



Nelson
City Council

Te Kaunihera o
Whakatū

Pre-Election Report 2022

Te pūrongo i mua
atu i te Pōti 2022

VOTE
2022

LOCAL ELECTIONS

PŌTI
2022

NGA PŌTITANGA Ā-ROHE

Contents

About this report	3
Chief Executive's Foreword	4
Nelson City Council	5
Nelson Whakatū	5
Council's role	6
Council's vision, priorities and outcomes	7
Our challenges and opportunities	8
Our major projects and initiatives	16
Infrastructure strategy	26
Financial section	29
Financial strategy	30
Summary statement of financial position	37
Funding impact statement	39
Statement of cash flows	41
Further information	44

About this report

Mō tēnei pūrongo

This pre-election report provides information for the community and individuals considering standing for election to Nelson City Council in 2022. It provides an overview of Council's financial position and the issues and opportunities it faces. This information is intended to encourage community discussion and support an informed election debate.

This report is required by law (the Local Government Act 2002). It is the responsibility of the chief executive of Council to provide and publish this report prior to the local body elections in October 2022.

The information in this report is drawn from Council's "Your Wellbeing, Nelson's Future – Oranga Tonutanga" Long Term Plan 2021-2031, as well as annual plans and annual reports from the past three years.

Financial information is provided to show whether the Council has met its financial targets and stayed within the approved limits established in the Long Term Plan. Projected financial information for the current and next three financial years is also provided.

Much of the financial information in this report is drawn from sources that have been audited, such as annual reports. Information relating to the 2021/22 year is based on forecast financials and is yet to be audited¹.



¹ There is no requirement for the 2021/22 financial year to be audited for this pre-election report.

Chief Executive's Foreword

Te Kupu Whakataki a te Tumu Whakarae

Tēnā koutou

As Chief Executive of Nelson City Council, I'm pleased to present this report ahead of the 2022 local body elections.

The report provides a comprehensive overview of the current position and future direction of Nelson City Council, including our financial position, planned spending, and the significant challenges we are likely to face as a Council. It outlines Council's efforts to deliver on the vision of Nelson, A Smart Little City – He Tāone Tōrire a Whakatū. This includes the role and responsibilities of Council and the major projects and initiatives we plan to undertake across the next term.

Nelson and New Zealand are both experiencing a significant period of change, and over the last term of the Council, our community has faced extraordinary challenges from COVID-19 and its social and economic impacts. There will be continued uncertainty and change, but Council is in a good position to partner with the community to adapt and thrive.



I invite you to look through our pre-election report and read about Nelson's and Council's challenges and projects. I hope it encourages readers to consider standing, to learn what candidates' priorities would be and to vote in this year's election.

Ngā mihi

A handwritten signature in black ink, appearing to read 'Pat Dougherty', written in a cursive style.

Pat Dougherty
Chief Executive



Nelson City Council - Te Kaunihera o Whakatū

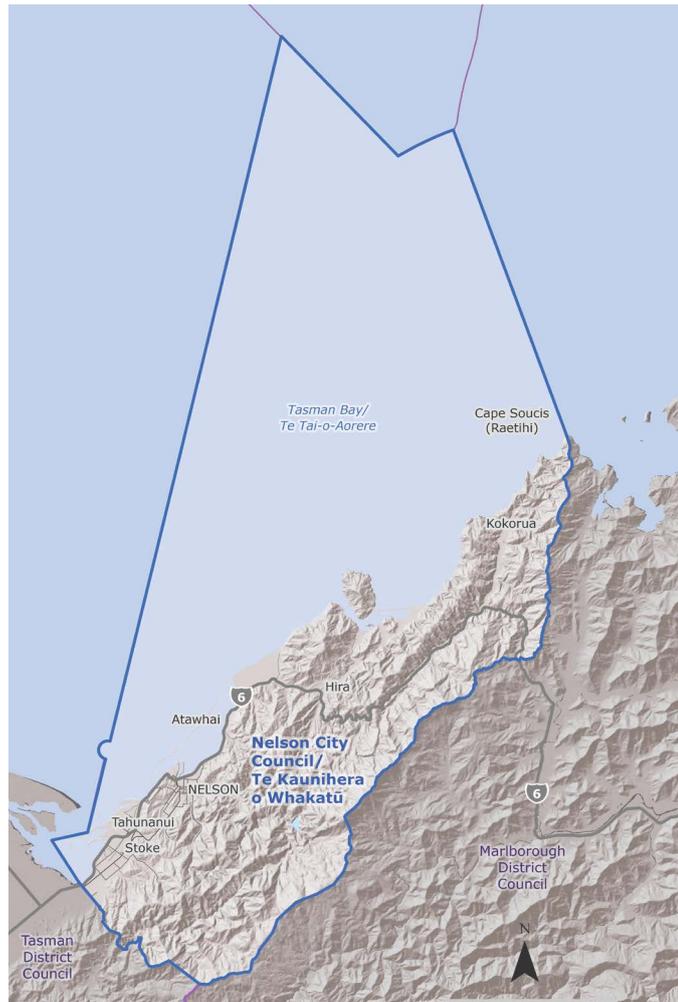
Nelson Whakatū

The Nelson City Council – Te Kaunihera o Whakatū area of responsibility covers the river valleys, low hills and plains inland of the Nelson Haven and Waimea Estuary, stretches northeast to Cape Soucis (Raetihi) and includes the coastal marine area out to 12 nautical miles. It shares boundaries with the Tasman and Marlborough district councils.

The Nelson region is home to approximately 54,780 residents, most of whom live in the urban areas of Nelson, Tāhunanui and Stoke. A small proportion of residents live in the surrounding rural areas.

The eight iwi who have cultural interest within the Whakatū region affiliate to three waka:

- Kurahaupō: Ngāti Kuia, Ngāti Apa ki Te Rā Tō and Rangitāne.
- Tainui: Ngāti Koata, Ngāti Rārua, and Ngāti Toa Rangatira.
- Tokomaru: Ngāti Tama and Te Ātiawa.



As of 2021, the estimated proportion of the population aged 65 years and over was 21.8%, compared to 17.8% for those aged under 15 years. By 2023, Nelson's population is projected to be made up of 86% identifying as European or Other (including New Zealander), 12% as Māori, 3% as Pacific peoples and 9% as Asian².

² Subnational ethnic population projections: 2018(base)–2043, Medium projection, Statistics New Zealand.

Council's role

Ko tā te Kaunihera mahi

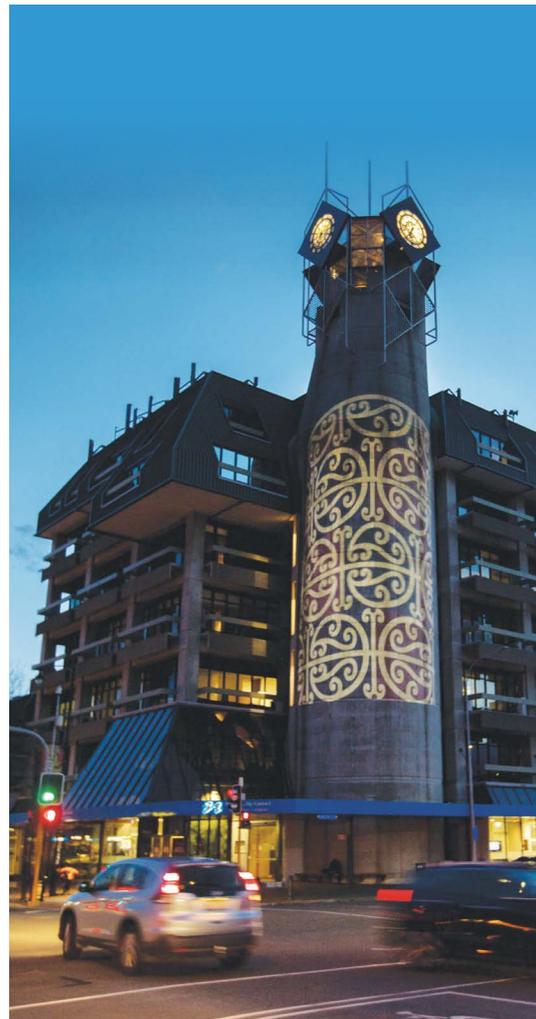
Nelson City Council owns more than \$1.9 billion of assets and spends approximately \$187 million each year serving and supporting Nelsonians. As one of six unitary authorities in New Zealand, we undertake a wide variety of work to meet our combined responsibilities of a city and regional council.

We manage a range of local infrastructure (such as roads) and community assets and services (such as parks and libraries). We carry out science and environment activities, land-use planning, resource management functions and develop plans to meet the current and future needs of the City. We engage with the community on projects and plans to understand their views and use this information to help shape Nelson.

We are committed to strengthening partnerships with iwi and Māori of Te Taihū and providing opportunities for Māori involvement in Council decision-making processes in a meaningful way. We work closely with neighbouring councils – in particular Tasman District Council, with whom we jointly deliver a number of services, including Saxton Field, the Nelson Regional Sewerage Business Unit, and the Nelson Tasman Regional Landfill Business Unit. We partner with government agencies such as Ministry of Social Development, the Department of Internal Affairs, the Department of Conservation and Nelson Marlborough Health to support our community and environment.

Together, this work represents an essential part of delivering on local government's purpose – to enable local decision-making and action by, and on behalf of, communities and to promote their social, economic, environmental, and cultural wellbeing now and for the future.

You can find out more about the infrastructure and services we provide to Nelson in the supporting information on Council activities: nelson.govt.nz/pre-election-report and the most recent Long Term Plan: nelson.govt.nz/long-term-plan-2021-2031



Council's Vision, Priorities and Outcomes

He Whakakitenga, He Whakaarotau

Council's vision, mission, and community outcomes guide our overall direction, and our six priorities are focus areas that help us work towards achieving them. They are set out in more detail in the "Your Wellbeing, Nelson's Future – Oranga Tonutanga" Long Term Plan 2021-31. The plan also established climate change as a lens through which all work programmes are considered.

Vision

**He Tāone Tōrire a Whakatū
Nelson — A Smart Little City**



Mission

We shape an exceptional place to live, work and play

Community Outcomes

We shape an exceptional place to live, work and play

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

Council Priorities

- Infrastructure
- Environment
- City Centre development
- Housing affordability and intensification
- Maitai River Precinct
- Creating a sustainable transport culture

Our challenges and opportunities

Ō tātou wero, āhei hoki

Council and our community will need to address key challenges in the ways we live, work and play over the coming years. The challenges are complex and often interrelated. Most are united by a key theme — dealing with change. These changes can be unsettling, but they are also opportunities to adapt and evolve.

Climate change

Responding to climate change is our biggest global and local challenge³. Nelson's geography of coastal flood plains and foothills makes us especially vulnerable to the impacts of climate change. Projected changes to our climate include warmer temperatures, more variable weather conditions (e.g. more intense storms/droughts and changes in rainfall patterns) and rising sea levels. These changes may exacerbate natural hazards (e.g. flooding and fire), increase the risk to coastal roads and infrastructure, increase the occurrence of diseases, impact biodiversity and the habitats of native species (due to the spread of weeds and pests), and increase cost pressures when responding to impacts. The projected changes will therefore impact our economy, infrastructure, natural environment, lifestyles and future.

What we're doing

Preparing for climate change requires an all-of-community response and support from Council, including meaningful community engagement on options and solutions.

Climate change has been established through the Long Term Plan 2021–2031 as a lens through which all Council work programmes are considered. Council's work programme is focussed on both reducing greenhouse gas emissions (mitigation) and preparing for climate change impacts (adaptation). Our response prioritises working in partnership with iwi, central government, businesses, schools, community groups, households and individuals to improve the resilience of Nelson.

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

Council's work includes:

- reducing its operational greenhouse gas emissions
- supporting and providing leadership on actions to reduce emissions across the community
- preparing to manage and lower risk by adapting to climate change impacts, especially in relation to sea level rise (and associated coastal hazards) and river flooding.

³ See Nelson City Council's Climate Action Plan – Te Mahere Mahi a te Āhuarangi for more information on climate change and Council's response, www.nelson.govt.nz/climate-change/climate-action-plan

Key pieces of climate change-focussed work are underway.

- Implementing the Climate Action Plan – Te Mahere Mahi a te Āhuarangi approved in November 2021, which contains a long list of climate change projects that Council is working on.
- Developing a Climate Change Strategy that will set the long-term strategic direction and specific goals to guide climate action in Nelson.
- Developing a comprehensive inventory of Nelson's greenhouse gas emissions, to enable us to track progress on their reduction over time.
- Developing a regional climate change risk assessment identifying key risks and vulnerabilities to climate change impacts.
- Progressing adaptation planning relating to coastal hazards and lower Maitai River flooding, including engaging with the community.

See more climate change-focussed initiatives under the Environment priority on page 18 and the supporting information on Council activities: nelson.govt.nz/pre-election-report.

Tackling climate change will require significant changes to our economy, the way we live and travel, and how we use resources. Council is committed to working together with the community to successfully build a low emissions and climate resilient future.



Recovering from the impacts of COVID-19

COVID-19 is one of the biggest recent challenges we've all had to face. While there is some uncertainty around further infection surges or new variants arising, responding to the economic and social consequences of COVID-19 will be critical for Nelson's recovery now and over the longer term.

The pandemic has highlighted existing economic challenges faced by Nelson that need to be solved. These include the impact of climate change, low productivity, income inequity, the declining size of our workforce, housing affordability and access, resilience of our small and medium enterprises, seasonal demand for labour, and visitor seasonality.

The economic impacts have been uneven with sectors related to tourism (such as recreation, hospitality and retail) particularly affected. The export-driven economy is also susceptible to COVID-related disruptions. Significant disruptions (such as supply chain, inflation and labour market issues) have contributed to cost increases. The uncertain economic situation,

household incomes below the national average, and increases in cost of living may further impact community wellbeing going forward.

COVID-19 has impacted unevenly across the community and exacerbated pressures for our communities of greatest need. For those experiencing difficulty, issues relating to health, social isolation, housing vulnerability, access to work and learning opportunities and the impact of poverty have been heightened.

Our social cohesion and ability to come together to celebrate our identity have also been greatly affected. Our community has had to grapple with matters around inclusion and COVID-19 mandates, and the events and arts sectors have been significantly impacted. Rebuilding both community connection and vibrant arts and events sectors is part of the challenge.

What we're doing

Council is committed to supporting Nelson's recovery from the disruption caused by COVID-19 and recognises it is an opportunity to build back better and transition towards a more regenerative, resilient and productive economy.



Council is undertaking economic-focused action.

- Investing in a considerable capital works programme over the period of the Long Term Plan 2021-31 to help reinvigorate the economy through job creation.
- Working in partnership with central government, neighbouring councils, iwi, community organisations, businesses and the wider community, on ways to regenerate and support economic and community wellbeing.
- Overseeing the Nelson Regional Development Agency's work including the development of the Nelson Tasman Regeneration Plan, which (when finalised) will be an important guide for economic development priorities over the next decade.
- Participating in the Nelson Tasman Regional Skills Leadership Group and contributing to the development of the Regional Workforce Plan.

Council is undertaking social-focused action.

- Focusing on partnerships, providing support and funding to community groups addressing our communities of greatest need.
- Leading or partnering on NEET (Not in Employment, Education or Training) and youth projects to improve access to work or learning opportunities and youth development.
- Working with our community partners and investing in activities that contribute to community resilience, connection, and social wellbeing.
- Working to support a sustainable future with the arts and creative sector, building events sector capacity, funding events, and delivering Council-organised events as Nelson moves towards a COVID recovery phase.

See more on our Economic and Social activities in the supporting information on Council activities: nelson.govt.nz/pre-election-report.



Growth and changing demographics

Our changing demographic make-up is a challenge and an opportunity for Council and the community. Although there was no growth between 2020 and 2021 – Nelson’s population is projected to grow by 4.5 percent between 2021 and 2031, to a total population of 57,180. Combined with other factors like fewer members per household, we expect there will be housing demand for just over 3000 new dwellings over this time.

More people will bring talent and investment to Nelson and help grow the economy. This will make Nelson a more vibrant place and enhance its position as the commercial and cultural heart of Te Taihū – Top of the South. However, we must ensure there is balance between desired growth and environmental outcomes, demands on Council services, and housing availability.

Housing unaffordability and availability, for example, remains a key issue for Nelson. Stable housing is linked to positive economic, educational, and social outcomes for individuals and communities, but there is a critical shortage of houses available. The average home in Nelson in 2021 cost 8.5 times the average household income, compared to costing 4.3 times the average income in 2011.⁴ This means home ownership is increasingly out of reach for a growing proportion of our people.

All net future growth in Nelson is forecast to be within the over-65 age bracket between 2021 and 2031. This has potential implications for our social connectivity, how we move around our City and access the outdoors, our health and wellness, the type of housing we need, and our workforce. An ageing population will require a different balance of services and changes in spending patterns across Council activities.

The increasing longevity of the Nelson population is a change that can be embraced for the benefit of our entire community.⁵ Older New Zealanders are remaining healthier for longer, fuelling the economy by putting off retirement, helping volunteer groups stay afloat, and providing invaluable family and community support.

⁴ Nelson City Economic Profile, Infometrics, ecoprofile.infometrics.co.nz/Nelson%2bCity

⁵ See Nelson’s City For All Ages – He Rautaki Whakatupuranga Strategy for more information, www.cityforallages.nz/

What we’re doing

Council is proactively planning and managing growth to enable appropriate development, protect the environment, and deliver the best possible outcomes for Nelson. To help alleviate housing issues, Council is focussed on supporting affordable housing, development and intensification. To do this effectively, Council will continue to work with others including central government, the private sector, and community groups.

Some examples of Council action are summarised below.

- Updating, jointly with Tasman District Council, the Nelson Tasman Future Development Strategy to set the framework for how we cope with predicted housing and business demand over the next 30 years.
- Enabling intensification by funding infrastructure projects that create higher density housing.
- Providing guidance and staff time to assist property owners undertaking intensification projects.
- Monitoring housing and business supply and demand to determine what factors most affect the demand and delivery of residential and business development.
- Developing a Housing Plan Change (Plan Change 29) to the Nelson Resource Management Plan to enable intensification and introduce greater housing choice in urban zones.
- Progressing an action plan to implement the City For All Ages – He Rautaki Whakatupuranga Strategy to support older Nelsonians to stay connected and contribute to our community.

See further major projects and initiatives that contribute to this response under the City Centre development and Housing affordability and intensification priorities on pages 20–21 and the supporting information on Council activities: nelson.govt.nz/pre-election-report.

Funding pressures

A continued important challenge for Council is balancing rates affordability with delivering infrastructure and services that meet community expectations and projected growth. As a recent report on the future for local government noted: "Local authorities are under constant pressure to manage growing demand while maintaining rates at levels that are politically acceptable to their communities".⁶

Council needs to invest in infrastructure (including social infrastructure) to replace ageing infrastructure and support our City to grow and thrive. Increasing levels of capital expenditure will lead to increasing debt levels, so it is important for Council to continually look at how to best fund these demands while keeping rates affordable.

The challenging economic situation discussed in relation to the impacts of COVID-19 directly affects the delivery of Council's work programme. Cost increases, supply delays and tight staff and contractor resourcing can test Council's ability to deliver projects and capital works programmes to original budgets or timeframes. Continued increases to the costs of materials and labour shortages in construction – that are not expected to ease in the short to medium term – are likely to put pressure on budgets. Council will need to remain agile and open to evolving our plans to deal with this situation and if further disruptions occur.

What we're doing

To respond to this ongoing challenge, Council carefully weighs up the need for investment now against current and future generations' ability to pay for these investments. There will always be some balancing between what Council and the community would like to do and what we can afford to do. Central to our approach is undertaking extensive planning processes, engaging with the community on priorities and projects, securing funding from other sources, and carefully prioritising what work can proceed.

Examples of Council actions are summarised below.

- Developing a 30 year Infrastructure strategy, as part of the Long Term Plan 2021-31, to effectively manage our City's future infrastructure needs (see page 26).
- Developing a Financial Strategy, as part of the Long Term Plan 2021-31, to keep rate increases lower than they otherwise would be by borrowing from the Emergency Fund in years one to five (see page 30).
- Seeking partnerships and funding from central government.
- Making use of innovative fundraising options from a variety of contestable funds.
- Introducing a COVID Inflation Allowance of \$1.8 million in the Annual Plan 2022/23 (in addition to the \$1 million allocated to 2021/22) to supplement project cost 'overs' when tenders come in which require a fast approval process so that Council's work programme is delivered in 2022/23 and years to come.
- Administering a rates rebate scheme (on behalf of the Department of Internal Affairs) where ratepayers may qualify for a refund of a portion of their rates.
- Administering a rates postponement scheme to allow eligible older ratepayers to defer their rates for the rest of their life or until they sell their house.



⁶ *Ārewa ake te Kaupapa – Raising the platform, Interim report, September 2021, Review into the Future for Local Government, Page 26.* <https://www.futureforlocalgovernment.govt.nz/reports/>

Legislation and reform

Reform, changes to legislation, and new requirements can have direct impacts on Council – and a significant amount is currently underway. Changes are wide ranging, from amending national policy statements through to legislation relating to areas such as climate change and civil defence emergency management. The breadth and uncertainty of these changes adds to workload pressures as Council balances 'business as usual' work programmes with responding to new legislative requirements.

Three Waters reform, Resource Management Act reform, and the Review into the Future for Local Government are particularly significant examples to highlight. The reforms and review have in common the aim to achieve better outcomes for communities and the environment, efficiency improvements, and give effect to the principles of Te Tiriti of Waitangi. They are intended to provide opportunity to further the purpose of local government and will fundamentally change

the environment that Council operates within. This includes how decisions are made and by whom, what Council does and how it does it, and who we need to work with to enable community wellbeing. However, the reforms and review are progressing on different timelines and add to an increasingly complex and uncertain operating environment for Council now and after the local elections.

Under the Three Waters reform, the Government intends to create four publicly-owned water entities to manage New Zealand's drinking water, wastewater, and stormwater networks (known as the "three waters").⁷ This means water services currently looked after by 67 local councils would merge into four entities by July 2024. A Water Services Entities Bill was introduced to parliament in June 2022 to establish the four entities, their purpose and objectives and their representation and governance arrangements. A second bill to give effect to the Government's proposals is expected later this year. The Government is providing a better off funding package to local authorities



⁷To learn more about the reform, please go to the Department of Internal Affairs website: www.dia.govt.nz/three-waters-reform-programme-about-the-reform-programme

in recognition of the significance to the local government sector (and the communities they serve) of the transfer of responsibility for water service delivery. The \$2 billion package has been pre-allocated to councils based on a nationally consistent formula and is available in two tranches. The first \$500 million is available from 1 July 2022 and the remaining \$1.5 billion will be available from 1 July 2024.

The Government is also repealing the Resource Management Act 1991 (RMA) and replacing it with new legislation.⁸ These reforms are anticipated to create transformational change across Council. The changes will require new ways of working, not only in the delivery of planning, consenting, monitoring and compliance in the Environmental Management group, but also for Infrastructure, Community Services, and Governance, as new regional strategies and governance arrangements are implemented.

Finally, the Government's Review into the Future for Local Government is designed to "identify how our system of local democracy needs to evolve over the next 30 years, to improve the wellbeing of New Zealand communities and the environment, and actively embody the treaty partnership".⁹ The draft final report on the Review into the Future for Local Government is expected by October 2022, so the next term's Council will be in the position to help shape this future by responding to the recommendations of the review and any subsequent proposed legislation.

What we're doing

Council proactively responds to legislative change so that a regional perspective is considered in central government decision making and benefits for Nelson are achieved. Council closely follows what is happening at a national level, anticipates likely changes, prepares to adapt, and builds capacity to implement changes as required.

Examples of Council actions are summarised below.

- Acting as an employer of choice in a tight labour market to successfully recruit staff and meet existing and future work programmes.
- Undertaking community engagement on the draft Water Services Entities Bill prior to making a Council submission.
- Undertaking work to apply for the \$5.18 million tranche one funding Council has access to from the Three Waters reform better off funding package by 30 September 2022.
- Working with the National Transition Unit as it coordinates the transition approach to water services as part of the Three Waters reform programme.
- Implementing significant changes resulting from the National Policy Statement on Urban Development.
- Embarking on a collaborative project with iwi of Te Taihū, Marlborough District Council and Tasman District Council to implement the National Policy Statement for Freshwater requirements for Te Mana o Te Wai, which is expected to facilitate changes to freshwater management, including a greater role for iwi and better water quality outcomes.
- Anticipating and preparing for changes to policy statements and standards, such as the indigenous biodiversity statement and air quality environmental standard.

⁸ To learn more about the reform, please go to the Ministry for the Environment website:

www.environment.govt.nz/what-government-is-doing/key-initiatives/resource-management-system-reform/overview

⁹ To learn more about the reform, please go to the Department of Internal Affairs website:

www.dia.govt.nz/Future-for-Local-Government-Review

Our major projects and initiatives

Ō mātou kaupapa matua, kōkiri hoki

The major projects and initiatives highlighted here are mostly centred around the six priorities of the most recent Long Term Plan. These focus areas will help us achieve the desired community outcomes and respond to key challenges.

The project figures are adjusted for inflation and relate to 2022/23 to 2025/26, unless otherwise specified. As significant projects and initiatives, some will extend for longer than this time period. All three waters projects drawn from the current Long Term Plan are based on the assumption that Council would continue to provide three waters services. Changes resulting from the Three Waters reform progressing will be taken into account by Council in the next Long Term Plan.

Infrastructure

Te tūāpapa

Washington Valley infrastructure upgrade

This is a multidisciplinary project and involves the upgrade of roading (footpath, lighting, kerb channel, cycling) and three waters utilities (water supply, wastewater, and stormwater) within Washington Valley. It also involves co-ordinating work with private utilities services (telecommunications and power).

Once completed, this project will reduce the risk of flooding of downstream properties during extreme weather events, reduce the likelihood of sewage overflows, improve water supply flows to the Washington Valley and Vanguard Street area, create wider pedestrian footpaths and new bicycle paths, improve traffic safety at intersections, resurface roads and enable intensification in the area.

Council has approved \$16.32 million for the project, which is split into three stages. Budget for stages 2 and 3 are based on concept designs and are expected to increase as detailed designs

are completed. Construction started in January 2022 on the first stage of the work in Hastings Street, and the third stage is anticipated to be completed by 2024/25.

Rutherford Street (Little Go Stream) stormwater upgrade

Following severe rainfall events resulting in flooding to private properties, Little Go Stream has been progressively upgraded to cater for a one-in-100-year storm event. Work on the stream between Franklyn Street and Waimea Road near Snows Hill has been completed. The next stage of the project is to upgrade the stormwater network from Snows Hill down Rutherford Street near Examiner Street, and also install new water supply and wastewater pipes.

The entire project will reduce the likelihood of flooding to downstream properties from extreme weather events and significantly increase our ability to cater for future development. To minimise impact and disruption on the public road network, we have coordinated this last stage with Waka Kotahi to allow its work on Rocks Road to be undertaken prior to our work. Approximately \$9.8 million has been budgeted for this project, which is anticipated to be completed by 2024/25 with physical works expected to take 12 months to complete.

Atawhai wastewater rising main replacement

The pressured pipeline (rising main) between Nelson City (Neale Park) and the Nelson Wastewater Treatment Plant near Wakapuaka is a critical piece of infrastructure that was installed in the mid-1960s (with sections repaired or replaced in the early 1990s) and is due for renewal. Council has been inspecting and repairing any areas of potential weakness in the short term. The two main pump stations at Corder Park and Neale Park have already been upgraded to reduce pressures in the existing

pipeline and improve operational performance, particularly during wet weather flows.

The renewal will be split across three stages, with the first stage planned to start in the next 10 years of the Long Term Plan 2021-31 with a budget of \$23 million.

Maitai Dam aeration

Council is planning to aerate the Maitai Dam, especially in summer months, to mitigate the anoxification (depletion of oxygen) of the lower levels of the water within the dam. Minerals can become more soluble in anoxic water, meaning there may be elevated levels of iron and manganese in the water which contributes to discoloured water in the network, especially in periods of prolonged rainfall. This work will also contribute positively to the environment, specifically for aquatic organisms. It will therefore have both infrastructure and environmental benefits.

Council has set aside \$2.5 million to aerate the dam, and work is expected to occur between 2022/2023 and 2024/2025.

Road renewal programme

Council undertakes an ongoing programme of renewals and resurfacing of roads and footpaths in its network. As road surfaces and footpaths reach the end of their useful life, they become susceptible to water damage and potholes, so the renewal and resurfacing programme helps us to proactively address and maintain our transport assets.

Council has budgeted approximately \$5 million in capital expenditure towards this work in each year of the Long Term Plan 2021-31.

Water pipeline renewal programme

A large portion of Nelson's water supply was installed between 1950 and 1970. Council has a robust renewals programme, and over the next three decades, a large portion of this network will be prioritised for renewal.

Council has budgeted \$20 million for water supply pipeline renewals across the Long Term Plan 2021-31.



Environment Te Taiao

Jobs for nature programme

Council has received approximately \$4.9 million of government funding over five years to deliver Jobs for Nature projects in collaboration with key regional partners. Jobs for Nature is a \$1.219 billion national programme that manages funding across multiple government agencies to benefit the environment, people, and the regions. It is part of the COVID-19 recovery package.

For example, Project Mahitahi is a government-funded collaborative effort delivered with the Kotahitanga mō te Taiao Alliance, involving iwi, Council, and the community. It is aimed at the ecological restoration of the Maitai/Mahitahi Valley, with a particular focus on pest plant and animal control, indigenous wetland restoration, and indigenous plantings. Project Mahitahi will finish in 2024/25.

Initiatives addressing climate change

Council views all its work programmes through a climate change lens. Council is also undertaking a range of targeted programmes to address climate change.

Climate change-focussed initiatives include:

- progressing adaptation planning to assess climate change risks and develop plans with the community to respond
- progressing natural hazard risk management changes to the Nelson Resource Management Plan
- working with the community on sea level rise hazards and energy-efficient homes
- supporting and implementing projects to increase carbon sequestration and environmental resilience to climate change
- delivering the EnviroSchools programme to support community resilience.

Approximately \$2.1 million is budgeted to deliver these initiatives between 2022/23 and 2025/26.

Biodiversity initiatives

Biodiversity initiatives include the Nelson Nature programme, focussed on protecting and enhancing native systems and species and sustainable management of land. Council also delivers biosecurity and pest management programmes to implement the regulatory Tasman Nelson Regional Pest Management Plan and deliver non-regulatory programmes for pests not included in this Plan. Biodiversity and biosecurity issues are linked to climate change.

Approximately \$4.8 million is budgeted to deliver these initiatives between 2022/23 and 2025/26.

Environmental science and monitoring initiatives

Council undertakes a range of environmental science and State of the Environment monitoring and reporting initiatives to fulfil our statutory functions and support environmental outcomes.

The Healthy Streams and Coastal/Marine programmes are a key part of Council's long-term environmental monitoring and improvement workstream. Our Air Quality monitoring, science, and non-regulatory programmes support compliance with the National Environmental Standards for Air Quality in Nelson airsheds. There is also ongoing work to improve our data management and reporting systems to meet statutory obligations, support informed policy and decision making, and improve our knowledge of the state of Nelson's environment.

Approximately \$5 million is budgeted to deliver these initiatives between 2022/23 and 2025/26.

Implementing Ecological Restoration Plans for parks and reserves

Ecological restoration plans have been drafted to restore the biodiversity of certain parks and reserves. The plans have a focus on controlling pest plants, re-establishing native species, and providing guidance for future work.

Targeted weed control will begin in the Grampians Reserve in the 2022/23 financial year, with additional weed control extending to the Brook Conservation Reserve (the area not within the predator-proof fence), Eureka Park, Marsden Valley Reserve and Tantragee Reserve by 2025/26. Once work has started in a reserve, funding has been set aside in subsequent years to provide follow-up weed control to ensure the gains made in the early years are not lost.

\$11.5 million has been budgeted across the Long Term Plan 2021-31 for widespread pest plant control work on Council land.

Landfill upgrades

Council is continuing a programme of works to upgrade the collection and destruction of landfill gas at the Nelson City Council / Tasman District Council jointly-owned York Valley Landfill to achieve a minimum of 80% carbon emission reductions. Rebuilding the leachate system, increasing geotechnical stability by building a toe buttress, and developing more airspace to extend York Valley Gully 1 life is also planned.

Benefits will include a significant reduction in greenhouse gas emissions and savings associated with the New Zealand Emission

Trading Scheme, reduced risk of a landslide occurring due to an earthquake or leachate system failure, extending the life of the landfill to reach its current consent expiry date of 2034, and futureproofing the landfill to ensure it remains stable after it closes.

A budget of \$9.65 million (unadjusted for inflation) is available for landfill upgrades during 2022/2023 and 2023/2024.

Kitchenwaste collection service

A potential residential kerbside kitchenwaste collection service is being explored by Council. Processing the organic kitchenwaste material will reduce what is taken to landfill and, consequently, carbon emissions, which would both contribute to our climate change mitigation efforts. A trial has recently been completed, and following further research and the development of a business case, a report will be prepared for Council to decide whether to proceed with a citywide residential kerbside service.

If this service is approved by Council, a collection start date of mid-2024 is anticipated (following a public tender process). It is estimated to cost \$1.3 million per year and would be funded through central government increases to the landfill levy.



City Centre development Te Whakahou Tāone

Implementing Te Ara ō Whakatū, Nelson's City Centre Spatial Plan

Te Ara ō Whakatū, Nelson's City Centre Spatial Plan, adopted in December 2021, is a people-focussed, place-based vision for the City Centre that attracts investment, residents, talent, thriving business, families, and events. It will guide the activation and revitalisation of our City Centre and help us achieve the six key moves — Destination Nelson, Walkable Nelson, Blue-Green Heart, Smart Development, Liveable Centre, and Clever Business. Some key projects that contribute to implementing the plan are summarised below.

A City Centre Playspace will be developed to help create a safe place for children to play, families to spend time together in the City, and encourage increased vibrancy. A budget of \$1.4 million was set aside for an urban park in the Long Term Plan 2021-31. Council is investigating options and costs for the playspace and it is anticipated to be developed between 2022/23 and 2024/25.

Streets for People tactical trial projects in the City Centre will be progressed to support the objectives of prioritising pedestrian activity, activating the edges of streets to encourage people to stay a little longer, and inviting user diversity. A budget of \$3.1 million is set aside between 2022/23 and 2024/25 for this work.



Achilles/Rutherford proposal

Council applied to central government's Infrastructure Acceleration Fund to support City Centre housing intensification. In May 2022, our proposal progressed to the fund's final negotiating stage.

The project revolves around fast-tracking a Bridge Street Linear Active Transport Corridor and City Centre three waters infrastructure upgrades. The corridor focuses on creating a space for people, improving active transport, and providing a link through the heart of Nelson between ANZAC Park and Queens Gardens. Critical three waters infrastructure upgrades that would be brought forward include a water ring main upgrade around the lower portion of the city centre, an upgrade of the Paru Paru Street wastewater pump station, and other related wastewater and stormwater upgrades. This work would support the Liveable Centre key move and accelerate capacity to support housing intensification in Nelson's city centre of up to 850 new dwellings.

Council has sought approximately \$32.6 million in funding on top of the \$29.4 million currently budgeted across the Long Term Plan 2021-31. If the application is successful, exact amounts will be subject to negotiations with central government. To meet the fund's requirements, construction would need to be completed by 2029.

One example that would be supported is the proposed Kāinga Ora developments at 69 to 101 Achilles Avenue and 42 Rutherford Street. Council approved (subject to more detailed negotiations) the sale of these properties for a mixed social and affordable housing development. If the sale proceeds, it will provide an opportunity for Kāinga Ora to develop high quality, affordable residential accommodation of potentially 175 new dwellings across both sites.

Housing affordability and intensification

Te āhei o te utu ā-Whare me te whakapiki

Implementing the Intensification Action Plan

Council's Intensification Action Plan gives effect to the Future Development Strategy 2019 and helps us plan for and support urban development. Some key initiatives that contribute to implementing the plan are summarised below.

Council established a \$12 million Housing Reserve from the divestment of its community housing portfolio to Kāinga Ora. The Housing Reserve has been established to work with and

support partners who can deliver social and affordable housing solutions for the community. Phase One of Council's Housing Reserve saw \$1.85 million in grant funding approved in 2021/22 to support the development of 19 new affordable homes in Tāhunanui and Stoke.

Council is reviewing its property portfolio for Council-owned land that is surplus to requirements and appropriate for housing intensification. If properties are no longer needed for any Council purposes, they are assessed for intensified housing supply opportunities.



Maitai River Precinct Te Awa o Mahitahi

Central City multi-purpose facility with a library at its heart

Nelson's new multi-purpose development with a library at its heart will be a transformative improvement that will enrich the lives of Nelsonians.

The new, modern multi-purpose facility is intended to create an enticing place for the Nelson community and our visitors. While retaining valued library services at its heart, the development will offer the community much more. For example, it may be an incubator for learning, creativity, and innovation, alongside being a safe and welcoming place for all. With lively places, meeting places and places for quiet reflection and support, the multi-purpose facility will be valued and meaningful for all of us, drawing us together for many activities beyond what we may currently expect of a library – think even dance, food, learning, stimulation, laughter and fun – all things that have different meaning and importance for our very diverse community.

The project will give effect to key actions identified in Te Ara o Whakatū, Nelson's City Centre Spatial Plan by creating an enticing destination facility in the Central City during the daytime and evening for all Nelsonians, including the growing number of city centre residents that will result from intensification. To make sure we get it right, we will engage with the community and our iwi partners throughout the stages of the project.

This large infrastructure and community project has an overall budget of \$46.3 million and is planned for completion in 2027/28.

Science and Technology Precinct

The Nelson Science and Technology Precinct comprises two parts: a scientific research laboratory and an office park targeted to the science and technology sectors. The laboratory is being developed by The Cawthron Institute, and the office park is being developed by Port Nelson Ltd with Cawthron as a potential key tenant. The Precinct will be a hub for technology and science-led companies, with capacity to house 1,000 knowledge workers. As a key development in the Haven precinct, it will be a link in a chain with Maitai river precinct projects that will enhance the connection between our City and the sea over the coming years.

Design for the first building in the park is anticipated to be completed by mid-2023, and construction is expected to be completed in early 2025. Council has already completed work to upgrade and relocate the main stormwater system that passes down Haven Road, across the site and across State Highway 6.

This significant development is supported by Council's \$5.5 million funding commitment in the Long Term Plan 2021-31, plus an additional \$450,000 approved to complete stormwater work.



Creating a sustainable transport culture

Te hanga i tētahi ahurea ikiiki toitū

Public transport improvements

Expanded public transport bus services across Nelson and Tasman, with increased frequency and introduction of a flat fare, are to be provided from mid-2023. Council is also working through options for an improved inner city bus interchange facility (with several locations being investigated) that will contribute to a more attractive bus service for customers.

\$1.4 million in capital expenditure has been budgeted across the Long Term Plan 2021-31, with ongoing operational expenditure costs to be included in the next Long Term Plan.

Walking and cycling corridors and other active transport projects

Pending support from our funding partner, Waka Kotahi, Council aims to deliver a programme of work from the Active Transport Strategy including recommendations from the approved Nelson Future Access business case for key walking and cycling corridors. This work will support mode shift and contribute to developing a sustainable transport system. First out of the starting blocks is likely to be a connection from the Railway Reserve to Waimea Road and improvements to Washington Valley following the upgrade of the three waters utilities (as explained earlier in the report on page 16).

A budget of \$9 million for these two projects has been allocated in the Long Term Plan 2021-31. Additionally, many active travel projects are delivered through the minor works programme, which has a capital expenditure budget of \$4 million per year.



Other major projects

Kaupapa matua atu anō

Aquatic facilities options study

Council is investigating options for the future development of Nelson's Aquatic Facilities. The aquatic facilities at Nayland and Riverside are ageing and not meeting the needs of all users. Investment in pools can be significant and needs to be carefully considered and planned to ensure that it meets the current and future needs of the community and is affordable.

A study is underway to identify options and costs of future development and will be completed by early 2023. It is anticipated the study will support next term's Council to identify a preferred option that could be consulted on with the community when the Long Term Plan 2024-34 is developed.

Campground management and improvements

Council owns three campgrounds, Brook Valley Holiday Park, Maitai Valley Motor Camp and Tāhunanui Beach Holiday Park. To address non-compliance matters and improve the campground amenities for short term and longer term occupants, Council is undertaking a programme of work at both the Brook and Maitai campgrounds.

At the Brook Valley Holiday Park, this work includes establishing a small Relocatable Home Park. A resource consent has been granted for this activity, which includes a setback from the Brook Stream, and a need to ensure safety due to a fault hazard avoidance zone in the area. Hubs connecting sites to services will also be provided, along with additional ablution facilities. The service hub and ablutions improvements commenced in 2021/22 and are scheduled for completion in 2022/23. The Long Term Plan 2021-31 indicated that the Brook Valley Holiday Park would move from an in-house managed campground to a lease model in 2023/24, once this compliance work is complete.

At the Maitai Valley Motor Camp, the management of the campground is being

brought in-house from 1 July 2022. Work is being undertaken to establish a Relocatable Home Park. This campground has several non-complying issues. Planned works include to improve the wastewater systems and meet resource consent requirements. A certificate of exemption has been issued while this work is undertaken and compliance is achieved. \$2.15 million has been allocated over 2022/23 and 2023/24 for this work. Once the capital improvements are complete and the campground is compliant, a new lessee may be appointed.

Civic House refurbishment project

Council is planning on refurbishing Civic House to improve its environmental performance, its functionality, and to create a healthy working environment. The main office has a history of under-investment, resulting in substandard working conditions in some areas that are in urgent need of improvement. The project was budgeted \$18.3 million across eight years of the Long Term Plan 2021-31.

Council will develop a new approach to the refurbishment due to changes since the Long Term Plan. The pandemic has changed how Council operates, and new ways of working have required a rethink of the original business case. The cost of the refurbishment will be reassessed with the outcomes of a new business case.

Council announced that two Earthquake Prone Building (EPB) Notices were being applied to Civic House in May 2022. Two risks have been identified relating to the Tower Block roof bracing and ceiling tiles in parts of Civic House that do not meet the 34% threshold of the New Building Standard and work is underway to confirm options to address these risks. Interim work to ceiling tiles has already been completed to all public access areas that required strengthening and remediation will continue on areas of higher risk.

Regional Cemetery

Council is investigating options for a regional cemetery with Tasman District Council to secure sufficient space for the long-term future of cemeteries within the wider region. The City's cemeteries will reach capacity for burial interments within the next 15-20 years. A Joint Regional Cemetery Working Group has been formed with Tasman District Council and a Joint Regional Cemetery Implementation Plan is being progressed.

The benefits of a regional cemetery include forward planning for our growing communities and collaborating with our neighbouring council to address and fund this regional need.

A budget of approximately \$1.3 million for a land purchase is set aside in 2023/24 for this project.

Sea sports facility

Council is proposing a sea sports building at the Nelson Marina precinct. Sea sports include a range of popular activities such as Scouts, Cadets, rowing, canoe, waka ama, kayaking and surf skis. However, there is currently no adequate building to serve as a base for activities or store equipment. A building would respond to

the needs of user groups and provide a better storage and club facility for many years to come.

A facility has been budgeted in the Long Term Plan 2021-31 at \$8.7 million. There is an expectation that the user groups will contribute to the construction costs. Funding is allocated from 2022/23, with completion of the building envisaged for 2025/26.

Stoke Memorial Hall remediation

Stoke Memorial Hall remediation was budgeted for through the Long Term Plan 2021-31, with work planned for earthquake strengthening and completing minor upgrades to renew elements of the hall (such as the bathrooms and some roof areas).

Cost estimates for the work have come in higher than expected, so the business case is now being reviewed to determine what the best next steps are for the hall. Budget was allocated for 2022/23 for the strengthening, however, this has been removed pending further business case development. Depending on the outcomes of the business case and any Council decisions, budget will be reconsidered through a future Annual Plan or Long Term Plan.



Infrastructure Strategy

He Rautaki Tūāpapa

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

These activities are covered in more detail in the supporting information on Council activities: nelson.govt.nz/pre-election-report.

Our approach to decisions around infrastructure is one of balance. We continue significant levels of investment in core infrastructure to meet changing and future demand while balancing against the ability of current and future generations to pay for it. See the Financial Strategy section for more information on how Council funds its work on page 30.

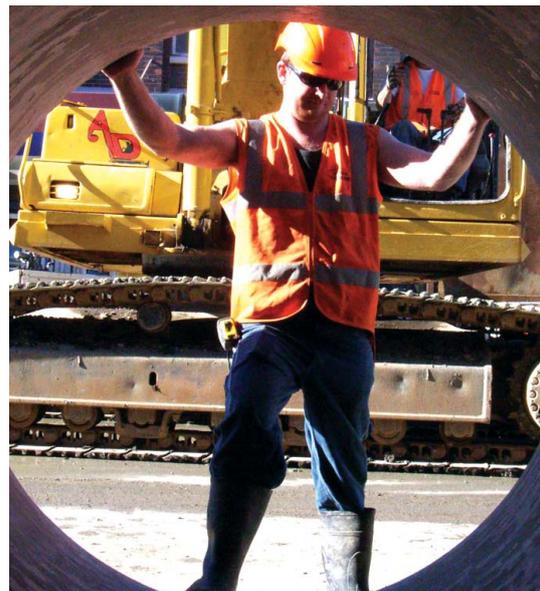
We undertake extensive planning to guide this crucial work. For each Long Term Plan, we develop an updated 30 year Infrastructure Strategy which aims to effectively manage our City's future infrastructure needs.

The Strategy identifies significant infrastructure challenges for our transport, water supply, wastewater, stormwater and flood protection, and solid waste management assets. It outlines the principal options for responding to these challenges to achieve objectives related to:

- managing risks related to natural hazards and climate change
- maintaining, renewing, and upgrading infrastructure
- meeting the needs of growth
- maintaining and enhancing public health and safety outcomes and the environment
- central government direction.

Key changes and additional strategic direction since the last Infrastructure Strategy was adopted in 2018 are summarised below.

- Updated Council vision for Nelson and six Long Term Plan priorities.
- Increased national and local commitments to both adapt to climate change and reduce emissions. The Strategy has embedded a climate change focus and considers the projected impacts of climate change.
- New Government Policy Statements for land transport and freshwater and a new National Environmental Standards for Freshwater.
- Adoption of the Nelson Tasman Future Development Strategy 2019 (currently under review) to guide where and how new residential and business development should occur across the wider region.
- Variations to the rate of population growth, which will change the levels of demand for new infrastructure, including housing intensification across the City.
- Recognition that Council's infrastructure work programme makes an important contribution to Nelson's economy. Expanded capital works programmes are being undertaken to act as an economic stimulant.









Financial section

Te wāhanga ahumoni

The financial information in this document covers the three financial years before the year of this election, and the three years after the year of this election.

The information on past performance is from the audited annual reports of 2019/20 and 2020/21, along with a forecast of the final position for 2021/22. At the time of writing, the 2021/22 financial year has not been completed and is therefore unaudited and the estimates are subject to change.

The information looking ahead is in the first instance from the audited Long Term Plan 2021-31 for the three years 2023/24 to 2025/26. We have also included information from the Annual Plan 2022/23 for completeness.

The financials disclosed in this report include Nelson City Council as well as its share of joint ventures Nelson Regional Sewerage Business Unit and Nelson Tasman Landfill Regional Business Unit.

Financial Strategy

Rautaki Ahumoni

Council's financial strategy aims to balance the need to keep rates affordable and limit borrowing with getting the most out of our capital spending and delivering as much as possible for the community. Council has consistently stayed within the limits it has set regarding rates increases and borrowing and debt levels.

Council's comprehensive financial strategy is developed as part of, and set out in, the Long Term Plan. The strategy demonstrates how Council will:

- provide for growth in Nelson 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 strategy, Council considered:

- service levels, the costs of these services and the money required to achieve those levels of service
- priorities for expenditure across all activities, including capital expenditure on network infrastructure
- setting rates and charges across the full 10-year period of the Long Term Plan and how to minimise them while achieving the targeted levels of service
- the level of debt that current and future ratepayers would need to fund
- the level of growth and changes in use of land that are expected over the next 30 years and beyond.

Our rates, our borrowings, and our capital spending are the three financial 'levers' that influence what services we can provide. We must find the right mix of settings for these levers. Generally, the goal is to keep rates and borrowings as low as possible while delivering the services that our community expects.

Debt vs Rates

Council is continually looking at how to best fund infrastructure and service demand while keeping debt and rates affordable.

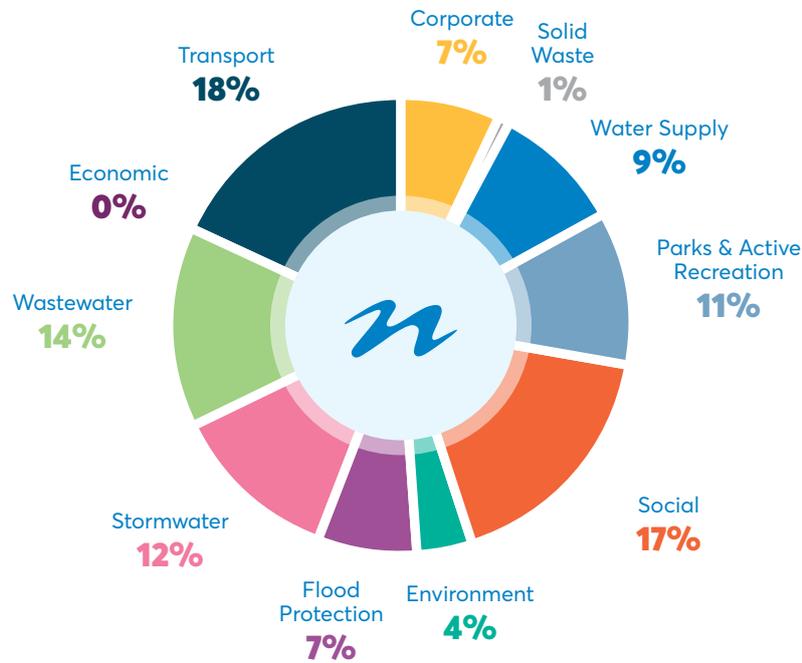
Net debt cannot exceed 175% of total revenue. By this measure, net borrowing cannot exceed \$247 million in 2022/23. Our total net borrowing is projected to be \$161 million at the end of 2022/23. A comparison of debt limits with forecast debt levels is set out in the graph 'Debt Levels', which follows.

In order to keep debt at lower levels than it would otherwise be at year 10 of the current Long Term Plan (and comfortably under the Debt to Revenue ratio of 175%) the strategy proposed to set annual rates increases at the new rates cap of Local Government Cost Index +2.5%.

What this results in, is borrowing from the Emergency Fund in years one to five of the current Long Term Plan to keep the rates increases smooth and lower than they otherwise would be. In years six to 10 of the current Long Term Plan, Council will repay the Emergency Fund (which will come back into funds in year nine) by having higher rates increases than there otherwise would be and higher operating surpluses.

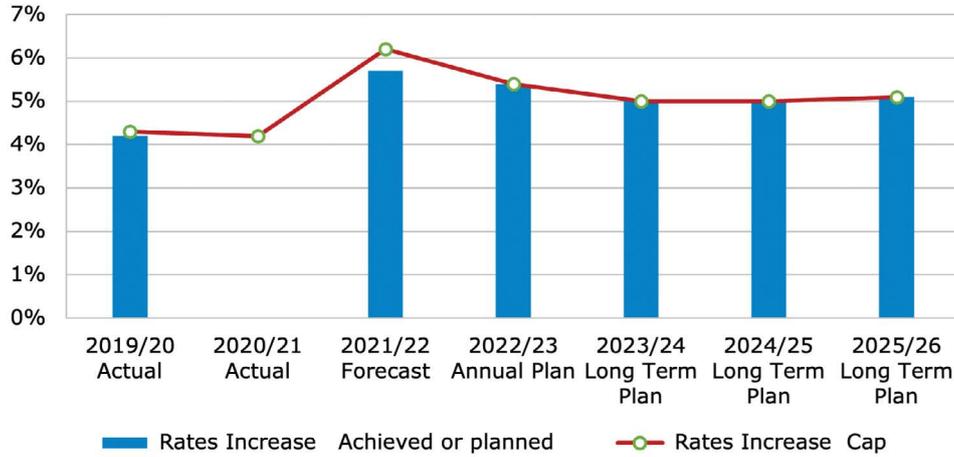
Capital expenditure

We plan to spend \$78.1 million in 2022/23 and an average of \$67 million per year for the three years after that. The following graph shows how the proposed areas of capital expenditure are broken down over the four year period.



How are we going against our strategy limits?

Rates Increases Affordability



This graph shows that our rates consistently stay within the limits set by the financial strategy.

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

- Cost increases faced by Council, particularly for insurance and construction, which are projected to increase at a higher rate than the Consumer Price Index.
- Depreciation and interest payments – the increased value of Council’s assets and higher capital expenditure programme will mean that there will be a corresponding increase in depreciation and interest charges.
- An increased work programme, including changes arising from new central government policies, e.g. Environmental Policy Statements, and community expectations.
- Reducing debt to remain under the debt to revenue ratio of 175%.

- Rebuilding the Emergency Fund for future unexpected events.

Council recognises many residents have high costs of living relative to their incomes, and rates affordability is therefore an important consideration. Throughout the Long Term and Annual Plan processes, Council looks for every opportunity to reduce costs while taking guidance from the community on desired levels of service and the provision of new or improved facilities.

Depreciation is the reduction in value of an asset throughout its life due to its use or becoming obsolete. Council usually funds replacement costs for assets (depreciation) through rates so that the people who are benefiting from the use of assets pay for their replacement. This means that the costs of an asset are spread over the lifetime of that asset and paid for by the generations that benefit from, or consume, that asset. Council infrastructure assets often have useful lives of 80 to 100 years.

Debt affordability

Council's net borrowings are well below the limits set in the financial strategy.

The financial strategy sets three limits on borrowing, which are:

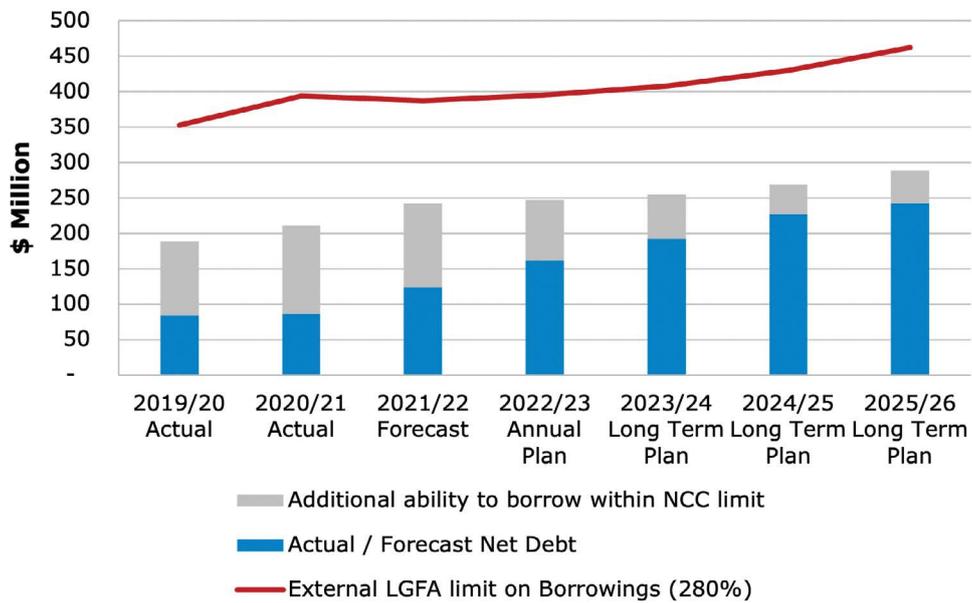
- net external debt¹⁰ not to exceed 175% of total revenue¹¹
- net interest expense on external debt as a

percentage of total revenue to be less than 15%

- net interest expense on external debt as a percentage of total rates income to be less than 20%.

These graphs show Council's compliance with these limits.

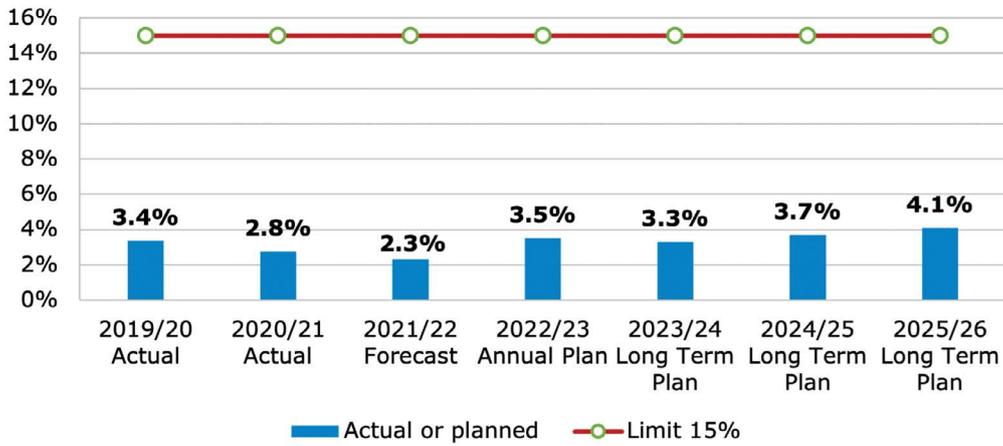
Debt Levels



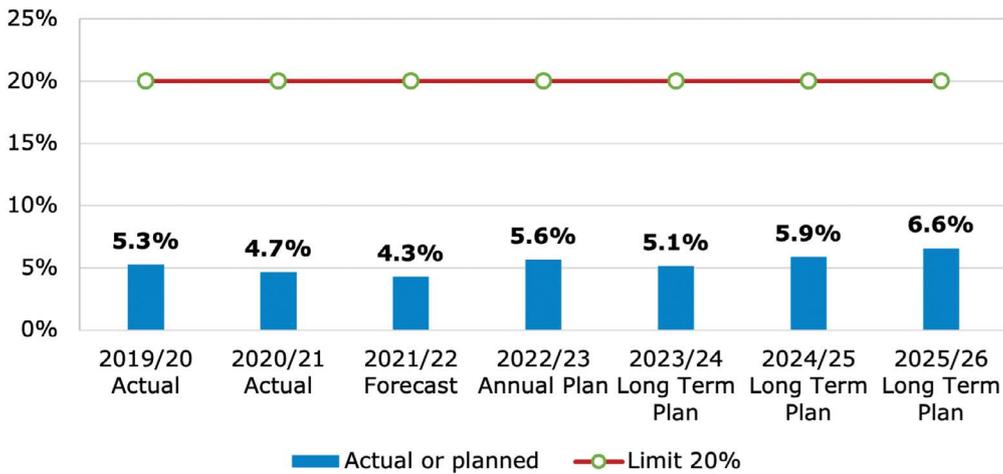
¹⁰ Net external debt is defined as total debt less cash deposits

¹¹ Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, and excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment.

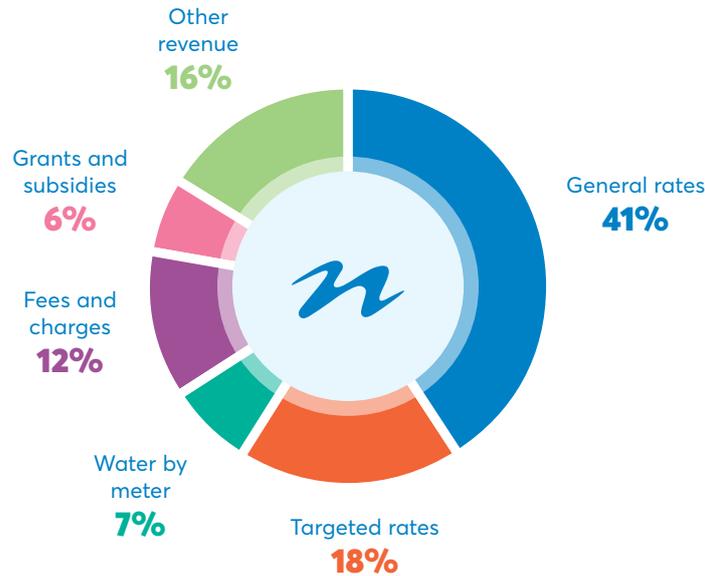
Net Interest to Revenue



Net Interest to Rates



Sources of income



This graph shows the sources of operating revenue for Council in 2022/23.

Investments

Council makes investments when they offer strategic benefits or when they are necessary for Council to effectively carry out its functions.

The 'other revenue' category in the previous graph includes money that Council receives from our portfolio of investments, which includes asset investments (property and forestry) and

associated organisations (our shareholding in Council Controlled Trading Organisations). For instance, Council receives distributions from Port Nelson Limited (as a 50% shareholder), Nelson Airport Limited (as a 50% shareholder) and Nelmac Limited (as a 100% shareholder).

The expected and actual net profit from these associated organisations are shown in the table below.

	2019/20 Forecast	2019/20 Result	2020/21 Forecast	2020/2021 Result	2021/22 Forecast
Port Nelson Limited	\$10.3 million	\$8.2 million	\$7.4 million	\$13 million	\$8.6 million
Nelson Airport Limited	\$3 million	\$1.8 million	\$3.8 million	\$2.035 million	\$800,000
Nelmac Limited	\$612,000	\$558,000	\$691,000	\$726,000	\$648,000

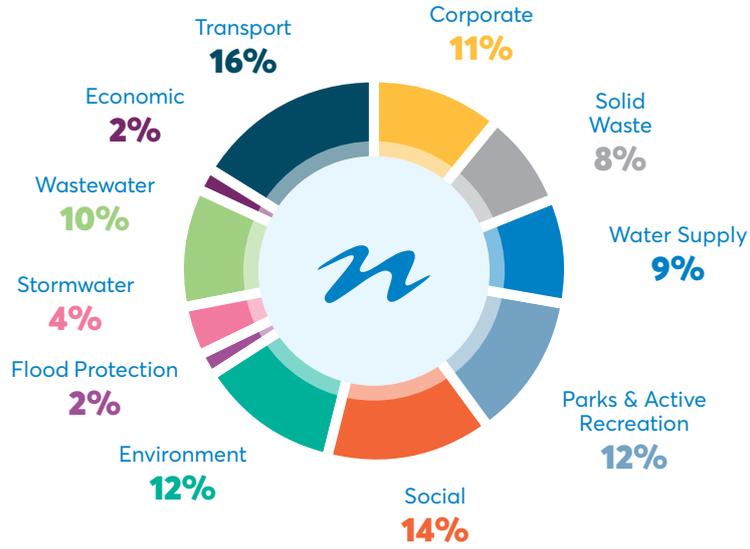
Forecast vs Actual Net Profit after Tax and before Subvention Payments.

Forecast figures from most recent Statement of Intent. The 2021/22 forecasts were adjusted to take into account the likely impacts of the COVID-19 pandemic.

Council also has approximately 610 hectares of commercial forestry which generate a return while providing recreational opportunities.

Planned operating expenditure

Total operating expenditure proposed for 2022/23 is \$144 million.



Summary statement of financial position

as at 30 June 2020 - 2026

	Actual 2019/20 (\$000)	Actual 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	Long Term Plan 2023/24 (\$000)	Long Term Plan 2024/25 (\$000)	Long Term Plan 2025/26 (\$000)
Current assets							
Cash and cash equivalents	17,075	17,886	11,585	11,070	5,586	5,071	4,560
Inventories	-	-	-	-	-	-	-
Trade and other receivables	16,984	19,263	19,687	20,125	12,276	12,708	13,161
Other financial assets	1,832	2,402	3,490	3,762	1,063	1,063	988
Taxation	-	-	-	-	-	-	-
Derivative financial instruments assets	-	-	-	59	-	-	-
Non current assets held for sale	11,212	786	-	-	-	-	-
Total current assets	47,103	40,337	34,761	35,016	18,925	18,842	18,709
Non-current assets							
Investments accounted for using the equity method	36,663	36,663	36,663	36,663	36,663	36,663	36,663
Investments in subsidiaries	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Investment property	955	970	970	998	1,008	1,032	1,059
Other financial assets	4,331	4,558	4,991	5,673	6,390	7,080	7,345
Intangible assets	3,579	4,024	4,023	4,023	3,579	3,579	3,579
Biological assets	7,004	7,226	6,254	5,758	5,181	5,043	4,397
Property, plant and equipment	1,683,010	1,773,876	1,853,129	1,926,907	1,943,270	2,017,456	2,094,672
Non-current derivative financial instruments	-	-	325	1,185	-	-	-
Total non-current assets	1,743,742	1,835,517	1,914,554	1,989,406	2,004,291	2,079,053	2,155,915
Total assets	1,790,845	1,875,854	1,949,315	2,024,422	2,023,216	2,097,895	2,174,624

Summary statement of financial position (continued)

	Actual 2019/20 (\$000)	Actual 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	Long Term Plan 2023/24 (\$000)	Long Term Plan 2024/25 (\$000)	Long Term Plan 2025/26 (\$000)
Current liabilities							
Trade and other payables	20,364	23,873	23,172	23,152	22,576	22,505	22,468
Derivative financial instruments	633	70	122	0	954	933	933
Borrowings	30,850	5,750	18,605	30,539	66,318	77,932	82,956
Employee benefits liabilities	2,363	2,320	2,321	2,390	2,493	2,554	2,620
Provisions	163	264	264	264	-	-	-
Current tax liabilities	-	-	-	-	-	-	-
Total Current Liabilities	54,373	32,277	44,484	56,345	92,341	103,924	108,977
Non-current liabilities							
Trade and other payables	1,448	4,992	4,992	4,992	863	863	863
Provisions	3,504	3,538	3,538	3,538	3,676	3,441	2,944
Employee benefits liabilities	163	165	165	169	172	176	181
Derivative financial instruments	12,812	7,618	0	0	14,266	13,201	13,201
Borrowings	70,000	100,000	118,990	144,757	134,644	158,225	168,425
Total non-current liabilities	87,927	116,313	127,684	153,456	153,621	175,906	185,613
Total liabilities	142,300	148,590	172,169	209,801	245,962	279,830	294,591
Net assets	1,648,545	1,727,264	1,777,147	1,814,621	1,777,254	1,818,065	1,880,034
Ratepayers' equity							
Accumulated comprehensive revenue and expense	431,518	439,724	444,688	452,022	471,474	481,646	492,020
Reserves	1,217,027	1,287,540	1,332,459	1,362,599	1,305,779	1,336,419	1,388,012
Total Ratepayers' Equity	1,648,545	1,727,264	1,777,147	1,814,621	1,777,254	1,818,065	1,880,034

Funding impact statement

for the years ended 30 June 2020 - 2026

	Actual 2019/20 (\$000)	Actual 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	Long Term Plan 2023/24 (\$000)	Long Term Plan 2024/25 (\$000)	Long Term Plan 2025/26 (\$000)
Sources of operating funding							
General rates, uniform annual general charges, rates penalties	49,677	50,145	52,029	54,495	58,351	61,448	65,378
Targeted rates including water by meter	27,634	27,758	30,627	33,116	34,114	36,204	37,849
Subsidies and grants for operating purposes	5,425	7,741	8,315	7,517	8,308	8,397	8,252
Fees and charges	7,997	9,868	17,784	16,540	16,600	15,435	20,477
Interest and dividends from investments	3,210	2,649	2,730	3,814	4,086	4,218	4,566
Local authorities fuel tax, fines, infringement fees, and other receipts	15,992	17,321	17,240	17,802	18,944	19,536	20,327
Total sources of operating funding	109,935	115,482	128,725	133,285	140,403	145,238	156,849
Applications of operating funding							
Payments to staff and suppliers	84,821	95,741	107,645	105,942	110,302	110,822	117,874
Finance costs	4,213	3,676	3,595	4,994	4,860	5,852	6,901
Other operating funding applications	-	-	-	-	-	-	-
Total applications of operating funding	89,034	99,417	111,240	110,936	115,162	116,674	124,775
Surplus (Deficit) of operating funding	20,901	16,065	17,484	22,348	25,241	28,564	32,074

Funding impact statement (continued)

	Actual 2019/20 (\$000)	Actual 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	Long Term Plan 2023/24 (\$000)	Long Term Plan 2024/25 (\$000)	Long Term Plan 2025/26 (\$000)
Sources of capital funding							
Subsidies and grants for capital	5,264	10,120	9,509	8,004	5,356	8,433	8,178
Development and financial contributions	3,988	4,410	4,023	3,733	3,828	3,922	4,020
Increase (decrease) in debt	4,870	17,569	37,042	36,959	34,356	34,229	14,511
Gross proceeds from sale of assets	926	13,268	-	7,147	-	1,577	-
Lump sum contributions	-	-	-	-	-	-	-
Total sources of capital funding	15,048	45,367	50,573	55,842	43,540	48,161	26,709
Applications of capital funding							
Capital expenditure							
- to meet additional demand	3,789	8,829	4,866	5,255	4,882	14,271	8,073
- to improve level of service	15,467	29,440	44,394	49,279	39,817	43,207	28,178
- to replace existing assets	13,999	13,564	17,828	23,577	21,244	19,431	22,718
Increase (decrease) in reserves	(395)	910	-	-	-	-	-
Increase (decrease) in investments	3,089	8,689	970	80	2,838	(185)	(185)
Total applications of capital funding	35,949	61,432	68,058	78,191	68,781	76,724	58,784
Surplus (Deficit) of capital funding	(20,901)	(16,065)	(17,484)	(22,348)	(25,241)	(28,564)	(32,074)
Funding balance	-	-	-	-	-	-	-

Statement of cash flows

for the years ended 30 June 2020 - 2026

	Actual 2019/20 (\$000)	Actual 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	Long Term Plan 2023/24 (\$000)	Long Term Plan 2024/25 (\$000)	Long Term Plan 2025/26 (\$000)
Cash flows from operating activities							
Cash was provided from:							
Receipts from rates revenue	75,176	79,068	82,656	87,612	92,465	97,652	103,227
Subsidies and grants received	10,747	17,861	17,749	15,522	13,665	16,830	16,430
Receipts from other revenue	23,174	26,157	29,508	31,451	33,747	34,734	36,816
Development and financial contributions	4,200	4,410	4,023	3,733	3,828	3,922	4,020
Interest Received	165	149	-	-	1	1	1
Dividends Received	3,840	2,822	2,730	3,814	3,619	3,744	4,083
	117,302	130,467	136,666	142,132	147,325	156,883	164,577
Cash was disbursed to:							
Payments to suppliers	56,910	64,118	81,914	77,324	81,408	81,119	87,657
Payments to employees	22,801	24,300	26,246	28,566	28,894	29,650	30,210
Interest Paid	4,086	3,537	3,566	4,964	4,770	5,760	6,808
Tax Paid/(refund)	-	-	-	-	-	-	-
	83,797	91,955	111,726	110,854	115,072	116,529	124,675
Net Cash Flows from Operating Activities	33,505	38,512	24,940	31,277	32,253	40,354	39,902

Statement of cash flows (continued)

	Actual 2019/20 (\$000)	Actual 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	Long Term Plan 2023/24 (\$000)	Long Term Plan 2024/25 (\$000)	Long Term Plan 2025/26 (\$000)
Cash flows from investing activities							
Cash was provided from:							
Receipts from sale of property, plant, and equipment	839	96	-	7,147	-	1,577	-
Receipts from assets held for sale	-	10,426	-	-	-	-	-
Sale of biological assets	-	-	5,519	2,453	1,833	277	4,016
Repayment of community loans and advances	348	467	-	193	193	193	193
Other investments	302	-	-	-	(440)	(234)	(422)
	1,489	10,989	5,519	9,793	1,586	1,813	3,787
Cash was disbursed to:							
Investments in LGFA* borrower notes	160	555	432	875	741	883	383
Community loans advanced	149	-	-	-	-	-	-
Purchase of biological assets	-	-	-	-	30	83	-
Purchase of intangible assets	1,440	1,014	-	-	-	-	-
Other investments	-	-	1,088	300	-	-	75
Purchase of fixed assets:							
Renewals	13,071	12,060	17,828	23,577	21,209	19,386	22,698
New works – growth	4,121	7,052	4,866	5,255	4,908	14,298	8,084
New works - Increased level of service	14,219	32,909	44,394	49,279	39,826	43,225	28,187
	33,160	53,590	68,608	79,286	66,714	77,875	59,427
Net cash flows from investing activities	(31,671)	(42,601)	(63,089)	(69,493)	(65,128)	(76,063)	(55,640)

Statement of cash flows (continued)

	Actual 2019/20 (\$000)	Actual 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	Long Term Plan 2023/24 (\$000)	Long Term Plan 2024/25 (\$000)	Long Term Plan 2025/26 (\$000)
Cash flows from financing activities							
Cash was provided from:							
Proceeds from borrowings	10,850	35,750	31,849	37,701	32,360	35,194	15,224
Cash was applied to:							
Repayment of borrowings	(11,000)	(30,850)	-	-	-	-	-
Net cash flows from financing activities	(150)	4,900	31,849	37,701	32,360	35,194	15,224
Net Increase/ (Decrease) in Cash Held	1,684	811	(6,301)	(515)	(514)	(514)	(514)
Add Opening Cash Balance	15,391	17,075	17,886	11,585	6,101	5,587	5,073
Closing Balance	17,075	17,886	11,585	11,071	5,587	5,073	4,559
Represented by:							
Cash and Cash Equivalents	17,075	17,886	11,585	11,071	5,587	5,073	4,559

*Local Government Funding Agency



Further information

A supporting information document on Council activities has been developed to accompany the pre-election report. It can be accessed on the Council's pre-election report webpage.

nelson.govt.nz/pre-election-report

For further information on the plans and reports referenced in this pre-election report, please see the relevant documents on the Nelson City Council website: nelson.govt.nz.

Many of the documents can also be reviewed at our Customer Service Centre or libraries.

Customer Service Centre: Civic House, 110 Trafalgar Street, Nelson

Libraries:

- Stoke Library, 35 Putaitai Street, Nelson
- Nightingale Library Memorial, 2 Beach Road, Tāhunanui
- Elma Turner Library, 27 Halifax Street, Nelson (at the time of writing this library was temporarily closed due to earthquake-related concerns)

To learn more about this year's election, standing as a candidate, and important deadlines, please go to nelson.govt.nz and click on the Elections 2022 tile.

Contact information



Civic House, 110 Trafalgar Street, Nelson City Council



PO Box 645, Nelson, 7040



enquiry@ncc.govt.nz



03 546 0200



nelson.govt.nz

