivery, advice, monitoring, education, advocacy and enforcement.

COMMUNITY PARTNERSHIPS **FRESH WATER QUALITY** **Emergency Management** *BUILDING CONSENTS* Community Health and Safety e.g. Animal Control, Fencing Swimming Pools, Liquor Licensing **Solid Waste** *Pest and Weed Management (Biosecurity Act)* RESOURCE MANAGEMENT ADVICE, PLANNING, CONSENTS AND PERMITS *biodiversity protection* *and enhancement* Monitoring the state of the environment e.g. air and water

WHY WE DO IT

Council undertakes its environmental management responsibilities to protect and enhance the quality of Nelson's natural and built environment, promote community well being and to fulfil its statutory duties.

Council's state of the environment monitoring and reporting is essential to good environmental management. Understanding the impacts of human activity on Nelson's air, land, waters and coastal areas helps ensure our efforts are focused in the right areas to achieve good environmental outcomes.

Council's compliance functions, including dog control and liquor licensing, are primarily to ensure public health and safety and in response to government legislation.

Civil Defence is a core requirement of local government to ensure the wellbeing of the community in the event of natural hazards and other emergencies.

OUR LONG TERM VISION

In 2060 Nelson has a natural environment which is treasured by the people who live here, and within which the importance of sustaining biodiversity is recognised, supporting not only environmental but also social, cultural and economic wellbeing. Nelson's urban environment will be a reflection of these values, creating attractive centres where people can be easily connected and combine work, culture and recreation, all within the natural environment on their doorsteps.

We will have a resilient community able to respond to and recover from emergency events.


OUR GOAL FOR THE ENVIRONMENT

To enhance Nelson's built and natural environments and make Nelson a healthy and safe place, where people want to live.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to achieving outcome
Healthy land, sea, air and water	Protect the environment through resource management plans, information and incentives to encourage good practices, managing pests, minimising waste, administering resource consents, monitoring the environment, responding to pollution events, understanding natural hazards and fostering resilience
People-friendly places	Provide healthy, accessible and attractive places through resource management plans, processing resource and building consents, noise monitoring, investigating complaints, supporting food hygiene, making sure waste is disposed of safely, delivering emergency management and promoting partnership with the community to care for our public places and develop resilient communities
A strong economy	Provide information and incentives that support sustainable business practices and by the regulatory and planning structures on which the economy depends

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

 **Natural environment:** Over the next three years Council plans to focus on improving the quality of Nelson's waterways. In recent years Nelson has had three river swimming areas that have not met swimming water quality standards on a regular basis. Thirteen Nelson streams in 2011 were also classified as being degraded or very degraded. The poor water quality and health of these streams is largely due to the impact of runoff from the surrounding urban and farming areas. To improve water quality and the health of freshwater environments the Council plans to:

- Monitor and enforce compliance with resource consent conditions
- Increase investigation into water quality problems and solutions
- Prepare catchment management plans as integrated land use strategies based on a sustainable approach to water quality management, starting with the Maitai Catchment Management Plan
- Increase and target community advocacy work to raise awareness and encourage community action, such as through the Stoke Streams Rescue project
- Improve the stormwater and wastewater systems to reduce the effects of discharges to

- water courses and increase monitoring and enforcement of Nelson Resource Management Plan (NRMP) rules controlling discharges to the stormwater system or direct to fresh water or the coastal marine area
- Support the work of any future Iwi Water Management Advisory Board as set up through Treaty of Waitangi settlements for the Top of the South Island iwi
- Review Council's freshwater management to meet the requirements of the National Policy Statement for Freshwater Management.

OTHER ISSUES AND PLANNED WORK

Resource Management Planning: A key resource management challenge is how we accommodate development and redevelopment in Nelson while protecting the environment, in particular our natural landscape, biodiversity and built heritage, amenity values and water and air quality. Another challenge is keeping our planning documents up to date to meet the community's current and future needs while at the same time responding to national policy direction and legislative change.

For resource management planning, Years 1-2 of the work programme focus on completing the existing work programme and responding to national policy changes. Year 3 onwards will be about implementing the Nelson Development

Strategy and the review of the Resource Management Plans, including the Regional Policy Statement, the Air Quality Plan and the NRMP. The Nelson Development Strategy is discussed further in the Corporate activity section.

Air quality: Over the winter of 2011 air pollution levels exceeded the National Environmental Standard (NES) for air quality 15 times in the Victory and Hospital area. Nelson can breach the NES only three times a year by 2016 and only once by 2020. The required phase out of old domestic burners and the provision of interest free loans from Council to help install replacement domestic heating ended in 2011/12.

The Council plans to focus on increased education and compliance action to achieve the national air quality standards. Continuing air quality monitoring will inform the community on progress.

Emergency Management: Regional Civil Defence Emergency Management (CDEM) is undertaken jointly with Tasman District Council. The primary driver for CDEM activity in the next three years will be to incorporate the lessons from recent emergencies, notably the Canterbury earthquakes, the extreme rainfall event in December 2011 and international tsunamis. Council staff are our most valuable resource and a key focus will continue to be providing adequate training, including support to our volunteers around the region. The CDEM Group also has responsibilities in the area of understanding and dealing with risks and hazards. It plans to construct a new Emergency Operations Centre to run these services.

In this LTP, the Council has increased the Disaster Recovery Fund once the damage from the 2011 extreme rainfall event has been repaired.

Solid Waste Management: Nelson City Council and Tasman District Council have adopted a Joint Waste Management and Minimisation Plan to integrate solid waste management across the Nelson-Tasman region. How the two Councils work to integrate their solid waste management will be a key issue for the next three years. The

focus for this work is on the possible integration of the management of Nelson and Tasman landfills and improved disposal and treatment of organic waste facilities (food and green waste) in 2015/16 at a cost of \$2.6m.

Earthquake Prone Buildings: The Council has fallen behind on the planned implementation of its Earthquake Prone and Dangerous Building Policy, mainly due to a lack of staff capacity. The Policy is due for review and findings from the Commission of Inquiry into the Christchurch earthquakes could influence content, priorities and timeframes. Council decided to take a proactive approach and invest more resources into this area to speed up the identification of buildings that might be earthquake prone. Budgets have been increased to assess Council-owned assets and Council will act promptly where we have clear knowledge of the risks and costs for works, including the Nelson School of Music, the Riverside Pool facade, 23 Halifax Street next to the Elma Turner Library and the State Advances building.

Environmental Advocacy/Education: The continued development and implementation of Council's community engagement programmes, events and activities will support key environmental outcomes, including a reduction in greenhouse gas emissions, waste minimisation and better use of resources. These programmes include initiatives such as Ecofest, urban food growing, composting, the Stoke Streams project and Enviroschools.

Biodiversity Forum/Nelson Biodiversity

Strategy: Council plans to continue to provide administrative support to, and participate in, the Nelson Biodiversity Forum. The Forum is a group of partner organisations working to implement the Nelson Biodiversity Strategy. The purpose of the strategy is to create a biologically rich and sustainable future for Nelson through aligned action on biodiversity by responsible agencies and the community.

Council confirmed funding of \$1.0363m towards the cost of the Brook Sanctuary Fence in Years 2 and 3.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Cleaner water	Health of Nelson's freshwater environments measured by water body classification	In 2011 9 streams worse than class C water body classification: 9 at A; 4 at B; 6 at C; 7 at D; 2 at E	Maintain class A and B water bodies in current state			Improve class C water bodies to B
	Level of compliance with swimming water quality standards	Three river swimming areas that are monitored do not meet the standard	Decrease number of water bodies classified as D or E by Year 3 ¹			No water bodies worse than class C by 2025
	Level of compliance with national standard for air quality	Comply with national standard in Airshed B (Tahunanui/Stoke) and Airshed C (Wood/Atawhai)	Increase the number of monitored swimming areas that meet the swimming quality standards			Meet the swimming water quality standards
Cleaner air			Continue to comply with the national standard in Airshed B & C			Continue to comply with the national standard in Airshed B & C
		Airshed A, on track to comply with interim target in 2016 and final target in 2020. There were 15 breaches in 2011	Airshed A breaches will decline from prior year			In Airshed A, by September 2016 to have not more than three breaches of the national standard, and one by 2020
A well-planned city that meets communities' current and future needs and responds to national policy direction	Resource management plans updated to implement national policy changes and Council's strategic direction	Resource management plans need updating due to new National Policy Statements, National Environmental Standards (NES) and the direction set by Council's strategic planning documents	Complete existing plan changes and respond to national policy changes			From Year 4: Implement Nelson Development Strategy and review Resource Management Plans
Reduced waste to landfill	The amount (in tonnes) of waste per resident disposed of at landfill	The amount of waste sent to landfill has decreased from 1.2t per capita in 2003/04 to 0.65t per capita in 2010/11	Continue each year to decrease the per capita amount of waste from the NCC area disposed of at landfill, in tonnes			
An effective and timely CDEM response to support our community following emergency events	Ability to operate an effective Emergency Operations Centre (EOC) for Nelson Tasman	Not achieved as EOC inadequate	New EOC operational	From Year 2 Effective EOC is operating for Nelson Tasman		

¹This is likely to take three years to achieve and Council needs to first establish a long term trend before starting to measure on an annual basis.

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Buildings are a safe and healthy environment for current and future building users	Building consents and code compliance certificates issued within 20 working days	Not achieved (99% code compliance certificates within 20 working days and 90% of building consents) but IANZ considered to be substantial compliance	100% of building consents and Code Compliance Certificates issued within 20 working days			100% of building consents and Code Compliance Certificates issued within 20 working days
	Implementation of the Earthquake Prone and Dangerous Building Policy	Programme commenced but at slower rate of implementation than planned	Review and implementation of the Earthquake Prone and Dangerous Building Policy meets deadlines specified in the Policy			
	Level of customer satisfaction as measured by a survey of building and resource consent customers	New measure No base line data exists	60% of customers are satisfied or very satisfied with the building and resource consent services			
Resource consents processing service	Level of compliance with statutory timeframes for processing resource consents	2010/2011 89% non-notified consents on time, 75% notified or limited notified consents on time. At Nov 2011 97% non-notified on time, 100% notified on time	100% of non-notified resource consents processed within 20 working days, 100% of notified/limited notified consents processed within 75 working days (or less as required by the RMA)			100% of non-notified resource consents processed within 20 working days, 100% of notified/limited notified consents processed within 75 working days (or less as required by the RMA)

STRATEGIES AND POLICIES

- Sustainability Policy and Framing Our Future Sustainability Strategy Vision
- Biodiversity Strategy
- Social Wellbeing Policy
- Various legislation and regulations governing aquaculture.

RELEVANT ACTS

- Resource Management Act 1991 (including proposed Phase II RMA reforms)
- Sale of Liquor Act 1989
- Food Act 1981
- Building Act 2004
- Dog Control Act 1996
- Fencing of Swimming Pools Act 1987
- Biosecurity Act 1993.

DEFERRED WORK

No major projects have been deferred under this activity.

ASSUMPTIONS

Assumptions specific to the Environment activities include:

- There is uncertainty about the specific nature of changes to legislation such as the Resource Management Act, Building Act and Biosecurity Act. The Council has based planning for activities in the Environment area on current legislation and stated government policy direction
- We assume that weather patterns over the next ten years will remain relatively similar to the previous ten years, although evidence around climate change suggests there is a possibility of more extreme weather conditions over that period
- We assume the level of consent processing activity is stable given the state of the economy and predictions of low economic growth.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Potential negative effects and their risk mitigation strategies include:

- **Solid Waste:** Pollution of the air, soil and ground water from the York Valley landfill, which is limited through using best practice to meet resource consent conditions
- **Greenhouse gas emissions** from the landfill are reduced through capping the site and extracting some methane for sale to be combusted and reducing the amount of green waste going to the land fill
- **The Solid Waste Management Activity Management Plan** identifies the highest risks for this activity as a gas collection system failure leading to a landfill fire and hazardous waste not being identified leading to impacts on human health and/or the environment. The risks are mitigated by preparing a plan that addresses them and monitoring to ensure the plan is complied with and kept up to date
- **Regulation costs:** Transaction and implementation costs may occur for individuals and businesses as well as constraints on the actions they can undertake, because of Council carrying out its regulatory and legislative responsibilities. The Council limits the economic costs by ensuring best practice is applied to Council regulatory management. It is accepted that some costs are necessary to achieve environmental and public health and safety goals
- In a **civil defence emergency** situation actions might need to be taken to protect life and property that could have short or long term effects on the environment. These effects are addressed in the RMA where certain emergency works are allowed in order to take preventative or remedial action
- The time it takes for Council to respond to changes in information on **hazards** and amendments to legislation and regulations. This risk is mitigated by monitoring such changes and annually reviewing Council's work programme to ensure highest priority risks are addressed.

REVENUE AND FINANCING POLICY FOR THE ENVIRONMENT

SOLID WASTE MANAGEMENT

This activity includes the landfill at York Valley, the Pascoe Street transfer station in Tahunanui, waste minimisation, recycling, green waste processing, education and awareness programmes.

Distribution of benefits

Community benefits

Solid waste management contributes to a tidy, clean, healthy and safe environment. There is a community benefit in relation to public health, environmental protection and amenity values. A well-managed landfill results in less pollution, reduces waste and prolongs the life of the landfill.

Individual benefits

The following all receive individual benefits:

- Those who dispose of refuse, green waste and recyclables
- The general community/residents
- Commerce, businesses and industry
- Users of recycled products
- Those who produce, use and dispose of hazardous wastes.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

- Manufacturers who use excessive packaging
- Those who produce unnecessary and unrecyclable waste
- Those who dispose of hazardous waste inappropriately
- Those who produce excessive hazardous substances.

The costs and benefits of funding the activity distinct from other activities

To encourage waste minimisation Council runs education and awareness programmes, backed up by user charges for individuals and businesses that use the transfer station and landfill user charges. The cost of operating the York Valley landfill, Pascoe Street Transfer Station and associated infrastructure is funded from user charges collected at the landfill and transfer station.

A Local Waste Minimisation Levy is also taken as part of these user charges and this funds waste management and minimisation initiatives such as residential and schools recycling, illegally dumped refuse cleanup and waste education.

The solid waste account is managed as a closed account with any surplus transferred to a Financial Reserve and any deficit funded from the Financial Reserve or from debt. For 2012/13 the York Valley landfill charge will increase from \$94 to \$107 per tonne and the charge per m³ for general waste disposed of at the Pascoe Street transfer station from \$30 to \$35. The disposal rate for separated green waste disposed of at the transfer station will be left unchanged at \$20 per m³.

It is difficult to track and identify those who dispose of waste inappropriately and there is no suitable mechanism for charging manufacturers who use excessive packaging. This needs to be addressed at a national level.

Period over which the benefits are expected to occur

Capital expenditure for solid waste disposal provides long term benefit to the community. The current landfill is expected to last to around 2034.

Solid Waste Management – sources of funding

Operating: Fees and charges, waste minimisation levy and sale of methane gas from landfill

Capital: Fees and charges, borrowing

ENVIRONMENTAL MANAGEMENT

This activity includes monitoring the state of the environment, pest management, environmental advocacy and education, events and awards, policy advice, statutory and non statutory planning, non-regulatory assistance and implementation of the Clean Heat Warm Homes programme. Applications to the Clean Heat Warm Homes programme finished as of 30 June 2012. Council, however, continues to administer and service the loans that have been provided to residents to upgrade their heating, and to collect targeted rates from properties participating in the scheme until the money owed to Council is repaid.

Distribution of benefits

Community benefits

The community benefits from sustainable management of the natural and physical resources. This provides improved understanding of interrelationships between natural and physical resources, public awareness of the state of the environment, and formulation of effective resource strategies.

Effective management of the environment assists sustainable management of natural and physical resources and a reduction in pollution. Council has a duty to manage fair opportunities and certainty for development and control negative effects on people, businesses and the environment. This is balanced by avoiding unnecessary regulation, cost and delay. Other benefits include:

- Consistency of approach in the management of natural and physical resources
- Consultation and democracy in the management of natural and physical resources
- Resource users gain a clearer understanding of their actions, which leads to greater environmental responsibility and awareness
- The general public gains environmental and amenity improvements, enhanced recreational opportunities, and improved social wellbeing
- There is a public benefit from having public land free from pest infestations.

Individual benefits

PEST MANAGEMENT

Rural landowners (pastoral farmers and foresters) gain increased productivity, economies of scale and efficiency from a joint effort. Such initiatives also avoid encroachment and re-infestation from neighbouring land.

RESOURCE USERS AND PROPERTY OWNERS

- Allocation of resources
- Reduced costs – fewer resource consent applications
- Plan change applicants – fair opportunities for development or change
- Property owners experiencing any betterment of change
- Resource users gain from monitoring of their activity. It reduces the need for them to monitor and confirms their monitoring
- Good resource information allows better resource allocation decisions and identifies economic opportunities.

SOLAR SAVER SCHEME

The Council is switching funding from the Solar Saver scheme for solar hot water installations to investigating solar photovoltaic systems including considering the possibility of the installation of a photovoltaic system on a Council facility. Despite an initial rush, the uptake of the Solar Saver scheme in recent years has been less than expected. The Council has decided a more effective way to promote solar energy in Nelson is to investigate and promote photovoltaic systems, given the recent advances in this technology. The Council will continue its fee remission on building consent fees for solar hot water installations as part of its promotion of solar energy. Council has an ongoing commitment to collect targeted rates from properties participating in the Solar Saver scheme until the cost of the installations is recouped.

Funding levels in this LTP for solar initiatives are the same as in previous years.

Council is to look at leadership options for solar technologies.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

- Landowners who do not undertake adequate control of pests
- Resource consent applicants who do not properly research proposed changes
- Submitters to plans whose submissions are on vexatious grounds
- Those who pollute the environment.

The costs and benefits of funding the activity distinct from other activities

The cost of administering a separate rate outweighs the benefits.

Overall the greatest benefits are to the community as a whole and, where opportunities exist, Council will apply for external funding.

Provision of the 'clean heat' programme is met through general rates to reflect the community benefit that arises from improved air quality.

There are limited mechanisms for recovering costs from the environmentally irresponsible.

Period over which the benefits are expected to occur

Environmental management has long term benefits for current and future residents and businesses in Nelson. There is no planned capital expenditure for environmental management over the term of the long term plan.

Environmental Management – sources of funding

Operating: General rates, targeted rates, fees and charges, borrowing, grants for Stoke Streams Rescue

Capital: Borrowing

REGULATORY COMPLIANCE

This activity includes dog and animal control, liquor licensing, food premises monitoring, storing and providing land information, processing and inspection of resource and building consents, harbour and coastal safety, pollution management and investigating complaints (noise, bylaws, private drains and illegal building works).

Distribution of benefits

All activities provide public health and safety benefits to the community and individuals. Other benefits include:

Dog and animal control

Community benefits

- Protection from dogs and dog nuisances (barking, fouling)
- Conservation (feral cat control)

Individual benefits

These activities help maintain the safety of individuals and property through control of dogs and other animals. There are benefits for dog owners, SPCA and dog owner associations (animal welfare, education of dogs' needs). Neighbouring landowners stock is protected from the effects of wandering dogs.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

- Owners who allow their animals to cause problems, including those who let animals go wild or stray, or who fail to look after them adequately

Liquor licensing

Community benefits

The general public feel safer in the city through good practices adopted by liquor outlets.

Individual benefits

The licensed trade gains from consistent application of standards and legislation. Prospective licensees receive advice over the counter or by phone. Health groups gain information and advice.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

- Non-complying liquor outlets.

Food premises monitoring

Community benefits

The general public gain confidence in the food hygiene standards of the premises at which they choose to eat. There are public health benefits through protecting the population from health risks and disease.

Individual benefits

Food premises' owners gain public recognition of their food hygiene level, along with monitoring and control. Members of the public gain confidence in the food hygiene standards of the premises at which they choose to eat.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

- Non-complying food outlets.

Storing and providing land information

Community benefits

There is a general community benefit from having a record of construction standards for all properties in the city. This has historic value and may be used for purposes that benefit the whole community.

Individual benefits

Property owners benefit from having proof of construction documents. Individuals such as real estate agents and lawyers benefit from the information that supports property sales and provides information to property owners and to professional groups.

Processing and inspection of resource and building consents

Community benefits

The community benefits from safety and health protection on buildings. This covers the benefits which future owners/operators may receive.

Individual benefits

Current owners and occupiers gain the protection of consistent standards, which benefits them physically and commercially. People seeking advice about building and related requirements receive a private benefit.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

Those who fail to obtain building consents, and those who do not build in accordance with a consent.

Harbour and coastal safety and navigation

Community benefits

The reduced risk of collision and stranding reduces the risk of pollution, blocked channels and consequent loss of efficiency for the commercial and recreational use of the harbour benefits the whole community. Members of the public also gain safe water recreation areas free from water-craft.

Individual benefits

Boat owners and users gain from increased safety, reduced risk of collision or stranding, and increased convenience and recreation opportunities (for example water ski lanes, buoyed swimming areas and segregation of

activities). The pilot exemptions result in increased efficiency and lower costs to ship owners and operators. There is a benefit to shipping (ship owners and agents, crew, insurers etc).

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

Irresponsible boat owners who ignore or are ignorant of navigation and safety regulations and bylaws.

Pollution management

Community benefits

The general public gains conservation and recreational benefits, and the maintenance of a clean green image. There is an element of national benefit included in this. Owners of sites likely/capable of polluting gain monitoring and feedback which may reduce their risk of prosecution.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

Polluters, both private and public and those businesses and individuals who cause sites to be contaminated.

Investigating complaints

Community benefits

Residents and visitors feel safer in the city.

Individual benefits

Individuals have complaints responded to, and feel safer.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

People who breach noise and bylaw rules.

The costs and benefits of funding the activity distinct from other activities

Council's policy is to charge these activities on a user pays basis where possible. However there are the following restrictions:

- It is very difficult to identify animal owners in a lot of cases. Animal control is also labour intensive and is often done out of Council hours with the cost of prosecuting often exceeding any fines
- Some activity fees are set by legislation and do not cover the cost of providing the service, for example liquor licensing. Council also emphasises education rather than prosecution
- Council staff often provide telephone information and it is unrealistic to charge for this
- It is too difficult to recover costs from recreational boat users for harbour safety
- It is not always possible to identify individuals or businesses who pollute the environment.

The balance of activities that cannot be funded by user charges are therefore funded through the general rate.

Period over which the benefits are expected to occur

The benefits from regulation and compliance activities range from immediate for matters such as dealing with dog and noise complaints to long term environmental benefits arising from pollution management and ensuring that buildings meet the terms of their resource and building consents.

Regulatory Compliance – sources of funding

Operating: General rates, fees and charges, grants, fines

Capital: Borrowing (dog pound)

MANAGING EMERGENCIES

Distribution of benefits

Community benefits

Since there are a wide range of risks (fires, earthquakes, floods, tsunamis, storms etc) people and infrastructure are vulnerable, and everyone benefits from Council's work in risk reduction, readiness, response and recovery.

Individual benefits

While Council focuses on target groups, ultimately, everyone benefits.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

People who do not or are unable to provide for themselves in the event of an emergency. Those lighting fires without permits, or who do not prepare their Civil Defence three day kits.

- **The costs and benefits of funding the activity distinct from other activities**

Because all residents benefit from emergency management, it is most appropriately funded from general rates.

- **Period over which the benefits are expected to occur**

Emergencies happen rarely, but the consequences can be both severe and long lasting. The benefits of being prepared occur over the long term.

Emergency Management – sources of funding

Operating: General rates, grants and other subsidies (minor). Shared with TDC

Capital: General rates and borrowing. Shared with TDC



ENVIRONMENTAL MANAGEMENT FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	5,108	6,136	5,848	6,211	6,278	6,597	6,588	6,562	6,435	6,682	6,913
Targeted rates (other than a targeted rate for water supply)	610	613	609	608	612	607	602	581	528	105	100
Subsidies and grants for operating purposes	1,062	300	213	194	1,262	193	209	202	208	226	219
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	1,582	2,053	2,081	2,210	2,305	3,585	3,670	3,790	3,896	4,047	4,198
Local authorities fuel tax, fines, infringement fees, and other receipts	6,496	7,237	7,605	7,944	8,158	9,240	9,482	9,765	10,040	10,333	10,629
Total Operating Funding	14,858	16,339	16,356	17,167	18,615	20,222	20,551	20,900	21,107	21,393	22,059
Applications of operating funding											
Payments to staff and suppliers	12,253	13,125	13,081	13,865	14,145	15,663	15,899	16,209	16,404	17,026	17,611
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied *	1,957	2,296	2,298	2,412	2,504	3,747	3,791	3,870	3,938	4,070	4,215
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	14,210	15,421	15,379	16,277	16,649	19,410	19,690	20,079	20,342	21,096	21,826
Surplus (Deficit) of operating funding	648	918	977	890	1,966	812	861	821	765	297	233
Sources of capital funding											
Subsidies and grants for capital	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	26	12	12	13	13	13	14	14	14	15	15
Increase (decrease) in debt	2,248	(378)	(620)	(622)	(622)	(624)	(626)	(609)	(513)	(84)	(83)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	2,274	(366)	(608)	(609)	(609)	(611)	(612)	(595)	(499)	(69)	(68)
Applications of capital funding											
Capital Expenditure	154	89	0	36	0	140	22	0	0	20	0
- to meet additional demand	73	98	0	0	2,686	313	0	0	0	0	95
- to improve level of service	241	195	102	173	113	76	43	53	81	135	11
- to replace existing assets	(89)	(117)	281	87	(1,426)	(311)	202	192	205	94	80
Increase (decrease) in reserves	2,543	287	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(21)
Increase (decrease) in investments	2,922	552	369	281	1,357	201	249	226	266	228	165
Total applications of capital funding	(648)	(918)	(977)	(890)	(1,966)	(812)	(861)	(821)	(765)	(297)	(233)
Surplus (Deficit) of capital funding	0	0	0	0	0	0	0	0	0	0	0
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

ENVIRONMENTAL MANAGEMENT COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Income											
Rating Income	5,718	6,749	6,457	6,819	6,890	7,204	7,190	7,143	6,963	6,787	7,013
Operating Income	9,140	9,590	9,899	10,348	11,725	13,018	13,361	13,757	14,144	14,606	15,046
Capital Income	26	12	12	13	13	13	14	14	14	15	15
Total Income	14,884	16,351	16,368	17,180	18,628	20,235	20,565	20,914	21,121	21,408	22,074
Expenses											
Payments to staff and suppliers	13,835	15,178	15,162	16,075	16,450	19,248	19,569	19,999	20,300	21,073	21,809
Finance costs	376	243	217	202	199	162	121	80	42	23	17
Depreciation	352	346	364	374	384	455	469	484	501	520	540
Total Expenses	14,563	15,767	15,743	16,651	17,033	19,865	20,159	20,563	20,843	21,616	22,366
Net Surplus (Deficit)	321	584	625	529	1,595	370	406	351	278	(208)	(292)
Sources of funds											
Net Surplus (Deficit)	321	584	625	529	1,595	370	406	351	278	(208)	(292)
Non cash expenditure	352	346	364	374	384	455	469	484	501	520	540
Increase (decrease) in debt	2,248	(378)	(620)	(622)	(622)	(624)	(626)	(609)	(513)	(84)	(83)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Total Sources of funds	2,921	552	369	281	1,357	201	249	226	266	228	165
Applications of funds											
Capital Expenditure	154	89	0	36	0	140	22	0	0	20	0
- to meet additional demand	73	98	0	0	2,686	313	0	0	0	0	95
- to replace existing assets	241	195	102	173	113	76	43	53	81	135	11
Increase (decrease) in reserves	(90)	(117)	281	87	(1,426)	(311)	202	192	205	94	80
Increase (decrease) in investments	2,543	287	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(21)
Total applications of funds	2,921	552	369	281	1,357	201	249	226	266	228	165
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	648	918	977	890	1,966	812	861	821	765	297	233
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	26	12	12	13	13	13	14	14	14	15	15
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(352)	(346)	(364)	(374)	(384)	(455)	(469)	(484)	(501)	(520)	(540)
Net Surplus (Deficit) before taxation in Cost											
of Service Statement	322	584	625	529	1,595	370	406	351	278	(208)	(292)



CAPITAL EXPENDITURE (\$'000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Rural Fire Control										
Building: fire station	85									
Harbour Safety										
Purchase of boat/trailer			33					48		
Waste Minimisation										
Recycling bins	12	6	6	7	7	7	7	8	8	9
Transfer Station										
Amenity building			16							
Crane overhaul				44						
Hazardous waste: replace two containers					12					
Layout improvement	35				92					
Renewals: plant & equipment	46	54	60		23					
Ticket office: replace										71
York Valley Landfill										
Access Rd stormwater	53									
Collection network/flare/gas			19	17						
Horizontal drilling for drainage	40									
Piezo monitor well	32		18		31		21		23	
Planting			13			14			16	
Renewal: gas meter						16				
Renewal: other sundry						5				
Reseal road				44						
Road extension	40									
Stormwater control									81	
Weighbridge improvements					133					
Staff time	41	42	43	22	23	24	24	25	26	27
Greenwaste										
Greenwaste process				2,664	207					
Total	383	102	210	2,799	528	65	53	81	155	106

SOCIAL – including arts and heritage

WHAT WE DO

Council provides many facilities and services that support the quality of life and wellbeing of Nelson residents. Collectively these activities have been grouped under the heading 'social' and

- covers delivery of services as diverse as running an art gallery and providing community housing for the elderly. There are many activities that contribute to the friendly and creative feel of our Nelson communities, including:

three heritage houses **street ambassadors**
Community Housing for the elderly
Sister Cities **SUTER ART GALLERY**
Nelson School of Music **settlement support**
Community Centres and halls **Theatre Royal**
Supporting the Nelson Provincial Museum
social and recreation services
YOUTH DEVELOPMENT INITIATIVES **Festivals and events**
Community Assistance Grants
Public art works **Public Libraries** **PUBLIC TOILETS**
Cemeteries and the crematorium
community development initiatives **Founders Heritage Park**

WHY WE DO IT

Council is required by law to enhance the social wellbeing and cultural wellbeing of residents. But the main reason Council invests in these activities is because members of the community reinforce in every consultation how important these issues are to them. Investment in the heritage, arts and social life of Nelson makes the city an attractive place to live as well as bringing economic benefits through tourism and a strong business community. Collectively, Nelson residents can afford facilities like the public library giving access to books and resources they could not afford individually. Collective provision of facilities like community housing for the elderly meets a need where there is a shortage of such facilities.

OUR LONG TERM VISION

- A strong, healthy resilient community is seen to be a key part of a sustainable Nelson in 2060.
- Nelson will value and celebrate community wellbeing, and see diversity as part of its identity, through arts, culture, heritage and the networks that contribute to resilient people who value the place they live in.

OUR GOAL FOR THIS ACTIVITY

- To provide facilities and activities that support and enhance the social and cultural wellbeing of the Nelson community.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to achieving outcome
People-friendly places	Through providing attractive and useful community buildings and places where community services can be delivered and by including beautiful and inspiring arts and heritage activities as part of our surroundings
A strong economy	Through supporting organisations and providing venues for the delivery of community services that contribute to the wellbeing of the community and that provide employment Through providing support and infrastructure that enables a thriving arts and heritage community to provide employment for many
Kind, Healthy People	By providing facilities, events and services that support the development of community cohesion, supporting individuals, organisations and communities to be inclusive, encouraging the development and enjoyment of healthy lifestyles and supporting activities that encourage and assist young people to participate in the community
A fun, creative culture	Through providing venues, activities and events that support our local culture and identity and looking for opportunities to include art and creativity into facilities at the early stages of development Through working with community organisations that support cultural diversity, events and festivals By protecting, interpreting and celebrating Nelson's human heritage and historic places – Māori and more recent
Good leadership	By leading development of Nelson's arts, culture and heritage and by leading and coordinating social development work in the community By supporting initiatives that promote understanding of Māori culture and tikanga

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS



A leading lifestyle: The state of Nelson's arts infrastructure was one of the high profile issues raised during Council's 2011/12 Annual Plan hearings. Many residents spoke of their concern over the long term future of much-loved Nelson institutions such as the Suter Art Gallery, Nelson School of Music and Theatre Royal. Many residents also said that they did not want a performing arts centre while existing arts assets were struggling. Council agrees that these facilities deliver considerable community benefits that enhance Nelson and the region's social, cultural and economic wellbeing, so wants to ensure their viability. They are a cornerstone of Nelson's reputation as a creative city and provide venues for events and learning throughout the year. Council plans to provide more reliable support for the arts infrastructure of the city. Nelson has historically been in the unusual position of having many of its key arts institutions

- privately run and over time the lack of reliable, predictable funding has led to these key facilities struggling to be financially sustainable. The Nelson School of Music, Theatre Royal and Suter Gallery all have funding needs that this LTP seeks to address in partnership with the community and other funding partners.



- The Nelson School of Music** has urgent earthquake strengthening needs, a backlog of maintenance issues deferred over many years due to budget constraints, and a need to redevelop its premises if it is to continue to function as a hub for musical education and performance in the region. Council has been in discussion with the Board of the Nelson School of Music about how to ensure the School's sustainability into the future. The solution included in this LTP, and which has the full support of the Board, is for Council to take ownership of the land and building and be responsible for its upgrade and ongoing maintenance. This will allow the School to concentrate on its core business which is

delivering an excellent musical performance and education service to the community. Council has allocated \$2.184m in Years 2 and 3 of the LTP but Council will be looking to other partners including Central Government, the Nelson School of Music itself and the community to also provide funding. As part of this package a further \$4.082m has been planned in 2019/20 for redevelopment of rehearsal spaces in a separate building behind the Nelson School of Music. As well as the cost of bringing the building up to standard, taking ownership of the Nelson School of Music would require ongoing maintenance.

Interest on funds borrowed to complete these works would also need to be recovered from rates.

The **Theatre Royal** has a different set of issues. Through the hard work and commitment of many community volunteers and financial support from Council and Central Government, the building has been restored. However, the debt incurred during the restoration is sizeable and repayments are a continual drain on the operation of the Theatre. Council has had an accountant prepare a due diligence report on the Theatre, the conclusion of which was that it would struggle to be financially viable without further Council and community support as it will not be able to generate sufficient surplus to repay its debts. Discussions have been held with the Board that runs the Theatre and, as with the Nelson School of Music, agreement was reached that the land and building be gifted to the Council at a valuation of \$6.6m so that maintenance can be assured. Council would therefore take over the Trust's outstanding debt to the amount of \$2.1m, of which \$1.5m is an existing debt to Council. This would free the Theatre Royal Board to focus on maximising use of the venue.

So for both the Nelson School of Music and the Theatre Royal, Council would own and maintain the buildings and lease them back to a single independent entity that would run the activities at each facility. Council would let a contract for a variety of outcomes it expected to be delivered to the community from each

- facility and provide some subsidy to ensure
- community groups could use the facilities at a
- discounted rate. The aim is to ensure the most
- efficient management of both facilities preferably
- under a single entity which would maintain
- its independence but through the contract be
- accountable to the community for the types of
- outcomes that would be provided.

- The **Suter Art Gallery** is in a different position, having become a Council Controlled Organisation in 2008. The Suter, which first opened in 1899, is well overdue for a thorough refurbishment. A Council funded project to look at the gallery's needs has resulted in the development of a design that would provide additional gallery space, improved storage, educational space for school and other groups, and workshop space while retaining the theatre and cafe.

- The redevelopment was approved following public feedback through the LTP process.

- The Council plans to proceed with the current design to extend the Suter, which will require removing two large trees on Suter land adjacent to the Queens Gardens.

- The project has been costed at \$11.2m (uninflated) but with some related work – the Queens Gardens public toilet and relocation of the art collection during redevelopment – still to be considered as part of the project. \$6.0m is to be funded by Council as an investment, and with the expectation that the Suter and other partners will contribute the remainder of the funding. Council's contribution to the project is to be spread over 2014/15 and 2015/16.

- **Earthquake strengthening** is a priority for ensuring all residents can be assured of a safe environment when visiting our facilities. A number of community facilities need assessment and \$200,000 has been included for assessing Council properties. The Refinery, Isel House, Founders Heritage Park and Melrose House are the highest priority community facilities for seismic investigations.

OTHER ISSUES AND PLANNED WORK

Nelson's ageing population is expected to change the demand for various community facilities and services. For example, it could mean increasing demand for library home delivery services or public toilets that can accommodate mobility scooter turning circles. Other demographic and socioeconomic changes including the increasing cost of housing and more new migrants will have an impact on the type of community support that will be required in the future.

Libraries internationally are experiencing significant change as new technologies and evolving customer expectations extend the range of services they offer. A key challenge is to provide concurrently for customers who prefer books with those who favour digital products. The role of library staff is also changing with a focus on assisting customers to access library services and resources in new ways and helping them to sift through the vast amounts of information available. Libraries have a unique role as community hubs, free to all, promoting connectedness and a sense of belonging. Whilst a very significant portion of library resourcing is focused on ensuring daily delivery of quality services, an expansion to cope with the growing population and high membership rates is planned for both Elma Turner and Stoke in the longer term.

Aside from the Montgomery Carpark Superloo, the city's **public toilets** do not always show the town to its best advantage, particularly given the importance of overseas and domestic tourism to the city's economy. A cycle of ten-yearly refurbishment is planned, in accordance with the NZ Standard for public toilets.

The Council will continue to provide an operating grant to the Tasman Bays Heritage Trust (TBHT) to run the **Nelson Provincial Museum**, which is the major regional heritage facility. The Museum will receive total operating grant funding of \$9.3m over the ten year period of this LTP. TBHT has an outstanding loan with the Nelson City Council and Tasman District Council. The status and future management of

- the loan has yet to be resolved between the three parties.

- A study commissioned by TBHT identified a shortage of quality storage space and a lack of appropriate facilities for staff, volunteers, and researchers. Current museum storage at Isel Park is estimated to reach capacity by 2014, potentially putting at risk some of the region's heritage collections. Nelson will work with the Tasman District Council, which co-funds the museum, and TBHT to develop an appropriate solution. Council plans an investment of \$3.75m in TBHT museum storage. Council plans to discuss governance and joint funding with Tasman District Council, as TDC has not included a half share of funding in its LTP.

- Council is also aware that the Nelson Cathedral is facing a number of challenges. The Cathedral is an important asset for Nelson, a tourist attraction and a venue for a range of concerts. The Council will continue to be involved in discussions with the Anglican Diocese about how the cathedral can be protected and preserved.

- There is uncertainty around ongoing Central Government funding for Council-run **community programmes**, including Settlement Support and Crime Prevention. A cut in government funding would significantly reduce Council's capacity to deliver these services to the community. Similarly, the challenge for Council and the community is finding affordable ways to ensure the sustainable provision of festivals and events.

- Over the next ten years, Council plans to continue funding, promoting and delivering a range of social development services which support community resiliency and wellbeing, such as festivals and events, community and youth development projects, refugee and migrant support, and community assistance funding. Council will continue to work with local iwi to **support iwi priorities** to increase the presence and awareness of Māori arts and heritage and promote Nelson as a great place for youth (rangatahi) to live, learn and work. Council activities that support these priorities include continued implementation of the Whakatu Nelson Heritage Strategy and youth services.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Work with the community to secure the future of the city's significant arts infrastructure	Assuming Council takes ownership of the Nelson School of Music and Theatre Royal measures will be building condition assessments and delivery of community outcomes	Serious earthquake strengthening and maintenance problems with the Nelson School of Music building and both Theatre Royal and Nelson School of Music have financial problems	Transfer ownership of Theatre Royal and Nelson School of Music land and assets to Council. Establish joint governance model. Agree leases and contracts for community outcomes.	Plans for earthquake strengthening of Nelson School of Music agreed and work commenced.	Earthquake strengthening work on Nelson School of Music continuing	Nelson School of Music earthquake strengthening and refurbishment completed.
Libraries that are well used, welcoming and safe environments	The level of satisfaction with the libraries as determined by residents' survey Trends in membership, door counts ²	85% satisfied/very satisfied 76% of the population are members Door Counts increasing in all libraries except Nightingale Library	Maintain at least 80% of customers satisfied or very satisfied with libraries and 75% of population are library members Door counts continue to increase each year			
A regional art gallery that engages, educates and entertains the regional community	The level of satisfaction of customers with the Suter Art Gallery as measured by a residents' survey	53% of residents and 76% of users satisfied or very satisfied in 2011				80% of users satisfied or very satisfied with the Suter Art Gallery

²Some Councils use the Library and Information Association of New Zealand standards to benchmark against but as these are now 8 years old Council chooses to use more up-to-date measures.

DRIVERS OF CAPITAL EXPENDITURE

These are the main drivers of capital expenditure on this Council activity:

- For the arts it is the need to ensure the city's arts infrastructure is sustainable into the future which would be best achieved by Council's ownership and ongoing maintenance of the Nelson School of Music and Theatre Royal buildings
- For the toilets, it is a mix of refurbishing older assets, the demands of population growth, increasing visitor numbers and changing levels of service expectations, where facility users want higher standards, both in facilities and maintenance levels
- The public library extensions are driven by the demands of a growing and changing population and maintaining current levels of service
- Earthquake assessment and strengthening of heritage facilities is driven by the goal of maintaining levels of service by protecting our heritage assets while ensuring public safety.

STRATEGIES AND POLICIES

- Nelson Tasman Regional Arts Strategy
- Arts Policy
- The Bishop Suter Trust Statement of Intent
- Social Wellbeing Policy
- Tasman Bays Heritage Trust (Nelson Provincial Museum) Statement of Intent
- Arts Activity Management Plan
- Heritage Activity Management Plan
- Community Facilities Activity Management Plan
- Sustainability Policy and Framing Our Future Sustainability Strategy Vision.

DEFERRED WORK

The previous 2009 Nelson Community Plan, or LTCCP as it was then known, included money for the design and construction of a Performing Arts and Conference Centre. After consulting with the public through the 2011/12 draft Annual Plan process, the Council in May 2011 decided not to proceed with construction of these facilities. Council has signalled that a performing arts facility, conference centre or town hall might be needed in the future, beyond the next ten years.

The Riverside Pool gym remodelling has also been deferred beyond the ten year term of this LTP.

ASSUMPTIONS

Assumptions specific to the Social, Arts and Heritage activities include:

- It is expected that computers and new technology will not spell the end of public libraries during the next decade; instead the role of libraries will continue to develop and change and they will remain important community facilities
- It is assumed that in the longer term, Council would need to respond to a shift in facilities and services in response to changing demands driven by the larger proportion of older people
- The benefits of heritage and arts investment are assumed to be a public good that justifies Council involvement, together with other funders and service providers
- This LTP has been prepared on the basis of continuing government funding for various community programmes, but a cut or reduction in such funding would significantly reduce Council's capacity to deliver these services to the community.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

The extensions to Nelson Public Libraries, refurbishment of public toilets and work on the Nelson School of Music and Suter Art Gallery would result in some disruption and have a temporary impact on service. Work would be programmed to limit disruption and to avoid, where possible, peak use times.

Increased traffic congestion and crowding can occur during major festivals and events. The positive effects on social and cultural wellbeing are considered to outweigh any negative effects, which can also be reduced through careful planning.

The most significant programme in this activity to mitigate risk to public safety is the seismic assessments which will aid better understanding of the level of earthquake risk in Council-owned community facilities.



REVENUE AND FINANCING POLICY FOR SOCIAL (including Arts & Heritage)

COMMUNITY FACILITIES

This activity includes the public libraries, the Marsden cemetery and city crematorium, public toilets, the marina, community properties, motor camps, community housing and regional community facilities.

Libraries

Distribution of benefits Community benefits

Libraries promote literacy, information democracy and an informed and empowered society. They contribute to quality of life and to community identity by providing a community space accessible to all residents. They benefit all areas of the community by making accessible a wide range of information and providing the skills to turn knowledge into value. Others value them because they benefit future generations through developing the joy of reading, as curators of local heritage and as a portal to the digital and online environment.

Individual benefits

Those individuals who use the library services, both residents and visitors.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

Marsden Cemetery and crematorium

Distribution of benefits

Community benefits

These services provide appropriate and safe cemetery and crematorium services and meets the spiritual and emotional needs of families and friends. The cemeteries also provide public open space, often with heritage value.

Individual benefits

Ongoing individual benefits to families and friends of the deceased by being able to visit graves in pleasant surroundings.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

Public toilets

Distribution of benefits

Community benefits

Health and cleanliness of the city is maintained. There are economic benefits by providing facilities for visitors.

Individual benefits

Having a toilet available when needed is of benefit both to residents and to visitors.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

Marina

Distribution of benefits

Community benefits

The marina provides economic benefits because it attracts visitors to Nelson and provides passive recreation opportunities for residents and visitors alike.

It allows an efficient use of scarce water space and protects marine environments, by concentrating boat moorings in one area.

Individual benefits

It is of private benefit to boat owners in that it allows exclusive occupation of publicly owned space, which offers greater security than single moorings.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

A marina concentrates maritime contaminants in one area.

Community properties

Distribution of benefits

Community benefits

The general public gain physical and emotional wellbeing, a sense of community identity, and entertainment and socialisation opportunities from the provision of these facilities.

Individual benefits

Individuals have a local community space where they can access a range of activities and services. Community and sports groups gain venues for their activities and events.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

Motor camps**Distribution of benefits****Community benefits**

Provides open space and contributes to the range of accommodation for residents and visitors, attracting people to the city.

Individual benefits

Users of the facilities have access to reasonably priced accommodation.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

Community housing**Distribution of benefits****Community benefits**

Council housing initiatives contribute to a better social environment for all members of the community.

Individual benefits

The elderly on low incomes who rent Council-owned housing gain reasonable price-affordable housing.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

Regional community facilities**Distribution of benefits****Community benefits**

The public gains better use of resources, better facilities, and improved recreational opportunities. Having these facilities contributes to physical and mental wellbeing, a sense of community identity, and entertainment and.

Individual benefits

- Community groups gain venues for functions
- Sports groups gain venues for sports events
- Event promoters gain valuable venues to use

- Spectators gain suitable venues for watching a variety of events.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

The costs and benefits of funding the activity distinct from other activities

The cost of administering a separate rate for community facilities outweighs the benefits.

The benefits from this activity are a mix of private and public, therefore Council funds this activity through a variety of user charges, rents and general rates. The Council's Community Assistance Policy details the funding mechanisms for community activities and the Community Housing Policy covers community housing.

Period over which the benefits are expected to occur

The facilities that are being built over the next ten years will provide long term benefit to the community. These benefits are expected to be for a minimum of 40 years to at least 2050.

Community Facilities – sources of funding

Operating: General rates, fees and charges, donations, rent

Capital: Borrowing, asset sales, financial contributions (RMA), loan forgiven by Housing Corp for community housing, grants from TDC for regional facilities, contribution from TDC for shared facilities

SOCIAL DEVELOPMENT

This activity includes social monitoring and advocacy, community liaison and support, community assistance funding, employment assistance, youth development, settlement support for migrants and refugees and crime prevention.

Distribution of benefits

Community benefits

The community benefits from improved social wellbeing services that better match the needs of the community. Council is able to provide information to Government that expresses the needs of Nelson as a region with regard to health, education, housing, employment etc. The community benefits from integrated planning and management of community services and facilities. Council works with other agencies to provide a safer environment for the community.

Individual benefits

Community groups gain funding to proceed with their projects, and beneficiaries of those projects receive a range of possible benefits. Council participates in a number of community networks that enables support of the wider community through sharing information, supporting specific projects and initiatives, and working in partnership with community groups.

- Migrants and intending migrants to the region gain support. Members of the Youth Council gain experience of Council procedure and an opportunity exists for the youth voice to be heard.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

The costs and benefits of funding the activity distinct from other activities

The whole community benefits from improved social wellbeing and therefore the most appropriate funding mechanism is general rates.

Period over which the benefits are expected to occur

Improved social wellbeing benefits the community over the long term.

Social Development – sources of funding

Operating: General rates, government funding for migrant and refugee support, youth development programmes and crime prevention

Capital: None



HERITAGE AND ARTS

This activity includes heritage and arts planning, support for the Tasman Bays Heritage Trust and the Suter Art Gallery, historic buildings and facilities owned by Council, historic cemeteries, arts and heritage grants, festivals and events and Sister City links.

Distribution of benefits

Community benefits

These Council services preserve Whakatū/Nelson's heritage through the safekeeping of cultural objects, information and knowledge. Providing arts and heritage activities fosters community pride, identity and wellbeing and promotes public pride and enjoyment. There are economic benefits through ticket sales, merchandise sales and the services that support the arts and heritage infrastructure. Associated industries benefit from people accessing the various attractions and events including sale of food and accommodation.

There are broader benefits including enhancement of the image of the city and growth of audiences who enjoy cultural and heritage activities.

Individual benefits

Those who benefit include those who visit the facilities, tenants and hirers of the facilities and those who participate in the arts community. Other beneficiaries are those who attend or perform in the festivals, operators who sell products there, service organisations who share the profits and the sponsors.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

The costs and benefits of funding the activity distinct from other activities

The whole community benefits from the heritage and arts of Nelson, therefore the most appropriate funding mechanism is general rates.

Period over which the benefits are expected to occur

Improved wellbeing benefits the community for many years in the long term.

Heritage and arts – sources of funding

Operating: General rates, fees and charges, sponsorship and grants, donations, rent, ticket sales

Capital: Borrowing



SOCIAL FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	9,054	9,994	10,474	11,114	11,727	12,457	12,590	13,357	14,135	14,961	15,029
Targeted rates (other than a targeted rate for water supply)	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	564	485	398	349	357	366	375	385	395	406	416
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,023	2,318	2,403	2,535	2,525	2,667	2,654	2,803	2,791	2,950	2,937
Total Operating Funding	11,641	12,797	13,275	13,998	14,609	15,490	15,619	16,545	17,321	18,317	18,382
Applications of operating funding											
Payments to staff and suppliers	10,979	11,755	11,560	12,011	12,014	12,646	12,723	13,431	13,704	14,335	14,350
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied *	348	381	441	667	1,185	1,404	1,430	1,618	1,941	2,193	2,213
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	11,327	12,136	12,001	12,678	13,199	14,050	14,153	15,049	15,645	16,528	16,563
Surplus (Deficit) of operating funding	314	661	1,274	1,320	1,410	1,440	1,466	1,496	1,676	1,789	1,819
Sources of capital funding											
Subsidies and grants for capital	0	6,876	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	1,763	1,877	684	6,095	5,891	38	465	5,218	5,808	(183)	(203)
Gross proceeds from sale of assets	2	1	1	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	1,765	8,754	685	6,095	5,891	38	465	5,218	5,808	(183)	(203)
Applications of capital funding											
Capital Expenditure	447	539	625	617	893	631	1,134	5,919	2,537	759	765
- to meet additional demand	410	9,795	729	1,707	64	67	68	69	4,189	78	82
- to improve level of service	1,295	777	362	344	389	454	385	401	461	488	489
- to replace existing assets	(73)	(183)	256	303	331	339	344	325	297	281	280
Increase (decrease) in reserves	0	(1,513)	(13)	4,444	5,624	(13)	0	0	0	0	0
Increase (decrease) in investments	0	9,415	1,959	7,415	7,301	1,478	1,931	6,714	7,484	1,606	1,616
Total applications of capital funding	2,079	(661)	(1,274)	(1,320)	(1,410)	(1,440)	(1,466)	(1,496)	(1,676)	(1,789)	(1,819)
Surplus (Deficit) of capital funding	(314)	0	0	0	0	0	0	0	0	0	0
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

SOCIAL COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)	Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
Income											
Rating Income	9,054	9,994	10,474	11,114	11,727	12,457	12,590	13,357	14,135	14,961	15,029
Operating Income	2,681	2,803	2,801	2,884	2,882	3,033	3,029	3,188	3,186	3,356	3,353
Capital Income	0	6,876	0	0	0	0	0	0	0	0	0
Total Income	11,735	19,673	13,275	13,998	14,609	15,490	15,619	16,545	17,321	18,317	18,382
Expenses											
Payments to staff and suppliers	10,979	11,755	11,560	12,011	12,014	12,646	12,723	13,431	13,704	14,335	14,350
Finance costs	348	381	441	667	1,185	1,404	1,430	1,618	1,941	2,193	2,213
Depreciation	924	1,156	1,293	1,314	1,380	1,408	1,428	1,449	1,628	1,737	1,763
Total Expenses	12,251	13,292	13,294	13,992	14,579	15,458	15,581	16,498	17,273	18,265	18,326
Net Surplus (Deficit)	(516)	6,381	(19)	6	30	32	38	47	48	52	56
Sources of funds											
Net Surplus (Deficit)	(516)	6,381	(19)	6	30	32	38	47	48	52	56
Non cash expenditure	924	1,156	1,293	1,314	1,380	1,408	1,428	1,449	1,628	1,737	1,763
Increase (decrease) in debt	1,769	1,878	685	6,095	5,891	38	465	5,218	5,808	(183)	(203)
Gross proceeds from sale of assets	2	0	0	0	0	0	0	0	0	0	0
Total Sources of funds	2,179	9,415	1,959	7,415	7,301	1,478	1,931	6,714	7,484	1,606	1,616
Applications of funds											
Capital Expenditure	447	539	625	617	893	631	1,134	5,919	2,537	759	765
- to meet additional demand	410	9,795	729	1,707	64	67	68	69	4,189	78	82
- to improve level of service	1,295	777	362	344	389	454	385	401	461	488	489
- to replace existing assets	27	(183)	256	303	331	339	344	325	297	281	280
Increase (decrease) in reserves	0	(1,513)	(13)	4,444	5,624	(13)	0	0	0	0	0
Increase (decrease) in investments	2,179	9,415	1,959	7,415	7,301	1,478	1,931	6,714	7,484	1,606	1,616
Total applications of funds	2,179	9,415	1,959	7,415	7,301	1,478	1,931	6,714	7,484	1,606	1,616
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)	Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	314	661	1,274	1,320	1,410	1,440	1,466	1,496	1,676	1,789	1,819
Subsidies and grants for capital expenditure	0	6,876	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(924)	(1,156)	(1,293)	(1,314)	(1,380)	(1,408)	(1,428)	(1,449)	(1,628)	(1,737)	(1,763)
Revaluation Gains (Losses)	94	0	0	0	0	0	0	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	(516)	6,381	(19)	6	30	32	38	47	48	52	56

CAPITAL EXPENDITURE (\$000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Heritage & Arts Planning										
Art works programme	58	130	134	139	144	149	155	162	169	177
Arts promotion		16								
Heart of Nelson artwork & sculptures	145	57	59	61	63	66	68	71	75	78
QEI gateway art	157									
Isel House										
Seismic evaluation/ strengthening	20									
Melrose House										
Renewal: structures					17					
Seismic strengthening		10								
Broadgreen House										
Renewal: structures				6						
Founders Park										
Motor vehicle					23					
Renewal: programmed renewal	10	10	11	17	17	18	19	19	20	21
Seismic evaluation/strengthening	5	5	5							
Historic Cemeteries										
Ash beams		12	13						16	17
Burial beams		10					12			
Natural burial area	2									
Renewals: accessways/car parks	30	5	5	6	6	6	6	6	7	7
Renewals: furniture	2	2	2	2	2	2	2	2	2	3
Staff time	12	12	12	13	13	14	14	14	15	15
Nelson School of Music (NSOM)										
Buildings – NSOM	1,521									
Earthquake strengthening	20	603	1,581							
Land – NSOM	885									
Rehearsal space refurbishment								4,082		
Theatre Royal										
Theatre Royal building	6,000									
Land	590									
Nelson Library										
Book purchases	371	375	377	390	404	419	436	455	475	497
Book purchases: periodicals	30	31	32	33	35	36	37	39	41	43
Books: donated	20	21	21	22	23	24	25	26	27	28
Audio	35	36	38	39	40	42	43	45	47	50
Elma Turner Library						493	5,006			
Furniture & equipment	50	31	32	33	35	36	37	39	41	43
Specialised equipment	6	31	32	33	35	36	37	39	41	43
Renewals: furniture & equipment	25	26	27	28	40	30	31	32		
Renewals: specialised equipment	6	15	15	16	16	17	17	18	19	20
RFID circulation (Radio Frequency ID)	360									
Staff time	3	3	3	3	3	3	3	3	3	4
Stoke Library										
Stoke Library extension							198	1,801		
Furniture & fittings renewals	6	10	6	7	7	7	7	8	8	9
Library refurbishment		21								
Staff time	1	1	1	1	2	2	2	2	2	2
Nightingale Library										
Furniture & fittings	4	4	4	4	4	4	4	5	5	5
Building	153									
Staff time	1	1	1	1	2	2	2	2	2	2

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Marsden Cemetery										
Ash berms	20		21		23		25		27	
Burial plot beams		52						65		
Minor development	5	5	5	6	6	6	6	6	7	7
Renewals: accessways/car parks	30	16	16	17	17	18	19	19	20	21
Renewals: furniture	3	3	3	3	3	4	4	4	4	4
Staff time	22	23	23	24	25	26	26	27	28	29
Crematorium										
Building upgrade	9									
Renewal: furniture & fittings	3		11							
Seismic evaluation/strengthening			16							
Staff time	4	4	5	5	5	5	5	5	5	6
Public Toilets, Free										
Buxton Square toilet	314									
Growth: Millers Acre toilet			32	300						
Toilet renewals programme	42	44	45	47	48	50	52	54	57	60
Staff time	7	8	8	8	8	9	9	9	9	10
Stoke Hall										
Seismic evaluation	15									
Renewal: seating and storage	21	17								
Signs	6									
Maitai Club										
North side weatherboard replacement	15									
Renewal: plant & equipment									20	
Community Properties										
3 Halifax St (The Refinery building) property seismic investigation			5							
Seismic strengthening			5							
Wakapuaka Community Centre										
Seismic investigation		10								
Trafalgar St Hall										
Heating					23					
Refurbish toilets				22						
Seismic evaluation/strengthening	15									
Maitai Camp										
Buildings	3									
Services	5									
Brook Camp										
Motor vehicles	1	1	1	1	2	2	2	2	2	2
Plant and equipment	3	10	11	11	12	12	12	13	14	14
Community Housing										
Renewals	41	43	45	49	50	52	66	111	116	122
Total	11,112	1,715	2,668	1,345	1,152	1,587	6,389	7,188	1,325	1,336



PARKS AND ACTIVE RECREATION

WHAT WE DO

Council manages a range of parks and open spaces to help protect Nelson's biodiversity, heritage, rivers and coast. It also provides active recreation opportunities for Nelsonians and

visitors, through its provision of infrastructure such as walkways and cycle ways, expanding cycle trails, sports and recreation facilities, parks and open space, services and events.

11,120 HECTARES OF PARKS AND RESERVES

Policy and Planning *Waahi Taakaro Golf Course*

Garden parks **Pest and weed control**

Neighbourhood parks *Landscape Reserves*

Conservation Reserves *Events management*

Esplanade and Foreshore Reserves

Playgrounds **Saxton Field and Stadium**

Natureland zoo **cycle velodrome** *Swimming pools*

programmes and funding **Marina** *Walkways and Cycle ways*

TRAFALGAR PARK AND CENTRE

Other sportsfields **Protecting biodiversity**

Heritage and park trees **physical activity & recreation**

WHY WE DO IT

Parks and other facilities that support active recreation are a vital resource providing highly valued recreational, environmental and amenity services.

This activity contributes to the health and wellbeing of Nelson's residents and communities by providing spaces for organised sport, informal recreation and areas for people to interact. This enhances people's health and general wellbeing, resulting in a more productive community, with fewer people unable to work because of illness.

As the city's population continues to grow, protection and management of its parks will be increasingly important for residents' quality of life and to provide respite from the expanding built environment.

- The economic benefits of parks and active recreation facilities such as the Trafalgar Centre and Saxton Field, while often difficult to value accurately, include its role in attracting tourists and migrants. Reserves and parks have a protective role in mitigating natural hazards and reducing environmental costs to the city.
- Nelson's parks are an important part of the city's character and identity and are recognised as part of the Nelson 'brand' by visitors. A key point of difference of Nelson City is its proximity to a range of parks and green spaces. It is possible for residents and visitors to access a range of areas by foot from the city centre if they wish, rather than being dependent on a lengthy vehicle trip to get there.

- The environmental benefits of the city's parks are numerous including protection of biodiversity,

controlling and storing groundwater, carbon storage, improving air and water quality and reducing noise pollution.

OUR LONG TERM VISION

A connected community needs and values quality open spaces that are accessible to all parts of the population. Nelson's parks and reserves meet a range of needs from recreation and healthy lifestyles, to supporting biodiversity. Nelsonians treasure these spaces that are a key part of the

town's identity, and they are creative in the uses they apply to them, from edible planting to celebrating culture and heritage.

OUR GOAL FOR PARKS AND ACTIVE RECREATION

To enhance the protection of Nelson's biodiversity and heritage and coastal areas while promoting healthy, active lifestyles and enjoyment by providing easy access to a range of active recreation pursuits.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to achieving outcome
Healthy land, sea, air and water	Provides a range of parks, reserves and open spaces help protect Nelson's biodiversity, heritage, rivers and coast
People-friendly places	Provides well planned parks and active recreation opportunities
Kind, healthy people	Provides easy access to a range of open spaces and facilities in and around the city that encourage active lifestyles bringing health and wellbeing benefits
A fun, creative culture	Provides a range of recreational pursuits that are fun and give people a sense of belonging and wellbeing

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS



The major activities for the next three years to ensure we maintain our natural environment, easy access to an active lifestyle and our leading lifestyle include:

- Redeveloping the north end of the **Trafalgar Centre** – \$10.2m has been spread over the first three years of this LTP to improve the Trafalgar Centre as a multi-purpose events venue for entertainment, conferences, expos, trade shows, community events and major sport events. The north end of the Trafalgar Centre has remained largely unchanged since it was built in 1972. This major upgrade to the Trafalgar Centre includes a new kitchen, better entrance, upgraded foyer, more meeting and conference rooms, tiered stadium seating and new toilets.

The Council commissioned a draft concept plan for the north end extension in the 2011/12 financial year. After considering submissions, the majority of which supported the project, Council confirmed funding for this project

- Implementing a formal system for **monitoring the state of our key species** and plant habitats. Good data will also enable more effective collaboration with other organisations, including the Department of Conservation and the Tasman District Council, to protect the region's biodiversity values
- Design and development of a **destination playground** at Rutherford Park, \$759,000 over Years 2 and 3. The Destination Playground project is part of the Heart of Nelson Strategy
- Building a **new hardstand at the marina** to meet resource consent requirements, \$2.5m.

As the marina is largely self-funding, Council expects most of the cost to be recovered through marina fees. Keeping marina fees affordable is a key issue for users. As the marina has to pay its way, gathering better financial information is important to ensure affordability and self-funding objectives are met

- **Enhanced weed and pest control management**, particularly in areas with high biodiversity values. Nelson's parks and reserves network includes a significant range of unique native habitats. The major threat to these areas is the presence of weeds and pests, which are, in some reserves, causing significant loss of biodiversity and increasing costs to manage. Weed control is also an important first step when planting trees on Council land.
- **Further planting** needs to occur over the next three years from mid-2012 to meet Council's obligations and avoid liabilities under the Emissions Trading Scheme (ETS)
- **Sustainable development** – work to further reduce use of electricity, water, diesel/oil and synthetic chemicals across the parks and active recreation activities. Continue to work with community groups to protect and promote the use of Nelson's parks and active recreation resources for the benefit of the community through activities such as cycling and walking, edible plantings on parks and reserve land and school tree planting programmes
- **Saxton Field development** – contribute to building a new regional open air cycle track/velodrome at Saxton Field, at a cost of \$2m in total, with \$855,000 from Nelson City Council, and general development of Saxton Field of \$150,000 per year (uninflated); purchasing land in Daelyn Drive to improve exit and entry for walkers and cyclists and Saxton's amenity value, \$1.2m over Years 1 and 2, relocate overhead power lines for \$300,000, renewal of two hockey turfs at a cost of \$950,000 in Year 1 and \$955,000 in Year 6, develop walkways and cycleways costing \$418,000, and developing and implementing a Saxton Field marketing plan costing \$50,000 a year for three years with the aim of increasing use of, and the return on ratepayers investment in, the facilities at Saxton Field. Over the next ten years, the Council plans to spend a total on capital of \$5.7m at Saxton Field, of which \$1.4m will be recovered from other parties
- Upgrading the **Modellers Pond** at Tahunanui over Years 1 and 2, \$517,000
- Earthquake strengthening/**upgrade of the Riverside Pool facade**, \$595,000 over Years 1-2, including \$80,000 for provision of alternative entry as a result of closing the existing one – the earthquake work by law must be done by 2014 – and remodelling **upgrade of Nayland pool**, estimated at \$1.4m. The Nayland Pool has had little done to it over the last 30 years and needs updating. Complementary activities are needed to increase use of the pool and its viability and to broaden the current summer focus. Riverside Pool has three or more times the visitor numbers of Nayland Pool and needs more dry area to accommodate pool users and any future expansion of the popular gymnasium/training area
- Develop **reserve management plans** for neighbourhood parks and horticultural parks
- Ongoing promotion of a range of informal, formal, passive and active **recreation opportunities** for people of all ages and abilities through a range of community programmes such as In Your Neighbourhood, the Activator series, various community events, production of walking and cycle maps and guides, and support for community centres to provide recreation opportunities. Council works with local partners including the DHB, TDC, PHO and Tasman Regional Sports Trust on joint projects and programmes that have wide benefits for the community, such as Get Moving. Council is a partner in the Regional Physical Activity Strategy.
- Council confirmed funding of \$1.0363m towards the cost of the **Brook Waimarama Sanctuary Fence** in Years 2 and 3.



OTHER ISSUES AND PLANNED WORK

Other issues and activities the Council plans to focus on over the next ten years include:

- Development of Rutherford and Trafalgar Parks from Year 1 onwards to increase the amenity value of the parks
- Ongoing work to improve sustainable management of parks and active recreation assets and activities, including protecting biodiversity and reducing resource use
- Build new paths in several neighbourhood parks
- Further development of two hubs for mountain biking in the Brook Valley and Marsden Valley
- Purchase new land to meet population growth needs
- Saxton Field: development of walkways and cycleways (Year 4), replace second hockey turf (Year 6)
- Renew the Trafalgar Centre tiered seating (Year 4), roof (Year 7) and stadium floor (Year 10).

Maintenance costs and the total area managed by the Council continue to rise for reserves and sportsfields. It costs the Council a significant amount each year to provide the services and facilities expected by residents and visitors. Council and the community will need to agree on a balance between the cost of providing these services and the many social, cultural, economic and environmental benefits that reserves provide to the City to ensure that the cost of maintaining the Parks and Reserves network remains affordable for ratepayers.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets (Years 1-3)	Targets (Years 4-10)
A connected network of parks and reserves throughout the city to protect and enhance the natural environment, provide enjoyment and a range of leisure and recreation opportunities for residents and visitors	Area in hectares of parks and reserves per 1000 residents	245 hectares per 1000 residents	Maintain current levels of parks and reserves provision, at least 245 hectares per 1000 residents, not be reduced except where divestment offers clear net benefits to the community	Same as Years 1-3
	Level of resident satisfaction	82% satisfied or very satisfied in 2011	Maintain levels of resident satisfaction, at least 80%	Same as Years 1-3
Sustainably managed parks and reserves	Level of improvement in key species and habitats in priority reserve areas	Ad hoc monitoring and lack of robust data	Establish council-wide system for monitoring key species and habitats, with baseline data collected in 2012/13 and demonstrate improvement in key species and habitats in priority reserve areas by 2015	Continued improvement in key species and habitats according to targets established in new monitoring framework
	Level of use of electricity, diesel/oil, water and toxic substances per hectare across parks and reserves	Baseline data to come from Council reporting and Nelmac	Current use of electricity, diesel/oil, water and toxic substances reduced by 5% per hectare by 2015	Ongoing reductions according to targets set through Nelson's sustainability strategy, Framing Our Future
Neighbourhood parks within walking distance of all homes, providing play opportunities, open space and amenity values	Level of neighbourhood park distribution	Currently one neighbourhood park provided within 400m radius of urban residential properties, with some limited areas with lower level of provision	One neighbourhood park within reasonable walking distance (500m radius or ten minute walk) of urban residential properties, easily accessible, ideally from more than one road frontage	Same as Years 1-3
Maximised use of the Trafalgar Centre across a range of users	Number of people using the Trafalgar Centre and total hours used	New measure	At least maintain annual number of users Annual use hours exceeds 2500/year	Same as Years 1-3
Swimming pools that meet the needs of users and provide opportunity for aquatic based recreation activities and learn to swim programmes	Level of accessibility of public swimming pools Annual user satisfaction surveys Yardstick benchmarking comparison	New measure Satisfaction 57% in 2011 Riverside admissions per m ² per annum better than peer group benchmark, but Nayland Pool is lower	Provision of a swimming pool that is within 10km driving/cycling distance of 80% of the Nelson City population 60% of customers satisfied or very satisfied with the swimming pools Admissions per m ² per annum above average of peer group as measured by Yardstick	Same as Years 1-3, but 80% of customers satisfied with the swimming pools
Financially sustainable marina facility	Level of self funding of the marina	No net cost to rates, but financial model needs work to determine exact costs of marina	No cost to rates to operate the marina Fees and charges cover the maintenance and renewal of marina facilities	Same as Years 1-3

DRIVERS OF CAPITAL EXPENDITURE

The main drivers of capital expenditure on these activities are:

- The Trafalgar Centre upgrade is a mix of refurbishing an ageing asset, the demands of growth and changing levels of service, based on what the Trafalgar Centre has to provide and its changing role now that Saxton Stadium is completed
- For the swimming pools, it is a similar mix of drivers and the 'strengthen or demolish' earthquake risk order on the Riverside Pool entry facade only must be complied with by 2014
- Maintaining existing levels of service at Saxton Field
- The marina hardstand project is due to a mixture of growth and complying with the conditions of the marina resource consent.

STRATEGIES AND POLICIES

- Parks and Reserves Activity Management Plan
- Community Facilities Activity Management Plan
- Nelson Resource Management Plan
- Tasman-Nelson Regional Pest Management Strategy
- Nelson Biodiversity Strategy
- Sustainability Policy and Framing Our Future Sustainability Strategy Vision
- Social Wellbeing Policy
- Positive Ageing Strategy
- Pedestrian Strategy
- Cycle Strategy
- The Regional Physical Activity Strategy
- The Nelson Tasman Physical Activity Plan

DEFERRED WORK

The following capital projects have been deferred beyond the ten year term of this LTP:

- A number of projects at Saxton Field

- Building new changing, club and social facilities at Greenmeadows sportsfield.

ASSUMPTIONS

The following assumptions apply to this Council activity:

- Operations, maintenance and renewals projections are assumed to be based largely on historical costs and the known condition of assets
- Leisure activity changes in society, including those due to an ageing population are expected to affect the way facilities are used and will be used in the future. This would require Council to invest in and manage facilities in a way that provides the flexibility to respond to changing demand and use patterns
- Land acquisition is assumed to be funded from rates. In addition there are reserve funds funded from Development Contributions under the Resource Management Act 1991
- In the central part of Nelson, lack of available land and cost is likely to make it difficult to acquire new parks to meet growth in demand due to increased population and housing density
- Ten percent cost recovery for sportsfield charges is the current Council policy and the Council is close to meeting its target of applying this equitably across all sports codes. Council has signalled it wishes to do further work to ensure levels of cost recovery are set equitably across Council services generally. No plans are included in this LTP, but Council would expect to consult on any proposed changes from such a review during the next draft Annual Plan process in early 2013.
- Funding for evaluation and mitigation of seismic risks associated with Council's active recreation facilities, including the Trafalgar Centre and Riverside Pool, has been included in this Long Term Plan, consistent with the general assumptions.

NEGATIVE EFFECTS AND RISK MITIGATION

The redevelopment of the northern end of the Trafalgar Centre would cause some disruption to existing activities, and would mean the Victory Room would be unavailable. To limit this disruption, work would be programmed to minimise disruption and to avoid where possible peaks in usage. The upgrade will make a much better and more versatile centre.

New and increasing use of parks and reserves can result in conflict between different uses. This is monitored by staff and booking systems. Bylaws and booking systems may be adjusted in response.

Chemicals used for pest control need to be used carefully to avoid contaminating water or affecting parks and reserves users. Council uses organic management where practicable to minimise use of chemicals. The Parks and Facilities Activity Management Plan and this LTP include performance measures and targets aimed at reducing the amount of chemical use per hectare on parks and reserves land.

Trees, vegetation and tree roots can encroach on roads, footpaths and interfere with power or telephone wires. Council applies good practice principles to ensure vegetation planting is carefully planned and managed for safety.

Leaf fall can block stormwater systems and exacerbate surface flooding, particularly in autumn. Council's maintenance contracts are structured to reduce this risk.

Planned seismic assessments and remedial actions at Trafalgar Park and Riverside Pool are to better understand and remedy earthquake risk and public safety in and around these council facilities.

REVENUE AND FINANCING POLICY FOR PARKS AND ACTIVE RECREATION

PARKS AND OPEN SPACE

This activity includes parks, neighbourhood reserves, heritage and park trees, walkways in conservation reserves and sports parks.

Distribution of benefits

Community benefits

The public gains environmental benefits, as well as open space, and places for relaxation, informal recreation and play. Attractive venues are provided for social interaction and cultural events. Heritage sites and objects are known about and protected. These all enhance the city's identity.

Individual benefits

Users of the parks gain a place for relaxation, informal recreation and play. Residents and visitors use the facilities to exercise and train. The parks and reserves provide a free venue for special events such as weddings, music events, organised picnics and promotions. Adjoining landowners gain amenity value from living next to a reserve. Those who live in areas with significant densities of landscape trees gain amenity value. Private owners can receive inspection and advice on heritage trees by Council staff. There are some people who are granted permission to take genetic material, for example seed, from Council trees.

Actions and inactions of individuals or groups that contribute to the need to undertake the activity

Vandals and litterers create additional work to prosecute and remedy negative effects.

The costs and benefits of funding the activity distinct from other activities

Parks and open space benefit the whole community and therefore the costs, less any user fees and charges, are funded through general rates. Furthermore, the cost of administering a separate rate outweighs the benefits.

Period over which the benefits are expected to occur

The benefits from this activity range from immediate, such as walking through the parks, to the long term benefits to individuals and the city, by having a good quality environment and heritage trees.

Parks and Open Space – sources of funding

Operating: General rates, fees and charges, rent, donations

Capital: General rates, borrowing, financial contributions (RMA)

RECREATION AND LEISURE

This activity includes recreation and reserves planning, recreation facilities such as the Trafalgar Centre, the Waahi Taakaro golf course, swimming pools, Natureland Zoo, recreation grants, community programmes and play facilities such as playgrounds, youth parks and skate parks.

Distribution of benefits

Community benefits

The public gains better use of resources, better facilities, and improved recreational opportunities. The services contribute to public physical and mental wellbeing, a sense of community identity, and entertainment and socialisation from the provision of these facilities. The public gains an appreciation of conservation and natural heritage protection, as well as family educational benefit from the Natureland Zoo.

Individual benefits

There is a private benefit to all those who use Council recreation facilities. In addition the facilities are available to numerous community and sports groups for their activities. Tourism operators may benefit from attractive recreation opportunities and availability of promotional material.



Actions and inactions of individuals or groups that contribute to the need to undertake the activity

None.

The costs and benefits of funding the activity distinct from other activities

Recreation benefits the whole community and therefore the costs less any user fees and charges, are funded through general rates. The cost of administering a separate rate outweighs the benefits.

Period over which the benefits are expected to occur

Good recreation facilities provide long term benefits to residents through improved physical and mental wellbeing.

Active Recreation – sources of funding

Operating: General rates, fees and charges

Capital: Borrowing, financial contributions (RMA), contributions from TDC for shared facilities

PARKS FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)	Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	11,049	12,207	12,870	13,755	15,096	15,561	15,816	16,044	16,376	16,630	17,035
Targeted rates (other than a targeted rate for water supply)	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	3,071	2,777	2,868	2,971	3,074	3,141	3,250	3,335	3,447	3,517	3,636
Total Operating Funding	14,120	14,984	15,738	16,726	18,170	18,702	19,066	19,379	19,823	20,147	20,671
Applications of operating funding											
Payments to staff and suppliers	7,707	10,202	9,781	10,152	9,910	10,043	10,342	10,700	11,144	11,466	11,906
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied *	3,159	2,646	3,032	3,628	4,517	4,636	4,640	4,576	4,518	4,462	4,496
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	10,866	12,848	12,813	13,780	14,427	14,679	14,982	15,276	15,662	15,928	16,402
Surplus (Deficit) of operating funding	3,254	2,136	2,925	2,946	3,743	4,023	4,084	4,103	4,161	4,219	4,269
Sources of capital funding											
Subsidies and grants for capital	1,555	700	2,243	65	67	29	505	31	31	32	33
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	4,033	9,723	6,186	5,679	535	(1,451)	(1,243)	(1,083)	(1,025)	(639)	(302)
Gross proceeds from sale of assets	372	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	5,960	10,423	8,429	5,744	602	(1,422)	(738)	(1,052)	(994)	(607)	(269)
Applications of capital funding											
Capital Expenditure											
- to meet additional demand	12,615	9,312	3,325	3,320	2,090	2,320	2,168	2,515	2,403	2,712	2,521
- to improve level of service	152	2,859	7,322	5,071	1,884	208	125	101	50	111	53
- to replace existing assets	775	2,772	2,319	1,880	1,904	1,647	2,668	1,875	1,443	1,568	4,379
Increase (decrease) in reserves	(4,315)	(2,384)	(1,612)	(1,581)	(1,533)	(1,574)	(1,615)	(1,440)	(729)	(779)	(2,953)
Increase (decrease) in investments	(13)	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	9,214	12,559	11,354	8,690	4,345	2,601	3,346	3,051	3,167	3,612	4,000
Surplus (Deficit) of capital funding	(3,254)	(2,136)	(2,925)	(2,946)	(3,743)	(4,023)	(4,084)	(4,103)	(4,161)	(4,219)	(4,269)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

PARKS COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Income											
Rating Income	11,049	12,207	12,870	13,755	15,096	15,561	15,816	16,044	16,376	16,630	17,035
Operating Income	3,071	2,777	2,868	2,971	3,074	3,141	3,250	3,335	3,447	3,517	3,636
Capital Income	1,555	700	2,243	65	67	29	505	31	31	32	33
Total Income	15,675	15,684	17,981	16,791	18,237	18,731	19,571	19,410	19,854	20,179	20,704
Expenses											
Payments to staff and suppliers	7,707	10,202	9,781	10,152	9,910	10,043	10,342	10,700	11,144	11,466	11,906
Finance costs	3,159	2,646	3,032	3,628	4,517	4,636	4,640	4,576	4,518	4,462	4,496
Depreciation	2,504	3,270	3,457	3,611	3,964	4,043	4,113	4,182	4,248	4,317	4,388
Total Expenses	13,370	16,118	16,270	17,391	18,391	18,722	19,095	19,458	19,910	20,245	20,790
Net Surplus (Deficit)	2,305	(434)	1,711	(600)	(154)	9	476	(48)	(56)	(66)	(86)
Sources of funds											
Net Surplus (Deficit)	2,305	(434)	1,711	(600)	(154)	9	476	(48)	(56)	(66)	(86)
Non cash expenditure	2,504	3,270	3,457	3,611	3,964	4,043	4,113	4,182	4,248	4,317	4,388
Increase (decrease) in debt	4,033	9,723	6,186	5,679	535	(1,451)	(1,243)	(1,083)	(1,025)	(639)	(302)
Gross proceeds from sale of assets	372	0	0	0	0	0	0	0	0	0	0
Total Sources of funds	9,214	12,559	11,354	8,690	4,345	2,601	3,346	3,051	3,167	3,612	4,000
Applications of funds											
Capital Expenditure	12,615	9,312	3,325	3,320	2,090	2,320	2,168	2,515	2,403	2,712	2,521
- to meet additional demand	152	2,859	7,322	5,071	1,884	208	125	101	50	111	53
- to improve level of service	775	2,772	2,319	1,880	1,904	1,647	2,668	1,875	1,443	1,568	4,379
Increase (decrease) in reserves	(4,315)	(2,384)	(1,612)	(1,581)	(1,533)	(1,574)	(1,615)	(1,440)	(729)	(779)	(2,953)
Increase (decrease) in investments	(13)	0	0	0	0	0	0	0	0	0	0
Total applications of funds	9,214	12,559	11,354	8,690	4,345	2,601	3,346	3,051	3,167	3,612	4,000
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,254	2,136	2,925	2,946	3,743	4,023	4,084	4,103	4,161	4,219	4,269
Subsidies and grants for capital expenditure	1,555	700	2,243	65	67	29	505	31	31	32	33
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(2,504)	(3,270)	(3,457)	(3,611)	(3,964)	(4,043)	(4,113)	(4,182)	(4,248)	(4,317)	(4,388)
Net Surplus (Deficit) before taxation in Cost of Service Statement	2,305	(434)	1,711	(600)	(154)	9	476	(48)	(56)	(66)	(86)

CAPITAL EXPENDITURE (\$000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Horticulture Parks										
Church steps toilet	137									
Isel House landscaping	100									
Lighting/signs	5	5	6	6	6	6	6	7	7	7
Park upgrades	88	92	95	98	102	106	110	115	120	125
Planting	17	17	18	18	19	20	21	21	22	23
Renewals: accessways/car parks	35	36	38	39	40	42	43	45	47	50
Renewals: furniture	12	13	13	14	14	15	15	16	17	17
Renewals: services	28	29	30	31	32	33	34	36	37	39
Renewals: structures	13	14	14	15	15	16	16	17	18	19
Upgrade: structures	15	10				12	12			
Staff time	11	11	11	12	12	12	13	13	13	14
Neighbourhood Parks										
Branford Park	106									
Fences and walls	39	40	41	43	44	46	48	50	52	55
Furniture	39	40	41	43	44	46	48	50	52	55
Heart of Nelson: biodiversity and ecological planting	15									
Heart of Nelson: trees and plants	25									
Land Purchase: general reserve	1,189	519	537	555	575	597	621	648	677	709
Planting	50	52	53	55	57	59	62	64	67	70
Renewals: accessways/car parks	17	17	18	18	19	20	21	21	22	23
Renewals: furniture	13	14	14	15	15	16	16	17	18	19
Reserve development	501	104	107	111	115	119	124	130	135	142
Sculpture (Arts Strategy)	40	42	43	44	46	48	50	52	54	57
Toilet Basin Reserve			177							
Upgrade accessways/carparks	20	21	21	22	23	24	25	26	27	28
Upgrade: structures	10	11	11	12	12	12	13	13	14	15
Staff time	112	115	119	67	69	71	73	76	78	81
Conservation Reserves										
Brook Valley cantilever	30									
New track/facility	30	31	32	33	35	36	37	39	41	43
Planting	11	11	12	12	13	13	14	14	15	16
Renewal: vehicles	80		16							
Renewals: accessways/car parks	5	5	5	6	6	6	6	6	7	7
Renewals: buildings/structures	17	8	8	8	8	9	9	9	10	10
Renewals: fences	5	6	6	6	6	6	7	7	7	8
Renewals: furniture	4	4	4	5	5	5	5	5	6	6
Renewals: tracks	15	16	16	17	17	18	19	19	20	21
Signs/furniture	10	10	11	11	12	12	12	13	14	14
Upgrade fences & walls	5	5	5	6	6	6	6	6	7	7
Staff time	16	17	18	18	19	19	20	20	21	22
Landscape Reserves										
Fringed Hill revegetation	150	125	81	83	86	30	31	32	34	35
Grampians	35	36	38	39	40	42	43	45	47	50
Mountainbike track	35	36	38	39	40	42	43	45	47	50
Planting	72	74	77	80	82	86	89	93	97	102
Renewals: accessway/carpark	14	10	11	11	12	12	12	13	14	14
Renewals: fences	17	17	18	18	19	20	21	21	22	23
Renewals: furniture	11	11	12	12	13	13	14	14	15	16
Renewals: Grampians maintenance access	30									
Renewals: tracks	25	26	27	28	29	30	31	32	34	35
Signs	15	16	16	17	17	18	19	19	20	21
Tasman Heights	20	21								
Upgrade: structures	10	10	11	11	12	12	12	13	14	14
Staff time	15	15	16	16	17	17	18	18	19	19

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Esplanade & Foreshore Reserves										
Accessway/carpark	168	104	107	111	115	119	124	130	135	142
Fences/walls	50	52	54	56	58	60	62	65	68	71
General Artworks	133									
Growth: furniture/signs	12	12	13	13	14	14	15	16	16	17
Paramatta Flats	14	10	11	11	12	12	12	13	14	14
Planting	138	143	148	153	159	165	171	179	187	195
Pocket Park Akersten Street	10									
Renewals: accessways/car parks	62	65	67	69	71	74	77	80	84	88
Renewals: furniture	22	23	23	24	25	26	27	28	30	31
Tahunanui Modellers pond	50	467								
Tahunanui Reserve Management Plan Implementation	294	208	129							
Wakapuaka Sandflat	200	10	11	11	12	12	12	13	14	14
Wakefield Quay	694									
Staff time	26	26	27	28	29	30	31	32	33	34
Walkways										
Furniture	7	7	7	7	8	8	8	9	9	9
Land purchases	10	10	10	11	11	12	12	13	13	14
Planting	17	17	18	18	19	20	21	21	22	23
Renewals: accessways/car parks	14	15	16	16	17	17	18	19	20	20
Renewals: furniture	10	10	10	11	11	12	12	13	13	14
Upgrade accessways/cycle access	99	52	21	22	23	24	25	26	27	28
Upgrade: fences & walls	2	2	2	2	2	2	2	2	2	2
Walkway lighting	77		43		46		50		54	
Staff time	107	111	114	62	64	66	68	70	72	75
Sports Parks										
Greenmeadows irrigation		62								
Greenmeadows redevelopment	94									
Greenmeadows toilet/changing facilities	200	1,870								
Marsden irrigation		52								
Minor development	20	21	21	22	23	24	25	26	27	28
ParuParu road plant					35					
Renewals: access/car parks	94	83	86	89	92	96	99	104	108	113
Renewals: athletics track										2,126
Renewals: furniture	15	16	16	17	17	18	19	19	20	21
Renewals: services	45	42	43	44	46	48	50	52	54	57
Rutherford Park tennis resurfacing		226								
Rutherford/Trafalgar Park Development Plan	109			1,674						
Security gates/bollards	15	16	16	17	17	18	19	19	20	21
Victory Square irrigation			86							
Staff time	122	126	129	78	80	83	85	88	91	94
Natureland										
Development	30									
Staff Time	1	1	1	1	2	2	2	2	2	2
Trafalgar Centre										
Floor scrubber	25									
Landscape and parking			185	65	70	74				
Mother grid design and installation		312								
North extension (build)	1,000	4,675	4,562							
Renewal: renew roof							478			
Renewal: replace stadium floor										567
Renewal: replace/renew screens			129							
Renewal: signs	15									
Renewals: minor assets	60	68	54	39	17	18	19	19	20	21
Replace benched seats			215							
Replace tiered seating				444						
Staff time	7	8	8	8	8	9	9	9	9	10

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Saxton Field Stadium										
Dividing nets	30									
Golf Course										
Renewals: accessway/car park	25	3	3	3	3	3	3	4	4	4
Renewals: furniture	5	5	5	6	6	6	6	6	7	7
Renewals: services	15	16	16	17	17	18	19	19	20	21
Staff time	7	7	7	7	8	8	8	8	9	9
Pools										
Minor assets			27		29		31			
Nayland pipe renewals	50	31	21							
Nayland Pool remodelling	60	541	258	211	284					
Renewal: fence Nayland									62	
Renewal: landscaping	21									
Renewal: lane ropes				17						
Renewal: pool refurbishment						297				
Renewals: minor assets	30	31	32	39	40	42	50	52	54	57
Renewals: Nayland	20	21	21	26	26	27	32	34	35	37
Renewals: Riverside	20	21	21	26	26	27	32	34	35	37
Riverside balance tank renewal		31								
Riverside seismic strengthening	180	416								
Riverside signs			6							
Staff time	7	8	8	8	8	9	9	9	9	10
Play Facilities										
Destination playground		83	676							
Playgrounds	405		161		173		186		203	
Renewals: play equipment	60	62	64	67	69	72	75	78	81	85
Skatepark	567									
Youth park	369									
Staff time	7	7	7	7	8	8	8	8	9	9
Marina										
Akersten St development	456									
Marina hardstand	2,400									
Minor development	33	35	36	37	39	40	42	44	46	48
Renewal: new sign system	15									
Renewal: public boat ramp jetty upgrade	40									
Renewal: torsion bar replacement	259	249	268	212	301	321	287	299	313	327
Renewals: furniture	9	10	10	11	12	13	14	15	17	18
Renewals: services	22	24	25	27	28	30	33	35	38	41
Renewals: structures	40	43	46	50	54	58	63	68	74	81
Security system	35									
Staff time	10	10	10	11	11	11	12	12	12	13
Saxton Field										
General development	245	156	161	167	173	179	186	194	203	213
Land purchase (Daelyn)	500	519								
Relocate overhead power	300									
Renewals: replace hockey turf	950					955				
Road entrance Main Rd Stoke	168									
Walkways/cycleways	200		107	111						
Staff time	3	3	3	3	3	3	3	3	3	4
Regional Community Facilities										
Staff time	1	1	1	1	2	2	2	2	2	2
Total	14,943	12,966	10,271	5,878	4,175	4,961	4,491	3,895	4,392	6,953

ECONOMIC

WHAT WE DO

Council has a key role to create a successful, sustainable city and achieves this largely through providing the underlying city infrastructure, and fostering economic development through the work of the Economic Development Agency and

Nelson Tasman Tourism. Our strategic priorities focus on activities where increased effort is likely to be most positive for the city, but all our work aims to underpin sustainable economic development rather than growth.

NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY

COUNCIL-OWNED PARKS AND FACILITIES SUPPORT TOURISM

Job Growth Events funding and facilitation

Tourism support through

Tourism Nelson Tasman Ltd

Infrastructure network support business

Visitor Information Centres Business attraction

The **Nelson Regional Economic Development Agency** (EDA) is jointly funded by the Nelson City Council and the Tasman District Council.

The purpose of the EDA includes: "to co-ordinate, promote, facilitate, investigate, develop, implement, support and fund initiatives relating to economic development, employment growth and improved average incomes within the Nelson region for the benefit of the community." This includes, amongst other things, sustainable business advice, monitoring and reporting on the state of the local economy, and actively supporting a network of business clusters.

The EDA receives annual operating funding of \$215,000 (uninflated) from the Council via a contract for services.

The **Nelson Regional Economic Development Strategy (REDS)** was reviewed by the Regional Economic Development Agency in 2010. The EDA delivered an updated stock take of the region's economy. Its purpose was to identify the region's key and emergent economic drivers,

propose sectors with the best opportunities and identify barriers and constraints to achieving optimal economic development. The strategy signalled to the Nelson and Tasman Councils, key stakeholders and the Nelson Regional Economic Development Agency (EDA) their roles in encouraging and ameliorating the region's key and emerging economic drivers. A Regional Tourism Strategy 2007-16 was prepared in parallel with REDS and established goals to generate additional economic benefits.

Council does not directly provide any assets for economic development. However, Council does own and administer the Millers Acre Centre, Taha o te Awa, as the focus for the region's economic development agencies, destination marketing and visitor information services. This is managed according to Council's property investment policy, which is available on request from Council.



The EDA manages an **Events Fund**, which aims to assist the development and support of events through the Nelson Events Marketing and Development Programmes. The Fund offers a transparent process for event coordinators to access Council funding outside the Annual or Long Term Plan processes. Council provides annual funding of \$408,000 each year (uninflated) for the Events Fund.

The Council will fund the EDA for events promotion, to investigate an economic development fund, and to establish virtual incubation of new and emerging businesses. It will facilitate cluster collaboration of existing businesses over Years 2 to 4 at a cost of \$258,000. A recent study undertaken for the Council via the EDA³ identified the need to increase the level of innovation and the number of entrepreneurial ventures in Nelson to support the existing solid but maturing primary based industries and increase economic prosperity.

Another \$121,000 (uninflated) has been allocated annually for Special Economic Projects, events implementation and Economic Impact Assessments.

Nelson Tasman Tourism Ltd receives funding from the Council. Its purpose is to deliver a social, environmental, cultural and economic return to shareholders and the region's population, by providing proactive destination marketing, strategic destination management and tourism development, and visitor information services for the region. The Council plans to provide annual funding of \$430,500 (uninflated) over this LTP period.

WHY WE DO IT

All Councils are responsible for promoting their communities' economic wellbeing as a component of community wellbeing that also includes social, cultural and environmental aspects. It recognises that Nelson businesses need the right economic environment to flourish, and that a focus on developing sustainable businesses benefits everyone living in and visiting the area. A strong economy also depends on having sound and reliable infrastructure, much of which is provided by the Council.

Council is charged with running the city to promote community wellbeing, and everyone depends directly and indirectly on the wealth generated by the local economy.

OUR LONG TERM VISION

Nelson's economy goes hand in hand with a resilient and diverse community, and a natural environment which is able to sustain biodiversity. In 2060 the value of this relationship will be represented by a thriving economy which has taken advantage of the opportunities provided by our people and our natural resources, including renewable energy, which in turn will attract new people and opportunities.

OUR GOAL

Smart, sustainable development that maintains economic diversity, preserves quality of life and does not degrade the region's natural beauty and environment.

FROM THE REGIONAL ECONOMIC DEVELOPMENT STRATEGY

³Entrepreneurial Ecosystems and Incubation: Options for the Nelson Region, prepared by Phillip Nevell, Frontier Group, December 2011

COMMUNITY OUTCOMES

Community Outcomes	How Our Activity Contributes
A strong economy	Through supporting organisations such as the Regional Economic Development Agency and Nelson Tasman Tourism and providing reliable infrastructure
Good leadership	Through monitoring and facilitating economic activity and advocating for Nelson economic development with Central Government

COUNCIL PRIORITIES FOR THE NEXT THREE YEARS

A number of Council's activities support sustainable economic development and will contribute to achieving the following Council priorities:



Natural environment: Council recognises that many of the region's key industries including tourism, agriculture, aquaculture, forestry and horticulture depend on the natural environment. The Council's planned Framing Our Future Sustainability Strategy, Nelson Development Strategy and protection of the natural environment will support and facilitate the ongoing economic sustainability of these industries.



The Nelson edge/a leading lifestyle: Nelson's economic wellbeing and competitive advantage depends to a large extent on our ability to attract and retain skills, knowledge and investment in the community. The Council plans to support economic wellbeing through ongoing funding and support for the EDA and Nelson Tasman Tourism Ltd; ongoing funding for the implementation of the Nelson Events Strategy; ongoing maintenance of Nelson's physical infrastructure, utilities and networks; protecting and enhancing our built and natural environments; and making it easier for businesses to establish and grow.

Council submitted a bid to FIFA to be a category three host city for the **FIFA 2015 under 20s World Cup** tournament. The bid is for three pool matches and a round sixteen match. The tournament provides another opportunity for our region to be involved in an international

- event, promoting our facilities and region on the national stage. Funding of \$500,000 uninflated has been spread over Years 1 to 3 of this LTP, should the bid be successful. As this event has regional benefits we will seek a contribution from Tasman District Council towards hosting this event.

OTHER ISSUES AND PLANNED WORK

- Over the longer term Council will need to work with business and the wider community to consider how best to promote sustainable economic development across the region and move towards the Nelson 2060 long term vision. The key priorities for Council will be identified in the Framing Our Future and Nelson Development Strategies and integrated into the next Long Term Plan in 2015.

Regional economic drivers: In 2006 the top five drivers by Gross Domestic Product (GDP) for the Nelson Tasman region, in descending order were: horticulture, forestry and timber, seafood, tourism and pastoral farming. 2009 figures showed the five sectors continued to dominate and GDP expanded. With the exception of aquaculture, they are mature industries in a sustainable phase rather than growth phase. Their relative contribution to the regional economy changed since 2006. In 2009, GDP generated by each of these sectors, making up 31% of total GDP, was:

- Horticulture \$351m
- Forestry \$338m
- Seafood \$235m
- Pastoral farming \$128m
- Tourism \$128m.

Other important contributors are: construction, health, education, financial services, business services, aviation, engineering, natural products and the wholesale and retail sectors.

Nelson's strengths: The region's economic strengths include the diversity of our primary production, our high productivity aviation and engineering sectors including marine engineering, our natural products and nutraceutical industries that benefit the region directly and through the technical expertise of their processors.

Nelson and the wider region have also become well established and respected for viticulture, craft breweries and local produce through farmers' markets. Nelson has more craft breweries per head of the population than anywhere else in the country – 16.6% of New Zealand's breweries serve just 2.25% of the country's population. Nelson is also well known for its arts and craft sector. These are examples of local businesses that bring people to Nelson and ensure it prospers. A key to ensuring the Nelson economy continues to thrive will be continuing Nelson's attractiveness as a place to locate such businesses. The drive to buy local is also a key part of implementing sustainability goals.

Other natural advantages include its sunny climate, with Nelson once again recording the

highest sunshine hours nationally in 2011. The climate and natural environment attract visitors and make it easy for residents to enjoy active sports including mountain biking.

A resurgence in **Māori economic development** is also anticipated as local iwi move into the next phase of te Tiriti o Waitangi settlement process.

Challenges: According to Nelson's Regional Economic Development Agency, the key economic development challenges facing the wider Nelson region include:

- Exchange rate implications for export returns and for inbound tourism
- Energy cost increases and energy security
- Low export returns for commodity products
- Transport costs and security
- Availability of capital
- Global financial instability that affects all the above.

Other issues include wages, unemployment and under employment, although the median income and unemployment are better than national levels. Continuing state sector redundancies have reduced the public service sector input to the local economy through wages and salaries.



SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Infrastructure to provide for a sustainable local and regional economy	Council investment in infrastructure networks as measured by total value of network assets (transport, water supply, wastewater and storm water) at net present value (\$)	New measure	Total value of Council's network assets is maintained or increased			
	Value of capital projects completed each year	New measure	Total value of capital projects is maintained or increased compared to previous year			
Facilitate economic development for the benefit of the community	Amount of government business support funding accessed for the region	In 2011-12 financial year accessed \$524,000 of government funding	Government business support funding is maintained or increased and budgeted grants for research and development, and capability development are fully allocated to businesses			
Promotion of Nelson to increase the economic value of tourism	Number of tourism guest nights annually	1,200,000 (2010/2011)	Increase the number of tourism guest nights annually			
	Number of tourism guest nights in the off-peak months	New measure	Increase the number of tourism guest nights in the off-peak months			

CAPITAL EXPENDITURE

No direct capital expenditure is planned for Council's Economic activity over the ten year period of this LTP.

STRATEGIES AND POLICIES

- Regional Economic Development Strategy
- Nelson Regional Economic Development Agency Statement of Intent
- Nelson Tasman Tourism Statement of Intent
- Nelson Events Strategy.

ASSUMPTIONS

There are no additional assumptions that apply to this area of Council's work, other than the expectation that global economic conditions are unlikely to change significantly for the next three years.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

There are no additional assumptions that apply to this area of Council's work, other than the general assumption that global economic conditions are unlikely to change significantly for the next three years.

REVENUE AND FINANCING POLICY FOR ECONOMIC

Distribution of benefits

Community benefits

The general public gains increased wealth, job opportunities and a positive economic environment.

Individual benefits

Existing businesses gain support services to continue to trade, including those in the tourist industry, retail sector and industries such as transport. Proposed businesses gain support, information, and contact with other businesses or investors who can help them become established. Migrants gain information about the Nelson business environment, and contact details for agencies and individuals who may be able to help them.

The costs and benefits of funding the activity distinct from other activities

Council's support for the Nelson economy benefits the community as a whole and therefore Council funds this activity through the general rate. The cost of administering a separate rate outweighs the benefits to the wider community.

Period over which the benefits are expected to occur

The benefits of economic and tourism growth range from immediate, such as business profits and salaries and wages to long term economic benefits to Nelson.

Economic – sources of funding

Operating: General rates

Capital: None

ECONOMIC FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	2,809	1,453	1,513	2,061	1,616	1,552	1,625	1,636	1,684	1,769	1,786
Targeted rates (other than a targeted rate for water supply)	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	20	0	0	0	0	0	0	0	0	0	0
Total Operating Funding	2,829	1,453	1,513	2,061	1,616	1,552	1,625	1,636	1,684	1,769	1,786
Applications of operating funding											
Payments to staff and suppliers	2,816	1,441	1,501	2,048	1,600	1,536	1,609	1,620	1,668	1,753	1,770
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied *	13	12	12	13	16	16	16	16	16	16	16
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,829	1,453	1,513	2,061	1,616	1,552	1,625	1,636	1,684	1,769	1,786
Surplus (Deficit) of operating funding	0	0	0	0	0	0	0	0	0	0	0
Sources of capital funding											
Subsidies and grants for capital	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	0	0	0	0	0	0	0	0	0	0	0
Applications of capital funding											
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	0	0	0	0	0	0	0	0	0	0	0
Surplus (Deficit) of capital funding	0	0	0	0	0	0	0	0	0	0	0
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

ECONOMIC COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Income											
Rating Income	2,809	1,453	1,513	2,061	1,616	1,552	1,625	1,636	1,684	1,769	1,786
Operating Income	20	0	0	0	0	0	0	0	0	0	0
Capital Income	0	0	0	0	0	0	0	0	0	0	0
Total Income	2,829	1,453	1,513	2,061	1,616	1,552	1,625	1,636	1,684	1,769	1,786
Expenses											
Payments to staff and suppliers	2,816	1,441	1,501	2,048	1,600	1,536	1,609	1,620	1,668	1,753	1,770
Finance costs	13	12	12	13	16	16	16	16	16	16	16
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	2,829	1,453	1,513	2,061	1,616	1,552	1,625	1,636	1,684	1,769	1,786
Net Surplus (Deficit)	0	0	0	0	0	0	0	0	0	0	0
Sources of funds											
Net Surplus (Deficit)	0	0	0	0	0	0	0	0	0	0	0
Non cash expenditure	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Total Sources of funds	0	0	0	0	0	0	0	0	0	0	0
Applications of funds											
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of funds	0	0	0	0	0	0	0	0	0	0	0
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Net Surplus (Deficit) before taxation in Cost	0	0	0	0	0	0	0	0	0	0	0
of Service Statement	0	0	0	0	0	0	0	0	0	0	0

CORPORATE

WHAT WE DO

Council's corporate activity involves running Council's governance services, including Council elections, and behind the scenes support services to ensure the smooth running of the Council organisation. This includes the costs of producing major long term/strategic documents and policies, including this Long Term Plan (LTP), annual plans and annual reports. The Framing Our Future Sustainability and the Nelson Development Strategies also sit within this activity.

Corporate also includes the management of a small portfolio of Council-owned properties that are held for strategic purposes or new uses for

the City in the future. The main assets covered by this part of Council work are Civic House, the Zumo site between Bridge and Vanguard Streets, 23 Halifax St next to the Elma Turner Library, the commercial properties within Wakatu Square car park and the BP Haven Rd site where the former gas works was.

Council has established and governs Council Controlled Organisations (CCOs), including four Council Controlled Trading Organisations (CCTOs), some shared with Tasman District Council, which provide wide benefits to the community and dividends to Council. More detail about each CCO is explained in a later section beginning on page 222.

Long Term Plans iwi Māori liaison Running Local Authority Elections COUNCIL FINANCES AND ADMINISTRATION Managing Council-owned rental properties ANNUAL REPORTS Stoke subdivision joint venture Strategy and Planning Framing our Future and Nelson Development Strategy ANNUAL PLANS Supporting Councillors and Council meetings

WHY WE DO IT

The majority of corporate work is a core task of all councils. Running local authority elections to provide democratic representation in the Council Chamber is a fundamental function of local government. Legislation charges councils with providing for 'democratic and effective local government that recognises the diversity of New Zealand communities'. It also aims to provide accountability to its community and for a broad role in promoting social, economic, environmental and cultural wellbeing. The

corporate activity is centred on effectively delivering these responsibilities for Nelson in an efficient, customer-focused way.

Under the Local Government Act 2002, Council has to include the community in its decision making in the best interests of the community as a whole and be accountable to that community. Consultation, opportunities for participation by Māori, communication and annual reports are the main ways Council achieves participative decision making, transparency and accountability.

Council corporate services are there to ensure elected representatives and staff have the capacity, support systems and procedures to enable sound democratic decision making. This includes risk management, transparency and accountability processes and regular audits. As at 30 June 2012, the Council employed 260 full time and part time staff working in 234.8 Full Time Equivalent positions.

Council's work in overseeing CCOs is important for good governance, alignment between the community's needs and the CCOs work programmes and to ensure effectiveness in delivering a positive net benefit to the City. Council has Statements of Expectation and Intent for each CCO to ensure they are good corporate citizens and that they do indeed deliver a net

benefit to the City in the form of dividends and/or community wellbeing.

OUR LONG TERM VISION

The vision for Nelson in 2060 is a place where people understand the role that they have in contributing to the creation of a sustainable Nelson. Council provides leadership to the community, and listens to it, in order to achieve this vision. Council and iwi work in partnership to deliver mutually agreed outcomes.

OUR GOAL

Nelson deserves a Council organisation that is focused on excellent customer service and is inspired to do that.

COMMUNITY OUTCOMES

Community Outcome	How Our Activity Contributes
Good leadership	While corporate and governance services support the delivery of all six community outcomes, it is primarily aimed at achieving good leadership for the community. It does this by supporting the Council organisation to run smoothly and be accountable and transparent to the community.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

The priorities for the next three years are:

- **Improved consultation and better community engagement.** Council aims to improve and better target its consultation processes so residents feel listened to, understood and that their views are considered whenever Councillors make key decisions. This will primarily be delivered through a new Community Relations Strategy to guide Council's approach for the next three years to 2015. The costs of improved consultation will be funded out of existing budgets as direct additional costs are limited and mainly involve staff and Councillor time. Providing better formal and informal processes can also enhance engagement without substantially increasing costs

- **Involving Māori in Council decisions:** Council's corporate work includes meeting its obligation to provide ongoing opportunities to involve Māori in its decisions. Council's relationship with local iwi and māta waka groups continues to develop, with formal discussions through Kotahitanga Hui complemented by direct specific consultation on relevant Council projects
- Development of the 50 year **Framing Our Future Sustainability Strategy** for Nelson. In 2011 Council initiated the 'Framing Our Future' community engagement project, which led it to adopt a 50 year vision for Nelson using sustainability principles. At the time the LTP was prepared, only the vision statement for this Strategy had been prepared and consulted on. The full Framing Our Future Sustainability Strategy is planned to be developed later in 2012/13

- **Development of a Nelson Development Strategy.** This will be one of the critical tools for achieving the Framing Our Future vision and addressing the big challenges such as population growth and the impacts of climate change. The Nelson Development Strategy will essentially be a master plan for when, where and how development can occur, what we protect, such as heritage and biodiversity, and the types of building and infrastructure that get constructed to meet the community's social, environmental and economic goals and needs.

During the consultation and decision making process for this Long Term Plan, Council saw connections between a number of issues raised by submitters around the future development of Nelson, including in Stoke and Tahunanui. Council noted that the Nelson Development Strategy provides an opportunity to consider wide ranging issues as part of implementing the Framing Our Future sustainability strategy and other connected policy development in the Council work programme.

Following consideration of submissions, Council decided to proceed with developing this Strategy. It will be developed in close consultation with the community, addressing future development both at the citywide level and in and around our neighbourhood centres.

The main corporate capital cost over the ten years of this LTP is in updating the organisation's Information Management and computer systems. These are needed to keep hardware and systems current, and include updating the records and document management system, asset management system and financial systems.

OTHER ISSUES AND PLANNED WORK

The following areas would be the focus over the next ten years:

- Funding of \$2.4m was confirmed to allow for strategic property purchases
- Continue to update Information Management and computer systems
- Undertake a representation review in 2014/15. This is required at least once every six years under the Local Electoral Act and involves the Council reviewing how its Councillors are elected, the number of Councillors that are elected and consideration of whether community boards are appropriate
- Undertake a full Rating Review beginning in 2013/14
- Monitor and report progress against community wellbeing indicators in 2012/13, in an updated Top of the South indicators report
- Draft, consult and adopt an Annual Plan on or before 30 June each year in 2013 and 2014, 2016, 2017, 2019 and 2020
- Draft, consult and adopt a Long Term Plan in 2015 and 2018
- Prepare an Annual Report with an unmodified audit report by the end of October each year that demonstrates performance against the targets set in the applicable Long Term and Annual Plan
- Conduct the Triennial Local Government elections every three years 10 October 2013, then in 2016 and 2019
- Undertake a review and update Council's Governance Statement by February of each year following local authority elections and publish the revised document
- Undertake a review of Council's Code of Conduct by the end of November following each triennial election.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Years 4 - 10
			Year 1	Year 2	Year 3	
Effective and impartial election administration service that meets or exceeds legislative requirements	Completion of election processes in 2013, 2016 and 2019	Achieved in 2010	-	Elections assuming amalgamation does not proceed, on time, within budget, no upheld complaints	-	Subsequent 3-yearly elections in 2016 and 2019 on time, within budget, no upheld complaints
Effective engagement and consultation	Proportion of residents satisfied with opportunities to take part and amount of information provided by Council – measured every three years	52% satisfied with opportunities to take part (2011) 69% thought amount of information was 'about right' (2011)	Maintain or improve on 2011 results	Maintain or improve on 2011 results	At least 70% satisfied with opportunities to take part At least 70% 'about right' amount of information	Maintain or improve levels of satisfaction
Opportunities for participation in Council decisions – a Council organisation that listens and understands	Evaluation by participants taking part in range of processes – documented evaluation across focus groups, web-based consultation, workshops and other techniques	New measure	At least 50% satisfied or better	At least 55% satisfied or better	At least 60% satisfied or better	Maintain or improve level of satisfaction
Participation of Māori in decision making	Level of iwi/Māori representatives* satisfaction with participation opportunities	New measure	At least 75% satisfied or very satisfied	At least 80% satisfied or very satisfied	At least 90% satisfied or very satisfied	At least 90% satisfied or very satisfied
Council Controlled Organisations that deliver net benefit to the community	Refer to CCO section for specific measures for each CCO	Statements of Intent (SOIs) being developed for all CCOs	Council satisfied with attainment of six monthly SOI targets for all	Council satisfied with attainment of six monthly SOI targets for all	Council satisfied with attainment of six monthly SOI targets for all	Council satisfied with attainment of six monthly SOI targets for all

*Kotahitanga Hui participants

DRIVERS OF CAPITAL EXPENDITURE

Computer hardware replacement is driven by the need to maintain customer levels of service by keeping systems and processes up-to-date and efficient. Some of our key Information Management (IM) systems need replacing as the current software is at the end of its life.

STRATEGIES AND POLICIES

- Sustainability Policy and Framing Our Future Sustainability Strategy Vision
- Code of Conduct Policy
- Delegations Manual
- CCO and CCTO Statements of Intent.

RELEVANT ACTS

- Local Government Act 2002
- Local Government Official Information and Meetings Act 1987
- Local Electoral Act 2001
- Local Government Rating Act.

DEFERRED WORK

Council has deferred funding for implementation of its Monitoring and Research Plan beyond the ten year term of this LTP.

ASSUMPTIONS

There are no additional assumptions specific to this activity, other than the general assumptions detailed in the following section of this LTP.

NEGATIVE EFFECTS AND RISK MITIGATION

Sometimes decisions made for the community have a perceived negative impact on the actions or wellbeing of some individuals or groups within the City. Council tries to ensure that it adequately weighs up the competing demands of the different interest groups and makes decisions that will be in the best interests of the City as a whole. Council also follows the guidance provided by the Local Government Act 2002 on conducting transparent consultation and explaining the reasons for decisions.

The Community Relations Strategy has been prepared in part to assist in improving delivery of excellent customer focus, in response to the risk of costs to ratepayers associated with challenges to consultation processes and outcomes.



REVENUE AND FINANCING POLICY FOR CORPORATE

This activity includes democracy, administrative services and the management of Council's investments and properties.

Distribution of benefits

Community benefits

The community benefits by having a democratic system of local government. Legal consultation has the benefit of producing decisions and outcomes that are legally sound.

Individual benefits

There is private benefit to elected members. Individuals and lobbyists requesting official information receive a degree of private benefit. There is a private benefit of legal consultation to those members of the public involved in particular cases and appeals. There are benefits for those who lease or buy land from Council, or are paid by Council for associated services. Some other beneficiaries are those who use the airport and port and forestry consultants who manage the forests.

- **Actions and inactions of individuals or groups that contribute to the need to undertake the activity**
- Those making unreasonable or excessive official information requests or vexatious or frivolous appeals
- **The costs and benefits of funding the activity distinct from other activities**
- The benefit of having democratic local government benefits all residents, therefore the most appropriate method of funding this activity is through general rates. It is not practical, feasible or cost effective to charge those who gain private benefit.
- **Period over which the benefits are expected to occur**
- The benefits of democracy are long term and continuous.

Corporate – sources of funding

Operating: General rates, targeted rates, fees and charges, fuel taxes, dividends, rent

Capital: Borrowing



CORPORATE FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	(2,378)	(1,329)	1,185	935	518	756	773	672	1,043	1,156	1,150
Targeted rates (other than a targeted rate for water supply)	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	2	2	2	2	2	2	2	2	2	2	2
Fees, charges, and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	9,982	8,088	9,151	10,916	13,719	14,395	14,679	14,760	14,709	14,886	15,151
Local authorities fuel tax, fines, infringement fees, and other receipts	3,887	4,419	3,982	4,010	4,096	4,246	4,289	4,392	4,556	4,477	4,485
Total Operating Funding	11,493	11,180	14,320	15,863	18,335	19,399	19,743	19,826	20,310	20,521	20,788
Applications of operating funding											
Payments to staff and suppliers	6,651	6,850	6,899	6,913	7,215	7,573	7,577	7,512	7,958	8,004	8,051
Finance costs	5,040	3,337	4,407	5,685	7,697	8,266	8,471	8,546	8,506	8,351	8,269
Internal charges and overheads applied *	705	923	1,128	1,261	1,478	1,510	1,516	1,457	1,390	1,523	1,670
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	12,396	11,110	12,434	13,859	16,390	17,349	17,564	17,515	17,854	17,878	17,990
Surplus (Deficit) of operating funding	(903)	70	1,886	2,004	1,945	2,050	2,179	2,311	2,456	2,643	2,798
Sources of capital funding											
Subsidies and grants for capital	1,000	1,500	1,536	1,573	1,611	1,651	1,692	1,736	1,781	1,829	1,877
Development and financial contributions	1,021	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	17,603	31,462	19,687	16,846	7,541	3,106	577	(1,358)	(2,329)	(2,779)	(1,848)
Gross proceeds from sale of assets	0	20	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	19,624	32,982	21,223	18,419	9,152	4,757	2,269	378	(548)	(950)	29
Applications of capital funding											
Capital Expenditure	1,756	895	1,23	133	137	85	88	91	172	180	188
- to meet additional demand	150	2,806	1,370	138	683	309	943	323	130	135	142
- to improve level of service	951	1,354	1,604	850	776	2,651	964	1,252	935	1,530	966
- to replace existing assets	619	3,550	2,024	1,641	1,594	1,634	1,674	1,718	2,432	2,810	2,858
Increase (decrease) in reserves	15,245	24,447	17,988	17,661	7,907	2,128	779	(695)	(1,761)	(2,962)	(1,327)
Increase (decrease) in investments	18,721	33,052	23,109	20,423	11,097	6,807	4,448	2,689	1,908	1,693	2,827
Total applications of capital funding	903	(70)	(1,886)	(2,004)	(1,945)	(2,050)	(2,179)	(2,311)	(2,456)	(2,643)	(2,798)
Surplus (Deficit) of capital funding											
Funding balance	0	0	0	0	0	0	0	0	0	0	0

*Internal charges and overheads include finance costs for internal loans.

CORPORATE COST OF SERVICE STATEMENT

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Income											
Rating Income	(2,558)	(1,509)	1,010	756	334	568	580	475	840	948	937
Operating Income	14,051	12,689	13,312	15,107	18,001	18,831	19,163	19,351	19,470	19,573	19,851
Capital Income	6,790	9,078	9,401	9,707	10,019	10,356	10,722	11,130	11,578	12,070	12,588
Total Income	18,283	20,258	23,723	25,570	28,354	29,755	30,465	30,956	31,888	32,591	33,376
Expenses											
Payments to staff and suppliers	6,651	6,850	6,899	6,913	7,215	7,573	7,577	7,512	7,958	8,004	8,051
Finance costs	5,745	4,260	5,537	6,946	9,175	9,776	9,987	10,003	9,896	9,874	9,939
Depreciation	983	1,032	1,231	1,327	1,299	1,358	1,418	1,469	1,504	1,541	1,592
Total Expenses	13,379	12,142	13,667	15,186	17,689	18,707	18,982	18,984	19,358	19,419	19,582
Net Surplus (Deficit)	4,904	8,116	10,056	10,384	10,665	11,048	11,483	11,972	12,530	13,172	13,794
Sources of funds											
Net Surplus (Deficit)	4,904	8,116	10,056	10,384	10,665	11,048	11,483	11,972	12,530	13,172	13,794
Non cash expenditure	983	1,032	1,231	1,327	1,299	1,358	1,418	1,469	1,504	1,541	1,592
Increase (decrease) in debt	17,603	31,462	19,687	16,846	7,541	3,106	577	(1,358)	(2,329)	(2,779)	(1,848)
Gross proceeds from sale of assets	0	20	0	0	0	0	0	0	0	0	0
Total Sources of funds	23,490	40,630	30,974	28,557	19,505	15,512	13,478	12,083	11,705	11,934	13,538
Applications of funds											
Capital Expenditure	6,525	8,473	7,988	8,267	8,545	8,790	9,118	9,485	9,969	10,421	10,899
- to meet additional demand	150	2,806	1,370	138	683	309	943	323	130	135	142
- to improve level of service	951	1,354	1,604	850	776	2,651	964	1,252	935	1,530	966
- to replace existing assets	619	3,550	2,024	1,641	1,594	1,634	1,674	1,718	2,432	2,810	2,858
Increase (decrease) in reserves	15,245	24,447	17,988	17,661	7,907	2,128	779	(695)	(1,761)	(2,962)	(1,327)
Increase (decrease) in investments											
Total applications of funds	23,490	40,630	30,974	28,557	19,505	15,512	13,478	12,083	11,705	11,934	13,538
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Reconciliation between the net surplus/(deficit) in the Cost of Service Statement and surplus/(deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Surplus/(Deficit) of operating funding from											
Funding Impact Statement	(903)	70	1,886	2,004	1,945	2,050	2,179	2,311	2,456	2,643	2,798
Subsidies and grants for capital expenditure	1,000	1,500	1,536	1,573	1,611	1,651	1,692	1,736	1,781	1,829	1,877
Development and financial contributions	1,021	0	0	0	0	0	0	0	0	0	0
Vested Assets	4,769	7,578	7,865	8,134	8,408	8,705	9,030	9,394	9,797	10,241	10,711
Gains on sale											
Depreciation	(983)	(1,032)	(1,231)	(1,327)	(1,299)	(1,358)	(1,418)	(1,469)	(1,504)	(1,541)	(1,592)
Net Surplus (Deficit) before taxation in Cost of Service Statement	4,904	8,116	10,056	10,384	10,665	11,048	11,483	11,972	12,530	13,172	13,794

CAPITAL EXPENDITURE (\$'000)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Council Publicity										
Major signs	112									
Civic House										
Buildings	250	99	107	111	58	60	62	143	149	156
Earthquake prone buildings	140	1,039		555		597				
Furniture & fittings	41	43	44	46	47	49	51	53	56	58
Plant & equipment	200	113	138	128	309	346	323	130	135	142
State Advances building remediation	30	156								
Rental Properties										
Reliance building demolition	180									
Renewal: nursery building	8									
Renewal: nursery glasshouse	13									
Strategic building purchases	625									
Strategic land purchases	1,775									
Administration										
Hardware/desktops	1,580	1,497	751	674	2,504	853	1,093	769	1,403	833
Motor vehicles	100	151	81	83	127	90	137	143	102	106
Total	5,054	3,097	1,122	1,596	3,045	1,995	1,666	1,237	1,845	1,295

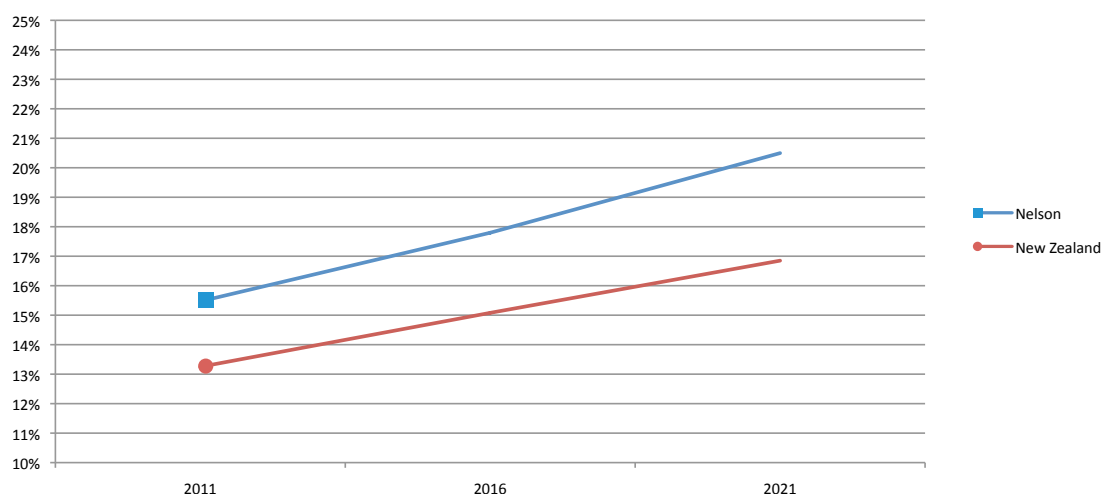


ASSUMPTIONS

The Local Government Act 2002 requires Council to identify the significant forecasting assumptions it has made in preparing its ten-year Long Term Plan. Assumptions are needed so Council can plan for expenditure and costs over the next ten years. They are the best reasonable assessment made on the basis of currently available information. Any additional assumptions that apply only to specific activities are included in the discussion on that activity section.

Assumption	Level of Uncertainty	Description of Risk	Financial Impact
Population growth Council takes a generally conservative approach in applying population growth estimates in its infrastructure planning. It uses a mid-range estimate and continually updates and revises estimates as new data is available to limit the risk exposure. Our population estimates are based on statistics from the 2006 New Zealand census figures because the 2011 census was cancelled. In addition, a small increase has been built in to cover people who might relocate from Christchurch. The LTP assumptions are based on a population of 44,300 in 2006 increasing to 48,500 in 2021 (an average increase of 0.5% per annum).	Low	The population could fluctuate differently from that projected due to people relocating from Christchurch. This will put pressure on Council services and infrastructure and the revenue from rates and development contributions will not be accurately forecast. There is a small risk that the age profile in 10 years time could be significantly different from that forecast.	The demand for improved levels of service comes with an increased population. If the population does not grow as quickly as anticipated, delivery of services, such as improved community facilities and infrastructure will be delayed in future years. It is assumed that in the longer term, Council would need to respond to a shift in facilities and services in response to changing demands driven by the larger proportion of older people (see graph below). The financial impact of any significant variation from the assumption would be negligible over the period of the LTP as it would impact later, beyond ten years. There is sufficient capacity in infrastructure to allow for considerable variation from the assumed proportion.

**PERCENTAGE OF POPULATION AGED 65 YEARS AND OVER
NELSON AND NEW ZEALAND**



Source: Statistics New Zealand population projections (medium series)

Assumption	Level of Uncertainty	Description of Risk	Financial Impact
Affordability The global economic downturn since 2009 continues to create a lot of uncertainty. Council's assumptions take a cautious approach to the short to mid term prospects for the national and local economy with expected rises in the cost of living, unemployment rates and an ageing population.	Medium	That the global economic downturn continues and an increasing number of people default on rates payments.	Council considers affordability of rates and charges as part of each Long Term Plan and Annual Plan.
Inflation/price changes Council uses inflation forecasts from Business and Economic Research Ltd (BERL) to estimate inflation over time. The latest research suggests that inflation over coming years will be higher than had been expected in earlier years, increasing costs for Council. Refer to page 191 for details on how Council has applied price level adjustments for inflation to its accounts.	Medium	Inflation is higher or lower than planned.	There is likely to be some variation in the actual rates of inflation from those assumed and this will have a financial impact on the Council. If the variances are significant Council may need to consider either increasing or decreasing rates and charges and/or adjusting the timing of expenditure, particularly for large capital projects. This would be considered through the Annual Plan process.
Interest rates In preparing the LTP the Council has assumed an interest rate of between 4.93% and 6.60%. Our assumptions are based on detailed analysis of the cost of both existing and future debts and anticipated interest rates.	Medium	The prevailing interest rates differ significantly from those estimated by the Reserve Bank of New Zealand.	Increases in interest rates flow through to higher debt servicing costs and higher rates funding requirements. The Council has mitigated these risks with a prudent hedging programme developed within the limits of a prudent treasury policy.
Union with Tasman District Council It is assumed that this LTP will focus on the needs of Nelson City over the next ten years. The poll was against amalgamation, and it is further assumed no subsequent amalgamation will take place before 2022.	Low	Some projects would be likely to be re-prioritised if amalgamation did occur within the next ten years.	Re-prioritisation of projects would change financial estimates.
Emissions Trading Scheme (ETS) Emissions Trading Scheme (ETS): Council assumes that most ETS costs will be generated by the landfill at York Valley. Pre and post 1990 forestry has been registered. Any costs associated with ETS will be minimal, given Council's replanting and forest restoration policies.	Low	That costs will be higher than forecast. The main area of uncertainty is around carbon pricing, the timing of different sectors coming into the ETS and the extent to which some sectors might align with Australian policy.	If the cost is greater than assumed, the Council will face increased compliance and operating costs, which if significant enough may require higher fees and charges or increased rating requirements to fund them.

Assumption	Level of Uncertainty	Description of Risk	Financial Impact
Useful lives of significant assets It is assumed that there will be no reassessment of the useful lives of assets during the ten year period covered by this plan. The detail of useful lives for each asset category is covered in the Accounting Policies.	Low	Sources of funding cannot be obtained for significant asset replacements.	This may result in changes needing to be made to the underlying capital expenditure programme.
Return on investments It is assumed that the return on investments and retained earnings on associates will continue at current levels plus inflation.	Low	That the return on investments and retained earnings on associates is lower than expected.	This would impact on Council's ability to fund services and infrastructure and would likely require a rates increase. If the actual returns are significantly more than forecast, the Council may be able to reduce debt.
Loan arrangements It is assumed that Council's bankers will continue to renew the existing loan facilities. The Local Government Funding Agency currently being set should allow Council to diversify funding sources away from local banks as well as being able to borrow for longer terms.	Low	There is a small risk that access to loans is less than expected.	Low financial impact. Lower or higher interest rates will be remodelled into plans once these are realised.
Government policy and NZ Transport Agency funding It is assumed that current arrangements of joint funding with Central Government will continue at known levels. This includes, for example, New Zealand Transport Agency (NZTA) funding for roading projects. It is assumed that NZTA will continue to provide assistance at current levels using current criteria. Council has assumed that its funding from NZTA has remained unchanged for Years 4-10, despite the change in Years 1-3. If the NZTA funding is reduced, it could have implications for Council maintaining its levels of service.	Low. NZTA has provided early guidance on the level of funding they will provide and the LTP is aligned to that level.	There is a risk that National or Regional transport contributions reduce or that contributions are provisionally allocated but dependent on subsequent evaluation, which might be declined. This could reduce the time Council has to draw down all of its regional transport funding	Any anticipated funding declined or reduced is likely to reduce local share expenditure as the projects would be postponed. For example, NZTA has agreed the budget for 2012-15 at a level lower than expected in the draft LTP and Council has reduced its share in line with the NZTA contribution.

Assumption	Level of Uncertainty	Description of Risk	Financial Impact
Changes to Council business due to Central Government policy changes It is assumed that the Environmental Reporting Bill and changes to local government form and structure will be introduced in 2012. However, no provision has been made for future impact of government policy changes.	Medium	Environmental reporting legislation might require Council to collect State of the Environment data it does not currently collect.	Could have high financial impact in dedicating resources to meet legislative requirements.
Vested assets It is assumed that Council receives vested assets of \$7.5m each year plus inflation.	Low	Vested assets vary from budget.	Assets must be maintained by Council, so there would be an impact on costs if more assets than expected were vested in Council.
Resource consents It is assumed that resource consents held by Council will not be significantly altered and any due for renewal during the life of the plan can be renewed accordingly. Budgets are in place for renewal of resource consents and there is no expectation of significant departure from requirements over the next ten years.	Low	Resource consents might be significantly altered costing the Council more than expected.	Could have a medium financial impact depending on the significance of any increase.
Development Contributions Assumptions on Development Contributions are included in the updated Development Contributions Policy – published separately. Council expects to collect \$21.7m in Development Contributions over the next ten years.	Low	That development occurs at slower or faster rate than forecast. This could be across the City Council area or in specific settlements.	If growth was lower than forecast this would result in less money collected through Development Contributions and a reduction in income. In the short term this would require additional borrowing and higher interest costs, but in the medium and long term Council would delay projects to manage this shortfall.
Climate change It is assumed that there will be more frequent and extreme weather events and exposure of low lying land to sea level rises. Council uses the Ministry for Environment (MFE) guidelines set out in "Preparing for Climate Change, March 2009" for estimating Sea Level Rise (SLR). MFE indicates that councils should plan for a 0.5m SLR by 2099. In line with MFE, the Council's Land Development Manual provides for a 0.5m SLR by the end of the century but recommends that consideration be given to a 0.8m SLR where possible.	Low	Hazards' planning has not adequately taken account of climate change leading to increased costs to Council in both responding to events and building resilience into infrastructure. A characteristic of the Nelson community is the concentration of lifelines infrastructure (roading network, port, airport etc) in low lying areas.	Could lead to increased costs for Council in the next ten years if extreme climate events eventuate. Council's Land Development Manual includes consideration of the potential impacts of climate change in the planning, location and design of infrastructure. Council has insurance and, through this LTP, is proposing to expand the Disaster Recovery Fund to build up reserves.



Assumption	Level of Uncertainty	Description of Risk	Financial Impact
Weather tight building claims It is assumed that there will be no increase in claims and that the residual Riskpool calls will not be higher than anticipated. The Council will not participate in the Financial Assistance Package Schemes, preferring to manage itself any matters arising from claims.	Low	There is a small risk that the residual Riskpool calls will be higher than anticipated.	A higher level of claims would increase the rating requirement.
Insurance costs It has been assumed that material damage insurance premiums increase by 25% over those paid in 2011/12 plus inflation following the Christchurch earthquakes; Council can get 100% cover; and that the Local Authority Protection Programme Disaster Fund continues.	Medium	There is a risk that insurance premiums will increase significantly greater than assumed.	Any increase in premiums above the level assumed will increase the rating requirement.
Co-funding arrangements It has been assumed that for projects where other partners are contributing part of the funding, this funding will be available.	Medium	There is a medium risk that funding from other partners will not be available.	If partner funding is not available Council will need to reconsider the future of the project.

STATEMENT OF ACCOUNTING POLICIES FOR THE TEN YEARS FROM 1 JULY 2012

Reporting entity

Since 1 July 1992, the Council has been constituted as a unitary authority assuming the responsibilities of the former Nelson Marlborough Regional Council and City Council.

This forecast information includes the operation of Nelson City Council only, as Council considers this to be the most relevant information for residents.

Statement of compliance and basis of preparation

This forecast information has been prepared in accordance with the requirements of the Local Government Act 2002, Standards issued by the Institute of Chartered Accountants of New Zealand.

With the exception of the Funding Impact Statements this forecast information has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The Funding Impact Statements (FIS) do not comply with GAAP as they do not recognise depreciation and movements in the valuation of assets and also they do not show capital income (Subsidies and Development Contributions) as operating income. A reconciliation is provided between the FIS surplus/(deficit) of operating funding and the Statement of Comprehensive Income or activity Cost of Service Statement net surplus/(deficit) before tax for the whole of council summary and each activity.

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

- The prospective statements of Nelson City Council are for the ten years from 1 July 2012.
- The forecast information was authorised for issue by Council on 19 July 2012.

- The measurement base adopted is that of historical cost, modified by the revaluation of certain assets. The following particular accounting policies, which materially affect the reported results, have been applied consistently to all periods.

Revenue

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

Rates revenue

- Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

- Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Government grants

- The City Council receives government grants from the NZ Transport Authority, which subsidises part of the City Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

- Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

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

Sales of goods

Revenue from sales of goods is recognised when a product is sold to a customer.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Development contributions

Development and Financial Contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise Development and Financial Contributions are not recognised as liabilities until such time the Council provides, or is able to provide, the service.

Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Fixed assets and other assets

Fixed assets are grouped in the following categories:

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

All assets are valued at historical cost, except for the following:

- Land – operational and restricted land (with the exception of Ridgeway subdivisions) has been valued at net current value by Quotable Value NZ as at 30 June 2010. Quotable Value NZ has confirmed this as being appropriate for financial reporting purposes
- Land under roads – land under roads has been valued at net current value by Telfer Young registered valuers as at 30 June 2006. This is considered to be deemed cost at 1 July 2012
- Infrastructure assets – excluding specialised Infrastructural assets have been valued internally at depreciated replacement cost by Council engineers as at 30 June 2011. The valuation methodology has been peer reviewed by Opus International Consultants Ltd and revaluations are updated annually
- Specialist infrastructure assets – include dams, water reservoirs and wastewater treatment plants. These assets have been valued at depreciated replacement cost as at 30 June 2011 by an independent registered valuer and will be revalued annually

- Nelson Regional Sewerage Business Unit – land is valued at market valuation as at 1 September 2009 by Quotable Value and is reviewed every five years or if there is a material movement. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by an independent valuer. The latest valuation was conducted as at 30 June 2011 by C.P.G. New Zealand Ltd, consultant engineers and will be revalued annually
- Heritage assets – museum collection assets have been valued on the basis of what a willing buyer would be prepared to pay a willing seller. The valuation was undertaken by Dunbar Sloane registered valuer as at 30 June 1999. The Cawthron Steps and Broadgreen House have been valued on the basis of depreciated replacement cost by Quotable Value at 30 June 2002. Founders Heritage Park has been valued on the basis of depreciated replacement cost by Telfer Young at 30 June 2002. The Cawthron Steps, Broadgreen House and Founders Heritage Park were included in 2002 for the first time and are deemed to be at cost
- New Council assets that are added between valuations are recorded at cost except for vested assets
- Vested assets are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. These have been valued based on the actual quantities of infrastructure components and the current “in the ground” cost of providing identical services.
- Valuations are performed with sufficient regularity to ensure the carrying amount of property, plant and equipment does not materially differ from fair value.

Depreciation

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

Assets depreciated are as follows:

ASSET	DEPRECIABLE LIFE (YEARS)
Operational	
Buildings	50 - 100
Improvements	Nil-20
Motor vehicles	7
Plant and equipment	2 - 30
Library books	3 - 10
Marina	30 - 50
Restricted	
Buildings	50 - 100
Improvements	Nil - 20
Roading	
Roads formation	n/a
Sub-base	n/a
Basecourse	5 - 80
Surfacing (sealed)	2 - 50
Surfacing (unsealed)	n/a
Bridges	20 - 100
Retaining/sea walls	75 - 150
Box culverts	60 - 90
Footpaths	5 - 100
Carparks	10 - 100
Streetlights	30 - 60
Signs	15
Water Supply	
Pipeline	55 - 120
Manholes	55 - 120
Reservoirs and tanks	45 - 100
Dams	16 - 200
Wastewater	
Pipeline	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation pond	22 - 139
Stormwater	
Pipeline	50 - 80
Bank protection	25 - 100
Manholes	90
Solid waste	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24

BIOLOGICAL ASSETS

- Forestry – forestry assets are valued annually. The valuation methodology adopted is net present value based on the age and condition of the trees.

Changes in the valuation of the forestry assets are recognised in the Statement of Comprehensive Income.

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by Nelson City Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

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

Inventory

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

Work in progress

Profits on contracts are recognised progressively over the period of each contract. The contract amount included in the Statement of Comprehensive Income, and the value of work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on contracts are recognised immediately.

Investment property

Nelson City Council's investment property is valued annually at fair value as at 30 June. Investment properties were valued based on open market evidence. The valuation was performed by Ian McKeage of Telfer Young (Nelson) Limited and changes in valuation are recognised in the Statement of Comprehensive Income.

Financial instruments

The Council and group is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and cash equivalents, accounts receivable and payable, investments, and loans which have all been recognised in the financial statements. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Income.

Derivative financial instruments

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

- Swaps are entered into with the objective of
- reducing the risk of rising interest rates. Any gains
- or losses arising from the changes in fair value
- of derivatives are taken directly to the Statement
- of Comprehensive Income for the year. The fair
- value of interest rate swaps is determined by
- reference to market values for similar instruments.
- The net differential paid or received on interest
- rate swaps is recognised as a component of
- interest expense or interest revenue over the
- period of the agreement.

Trade and other receivables

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

Investments

- The activities of associated entities have been
- included in the parent financial statements at cost
- on acquisition.

- Other investments are stated at cost, except
- the shares in the Local Government Insurance
- Corporation, which are recorded at their net asset
- value.

Other financial instruments

- All other financial instruments, including cash,
- and bank and accounts payable, are recognised
- at their fair value.

- Loans are recorded at cost.

Impairment of financial assets

- At each balance sheet date Nelson City Council
- assesses whether there is any objective evidence
- that financial assets or a group of financial assets
- is impaired. Any impairment losses are recognised
- in the Statement of Comprehensive Income.

Loans and other receivables

- Impairment of a loan or a receivable amount is
- established when there is objective evidence that
- Nelson City Council will not be able to collect

amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

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

Properties intended for sale

Properties intended for sale are valued at the lower of cost and net realisable value.

Borrowing costs

The Council and group has elected to defer the adoption of NZ IAS 23 *Borrowing Costs (Revised 2007)* in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Employee entitlements

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

Landfill After Care Costs

As operator of the York Valley landfill, the Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure. The landfill post closure provision is recognised in accordance with New Zealand International Reporting Standard 37 Provisions, Contingent Liabilities and Contingent Assets. This provision is calculated on the basis of discounting closure and post closure costs into present day value.

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

Income tax

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it

is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

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

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

Goods and Services Tax (GST)

All amounts in the accounts are exclusive of GST except for debtors and creditors which are shown inclusive of GST.

Allocation of overheads – significant activities

All overheads by way of the job costing system have been allocated to the Council's significant activities. This allocation has been mainly on the basis of time spent, but where items of expenditure clearly relate to particular activities, then they are allocated on that basis.

Financial reserves

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

Restricted reserves – subject to specific conditions accepted as binding by the Council, and which may not be revised by the Council without reference to the courts or a third party. Transfer from these reserves may be made

- only for certain specified purposes or if certain specified conditions are met.

- Council created reserves** – part of the accumulated balance established at the will of the Council. The Council may alter them without reference to any third party or the Courts.
- Transfers to and from these reserves are at the discretion of the Council.

- Revaluation reserves** – The results of revaluing land, infrastructural assets are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in the Statement of Comprehensive Income. To the extent that increases in value offset previous decreases debited to the Statement of Comprehensive Income, the increase is credited to the Statement of Comprehensive Income.

Statement of cashflows

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

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

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

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

Leases

- Finance leases are leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset are transferred to the Council. The leased assets are recognised as non current assets in the Statement of Financial Position and are depreciated over the period the company is expected to benefit from their use. The corresponding liability is also recognised in the Statement of Financial Position.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the period in which they are incurred.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations that are not yet effective and have not been early adopted that are relevant to the Council and group are:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The City Council has not yet assessed the effect of the new standard and expects it will not be early adopted
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards

(Harmonisation Amendments). These were issued in May 2011 with the purpose of harmonising Australia and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012. The City Council has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

Critical accounting estimates and assumptions

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

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

Infrastructural assets

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets
- Estimating any obsolescence or surplus capacity of an asset
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense

in the Statement of Comprehensive Income.

To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates

- Experienced independent valuers perform the Council's infrastructural asset revaluations.



INFLATION ADJUSTED ACCOUNTS

The Council is required to apply price level adjustments to its estimates to reflect potential inflationary effects over time. This requirement to inflate values has a significant effect on the Council's financial projections. Price level adjustments for inflation have been made for the outer nine years of this Long Term Plan, and have been derived from those recommended to local governments by Business and Economic Research Limited (BERL).

As shown in the table, Council has made separate assumptions regarding inflation rates impacting on operating and capital budgets. This is a change from the 2009-19 LTCCP where a single inflation assumption was used across all operational and capital expenditure budgets. Included within operating budgets are items such as staff wages and salaries, general maintenance, operating subsidies and some operating revenue. Included within capital budgets are expenditures on infrastructure projects to support city growth and improvements to the transport network and other community facilities. It is appropriate for some revenue budgets to be inflated by Consumer Price Index (CPI) such as marina fees, community housing, other rentals, some government grants and forestry income. This is because the CPI more accurately reflects how these revenues are anticipated to increase.

Financial Year	CPI Op rev %	BERL LGCI OPEX %	BERL LGCI CAPEX %	BERL LGCI %
2012/13	n/a	n/a	n/a	n/a
2013/14	2.40	3.13	3.88	3.46
2014/15	2.40	3.04	3.34	3.17
2015/16	2.40	3.17	3.41	3.27
2016/17	2.50	3.25	3.63	3.42
2017/18	2.50	2.83	3.80	3.26
2018/19	2.60	2.86	4.03	3.38
2019/20	2.60	3.18	4.31	3.69
2020/21	2.70	3.35	4.54	3.89
2021/22	2.60	3.31	4.61	3.90

CPI = Consumer Price Index
 Op rev = Operating Revenue
 LGCI = Local Government Cost Index
 OPEX = Operating Expenditure
 CAPEX = Capital Expenditure



STATEMENT OF COMPREHENSIVE INCOME

	Annual Plan 2011/12	Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Income											
Rates other than targetted rates for water supply	43,871	47,346	51,323	54,601	58,040	60,820	62,398	64,263	66,169	68,504	71,273
Operating grants, donations and subsidies	3,682	4,527	2,437	2,341	3,794	2,872	2,967	2,999	3,024	3,207	3,203
Capital grants, donations and subsidies	2,572	10,853	4,859	4,691	1,307	2,073	2,315	1,674	1,371	1,375	1,676
Vested Assets	5,259	7,578	7,865	8,134	8,408	8,705	9,030	9,394	9,797	10,241	10,711
Development Contributions	2,228	1,940	1,987	2,034	2,083	2,135	2,189	2,245	2,304	2,366	2,428
Other fees, charges and rentals	33,895	35,166	35,792	37,192	37,974	40,313	41,238	42,484	44,401	45,724	46,789
Interest Received	114	36	66	115	192	227	230	229	228	355	458
Dividend Received	2,608	2,610	2,673	2,737	2,802	2,873	2,944	3,021	3,099	3,183	3,266
Total Income	94,229	110,056	107,002	111,845	114,600	120,018	123,311	126,309	130,393	134,955	139,804
Operating Expenditure											
Staff expenditure	16,792	17,442	17,988	18,535	19,122	19,744	20,303	20,883	21,547	22,269	23,006
Finance Costs	6,388	4,099	5,148	6,378	8,456	9,096	9,282	9,372	9,374	9,424	9,956
Depreciation and amortisation	18,168	20,185	21,603	22,607	23,880	25,064	26,130	27,258	28,612	29,925	31,252
Other Expenses	44,224	52,651	49,787	48,812	49,394	52,327	53,194	54,725	56,688	59,108	60,676
Total Expenditure	85,572	94,377	94,526	96,332	100,852	106,231	108,909	112,238	116,221	120,726	124,890
Net Surplus/(Deficit) before taxation	8,657	15,679	12,476	15,513	13,748	13,787	14,402	14,071	14,172	14,229	14,914
Taxation	134	84	86	0	0	0	0	0	0	0	0
Net Surplus/(Deficit)	8,523	15,595	12,390	15,513	13,748	13,787	14,402	14,071	14,172	14,229	14,914
Increase in Asset Revaluation Reserves	24,830	43,473	27,854	25,800	43,011	31,847	35,463	56,793	45,162	50,262	73,491
Total Other Comprehensive Income	24,830	43,473	27,854	25,800	43,011	31,847	35,463	56,793	45,162	50,262	73,491
Total Comprehensive Income	33,353	59,068	40,244	41,313	56,759	45,634	49,865	70,864	59,334	64,491	88,405

STATEMENT OF CHANGES IN EQUITY

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Equity at beginning of year	1,128,553	1,185,251	1,244,319	1,284,563	1,325,876	1,382,635	1,428,269	1,478,134	1,548,998	1,608,332	1,672,823
Total Comprehensive Income	33,353	59,068	40,244	41,313	56,759	45,634	49,865	70,864	59,334	64,491	88,405
Equity at end of year	1,161,906	1,244,319	1,284,563	1,325,876	1,382,635	1,428,269	1,478,134	1,548,998	1,608,332	1,672,823	1,761,228

The 2012/13 Budget equity at the beginning of the year is based on 2010/11 Annual Report closing balance plus a forecast for 2011/12 and therefore is not equal to 2011/12 Annual Plan equity at the end of the year.

STATEMENT OF FINANCIAL POSITION

	Annual Plan 2011/12 (\$'000)	Budget 2012/13 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
Current Assets											
Cash and cash equivalents	3,888	98	98	98	98	98	98	98	98	4,296	8,084
Inventories	85	91	0	0	0	0	0	0	0	0	0
Trade and other receivables	12,298	12,138	12,224	12,787	13,692	14,374	15,105	15,903	16,743	17,658	18,587
Other Financial Assets		271	654	1,142	1,613	1,647	1,658	1,658	1,636	1,595	1,574
Taxation	140	0	0	0	0	0	0	0	0	0	0
Total Current Assets	16,411	12,598	12,976	14,027	15,403	16,119	16,861	17,659	18,477	23,549	28,245
Non Current Assets											
Trade and other receivables	9,101	6,831	6,831	6,831	6,831	6,831	6,831	6,831	6,831	6,831	6,831
Investments in Council-											
Controlled Organisations	22,310	22,310	22,310	26,766	32,403	32,403	32,403	32,403	32,403	32,403	32,403
Investment Properties	910	883	904	926	948	972	996	1,022	1,049	1,077	1,105
Other Financial Assets	140	140	140	140	140	140	140	140	140	140	140
Intangible Assets	1,639	1,249	1,249	1,249	1,249	1,249	1,249	1,249	1,249	1,249	1,249
Biological Assets	4,225	4,114	4,484	4,815	5,170	4,570	4,483	3,726	3,674	3,983	4,299
Property, Plant and equipment	1,225,460	1,311,429	1,367,517	1,419,339	1,480,953	1,529,552	1,578,838	1,651,521	1,705,952	1,768,371	1,854,851
Total Non Current Assets	1,263,785	1,346,956	1,403,435	1,460,066	1,527,694	1,575,717	1,624,940	1,696,892	1,751,298	1,814,054	1,900,878
Total Assets	1,280,196	1,359,554	1,416,411	1,474,093	1,543,097	1,591,836	1,641,801	1,714,551	1,769,775	1,837,603	1,929,123
Current Liabilities											
Bank Overdraft	0	3,087	2,178	1,707	3,049	3,152	2,762	2,145	98	0	0
Trade and other payables	16,177	15,010	15,528	16,004	16,495	17,008	17,497	18,004	18,556	19,139	19,724
Employee benefit liabilities	1,114	1,364	1,407	1,449	1,495	1,544	1,588	1,633	1,685	1,741	1,799
Taxation payable	0	0	0	0	0	0	0	0	0	0	0
Current portion of borrowings	10,000	12,136	14,591	16,954	18,453	18,803	18,794	19,074	18,684	19,086	19,441
Total Current Liabilities	27,291	31,597	33,704	36,114	39,492	40,507	40,641	40,856	39,023	39,966	40,964
Non Current Liabilities											
Provisions	487	608	618	628	638	648	658	668	678	688	698
Employee Benefit Liabilities	426	321	331	341	352	363	374	384	397	410	423
Other financial liabilities	0	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147
Non-current portion of borrowings	90,168	81,562	96,048	109,987	118,833	120,902	120,847	122,498	120,198	122,569	124,664
Total Non-Current Liabilities	91,081	83,638	98,144	112,103	120,970	123,060	123,026	124,697	122,420	124,814	126,932
Total Liabilities	118,372	115,235	131,848	148,217	160,462	163,567	163,667	165,553	161,443	164,780	167,896
Net Assets	1,161,824	1,244,319	1,284,563	1,325,876	1,382,635	1,428,269	1,478,134	1,548,998	1,608,332	1,672,823	1,761,228
Ratepayer's Equity											
Accumulated Balances	318,292	374,297	386,042	401,022	430,662	444,438	458,270	488,418	500,329	510,007	539,848
Other Reserves	843,532	870,022	898,521	924,854	951,973	983,831	1,019,864	1,060,580	1,108,003	1,162,816	1,221,380
Total Ratepayer's Equity	1,161,824	1,244,319	1,284,563	1,325,876	1,382,635	1,428,269	1,478,134	1,548,998	1,608,332	1,672,823	1,761,228

Opening balances for 2012/13 Budget have been derived from 2010/11 Annual Report closing balances plus a forecast for 2011/12, as this represents a more recent and accurate assessment than the 2011/12 Plan closing balances.

CASH FLOW STATEMENT

	Annual Plan (\$'000)	Budget 2011/12 (\$'000)	Estimate 2013/14 (\$'000)	Estimate 2014/15 (\$'000)	Estimate 2015/16 (\$'000)	Estimate 2016/17 (\$'000)	Estimate 2017/18 (\$'000)	Estimate 2018/19 (\$'000)	Estimate 2019/20 (\$'000)	Estimate 2020/21 (\$'000)	Estimate 2021/22 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash was provided from:		47,531	51,512	54,795	58,238	61,023	62,606	64,477	66,387	68,729	71,503
Receipts from Ratepayers	44,097		8,832	8,605	6,711	6,596	6,975	6,409	6,176	6,411	6,756
Receipts from grants, donations, and subsidies	7,219	10,025	33,368	34,504	34,880	38,348	38,675	40,474	41,594	42,425	43,416
Receipts of other fees, charges, and rentals	32,706	33,615	1,987	2,034	2,083	2,135	2,189	2,245	2,304	2,366	2,428
Development Contributions	2,263	1,940	66	115	192	227	229	221	228	355	458
Interest Received	114	36	2,673	2,737	2,802	2,873	2,944	3,021	3,099	3,183	3,266
Dividends Received	2,608	2,610	98,438	102,790	104,906	111,202	113,619	116,855	119,788	123,469	127,827
Cash was disbursed to:		52,563	49,184	48,332	48,904	51,814	52,704	54,214	56,133	58,523	60,088
Payments to suppliers	44,225	17,442	17,933	18,484	19,062	19,684	20,248	20,828	21,482	22,200	22,935
Payments to employees	16,792	4,099	5,148	6,378	8,456	9,096	9,282	9,372	9,374	9,424	9,956
Interest Paid	6,388	84	86	0	0	0	0	0	0	0	0
Tax Paid/(refund)	134	74,188	72,351	73,194	76,422	80,594	82,234	84,414	86,989	90,147	92,980
Net Cash Flows from Operating Activities	21,468	21,569	26,087	29,596	28,484	30,608	31,385	32,441	32,799	33,322	34,847
CASH FLOWS FROM INVESTING ACTIVITIES											
Cash was provided from:		0	0	0	0	0	0	0	0	0	0
Sale of Investments and properties for resale	560	0	0	0	0	0	0	0	0	0	0
Repayment of LGFA borrower notes	0	41	22	22	23	23	24	25	25	26	27
Sale of fixed assets	384	326	334	27	28	29	18	19	20	21	21
Repayment of community loans and advances	493	367	356	49	51	52	42	44	67	88	69
Cash was disbursed to:		0	0	4,456	5,637	0	0	0	0	0	0
Investments in council controlled organisations	0	271	383	488	471	34	11	0	0	0	0
Investments in LGFA borrower notes	0	300	0	0	0	0	0	0	0	0	0
Community loans advanced	2,568										
Purchase of fixed assets:											
Renewals	8,066	11,609	9,801	11,877	11,611	14,035	14,862	15,517	14,363	13,060	12,805
New works - growth	23,563	13,938	6,185	7,040	7,881	3,975	5,138	12,035	6,078	10,515	10,021
New works - Increased level of service	11,160	24,619	26,106	21,615	14,622	15,138	10,962	6,247	7,688	8,312	10,752
Net Cash Flows from Investing Activities	45,357	50,737	42,475	45,476	40,222	33,182	30,973	33,799	28,129	31,887	33,578
	(43,920)	(50,370)	(42,119)	(45,427)	(40,171)	(33,130)	(30,931)	(33,755)	(28,062)	(31,799)	(33,509)
CASH FLOWS FROM FINANCING ACTIVITIES											
Cash was provided from:		25,793	17,956	17,328	11,002	2,779	919	2,925	309	6,096	5,640
Proceeds from borrowings	29,606										
Cash was applied to:		775	1,015	1,026	657	360	983	994	2,999	3,323	3,190
Repayment of borrowings	10,623	25,018	16,941	16,302	10,345	2,419	(64)	1,931	(2,690)	2,773	2,450
Net Cash Flows from Financing Activities	18,983	25,018	(3,783)	(1,609)	(2,951)	(103)	390	617	2,047	4,296	8,084
Net Increase/(Decrease) in Cash Held	(3,469)	794	(2,989)	(2,080)	(1,609)	(1,609)	(3,054)	(2,951)	(2,047)	0	4,296
Add Opening Cash Balance	7,357	(2,989)	(2,080)	(1,609)	(2,951)	(3,054)	(2,664)	(2,047)	0	4,296	8,084
Closing Balance	3,888	(2,989)	(2,080)	(1,609)	(2,951)	(3,054)	(2,664)	(2,047)	0	4,296	8,084
Represented by:		(2,989)	(2,080)	(1,609)	(2,951)	(3,054)	(2,664)	(2,047)	0	4,296	8,084
Cash and Cash Equivalents	3,888										

The opening cash balance for Budget 2012/13 is based on the 2010/11 Annual Report closing balance plus a forecast for 2011/12 and therefore is not equal to 2011/12 Annual Plan closing balance.

FUNDING IMPACT STATEMENT

	Annual Plan	Budget	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	Estimate
Sources of Operating Funding												
General Rates, uniform annual general charges, rates penalties	33,050	36,545	40,317	42,816	44,878	46,995	47,819	48,847	50,216	52,272	53,194	
Targeted rates (other than a targeted rate for water supply)	11,010	10,986	11,195	11,979	13,360	14,028	14,787	15,630	16,171	16,457	18,309	
Subsidies and grants for operating purposes	3,682	4,527	2,437	2,341	3,794	2,872	2,967	2,999	3,024	3,207	3,203	
Fees, charges, and targeted rates for water supply	10,834	11,015	11,365	11,926	12,285	12,598	13,018	13,563	14,099	14,690	15,316	
Interest and dividends from investments	2,722	2,646	2,739	2,852	2,994	3,100	3,174	3,250	3,327	3,538	3,724	
Local authorities fuel tax, fines, infringement fees, and other receipts	21,872	22,465	22,702	23,499	23,881	25,861	26,319	26,971	28,303	28,980	29,366	
Total Operating Funding	83,170	88,184	90,755	95,413	101,192	105,454	108,084	111,260	115,140	119,144	123,112	
Applications of operating funding												
Payments to staff and suppliers	61,016	70,093	67,775	67,347	68,516	72,071	73,497	75,608	78,235	81,378	83,682	
Finance costs	6,388	4,099	5,148	6,378	8,456	9,096	9,282	9,372	9,374	9,424	9,956	
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0	
Total applications of operating funding	67,404	74,192	72,923	73,725	76,972	81,167	82,779	84,980	87,609	90,802	93,638	
Surplus (Deficit) of operating funding	15,766	13,992	17,832	21,688	24,220	24,287	25,305	26,280	27,531	28,342	29,474	
Sources of capital funding												
Subsidies and grants for capital	3,537	12,354	6,395	6,264	2,917	3,724	4,008	3,410	3,152	3,204	3,553	
Development and financial contributions	2,263	1,940	1,987	2,034	2,083	2,135	2,189	2,245	2,304	2,366	2,428	
Increase (decrease) in debt	18,752	24,943	16,866	16,311	10,355	2,428	(54)	1,941	(2,680)	2,784	2,461	
Gross proceeds from sale of assets	384	41	22	22	23	23	24	25	25	26	27	
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0	
Total sources of capital funding	24,936	39,278	25,270	24,631	15,378	8,310	6,167	7,621	2,801	8,380	8,469	
Applications of capital funding												
Capital Expenditure	23,563	13,938	6,185	7,040	7,881	3,975	5,138	12,035	6,078	10,515	10,021	
- to meet additional demand	11,160	32,975	26,106	21,706	14,714	15,225	11,047	6,333	7,777	8,403	10,845	
- to improve level of service	8,066	11,609	9,801	11,877	11,611	14,035	14,862	15,517	14,363	13,060	12,805	
- to replace existing assets	(3,896)	(3,861)	592	450	(1,041)	(42)	520	795	2,209	4,498	3,999	
Increase (decrease) in reserves	1,809	(1,391)	418	5,246	6,433	(596)	(95)	(779)	(95)	246	272	
Total applications of capital funding	40,702	53,270	43,102	46,319	39,598	32,597	31,472	33,901	30,332	36,722	37,942	
Surplus (Deficit) of capital funding	(15,766)	(13,992)	(17,832)	(21,688)	(24,220)	(24,287)	(25,305)	(26,280)	(27,531)	(28,342)	(29,474)	
Funding balance	0	0	0	0	0	0	0	0	0	0	0	

RECONCILIATION BETWEEN THE SURPLUS IN THE PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Annual Plan 2011/12 (\$000)	Budget 2012/13 (\$000)	Estimate 2013/14 (\$000)	Estimate 2014/15 (\$000)	Estimate 2015/16 (\$000)	Estimate 2016/17 (\$000)	Estimate 2017/18 (\$000)	Estimate 2018/19 (\$000)	Estimate 2019/20 (\$000)	Estimate 2020/21 (\$000)	Estimate 2021/22 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	15,766	13,992	17,832	21,688	24,220	24,287	25,305	26,280	27,531	28,342	29,474
Subsidies and grants for capital expenditure	3,537	12,354	6,395	6,264	2,917	3,724	4,008	3,410	3,152	3,204	3,553
Development and financial contributions	2,263	1,940	1,987	2,034	2,083	2,135	2,189	2,245	2,304	2,366	2,428
Vested Assets	5,259	7,578	7,865	8,134	8,408	8,705	9,030	9,394	9,797	10,241	10,711
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(18,168)	(20,185)	(21,603)	(22,607)	(23,880)	(25,064)	(26,130)	(27,258)	(28,612)	(29,925)	(31,252)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Income	8,657	15,679	12,476	15,513	13,748	13,787	14,402	14,071	14,172	14,229	14,914

FINANCIAL RESERVES

Changes to the Local Government Act 2002 now require councils to provide a summary of the Reserve Funds that it holds.

BACKGROUND

Local Government Act changes in 2010 placed more focus on the accounting for, and disclosure of, financial reserves. The Act defines reserve funds as “money set aside by a local authority for a specific purpose”. Reserves are part of equity which may or may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity.

The Act requires Council to specify the amount expected to be deposited in the fund, and the amount expected to be withdrawn from the fund over the ten year period that this LTP covers. This information is set out in the following table.

Name	Activity	Purpose	Balance July 2012	Deposits	Withdrawals	Balance June 2022
Bartell Bequest	Nelson Library	Bequest to Nelson Institute	3,932	2,914	1,861	4,985
Kain Bequest	Nelson Library	Services for elderly	18,672	13,836	8,837	23,671
Tui Endowment Reserve	Nelson Library	Bequest to Nelson Institute	3,701	2,742	1,752	4,691
L C Voller Bequest (ETL)	Nelson Library	Youth Section of Elma Turner Library	17,177	12,728	8,132	21,773
Millar Bequest	Stoke Library	Stoke Library General Purpose	37,612	27,871	17,804	47,679
Nellie Nightingale Bequest	Tahunanui Library	Maintenance and upkeep Library & restroom	153,739	8,435	154,624	7,550
Rudman Bequest	Parks & Reserves	For Permanent beautifying the City	304,950	225,969	144,348	386,571
Walker Bequest	Parks & Reserves	Southern Stoke Play area, seating and Landscaping	59,311	3,363	62,674	0
Hamilton Bequest	Parks & Reserves	Beautifying Nelson	59,719	44,252	28,268	75,703
Nelson 2000 Trust	Esplanade Reserves	Wakefield Quay Development	190,275	0	190,275	0
RB Jackson Playground Bequest	Play Facilities	Childrens Playgrounds	16,133	915	17,048	0
Marsden Rec Trust	Sports parks	Ex Waimea County for Marsden Recreation Reserve	2,900	2,147	1,373	3,674
Subdivisions Reserve	Reserve Contributions	Financial Contributions for Reserves	0	16,786,261	16,786,261	0



Name	Activity	Purpose	Balance July 2012	Deposits	Withdrawals	Balance June 2022
Sport & Rec Grants Reserve	Physical Activity Fund	Ex Hillary Commission fund for Sport and Recreation	119,278	15,213	100,000	34,491
Insurance Reserve	Investment Management	To fund Insurance claim excess	641,800	0	200,000	441,800
Emergency Reserve	Emergency Response Fund	Funding unforeseen infrastructural damage	0	1,841,250	0	1,841,250
Health & Safety Reserve	Admin and Meeting Support	OSH Compliance	22,691	16,816	10,742	28,765
Parking Reserve	Car parks	Self funded activity balance	199,444	1,990,236	2,189,680	0
Saxton/Suffolk Stormwater	Stormwater	Financial Contribution for capital works	89,939	24,528	114,467	0
Wastney Tce Stormwater Reserve	Stormwater	Financial Contribution for capital works	51,172	18,376	69,548	0
Roading Contributions	Roading	Financial Contribution for capital works	62,998	3,018	33,131	32,885
Dog Control Reserve	Dog Control	Self funded activity balance	178,014	8,029	79,152	106,891
Founders Park Reserve	Founders	Founders development	79,800	750,000	754,800	75,000
Unused Depreciation Reserve	Various Activities	Special Reserve to track unused depreciation	3,165,157	18,253,627	15,021,887	6,396,897

FUNDING IMPACT STATEMENT

RATES, FEES AND CHARGES FOR 2012/13

HOW MUCH WOULD MY RATES COST?

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

- General rate, which includes the UAGC
- Uniform annual general charge (UAGC)
- Stormwater charge
- Clean Heat Warm Home targeted rate, if part of scheme
- Solar hot water targeted rate, if part of scheme
- Wastewater charge or commercial wastewater charge for sewage disposal
- Water charge.

DIFFERENTIALS

Some types of properties are subject to differentials, which adjust rates upwards or downwards, typically depending on whether more or less council services are provided, for example commercial, rural or multi-unit properties. Differentials are worked out using the standard residential property rate as a baseline.

RATES AND CHARGES

The 'funding impact statement' sets out the rates and charges that are planned for the next ten years. The information on rates included in that statement is based on that contained in this Long Term Plan as year one. Unless otherwise stated, rates and charges are shown including GST.

RATING OF SEPARATELY USED OR INHABITED PARTS OF A RATING UNIT

Conditions and criteria: *Council's policy*

The Council will charge multiple uniform charges against a rating unit for each separately used or inhabited part of the unit. A 'unit of occupancy' is defined as being separately let and permanently occupied.

The following are considered to be separately used parts of a rating unit:

- Flats or apartments
- Flats that share kitchen or bathroom facilities
- Separately leased commercial areas that are leased on a rating unit basis
- A vacant rating unit
- Where there is multiple use of a single rating unit, such as a shop with a dwelling.

The following are not considered to be separately used parts of a rating unit:

- A residential sleep-out or granny flat without independent kitchen facilities
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities
- Individual offices or premises of business partners.

The policy applies to the ratepayers who meet the relevant criteria as approved by the Chief Financial Officer.

GENERAL RATE

A general rate set under section 13 of the Local Government (Rating) Act 2002 is based on the rateable value of the land. General rates are set at different rates in the dollar of rateable value for different categories of rateable land. The general rate is 0.62495 cents in the land value dollar (including GST) for the 2012/13 rating year. This

compares to the previous year's rate of 0.56025 cents in the land value dollar in 2011/12.

As a comparison, a residential property with average water usage of \$512 a year with a land value of \$177,000 in 2011 would have paid total rates (general, water, wastewater, stormwater and flood protection) of \$2425.80 in 2011/12. Owners of the same property will pay \$2567.40 as a total rate in the 2012/13 rating year.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

A uniform annual general charge (UAGC) is set under section 15 of the Local Government (Rating) Act 2002 on each separately occupiable portion of a rating unit. It is levied:

- As a charge for services which have an equal element of benefit irrespective of property value
- To ensure a minimum charge on all properties
- To reduce the extremes of rates paid by the highest and lowest valued rating units
- In recognition that land valuation-based rating does not necessarily reflect a ratepayer's ability to pay.

Council will collect 15% of rates, excluding water and trade waste charges, through the UAGC. The UAGC is \$363.90 including GST per separately occupied portion of a property for the 2012/13 rating year. The 2012/13 charge is \$23.10 higher than the charge of \$340.80 for 2011/12.

The rates revenue sought from the uniform annual general charge and targeted rates set on a uniform basis is 18.95% of the total revenue from all rates sought by Council. This is well within the 30% limit set by Section 21 of the Local Government (Rating) Act 2002.

TARGETED RATE FOR STORMWATER AND FLOOD PROTECTION (SEPARATE GENERAL CHARGE)

- The stormwater and flood protection rate is a separate targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is \$225.40 for 2012/13. It recovers the funding required by Council for stormwater and flood protection purposes. It is payable by all ratepayers other than the rural rating categories and residential properties east of Gentle Annie saddle. This year's charge is \$14.90 lower than the previous year's charge of \$240.30.

TARGETED RATES FOR CLEAN HEAT WARM HOMES

- The Clean Heat Warm Homes (CHWH) rate are targeted rates collected for each separately occupied portion of a rating unit (home) that has been provided with insulation and a heater to replace a non-complying solid fuel burner. Property owners who are eligible for a rate rebate under the Department of Internal Affairs scheme are eligible to apply for a remission of this rate. For more details on this option, refer to the Clean Heat Warm Homes section in the Rates Remissions Policy.

- The cost to the community is from funding the interest on the borrowing for the assistance, the administration costs and any rate remissions. The Clean Heat Warm Homes (CHWH) scheme closed to new applicants from 30 May 2012, but interest costs continue until the last targeted rate is repaid in 2022.

Explanation of targeted rate for heater conversion

Rate mechanism	Targeted differential clean heat rates
Group of activities funded	Environment
Categories of rateable land for setting targeted rate	All rateable land in Nelson City area
How liability for targeted rate will be calculated	The value of each 'unit of service' provided, which is the installation of a complying heater and insulation and the agreement entered into with the rate payer

FORMULA FOR CLEAN HEAT WARM HOMES TARGETED RATES CALCULATION

The formula for calculating the targeted rates are for any participating property whose Clean Heat Warm Homes agreements were signed after 1 July 2011. The targeted rate for each year for 10 years is the total cost of the installed works excluding GST, divided by 10, plus GST at the current rate.

For CHWH agreements dated before 1 July 2011, the targeted rate for each year is based on the agreement entered into with the ratepayer, adjusted for any change in GST. See also the Environment section for additional explanation of this rate.

TARGETED RATE FOR SOLAR HOT WATER SYSTEMS

The Solar Hot Water Systems rate is a targeted rate collected for each separately occupied portion of a rating unit where the owner has been provided with financial assistance to install a Solar Hot Water System (SHWS).

The targeted rate applying to any participating property is determined by the net cost of the work including GST, after deducting EECA grants, plus the funding cost. The full cost of the works and Council's costs of borrowing and administering the scheme are paid over a ten year period by the homeowner receiving the service.

The funding cost comprises:

- The interest rate fixed for 10 years over the period of the targeted rate
- An establishment fee of \$400.

Also refer to the Environment section for further information.

WASTEWATER CHARGE

A separate targeted rate is set under Section 16 of the Local Government (Rating) Act 2002 to recover the costs required for Council's wastewater and sewage disposal system. This charge is levied to all rating units (premises) to which the Council's wastewater and sewage disposal service is provided. The wastewater charge is \$359.90 per unit including GST for the 2012/13 rating year compared to the previous year's rate of \$353.10. Commercial properties are also levied wastewater charges based on Council's Trade Waste Bylaw. These charges are set out in the following section.

COMMERCIAL WASTEWATER CHARGE

Wastewater charges for commercial properties are set according to Council's Trade Waste Bylaw. Each year the Council is required to revise the "method of charging" schedule associated with the Trade Waste Bylaw.

The formulae for calculating the charges to commercial producers are complicated, but in summary Council examines the flow rates and effluent strength during the previous year to calculate charges for the following year.

Two methods are used for commercial properties:

- Method A is applied to the two largest trade waste contributors and the charge is calculated on both discharge rates and effluent strength. Charges are highest for the most concentrated and larger volumes
- Method B applies to all other trade waste contributors, of which there are approximately 1500 in Nelson City. The charge is calculated based on the estimated volume of effluent discharged. The estimate assumes the amount of wastewater is 80% of the volume of incoming water.

The total trade waste B revenue for 2012/13 is planned to be \$700,000 of an estimated total trade waste revenue of \$1,050,000.

For 2012/13, the GST inclusive trade waste charges are:

- Trade waste A conveying charge \$428.53 per litre per minute
- Trade waste A treatment charge \$973.22 per kg BOD* per day
- Trade waste B combined charge \$1.39 per m³
- Wastewater charge \$359.90 per year.

*BOD is the biochemical oxygen demand, or effluent strength

For the previous year, 2011/12, the equivalent GST inclusive charges were:

- Trade waste A conveying charge \$448.68 per litre per minute
- Trade Waste A treatment charge \$1,119.70 per kg BOD per day
- Trade waste B combined charge \$1.49 per m³
- Wastewater charge of \$353.10 per year.

Some wastewater charges are to rise and others to fall this year for the following reasons:

- Trade waste charges have reduced due to increased trade waste flows
- The wastewater charge has increased due to inflation.

METHOD A: QUALITY/QUANTITY APPROACH

The two largest commercial contributors are monitored every three months and the waste stream sampled over four days to measure the discharge rate and effluent strength as BOD, the biochemical oxygen demand. The trade waste charge is then calculated using the conveyance, which is the amount discharged, and treatment rates from the method of charging schedule. These rates are determined annually.

The conveyance rate is calculated by dividing the estimated conveyance costs for the coming financial year by the previous year's average flow rate. The treatment rate is calculated by dividing the estimated treatment costs for the coming financial year by the previous year's average BOD loading.

Conveying (\$/annum/litre/minute), including GST

Year	Total cost (\$)	Average flow rate (Litres/min)	Cost/Litre/Min (\$)
2011/12	4,792,707	10,682	448.68
2012/13	5,045,204	11,773	428.53

Treatment (\$/kg BOD/day), including GST

Year	Total cost (\$)	Average BOD* loading (kg/day)	Cost/kg BOD*/day (\$)
2011/12	3,593,592	3,209	1,119.70
2012/13	3,563,955	3,662	973.22

*BOD is the biochemical oxygen demand, or effluent strength

METHOD B: QUANTITY APPROACH

For all other commercial premises, the trade waste charge is simply based on the volume of effluent assessed as being discharged from the premises. This effluent volume is calculated by multiplying the volume of water supplied into the premises by a correlation factor. The correlation factor is usually set at 0.8 unless another figure is agreed. It is assumed that 80% of the water that is distributed to a commercial property is subsequently discharged as wastewater.

- The trade waste charge is then calculated using a combined conveyance and treatment rate.
- This rate is determined annually by dividing the estimated cost of operating the sewerage system for the coming financial year by the previous year's total effluent volume.
- Initially, all trade waste ratepayers pay the wastewater rate that is then deducted from the trade waste charges. Any surplus is not refunded. The deficit is the payable trade waste charge.
- The 2012/2013 charges compared with the previous year's charges are:

Conveying and treatment, including GST

Year	Total cost (\$)	Total Effluent Volume (m ³)	Cost/m ³ (\$)
2011/12	8,386,299	5,614,331	1.49
2012/13	8,609,159	6,188,003	1.39

WATER CHARGES

Nelson's water charges are a targeted rate for water supply set under section 19 of the Local Government (Rating) Act 2002 and are based on a fixed daily charge. This charge is payable by all ratepayers with a water meter installed on the property. The charges are billed separately

- from the rates invoices and recover the funding required by Council to supply water. The water charges for 2012/13 including GST are a minimum annual charge of \$188.12 which is charged at a daily rate of \$0.5154 per day with no free allowance.
- The cost per cubic metre is:

Water charges – residential, commercial and industrial including GST

Amount/type	Cost (\$ per m ³) 2011/12	Cost (\$ per m ³) 2012/13
All users 0-10,000m ³ per year	1.862	1.914
Bulk		
Summer irrigation over 10,000m ³ per year	1.684	1.703
Bulk 10,001-100,000m ³ per year	1.507	1.493
Bulk over 100,000m ³ per year	1.189	1.179

The water charges for an average ratepayer increased by 1.9% for 2012/13 year, compared to the 2011/12 charges.

NOTE: An average ratepayer uses 160m³ per annum.

PAYMENT METHODS FOR RATES

The Council provides for rates to be paid in four equal instalments. Ratepayers may choose to pay the whole year's rates in one sum on instalment

- one and receive a discount. Alternatively, ratepayers can choose to pay the whole year's rates in one sum on the second instalment without incurring penalty charges on instalment one.

PENALTY ON UNPAID RATES

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each instalment or part thereof that is unpaid after the due date for payment. Previous year's rates that remain unpaid will have a further 10% penalty added on 30 June and 31 December.

PENALTY REMISSION ON FULL PAYMENT OF YEARLY RATES

The total annual rates may be paid in one lump sum by 27 November 2012 and any first instalment penalty already incurred will be remitted. If the annual rates are not paid in full by 27 November 2012, the penalties relating to the four instalments outlined above will apply.

DISCOUNT FOR EARLY PAYMENT OF RATES

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water charges, will be allowed where they are paid in full on or before 27 August 2012.

DIFFERENTIALS

Differentials are adjustments to the rates of particular property types to better reflect the services provided by Council. Commercial properties pay higher rates to reflect additional services such as street cleaning and car parks. Properties classified as rural have a negative differential to reflect the fewer Council services provided to those properties.

DIFFERENTIAL CATEGORIES

Council's general rate is assessed on a differential basis – these rates are subject to the provisions of Schedule Two of the Local Government (Rating) Act 2002. Each year, Council is required to state the category or categories of any differential.

RATING CATEGORIES

The categories of general rates that are to be used for applying the general rate differential and amount of total revenue to be collected from each category, for 2012/13, is as in the table below.

Categories of differentials based on land use

Category	Description	Total amount (\$)
Residential	single unit, residential rating units	36,818,706
Multi-residential	rating units containing more than one residential unit	2,508,667
Commercial	rating units used for commercial purposes	13,473,098
Rural	rating units defined in the Rating Information Database as rural with a land area greater than 15Ha	401,716
Small holding	rating units defined in the Rating Information Database as a small holding with a land area greater than 0.5 ha	1,290,204

Properties that have more than one use identified above will be placed into a rating category subject to the rating unit's majority use as determined by the Council.

The neutral base from which differentials are calculated is a residential property with a single dwelling.

NOTE: Objections to the Rating Information Database under Section 28 of the Local Government (Rating) Act 2002 will be reviewed by Council and the Council is the sole determiner of rating categories.

Differential rates

Class	2012/13 differential %
Residential – single unit	0
Residential section	0
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10
Two or more residential units on one assessment	10
Rural	-35
Small holding	-10
Commercial – excluding inner city and Stoke commercial	
100% commercial and industrial (occupied and empty)	114
25% residential/75% commercial	85.5
50% residential/50% commercial	57
75% residential/25% commercial	28.5
Commercial – inner city and Stoke commercial	
100% commercial and industrial (occupied and empty)	203
25% residential/75% commercial	152.3
50% residential/50% commercial	101.5
75% residential/25% commercial	50.8

Council has adopted a policy that commercial rates are set to collect 25% of the total rates. This would result in commercial properties paying a total of \$13,473,098 in rates for the 2012/13 rating year compared to \$12,469,370 the previous year in 2011/12.



SUMMARY OF RATES AND CHARGES

Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
General Rates:									
Uniform Annual General Charge	7,010	7,607	8,099	8,614	9,032	9,269	9,552	9,846	10,260
Cents in dollar	29,350	32,521	34,522	36,066	37,760	38,342	39,081	40,151	41,788
	36,360	40,128	42,621	44,680	46,792	47,611	48,633	49,997	52,048
Waste water charge	6,436	6,514	6,954	7,731	7,959	8,322	8,960	9,423	9,983
Stormwater & flood protection separate general rate	3,936	4,072	4,417	5,017	5,462	5,863	6,090	6,221	6,368
Water charge	11,015	11,365	11,926	12,285	12,598	13,018	13,563	14,099	14,690
Solar Saver	134	129	129	132	127	122	116	111	105
Clean Heat Warm Homes	480	480	480	480	480	480	464	417	0
Total Rates	58,361	62,688	66,527	70,325	73,418	75,416	77,826	80,268	83,194
Estimated natural increment	(584)	(627)	(665)	(703)	(734)	(754)	(778)	(803)	(832)
	57,777	62,061	65,862	69,622	72,684	74,662	77,048	79,465	82,362
% Increase in rates and charges	5.6%	3.3%	5.1%	4.7%	3.4%	1.7%	2.2%	2.1%	2.6%
									3.0%
Other fees and charges	24,151	24,427	25,266	25,689	27,715	28,220	28,921	30,302	31,473
Operating grants and subsidies	4,527	2,437	2,341	3,794	2,872	2,967	2,999	3,024	3,203
Interest and dividends received	2,646	2,739	2,852	2,994	3,100	3,174	3,250	3,327	3,538
									3,724
Capital Contributions:									
Development/financial contributions	1,940	1,987	2,034	2,083	2,135	2,189	2,245	2,304	2,366
Vested assets	7,578	7,865	8,134	8,408	8,705	9,030	9,394	9,797	10,241
Capital Grants and subsidies	10,853	4,859	4,691	1,307	2,073	2,315	1,674	1,371	1,375
									1,676
Total Income	110,056	107,002	111,845	114,600	120,018	123,311	126,309	130,393	134,955
									139,804

RATES REMISSION POLICY

INTRODUCTION

The Council is required to adopt a rating remission policy as set out in Section 85 of the Local Government (Rating) Act 2002. The Nelson City Council has decided to remit all or part of the rates on properties covered by this Remission Policy.

GENERAL PROVISIONS RELATING TO THE REMISSION OF RATES

The policy shall apply to such ratepayers and organisations as approved by the Council by meeting the relevant criteria. The Council may delegate the power to approve rates remission to Council Officers under Section 132 of the Local Government (Rating) Act 2002.

Any ratepayer granted rates remission is required to meet all remaining and applicable rates in full that are owed in addition to the amount eligible for the rates remission.

Rates remission will be provided for the following categories of rating units or under the following circumstances:

REMISSIONS OF RATES FOR COMMUNITY, SPORTING AND OTHER ORGANISATIONS

Objective

The remission of rates for community, sporting and other organisations is to facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities.

The purpose of granting rates remission to an organisation is to:

- Recognise the public good contribution to community wellbeing made by such organisations
- Assist the organisation's survival
- Make membership of the organisation more accessible to the general public, particularly disadvantaged groups including children, youth, young families, aged people and economically disadvantaged people.

Conditions and criteria

Council supports applications for financial assistance by any organisation not conducted for private profit. The principal object of the organisation should be to promote the development of Nelson City and provide for at least one of the following: the public, recreation, health, enjoyment, instruction, sport or any form of culture, or for the improving or developing of amenities, where the provisions of any one of these areas is to the benefit of the City.

An organisation making an application should include the following information in support of its application:

- Evidence that other areas of assistance have been investigated if available
- That there is a need for assistance
- That there has been a reasonable effort made to meet the need by the organisation itself
- The organisation's most recent financial accounts.

Procedure

An application for remission will apply for a maximum of three years and all applications will expire on 30 June following the revaluation of all properties in the city. A new application must be made if continued assistance is required.

Application is to be made by 16 June in any year, for rating relief for the year commencing 1 July, but will expire as detailed above.

Each application will be considered by Council on its merits, and provision of a remission in any year does not set a precedent for similar remissions in any future year.

Remission is granted only in respect of those parts of the rates that are based on land value. The remission is 50% of the rates payable.

Rate remissions will be made by passing a credit to the applicant's rates assessment.

No rate remission under this policy will be available to an organisation that is in receipt of a mandatory rate remission.

REMISSION OF PENALTIES

Objective

The objective of the remission policy is to enable the Council to act fairly and reasonably in its consideration of rates that have not been received by the Council by the penalty date, due to circumstances outside the ratepayer's control. Remission will be made when any of the following criteria applies:

Conditions and criteria

- Where there exists a history of regular punctual payment over the previous 12 months and payment is made within a reasonable time of the ratepayer being made aware of the non-payment
- When the rates installment was issued in the name of a previous property owner
- On compassionate grounds, i.e. where a ratepayer has been ill or in hospital or suffered a family bereavement or tragedy of some type and has been unable to attend to payment
- Where it can be proved that the rate account was not received and a genuine cause exists
- Automatic remission of the penalties incurred on installment one will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the second instalment
- Where full payment of arrears of rates is made in accordance with an agreed repayment programme
- Where an error has been made on the part of the Council staff or arising through error in the general processing which has subsequently resulted in a penalty charge being imposed.

In implementing this policy, the circumstances of each case will be taken into consideration on their individual merits and will be conditional

- upon the full amount of such rates due having been paid.

- Decisions on remission of penalties are delegated to officers as set out in the Council's delegations register.

REMISSION OF RATES FOR RESIDENTIAL PROPERTIES IN COMMERCIAL/INDUSTRIAL AREAS

Objective

To ensure that owners of residential rating units situated in non-residential areas are not unduly penalised by the zoning decisions of this Council.

Conditions and criteria

To qualify for remission under this part of the policy the rating unit must be:

- Situated within an area of land that has been zoned for commercial or industrial use
- Listed as a 'residential' property for differential rating purposes.

REMISSION OF RATES ON LAND PROTECTED FOR NATURAL, HISTORICAL OR CULTURAL CONSERVATION PURPOSES

Objective

Rates remission is provided to preserve and promote natural resources and heritage by encouraging the protection of land held for natural, historical or cultural purposes.

Conditions and criteria

Ratepayers who own rating units that have some feature of cultural, natural or historical heritage that is voluntarily protected may qualify for remission of rates under this policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act, and is liable only for rates for water supply or sewage disposal will not qualify for remission under this part of the policy.

Applications must be made in writing and be supported by documented evidence of the protected status of the rating unit, for example a copy of the covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy, the Council will consider the following criteria:

- The extent to which the preservation of natural heritage will be promoted by granting remission on rates on the rating unit
- The degree to which features of natural heritage are present on the land
- The degree to which features of natural heritage inhibit the economic use of the land
- The use of the property.

In granting remissions under this policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

REMISSION ON RATES FOR HERITAGE BUILDINGS

Objective

Rates remission is provided to assist with the preservation of Nelson's heritage by encouraging the maintenance of historic buildings. Provision of a rates remission recognises that there are private costs incurred for public benefit.

Conditions and criteria

Ratepayers who have buildings with a heritage classification may apply for a rates remission of up to 50% for Category A buildings and up to 25% for Category B buildings, providing the following conditions are met:

- buildings must be listed in Appendix 1 of the Nelson Resource Management Plan as Category A or Category B buildings;
- the property must not be owned by the Council or the Crown, or their agencies;
- building owners will need to make a commitment to ongoing maintenance of their building.

Council reserves discretion in awarding full remissions in some circumstances.

REMISSION OF CHARGES FOR EXCESS WATER ARISING FROM LEAKS

- Credits for excess water charges arising from the following will always be processed:
 - Misreading of the meter or faulty meter
 - Errors in data processing
 - The meter was assigned to the wrong account
 - Leak on a Council fitting adversely impacting on the metered usage.

Other Conditions and Criteria include:

- Leaks from pipes or fittings on farms*, commercial, industrial properties and unoccupied properties (regardless of temporary or long term) or reserves or from irrigation, stock water, swimming pools, ponds, landscaping or similar systems on occupied properties. No credit.

*For the purpose of assessing credits for excess water arising from leaks "farm" is defined as any property that is or can be used for the growing of crops, including trees or rearing of livestock, with a land area greater than 5000 square metres.
- Leaks from pipes that are, or should be visible, such as header tanks, overflows from toilets, above ground pipes or fittings and those attached to raised flooring or in walls or ceilings. No credit.
- Where the leak is a previously unknown underground leak on the main lateral between the water meter and a residential dwelling or under the concrete floor of a residential dwelling. The lost water is credited where the leak has been repaired with due diligence. Only one leak per property, and maximum two consecutive water supply invoices covering the leak, per five year rolling timeframe, will be credited. Credit will be based on Council's assessment of the property owner's usual usage for the period.

- v. Due diligence is defined as within two weeks of the earliest of the following:
- The date of the first invoice to identify a higher than usual* usage; or
 - The date of discovery or when it could have reasonably been discovered
- *Usual being the amount used in the same period as last year. These amounts are shown on every water account.
- vi. The leak must be repaired by a Licensed or Certifying plumber who provides a brief report on the leak, where on the line the leak was found, dates and an opinion, as to how long the leak had been occurring.
- vii. Extraordinary circumstances outside of the above, which could lead to cases of genuine financial hardship for owner/occupier, or where timely detection of a leak could not have reasonably occurred, could be granted at the discretion of the Council's Chief Financial Officer.

REMISSION OF RATES FOR CEMETERIES

The provisions of the Local Government (Rating) Act 2002 state that a cemetery is non-rateable if it does not exceed two hectares. Therefore, a remission policy is required if Council wishes to remit rates on a cemetery greater than two hectares.

Objective

To provide a measure of relief, by way of remission, to enable Council to provide a cemetery greater than two hectares.

Conditions and criteria

- A cemetery that is Council-owned and is solely used as a cemetery.

REMISSION OF RATES ON GOLF PRACTICE GREENS

Objective

To provide a measure of relief, by way of remission of rates, to enable the Council to act fairly and reasonably in its consideration of rates charged on golf practice greens.

Conditions and criteria

- Land that is leased and used as a golf 'practice green'.

REMISSION OF RATES FOR UNDERGROUND UTILITIES

Objective

To provide a measure of relief, by way of remission, to enable Council to act fairly and reasonably when rating utility companies that put utilities under the ground.

Conditions and criteria

Where utilities are put underground to the benefit of the Council and ratepayers, the Council will remit the portion of extra rates arising from the additional value of the reticulation; compared with the valuation that would have applied to overhead services.

This policy is subject to:

- Undergrounding carried out after 1 July 2002 and recorded in a programme of works agreed to by both Nelson City Council and Network Tasman Limited
- The agreed programme of works allows for undergrounding Network Tasman Limited lines in conjunction with upgrading of streets to be undertaken in any year.

REMISSION ON RATES ON LOW VALUED PROPERTIES

The Local Government (Rating) Act 2002 requires each separate property title to have a separate valuation and rating assessment. This has resulted in many low land value assessments being created for small parcels of land.

Conditions and criteria

- Assessments with common ownership, used jointly as a single unit and for which only one uniform annual general charge is payable
- Assessments with a land value of \$4,000 or less.

REMISSIONS OF THE CLEAN HEAT WARM HOMES TARGETED RATE FOR RESIDENTS WHO RECEIVE THE GOVERNMENT RATING REMISSIONS

Objective

To provide a measure of relief, by way of remission, to assist those people on low incomes who are required to convert to a clean heat source.

Council recognises that some homeowners on very low incomes might have difficulty meeting the rates payments under the Clean Heat Warm Homes targeted rate scheme.

Conditions and criteria

Ratepayers who take up the Clean Heat Warm Homes targeted rates assistance and who qualify for the Government's rates rebate scheme may qualify for a remission on repayment of the targeted 'Clean Heat Warm Homes' rate.

Eligibility for the rate rebate scheme is assessed annually.

RATES REMISSION FOR LAND AFFECTED BY NATURAL CALAMITY

Objective of the Policy

The objective of this Rates Remission Policy is to permit the Council, at its discretion, to remit part or whole of the rates charged on any land that has been detrimentally affected by natural calamity, such as erosion, subsidence, submersion or earthquake, and is aimed at aiding those ratepayers most adversely affected.

Conditions and Criteria

The Council may remit wholly, or in part, any rate or charge made and levied in respect of the land, if:

1. Land is detrimentally affected by natural calamity such as erosion, subsidence, submersion or earthquake and:
 - a. as a result dwellings or buildings previously habitable were made uninhabitable*; or
 - b. the activity for which the land and/or buildings were used prior to the calamity is unable to be undertaken or continued.

*For the purposes of this policy 'uninhabitable' shall mean a building cannot be used for the purpose it was intended due to s124 notice conditions being issued under the Building Act 2004.

2. The remission may be for such period of time as the Council considers reasonable, commencing from the date upon which the Council determines that the dwelling, buildings or land were made uninhabitable or unable to be used for the activity for which they were used prior to the calamity, up to and limited to the time that the land and/or buildings are deemed by Council to be able to become habitable or available for use.
3. In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply, Council may take into account:
 - a. whether essential services such as water, sewerage or refuse collection to any dwelling or building are able to be provided; and
 - b. whether any part of the building or land remains habitable or available for use.



4. Rates remission will not apply to any part of a rate that is levied as a user pays charge.
5. Rates remissions will only be considered following the receipt of an application by the ratepayer and the application must be received within six months of the event, or within such further time as Council in its sole discretion might allow.

Application

Each natural calamity event will be considered for rates remission on a case by case basis by Council.

The extent of any remission shall be determined by the Council or its delegated officer(s).



POLICY ON REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

Council is required to state its policy on the remission or postponement of rates on Māori freehold land.

'Māori freehold land' is a specific type of freehold title, and is distinguished from ordinary freehold title that is owned by Māori authorities or entities. There is currently no Māori freehold land in Nelson City.

A decision on whether to provide general rating relief through remission or postponement on Māori freehold land would be made by Council should the following apply:

- If there is any Māori freehold land in Nelson City in the future.

Such a decision would be informed by other councils' policies where there is Māori freehold land. A review of this policy would be triggered if the situation regarding Māori freehold land in Nelson City was to change.



RATES POSTPONEMENT POLICY

Objective

The objective of the postponement policy is to enable the Council to provide older ratepayers with more options and flexibility. It lets older ratepayers decide how best to manage their finances and also gives older ratepayers the opportunity to stay in their houses for longer.

Conditions and criteria

- Ratepayers must be over 65 (or over 60 if on a benefit)
- No income testing
- Must have independent advice
- Can postpone all or part of the rates
- Initial application fee \$400
- Interest charged six monthly at the Council's marginal rate (the current cost to Council of borrowing the required funds) plus 1% for administration and 0.25% to a risk reserve
- Debt cannot increase over 80% of the capital value of the property
- The property must be insured
- The property must be the prime residence of the ratepayer and owner occupied.
- Repayment is the earlier of:
 - Sale of the property, or
 - Death of the ratepayer (or surviving ratepayer where there is a couple).



SIGNIFICANCE POLICY

INTRODUCTION

In simple terms, this policy means that, for major decisions of Council that involve large amounts of funding or strategically significant choices for the community, it must consult the public. This policy has not been substantively changed since it appeared in the 2009 Nelson Community Plan (LTCCP), with the exception of minor wording updates to align with the Long Term Plan name change and the 2011 decision not to advance a proposal to build a Performing Arts and/or Conference Centre.

BACKGROUND

Councils must adopt a policy on significance. This Long Term Plan includes Council's full policy on 'significance', below.

Once a decision is determined as 'significant' according to the approach, criteria and procedures of this policy, or by Council resolution, the 'Decision Making' provisions in section 76 of the Local Government Act apply.

The Act defines 'significant', in relation to any issue, proposal, decision, or other matter, to mean that the issue, proposal, decision, or other matter has a high degree of significance.

GENERAL APPROACH TO SIGNIFICANCE

The Local Government Act 2002 requires local authorities to set out their 'general approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters' Section 90 (1) (a).

The Nelson City Council will determine the significance of any issue, requiring a decision, by making judgments according to the likely impact of that decision on:

- i. the current and future social, economic, environmental, or cultural wellbeing of the city or region
- ii. the impact of the decision on the Council's ability to achieve the objectives set out in its current Financial Strategy, Long Term Plan and Annual Plan
- iii. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter

- iv. the capacity of the local authority to perform its role and carry out its activities, now and in the future
- v. the financial, resource and other costs of the decision to the Council and community
- vi. the benefits of the decision to the Council or the community.

THRESHOLDS, CRITERIA AND PROCEDURES

Any 'thresholds, criteria, and procedures' that Councils use for assessing the significance of a matter must be included as part of their policy on significance, Section 90 (1) (b) LGA 2002.

The range of issues requiring decisions by local authorities is very wide and it is impossible to foresee every possibility.

Furthermore, an issue may be significant for a small portion of the population but not for Nelson overall. Therefore specific dollar thresholds are not defined as part of the determination on significance. However the following procedure will be used to determine significance:

PROCEDURE FOR DETERMINING SIGNIFICANCE

An assessment of significance is made using the general approach, set out above, and the guidelines set out in the Council's community engagement toolkit:

- Consideration of officer, or other professional, advice on significance and the various impacts of the decision to be made, and all available options
- Council consideration and final decision making on the degree of significance of the

issue and the appropriate level and type of consultation

- Costs to Council or the community.

STRATEGIC ASSETS

This policy must list those Council-owned assets, deemed by the Council to be 'strategic'. This requirement is set out in Section 90 (2) of the Local Government Act 2002.

The Local Government Act 2002 defines strategic assets as: "An asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future wellbeing of the community; and includes:

- any asset or group of assets listed in accordance with Section 90 (2) by the local authority
- any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy
- any equity securities held by the local authority in –
 - a port company within the meaning of the Port Companies Act 1988
 - an airport company within the meaning of the Airport Authorities Act 1966."

Below is a list of Nelson City Council-owned assets in which there is likely to be significant public interest if the Council decided to sell or change them:

- Water supply catchments, network, storage and treatment facilities
- Wastewater network and treatment facilities
- Stormwater and flood protection network
- Land transport network including cycle ways
- Solid waste system, transfer station and York Valley landfill
- Horticultural parks, conservation reserves, neighbourhood parks, walkways, esplanade and foreshore reserves

- Trafalgar Park, Saxton Field, and Rutherford Park
- Reserves and their community facilities, public tennis courts
- Tahunanui and The Brook campground, golf course
- Melrose, Broadgreen and Isel houses
- Public libraries, Nayland and Riverside swimming pools
- Trafalgar Centre and the marina
- Ownership in community housing
- Ownership in the Nelson Airport Company
- Ownership in the Nelson Port Company
- Ownership in Nelmac Ltd
- Ownership of Civic House.

Although the above assets are considered to be 'strategic assets', not all decisions made regarding these assets will be considered significant. For example the road network is strategic but the purchase or sale of small parcels of land that make up the network may not amount to being a significant decision.

REVIEW OF POLICY

This policy can be reviewed by the Council at any time.

When Council acquires additional properties, particularly the School of Music and/or Theatre Royal, then it would review this Policy with a view to including them as strategic assets.

REVENUE AND FINANCING POLICY

The parts of this policy relating to each Council activity are included in the relevant activity section. This includes the sources of funding for each activity and its component sub-activities.

INTRODUCTION

The Local Government Act 2002 requires the adoption of a Revenue and Financing Policy. This policy must state Council's policy on funding both the operating and capital expenses of each activity of Council. The Council has divided its business into 10 groups of activities. Refer to the activities sections for an explanation of how these have changed from the previous Long Term Plan when there were 15 activities. Most Council activities have a number of sub-activities, each with their own funding policies.

Section 101(3) of the Act requires that the funding needs of the Council must be met from those sources that the Council determines to be appropriate, following consideration of:

- a. in relation to each activity to be funded
 - i. the Community Outcomes to which the activity primarily contributes; and
 - ii. the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
 - iii. the period in or over which those benefits are expected to occur; and
 - iv. the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - v. the costs and benefits, including consequences for transparency and accountability, of funding the activity distinct from other activities; and
- b. the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.

Section 103(2) sets out the list of funding sources available to Council for both operational and capital expenditure. These are:

- a. general rates, including:
 - i. choice of valuation system; and
 - ii. differential rating; and
 - iii. uniform annual general charges
- b. targeted rates
- c. fees and charges
- d. interest and dividends from investments
- e. borrowing
- f. proceeds from asset sales
- g. Development Contributions
- h. Financial Contributions under the Resource Management Act 1991
- i. grants and subsidies; and
- j. any other source.

CAPITAL EXPENDITURE

Capital expenditure is expenditure on assets such as property, plant and equipment. Council funds capital expenditure in the following priority order:

1. Financial Contributions and Development Contributions, if a growth project
2. Grants and subsidies, for example NZ Transport Agency, Tasman District Council, or community groups
3. Depreciation
4. Loans

In earlier Long Term Plans, Council had a policy of funding the repayment of loans over 40 years as well as funding depreciation through rates. The loan repayments were suspended in the 2009-19 LTCCP (Nelson Community Plan) and Council now repays debt only from excess depreciation, as and when an excess is available.

OPERATING EXPENDITURE

Council funds operating expenditure from the following sources:

- General and targeted rates
- Fees and charges
- Grants and subsidies
- Sundry income, including interest and dividends
- Other operating revenue

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

DEPRECIATION

Depreciation is a term that explains how we ensure we have funds in the future to replace things when they reach the end of their life.

Depreciation, or loss of service potential, is an estimate of the average wearing out, consumption, or other loss of value of an asset. This may arise from use, the passing of time, or obsolescence through technological or market changes. Spreading the replacement cost of an asset over the expected life of the asset means that all the users of the asset fund the loss of value, rather than just those paying rates at the time the asset needs replacing or major renewal.

New Zealand International Financial Reporting Standards (NZIFRS) requires depreciation to be recorded as an expense, and legislation requires Council to fund all expenses from revenue sources. This means that Council raises cash through rates and charges to fund depreciation which is a non-cash item of expenses.

In the cost of service statements the depreciation appears as an expense line, but also appears as 'non cash expenditure' in the 'source of funds' section.

These funds raised will, over time, fund the renewals that are required to maintain the assets at their current level. Each year's renewals

- are funded from this depreciation, but in most activities there is currently excess depreciation.
- This is because the renewals are normally low in the first few years of an asset's life, and then increase later in the life, for example when pipes need replacing after 60 years.

- The excess depreciation raised could be put aside in an investment reserve until the funds are required to fund a major renewal. This could result in having to manage a large investment portfolio, while at the same time managing a large borrowing portfolio. This would be an inefficient way of managing the funds because the return on investments is likely to be 1% to 2% less than the interest rate on borrowings.

- Nelson City Council, with many other Councils, made the decision to net off the investments and borrowings and repay debt.

- This has resulted in more efficient management of funds, and internal loans are used to ensure that individual activities are correctly accounted for.

- A surplus can arise if an asset costs less to renew than expected. If this happens, any excess is used to fund new capital expenditure, and if there is still surplus it is used to repay loans.

- In some activities there may be surplus depreciation after funding all the renewals, new capital expenditure and loans. In these cases the excess is held in reserve for future years. This explains why in some activities the 'Non cash expenses (Depreciation)' is greater than or less than the 'Depreciation/Loss of service potential'.

DEPRECIATION NOT FUNDED

- These are items for which the Council does not intend to fund depreciation:

- Founders Heritage Park
- Wakapuaka Hall
- Stoke Community Centre
- Natureland Zoo
- Motor Camps
- New Zealand Transport Authority share of subsidised assets.

RATING AND CHARGING OPTIONS

The following section explains the different options available to Council for levying rates and charges, followed by an explanation of the situations when each method is most appropriately applied.

General rates

General rates are used where there is general benefit or no other appropriate funding source. The general rate is used to fund all Council activities other than water supply, sewage disposal and stormwater and flood protection, which are targeted rates and are explained below. It is considered fair that all ratepayers should bear the cost of these non-targeted activities based on their land values because they benefit the community as a whole. Council prefers to use land value rather than capital value because:

- It encourages more intensive development
- It alleviates the shortage of house sites as it discourages the holding of empty sections
- It equalises charges between dwellings of different value that use equal services provided by Council.

Council has compared the public and private benefit of each activity in order to decide what percentage of the costs should be recovered through user charges. In most years fees and charges, excluding water charges and Development Contributions, raise approximately 15% of total Council revenue, and rates around 50%.

Council activities funded from the general rate are levied to all ratepayers. Every property is charged a baseline amount, the uniform annual general charge (UAGC). The rest of the general rate is based on the land value of the property, depending on its use. Single residential properties are the baseline and have no differential. Some other properties' charges are calculated using either a positive or negative differential from the baseline to arrive at their general rates charge. This is to reflect the level of services they generally received from Council.

Uniform annual general charge (UAGC)

A UAGC is levied:

- As a charge for services that have an equal element of benefit irrespective of property value
- To ensure a minimum charge on all properties
- To reduce the extremes of rates paid by the highest and lowest valued rating units
- In recognition that land valuation-based rating does not necessarily reflect a ratepayer's ability to pay.

By law, the UAGC must not exceed 30% of the total rates (excluding water charges). Council considers 15% a fair level, taking account of the ratepayers' ability to pay. Therefore Council sets the UAGC AT 15%.

Differentials

Differentials are a percentage adjustment to the rates paid by a group of ratepayers to reflect differences in levels of services used by those ratepayers. The differential can therefore increase or decrease the amount of rates paid. For example, rural properties pay lower general rates, reflecting the lower level of services such as fewer or no street lights. The Council has set differentials to collect higher rates from commercial properties, and where there are two or more residential units on one assessment. Negative differentials are used to collect lower rates on rural properties and small holdings.

Targeted rates

Stormwater and flood protection (separate general charge)

The stormwater rate is a targeted rate collected as a uniform charge per rating unit. It is not collected from rural properties, or from residential and small holding properties east of Gentle Annie saddle, as these properties are not covered by the stormwater system and they maintain the streams in their area. Council considered that a uniform charge was appropriate because there is no link between the amount of water coming off a property and the value of the section.

Wastewater rate

The wastewater rate is also a targeted rate collected as a uniform charge per separately occupied portion of a rating unit to which the Council's wastewater disposal service is provided. Council considered that a uniform charge was most appropriate as there is no link between the volume of wastewater coming from a property and the value of that property.

Water charges

Water charges are based on a minimum annual charge, calculated as a daily charge, and then a charge per cubic metre for all water used. Council introduced this system to encourage water conservation, but also because it was felt that a user charge was a fairer basis for recovering the water supply costs.

Clean Heat Warm Homes

Council operates the Clean Heat Warm Homes scheme to assist ratepayers in replacing non-complying solid fuel burners in parts of the city where air quality can be a problem. This targeted rate is collected from each occupied portion of a rating unit that has used the scheme to install new insulation and/or a heater. Property owners who are eligible for a rating rebate under the Department of Internal Affairs scheme are eligible to apply for a remission of this rate, see Remissions Policy.

The Clean Heat Warm Homes scheme is funded either through loans or Council reserves. The cost of the interest paid by Nelson City Council on that borrowing for the scheme will be met from general rates. The targeted rate scheme is available only where existing burners have to be phased out because of a rule in the Air Quality Plan (Airsheds A and B), and ceased to accept new entries beyond 30 June 2012.

See also the Environment section of this LTP.

Community benefits

Improved air quality in Nelson and a healthier community.

Solar Hot Water Systems

The Solar Hot Water rate is a targeted rate collected per separately occupied portion of a rating unit that has been provided with assistance to install a Solar Hot Water System (SHWS).

The Council will borrow the money to fund the SHWS scheme participants.

The cost of interest and administration costs of \$400 per installation is included in the total paid by users of the services.

See also the Environment section of this LTP.

Community Benefits

An increased number of houses with solar hot water systems will assist Nelson to reduce demand on the electricity supply network.

Individual Benefits

An increased number of houses with solar hot water systems will assist Nelson to reduce its greenhouse gas emissions, and home owners benefit from reduced energy costs in the longer term.



COUNCIL CONTROLLED ORGANISATIONS

This section summarises Council's involvement in Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs). Some CCOs are owned fully by the Nelson City Council, while others are in shared ownership with Tasman District Council (TDC). CCTOs are set up with the primary objective of returning a profit as well as delivering agreed strategic outcomes for the city. The rest of the CCOs, those that are not CCTOs trading for a profit, aim to deliver public benefit for the city in a financially prudent manner such as increased cultural wellbeing, but are not required to make a profit.

Full details for each organisation are in their current Statements of Expectation, Statements of Intent and Annual Reports.

The eight organisations that Council owns or part owns to achieve agreed community outcomes are:

- **The Port Company** – Port Nelson Ltd (50% with TDC)
- **CCTOs** – Nelmac Ltd, Nelson Airport Ltd (50% with TDC), Tourism Nelson Tasman Ltd (Nelson Tasman Tourism – 50% with TDC), Stoke Heights (Ridgeways) Joint Venture
- **CCOs** – Nelson Regional Economic Development Agency, the Tasman Bays Heritage Trust (Nelson Provincial Museum – 50% with TDC), and the Bishop Suter Trust.

The key performance measures for each CCO were from their current Statements of Intent, which were in the process of being finalised at the time of preparing the draft Long Term Plan. This approved Long Term Plan includes any updated information that was available after that time. At the end of each subsequent financial

- year, Council's annual report will summarise the results for each of these organisations, measured against the targets set in their respective Statement of Intent.

- In 2009, Council initiated a review of its ownership of CCOs and other similar 'arms length organisations' to ensure consistency with Council's strategic goals. The aim was to achieve more integrated outcomes from Council's investment in those organisations. While there was considerable progress on that review, the outcome of the subsequent proposal on the union of the Tasman District and Nelson City Councils is still unknown. Council therefore decided to postpone the completion of that review, any related decisions and their implementation until the outcome of the poll was known. Now that it is known the union is not to proceed, the review is likely to be re-considered by Council.

PORT NELSON LTD

The Council owns 50% of Port Nelson Ltd with the Tasman District Council owning the other 50%. The company provides port services for the Nelson region including the provision of berths, leasing of land and the warehousing and storage of goods. It is current Council policy to retain ownership of the Port Company as a strategic asset for the region.

Port Nelson Ltd is a Port Company and is covered by the Port Companies Act 1988. This Act imposes obligations on Port Nelson Ltd almost identical to those imposed on CCTOs by the Local Government Act 2002, including the provision of an annual Statement of Corporate Intent.

Performance – Port Nelson Ltd

Port Nelson's performance objectives are substantially unchanged from previous years, with the exception of their debt equity ratio changing from 66.67% to not exceeding 45% (31/69).

Measures and targets are yet to be confirmed through the Statement of Intent process. The key performance measures and targets listed here are indicative, as they are still in draft at the time this document was prepared. These are based on previous years' targets. The final measures and targets are likely to be similar to those indicated here and will be available in the approved Statement of Intent.

Measure	Target 2011/12 onwards	2011 result
Lost time injury frequency rate*	<1.5	3.9
Net debt/equity ratio	<45%	28.4% (target was 66.67%)
Dividends declared	\$4.2m	\$4.2m
Cargo throughput (t)	2.67m	2.71m
Shipping tonnes (gross registered t)	7.9m	7.8m
Number of ship visits	808	849
Revenue	\$36m	\$38.3m
Return on average shareholders' funds**	6.0%	4.9%
Return on funds employed	9.0%	7.3%
Capital expenditure	<\$3.7m	\$10m
Incidents leading to harbour pollution	Nil	Nil
Compliance with all resource consent conditions	Full	Full
Compliance with NZ maritime safety standards	Full	Full

*lost time to injuries/hours worked x 100,000

**net surplus earnings prior to other comprehensive income

NELMAC LTD

Nelmac was setup in 1995 and is 100% owned by the Nelson City Council. The main activity and objective of the company is to provide the city with high quality management, maintenance and construction of its natural and built environment, including: key facilities, key infrastructure such as water and waste, parks, reserves and sportsfields.

Performance – Nelmac Ltd

The following performance information is indicative and is drawn from the Nelmac Ltd draft Statement of Intent for 2012/13. It is generally very similar to previous years with the deletion of the ratio of non-Nelson City Council work target, re-grouping department targets under one heading and broadening 'environmental' targets under 'sustainability'.

Financial performance forecast for next three financial years:

Forecast	2012/13 \$m	2013/14 \$m	2014/15 \$m
Gross revenue	15	15.25	15.5
Operating expenditure	14	14.20	14.425
Net profit before tax	1	1.050	1.075
Taxation (28%)	0.28	0.294	0.301
Net profit after Tax	0.72	0.756	0.774
Dividend projected, to be paid in the following year (50%)	0.36	0.378	0.387



Measure	Target	2011 result
Non share holder business	Ensure that all non-Nelson City Council work contributes to the profitability of the company	Target of 32.3% portion of revenue from non-Nelson City Council business not achieved (29.3%) – this part of target discontinued
Equity ratio	Financial risk limited by maintaining a ratio of shareholders' funds to total assets of no less than 65%, as defined in the Statement of Intent section 6	65.1%
Quality of service	<ul style="list-style-type: none"> Company will maintain its AS/NZS ISO 9001:2000 accreditation Achieve compliance with Nelson City Council contract key performance measures for the year ending 30 June, to be monitored monthly Nelmac will maintain a record of the number of complaints and congratulations received each year and the results will be reviewed regularly by the Board 	All achieved
Staff	<ul style="list-style-type: none"> Staff morale/turnover excluding retirement, redundancy and internal transfers to be within range of 5-15% for the year ending 30 June Staff health and safety – continue to actively promote health and safety in the workplace with the aim of achieving less than 1% workday losses to accidents, Nelmac to maintain the tertiary level of ACC workplace safety management practices 	8.4% turnover 0.28%
Sustainability	<ul style="list-style-type: none"> Environmentally responsible business, fully compliant with all relevant statutory and contractual obligations and responsibilities Ensure that the Nelmac sustainability policy is implemented and utilised as a compass for guiding company decisions Implement further training and development for all Nelmac staff in sustainability issues and how to apply the company's Sustainability Policy Each department to regularly review its use of resources, especially non-renewable resources, with a view to reducing waste in delivering services 	Achieved New requirement New requirement New requirement

NELSON AIRPORT LTD

Council owns 50% of Nelson Airport Ltd with the Tasman District Council owning the other 50%. It is current Council policy to retain ownership of Nelson Airport Ltd as a strategic asset for the region.

The main objective of the company is to operate a successful airport business that meets the needs of the Nelson Tasman region.

Performance – Nelson Airport Ltd

The performance here is based on the most recent information available from the 2012 Statement of Intent process. It is indicative only and subject to confirmation in the final 2012/13 Statement of Intent negotiated with Nelson City Council.

Financial forecast performance	Forecast 2011/12 (\$)	Forecast 2012/13 (\$)	Forecast 2013/14 (\$)
Gross Revenue	4,717,506	4,811,856	4,908,093
Operating Expenditure	2,784,751	2,840,446	2,897,255
Profit Before Tax	1,886,755	1,924,490	1,962,980
Current Tax Expense	602,379	614,427	626,716
Depreciation (non deductible) reserve	-68,712	-47,238	-48,182
Net Income After Tax	1,284,376	1,310,063	1,336,264
Retained Earnings	5,989,624	6,892,525	7,781,202
Dividend	407,162	447,587	488,349
Retained Earnings ex Div	5,582,462	6,444,938	7,292,853
Depreciation Deferred Tax Adjustment	969,284	922,046	873,864
Issued Equity	2,400,000	2,400,000	2,400,000
Closing Shareholders Funds	8,951,746	9,766,984	10,566,717

Performance targets for 2012/13 are:

- Pass all Civil Aviation certification audits as a satisfactory standard
- Achieve financial performance targets in the table, above
- Review emergency preparedness for customer safety and infrastructure assets
- Re-design terminal traffic access in a manner that takes account of and reduces both security and safety issues and improves the customer experience by July 2012 and to progressively implement the changes
- Continue to support the expansion of the aviation service industry in Nelson, particularly through the Nelson Aviation Cluster and the Top of the South Aviation Strategy
- Encourage growth of airline passengers and related services in the region
- Ensure long term airport development requirements are identified as much as possible and advise shareholders of such plans and implementation timetables
- Hold regular meetings of the Nelson Airport Noise Environment Advisory Committee with the appropriate monitoring information
- Ensure the [Nelson Airport] Company complies with all employment-related legislation and remains a good employer
- Take positive steps to continue to manage and, where practicable, reduce our carbon footprint and promote environmentally-friendly initiatives
- Continue to seek beneficial commercial opportunities and develop all company property

NELSON TASMAN TOURISM (Tourism Nelson Tasman Ltd)

The Council owns 50% of Tourism Nelson Tasman Limited (NTT), with the Tasman District Council owning the other 50%. The company undertakes destination marketing, destination management and provision of visitor information services. It co-ordinates the marketing and promotion of the Nelson Tasman region as a visitor destination, provides tourism education and product development and manages the visitor information centres throughout the region. It is current Council policy to retain its share of ownership of Tourism Nelson Tasman Ltd.

Performance – Nelson Tasman Tourism

The draft Statement of Intent was in the process of being confirmed at the same time as this Long Term Plan was prepared, so the information here is indicative only. The objectives, performance measures and targets are broadly similar to previous years. The final agreed measures will be available in the approved Statement of Intent. The measures are grouped under four objectives, and examples of key performance targets are included here with each objective:

Objective	Performance measure	Target
Destination marketing Visitor length of stay extended	Commercial accommodation monitor	From 2.16 to 2.17 nights (over six months)
Destination management and development Nelson Tasman region is a leader in environmentally sustainable tourism practices	Sustainability discussed at each industry forum	Growing reputation as an environmentally friendly destination
Visitor information services Provide comprehensive objective information that meets visitors' expectations	i-SITE performance measured in bi-annual independent Deloitte survey	Nelson Tasman Tourism visitor centres achieve satisfaction ratings in top quartile of all NZ centres
Organisation management and strategic direction Ensure the (NTT) company operates within sound financial parameters	Net profit, working capital and company equity	Net profit 2% > budget Increase working capital by at least \$50,000 per annum Achieve equity level of \$120,000 by June 2013

STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

The Council owns and controls 50% of the Ridgeways joint venture, with Homedale Holdings Ltd (previously Residential Land Nelson Ltd) owning the other 50%. The joint venture is responsible for developing, subdividing and marketing sections on Council-owned land in Stoke. The joint venture is a Council Controlled Trading Organisation (CCTO) set up for the purpose of making a profit. It is current Council policy to retain its interest in this joint venture until the completion of all section sales.

The subdivision and development work was completed several years ago and the sale of as yet unsold sections is the only stage to be completed. The current expectation is that the last sections will not be sold until approximately March 2017, given the current economic climate. In 2010 there were 21 sections available for sale and four sold.

- In 2011, 19 were available and two sold. It was
- forecast that five of the remaining sections would
- be sold in 2011/12 and four in the next reporting
- period, below.

- The joint venture's reporting period runs
- from April to March, so differs from the Council
- financial year, which runs from July to June of
- the year following. A draft Statement of Intent is
- due by 1 March annually, and an audited annual
- report and financial statements by 30 June.

Performance – Ridgeways Joint Venture

- The following performance measures are from
- the joint venture's Statement of Intent for
- 2012/13. They are generally the same as have
- been listed for the last several financial years,
- except that four sales have been forecast for
- the year ending March 2013 and the forecast
- completion date has been revised outwards to
- 2017.

Measure/target	2011 result
Number of sections sold compared to previous two years	2
Number of serviced sections available for sale but not unconditionally sold compared with previous two years	19
Number of section sales for the year compared to forecast. Section sales of four serviced sections are forecast for the year ending 31 March 2013	2, same as forecast
Ratio of actual sale prices of total section sales to total listed selling price	94.6%
Documentation of any issues or complaints received by the joint venture or Council relating to activities covered by the joint venture agreement	One insurance claim received, defended by joint venture*
Forecast completion date: 31 March 2017	N/A

*The outcome will be covered in the next Annual Report.

NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY (EDA)

The Nelson Regional Economic Development Agency (EDA) is a Nelson City Council CCO. The EDA mission statement in its draft Statement of Intent for 2012/13 is 'facilitate sustainable development of the region that enhances economic vitality, taking into account the region's cultural and environmental values. The EDA is funded by both Nelson and Tasman Councils. It is current Council policy to retain ownership of the EDA.

This agency led the development of the Nelson-Tasman Regional Economic Development Strategy (REDS), which was updated in 2010.

The EDA Board stated its intent to continue to pursue its three operational strategic objectives, which were also stated in the previous 2009 Nelson Community Plan:

1. Facilitate economic development projects that build national and international competitiveness
2. Provide economic advice to the Region
3. Provide ongoing assessment of the Region's performance.

The performance of the EDA is linked to and measured against these three objectives.

Performance – Nelson EDA

The performance measures and targets set out here are indicative of those in the EDA's draft Statement of Intent, which was finalised around the time the Long Term Plan was adopted in July 2012. Refer to the approved Statement of Intent for the full set of performance information.

Strategic objective	Example of operational work stream	Completion indicator
Primary facilitator of economic development projects	Review Regional Economic Development Strategy and recommendations Facilitate Events Strategy with Nelson City Council and Nelson Tasman Tourism Regional Business Partner Network – NZ Trade (NZTE) and Enterprise and Ministry of Science and Innovation (MSI)	Recommendations implemented by March 2013 Identify and assist with development of suitable events, manage budget Regional companies supported to take advantage of NZTE and MSI capability development and research/development funding programmes
Primary provider of economic development advice	Ensure Councils are given the most appropriate information to enable informed decisions on issues that affect the retention of existing business and capacity for business growth Summit and workshops Investigate options for an Economic Development Fund	Where Council decisions are made that affect regional business retention or growth, EDA has provided relevant information Annual Economic Summit held with good attendance; workshops as opportunities arise Report covering annual funding requirements, overheads, potential funding sources, allocation basis and process by June 2013*
Primary provider of ongoing assessment	Six monthly key statistical information to Councils and the community on relevant performance measures	Publication of high quality Tracking the Economy report every six months

*additional funding of \$50,000 is planned by Nelson City Council for this project

TASMAN BAYS HERITAGE TRUST (Nelson Provincial Museum)

The Tasman Bays Heritage Trust was established in 2000 as a Council Controlled Organisation owned 50% by the Nelson City Council and 50% by the Tasman District Council. The Trust took over the operation of the Nelson Provincial Museum, which was initially based in Stoke and is managed by a Board employing a Chief Executive. It is responsible for providing museum services and protecting the collections of historic treasures held on behalf of the Nelson Tasman region. The museum exhibition facility on the corner of Trafalgar and Hardy Streets was opened in late 2005. It provides a combination of permanent displays and changing exhibitions. It is well used by schools for part of their learning experiences outside the classroom programmes. It is current Council policy to retain its share of ownership of Tasman Bays Heritage Trust. This ownership model could be reviewed at some time in the next ten years, depending on the intended involvement and policies of Tasman District Council.

The aims of the Trust are to:

1. Foster, promote and celebrate a sense of history and awareness of the importance of the Nelson and Tasman region's heritage and identity and the relationship of the Tangata Whenua as kaitiaki of taonga Māori within the rohe of Te Tai Ao; and
2. Be a good employer; and
3. Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
4. Conduct all trading affairs in accordance with sound business practice.

Performance – Tasman Bays Heritage Trust/Nelson Provincial Museum

The performance information for the Tasman Bays Heritage Trust's management of the Nelson Provincial Museum was still in preparation at the time the Long Term Plan was prepared. Indicative

performance measures and targets are included here from the previous 2011/12 Statement of Intent. The finalised Statement of Intent is available around the same time the Long Term Plan is adopted in July 2012.

The Trust's performance targets and annual objectives are detailed in its Strategic Plan, covering:

- Governance, financial and strategic performance objectives
- Service performance objectives.

Governance obligations, measures and targets are:

- Operate within the annual budget at all times
- Consult with Te Tai Ao Komiti to assist with kaitiakitanga of taonga Māori
- Maintain the Research Library and catalogue and care for the NPM collection at Isel Park
- Prioritise strategies that contribute towards sustainable growth and future certainty
- Open the Nelson City facility at TA 445 on the corner of Hardy and Trafalgar Streets to the public for 363 days per year and to steadily grow annual visitor numbers year on year
- Protect the Nelson Provincial Museum collection in accordance with Museums standards and legal requirements.

THE BISHOP SUTER TRUST (Suter Gallery)

Council established the Bishop Suter Trust in 2008 as a CCO to run the Suter Art Gallery. Its first Statement of Intent was adopted in June 2009. The art gallery is also part of the learning experiences outside the classroom programme for schools. It is current Council policy to retain the Suter Gallery as a Council Controlled Organisation managed by the Bishop Suter Trust.

- **Performance – The Bishop Suter Trust**
- The detailed performance measures and targets below are set out in the Trust's Statement of Intent. The following sets out a set of indicative measures and targets. The Statement of Intent includes many more covering other aspects of its management, such as maintenance, development, use by schools and staff
- contribution to support Council's delivery of community wellbeing.

Objective	Performance measure	Target
Operate a successful visual arts centre and public art gallery	Total number of visits to all parts of The Suter complex	80,000 per annum, open to the public from 10.30am-4.30pm every day except Christmas Day, New Year's Day and Good Friday
	The Suter is well managed and operates within its agreed annual plans	Prepare strategic, annual plans and budgets that meet set deadlines Achieve objectives within agreed budget Generate at least 20% of the revenue needed to operate Asset Register and Asset Management Plan reviewed annually Risk Management Plan reviewed annually and the mitigation strategies identified implemented
	Residents and visitors satisfaction with the services The Suter provides	The Suter rates 80% 'good' and 'very good' in a NCC Customer Satisfaction Residents' Survey
Engage, educate and entertain the regional community and visitors through visual arts' programmes	A diverse and stimulating programme of exhibitions	Minimum 15 exhibitions installed a year Minimum of 30,000 visits to exhibition galleries a year
Collect, record, interpret and preserve the artistic heritage of the Nelson/ Tasman region and New Zealand	Maintenance of Collection in optimal conditions for its long term preservation	The environmental conditions for Collection storage are in line with accepted museum practice
Develop partnerships that sustain The Suter	Strength of The Suter's relationship with Iwi and Māori	The Memorandum of Understanding with Ko Te Pouaranga is honoured

WATER AND SANITARY SERVICES ASSESSMENT

Council carried out a Water and Sanitary Services Assessment (WSSA) in 2005 in accordance with section 125 of the Local Government Act 2002. A summary was included in the 2009-19 Nelson Community Plan, as was required of Long Term Council Community Plans at that time.

The findings of this assessment have been used to inform asset management plans and LTCCP/LTP documents since. There is no significant variation between this assessment and the LTP 2012-22. Given the long term nature of significant changes to infrastructure, such as city-wide networks, Council would not anticipate a review of the WSSA until 2015.

WASTE MANAGEMENT AND MINIMISATION PLAN

As a Territorial Authority, Council is required under the Waste Minimisation Act 2008 (WMA) to adopt a Waste Management and Minimisation Plan (WMMP). A WMMP is a strategic policy document of Council that sets out Council's objectives, policies and methods for promoting effective and efficient waste management and minimisation in the City. Under the transitional arrangements of the WMA the Waste Management Plan adopted by Council in 2005 is considered a WMMP.

The WMA required the Council to review its WMMP no later than 1 July 2012 and then to either:

- Adopt the WMMP without amendment, or
- To adopt a new or amended WMMP.

Section 45 of the WMA provides for the development of a joint WMMP by two or more territorial authorities and the Nelson City and Tasman District Council have elected to use this provision of the Act to develop a joint Waste Assessment under the WMA and to develop a

- joint WMMP. This joint WMMP was released for consultation in December 2011, with submissions closing on 31 January 2012. Hearings to consider submissions to the WMMP were held in March 2012, with a final WMMP adopted in April 2012.

- While the Waste Management Plan 2005 remained operative at the time of writing, the activities in this LTP were based on the objectives, policies and methods contained in the joint WMMP.

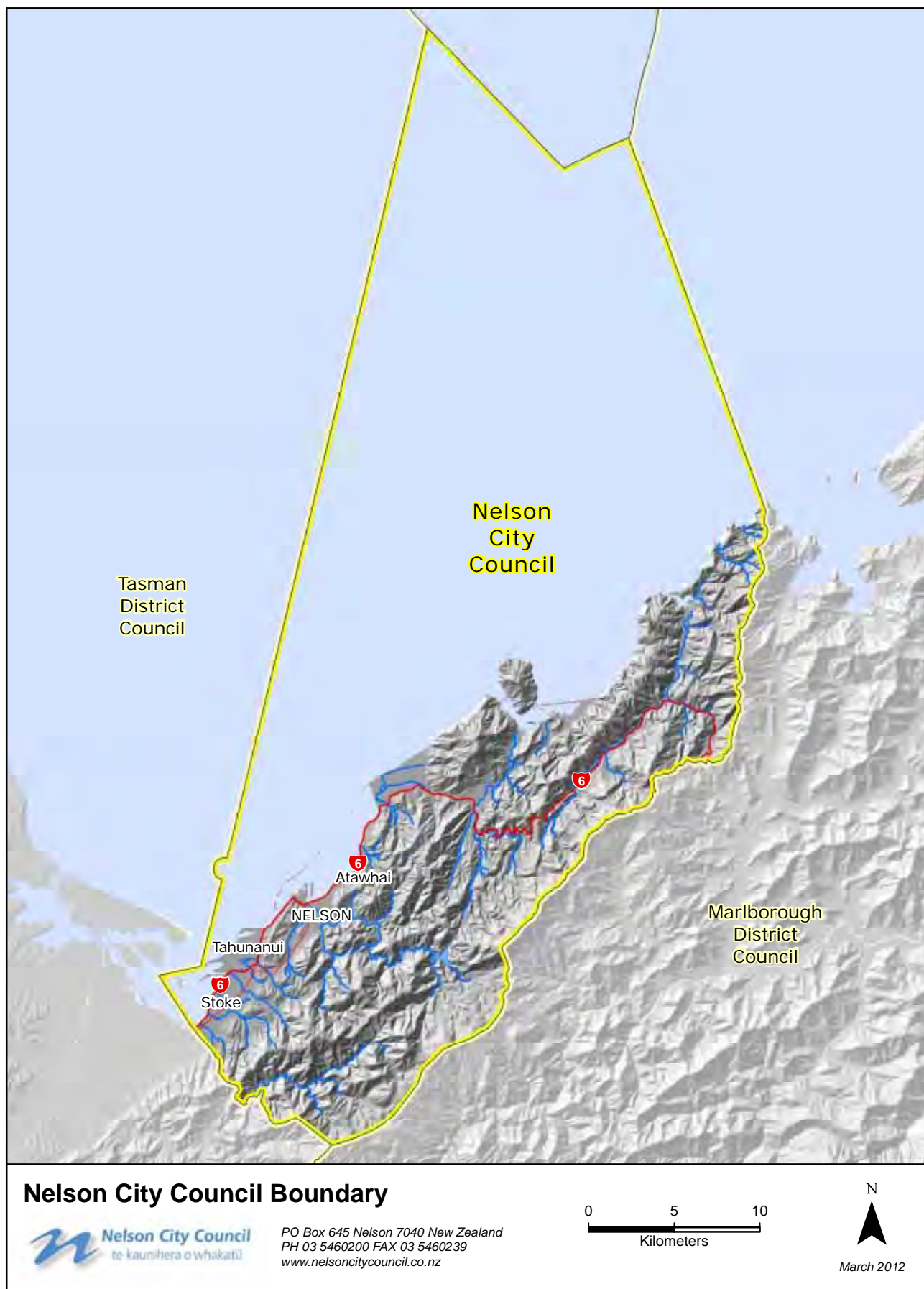


APPENDIX 1

LEGISLATION AFFECTING LOCAL AUTHORITIES AS AT SEPTEMBER 2011

Council acknowledges Southland District Council for compiling this list.

Airport Authorities Act 1966	Gas Act 1992	Ombudsmen Act 1975
Animal Welfare Act 1999	Goods and Services Tax Act 1985	Parental Leave and Employment Protection Act 1987
Arts Council of New Zealand Toi Aotearoa Act 1994	Government Rooding Powers Act 1989	Plumbers and Gasfitters and Drainlayers Act 2006
Auctioneers Act 1928	Hazardous Substances and New Organisms Act 1996	Privacy Act 1993
Bill of Rights Act 1990	Health Act 1956	Property Law Act 2007
Biosecurity Act 1993	Health and Safety in Employment Act 1992	Prostitution Reform Act 2003
Building Act 2004	Historic Places Act 1993	Protected Disclosures Act 2000
Building Research Levy Act 1969	Holidays Act 2003	Public Bodies Contracts Act 1959
Burial and Cremation Act 1964	Housing Act 1955	Public Bodies Leases Act 1969
Bylaws Act 1910	Human Rights Act 1993	Public Works Act 1981
Cadastral Survey Act 2002	Impounding Act 1955	Queen Elizabeth the Second National Trust Act 1977
Charities Act 2005	Income Tax Act 2007	Railway Safety and Corridor Management Act 1992
Citizenship Act 1977	Insolvency Act 2006	Rating Valuations Act 1998
Civil Aviation Act 1990	Interpretation Act 1999	Rates Rebate Act 1973
Civil Defence Emergency Management Act 2002	Land Act 1948	Reserves Act 1977
Civil List Act 1979	Land Drainage Act 1908	Residential Tenancies Act 1986
Climate Change Response Act 2002	Land Transfer Act 1952	Resource Management Act 1991
Commerce Act 1986	Land Transport Act 1998	River Boards Act 1980
Companies Act 1993	Limitation Act 2010	Sale of Liquor Act 1989
Conservation Act 1987	Litter Act 1979	Secondhand Dealers and Pawnbrokers Act 2004
Consumer Guarantees Act 1993	Local Authorities (Members' Interests) Act 1968	Secret Commissions Act 1910
Copyright Act 1994	Local Electoral Act 2001	Securities Act 1978
Counties Insurance Empowering Act 1941	Local Government Act 1974	Securities Transfer Act 1991
Crimes Act 1961	Local Government Act 2002	Smoke-free Environments Act 1990
Disabled Persons Community Welfare Act 1975	Local Government Official Information and Meetings Act 1987	Soil, Conservation and Rivers Control Act 1941
District Courts Act 1947	Local Government (Rating) Act 2002	Sovereign's Birthday Observance Act 1952
Dog Control Act 1996	Machinery Act 1950	Standards Act 1988
Earthquake Commissions Act 1993	Major Events Management Act 2007	Statutory Land Charges Registration Act 1928
Electricity Act 1992	Marine and Coastal Area (Takutai Moana) Act 2011	Summary Offences Act 1981
Employment Relations Act 2000	Minimum Wage Act 1983	Te Ture Whenua Māori Act 1993
Energy Companies Act 1992	Municipal Insurance Act 1960	Telecommunications Act 2001
Environment Act 1986	National Provident Fund Restructuring Act 1990	Treaty of Waitangi Act 1975
Environmental Protection Authority Act 2011	New Zealand Bill of Rights Act 1990	Trespass Act 1980
Equal Pay Act 1972	New Zealand Geographic Board (Nga Pou Taunaha o Aotearoa) Act 2004	Trustees Act 1956
Fair Trading Act 1986	New Zealand Library Association Act 1939	Unit Titles Act 1972
Fees and Travelling Allowances Act 1951	New Zealand Public Health and Disability Act 2000	Utilities Act 2010
Fencing Act 1978	Oaths and Declarations Act 1957	Valuers Act 1948
Fencing of Swimming Pools Act 1987	Occupiers Liability Act 1962	Walking Access Act 2008
Finance Act (No. 2) 1941		Waste Minimisation Act 2008
Financial Reporting Act 1993		Weatherlight Homes Resolution Services Act 2006
Fire Services Act 1975		Wild Animal Control Act 1977
Food Act 1981		Wildlife Act 1953
Forest and Rural Fires Act 1977		
Gambling Act 2003		



The map is an approximate representation only and must not be used to determine the location or size of items shown, or to identify legal boundaries. To the extent permitted by law, the Nelson City Council, their employees, agents and contractors will not be liable for any costs, damages or loss suffered as a result of the data or plan, and no warranty of any kind is given as to the accuracy or completeness of the information represented by the GIS data. While reasonable use is permitted and encouraged, all data is copyright reserved by Nelson City Council. Cadastral information derived from the Land Information New Zealand. CROWN COPYRIGHT RESERVED. KS. Original map size A4. File Ref: 1250080.

APPENDIX II – YOUR CITY, YOUR REGION, YOUR COUNCIL

Nelson/Whakatū is the economic and cultural centre of the Nelson-Tasman region in the north-west of the South Island/Te Tau Ihu o te Waka a Maui. Whakatū means ‘build’, ‘raise’, or ‘establish’. Settlement of the Whakatū area by Māori began about 800 years ago. The earliest recorded iwi in the Nelson district were Ngāti Kuia, Ngāti Tumatakokiri, Ngāti Apa and Rangitane. Some individuals from other iwi, Ngāti Toa, Ngāti Koata, Ngāti Tama and Te Atiawa migrated from the Waikato and Taranaki in the 1820s, led by Te Rauparaha of Ngāti Toa.

The region enjoys a pleasant sunny climate year round, which makes it ideal to enjoy the wonderful lifestyle and natural areas available to residents and visitors. Its unique micro climate assures in excess of 2450 hours sun annually and frequently wins the nation’s annual highest sunshine award. The annual temperature range is 3°C to 22°C and annual rainfall 942mm.

Established as a Cathedral City in 1858, Nelson City is the second oldest settled city in New Zealand and the oldest in the South Island. It was named after Lord Nelson who defeated both the French and Spanish fleets at the Battle of Trafalgar in 1805, and many of the roads and public areas around the city are named after people and ships associated with that battle.

Nelson City covers a land area of 422km² from Champion Road, Stoke in the southwest, where it has a boundary with Richmond in Tasman District, to the Bryant Range in the east and Cape Soucis (Raetihi) in the north. Urban development is on the flat land and hillsides between the Bryant Ranges to the southeast and the Haven and Tasman Bay to the northwest.

The mountainous backdrop to the city provides a range of recreational walking and cycling tracks including the Dun Mountain Trail, part of the New Zealand Cycle Trail.

Six percent of the land area of Nelson City is an urban environment of houses, factories, shops and parks. Native forest covers 34% of the land area of the city, with regenerating kanuka on hill slopes covering a further 8% of the total city area. In addition, areas of gorse and other exotic woody vegetation (6%) could regenerate into native forest depending on the interplay of fire,

- land disturbance and weeds and pests. Most of the remainder has been developed as crop and farm land (13%) and as exotic production forest (22%).

- Nelson City had a population of 42,891 at the last census in 2006 with a growth of around 200 people each year. The median age was 39.4 years, with 14.5% of people over 65 years, and 19.2% under 15 years. Nelson has a diverse population. It is popular with migrants from the UK and Ireland and the region has well-established German and Italian communities. As part of the UN refugee settlement programme, Nelson has growing Chin/Burmese and Nepali Bhutanese communities. The ethnic make up of Nelson at the last census was:

New Zealand/Pakeha	75%
Māori	8%
Pacific Islander	2%
Asian	2%
Other	13%

NATURAL ENVIRONMENT AND LIFESTYLE

- The Nelson-Tasman region is known for the natural beauty of its landscapes and includes the Nelson Lakes, Kahurangi, and Abel Tasman national parks, and Mount Richmond State Forest Park. The national parks, forests and reserves offer:

- beautiful sandy beaches and coastal areas used for swimming, kayaking, boating, picnicking, walking, fishing, wind and kite surfing, and a range of other activities

- mountain ranges popular for walking, tramping, mountain biking, skiing, bird watching and picnicking
- scenic alpine lakes for swimming, trout fishing, boating and waterskiing
- rugged rivers, like the Buller, for fishing, rafting and kayaking
- environmental protection and enhancement, like the nature recovery project aimed at restoring native birdlife and bush at St Arnaud in Nelson Lakes National Park.

A CREATIVE COMMUNITY

Arts and culture are also important in the region. Nelson was the birthplace in 1987 of the World of WearableArt™ annual awards, which is now held in Wellington due to the success of the event. The World of WearableArt and Classic Car Museum in Nelson is home to an historic collection of the garments from the awards, along with an extensive collection of classic cars. Other features of the region include:

- Nelson Marlborough Institute of Technology – School of Arts and Media
- The Nelson Provincial Museum, Pupuri Tāonga o Te Tai Ao
- The Suter, Te Aratoi o Whakatu Art Gallery
- The Nelson School of Music
- The Theatre Royal
- The annual Nelson Arts Festival, and biennial Adam Chamber Music Festival, Opera in the Park
- Nelson Markets every Saturday and annual twilight arts markets
- The region is home to a large number of artists and crafts people, and has an arts and crafts trail.

ABOUT NELSON CITY COUNCIL

Nelson City Council is a Unitary Authority with 13 elected Councillors including the Mayor. Elections are held every three years with the next elections scheduled for October 2013 (this date may change should the two local councils amalgamate in 2012).

Being a Unitary Authority means Council has the combined responsibilities of both a District and Regional Council. Therefore Council is responsible for both the management of the environment and the delivery of local services. This wider span of work enables Council to provide integrated services to the Nelson community. Nelson is one of only six unitary authorities, the others being our neighbours, Marlborough and Tasman District Councils, Gisborne District Council, Auckland Council and Chatham Islands Council.

The Council's goal is to make Nelson a better place. Council owns \$1.3 billion of assets and over \$130m is spent each year on projects and services towards meeting that goal. To provide high quality and value-for-money services, Council needs to align its outcomes and work programmes both across Council and with the community. The Council is committed to this and to making Nelson an even better place for everyone.

The Council employs 258 full- and part-time staff across eight divisions in 227 full-time equivalent positions:

- Community Relations – community engagement, public communications, iwi relations
- Community Services – Customer Service Centre, libraries, emergency management, community development
- Finance
- Network Services – capital projects, parks and facilities, roading, solid waste, utilities
- Office of the Mayor and Chief Executive
- Regulatory – resource consents, building, parking

- Strategy and Planning – policy and planning, strategic response, monitoring and research
- Support Services – administration, human resources, information management, quality and project management.

To provide some idea of the number and variety of the many assets owned and managed by the Council, this includes 4132 street lights, 44 road bridges, 1 drinking water treatment plant, 10,704 manholes, 2882 road signs, 370km of sewer pipelines, 26 pump stations, Saxton Field, 11,000 hectares of parks and reserves, 119 picnic tables, 122,820 books in three libraries, Civic House, one marina with 548 berths, a 50% share of Port Nelson Ltd and Nelson Airport Ltd and 39 public toilets.

SOME FIGURES ABOUT OUR SERVICES IN 2011

In 2010/11 Nelson City Council:

- assisted an annual total of nearly 80,000 customers and answered 65,000 calls
- provided 4,000 households with Civil Defence bags and Get Ready Get Thru brochures, reaching around 10,400 residents
- issued 445 resource consents, 81 more than the previous year
- issued 382 Land Information Memoranda (LIMs), 61 more than the previous year
- responded to 4,156 requests to investigate noise, dog, pollution, bylaw and livestock issues
- maintained 37.74 ha of cemeteries, 10,181 ha of conservation reserve, 259.5 ha of esplanade/foreshore reserve, 17.8 ha of horticultural parks, 445.48 ha of landscape reserves, 88ha of neighbourhood parks, 124.74 ha of sports areas, 24.9 ha of street gardens and 80 walkways around the city
- ran the Saxton Stadium, which included five basketball courts, 12 volleyball courts, a floor area of over 5,000m² and saw 212,000 visitors, had 120,000 visits to the Riverside and Nayland swimming pools
- managed 200 community development contracts and administered funding for 74 community groups
- ran approximately 70 festivals and events, five exhibitions, and over 50 community programmes
- welcomed 90,000 visitors to Founders Heritage Park
- upgraded 273 Nelson houses with heat pumps and/or insulation and facilitated 95 solar hot water installations
- boasted a library membership of 75% of local residents, among the highest in the country with 34,666 members in June 2011 out of a current Nelson population projection of 45,500 – the national average is just over 50%.



APPENDIX III – COUNCIL MANAGEMENT STRUCTURE

Council employs a Chief Executive, who is responsible for employing staff to enable Council to deliver its services and activities. The Chief Executive is ultimately accountable for the delivery of Council business and is the bridge between governance and management.

There are eight Executive Managers who report directly to the Chief Executive, each of whom has responsibility for a functional unit, or division, of Council staff. Together with the Chief Executive, these senior managers make up the Executive Team. This team is responsible for ensuring a coherent, strategic approach is taken across the Council's activities.

Strategy and Planning is responsible for making strategic decisions and recommendations about assets. This includes asset development, renewals and demand management. This group is also responsible for the development of formal documents including long term plans, annual plans and annual reports, bylaws, activity and asset management plans, reserve management plans, resource management policies and plans, as well as other strategies, policies and feasibility studies. The group also has the capacity to respond to strategic issues as they arise. It has a monitoring and research team that provides information to assist Council decision making.

The **Regulatory** division is responsible for ensuring that the Council's unitary authority, statutory and regulatory functions are separated from its service delivery activities and functions. These are delivered through the Building, Resource Consents and Parking Business Units.

Community Services is responsible for delivering Council's Social Development, Libraries, Customer Service Centre and Council Controlled Organisations, Recreation, Environmental, Heritage, Arts and Culture initiatives, provides Emergency Management services and contributes to the region's economic development and tourism support activities.

- **Community Relations** is responsible for ensuring that Council is engaged with and fully informing the community regarding Council activities. This team produces Live Nelson and prepares media releases and briefings.
- **Network Services** is responsible for the operational management of roading, subdivisions, traffic management, parks, reserves, gardens, recreation facilities, community housing, cemeteries, cremation services, Council owned and leased property, waste management, the transfer station, landfill, recycling, wastewater, stormwater and water supply services. It provides detailed design and project management services for the implementation of Council-wide capital and renewals projects.
- The **Finance** team is responsible for providing strategic financial planning to Council and the organisation, and for maintaining an oversight of Council's finances focussed on ensuring we meet our financial Key Performance Indicators.
- **Support Services** is responsible for providing a broad range of support services across Council to enable it to function smoothly, effectively and efficiently. A large component of the work involves maintaining a strategic oversight. It is also responsible for maintaining an oversight of Council's Controlled Trading Organisations.
- **The Office of the Mayor and Chief Executive** is responsible for ensuring that Executive Support Services are available to the Mayor, Deputy Mayor, Councillors and the Chief Executive, and represents their interests in Council's communications with the community and outside agencies.

APPENDIX IV – GLOSSARY

Some technical words are hard to avoid using, as they have a specific meaning or are used in the Local Government Act (LGA). While we do our best to keep these to a minimum and use plain English wherever possible, there are some less familiar local government terms and abbreviations used in this document. We have separated the glossary into three parts; general, financial and te reo Māori.

Accountability is a principle governing public service organisations, including Nelson City Council; it means that they are responsible to the public, and must answer to them if questioned on their performance. Our Annual Report is one way that we explain the results of the past year's work to the community.

Activities ('Groups of Activities') are the services, projects or goods produced by Council. In document, the word 'activity' can also mean a group of 'sub-activities' carried out by Council. These are broad groups of all of Council's services and facilities, each with common elements. For example, the Environment 'activity' includes regulation, compliance and education as 'sub-activities'. For practical management of our work, we assign responsibility for these activities to various Council teams, each with their own budgets.

Amalgamation is a proposal to merge Nelson City Council and Tasman District Council through a public vote managed by the Local Government Commission.

Annual Plan (and draft Annual Plan) sets out Council's current financial situation, intended activities and work programme for the next financial year. It is published in the second and third year of a Long Term Plan to explain changes each year since the Long Term Plan was published.

Annual Report is an audited account of the results of Council's planned work programme for the past year. Any differences to the planned work is explained. The Annual Report is a key method for Council to be accountable to the community for its performance and is published by Council around October following the end of each financial year (30 June each year).

- **Asset(s)** are physical facilities of value to the community that are owned by Council and that have an economic life greater than one year. Examples include buildings, parks, equipment, vehicles and computers.

- **Asset (or Activity) Management Plan (AMP)** is a Council plan for the management of assets or its activities. It applies technical and financial management techniques to ensure that specified levels of service, or agreed standards, are provided in the most cost-effective manner over the life-cycle of the asset.

- **Assumptions** are the underlying 'givens' assumed by Council that affect its financial planning for a specific activity, or for all Council activities. These are made clear so everyone can understand the basis for Council's financial planning, and form an opinion about how reasonable those assumptions are.

- **Audit** is the regular official inspection of Council's accounts and processes, currently carried out by Audit NZ.

- **Biodiversity** is the natural diversity of all life, including diversity in genes, species, populations and ecosystems.

- **Council Controlled Organisation (CCO)** is a company controlled by one or more local authorities that does not operate only to make a profit, for example Nelson Tasman Tourism Ltd. Generally a CCO delivers activities that would otherwise be delivered by Council staff directly.

- **Council Controlled Trading Organisation (CCTO)** is a type of Council controlled organisation that operates for the purpose of making a profit, for example Nelmac Limited.

- **Community Outcomes** are goals, results or wishes that reflect what the community wants to

see achieved. The Outcomes are required under the LGA (2002) and must reflect the present and future social, economic, environmental and cultural wellbeing of the community. A change to the LGA in 2010 focused the outcomes on those which Council is responsible for achieving rather than the previously broader Outcomes shared with other partners in the community. Having clear Outcomes allows the community to discuss the relative importance of priorities, and provides for the measurement of progress towards achieving the goals. Council uses the Outcomes to help make decisions about priorities for Council activities. These are set out in Appendix 3.

Community wellbeing includes all aspects of the social, economic, environmental and cultural wellbeing of the community in the present and for the future.

Development Contributions are payments to Council by developers to provide new network infrastructure, or network infrastructure of greater capacity, needed to service growth in demand for that infrastructure. They are explained in Council's Development Contributions Policy that is included in Volume 2 of the Long Term Plan. The contributions are calculated according to the method set out in that Policy.

Draft Long Term Plan sets out the proposed Council spending programme for the next ten years. The draft document is a 'statement of proposal' that is subject to public consultation before it is amended in response to that consultation and adopted by Council as its work programme for that period.

Funder is a role of Council where Council finances specified groups or organisations to carry out work that contributes to improving community wellbeing.

GIS Geographic Information System is computer software for viewing, searching and analysing information, usually in the form of maps with attached information. Council's GIS system also stores data about Council assets and land information.

Infrastructure assets are those assets owned by Council on behalf of the community to provide essential service or utility networks for solid waste, transport, water supply, wastewater disposal and stormwater management.

Infrastructure includes the networks that support the running of an area, like the water, wastewater/sewerage, solid waste (rubbish disposal), and transport systems managed by Council. Networks provided by non-Council organisations, like electricity and telecommunications, also form part of the community's essential infrastructure.

Levels of service (LOS), or service levels, are the reasonable standards Council aims to meet when providing a facility or service. They are the measurable effect or result of a Council service or asset, described in terms of quality, quantity, reliability, timelines, cost or similar variables. For example, the level of service for residential water supply includes its purity and flow rate from your tap.

LGA/Local Government Act 2002 sets out the purpose and powers of local government. The LGA provides for democratic local government, and promotes accountability to their communities. It was amended in 2010 as a result of the TAFM review ('transparency, accountability and financial management'). The Act provides for local authorities, including this Council, to play a broad role in the social, economic, environmental and cultural wellbeing of the community, taking a 'sustainable development approach' [from the Act].

Lifeline utility is an essential utility, some of which are provided by Council. They include roads, ports, water and sewage systems. Radio, electricity and communications networks are non-Council lifeline utilities. All these services are critical to the functioning of a region and, in the event of a major emergency, every lifeline is required to function, albeit at a reduced level, during and after the emergency.

Long Term Plan or LTP (formerly Long Term Council Community Plan or LTCCP)

is the final adopted version of this document. An LTP is required by the Local Government Act 2002 to describe Council's activities, providing integrated decision-making and coordinating Council resources. It gives a long term focus for the decisions and activities of the Nelson City Council, and is an important basis for the accountability of the Council to Nelson residents. The draft plan provides an opportunity for the public to participate in decisions on activities to be carried out by Council. It covers ten years planned financial expenditure, with the first three years in detail.

NGO, or non-government organisation

includes a wide range of often charitable or advocacy organisations that are usually nationally or regionally-based, but are not part of Central Government. Examples include Forest and Bird, St. John Ambulance Service, the Business Roundtable, National Council of Women, and the SPCA.

NUGS or Nelson Urban Growth Strategy

is the result of a 2005 study by Council to provide a very long term (up to 50 year) approach to planning for an increasing population. It particularly focuses on housing, transport, urban quality and the environment and will guide Council's land use and zoning decisions.

Outcome is a positive end result that the Council aims to achieve on behalf of, and to benefit, the community.

Outputs are services, activities or goods produced by or for the Council that contribute to achieving an outcome.

Performance measures are a statement of intended results, usually annually based, that are measurable and subject to audit. Council is accountable for their achievement, and they are reported in the Annual Report.

Plan is a specific document setting out actions, accountabilities, costings, time lines and targets. Plans are usually written to explain how Council will meet a specific Council Policy or Strategy (see Policy and Strategy)

- **Policy** is 'the way things are to be done' and refers to an agreed and documented position of Council on a particular issue. It guides subsequent decisions so that they are generally consistent with that agreed position. 'The Policy' refers to a published document, like the Arts Policy, whereas Council 'policy' refers to a decision (or series of decisions) by Councillors and/or staff, depending on the level of the issue or Council's approach to a specific issue.

- **Priority/priorities** are ranked outcomes, objectives, programmes or projects; listed in order of importance so the highest ranked priorities receive most resources or emphasis.

- **Nelson Tasman Regional Economic Development Strategy (REDS)** identifies the region's key and emergent economic drivers, opportunities and constraints to the region achieving optimum economic growth. REDS was reviewed in 2011 to take account of changes in the economy since 2008.

- **Regulator** is a role of Council where it seeks to modify the actions of individuals through enforceable regulations to achieve a specified purpose. For example, Council issues permits and regularly inspects restaurants and takeaways to make sure the food served is safe to eat, and can take action if it's not.

- **Residents' (satisfaction) surveys** are carried out annually by Council to provide information on residents' views on a range of issues, particularly on satisfaction with Council performance in delivering services and providing facilities. They usually involve 300-400 phone interviews by an independent research organisation.

- **Resource Management Act 1991 (RMA)** is an Act to promote sustainable management of natural and physical resources. Council is responsible for administering a range of duties under this Act including environmental planning and resource consents.

- **Service level**, refer to LOS or Levels of Service.

- **Significance**, in relation to any matter before Council, is the degree of importance,

as measured by Council, in terms of the issues likely impact on community wellbeing or affected persons, or the capacity of Council to perform its role and the costs of doing so. A 'significant' matter is one assessed to have a high degree of 'significance' and therefore triggers a Special Consultative Procedure under Council's Significance Policy. Typically, a major project costing several million dollars, such as a performing arts/conference centre, requires full consultation with the community. The Significance Policy explains how Council determines what is a 'significant' project or decision and consequently the extent of public consultation that is required.



- **SOI, Statement of Intent**, is required
- annually from each Council controlled
- organisation to provide accountability for
- meeting agreed targets and outcomes.
- **Strategic asset** is a key or major asset that
- Council needs in order to achieve Community
- Outcomes (goals). Council's strategic assets
- include the water treatment plant, the road
- network, and Port Nelson.
- **Strategy** refers to a long term, high-level
- approach to achieve a goal. Council strategies
- are usually expressed in documents, such as the
- Alcohol Strategy. We would refer to the Alcohol
- Strategy, for example, when deciding where
- alcohol is allowed in the city's public parks and
- reserves.
- **Sustainable management**, from the
- Resource Management Act, means managing
- the use, development and protection of natural
- and physical resources in a way, or at a rate, that
- enables people and communities to provide for
- their social, economic and cultural wellbeing and
- for their health and safety while (a) sustaining
- the potential of natural and physical resources
- (excluding minerals) to meet the reasonably
- foreseeable needs of future generations; and
- (b) safeguarding the life-supporting capacity of
- air, water, soil and ecosystems; and (c) avoiding,
- remedying or mitigating any adverse effects of
- activities on the environment.
- **Targets** are the specified levels or standards
- Council aims to achieve so its performance can
- be assessed in relation to their attainment.
- **Transparency** is the principle followed by
- local government where, in general, its actions,
- accounts, reports and correspondence must be
- open to examination by the public unless there
- are specified reasons not to do so.
- **Unitary authority** is a city or district council
- that also has the responsibilities of a regional
- council. There are only six of these: Auckland
- City, Nelson City, Tasman District, Marlborough
- District, Gisborne District and Chatham Islands
- Councils.

COMMON FINANCIAL TERMS

Capital expenditure (CAPEX) is money used to create new assets or to increase the capacity of existing assets; this increases the total value of Council's assets.

Depreciation is the wearing out, consumption or loss of value of an asset, where funding is set aside towards the asset's eventual replacement.

Estimated natural increment is growth in the rating base, or number of ratepayers, as population increases.

Financial year for Council runs for 12 months each year from 1 July ending 30 June the following year.

General rate is charged based on the land value of a landowner's property. The money pays for Council services and facilities that benefit the community as a whole.

IFRS (or NZIFRS) is the New Zealand International Financial Reporting Standards, which are international standards covering accounting practices that all local authorities and government departments, among others, are required by law to use. These standards have replaced the earlier term – GAAP – or Generally Accepted Accounting Practice.

Financial Strategy is a new policy required under the 2010 amendment to the LGA (2002). The strategy explains Council's approach to financial management including setting rates and debt levels.

GAAP stands for Generally Accepted Accounting Practice.

Inflation is the general increase in prices over time. Council is now required to estimate the rate of inflation that is likely to apply over the term of its long term plan, which it bases on accepted authorities such as BERL (Business and Economic Research Ltd) figures.

Non cash expenditure is depreciation, the cost of an asset losing value, or loan valuation movements. Even though it is a non cash item it must be matched by revenue, as this will eventually help to fund the replacement asset when the existing one is worn out. Depreciation funds are used for capital expenditure renewals and new assets and so in the financial statements it is shown under source of funding as "non cash expenditure". The non cash expenditure should always equal the depreciation.

Operating expenditure (OPEX) is the cost of operating and maintaining an asset and running normal day to day business. Money spent on operations and maintenance does not alter the value of an asset and is not included in the asset valuation. It is operating expenditure that has the greatest effect on rates, as it has to be fully funded from income each year, whereas capital expenditure is generally borrowed.

Prudent financial management is a requirement of Councils under the LGA (2010). Councils must explain how they will deliver their work without having significant budget under or overspends. This is explained in the Financial Strategy.

Rate cap is a limit to a rates increase Council can implement under the Long Term Plan and Annual Plans. It is set by Council in the Financial Strategy.

Swaption is an option on an interest rate swap where, if exercised, the swap contract is written between the parties. The option is priced and premium paid similar to bank bill and bond interest rate options.

Targeted rates are a charge on ratepayers to fund a specific service such as stormwater drainage.

User fees and charges apply for specified Council services where the user clearly benefits from the service and this form of charging is the most equitable means of covering the costs of its provision.



TE REO MĀORI

Iwi refers to the local tangata whenua or tribe(s) of the rohe (area). In Whakatū (Nelson) that means the six iwi affiliated with Whakatu Marae, which are represented by charitable trusts and mandated representatives (rangatira). These are Ngāti Kuia, Ngāti Toa, Ngāti Rārua, Ngāti Koata, Ngāti Tama and Te Atiawa.

Kaihautū is the Council Executive Manager position responsible for iwi liaison, literally the person who calls the time in a waka so paddlers work together, used metaphorically as a position title.

Kaitiakitanga is an inherited responsibility of tangata whenua to look after the mauri (life force) of nga tāonga tuku iho (natural resources). It is a form of guardianship and includes protecting biodiversity and the maintenance of resources for present and future generations.

Kaumātua is a respected elder, the ceremonial head for Council.

Kotahitanga (Hui) Kotahi means 'one' and Kotahitanga refers to the state of being one, unity. It is the name bestowed by iwi on the advisory committee of Council including iwi leaders and Councillors, which was established in 2004.

Mana whenua/tāngata whenua, literally the people of the land, means the original Māori people of a place, the local people or hosts. 'Māori' translates literally as 'normal'. The latter sometimes refers to everyone of Māori descent living in Nelson, including local iwi and mātā waka.

Māori is everyone of Māori descent living in Nelson, including local iwi and mātā waka from elsewhere in New Zealand.

Mātā waka refers to Māori people who have whakapapa (family) links to other areas. The majority of Māori in Nelson are mātā waka from elsewhere in Aotearoa/NZ.



Nga tāonga tuku iho are the treasured resources, particularly natural resources, of this rohe (area).

Rangatahi refers to youth or teenagers.

Rangatiratanga is the chiefly authority iwi leaders hold in relation to their iwi. It refers to self-determination and 'Māori control of all things Māori'.

Te Ao Māori means everything Māori, the Māori world.

Tāngata whenua, literally the people of the land, means the original Māori people of a place, the local people or hosts.

Te Tau Ihu (o te Waka a Maui) refers to the Top of the South from Marlborough to Golden Bay. Literally it means the prow of the canoe of Maui, the South Island, from which Maui fished up Te Ika a Maui, the North Island.

Tiakina te Tai Ao is the organisation representing environmental interests of four local iwi: Ngāti Tama, Ngāti Rārua, Te Atiawa and Ngāti Koata, literally meaning guardians of the environment.

Tikanga Māori refers to customs, usual protocols.

Whakatū is the original name for the Nelson city area. It is sometimes known as Wakatu (without an 'h'), which is a dialectal difference introduced by Taranaki iwi when they migrated to Te Tau Ihu, the Top of the South Island.

APPENDIX V – COUNCIL COMMITTEES, RESPONSIBILITIES & PORTFOLIOS

Following the elections in October 2010, Council reviewed its structure and functioning and updated its committees. Council now meets every three weeks and there are fewer special purpose (standing) committees. From time to time Council updates the membership of its committees and portfolio, so for the latest information contact a Council Administration Adviser. As at May 2012 the portfolio holders and committees were as follows:

Mayor – Aldo Miccio, ex-officio member of all Standing Committees

Deputy Mayor – Cr Ali Boswijk

PORTFOLIOS

All Councillors are members of the following Committees, with these co-portfolio holders:

Governance – Cr Ruth Copeland and Cr Derek Shaw

Community Services – Cr Jeff Rackley and Cr Pete Rainey

Infrastructure – Cr Gail Collingwood and Cr Eric Davy

Policy and Planning – Cr Kate Fulton and Cr Mike Ward

KEY STANDING COMMITTEES AND APPOINTMENTS

Remuneration Review Committee

Mayor, Deputy Mayor and Cr Collingwood

Audit, Risk and Finance Committee

Mayor, Cr Ian Barker (Chairperson), Cr Ruth Copeland (Deputy), Cr Gail Collingwood, Cr Paul Matheson and Graeme Thomas (independent external member)

Joint Shareholders with Tasman District Council

Mayor, Deputy Mayor and Cr Derek Shaw (or alternates)

Nelson Regional Sewerage Business Unit with Tasman District Council

Cr Derek Shaw, Cr Paul Matheson and Donna Hiser (independent chair)

Hearings panel

All Councillors for dogs, liquor licensing, fencing swimming pools, non-Resource Management Act matters

For RM Act: Commissioners Ian Barker, Gail Collingwood, Eric Davy, Rachel Reese and Derek Shaw

Civil Defence Emergency Management Group

Mayor and Deputy Mayor

Nelson Central Relief Fund

Mayor, Chief Executive Officer and Cr Ian Barker

Resource Management Act Procedures Committee

Mayor, Cr Rachel Reese and Cr Derek Shaw

Nelson Tasman Regional Pest Management Committee

Cr Barker, Cr Ruth Copeland and Cr Mike Ward

Regional Funding Forum

Mayor, Cr Ian Barker, Cr Pete Rainey and Cr Derek Shaw

Regional Transport Committee

Cr Ian Barker (Chairperson), Cr Ruth Copeland (Deputy), Cr Derek Shaw, Cr Gail Collingwood and Cr Paul Matheson

Framing our Future Committee

All Councillors, Cr Derek Shaw (Co-Chairperson, Cr Mike Ward (Co-Chairperson)

CONTACT US

COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays in Civic House, corner Halifax and Trafalgar St

110 Trafalgar Street

PO Box 645

Nelson

Telephone 546 0200 24 hour, 7 day service

Fax 546 0239

Website and email www.nelsoncitycouncil.co.nz or email enquiry@ncc.govt.nz

CORRESPONDENCE

Written correspondence to the Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239

ATTENDING A COUNCIL MEETING

Council meetings are advertised in Live Nelson. Members of the public are welcome to attend meetings of the Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987

PUBLIC FORUMS

There is a Public Forum at the beginning of most ordinary Council meetings where up to five minutes will be available for members of the public to speak to Councillors. You need to book a time before the meeting by contacting a Council Administration Adviser on 546 0200

DEPUTATIONS

Groups or organisations may form a deputation to make a representation to a Council or Committee meeting. There is a formal procedure for such a presentation. A request for a deputation to appear, including the subject to be raised, needs to be made in writing at least ten days before the meeting. Contact a Council Administration Adviser on 546 0200

PETITIONS

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Contact a Council Administration Adviser on 546 0200





Nelson City Council
te kaunihera o whakatū

PO Box 645 Nelson 7040 • 03 546 0200 • www.nelsoncitycouncil.co.nz