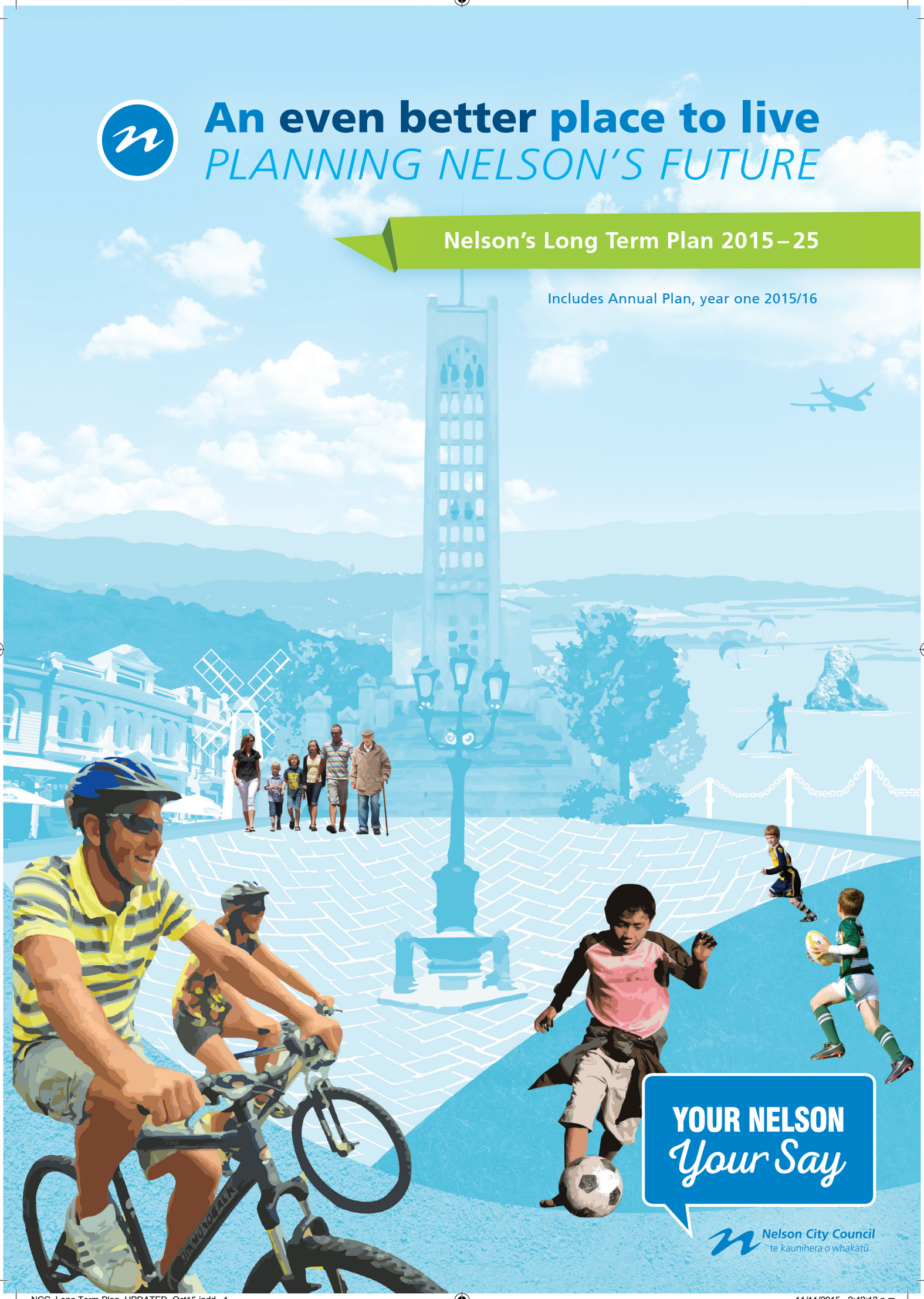
An even better place to live

PLANNING NELSON'S FUTURE

Nelson's Long Term Plan 2015 – 25

Includes Annual Plan, year one 2015/16



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HE MIHI

Whakataka te hau ki te uru	Cease the winds from the west
Whakataka te hau ki te tonga	Cease the winds from the south
Kia mākinakina ki uta	Let the breeze blow over the land
Kia mātaratara ki tai	Let the breeze blow over the ocean
E hāke ana te atākura	Let the red-tipped dawn come with a sharpened air
He tio, he huka, he hau hū	A touch of frost, the promise of a glorious day
Tīhei mauri ora	I breathe 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 Te Tauihu

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CONTENTS

Mayor's foreword

Audit report

Quick guide

CONTENTS

CONTENTS 4
- Mayor's foreword 5
- Audit report 8
- Quick guide 11

INTRODUCTION 14
- Rates and charges 15
- Council's purpose, vision and outcomes 16
- Community outcomes 17
- Significance and engagement policy overview 20
- Māori contribution to decision-making processes 22
- Financial strategy 26
- Regional issues and Tasman District Council shared services 40

COUNCIL ACTIVITIES 43
- Transport 45
- Water supply 60
- Wastewater 74
- Stormwater 86
- Flood protection 100
- Environment 112
- Social 126
- Parks and active recreation 140
- Economic 154
- Corporate 164

ACCOUNTING INFORMATION 175
- Accounting policies 176
- Assumptions 185
- Statement of comprehensive revenue and expense 192
- Statement of changes in net assets/equity 192
- Statement of financial position 194
- Statement of cashflows 196
- Funding impact statement 198
- Financial reserves estimates 202
- Financial Prudence 204
- Funding Impact Statement 209
- Summary of Rates and Charges 218
- Revenue and financing policy 220
- Rates remission policy 244
- Rates postponement policy 250
- Council Controlled Organisations 251
- Water and sanitary services assessment 257
- Waste management and minimisation plan 257

APPENDICES 259
- Infrastructure Strategy 260
- Development and financial contributions policy 282
- Significance and Engagement policy 309
- Council management structure 313
- Council committees and portfolios 314
- Glossary 316
- Map of Nelson City Council boundaries 318

CONTACT US 319

NCC_Long Term Plan_UPDATED_Oct15.indd 4 11/11/2015 2:42:15 p.m.

FOREWORD FROM THE MAYOR

This document sets out Nelson City Council's plans for the city's future. It is the blue print for our long-term investments and will help us to achieve our goals as a community. This Plan can only come to life if it truly reflects the wishes of the community and I'd like to thank everyone who has provided valuable feedback to Council on how we can realise our potential; we have listened.

We are indeed fortunate to live in an attractive, growing region that people are proud to call home. Our beautiful environment and creative spirit keeps us here, and continually attract new residents and visitors. This 10 Year Plan sets out how, together, we can chart the course to making this an even better city.

Nelson is the main urban centre at the heart of Te Tau Ihu (Top of the South) but with our current population and despite strong population growth we are a long way from being a major centre. Our Achilles' heel is that 50,000 Nelsonians have the aspirations of a city of 200,000 people.

I am not surprised that the number of projects we would like exceeds our ability to pay. I'd like them too. But we must balance the investment needed to make Nelson an even better place with affordability for ratepayers. Our first review of the 10 year forecast rates increases and debt projections told us we had to cut our cloth a little differently.

This Plan outlines significant investment in core infrastructure. That's important to all of us. We have allocated an extra $30 million for stormwater and flood protection. We can't stop the extreme weather events hitting us – but we can be better prepared. We're spending $9.2 million on wastewater pump stations at Corder and Neale Parks to keep the network in good shape. There's also $5.6 million on footpaths – an investment you've already told us matters to you.

NCC_Long Term Plan_UPDATED_Oct15.indd 5 11/11/2015 2:42:15 p.m.

FOREWORD FROM THE MAYOR

As a unitary authority, Nelson has a wider range of functions than most councils. In the Plan, our regional council functions get a much higher priority with the introduction of our environmental programme, Nelson Nature. The review of our Nelson Resource Management Plan and its resource management functions provides an opportunity to look for a more integrated approach to how our city develops. This will include reviewing how our central business district works. We will look for opportunities to encourage more business and residential activity there. An initial step is to waive development contributions for the first 30 new residential or mixed use developments in the CBD each year over the next five years. Council recognises that this is an area where it wishes to encourage inner city living and commercial development.

Meanwhile, the reassessment of our economic development services (including tourism, marketing and events) brings the opportunity for integrated delivery out of a single agency. We know from looking at Auckland Tourism Events and Economic Development (ATEED) that there are more benefits from integration than there are in separation. Growing our economy is a critical success factor for Nelson. I am committed to leading a business-friendly Council that is an enabler, cutting red-tape and supporting local business.

One way Council already helps our entrepreneurs is by facilitating links to important trading partners. A Council-led business delegation to China was completed earlier this year, and later in 2015 we'll be initiating China Week, when we can all share in this flourishing relationship. Look out for an exciting week celebrating our growing cultural, business and tourism links with that vast economy.

Partnerships help stretch resources further. For that reason, they are a cornerstone of this Plan. The contribution of willing partners in funding, or time, or other support for projects, makes it possible for Council to justify committing your hard-earned rates dollars.

As Mayor, I am keen for Council to partner with innovative thinkers and new ambassadors for Nelson via a Mayoral Taskforce on City Futures. This group will look to identify opportunities for enhancing the city's economic and social vibrancy. They will meet quarterly, with their work helping to inform future Annual Plans, Long Term Plans and Council work programmes. Such fresh approaches will be key in achieving what we want for our city.

"Partnerships help stretch resources further. For that reason, they are a cornerstone of this Plan. The contribution of willing partners in funding, or time, or other support for projects, makes it possible for Council to justify committing your hard-earned rates dollars."

As we have put the Plan together, we have also recognised there are gaps. I had hoped the review of Council's property holdings that was commissioned last year would have informed this Plan. The review has taken longer than expected but it is important to get it right. This work will come forward later in the year and it will assist future Annual Plans.

Similarly, some of the estimates in the Plan are just that: estimates. The preparation of a business case for each major project is a new step in our process, and there has not been time to move all projects through this process in preparation of this Plan. Council will consider each business case as it comes to hand and before any major projects are approved.

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FOREWORD FROM THE MAYOR

This Plan makes provision for a number of initiatives in Stoke, the most exciting of which may be the construction of a community facility at Greenmeadows. Stoke is the fastest growing area in Nelson, and I am pleased Council has allocated funds for this facility, along with proposing an extension to the Stoke library and a youth park.

You told us you would like to see continued support for our community groups through community assistance funding. We listened. Along with allocating $300,000 for each year of the Plan towards community groups, $100,000 a year for the next three years has been allocated for home insulation as part of the Warm Up New Zealand Healthy Homes scheme.

> "As Mayor, I am keen for Council to partner with innovative thinkers and new ambassadors for Nelson via a Mayoral Taskforce on City Futures."

There will be a focus on investment in social development and we will be asking other organisations to partner with us to identify the best way to support our community.

Whatever the projects and plans Nelson City makes, we have to take the broader regional view. The divisions between Nelson City and Tasman District Councils only make sense on paper, and not to our people who move across that 'dividing line' every day. To create the future both Nelson and Tasman needs, we must think, work and plan as one region. That connected approach will evolve further over the life of this Plan.

I'd like to end by thanking you for taking the time to contribute to our city's Plan. It is about building a solid foundation now that will provide a platform for success in the future.

Rachel Reese
Mayor of Nelson

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AUDIT OPINION

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the reader

Independent auditor's report on
Nelson City Council's 2015-25 Long-Term Plan

I am the Auditor-General's appointed auditor for Nelson City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 23 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and coordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 188 to 192 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Council's audited information.

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

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.

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

Our audit procedures included assessing whether:

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

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

Responsibilities of the Council and auditor

The Council is responsible for:

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

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

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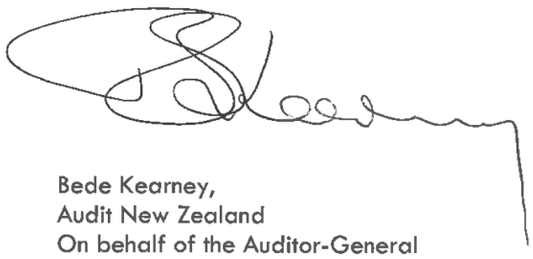
Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



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

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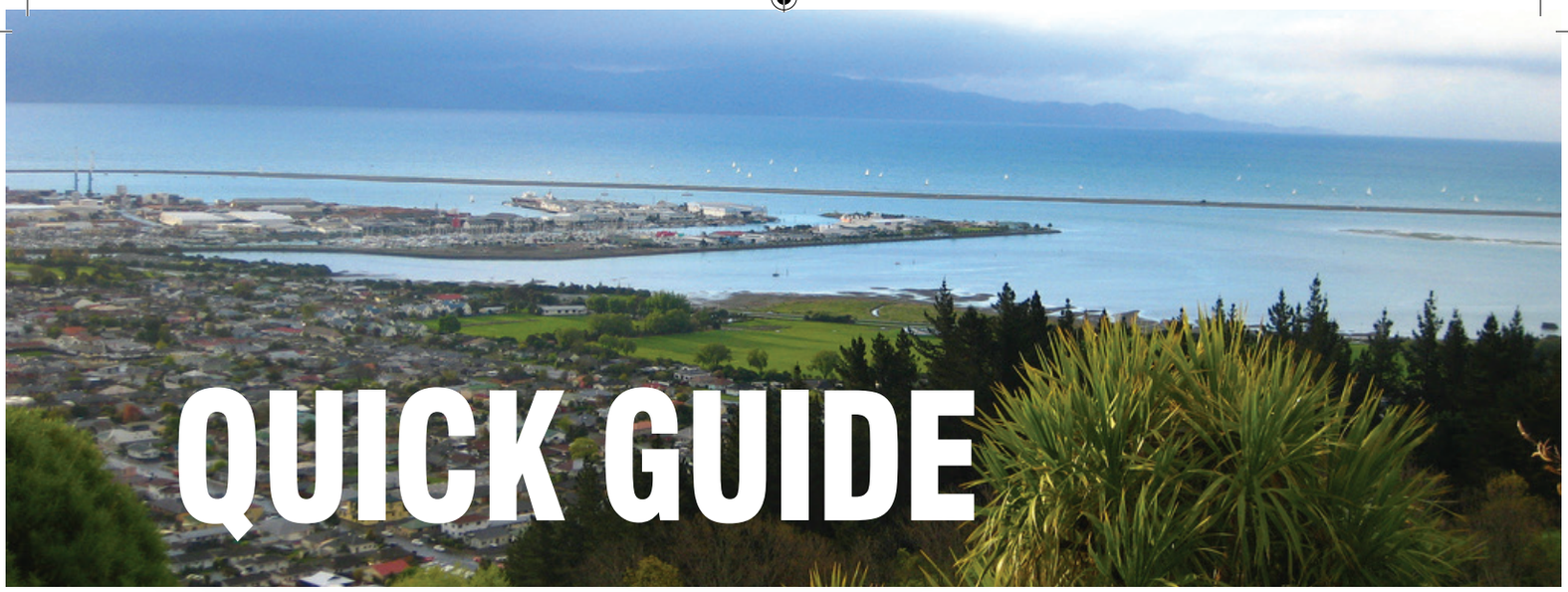

QUICK GUIDE

FINDING YOUR WAY AROUND THE LONG TERM PLAN

Welcome to Nelson City Council's Long Term Plan for 2015-25, which outlines the activities and services Council is planning to provide over the coming 10 years.

This Plan has three sections:

- Introduction: This describes how the Long Term Plan fits together. It talks about Council's financial strategy, regional issues and community outcomes, involvement of iwi Māori, forecasting assumptions, and significance and engagement policy
- Council activities: This section provides an overview of the major projects, levels of service and activity statements for the next 10 years. The information is provided for each of: transport, water supply, wastewater, stormwater, flood protection, environment, social, parks and active recreation, economic and corporate activities
- Accounting information: This covers how rates are set, comprehensive income, changes in equity, the balance sheet, cashflows, financial contributions, reserve funds, Council's financing and revenue policy, and development contributions.

The **Appendices** provide further detail on Council management structure, Committees, Infrastructure Strategy, Development and Financial Contributions Policy as well as the Significance and Engagement Policy. There is also a Glossary to explain terms that may be unfamiliar. Jargon and abbreviations have been minimised, but there are some words that have been used because of legislation or the specialised activities that Council carries out.

Council's financial year runs from 1 July to 30 June of the following year. Throughout the text dates are formatted as 2015/16, for example, shorthand for 1 July 2015 to 30 June 2016.

WHAT WOULD MY RATES BE?

Affordability has been a key concern for Council throughout the Plan's development. The first iteration of the budget considered by Council detailed a lot of infrastructural and other projects. We had to adjust the timing and scope of these to bring rates and debt levels to a point we were comfortable with.

Managing debt levels is a priority for Council. These are assessed by a credit rating agency and by retaining our existing credit rating, we attract lower interest rates on our borrowings which saves significant sums of money. It is also important to avoid burdening future generations with unsustainable levels of debt which limit their choices.

Efficiencies in how projects are delivered, spreading projects over longer timeframes, developing partnerships to spread the load from ratepayers and removing the "I might need it" budget lines are all strategies that have been used to keep costs manageable. Over the 10 years of the Plan our debt levels remain within the cap Council has set itself, of never exceeding 150% of our revenue.

Rates rises average 2.7% (including growth) over the 10 years of the Plan. Council has a capped limit of rates rises never being more than 2% higher than the local government cost index. One important element in achieving reasonable levels of rating is Council's commitment to more rigorous budgeting. We only want to take from you in rates each year the amount for a realistic work programme that we can deliver.

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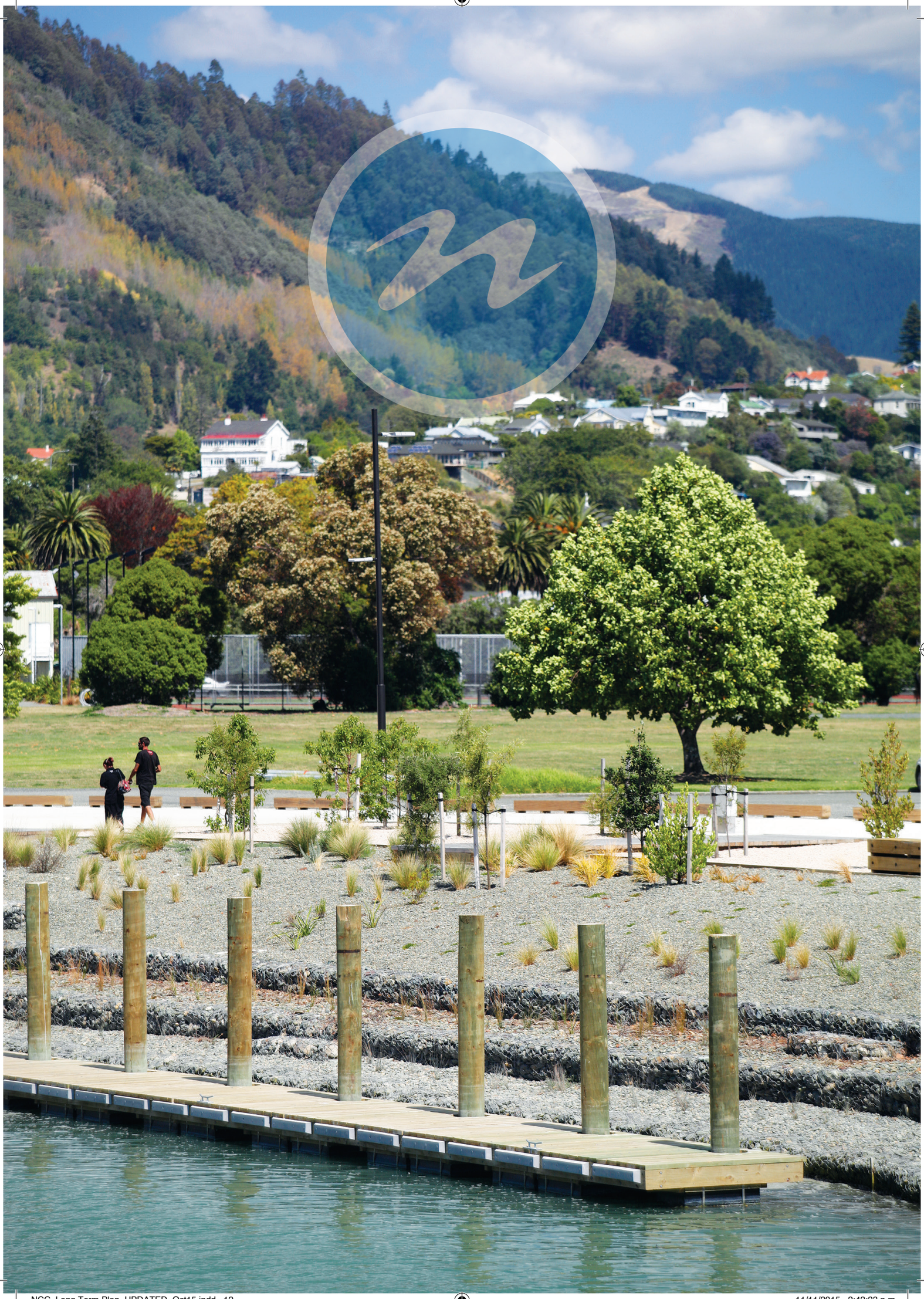

INTRODUCTION

Rates and charges

Council's purpose, vision and outcomes

Community outcomes

Significance and engagement policy overview

Māori contribution to decision-making processes

Financial strategy

Regional issues and Tasman District Council shared services

INTRODUCTION

Under the Local Government Act 2002, councils have to publish and consult on a 10 year plan, which undergoes a full review every three years. This is the fifth time Nelson City Council has prepared such a document. You might previously have known it as the Long Term Plan (LTP) in 2012 or as the Nelson Community Plan in 2009.

Under changes to the Local Government Act 2002 the powers of Mayors were changed to include leading the development of the territorial authority's Long Term Plan. The Plan is then approved by the whole of Council for consultation with the community.

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

The financial information in this Long Term Plan is forecast information based on assumptions about what Council reasonably expects to occur. Assumptions are included in the Accounting Information section at page 185. The consultation period for this Long Term Plan ran from 26 March to midday 28 April 2015. 594 submissions were received of which 182 submitters asked to speak at hearings.

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

This Long Term Plan explains Council's priorities and spending from 2015 to 2025, with more detail for the first three years from July 2015 to June 2018. There is no separate draft Annual Plan for 2015/16 – this is included as year one of the 10 financial years covered by the Long Term Plan. The proposed rates and charges are based on the 2015/16 information.

This Long Term Plan can be viewed or downloaded from Council's website nelson.govt.nz (search = long term plan) or you can request a hardcopy or electronic version from the Civic House Customer Service Centre.

ABOUT NELSON CITY COUNCIL

Nelson City Council is one of six unitary authorities in New Zealand, which means it has the combined responsibilities of both a district and regional council and deals with managing the environment as well as delivering local services. It has 12 elected Councillors and a Mayor. Elections are held every three years with the next elections scheduled for October 2016. Council currently employs 241 full-time and part-time staff across seven teams in 212 full-time equivalent positions.

Council's goal is to make Nelson an even better place for everyone. Council owns more than $1 billion of assets and over $130 million is spent each year on projects and services that help to meet that goal.

REACHING OUR GOALS

Council has reflected on what is important to achieving our goals and the financial challenges in creating and maintaining assets over the next decade. Most levels of service will remain as they were and you will see no changes in what you receive. Council will enhance some levels of service, in particular the level of protection provided by the stormwater and flood protection network. Council is focused on delivering critical core infrastructure projects, maintaining existing networks and providing infrastructure to meet Government requirements.

It is not financially sustainable for Council to provide all the services and activities that parts of the community would like, in the period of this 10 year plan. Therefore, Council has had to carefully prioritise its work programme. Council undertook a series of early pre-consultation meetings on a range of community focus areas such as sports, social, arts, older adults, youth, environment and heritage. This added to other information Council held on community priorities, and provided early knowledge of projects the community wished to initiate. Council used this information to help shape and prioritise projects in the Long Term Plan.

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RATES & CHARGES

General rates are forecast to increase by an average of 2.7% over the 10 year period of this Long Term Plan, with a maximum increase of 3.6% in any one year. For more on the rates and charges, refer to the Financial Strategy (page 26) and Funding Impact Statement (page 206).

Using the estimates and projections Council has developed, the table below shows how rates and charges will look for the 2015/16 year.

Rates Increases (inc growth) for representative properties	Land Value (2012)	2014/15 Rates	2015/16 Rates	Increase 2014/15 %	Increase 2014/15 $
Residential - Including average water rates of $540.00 in 2015/16	$118,000	$2,303.10	$2,375.80	3.16	$72.70
	$185,000	$2,716.90	$2,812.50	3.52	$95.60
	$215,000	$2,902.10	$3,008.00	3.65	$105.90
	$315,000	$3,519.70	$3,659.90	3.98	$140.20
	$420,000	$4,168.10	$4,344.30	4.23	$176.20
	$580,000	$5,156.10	$5,387.20	4.48	$231.10
Multi Residential (Two flats - two UAGC & Wastewater Charges)	$220,000	$4,400.60	$4,510.60	2.50	$110.00
	$800,000	$8,294.50	$8,669.40	4.52	$374.90
Small Holding (No Wastewater and water charge)	$280,000	$2,184.50	$2,322.90	6.34	$138.40
	$385,000	$2,768.10	$2,938.90	6.17	$170.80
Rural (No Wastewater, Stormwater/Flood Protection and water charge)	$790,000	$3,556.80	$3,747.50	5.36	$190.70
	$2,125,000	$8,915.50	$9,403.70	5.48	$488.20
Commercial - Outside Inner City / Stoke	$365,000	$6,500.10	$6,746.50	3.79	$246.40
	$405,000	$7,132.50	$7,902.10	10.79	$769.60
Commercial - Stoke	$35,000	$1,471.20	$1,560.60	6.08	$89.40
Commercial - Inner City	$290,000	$7,359.70	$8,020.90	8.98	$661.20
	$330,000	$8,206.90	$8,950.10	9.06	$743.20
	$1,150,000	$25,088.60	$27,497.90	9.60	$2,409.30

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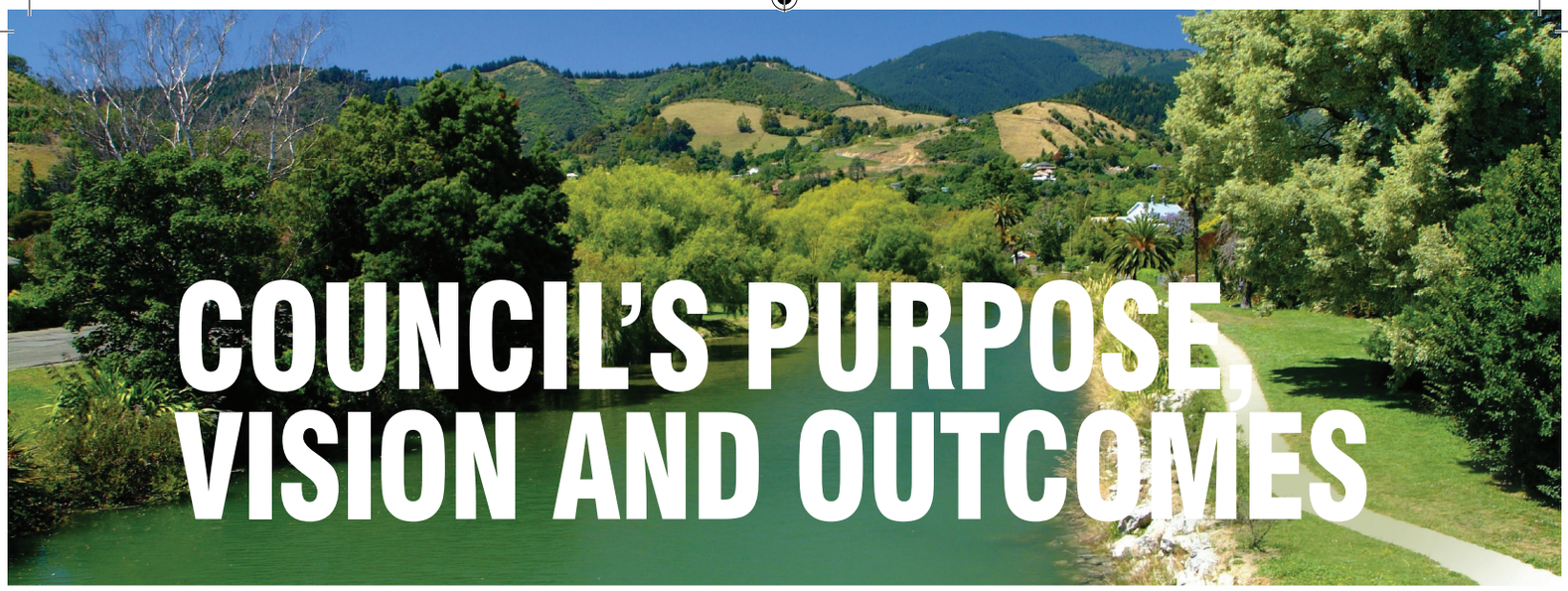

COUNCIL'S PURPOSE, VISION AND OUTCOMES

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

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

This means that Council needs to make decisions on how to make Nelson an even 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 a vision and a set of outcomes to help guide its decision making.

As part of the last Long Term Plan process, Council adopted a long term vision for Nelson, based on consultation with the community. This vision describes what people want Nelson to be like in the future and 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 vision covers four themes:

- 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.

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COMMUNITY OUTCOMES

Councils are required by the Local Government Act 2002 to have community outcomes, which are a statement of the goals Council is working to achieve in meeting the current and future needs of our community.

In 2014, Nelson City Council and Tasman District Council were involved in a process to develop a set of shared regional outcomes. These are set out below. While the two councils share joint outcomes, the descriptions that accompany them are individual to each council to reflect their community's different needs and aspirations.

These regional outcomes fit with the purpose of local government to guide delivery of services in a way that is efficient, effective and appropriate to present and anticipate future circumstances. Adopting joint outcomes with Tasman District Council demonstrates an understanding that we are one region and need to collaborate to provide the best and most efficient services to our communities.

Our unique natural environment is healthy and protected

- 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 pests are controlled.
- Open spaces are linked and productive land is protected.
- The intergenerational kaitiakitanga (guardianship) of tangata whenua iwi is recognised; the community understands the concept and are involved in caring for ngā taonga tuku iho (treasure of the ancestors).
- 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.

Our urban and rural environments are people-friendly, well planned and sustainably managed

- Urban and rural areas are designed to be child-, family- and people-friendly.
- We think and plan regionally and act locally within that context.
- 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.

Our infrastructure is efficient, cost effective and meets current and future needs

- We have good quality, sustainable, integrated, affordable and effective public transport, infrastructure, energy-use and transport networks.
- Waste and pollution are minimised so we have clean water, clean seas, clean air, and healthy flora, fauna and soils.
- Growth is well managed and there is little waste or pollution.
- We are proud of our developing cycleway network.

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COMMUNITY OUTCOMES

Our communities are healthy, safe, inclusive and resilient

- We are a tolerant, supportive and diverse community.
- Māori culture and tikanga (traditions) are acknowledged as taonga (treasure) that represent our regional uniqueness.
- We take pride in the warm welcome we give to visitors and new arrivals (manaakitanga).
- 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 and live.
- We have adequate policing and well-designed public spaces providing a feeling of safety and security in our homes and communities.
- 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.

Our communities have opportunities to celebrate and explore their heritage, identity and creativity

- We are proud of our region, our communities and our diverse heritage.
- We have a strong sense of community, enhanced by activities, festivals, events and celebrations that reflect our distinct environment and people.
- We celebrate and acknowledge our heritage and our history and how that contributes to our distinctive identity.
- We tell our whakapapa (history) in an honest way and acknowledge the lessons that history have taught us.
- We reflect and celebrate our progress as a community.
- We value and support those things that make Nelson special and unique – our Māori history, our people, art and crafts, the café culture, the outdoors, local food and wines, boutique shops and the relaxed atmosphere.
- There is a wide range of arts opportunities for everyone to take part in.

Our communities have access to a range of social, educational and recreational facilities and activities

- 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.
- There is a wide range of recreation, education and leisure opportunities for everyone to take part in.
- We have high quality and accessible recreation, education, health and community facilities.
- We support and encourage different cultural groups to demonstrate their unique recreational activities to the wider community.

Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement

- We work together as a region, think of the generations that will follow and listen to the full range of views.

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COMMUNITY OUTCOMES

- 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.

Our region is supported by an innovative and sustainable 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.
- We encourage appropriate new investment into our community.
- 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 19 11/11/2015 2:42:27 p.m.

SIGNIFICANCE AND ENGAGEMENT POLICY OVERVIEW

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

DETERMINING SIGNIFICANCE

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

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

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

COMMUNITY ENGAGEMENT

There are still situations where the Special Consultative Procedure must be used under the Local Government Act 2002: Adoption or amendments to the Long Term Plan; Adoption or amendment to a significant bylaw; Transfer of ownership of a significant strategic asset; and Changes to financial policies. There are a number of additional statutes which also require the special consultative procedure to be followed in specified situations.

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

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

- Seek to hear from everyone affected by a decision;
- Ask for views early in the decision making process so that there is enough time for feedback to be provided, and for this to be considered properly;
- Listen and consider views in an open and honest way;
- Respect everyone's point of view;
- Provide information that is clear and easy to understand;
- Consider different ways in which the community can share views with us;

NCC_Long Term Plan_UPDATED_Oct15.indd 20 11/11/2015 2:42:27 p.m.

- Ensure that the engagement process is efficient and cost effective.

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

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

ENGAGEMENT WITH IWI

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

The full Significance and Engagement Policy is included in the Appendices and can also be found on Council's website at nelson.govt.nz (search = significance and engagement policy).

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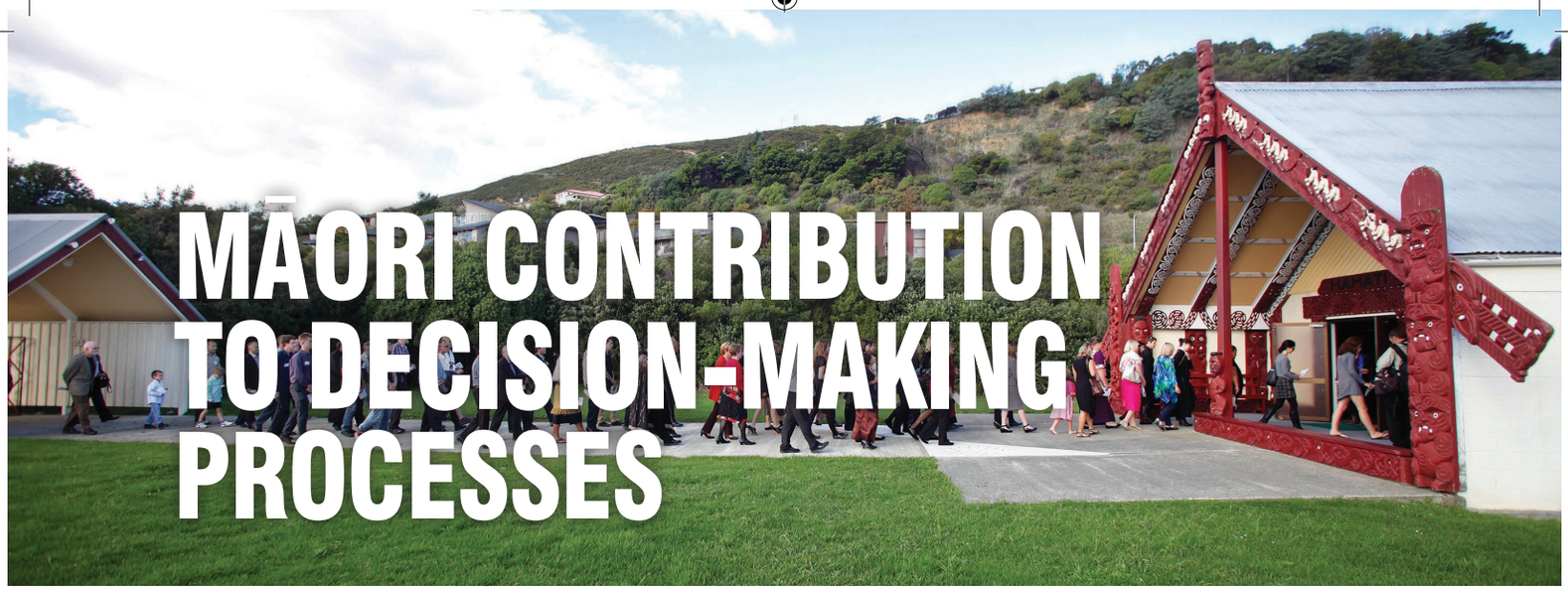

MĀORI CONTRIBUTION TO DECISION-MAKING PROCESSES

For many years, Council has worked with iwi and Māori to ensure there is a range of opportunities to contribute to Council decision-making. Iwi representatives, Councillors and staff continue to look for ways to adapt processes to ensure they work well.

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

Council believes that by working in partnership with iwi and Māori it will create benefits for the whole community. Council grows this partnership by encouraging active participation in local government wherever possible. Council upholds the principles in the Memorandum of Understanding (MOU) with Tangata Whenua o Whakatū and maataa waka, iwi from other tribal areas, signed in 2005. However in light of completion of Treaty Settlement in Te Tau Ihu it is acknowledged that it would be appropriate to review the MOU. Council is also collaborating on individual MOUs with each iwi to describe the relationship and how it will be developed in the future.

MĀORI WORLD VIEW

The principles of an MOU require the parties to act in good faith and entail an understanding of the Māori world view. This is based on relationships between people, the spiritual world and the natural world, and includes natural resources such as water.

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

Over the last ten years, Council and iwi have met at a Kotahitanga (meaning "unity"or "as one") forum held three times per year on average, to discuss a range of matters. In April 2015, Te Waka a Māui Iwi Chairs met and agreed there was a need for a new forum for chairs and mayors to meet and discuss governance issues. This is in recognition that while the Kotahitanga forum provides an opportunity for engagement, it has become increasingly operationally focused.

Council has appreciated the Kotahitanga hui as assisting in explaining Te Ao Māori (Māori world view) to elected members, Council staff and the community. Council looks to the Kotahitanga forum for advice on tikanga (values and protocols) and kawa (ways of doing things) in operational matters that affect iwi and Council.

COUNCIL AND MĀORI WORKING TOGETHER

Nelson City Council's partnerships with Māori are based on the following principles: recognition of the contribution of Māori, common ground and interests shared by Council with the original people of this area, Tangata Whenua o Whakatū, Council's responsibilities towards Māori under the Treaty of Waitangi, and legislative responsibilities. The rationale for this involvement is explained in the MOU with Tangata 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 22 11/11/2015 2:42:29 p.m.

MĀORI CONTRIBUTION TO DECISION-MAKING PROCESSES

The Council Kaumatua (Māori elder) assists the Mayor and Council on official occasions providing cultural support for citizenship ceremonies and when welcoming dignitaries. The Kaumatua is also another cultural support for the organization as a whole. The Council Kaumatua, like the Kaihautū[1] position, is often asked to support community groups in their desire to recognise the tikanga and kawa of the haukāinga (home people).

At the time Nelson City Council established the staff position of Kaihautū the role was one of the few roles of its type in the country. The position was developed to act as a conduit between Council and iwi. Increasingly the role has also been utilized by the wider community to bridge the gap to iwi.

Council recognizes the importance of this role, particularly post Treaty of Waitangi Settlements, and will continue to talk to iwi leaders of Te Tauihu (Top of the South) about the most effective use of this role.

The recent appointment of a Māori representative to the Planning and Regulatory Committee recognises that at a governance level a Māori world view, especially when coupled with extensive experience in a related field (in the case of the current appointee the Resource Management Act), could add value to Council decision making.

TREATY SETTLEMENTS

The Crown has formally recognised and re-affirmed the relationship of the eight iwi of Te Tau Ihu[2] with the whenua (land), moana (sea), awa (river), maunga (mountains), wahi tapu (sacred sites) and puna waiora (spiritual wellbeing) through the Treaty of Waitangi Settlement process.

Te Tau Ihu Treaty of Waitangi Settlement Acts 2014 (the Acts) for the eight iwi of Te Tau Ihu provide statutory obligations for Council in respect to general decision making processes, and specifically in Resource Management Act 2013 processes and decision making. The Acts passed into legislation on 1 August 2014. Each Act provides each of the eight iwi with redress for past grievances dating back to 1840 in the Top of the South with an apology from the Crown.

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

- Cultural redress such as giving statutory kaitiaki over areas of crown land or changing place names
- Relationship redress such as the establishment of a river and freshwater advisory committee to provide input into Council decision making
- Financial redress which includes payments and commercial redress e.g. first right of refusal over certain properties.

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

Council has been working with the eight iwi of Te Tau Ihu on establishing relationships and fora which support implementation of the settlements and that provide input to Council's governance and decision-making processes. This is a work in progress. It is recognised there are obstacles around capacity that restrict participation at this time.

An important part of the settlements is the formal apology of the Crown to the eight iwi of Te Tau Ihu. While the Crown's apology was made from a central government perspective, Council acknowledges its role in meeting the obligations of the apology and resulting legislation.

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[1] The Kaihautū is responsible for iwi liaison (literally the person who calls time in a waka so paddlers work together).
[2] Ngāti Kuia, Rangitāne o Wairau, Ngāti Toa Rangatira, Ngāti Koata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, Te Ātiawa o Te Waka a Māui, Ngāti Apa ki te Rā Tō

NCC_Long Term Plan_UPDATED_Oct15.indd 23 11/11/2015 2:42:29 p.m.

Cultural Redress	Statutory kaitiaki over a number of Department of Conservation administered Crown lands and the Coastal Marine Area
	Vesting of sites in iwi ownership
	Overlay classifications which require the Crown to acknowledge iwi values in that area
	Statutory acknowledgments and deeds of recognition which are recognised under the RMA 1991 and Historic Places Act 1993
	Statements of association, place names changes, crown payment, pouwhenua and mineral fossicking rights
Relationship Redress	Promotion of the relationship between iwi and local authorities of Te Tau Ihu
	Protocols which encourage good working relationships on matters of cultural importance to iwi
	Letters of introduction to museums and film archives
	River and freshwater advisory committee to be set up and provide input into local authority decision making in relation to the management of rivers and freshwater under the RMA 1991
	Memorandum of Understanding between iwi and the Department of Conservation
Financial Redress	Financial settlement
	Commercial redress which involves properties being purchased by iwi and then leased back to the Crown, and first right of refusal over a number of properties

LOOKING FORWARD - BUILDING CAPACITY AND OPPORTUNITIES

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

- Council's Kaihautū and Kaumatua positions assist Council's relationships and capacity building with iwi and all Māori living in Whakatū. The Kaihautū role will continue to help bridge the gaps between iwi, Council, the wider community and the legislation pertaining to how Council and iwi work together.
- Support for ongoing discussions with iwi and Māori, rather than reliance on Kotahitanga hui alone. There are obstacles around capacity that restrict participation. There is a growing understanding on the part of all parties for better definition leading to better interaction.
- Delivery of Council overview to iwi to outline the breadth of Council's business, and to better understand the activities where iwi and Māori are most interested in participation. The Council will continue to build readily accessible tools (such as the GIS layers for Statutory Acknowledgements).

NCC_Long Term Plan_UPDATED_Oct15.indd 24 11/11/2015 2:42:30 p.m.

MĀORI CONTRIBUTION TO DECISION-MAKING PROCESSES

- Prioritisation of tours of Council assets to support and enhance understanding.
- The Minister of Treaty Settlements has encouraged councils to formally establish their relationships with iwi and discussions have begun with the eight iwi of Te Tau Ihu to assess how this should look in a post settlement environment.
- Introduction of a Māori world view to the Planning & Regulatory Committee by the appointment of a representative with an insight into Te Ao Māori.
- The strategic plans of iwi reflect their desire for growth in the region. Iwi continue to grow commercially. However equally important for iwi is to consider their cultural growth, their kaitiaki obligations and their social obligations both to their beneficiaries and as part of the wider community of Te Tauihu.
- Establishment of an Iwi Working Group to help guide, inform and provide meaningful contributions in the development of Whakamahere Whakatū – The Nelson Plan. These working groups are performing well. This shows that the opportunities are there to work together well in the community's interests.
- Roll out of Treaty settlement and legislative workshop training for Council officers, Council contractors and consultants of council to enhance understanding of tikanga and of the legislative obligations of Council.
- Council led the development of an integrated GIS website containing the statutory acknowledgements of Te Tau Ihu as a Council and iwi tool, and also to raise awareness and access to the information in the community.
- Council has a prescribed process and legislative obligations for its strategic and financial planning. Māori appreciate the opportunity for participation in that planning, but there needs to be more time in the project plans for involvement, reflection and contribution. Currently the project plans are shared, setting out timing, but this does not signal engagement. Again, there may be issues around capacity restricting participation which will need to be addressed.

These initiatives will continue to build strong ongoing relationships and will aid the effective consideration of Te Ao Māori in all major Council decisions.

MORE INFORMATION

A full history of Nelson/Whakatū can be found at the Nelson Provincial Museum (corner of Trafalgar and Hardy Streets) in Nelson. The Public Libraries have a large collection of books and records on Te Ao Māori. For further information on the Māori world view, concepts, statutory requirements and Te Tiriti, refer to:

- http://www.waitangi-tribunal.govt.nz/treaty/ for general information on te Tiriti by the Waitangi Tribunal
- http://www.teara.govt.nz/en/te-ao-marama-the-natural-world/1
- http://nelson.govt.nz/environment/nelson-resource-management-plan/nelson-resource-management-plan-2/statutory-acknowledgements/

NCC_Long Term Plan_UPDATED_Oct15.indd 25 11/11/2015 2:42:30 p.m.

FINANCIAL STRATEGY

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

The Financial Strategy demonstrates how Council will:

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

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

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

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

STRATEGIC DIRECTION OF COUNCIL

Council's vision and community outcomes are set out on pages 16 to 19. The 'Council Activities' section also includes information on the contribution that Council activities make towards achieving the Community Outcomes.

FACTORS THAT INFLUENCE HOW WE FUND OUR ACTIVITIES

- Nelson City Council covers a relatively compact urban area and a small rural area. This means that the funding of services is largely done by a general rate across the city rather than through rates targeted at separate communities.
- There are factors outside Council's control that have an impact on how we fund our activities. For example, changes in road and transport funding provided by Central Government affect what projects Council carries out.
- The cost of goods and services that Council provides may increase 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 26 11/11/2015 2:42:31 p.m.

- Council aims to have costs and fees that are an appropriate reflection of the balance of individual benefit versus public good.

The consequences of these factors are:

- It is not financially sustainable for Council to provide all the services and activities wanted by the community at the same time. Therefore Council has to prioritise its work programme.
- Council spent the last 12 months reviewing its work programme and services to prioritise the needs of the community.
- Costs to maintain and deliver Council services will continue to increase in the foreseeable future, mainly due to inflation, increased expenditure on environmental programmes, increased depreciation, and a large capital expenditure spend, which leads to increased operational expenditure.
- Some projects and levels of service that are of a lower priority, but were included in the previous Long Term Plan 2012 – 2022 have been delayed or removed.

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 section of this Long Term Plan and considers that the capital and operating expenditure is sufficient to achieve the planned levels of service. To keep rate increases and debt levels to a minimum, Council has removed or delayed a number of planned projects over the next 10 years.

Activities that will have an increase in levels of service over the 10 years of this Long Term Plan include improvements to stormwater and flood protection, and protection of biodiversity through the Nelson Nature project.

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:

- Nelson Nature.

Lower levels of service: A review of levels of service is proposed in the first three years of the Long Term Plan which may reveal some areas where reduced levels of service will offer useful savings or efficiencies without impacting on the key outcomes Council seeks to achieve. This is part of Council's continuous improvement approach and will include development of robust business cases for all projects.

GROWTH AND CHANGES IN POPULATION

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 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. An increased number of ratepayers also helps to spread costs and collectively we can afford a greater range of facilities and services.

The assumptions section describes Council's population

NCC_Long Term Plan_UPDATED_Oct15.indd 27 11/11/2015 2:42:32 p.m.

estimates based on Statistics New Zealand population projections. This Long Term Plan is based on a population of 49,740 in 2015 and then almost 53,320 in 2025. This is an increase of more than 6% over the 10 year period of this plan. Approximately half of the growth will be in Stoke.

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 becomes available.

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 draft Development and Financial Contributions Policy, which is contained on pages 282 to 308.

SUMMARY BY ACTIVITY OF GROWTH COMPONENT OF CAPITAL PROJECTS

Activity	$ per HUD[3] (exc GST)
Stormwater	2,370
Wastewater	4,270
Water Supply	2,950
Transportation	980
Grand Total	10,570

LAND USE CHANGES

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

Council has been processing a number of re-zoning plan changes over the past five years. The most significant changes in use of land over the next 20 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 $23.1 million over 10 years (excluding NZ Transport Agency grants or third party funding).

BALANCING THE BUDGET

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

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

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

[3] *See Glossary for definition of a HUD (Household Unit of Demand)*

NCC_Long Term Plan_UPDATED_Oct15.indd 28 11/11/2015 2:42:32 p.m.

- 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 Long Term Plan, Council considered how to balance its existing asset renewal programme, the recovery programme associated with damage caused by the extreme weather events in December 2011 and April 2013, and providing for growth.

OVERALL SUMMARY OF 10 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 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 Council identified as priorities, and is planning to deliver over the next 10 years, while keeping within its limits for rates increases and borrowing.

Council is forecasting capital expenditure of $391 million, of which $130 million would be for renewals, and operating expenditure of $1,082 million over the 10 years of this Long Term Plan. Council's total income, after inflation, would increase from $99 million in 2015/16 to $135 million in 2024/25, Year 10.

RATES

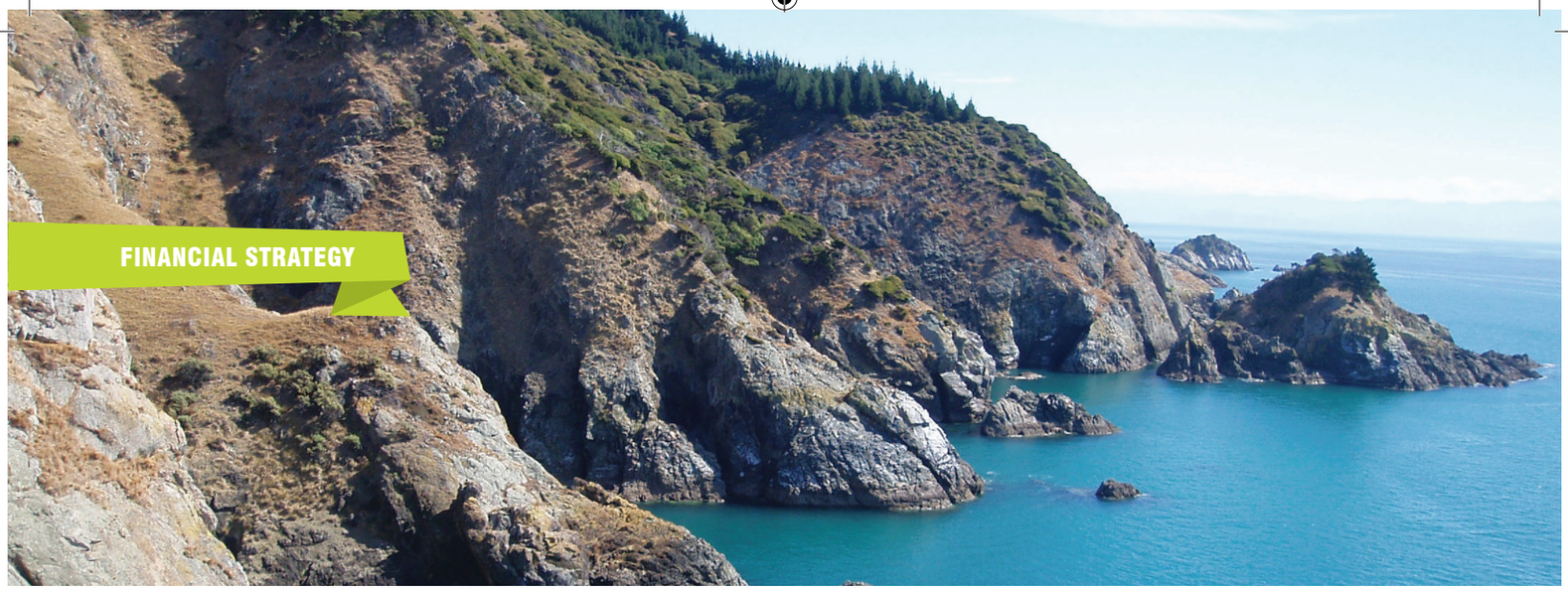
Council had to weigh up requests for more and improved services with keeping rates and charges affordable.

Average rates increases in the first three years (including growth) are 3.6%, 3.4% and 2.8%, respectively. Over the following seven years the rates increases (including growth) will average 2.4%. This increase includes an assumption of 1% growth in the rating base per year.

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 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 29 11/11/2015 2:42:32 p.m.



TOTAL RATES AND DEBT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
General Rates	39,105	41,220	43,299	45,195
Targeted Rates (Water, stormwater, wastewater)	23,359	24,149	25,009	25,769
Total Rates	62,464	65,369	68,308	70,964
Total Net Debt	111,989	119,266	133,743	142,998

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Net Debt		119,266	133,743	142,998
Debt/Revenue Ratio		127.8%	134.6%	138.0%
Rates		3.6%	3.4%	2.8%
Rates Cap		4.2%	4.5%	4.5%

NCC_Long Term Plan_UPDATED_Oct15.indd 30 11/11/2015 2:42:33 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	46,231	47,793	48,637	50,315	51,872	53,537	55,516
	27,212	28,058	29,419	30,634	32,130	33,449	35,284
	73,443	75,851	78,056	80,949	84,002	86,986	90,800
	147,639	153,078	151,714	156,805	157,757	159,001	154,842

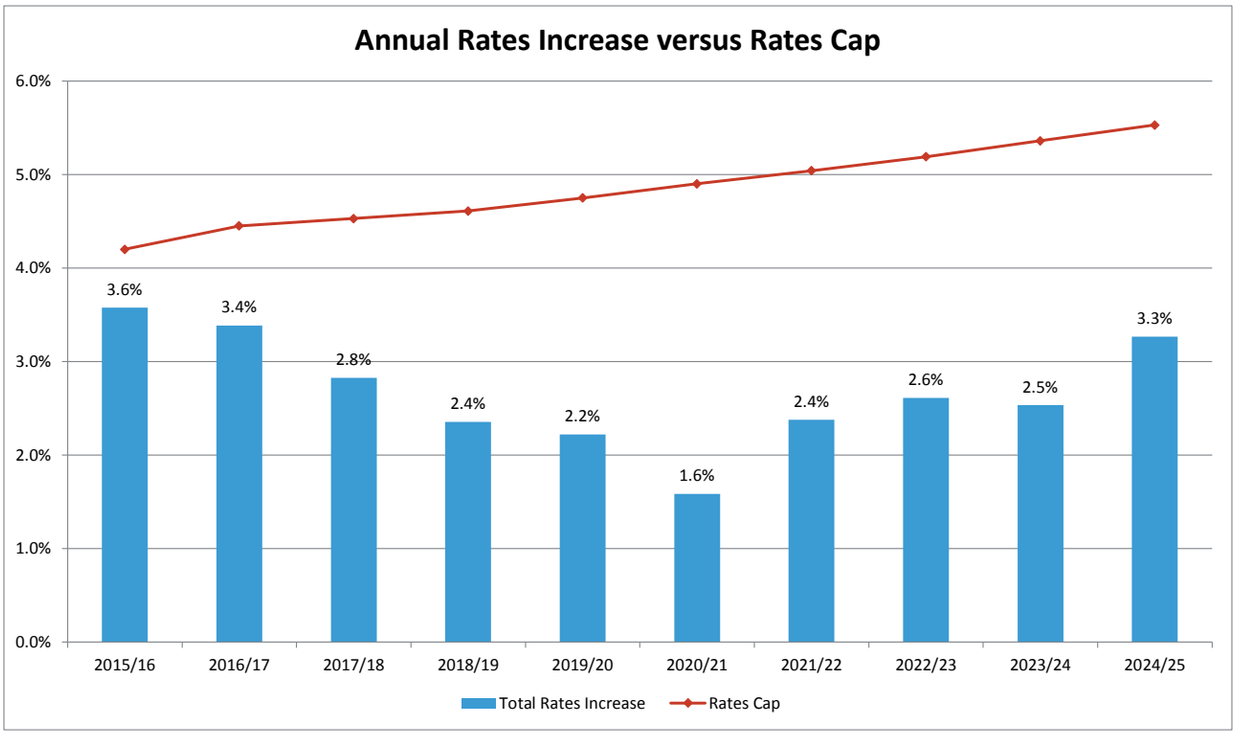
	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	147,639	153,078	151,714	156,805	157,757	159,001	154,842
	138.8%	140.3%	136.2%	135.9%	132.7%	127.4%	120.5%
	2.4%	2.2%	1.6%	2.4%	2.7%	2.4%	3.3%
	4.6%	4.8%	4.9%	5.0%	5.2%	5.4%	5.5%

NCC_Long Term Plan_UPDATED_Oct15.indd 31 11/11/2015 2:42:34 p.m.

While Council will continue to consider affordability issues when setting rate levels each year, it is required by the Local Government Act to 2002 to include a statement on quantified limits on rates and rates increases. Council will limit the increase in Council's 'Total Rate Requirement'[4] to no more than the forecast[5] percentage increase of the local government cost index (LGCI) plus 2% in each of the 10 years, including an assumption of a 1% rating base growth per year. Using the 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.

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 $93 million per year for the Total Rate Requirement over the 10 years of this Long Term Plan.



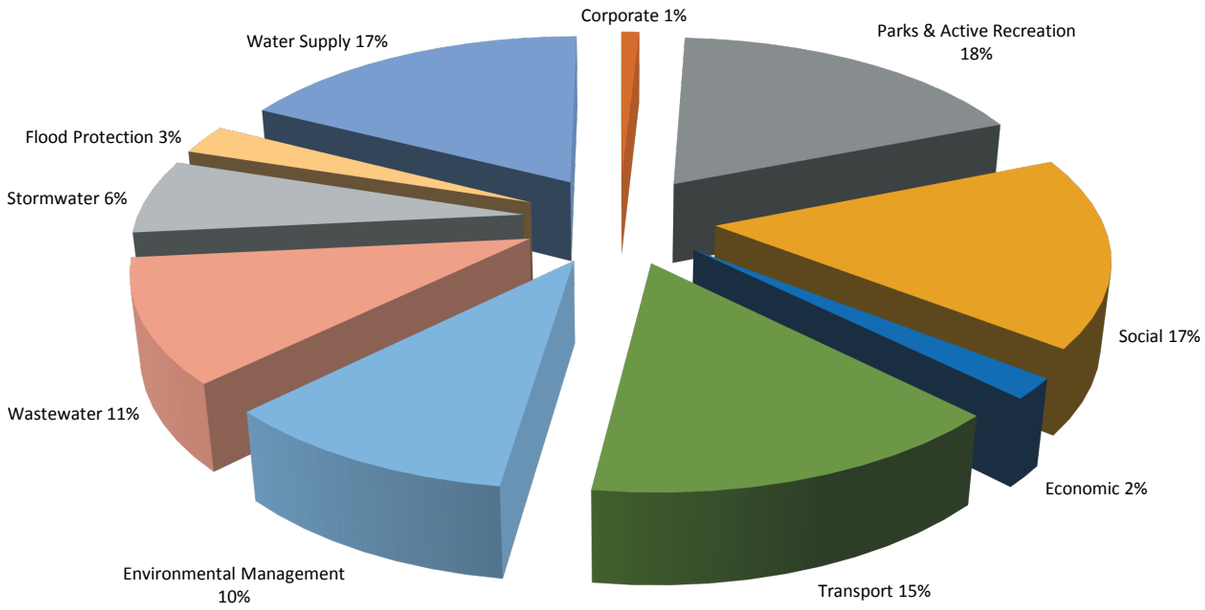
[4] The 'Total Rate Requirement' includes both general and targeted rates such as water, wastewater, stormwater and flood protection.
[5] As provided by Business and Economic Research Limited (BERL).

NCC_Long Term Plan_UPDATED_Oct15.indd 32 11/11/2015 2:42:40 p.m.

WHERE THE MONEY WILL GO

The following diagram shows Council services provided and the proportion of rates to be spent on these services over the next 10 years. See the individual activity sections (pages 43 to 173) to see what services are provided under each activity.

10 YEAR EXPENDITURE BY ACTIVITY



Total operating expenditure is budgeted to increase from $92 million in 2014/15 to $124 million in 2024/25, a 35% increase including inflation over the 10 years of the Plan.

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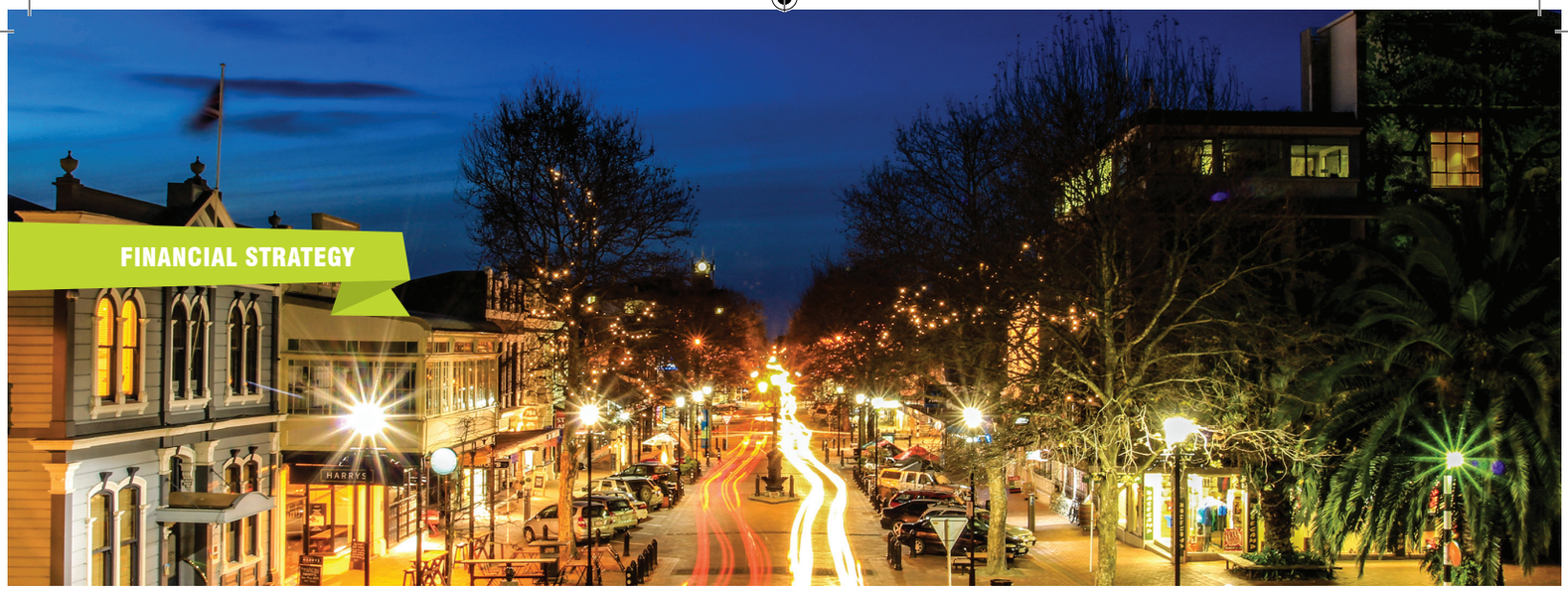
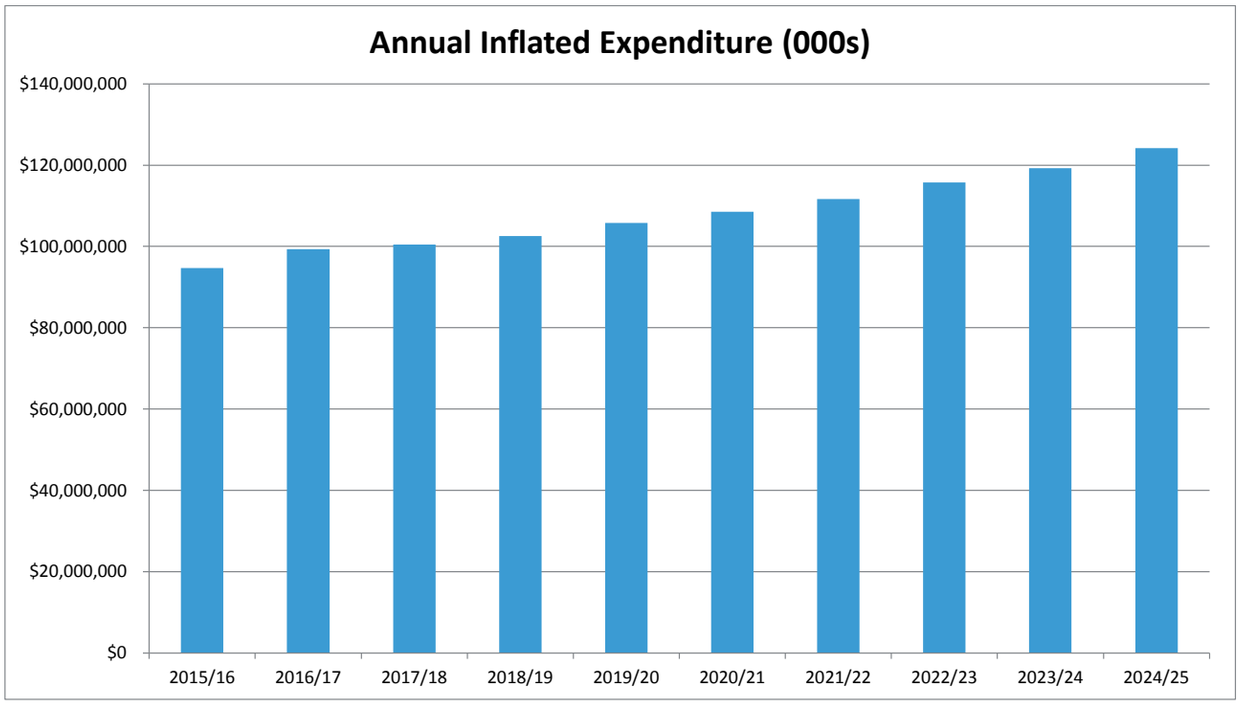




FUNDING EXPENDITURE

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 Council is providing services that are part of national programmes or the Government provides subsidies to Council to provide certain services, then Council will claim for these government grants/ subsidies.
- Other sources of funding include interest and dividends received, and other operating revenue such as rent received.
- A general rate where there is a deemed general benefit across the city.

Each activity uses different sources of funding depending on the services it delivers. All operating costs are funded with the exception of depreciation on the NZ Transport Agency 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 large fluctuations in rates, fees or charges.

NCC_Long Term Plan_UPDATED_Oct15.indd 34 11/11/2015 2:42:41 p.m.

MANAGING RISKS FROM NATURAL HAZARDS

As a result of recent extreme weather events in December 2011 and April 2013, Nelson City Council intends to increase its Emergency Fund to $8.9 million by the end of 2025. There is a risk that future disaster recovery costs during the next 10 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. The Fund is still in deficit.[6]

USE OF BORROWING

Capital expenditure is funded in the following priority order:

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

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

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

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

[6] *Until Year 4 of the Plan.*

NCC_Long Term Plan_UPDATED_Oct15.indd 35 11/11/2015 2:42:42 p.m.

BORROWING LIMITS

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Net Debt	111,989	119,266	133,743	142,998
	%	%	%	%
Net external debt not to exceed 150% of total revenue	112.3%	127.8%	134.6%	138.0%
Net interest expense on external debt as a % of total revenue to be less than 15%	5.1%	5.4%	7.0%	7.3%
Net interest expense on external debt as a % of total rates income to be less than 20%	8.1%	7.7%	10.2%	10.6%

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

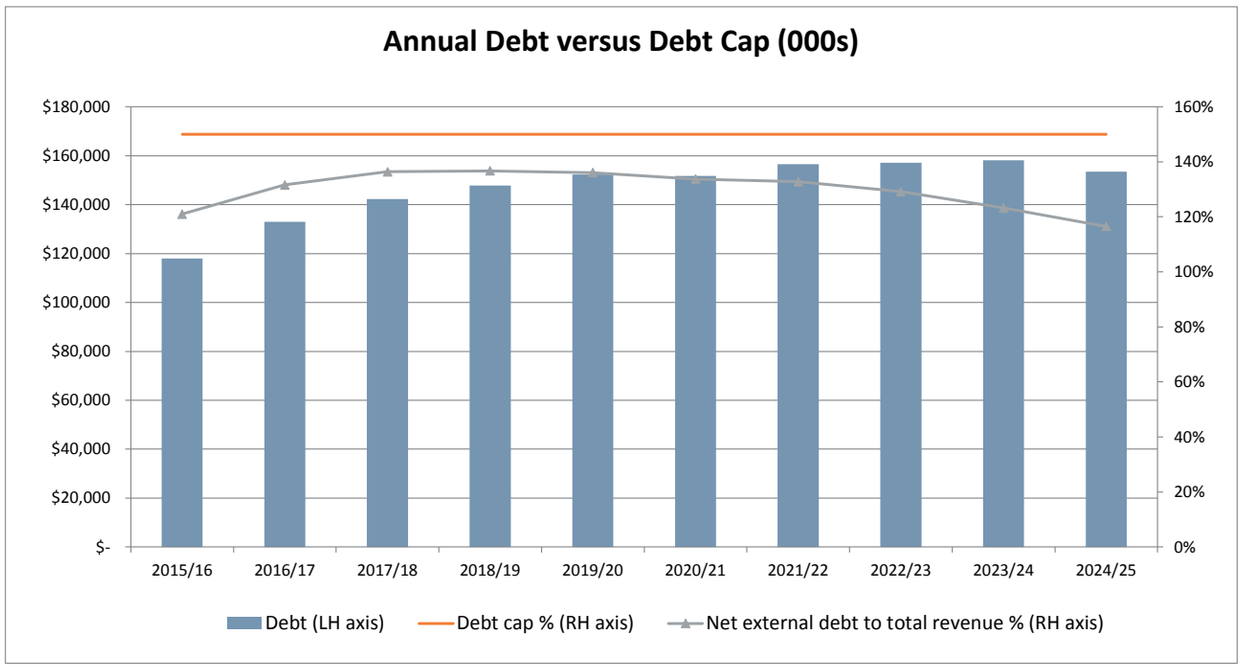
To fund the capital works programme in this Long Term Plan, the amount of borrowing would peak at $159 million during 2023/2024. The borrowing programme is within the three limits imposed under the Liability Management Policy, which is available on request.

Although interest rates are currently low, Council has budgeted for the average interest rate paid on its loans to increase over the 10 years of this Long Term Plan within a range between 5.15% and 5.45%.

Base interest rate assumptions use the most recent Reserve Bank of New Zealand 90 day bank bill rate forecasts (from the June 2014 Monetary Policy Statement) and long term historical 90 day bank bill averages. Council's all-up interest rate cost includes the current fixed rate borrower swap hedge portfolio and assumptions regarding future credit margins. In addition to obtaining lower rates for borrowing through the Local Government Funding Agency, Council manages the cost and risk of borrowing through its Liability Management Policy, which requires a spread of terms for loans so that they do not have their interest rates reviewed at the same time, when interest rates may be high.

NCC_Long Term Plan_UPDATED_Oct15.indd 36 11/11/2015 2:42:43 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	147,639	153,078	151,714	156,805	157,757	159,001	154,842
	%	%	%	%	%	%	%
	138.8%	140.3%	136.2%	135.9%	132.7%	127.4%	120.5%
	7.5%	7.6%	7.8%	7.7%	7.8%	7.6%	7.6%
	10.9%	10.9%	11.1%	10.9%	11.0%	10.9%	10.8%



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INVESTMENTS

Nelson City Council has a 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, Nelson Tasman Tourism 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	TARGET RETURN
Port Nelson Limited	6% on average shareholder funds
Nelson Airport Limited	5% on opening 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

Council also has approximately 650 hectares of forestry which generate a return, while providing recreational opportunities.

NCC_Long Term Plan_UPDATED_Oct15.indd 38 11/11/2015 2:42:44 p.m.

SECURITIES FOR BORROWING

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

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

Physical assets will be charged only where:

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

VARIATION BETWEEN THE LONG TERM PLAN AND ACTUAL RESULTS

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

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

NCC_Long Term Plan_UPDATED_Oct15.indd 39 11/11/2015 2:42:45 p.m.

REGIONAL ISSUES AND TASMAN DISTRICT COUNCIL SHARED SERVICES

Tasman District Council is our neighbour and many residents who live in Tasman work in Nelson city and vice versa. It is important that both councils work closely together to provide joint community benefit.

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

Examples of shared services, projects and programmes include:

- Joint ownership, for example the Port Company
- Joint capital funding, such as for the development of Saxton Field
- Co-funding of services and activities, such as the Provincial Museum
- Aligning service delivery, for example shared library services
- Co-ordinated strategic planning such as the development of consistent engineering standards.

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.

In other cases a shared approach benefits customer service, for example the reciprocal lending agreement allows residents to use libraries in both council areas.

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

ENGINEERING/INFRASTRUCTURE

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

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

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

Nelson City and Tasman District Councils previously approved a Regional Landfill subject to the signing of a formal agreement, with the effective date of 1 July 2015. Agreement on the details of the deed has not yet been reached, and therefore a regional service will not commence on 1 July 2015 as planned.

SOCIAL/COMMUNITY SERVICES

The Saxton Field development is a good example of how the development of one regional facility benefits residents of both Tasman and Nelson. The two councils have invested significantly in developing this area, and have signaled further commitments to future development in their respective Long Term Plans.

Some community policy development is undertaken collaboratively, e.g. the alcohol strategy and accord, the regional physical activity plan and regional arts strategy.

Both councils work together on the ItsOn website.

Both councils support Safe at the Top, a World Health Organisation programme to provide safer cities.

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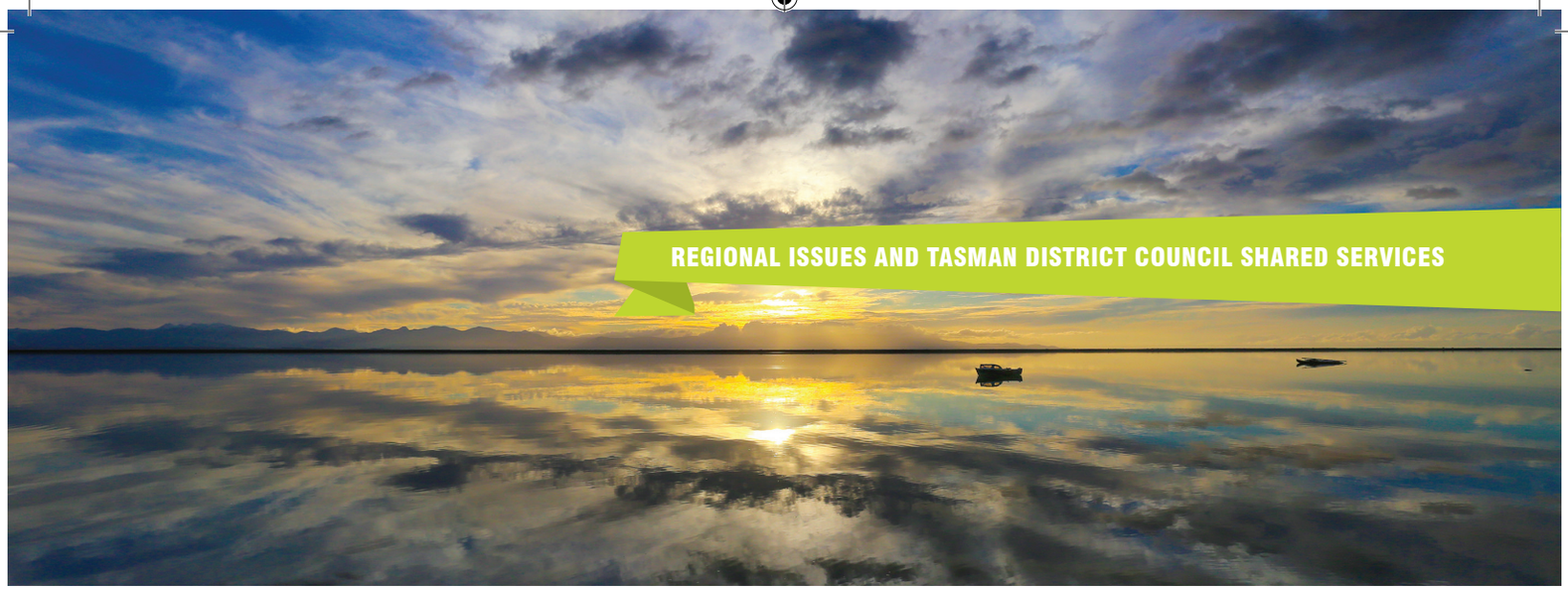

REGIONAL ISSUES AND TASMAN DISTRICT COUNCIL SHARED SERVICES

ENVIRONMENT/PLANNING/ REGULATION

Council is a partner with Tasman District Council in the Nelson Tasman Civil Defence Emergency Management Group (CDEM). The CDEM Group is jointly resourced by the councils and operates a new regional Emergency Operations Centre based in Richmond. In recent years the region has experienced frequent severe weather events, including a major flooding emergency in 2011, which has required a long term recovery programme. Other recent priorities have included the consequences of the Canterbury earthquake series, and developing greater understanding of regional hazards.

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 Primary Industries in the Top of the South Marine Biosecurity Partnership, the main aim of which is to build systems and processes for the early detection and prevention of marine invasive species.

The two councils have a combined Urban Design Panel.

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

CORPORATE

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

Together 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.

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

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

“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.”

NCC_Long Term Plan_UPDATED_Oct15.indd 41 11/11/2015 2:42:46 p.m.

BEACH ACCESS

COUNCIL ACTIVITIES

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

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 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 proposes for them over the next decade, the relevant activity sections are a good place to start.

The Local Government Act 2002 requires councils to report on a number of mandatory activities: stormwater drainage; sewerage and the disposal of sewage; flood protection and control works; water supply; and the provision of footpaths and roads. Council also reports on the following activities: Environment; Social; Parks and active recreation; Economic; and Corporate.

"If you are interested in finding out more about specific issues and what Council proposes for them over the next decade, the relevant activity sections are a good place to start."

The activity sections are set out in a consistent way. There is a brief description of what each activity covers, called **what we do**. Then follows 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 **priorities** give more detail and the key projects. The **service levels** give information on the standard of what Council aims to deliver and how it measures progress towards targets.

The **relevant strategies and policies** cover other sources of information on Council's approach to delivering services in each activity. **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 for the next 10 years.

NCC_Long Term Plan_UPDATED_Oct15.indd 44 11/11/2015 2:42:48 p.m.

TRANSPORT

WHAT WE DO

Council's transport assets and services 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 2015, the replacement cost of these assets is approximately $670 million, excluding land value. The operating cost per annum is approximately $17 million.

WHY WE DO IT

Council provides transport planning, infrastructure and services to ensure there is safe, convenient, efficient and affordable access and movement of people and goods. The way Council does this is in line with the Local Government Act, the Land Transport Management Act and other relevant Acts, regulations, rules and bylaws, and underpinned by the community outcomes. Council does this work so that it meets statutory requirements, delivers on customer expectations and protects the city's investment in its assets.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our urban and rural environments are people-friendly, well planned and sustainably managed	The transport network is sensitive to good urban design and contributes to a walkable city and transportation options suitable for all ages and abilities.
Our infrastructure is efficient, cost effective and meets current and future needs	Transport assets are recognised as critical assets vital to the functioning of our city. Good transportation planning contributes to a resilient community. The community has access to affordable and effective public transport. Growth in the activity is planned for and well managed, taking into account and minimising pollution and other negative side-effects of the transport activity.
Our communities have access to a range of social, educational and recreational facilities and activities	A growing network of cycle and walkways provide for active transport options and promote healthy lifestyles.
Our region is supported by an innovative and sustainable economy	The activity delivers a safe and efficient transport network that allows participation in the regional economy and supports economic activity.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

NCC_Long Term Plan_UPDATED_Oct15.indd 45 11/11/2015 2:42:49 p.m.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Footpaths

As part of our objective for a walkable city, Council aims to provide a network of footpaths that is suitable, accessible, safe and well maintained. It may seem like a fairly routine issue to be highlighting in a Long Term Plan but good footpaths are important for maintaining a healthy active community, particularly for our growing number of older residents, young families, and children walking to school. Council proposes to make improving the surface condition of footpaths one of its priorities over the next five years.

Priority areas include replacing the sections of the existing footpath network that are in the worst condition, including regrading steep vehicle crossings. To determine which areas should be done first, footpaths across the city have been assessed and prioritised, with $300,000[7] allocated per year to renew existing substandard footpaths.

There is also $200,000 allocated per year from 2016/17 for the construction of new footpaths, connectivity between footpaths, and safer road crossings, especially around schools and across busy roads. The cost of capital work on footpaths is $5.6 million[8] across the 10 years of the Plan.

In response to many submissions concerned about safety on shared paths Council will also undertake, in 2015/16, some work to better understand the issue and engage with the community on potential solutions.

Connections

Nelsonians love their waterfront. Last year, Council consulted widely on a proposal for better provision for walkers and cyclists along Rocks Road, seeking to identify a solution for this section of road. As this is a State Highway, it will be a partnership project that involves a ratepayer contribution estimated at around $3.1 million[9] and a funding contribution of more than $14 million from NZ Transport Agency.

Feedback from community engagement on various options showed strong support for a walking and cycling facility that increased the number of users, increased safety, and made the area more attractive. However, there was a real concern about possible conflict between faster cyclists and other users on a shared path, and also the loss of parking. The NZ Transport Agency has taken over leading the project, and is currently undertaking further analysis on the options.

"Feedback from community engagement on various options showed strong support for a walking and cycling facility that increased the number of users, increased safety, and made the area more attractive."

The City to Sea network – from Maitai to Tahunanui - is a project which Council wishes to complete. The Maitai/Mahitahi Walkway and Rutherford Park are important nodes in this network, along with linkages to the marina area (Akersten Street). Previous councils made strategic property purchases in the Haven area to provide options for these links. The Government's announcement of the Urban Cycleways Fund appears a good fit with this project and the programme has been aligned to match the funding rules of completion by June 2018.

[7] Renewals only, does not include maintenance.
[8] Inflated. Does not include maintenance.
[9] Inflated.

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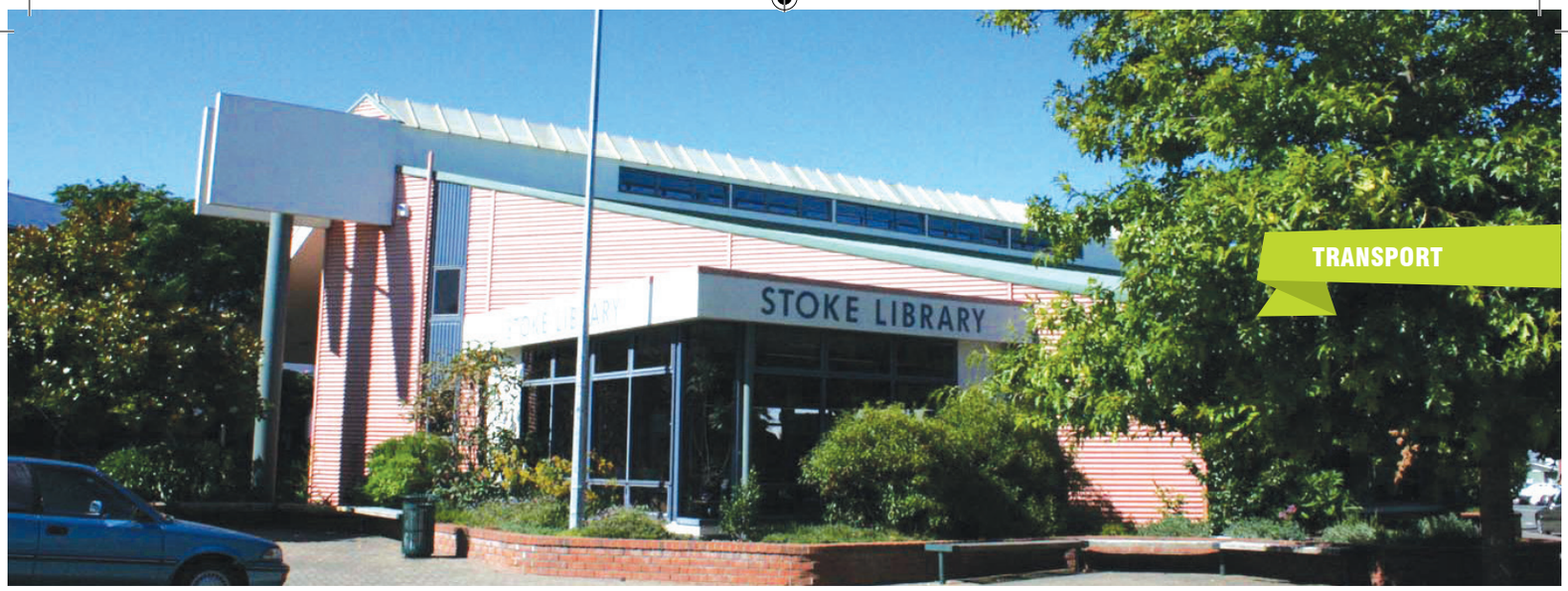


The impact of the NZ Transport Agency's investigation of a third arterial route between Nelson and Stoke – the Nelson Arterial Investigation – on Council's transport programme is not yet known. Current Council policy is to protect the potential corridor, and no change is proposed.

The NZ Transport Agency provides funding support for Council's investment in transport programmes, as set out in the draft Regional Land Transport Plan.

Central Business District Enhancement

The economic health and vitality of the central city is a priority for Council. We know that the success of the CBD depends on the quality of the shopping, business and hospitality experience, the range of interesting events, the design of the buildings and streetscape. Despite recent and planned big box developments elsewhere, the Nelson CBD continues to hold its place as the economic and social hub of the region. However we cannot afford to be complacent about CBD quality and Council has set aside $894,000[10] in the years 2015/16 to 2019/20 for capital projects to enhance the CBD. Council deliberately does not have a set of proposed projects to put forward in the Long Term Plan, as it wishes the work to be a collaboration with business and other key CBD stakeholders. A CBD panel will be established to advise which projects should be top priority for ratepayer support.

Parking

Parking in the CBD is an issue that has attracted attention over many years. Council has trialled some new approaches over the last 12 months to support a dynamic, competitive CBD. All parking systems come at a cost and Council must ensure its system is equitably managed.

Budget is proposed in 2017/18 to 2018/19 for all off-street parking meters to be replaced with modern technology that includes more ways to pay and the ability to extend your stay remotely through a smart phone app. Council will continue to monitor technology changes to ensure we have a well functioning and affordable parking system.

"Parking in the CBD is an issue that has attracted attention over many years. Council has trialled some new approaches over the last 12 months to support a dynamic, competitive CBD. All parking systems come at a cost and Council must ensure its system is equitably managed."

Council proposes to continue to fund its current "first hour free" parking scheme all year round. This will result in a reduction of revenue of $521,000 per year that will be met in part through an adjustment to the inner city commercial differential rate and the remainder from general rates.

Marsden Valley/Ridgeway

In 2015/16, a Stoke Foothills Traffic Study will be undertaken, which will lead to a better understanding of traffic growth and flows in the Stoke area. Three-quarters of Nelson's population growth and more than half its housing growth is projected to occur in this area over the next 30 years.

An area of particular population growth is Marsden Valley where a number of roading projects equivalent to $5.7 million are proposed over the next 10 years.

[10] *Nelson only. Stoke and Nelson CBD enhancements total $1.6m.*

NCC_Long Term Plan_UPDATED_Oct15.indd 47 11/11/2015 2:42:50 p.m.

Stoke

A Parking Survey for central Stoke has recently been completed and a number of parking and transport issues identified for attention. Several projects have been prioritised for the early part of the Long Term Plan. A combined Council and community project has been instigated and the survey will enable proper planning for the Stoke revitalisation project to include better traffic management in the early stages of the Long Term Plan.

The Stoke bus service will also be reviewed including the option of better links between the commercial and residential areas of Stoke. This has been included in the draft Regional Public Transport Plan, which will be confirmed by the NZ Transport Agency in July 2015.

Related projects are covered in the Parks and Active Recreation activity and Social activity sections.

Sealed road surfacing

It is essential that the city's roads are safe to use and provide a comfortable and reliable means of travel. Roading is managed by ongoing maintenance and renewals. Resealing is a critical component of the renewals programme and is based on a programme of repairing those in worst condition first.

In simple terms, roads comprise a layer of bitumen on top of gravel. The bitumen protects the gravel layer in the same way that paint on a house protects the weatherboards. Therefore it is important that the bitumen is re-sealed when it shows signs of cracking or wear.

Approximately $1.3 million to $1.8 million per year has been allocated in this Long Term Plan for sealed road resurfacing.

Roading minor improvements

Minor roading improvements are co-funded by the NZ Transport Agency in year 1 by approximately 50%. The following projects are proposed to be constructed from the minor improvements allocation of $650,000 per year:

- Māori Road retaining wall
- Shared zones project[11] to slow through vehicles on Beachville crescent
- Waimea Road/Ridgeway safety improvements
- Poleford Bridge seismic upgrade (on road up to the Maitai dam)
- Gibbs Bridge seismic upgrade (on road up to the Maitai dam).

Freight

Port Nelson, as the maritime gateway to the region, is important for economic development, as it enables primary production to be exported. Nelson's reliance on primary industry means that it is essential that the local road network is resilient and efficient for freight, especially the routes to and from the port.

The NZ Transport Agency predicts increased freight of approximately 2% per year and a doubling in the log harvest tonnage from the combined forests of Nelson-Tasman and Marlborough 2020–25.

The draft Regional Land Transport Plan includes projects to support the state highway network.

Regional Funding Activities

The draft Regional Land Transport Plan (RLTP) identifies the regional subsidised roading programme, including projects that would use the regional funding. The transport projects included in the draft Regional Land Transport Plan are shown in the following table:

[11] *A traffic safety scheme that aims to slow down cars to enable pedestrians and cyclists to safely share the carriageway with vehicles.*

NCC_Long Term Plan_UPDATED_Oct15.indd 48 11/11/2015 2:42:50 p.m.

Significant Top of the South Transport Activities identified in the draft RLTP

Duration	Activity	Organisation Responsible	Stage	Total Cost ($000)	Nelson City Council Share ($000)
2015-18	SH6 Rai Saddle Second Curve Realignment	NZ Transport Agency	Planning and Construction	$7,148	$0
2015-18	SH6 (Whakatu Drive) – Quarantine Road intersection upgrade	NZ Transport Agency	Construction	$3,100	$0
2015-18	**Walk Cycle Schools Package:**				
	Rocks Road walking and cycling project	NZ Transport Agency /Nelson City Council	Design and construction	$14,250	$0[12]
	Tahunanui cycle network	Nelson City Council	Design and construction	$893	$460
	Rocks Road – Maitai path (Saltwater Creek bridge only)	Nelson City Council	Design and construction	$441	$226
2018-21	SH6 Aniseed Valley to Saxton Corridor Strategic Business Case	NZ Transport Agency	Investigate, design and planning		$0
2018-21	SH6 Whangamoa South realignment Stage 1 (include Teal River bridge realignment and lower bends)	NZ Transport Agency	Design and construction		$0
2018-21	SH6 Whangamoa South realignment Stage 2	NZ Transport Agency	Design and construction		$0
2015-18	SH Minor Improvements	NZ Transport Agency	Design and construction	$900	$0
2015-18	Public Transport Integrated Ticketing (WC531)	Nelson City Council	Implement	$132	$69
2016-19	Rocks Rd to Maitai Path (Extension of Rocks Road shared path to Maitai path)	NZ Transport Agency /Nelson City Council	Design and construction	$1,887	$966
2017-20	HPMV Upgrades - 50MAX Maitai Valley Road	Nelson City Council	Design and construction	$491	$244
2015-18	Enhanced Network Resilience Nelson	NZ Transport Agency	Investigate, design and planning		
2015-18	SH6 (Whakatu Drive) north-bound capacity improvements	NZ Transport Agency	Design and construction	$2,500	$0
2018-21	SH6 Cable Bay Road Intersection	NZ Transport Agency	Design and construction		$0
2018-21	Weigh Facility Nelson	NZ Transport Agency	Design and construction	$3,740	$0
2018-21	Stoke Bus Interchange (WC531)	Nelson City Council	Design and construction	$355	$174
2015-24	Quarantine/Nayland intersection upgrades	Nelson City Council	Investigate, design and construction	$3,454	$1,692
2021-24	Waimea Rd/Van Diemen Jct improvements	Nelson City Council	Investigate, design and construction	$1,756	$860
2021-24	Parkers Road/SH6 intersection improvements	NZ Transport Agency	Investigate, design and construction	$1,200	$0

[12] A $3.1M ratepayer contribution has been allocated to improve the amenity of the area. This would include urban design aesthetic elements (e.g. seats, improving access to the sea and rock pools and fishing platforms) that are unable to be funded from the transport focused NZ Transport Agency funding.

NCC_Long Term Plan_UPDATED_Oct15.indd 49 11/11/2015 2:42:51 p.m.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
Walking and cycling are easy and attractive transport choices	Percentage of the community that travel to work by walking or cycling based on Annual Residents Survey and/or national census	18.3% of commuters made up of walkers/ joggers 9.6%, cyclists 8.7% in 2013 census	20% combined[13]	22% combined	24% combined	25% combined of all journey to work by walking or cycling
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	The 2013/14 following car survey showed that the average travel time delays for the peak hour are: Rocks Rd AM peak 30 sec Rocks Rd PM peak 1 min 15 sec Waimea Rd AM peak 2 min 30 sec Waimea Rd PM Peak 30 sec	Average peak hour travel time delays are no greater than 5 minutes above uncongested travel times			
Road safety	Number of fatalities and serious injury crashes on the local road network	12 fatalities and serious injury crashes were recorded on the local road network in 2013	The number of fatalities and serious injuries on local roads reduces by 4% per year from a base of 2007 when there were 14 in total			
	Number of injury crashes per kilometre of road	2012 Calendar year rate is below maximum. Complete data for 2013 not available yet	The collective risk for each year reduces by at least 4% per year from a base of 2007			
	Annual social cost of crashes (injury and non-injury) at intersections	Target not met for 2012 after good performance in 2010 and 2011. The social cost of crashes was marginally above the target	The social cost for each year reduces by at least 4% per year from a base of 2007			
	Number of crashes involving cyclists	Target met for 2013. The number of cycle crashes (23) was the same as the target 2007 number.	Nelson city cycle crash numbers do not increase from those in the base year of 2007			
	Number of crashes involving pedestrians	Target not met for 2013. The number of crashes involving pedestrians was 12, 100% more than the target number of 6	Number of crashes involving pedestrians each year reduces by at least 4% per year from a 2007 base			
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 10 intersections	The social cost for 2013/14 worst 10 intersections was $4.2 million compared with an average of $4.6 million for the previous five years. This is based on NZTA social crash cost and the Crash Analysis System data base which is populated by the Police and managed by NZTA.	The annual total social cost is below the previous five year average			

Table continued overleaf

[13] *Target is 25% of journey to work trips by walking or cycling by 2018. Year 1, 2 and 3 targets are only indicative targets trending towards the 25%.*

NCC_Long Term Plan_UPDATED_Oct15.indd 50 11/11/2015 2:42:51 p.m.

What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
The Network, and its services, in good condition and "fit for purpose"	Smooth Travel Exposure	87%	87% based on NZ Transport Agency standard roughness limits in ONRC			
	Average road roughness standard (National Association of Australian State Roading Authorities) by road classification.	Arterial/Principal, 69/90 Collector/Sub C, 97/117	The following maximum average road roughness are not exceeded: Arterial/Principal, 100; Collector/Sub C, 110			
	Average road roughness standard (National Association of Australian State Roading Authorities) by road classification.	Local, 106 Rural Sealed, 97	The following maximum average road roughness are not exceeded: Local,120; Rural sealed, 120			
	The percentage of the local road (non State Highway) that is resurfaced annually	4.8% (2013/14)	6.4% - 7.4%			
The Network, and its services, in good condition and "fit for purpose"	The percentage of footpaths that meet or exceed the maximum acceptable roughness	95% (2014)	95% of the footpath network by length has a condition rating of ≤ 3			
Public transport services that meet the transport needs of the community with an equitable sharing of costs	The fare recovery ratio	62% in 2013/14	50%	50%	50%	50%
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	Not measured 2013/14. Surveys in 2012 showed that 81% of short stay parking spaces were occupied in midweek peak in December. Data is collected on a four-yearly cycle	85%	85%	85%	85%
The supply and pricing of long stay parking is managed to incentivise greater use of travel options other than cars	Occupancy of long-stay parking spaces between peak travel times measured at 5 locations within the CBD fringe.	Not currently measured but will be in the future	A reducing trend.			
Public satisfaction	Percentage of public satisfied and dissatisfied with the transport activity (based on Nelson City Council Annual Residents Survey).	Target not met 55% of respondents are either very satisfied or satisfied 17% of respondents are either dissatisfied or very dissatisfied	More than 50% of respondents are either very satisfied or satisfied, and less than 10% are either dissatisfied or very dissatisfied.			
Customer Responsiveness	Response to service requests	95%	80% of service requests responded to within 5 working days.			

NCC_Long Term Plan_UPDATED_Oct15.indd 51 11/11/2015 2:42:51 p.m.

PLANNED MAJOR PROJECTS WITHOUT SUBSIDY

Project description	2015/2016 ($000)	2016/2017 ($000)	2017/2018 ($000)
Todd Bush Road upgrade (1)	600	0	0
Tahunanui carpark development	50	154	0
Halifax Street upgrade (Maitai to Milton)	10	51	632
New Footpaths	50	205	211
Rocks Road walking and cycling project (2)	390	308	2433
Parking meter renewals	0	0	495
Parking Strategy implementation	270	123	0
Stoke CBD enhancement	0	51	0

(1) Note this is construction as design is being undertaken in 2014/15

(2) Assumes NZTA fund all transport related project costs

DRIVERS OF CAPITAL EXPENDITURE

The main capital expenditure drivers for the region over the next three years are ensuring a resilient transport network, responding to population growth, and walking and cycling projects to encourage mode shift to active transport. A significant proportion of capital expenditure will be allocated from regional funding. This is explained in detail in the draft Regional Land Transport Plan.

In addition, projects to maintain a vibrant and vital heart to Nelson city are in the Long Term Plan so the city continues to be an attractive place in which people can live, work and play, and in which businesses can operate.

Relevant strategies and policies

- Infrastructure Strategy 2015
- Nelson 2060
- Development Contributions.

NCC_Long Term Plan_UPDATED_Oct15.indd 52 11/11/2015 2:42:51 p.m.

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 National and Regional funding identified in the Regional Land Transport Plan will be supported in the National Land Transport Programme
- The NZ Transport Agency financial assistance rates will increase from the current 46% to 47% in 2015/16 and rise by 1% per year to 51% over five years
- The NZ Transport Agency will co-fund the region's passenger transport at an increased level from 2012-15 RLTP
- Reduced emergency funding from the NZ Transport Agency
- Tasman District Council will contribute $84,000 per year to the Nelson/Richmond passenger transport service
- Public transport patronage will be at a level that continues to support the public transport level of service
- Energy prices will not increase/decrease significantly over the next three years with a consequent effect on vehicle use or shifts to other modes of transport
- The number of vehicles and vehicle movements per household will continue at no greater than 2013 levels over the period covered by the Transport Asset Management Plan
- Parking meter revenue is collected at a level of $521,000 per year. This assumes one hour free parking as a permanent scheme and no winter incentives.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

From a transport perspective, the trend over the last 10 years has seen individual households travelling less by private motor vehicle. This has resulted in the trend in traffic volumes on our arterial network not following the increase in population growth. The trend is being monitored to inform future capacity requirements. Council is developing better localised traffic modeling capabilities and is working with NZ Transport Agency on arterial models.

Currently, our understanding of some of the higher value transport assets is relatively basic (e.g. road pavements). Ongoing NZ Transport Agency funding will require us to develop a better understanding of the transport assets and the specific deterioration curves. Our understanding of carriageway surface ages and conditions has recently improved enough to know that there is a backlog in road surface renewals at a cost of around $6 million. This cost is able to be spread to catch up over a 10 year period to reduce the annual cost to around $1.6 million on average over 40 years. Condition data on the pavement structure is limited and renewal of pavement structure is far more costly than surface renewal. As a result, if a similar backlog was to be found for this asset then the cost would be significant.

NZ Transport Agency is currently undertaking investigation work to determine whether a southern arterial will be built. If this project does go ahead it may have an impact on the current state highway (Rocks Road) retaining that status. Any proposal to make Rocks Road a local road would be subject to negotiations with the NZ Transport Agency.

There is a risk that activities that might be eligible for funding, and were budgeted for in the Long Term Plan to receive funding, are declined that funding by the NZ Transport Agency.

NCC_Long Term Plan_UPDATED_Oct15.indd 53 11/11/2015 2:42:51 p.m.

NELSON CITY COUNCIL
TRANSPORT FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	8,440	10,484	10,298	10,521	
Targeted rates	0	0	0	0	
Subsidies and grants for operating purposes	1,971	2,203	2,302	2,452	
Fees and charges	0	585	596	608	
Internal charges and overheads recovered	250	0	0	0	
Local authorities fuel tax, fines, infringement fees, and other receipts	2,954	1,920	1,902	1,925	
Total Operating Funding	**13,615**	**15,192**	**15,098**	**15,506**	
Applications of operating funding					
Payments to staff and suppliers	8,846	9,790	9,533	9,885	
Finance costs	171	169	166	162	
Internal charges and overheads applied *	1,565	1,581	1,411	1,306	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**10,582**	**11,540**	**11,110**	**11,353**	
Surplus (Deficit) of operating funding	**3,033**	**3,652**	**3,988**	**4,153**	
Sources of capital funding					
Subsidies and grants for capital	4,453	2,385	1,857	2,899	
Development and financial contributions	189	188	191	195	
Increase (decrease) in debt	4,557	1,275	24	3,741	
Gross proceeds from sale of assets	21	21	22	23	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**9,220**	**3,869**	**2,094**	**6,858**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	1,587	950	226	197	
- to improve level of service	5,705	3,224	2,679	7,134	
- to replace existing assets	4,961	3,347	3,177	3,680	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of capital funding	**12,253**	**7,521**	**6,082**	**11,011**	
Surplus (Deficit) of capital funding	**(3,033)**	**(3,652)**	**(3,988)**	**(4,153)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 54 11/11/2015 2:42:52 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	10,725	10,952	11,360	11,766	12,235	12,688	13,271
	0	0	0	0	0	0	0
	2,598	2,755	2,902	2,948	3,093	3,257	3,369
	621	634	648	662	678	695	712
	0	0	0	0	0	0	0
	1,844	1,867	1,893	1,919	1,922	1,949	1,980
	15,788	**16,208**	**16,803**	**17,295**	**17,928**	**18,589**	**19,332**
	10,055	10,390	10,802	11,126	11,587	11,963	12,466
	161	161	161	162	160	160	161
	1,247	1,176	1,196	1,200	1,202	1,264	1,239
	0	0	0	0	0	0	0
	11,463	**11,727**	**12,159**	**12,488**	**12,949**	**13,387**	**13,866**
	4,325	**4,481**	**4,644**	**4,807**	**4,979**	**5,202**	**5,466**
	2,057	2,284	1,912	1,916	2,041	3,657	2,858
	199	203	207	211	216	220	225
	(391)	(513)	(520)	(1,202)	(1,211)	2,664	1
	25	26	27	28	0	0	0
	0	0	0	0	0	0	0
	1,890	**2,000**	**1,626**	**953**	**1,046**	**6,541**	**3,084**
	146	526	390	340	870	3,625	1,886
	1,936	2,821	2,685	2,054	1,544	4,595	2,959
	4,133	3,134	3,195	3,366	3,611	3,523	3,705
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	6,215	**6,481**	**6,270**	**5,760**	**6,025**	**11,743**	**8,550**
	(4,325)	**(4,481)**	**(4,644)**	**(4,807)**	**(4,979)**	**(5,202)**	**(5,466)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 55 11/11/2015 2:42:52 p.m.

TRANSPORT COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Income					
Rating Income	8,440	10,484	10,298	10,521	
Operating Income	4,925	4,708	4,800	4,985	
Capital Income	4,642	2,573	2,048	3,094	
Total Income	**18,007**	**17,765**	**17,146**	**18,600**	
Expenses					
Payments to staff and suppliers	8,928	10,052	9,766	10,123	
Finance costs	1,404	1,488	1,344	1,230	
Depreciation	5,258	5,388	5,577	5,804	
Total Expenses	**15,590**	**16,928**	**16,687**	**17,157**	
Net Surplus (Deficit)	**2,417**	**837**	**459**	**1,443**	
Sources of funds					
Net Surplus (Deficit)	2,417	837	459	1,443	
Non cash expenditure	5,258	5,388	5,577	5,804	
Increase (decrease) in debt	4,557	1,275	24	3,741	
Gross proceeds from sale of assets	21	21	22	23	
Total Sources of funds	**12,253**	**7,521**	**6,082**	**11,011**	
Applications of funds					
Capital Expenditure					
- to meet additional demand	1,587	950	226	197	
- to improve level of service	5,705	3,224	2,679	7,134	
- to replace existing assets	4,961	3,347	3,177	3,680	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of funds	**12,253**	**7,521**	**6,082**	**11,011**	
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Surplus/(Deficit) of operating funding from Funding Impact Statement	**3,033**	**3,652**	**3,988**	**4,153**	
Subsidies and grants for capital expenditure	4,453	2,385	1,857	2,899	
Development and financial contributions	189	188	191	195	
Vested Assets	0	0	0	0	
Gains on sale	0	0	0	0	
Depreciation	(5,258)	(5,388)	(5,577)	(5,804)	
Net Surplus (Deficit) before taxation in Cost of Service Statement	**2,417**	**837**	**459**	**1,443**	

NCC_Long Term Plan_UPDATED_Oct15.indd 56 11/11/2015 2:42:52 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	10,725	10,952	11,360	11,766	12,235	12,688	13,271
	5,063	5,256	5,443	5,529	5,693	5,901	6,061
	2,256	2,487	2,119	2,127	2,257	3,877	3,083
	18,044	**18,695**	**18,922**	**19,422**	**20,185**	**22,466**	**22,415**
	10,299	10,640	11,059	11,389	11,859	12,243	12,754
	1,164	1,087	1,100	1,099	1,090	1,144	1,112
	6,039	6,247	6,473	6,704	6,945	7,261	7,632
	17,502	**17,974**	**18,632**	**19,192**	**19,894**	**20,648**	**21,498**
	542	**721**	**290**	**230**	**291**	**1,818**	**917**
	542	721	290	230	291	1,818	917
	6,039	6,247	6,473	6,704	6,945	7,261	7,632
	(391)	(513)	(520)	(1,202)	(1,211)	2,664	1
	25	26	27	28	0	0	0
	6,215	**6,481**	**6,270**	**5,760**	**6,025**	**11,743**	**8,550**
	146	526	390	340	870	3,625	1,886
	1,936	2,821	2,685	2,054	1,544	4,595	2,959
	4,133	3,134	3,195	3,366	3,611	3,523	3,705
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	6,215	**6,481**	**6,270**	**5,760**	**6,025**	**11,743**	**8,550**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	4,325	**4,481**	**4,644**	**4,807**	**4,979**	**5,202**	**5,466**
	2,057	2,284	1,912	1,916	2,041	3,657	2,858
	199	203	207	211	216	220	225
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(6,039)	(6,247)	(6,473)	(6,704)	(6,945)	(7,261)	(7,632)
	542	**721**	**290**	**230**	**291**	**1,818**	**917**

NCC_Long Term Plan_UPDATED_Oct15.indd 57 11/11/2015 2:42:52 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19	
Transport					
Roads: Subsidised					
Bishopdale to The Ridgeway shared path	289,382	0	0	0	
Drainage renewals	100,000	103,200	106,600	110,089	
High productivity motor vehicle upgrades (Maitai Valley Road)	0	0	52,660	216,262	
Maitai shared path (Collingwood to Nile Street)	600,000	0	0	0	
Maitai shared path (Saltwater Creek bridge)	47,000	30,783	363,480	0	
Minor improvements	650,000	666,965	684,574	702,852	
Quarantine/Nayland intersection upgrades	0	0	0	0	
Railway Reserve to CBD (Stg II via St Vincent Street)	160,000	0	0	0	
Railway Reserve/Princess Drive extension overbridge	104,000	0	0	0	
Rocks Road to Maitai shared path	30,000	277,047	1,579,785	0	
Sealed road pavement rehabilitation	450,000	120,100	291,100	841,019	
Sealed road resurfacing	1,326,000	1,368,699	1,400,700	1,510,590	
Structures component replacement	307,021	521,079	334,299	270,328	
Tahunanui cycle network	100,000	266,786	526,595	0	
Traffic services renewals	405,000	436,600	385,399	288,114	
Waimea Road/Van Diemen junction improvements	0	0	0	0	
Waimea Road retaining wall at Snows Hill	0	0	0	54,066	
Walk cycle schools package	150,000	0	0	0	
Wood to Intermediate part C,via colleges	100,000	0	0	0	
Roads: Unsubsidised					
Halifax (Maitai to Milton Street)	10,000	51,305	631,914	0	
Main Road Stoke/Marsden Road	0	0	0	0	
Marsden Valley/Ridgeway upgrade	0	0	78,989	0	
Marsden Valley Road upgrade	0	0	0	0	
Milton Street (Grove to Cambria Street)	0	0	0	0	
Muritai SH6 intersection (including pedestrian crossing across SH6)	0	41,044	0	0	
New footpaths	50,000	205,220	210,638	216,262	
Renewals footpaths	300,000	309,677	319,760	330,267	
Rocks Road cycling and walking project	390,000	307,830	2,432,869	0	
Sundry land purchases	100,000	102,610	105,319	108,131	
Tahunanui car park	50,000	153,915	0	0	
Todd Bush Road	600,000	0	0	0	
Toi Toi/Vanguard Street intersection upgrade	0	0	0	16,220	
Toi Toi Street upgrade	0	0	0	16,220	
Inner City Enhancement - Car Parks					
Bridge Street enhancement	132,000	0	0	0	
CBD enhancements	50,000	256,525	263,298	324,393	
Parking strategy implementation unspecified	270,000	123,132	0	0	
Renewal CBD rubbish bins	5,368	5,508	101,528	5,804	
CCTV	0	0	94,787	0	
On and off street parking meters	0	0	494,999	508,216	
Stoke CBD enhancements	0	51,305	0	108,131	
Public Transport					
CBD interchange	0	0	0	0	
Stoke interchange	0	0	0	21,626	
Projects under $100,000	745,322	682,400	551,736	566,398	
Total Transport	**7,521,093**	**6,081,730**	**11,011,029**	**6,214,988**	

NCC_Long Term Plan_UPDATED_Oct15.indd 58 11/11/2015 2:42:52 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	0	0	0	0	0	0
	113,851	117,924	122,320	127,078	132,290	137,967
	222,318	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	722,534	743,919	767,052	792,136	819,702	849,784
	0	0	118,008	182,801	3,152,700	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	358,713	369,330	380,815	393,268	406,954	421,889
	1,552,891	1,598,853	1,648,572	1,702,482	1,761,729	1,826,382
	277,898	286,123	295,020	304,668	315,270	326,840
	0	0	0	0	0	0
	296,724	306,070	316,172	327,117	339,132	352,235
	0	0	0	60,934	126,108	1,568,832
	483,542	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	35,402	85,307	1,134,972	0
	0	0	141,610	487,468	2,017,728	0
	0	0	0	60,934	94,581	1,568,832
	22,232	572,245	590,040	0	0	0
	177,854	0	0	0	0	0
	222,318	228,898	236,016	243,734	252,216	261,472
	341,553	353,772	366,961	381,235	396,869	413,902
	0	0	0	0	0	0
	111,159	114,449	118,008	121,867	126,108	130,736
	0	0	0	0	0	0
	0	0	0	0	0	0
	38,906	286,123	0	0	0	0
	38,906	457,796	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	5,967	6,144	6,335	6,542	6,769	7,018
	0	0	0	109,680	0	0
	0	0	0	0	0	0
	555,795	0	0	0	0	0
	22,232	228,898	0	0	0	0
	333,477	0	0	0	0	0
	582,264	599,473	618,079	638,042	659,810	683,666
	6,481,134	**6,270,017**	**5,760,410**	**6,025,293**	**11,742,938**	**8,549,555**

NCC_Long Term Plan_UPDATED_Oct15.indd 59 11/11/2015 2:42:52 p.m.

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:

- The Nelson city system covering most of Nelson city, from Saxton Road to The Glen is water from the Maitai Southern Branch, Maitai Dam and Roding Rivers and which is treated at the Tantragee Saddle ultra-filtration treatment plant
- Tasman District Council serves a small number of Nelson city properties between Saxton Road and Champion Road with water from the Waimea Aquifer
- 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
- An increasing number of subdivisions take council-supplied water, but operate private pumping and storage systems for properties higher than the Nelson City Council supply can service.

Water is metered so it is used efficiently and supply costs are shared fairly. Operations and maintenance in the water supply activity include the water intake structures on the Maitai and Roding Rivers, the Tantragee treatment plant and looking after the network of pipes, valves and storage reservoirs throughout the city. Operating and maintaining these assets costs approximately $6.2 million annually, which is approximately 50% of the total water utility budget, with the remainder of the budget going towards depreciation (34%) and financing costs (14%).

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.

Council has invested a considerable amount in developing water supply assets to ensure 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.

> "Council has invested a considerable amount in developing water supply assets to ensure it has the capacity to deliver safe water for residents and businesses."

A reliable water supply is an essential 'lifeline' utility and Council has established procedures to ensure continuity of supply, or a rapid return of service, during 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 was completed in 2014 to duplicate the main supply pipeline from the Maitai Dam to the treatment plant, mitigating risk from earthquake and tree fall.

NCC_Long Term Plan_UPDATED_Oct15.indd 60 11/11/2015 2:42:53 p.m.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our unique natural environment is healthy and protected	Environmental impacts are understood and managed, including through compliance with resource consents.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable water network meets the needs of our current and future community.
Our communities are healthy, safe, inclusive and resilient	Safe and well managed water resources deliver critical health outcomes for the community.
Our region is supported by an innovative and sustainable economy	Water resources have an important role in supporting a range of businesses that rely on clean and plentiful water supplies.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Maitai pipeline

A safe and reliable water supply is essential. A multi-stage project to improve water pipeline security from the dam to the city is being undertaken over many years. The section of pipeline from the dam to the treatment plant has been duplicated over the last three years to provide a more secure supply line to the treatment plant.

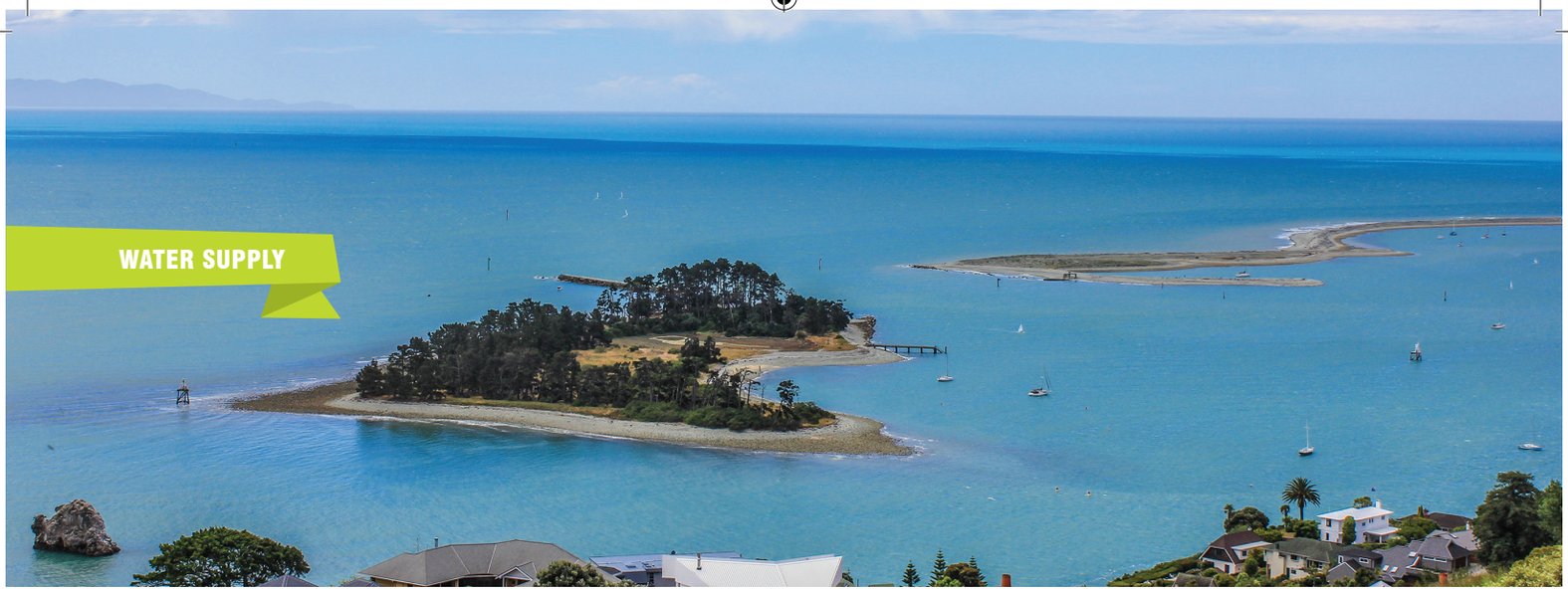
It is proposed to complete the link to the city with a duplicate line from the treatment plant to Westbrook Terrace. This section of pipeline was damaged in the 2008 wind storm and Council considered this to be a priority project, following on from completing the duplicate pipe from the dam to the treatment plant. This work was originally programmed for 2020/21 but was brought forward as a result of the Christchurch earthquakes and after assessment of options for proposed routes allowed the detailed design to proceed in 2014/15. The likely cost is $4.2 million and is planned to go ahead in 2015/16 and 2016/17.

Waimea community dam

As a response to the water shortage on the Waimea Plains, Tasman District Council facilitated the establishment of the Waimea Water Augmentation Committee in 2003. The recommendation of the committee is to construct a water detention dam on the Lee River in the foothills behind Brightwater. The dam would hold winter flows and release them to the river throughout the year, allowing the underground aquifers to recharge and ensuring there is a good minimum flow in the river for the wider regional environmental and recreational benefits. Following consultation at the end of 2014 Tasman District Council decided that it would include up to a maximum of $25 million dollars in its Long Term Plan 2015-2025 budget for the community reticulated water supply networks and public benefits. The cost of the irrigation benefits of the dam is proposed to be externally funded.

The New Zealand Institute for Economic Research has recently updated estimates of the economic benefits and impacts on Nelson city arising from the dam and

NCC_Long Term Plan_UPDATED_Oct15.indd 61 11/11/2015 2:42:53 p.m.



no-dam scenarios[14]. It concludes that the difference between having, and not having a dam, would affect Nelson city's Gross Domestic Product by between $15.4 - $20.4 million per annum.

At this stage no specific allocation has been made in the Plan but headroom for the debt associated with a possible contribution has been allowed for in 2018/19 to align with construction phases should the dam proceed.

Roding pipeline

The Roding Pipeline was constructed in the 1940s and links the Roding River intake with the Nelson City Water Supply network. The Roding River water source is an important source for the Nelson water network. The main supply pipeline is programmed for renewal between 2020-2025 at a cost of $5.4 million.

Resource consents for the Maitai and Roding Rivers

Nelson city draws water from the Roding River and both the north and south branch of the Maitai River. Resource consents are required for the abstraction of water plus the various dams and headwork structures. The current consents expire in 2017. Work is underway to investigate the impacts of the current water takes on the Maitai and Roding rivers and prepare new consent applications. This work will be completed in years 2015/16 – 2017/18 of this Long Term Plan.

Engineering services agreement with TDC for Nelson South

Prior to 1989 the section of Nelson city from Suffolk Road to Champion Road was part of the Waimea County Council (now Tasman District Council) which supplied water and some wastewater services to the area. With the development of the Wakatu Industrial Estate and residential subdivisions in the area the water supply and some residual wastewater arrangements have remained in place. These are covered by an Engineering Services Agreement between both councils.

> "Work is underway to investigate the impacts of the current water takes on the Maitai and Roding rivers and prepare new consent applications."

Tasman District Council has signaled its wish to change the residential area arrangement and become a bulk water supplier to Nelson city, with the maintenance and invoicing functions passing to Nelson City Council. As the water supply comes from Tasman District Council it is subject to the conditions of its resource consent(s) for abstraction and customers in Nelson city supplied with water from Tasman District are obliged to follow the same restrictions on use as residents of Tasman District Council.

Nelson City Council supports this approach and some properties will be affected by invoicing changes. Charging will be on the same basis as for all other Nelson residents and will result in a decrease for the affected residents.

The wastewater functions remain unchanged.

Water pipe renewal plan

Council has an ongoing programme of renewing reticulation pipes when they reach the end of their service lives. The current emphasis is on renewing asbestos–cement pipes that were laid in the 1950s and are failing earlier than expected. The Long Term Plan provides $9.6 million of funding over 10 years to address pipe renewals.

[14] *NZIER report to Nelson City Council April 2015.*

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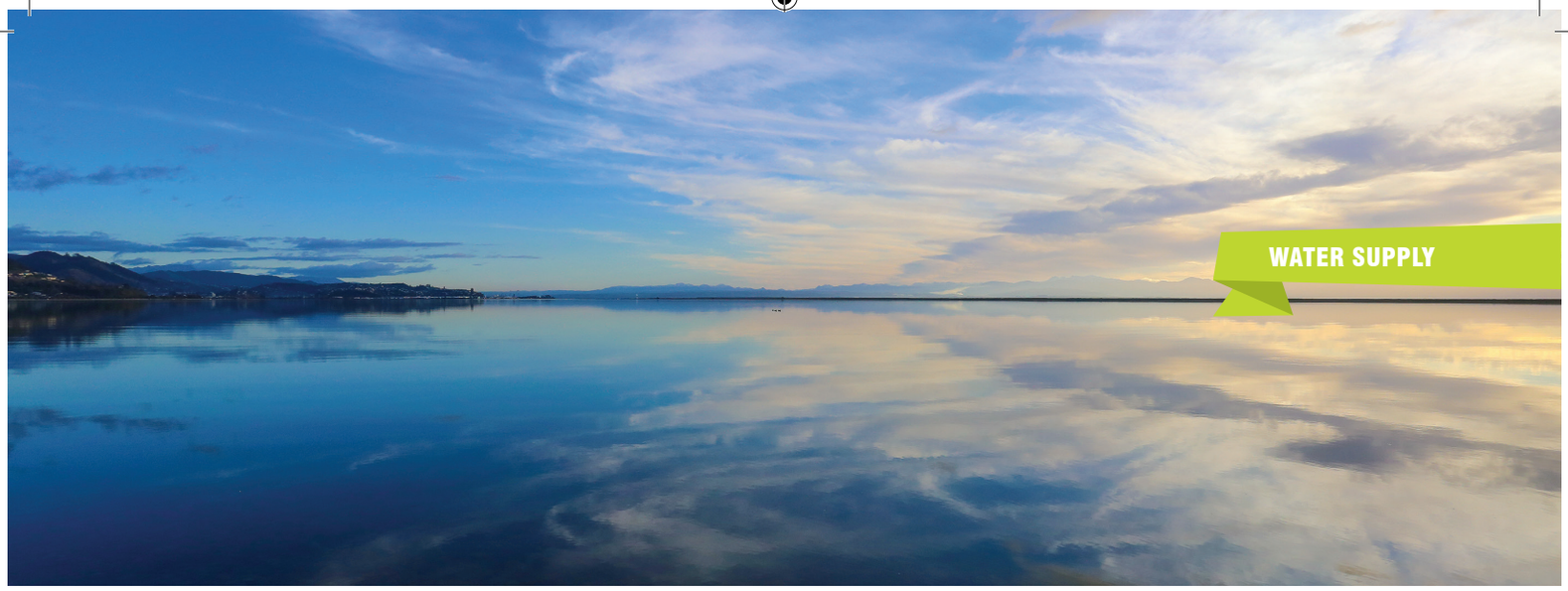


Water treatment plant membranes

The water treatment plant uses a process of ultra-filtration to support the philosophy of reducing the use of chemicals. The ultra-filtration membranes are performing better than expected and are expected to exceed their design life, of 10 years, by two to three years.

When the plant was built in 2004, Council made provision to future-proof the facility by ensuring there was adequate space to add a fifth membrane assembly. This would increase the output capacity of the plant and also allow greater flexibility for maintenance of the plant and for renewal of the existing membranes. The fitting out of this fifth train was undertaken in 2014/15. It is proposed to add the filters to the final fifth train in the first year (2015/16) of this Long Term Plan at a cost of $1.1 million and to renew the existing filters in years 2017/18-2020/21 at a cost of $4.4 million.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Year 4 - 10
			Year 1	Year 2	Year 3	
Good quality water	Meeting Drinking Water Standards for New Zealand 2005/08 sampling and test standards	Ab Grading[15]	Maintain Ab grading and ensure potable water supplied to customers	Maintain	Maintain	Maintain
	Number of public complaints	New measure	No more than 100 justifiable complaints relating to clarity, taste or odour in any year			
A reliable supply of water	Day to day continuity of supply	Maximum daily supply capacity is approximately 40,000m3 and maximum daily demand was 27,902m3 in 2014	1 in 60 year drought security until at least 2035	Maintain	Maintain	Maintain
			Supply 99.5% available under normal operating conditions			
			Max 24 hr outage under normal operating conditions			
	Water loss from the network	New measure	Complete investigation to guide future capital work	Maintain	Maintain	Maintain
	Water usage	New measure	Compliance with resource consent abstraction rates.	Maintain	Maintain	Maintain

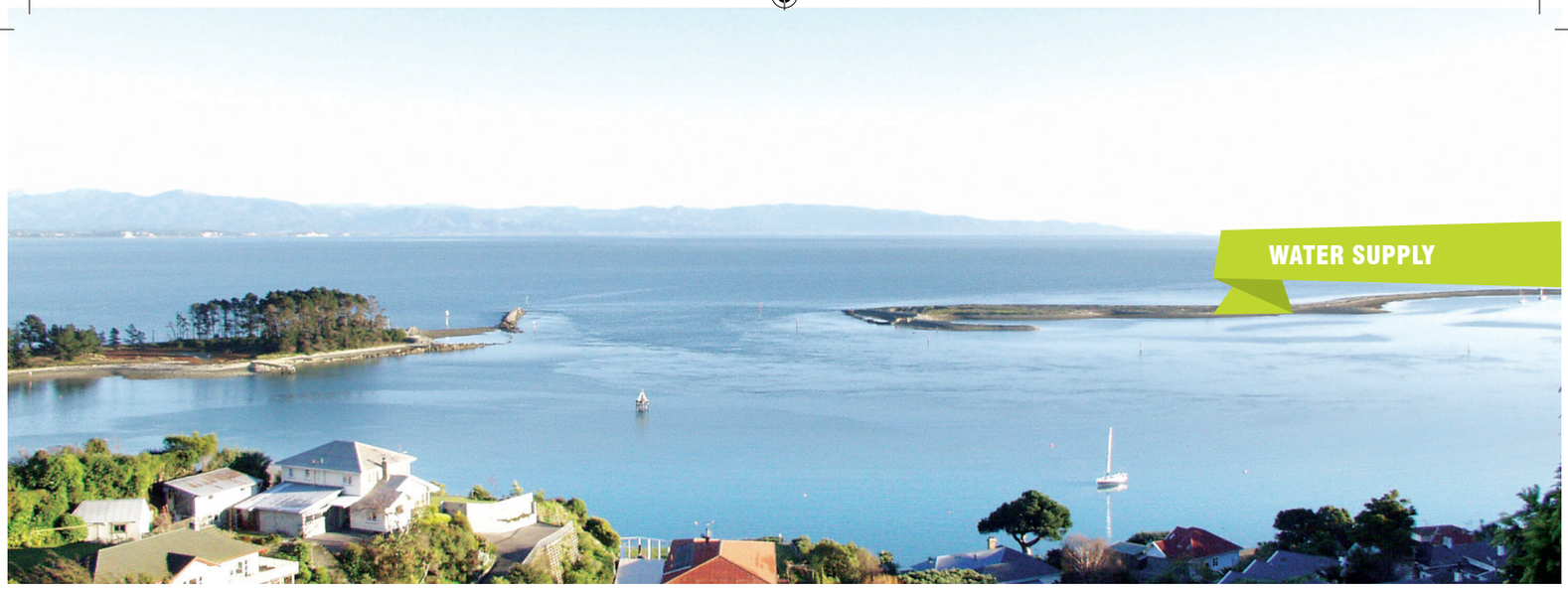
[15] Ministry of Health grading system - the upper-case 'A' refers to the grade as it leaves the treatment plant, while the lower case 'b' refers to the water at the consumers' gate.

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 63 11/11/2015 2:42:54 p.m.

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Year 4 - 10
			Year 1	Year 2	Year 3	
Acceptable water pressure	Percentage of customers with acceptable pressure. That is, a minimum 30m head and maximum 90m head with a maximum fluctuation <35% from the average pressure received by each customer	Computer modelling identified 83% of properties had acceptable water pressure.	Computer model identifies 80% of properties with acceptable pressure	Maintain	Maintain	Maintain
Adequate flows of water	Meet NZ Fire Service fire flows (and therefore domestic and commercial/ industrial flows) to all parts of the city	Computer modelling identified 99.1% of properties had acceptable water flows.	Computer model identifies at least 95% of properties served by the network with acceptable flows	Maintain	Maintain	Computer model identifies at least 95% of properties served by the network with acceptable flows and 99% by 2021/22
A prompt response to reported network issues	Meet response times identified in the external works contract	Six water main shut downs which exceeded eight hours and only one exceeded 24 hours	Contractor to meet maximum response times under the contract	Maintain	Maintain	Maintain
A network that protects the natural environment	Comply with resource consents RM025151 and RM975374 conditions for allowable water abstraction rates, revegetation of stream banks and eel and fish passage requirements.	100% compliance	100% compliance	Maintain	Maintain	Maintain

NCC_Long Term Plan_UPDATED_Oct15.indd 64 11/11/2015 2:42:55 p.m.



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 hazard.

RELEVANT STRATEGIES AND POLICIES

- Infrastructure Strategy 2015
- 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 and Financial Contributions Policy
- Nelson 2060.

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 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. Factors such as climate change and population growth will receive increased analysis as the Infrastructure Strategy is reviewed in future years
- It is assumed that new resource consents for the existing sources of water supply and abstraction volumes will be granted
- It is assumed that there will be reductions in water losses
- 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 funded from borrowings
- Council will provide education and promotion of the importance of water conservation; however the demand for water is expected to continue to primarily be managed through Council's water charging system
- The service delivery strategy is expected to be sustained for the term of this Long Term Plan
- Existing treatment plant membranes will continue to operate satisfactorily.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

To ensure there is a safe supply of water, water

NCC_Long Term Plan_UPDATED_Oct15.indd 65 11/11/2015 2:42:55 p.m.

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.

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

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, was identified as being at extreme risk from damage due to earthquake displacement or slip between the Maitai Dam and Brook Street. The pipeline is above ground, on a benched track along the hillside. To allow time for repairs in the event of damage, reservoirs in the city hold sufficient water for approximately eight hours' daytime consumption. This would cover part of the repair period required for a relatively short length of damaged pipe. The new buried replacement pipeline between the dam and the Water Treatment Plant was completed in 2014. Design of a duplicate pipeline between the Treatment Plant and Westbrook Terrace is being completed 2014/15 with construction programmed for 2015/16 to 2016/17.

The Roding Water Scheme has only 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 30 metre 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 two to three days, during which time the Maitai and Tasman District Council 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 Water Treatment Clearwater, Stoke, Walters Bluff, and Observatory Hill Reservoirs are constructed to category 2 standards, 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 reduced the risk to source water to very low levels.

> "Completion of the Water Treatment Plant in August 2004 reduced the risk to source water to very low levels."

Extreme risk relates to possible backflow from premises into the water reticulation network, thereby putting other consumers in danger. Dual check valves have been fitted to all residential connections as part of the

NCC_Long Term Plan_UPDATED_Oct15.indd 66 11/11/2015 2:42:56 p.m.

water meter manifold. These will be replaced when the water meters are updated between 2015 and 2021. 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 all customers connected to the city water mains.

The Health (Drinking Water) Amendment Act 2007 requires large drinking water suppliers, such as Nelson City Council, to have Water Safety Plans. Nelson City Council has a Water Safety Plan approved by the Ministry of Health. This plan is regularly updated and includes measures for dealing with deliberate or accidental contaminations of the water supply.

Water supply risk was reviewed while developing the Water Supply Asset Management Plan 2015-25.

NCC_Long Term Plan_UPDATED_Oct15.indd 67 11/11/2015 2:42:57 p.m.

NELSON CITY COUNCIL
WATER FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	10	0	0	0	
Targeted rates	11,927	11,709	12,019	12,188	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	15	31	31	32	
Internal charges and overheads recovered	0	0	0	0	
Local authorities fuel tax, fines, infringement fees, and other receipts	8	7	8	8	
Total Operating Funding	**11,960**	**11,747**	**12,058**	**12,228**	
Applications of operating funding					
Payments to staff and suppliers	5,756	6,032	6,129	6,173	
Finance costs	0	0	0	0	
Internal charges and overheads applied *	1,874	1,748	1,815	1,820	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**7,630**	**7,780**	**7,944**	**7,993**	
Surplus (Deficit) of operating funding	**4,330**	**3,967**	**4,114**	**4,235**	
Sources of capital funding					
Subsidies and grants for capital	0	0	0	0	
Development and financial contributions	240	281	287	292	
Increase (decrease) in debt	(910)	2,412	1,044	514	
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**(670)**	**2,693**	**1,331**	**806**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	1,443	1,150	0	0	
- to improve level of service	739	3,182	3,253	1,406	
- to replace existing assets	1,478	2,328	2,192	3,635	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of capital funding	**3,660**	**6,660**	**5,445**	**5,041**	
Surplus (Deficit) of capital funding	**(4,330)**	**(3,967)**	**(4,114)**	**(4,235)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 68 11/11/2015 2:42:57 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	0	0	0	0	0	0	0
	12,729	12,820	13,460	13,859	14,428	15,009	15,900
	0	0	0	0	0	0	0
	33	33	34	35	36	37	37
	0	0	0	0	0	0	0
	9	9	9	9	9	9	10
	12,771	**12,862**	**13,503**	**13,903**	**14,473**	**15,055**	**15,947**
	6,575	6,505	6,963	7,130	7,329	7,611	8,280
	0	0	0	0	0	0	0
	1,837	1,866	1,905	1,957	2,103	2,186	2,193
	0	0	0	0	0	0	0
	8,412	**8,371**	**8,868**	**9,087**	**9,432**	**9,797**	**10,473**
	4,359	**4,491**	**4,635**	**4,816**	**5,041**	**5,258**	**5,474**
	0	0	0	0	0	0	0
	298	304	310	317	323	330	404
	532	758	10	3,423	1,870	(47)	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	830	**1,062**	**320**	**3,740**	**2,193**	**283**	**404**
	0	120	125	311	0	207	713
	1,144	1,166	1,034	6,117	4,052	848	877
	4,045	4,267	3,796	2,128	3,182	4,486	4,288
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	5,189	**5,553**	**4,955**	**8,556**	**7,234**	**5,541**	**5,878**
	(4,359)	**(4,491)**	**(4,635)**	**(4,816)**	**(5,041)**	**(5,258)**	**(5,474)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 69 11/11/2015 2:42:57 p.m.

WATER COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Income				
Rating Income	0	0	0	0
Operating Income	11,960	11,747	12,058	12,228
Capital Income	240	281	287	292
Total Income	**12,200**	**12,028**	**12,345**	**12,520**
Expenses				
Payments to staff and suppliers	5,953	6,152	6,235	6,282
Finance costs	1,677	1,628	1,709	1,711
Depreciation	4,331	3,967	4,115	4,235
Total Expenses	**11,961**	**11,747**	**12,059**	**12,228**
Net Surplus (Deficit)	**239**	**281**	**286**	**292**
Sources of funds				
Net Surplus (Deficit)	239	281	286	292
Non cash expenditure	4,331	3,967	4,115	4,235
Increase (decrease) in debt	(910)	2,412	1,044	514
Gross proceeds from sale of assets	0	0	0	0
Total Sources of funds	**3,660**	**6,660**	**5,445**	**5,041**
Applications of funds				
Capital Expenditure				
- to meet additional demand	1,443	1,150	0	0
- to improve level of service	739	3,182	3,253	1,406
- to replace existing assets	1,478	2,328	2,192	3,635
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of funds	**3,660**	**6,660**	**5,445**	**5,041**
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**4,330**	**3,967**	**4,114**	**4,235**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	240	281	287	292
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(4,331)	(3,967)	(4,115)	(4,235)
Net Surplus (Deficit) before taxation in Cost of Service Statement	**239**	**281**	**286**	**292**

NCC_Long Term Plan_UPDATED_Oct15.indd 70 11/11/2015 2:42:57 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	0	0	0	0	0	0	0
	12,771	12,862	13,503	13,903	14,473	15,055	15,947
	298	304	310	317	323	330	404
	13,069	**13,166**	**13,813**	**14,220**	**14,796**	**15,385**	**16,351**
	6,687	6,619	7,080	7,250	7,453	7,739	8,412
	1,725	1,752	1,788	1,837	1,979	2,058	2,061
	4,359	4,491	4,635	4,816	5,041	5,257	5,474
	12,771	**12,862**	**13,503**	**13,903**	**14,473**	**15,054**	**15,947**
	298	**304**	**310**	**317**	**323**	**331**	**404**
	298	304	310	317	323	331	404
	4,359	4,491	4,635	4,816	5,041	5,257	5,474
	532	758	10	3,423	1,870	(47)	0
	0	0	0	0	0	0	0
	5,189	**5,553**	**4,955**	**8,556**	**7,234**	**5,541**	**5,878**
	0	120	125	311	0	207	713
	1,144	1,166	1,034	6,117	4,052	848	877
	4,045	4,267	3,796	2,128	3,182	4,486	4,288
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	5,189	**5,553**	**4,955**	**8,556**	**7,234**	**5,541**	**5,878**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	4,359	**4,491**	**4,635**	**4,816**	**5,041**	**5,258**	**5,474**
	0	0	0	0	0	0	0
	298	304	310	317	323	330	404
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(4,359)	(4,491)	(4,635)	(4,816)	(5,041)	(5,257)	(5,474)
	298	**304**	**310**	**317**	**323**	**331**	**404**

NCC_Long Term Plan_UPDATED_Oct15.indd 71 11/11/2015 2:42:57 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19	
Water Supply					
Roding resource consent renewal	200,000	205,220	210,638	0	
Atawhai No.2 reservoir	87,000	102,610	300,159	0	
Atawhai reservoir and pump	18,470	0	0	0	
Atawhai trunk main	0	0	0	54,066	
Backflow prevention	150,000	153,915	157,979	162,197	
New membrane (Train 5)	1,066,177	0	0	0	
Ridermains	75,000	76,958	78,989	167,603	
Dam upgrades	0	0	0	0	
Water loss reduction areas establishment	50,000	102,610	105,319	0	
Fire flow upgrades	100,000	102,610	210,638	216,262	
Hampden Street East Little Go Stream water	500,000	0	0	0	
Maitai Pipeline (water treatment plant to Westbrook Terrace)	2,118,000	2,052,200	0	0	
Maitai Resource consent renewal	200,000	205,220	210,638	0	
Natural hazards risk remediation	0	0	0	108,131	
Network capacity confirmation for growth areas	0	0	0	0	
Pressure enhancement	0	0	0	0	
Pump stations - renewals	0	277,047	73,683	3,111	
Membranes water treatment plant	0	0	1,053,190	1,081,310	
Commercial meters	185,364	153,915	157,979	324,393	
Water pipes	544,000	814,723	836,233	919,114	
Residential meter renewals	100,000	102,610	526,595	1,081,310	
Roding pipeline	100,000	0	0	0	
Seismic risk upgrades	100,000	102,610	105,319	0	
Water loss reduction program	200,000	205,220	210,638	216,262	
Water treatment plant renewals	246,000	143,654	216,957	200,042	
Water treatment plant upgrades	0	0	0	0	
Projects under $100,000	620,466	643,847	586,346	655,671	
Total Water Supply	**6,660,477**	**5,444,969**	**5,041,300**	**5,189,472**	

NCC_Long Term Plan_UPDATED_Oct15.indd 72 11/11/2015 2:42:58 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	0	0	0	0	0	0
	0	0	1,180,080	3,046,675	0	0
	0	0	177,012	0	0	0
	105,601	0	3,894,264	0	0	0
	166,739	171,674	177,012	182,801	189,162	196,104
	0	0	0	0	0	0
	172,296	177,396	64,904	67,027	69,359	71,905
	0	0	118,008	121,867	126,108	130,736
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	111,159	114,449	0	0	0	0
	111,159	114,449	118,008	0	0	0
	166,739	114,449	0	0	0	0
	22,831	0	15,274	166,380	624,252	650,921
	1,111,590	1,144,490	0	0	0	0
	333,477	343,347	354,024	365,601	378,324	0
	944,852	972,817	1,062,072	1,096,803	1,134,972	1,241,992
	1,111,590	572,245	0	0	0	0
	0	114,449	118,008	1,218,670	1,891,620	1,961,040
	0	0	0	0	0	0
	222,318	228,898	236,016	243,734	252,216	261,472
	299,018	193,419	338,683	0	0	0
	0	0	0	0	189,162	653,680
	673,663	693,144	702,382	724,732	685,937	709,931
	5,553,032	**4,955,226**	**8,555,747**	**7,234,290**	**5,541,112**	**5,877,781**

NCC_Long Term Plan_UPDATED_Oct15.indd 73 11/11/2015 2:42:58 p.m.

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 treats about 15 million litres of wastewater a day, with the Nelson Wastewater plant treating around 10 million litres and the Bell Island treatment plant treating on average five million litres.

Nelson City Council owns the Nelson wastewater treatment facility, and 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.

Activities include operations and maintenance of the facilities and the network of pipes, manholes and pump stations in the city. The plant at Nelson North treats waste from Bishopdale northwards. Both plants use oxidation ponds, with enhanced treatment to supplement this. Operating and maintaining the treatment plants and the wastewater network costs approximately $6.0 million annually.

"Nelson city treats about 15 million litres of wastewater a day, with the Nelson Wastewater plant treating around 10 million litres and the Bell Island treatment plant treating on average five million litres."

WHY WE DO IT

Providing a wastewater system to prevent harm to people, protect the environment and contribute to community wellbeing is a major part of Council's core business.

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 the 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 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 provide existing wastewater services and a general authority to construct public drains and undertake sanitary drainage works. Council has a sustainable development approach that takes into account the:

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

NCC_Long Term Plan_UPDATED_Oct15.indd 74 11/11/2015 2:42:58 p.m.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our unique natural environment is healthy and protected	The wastewater network is managed to minimise impacts on the natural environment and provide a healthy living environment for residents and visitors.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable wastewater network that meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	A well managed wastewater network is essential to the functioning of our regional economy.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Upgrade Neale Park and Corder Park pump stations

These two projects are part of critical Council functions, protecting the health of the community and environment. Sewage from Bishopdale eastwards is piped to the Neale Park pump station and then pumped to the Nelson Wastewater Treatment Plant along the state highway north of the city. Due to the distance, the pumps have to work at higher pressure to get the flows to the plant.

Neale Park pump station was constructed in the 1960s. More recently it has been identified as earthquake prone with a site layout that has contributed to ongoing odour issues in the immediate vicinity. All the original pumps have now been replaced, rather than repaired, as parts were no longer available. A new pump station is proposed for the site, incorporating modern odour control and some wastewater pre-treatment.

Corder Park pump station upgrade, including a part of the rising main, has begun (and will be completed in 2015/16) as part of replacing the existing pump station and in response to recent pipe failures that saw sewage leaking out into Tasman Bay. This pump station is located mid-way between Neale Park and the Nelson Wastewater Treatment Plant and has been identified as the ideal location for a new inline pump station.

Nelson Wastewater Treatment Plant renewals and resource consent

The Nelson Wastewater Treatment Plant is situated adjacent to the Boulder Bank to the north of Nelson. Plant treatment includes an oxidation pond with primary treatment, and a wetland to polish the treated wastewater before it is discharged to sea. The pond and outfall were constructed in the 1960s. A major upgrade was carried out in 2008/09.

Resource consents for the treatment plant expire December 2024. It is expected that work will begin in 2020 to renew these consents and decide on the most appropriate form of wastewater treatment for the long term future of Nelson city. Current estimates of sea level rise of 0.3m-0.5m by 2050 may impact the

NCC_Long Term Plan_UPDATED_Oct15.indd 75 11/11/2015 2:42:58 p.m.

operation of the treatment plant and will need to be considered.

The 2008 upgrade was designed to comply with the higher requirements of the 2004 resource consent and enable better management of changing seasonal inflows and conditions, particularly during the winter months.

Measures have been implemented to reduce odours from the treatment facility including adding a cover to the trickling filter, de-sludging the oxidation ponds and adding aeration to the ponds. This work was completed in 2014.

Sewer pipe programme

Council has an ongoing programme of renewing pipes when they reach the end of their service lives. The current emphasis is on renewing earthenware pipes that are 80-100 years old and those that are in areas with high levels of ground water. Targeting these pipes helps the city reduce the levels of groundwater that enters the pipes through cracks, joints and manholes that create overflow problems in wet weather.

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. As a result, wastewater overflows, due to wet weather, do occur within the wastewater system. Additional volumes of wastewater during wet weather also lead to an increase in pumping and treatment costs.

Addressing this problem requires the ongoing renewal and upgrading of both the wastewater and stormwater pipe network in the city as well as targeted initiatives to replace ageing sewer lines. Encouraging residents to stop the discharge of stormwater into the wastewater system is also an important part of the programme.

Reducing inflows and infiltration is a long term commitment for Council, and will be implemented through a range of measures such as: stormwater upgrades, sewer renewal programmes, and inflow and infiltration reduction programmes.

Marsden Valley and Ngawhatu upgrade

As the wider Stoke suburb grows in the Marsden and Ngawhatu Valleys, more wastewater will need to be piped to the Songer Street pump station. To cope with this increase the network needs to be expanded. A new express sewer main has recently been completed from Marsden Valley to Songer Street. It is proposed to construct a similar main from Ngawhatu Valley. This work commenced in 2014/15.

Additional flows from these areas would bypass sections of the existing pipe network and the impact of these flows will be better managed. The flows would go to Songer Street pump station (an NRSBU pump station), which has been recently upgraded to allow for greater volumes and would pump the wastewater directly to the Bell Island Treatment Facility.

The first stage of the work for Ngawhatu Valley upgrades the line from Ngawhatu Road to Main Road Stoke (in progress, a total of $900,000 allocated with $335,000 in 2015/16) and the second stage completes the upgrade from Main Road Stoke to the Songer Street pump station ($2.2 million allocated in 2021 to 2025).

> “A new express sewer main has recently been completed from Marsden Valley to Songer Street. It is proposed to construct a similar main from Ngawhatu Valley. This work commenced in 2014/15.”

NCC_Long Term Plan_UPDATED_Oct15.indd 76 11/11/2015 2:42:59 p.m.

Atawhai rising main

The Atawhai rising main was installed in the late 1960s and joins the Neale Park and Atawhai pump stations with the Nelson Wastewater Treatment Plant. Over the years, the concrete pipeline has been damaged internally by sulphuric acid, which eats away the top of the pipe. In the mid 1990s, a significant project was undertaken with the aim of repairing the damaged sections and extending the pipeline service life. Since the repairs were completed there have been a number of failures that have led to discharge of untreated sewage into the Nelson Haven. A non-invasive investigation is underway with the aim of addressing any immediate areas of concern. This work will also govern future replacement or duplication of the pipeline which is programmed to begin in 2024/25 and be completed by 2033/34.

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	Odour problems and one high biochemical oxygen demand (BOD) reading were recorded during 2013/14	100% compliance	Maintain	Maintain	Maintain
Appropriate response to reported network issues	Time taken to respond and investigate issues	Two instances were not investigated within 30 minutes. These were one overflowing manhole during the June 2014 rain event and one broken sewer main in May 2014 which was reported as non-urgent	Contractor to meet maximum response times under the contract	Maintain	Maintain	Maintain
Environmental protection	Level of compliance with resource consent conditions for accidental discharges from the network	Pump station discharges were sampled within the required timeframes	100% compliance	Maintain	Maintain	Maintain
	Number of confirmed complaints per year associated with odour, system faults or blockages	There were four complaints from Vanguard pump station in 2013/14	No more than 25 justifiable complaints a year per 1000 connections	Maintain	Maintain	Maintain

NCC_Long Term Plan_UPDATED_Oct15.indd 77 11/11/2015 2:42:59 p.m.

DRIVERS OF CAPITAL EXPENDITURE

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

- Renewing older pipes to avoid accumulating assets that are past their service life
- Reducing inflow and infiltration of ground water and stormwater in the network
- Reducing risk of failure on Atawhai rising main by re-developing Neal Park pump station
- 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.

RELEVANT STRATEGIES AND POLICIES

- Infrastructure Strategy 2015
- Wastewater Asset Management Plan
- Water and Sanitary Services Assessment 2005
- Nelson Freshwater Plan 2006 (part of the Nelson Resource Management Plan)
- Nelson Urban Growth Strategy 2005
- Ngā Taonga Tuku Iho ki Whakatū Iwi environmental management plan 2004
- Land Development Manual
- Trade Waste Bylaw 214, which came into effect 1 October 2007
- Development and Financial Contributions Policy
- Nelson 2060.

ASSUMPTIONS

As well as the general assumptions that apply as the basis for forecasting budgets across Council's work, some specific assumptions apply to Council's wastewater activities:

- Renewals will continue at a rate that is sustainable based on considering 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. Factors such as climate change and population growth will receive increased analysis as the Infrastructure Strategy is reviewed in future years
- Wastewater activities of Council will be funded from wastewater charges and, consistent with Council's financial policies, most of the capital expenditure will be borrowed. Development and Financial Contributions over the next 10 years will fund the increased provision of wastewater treatment due to population growth
- The most efficient, safe and cost-effective means of disposing wastewater is 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 improved technology, maintenance and monitoring. Nelson Treatment Plant and Neale Pump Station are still associated with occasional odour events. Work to de-sludge the additional oxidation ponds installation of additional pond aeration and to cover the process tanks at the Nelson Treatment Plant is expected to address the sources of odour in that location. Detailed design work for the upgrading of Neale Park Pump

NCC_Long Term Plan_UPDATED_Oct15.indd 78 11/11/2015 2:43:00 p.m.

Station is currently underway with construction planned for 2016-18. This will address odours from this location.

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 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. Non-invasive testing of the Atawhai rising main will help to ensure that repair works can be programmed for any damaged areas of the pipe.

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

Trunk mains failure due to hazardous trade wastes is mitigated by monitoring the effectiveness of the Trade Waste Bylaw. This also reduces the risk of accidental discharge of hazardous trade wastes. More sophisticated analysis techniques improve Council's ability to take regulatory action against those deliberately discharging 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.

"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."

Risks to the wastewater supply activity were reviewed while developing the Wastewater Asset Management Plan 2015-25. Council is actively developing, implementing and maintaining risk plans for the principal utility asset systems to minimise the likelihood of non-achievement of critical business objectives.

The risk of new resource consents for the existing Nelson Wastewater Treatment Plant and outfall structures not being successful has been identified in the Wastewater Asset Management Plan, with renewal planning to begin in 2020/21.

NCC_Long Term Plan_UPDATED_Oct15.indd 79 11/11/2015 2:43:00 p.m.

NELSON CITY COUNCIL
WASTEWATER FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	0	0	0	0	
Targeted rates	6,993	7,093	7,277	7,468	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	0	1,250	1,274	1,299	
Internal charges and overheads recovered	0	0	0	0	
Local authorities fuel tax, fines, infringement fees, and other receipts	3,049	2,433	2,531	2,598	
Total Operating Funding	**10,042**	**10,776**	**11,082**	**11,365**	
Applications of operating funding					
Payments to staff and suppliers	5,732	5,848	6,223	6,314	
Finance costs	412	441	437	444	
Internal charges and overheads applied *	190	275	265	299	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**6,334**	**6,564**	**6,925**	**7,057**	
Surplus (Deficit) of operating funding	**3,708**	**4,212**	**4,157**	**4,308**	
Sources of capital funding					
Subsidies and grants for capital	0	0	0	0	
Development and financial contributions	250	469	478	487	
Increase (decrease) in debt	3,652	2,057	932	1,084	
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**3,902**	**2,526**	**1,410**	**1,571**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	518	1,009	251	823	
- to improve level of service	5,862	4,347	3,772	3,501	
- to replace existing assets	1,230	1,382	1,544	1,555	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0				
Total applications of capital funding	**7,610**	**6,738**	**5,567**	**5,879**	
Surplus (Deficit) of capital funding	**(3,708)**	**(4,212)**	**(4,157)**	**(4,308)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 80 11/11/2015 2:43:00 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	0	0	0	0	0	0	0
	7,747	8,201	8,339	8,831	9,068	9,374	9,742
	0	0	0	0	0	0	0
	1,327	1,354	1,384	1,416	1,450	1,485	1,522
	0	0	0	0	0	0	0
	2,629	2,721	2,962	2,985	3,068	3,065	3,130
	11,703	**12,276**	**12,685**	**13,232**	**13,586**	**13,924**	**14,394**
	6,422	6,759	6,813	6,864	7,069	7,225	7,476
	477	529	547	517	488	460	440
	320	310	344	318	312	306	302
	0	0	0	0	0	0	0
	7,219	**7,598**	**7,704**	**7,699**	**7,869**	**7,991**	**8,218**
	4,484	**4,678**	**4,981**	**5,533**	**5,717**	**5,933**	**6,176**
	0	0	0	0	0	0	0
	497	507	517	528	539	550	562
	(180)	2,566	(2,091)	(692)	(2,440)	(1,488)	(1,095)
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	317	**3,073**	**(1,574)**	**(164)**	**(1,901)**	**(938)**	**(533)**
	1,597	1,857	65	939	720	2,228	2,043
	1,075	4,124	1,212	643	415	0	0
	2,129	1,770	2,130	3,787	2,681	2,767	3,600
	0	0	0	0	0	0	0
					0	0	0
	4,801	**7,751**	**3,407**	**5,369**	**3,816**	**4,995**	**5,643**
	(4,484)	**(4,678)**	**(4,981)**	**(5,533)**	**(5,717)**	**(5,933)**	**(6,176)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 81 11/11/2015 2:43:00 p.m.

WASTEWATER COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Income				
Rating Income	6,993	7,093	7,277	7,468
Operating Income	3,049	3,683	3,805	3,897
Capital Income	250	469	478	487
Total Income	**10,292**	**11,245**	**11,560**	**11,852**
Expenses				
Payments to staff and suppliers	5,832	5,964	6,325	6,418
Finance costs	502	600	600	639
Depreciation	4,054	4,189	4,412	4,557
Total Expenses	**10,388**	**10,753**	**11,337**	**11,614**
Net Surplus (Deficit)	**(96)**	**492**	**223**	**238**
Sources of funds				
Net Surplus (Deficit)	(96)	492	223	238
Non cash expenditure	4,054	4,189	4,412	4,557
Increase (decrease) in debt	3,652	2,057	932	1,084
Gross proceeds from sale of assets	0	0	0	0
Total Sources of funds	**7,610**	**6,738**	**5,567**	**5,879**
Applications of funds				
Capital Expenditure				
- to meet additional demand	518	1,009	251	823
- to improve level of service	5,862	4,347	3,772	3,501
- to replace existing assets	1,230	1,382	1,544	1,555
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of funds	**7,610**	**6,738**	**5,567**	**5,879**
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**3,708**	**4,212**	**4,157**	**4,308**
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	250	469	478	487
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(4,054)	(4,189)	(4,412)	(4,557)
Net Surplus (Deficit) before taxation in Cost of Service Statement	**(96)**	**492**	**223**	**238**

NCC_Long Term Plan_UPDATED_Oct15.indd 82 11/11/2015 2:43:01 p.m.

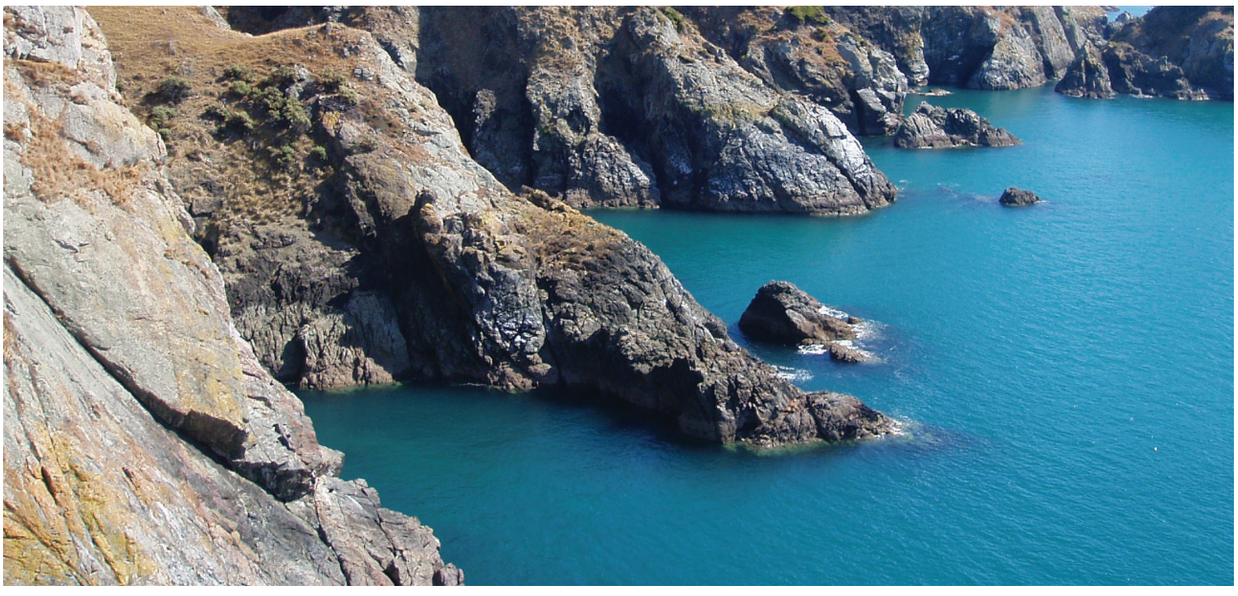
	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	7,747	8,201	8,339	8,831	9,068	9,374	9,742
	3,956	4,075	4,346	4,401	4,518	4,550	4,652
	497	507	517	528	539	550	562
	12,200	**12,783**	**13,202**	**13,760**	**14,125**	**14,474**	**14,956**
	6,529	6,869	6,926	6,980	7,189	7,347	7,602
	690	729	778	719	680	644	616
	4,728	4,917	5,165	5,360	5,544	5,759	6,003
	11,947	**12,515**	**12,869**	**13,059**	**13,413**	**13,750**	**14,221**
	253	**268**	**333**	**701**	**712**	**724**	**735**
	253	268	333	701	712	724	735
	4,728	4,917	5,165	5,360	5,544	5,759	6,003
	(180)	2,566	(2,091)	(692)	(2,440)	(1,488)	(1,095)
	0	0	0	0	0	0	0
	4,801	**7,751**	**3,407**	**5,369**	**3,816**	**4,995**	**5,643**
	1,597	1,857	65	939	720	2,228	2,043
	1,075	4,124	1,212	643	415	0	0
	2,129	1,770	2,130	3,787	2,681	2,767	3,600
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	4,801	**7,751**	**3,407**	**5,369**	**3,816**	**4,995**	**5,643**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	4,484	**4,678**	**4,981**	**5,533**	**5,717**	**5,933**	**6,176**
	0	0	0	0	0	0	0
	497	507	517	528	539	550	562
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(4,728)	(4,917)	(5,165)	(5,360)	(5,544)	(5,759)	(6,003)
	253	**268**	**333**	**701**	**712**	**724**	**735**

NCC_Long Term Plan_UPDATED_Oct15.indd 83 11/11/2015 2:43:01 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19	
Wastewater					
Atawhai pump stations (Brooklands & Marybank)	0	0	0	86,505	
Atawhai rising main - Stage 1	0	0	0	0	
Awatea Place	0	307,830	52,660	702,852	
Ngawhatu Valley trunk main	335,000	0	0	0	
Corder Park pump station	3,649,801	0	0	0	
Gracefield beheading	0	0	0	54,066	
Hampden Street East/Little Go Stream sewer	250,000	0	0	0	
Natural hazards risk remediation	0	0	0	54,066	
Neale Park pump station	352,710	3,078,300	3,159,570	0	
Network capacity confirmation for growth areas	0	0	0	0	
Ngawhatu Valley trunk main - Stage 2	0	0	0	0	
Nelson Regional Sewerage growth	617,500	233,730	767,682	1,407,667	
Nelson Regional Sewerage renewals	359,195	585,339	554,384	569,186	
Nelson wastewater treatment plant - resource consent	0	0	0	0	
Nelson wastewater treatment plant - renewals	0	0	0	0	
Pump station storage	20,000	123,132	52,660	129,757	
Renewals pump stations	130,000	133,393	136,915	162,197	
Rising/swallows renewals	0	0	157,979	464,963	
Wastewater pipe renewals	300,000	538,703	552,925	702,852	
Projects under $100,000	723,610	566,890	444,166	466,440	
Total Wastewater	**6,737,816**	**5,567,317**	**5,878,941**	**4,800,551**	



NCC_Long Term Plan_UPDATED_Oct15.indd 84 11/11/2015 2:43:01 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	444,636	91,559	472,032	243,734	0	0
	0	0	0	0	0	130,736
	3,334,770	686,694	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	166,739	0	590,040	609,335	630,540	0
	0	0	0	0	0	0
	55,580	114,449	118,008	121,867	0	0
	0	0	0	0	0	0
	0	57,225	59,004	0	126,108	130,736
	0	0	212,414	24,373	1,261,080	1,307,360
	1,589,661	0	0	0	0	428,223
	646,358	607,968	645,618	682,962	674,596	784,999
	0	114,449	177,012	182,801	189,162	196,104
	0	0	1,029,517	245,562	261,044	313,963
	55,580	80,114	0	0	0	0
	166,739	171,674	236,016	243,734	252,216	261,472
	88,927	171,674	507,434	97,494	189,162	562,165
	722,534	743,919	826,056	853,069	882,756	980,520
	479,135	567,250	495,868	511,463	528,302	546,510
	7,750,659	**3,406,975**	**5,369,019**	**3,816,394**	**4,994,966**	**5,642,788**

NCC_Long Term Plan_UPDATED_Oct15.indd 85 11/11/2015 2:43:02 p.m.

STORMWATER

WHAT WE DO

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 network covers reticulation – the pipes, open channels, detention dams, 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.

Operations and maintenance activities centre 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 $430,000[16] a year.

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

WHY WE DO IT

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

Preventing harm to people and property: Large parts of Nelson do not have a formal 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 activities with minimal disruption or adverse health effects from rainfall events

Protection of environment and community wellbeing: The natural stormwater system comprises open channels 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 a statutory obligation 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
- need to maintain and enhance the quality to the environment
- reasonably foreseeable needs of future generations.

[16] *Amount does not include staff time or renewals.*

NCC_Long Term Plan_UPDATED_Oct15.indd 86 11/11/2015 2:43:02 p.m.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed stormwater network that minimises damage to open spaces from rainfall events. Works to support the stormwater assets are managed as far as possible to respect the natural, recreational and heritage values that might be present.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well managed stormwater network.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable stormwater network meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	Impact on businesses and economic activity are minimised by understanding and managing the stormwater network to protect people and property.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Stormwater

Recent years have seen several extreme rainfalls, ranging from the city-wide long duration event of December 2011 to the short, high intensity rain events that impacted on quite narrow bands of the city in April 2013 and June 2014. These events led to gravel being deposited in stream and river beds, blocking stormwater pipes and intake structures and general property damage from slips and flooding.

The anticipated cost to Council of recovering from recent storms is $10.8 million after insurance and other cost recoveries. Council had to borrow for the cost of recovery works following the December 2011 severe rainfall event and then again for the April 2013 event.

There is a careful balance to be struck in providing an adequate stormwater network to the city, while ensuring the work scheduled is affordable and appropriate. Council's Infrastructure Strategy estimates $82 million is required to undertake an appropriate level of flood risk mitigation works (to protect against an acceptable storm recurrence intervals specific to each catchment), although this will not completely flood proof the city. Stormwater reticulation will be designed for a Q_{20}[17] event. Much of the piped network and waterways are well below this standard. Undertaking all of this work in a 10 year period would result in Council breaching its debt and rates caps.

[17] *A Q_{20} rainfall event is defined as one with a 5% probability of occurring in any year. We expect, on average, to have one of these events every 20 years.*

NCC_Long Term Plan_UPDATED_Oct15.indd 87 11/11/2015 2:43:02 p.m.

Pump station renewal programme

Council has constructed two stormwater pump stations in the city. One at Neale Park, servicing the Wood area and one at Centennial Park servicing parts of Tahuna. Council has a regular programme in place to maintain these stations and renew components as they reach the end of their service lives. This ensures the two pump stations will function in extreme rain events.

Drains programme

Nelson's stormwater network is a mix of pipes and open channels. Many of the open channels are on the hillside areas and have developed over many years in response to neighbourhood issues. Council is proposing to develop an inventory, over the first three years of the Long Term Plan 2015-25, of these open channels to allow a better understanding of where they are and the areas they drain. This will allow maintenance and upgrading to be prioritised.

Montcalm/Arrow/Washington Valley

The Montcalm/Arrow/Washington Valley area has experienced flooding and surface slips from rain events over many years. Council is currently completing a detailed evaluation of the existing capacity and options for upgrading the network. It is proposed to upgrade the main stormwater pipe in Washington Valley and side streets over the next six years. Where possible it is proposed to extend the network to improve the service.

Wastney Terrace

A Wastney Terrace stormwater upgrade is required to allow further residential development to proceed in the southern end of Marybank. Council proposes to work with developers in the area to install a stormwater pipe linking Wastney Terrace with Atawhai Crescent.

St Vincent/Hastings Street

The St Vincent/Hastings Street box culvert was constructed in the 1940s. A reinforced concrete "cap" was installed in the 1980s when the York Stream box culvert was constructed, to extend the life of the culvert. Recent inspections have confirmed that the structure is nearing the end of its service life. The culvert is an important part of the stormwater network in the Washington Valley / lower St Vincent St area. Council proposes to replace the structure during the term of this Long Term Plan.

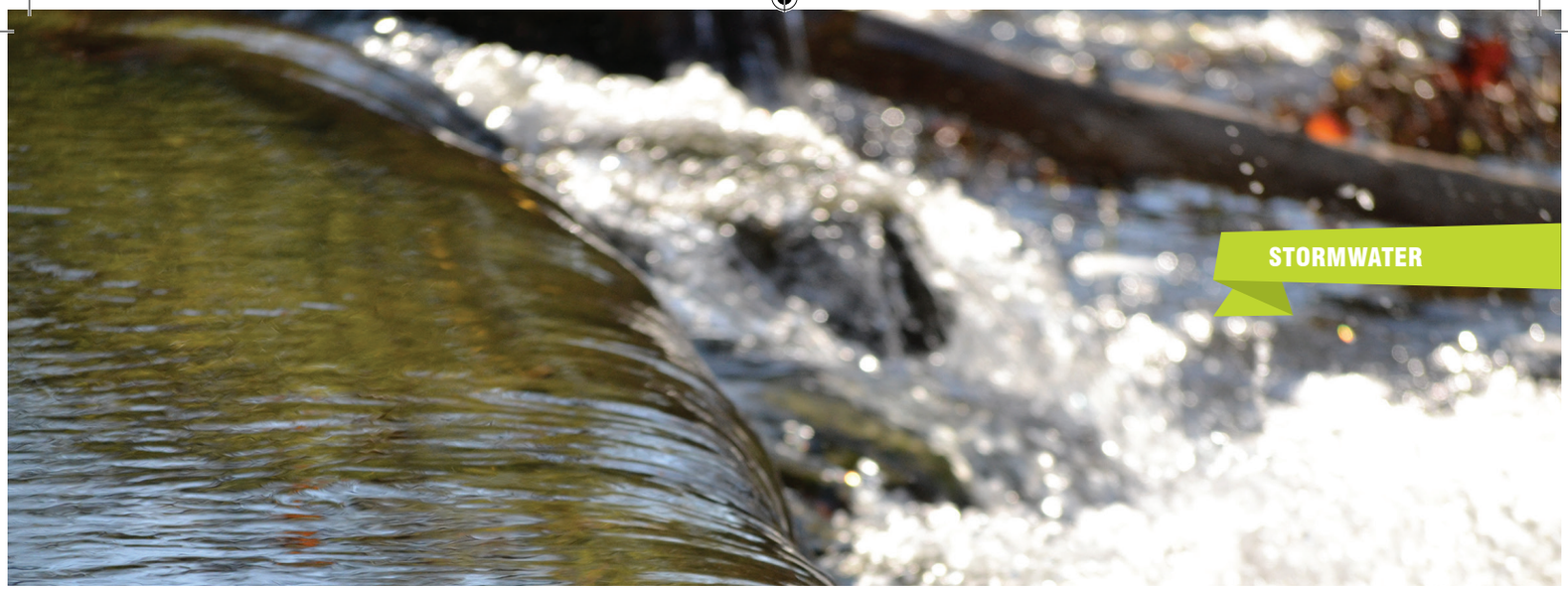
Tahuna slope risk area investigation

The Tahuna slope risk area extends from The Cliffs through to Paddy's Knob. Parts of the hillside suffered damage during the December 2011 extreme rain event, particularly in the Day's Track area. As with other hillside areas in the city, stormwater control is important to reduce the risk of surface slips and deep seated slumping. A review of the existing piped water networks on the hillside is underway to ensure their integrity is maintained and any areas requiring upgrades are identified.

Railway Reserve-Saxton Rd West-Dryden St

A number of residential subdivisions that back onto the Railway Reserve discharge stormwater to ground soakage, most of which concentrates on the Railway Reserve leading to localised areas of flooding. Council is proposing to install a stormwater pipe along the Railway Reserve to connect to the Suffolk Road network.

NCC_Long Term Plan_UPDATED_Oct15.indd 88 11/11/2015 2:43:03 p.m.



SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Year 4 - 10
			Year 1	Year 2	Year 3	
Environmental Protection For the built and natural environment from stormwater discharges	Level of compliance with resource consent conditions	Ongoing monitoring of stormwater from six urban catchments was completed	100% compliance	Maintain	Maintain	Maintain
	Stormwater network extended throughout the city	Delay in finalizing easements led to reduction in scope for two projects. All other projects completed to plan	Complete 80% of capital expenditure programme	Maintain	Maintain	Maintain
Reliability An operational stormwater network	Number of blockages per 100 km of pipes on an annual basis	There were 36 stormwater blockages within the entire network for 2013/14. This equates to 18 blockages per 100km of pipes	Less than 25 blockages per 100km of pipes on an annual basis	Maintain	Maintain	Maintain
	Number of flooding events	New measure	No damage from flood events up to Q2 level to more than 10 per 1000 properties per year			
	Response time to events	New measure	Contractor to meet maximum response times under the contract			
Response to complaints Minimise justifiable complaints	Number of complaints per 1000 connections per year	New measure	No more than 25 complaints per 1000 connections per year	Maintain	Maintain	Maintain

NCC_Long Term Plan_UPDATED_Oct15.indd 89 11/11/2015 2:43:03 p.m.

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

RELEVANT STRATEGIES AND POLICIES

- Infrastructure Strategy 2015
- 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
- Development and Financial Contributions Policy
- Nelson 2060.

ASSUMPTIONS

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

- The most efficient, equitable, safe and cost-effective means of disposing of stormwater is a council-provided system for the Nelson urban area
- Stormwater reticulation will be designed for a Q_{20} event with roads and overland flow providing the flow path for larger events
- Council expects that a storm event with more than Q_{50}[18] rainfall would be very likely to cause major flood damage, which would have to be managed by Emergency Management systems
- No new environmental legislation will be imposed during the next decade that would require a higher level of stormwater works than Q_{20}
- No significant effects on stormwater structures are expected within the next 10 years from climate change-induced sea level rise; however, such effects are expected to arise in the longer term
- Factors such as climate change and population growth will receive increased analysis as the Infrastructure Strategy is reviewed in future years.

[18] A Q_{50} rainfall event is defined as one with a 2% probability of occurring in any year. We expect, on average, to have one of these events every 50 years.

NCC_Long Term Plan_UPDATED_Oct15.indd 90 11/11/2015 2:43:04 p.m.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Negative effects of providing the activity arise from:

- 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 Council's initiatives under the Nelson Resource Management Plan

"Industrial waste, tyre residues on roads and sediment are examples of contaminants that subsequently end up in waterways. These effects are to some extent reduced by Council's initiatives under the Nelson Resource Management Plan."

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

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
- increasing 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 risks. Further resources would be required to support the increased activity addressing hazardous substances on public and private properties respectively that may lead to stormwater contamination.

NCC_Long Term Plan_UPDATED_Oct15.indd 91 11/11/2015 2:43:05 p.m.

NELSON CITY COUNCIL
STORMWATER FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	0	0	0	0	
Targeted rates	3,865	4,283	4,147	4,249	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Operating Funding	**3,865**	**4,283**	**4,147**	**4,249**	
Applications of operating funding					
Payments to staff and suppliers	1,037	1,270	1,068	1,086	
Finance costs	0	0	0	0	
Internal charges and overheads applied *	1,082	1,008	998	1,011	
Other operating funding applications	0				
Total applications of operating funding	**2,119**	**2,278**	**2,066**	**2,097**	
Surplus (Deficit) of operating funding	**1,746**	**2,005**	**2,081**	**2,152**	
Sources of capital funding					
Subsidies and grants for capital	0	0	0	0	
Development and financial contributions	175	263	267	273	
Increase (decrease) in debt	1,083	329	436	1,507	
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**1,258**	**592**	**703**	**1,780**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	2,934	2,474	2,703	3,834	
- to replace existing assets	70	123	81	98	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of capital funding	**3,004**	**2,597**	**2,784**	**3,932**	
Surplus (Deficit) of capital funding	**(1,746)**	**(2,005)**	**(2,081)**	**(2,152)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 92 11/11/2015 2:43:05 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	0	0	0	0	0	0	0
	4,573	4,655	5,097	5,323	5,898	6,011	6,273
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	4,573	**4,655**	**5,097**	**5,323**	**5,898**	**6,011**	**6,273**
	1,229	1,088	1,299	1,155	1,381	1,228	1,274
	0	0	0	0	0	0	0
	1,098	1,221	1,325	1,528	1,712	1,820	1,865
					0	0	0
	2,327	**2,309**	**2,624**	**2,683**	**3,093**	**3,048**	**3,139**
	2,246	**2,346**	**2,473**	**2,640**	**2,805**	**2,963**	**3,134**
	0	0	0	0	0	0	0
	278	284	290	296	302	308	315
	2,702	1,303	3,672	4,195	2,405	421	1,757
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	2,980	**1,587**	**3,962**	**4,491**	**2,707**	**729**	**2,072**
	0	116	59	603	163	132	541
	5,170	3,528	6,317	6,450	4,709	3,388	4,422
	56	289	59	78	640	172	243
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	5,226	**3,933**	**6,435**	**7,131**	**5,512**	**3,692**	**5,206**
	(2,246)	**(2,346)**	**(2,473)**	**(2,640)**	**(2,805)**	**(2,963)**	**(3,134)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 93 11/11/2015 2:43:05 p.m.

STORMWATER COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Income					
Rating Income	3,865	4,283	4,147	4,249	
Operating Income	0	0	0	0	
Capital Income	175	263	267	273	
Total Income	**4,040**	**4,546**	**4,414**	**4,522**	
Expenses					
Payments to staff and suppliers	1,169	1,358	1,146	1,165	
Finance costs	950	920	920	932	
Depreciation	1,746	2,005	2,081	2,153	
Total Expenses	**3,865**	**4,283**	**4,147**	**4,250**	
Net Surplus (Deficit)	**175**	**263**	**267**	**272**	
Sources of funds					
Net Surplus (Deficit)	175	263	267	272	
Non cash expenditure	1,746	2,005	2,081	2,153	
Increase (decrease) in debt	884	268	436	1,507	
Gross proceeds from sale of assets	0	0	0	0	
Total Sources of funds	**2,805**	**2,536**	**2,784**	**3,932**	
Applications of funds					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	2,934	2,474	2,703	3,834	
- to replace existing assets	70	123	81	98	
Increase (decrease) in reserves	(199)	(61)	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of funds	**2,805**	**2,536**	**2,784**	**3,932**	
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Surplus/(Deficit) of operating funding from Funding Impact Statement	**1,746**	**2,005**	**2,081**	**2,152**	
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	175	263	267	273	
Vested Assets	0	0	0	0	
Gains on sale	0	0	0	0	
Depreciation	(1,746)	(2,005)	(2,081)	(2,153)	
Net Surplus (Deficit) before taxation in Cost of Service Statement	**175**	**263**	**267**	**272**	

NCC_Long Term Plan_UPDATED_Oct15.indd 94 11/11/2015 2:43:05 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	4,573	4,655	5,097	5,323	5,898	6,011	6,273
	0	0	0	0	0	0	0
	278	284	290	296	302	308	315
	4,851	**4,939**	**5,387**	**5,619**	**6,200**	**6,319**	**6,588**
	1,309	1,171	1,384	1,243	1,471	1,321	1,370
	1,018	1,138	1,240	1,440	1,622	1,727	1,769
	2,245	2,345	2,473	2,642	2,806	2,962	3,134
	4,572	**4,654**	**5,097**	**5,325**	**5,899**	**6,010**	**6,273**
	279	**285**	**290**	**294**	**301**	**309**	**315**
	279	285	290	294	301	309	315
	2,245	2,345	2,473	2,642	2,806	2,962	3,134
	2,702	1,303	3,672	4,195	2,405	421	1,757
	0	0	0	0	0	0	0
	5,226	**3,933**	**6,435**	**7,131**	**5,512**	**3,692**	**5,206**
	0	116	59	603	163	132	541
	5,170	3,528	6,317	6,450	4,709	3,388	4,422
	56	289	59	78	640	172	243
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	5,226	**3,933**	**6,435**	**7,131**	**5,512**	**3,692**	**5,206**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	2,246	**2,346**	**2,473**	**2,640**	**2,805**	**2,963**	**3,134**
	0	0	0	0	0	0	0
	278	284	290	296	302	308	315
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(2,245)	(2,345)	(2,473)	(2,642)	(2,806)	(2,962)	(3,134)
	279	**285**	**290**	**294**	**301**	**309**	**315**

NCC_Long Term Plan_UPDATED_Oct15.indd 95 11/11/2015 2:43:05 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19	
Stormwater					
Airlie Street	0	51,305	52,660	324,393	
Anglia/Scotia Street	0	0	0	0	
Ariesdale/Thompson Terrace	0	0	42,128	178,416	
Beach Road	0	0	0	0	
Beatson Road	0	0	0	0	
Black Street	0	0	0	0	
Brooklands Road	0	0	0	0	
Brougham Street	0	0	0	0	
Arapiki Road	0	0	0	108,131	
Freshwater improvement program	0	0	0	0	
Halifax Street - Tasman Street to Milton Street	50,000	25,653	895,212	0	
Main Rd Stoke - Hays Corner/Louisson Avenue	0	0	0	0	
Main Rd Stoke - Louisson Avenue to Marsden Road	0	0	0	0	
Milton - Grove Street to Cambria Street	0	0	0	27,033	
Mount Street/Konini Street	0	0	52,660	0	
Poynters Crescent	0	0	0	0	
Railway Reserve - Newall Avenue to Bledisloe Street	0	0	0	0	
Rangiora Terrace	0	0	0	108,131	
Shelbourne Street	0	0	0	0	
Viewmount/Ridgeway	0	0	0	0	
Cawthron Crescent	0	0	0	0	
Cherry/Baigent/Ridgeway	0	0	0	0	
Dodson Valley	0	0	0	0	
Examiner Street	0	0	0	0	
Fifeshire Crescent	100,000	256,525	0	0	
Golf/Parkers Road	0	0	0	37,846	
Harford Court - secondary flow path	0	0	0	0	
Hill Street North	0	0	0	54,066	
Isel Place	0	0	0	0	
Jellicoe/Bledisloe/Kaka/Kea/Freyberg/Maple Crescent	0	0	0	54,066	
Karaka Street	0	0	52,660	21,626	
Kauri/Matai/Titoki/Ranui Street	0	0	52,660	21,626	
Kowhai Avenue	0	0	0	0	
Nile Street East	50,000	513,050	0	0	
Mahoe/Orsman/Matipo Terrace	0	0	0	54,066	

NCC_Long Term Plan_UPDATED_Oct15.indd 96 11/11/2015 2:43:05 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	0	0	0	0	0	0
	0	0	0	60,934	189,162	0
	0	0	0	0	0	0
	0	40,057	23,602	182,801	0	0
	0	0	0	60,934	63,054	392,208
	11,116	11,445	118,008	0	0	0
	0	40,057	11,801	0	170,246	0
	0	0	35,402	365,601	0	0
	55,580	228,898	354,024	0	0	0
	0	114,449	295,020	0	0	0
	0	0	0	0	0	0
	0	28,612	0	426,535	0	0
	0	28,612	0	792,136	0	0
	0	228,898	0	0	0	0
	0	572,245	0	0	630,540	0
	0	0	17,701	24,373	189,162	0
	0	572,245	0	0	0	0
	0	0	0	0	0	0
	0	57,225	177,012	0	0	0
	0	0	0	30,467	0	196,104
	33,348	22,890	177,012	0	0	0
	0	0	0	91,400	37,832	653,680
	0	51,502	23,602	121,867	0	0
	55,580	22,890	295,020	0	0	0
	0	0	0	0	0	0
	16,674	0	472,032	0	0	0
	0	0	0	24,373	25,222	104,589
	0	572,245	0	0	0	0
	0	57,225	23,602	182,801	0	0
	0	0	590,040	0	0	0
	277,898	0	0	0	0	0
	166,739	0	0	0	0	0
	33,348	11,445	118,008	0	0	0
	0	0	0	0	0	0
	111,159	0	41,303	60,934	0	522,944

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 97 11/11/2015 2:43:06 p.m.

Project	2015/16	2016/17	2017/18	2018/19	
Manson Avenue	0	0	0	0	
Marsden Valley cemetery diversion	0	0	0	0	
Martin Street	0	0	0	0	
Marybank/Tresillian Avenue	0	0	0	0	
Montcalm/Arrow/Washington Valley/Hastings Street	180,000	153,915	0	1,081,310	
Natural hazards risk remediation	0	0	0	0	
Network capacity confirmation for growth areas	0	0	0	0	
Newmans Link	0	0	0	10,813	
Ngaio/Maitland Avenue	0	0	0	0	
Pateke Street	0	0	0	0	
Public/private drains & open channel upgrade program	0	0	0	0	
Public/private drains	100,000	102,610	105,319	108,131	
Railway Reserve/Saxton Rd West /Dryden Street	80,000	769,575	0	0	
Renwick/Wellington Street/Waimea Road	0	0	52,660	54,066	
Riverside	0	0	0	0	
Rotoiti Street	0	0	0	0	
Russell Street Reserve	0	0	0	27,033	
Rutherford Stage 1 - Girls College detention	80,000	51,305	263,298	0	
Rutherford Stage 2 - box culvert	0	0	0	162,197	
Seaton/Allisdair Street	0	0	0	0	
St Vincent/Hastings Street culvert	100,000	153,915	1,579,785	1,621,965	
Stafford Avenue	0	0	0	0	
Stanley/Beachville Crescent	263,616	0	0	0	
Stansell Avenue private / public drains	138,617	0	0	0	
Stormwater pump station renewals	20,000	0	42,128	0	
Tahuna Slope risk area	100,000	102,610	105,319	540,655	
Tipahi/Eckington Terrace	0	0	0	270,328	
Totara/Hutcheson Street	0	0	0	0	
Trafalgar Square (Betts Carpark)	0	0	0	0	
Tui Glen Road	0	0	0	0	
Vanguard Street	50,000	51,305	315,957	0	
Wastney Terrace private drain program	881,549	0	0	0	
York Terrace	0	0	0	0	
Projects under $100,000	402,894	552,669	319,486	360,316	
Total Stormwater	**2,596,676**	**2,784,437**	**3,931,932**	**5,226,214**	

NCC_Long Term Plan_UPDATED_Oct15.indd 98 11/11/2015 2:43:06 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	55,580	0	295,020	0	0	0
	22,232	11,445	206,514	0	0	0
	0	0	59,004	24,373	315,270	0
	111,159	57,225	590,040	0	0	0
	1,111,590	801,143	0	0	0	0
	111,159	114,449	118,008	0	0	0
	0	0	0	121,867	126,108	130,736
	0	0	0	12,187	126,108	0
	72,253	22,890	236,016	0	0	0
	0	11,445	11,801	121,867	0	0
	0	572,245	590,040	609,335	630,540	653,680
	111,159	114,449	118,008	121,867	126,108	130,736
	300,129	0	0	0	0	0
	0	114,449	118,008	121,867	0	0
	0	34,335	11,801	121,867	0	0
	33,348	0	118,008	0	0	0
	27,790	114,449	0	0	0	0
	0	0	0	0	0	0
	0	0	295,020	121,867	0	1,307,360
	0	0	59,004	243,734	0	0
	0	0	0	0	0	0
	33,348	22,890	177,012	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	222,318	0	0	560,588	100,886	169,957
	555,795	572,245	0	0	0	0
	0	686,694	0	365,601	0	0
	11,116	11,445	118,008	0	0	0
	77,811	114,449	885,060	0	0	0
	0	40,057	0	0	170,246	0
	0	0	0	60,934	315,270	0
	0	0	0	0	0	0
	0	0	0	36,560	0	392,208
	314,695	358,183	351,435	441,923	475,877	551,754
	3,932,924	**6,435,427**	**7,130,996**	**5,511,593**	**3,691,631**	**5,205,956**

NCC_Long Term Plan_UPDATED_Oct15.indd 99 11/11/2015 2:43:06 p.m.

FLOOD PROTECTION

WHAT WE DO

The Nelson stormwater and flood protection system is in two parts – the natural waterways and a constructed stormwater system. Council accounts 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 is only levied on properties on the city side of the Gentle Annie saddle at Wakapuaka, which are 15ha or less in area. This section covers the flood protection works that are generally associated with natural waterways.

Rivers and streams outside these areas are currently not actively maintained by Council. Repairs and maintenance are typically the responsibility of the property owner(s), particularly where a river or stream flows through private property, unless provision has been made for specific works as part of an annual or long term plan.

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, depending on the risk profile, from a one in a 100 year event (Q_{100}[19]), to minimise damage to the city from extreme rainfall events. While Council has carried out a programme of upgrading works over the past 20 years, ongoing maintenance is required to keep the streams clear. Future upgrading works are expected to be needed as a result of climate change. The cost of maintaining the flood protection network is approximately $250,000 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 in the water flow during floods can cause damage to channels and property within the flood path, should significant volumes of flow escape the channel.

As the development of the city encroaches onto historical flood plains, the multiple demands on the available river and stream areas need to be balanced to ensure the best possible, long term 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:

[19] A Q_{100} rainfall event is defined as one with a 1% probability of occurring in any year. We expect, on average, to have one of these events every 100 years.

NCC_Long Term Plan_UPDATED_Oct15.indd 100 11/11/2015 2:43:06 p.m.

- 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.
- Under the Soil Conservation and Rivers Control Act 1941 Council has the responsibility to minimise and prevent damage by floods and erosion within its district.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed flood protection network that minimises damage to open spaces from flooding events. Works to support the flood protection assets are managed as far as possible to respect the natural, recreational and heritage values that might be present.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well managed flood protection network.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable flood protection network meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	Impacts on businesses and economic activity are minimised by understanding and managing the flood protection network to protect people and property.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

NCC_Long Term Plan_UPDATED_Oct15.indd 101 11/11/2015 2:43:08 p.m.

FLOOD PROTECTION

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Saxton Creek

During the December 2011 and April 2013 extreme weather events, large quantities of gravel were deposited in the bed of the stream, and properties in Richmond and Nelson experienced flood damage as a result. Council has agreed to progress with the Saxton Creek upgrade commencing upstream and working towards the sea. An enlarged culvert is to be built on Champion Road by Tasman District Council (including a portion of the stream upgrade and gravel trap within the Nelson city boundary) but the full volume of water (Q100 flood event) will not be allowed until channel upgrade works to the sea below this new culvert are completed. Council is currently designing upgrade works for the section of channel from Main Road Stoke to cater for future one in 100 year (Q100) flows. Construction is dependent upon completing discussions with property owners and obtaining the necessary resource consents.

The modelling, consultation, design and consenting of section of channel from Main Road Stoke to the sea, including upgrading the culverts under Main Road Stoke has been brought forward. It will now commence in 2015/16 and will guide the next long term plan. Physical work is programmed to follow in the latter years of this Long Term Plan. Funding of $14.8 million is included in the Plan.

Little Go Stream

Little Go Stream is one of a number of smaller fully urban streams in the city that has largely been piped and culverted in the past. Little Go Stream has two distinct tributaries. The first begins with intakes on the Grampians above Allan Street and the other with an intake behind Nelson College. Sections of Little Go Stream were damaged and blocked with gravel during the December 2011 storm event, leading to flooding of Nelson College and a property in Rutherford Street.

The works proposed involve upgrading the piped section to Q100, from Franklyn Street through the Nelson College Grounds and diverting this flow along Hampden Street and down Waimea Road. This will reduce the flow through the existing piped sections between Waimea Road and Rutherford Street and lessen the risk of flood damage to those properties.

Orphanage Creek

Orphanage Creek flows from Ngawhatu Valley through the North end of Saxton Field and the Wakatu Industrial Estate. The extreme rain event of April 2013 led to flood flows damaging a number of properties in the Wakatu Industrial Estate and upper residential areas. To address the future risk of extreme weather events Council is proposing to undertake a number of projects: the first will link the existing bunds on Saxton Field to form a detention pond in the North West corner; the second is minor upgrades to stop banks between Saxton Road and Suffolk Road; the third is to upgrade existing box culverts on Saxton Road and Suffolk Road, and the fourth is to upgrade the channel section between Main Road Stoke and the sea. These works will be designed to an appropriate storm recurrence interval after assessing the risk.

A section of the upper reaches of Orphanage Creek in Sunningdale Drive also requires maintenance and some bank erosion control measures.

York Stream

York Stream channel is another of the heavily modified streams in the urban section of the city where the capacity of the open channel section is not adequate to carry a one in a 50 year (Q50) or one in a 100 year (Q100) flows. Council has been investigating flooding issues along the length of the stream since the December 2011 rain event and is developing responses for two separate sections. In order to address the issues around the Bishopdale area, it is proposed to install a large diameter pipe from Bishopdale Reserve to Boundary Road and Kawai Street to channel flood

NCC_Long Term Plan_UPDATED_Oct15.indd 102 11/11/2015 2:43:08 p.m.

flows that would otherwise flow through properties below Waimea Road. The lower section from Victory School to Salt Water Creek flows through a large box culvert that is currently being reviewed for likely capacity and to look at potential impacts on this section of the city from extreme rain events.

Maitai River flood protection

Flood capacity is the major priority for flood protection over the next three years as flooding risks associated with city growth and climate change are addressed. Significant building has occurred on flood plains as Nelson city has grown. Areas once open to floodwater flows are now occupied by buildings, which results in a need to provide for stormwater flows, aquatic ecosystems and community recreation in constrained channels.

The Maitai River is the largest of the urban streams and rivers in Nelson city, both by length and catchment area. Recent flood modelling of the urban section from the sea to Hanby Park has shown large areas of the central city would sustain flood damage. Additionally, the lower reaches of the river are tidal and are expected to be subject to the impacts of sea level rise, which will act to worsen the results of flooding. Work is underway to address the flood risk to the urban section of the river.

The shared use of the urban floodplains with recreational and ecological values means that extensive community engagement will be needed when Council faces decisions on the nature of flood protection works. The first stage is to gather the community's views on the environmental and recreational values of the river and the risks of flooding before options for any upgrading works are developed.

Urban streams

There are 12 named streams and rivers in the urban reaches of Nelson city and many more small channels that carry a permanent or semi-permanent flow.

Nelson has experienced a number of extreme weather events over the past 10 years with climate scientists predicting these to increase in number into the future. As most of the urban sections of Nelson city are bisected by these streams and rivers Council plans to develop an inventory that identifies each of them and their respective flood risks. The work is expected to take a number of years and will begin with computer modelling in 2015/16. It is also proposed to be extended to the rural sections of streams and rivers in the future.

Dam safety

Nelson City Council owns a number of water detention dams throughout the city. The largest is the Maitai Dam on the North Branch of the Maitai River, which is also one of the sources of the city's potable water. The other dams are predominantly stormwater detention dams that hold excess run-off in extreme rain events. Most of these are found in the developed parts of the city, with residential and commercial development downstream. The Building Act requires Council to ensure that dams are safe and properly maintained to reduce any risk to the occupants of downstream properties.

"The Maitai River is the largest of the urban streams and rivers in Nelson city, both by length and catchment area. Recent flood modelling of the urban section from the sea to Hanby Park has shown large areas of the central city would sustain flood damage."

NCC_Long Term Plan_UPDATED_Oct15.indd 103 11/11/2015 2:43:08 p.m.

FLOOD PROTECTION

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 floods through upgrading, maintaining, repairing and renewing assets to standards in the Flood Protection Asset Management Plan	Damage to urban property from stream flooding is minimised	Urban sections of streams are inspected and maintained annually	Maintain	Maintain	Maintain	Maintain
	Damage to urban property from Maitai River flooding is minimised	Urban section of Maitai River is inspected and maintained annually	Maintain	Maintain	Maintain	Maintain
Integration of ecological and flood protection requirements in urban sections of streams and rivers	Fish passage in streams is maximised and ecological impact of structures is minimised	Begin review of fish passage to Brook Street concrete channel	Complete review of fish passage to Brook Street concrete channel	Undertake design of preferred option to improve fish passage to the Brook Street channel	Begin review of fish passage to remainder Brook Street channel	Fish passage in streams is maximised and ecological impact of structures is minimised
	Channel maintenance works carried out in accordance with resource consents	New level of service	100% compliance with resource consent conditions	Maintain	Maintain	Maintain

DRIVERS OF CAPITAL EXPENDITURE

- Flood damage from extreme rain events.

RELEVANT STRATEGIES AND POLICIES

- Infrastructure Strategy 2015
- Stormwater Asset Management Plan
- Freshwater Plan, which is part of the Nelson Resource Management Plan

NCC_Long Term Plan_UPDATED_Oct15.indd 104 11/11/2015 2:43:08 p.m.

- Nelson Urban Growth Strategy
- Nga Tuku Iho ki Whakatū iwi environmental management plan
- Drainage Ownership Policy
- Coastal section of the Nelson Resource Management Plan
- Development and Financial Contributions Policy
- Nelson 2060.

ASSUMPTIONS

- Council expects that a storm event with more than Q50 rainfall would be very likely to cause major flood damage, which would have to be managed by Emergency Management systems
- No new environmental legislation will be imposed during the next decade that would require a higher level of flood protection works than Q100
- No significant effects on flood protection structures are expected within the next 10 years from climate change-induced sea level rise; however, such effects are expected to arise in the longer term.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Negative effects of providing the activity arise from:

- Stormwater/flooding rates levied by Council
- Channel upgrading works altering land use and ownership if property is required for the work
- Stormwater becoming contaminated by substances on the land over which it flows. Industrial waste, tyre residues on roads and sediment are examples of contaminants that subsequently end up in waterways. These effects are to some extent reduced by Council's initiatives under the Freshwater Plan, and are programmed for implementation over the next 10 years
- Improvements in stormwater quality. This largely depends on behaviours and decisions of residents and business operators, especially where they discharge a substance into the stormwater system. These effects are lessened by Council providing information, incentives, monitoring and controls to encourage the protection of environmental quality. Ultimately the co-operation of residents and businesses is essential to achieve improved environmental outcomes. Enforcement powers, when required to prevent or respond to pollution, are available to Council through the Resource Management Act 1991.

Risks to the flooding activity were reviewed while developing the Stormwater Asset Management Plan 2015-25. The extreme and high risks are associated with:

- flood events
- secondary flow paths
- stormwater contamination.

Mitigation options include:

- capital works to improve capacity to one in a 100 year (Q100) event
- 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 risks. Further resources would be required to support the increased regulatory activity to address hazardous substances.

NCC_Long Term Plan_UPDATED_Oct15.indd 105 11/11/2015 2:43:14 p.m.

NELSON CITY COUNCIL
FLOOD PROTECTION FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	0	0	0	0	
Targeted rates	458	735	1,238	1,534	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Operating Funding	**458**	**735**	**1,238**	**1,534**	
Applications of operating funding					
Payments to staff and suppliers	801	309	319	327	
Finance costs	0	0	0	0	
Internal charges and overheads applied *	120	286	744	949	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**921**	**595**	**1,063**	**1,276**	
Surplus (Deficit) of operating funding	**(463)**	**140**	**175**	**258**	
Sources of capital funding					
Subsidies and grants for capital	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase (decrease) in debt	5,003	10,138	4,261	4,421	
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**5,003**	**10,138**	**4,261**	**4,421**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	4,540	10,278	4,436	4,679	
- to replace existing assets	0	0	0	0	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of capital funding	**4,540**	**10,278**	**4,436**	**4,679**	
Surplus (Deficit) of capital funding	**463**	**(140)**	**(175)**	**(258)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 106 11/11/2015 2:43:14 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	0	0	0	0	0	0	0
	1,833	2,057	2,224	2,335	2,453	2,766	3,073
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	1,833	**2,057**	**2,224**	**2,335**	**2,453**	**2,766**	**3,073**
	334	343	352	365	375	387	401
	0	0	0	0	0	0	0
	1,164	1,351	1,497	1,583	1,676	1,915	2,124
	0	0	0	0	0	0	0
	1,498	**1,694**	**1,849**	**1,948**	**2,051**	**2,302**	**2,525**
	335	**363**	**375**	**387**	**402**	**464**	**548**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	3,874	3,019	1,733	1,256	4,341	4,948	944
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	3,874	**3,019**	**1,733**	**1,256**	**4,341**	**4,948**	**944**
	0	0	0	0	0	0	0
	4,209	3,382	2,108	1,643	4,743	5,412	1,492
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	4,209	**3,382**	**2,108**	**1,643**	**4,743**	**5,412**	**1,492**
	(335)	**(363)**	**(375)**	**(387)**	**(402)**	**(464)**	**(548)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 107 11/11/2015 2:43:15 p.m.

FLOOD PROTECTION COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Income					
Rating Income	458	735	1,238	1,534	
Operating Income	0	0	0	0	
Capital Income	0	0	0	0	
Total Income	**458**	**735**	**1,238**	**1,534**	
Expenses					
Payments to staff and suppliers	812	323	332	340	
Finance costs	109	272	731	936	
Depreciation	138	140	175	258	
Total Expenses	**1,059**	**735**	**1,238**	**1,534**	
Net Surplus (Deficit)	**(601)**	**0**	**0**	**0**	
Sources of funds					
Net Surplus (Deficit)	(601)	0	0	0	
Non cash expenditure	138	140	175	258	
Increase (decrease) in debt	5,003	10,138	4,261	4,421	
Gross proceeds from sale of assets	0	0	0	0	
Total Sources of funds	**4,540**	**10,278**	**4,436**	**4,679**	
Applications of funds					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	4,540	10,278	4,436	4,679	
- to replace existing assets	0	0	0	0	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of funds	**4,540**	**10,278**	**4,436**	**4,679**	
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Surplus/(Deficit) of operating funding from Funding Impact Statement	**(463)**	**140**	**175**	**258**	
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Vested Assets	0	0	0	0	
Gains on sale	0	0	0	0	
Depreciation	(138)	(140)	(175)	(258)	
Net Surplus (Deficit) before taxation in Cost of Service Statement	**(601)**	**0**	**0**	**0**	

NCC_Long Term Plan_UPDATED_Oct15.indd 108 11/11/2015 2:43:15 p.m.

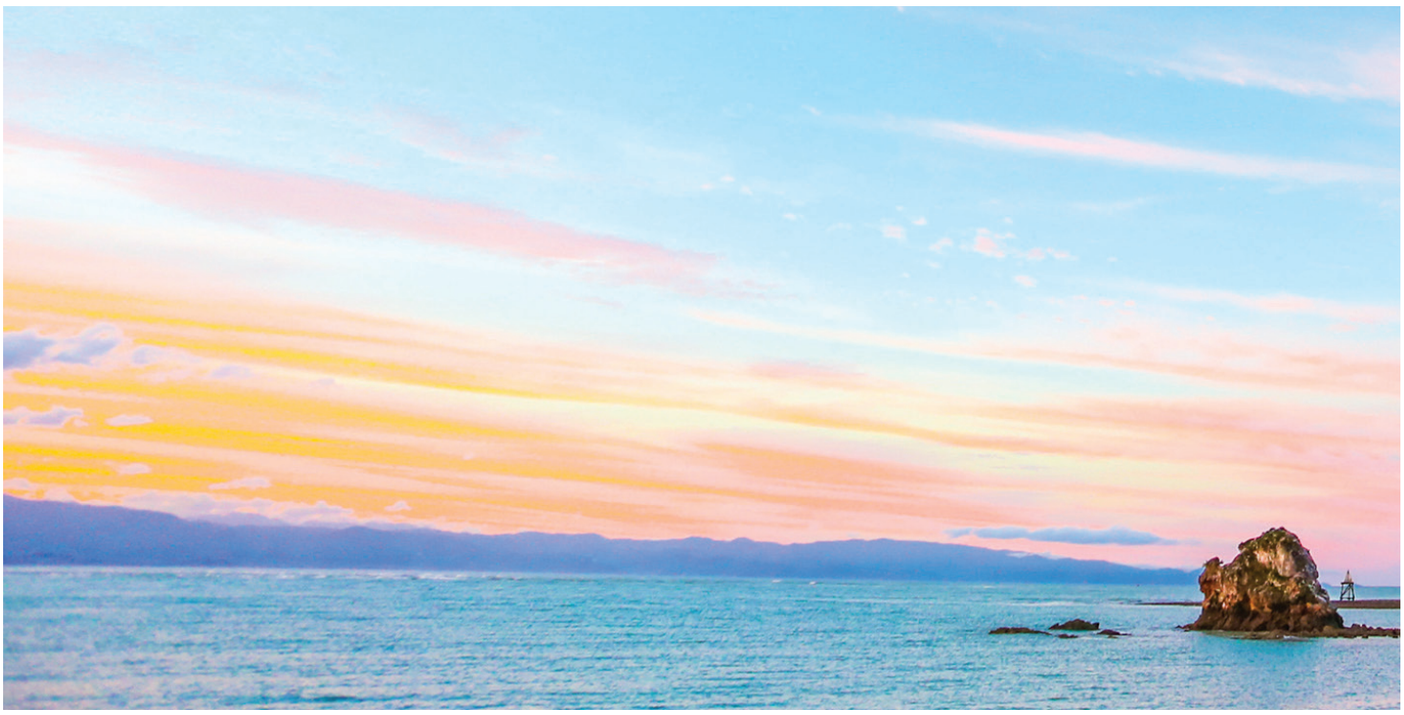
	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	1,833	2,057	2,224	2,335	2,453	2,766	3,073
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	1,833	**2,057**	**2,224**	**2,335**	**2,453**	**2,766**	**3,073**
	348	357	367	380	390	403	417
	1,150	1,337	1,482	1,568	1,661	1,899	2,108
	335	363	375	387	402	464	548
	1,833	**2,057**	**2,224**	**2,335**	**2,453**	**2,766**	**3,073**
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	0	0	0
	335	363	375	387	402	464	548
	3,874	3,019	1,733	1,256	4,341	4,948	944
	0	0	0	0	0	0	0
	4,209	**3,382**	**2,108**	**1,643**	**4,743**	**5,412**	**1,492**
	0	0	0	0	0	0	0
	4,209	3,382	2,108	1,643	4,743	5,412	1,492
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	4,209	**3,382**	**2,108**	**1,643**	**4,743**	**5,412**	**1,492**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	335	**363**	**375**	**387**	**402**	**464**	**548**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(335)	(363)	(375)	(387)	(402)	(464)	(548)
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 109 11/11/2015 2:43:15 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19	
Flood Protection					
Brook Stream catchment improvements	85,627	0	0	0	
Brook Stream fish passage	50,000	51,305	263,298	0	
Brook Stream outlet low flow	50,000	51,305	263,298	0	
Arapiki Stream	0	0	0	0	
Maitai upgrade and enhancement	100,000	102,610	105,319	2,162,620	
York Stream channel upgrade	750,000	769,575	526,595	540,655	
Emano Street channel	0	0	0	0	
Flood mitigation	748,000	153,915	157,979	108,131	
Hampden St East/Little Go Stream - Stage 2	4,000,000	718,270	0	0	
Inventory of urban streams	600,000	0	0	0	
Maire Stream - Stage 1	50,000	51,305	263,298	0	
Orphanage Stream/Sunningdale	0	51,305	52,660	216,262	
Orphanage Stream upgrade	608,000	153,915	789,893	810,983	
Orphanage Stream upgrade - Stage 2	0	0	0	0	
Review of Jenkins & Arapiki (airport)	0	0	0	216,262	
Saxton Creek culvert upgrade	100,000	82,088	0	0	
Saxton Creek upgrade	2,873,626	2,052,200	1,579,785	0	
Whakatu Drive (Storage World)	50,000	51,305	526,595	0	
Projects under $100,000	213,147	146,497	150,071	153,928	
Total Flood Protection	**10,278,400**	**4,435,595**	**4,678,791**	**4,208,841**	



NCC_Long Term Plan_UPDATED_Oct15.indd 110 11/11/2015 2:43:15 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	0	114,449	118,008	609,335	630,540	653,680
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	59,004	0	0	326,840
	2,223,180	1,144,490	1,180,080	0	0	0
	0	0	0	0	0	0
	0	0	0	182,801	63,054	65,368
	111,159	114,449	118,008	121,867	126,108	130,736
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	833,693	0	0	0	0	0
	0	0	0	0	0	130,736
	55,580	572,245	0	0	0	0
	0	0	0	3,656,010	4,413,780	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	158,098	162,605	167,466	172,708	178,355	184,455
	3,381,710	**2,108,238**	**1,642,566**	**4,742,721**	**5,411,837**	**1,491,815**

NCC_Long Term Plan_UPDATED_Oct15.indd 111 11/11/2015 2:43:16 p.m.

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 responsibilities for freshwater, coastal and marine environments, resource management planning, navigation safety, resource and building consents, waste management and minimization, environmental advice to landowners and residents, monitoring, education, advocacy and enforcement.

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 wellbeing and to fulfill 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. There is a wide range of government legislation that can involve responsibilities for Council such as the Food Act 2014 and the Psychoactive Substances Act 2013.

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

MARITIME SAFETY

Council is responsible for navigation safety in our region. Council adopted the Navigation Safety Bylaw in 2012 to identify certain areas of the harbour that are used predominantly for certain activities. These areas do not give sole right of use but when those priority activities are occurring other activities should avoid that area. Separate areas are set aside for swimmers, water skiing, swing moorings and other recreational uses to eliminate risk to people's safety as much as possible. There is a moving prohibited and total exclusion zone giving big ships the exclusive rights to The Cut and smaller vessels are not to enter The Cut when the bigger ships are there.

The appointment of a Harbourmaster and the day to day functions and management of that office has been delegated to Port Nelson Ltd by agreement. Navigation safety activities are reported through Council's Consents and Compliance team to the Planning and Regulatory Committee on a quarterly basis. Council and Port Nelson Ltd are working towards finalising the Port and Harbour Safety Management System that complies with Maritime New Zealand's Port and Harbour Marine Safety Code.

> "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."

NCC_Long Term Plan_UPDATED_Oct15.indd 112 11/11/2015 2:43:16 p.m.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our unique natural environment is healthy and protected	This activity helps to protect and restore the Nelson environment through sound planning, monitoring, biodiversity initiatives and waste management.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Good planning and urban design provides an attractive, safe and walkable city for people of all ages and abilities. Housing choice is broadened and land used more efficiently.
Our communities are healthy, safe, inclusive and resilient	The community is supported to understand what an acceptable level of risk is for flooding and to deal with resilience to other natural hazards.
Our region is supported by an innovative and sustainable economy	Council has a business friendly approach in its regulatory and planning structures.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Nelson Nature

Our natural environment is very important to us. It is part of our identity and attracts many people to visit and live in our region.

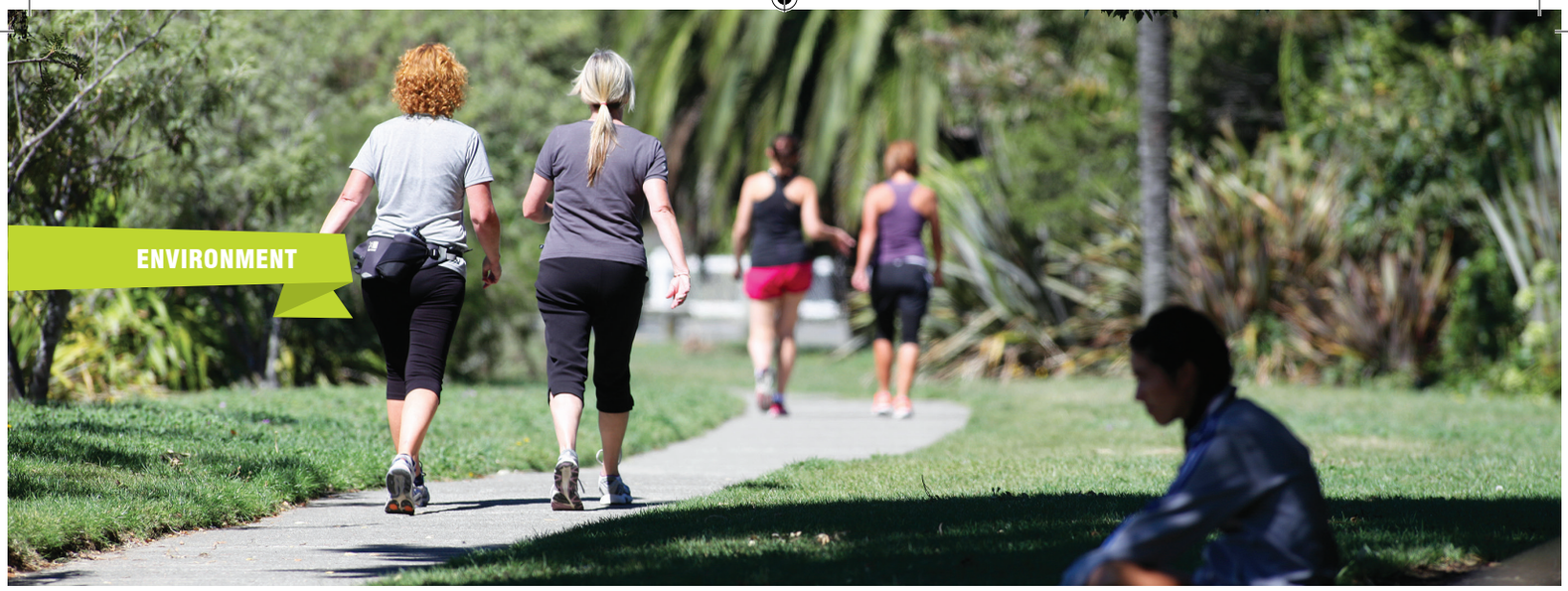
The Nelson Biodiversity Strategy 2014 aims to create an ecologically rich and sustainable future for Nelson through aligned action on biodiversity by responsible agencies and the community. Council provides administrative support to, and participates in, the Nelson Biodiversity Forum, which was established in 2007 to help develop and implement the Nelson Biodiversity Strategy. The Biodiversity Forum comprises a good cross section of 26 partners with common interests who bring a range of skills and knowledge to the table. The Forum is a strong example of how Council can better assist the community it serves when it does so in partnership.

Nelson Nature is the Biodiversity Management Programme initiated by Council and supported by the Nelson Biodiversity Forum, giving effect to the Nelson Biodiversity Strategy. It will provide for and implement a much more extensive and targeted approach to ensure habitats in our region are protected and enhanced.

There are 10 initial projects making up Nelson Nature:

1. Dun mountain, Mineral belt and limestone outcrops – protecting and enhancing ecosystems of the Dun Mountain, Mineral Belt and Limestone outcrops
2. Significant Natural Areas – protecting, from further loss, restoring and enhancing Nelson's indigenous species, with emphasis on remnant ecosystems on private land
3. Nelson Halo - providing a maintained wildlife corridor between the Brook/Waimarama Sanctuary and the city

NCC_Long Term Plan_UPDATED_Oct15.indd 113 11/11/2015 2:43:17 p.m.



4. Rural waterways – fostering abundant and diverse native fish populations in rural waterways
5. Inland hill country/wider halo weed control – fostering a healthy and functioning ecosystem which sustains a diversity of species through additional weed control
6. Inland hill country/wider halo pest animal control - fostering a healthy and functioning ecosystem which sustains a diversity of species through a strategic approach to animal pest control
7. General biodiversity & biodiversity corridors - enhancing and protecting ecosystems on private land
8. Coastal habitats – fostering healthy, functioning estuaries and coastal margins
9. Urban waterways - fostering abundant and diverse native fish populations in urban waterways
10. Communications – fostering an informed and engaged community on issues facing our natural heritage.

These projects are being proposed to protect and enhance Nelson's biodiversity by implementing targeted 'actions on the ground'. The Brook Waimarama Sanctuary complements the Nelson Nature programme.

The Nelson Biodiversity Forum identified the need to establish a stakeholder and governance group for Tasman Bay. This group is to consider how the involved statutory organisations should manage the greater Tasman Bay in a way that sustains or enhances its biological diversity and protects sensitive habitats, biological communities and species. The Nelson Nature programme through its coastal habitats and rural and urban waterways projects will help support future work of this stakeholder group.

Council is working together with iwi, science providers and stakeholders to gather information on what is required to enhance the health of Tasman Bay which will help target future effort. This work will determine where actions are needed and should include a programme that will monitor change over time.

> "Enhanced animal pest and weed control, particularly in areas with high biodiversity values, is important."

Enhanced animal pest and weed control, particularly in areas with high biodiversity values, is important. The major threat to these areas are weeds and pests which are, in some areas, causing loss of biodiversity and increasing costs to manage. Weed control is an important first step when planting trees to enhance biodiversity and allows us to help support the important biodiversity protection work undertaken by community groups, partners and rural landowners. The Nelson Nature programme and its intended outcomes align closely with the implementation of the Regional Pest Management Strategy.

Council will contribute new funding in the Long Term Plan towards implementing Nelson Nature ($500,000 in 2015/16 rising to $718,000 in 2019/20 and increasing by inflation thereafter).

Nelson 2060 strategy

Nelson 2060 is Nelson's sustainability strategy, developed by the people of Nelson and made possible by Nelson City Council. To maintain the momentum, in this Plan, Council has set aside $50,000 per annum to promote the Nelson 2060 strategy. Councillor Mike Ward has been appointed as a Sustainability Champion for Nelson City Council.

NCC_Long Term Plan_UPDATED_Oct15.indd 114 11/11/2015 2:43:18 p.m.

Landfill

Nelson City and Tasman District Councils previously approved a Regional Landfill subject to the signing of a formal agreement, with the effective date of 1 July 2015. Agreement on the details of the deed has not yet been reached, and therefore a regional service will not commence on 1 July 2015 as planned. As a result, the budgets for year 1 of the Long Term Plan have been amended to reflect this delay. Both Councils continue to support one regional landfill. As a way of testing the analysis done by each Council, Deloittes will be commissioned (with costs to be shared between the two councils) to undertake further modelling.

Maitai upgrade and enhancement

Council recognises the importance of improving the Maitai River's water quality and wants to continue with protection and enhancement projects in the Maitai over the next three years with a budget of $400,000 annually. This work will be expanded to other catchments from 2018 onwards.

Project Maitai/Mahitahi is Nelson City Council's name for work started in 2014 to improve the health of the Maitai/Mahitahi/Maitahi River. This work also includes Brook and York Streams, Saltwater, Groom and Sharlands Creeks and other tributaries.

In 2015/16 work is scheduled to manage dam water effects on the river, review and support the enhancement of forestry operations' good practice within the catchment, and for riparian planting to achieve bank stabilisation and shade.

The programme is being delivered in partnership with local community group, the Friends of the Maitai, with input from key stakeholders and other interested parties and will see some immediate steps to restore natural values and function in the Maitai River.

Nelson Resource Management Plan Review

Nelson City Council has both regional and local Council functions under the Resource Management Act 1991. It has to ensure that its resource management plans are kept up-to-date and reviewed every 10 years. Nelson has three resource management documents:

- Nelson Regional Policy Statement (Council's overview of regional resource management issues outlining the region's strategic direction)
- Nelson Resource Management Plan (District, Regional, and Coastal Plan)
- Nelson Air Quality Plan (Management of Nelson's air quality resource).

The Nelson Resource Management Plan is due for review now, the Nelson Regional Policy Statement is overdue for review and the Nelson Air Quality Plan is due for review in 2018. However, in response to community feedback Council has decided to bring forward the review of the Air Quality Plan.

Council has decided to combine its resource management plans into one integrated resource management plan – The Nelson Plan. This decision is in line with a preference from central Government and the community to have all planning documents located in a single source. Since these existing plans were developed there has been central Government change requiring an increased focus on hazards. Additionally, resource management plans need to specify more in the area of the management of freshwater. It is important that Nelson's planning documents are up-to-date and address these significant issues.

Council has confirmed two key outcomes for the Nelson Plan, which have been used to guide the development of the wider environmental activity. The outcomes are:

NCC_Long Term Plan_UPDATED_Oct15.indd 115 11/11/2015 2:43:18 p.m.

City Development: The City will be a vibrant, attractive place in which people can live, work, and play, and in which business can operate successfully now and into the future. This outcome will be achieved by providing for growth and development in a way that:

- creates a vibrant and attractive city
- co-ordinates growth and infrastructure
- connects communities
- adapts to our hazards
- looks after our heritage
- achieves natural resource outcomes

Natural Resources: Natural resources should be managed in an integrated and sustainable way to maintain and enhance natural, ecological, recreational, human health and safety, and cultural values. This outcome will be achieved by creating:

- clean and accessible water
- healthy coastal and marine areas
- enhanced natural areas and landscapes
- clean air

Community engagement on the Nelson Plan will occur throughout 2015/16 with notification in 2016/17. Hearings and decisions will be in 2016/17 – 2018/19.

Woodburners/Air Quality Plan

Cherishing and protecting our rich and varied regional environment is a key concern of Nelsonians, as we are committed to preserving the region's air quality. There have been significant gains in Nelson's air quality over the last decade through considerable investment by Council and the community. However, concerns have been raised about the impact of the Air Quality Plan on woodburner use and people living in cold homes. Council is reviewing the Air Quality Plan to address these concerns. Furthermore, Council will contribute $100,000[20] per year of partnership funding for home insulation as part of the Warm Up New Zealand Healthy Homes scheme for three years (2015/16; 2016/17 and 2017/18).

Inner City Living

Inner city living has long been identified as something that Council should be supporting and encouraging. This was a key component of the 2009 Heart of Nelson Strategy. Last year Council revisited the Heart of Nelson Strategy and also considered if there were other opportunities for the Central Business District (CBD); this again confirmed that inner city living is a priority. There are many benefits for the city and individuals: making use of existing facilities, busier and safer city streets at night, more customers for hospitality and other city businesses, and an increased choice of housing in the region. One and two person households are on the rise and the real estate industry reports enquiries, including from outside Nelson, about town houses and apartments in the inner city.

Council plays a key role in assisting and encouraging development of inner city living. We are currently:

- Waiving development contributions for a limited number of residential and mixed residential/ commercial units in the inner city zone
- Investigating any constraints in infrastructure capacity to accommodate more residents within or close to the CBD
- Working on planning rules in the Nelson Resource Management Plan to ensure inner city living is supported
- Actively working with developers and industry professionals whenever a proposal for inner city living is put forward.

[20] *This will be funded by reallocating $100,000 from the, now renamed, Community Investment Fund.*

NCC_Long Term Plan_UPDATED_Oct15.indd 116 11/11/2015 2:43:19 p.m.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets in Years 1 - 3	Targets in Years 4 - 10
Clean Air	Compliance with national air quality standards (National Environmental Standards for Air Quality (NES))	Airshed A breached the national standard four times in 2013/14 Airshed B breached the national standard once in 2013/14	Airshed A – no more than three breaches by September 2016 Airsheds B and C – no more than one breach by September 2016	No more than one breach in Airshed A by September 2020 Ongoing compliance in Airsheds B and C
Clean and Accessible Water	Water quality values Health of Nelson's freshwater environments measured by water body classification and can't degrade below its current level as per National Policy Statement Fresh Water Management (NPS FWM) Level of compliance with swimming water quality standards	In 2013 there were 12 sites with grade A or B water and 12 sites worse than grade C Not achieved. Seven of 22 sample days had E coli elevated by weather effects	Deliver Project Maitai Improve water quality via Nelson Nature Incorporate community water values in Nelson Plan Maintain class A and B water bodies in current state Decrease number of bodies classified as D or E All rivers exceed 'National bottom line' for all attributes (NPS FWM) 100% of monitored swimming areas meet the swimming quality standards	Deliver Nelson Nature Deliver catchment-based projects Maintain Maintain All rivers exceed 'A' or 'B' for all -attributes (NPS FWM) Maitai catchment 'A' for all attributes (NPS FWM) Maintain
Reduced waste to landfill	Amount (tonnes) of waste per resident sent to landfill	Average waste disposed of at York Valley (excluding contaminated soil) is 0.619 tonne per person in 2013/14	Continue each year to decrease the per capita amount of waste from Nelson City Council area disposed of at landfill	Maintain

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 117 11/11/2015 2:43:19 p.m.

ENVIRONMENT

What Council will provide	Performance Measures	Current Performance	Targets in Years 1 - 3	Targets in Years 4 - 10
A well planned city that meets the community's current and future needs and responds to national policy direction	Resource management plans updated to implement national policy changes and Council's strategic direction	Parts of Nelson Resource Management Plan out of date	Development of Nelson Plan • Community engagement on Nelson Plan 2015/16 • Notification 2016/17 • Hearings and decisions 2016/17 – 2018/19	Development and implementation of Nelson Plan • Hearings and decisions 2016/17 – 2018/19
Regulatory programme (resource consents and compliance)	Compliance with statutory timeframes	100% of non-notified consents processed on time (average of 13 working days), 83% of notified/ limited notified consents on time (average of 59 working days)	100% of non-notified resource consents processed within 20 working days. 100% of notified/limited notified consents processed within 130 working days, 100% of limited notified consents processed within 100 working days (or less as required by RMA)	Maintain
An effective and timely Civil Defence Emergency Management Response to support our community following emergency events	Ability to operate an effective Emergency Operations Centre (EOC) for Nelson Tasman	90% of EOC management and CDEM Group roles are staffed. EOC meets Ministry of CDEM 'monitoring and evaluation' requirements	100% of EOC management and CDEM Group roles staffed. EOC meets Ministry of CDEM 'monitoring and evaluation' requirements	Maintain
Efficient systems to consent and inspect buildings, meet statutory requirements and provide effective customer service	Time taken to grant and issue building consents	98% of building consents and 100% of code of compliance certificates issued in 20 working days	At least 98% of building consents and code of compliance certificates issued within 20 working days	Maintain
	Property inspection time targets met	Data started being recorded in January 2014 and although not audited is at 80%	At least 80% of inspections undertaken within 72 hours of request	Maintain

NCC_Long Term Plan_UPDATED_Oct15.indd 118 11/11/2015 2:43:20 p.m.

RELEVANT STRATEGIES AND POLICIES

- Biodiversity Strategy
- Social Wellbeing Policy
- Various legislation and regulations governing aquaculture
- Nelson 2060.

ASSUMPTIONS

- There is uncertainty about the specific nature of changes to legislation such as the Resource Management Act, Building Act and Biosecurity Act. Council has based planning for activities in the environment area on current legislation and stated government policy direction and assumes no significant deviations from that
- It is assumed that Nelson's climate will remain substantially unchanged for the next decade, with enough rain to meet our water needs. Factors such as climate change and population growth will receive increased analysis as the Infrastructure Strategy is reviewed in future years
- It is assumed the level of consent processing activity is stable given the state of the economy.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Potential negative effects and their risk mitigation strategies include:

- Pollution of the air, soil and ground water from the York Valley landfill. This is limited through using best practice to meet resource consent conditions
- Greenhouse gas emissions from the landfill. These 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 landfill
- 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. Council limits costs by ensuring best practice is applied to regulatory management. It is accepted that some costs are necessary to achieve environmental and public health and safety goals
- 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 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 changes and annually reviewing Council's work programme to ensure highest priority risks are action addressed
- Marina biosecurity incursions in the marina and wider port. The risk is mitigated by regular monitoring and membership of Top of South Biosecurity Partnership.

NCC_Long Term Plan_UPDATED_Oct15.indd 119 11/11/2015 2:43:20 p.m.

NELSON CITY COUNCIL
ENVIRONMENTAL MANAGEMENT FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	6,725	7,850	7,734	7,814	
Targeted rates	33	33	28	23	
Subsidies and grants for operating purposes	162	173	176	179	
Fees and charges	0	3,697	7,082	7,094	
Internal charges and overheads recovered	2,431	2,399	4,675	4,931	
Local authorities fuel tax, fines, infringement fees, and other receipts	6,971	3,295	3,353	3,401	
Total Operating Funding	**16,322**	**17,447**	**23,048**	**23,442**	
Applications of operating funding					
Payments to staff and suppliers	13,023	13,900	16,422	16,629	
Finance costs	0	0	245	413	
Internal charges and overheads applied *	2,820	2,769	5,030	5,269	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**15,843**	**16,669**	**21,697**	**22,311**	
Surplus (Deficit) of operating funding	**479**	**778**	**1,351**	**1,131**	
Sources of capital funding					
Subsidies and grants for capital	0	20	0	0	
Development and financial contributions	5	5	5	5	
Increase (decrease) in debt	732	(315)	(1,504)	(1,398)	
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**737**	**(290)**	**(1,499)**	**(1,393)**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	1,564	50	12	0	
- to improve level of service	230	754	239	213	
- to replace existing assets	101	105	50	3	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	(679)	(421)	(449)	(478)	
Total applications of capital funding	**1,216**	**488**	**(148)**	**(262)**	
Surplus (Deficit) of capital funding	**(479)**	**(778)**	**(1,351)**	**(1,131)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 120 11/11/2015 2:43:20 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	7,933	7,792	7,770	7,943	8,213	8,434	9,016
	17	11	5	1	0	0	0
	183	187	191	195	200	205	210
	7,210	7,317	7,490	7,676	7,894	8,083	8,309
	4,848	4,968	5,102	5,281	5,422	5,583	5,737
	3,451	3,509	3,583	3,671	3,768	3,871	3,980
	23,642	**23,784**	**24,141**	**24,767**	**25,497**	**26,176**	**27,252**
	16,875	16,913	17,142	17,612	18,164	18,653	19,519
	422	430	440	450	461	472	484
	5,170	5,275	5,395	5,571	5,717	5,889	6,054
	0	0	0	0	0	0	0
	22,467	**22,618**	**22,977**	**23,633**	**24,342**	**25,014**	**26,057**
	1,175	**1,166**	**1,164**	**1,134**	**1,155**	**1,162**	**1,195**
	0	0	0	0	0	0	0
	5	5	5	5	5	5	5
	(1,418)	(1,350)	(1,080)	(1,121)	(783)	(937)	(744)
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(1,413)	**(1,345)**	**(1,075)**	**(1,116)**	**(778)**	**(932)**	**(739)**
	0	13	69	0	113	0	153
	148	247	288	121	225	204	211
	109	43	20	0	39	26	92
	0	0	0	0	0	0	0
	(495)	(482)	(288)	(103)	0	0	0
	(238)	**(179)**	**89**	**18**	**377**	**230**	**456**
	(1,175)	**(1,166)**	**(1,164)**	**(1,134)**	**(1,155)**	**(1,162)**	**(1,195)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 121 11/11/2015 2:43:21 p.m.

ENVIRONMENTAL MANAGEMENT COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Income				
Rating Income	6,813	7,936	7,816	7,892
Rates remissions	(55)	(53)	(54)	(55)
Operating Income	7,133	9,564	15,286	15,605
Capital Income	5	25	5	5
Total Income	**13,896**	**17,472**	**23,053**	**23,447**
Expenses				
Payments to staff and suppliers	13,217	16,496	20,931	21,146
Finance costs	195	173	766	1,165
Depreciation	485	450	462	472
Total Expenses	**13,897**	**17,119**	**22,159**	**22,783**
Net Surplus (Deficit)	**(1)**	**353**	**894**	**664**
Sources of funds				
Net Surplus (Deficit)	(1)	353	894	664
Non cash expenditure	485	450	462	472
Increase (decrease) in debt	732	(315)	(1,504)	(1,398)
Gross proceeds from sale of assets	0			
Total Sources of funds	**1,216**	**488**	**(148)**	**(262)**
Applications of funds				
Capital Expenditure				
- to meet additional demand	1,564	50	12	0
- to improve level of service	230	754	239	213
- to replace existing assets	101	105	50	3
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(679)	(421)	(449)	(478)
Total applications of funds	**1,216**	**488**	**(148)**	**(262)**
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**479**	**778**	**1,351**	**1,131**
Subsidies and grants for capital expenditure	0	20	0	0
Development and financial contributions	5	5	5	5
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(485)	(450)	(462)	(472)
Net Surplus (Deficit) before taxation in Cost of Service Statement	**(1)**	**353**	**894**	**664**

NCC_Long Term Plan_UPDATED_Oct15.indd 122 11/11/2015 2:43:21 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	8,005	7,854	7,800	7,954	8,213	8,434	9,016
	(55)	(51)	(25)	(10)	0	0	0
	15,692	15,981	16,366	16,823	17,284	17,742	18,236
	5	5	5	5	5	5	5
	23,647	**23,789**	**24,146**	**24,772**	**25,502**	**26,181**	**27,257**
	21,300	21,449	21,804	22,442	23,124	23,763	24,771
	1,167	1,169	1,173	1,191	1,218	1,251	1,286
	486	501	516	532	547	565	591
	22,953	**23,119**	**23,493**	**24,165**	**24,889**	**25,579**	**26,648**
	694	**670**	**653**	**607**	**613**	**602**	**609**
	694	670	653	607	613	602	609
	486	501	516	532	547	565	591
	(1,418)	(1,350)	(1,080)	(1,121)	(783)	(937)	(744)
	0	0	0	0	0	0	0
	(238)	**(179)**	**89**	**18**	**377**	**230**	**456**
	0	13	69	0	113	0	153
	148	247	288	121	225	204	211
	109	43	20	0	39	26	92
	0	0	0	0	0	0	0
	(495)	(482)	(288)	(103)	0	0	0
	(238)	**(179)**	**89**	**18**	**377**	**230**	**456**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	1,175	**1,166**	**1,164**	**1,134**	**1,155**	**1,162**	**1,195**
	0	0	0	0	0	0	0
	5	5	5	5	5	5	5
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(486)	(501)	(516)	(532)	(547)	(565)	(591)
	694	**670**	**653**	**607**	**613**	**602**	**609**

NCC_Long Term Plan_UPDATED_Oct15.indd 123 11/11/2015 2:43:21 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19	
Environmental Management					
Transfer Station					
Recycling process building	0	0	0	37,846	
York Valley Landfill					
York Valley weighbridge	492,643	0	0	0	
Monitoring the Environment					
Other catchment upgrades	0	0	0	108,131	
Project Maitai/Mahitahi	200,000	205,220	210,638	0	
Projects under $100,000	215,999	95,550	5,809	110,848	
Total Environmental Management	**908,642**	**300,770**	**216,447**	**256,825**	

NCC_Long Term Plan_UPDATED_Oct15.indd 124 11/11/2015 2:43:22 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	133,391	171,674	0	0	0	0
	0	0	0	0	0	151,654
	111,159	114,449	118,008	121,867	126,108	130,736
	0	0	0	0	0	0
	58,371	90,995	2,956	255,314	104,036	173,213
	302,921	**377,118**	**120,964**	**377,181**	**230,144**	**455,603**

NCC_Long Term Plan_UPDATED_Oct15.indd 125 11/11/2015 2:43:22 p.m.

SOCIAL

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 cover delivery of services as diverse as running an art gallery to providing community housing for the elderly.

WHY WE DO IT

Nelson's community reinforces in every consultation how important these activities are to the city. Investment in the heritage, arts and social life of Nelson makes the city an attractive place to live and brings economic benefits through tourism and a strong business community. Collectively, Nelson residents can afford facilities like the public library that they could not afford individually. Provision of facilities like community housing for the elderly meets a need where there is a shortage of such facilities.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our communities are healthy, safe, inclusive and resilient	Council provides leadership and fosters partnerships, as well as community engagement. Council supports and mentors youth to become the leaders of the future.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Attractive and functional community facilities and spaces are available for community use and to bring people together.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Residents and visitors are encouraged to explore our diverse heritage and historic places. Venues, activities and events that support and celebrate our creativity are accessible to all ages and incomes. Council supports initiatives that promote understanding of Māori culture and tikanga.
Our communities have access to a range of social, educational and recreational facilities and activities	Facilities, events and services support community cohesion and an inclusive, welcoming city. Healthy lifestyles are supported with opportunities to be active and participate in the community.
Our region is supported by an innovative and sustainable economy	Arts and heritage activities and events support the local economy and attract visitors to our region.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

NCC_Long Term Plan_UPDATED_Oct15.indd 126 11/11/2015 2:43:22 p.m.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Housing

Nelson shares much in common with the national discussion around housing affordability. On 11 June 2015 Council signed the Nelson Housing Accord. The Accord will see the Government and Nelson City Council to work together to support an increase in housing and improve housing affordability in Nelson. It sets a target of consenting 720 new dwellings over the next three years.

The Government has also introduced changes to the way in which social housing is provided, including through policies aimed at strengthening the role of Community Housing Providers. Council will consider what impact these changes may have on the delivery of social housing as part of wider considerations of future housing need and how this might be delivered.

Stoke Community Centre

It is important that Stoke has appropriate facilities and services to support the growth forecast to occur in this suburb. Recognition that Stoke is a great place to live has made it Nelson's fastest growing suburb. It will be home to three quarters of Nelson's population growth and half its new housing over the next 30 years.

A new facility at Greenmeadows reserve had been discussed for some years and in 2013/14 a needs analysis was undertaken to better understand the suburb's community and recreation needs. This included a community survey, stakeholder meetings, focus groups and other consultation.

Council received a very strong and consistent response which was used to develop a brief for the project. An external project manager has been appointed, with $5.7 million set aside in 2015/16 and 2016/17 to build the facility. Council recognises that the new facility is not a project in isolation and wider issues raised through the survey will be tackled in close partnership with the community. The future of Stoke Hall will be considered after further discussion with the community on how it can best fit with the new Greenmeadows facility.

Related projects are covered in the Parks and Active Recreation activity and the Transport activity sections.

Libraries

Libraries are experiencing change as new technologies and evolving customer expectations extend the range of services and resources offered. A challenge is to provide concurrently for customers who prefer books, as well as those who favour digital products. Libraries have a unique role as community hubs, free to all, promoting connectedness and a sense of belonging. While a high portion of library resourcing is focused on ensuring daily delivery of quality services, expansion to cope with a growing population is planned for both Elma Turner and Stoke Library.

> Libraries are experiencing change as new technologies and evolving customer expectations extend the range of services and resources offered.

Our city library, the Elma Turner Library, receives the most demand on services and there is a need for more space, particularly learning spaces, meeting rooms, increased seating, technology spaces and community activity areas. Funding of $6.0 million has been set aside to address this, with the project to commence design work in 2016/17. Council also recognizes the community's desire to extend the library's opening hours. Funding is included to provide for longer opening hours on Saturdays.

NCC_Long Term Plan_UPDATED_Oct15.indd 127 11/11/2015 2:43:23 p.m.

At the heart of the Stoke precinct, the library is the suburb's community living room. Along with providing traditional library services and facilities, as well as community education classes and outreach activities, it has become an important social and cultural hub for the people of Stoke. Many of the qualitative responses to the Stoke survey noted the library was too small for the numbers of people it serves and their developing and varied needs. The 2011 refurbishment was undertaken within the current floor space. To address the need for more space, an extension is proposed in 2020/21 and $2.3 million is set aside to achieve this work. As we work through the next stages of the Stoke revitalisation work around the commercial area, this project may be brought forward.

> Many of the qualitative responses to the Stoke survey noted the library was too small for the numbers of people it serves and their developing and varied needs.

In recognition of the community's aspirations for Tahunanui, Council has allocated in the Plan an additional $138,000 of funding for refurbishment of the Nightingale Library Memorial and development as a community hub. The aim is to expand the library's role as a community space. Although this funding has been included in year 7 of the Plan, Council has resolved to bring it forward to year 2 through the Annual Plan 2016/17 process.

Nelson Arts Festival

In this Plan, Council will move the Nelson Arts Festival to an independent governance structure, with the new entity to be established in time to shadow the 2016 Arts Festival and then run the 2017 and subsequent Arts Festivals. While Council would prefer that the Arts Festival remain an annual event, its frequency will be determined by the new entity. The Masked Parade and Readers & Writers Programme will also be transferred to the new entity. Council has allocated funding towards the cost of establishing the governance structure for the new entity.

Council funding will remain at current levels. Council will continue to operate a festival and events team that will produce a wide range of vibrant community events including the much loved Opera in the Park.

Public and Community Art

The Refinery Art Space building on Halifax Street is owned by Council but has been run as a contemporary art space since 2003, supporting local emerging artists, providing a space for community art exhibitions and highlighting Nelson's wealth of artistic talent.

Council believes there is value in an art space focused on the community and proposes to work with Arts Council Nelson to maintain and expand the use of the building as a gallery and performance venue. New funding of $30,000 per year over two years is provided to allow the Arts Council to manage the art space on a trial basis. Council will evaluate the community outcomes delivered and the sustainability of the investment during this period.

Management of Council's Arts Fund is also changing with the Fund being reduced to $75,000 per year (from $125,000) but now being available to match funding of community projects. Previously the Fund had been only available for Council public art projects. Now, in keeping with the focus on partnership, Council has opened it up to help fund creative projects driven by the community. In making this change, Council hopes to emulate other cities which have attracted private sector support for its public art.

NCC_Long Term Plan_UPDATED_Oct15.indd 128 11/11/2015 2:43:23 p.m.

Community events

An Events Fund assists the development and support of events through the Nelson Events Marketing and Development Programme. The Fund offers a transparent process for event coordinators to access Council funding outside the Annual or Long Term Plan processes. In recognition of the strategic work needed on events and the economic development services review underway, Council has decided for the 2015/16 year only, the Events Fund criteria will be relaxed to allow support to be given to community events.

Light Nelson

Many Nelsonians will have visited the hugely popular Light Nelson and its illuminated artworks in Queens Gardens in the winter of 2013 and 2014. Light Nelson Trust has approached Council to work in partnership to help them consolidate their success and establish this as a biennial event on the Nelson arts calendar. It wishes to recognise and build on its past success in receiving funding from Council via the Events Fund.

Council has allocated $150,000 (from the Events Fund) as base and partnership funding for every two year period in the Long Term Plan, providing the Trust with funding certainty to run the event every two years. Confirming Council's partnership approach, additional funding is expected to come from other sources to support the event.

Nelson School of Music

The Nelson School of Music is a key piece of the city's arts infrastructure and has a long association with the internationally regarded Adam Chamber Music Festival. The School is valued by our community for the music training it provides to our young people, as a music performance venue and as a significant heritage building with a world class auditorium. The main auditorium has excellent acoustics and is considered to be one of the best in the Southern Hemisphere for chamber music. However the building was identified as earthquake prone more than two years ago and the Nelson School of Music Trust closed its auditorium to manage this risk.

While Council is not anticipating the transfer of assets from the School of Music at this time it is committed to supporting the Trust with its redevelopment of the School of Music building by way of a capital grant. Up to $3 million has been set aside in the Plan to support the Trust, on the basis that it raises at least an equal amount from other funders, sponsorship and community fundraising. This replicates the successful partnership model used for the Suter redevelopment, where Nelson's community has shown itself quick to support projects important to it.

This is a significant commitment from ratepayers; Council considers the reopening of the auditorium a priority for its cultural and economic value to Nelson, and the Trust should be able to leverage off Council's commitment to deliver the other funding necessary.

> "A redevelopment of the Theatre Royal was completed in 2010. It continues to be well used as a key community arts facility."

Theatre Royal

A redevelopment of the Theatre Royal was completed in 2010. It continues to be well used as a key community arts facility. Additional funding provided in the 2014/15 Annual Plan has assisted in putting the Theatre Royal onto a more secure financial footing. This increased grant remains in this Plan.

Council has resolved that the ownership and management of local performing arts venues, including but not limited to the Theatre Royal, be

NCC_Long Term Plan_UPDATED_Oct15.indd 129 11/11/2015 2:43:24 p.m.

included in the work to be undertaken by Council on venue management and marketing.

Suter Art Gallery

Following on from Council's commitment of up to $6 million in the 2012-22 Long Term Plan for the Suter Art Gallery redevelopment, the Suter Trust Board has reached its fundraising target of $6 million, completed detailed design for redevelopment, and started construction (January 2015). This is a multi-year build and Council confirms its commitment to the project, currently estimated at $12 million. In the meantime, Council is providing financial support to the Suter in its temporary home in Halifax Street.

Performing Arts Centre

As part of the 2009-19 Nelson Community Plan, Council consulted on a proposal for the development of a Performing Arts and Conference Centre in Nelson. As a result of community feedback, Council decided not to proceed with the proposal.

In this Plan, Council has allocated $25,000 in 2017/18 to support a review and update of the material previously prepared for a proposed Performing Arts Centre in Nelson.

Nelson Provincial Museum

The museum is jointly owned as a Council Controlled Organisation by Nelson City and Tasman District Councils. The Tasman Bays Heritage Trust (TBHT) receives an operational grant to run the museum, which is a recognised regional heritage facility.

TBHT has conducted a strategic review of the museum and associated activities. The review raised a number of strategic issues that need to be addressed. Council is keen to see the museum delivering its services in a way that engages our community and which is cost effective.

Community Assistance

Community assistance (now renamed community investment) is the range of support Council provides to not-for-profit groups in our community and includes rates remissions, funding agreements, one-off grants, discounted leases and licenses, and intermediary loans.

The Community Assistance Fund (now renamed the Community Investment Fund) has been an important component of that overall support, funding a range of projects that fit with Council's community outcomes, through an annual application round.

In this Plan, Council has decided to adopt a new approach towards its investment in community capacity building and community service support. As part of this new approach, officers will work alongside groups to help build partnerships towards delivery against key Council priorities. Officers will provide support and guidance, including funding and sponsorship advice, and, where appropriate, recommend that Council provides financial support to meet targeted objectives or activities.

> "In this Plan, Council has decided to adopt a new approach towards its investment in community capacity building and community service support."

Council recognises its role in setting the purpose, process and a financial contribution for community investment.

NCC_Long Term Plan_UPDATED_Oct15.indd 130 11/11/2015 2:43:24 p.m.

Officers will meet with representatives of other funding and social agencies (including Nelson Marlborough District Health Board, Canterbury Community Trust, Ministry of Social Development, Department of Internal Affairs and Tasman District Council) to understand strategic outcomes for community funding in Nelson and work with these agencies and others experienced in the field of social development, to inform the purposes for which the Community Investment Fund should be applied.

This approach fits with the outcomes of Nelson 2060 in seeking people-centred development that builds resilience and a connected community.

Council has set aside an annual allocation of $300,000 for community investment, noting the need to meet existing commitments to ongoing agreements. Of the $300,000 allocation a maximum sum of $50,000 will be set aside to fund small scale projects.

This targeted approach will enable Council to contribute, in the first three years of the Plan, $100,000 per annum of partnership funding for home insulation as part of the Warm Up New Zealand Healthy Homes scheme in addition to the annual allocation of $300,000 for community investment.

Millers Acre Toilet

Public toilets ensure that the health and cleanliness of the city is maintained and that residents have access to adequate facilities. There are also economic benefits by providing toilet facilities for visitors. Nelson has 42 public toilet facilities. The key issue to be addressed is ensuring the public toilets continue to meet resident and visitor expectations.

As part of making the central business district an attractive place to live, work and visit, public toilet provision has been reviewed. Millers Acre has the greatest need to increase capacity. Increased visitor numbers mean that the Millers Acre toilets are not coping with demand; 31% of complaints about toilets related to Millers Acre in 2013/14.

In the first year of the Plan (2015/16), $395,000 has been set aside for upgrading the Millers Acre toilet complex. A location has yet to be decided upon. In the meantime, the availability of toilets during office hours in nearby Civic house has been promoted at Millers Acre.

“As part of making the central business district an attractive place to live, work and visit, public toilet provision has been reviewed.”

Review of Crematorium Services

Council has provisionally allocated $153,915 for a pet cremator in 2016/17. However there is a review of crematorium services currently underway and this will be considered by Council before any expenditure is undertaken.

NCC_Long Term Plan_UPDATED_Oct15.indd 131 11/11/2015 2:43:26 p.m.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets in Years 1 - 3	Targets in Years 4 - 10
Arts and community events that showcase excellence and encourage participation	Attendance levels	Attendance levels by residents (benchmark) 53% attend Summer Festival 44% attend Masked Parade 31% attend Arts Festival 30% attend Opera in the Park	Attendance levels meet or exceed benchmark	Maintain
Suter Art Gallery provides a diverse and stimulating programme of visual arts' exhibitions	Satisfaction levels (2014 Residents Survey)	71% satisfaction with facilities in the 2014 Residents Survey	80% of users satisfied or very satisfied with the Suter Art Gallery[21]	Maintain
	Number of gallery visits per year	26,856 visit to the galleries	2015/16 - Not available as Suter closed for refurbishment 2016/17 - 20,000 visits to the Suter Art Gallery (excludes the cafe) 2017/18 - 32,000 visits to the Suter Art Gallery (excludes the cafe)	At least 32,000 visits to the galleries per year
	Number of Suter complex visits per year	91,731 visits to the Suter complex	2015/16 - Not available as Suter closed for refurbishment 2016/17 - 70,000 visits to the Suter complex 2017/18 - 110,000 visits to the Suter complex	At least 110,000 visits to the Suter complex
Theatre Royal widely used for performance art	Number of performance days	278 performance days in 2013/14	At least 278 performance days (75% occupancy)	Maintain
Art works enhance public spaces	Satisfaction levels (Residents Survey)	72% satisfaction with culture, heritage and arts activity	75% are satisfied or very satisfied with public art	Maintain
Libraries that are well used, welcoming and safe environments	Customer satisfaction, Library membership, door count, online usage	91% satisfaction the 2014 Residents Survey 89% of population library members in 2013 Door count in 2013/14 was 525,396 Online usage 2012/13 418,680	Residents Survey (as available) At least 75% of the population are library members Door count more than 500,000 Online usage continues to increase each year	Maintain

[21] *In temporary accommodation.*

NCC_Long Term Plan_UPDATED_Oct15.indd 132 11/11/2015 2:43:26 p.m.

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 requires investment in capital projects
- 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
- Increasing library space is 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.

RELEVANT 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
- Property and Facilities Asset Management Plan.

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 over the next three years.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Alterations to Nelson Public Libraries, the refurbishment of public toilets and work on the Nelson School of Music and Suter Art Gallery will 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 133 11/11/2015 2:43:26 p.m.

NELSON CITY COUNCIL
SOCIAL FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	10,120	10,526	11,300	12,323	
Targeted rates	0	0	0	0	
Subsidies and grants for operating purposes	349	295	300	178	
Fees and charges	0	826	758	588	
Internal charges and overheads recovered	5	0	0	0	
Local authorities fuel tax, fines, infringement fees, and other receipts	2,352	1,573	1,614	1,652	
Total Operating Funding	**12,826**	**13,220**	**13,972**	**14,741**	
Applications of operating funding					
Payments to staff and suppliers	11,175	12,823	12,960	11,737	
Finance costs	0	0	0	0	
Internal charges and overheads applied *	561	812	1,254	1,483	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**11,736**	**13,635**	**14,214**	**13,220**	
Surplus (Deficit) of operating funding	**1,090**	**(415)**	**(242)**	**1,521**	
Sources of capital funding					
Subsidies and grants for capital	6,396	22	22	22	
Development and financial contributions	0	0	0	0	
Increase (decrease) in debt	5,332	8,760	6,740	(198)	
Gross proceeds from sale of assets	0	6,000	0	0	
Total sources of capital funding	**11,728**	**14,782**	**6,762**	**(176)**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	541	574	1,094	599	
- to improve level of service	9,119	2,663	443	442	
- to replace existing assets	339	1,806	5,096	404	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	2,819	9,324	(113)	(100)	
Total applications of capital funding	**12,818**	**14,367**	**6,520**	**1,345**	
Surplus (Deficit) of capital funding	**(1,090)**	**415**	**242**	**(1,521)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 134 11/11/2015 2:43:26 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	12,138	12,977	13,042	13,614	13,916	14,368	14,566
	0	0	0	0	0	0	0
	182	186	190	194	199	204	209
	510	591	510	595	511	600	512
	0	0	0	0	0	0	0
	1,696	1,730	1,767	1,806	1,848	1,891	1,937
	14,526	**15,484**	**15,509**	**16,209**	**16,474**	**17,063**	**17,224**
	11,487	12,255	12,106	12,775	12,916	13,505	13,662
	0	0	0	0	0	0	0
	1,511	1,641	1,752	1,751	1,844	1,840	1,835
	0	0	0	0	0	0	0
	12,998	**13,896**	**13,858**	**14,526**	**14,760**	**15,345**	**15,497**
	1,528	**1,588**	**1,651**	**1,683**	**1,714**	**1,718**	**1,727**
	23	23	24	24	25	26	26
	0	0	0	0	0	0	0
	2,200	2,394	(407)	1,831	(559)	(566)	(453)
	0	0	0	0	0	0	0
	2,223	**2,417**	**(383)**	**1,855**	**(534)**	**(540)**	**(427)**
	628	676	711	656	716	745	765
	2,809	2,944	199	2,536	14	14	15
	339	410	383	371	475	444	545
	0	0	0	0	0	0	0
	(25)	(25)	(25)	(25)	(25)	(25)	(25)
	3,751	**4,005**	**1,268**	**3,538**	**1,180**	**1,178**	**1,300**
	(1,528)	**(1,588)**	**(1,651)**	**(1,683)**	**(1,714)**	**(1,718)**	**(1,727)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 135 11/11/2015 2:43:27 p.m.

SOCIAL COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Income				
Rating Income	10,262	10,668	11,445	12,471
Rates Remissions	(142)	(142)	(145)	(148)
Operating Income	2,711	2,694	2,672	2,418
Capital Income	6,396	22	22	22
Total Income	**19,227**	**13,242**	**13,994**	**14,763**
Expenses				
Payments to staff and suppliers	11,333	12,970	13,110	11,890
Finance costs	408	665	1,104	1,330
Depreciation	1,234	1,187	1,266	1,340
Total Expenses	**12,975**	**14,822**	**15,480**	**14,560**
Net Surplus (Deficit)	**6,252**	**(1,580)**	**(1,486)**	**203**
Sources of funds				
Net Surplus (Deficit)	6,252	(1,580)	(1,486)	203
Non cash expenditure	1,234	1,187	1,266	1,340
Increase (decrease) in debt	5,332	8,760	6,740	(198)
Gross proceeds from sale of assets	0	6,000	0	0
Total Sources of funds	**12,818**	**14,367**	**6,520**	**1,345**
Applications of funds				
Capital Expenditure				
- to meet additional demand	541	574	1,094	599
- to improve level of service	9,119	2,663	443	442
- to replace existing assets	339	1,806	5,096	404
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	2,819	9,324	(113)	(100)
Total applications of funds	**12,818**	**14,367**	**6,520**	**1,345**
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**1,090**	**(415)**	**(242)**	**1,521**
Subsidies and grants for capital expenditure	6,396	22	22	22
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,234)	(1,187)	(1,266)	(1,340)
Revaluation Gains (Losses)	0			
Net Surplus (Deficit) before taxation in Cost of Service Statement	**6,252**	**(1,580)**	**(1,486)**	**203**

NCC_Long Term Plan_UPDATED_Oct15.indd 136 11/11/2015 2:43:27 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	12,289	13,131	13,199	13,775	14,081	14,537	14,739
	(151)	(154)	(157)	(161)	(165)	(169)	(173)
	2,388	2,507	2,467	2,595	2,558	2,695	2,658
	23	23	24	24	25	26	26
	14,549	**15,507**	**15,533**	**16,233**	**16,499**	**17,089**	**17,250**
	11,643	12,414	12,269	12,941	13,086	13,679	13,841
	1,355	1,482	1,589	1,585	1,674	1,666	1,656
	1,348	1,409	1,471	1,500	1,529	1,535	1,542
	14,346	**15,305**	**15,329**	**16,026**	**16,289**	**16,880**	**17,039**
	203	**202**	**204**	**207**	**210**	**209**	**211**
	203	202	204	207	210	209	211
	1,348	1,409	1,471	1,500	1,529	1,535	1,542
	2,200	2,394	(407)	1,831	(559)	(566)	(453)
	0	0	0	0	0	0	0
	3,751	**4,005**	**1,268**	**3,538**	**1,180**	**1,178**	**1,300**
	628	676	711	656	716	745	765
	2,809	2,944	199	2,536	14	14	15
	339	410	383	371	475	444	545
	0	0	0	0	0	0	0
	(25)	(25)	(25)	(25)	(25)	(25)	(25)
	3,751	**4,005**	**1,268**	**3,538**	**1,180**	**1,178**	**1,300**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	1,528	**1,588**	**1,651**	**1,683**	**1,714**	**1,718**	**1,727**
	23	23	24	24	25	26	26
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(1,348)	(1,409)	(1,471)	(1,500)	(1,529)	(1,535)	(1,542)
					0	0	0
	203	**202**	**204**	**207**	**210**	**209**	**211**

NCC_Long Term Plan_UPDATED_Oct15.indd 137 11/11/2015 2:43:27 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19	
Social					
Heritage & Arts Planning					
Art works programme	175,000	76,958	78,989	81,098	
Suter Grant					
Suter redevelopment	2,403,288	0	0	0	
Nelson Library					
Book purchases	388,102	398,231	408,745	419,659	
Extension/relocation	0	205,220	308,585	2,703,275	
Stoke Library					
Extension/relocation	0	0	0	0	
Nightingale Library					
Building refurbishment and extension	0	0	0	0	
Crematorium					
Pet cremator	0	153,915	0	0	
Reline large cremator	120,000	0	0	0	
Public Toilets, Free					
Millers Acre toilet	36,205	359,135	0	0	
Queens Garden toilet	20,000	205,220	0	0	
Stoke Community Centre					
Stoke sports & community facility	1,100,000	4,617,450	0	0	
Community Properties					
Pacific Building purchase	140,000	0	0	0	
Community Housing					
Community housing renewals	100,000	102,610	105,319	108,131	
Projects under $100,000	560,717	514,656	543,756	463,916	
Total Social	**5,043,312**	**6,633,395**	**1,445,394**	**3,776,079**	

NCC_Long Term Plan_UPDATED_Oct15.indd 138 11/11/2015 2:43:28 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	83,369	85,837	88,506	91,400	94,581	98,052
	0	0	0	0	0	0
	431,410	444,179	457,991	472,968	489,428	507,389
	2,778,975	0	0	0	0	0
	55,580	169,385	2,124,144	0	0	0
	0	0	312,328	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	111,159	114,449	118,008	121,867	126,108	130,736
	569,793	479,159	462,831	518,813	492,461	588,649
	4,030,286	**1,293,009**	**3,563,808**	**1,205,048**	**1,202,578**	**1,324,826**

NCC_Long Term Plan_UPDATED_Oct15.indd 139 11/11/2015 2:43:28 p.m.

PARKS AND ACTIVE RECREATION

WHAT WE DO

Council provides active recreation opportunities for Nelsonians and visitors, through its provision of infrastructure such as walkways and cycleways, sports and recreation facilities, parks and open space, services and events. It also manages a range of parks and open spaces to help protect Nelson's biodiversity, heritage, rivers and coast.

WHY WE DO IT

Parks and other facilities that support active recreation are a vital resource. They contribute 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. As the city's population continues to grow, protection and management of 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, while often difficult to value accurately, include 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 point of difference for 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 vehicle trips 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.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our unique natural environment is healthy and protected	Council is guardian to many special ecosystems as well as a range of open spaces for active and passive recreation. It works to preserve and enhance those areas through biodiversity protection, better links and connections, and well-designed plantings.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Council open space is designed to be accessible, safe and to encourage activity for people of all ages and abilities.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Māori culture and traditions are understood and supported. Council's parks and reserves are inclusive, welcoming spaces that facilitate a healthy lifestyle.
Our communities have access to a range of social, educational and recreational facilities and activities	A range of recreational facilities and opportunities are provided. Heritage within open space areas is protected and appropriate interpretation provided.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

NCC_Long Term Plan_UPDATED_Oct15.indd 140 11/11/2015 2:43:29 p.m.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Rutherford Park Development

A plan for the development of Rutherford and Trafalgar Parks was adopted by Council in July 2013 and outlined a programme of possible future works to realise Council's vision of an active urban park. The remedial works required for the Trafalgar Centre has led to the wider enhancement projects being placed on hold.

A review of the programme of works planned for Rutherford Park in light of the need to reduce debt shows the total budget allocated previously to be unaffordable. The revised programme focuses on improving the structure and connections of areas of the park. In the Plan there is now $2.0 million in 2015/16 for roading, carparking and landscaping; $300,000 for walk/cycle connections in 2015/16; $50,000 for demolition of the Smallbore Rifle Club and Community Art Works buildings in 2015/16; $527,000 for public toilets and landscaping in 2017/18 and $445,000 for landscaping and connections to support city to sea links in 2019/20. These projects are important to support the reopening of the Trafalgar Centre and to create a good framework for future development.

Some community groups are affected by the projects planned for Rutherford Park. Officers will work alongside affected groups as they look for alternative accommodation.

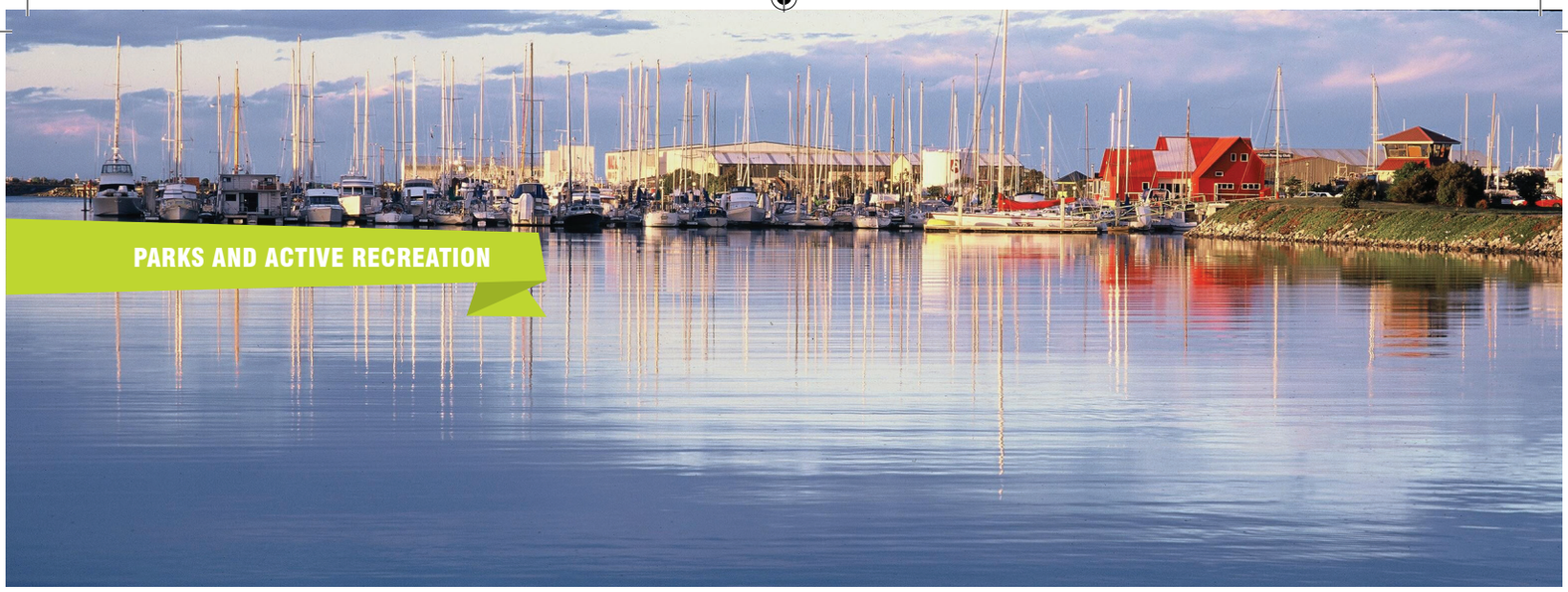
The one project which Council feels is a priority, and goes beyond the access and landscaping works above, is provision of a play space near the Maitai shared path. This would attract families into the Park and assist with the aim of increasing activity levels in the Park. Council has allowed $614,000 in 2016/17, half as new funding and half through transfer of funding from its budget for new playgrounds. Understanding that high quality play spaces require a significant investment, Council will be looking for partners to help create an exciting and unique facility which appeals to a wide range of ages.

Trafalgar Centre

The Trafalgar Centre is a multi-purpose events venue for entertainment, conferences, expos, trade shows, community events and major sport events. It is the only venue in the region capable of seating 2,500 people. As an earthquake prone building, the centre was closed in December 2013 because of risk to public safety.

Council resolved in 2014 that strengthening work be undertaken to facilitate re-opening the Centre by February 2016. Project managers have been appointed and $9.5 million has been budgeted in the Long Term Plan. This will include renewal of the roof. Replacing the bench seats on the flat floor would follow in 2017/18.

NCC_Long Term Plan_UPDATED_Oct15.indd 141 11/11/2015 2:43:29 p.m.



A redesign of the Trafalgar Centre was developed in 2005. This work was broken into stages, with the southern end and main hall completed in 2009, and the west changing rooms in 2011. The northern end has remained largely unchanged since it was built in 1972. The 2012 Long Term Plan allocated $10.2 million to complete the extensive redevelopment. Due to the strengthening work that is now required, a redevelopment of this scale is not considered affordable. However, it is proposed that if budget constraints permit, the strengthening project could also address the functionality of the main entrance and northern end.

Without the funding in this Plan the Centre would remain closed and the city without a key venue, so Council believes it is important to carry out this work. A cap of $10 million ($9.5 million of which is in this Long Term Plan) has been put on the work for affordability reasons.

> “Without the funding in this Plan the Centre would remain closed and the city without a key venue, so Council believes it is important to carry out this work.”

Gibbons Construction, working in partnership with Downer, have been engaged by Council for Stage 1 (Detailed Design Phase) of the Trafalgar Centre Reopening Project. The design team has been meeting with the contractors to determine the most cost-effective solutions to strengthen the Trafalgar Centre. A progress report including an updated estimate will be presented to Council in July 2015. At this stage, it is intended that the detailed design be completed by mid August 2015 with construction starting soon after.

Marina

The marina provides permanent and casual berths and associated marine facilities to support boating. The marina returns economic benefits by attracting visitors to Nelson. It provides good, safe facilities, reasonable fees, and a central location with good access to the city for visitors and residents alike. It also allows an efficient use of scarce water space and protects marine environments by concentrating moorings in one area.

The day to day expenses of the marina are funded by revenue from berth-holders and debt is used to fund development. Although the marina is a ‘ring fenced’ account, any debt in the marina account contributes to Council’s overall debt.

In this Plan, Council has allocated $50,000 in 2015/16 for the development and consultation on a Marina Strategy (with $30,000 being charged to general rates and $20,000 being charged to the Marina Account). The intention is for the new strategy to fully address a range of issues, including the appropriateness of the development levy, marina services and fees.

Council has decided that the fees for 2015/16 be increased only by the rate of inflation and will be reviewed following the development of and consultation on the Marina Strategy.

Hardstand provision at the marina is an issue that has remained unresolved for many years. The hardstand and its management has, until now, been provided by a private operator. Creating a new hardstand at the marina was scheduled for completion in 2013/14 but was delayed because Council wanted to take a more comprehensive approach to developments in this area. The potential for land around Akersten Street to be developed to make more of the marina precinct for the city has long been recognised.

Providing adequate area for hardstand is important to the successful functioning of the marina. A total of $1.5 million has been provided in 2016/17 to allow this project to proceed, if a prospect arises, in a way

NCC_Long Term Plan_UPDATED_Oct15.indd 142 11/11/2015 2:43:30 p.m.

that integrates with surrounding land development opportunities.

Sea Sports Facility

Another project in the marina is a new Sea Sports Facility to house a range of water users from kayakers to sea cadets. The shared area around the marina and boat ramp is becoming a bottleneck and there is need for safe storage of equipment. Changing facilities and a space for clubs to socialise have also been requested. The Nelson Sea Sports Alliance (representing 12 sea sport groups) has put together a proposal for a shared facility.

Council has set aside $578,000 of funding in years 2016/17 and 2017/18 with the Alliance to fundraise for any remaining funding needed.

Nelson Surf Lifesaving Club

Nelson has always had a busy watersport lifestyle, and the Nelson Surf Lifesaving Club has a long history of responding to the water safety needs of the region. Council has resolved to work with the club to develop new clubrooms on the dunes at Tahunanui Beach. Council is aware that the Reserve Management Plan does not allow for building on the dunes. Any proposal for the clubrooms at Tahunanui would be subject to all statutory resource and building consent processes.

Saxton Field

Saxton Field is a shared resource with the Tasman District Council. Nelson City Council acquired the first land in the complex in 1977, motivated by a shortage of sports grounds in the city. Today the complex covers 72 hectares of land, of which 65 hectares is owned by Nelson City and Tasman District Councils. The two councils developed the Saxton Field Reserve Management Plan in 2008, which provides overall direction for ongoing management of the area.

Council considered a number of proposals for new projects at Saxton Field some of which have been included in the Plan and some of which are not programmed within the 10 years. This decision was made after consulting with Tasman District Council. Tasman District Council expressed concerns around affordability, which has led to the changes in the Plan. The councils recognized that Saxton Field has had significant capital investment from both authorities over many years.

Council's priority at this stage is to market the excellent facilities available to make sure they receive maximum use from the community and to attract events to Nelson. The following are the main areas of change from initial proposals:

> "Council's priority at this stage is to market the excellent facilities available to make sure they receive maximum use..."

- Alliance area changing facilities and carpark removed from years 3 and 4;
- An alternative solution for the power supply to the velodrome has been found delivering a saving of $350,000 in year 5
- The velodrome toilet/changing block has been removed from years 7 and 8 as Tasman District Council has the budget to complete a toilet/shower block on Avery Field and, given its proximity to the Velodrome site, this should mean separate shower/change facilities for cycling will not be required
- Funding in years 8 to 10 for a skating track, skatepark, regional playground, relocation of the radio mast and softball lights have been removed
- Funding for walkways has been mostly retained but is now included in years 1, 2 and 4, rather than years 1, 2 and 3.

NCC_Long Term Plan_UPDATED_Oct15.indd 143 11/11/2015 2:43:30 p.m.

Stoke Youth Park

A needs analysis consultation conducted in 2013/14 supported a youth park in Stoke. Funding of $539,000 has been allocated in 2017/18 and 2018/19 for further consultation, planning and physical works.

Related projects are covered in the Transport activity and Social activity sections.

Gondola

In 2013/14 Council provided funding for the Nelson Cycle Lift Society to examine the feasibility of constructing a gondola which would take people and mountain bikes to the top of Fringed Hill. The study suggests the concept is feasible and the Society is now preparing a detailed business case.

Council supports, in principle, the development of the gondola lift and is open to the idea of leasing council owned land if this is identified as the preferred site. It would complement existing recreational activities, including cycling and walking. The project has the potential to develop into a significant tourist attraction alongside neighbouring Brook Sanctuary.

Council acknowledges the voluntary efforts of the Society to date and looks forward to future discussions. The final location of the gondola will be confirmed through the resource consent process and will be subject to the outcome of the Brook Recreation Reserve Management Plan process.

General reserves land purchase

Neighbourhood parks (and reserves) provide for safe and informal recreational use. They also help to break up the built environment, offer visually attractive surroundings and provide ecological corridors for wildlife. These parks are generally small areas of land less than a hectare in size.

Neighbourhood parks are funded via Financial Contributions, rather than rates. This Long Term Plan contains provision for $410,000 to $719,000 per year for land purchases.

Tahuna Backbeach erosion

A study on coastal erosion in the Tahuna Beach area was commissioned in 2014 to review Council's current managed retreat policy. Following on from this, provision has been made for $200,000 in year 1 of the Plan to contract a firm with the necessary technical expertise to analyse the current situation, model the coastal system affecting the Waimea Basin, identify threats to property and infrastructure, consider potential economic losses, and give an indication of options.

NCC_Long Term Plan_UPDATED_Oct15.indd 144 11/11/2015 2:43:31 p.m.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets in Years 1 - 3	Targets in Years 4 - 10
A network of parks and reserves throughout the city protecting and enhancing the natural environment and providing enjoyment, leisure and recreation opportunities for both residents and visitors	The total area of parks and open space available for recreation.	239 hectares per 1,000 residents	Current parks and open space provision will not be reduced except where divestment offers clear net benefits to the community	Maintain
	Level of customer satisfaction	75% satisfaction in the 2014 Residents' Survey	Customer satisfaction at least at levels of 80%	Maintain
Recreation opportunities for people of all ages and abilities is provided	Level of customer satisfaction	Not measured in 2013/14	Customer satisfaction at least at levels of 80%	Maintain
Areas of heritage or cultural importance in parks and reserves appropriately protected	Level of consultation with Tangata Whenua o Whakatū occurring	Consultation coordinated through Kaihautu	Tangata Whenua o Whakatū will be consulted on all new or reviewed reserve management plans to determine if areas of cultural significance exist	Maintain
	Number of requests for access to cultural material facilitated	Three requests for flax received and fulfilled	Provide access to cultural materials such as flax, toetoe, pingao and other resources where it is consistent with sustainable management	
	Level of compliance with Historic Places Act 1993		All known historical and archaeological sites managed in accordance with the Historic Places Act 1993. Inventory of all known sites kept up to date.	
Neighbourhood parks within walking distance of all homes, providing play opportunities, open space and amenity values	Neighbourhood parks within walking distance of 95% of all homes	Topography in some areas and limited opportunities for land acquisition mean this wasn't achieved in 2013/14	One neighbourhood park within reasonable walking distance (500m radius or a ten minute walking distance) of most urban residential properties and easily accessible, ideally from more than one road frontage.	Maintain
Trafalgar Centre	Number of people using the Trafalgar Centre and total hours used	Not achieved as the venue was closed in December 2013 (79,590 users in 2012/13)	Annual number of users exceeds 80,000 (for Years 2-3 only) Annual use hours exceeds 2,500/year (for Years 2-3 only)	Maintain

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 145 11/11/2015 2:43:31 p.m.

What Council will provide	Performance Measures	Current Performance	Targets in Years 1 - 3	Targets in Years 4 - 10
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	97% of dwellings are within 10km of a public swimming pool (not including the ASB Aquatic Centre, which is owned by TDC).	Provision of a swimming pool that is within 10km driving/cycling distance of 80% of Nelson's population	Maintain
	Annual user satisfaction surveys	79% of pool users were satisfied or very satisfied with their overall pool experience.	80% of customers satisfied or very satisfied with the swimming pools (CLM survey)	Maintain
Financially sustainable marina facility	Level of self funding of the marina	Marina had an operational surplus in 2013/14	No cost to rates to operate the marina - fees and charges cover the maintenance and renewal of marina facilities and repayment of debt	Maintain
Public Toilets Accessibility	Accessibility of Public toilets to residents and visitors in areas of high public use.	Toilet facilities are provided within 200m of any point within the central city and suburban centres	Toilet facilities are provided within 200m of any point within the central city and suburban centres	Maintain
		Cleanliness level 89%	Minimum cleanliness level >90% (based on staff audit)	Maintain

NCC_Long Term Plan_UPDATED_Oct15.indd 146 11/11/2015 2:43:32 p.m.

PARKS AND ACTIVE RECREATION

DRIVERS OF CAPITAL EXPENDITURE

The main drivers of capital expenditure on these activities are:

- The Trafalgar Centre work is a mix of earthquake strengthening and refurbishing an ageing asset
- 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.

RELEVANT STRATEGIES AND POLICIES

- Parks and Reserves Asset Management Plan
- Property and Facilities Asset Management Plan
- Nelson Resource Management Plan
- Tasman-Nelson Regional Pest Management Strategy
- Nelson Biodiversity Strategy
- Nelson 2060
- Social Wellbeing Policy.

ASSUMPTIONS

There are no additional assumptions that apply to the area of Council's work, other than the expectation that global economic conditions are unlikely to change markedly over the next three years.

NEGATIVE EFFECTS AND RISK MITIGATION

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 are used carefully to avoid contaminating water or affecting parks and reserves users. Council uses organic management where practicable to minimise chemical use. The Parks and Reserve Sustainability Action Plan includes 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.

Seismic assessments to better understand and remedy earthquake risk and public safety in and around council facilities have been carried out. Remedial actions at Riverside Pool have been completed and are planned at Trafalgar Park.

NCC_Long Term Plan_UPDATED_Oct15.indd 147 11/11/2015 2:43:32 p.m.

NELSON CITY COUNCIL
PARKS FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	11,827	12,389	12,926	13,417	
Targeted rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	0	1,930	1,975	2,014	
Internal charges and overheads recovered	0	0	0	0	
Local authorities fuel tax, fines, infringement fees, and other receipts	2,905	998	1,120	1,143	
Total Operating Funding	**14,732**	**15,317**	**16,021**	**16,574**	
Applications of operating funding					
Payments to staff and suppliers	10,385	10,604	9,570	9,583	
Finance costs	0	0	0	0	
Internal charges and overheads applied *	2,789	2,896	3,403	3,396	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**13,174**	**13,500**	**12,973**	**12,979**	
Surplus (Deficit) of operating funding	**1,558**	**1,817**	**3,048**	**3,595**	
Sources of capital funding					
Subsidies and grants for capital	28	80	149	276	
Development and financial contributions	0	1,200	1,238	1,268	
Increase (decrease) in debt	7,759	13,381	2,014	31	
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**7,787**	**14,661**	**3,401**	**1,575**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	4,232	1,553	3,996	1,998	
- to improve level of service	3,336	12,850	415	1,021	
- to replace existing assets	1,777	2,075	2,038	2,151	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of capital funding	**9,345**	**16,478**	**6,449**	**5,170**	
Surplus (Deficit) of capital funding	**(1,090)**	**415**	**242**	**(1,521)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 148 11/11/2015 2:43:33 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	13,467	13,841	13,965	14,313	14,590	14,941	15,314
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	2,056	2,100	2,146	2,195	2,248	2,302	2,359
	0	0	0	0	0	0	0
	1,107	1,130	1,155	1,182	1,210	1,239	1,272
	16,630	**17,071**	**17,266**	**17,690**	**18,048**	**18,482**	**18,945**
	9,544	9,808	9,863	10,217	10,600	10,853	11,470
	0	0	0	0	0	0	0
	3,362	3,321	3,261	3,177	3,067	3,016	2,957
	0	0	0	0	0	0	0
	12,906	**13,129**	**13,124**	**13,394**	**13,667**	**13,869**	**14,427**
	3,724	**3,942**	**4,142**	**4,296**	**4,381**	**4,613**	**4,518**
	258	31	32	500	85	35	36
	1,300	1,336	1,374	1,415	1,459	1,507	1,558
	(570)	(1,261)	(1,987)	(2,061)	(1,896)	(2,171)	(1,972)
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	988	**106**	**(581)**	**(146)**	**(352)**	**(629)**	**(378)**
	2,047	1,990	2,076	1,724	2,357	1,966	2,245
	1,115	845	165	82	188	532	633
	1,550	1,213	1,320	2,344	1,484	1,486	1,262
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	4,712	**4,048**	**3,561**	**4,150**	**4,029**	**3,984**	**4,140**
	(1,528)	**(1,588)**	**(1,651)**	**(1,683)**	**(1,714)**	**(1,718)**	**(1,727)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 149 11/11/2015 2:43:33 p.m.

PARKS COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Income					
Rating Income	11,827	12,389	12,926	13,417	
Operating Income	2,905	2,928	3,095	3,157	
Capital Income	28	1,280	1,387	1,544	
Total Income	**14,760**	**16,597**	**17,408**	**18,118**	
Expenses					
Payments to staff and suppliers	10,428	10,646	9,613	9,627	
Finance costs	2,746	2,854	3,360	3,352	
Depreciation	2,738	2,874	3,164	3,311	
Total Expenses	**15,912**	**16,374**	**16,137**	**16,290**	
Net Surplus (Deficit)	**(1,152)**	**223**	**1,271**	**1,828**	
Sources of funds					
Net Surplus (Deficit)	(1,152)	223	1,271	1,828	
Non cash expenditure	2,738	2,874	3,164	3,311	
Increase (decrease) in debt	7,759	13,381	2,014	31	
Gross proceeds from sale of assets	0	0	0	0	
Total Sources of funds	**9,345**	**16,478**	**6,449**	**5,170**	
Applications of funds					
Capital Expenditure					
- to meet additional demand	4,232	1,553	3,996	1,998	
- to improve level of service	3,336	12,850	415	1,021	
- to replace existing assets	1,777	2,075	2,038	2,151	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of funds	**9,345**	**16,478**	**6,449**	**5,170**	
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Surplus/(Deficit) of operating funding from Funding Impact Statement	**1,558**	**1,817**	**3,048**	**3,595**	
Subsidies and grants for capital expenditure	28	80	149	276	
Development and financial contributions	0	1,200	1,238	1,268	
Vested Assets	0	0	0	0	
Gains on sale	0	0	0	0	
Depreciation	(2,738)	(2,874)	(3,164)	(3,311)	
Net Surplus (Deficit) before taxation in Cost of Service Statement	**(1,152)**	**223**	**1,271**	**1,828**	

NCC_Long Term Plan_UPDATED_Oct15.indd 150 11/11/2015 2:43:33 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	13,467	13,841	13,965	14,313	14,590	14,941	15,314
	3,163	3,230	3,301	3,377	3,458	3,541	3,631
	1,558	1,367	1,406	1,915	1,544	1,542	1,594
	18,188	**18,438**	**18,672**	**19,605**	**19,592**	**20,024**	**20,539**
	9,589	9,854	9,910	10,265	10,649	10,903	11,522
	3,317	3,275	3,214	3,129	3,018	2,966	2,905
	3,421	3,527	3,636	3,746	3,849	3,979	4,119
	16,327	**16,656**	**16,760**	**17,140**	**17,516**	**17,848**	**18,546**
	1,861	**1,782**	**1,912**	**2,465**	**2,076**	**2,176**	**1,993**
	1,861	1,782	1,912	2,465	2,076	2,176	1,993
	3,421	3,527	3,636	3,746	3,849	3,979	4,119
	(570)	(1,261)	(1,987)	(2,061)	(1,896)	(2,171)	(1,972)
	0	0	0	0	0	0	0
	4,712	**4,048**	**3,561**	**4,150**	**4,029**	**3,984**	**4,140**
	2,047	1,990	2,076	1,724	2,357	1,966	2,245
	1,115	845	165	82	188	532	633
	1,550	1,213	1,320	2,344	1,484	1,486	1,262
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	4,712	**4,048**	**3,561**	**4,150**	**4,029**	**3,984**	**4,140**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	3,724	**3,942**	**4,142**	**4,296**	**4,381**	**4,613**	**4,518**
	258	31	32	500	85	35	36
	1,300	1,336	1,374	1,415	1,459	1,507	1,558
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(3,421)	(3,527)	(3,636)	(3,746)	(3,849)	(3,979)	(4,119)
	1,861	**1,782**	**1,912**	**2,465**	**2,076**	**2,176**	**1,993**

NCC_Long Term Plan_UPDATED_Oct15.indd 151 11/11/2015 2:43:33 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19
Parks & Active Recreation				
Horticulture Parks				
Park upgrades	40,000	20,522	42,128	101,643
Renewals: Structures	14,000	209,324	14,745	15,138
Neighbourhood Parks				
Bishopdale Reserve path/bridge	0	0	0	0
Land purchase: general reserve	635,634	410,440	579,255	594,721
Neighbourhood parks upgrade program	100,000	410,440	105,319	108,131
Conservation Reserves				
Renew Maitai Forks bridge	0	30,783	210,638	0
Esplanade & Foreshore Reserves				
Cable Bay to Paremata Flats walkway	0	0	0	0
Wakapuaka sandflats	0	20,522	21,064	216,262
Esplanade & foreshore planting program	100,000	102,610	105,319	108,131
Jenkins Stream (Pascoe to Airport)	0	0	10,532	145,977
Modellers pond solution	1,000,000	0	0	0
Poormans walkway (Main Road to Neale Avenue)	0	41,044	136,915	0
Sea wall	0	5,131	52,660	270,328
Saxton Creek path (Champion Drive to Saxton field)	0	0	0	0
Tahuna Reserve development plan	128,000	0	0	0
Sports Parks				
Remove Trafalgar Park cycle track	0	0	0	0
Access/carparks	85,000	87,219	89,521	91,911
Rutherford/Trafalgar Park development	2,385,000	0	526,595	0
Saltwater Creek bridge (Haven Road to Trafalgar Park)	0	20,522	189,574	0
Trafalgar Centre				
Mother grid design and installation	0	0	0	0
Replace carpet tiles	0	0	0	0
Replacement of benched seats	0	359,135	0	0
Replacement tiered seating	0	0	0	0
Trafalgar Centre reopening	9,534,253	0	0	0
Saxton Field Stadium				
Lift renewal	150,000	0	0	0
Pools				
Nayland renewals	23,000	222,664	85,940	100,562
Riverside renewals	25,000	51,305	105,319	23,912
Nayland improvements	152,640	0	157,979	0
Play Facilities				
Playground development programme	0	0	0	0
Rutherford playground	60,000	554,094	0	0
Stoke youth park	0	0	52,660	486,590
Marina				
Marina hardstand	0	1,539,150	0	0
Pontoon renewal programme	0	164,176	0	0
Public boat ramp jetty renewal	100,000	0	0	173,010
Saxton Field				
Walkways/cycleways	110,000	112,871	0	216,262
Football training ground drainage	0	0	0	270,328
Athletic track	0	0	0	0
Replace hockey turf	0	0	526,595	0
Saxton Creek recreation pond enhancements	0	256,525	0	0
Regional Community Facilities				
Water sports building at the marina	0	51,305	526,595	0
Projects under $100,000	1,835,189	1,779,086	1,630,433	1,789,267
Total Parks & Active Recreation	**16,477,716**	**6,448,868**	**5,169,786**	**4,712,173**

NCC_Long Term Plan_UPDATED_Oct15.indd 152 11/11/2015 2:43:33 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	104,489	107,582	110,928	114,555	118,542	122,892
	15,562	16,023	16,521	17,061	17,655	18,303
	0	0	0	12,187	138,719	0
	611,375	629,470	649,044	670,269	693,594	719,048
	444,636	114,449	118,008	487,468	126,108	130,736
	0	0	0	0	0	0
	0	0	0	0	0	130,736
	0	22,890	0	24,373	0	26,147
	111,159	114,449	118,008	121,867	126,108	130,736
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	392,208
	0	0	0	0	0	0
	0	0	0	0	252,216	0
	94,485	97,282	100,307	103,587	107,192	0
	444,636	0	0	0	0	0
	0	0	0	0	0	0
	0	171,674	0	0	0	0
	0	114,449	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	315,270	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	68,919	62,947	33,042	40,216	12,611	65,368
	24,582	25,309	26,096	26,950	27,888	28,911
	244,550	0	0	0	0	0
	33,348	194,563	35,402	207,174	37,832	222,251
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	177,854	0	0	194,987	0	0
	0	0	188,813	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	1,003,068	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	1,672,266	1,889,894	1,750,709	2,008,420	2,010,514	2,041,300
	4,047,861	**3,560,981**	**4,149,946**	**4,029,114**	**3,984,249**	**4,139,762**

NCC_Long Term Plan_UPDATED_Oct15.indd 153 11/11/2015 2:43:34 p.m.

ECONOMIC

WHAT WE DO

Council has a role to create a successful, sustainable city and achieves this largely through providing the city infrastructure, and fostering economic development through the work of the Economic Development Agency and Nelson Tasman Tourism Ltd. The focus is on activities where increased effort is likely to be most positive for the city. A review of how economic development services are provided (see Council priorities for the next three years) is underway.

The Nelson Regional Economic Development Agency (EDA) has as its purpose: '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 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 $240,000 from Council via a contract for services.

Although Council does not directly provide any assets for economic development, it 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.

An Events Fund assists the development and support of events through the Nelson Events Marketing and Development Programme. 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 $435,000 each year for the Events Fund.

Council funds the EDA for events promotion, to investigate an economic development fund, and to support new and emerging businesses. It also facilitates cluster collaboration of existing businesses providing funding for Special Economic Projects, events implementation and Economic Impact Assessments.

Nelson Tasman Tourism Ltd receives funding from Council. It undertakes destination marketing, strategic destination management and tourism development, and visitor information services for the region. Council will provide funding of $464,838 in 2015/16.

WHY WE DO IT

Council recognises that Nelson businesses need the right economic environment to flourish, and a focus on developing sustainable businesses benefits everyone living in and visiting the area. A strong economy depends on having sound and reliable infrastructure, much of which is provided by Council. Everyone depends directly and indirectly on the wealth generated by the local economy.

NCC_Long Term Plan_UPDATED_Oct15.indd 154 11/11/2015 2:43:35 p.m.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	The community's aspirations are understood and taken into account. The economic needs of the Nelson community and the wider region are considered in decision making.
Our region is supported by an innovative and sustainable economy	Council is responsive to business and committed to providing an enabling environment by minimising unnecessary bureaucracy. Support is provided to organisations and projects that attract new investment to the region, bring training opportunities and encourage our workforce to become more skilled and adaptable.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

NCC_Long Term Plan_UPDATED_Oct15.indd 155 11/11/2015 2:43:36 p.m.

COUNCIL PRIORITIES FOR THE NEXT THREE YEARS

Business Friendly Council

Council is committed to being an enabler for business opportunities that contribute to our region's sustainable economic development. This will be done by demonstrating leadership and minimising unnecessary bureaucracy. The development of the Nelson Plan is a key opportunity for Council to engage with businesses on these issues. Developers need certainty over where and how Council will provide services, and clarity about the rules that will apply when development is proposed. Council's proposed investment in infrastructural assets will provide the necessary critical services that support the business community. Council-funded Nelson Regional Economic Development Agency will continue to proactively work with existing businesses and potential investors to identify opportunities for business growth, whilst Council's plans for revitalising the central business district will enhance Nelson as a destination to live and work.

Economic Development Services

There is a review underway of the structure and funding of several agencies delivering economic development services to Council: Nelson Tasman Tourism (NTT), the Nelson Regional Economic Development Agency (EDA) and Uniquely Nelson. Recent changes saw Tasman District Council's shareholding in Nelson Tasman Tourism transferred to Nelson City Council. Tasman District Council has indicated that it wishes to continue to provide financial support for economic development and regional marketing services, but that it will now contract for these directly with this Council.

With Nelson City Council now the 100% shareholder of EDA and NTT and the sole funder of Uniquely Nelson, there is an opportunity to look at different, more effective ways of doing business in this area. One model to be considered is a single tourism, events and economic development agency to provide services in a more integrated way. Council's aim is to achieve a service which better supports our community to do business, grow the regional economy and develop a culture of innovation and entrepreneurship.

Some cost efficiencies in the order of $200,000 per year have been factored into the combined funding of the three agencies from 2016/17, the second year of the Plan.

"With Nelson City Council now the 100% shareholder of EDA and NTT and the sole funder of Uniquely Nelson, there is an opportunity to look at different, more effective ways of doing business in this area."

Development Contributions

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 caused by development. They are calculated according to the method set out in the Development and Financial Contributions Policy. Further information about development contributions and the likely impact of the policy is contained in the financial strategy section. The full Development and Financial Contributions Policy is available in the Appendices (see pages 259 to 318).

NCC_Long Term Plan_UPDATED_Oct15.indd 156 11/11/2015 2:43:37 p.m.

China Week

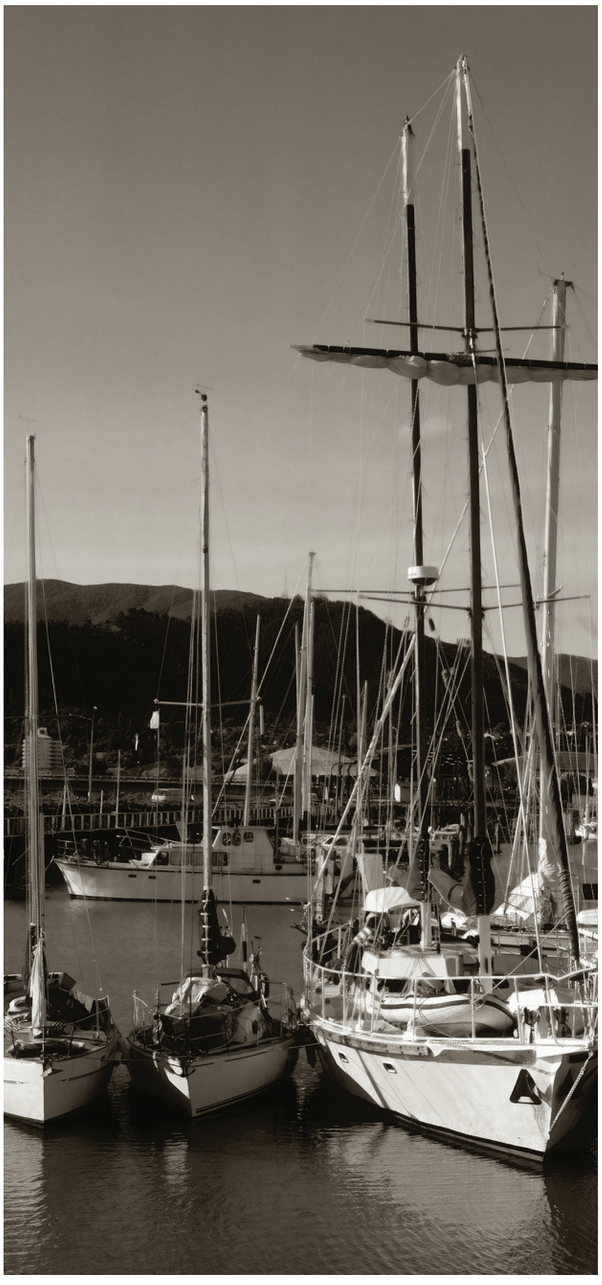
Council sees China as a significant international partner in Nelson and has a long standing Sister City Relationship with Huangshi in Hubei Province which goes back 20 years. Council also recently signed a Friendship Agreement with Yangjiang in Guangdong Province. This has the potential to bring social, cultural and economic benefits to our region. Both the EDA and NTT have been working on building economic and tourism opportunities with their counterparts in China – promising real economic benefits to Nelson. This year, Council proposes to celebrate these links by holding a 'China Week' to celebrate Chinese business, tourism and culture in Nelson. The event will take place in September and Council will work with the New Zealand China Friendship Society and the New Zealand China Association to put on a range of events and workshops to acknowledge and celebrate this growing relationship.

Nelson Enterprise Trust

The Nelson Enterprise Trust provides loans to businesses in the Nelson region and has been supported by Council through an interest free loan. In this Plan, Council has decided to increase the loan from $25,000 to $50,000 and extend it for a three year period through to July 2018.

Nelson Marlborough Institute of Technology

Nelson Marlborough Institute of Technology (NMIT) promotes education and training in the region. Council makes significant investment in infrastructure and activities that can be better targeted for supporting NMIT and other education providers. Accordingly, in line with Council's partnership approach, Council has resolved that officers will engage with NMIT and other education providers to develop a partnership strategy.



NCC_Long Term Plan_UPDATED_Oct15.indd 157 11/11/2015 2:43:37 p.m.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets in Years 1 - 3	Targets in Years 4 - 10
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 ($) Value of capital projects completed each year	The value of network assets recognised in the financial statements increased by $110 million (12%) over the previous year. The value of capital projects was $30.8 million in 2013/14.	Total value of Council's network assets is maintained or increased. Total value of capital projects is maintained or increased compared to previous year	Maintain
Facilitate economic development for the benefit of the community	Amount of government business support funding accessed for the region	Council accessed $691,678 of government funding for the region in 2013/14	Government business support funding is maintained or increased and budgeted grants for research and development, and capability development are fully allocated to businesses	Maintain
Promotion of Nelson to increase the economic value of tourism	Number of tourism guest nights annually	Guest nights up 3.4% on 2013/14. There were 1,240,052 guest nights in 2013/14	Increase the number of tourism guest nights annually	Maintain
	Number of tourism guest nights in the off-peak months	Increase of 3.8% total guest nights over July – October 2013 and April – June 2014	Increase the number of tourism guest nights in the off-peak months	Maintain

NCC_Long Term Plan_UPDATED_Oct15.indd 158 11/11/2015 2:43:38 p.m.

DRIVERS OF CAPITAL EXPENDITURE

No direct capital expenditure is planned for Council's Economic activity over the 10 year period of this Long Term Plan.

RELEVANT STRATEGIES AND POLICIES

- Regional Economic Development Strategy
- Nelson Regional Economic Development Agency Statement of Intent
- Nelson Tasman Tourism Statement of Intent
- Nelson Events Strategy
- Nelson 2060.

ASSUMPTIONS

The following assumptions apply specifically to economic:

- The review of economic development services will result in cost savings in the administrative side of Nelson Tasman Tourism and Nelson Regional Economic Development Agency
- Global economic conditions are unlikely to change significantly for the next three years.

SIGNIFICANT NEGATIVE EFFECTS AND RISK MITIGATION

Economic activity is funded from rates which causes a financial effect on ratepayers. There is a risk that the economic activity funding does not result in measurable outcomes. This is mitigated by ensuring activities are focussed on those that add value.

The review being undertaken on how economic development services are provided will assist Council to identify any existing weaknesses and may provide greater understanding of how to mitigate against the risk of poor outcomes in the future.

NCC_Long Term Plan_UPDATED_Oct15.indd 159 11/11/2015 2:43:39 p.m.

NELSON CITY COUNCIL
ECONOMIC FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	2,219	1,521	1,247	1,304	
Targeted rates	0	0	0	0	
Subsidies and grants for operating purposes	591	0	0	0	
Fees and charges	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Operating Funding	**2,810**	**1,521**	**1,247**	**1,304**	
Applications of operating funding					
Payments to staff and suppliers	2,794	1,508	1,233	1,290	
Finance costs	0	0	0	0	
Internal charges and overheads applied *	16	13	14	14	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**2,810**	**1,521**	**1,247**	**1,304**	
Surplus (Deficit) of operating funding	**0**	**0**	**0**	**0**	
Sources of capital funding					
Subsidies and grants for capital	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase (decrease) in debt	0	0	0	0	
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**0**	**0**	**0**	**0**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of capital funding	**0**	**0**	**0**	**0**	
Surplus (Deficit) of capital funding	**0**	**0**	**0**	**0**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 160 11/11/2015 2:43:39 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	1,305	1,336	1,402	1,405	1,443	1,519	1,526
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	1,305	**1,336**	**1,402**	**1,405**	**1,443**	**1,519**	**1,526**
	1,291	1,322	1,388	1,391	1,429	1,505	1,512
	0	0	0	0	0	0	0
	14	14	14	14	14	14	14
	0	0	0	0	0	0	0
	1,305	**1,336**	**1,402**	**1,405**	**1,443**	**1,519**	**1,526**
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 161 11/11/2015 2:43:39 p.m.

ECONOMIC COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Income					
Rating Income	2,219	1,521	1,247	1,304	
Operating Income	591	0	0	0	
Capital Income	0	0	0	0	
Total Income	**2,810**	**1,521**	**1,247**	**1,304**	
Expenses					
Payments to staff and suppliers	2,797	1,508	1,233	1,290	
Finance costs	13	13	14	14	
Depreciation	0	0	0	0	
Total Expenses	**2,810**	**1,521**	**1,247**	**1,304**	
Net Surplus (Deficit)	**0**	**0**	**0**	**0**	
Sources of funds					
Net Surplus (Deficit)	0	0	0	0	
Non cash expenditure	0	0	0	0	
Increase (decrease) in debt	0	0	0	0	
Gross proceeds from sale of assets	0	0	0	0	
Total Sources of funds	**0**	**0**	**0**	**0**	
Applications of funds					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase (decrease) in reserves	0	0	0	0	
Increase (decrease) in investments	0	0	0	0	
Total applications of funds	**0**	**0**	**0**	**0**	
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Surplus/(Deficit) of operating funding from Funding Impact Statement	**0**	**0**	**0**	**0**	
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Vested Assets	0	0	0	0	
Gains on sale	0	0	0	0	
Depreciation	0	0	0	0	
Net Surplus (Deficit) before taxation in Cost of Service Statement	**0**	**0**	**0**	**0**	

NCC_Long Term Plan_UPDATED_Oct15.indd 162 11/11/2015 2:43:40 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	1,305	1,336	1,402	1,405	1,443	1,519	1,526
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	1,305	**1,336**	**1,402**	**1,405**	**1,443**	**1,519**	**1,526**
	1,291	1,322	1,388	1,391	1,429	1,505	1,512
	14	14	14	14	14	14	14
	0	0	0	0	0	0	0
	1,305	**1,336**	**1,402**	**1,405**	**1,443**	**1,519**	**1,526**
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	0	**0**	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 163 11/11/2015 2:43:40 p.m.

CORPORATE

WHAT WE DO

Council's corporate activity includes governance services, Council elections, and behind the scenes support services to ensure the smooth running of the organisation. The costs of producing major long term/ strategic documents and policies such as the Long Term Plan, Annual Plans and Annual Reports are included in this activity.

The corporate activity includes managing a small portfolio of Council-owned properties that are held for strategic purposes or new uses for the city in the future. These include the Anchor building - 258 Wakefield Quay, ex Four Seasons building - 250 Wakefield Quay and ex Reliance Engineering building - 236 Wakefield Quay, the Zumo site – 42 Rutherford street, Mediterranean Foods Building - 23 Halifax Street next to the Elma Turner Library and the ex Hunting & Fishing building - 81 Achilles Avenue and Hunter Furniture building - 105 Achilles Avenue.

Council has established Council Controlled Organisations (CCOs), including four Council Controlled Trading Organisations (CCTOs), some shared with Tasman District Council. These provide wide benefits to the community and dividends to Council and more detail about each is explained in a later section.

WHY WE DO IT

Running local authority elections to provide democratic representation 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'. 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 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.

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.

NCC_Long Term Plan_UPDATED_Oct15.indd 164 11/11/2015 2:43:41 p.m.

COMMUNITY OUTCOMES

Community outcomes	How this Council activity contributes to the outcome
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Council works together with community and regional partners. The needs of future generations are considered in all its decisions and our youth are mentored and encouraged to take on leadership roles. Community input to Council's decision making is facilitated by inclusive consultation.
Our infrastructure is efficient, cost effective and meets current and future needs	Council seeks to apply sustainable energy use practices in its activities.

The full description of Council's community outcomes can be found on pages 17 to 19 of the Plan.

COUNCIL'S PRIORITIES FOR THE NEXT THREE YEARS

Earthquake prone buildings

Since 1 January 2014, a total of 20 section 124 notices have been issued to Council in respect of earthquake prone buildings and six of these have subsequently been lifted following strengthening, demolition, additional investigation or change of usage. A further four buildings are in the process of being strengthened that will see the section 124 notices lifted. One building is also scheduled for demolition and another for strengthening in the next financial year that will see the section 124 notices being removed.

Budget exists in each year of the Plan to undertake limited remedial works as-and-when required following further assessments.

Disaster Recovery Fund

The anticipated cost to Council of recovering from recent storms is $9.7 million after insurance and other cost recoveries and including interest. Council had to borrow for the cost of recovery works following the December 2011 severe rainfall event and then again for the April 2013 event. This borrowing is shown against a new Disaster Recovery Fund that is still in deficit. Projections in 2013/14 showed the Disaster Recovery Fund would not have a positive balance until 2023, so an additional $0.8 million was added in 2014/15 to reduce that repayment period. Council is committed to reducing the deficit in this Fund at a faster rate so funds can be accumulated to respond appropriately to future events. We believe this is important given the proven trend towards an increasing number of extreme weather events.

Civic House

Civic House is made up of three main buildings: the clock tower and attached seven storey building, the old Post Office Savings bank (three storeys) and the State Advances Building (two storeys). Civic House has a customer service centre with a call centre and service desk, offices for council operations, the city council chambers, facilitates mobile communications, and supports a commercial tenancy.

There is currently sufficient space for Council to conduct its activities and the State Advances Building has been identified as surplus to current requirements.

Civic House and the associated buildings require a programmed renewal and maintenance plan. This Long Term Plan provides for scheduled maintenance over 10 years, with major expenditure items including:

- Verandah renewal
- Ongoing building modifications.

NCC_Long Term Plan_UPDATED_Oct15.indd 165 11/11/2015 2:43:42 p.m.

SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS

What Council will provide	Performance Measures	Current Performance	Targets			Targets in Year 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	Elections in 2013/14 took place on time, within budget, and there were no complaints	–	Election on time, within budget, no upheld complaints	-	Elections in 2019 and 2022 on time, within budget, no upheld complaints
Effective engagement and consultation	Resident satisfaction	A total of 53% of residents were satisfied with the opportunities to provide feedback and take part in decision making in 2014.	Maintain or improve on 2014 results	Maintain	At least 70% satisfied with opportunities to take part At least 70% 'about right' amount of information	Maintain or improve levels of satisfaction
Council Controlled Organisations that deliver net benefit to the community	Refer to CCO section for specific measures for each CCO	Council is satisfied with performance results received from CCOs. Individual measures are contained in the CCO section	Council satisfied with attainment of six monthly CCO targets for all SOIs	Maintain	Maintain	Maintain
Promote Māori participation in resource management and decision–making	Level of iwi/ Māori representatives' satisfaction with participation opportunities	Not measured	At least 90% satisfied or very satisfied	Maintain or improve on 2015 results	Maintain	Maintain

NCC_Long Term Plan_UPDATED_Oct15.indd 166 11/11/2015 2:43:42 p.m.

DRIVERS OF CAPITAL EXPENDITURE

Information Technology (IT) infrastructure spending is driven by the need to maintain customer levels of service by keeping systems and processes up-to-date and efficient. Some key IT systems and services need replacing as the current software or hardware is at the end of its life.

RELEVANT STRATEGIES AND POLICIES

- Code of Conduct Policy
- Delegations Manual
- CCO and CCTO Statements of Intent
- Nelson 2060.

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.

NEGATIVE EFFECTS AND RISK MITIGATION

Sometimes decisions made for the community have a perceived negative impact on the actions or wellbeing of some groups or individuals. Council weighs up the competing demands of different interest groups and tries to make decisions that are in the best interests of the city as a whole.

NCC_Long Term Plan_UPDATED_Oct15.indd 167 11/11/2015 2:43:43 p.m.

NELSON CITY COUNCIL
CORPORATE FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	(236)	(1,550)	(206)	(185)	
Targeted rates	0	0	0	0	
Subsidies and grants for operating purposes	202	5	5	5	
Fees and charges	0	0	0	0	
Internal charges and overheads recovered	9,735	10,193	11,480	11,796	
Local authorities fuel tax, fines, infringement fees, and other receipts	4,143	4,546	4,320	4,569	
Total Operating Funding	**13,844**	**13,194**	**15,599**	**16,185**	
Applications of operating funding					
Payments to staff and suppliers	6,294	5,818	5,945	6,023	
Finance costs	4,523	4,482	6,176	6,539	
Internal charges and overheads applied *	1,404	1,204	1,222	1,180	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**12,221**	**11,504**	**13,343**	**13,742**	
Surplus (Deficit) of operating funding	**1,623**	**1,690**	**2,257**	**2,443**	
Sources of capital funding					
Subsidies and grants for capital	800	0	0	0	
Development and financial contributions	0	0	0	0	
Increase (decrease) in debt	22,819	38,605	15,363	8,940	
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**23,619**	**38,605**	**15,363**	**8,940**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	565	861	291	345	
- to improve level of service	931	1,542	1,044	889	
- to replace existing assets	1,463	1,648	1,041	688	
Increase (decrease) in reserves	20	(377)	360	240	
Increase (decrease) in investments	22,263	36,621	14,883	9,221	
Total applications of capital funding	**25,242**	**40,295**	**17,619**	**11,383**	
Surplus (Deficit) of capital funding	**(1,623)**	**(1,690)**	**(2,256)**	**(2,443)**	
Funding balance	**0**	**0**	**0**	**0**	

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

NCC_Long Term Plan_UPDATED_Oct15.indd 168 11/11/2015 2:43:44 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	663	896	1,098	1,275	1,476	1,586	1,822
	0	0	0	0	0	0	0
	5	5	5	6	6	6	6
	0	0	0	0	0	0	0
	11,981	12,244	12,633	12,917	13,376	13,863	14,062
	5,439	5,110	4,809	4,746	4,871	5,444	5,541
	18,088	**18,255**	**18,545**	**18,944**	**19,729**	**20,899**	**21,431**
	6,147	6,772	6,955	7,055	7,455	7,558	7,791
	6,962	7,226	7,577	7,743	8,156	8,426	8,784
	1,105	1,036	1,047	1,098	1,151	1,195	1,217
	0	0	0	0	0	0	0
	14,214	**15,034**	**15,579**	**15,896**	**16,762**	**17,179**	**17,792**
	3,874	**3,220**	**2,967**	**3,048**	**2,967**	**3,720**	**3,639**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	3,722	5,093	2,564	8,536	6,196	5,306	(512)
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	3,722	**5,093**	**2,564**	**8,536**	**6,196**	**5,306**	**(512)**
	287	361	307	378	323	414	328
	862	881	1,025	1,114	971	1,067	1,054
	625	546	831	924	721	704	579
	181	10	191	246	307	198	(708)
	5,642	6,515	3,176	8,921	6,841	6,643	1,874
	7,597	**8,313**	**5,530**	**11,583**	**9,163**	**9,026**	**3,127**
	(3,875)	**(3,220)**	**(2,966)**	**(3,048)**	**(2,967)**	**(3,719)**	**(3,639)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 169 11/11/2015 2:43:44 p.m.

CORPORATE COST OF SERVICE STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Income				
Rating Income	(340)	(1,449)	(103)	(80)
Rates Remissions	(80)	(101)	(103)	(105)
Operating Income	14,214	14,745	15,808	16,372
Capital Income	3,800	3,051	3,124	3,187
Total Income	**17,594**	**16,246**	**18,727**	**19,374**
Expenses				
Payments to staff and suppliers	6,554	6,119	6,244	6,324
Finance costs	5,617	5,386	7,102	7,420
Depreciation	1,403	1,527	1,645	1,741
Total Expenses	**13,574**	**13,032**	**14,991**	**15,485**
Net Surplus (Deficit)	**4,020**	**3,214**	**3,736**	**3,889**
Sources of funds				
Net Surplus (Deficit)	4,020	3,214	3,736	3,889
Non cash expenditure	1,403	1,527	1,645	1,741
Increase (decrease) in debt	22,819	38,605	15,363	8,940
Gross proceeds from sale of assets	0	0	0	0
Total Sources of funds	**28,242**	**43,346**	**20,743**	**14,570**
Applications of funds				
Capital Expenditure				
- to meet additional demand	3,565	3,912	3,415	3,532
- to improve level of service	931	1,542	1,044	889
- to replace existing assets	1,463	1,648	1,041	688
Increase (decrease) in reserves	20	(377)	360	240
Increase (decrease) in investments	22,263	36,621	14,883	9,221
Total applications of funds	**28,242**	**43,346**	**20,743**	**14,570**
Funding balance	**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 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**1,623**	**1,690**	**2,257**	**2,443**
Subsidies and grants for capital expenditure	800	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	3,000	3,051	3,124	3,187
Gains on sale	0	0	0	0
Depreciation	(1,403)	(1,527)	(1,645)	(1,741)
Net Surplus (Deficit) before taxation in Cost of Service Statement	**4,020**	**3,214**	**3,736**	**3,889**

NCC_Long Term Plan_UPDATED_Oct15.indd 170 11/11/2015 2:43:44 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	770	1,005	1,210	1,389	1,593	1,706	1,945
	(107)	(109)	(112)	(114)	(117)	(120)	(123)
	17,428	17,359	17,447	17,669	18,253	19,313	19,609
	3,254	3,323	3,398	3,476	3,557	3,644	3,734
	21,345	**21,578**	**21,943**	**22,420**	**23,287**	**24,543**	**25,165**
	6,450	7,075	7,266	7,368	7,771	7,880	8,114
	7,767	7,960	8,316	8,531	8,992	9,301	9,679
	1,641	1,428	1,335	1,397	1,459	1,498	1,449
	15,858	**16,463**	**16,917**	**17,296**	**18,222**	**18,679**	**19,242**
	5,487	**5,114**	**5,027**	**5,124**	**5,065**	**5,864**	**5,922**
	5,487	5,114	5,027	5,124	5,065	5,864	5,922
	1,641	1,428	1,335	1,397	1,459	1,498	1,449
	3,722	5,093	2,564	8,536	6,196	5,306	(512)
	0	0	0	0	0	0	0
	10,850	**11,636**	**8,925**	**15,057**	**12,720**	**12,668**	**6,860**
	3,541	3,683	3,702	3,851	3,879	4,056	4,061
	862	881	1,025	1,114	971	1,067	1,054
	625	546	831	924	721	704	579
	181	10	191	246	307	198	(708)
	5,642	6,515	3,176	8,921	6,841	6,643	1,874
	10,851	**11,635**	**8,925**	**15,056**	**12,720**	**12,668**	**6,860**
	0	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	3,874	**3,220**	**2,967**	**3,048**	**2,967**	**3,720**	**3,639**
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	3,254	3,322	3,395	3,473	3,556	3,642	3,733
	0	0	0	0	0	0	0
	(1,641)	(1,428)	(1,335)	(1,397)	(1,459)	(1,498)	(1,449)
	5,487	**5,114**	**5,027**	**5,124**	**5,065**	**5,864**	**5,922**

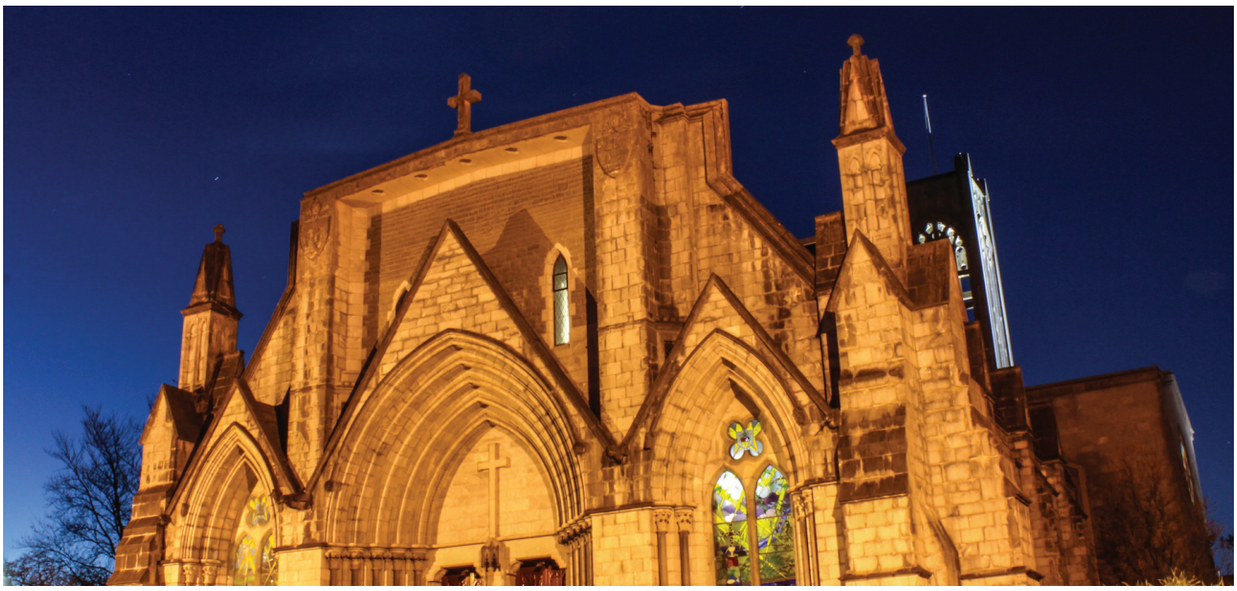
NCC_Long Term Plan_UPDATED_Oct15.indd 171 11/11/2015 2:43:44 p.m.

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

Project	2015/16	2016/17	2017/18	2018/19	
Civic House					
Air conditioning	150,000	0	0	0	
Building modifications	50,000	256,525	105,319	54,066	
Plant & equipment	100,000	102,610	105,319	108,131	
Renewal program	110,000	112,871	52,660	43,252	
Veranda renewal	350,000	0	0	0	
Earthquake prone buildings remediation	419,000	513,050	526,595	540,655	
Floor 1 upgrade	435,000	0	0	0	
Rental Properties					
Hunter Furniture roof renewal	200,000	0	0	0	
Strategic land purchases	500,000	0	0	0	
Administration					
Aerial photography programme	75,000	0	78,989	64,879	
Computer hardware and network	65,000	97,480	14,481	0	
Computer desktops	125,000	128,263	131,649	135,164	
Motor vehicles	112,000	133,393	84,255	86,505	
Telephone system	0	0	0	0	
Core systems enhancement	390,000	256,525	326,489	270,328	
IT Infrastructure hosting investigation	31,000	232,925	84,255	32,439	
Elevation data for key areas	150,000	0	0	0	
Nmap upgrade	40,000	123,132	47,394	48,659	
Single customer database	118,000	0	0	0	
Projects under $100,000	628,570	419,385	365,066	389,850	
Total Corporate	**4,048,570**	**2,376,159**	**1,922,471**	**1,773,928**	

NCC_Long Term Plan_UPDATED_Oct15.indd 172 11/11/2015 2:43:44 p.m.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	0	0	0	0	0	0
	55,580	57,225	177,012	60,934	63,054	65,368
	111,159	114,449	177,012	121,867	126,108	130,736
	0	0	0	12,187	0	0
	0	0	0	0	0	0
	555,795	572,245	590,040	609,335	630,540	653,680
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	88,927	0	94,406	79,214	107,192	0
	0	114,449	0	36,560	81,970	0
	138,949	143,061	147,510	152,334	157,635	163,420
	144,507	91,559	94,406	210,830	100,886	104,589
	0	0	259,618	0	0	0
	339,035	291,845	359,924	304,668	390,935	307,230
	35,571	217,453	82,606	36,560	100,886	39,221
	0	57,225	0	0	63,054	0
	50,022	114,449	59,004	60,934	63,054	71,905
	0	0	0	0	0	0
	268,128	389,525	374,361	329,170	298,763	424,476
	1,787,673	**2,163,485**	**2,415,899**	**2,014,593**	**2,184,077**	**1,960,625**



NCC_Long Term Plan_UPDATED_Oct15.indd 173 11/11/2015 2:43:45 p.m.

ACCOUNTING INFORMATION

Accounting policies

Assumptions

Statement of comprehensive revenue and expense

Statement of changes in net assets/equity

Statement of financial position

Statement of cashflows

Funding impact statement

Financial reserves estimates

Financial Prudence

Funding impact statement

Summary of Rates and Charges

Revenue and financing policy

Rates remission policy

Rates postponement policy

Council Controlled Organisations

Water and sanitary services assessment

Waste management and minimisation plan

ACCOUNTING POLICIES

REPORTING ENTITY

The Nelson City Council Group consists of Nelson City Council, its subsidiaries, associates and joint ventures (see pages 247 to 252). The information provided in these prospective financial statements includes the operation of Nelson City Council only, as Council considers that this provides the clearest and most relevant information about the cost of services provided to ratepayers and consequently the rates income that is required to fund those services. The level of rates funding required to provide core services is not affected by other members of the group except to the extent that Council receives distributions from, or further invests in, those other members. The effects of such transactions are included in the prospective financial statements of the Council.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

This forecast information has been prepared in accordance with the requirements of the Local Government Act 2002. With the exception of the Funding Impact Statements this forecast information has also been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) as it relates to prospective financial information and PBE FRS 42 – prospective financial statements. They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities. The prospective financial statements have been prepared in accordance with Tier 1 PBE standards.

The Funding Impact Statements (FIS) do not comply with GAAP as they do not recognise depreciation and movements in the valuation of assets and also they do not show capital income (Subsidies and Development Contributions) as operating income. A reconciliation is provided between the FIS surplus/(deficit) of operating funding and the Statement of Comprehensive Revenue and Expense or activity Cost of Service Statement net surplus/(deficit) before tax for the whole of Council summary and each activity.

The prospective statements of Nelson City Council are for the 10 years from 1 July 2015. The forecast information was authorised for issue by Council on 23 June 2015.

This prospective financial information is based upon the financial statements as published in the June 2014 Annual Report, and adjusted to incorporate updated assumptions and council decisions made for the purpose of this Long Term Plan. Actual financial results are likely to be different from these Prospective Financial Statements, and that difference may be material.

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 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.

EXCHANGE AND NON-EXCHANGE TRANSACTIONS

An exchange transaction is one in which Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transactions are where Council receives value from another entity without giving approximately equal value in exchange.

NCC_Long Term Plan_UPDATED_Oct15.indd 176 11/11/2015 2:43:46 p.m.

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. Rates are non-exchange transactions.

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. Water rates are exchange transactions.

GOVERNMENT GRANTS

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

PROVISION OF 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. The provision of services is generally an exchange transactions.

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 Council are recognised as income when control over the asset is obtained. Vested assets is non-exchange revenue.

SALES OF GOODS

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

TRAFFIC AND PARKING INFRINGEMENTS

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

INTEREST AND DIVIDENDS

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

DEVELOPMENT CONTRIBUTIONS

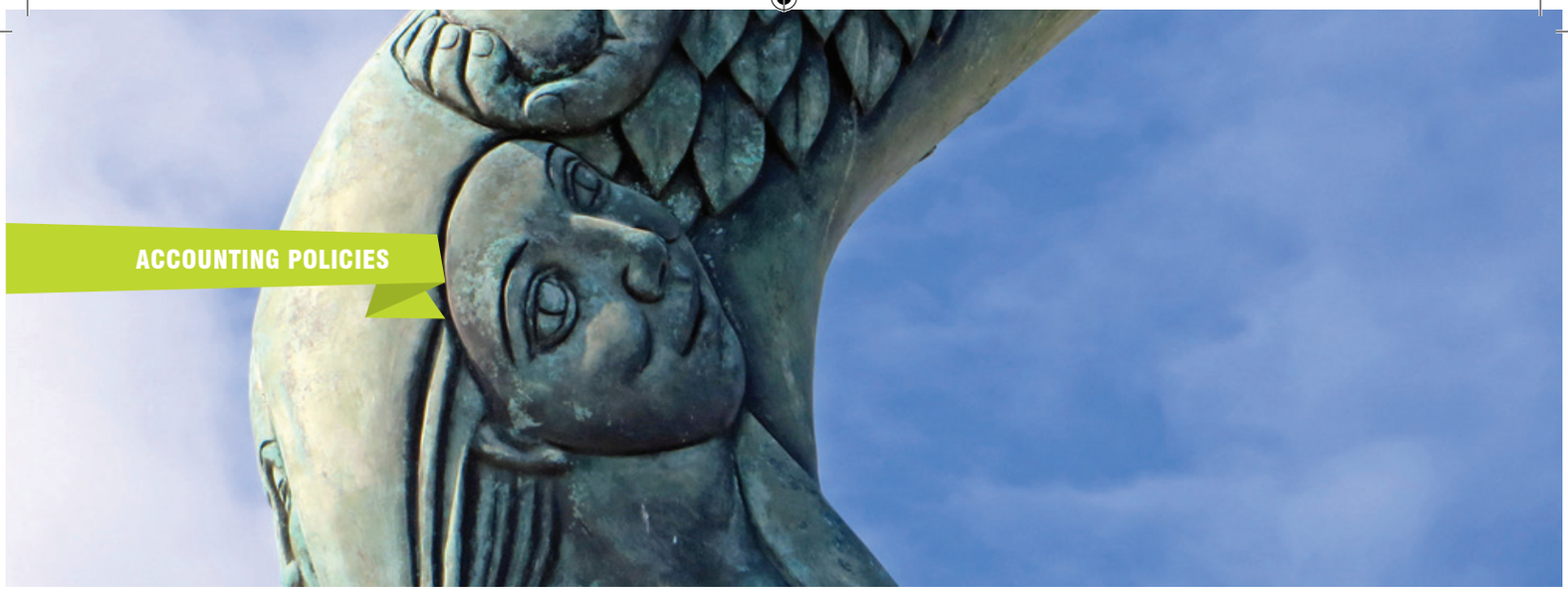
Development and Financial Contributions are recognised as revenue when Council is able to enforce collection of the contribution under the applicable legislation. Development contributions are non-exchange transactions.

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 in current liabilities in the statement of financial position.

NCC_Long Term Plan_UPDATED_Oct15.indd 177 11/11/2015 2:43:46 p.m.



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 Council but are subject to a legal restriction on their use.
- **Heritage Assets** – include museum artefacts, collections and historical buildings and monuments.
- **Infrastructure Assets** – infrastructure assets are the fixed utility systems owned by Council. These include the roading, water, sewer and stormwater networks.

All assets are valued at historical cost, except for the following:

- Land – operational and restricted land (with the exception of Ridgeway subdivisions) is reviewed annually and valued at fair value every five years or if there is a material movement. Land was last valued by Quotable Value NZ as at 30 June 2014.
- 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.
- Infrastructure assets – excluding specialised infrastructural assets are valued internally at depreciated replacement cost by Council engineers annually. The last valuation is as at 30 June 2014 and the valuation methodology has been peer reviewed by Opus International Consultants Ltd.
- Specialist infrastructure assets – include dams, water reservoirs and wastewater treatment plants. These assets are valued at depreciated replacement cost every two years by an independent registered valuer and by Council engineers in the intervening year. The last valuation is as at 30 June 2014 by Opus International Consultants Ltd.
- Nelson Regional Sewerage Business Unit – land is reviewed annually and valued at fair value every five years or if there is a material movement. Land was last valued by Quotable Value NZ as at 30 June 2014. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by Council engineers. The latest valuation was conducted as at 30 June 2014 and peer reviewed by Opus International Consultants Ltd.
- 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 178 11/11/2015 2:43:46 p.m.

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
Solid waste	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24
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
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

BIOLOGICAL ASSETS

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 Revenue and Expense.

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

NCC_Long Term Plan_UPDATED_Oct15.indd 179 11/11/2015 2:43:47 p.m.

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 Revenue and Expense. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

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

Inventory

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

Work in progress

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

Investment property

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 Revenue and Expense.

Financial instruments

Council 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 Revenue and Expense.

Derivative financial instruments

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 Revenue and Expense 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

NCC_Long Term Plan_UPDATED_Oct15.indd 180 11/11/2015 2:43:48 p.m.

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 Revenue and Expense.

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 Revenue and Expense. 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 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

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

Employee entitlements

Short-term employee entitlements

Provision is made in respect of Council's liability for salaries and wages and annual leave accrued but unpaid at balance date. The liabilities are measured at the amounts expected to be paid when the liabilities are settled.

A liability for sick leave is recognized to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it is likely to be used by staff to cover those future absences.

NCC_Long Term Plan_UPDATED_Oct15.indd 181 11/11/2015 2:43:48 p.m.

Short term employee entitlements are recorded as current liabilities and are recognized in the surplus or deficit during the period in which the employee rendered the related service. Settlement of these liabilities is generally expected to be within 12 months of reporting date.

Long-term employee entitlements

Depending on their contract, employees of the group may be eligible for long service leave or retirement gratuities. An actuarial calculation is used to value these non-current liabilities and gains and losses are fully accounted for in the statement of comprehensive revenue and expense. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of estimated future cash flows.

Landfill after care costs

As operator of the York Valley landfill, Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure. The landfill post closure provision is recognised in accordance with New Zealand PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets. This provision is calculated on the basis of discounting closure and post closure costs into present day value.

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

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 used.

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 Revenue and Expense, 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 182 11/11/2015 2:43:48 p.m.

Allocation of overheads – significant activities

All overheads by way of the job costing system have been allocated to 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, 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 Council, and which may not be revised by Council without reference to the courts or a third party. Transfer from these reserves may be made only for certain specified purposes or if certain specified conditions are met.

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

Revaluation reserves – The results of revaluing land, infrastructural assets are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in the Statement of Comprehensive Revenue and Expense. To the extent that increases in value offset previous decreases debited to the Statement of Comprehensive Revenue and Expense, the increase is credited to the Statement of Comprehensive Revenue and Expense.

Statement of cashflows

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

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

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

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

Leases

Finance leases are leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset are transferred to 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 are no standards, amendments, and interpretations that are not yet effective and have not been early adopted that are relevant to Council.

Critical accounting estimates and assumptions

In preparing this forecast information 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 183 11/11/2015 2:43:49 p.m.

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 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 deprecation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the 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 Council's asset management planning activities, which gives Council further assurance over its useful life estimates
- Experienced independent valuers perform Council's infrastructural asset revaluations.

NCC_Long Term Plan_UPDATED_Oct15.indd 184 11/11/2015 2:43:54 p.m.

ASSUMPTIONS

Council is required to identify the significant forecasting assumptions it has made in preparing its 10 year Long Term Plan. Assumptions are necessary to allow Council to plan for expenditure and costs over the next 10 years. They are the best reasonable assessment made on the basis of currently available information.

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

Forecasting assumptions	Risk/uncertainty	Impact	Comment/ mitigation
Population growth: Based on advice from Statistics New Zealand in February 2015, the population in Nelson has grown faster than was expected. Nelson's population is expected to grow by 3,600 residents in the next 10 years to almost 53,400 by 2025. The age group with the biggest proportional increase is those over 75 years, which will rise from 8% in 2015 to 20% by 2045. The rate of population growth is then expected to slow down after 2025, reaching 56,000 in 2045. The number of households in Nelson is projected to increase by about 1,800 in the next 10 years to reach almost 22,400 in 2025, and almost 24,200 in 2045. Approximately half of the growth during the life of this Long Term Plan will be in the wider Stoke area	Growth higher than projected, putting pressure on Council services and infrastructure. The age profile could vary from forecast, with more accelerated ageing putting pressure on certain services/ facilities.	Low	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. This limits the risk exposure.
Affordability: The Nelson Tasman economy has grown more slowly than the national average for a number of years but overall has weathered the global economic downturn reasonably well. Council is taking a cautious approach to prospects for the regional economy, noting that the ageing demographic will bring older residents who are no longer in employment and potentially less able to afford increasing rates.	Economic pressures lead to more residents defaulting on rates payments than expected.	Medium	This will be a medium to long term impact particularly if, as predicted, the average retirement age also rises significantly.

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NCC_Long Term Plan_UPDATED_Oct15.indd 185 11/11/2015 2:43:54 p.m.

<table>
<tr><th>Forecasting assumptions</th><th>Risk/uncertainty</th><th>Impact</th><th>Comment/ mitigation</th></tr>
<tr><td>Census data shows that those entitled to superannuation in paid employment is less than the national average, however this may change as the age of superannuation entitlement may be raised over the period of this Long Term Plan.

Housing affordability in the area continues to be an issue, with Nelson remaining in the five least affordable regions in New Zealand (Statistics NZ, Roost).</td><td>There is a risk that as a result of a higher cost of living in the region and the higher percentage of older residents, that there may be difficulties in attracting key staff</td><td></td><td>The risks of an ageing demographic may be balanced by the potential to bring economic opportunity to the region in specific industries such as retirement villages, and specialised services.</td></tr>
<tr><td>Inflation/Price changes: Council uses inflation forecasts from Business and Economic Research Ltd (BERL) to estimate inflation over time. These figures were updated in September 2014, and are prepared specifically for Local Government. It is assumed that inflation rates are as predicted and modelled in budgets.

<table>
<tr><th>Year ending</th><th>CPI %</th><th>BERL LGCI Opex %</th><th>BERL LGCI capex %</th><th>BERL LGCI %</th></tr>
<tr><td>30-Jun-16</td><td>1.7</td><td>2.2</td><td>2.3</td><td>2.2</td></tr>
<tr><td>30-Jun-17</td><td>1.9</td><td>2.3</td><td>2.6</td><td>2.5</td></tr>
<tr><td>30-Jun-18</td><td>2.0</td><td>2.4</td><td>2.6</td><td>2.5</td></tr>
<tr><td>30-Jun-19</td><td>2.1</td><td>2.6</td><td>2.7</td><td>2.6</td></tr>
<tr><td>30-Jun-20</td><td>2.1</td><td>2.7</td><td>2.8</td><td>2.8</td></tr>
<tr><td>30-Jun-21</td><td>2.2</td><td>2.9</td><td>3.0</td><td>2.9</td></tr>
<tr><td>30-Jun-22</td><td>2.3</td><td>3.0</td><td>3.1</td><td>3.0</td></tr>
<tr><td>30-Jun-23</td><td>2.4</td><td>3.1</td><td>3.3</td><td>3.2</td></tr>
<tr><td>30-Jun-24</td><td>2.4</td><td>3.3</td><td>3.5</td><td>3.4</td></tr>
<tr><td>30-Jun-25</td><td>2.5</td><td>3.4</td><td>3.7</td><td>3.5</td></tr>
</table>
CPI = Consumer price index
LGCI = Local government cost index
Opex = Operating expenditure
Capex = Capital expenditure</td><td>Inflation higher than expected, increasing costs for Council.</td><td>Medium</td><td>Likely to be some variation in actual rates of inflation from predictions and this will impact on the financial results of Council. Changing costs may mean the timing of projects needs to be adjusted.

Council has relied on the current parameters the Reserve Bank is required to operate under in terms of inflation being held within the range of 1 – 3 %</td></tr>
<tr><td>Interest rates: In preparing the Long Term Plan Council has assumed an interest rate of between 5.15 and 5.45%. Assumptions are based on detailed analysis of the cost of both existing and future debts and anticipated interest rates.</td><td>The prevailing interest rates differ significantly from those estimated by the Reserve Bank of New Zealand.</td><td>Medium</td><td>Increase in interest rates flow through to higher debt servicing costs and higher rates funding requirements. Council has mitigated these risks with a prudent hedging programme developed within the limits of a prudent treasury policy.</td></tr>
<tr><td>Development contributions: Assumptions on development contributions are included in the updated Development and Financial Contributions Policy. With changes to the legislation around development contributions there is uncertainty about the level of contributions and any costs associated with the new processes. Council has assumed it will collect $1.2 million per year in Development Contributions during the 10 year of the Plan.</td><td>The level of development contributions collected could be insufficient to cover the costs of required growth infrastructure.</td><td>Low</td><td>Costs for infrastructure will need to be met from other allocations.</td></tr>
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NCC_Long Term Plan_UPDATED_Oct15.indd 186 11/11/2015 2:43:54 p.m.

Forecasting assumptions	Risk/uncertainty	Impact	Comment/ mitigation
Not all lots available for development will be developed during the 10 years of the Plan and therefore the development contributions collected will be less than the maximum calculated under the policy.	Low	Low	Council has made a conservative estimate of income from development contributions.
Climate change and natural disasters: It is assumed that natural disasters will occur with increasing frequency. This has been the experience of recent years and is consistent with predictions of climate change impacts. Exposure of low lying land to the risk of inundation from sea level rise is another assumption related to climate change. Council relies on Ministry for Environment guidelines in estimating sea level rise. Council's Land Development Manual currently provides for a 0.5m sea level rise by the end of the century but this will be reviewed in line with the latest MfE advice (1m for 100 years). The Nelson Tasman Civil Defence Emergency Plan states that the most significant natural hazards for Nelson are: earthquakes (greatest impact) and flooding (most likely). The probability of a magnitude 7 earthquake in Nelson is 87% in the next 50 years, and 98% in the next 100 years. The probability of a magnitude 8 earthquake is 43% in the next 50 years, and 67% in the next 100 years.	Climatic events lead to increased costs for Council in both responding to events and building greater resilience into infrastructure.	Medium	A characteristic of the Nelson community is the concentration of lifelines infrastructure (roading network, port, airport etc) on low-lying areas. Council has been increasing its contributions to the Emergency Fund as one method of mitigating the risk of natural disasters.
Hazards: It is expected that dealing with contaminated land in capital and maintenance projects will become more common as the HAIL register is refined and added to.	Investigation, consenting, handling and disposal of contaminated material lead to an increased overall cost of projects.	Medium	Increased design and construction budgets in the annual and long term plans. If Council has made past decisions that were compliant with the legislation at the time of consent being granted, then it is unlikely that it would then be financially liable for remediation or mitigation of identified hazards after that time. In relation to the private use of land, council has a duty of care in issuing LIM's, and must ensure that an applicant has been informed properly and fairly about relevant features or characteristics of the land and its uses. Council includes HAIL information on LIM reports to ensure all known information is made available. In granting a resource consent, where there are likely or known hazards, then any consent issued requires these hazards or adverse effects to be mitigated or removed.

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NCC_Long Term Plan_UPDATED_Oct15.indd 187 11/11/2015 2:43:54 p.m.

Forecasting assumptions	Risk/uncertainty	Impact	Comment/ mitigation
Useful lives of significant assets: It is assumed that there will be no reassessment of the useful lives of assets during the 10 year period covered by this plan. The detail of useful lives for each asset category is covered in the Statement of Accounting Policies.	Assets wearing out earlier than predicted and funding needs to be found for replacements.	Low	This may result in changes needing to be made to the underlying capital expenditure programme.
Loan arrangements: It is assumed that Council's bankers will continue to renew the existing loan facilities.	Access to committed loan facilities less than expected.	Low	The Local Government Funding Agency now in place should allow Council to diversify funding sources away from the local banks as well as being able to borrow for longer terms.
NZ Transport Agency funding: NZTA has reviewed the principles and methods used in setting its financial assistance rates. For 2015/16 the FAR will be 47% and will rise by 1% per year to 51% over six years.	NZTA providing less funding than currently indicated and Council's share of project costs therefore increasing.	Medium	Changes to the funding priorities of NZ Transport Agency are outside Council control.
Weather tight building claims: It is assumed that there will continue to be claims for weather tightness but these will not be significantly more than accounted for.	Claims on Council higher than forecast.	Medium	A higher level of claims would impact on rates by increasing the rate requirement.
Earthquake prone buildings: It is assumed that Council will face ongoing costs with regard to earthquake prone building assets, but that decisions about works to undertake and the timing of any necessary works will allow costs to be adequately spread. The proposed Building (Earthquake-Prone Buildings) Amendment Bill proposes that Councils must complete seismic capacity assessments of specified buildings not later than 5 years after the day the Act comes into force.	New work is identified, or required work is more significant than anticipated.	Medium	Significant additional expenditure on earthquake strengthening buildings could not be met by the current budget.
Resource consents: It is assumed that 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.	Conditions of resource consents altered and significant new compliance costs or consents cannot be renewed as expected.	Medium	Budgets are in place for renewal of resource consents and there is no expectation of significant departure from requirements over the next 10 years.
Vested Assets: It is assumed that vested assets increase by $3m per year adjusted by inflation. Council assumes that the impact of vested assets will be neutral, in that the costs associated with the additional assets will be offset by a proportionate increase in rates revenue.	That Council will have more assets vested thereby increasing the depreciation expense in subsequent years that is not offset by a proportionate increase in rates revenue.	Low	Assets must be maintained by Council, so there would be an impact on costs if more assets than expected were vested in Council. An example of where a vested asset may increase cost to Council is where land is bequeathed to be maintained as a reserve, or similar.

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NCC_Long Term Plan_UPDATED_Oct15.indd 188 11/11/2015 2:43:54 p.m.

Forecasting assumptions	Risk/uncertainty	Impact	Comment/ mitigation
			Vested assets can fluctuate from year to year but the impact is ordinarily offset by a proportionate increase in rates revenue. It would be highly unusual for Council to enter into an arrangement with a developer where the ongoing costs associated with the vested assets are disproportionate to the increase in rates revenue.
Insurance costs: It has been assumed that insurance premiums continue at current levels plus inflation and that we can get 100% cover and that the Local Authority Protection Programme Disaster Fund continues.	Premiums increasing above inflation and/or Council cannot get 100% cover.	Medium	Any increase in premiums above the level assumed will have an impact on rates. Council may need to make decisions about cover levels during 10 year period.
Return on investments: It is assumed that the return on investments and retained earnings on subsidiaries will continue at current levels plus inflation. While planning in the Long Term Plan will take a conservative approach with expected returns on investments, there will be an expectation when agreeing on annual performance that higher returns will be generated.	Returns lower than expected.	Low	This would impact on Council's ability to fund services and infrastructure and would likely require an increase in rates.
Government Policy Changes: It is assumed that any future Government legislation changes will take into account the need for a stable working and statutory framework. The Government has made known its intention to reform the Resource Management Act 1991, to receive a report back from the Rules Reduction Taskforce, and to continue to seek ways of addressing housing affordability and social housing need. It has also introduced the Building (Earthquake-Prone Buildings) Amendment Bill which includes a requirement on Councils to complete seismic assessments and to earthquake strengthen specified buildings. Further changes to legislation impacting on local government may take place, but this is not known at this time. It is assumed that Government will work with Councils to ensure that any legislative changes are managed appropriately.	Government policy shifts may result in new or amended legislation either requiring significant response and cost to administer by Council or result in changes to services delivered.	Medium	Financial impact resulting from a need to respond to significant legislation changes would impact on rates or fees and charges. It is not possible to quantify the potential financial impact of any future legislative changes at this time.
Co-funding arrangements: It is assumed that for projects where other partners are contributing part of the funding, this funding will still be available.	Partners will no longer be in a position to provide funding which will result in an increased level of input from Council, or the termination of the project.	High	Viability of projects would be threatened and Council would need to consider its ongoing funding commitment.

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NCC_Long Term Plan_UPDATED_Oct15.indd 189 11/11/2015 2:43:54 p.m.

Forecasting assumptions	Risk/uncertainty	Impact	Comment/ mitigation
Treaty Settlements for Te Tau Ihu: It is assumed that Council obligations to work with Iwi as a result of Treaty settlements can be met within existing resources. This may involve provision of training to current staff, increased emphasis on relevant experience in the recruitment of new staff, or a need in some instances to employ external assistance.	Establishing new ways of working with Māori requires greater Council resource than anticipated.	Low	Financial impact of dedicating resources to meet Treaty commitments would impact on rates
Emissions Trading Scheme: New climate change agreement to be concluded by end of 2015 to come into force by 2020 which will increase costs to Council for waste disposal to landfill and increase costs for the operation of the landfill site.	Carbon pricing costs higher than expected or impact earlier.	Medium	Financial impact of responding to unexpected changes in carbon pricing would affect rates.
Accounting Policy: Nelson City Council's accounting policy provides for its most significant asset classes (infrastructure assets and land, excluding land under roads) to be revalued with sufficient regularity that the carrying value does not differ materially from fair value. Infrastructure assets are revalued annually and land is reviewed annually and revalued at least every five years or if there is a material movement. For the purposes of this long-term plan, land revaluation is assumed to occur in years 2, 5, and 8. Council's investment property is revalued annually in accordance with generally accepted accounting practice. Revaluations have been based on the Business and Economic research Ltd (BERL) forecasts of price level change adjusters and revaluation movements are shown in the prospective Statement of Comprehensive Revenue and Expense.	Actual revaluation results differ significantly from those forecast in this long term plan.	Medium	If the revaluations are different from those forecast it will affect fixed asset values and impact levels of depreciation expense and the rates funding requirement. Future Annual Plans and Long-term Plans will reflect the outcomes of actual revaluations.
Growth in rating units: The estimated growth in the City's ratings units is 1% for each of the 10 years of the Long-term Plan. **Year** / **Growth** / **Number of rating units** 2013/14 / / 21,735 2014/15 / 1% / 21,952 2015/16 / 1% / 22,172 2016/17 / 1% / 22,394 2017/18 / 1% / 22,618 2018/19 / 1% / 22,844 2019/20 / 1% / 23,072 2020/21 / 1% / 23,303 2021/22 / 1% / 23,536 2022/23 / 1% / 23,771 2023/24 / 1% / 24,009 2024/25 / 1% / 24,249	Growth in rating units is higher or lower than projected.	Low	Council has used current property information from its valuation service provider (Quotable Value) to assess the level of growth in rating units, along with an assessment of year by year increases from recent years.

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NCC_Long Term Plan_UPDATED_Oct15.indd 190 11/11/2015 2:43:54 p.m.

Forecasting assumptions	Risk/uncertainty	Impact	Comment/ mitigation
As a result, the 'real' average increase in rates funding required is reduced by an equivalent amount as there are a greater number of ratepayers across which the rates funding requirement will be allocated.			
Sources of funds for the future replacement of assets: It is assumed that funding for the replacement of existing assets will be obtained from the appropriate sources as detailed in Council's Revenue and Financing Policy.	That a particular funding source is unavailable.	Low	Depreciation is used to fund renewals and is funded mainly through rates and user charges. Should other sources of capital funding such as subsidies or development/financial contributions differ from levels forecast in a particular activity, Council is able to access borrowings through its central treasury function.

NCC_Long Term Plan_UPDATED_Oct15.indd 191 11/11/2015 2:43:55 p.m.

NELSON CITY COUNCIL
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Revenue					
Rates other than targeted rates for water supply	50,537	53,660	56,289	58,776	
Rates remissions	(276)	(296)	(301)	(307)	
Transfers from other government entities	6,907	4,723	4,294	5,453	
Other operating grants, donations and subsidies	821	339	345	261	
Other capital grants, donations and subsidies	7,224	122	172	298	
Vested assets	3,000	3,051	3,124	3,187	
Development contributions	859	2,405	2,465	2,520	
Revenue from exchange transactions	18,574	18,758	22,127	22,559	
Other Revenue	13,078	13,150	13,490	13,489	
Interest received	52	32	36	38	
Dividend received	2,821	2,859	2,934	3,034	
Total Revenue	**103,596**	**98,802**	**104,975**	**109,308**	
Expenses					
Staff expenditure	16,620	17,862	18,280	18,726	
Grants and other transfer payments	3,073	4,182	3,774	2,354	
Finance costs	5,106	5,092	7,027	7,559	
Depreciation and amortisation	21,386	21,727	22,895	23,871	
Other expenses	46,148	45,857	47,347	47,969	
Total Expenses	**92,333**	**94,720**	**99,323**	**100,479**	
Net Surplus/(Deficit) before Taxation	**11,263**	4,082	5,652	8,829	
Taxation	86	0	0	0	
Net Surplus/(Deficit)	**11,177**	**4,082**	**5,652**	**8,829**	
Increase in asset revaluation reserves	17,140	18,648	32,768	23,469	
Revaluation of investments	24	23	26	27	
Total Other Comprehensive Revenue and Expense	**17,164**	**18,671**	**32,794**	**23,496**	
Total Comprehensive Revenue and Expense	**28,341**	**22,753**	**38,446**	**32,325**	

NELSON CITY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Equity at beginning of year	1,195,772	1,322,643	1,345,396	1,383,842	
Total comprehensive revenue and expense	28,341	22,753	38,446	32,325	
Equity at end of year	**1,224,113**	**1,345,396**	**1,383,842**	**1,416,167**	

The 2015/16 Annual Plan equity at the beginning of the year is based on 2013/14 Annual Report closing balance plus a forecast for 2014/15, and therefore is not equal to 2014/15 Annual Plan equity at end of year.

NCC_Long Term Plan_UPDATED_Oct15.indd 192 11/11/2015 2:43:55 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	60,714	63,031	64,596	67,090	69,574	71,977	74,900
	(313)	(314)	(294)	(285)	(282)	(288)	(296)
	4,760	5,145	4,923	4,975	5,248	7,029	6,345
	266	272	278	285	292	299	307
	281	55	57	525	110	61	62
	3,254	3,322	3,395	3,473	3,556	3,642	3,733
	2,577	2,638	2,702	2,771	2,844	2,921	3,069
	24,063	23,844	24,394	24,887	25,698	27,079	28,258
	13,458	13,877	14,181	14,520	14,812	15,089	15,341
	41	40	42	43	44	44	46
	3,097	3,162	3,232	3,306	3,386	3,467	3,554
	112,198	**115,072**	**117,506**	**121,590**	**125,283**	**131,320**	**135,320**
	19,208	19,728	20,290	20,897	21,551	22,256	23,017
	2,360	2,306	2,362	2,411	2,468	2,534	2,590
	8,022	8,345	8,725	8,870	9,264	9,518	9,869
	24,602	25,228	26,077	27,085	28,122	29,279	30,492
	48,390	50,120	51,032	52,379	54,289	55,698	58,243
	102,582	**105,727**	**108,486**	**111,642**	**115,694**	**119,285**	**124,211**
	9,616	9,345	9,020	9,948	9,589	12,036	11,109
	0	0	0	0	0	0	0
	9,616	**9,345**	**9,020**	**9,948**	**9,589**	**12,036**	**11,109**
	25,035	40,996	30,512	33,573	54,338	41,500	45,898
	28	30	33	36	39	43	46
	25,063	**41,026**	**30,545**	**33,609**	**54,377**	**41,543**	**45,944**
	34,679	**50,371**	**39,565**	**43,557**	**63,966**	**53,579**	**57,053**

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	1,416,167	1,450,847	1,501,218	1,540,783	1,584,340	1,648,305	1,701,884
	34,679	50,371	39,565	43,557	63,966	53,579	57,053
	1,450,847	**1,501,218**	**1,540,783**	**1,584,340**	**1,648,305**	**1,701,884**	**1,758,937**

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NCC_Long Term Plan_UPDATED_Oct15.indd 193 11/11/2015 2:43:55 p.m.

NELSON CITY COUNCIL STATEMENT OF FINANCIAL POSITION

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Current Assets				
Cash and cash equivalents	408	235	60	72
Inventories	40	87	61	35
Recoverables from exchange transactions	6,997	6,146	6,263	6,388
Receivables from non-exchange transactions	8,330	4,715	4,791	4,887
Prepayments	0	0	0	0
Other financial assets	0	0	0	0
Taxation	33	0	0	0
Derivative financial instruments	0	15	15	15
Total Current Assets	**15,808**	**11,198**	**11,190**	**11,397**
Non Current Assets				
Recoverables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	4,213	4,103	3,630	3,124
Investments in council-controlled organisations	24,752	31,493	31,493	31,493
Investment properties	988	1,003	1,029	1,056
Other financial assets	1,100	623	703	756
Intangible assets	1,652	1,771	1,771	1,771
Biological assets	5,450	4,686	5,086	5,182
Property, plant, and equipment*	1,301,586	1,426,392	1,479,439	1,521,496
Derivative financial instruments	0	1,011	1,011	1,011
Total Non Current Assets	**1,339,741**	**1,471,082**	**1,524,162**	**1,565,889**
Total Assets	**1,355,549**	**1,482,280**	**1,535,353**	**1,577,286**
Current Liabilities				
Bank overdraft	0	0	0	0
Payables under exchange transactions	11,162	11,495	11,713	11,947
Other payables	3,356	2,237	2,279	2,325
Employee benefit liabilities	1,810	1,526	1,567	1,598
Taxation payable	0	0	0	0
Current portion of borrowings	38,270	45,541	44,843	49,110
Derivative financial instruments	20	27	27	27
Total Current Liabilities	**54,618**	**60,825**	**60,429**	**65,007**
Non Current Liabilities				
Provisions	1,030	1,178	1,188	1,212
Employee benefit liabilities	370	325	338	344
Derivative financial instruments	1,291	595	595	595
Non-current portion of borrowings	74,127	73,960	88,960	93,960
Total Non-Current Liabilities	**76,818**	**76,058**	**91,081**	**96,112**
Total Liabilities	**131,436**	**136,884**	**151,511**	**161,119**
Net Assets	**1,224,113**	**1,345,396**	**1,383,842**	**1,416,167**
Ratepayer's Equity				
Accumulated comprehensive revenue and expense	358,623	374,833	379,169	386,481
Other reserves	865,490	970,563	1,004,673	1,029,686
Total Ratepayer's Equity	**1,224,113**	**1,345,396**	**1,383,842**	**1,416,167**

Opening balances for 2014/15 Annual Plan have been derived from 2013/14 Annual Report closing balances plus a forecast for 2014/15, as this represents a more recent and accurate assessment than the 2014/15 Annual Plan closing balances.

NCC_Long Term Plan_UPDATED_Oct15.indd 194 11/11/2015 2:43:55 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	75	160	243	419	550	793	1,003
	9	9	9	9	9	9	10
	6,522	6,659	6,806	6,962	7,130	7,301	7,483
	4,990	4,780	4,622	4,600	4,685	4,773	4,867
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	15	15	15	15	15	15	15
	11,611	**11,623**	**11,694**	**12,006**	**12,389**	**12,891**	**13,378**
	0	0	0	0	0	0	0
	2,668	2,533	2,539	2,597	2,659	2,723	2,791
	31,493	31,493	31,493	31,493	31,493	31,493	31,493
	1,084	1,114	1,147	1,183	1,222	1,265	1,311
	783	810	810	837	837	837	837
	1,771	1,771	1,771	1,771	1,771	1,771	1,771
	5,239	5,243	5,443	5,621	5,913	5,992	5,207
	1,561,316	1,617,647	1,656,020	1,704,661	1,769,388	1,824,233	1,878,019
	1,011	1,011	1,011	1,011	1,011	1,011	1,011
	1,605,365	**1,661,622**	**1,700,234**	**1,749,174**	**1,814,294**	**1,869,325**	**1,922,440**
	1,616,976	**1,673,245**	**1,711,928**	**1,761,179**	**1,826,683**	**1,882,216**	**1,935,818**
	0	0	0	0	0	0	0
	12,198	12,454	12,728	13,021	13,334	13,654	13,995
	2,373	2,423	2,477	2,534	2,594	2,657	2,723
	1,632	1,666	1,703	1,742	1,784	1,827	1,872
	0	0	0	0	0	0	0
	68,754	94,278	57,997	63,264	49,347	60,834	41,885
	27	27	27	27	27	27	27
	84,985	**110,849**	**74,932**	**80,588**	**67,086**	**78,998**	**60,502**
	1,238	1,264	1,291	1,321	1,353	1,385	1,420
	352	359	367	375	384	394	403
	595	595	595	595	595	595	595
	78,960	58,960	93,960	93,960	108,960	98,960	113,960
	81,144	**61,178**	**96,213**	**96,252**	**111,292**	**101,334**	**116,378**
	166,129	**172,027**	**171,145**	**176,839**	**178,378**	**180,332**	**176,881**
	1,450,847	**1,501,218**	**1,540,783**	**1,584,340**	**1,648,305**	**1,701,884**	**1,758,937**
	393,628	400,644	405,775	412,785	417,228	424,840	430,384
	1,057,219	1,100,574	1,135,008	1,171,555	1,231,077	1,277,044	1,328,553
	1,450,847	**1,501,218**	**1,540,783**	**1,584,340**	**1,648,305**	**1,701,884**	**1,758,937**

NCC_Long Term Plan_UPDATED_Oct15.indd 195 11/11/2015 2:43:55 p.m.

NELSON CITY COUNCIL STATEMENT OF CASHFLOWS

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from Ratepayers	50,454	53,186	55,823	58,302
Receipts from grants, donations, and subsidies	8,406	5,183	4,811	6,012
Receipts of other fees, charges, and rentals	31,106	31,804	35,500	35,923
Development Contributions	859	2,405	2,465	2,520
Interest Received	52	32	36	38
Dividends Received	2,821	2,859	2,934	3,034
	93,698	**95,470**	**101,569**	**105,829**
Cash was disbursed to:				
Payments to suppliers	49,209	49,748	50,743	49,992
Payments to employees	16,566	17,831	18,226	18,688
Interest Paid	5,106	5,092	7,027	7,559
Tax Paid/(refund)	86	0	0	0
	70,967	**72,671**	**75,996**	**76,239**
Net Cash Flows from Operating Activities	**22,731**	**22,799**	**25,573**	**29,590**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Investments and properties for resale	0	0	0	0
Repayment of LGFA borrower notes	0	0	53	0
Sale of fixed assets	21	21	22	23
Repayment of community loans and advances	992	534	561	578
	1,013	**555**	**636**	**601**
Cash was disbursed to:				
Investments in council controlled organisations	4,331	3,436	0	0
Investments in LGFA* borrower notes	480	53	240	80
Community loans advanced	0	25	0	0
Purchase of fixed assets:				
Renewals	11,419	12,368	15,593	12,284
New works - growth	10,450	6,147	5,870	3,962
New works - Increased level of service	25,351	41,314	18,983	23,120
	52,031	**63,343**	**40,686**	**39,446**
Net Cash Flows from Investing Activities	**(51,018)**	**(62,788)**	**(40,050)**	**(38,845)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from borrowings	28,915	43,033	17,888	12,818
Cash was applied to:				
Repayment of borrowings	628	3,000	3,586	3,551
Net Cash Flows from Financing Activities	**28,287**	**40,033**	**14,302**	**9,267**
Net Increase/(Decrease) in Cash Held	0	44	(175)	12
Add Opening Cash Balance	408	191	235	60
Closing Balance	**408**	**235**	**60**	**72**
Represented by:				
Cash and Cash Equivalents	408	235	60	72

The opening cash balance for Budget 2015/16 is based on the 2013/14 Annual Report closing balance plus a forecast for 2014/15 and therefore is not equal to the 2014/15 Annual Plan closing balance. * Local Government Funding Agency.

NCC_Long Term Plan_UPDATED_Oct15.indd 196 11/11/2015 2:43:56 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	60,234	62,554	64,141	66,641	69,118	71,512	74,417
	5,307	5,471	5,258	5,785	5,650	7,389	6,714
	37,387	37,586	38,428	39,250	40,345	41,998	43,417
	2,577	2,638	2,702	2,771	2,844	2,921	3,069
	41	40	42	43	44	44	46
	3,097	3,162	3,232	3,306	3,386	3,467	3,554
	108,643	**111,452**	**113,804**	**117,795**	**121,387**	**127,331**	**131,217**
	50,398	52,090	53,012	54,436	56,325	57,812	60,386
	19,167	19,686	20,245	20,849	21,500	22,204	22,961
	8,022	8,345	8,725	8,870	9,264	9,518	9,869
	0	0	0	0	0	0	0
	77,587	**80,122**	**81,982**	**84,155**	**87,090**	**89,534**	**93,216**
	31,056	**31,330**	**31,821**	**33,641**	**34,297**	**37,797**	**38,001**
	0	0	0	0	0	0	0
	0	27	107	293	80	107	53
	25	26	27	28	0	0	0
	520	507	313	128	25	25	25
	545	**560**	**447**	**449**	**105**	**132**	**78**
	0	0	0	0	0	0	0
	53	53	133	293	107	107	53
	0	0	0	0	0	0	0
	13,014	11,677	11,935	13,176	13,126	13,687	13,529
	4,706	5,659	3,801	4,951	5,262	9,317	8,675
	18,468	19,939	15,034	20,761	16,859	16,062	11,663
	36,242	**37,329**	**30,904**	**39,182**	**35,354**	**39,173**	**33,921**
	(35,697)	**(36,769)**	**(30,457)**	**(38,732)**	**(35,249)**	**(39,041)**	**(33,842)**
	10,959	13,410	6,944	13,485	11,552	8,928	6,558
	6,315	7,886	8,225	8,218	10,469	7,441	10,507
	4,644	**5,524**	**(1,281)**	**5,267**	**1,083**	**1,487**	**(3,949)**
	3	85	83	176	131	243	210
	72	75	160	243	419	550	793
	75	**160**	**243**	**419**	**550**	**793**	**1,003**
	75	160	243	419	550	793	1,003

NCC_Long Term Plan_UPDATED_Oct15.indd 197 11/11/2015 2:43:56 p.m.

NELSON CITY COUNCIL
FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	
Sources of Operating Funding					
General Rates, uniform annual general charges, rates penalties	39,105	41,220	43,299	45,195	
Targeted rates	23,276	23,853	24,708	25,462	
Subsidies and grants for operating purposes	3,274	2,676	2,783	2,815	
Fees and charges	8,635	8,319	11,716	11,635	
Interest and dividends from investments	2,873	2,891	2,970	3,072	
Local authorities fuel tax, fines, infringement fees, and other receipts	10,897	11,880	11,882	12,225	
Total Operating Funding	**88,060**	**90,839**	**97,358**	**100,404**	
Applications of operating funding					
Payments to staff and suppliers	65,841	67,901	69,401	69,049	
Finance costs	5,106	5,092	7,027	7,559	
Other operating funding applications	0	0	0	0	
Total applications of operating funding	**70,947**	**72,993**	**76,428**	**76,608**	
Surplus (Deficit) of operating funding	**17,113**	**17,846**	**20,930**	**23,796**	
Sources of capital funding					
Subsidies and grants for capital	11,677	2,507	2,028	3,197	
Development and financial contributions	859	2,405	2,465	2,520	
Increase (decrease) in debt	28,287	40,033	14,302	9,267	
Gross proceeds from sale of assets	21	6,021	22	23	
Lump sum contributions	0	0	0	0	
Total sources of capital funding	**40,844**	**50,966**	**18,817**	**15,007**	
Applications of capital funding					
Capital Expenditure					
- to meet additional demand	10,450	6,147	5,870	3,962	
- to improve level of service	33,396	41,314	18,983	23,120	
- to replace existing assets	11,419	12,814	15,219	12,214	
Increase (decrease) in reserves	20	(377)	360	240	
Increase (decrease) in investments	2,672	8,915	(685)	(733)	
Total applications of capital funding	**57,957**	**68,812**	**39,747**	**38,803**	
Surplus (Deficit) of capital funding	**(17,113)**	**(17,846)**	**(20,930)**	**(23,796)**	
Funding balance	**0**	**0**	**0**	**0**	

NCC_Long Term Plan_UPDATED_Oct15.indd 198 11/11/2015 2:43:56 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	46,231	47,793	48,637	50,315	51,872	53,537	55,516
	26,900	27,743	29,125	30,349	31,847	33,161	34,988
	2,969	3,133	3,289	3,344	3,498	3,672	3,794
	11,756	12,029	12,211	12,580	12,817	13,202	13,452
	3,138	3,202	3,274	3,349	3,430	3,511	3,600
	13,035	12,874	12,904	12,968	13,267	13,957	14,248
	104,029	**106,774**	**109,440**	**112,905**	**116,731**	**121,040**	**125,598**
	69,958	72,154	73,684	75,687	78,308	80,488	83,850
	8,022	8,345	8,725	8,870	9,264	9,518	9,869
	0	0	0	0	0	0	0
	77,980	**80,499**	**82,409**	**84,557**	**87,572**	**90,006**	**93,719**
	26,049	**26,275**	**27,031**	**28,348**	**29,159**	**31,035**	**31,879**
	2,338	2,338	1,969	2,441	2,152	3,717	2,920
	2,577	2,638	2,702	2,771	2,844	2,921	3,069
	4,644	5,524	(1,281)	5,267	1,083	1,487	(3,949)
	25	26	27	28	0	0	0
	0	0	0	0	0	0	0
	9,584	**10,526**	**3,417**	**10,507**	**6,079**	**8,125**	**2,040**
	4,706	5,659	3,801	4,951	5,262	9,317	8,675
	18,468	19,939	15,034	20,761	16,859	16,062	11,663
	12,984	11,673	11,735	12,998	12,834	13,608	14,314
	181	10	191	246	307	198	(708)
	(705)	(480)	(313)	(101)	(25)	(25)	(25)
	35,634	**36,801**	**30,448**	**38,855**	**35,237**	**39,160**	**33,919**
	(26,049)	**(26,275)**	**(27,031)**	**(28,348)**	**(29,159)**	**(31,035)**	**(31,879)**
	0	**0**	**0**	**0**	**0**	**0**	**0**

NCC_Long Term Plan_UPDATED_Oct15.indd 199 11/11/2015 2:43:56 p.m.

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

	Annual Plan 2014/15 ($000)	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	**17,113**	**17,846**	**20,930**	**23,796**
Subsidies and grants for capital expenditure	11,677	2,507	2,028	3,197
Development and financial contributions	859	2,405	2,465	2,520
Vested Assets	3,000	3,051	3,124	3,187
Gains on sale	0	0	0	0
Depreciation	(21,386)	(21,727)	(22,895)	(23,871)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	**11,263**	**4,082**	**5,652**	**8,829**

NCC_Long Term Plan_UPDATED_Oct15.indd 200 11/11/2015 2:43:56 p.m.

	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	26,049	**26,275**	**27,031**	**28,348**	**29,159**	**31,035**	**31,879**
	2,338	2,338	1,969	2,441	2,152	3,717	2,920
	2,577	2,638	2,702	2,771	2,844	2,921	3,069
	3,254	3,322	3,395	3,473	3,556	3,642	3,733
	0	0	0	0	0	0	0
	(24,602)	(25,228)	(26,077)	(27,085)	(28,122)	(29,279)	(30,492)
	9,616	**9,345**	**9,020**	**9,948**	**9,589**	**12,036**	**11,109**

NCC_Long Term Plan_UPDATED_Oct15.indd 201 11/11/2015 2:43:57 p.m.

FINANCIAL RESERVES ESTIMATES

The Local Government Act 2002 requires that councils provide a summary of the restricted reserves 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 10 year period that this Long Term Plan covers. This information is set out in the following table.

Name	Activity	Purpose	Balance July 2015	Deposits	Withdrawals	Balance June 2025
Nelson Institute Funds	Nelson Library	Bequest to Nelson Institute	8,104	5,384	1,167	12,321
L C Voller Bequest (ETL)	Nelson Library	Youth Section of Elma Turner Library	19,290	12,590	3,375	28,505
Nellie Nightingale Bequest	Tahuna Library	Maintenance and upkeep Library & restroom	129,642	59,289	159,537	29,394
Subdivisions Reserve	Reserve Contributions	Financial Contributions for Reserves	-	13,653,480	13,653,480	-
Nelson 2000 Trust	Esplanade Reserves	Wakefield Quay Development	164,607	112,641	-	277,248
Emergency Reserve	Emergency Response Fund	Funding unforeseen infrastructural damage	-	8,948,923	-	8,948,923
Insurance Reserve	Investment Management	To fund Insurance claim excess	684,739	411,468	200,000	896,207
Health & Safety Reserve	Admin and Meeting Support	OSH Compliance	25,650	17,551	-	43,201

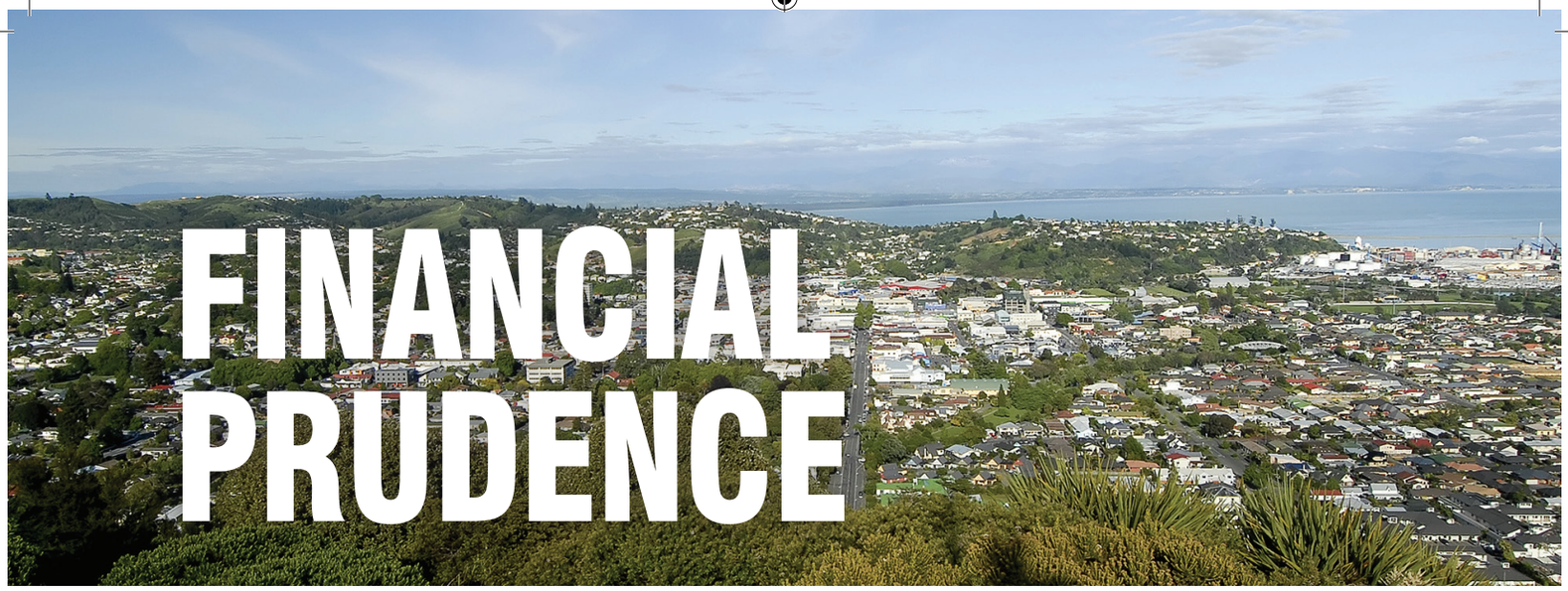
Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 202 11/11/2015 2:43:57 p.m.

FINANCIAL RESERVES ESTIMATES

Name	Activity	Purpose	Balance July 2015	Deposits	Withdrawals	Balance June 2025
Parking Reserve	Car parks	Self funded activity balance	-	1,521,775	1,521,775	-
Saxton/Suffolk Stormwater	Stormwater	Financial Contribution for capital works	104,442	8,137	-	112,579
Wastney Tce Stormwater Reserve	Stormwater	Financial Contribution for capital works	59,424	1,509	60,933	-
Roading Contributions	Roading	Financial Contribution for capital works	86,581	-	17,278	69,303
Dog Control Reserve	Dog Control	Self funded activity balance	136,766	87,428	80,000	144,194
Sport & Rec Grants Reserve	Physical Activity Fund	Ex Hillary Commission fund for Sport and Recreation	11,372	-	-	11,372
Art Council Loan Fund	Physical Activity Fund	Ex Sport & Rec Grants	10,000	-	-	10,000
Events Contestable Fund Reserve	Economic Development	Unspent allocation held for eligible events	91,662	-	-	91,662
Pensioner Housing Reserve	Community Housing	Self funded activity balance	220,286	567,364	-	787,650
Founders Park Reserve	Founders	Founders development	82,686	1,067,836	1,070,393	80,130
Solid Waste Stabilisation Reserve	Regional Landfill Operation	Smooth effects of cost fluctuations	-	450,000	-	450,000
Forestry Fund	Forestry	Self funded activity balance	-	1,221,176	-	1,221,176
Unused Depreciation Reserve	Various Activities	Special Reserve to track unused depreciation	2,658,512	34,586,757	18,999,761	18,245,508

NCC_Long Term Plan_UPDATED_Oct15.indd 203 11/11/2015 2:43:57 p.m.



FINANCIAL PRUDENCE

Long-term plan disclosure statement for the period commencing 1 July 2015.

What is the purpose of this statement?

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

Council is required to include this statement in its Long Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

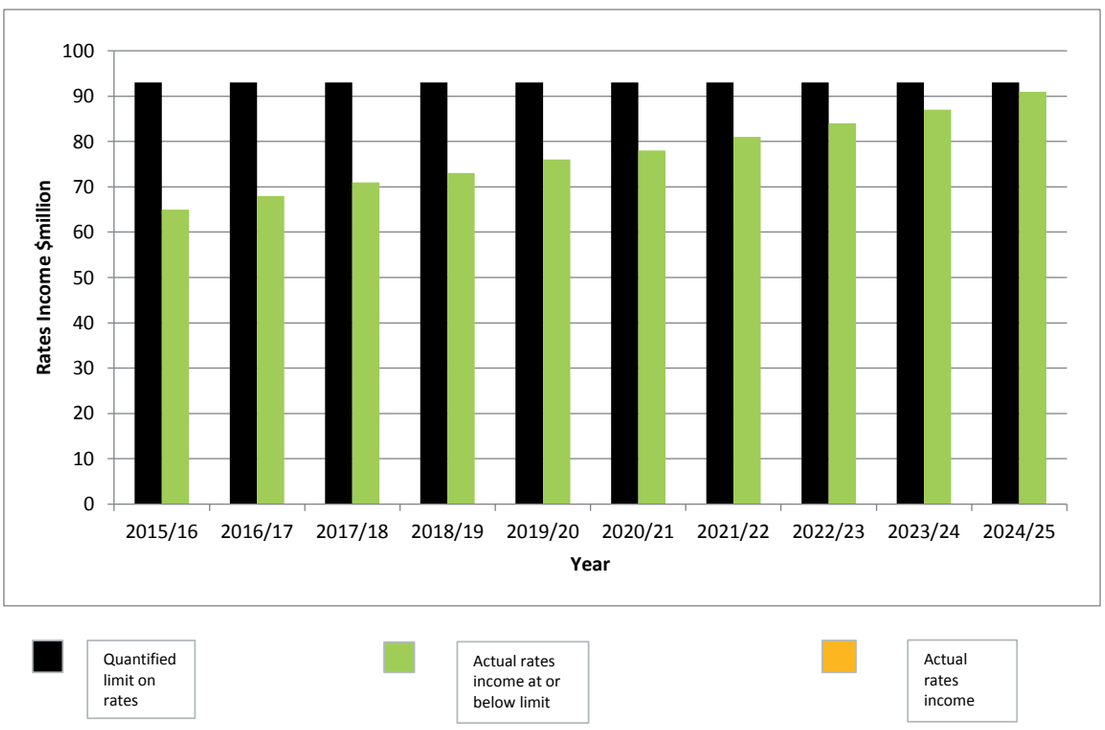
Rates affordability benchmark

Council meets the rates affordability benchmark if:

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

Rates (income) affordability

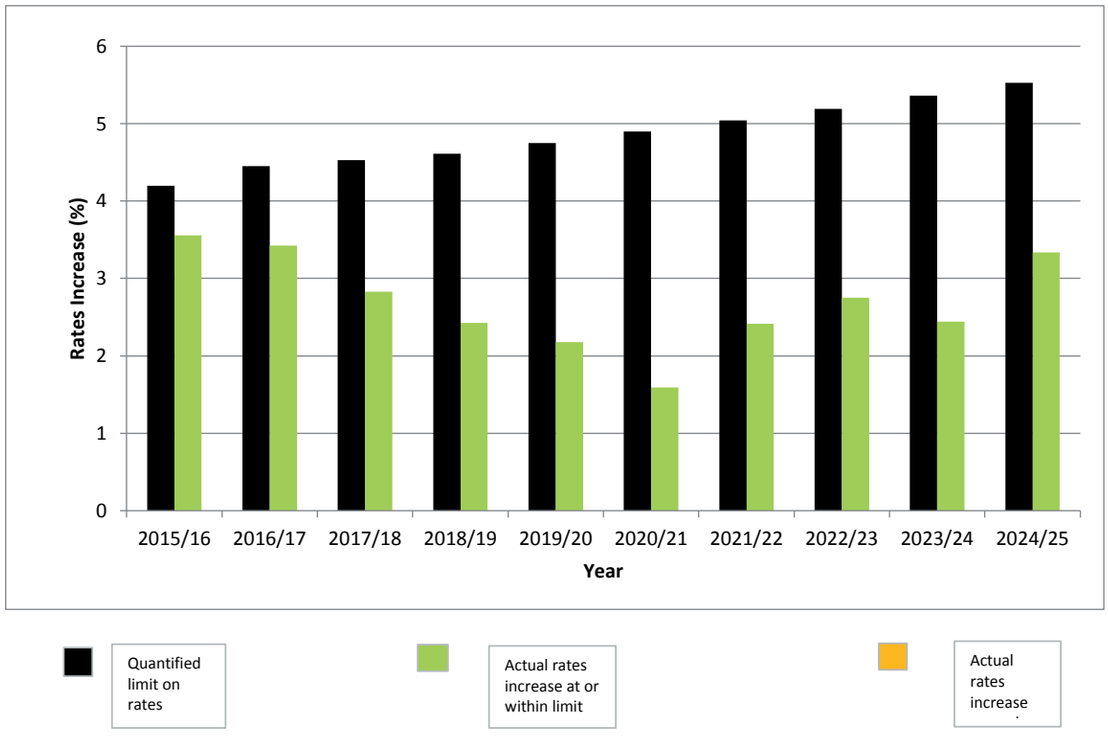
The following graph compares Council's planned rates income with a quantified limit on rates contained in the financial strategy included in this long term plan. The quantified limit is $93 million.



NCC_Long Term Plan_UPDATED_Oct15.indd 204 11/11/2015 2:43:58 p.m.

Rates (increases) affordability

The following graph compares Council's planned rates increases (including growth) with a quantified limit on rates increases included in the financial strategy included in this Long Term Plan. The quantified limit is the local government cost index plus 2% for each year of the Long Term Plan.



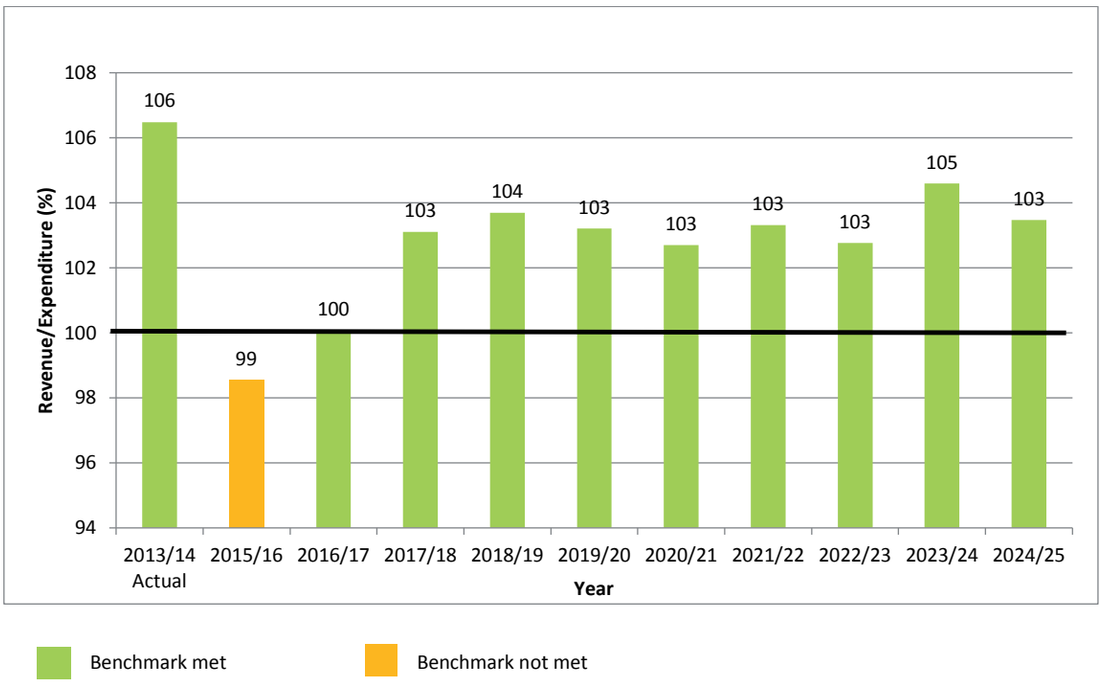
NCC_Long Term Plan_UPDATED_Oct15.indd 205 11/11/2015 2:43:58 p.m.

Balanced budget benchmark

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

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

In years one and two of the Long Term Plan, Council has included $1.5 million operating expenditure each year as a grant to the Nelson School of Music to assist in their earthquake strengthening and refurbishment project. Also in year one, Council will be contributing $880,000 for the Saxton Velodrome (deferred from 2014/15). This expenditure is funded by borrowings rather than revenue in both cases, and results in Council not meeting the benchmark in year one.



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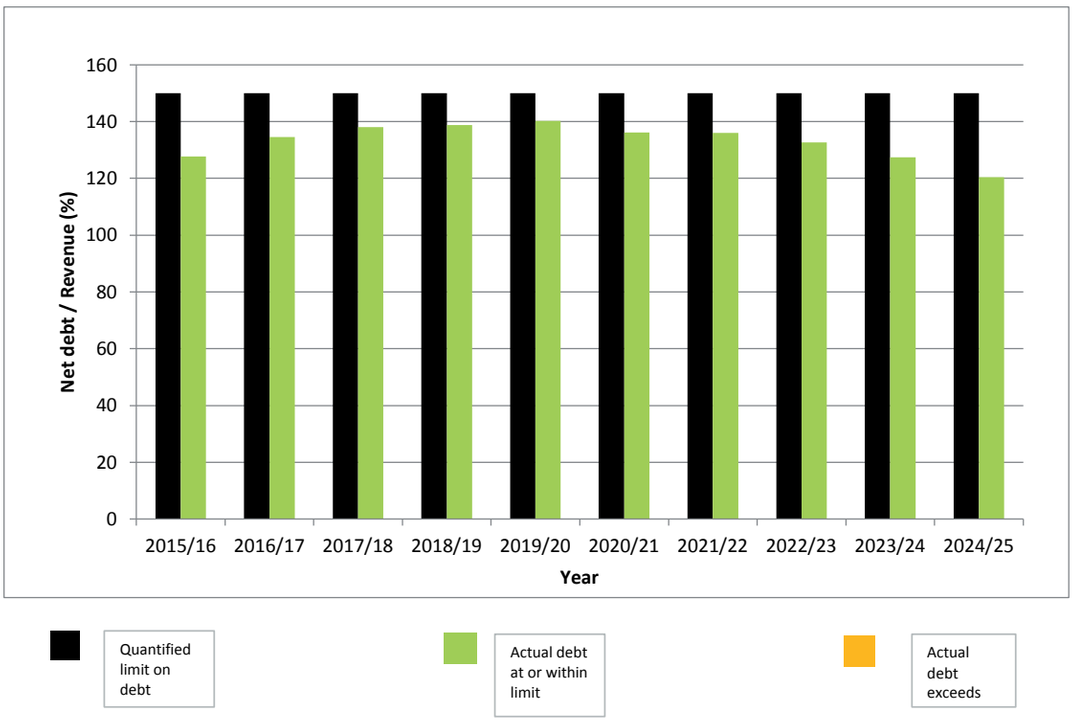
Debt affordability benchmark

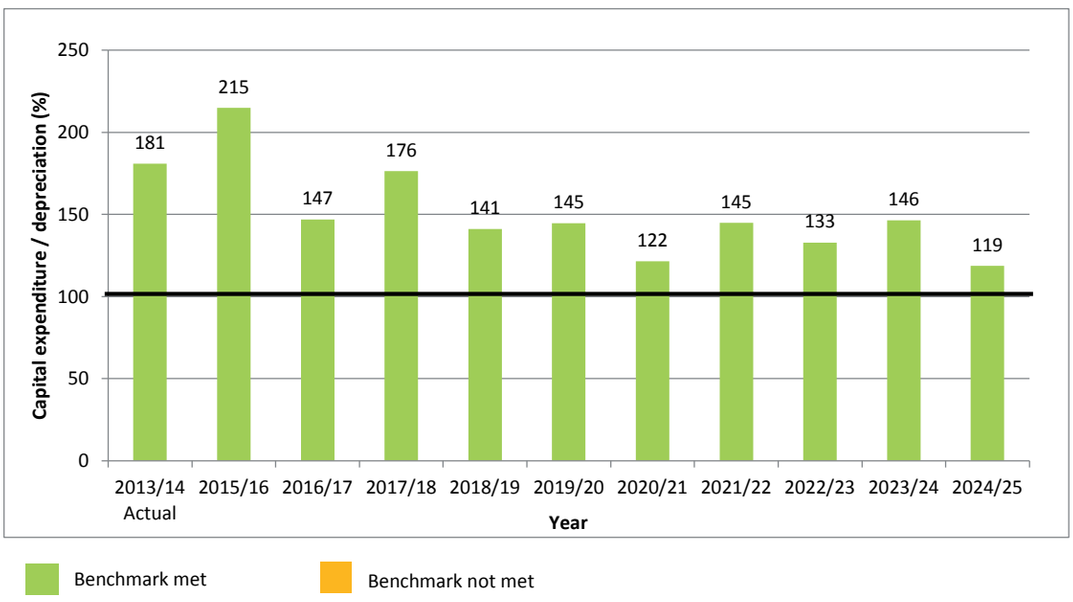
Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

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



Essential services benchmark

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

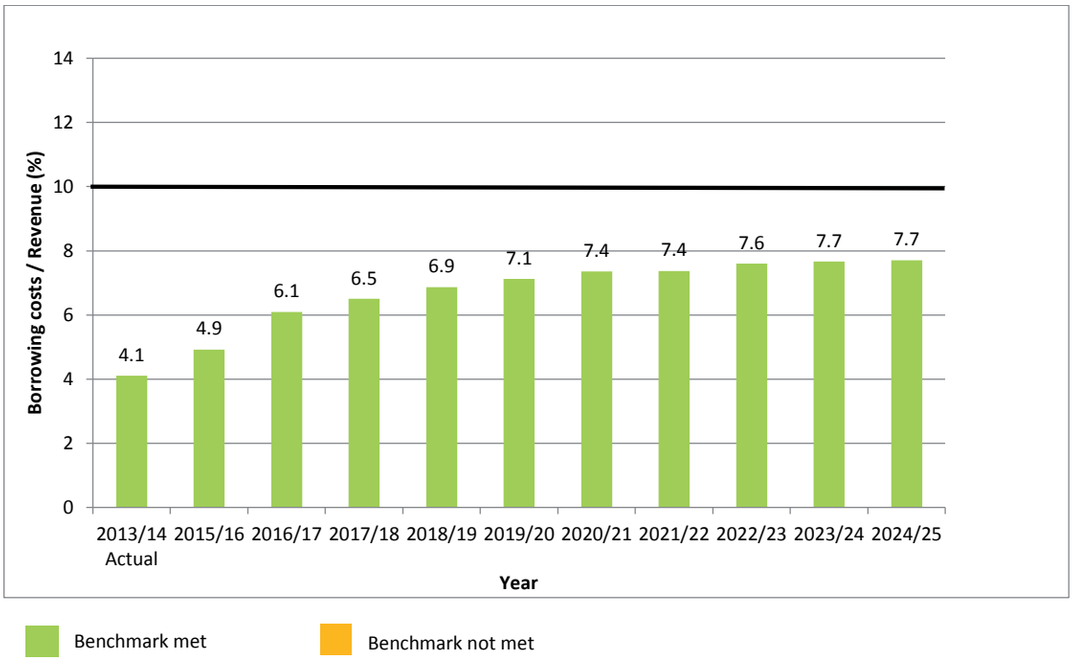


NCC_Long Term Plan_UPDATED_Oct15.indd 207 11/11/2015 2:43:59 p.m.

Debt servicing benchmark

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

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



NCC_Long Term Plan_UPDATED_Oct15.indd 208 11/11/2015 2:43:59 p.m.

FUNDING IMPACT STATEMENT

HOW MUCH WILL MY RATES COST?

The rates set out in this funding impact statement contribute towards payment for local authority (city council) and regional council services. Nelson City Council 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 rating unit(s):

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

If part of scheme:

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

DIFFERENTIALS

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

RATES AND CHARGES

The 'funding impact statement' sets out the rates and charges that are planned for the next year. Unless otherwise stated, rates and charges are shown including GST.

RATING OF SEPARATELY USED OR INHABITED PARTS OF A RATING UNIT

Definition

Nelson City Council will charge multiple uniform charges and rates against a rating unit for each separately used or inhabited part of a rating unit which includes any part separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. The following are considered to be separately used or inhabited parts of a rating unit.

- Flats or apartments (including flats that share kitchen or bathroom facilities)
- Separately leased commercial areas of a rating unit
- 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
- A bed and breakfast room with or without kitchen facilities
- Individual offices or premises of business partners.

Examples of Rates for 2015/16

To further clarify the rates changes from 2014/15 to those for the 2015/16 rating year a selection of properties has been shown to provide a guide. The following table is GST inclusive. The table covers general rates and targeted rates as shown in the table.

NCC_Long Term Plan_UPDATED_Oct15.indd 209 11/11/2015 2:43:59 p.m.

Summary of Rates Increases (inc growth) for representative properties within the City	Land Value (2012)	2014/15 Rates	2015/16 Rates	% Increase on 2014/15	$ Increase on 2014/15
Residential - Including average water rates of $520.00 in the 2015/16 year	*$85,000*	*$2,099.30*	*$2,160.70*	*2.92*	*$61.40*
	$105,000	*$2,222.80*	*$2,291.00*	*3.07*	*$68.20*
	$118,000	*$2,303.10*	*$2,375.80*	*3.16*	*$72.70*
	$136,000	*$2,414.30*	*$2,493.10*	*3.26*	*$78.80*
	$185,000	*$2,716.90*	*$2,812.50*	*3.52*	*$95.60*
	$200,000	*$2,809.50*	*$2,910.30*	*3.59*	*$100.80*
	$215,000	*$2,902.10*	*$3,008.00*	*3.65*	*$105.90*
	$285,000	*$3,334.40*	*$3,464.30*	*3.90*	*$129.90*
	$315,000	*$3,519.70*	*$3,659.90*	*3.98*	*$140.20*
	$335,000	*$3,643.20*	*$3,790.20*	*4.03*	*$147.00*
	$420,000	*$4,168.10*	*$4,344.30*	*4.23*	*$176.20*
	$580,000	*$5,156.10*	*$5,387.20*	*4.48*	*$231.10*
Multi Residential (Two flats - Two UAGC & Wastewater Charges as per Council policy)	*$220,000*	*$4,400.60*	*$4,510.60*	*2.50*	*$110.00*
	$800,000	*$8,294.50*	*$8,669.40*	*4.52*	*$374.90*
Empty Residential Section (No Wastewater and water charge included)	*$77,000*	*$1,103.80*	*$1,182.20*	*7.10*	*$78.40*
	$225,000	*$2,017.80*	*$2,146.90*	*6.40*	*$129.10*
	$405,000	*$3,129.30*	*$3,320.20*	*6.10*	*$190.90*
Small Holding (No Wastewater and water charge included)	*$280,000*	*$2,184.50*	*$2,322.90*	*6.34*	*$138.40*
	$385,000	*$2,768.10*	*$2,938.90*	*6.17*	*$170.80*
Rural (No Wastewater, Stormwater/ Flood Protection and water charge included)	*$790,000*	*$3,556.80*	*$3,747.50*	*5.36*	*$190.70*
	$2,125,000	*$8,915.50*	*$9,403.70*	*5.48*	*$488.20*
Commercial - Outside Inner City / Stoke (No water charges included) - 1 Unit	*$365,000*	*$6,500.10*	*$6,746.50*	*3.79*	*$246.40*
Commercial - Outside Inner City / Stoke (No water charges included) - was 1 unit, now 2 units	*$405,000*	*$7,132.50*	*$7,902.10*	*10.79*	*$769.60*
Commercial - Outside Inner City / Stoke (No water charges included) - 2 Units	*$335,000*	*$6,513.00*	*$6,758.20*	*3.76*	*$245.20*
Commercial - Stoke(No water charges included) - 1 Unit	*$35,000*	*$1,471.20*	*$1,560.60*	*6.08*	*$89.40*
Commercial - Inner City (No water charges included) - 2 Units	*$290,000*	*$7,359.70*	*$8,020.90*	*8.98*	*$661.20*
Commercial - Inner City (No water charges included) - 2 Units	*$330,000*	*$8,206.90*	*$8,950.10*	*9.06*	*$743.20*
Commercial - Inner City (No water charges included) - 1 Unit	*$1,150,000*	*$25,088.60*	*$27,497.90*	*9.60*	*$2,409.30*

NCC_Long Term Plan_UPDATED_Oct15.indd 210 11/11/2015 2:43:59 p.m.

FUNDING IMPACT STATEMENT

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 0.65183 cents in the land value dollar (including GST) for the 2015/16 rating year for the base differential category. An explanation of the differential categories, the relative differentials for each category and the amount in the land value dollar for each category is set out at the end of this funding impact statement. This compares to the previous year's rate of 0.61754 cents in the land value dollar in 2014/15 for the base differential category.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

A uniform annual general charge (UAGC) is set under section 15 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit (excluding properties that are subject to statutory declarations for unoccupied or second residential units not being used as separate units). It is assessed:

- As a charge for services which have an equal element of benefit irrespective of property value
- To ensure a minimum charge on all properties
- To reduce the extremes of rates paid by the highest and lowest valued rating units
- In recognition that land valuation-based rating does not necessarily reflect a ratepayer's ability to pay.

Nelson City Council will collect 15% of rates, excluding Solar Saver and Clean Heat Warm Homes targeted rates and water annual charge and water volumetric rate, through the UAGC. The UAGC is $400.30 including GST per separately used or inhabited part of a rating unit for the 2015/16 rating year. The 2015/16 charge is $14.60 higher than the charge of $385.70 for 2014/15.

The rates revenue sought from the uniform annual general charge and certain targeted rates set on a uniform basis is 19.99% of the total revenue from all rates sought by Nelson City Council. This is well within the 30% limit set by Section 21 of the Local Government (Rating) Act 2002.

STORMWATER AND FLOOD PROTECTION CHARGE

The stormwater and flood protection charge is a targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is $280.00 for 2015/16. It recovers the funding required by Nelson City Council for stormwater and flood protection purposes. It is payable by all ratepayers other than the rural rating categories, small holding category and residential properties east of Gentle Annie saddle and Saxton's Island and Nelson City Council's stormwater network. This year's charge is $37.40 higher than the charge of $242.60 for the 2014/15 rating year.

TARGETED RATES FOR CLEAN HEAT WARM HOMES

The Clean Heat Warm Homes (CHWH) rates are targeted rates under Section 16 of the Local Government (Rating) Act 2002 and are collected for each separately used or inhabited part of a rating unit 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 211 11/11/2015 2:44:00 p.m.

The cost to the community is from funding the interest on the borrowing for the assistance, the administration costs and any rate remissions. The CHWH scheme closed to new applicants from 30 May 2012, but interest costs continue until the last targeted rate is repaid in 2022.

The formula for calculating the targeted rates are for any participating property whose CHWH 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.

The table below details the loan assistance bands:

Loan Assistance Range	Installation after 30 Sept 2010	Completed prior to 30 Sept 2010
$1,400 to $1,599	*$140.00*	*$143.11*
$1,600 to $1,799	*$160.00*	*$163.56*
$1,800 to $1,999	*$180.00*	*$184.00*
$2,000 to $2,199	*$200.00*	*$204.44*
$2,200 to $2,399	*$220.00*	*$224.89*
$2,400 to $2,599	*$240.00*	*$245.34*
$2,600 to $2,799	*$260.00*	*$265.78*
$2,800 to $2,999	*$280.00*	*$286.22*
$3,000 to $3,199	*$300.00*	*$306.67*
$3,200 to $3,399	*$320.00*	*$327.11*
$3,400 to $3,599	*$340.00*	*$347.56*
$3,600 to $3,799	*$360.00*	*$368.00*
$3,800 to $3,999	*$380.00*	*$388.44*
$4,000 to $4,199	*$400.00*	*$408.89*
$4,200 to $4,399	*$420.00*	*$429.34*
$4,400 to $4,599	*$440.00*	*$449.78*
$4,600 to $4,799	*$460.00*	*$470.22*
$4,800 to $4,999	*$480.00*	*$490.67*

TARGETED RATE FOR SOLAR HOT WATER SYSTEMS

The Solar Saver charge is a targeted rate collected under Section 16 of the Local Government (Rating) Act 2002 for each separately used or inhabited part of a rating unit where the owner has been provided with financial assistance to install a Solar Hot Water System (SHWS).

The targeted rate applying to any participating property is determined by the net cost of the work including GST, after deducting EECA grants, plus the funding cost. The full cost of the works and Nelson City Council's costs of borrowing and administering the scheme are paid over a 10 year period by the homeowner receiving the service.

Calculation factors:

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST
- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.

The SHWS scheme closed to new applicants from 30 June 2012.

NCC_Long Term Plan_UPDATED_Oct15.indd 212 11/11/2015 2:44:01 p.m.

WASTEWATER CHARGE

A targeted rate is set under Section 16 of the Local Government (Rating) Act 2002 to recover the costs required for Nelson City Council's wastewater and sewage disposal system. This charge is assessed to all rating units (premises) to which Nelson City Council's wastewater and sewage disposal service is provided.

The wastewater charge for residential, multi-residential, rural and smallholding properties is $406.30 per separately used or inhabited part of a rating unit (excluding properties subject to statutory declarations for unoccupied or second residential units not being used as separate units) including GST for the 2015/16 rating year compared to the previous year's rate of $406.10. The same definition of the differential categories for the general rate is used for the wastewater charge.

The wastewater charge for commercial properties is set at $101.60 per separately used or inhabited part of a rating unit. Commercial properties are also assessed wastewater charges based on Nelson City Council's Trade Waste Bylaw. These charges are covered in a separate section of the Long Term Plan.

WATER RATES

Nelson's water rates are targeted rates for water supply set under section 16 and 19 of the Local Government (Rating) Act 2002 which together recover the funding required by Nelson City Council to supply water.

WATER ANNUAL CHARGE

A fixed annual charge set under Section 16 of the Local Government (Rating) Act 2002 which is payable by all ratepayers per water meter installed on the property. The annual rate for 2015/16 is $198.86 per connection including GST compared with $202.20 in the previous year. From 2015/16 this is invoiced as part of the rates invoice.

WATER VOLUMETRIC RATE

A charge for the quantity of water provided set under Section 19 of the Local Government (Rating) Act 2002 according to the following scale. These charges are invoiced separately from the rates invoices.

The cost per cubic metre is:

WATER CHARGES – RESIDENTIAL, COMMERCIAL AND INDUSTRIAL INCLUDING GST

Amount/type	Cost ($ per m3) 2014/15	Cost ($ per m3) 2015/16
All users 0-10,000m3 per year	2.086	2.052
Bulk		
Summer irrigation over 10,000m3 per year	1.820	1.797
Bulk 10,001-100,000m3 per year	1.555	1.542
Bulk over 100,000m3 per year	1.226	1.218

The water rates represent an average decrease of 1.7% for the 2015/16 year for an average water user.

Note: An average water user uses 160m3 per annum.

Lump sum contributions will not be invited in respect of any targeted rate.

Payment methods for rates

Payment for rates can be made by Cash, Cheque. EFTPOS, Direct Debit, Direct Credit, Internet Banking, Telephone Banking and Credit Card (via our website only).

NCC_Long Term Plan_UPDATED_Oct15.indd 213 11/11/2015 2:44:01 p.m.

FUNDING IMPACT STATEMENT

Penalty on unpaid rates (excluding water volumetric rates)

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 26 August 2015, 25 November 2015, 26 February 2016 and 26 May 2016. Previous year's rates that remain unpaid will have a further 10% penalty added on 30 June and 30 December.

Penalty on unpaid water volumetric rates

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each water account or part thereof that is unpaid after the last date for payment. The penalty is added after the last day for payment.

Penalty remission on full payment of yearly rates

The total annual rates may be paid in one lump sum by 20 November 2015 and any first installment penalty already incurred will be remitted. If the annual rates are not paid in full by 20 November 2015, the penalties relating to the four installments 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 volumetric rates, will be allowed where they are paid in full on or before 20 August 2015.

Differentials

Differentials are adjustments to the rates of particular property types to better reflect the services provided by Nelson City 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 Nelson City Council services provided to those properties.

Differential categories

Nelson City Council's general rate is assessed on a differential basis. These differential categories are as defined in Schedule Two of the Local Government (Rating) Act 2002. The differential categories are as follows:

General Rate

Residential – all rating units that are used primarily for residential purposes.

Multi Residential – all rating units that contain more than one residential dwelling that are capable of being used primarily for residential purposes.

Commercial – any rating unit which is used primarily for commercial use. Properties that have a portion of residential use shall have a reduced commercial differential.

Inner City Commercial – any rating unit which is used primarily for commercial use that is located within the Inner City Zone. Properties that have a portion of residential use shall have a reduced inner city commercial differential.

Stoke Commercial – any rating unit which is used primarily for commercial use that is located within the Stoke commercial zone. Properties that have a portion of residential use shall have a reduced Stoke commercial differential.

Rural – any rating unit having an area greater than 15 hectares which is used primarily for dairy, fattening and grazing, quarries, forestry or horticultural use and is recorded as rural on the District Valuation Roll.

Small Holding – any rating unit which is primarily used as a small holding and having an area greater than 0.5 hectares but is less than 15 hectares and is recorded as a small holding on the District Valuation Roll.

NCC_Long Term Plan_UPDATED_Oct15.indd 214 11/11/2015 2:44:02 p.m.

FUNDING IMPACT STATEMENT

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 2015/16, is as in the table below.

Category	Description	Total amount ($)
Residential	single unit, residential rating units	$45,677,576
Multi-residential	rating units containing more than one residential unit	$3,040,695
Commercial	rating units used for commercial purposes	$15,862,416
Rural	rating units defined in the Rating Information Database as rural with a land area greater than 15Ha	$431,172
Small holding	rating units defined in the Rating Information Database as a small holding with a land area greater than 0.5 ha but less than or equal to 15ha	$1,464,808

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 Nelson City 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 Nelson City Council and Nelson City Council is the sole determiner of rating categories.

DIFFERENTIAL RATES

Class 2015/16	Differential %	Cents in the dollar
Residential – single unit	0.0	0.65183
Residential empty section	0.0	0.65183
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.71702
Multi Residential	10.0	0.71702
Rural	-35.0	0.42369
Small holding	-10.0	0.58665
Commercial – excluding inner city and Stoke commercial		
100% commercial and industrial (occupied and empty)	150.7	1.63414
25% residential/75% commercial	113.0	1.38840
50% residential/50% commercial	75.4	1.14331
75% residential/25% commercial	37.7	0.89757
Commercial – inner city		
100% commercial and industrial (occupied and empty)	256.4	2.32313
25% residential/75% commercial	192.3	1.90531
50% residential/50% commercial	128.2	1.48748
75% residential/25% commercial	64.1	1.06966

NCC_Long Term Plan_UPDATED_Oct15.indd 215 11/11/2015 2:44:02 p.m.

Class 2015/16	Differential %	Cents in the dollar
Commercial – Stoke		
100% commercial and industrial (occupied and empty)	241.3	2.22471
25% residential/75% commercial	181.0	1.83165
50% residential/50% commercial	120.7	1.43859
75% residential/25% commercial	60.3	1.04489

Nelson City Council has adopted a policy that commercial rates are set to collect 25.166% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. 28.693% of this is funded from inner city commercial properties, 1.915% from Stoke commercial properties while 69.393% is funded from commercial excluding inner city and Stoke commercial properties. This would result in commercial properties paying a total of $15,862,416 (including water annual charge) in rates for the 2015/16 rating year compared to $14,553,000 (excluding annual water charge) the previous year. The commercial zones of inner city and Stoke are defined in the Nelson Resource Management Plan.

Nelson City Council previously had a policy that commercial rates were set to collect 25% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. This policy was amended in this Long Term Plan to collect 25.166%. The rationale for this policy change was to ensure that the Commercial – inner city ratepayers met the 25% of the loss of revenue of $546,250 (including GST) of the 1 hour free parking initiative.

If the percentage collected from commercial rates hadn't been adjusted upwards for 1 hour free parking initiative then all ratepayers would have paid all of this cost through the general rate and Nelson City Council believes that the loss of revenue should be partially borne by the ratepayers who directly benefit from it ie inner city commercial.

COMMERCIAL WASTEWATER CHARGE – TRADE WASTE CHARGES

Wastewater charges for commercial properties are set according to Nelson City Council's Trade Waste Bylaw. Each year the formulae for calculating the charges to commercial producers are complicated, but in summary Nelson City 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 largest trade waste contributor and the charge is calculated on both discharge rates and effluent strength. Charges are highest for the most concentrated and larger volumes
- Method B applies to all other trade waste contributors, of which there are approximately 1300 in Nelson city. The charge is calculated based on the estimated volume of effluent discharged. The estimate assumes the amount of wastewater is 80% of the volume of incoming water.

Total trade waste revenue for 2015/16 is estimated to be $1,250,000.

For 2015/16, the GST inclusive trade waste charges are:

- Trade waste A conveying charge $514.37 per litre per minute
- Trade waste A treatment charge $1,094.51 per kg BOD* per day
- Trade waste B combined charge $1.65 per m3
- Wastewater charge $101.60 per year.

*BOD is the biochemical oxygen demand, or effluent strength

NCC_Long Term Plan_UPDATED_Oct15.indd 216 11/11/2015 2:44:03 p.m.

FUNDING IMPACT STATEMENT

For the previous year, 2014/15, the equivalent GST inclusive charges were:

- Trade waste A conveying charge $470.54 per litre per minute
- Trade Waste A treatment charge $1,065.35 per kg BOD per day
- Trade waste B combined charge $1.54 per m3
- Wastewater charge of $101.50 per year.

The wastewater charges have risen this year due to increased depreciation charges as a result of asset revaluations.

Method A: quality/quantity approach

The largest commercial contributor is monitored every three months and the waste stream sampled over four days to measure the discharge rate and effluent strength as BOD, the biochemical oxygen demand. The trade waste charge is then calculated using the conveyance, which is the amount discharged, and treatment rates from the method of charging schedule. These rates are determined annually. The conveyance rate is calculated by dividing the estimated conveyance costs for the coming financial year by the 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.

The 2015/16 charges compared with the previous year's charges are:

CONVEYING ($/ANNUM/LITRE/MINUTE), INCLUDING GST

Year	Total Cost ($)	Average Flow Rate (litres/min)	Cost/Litre/ Min ($)
2014/15	5,378,766	11,431	470.54
2015/16	5,695,895	11,073	514.37

TREATMENT ($/KG BOD/DAY), INCLUDING GST

Year	Total Cost ($)	Average BOD loading (kg/day)	Cost/kg BOD/day ($)
2014/15	3,870,232	3,633	1065.35
2015/16	3,898,945	3,562	1094.51

Method B: quantity approach

For all other commercial premises, the tradewaste charge is simply based on the volume of effluent assessed as being discharged from the premises. This effluent volume is calculated by multiplying the volume of water supplied into the premises by a correlation factor. The correlation factor is usually set at 0.8 unless another figure is agreed. It is assumed that 80% of the water that is distributed to a commercial property is subsequently discharged as wastewater. The trade waste charge is then calculated using a combined conveyance and treatment rate. This rate is determined annually by dividing the estimated cost of operating the sewerage system for the coming financial year by 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 2015/16 charges compared with the previous year's charges are:

CONVEYING AND TREATMENT, INCLUDING GST

Year	Total Cost ($)	Total effluent volume (m3)	Cost/m3 ($)
2014/15	9,248,998	6,008,174	1.54
2015/16	9,594,840	5,820,222	1.65

NCC_Long Term Plan_UPDATED_Oct15.indd 217 11/11/2015 2:44:03 p.m.

SUMMARY OF RATES AND CHARGES

	Budget 2015/16 ($000)	Long-term Plan 2016/17 ($000)	Long-term Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	
General Rates:					
Uniform Annual General Charge	6,796	6,682	7,068	7,341	
Cents in dollar	26,401	25,202	26,800	27,446	
	33,197	**31,884**	**33,868**	**34,787**	
Waste water charge	7,093	7,277	7,468	7,747	
Stormwater & flood protection separate general rate	5,018	5,384	5,783	6,406	
Water charge	20,028	23,735	23,822	24,486	
Solar Saver	33	28	23	17	
Solar Saver Capital Rate	86	93	100	108	
Clean Heat Warm Homes Capital Rate	437	437	437	423	
Total Rates	**65,892**	**68,838**	**71,501**	**73,974**	
Estimated natural increment	(659)	(688)	(715)	(740)	
	65,233	**68,150**	**70,786**	**73,234**	
% Increase in rates and charges	**3.6%**	**3.4%**	**2.8%**	**2.4%**	
Rates remissions	(296)	(301)	(307)	(313)	
Other fees and charges	20,199	23,598	23,860	24,792	
Operating grants and subsidies	2,676	2,783	2,815	2,969	
Interest and dividends received	2,891	2,970	3,072	3,138	
Capital Contributions:					
Capital rates	(523)	(530)	(537)	(531)	
Development/financial contributions	2,405	2,465	2,520	2,577	
Vested assets	3,051	3,124	3,187	3,254	
Capital Grants and subsidies	2,507	2,028	3,197	2,338	
Total Comprehensive Revenue	**98,802**	**104,975**	**109,308**	**112,198**	

NCC_Long Term Plan_UPDATED_Oct15.indd 218 11/11/2015 2:44:03 p.m.

	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)
	7,649	7,857	8,177	8,532	8,825	9,226
	28,431	28,863	29,845	30,926	31,859	33,195
	36,080	**36,720**	**38,021**	**39,458**	**40,684**	**42,421**
	8,201	8,339	8,831	9,068	9,374	9,742
	6,711	7,321	7,658	8,351	8,777	9,346
	24,848	25,671	26,439	27,245	28,211	29,351
	11	5	1	0	0	0
	116	109	34	0	0	0
	380	183	68	0	0	0
	76,347	**78,348**	**81,052**	**84,122**	**87,046**	**90,860**
	(763)	(783)	(811)	(841)	(870)	(909)
	75,584	**77,565**	**80,241**	**83,281**	**86,176**	**89,951**
	2.2%	**1.6%**	**2.4%**	**2.7%**	**2.4%**	**3.3%**
	(314)	(294)	(285)	(282)	(288)	(296)
	24,902	25,115	25,547	25,963	27,099	27,640
	3,133	3,289	3,344	3,498	3,672	3,794
	3,202	3,274	3,349	3,430	3,511	3,600
	(496)	(292)	(102)	0	0	0
	2,638	2,702	2,771	2,844	2,921	3,069
	3,322	3,395	3,473	3,556	3,642	3,733
	2,338	1,969	2,441	2,152	3,717	2,920
	115,072	**117,506**	**121,590**	**125,283**	**131,320**	**135,320**

NCC_Long Term Plan_UPDATED_Oct15.indd 219 11/11/2015 2:44:03 p.m.

REVENUE AND FINANCING POLICY

The Revenue and Financing Policy explains 'who pays and why' for each of Council's activities, such as transport and water supply. The policy is based on an assessment of who benefits, and the timeframe over which the benefit occurs. The tables on pages 228 to 242 provide a summary of Council's assessment for each activity.

Council's goal is to set affordable and predictable rates over the long term. To do this, Council has to strike a balance between providing levels of service that meet customer and legislative requirements, and the public's ability to pay for these services.

Council has a number of funding options. The main ones are: general rates, targeted rates, fees and charges, borrowing, development contributions and subsidies. Council's approach to these funding options is summarised on pages 223 to 225.

An aspect of this policy is Council's approach to operating and capital expenses. Operating expenditure pays for the work Council does on an annual basis. An example of this type of spending is maintenance and running costs for existing infrastructure. Capital expenditure pays for new items, such as new buildings, pipes and roads.

OPERATING EXPENDITURE FUNDING POLICY

Council funds **operating expenditure** from the following sources:

- General - General rates are used where there is a deemed general community benefit across all ratepayers.
- Targeted rates - Council levies targeted rates to fund specific activities where there are groups of ratepayers that benefit from the activity, however in some cases targeted rates are levied as a proxy for direct user pays.
- Fees and charges - Fees and charges are set to recover the direct user pays for the benefit received. In some cases Council is limited by legislation, collection costs or the impact on the community and fees and charges are set at a lower level than the assessment of private benefits would indicate.
- Grants and subsidies - Where Council is providing services that are part of national programmes or the Government provides subsidies to Council to provide certain services then Council will claim for these Government grants/subsidies.
- Other income - Other sources of funding include interest and dividends received, and other operating revenue such as rent received.

Operating expenditure is generally funded on an annual basis from money received in that year, apart from depreciation on the NZ Transport Agency share of subsidised transport projects and some other minor community assets. However, exceptions can be made to this approach when it is necessary to avoid significant fluctuations in rates on a year to year basis. An example of this approach was the spreading of costs related to the December 2011 extreme rainfall event.

Council has divided its business into 10 groups of activities. Some of these activities have a number of sub-activities, each with their own funding policies, as shown on pages 228 to 242.

DEPRECIATION

Managing depreciation ensures we have funds in the future to replace assets when they reach the end of their life. Depreciation is based on an estimate of the average wearing out, consumption, or other loss of value of an asset. Spreading the replacement cost of a long-life asset over the expected life of that asset

NCC_Long Term Plan_UPDATED_Oct15.indd 220 11/11/2015 2:44:04 p.m.

means that current and future users of the asset contribute towards the eventual replacement of the asset, rather than just those paying rates at the time the asset needs replacing or major renewal.

Council raises cash through rates and charges to pay for current operating expenses which includes depreciation. The cash raised for depreciation is used to purchase replacement assets or repay loans within that activity. In the Funding Impact Statement depreciation does not appear as an expense line, but is included in the Statement of Comprehensive Revenue and Expenditure. These funds raised will, over time, fund the renewals that are required to maintain the assets at their required operational level. Each year's renewals are funded from this depreciation, but in most activities there is currently excess depreciation. This is because a majority of Council assets are in good condition and the required renewals in the period under review are less than the level of depreciation being funded. Renewals are normally low in the first few years of an asset's life, and then increase later in the life, for example when pipes need replacing after 60 years.

The excess depreciation raised could be put aside in an investment reserve until the funds are required to fund a major renewal. This could result in having to manage a large investment portfolio, while at the same time managing a large borrowing portfolio. This would be an inefficient way of managing the funds because the return on investments is likely to be 1% to 2% less than the interest rate on borrowings.

Nelson City Council, like many other councils, uses the depreciation fund to repay debt. This has resulted in more efficient management of funds. Internal loans are used to ensure that depreciation for individual activities is correctly accounted for.

A surplus can arise if an asset costs less to renew than expected. If this happens, any excess is used to fund new capital expenditure within that activity, and if there is still a surplus it is used to repay loans in that activity. In some activities there may still be money left over. In these cases the excess money is held in reserve for future years.

Depreciation not funded

These are assets for which Council does not intend to fund the replacement in the future. It therefore does not fund depreciation for these assets:

- Founders heritage assets
- Wakapuaka Hall
- Stoke Hall
- Natureland Zoo
- Motor Camps.

In addition, Council is not required to fund depreciation for the NZ Transport Agency share of subsidised assets.

CAPITAL EXPENDITURE FUNDING POLICY

Capital expenditure is spending on assets such as new buildings, pipes and roads. Council must outline in the Long Term Plan what capital expenditure is prudent, and within the guidelines it has set itself in the Financial Strategy.

Council funds capital expenditure in the following priority order:

1. Financial contributions and development contributions, if a growth project
2. Grants and subsidies, for example from the NZ Transport Agency, Tasman District Council, or community groups
3. Cash surpluses after meeting the costs of renewals expenditure, which arise from Council's funding of depreciation.
4. Loans.

NCC_Long Term Plan_UPDATED_Oct15.indd 221 11/11/2015 2:44:05 p.m.

Asset management plans are maintained for all infrastructural services and these provide information about asset condition and asset renewals required to maintain desired service levels.

Renewals are funded from subsidies and grants (when available), depreciation, asset sales and lastly from borrowing if necessary.

New capital developments are funded from subsidies and grants (when available), user contributions, reserves, asset sales, and where necessary from borrowing.

Through the application of its Development and Financial Contributions Policy Council receives contributions to fund infrastructure that is required due to City growth.

Borrowing is an appropriate funding mechanism to smooth the peaks in capital expenditure. It also enables the costs of major developments to be borne by those who ultimately benefit from the expenditure. This is known as the 'intergenerational equity principle' and means that the costs of any expenditure should be recovered from the community over the period during which benefits from that expenditure accrue. It is not prudent or sustainable for all capital expenditure to be funded from borrowings and Council must balance prudence against equity. The overriding limits on borrowing are set out in the Financial Strategy.

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 community wide public benefit or no other appropriate funding source.

The general rate is used to fund all Council activities other than water supply, wastewater, stormwater and flood protection, which are targeted rates and are explained below. All ratepayers should bear the cost of these non-targeted activities based on their land values because they benefit the community as a whole.

Every property is charged a baseline amount, which is called the uniform annual general charge (UAGC) per separately used or inhabited part of a rating unit (SUIP). The rest of the general rate is based on the land value of the property, depending on its use. Single residential properties are the baseline and have no differential.

As shown in the tables on pages 223 to 225, Council has compared the public and private benefit of each activity in order to decide what percentage of the costs should be recovered through user charges. In most years fees and charges, excluding water charges and development contributions, raise approximately 50% of total Council revenue, and rates around 50%.

Differentials

Differentials are a percentage adjustment to the rates to reflect differences in levels of services received. For example, rural property owners pay lower general rates, reflecting the lower level of services, such as fewer or no street lights. Council has set differentials to collect higher rates from commercial properties, and where there are two or more residential units on one assessment. Lower differentials are used to collect lower rates on rural properties and small holdings.

Council has adopted a policy that commercial rates are set to collect 25.166% of the total rates excluding water and voluntary targeted rates. 28.693% of this is funded from inner city commercial properties, 1.915% from Stoke commercial properties and 69.393% is funded from the other commercial properties. The commercial zones of inner city and Stoke are defined in the Nelson Resource Management Plan. Council undertook a benefits allocation review in 2014 to

NCC_Long Term Plan_UPDATED_Oct15.indd 222 11/11/2015 2:44:05 p.m.

ensure that this is fair and equitable and decided to maintain this percentage for the Long Term Plan as the benefit allocation had not changed significantly.

Targeted rates

Council charges targeted rates in the form of uniform annual charges and demand related charges. These are for the recovery of the cost of providing water, wastewater and stormwater and flood protection.

Voluntary targeted rates

- Clean Heat Warm Homes - Council operates the Clean Heat Warm Homes scheme to assist ratepayers in replacing non- complying solid fuel burners in parts of the city where air quality can be a problem. The scheme was funded through loans and the cost of the interest paid by Nelson City Council on the borrowing for the scheme is met from general rates. Council ceased to accept new entries beyond 30 June 2012.
- Solar hot water systems - Council operates the Solar Hot Water systems scheme to assist ratepayers to install a solar Hot Water system (SHWs). The scheme was funded through loans and the cost of the interest and administration costs of $400 per installation is included in the total paid by the ratepayers using the scheme. Council ceased to accept new entries beyond 30 June 2012.

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
General Rates		
General rates are currently set at rates of cents in the dollar of land value, calculated differentially based on the following classifications of property: • Single Unit Residential • Multi-unit Residential • Commercial inner city and Stoke • Commercial general • Rural • Small Holdings Its incidence is modified by a uniform annual general charge (UAGC).	General rates will be primarily used to fund those activities, or parts of activities, that benefit the community in general and where no identifiable individuals or groups benefit in a significantly different way to the rest of the community. General rates may also be used where the use of direct charging would discourage use. General rates may also be used where it is impractical, or too administratively expensive, to fund the activity from other funding sources. General rates are currently apportioned according to the land value and deemed use of each property. The UAGC is a fixed charge per rating unit which Council treats as a part of the general rate. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high value properties.	Generally not used for capital expenditure directly. General rates can be used to fund depreciation.

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 223 11/11/2015 2:44:06 p.m.

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
Targeted Rates		
Targeted uniform rates are set to cover the net cost of Water, Wastewater, Stormwater and Flood Protection for those groups of ratepayers that receive the services. Targeted rates, reflecting the actual costs from individual properties, are also set for Clean Heat Warm Homes scheme and the Solar Hot Water rate.	Targeted rates may be used to fund activities where identifiable categories of ratepayer, or ratepayers in identifiable locations, receive benefits from the activity to be funded in a significantly different way from other ratepayers. Targeted rates may be set as a fixed annual charge, or based on some other legally permissible basis such as land or capital value. They may be set differentially depending the location or classification of ratepayer or the nature of the service being provided.	Generally not used for capital expenditure directly. Targeted rates can be used to fund depreciation.
Fees and Charges		
Various fees and charges are set to cover all or parts of the cost of delivering activities	Fees and charges will generally be used for those services where the benefit is entirely, or in part, to the direct user of the service and where the use of the service is at the discretion of the user. This includes fees for various regulatory services, facilities operations or administrative services. Where Council uses charges to ration the use of an activity, it may charge at a level above that which would be necessary to recover the costs of the activity. Fees and charges may be in the form of fines, penalties or similar and used where Council wishes to modify the behaviours that impose cost, or inconvenience, on other members of the community.	Fees and charges may be used to reduce debt levels in the activity related to the fees and charges. User charges may be used to purchase physical assets used in that activity where prudent to do so.
Interest and Dividends from Investments		
Council receives interest and dividends from its investments, such as Nelmac, Port Nelson and Nelson Airport Ltd, and short-term cash management.	Ordinary budgeted interest and dividends, along with any other investment income, is treated as general revenue.	Interest and dividends may be used to retire debt. Special dividends are used to reduce debt.
Borrowing		
Debt is used to help fund long life infrastructure assets and other physical assets.	Council will not normally borrow to fund operating costs, except for: • Larger emergency events • Large operating expenses which have multiple year benefits i.e. de-sludging of wastewater treatment ponds • Some capital grants to external organisations which are classified as operating costs under the International Financial Reporting Standards.	Borrowing is used to fund long life infrastructure assets and other physical assets after available funds from development / financial contributions, grants and depreciation reserves have been utilised.

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 224 11/11/2015 2:44:06 p.m.

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
Proceeds from Asset Sales		
Income received from selling surplus assets after paying for selling costs.	Operating costs are not funded from asset sales.	Proceeds from asset sales are an appropriate source for purchasing assets or retiring debt. Council will aim to ensure that the ratepayers who benefit from the use of funds match the group of ratepayers who paid for the asset.
Development Contributions		
Development contributions are sums payable, or assets transferred, to Council by developers or new service users. They pay for the costs imposed on infrastructure and Council facilities by growth in the number of properties / users.	Operating costs are not funded from Development Contributions.	Development contributions are a first choice for the funding of capital expenditure costs that result from development growth. The expenditure must be consistent with the purpose for which the development contributions were levied. Contributions will be calculated in accordance with Council's Development and Financial Contributions Policy.
Financial Contributions under the Resource Management Act		
Financial contributions are sums payable, or assets transferred to Council, by developers or new service users to enable mitigation, avoidance or remedying of adverse effects arising from subdivision or development.	Operating costs are not funded from Financial Contributions	Financial contributions may be used to fund that proportion of new asset expenditure that is made necessary by the effects of subdivision and development. The contribution may be required as a condition of consent, in accordance with any relevant rule in the Nelson Resource Management Plan.
Grants and Subsidies		
These are payments from external agencies and are usually for an agreed, specified purpose. The main source of these is NZ Transport Agency subsidies for road maintenance, renewals and improvements.	Grants and subsidies will be used for operating expenses only when this is consistent with the purpose for which they were given.	Grants and subsidies will be used for capital expenditure only when this is consistent with the purpose for which they were given.

NCC_Long Term Plan_UPDATED_Oct15.indd 225 11/11/2015 2:44:06 p.m.

FUNDING TARGETS

Council's funding targets set the level of revenue that is appropriate for users to contribute for each Council activity, as shown in the right hand column of the tables on pages 228 to 242. Council has reviewed these targets as required by section 101 of the Local Government Act 2002.

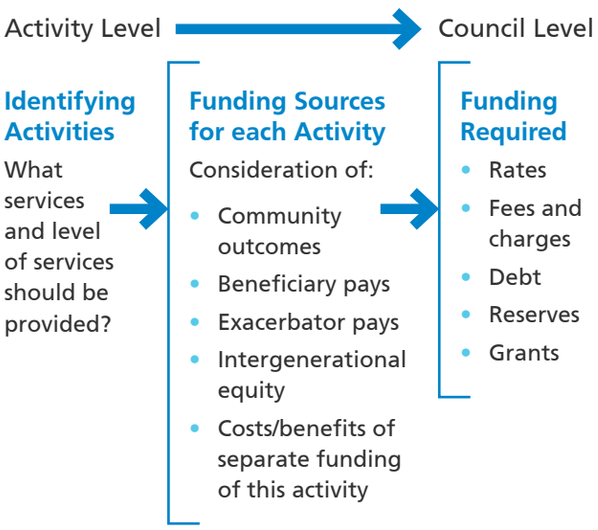
The specified funding source proportions are indicative only. In any given year there may be justification for variation from these proportions. This could be due to changes in market conditions, government policy or in the demand for a Council service. Most of the targets consist of a range rather than a precise number to reflect this uncertainty.

PROCESS FOR DETERMINING FUNDING SOURCES

Council has adopted a two-stage process to determine the appropriate funding sources, as required by section 101(3) of the Local Government Act 2002.

Step 1: The first step is to determine the most appropriate source of funding for each activity by considering the following:

- Community outcomes to which the activity primarily contributes
- Distribution of benefits between the community as a whole, any identifiable part of the community and individuals
- The period in, or over which, the benefits are expected to occur. Generally, benefits derived from operating costs are received in the year the expenditure is incurred. In contrast, capital expenditures relate to investments in assets that generate benefits over their useful lives that extend beyond the current year
- The extent of the actions or inaction of individuals or a group contributing to the activity undertaken
- The costs and benefits, including consequences of transparency and accountability, of funding the activity distinctly from other activities.



Step 2: Once the most appropriate funding method for each activity is identified, Council needs to consider the overall impact of its funding mix on the community. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability.

SELECTING THE APPROPRIATE FUNDING SOURCE

The general principles used in the process are:

- Public good theory

the distribution of benefits between the community as a whole 'public benefit'= rates

An activity should be collectively funded if those who benefit directly cannot be identified and/or if those who benefit directly cannot be excluded from using the service

NCC_Long Term Plan_UPDATED_Oct15.indd 226 11/11/2015 2:44:07 p.m.

- User/beneficiary pays principle

An activity should be funded on a user pays basis if an individual or group of individuals directly receive benefits of the activity exclusively and the costs of the activity can easily be attributed to that individual or group of individuals.

The service 'consumed' is excludable and creates rivalry (using this service reduces the availability for someone else).

- Merit goods theory

The use of private goods and services can also result in benefits to third parties – people who don't directly use them. In these cases Council considers that the service should be provided on the basis of community need rather than willingness to pay, or identifiable benefits received (e.g. regional sporting facilities).

- Intergenerational equity principle

The period in or over which those benefits are expected to accrue

- Exacerbator/polluter pays principle

The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity, and

- Costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

This considers the efficiency or ability to split and identify costs and then collect revenue, and the impact on demand for services

Differentiation of private and public goods is not easy because very few goods and services can be treated as purely private or public; most goods and services have characteristics of both private and public goods.

The following policy positions have been set by Council and are used with the principles above.

- Where the benefit accrues to the whole city, general rates will be used.
- Where benefits accrue to certain groups within the city, user charges, differentials or targeted rates will be used if it is efficient to do so.
- User pays is also recognised as a tool to achieve Council's goals e.g. charging for refuse collection to encourage waste minimisation.
- In some cases, e.g. wastewater, targeted rates are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges.
- Rates are at least partly a tax. While effort is made to link payment of rates to benefits received or costs generated it is not possible to do this on an individual ratepayer basis.
- Subsidies from central government recognise that some services, e.g. roading, form part of a national infrastructure and only central government can levy user charges.
- The Uniform Annual General Charge recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the city.

The process for funding the operating costs of these activities is as follows:

- Any operating grants or subsidies for a particular activity are used to reduce the gross cost.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this, provided there are no legislative constraints on doing this.
- Where a fee or charge is not practical, targeted rates may be set in accordance with Council's rating policies.
- Any net income from investments or petrol taxes may then be applied and any residual requirement will be funded through general rates and/or uniform annual general charges (UAGC) – the latter rates and charges will be set on a differential basis in accordance with Council's rating policies. For the purposes of this policy any reference to general rates as a funding source is considered to include UAGCs.
- Rating policies including the details of targeted rates, the level of the UAGC, the choice of valuation base for the general rate and the details of the differential system will be outlined in the Funding Impact Statement in the 10 Year Plan or Annual Plan as appropriate.

In this document we use the words "public" or "private" to reflect who benefits from the services Council provides. When the word "public" is used it means the community at large will receive benefits and generally it is more efficient to charge for those through a rate. When the word "private" is used it means that either an individual or an identifiable group of individuals will receive benefits and generally this group can be charged either directly through user charges because it is efficient to do so or by using a targeted rate.

The tables which follow show this analysis for each activity within the groups of activities. A summary is provided on the final page of the policy.

NCC_Long Term Plan_UPDATED_Oct15.indd 227 11/11/2015 2:44:07 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
Group - Transport							
Community Outcomes: Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy. Our communities have access to a range of social, educational and recreational facilities and activities.							
Road and footpath network	All road and footpath users benefit from Council providing these services (motorists, pedestrians, cyclists, transport operators and all those who have goods shifted by road transport). Utility service providers also use the road reserve for their services. While the users of the network receive the majority of benefits from this activity, the network is non-excludable and all properties have access. Other personal and public safety aspects are the provision of streetlights which help to prevent crime and prevent injury, and the road safety education initiatives.	High. Road network maintenance provides both short and long term benefits. Assets such as bridges provide benefits to be enjoyed by future generations of ratepayers as well.	Heavy vehicles place a higher cost on maintenance of the roading network. This is recognised through Road User Charges. All individuals who have high usage of the network also pay more through excise fuel taxes. These users pay more towards the funds that NZ Transport Agency provides through grants to Council.	Roading and Footpaths is a mandatory Activity as defined in the LGA 2002. Costs have to be identified and reported separately in order to meet the requirements of the NZ Transport Agency.	General rates Fees and charges Grants and subsidies Borrowings Reserves	All residents and businesses benefit from Council funding a road network. People from outside the City also benefit. The roading network is a vital service that underpins the movement of people, goods and services. People who do not drive still derive an indirect benefit, for example, roads are used for street parades and fairs, festivals and other activities. Council collects the local share of costs through general rates. Council has no practicable method of charging for usage. It is impractical (and illegal) to charge for road use by any direct mechanism such as tolls. The NZ Transport Agency grant, funded by fuel taxes and road user charges, is a proxy for user charges. The residual cost should be borne by the whole City through the general rate with a differential applied to business to reflect the additional costs heavy vehicles place on the roading network.	Private 20-30% Public 70–80%
Inner City Enhancement	Inner city properties receive benefits from extensive carparks for customers. Inner City businesses also benefit from a higher standard of surface, regular cleaning, amenity plantings and street furniture. The majority of benefits from carparking are attributable to the individual user therefore this is seen as a private benefit. There are wider benefits from parking enforcement from ensuring people have access to carparks.	Medium – High. Carparks are mostly provided as part of the road reserve.	People who place obstructions or litter on footpaths create extra costs to clean the footpaths. People who park for longer than allowed reduce the availability of carparks for others. This is managed through fines.	Carparks, street furniture and footpaths deliver particular benefits to the commercial sector. Footpaths do not receive NZ Transport Agency funding and so have different funding sources. It is not feasible or legal to identify and charge all individual users of Council CBD services.	Fees and Charges General Rates Borrowings Reserves	Council provides these services to support a vibrant and successful commercial centre. The higher levels of service for commercial properties are recognised by a higher commercial general rate differential. The balance of funding comes from carparking fees, which are set at levels which are appropriate to manage demand, rentals and fines. Any court costs are paid by the person who received the fines.	Private 60-65 Public 35-40%

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NCC_Long Term Plan_UPDATED_Oct15.indd 228 11/11/2015 2:44:07 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
Public transport and total mobility scheme	A number of individuals and groups benefit from this activity: • All users of public transport. • Members of our community with disabilities. • Total mobility and Super Gold cardholders. • Those users without access to motor vehicles. • School students who don't comply with Ministry of Education passenger transport criteria. • General motorists due to reduction in vehicles using the roading network.	Mostly short term.	People without disabilities using the mobility carpark spaces generate the need for enforcement. Costs are partly recovered through fines.	Separate funding from NZ Transport Agency and Ministry of Transport requires identification of costs within the Transport Group.	General Rates Grants and subsidies Fees and charges Borrowings	Council delivers total mobility and public transport services as part of a national service. Council receives an NZ Transport Agency Subsidy, as well as funding from the Ministry of Transport for Super Gold Card users. The balance of funding comes from general rates and a grant from Tasman District Council for its share of the Total Mobility service. The NZ Transport Agency grant is a proxy for public funding.	Private 50-60% Public 40-50%
Group - Water Supply							
Community Outcomes: Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities are healthy, safe, inclusive and resilient. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy.							
Water Supply Source - Maitai and Roding rivers Treatment Reticulation network	The benefits from expenditure on water supply services are mainly private. However, there are some public health advantages from the community having a supply of safe drinking water and the assured availability of water for firefighting purposes. Water is also required by business and manufacturing for the production and processing of food and goods.	High. The water supply network has components that last for 80 years or more therefore the benefits are spread over multiple generations.	Excessive use of water by some could reduce the amount available for others. Water is metered so it is used efficiently and supply costs are shared fairly. Those who use more are charged more. There are administrative costs in a user-pays approach from the transaction cost of collecting water charges, but this cost is small in relation to the benefits of applying this system.	This is a mandatory Activity as defined in the LGA 2002. Funding this activity on a user-pays basis provides an incentive for water conservation, which is a significant benefit.	Fees and charges (meters) as a targeted rate Development contributions Financial Contributions Borrowings Reserves	While there is wide public benefit in the provision of clean water, this needs to be practically managed and funded. The benefit of clean water is directly to individuals and businesses mainly in local properties, although not to all properties in the city. Benefits vary dependent on the volume of water used. Demand management is important to manage the available water resource during dry periods, and to minimise the water network costs. For this reason, the cost is recovered through a metered charge for each property that is connected or can be connected to the water supply based on usage. All consumers of water (e.g. businesses) are metered and charged for the actual amount used. In areas of new subdivision development, levies (development and financial contributions) are also used.	Public 0% Private 100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 229 11/11/2015 2:44:07 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
Group - Wastewater							
Community Outcomes: Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities are healthy, safe, inclusive and resilient. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy.							
Wastewater	The benefits from wastewater are largely equally spread across all households within the wastewater network area. Other commercial and industrial users benefit over and above this based on their volume and composition of wastewater. Their usage results in commercial benefits not associated with basic human health. There are recreational and environmental benefits associated with both inland and marine waters and protecting land from effects of wastewater see page 74.	High. The timeframes of benefit are both short (e.g. each time the system is used) and ongoing with intergenerational benefits as an asset and in its protection of health and the environment. The network has components that last for 80 years or more therefore the benefits are spread over multiple generations.	Commercial volumes of waste can result in higher costs to run the network, as do industrial waste discharges to the network. Trade waste charges based on volume, biological loadings and chemical composition are set to reflect the costs of reticulation and treatment of commercial / industrial waste. Non-complying discharges require monitoring and enforcement. Stormwater infiltration through incorrectly installed downpipes requires monitoring and action by and on behalf of Council.	This is a mandatory Activity as defined in the LGA 2002.	Fees and charges (trade waste) Targeted rates Development contributions Financial Contributions Borrowings Reserves	While there is wide public benefit in the management of wastewater, this needs to be practically managed and funded. The cost is generally recovered through a targeted rate for each property that is connected or can be connected to the waste water network. Trade waste charges make up 20-30% of operational costs to reflect the additional loading these discharges have on the network. Costs of running the joint venture (NRSBU) trunk mains, pumping stations and treatment plant are shared between Tasman District Council and Nelson City Council in proportion to their respective use of the infrastructure. The apportionment of capital and the allocation of sewage drainage capacity are approximately 50/50.	Public 70-80% Private 20-30%
Group - Stormwater							
Community Outcomes: Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy.							
Stormwater Pipes, channels, natural waterways, pumps	All properties within the serviced areas benefit from management of stormwater. Stormwater management protects private property from flooding and erosion. There is also a public benefit with regard to health, safety and reducing inconvenience by maintaining access to properties during periods of high rainfall and flooding.	High. Stormwater includes assets that have very long lives servicing multiple generations.	Property developments that fail to provide appropriate stormwater collection and discharge to the stormwater network (if in the area serviced) could result in adverse impacts on neighbouring or downstream properties. These issues are managed through the Environment Group activities of Council.	This is a mandatory Activity as defined in the LGA 2002	Targeted rates Development contributions Financial Contributions Borrowings Reserves	Stormwater management is largely a public benefit but applies only to those properties in the serviced areas. Therefore a targeted rate is the most appropriate funding source. The main objectives are the protection of public health and to protect private property.	Public 100% Private 0%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 230 11/11/2015 2:44:07 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
Group - Flood Protection							
Community Outcomes: Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy. Our communities are healthy, safe, inclusive and resilient.							
Flood Protection	This activity provides protection from floods and keeps urban areas (roads, land, amenities, shops etc) free from floodwaters. This contributes to public health and safety, maintains quality of life and enhances amenity and property values. All landowners protected from flood waters receive a private benefit. However these benefits vary considerably and are very hard to quantify at the individual property level.	High. Flood protection works are long life assets.	None	This is a mandatory Activity as defined in the LGA 2002	Targeted rates Borrowings Reserves	The benefits of funding Council's flood protection activity apply to all those who live in the areas where Council provides flood protection works. The benefit is split between public benefit to provide protection of public health and to protect private property. Therefore a targeted rate is the most appropriate funding source.	Public 100% Private 0%
Group - Environment							
Community Outcomes: Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy. Our communities are healthy, safe, inclusive and resilient.							
Solid Waste Refuse collection and Disposal	The benefits from refuse collection are for every household within collection areas by giving access to an affordable collection system. Further public benefit arises from transfer station operations as this promotes public health and sanitation and controls pollution. Additional individual benefits are received by those who dispose of more waste. Solid waste management contributes to a tidy, clean, healthy and safe environment. A well-managed landfill results in less pollution, reduces waste and prolongs the life of the landfill. All residents and businesses benefit from access to a local well managed landfill that reduces disposal costs. The landfill is managed to reduce gas emissions and increase revenue with a methane gas collection facility.	Benefits are long term as this activity reduces the impact of solid waste on the environment. Refuse collection services benefits are more short term in nature. The current landfill is expected to last to around 2034.	Exacerbators include: • manufacturers who use excessive packaging. • those who produce unnecessary and unrecyclable waste. • those who dispose of hazardous waste inappropriately. • those who produce excessive hazardous substances. It is difficult to track and identify those who dispose of waste inappropriately and there is no suitable mechanism for charging manufacturers who use excessive packaging. This needs to be addressed at a national level.	This activity is funded on a user pays basis that requires separate identification.	Fees and charges Grants Methane gas sales Borrowings Reserves	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. Methane gas is sold to reduce the costs of controlling gas emissions. User charges are set at levels that cover the costs of the service and that also encourage reductions in the volumes of solid waste. 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.	Public 0% Private 100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 231 11/11/2015 2:44:07 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
Solid Waste Recycling	All residents and commercial businesses benefit from access to recycling services that reduce waste and prolong the life of the landfill. Council has also assessed that the whole community benefits from waste minimisation as stated in the Joint Waste Minimisation Management Plan.	Benefits are long term from reducing the waste impact on the environment – both locally and nationally.	Those who recycle more create additional costs. However this actually supports the outcomes sought by government and Council.	Recycling now incurs significant costs and has a unique set of policy objectives. User charges would require an expensive administration system to be established and would reduce usage.	Fees and charges Grants (waste minimisation levy) Borrowings	This is a public good so this activity should be funded through general rates or targeted rates. The public is used to these services not having user charges and this should continue to increase usage to meet other policy objectives. There is some funding from user charges from the collection and disposal activity as that generates some of the costs for recycling. 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.	Public 0 Private 100%
Animal control	The benefits from animal control are mainly private through providing administration and licencing services for dog owners. Dog owners benefit as work volume is directly proportional to number of dog owners. There is also a degree of public benefit in increased public safety. There are also benefits for the SPCA and dog owner associations (animal welfare, education of dogs' needs). Neighbouring landowners stock is protected from the effects of wandering dogs. Some costs are the result of animals wandering from their home locations that are not directly caused by their owners. In these cases the costs are carried by the general public.	Benefits are short term, often requiring rapid responses to wandering dogs and stock.	Dog owners who do not control their dogs or do not register them create enforcement costs and endanger public health. These costs are partly recovered through fines, but some of these costs cannot be recovered.	Council is legally required to operate a dogs database and a register of dangerous dogs. The dog licence fee also acts as a demand management tool to promote good dog ownership.	General rates Fees and charges Reserves Borrowing	The large majority of benefits are private and from exacerbators. This is reflected in almost all costs being funded through the dog licence fee, with some funding from fines and impounding fees. A small amount is funded through the general rate to reflect those costs that are a public good. These are usually associated with rural stock control.	Private 90-100% Public 0-10%
Building consents	The community benefits from safety and health protection on buildings over time. Individuals benefit from certainty of the quality of building (minimum standards), and occupiers gain the protection of consistent standards. People seeking advice about building and related requirements receive a private benefit.	Short to long term.	Those who fail to obtain building consents, and those who do not build in accordance with a consent. Additional inspection costs from poor project design and / or management are passed on to the building owner.	User charges recover the majority of costs for this activity. The activity is delivered in accordance with the Building Act 2004.	General rates Fees and charges Borrowings Reserves	The majority of costs benefit private users, so user charges reflect this. Some costs associated with accreditation and general advice to residents is more of a public good and is charged through the general rate. Council has to balance the affordability of consent costs and public advice to residents against the impact on the general rate.	Private 60-80% Public 20-40%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 232 11/11/2015 2:44:07 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
	The benefits from building consents can be directly related to the individuals or organisations that apply for the building consent. Full cost recovery is not always possible because some fees are set by law or regulation and the fee needs to be weighed against the cost of fee avoidance.						
Environmental Policy	The activity provides the District Plan and the strategies and policies that guide and regulate development in the City, based on the principles of the Resource Management Act. The benefits are attributable to the whole community and are therefore mainly a public benefit.	Medium to long term. Each District Plan has to be reviewed every 10 years. Development decisions made can result in very long term benefits to individuals and businesses.	Those seeking changes to the District Plan can initiate private plan changes. These costs can be charged to the initiator. Individuals and / or businesses who create the need for additional rules in the District Plan cannot be charged - the costs become a public good cost.	It is not possible to identify individuals or businesses that create the need for policy planning. Costs cannot be allocated to individuals and businesses using these services in any one year as the benefits and costs apply across the community differently each year. Charges are made in accordance with the provisions of the RMA 1991.	General rates Fees and charges	The benefits apply to the community in general and as such general rates are used to fund most of these costs. User charges are set for private plan changes, and for service requests that generate significant administration time.	Private 0-20% Public 80-100%
Resource Consents	The focus of this activity is to allocate the use of natural resources to consent holders and to protect the quality of Nelson's natural and physical environment, now and into the future. The resource consent holders benefit by obtaining approval for the use of resources. Benefits for the wider community are prevention of inappropriate development and the avoidance of adverse environmental effects. In cases where there is non-compliance with the District Plan the exacerbator pays.	Short to long term. Some resources can only be used once and decisions can have a long term impact. Benefits are usually medium term.	Resource consent applicants who do not properly research proposed changes create additional costs. Submitters to plans whose submissions are on vexatious grounds. Consent holders who do not meet the consent conditions create the need for monitoring and enforcement.	User charges recover the majority of costs for this activity, as benefits are clearly defined.	General rates Fees and charges Reserves	Direct benefits are charged through user charges to the people applying for resource consents. Some of these consents include regular monitoring which are also charged. Council has to balance the affordability of consent costs and public advice to residents against the impact on the general rate.	Private 40-60% Public 40-60%
Public Health	Public benefits arise from the general community health and safety that results from enforcement of bylaws and statutory requirements. Residents are assured minimum health standards apply in a range of businesses controlled by regulations (liquor to hairdressers to food).	Short term. There are some longer term public benefits from a healthy resident population, and the attractiveness of the City to visitors.	Businesses that do not meet the legal minimum standards create the need for enforcement actions.	Council's policy is to charge these activities on a user pays basis where possible. These activities have a common focus on licensing and inspections.	Targeted rates General rates Fees and charges Reserves	Council sets fees for the licences and inspections within the limits set by legislation and bylaws. In some cases these fees are at levels that do not cover the costs of the service.	Private 30-50% Public 50-70%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 233 11/11/2015 2:44:07 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
	There is a significant private benefit arising from individual licences that certify individuals or owners of premises. These businesses create the need for the inspection and enforcement activity.					The public good benefits of health and safety result in the general rate being the choice for most of the costs. For the Solar Saver and Clean Heat Warm Homes schemes, targeted rates are used.	
Environmental Pest management Non-regulatory activities	There is a public benefit from having public land free from pest infestations. Rural landowners (pastoral farmers and foresters) gain increased productivity, economies of scale and efficiency from a joint effort. Such initiatives also reduce encroachment and re-infestation from neighbouring land. While there are private benefits pests and weeds are not constrained by property boundaries.	Short to medium term.	Landowners who do not undertake adequate pest control. Those who pollute the environment.	The cost of administering a separate rate outweighs the benefits.	General rates Fees and charges Reserves	Pest management requires concerted joint actions across property boundaries – otherwise re-infestation occurs. It is not feasible to allow individual property owners within an affected area to opt in or out.	Private 0-10% Public 90-100%
Emergency Management	The benefits of this activity are attributable to the whole community. Recovery from disasters will benefit some individuals or groups more than others. These benefits are seen as averaging out over time as the impacts and location of natural disasters cannot be accurately predicted.	Short to long term.	People who do not or are unable to provide for themselves in the event of an emergency. Those lighting fires without permits, or who do not prepare their Civil Defence three day kits.	Given the size and political importance of the expenditure, separate funding is considered important for transparency.	Grants and subsidies General rates Borrowing	As the benefits are entirely for the public good it is not appropriate to apply separate charges or a targeted rate. The general rates are the appropriate funding tool.	Private 0% Public 100%
Group - Social							
Community Outcomes: Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy. Our communities have access to a range of social, educational and recreational facilities and activities. Our communities have opportunities to celebrate and explore their heritage, identity and creativity.							
Libraries	Users of the library gain a private benefit in that, with membership, they are able to access reading material. Other private benefits come from access to computers and the internet, audio-visual items and holiday programmes. These benefits are excludable and create rivalry (issuing a book to one individual precludes that book being issued to someone else).	Facilities provide both short and long term benefits. Facilities such as library buildings accrue benefits to be enjoyed by future ratepayers as well. The benefits to residents from knowledge are long term.	Books and other items not returned mean others are disadvantaged. Fines are the tool used to reduce this behaviour.	This is a significant cost activity for Council. Charging for usage is only feasible through item charges as usage varies substantially between individuals and properties.	General rates Fees and charges Grants and subsidies Reserves Borrowing	The rationale is to encourage life-long learning, therefore membership fees and item rental costs could create a barrier to that goal. Charging for general book issues at a level that would generate substantial income would result in significant declines in usage and issues. Internet and digital books may change funding options in the future but for the medium term general rates and a small proportion of user charges are the preferred option.	Private 0-10% Public 90–100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 234 11/11/2015 2:44:07 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
	There is a wider community benefit in the provision of reading material, the availability of reference material and protection of heritage documents. Increasing the reading abilities of children and adults increases the overall knowledge and skills of the entire community, including the availability of skilled employees for local businesses. However, the majority of benefits are seen as private.						
Art and Culture, Museums, Theatres and Art Galleries - Suter Art Gallery	Providing arts and heritage activities fosters community pride and identity. The entire community benefits from the educational opportunities & cultural awareness that the provision of activities and facilities brings. The whole community (including particular sector groups e.g. schools) benefit from the Museum through the provision of cultural services, information and education, exhibition and management of the museum collection. The business community benefits from spending by visitors attending facilities & events. Individual benefits accrue to those who use facilities and attend activities. These benefits are excludable but mostly non-rivalrous (unless the facilities are full individual usage does not stop another person attending). Grants and heritage activities provided to groups exclude other groups from receiving funding. This is modified to some degree as Council applies criteria to grant funds that moves the benefits towards the whole community. Overall there is a fairly even split of public and private benefits.	Short to long term. Facilities tend to be civic buildings that last multiple generations. Art works and museum items usually last a very long time. Grant benefits are short term although they do build community capability for the longer term.	The need is created by the whole community. Sector artistic groups and private users also create a demand for facilities. The community creates the need by requiring a facility to store and display museum collections as well as have access to cultural services, information and education. Groups of individuals with specific interests in heritage and arts.	This is a significant cost activity for Council. Charging for usage is only feasible through entrance charges. Most art and heritage activities funded involve partnerships with community groups and volunteers. Charging for these activities would significantly reduce community involvement.	General rates Fees and charges Grants and subsidies Reserves Borrowing	The need and spread of benefits for Museums, Theatres and Art Galleries is largely a political decision. The significant public good aspect of these activities supports the funding through the general rate. Some of these costs are attributed to the business sector to recognise the number of residents and visitors who are attracted to the City centre. The private benefit component is funded through sponsorship (as a proxy for community support) and user charges for special exhibitions. Entrance charges for the general facilities would significantly reduce usage and past investments in this activity would be poorly utilised. These facilities also provide activities for visitors. Because of these issues Council has decided to reduce the proportion to be funded by individuals. Grant funding and heritage activities benefit the whole community. Private and group benefits funded through external grants and sponsorships that are often required by Council.	Private 0-20% Public 80 – 100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 235 11/11/2015 2:44:08 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
Cemeteries and Crematorium	These services provide appropriate and safe cemetery and crematorium services. The cemeteries also provide public open space, often with heritage value. Individual users / groups benefit, particularly families of the deceased. The entire community benefits adequate provision for interring the deceased in an appropriate manner and that cemeteries are maintained as a place of remembrance.	Long term.	None.	New users of the services are charged on a user pays basis. Historical burials and cremations created ongoing costs that cannot be charged for in retrospect.	General rates Fees and charges Reserves Borrowing	Council is faced with maintaining these facilities in perpetuity to a high standard. New users pay for the burial / cremation costs plus the ongoing costs of maintaining the plot. This is the private benefit funding proportion. The costs of maintaining historical burial areas, and some of the costs of public spaces, are a public good and are therefore funded through general rates. Crematorium fees have to meet market competition.	Private 40-60% Public 40–60%
Motor Camps	Visitors to the City benefit from affordable camping facilities and other accommodation options. The Motor Camps also offer semi-permanent low- cost residential options. These benefits are excludable and rivalrous. Businesses benefit from the attraction of visitors who can stay overnight due to the availability of a range of accommodation for residents and visitors. The whole community benefits from providing serviced camping spaces and not having visitors camping illegally and generating litter and pollution issues.	Short to long term.	None.	This activity is operated as a business and funding is separate from core Council operations.	General rates Fees and charges Borrowing	Motor Camps are provided to allow campers and other visitors to stay in the City. While the whole community, and businesses in particular, benefit from this the users of the Motor Camps gain the most benefit. These facilities use reserve land but are operated as a business. Funding is largely from user charges and the balance is from general rates. Any surplus funds can be used to reduce the general rate requirements.	Private 90-100% Public 0-10%
Community Housing	Individual tenants are the primary beneficiaries. These reasonable quality low-cost housing units are targeted at older residents on low incomes with the least wealth. Rental levels are set below market rates. These benefits are excludable and rivalrous. The assets have considerable value and the benefits are received by a small percentage of the community. The community as a whole benefits from having appropriate affordable housing available to senior residents.	Long term. Each housing unit will last at least 50 years.	Mature residents who are unable to provide for their long term accommodation needs.	Fees and charges as set by Council policy and government superannuation levels determine income. Funding needs are separately identified to clearly show the amount of subsidy.	Fees and charges Borrowing	The Community Housing activity was started in the 1950's in a partnership with government. Council has a Policy setting rental charges at 25% of national superannuation level. As the benefits are largely private the activity is self funding through fees and charges. The ability to fund future renewals of the housing units may require changes to this policy.	Private 100% Public 0%

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NCC_Long Term Plan_UPDATED_Oct15.indd 236 11/11/2015 2:44:08 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
Social Development	Council has a role in supporting community groups which promote community development. The community benefits from the existence of a strong co-ordinated voluntary sector, and improved social services that better match the needs of the community. Community groups gain funding to proceed with their projects, and beneficiaries of those projects receive a range of benefits. Some individual benefits are excludable but many of the programmes aim to support groups or the community as a whole. Migrants and intending migrants to the region gain support. Members of the youth Council gain experience of Council procedures and an opportunity exists for the youth voice to be heard.	Generally short term.	Residents with social needs that are the result of addictions. Residents with behavioural problems.	It is not possible to charge the full costs to individuals who benefit, as they often have limited incomes. Community groups use volunteers and are not personally receiving the benefits of the funding.	General rates Fees and charges Reserves Borrowing	The purpose of the funding is to address social issues and to help those residents who are the most disadvantaged. In many cases the net cost to the community from these grants is positive. As the entire community benefits from improved social outcomes the general rate is used to fund grants and programmes. Council encourages community groups to maximise government funding and other grants. Council funding (general rates) are only used where these other sources are not sufficient to fund these approved grants / activities. Council limits the funds available as the demand is always more than what Council deems is affordable through rates. Council also funds social policy and monitoring in order to know the current and expected state of social needs in the City. This is a Council-run function which is funded through the general rate.	Private 0-20% Public 80-100%
Community Properties – public toilets, halls etc	Benefits flow to the whole of the community through the provision of community buildings for leisure, arts, and cultural and community events. The whole community benefits from clean public toilets. There are economic benefits to businesses by providing facilities for visitors and residents, and community buildings that attract people to events and for recreational purposes.	Short term for events and activities. Long term from the provision of buildings.	People and groups who want community spaces to meet or carry out an activity. People (visitors and residents) away from their home or workplaces needing toilets.	Council funds this activity through a mixture of user charges, rents and general rates. A specific rate could be used but the amount is not significant for Council. The general rate is seen as appropriate to fund the public good aspects of the activity.	Fees and charges General rates Reserves Borrowing	Council provides a range of community buildings and public toilets to support community groups, activities and a more community orientated City. Many of these facilities are historical and some reflect the different community needs of previous generations. Council is now faced with maintaining these facilities as the general community is very supportive of retaining these facilities. Council sets charges at a level that balances income against usage. While these charges are lower than the private benefits would suggest there is little scope to significantly increase them.	Private 0-20% Public 80-100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 237 11/11/2015 2:44:08 p.m.

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	Private benefits arise from the enjoyment received from attending community events and other activities, and from using public toilets.					Public toilets are generally free in New Zealand and there is considerable resistance to setting charges for them. There is a high transaction cost through additional capital or operating costs to make charges possible. On balance Council has decided to encourage their use by making them free. Overall, Council funds this activity through a variety of user charges, rents and general rates.	
Group - Parks and Active Recreation							
Community Outcomes: Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities have access to a range of social, educational and recreational facilities and activities. Our communities are healthy, safe, inclusive and resilient.							
Premier Parks and facilities - Trafalgar Park, Trafalgar Centre and Saxton Field	This activity includes indoor stadiums, the premier sports park and grandstands, and the shared regional facility at Saxton Field. The benefits from expenditure on event venues are mainly private. The premier grounds and facilities for use by sporting groups, teams, clubs and associations is a significant private benefit to their members. The public derive benefit from having access to sports grounds for recreation other than sport. Having these regional facilities contributes a sense of community identity through inter-regional sporting contests, and provides entertainment opportunities. Benefits are shared with Tasman District and funding is jointly managed for some of these regional facilities. The community benefits from regional and national sports tournaments, commercial shows and events that occur due to the availability of these facilities. Businesses benefit from the attraction of visitors to these events.	Premier recreation facilities provide long term benefits to residents through improved health, social involvement and provision of visitor attractions.	Vandals create more maintenance costs. Demand for commercial event space reduces their availability for community use. Regional level sports teams require higher quality sports facilities than are normally required. This provides benefits to a small number of residents.	Sporting and commercial events set entry fees and Council sets fees based on commercial private use. Many regular sports activities are funded through pay per play arrangements. The balance are public goods funded through general rates.	Fees and charges General rates Grants and subsidies Reserves Borrowing	Council operates these facilities with a mix of commercial and community users. More commercial events result in reduced access for community recreation users. There is considerable 'merit goods' in this activity and it is not feasible to set charges to match private benefits. Commercial use of the stadium and associated spaces is charged at market rates. Charges are limited by alternative costs both within and outside the Region. Top level sporting events are charged entry fees but these do not often go to Council. Council has to balance attendance and usage against the level of charges. Regular local sporting use charges are set more in line with the Sports Parks activity. Some clubs have provided additional facilities through partnerships with Council. These clubs charge on more of a 'pay per play' basis to fund those facilities. The balance of funds required to maintain the facilities after fees and charges income is from the general rate as all people and businesses benefit.	Private 10-20% Public 80-90%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 238 11/11/2015 2:44:08 p.m.

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	For these facilities most usage is excludable and rivalrous. The majority of benefits are private to individuals, groups, clubs and commercial businesses, but also contain many public benefits.						
Sports Parks	Two main groups gain private benefits from sports parks – sporting groups and businesses involved in event organisation, hospitality and tourism. In terms of organised active sport and commercial events the benefits are excludable and rivalrous. Access to the sports fields for informal sports and recreation is not excludable but is partly rivalrous. The public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support individual and community health. The public derive benefit from having access to sports grounds for recreation other than sport, as well as the option of having access to organised club sport. The extensive open spaces created by sports parks enhances the overall attractiveness of the City. Overall there is a fairly even split of public and private benefits.	Long term. Good recreation facilities provide long term benefits to residents through improved health and social involvement.	Vandals and litterers create additional work to maintain the grounds. Sports teams and club demands for more services create pressure on Council budgets.	Recreation benefits the whole community so this activity is funded through general rates. The cost of administering a separate rate outweighs the benefits. Individual benefits are partly funded through user fees and charges.	Operating Costs Fees and charges General rates Grants and subsidies Reserves Borrowing	While there are significant private and group benefits there are adverse impacts from imposing substantial fees and charges. Sports clubs are struggling to remain viable as adult participation in organised sport declines. Council is part of the regional physical activity strategy that aims to increase the participation rate in active sports. Increasing charges is likely to further reduce numbers joining sports clubs. Council must balance participation numbers against rates impacts. It is possible that revenue would not increase much if charges are increased as some clubs may fold. The majority of sports parks were set aside by previous generations for recreation use. Changing recreation activities is likely to create the need to consider how these parks are allocated, as demand for indoor and court facilities increases.	Private 0-20% Public 80-100%
Neighbourhood reserves and playgrounds Includes Zoo, walkways, and cycleways planning	Individual users of the parks gain benefits from the enjoyment of the facilities and open spaces, exercise facilities and interaction with other members of the community. Adjoining landowners gain amenity value from living next to a reserve. Those who live in areas with significant densities of landscape trees gain amenity value. These benefits are often reflected in higher land values that result in higher general rates.	The benefits from this activity range from immediate, such as walking through the parks, to the long term benefits to individuals and the city, by having a good quality environment and heritage trees.	Vandals and litterers create additional work to maintain the grounds. Inconsiderate users create the need to increase signage and improvements (e.g. cyclist vs. walkers).	This activity includes activities which are totally for the public good. It would be costly to identify individual users and any direct charges would reduce the sense of community.	General rates Fees and charges Reserves Borrowings	It is impractical to charge users of these reserves for access. All residents and visitors have the opportunity to use the services and Council encourages their use to build a sense of community as well as improve health and fitness. These benefits are public good in nature and should be funded through general rates. Business benefits from the attraction of visitors and increased population for lifestyle reasons. These benefits are reflected in the general rate commercial differential.	Private 0-10% Public 90-100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 239 11/11/2015 2:44:08 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
	The parks and reserves provide a venue for special events such as weddings, music events, organised picnics and promotions. These benefits can be commercial in nature and are not solely public goods. The majority of benefits are non-excludable and non-rivalrous and are therefore public good. The exception is commercial benefits from private functions that restrict the access of the general public.					The exception is when the reserves are used for a commercial basis such as formal private events or business promotions. In these cases fees and charges should be set to recognise the private use of public land that has an impact on the general public access. The Natureland Zoo is leased to the private sector and any additional funds Council allocates to the facility supports the public good elements of the Zoo.	
Marina	The main benefits are private to boat owners because it enables exclusive occupation of publicly owned space, which offers greater security than single moorings. These benefits are excludable and rivalrous. Businesses benefit as the marina provides economic benefits from attracting visitors to Nelson. Residents benefit from passive recreation opportunities. The community as a whole benefits by managing an efficient use of scarce water space and protects marine environments, by concentrating boat moorings and marine contaminants in one area.	Medium term. Marina assets need to be renewed on a regular basis.	Mooring users need to comply with rules around contaminants and fees. The Marina needs to be managed to ensure this occurs.	This activity is operated as a business and funding is separate from core Council operations.	Fees and charges Reserves Borrowings	The marina is a stand-alone business that provides services to boat owners wishing to moor close to Nelson. While there are some benefits to the whole community, businesses and local individuals these are seen as being covered by the City providing the service. The large majority of benefits are private to the Marina users so this activity is fully funded from user charges.	Private 100% Public 0%
Recreation	This activity includes recreation programmes and planning, as well as a range of assets such as a golf course and outdoor swimming pools. The community gains benefits from health and fitness, community participation, as well as some additional open space. Attractive places are provided for social interaction and club sports. Private benefits are received by recreational users, recreation programme participants and all users of Council reserves.	Medium to longer term.	Vandals create additional work to maintain the assets.	This activity is mainly a public good activity. It would be costly or impractical to identify individual users and any direct charges would reduce the sense of community.	General rates Fees and charges Lease / rents Reserves Borrowing	Council charges where feasible for entry to recreation assets and programmes. Charging more than a small proportion of costs would severely reduce the affordability of these services for large portions of the community. Council leases land to the Waahi Taakaro Golf Club. This lease is set at levels to support the Club and encourage public use.	Private 0-20% Public 80-100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 240 11/11/2015 2:44:08 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
	The majority of benefits are non-excludable and non-rivalrous and are therefore public goods. The exceptions are pool users and the golf club users.						
Group - Economic							
Community Outcomes: Our region is supported by an innovative and sustainable economy. Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.							
Economic	The whole community benefits through the spin-off impacts of economic development and through having a coordinated approach to economic development. The business community primarily benefits from economic development of a region (e.g. increased income and people, are likely to increase business wealth). Sectors within the business community benefit through targeted economic development programmes. Possible new businesses gain support, information, and contact with other businesses or investors who can help them become established. The not-for-profit sector benefits through indirect effects of economic development, such as increased sponsorship and grant availability. Nelson City Council and Tasman District Council contribute to this activity. It delivers regional strategies and programmes (Nelson Regional EDA, Nelson Tasman Tourism Ltd and the Regional Economic Development Strategy). These benefits are not excludable or rivalrous. The benefits are a public good.	The benefits of economic and tourism growth range from immediate, such as business profits and salaries and wages to long term economic benefits to Nelson.	None.	Council's support for the Nelson economy benefits the community as a whole and therefore Council funds this activity through the general rate. As the business sector is the primary beneficiary this is reflected in the commercial general rate differential. It is not possible to identify individual residents, properties or businesses that benefit from this activity.	General rates Grants and subsidies Reserves	This activity is a classic public good and as such is funded through general rates with an emphasis on the commercial general rate differential. While it is difficult to attribute outcomes from this expenditure there is general agreement that Council not providing a coordinated investment in this activity can result in a decline in the economic activity of the Region and the City.	Private 0% Public 100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 241 11/11/2015 2:44:08 p.m.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and Benefits of Separate Funding	Funding Sources	Funding Rationale	Funding Targets Adjusted for community affordability
Group - Corporate							
Community Outcomes: Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.							
Civic and Democracy Services	The community benefits by having a democratic system of local government as required by law. Consultation has the benefit of producing decisions and outcomes that comply with the LGA 2002 and deliver the best outcomes for Nelson. Individuals and lobbyists requesting official information receive a degree of private benefit but this is a public good process.	Good governance resulting in high quality decisions which are supported by the public delivers long term benefits.	Those making unreasonable or excessive official information requests or vexatious or frivolous appeals.	Democratic processes benefit all residents and businesses; therefore this activity is funded through the general rate. It is not practical, legal or feasible to set individual charges or targeted rates based on specific issues and processes.	General rates Fees and charges Borrowings	This is a pure public good where the processes are set in legislation. This activity is funded through the general rate.	Private 0% Public 100%
Investment Management	Benefits are largely attributable to the whole community and are a public benefit. There are individual benefits for those who lease or buy land from Council, or are paid by Council for associated services. Some other beneficiaries are those who use the airport and port, and forestry consultants who manage the forests.	Short and long term.	None.	The returns from these investments reduce the general rates, unless particular assets produce income that goes into associated reserve accounts.	Dividends and interest Fuel tax Rent Borrowing Sale of trees	This activity manages the financial investments of Council. It produces revenue that offsets the costs of running Council. Some of the assets are jointly owned with TDC and the revenue is split accordingly.	Private 0% Public 100%

NCC_Long Term Plan_UPDATED_Oct15.indd 242 11/11/2015 2:44:09 p.m.

SUMMARY OF FUNDING TARGETS

Funding Source Proportions for Operating Costs

	General Rates	Targeted Rates	Fees and Charges	Grants and Other Revenue
Transport				
Road and Footpath Network	70-80%			20-30%
Inner City Enhancement	35-40%		60-65%	
Public Transport and Mobility	40-50%			50-60%
Water Supply			100%	
Wastewater		70-80%	20-30%	
Stormwater		100%		
Flood Protection		100%		
Environment				
Solid Waste Collection and Disposal			100%	
Solid Waste Recycling	0		90-100%	0-10%
Animal Control	0-10%		90-100%	
Building Consents	20-40%		60-80%	
Environmental Policy	80-100%		0-20%	
Resource Consents	40-60%		40-60%	
Public Health	50-70%		30-50%	
Environmental	90-100%		0-10%	
Emergency Management	100%			
Social				
Libraries	90-100%		0-10%	
Art and Culture	80-100%		0-20%	
Cemeteries and crematoriums	40-60%		40-60%	
Motor Camps	0-10%		90-100%	
Community Housing			100%	
Social Development	80-100%		0-20%	
Community Properties	80-100%		0-20%	
Parks and active recreation				
'Premier Parks and facilities' Trafalgar Centre, Trafalgar Park and Saxton Field 'Premier Parks'	80-90%		10-20%	
Sports Parks	80-100%		0-20%	
Neighbourhood Parks and Reserves	90-100%		0-10%	
Marina			100%	
Recreation	80-100%		0-20%	
Economic	100%			
Corporate				
Civic and Democracy	100%			
Investment Management				100%

The funding proportions outlined in this table represent Council's desired intentions – i.e. the share of the gross operating costs borne by each group of ratepayers / users.

Note: Council has varying levels of control over the actual revenue obtained from users of facilities that are not owned by Council. Management and operations that are carried out by other entities generally retain revenue from entry fees.

FINANCIAL POLICIES PUBLISHED SEPARATELY

The following policies are available separately on request from Council or through Council website: Liability Management Policy, Investment Policy, Policy on Remission and Postponement of Rates on General Titled Land.

NCC_Long Term Plan_UPDATED_Oct15.indd 243 11/11/2015 2:44:09 p.m.

RATES REMISSION POLICY

INTRODUCTION

Council is required to adopt a rating remission policy as set out in Section 85 of the Local Government (Rating) Act 2002. Nelson City Council has decided to remit all or part of the rates on properties covered by this Remission Policy.

GENERAL PROVISIONS FOR THE REMISSION OF RATES

The policy shall apply to such ratepayers and organisations as approved by Council by meeting the relevant criteria. Council may delegate the power to approve rates remission to Council Officers under Section 132 of the Local Government (Rating) Act 2002.

Any ratepayer granted rates remission is required to meet all remaining and applicable rates in full that are owed in addition to the amount eligible for the rates remission.

Rates remission will be provided for the following categories of rating units or under the following circumstances:

RATES REMISSION FOR COMMUNITY, SPORTING AND 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 244 11/11/2015 2:44:09 p.m.

Each application will be considered by Council on its merits, and provision of a remission in any year does not set a precedent for similar remissions in any future year.

Remission is granted only in respect of those parts of the rates that are based on land value. The remission is 50% of the rates payable.

Rates remissions will be made by passing a credit to the applicant's rates assessment.

No rates remission under this policy will be available to an organization that is in receipt of a mandatory rate remission.

REMISSION OF PENALTIES

Objective

The objective of the remission policy is to enable Council to act fairly and reasonably in its consideration of rates that have not been received by Council by the penalty date, due to circumstances outside the ratepayer's control. Remission will be made when any of the following criteria applies:

Conditions and criteria

- Where there exists a history of regular punctual payment over the previous 12 months and payment is made within a reasonable time of the ratepayer being made aware of the non-payment
- When the rates instalment was issued in the name of a previous property owner
- On compassionate grounds, i.e. where a ratepayer has been ill or in hospital or suffered a family bereavement or tragedy of some type and has been unable to attend to payment
- Where it can be proved that the rate account was not received and a genuine cause exists
- Automatic remission of the penalties incurred on instalment one will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the second instalment
- Where full payment of arrears of rates is made in accordance with an agreed repayment programme
- Where an error has been made on the part of Council staff or arising through error in the general processing which has subsequently resulted in a penalty charge being imposed.

In implementing this policy, the circumstances of each case will be taken into consideration on their individual merits and will be conditional upon the full amount of such rates due having being paid.

Decisions on remission of penalties are delegated to officers as set out in Council's delegations register.

RATES REMISSION FOR RESIDENTIAL PROPERTIES IN COMMERCIAL/ INDUSTRIAL AREAS

Objective

To ensure that owners of residential rating units situated in non-residential areas are not unduly penalised by the zoning decisions of this Council.

Conditions and criteria

To qualify for remission under this part of the policy the rating unit must be:

- Situated within an area of land that has been zoned for commercial or industrial use
- Listed as a 'residential' property for differential rating purposes.

NCC_Long Term Plan_UPDATED_Oct15.indd 245 11/11/2015 2:44:09 p.m.

RATES REMISSION ON LAND PROTECTED FOR NATURAL, HISTORICAL OR CULTURAL CONSERVATION PURPOSES

Objective

Rates remission is provided to preserve and promote natural resources and heritage by encouraging the protection of land held for natural, historical or cultural purposes.

Conditions and criteria

Ratepayers who own rating units that have some feature of cultural, natural or historical heritage that is voluntarily protected may qualify for remission of rates under this policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act, and is liable only for rates for water supply or sewage disposal will not qualify for remission under this part of the policy.

Applications must be made in writing and be supported by documented evidence of the protected status of the rating unit, for example a copy of the covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy, Council will consider the following criteria:

- The extent to which the preservation of natural heritage will be promoted by granting remission on rates on the rating unit
- The degree to which features of natural heritage are present on the land
- The degree to which features of natural heritage inhibit the economic use of the land
- The use of the property.

In granting remissions under this policy, Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

RATES REMISSION FOR HERITAGE BUILDINGS

Objective

Rates remission is provided to assist with the preservation of Nelson's heritage by encouraging the maintenance of historic buildings. Provision of a rates remission recognises that there are private costs incurred for public benefit.

Conditions and criteria

Ratepayers who have buildings with a heritage classification may apply for a rates remission of up to 50% for Category A buildings and up to 25% for Category B buildings, providing the following conditions are met:

- Buildings must be listed in Appendix 1 of the Nelson Resource Management Plan as Category A or Category B buildings
- The property must not be owned by 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.

NCC_Long Term Plan_UPDATED_Oct15.indd 246 11/11/2015 2:44:10 p.m.

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[22], commercial, industrial properties and unoccupied[23] properties (regardless of temporary or long term) or reserves or from irrigation, stock water, swimming pools, ponds, landscaping or similar systems on occupied properties. No credit.
- Leaks from pipes that are, or should be visible, such as header tanks, overflows from toilets, above ground pipes or fittings and those attached to raised flooring or in walls or ceilings. No credit.
- Where the leak is a previously unknown underground leak on the main lateral between the water meter and a residential dwelling or under the concrete floor of a residential dwelling. The lost water is credited where the leak has been repaired with due diligence. Only one leak per property, and maximum two consecutive water supply invoices covering the leak, per five year rolling timeframe, will be credited. Credit will be based on Council's assessment of the property owner's usual usage for the period.
- Due diligence is defined as within two weeks of the earliest of the following:

  - The date of the first invoice to identify a higher than usual[24] usage; or

  - The date of discovery or when it could have reasonably been discovered
- The leak must be repaired by a Licensed or Certifying plumber who provides a brief report on the leak, where on the line the leak was found, dates and an opinion, as to how long the leak had been occurring.
- In extraordinary circumstances which fall outside the criteria above, a remission may be granted at the sole discretion of Council's Group Manager Corporate Services. This may apply where a water credit remission application has been declined, and where this could lead to cases of genuine financial hardship for the owner/occupier, or where timely detection of a leak could not have reasonably occurred.

REMISSION OF RATES FOR CEMETERIES

The provisions of the Local Government (Rating) Act 2002 state that a cemetery is non-rateable if it does not exceed two hectares. Therefore, a remission policy is required if Council wishes to remit rates on a cemetery greater than two hectares.

Objective

To provide a measure of relief, by way of remission, to enable Council to provide a cemetery greater than two hectares.

[22] 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.

[23] Unoccupied is taken to mean where there is no permanent building on the property or where the building is not occupied for more than seven days.

[24] Usual being the amount used in the same period as last year. These amounts are shown on every water account.

NCC_Long Term Plan_UPDATED_Oct15.indd 247 11/11/2015 2:44:10 p.m.

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 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 Council and ratepayers, Council will remit the portion of extra rates arising from the additional value of the reticulation; compared with the valuation that would have applied to overhead services.

This policy is subject to:

- Undergrounding carried out after 1 July 2002 and recorded in a programme of works agreed to by both Nelson City Council and network utility operators
- The agreed programme of works allows for undergrounding network utility lines in conjunction with upgrading of streets to be undertaken in any year.

REMISSION ON RATES ON LOW VALUED PROPERTIES

The Local Government (Rating) Act 2002 requires each separate property title to have a separate valuation and rating assessment. This has resulted in many low land value assessments being created for small parcels of land.

Conditions and criteria

- Assessments with common ownership, used jointly as a single unit and for which only one uniform annual general charge is payable
- Assessments with a land value of $4,000 or less.

REMISSION OF CLEAN HEAT WARM HOMES TARGETED RATE

Objective

To provide a measure of relief, by way of remission, to assist those people on low incomes who are required to convert to a clean heat source.

Council recognises that some homeowners on very low incomes might have difficulty meeting the rates payments under the Clean Heat Warm Homes targeted rate scheme.

Conditions and criteria

Ratepayers who take up the Clean Heat Warm Homes

NCC_Long Term Plan_UPDATED_Oct15.indd 248 11/11/2015 2:44:11 p.m.

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 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

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:
   - as a result dwellings or buildings previously habitable were made uninhabitable[25]; or
   - the activity for which the land and/or buildings were used prior to the calamity is unable to be undertaken or continued.
2. The remission may be for such period of time as Council considers reasonable, commencing from the date upon which 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:
   - whether essential services such as water, sewerage or refuse collection to any dwelling or building are able to be provided; and
   - 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 Council or its delegated officer(s).

POLICY ON REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

A decision on whether to provide general rating relief through remission or postponement on Māori freehold land will be made by Council on a case by case basis.

[25] 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

NCC_Long Term Plan_UPDATED_Oct15.indd 249 11/11/2015 2:44:11 p.m.

REMISSION OF RATES FOR HOUSEHOLDS WITH DEPENDANT RELATIVES HOUSED IN AN ADDITIONAL UNIT

Objective

To provide financial relief for households where a dependant adult relative is housed in an additional unit, so they are not unfairly burdened by the payment of rates on the second unit.

Conditions and criteria

To qualify for remission under this part of the policy, the second unit must be continuously occupied by the dependant relative, and:

- The ratepayer must apply to the Council for remission of rates on the second unit
- The applicant must confirm that the relative is dependant on the ratepayer
- If the unit is no longer occupied by the dependant relative, the householder must inform the Council within three months. Any change would apply from 1 July for the next rating year.
- The rates remission is for one year, at which time the ratepayer must re-apply for the remission of rates on the second unit.

Providing these conditions and criteria are met by the applicant, the uniform charges for wastewater and the uniform annual general charge will not be charged against the second unit.

RATES POSTPONEMENT POLICY

Objective

The objective of the postponement policy is to enable Council to provide older ratepayers with more options and flexibility. It lets older ratepayers decide how best to manage their finances and also gives older ratepayers the opportunity to stay in their houses for longer.

Conditions and criteria

- 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 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 equity in 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).

NCC_Long Term Plan_UPDATED_Oct15.indd 250 11/11/2015 2:44:12 p.m.

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 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, 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:

- Port Nelson Ltd (50% with TDC)
- CCTOs – Nelmac Ltd, Nelson Airport Ltd (50% with TDC), Tourism Nelson Tasman Ltd, 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 are taken from their statements of intent. At the end of each subsequent financial year, Council's annual report summarises the results for each of these organisations, measured against the targets set in their respective statement of intent.

PORT NELSON LTD

Council owns 50% of Port Nelson Ltd with 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.

Port Nelson's performance objectives are substantially unchanged from previous years.

The key performance measures and targets are taken from the approved Statement of Intent 2014/15.

Target	2013/14 Actual	2014/15 Target
Gross revenue	$43.3m	$39m
Dividend	$4.2m	$4.2m
Net debt/equity ratio	17.6%	< 45%
Return on average shareholders' funds	5.2%	4%
Return on funds employed	7.5%	6%
Capital expenditure	$1.8m	$4m
Lost time injury frequency rate	1.64	< 1.5
Incidents leading to harbour pollution	Nil	Nil
Compliance with all resource consent conditions	100%	100%
Compliance with NZ maritime safety standards	100%	100%
Annual cargo (t)	2.7m	2.6m
Gross shipping tonnes (t)	8.6m	8.5m
Annual vessel visits	786	697

NCC_Long Term Plan_UPDATED_Oct15.indd 251 11/11/2015 2:44:12 p.m.

COUNCIL CONTROLLED ORGANISATIONS

NELMAC LTD

Nelmac was set up in 1995 and is 100% owned by Nelson City Council. The main activity of the company is to provide the city with high quality management, maintenance and construction of its natural and built environment. This includes managing facilities, infrastructure such as water and waste, parks, reserves and sports fields.

The key performance measures and targets are taken from the approved Statement of Intent 2014/15.

Target	2013/14 Actual	2014/15 Target
Gross revenue	$24.8m	$23m
Profit before tax	$1.3m	$1.1m
Net profit after tax	$0.9m	$0.8m
Dividend	$0.5m	$0.4m
Ratio of shareholders' funds to total assets	57%	55-65%
AS/NZs ISO 9001:2000 accreditation.	Maintained	Maintain
Staff morale/turnover excluding retirement, redundancy and internal transfer to be within range of 5-15%	7.6%	5-15%
Staff health and safety – less than 1% workday losses to accidents	0.1%	< 1%
Maintain the tertiary level of ACC workplace safety management practices	Maintained	Maintain
Fully compliant with all relevant Environmental statutory and contractual obligations and responsibilities	Achieved	Achieve

NELSON AIRPORT LTD

Council owns 50% of Nelson Airport Ltd with 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.

The key performance measures and targets are taken from the approved Statement of Intent 2014/15.

Target	2013/14 Actual	2014/15 Target
Gross revenue	$5.2m	$5.2m
Profit before tax	$2.1m	$1.7m
Net profit after tax	$1.5m	$1.2m
Retained earnings	$7.0m	$9.0m
Dividend	$0.7m	$0.5m
Pass all Civil Aviation certification audits at a satisfactory standard	Achieved	Achieve
Ensure the required level of facilities are developed and maintained to support the growth of the aviation and related industries in the area.	Achieved	Achieve
Encourage growth of airline passengers and related services in the region.	5.2% increase in PAX capacity compared with previous year (953,000)	Achieve
Comply with all employment related legislation and remain a good employer.	Achieved	Achieve
Continue to manage, and where practicable, reduce carbon footprint and promote environmentally friendly initiatives.	Achieved	Achieve

NCC_Long Term Plan_UPDATED_Oct15.indd 252 11/11/2015 2:44:13 p.m.

NELSON TASMAN TOURISM (TOURISM NELSON TASMAN LTD)

Until recent changes Council owned 50% of Tourism Nelson Tasman Limited (NTT), with the Tasman District Council owning the other 50%. In August 2014 Tasman District Council passed its shares to Nelson City Council. 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 visitor information centres throughout the region. It is current Council policy to retain its ownership of Tourism Nelson Tasman Ltd.

The key performance measures and targets are taken from the approved Statement of Intent 2014/15.

Target	2013/14 Actual	2014/15 Target
Net profit before tax meets budget	Achieved	$8,252
Working capital of $50,000	Achieved	Increase greater than $50,000
Achieve equity level of $120,000	$134,807	Achieve
Increase visitor length stay extended from 2.17-2.18 nights	Length of stay 2.20 nights	Achieve
Nelson Tasman Tourism visitor centres meets budget and exceeds Quelmark minimum compliance standards	Measured in bi-annual independent Deloitte survey	Achieve
Achieve $18,000 website revenue	Revenue $20,613	Achieve
• Increase number of website page visits by 3%	Achieved 8.3%	Achieve

STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

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 March 2019, given the current economic climate. The joint venture's reporting period runs from April to March, so differs from Council financial year, which runs from July to June of the year following. A draft Statement of Intent is due by 1 March, and an audited annual report and financial statements by 30 June.

The key performance measures and targets are taken from the approved Statement of Intent 2014/15.

Target	2013/14 Actual
Number of sections sold compared to previous two years	2011/12: 2 sections sold 2012/13: 3 sections sold 2013/14: 1 section sold
Number of serviced sections available for sale but not unconditionally sold compared with previous two years	2011/12: 17 sections 2012/13:12 sections 213/14: 11 sections
Ratio of actual sale prices of total section sales to total listed selling price	2011/12: 100% 2012/13: 100% 2013/14: 100%

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 253 11/11/2015 2:44:13 p.m.

Stoke Heights (Ridgeways) Joint Venture continued...

Target	2013/14 Actual
Documentation of any issues or complaints received by the joint venture or Council relating to activities covered by the joint venture agreement	Any complaints received were documented. An insurance claim for damage to an adjacent property was heard by the Disputes Tribunal in September 2013 and the claim as dismissed as having no basis.
Forecast completion date: 31 March 2019	Forecast completion date remains at 31 March 2019.

NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY (EDA)

The Nelson Regional Economic Development Agency (EDA) is a Nelson City Council CCO. Its mission statement is 'facilitate sustainable development of the region that enhances economic vitality, taking into account the region's cultural and environmental values. Its three operational strategic objectives are:

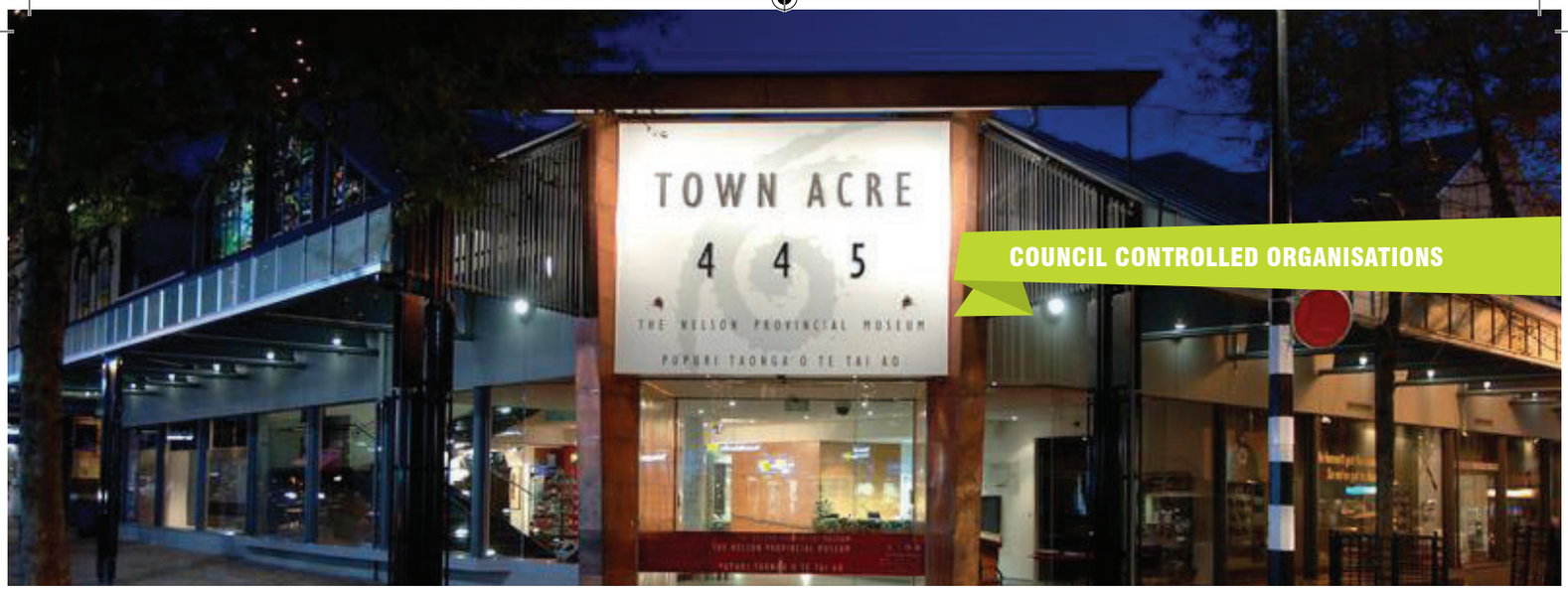
- Facilitate economic development projects that build national and international competitiveness
- Provide economic advice to the region
- Provide ongoing assessment of the region's performance

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 2014.

The key performance measures and targets are taken from the approved Statement of Intent 2014/15.

Target	2013/14 Actual
Facilitate the Nelson Events Strategy in conjunction with Nelson City Council and Nelson Tasman Tourism	Six events funded
Investigate options for accessing capital investment into the region's businesses	Ongoing
Support and sponsor the Young Enterprise Scheme (YES) in the region	Achieved conditions of annual contract
Facilitate innovation and entrepreneurship in the region	Sponsored Bridge Street Collective, Regional Business Partner network and referrals to business support agencies.
Cluster group facilitation	Worked with Engineering and Aviation, Food and Beverage Innovation and Marine City clusters
International business opportunities; Key market: China	Hosted a delegation to China and one to Nelson. Worked with NMIT to facilitate opportunities
Facilitate opportunities for collaboration across business, industry and government to increase innovation in the region	Initiatives identified through REDS process, facilitated business leaders meetings.
Provide six monthly key statistical information to Councils and the community on relevant performance measures	Achieved

NCC_Long Term Plan_UPDATED_Oct15.indd 254 11/11/2015 2:44:14 p.m.



TASMAN BAYS HERITAGE TRUST (NELSON PROVINCIAL MUSEUM)

The Tasman Bays Heritage Trust was established in 2000 as a Council Controlled Organisation owned 50% by Nelson City Council and 50% by Tasman District Council. The Trust 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 in the central business district opened in late 2005 and provides a combination of permanent displays and changing exhibitions. It is well used by schools as 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.

The aims of the Trust are to:

- 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 taiao; and
- Be a good employer
- 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
- Conduct all trading affairs in accordance with sound business practice.

The key performance measures and targets are taken from the approved Statement of Intent 2014/15.

Target	2013/14 Actual
Museum collections: Provide access to alternative resources and modes of access.	Kiosks working well. Around 60 visitors per month to Re Facility
Museum collections: Continued work on Glass Plate Negative Collection.	80,000 plates and 30,000 online
Deliver a Forward Exhibition Programme that meets the needs and interests of a broad audience, aligned with the Exhibition Policy.	Exhibition Advisory Committee put a plan in place
Visitor Satisfaction with Services, Exhibitions and Programmes: 80% or better rate their experience as 8,9,10 on a 10 point scale	Exceeded 80%
Seek partnerships from the community and other institutions that add value to the education work of the Museum	Relationships with Brook Sanctuary, Suter and Natureland
Engage with the community through informative content on the Museum's website and monthly email newsletter. Seek to add at least 200 new addresses annually from amongst local and regional visitors.	500 addresses added to email database
Add content to the Museum's electronic public access catalogue - Collections Online.	50,000 online access searches in 2013/14

NCC_Long Term Plan_UPDATED_Oct15.indd 255 11/11/2015 2:44:14 p.m.

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.

The key performance measures and targets are taken from the approved Statement of Intent 2014/15.

Target	2013/14 Actual
Total number of visits to all parts of the Suter complex	91,731
Achieve objectives within agreed budget. Generate at least 20% of the revenue needed to operate	Total revenue 29.2%
Minimum 15 exhibitions installed a year	17
Minimum of 30,000 visits to exhibition galleries a year	26,856
Deliver a Learning experiences Outside the Classroom (LEOTC) service for Nelson/Tasman region	4,733 students in 236 Suter Educator led classes from 25 schools
The Suter's relationship with iwi and Māori is strengthened	The Memorandum of Understanding with Kote Pouaranga reviewed and revised. Iwi input into redevelopment

NCC_Long Term Plan_UPDATED_Oct15.indd 256 11/11/2015 2:44:15 p.m.

WATER AND SANITARY SERVICES ASSESSMENT

Council carried out a Water and Sanitary Services Assessment (WSSA) in 2005 in accordance with section 125 of the Local Government Act 2002. A summary of findings was included in the 2009-19 Nelson Community Plan, as was required of Long Term Council Community Plans at that time. The assessment has been used to inform asset management plans and long-term planning documents since.

Under this assessment there is no significant variation between the 2005 assessment and the Long Term Plan 2015-25. However, Council will update the WSSA in the first three years of this Long Term Plan.

WASTE MANAGEMENT AND MINIMISATION PLAN

As a Territorial Authority, Council is required under the Waste Minimisation Act 2008 (WMA) to adopt a Waste Management and Minimisation Plan (WMMP). A WMMP is a strategic policy document that sets out Council's objectives, policies and methods for promoting effective and efficient waste management and minimisation in the City. Under the transitional arrangements of the WMA the Waste Management Plan adopted by Council in 2005 is considered a WMMP.

The WMA required Council to review its WMMP no later than 1 July 2012 and then to either adopt the WMMP without amendment, or 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 Councils 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 consulted on between December 2011 and January 2012, with hearings held in March 2012, and a final WMMP adopted in April 2012.

APPENDICES

Infrastructure Strategy

Development and Financial Contributions Policy

Significance and Engagement Policy

Council management structure

Council committees and portfolios

Glossary

Map of Nelson City

Contact us

INFRASTRUCTURE STRATEGY

CONTENTS

1.0 Introduction

1.1 Purpose

1.2 Nelson City Council's Approach

2.0 Current Context

2.1 Geography

2.2 Assets included in the Infrastructure Strategy

2.3 Levels of service

2.4 Asset management

2.5 Asset management strategies

3.0 Strategic Issues

3.1 Natural Hazards

3.2 Growth and Development

3.3 Level of Service Changes

3.4 Affordability

4.0 Most Likely Scenario

4.1 Summary Financials

4.2 Significant Capital Expenditure Decisions

4.3 Financial Summary and Assumptions

1 INTRODUCTION

1.1 Purpose

Changes to the Local Government Act 2002 (enacted in August 2014) require that all local authorities prepare an infrastructure strategy of no less than 30 years and include it in their Long Term Plan 2015-25.

The primary purpose of the Infrastructure Strategy is to identify the key strategic infrastructure issues over the period of the strategy and describe options and cost for managing. The strategy must also summarise the key decisions required, costs and assumptions for the most likely scenario.

Additionally, the strategy 'outlines how the local authority intends to manage its infrastructure assets, taking into account the need to':

- renew and replace of assets
- adapt to possible changes in demand for services
- respond to possible changes in service levels
- maintain or improve public health and environmental outcomes (or mitigate the adverse effects of infrastructure on these values)
- manage the risks relating to natural hazards and provide appropriate funding to respond and mitigate

The five core infrastructure assets the Act requires are:

- water supply
- wastewater network, treatment and disposal
- stormwater
- flood protection
- transport

1.2 Nelson City Council Approach

The people of Nelson collectively own more than one billion dollars of infrastructure assets which provide the essential services related to transport, water supply, wastewater, stormwater and flood protection.

Providing infrastructure must find the balance between desired community outcomes, legislative responsibilities and the affordability of providing the services. This includes making optimum use of infrastructure assets to support growth and meet required levels of service.

This strategy focuses on significant issues with the potential to impact on Nelson City Council's ability to provide required levels of service in a cost effective manner. It considers Council's plans for the future, including environmental, social and economic goals, and likely demand for the services.

The infrastructure strategy applies asset management practices to the strategic issues and includes considering:

- opportunities to reduce costs
- means to reduce adverse impacts on the environment
- opportunities to extend the life of the assets
- risks to the assets related to issues like sea level rise, flooding and earthquakes
- the effects of population growth (and changing demographics) on the provision of services

The Infrastructure Strategy is part of the Long Term Plan 2015-25 so it takes effect when the Long Term Plan is adopted in June 2015. A summary of this strategy is included as part of the consultation process.

This infrastructure strategy will be reviewed and updated every three years as part of the asset management planning and long term plan (LTP) cycle.

Guidelines and principles from the following groups and documents have been referenced in development of this strategy:

- NAMS (New Zealand Asset Management Support)

NCC_Long Term Plan_UPDATED_Oct15.indd 261 11/11/2015 2:44:18 p.m.

- SOLGM (Society of Local Government Managers)
- ISO 55000 – International Standards Organisation - Asset Management Standard
- NZ Coastal Policy Statement
- National Policy Statement Freshwater

Council recognises it is good practice to plan for a period longer than 30 years and that the strategy could consider other physical and social infrastructure. While the focus is on the first 3, then 10 and next 30 years, consideration is given to longer term issues where possible. The first implementation of this strategy focuses primarily on a 30 year time period and on the core services listed in the paragraph above. Longer timeframes and a broader range of infrastructure may be included in future versions of this strategy.

2 CURRENT CONTEXT

2.1 Geography

The central city area is bounded by the sea and low foothills. The Maitai River, Brook Stream and York Stream flow through this area. Substantial parts of the city are built on land reclaimed from the sea and historical foreshore. Because of the close proximity of the Nelson foothills and the encroachment of development on the flood plains and riparian margins, the stream and river catchments are relatively short, narrow and steep leading to rapid stormwater runoff and flash flooding in higher intensity rain events.

2.2 Assets Included in the Infrastructure Strategy[26]

Transport

Council's transport infrastructure includes roads, footpaths, cycleways, parking, traffic controls and public transport. These transport assets include:

- 2.1km^2 of road (this equates to approximately 300km of roading)
- 44 bridges
- 31,000m^2 of retaining wall
- 500000m^2 of footpaths, 523,000m^2 of walkways, 71,000m^2 of cycleways
- 3,300 parking spaces in the Nelson CBD (including the fringe area)
- 540 parking spaces in central Stoke and 330 in Tahunanui

These assets are a mix of subsidised and unsubsidised with NZ Transport Agency contributing approximately 50% to those that are subsidised.

Water Supply

The objective is to provide a water supply to Nelson City that is capable of abstracting, treating and distributing potable water in an efficient, safe, reliable and sustainable way whilst ensuring that the ecological, recreational and cultural interests of the community in the water sources are recognised and enhanced.

Council supplies high quality water piped to Nelson households and businesses from two sources, the Maitai (Mahitahi) and Roding rivers. The water supply assets include 370km of pipelines and network fittings, 37 reservoirs and tanks, nine pump stations, one treatment plant and two dams. Assets were valued at $247M as at 30 June 2014.

Approximately 50% of the pipework was installed between 1930 and 1980 using a range of materials including concrete, asbestos cement, cast-iron, uPVC, steel and high density polyethylene.

Generally the network is in good condition although the earliest of pipelines are nearing the end of their expected service lives and losses from the network through joints and fittings is an ongoing issue.

Council has an active renewal programme to renew the pipelines before failures and maintenance costs become excessive. The current activity emphasis is on duplicating the supply lines from the river intakes to the treatment plant and on to the city. The renewal strategy is based on replacing one type of asbestos cement pipe installed in the 1950's that has high levels of failures when compared with other materials.

Wastewater

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

The Nelson Wastewater network comprises 378km of pipework, manholes and fittings, 25 pump stations, 12 detention tanks and meter enclosures and one treatment plant. The residents of Nelson discharge about 16 million litres of wastewater a day, with the Nelson North system treating around 8 million litres of this total and the Bell Island treatment plant taking an average of 8 million litres. The Bell Island treatment plant, rising mains and pump stations are shared with Tasman District Council. Assets were valued at $226M as at 30 June 2014.

The capacity and performance of the wastewater network is achieved through the pipe and pump

[26] *Legislation requirements currently exclude Solid Waste.*

NCC_Long Term Plan_UPDATED_Oct15.indd 262 11/11/2015 2:44:18 p.m.

network and the sewage treatment plants. While parts of the pipeline network date to the early 1900's the majority has been installed since 1950. Earthenware, concrete and asbestos cement dominated the early pipeline construction, with uPVC and medium density polyethylene becoming dominant from the mid-1970's.

The pipe network is in generally fair condition with issues evident in both the gravity and pumped lines.

The earthenware pipe network is nearing the end of its service life as evidenced by the increasing number of blockages and the high levels of water entering the network, resulting in overflows, during rain events. Council has an active renewal programme to renew pipes in areas with the highest levels of overflows.

The main pumped line from the city to the Nelson Waste Water Treatment Plant suffered significant damage from acid attack after approximately 30 years of service and underwent extensively repairs in the 1990's. Further recent failures have raised the issue of the likely reliable life before this line needs to be duplicated or replaced.

Occasional odour issues continue with the wastewater treatment plant and a small number of pump stations. Redevelopment of pump stations in the future is expected to address this issue as will de-sludging the oxidation ponds and the construction of covers to open chambers at the treatment plant.

Stormwater and flood protection

The objective is to provide a stormwater and flood protection system to Nelson City that is capable of accommodating storm flows in an efficient and sustainable way.

The stormwater system has two parts:

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

Stormwater infrastructure required to service growth areas can include new and larger pipes, and works in natural systems to increase their capacity to contain flows during heavy rain.

The stormwater and flood protection assets were valued at $182M as at 30 June 2014.

The pipe network is in generally fair-good condition with some issues evident in box culverts and structures exposed to salt water.

Open channels, streams and rivers in the urban area are generally able to cope with Q_{20} flows with some sections of the larger river and streams upgraded in recent years to Q_{50}.

In achieving the goal the system should minimise flood damage to property or infrastructure and ensure that the ecological, recreational and cultural interests of the community in the natural forms of waterways are recognised and enhanced.

2.3 Required Levels of Service

The required levels of service and performance measures are detailed in the Long Term Plan and Asset Management Plans.

Transport

The service levels for local roads, walking, cycling and schools are fundamental in delivering the softer traffic management goals. The service levels encourage safer conditions and lower traffic volumes by offering alternative transport modes.

Arterial traffic service levels provide the other half of a balanced network approach by recognising the importance of well located, strong transport corridors that offer the potential for the efficient and safe flow of people and goods to assist the economic vitality of our region.

The "Safe System Approach" to road safety recognises that drivers make mistakes but should not die or be seriously injured as a result. As a local road controlling authority, Nelson City Council has a part to play in providing safe roads and roadsides along with safe speeds on the roads that it administers.

The Top of the South councils (Nelson, Tasman and Marlborough) in partnership with the NZ Transport Agency, have collaborated to develop joint objectives and outcomes in the individual Regional Land Transport Plans. These joint objectives and outcomes aim to provide the top of the south community with an efficient, safe and resilient road network.

Water Supply

Council will provide a potable water supply to the maximum practicable number of people in the city and will be guided by the following key levels of service:

Good quality water as measured by meeting Ministry of Health Drinking Water Standards for New Zealand and supplying potable water.

A **reliable** supply provided by ensuring that under normal operating conditions the city has day to day continuity of supply for 99.5% of the year and a maximum outage when repairs or upgrades are being constructed of 24 hours. Continuity should also be achieved during short duration drought conditions although water use restrictions will be necessary.

NCC_Long Term Plan_UPDATED_Oct15.indd 263 11/11/2015 2:44:18 p.m.

Acceptable water **pressure** as measured by at least 80% of properties having pressure within 30m-90m head range with less than 35% variation from average pressure. There is a need to optimise water pressures across the city to reduce water losses from leaks, while maintaining adequate fire flows and increasing the percentage of properties that have water pressure within the stated range.

Adequate flows of water as measured by ensuring the network can provide 95%-99% of properties with fire flows that meet the NZ Fire Service Code of Practice for Fire Fighting Flows.

A **prompt emergency response** as measured by the ability of Councils external contractors to respond to emergency events within timeframes set out in the contract.

A network that **protects the natural environment** recognises the need to ensure that water takes are the minimum necessary and the impacts of the various structures on the environment are identified and minimised.

Wastewater

Council will provide a wastewater collection and treatment network for both residential and commercial wastes that is available to the maximum practical number of residents and guided by the key levels of service:

The wastewater treatment plant meets its **resource consent conditions.**

Emergency response to failures in the network are resolved timely.

Environment is protected by ensuring resource consent conditions relating to accidental discharges are met and there are limited odour complaints about pump stations.

Stormwater and flood protection

Council will provide stormwater disposal and flooding protection in urban areas that minimises and prevents damage to properties and infrastructure from flooding while being environmentally considerate and affordable.

Open channels, streams and rivers in the urban area are generally able to cope with Q_{20} flows with some sections of the larger river and streams upgraded in recent years to Q_{50}.

Recent extreme weather events have lead to significant damage to property and infrastructure throughout the city and raised the question of whether these levels of protection need to increase, especially in the light of the expected impacts of future climate change.

Council is currently considering the merits, costs and environmental impact of increasing the protection to Q_{20} (5% probability of occurrence in any year) stormwater in reticulation and to Q_{100} (1% probability of occurrence in any year) for flood events in streams and rivers.

In rural areas the costs of any works undertaken by Council will be apportioned between the properties that benefit.

The operation of the network will be assessed against the following criteria:

Environment Protected and Improved through ensuring compliance with resource consent conditions for stormwater discharges; together with ensuring appropriate disposal options are available.

Reliability of service by meeting required response times to failures and faults.

Emergency response: network issues by ensuring contractor(s) meet contract requirements.

Protection for the urban built and **natural environment** from floods by ensuring capital expenditure programmes are met and urban sections of streams and the Maitai river are inspected and maintained.

Integration of **ecological** and flood protection requirements in urban sections of streams and rivers by ensuring fish passage is maximised and ecological impact of structures is minimised. Through the Long Term Plan it is proposed to set an additional performance measure of "channel maintenance works carried out in accordance with resource consent conditions."

2.4 Asset Management

The purpose of local government is to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

In the Act, good-quality, in relation to local infrastructure, means infrastructure, services, and performance that are efficient, effective and appropriate to present and anticipated future circumstances.

The objective of asset management is to meet required levels of service in the most cost-effective manner with consideration to both current and future customers.

The Infrastructure Asset Management Plans (AMPs) document asset management practices and future works programmes required to meet service level requirements. This strategy draws together the overall forward facing view across the infrastructure AMPs for the next 30 years.

NCC_Long Term Plan_UPDATED_Oct15.indd 264 11/11/2015 2:44:18 p.m.

2.5 Asset management Strategies

Asset criticality

Critical assets are considered to be those assets for which the consequence of failure is unacceptable and would result in a major disruption to the network or failure in meeting one or more levels of service.

Critical assets have been identified as:

Water supply:

- Headworks including dams and intakes
- Raw water trunk mains
- Raw water pump stations
- Water Treatment Plant including the Clearwater Reservoir
- Treated water trunk mains
- Treated water pump stations
- Reservoirs

Stormwater:

- All pump stations
- All rising mains
- All river and stream channels
- Detention dams
- Open channels and the piped network

Wastewater:

- All pump stations
- All rising mains
- All reticulation
- The waste water treatment plants
- SCADA system

Transport:

- Emergency service and hospital routes
- Arterial routes
- Access to water supplies
- Routes to the port and airport

Lifecycle Management Strategies

Asset management strategies are applied throughout the life of infrastructure assets. This starts with the need for the asset and follows through the concept, design, construction, operation, renewal, upgrade and disposal. The full lifecycle cost is considered to give the best value for money over the asset's expected life. This may not align with the lowest cost tender or design concept.

Operations and Maintenance activities ensure the relevant networks will be operated and maintained on a day-to-day basis to consistently achieve the optimum use of assets.

Operations activities are designed to ensure efficient utilisation of the assets, and therefore that the assets achieve their service potential. Operational strategies cover activities such as energy usage, control of mechanical and electrical plant, inspections and service management.

Maintenance - Maintenance strategies are designed to enable existing assets to operate to their service potential and extend their useful life while continuing to meet required levels of service. Maintenance strategies prevent premature asset failure and unplanned deterioration. Different asset types require different combinations of these strategies for optimum performance. There are three types of maintenance:

- Preventative Maintenance - A base level of maintenance carried out to a predetermined schedule. Its objective is to maintain the service potential of the asset system. This approach is not necessarily the most cost effective and is only selectively used where appropriate.
- Predictive Maintenance - Maintenance undertaken as a result of condition or performance evaluations of infrastructure components. Its objective is to avoid primary system failure while maximising the effective life of components. Maintenance is carried out in optimal time frames.
- Reactive Maintenance - Maintenance carried out in response to reported problems or failures. The objective is to restore unforeseen failures in day-to-day levels of service.

Renewal strategies are intended to provide for the progressive replacement of individual assets that have reached the end of their useful life. The rate of asset renewal is intended to maintain the overall condition of the asset system at a standard which ensures that the community's investment in the City's infrastructure is maintained and that service levels are acceptable.

The level of expenditure on cyclic asset replacement varies from year to year, reflecting:

- The age profile of the system
- The condition profile of the system
- The ongoing maintenance trends
- Customer service issues, and
- The differing economic lives of individual assets comprising the overall asset system.

Asset **upgrades** provide a planned increase in asset performance and:

NCC_Long Term Plan_UPDATED_Oct15.indd 265 11/11/2015 2:44:18 p.m.

- Close gaps between the current capability of the asset and target service standards
- Accommodate growth
- Build resilience

Renewals and upgrades are achieved by the capital upgrade programme which seeks to progressively close gaps between target service requirements (taking account of inter alia demographic and economic growth projections) and the current service capability of the asset system. The programme follows a structured approach including:

- Identification of upgrade needs (including future-proofing)
- Project Categorisation (capital, operational, growth, Level of service, renewal)
- Prioritisation of projects - timing of investment decisions to optimise asset utilisation
- Project Approval gating
- Project design and quality control
- Funding Strategies
- Meeting strategic and environmental outcomes

Asset disposal is the final phase of the lifecycle and includes the activities and costs associated with the decommissioning and disposal of the assets which are no longer economically viable to maintain.

3 STRATEGIC ISSUES

This section outlines the issues that could significantly impact on Council's ability to deliver core services, the principal option to address each of these significant issues and the implications of these options. It also considers what could deliver core services in the most cost-effective manner.

The strategic issues have been grouped into the following:

Issue 1: Natural Hazards

Issue 2: Growth & Development

Issue 3: Level of Service Change

Issue 4: Affordability in ongoing provision of services

3.1 Planning for and adapting to Natural Hazards

Natural hazards include both meteorological and geological events (including climate change issues). The result can be a change in rainfall patterns, sea levels rise, more frequent extreme weather events (droughts, heavy rainstorms), higher temperatures, earthquakes, coastal erosion, landslides and liquefaction.

Natural hazards are neither certain in their likelihood nor their consequence. They present risks that vary both across the city and by hazard type and severity. As a result, potential impacts of natural hazards can be especially difficult to predict and to plan for. However, due to the magnitude of the potential impacts, a precautionary approach needs to be taken for infrastructure management.

Infrastructure Objective: To ensure Nelson's infrastructure is resilient to the impacts of natural hazards and evaluates long term sustainable risk reduction approaches including relocation, protection and removal.

Hazard: Sea Level Rise

Climate change predictions include predicted sea level rises. These may pose significant threats to coastal communities and Council infrastructure. The information held by Council on coastal erosion and hazards, stormwater surge, wave setup and wave run up has recently been reviewed. The base assumption is that a rise in line with the Ministry for the Environment prediction needs to be considered. This assumption will be checked by continuously monitoring the trends and updating this strategy every 3 years to calibrate the actual trend to the predictions. The NZCPS (coastal policy statement) requires that Council assess a range of options for reducing coastal hazard risk as part of asset planning programmes and the Nelson Resource Management Plan Review.

What does this mean for infrastructure and what is being done?

Much of our coastal communities, the Wood, Central City area, Tahunanui, airport area and Monaco will be subject to the effects of sea level change. Much of our essential infrastructure is also located within the coastal environment, including wastewater treatment and reticulation networks, arterial roading links, the Port and Airport.

Critical assets likely to be affected include: Wastewater plants and low lying roads & bridges, wastewater pumping stations and pipelines and water supply pipelines.

Based on the Ministry for the Environment predictions for sea level rise, no Nelson City Council infrastructure assets require urgent consideration in the period between now and the next strategy review (2018). The lead-time required for resource consents and mitigation strategies allows the development and selection of options prior to the 2018 review. These

NCC_Long Term Plan_UPDATED_Oct15.indd 266 11/11/2015 2:44:18 p.m.

will be a combination of phased retreat, relocation and protection. The assessment required by the NZCPS will be addressed in more detail and programmed into the relevant AMPs.

Council is currently developing a flood model to evaluate, amongst other things, the impacts of sea level rise, flooding and storm surge on the Nelson North Wastewater Treatment Ponds.

An evaluation of the life of all other resource consents for infrastructure in the coastal environment will be undertaken in 2015/16 to schedule the required assessment and infrastructure planning.

The significant capital expenditure decisions section covers the specific issue and options in more detail.

Hazard: Flooding

National rainfall patterns are expected to change with increased rainfall in the Nelson / Tasman region. Climate change is expected to lead to increases in extreme rainfall events. This is likely to translate to more severe and frequent river flooding. Flooding and sediment deposition from rivers could be most severe in the coastal reaches of rivers if sea-level rise slows the flow of water out to the sea. The changes in weather patterns will be monitored and re-assessed every 3 years.

What does this mean for infrastructure and what is being done?

The key issue is to balance protection of council assets and property as well as personal property with maintaining and improving recreational and ecological qualities of streams.

Much of the floodplain within Nelson is developed or urbanised, and these activities have affected the ability of rivers and streams to carry water during high rainfall events.

A city-wide strategy is currently being developed. An infrastructure response to flooding requires more than just consideration of flood channels. Responses need to be balanced with environmental and social desires of the community. In many cases, development close to the edges of rivers and streams confines the waterways into narrow channels, reducing their ability to contain flows. This raises the risk of flooding during intense rainfall events.

The significant capital expenditure decisions section covers the specific issues around flood protection and options in more detail.

Hazard: Drought

National rainfall patterns are expected to change with both increased rainfall in the Nelson / Tasman region during the wet periods of the year and less rainfall during the dryer. Climate change is expected to lead to increases in the extremes of both rainfall and drought events. This is likely to translate to more summer droughts. The changes in weather patterns will be monitored and re-assessed every 3 years.

What does this mean for infrastructure?

The key issue is to balance the provision of a reliable water supply to the city while maintaining and improving recreational and ecological qualities of streams.

Current peak daily demand calculations show that Nelson has sufficient water to maintain supply requirements for the projected population increases until at least 2050 as long as current abstraction rates remain in place.

Tasman District Council are currently investigating a storage dam to mitigate the effects of drought on the Waimea Plains region.

Hazard: Fault Hazards

The unpredictability of fault activity frequency and damage largely precludes preventing damage to infrastructure apart from employing sound location and construction methodologies. The nature of the event (shallow, deep, direction of movement and angle of fault line) determines the degree of damage more than the seismic magnitude. Ensuring existing and new infrastructure is resilient to the threat of ground shaking or rupture from earthquakes is largely focussed on appropriate location and the ability to get lifeline infrastructure back up and running as quickly as possible following earthquake damage.

What does this mean for infrastructure?

Council has recently updated its fault hazard overlays and is now able to more accurately predict risk than previously. New infrastructure should be located to avoid where possible and constructed in a manner that enhances resilience to earthquake events. Council has budgeted for a series of assessments on the resilience of infrastructure to seismic events. New installations consider the design practices for seismic resilience. Investigation funding will be prioritised on asset criticality and the likely consequence of failure.

It is recognised that in future, more time and funding will be required to do this work as part of capital works and resource consent applications.

Hazard: Liquefaction

There is a need to better understand the risk that liquefaction poses to assets and then to make existing, affected infrastructure more resilient to the threat of liquefaction as a result of earthquakes. This includes responses to get lifeline infrastructure or assets back

NCC_Long Term Plan_UPDATED_Oct15.indd 267 11/11/2015 2:44:18 p.m.

up and running following an earthquake event. Infrastructure that is located in and around Tahunanui, the Wood, the Port and Central City areas is more susceptible to liquefaction as a result of a strong earthquake.

What does this mean for our infrastructure and what is being done?

Infrastructure that is located in and around Tahunanui, the Wood, the Port, and Central City areas is more susceptible to liquefaction as a result of an earthquake. Future renewals and upgrades within these areas need to avoid if possible and then consider best practice regarding liquefaction resilience.

What is already taking place to ensure Nelson's infrastructure is resilient to the impacts of natural hazards:

Emergency Management

Council works closely with the Nelson Tasman CDEM (Civil Defence Emergency Management) group to respond, manage and restore infrastructure in the event of significant natural events. This close integration is achieved by key Council staff holding strategic positions within the CDEM group and being part of the management thereof.

Civil Defence and Emergency Response Plans

The following documents are available for guidance in the Civil Defence and Emergency Management:

- Nelson Tasman Civil Defence Emergency Management Group Plan
- Nelson Tasman Civil Defence Emergency Management Group Recovery Plan
- Nelson City Council Emergency Procedures Manual - exercises are carried out on a six monthly basis to ensure all staff are familiar with the procedures.

Activities	Description	Documents
Risk Reduction	Identifying hazards, describing risks, and taking actions to reduce the probability or consequences of potential events.	Asset Management Plan Risk Treatment Schedule and Plan.
Readiness	Planning and preparation required to equip agencies and communities to respond and recover.	Emergency procedures manual and exercises.
Response	Addressing immediate problems after an emergency.	Nelson-Tasman Civil Defence Emergency Management
Recovery	Addressing the long-term rehabilitation of the community.	Nelson-Tasman Civil Defence Emergency Management

Lifelines

The Civil Defence and Emergency Management Act 2002 requires that every lifeline utility must:

- Ensure that it is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.
- Have plans for such a continuity that can be made available to the Director (of Ministry of Civil Defence and Emergency Management) if requested.
- Participate in the development of the National Strategy and Civil Defence Emergency Management Plans (where requested).
- Provide technical advice on Civil Defence Emergency Management issues, where reasonably requested by Civil Defence Emergency Management Groups or the Director.

Lifeline Utilities for Nelson are: Electricity, water supply, wastewater, telecommunications, roads, airport, the port and some broadcast media.

Insurance provision

Strong earthquakes can damage treatment plant, reservoirs and pipelines leading to water supply problems and no drinking water. Nelson City Council has insurance cover for the Wastewater, Water & Stormwater services, staff and property.

Local Authority Protection Programme (LAPP)

Nelson City Council is a member of the Local Authority Protection Programme Disaster Fund. This is a mutual pool created by local authorities in 1993 to cater for the replacement of infrastructure following catastrophic damage by natural disaster.

Nelson City Council also has a disaster relief fund to address future events. This will contribute to future event damage once the recent event accounts have been settled.

What will need additional consideration in the future?

Additional insurance and/or funding as contingency for above ground assets needs to be considered.

3.2 Growth & Development

Changes to the population size and makeup affect the requirements for infrastructure. Development of areas needs to be integrated with the provision of infrastructure.

Based on medium growth projections, Nelson will have an extra 5100 households over the next 30 years (2015-2045). As at 2014 there is enough undeveloped but zoned residential land in Nelson to accommodate

NCC_Long Term Plan_UPDATED_Oct15.indd 268 11/11/2015 2:44:18 p.m.

the next 15 years growth as Greenfield development. Existing urban areas can also accommodate up to 1500 households through redevelopment and/or intensification over the next 30 years. Many greenfield areas have one or more infrastructure constraints. Council is currently undertaking work to understand infrastructure capacity in existing urban areas where it is likely that there will be market demand for redevelopment and intensification over the next 30 years.

From a transport perspective, the trend over the last 10 years has seen household travel not follow the increase in population growth. This may be linked to the economic cycle and fuel prices. The trend is being monitored to inform future capacity requirements. Nelson City Council is developing better localised traffic modelling capabilities and is working with NZTA on arterial models.

Infrastructure Objective: Provide the right infrastructure at the right time to support growth and development.

What does this mean for our infrastructure?

Council cannot afford to provide services to all growth areas at once, and needs to do so in a prioritised manner that meets Councils strategic outcomes, supports market demand and optimises use of the assets. The Nelson Plan will assess a range of options to provide for growth, particularly intensification, and these will influence the demand and market uptake of different development options in the future and the provision of services to greenfield areas.

The provision of infrastructure needs to be closely aligned with the planning, prioritisation and implementation of new developments and growth strategies, the Long Term Plan and Development Contribution Policy. This will avoid infrastructure being underutilised and will avoid expensive reactive provision of services, or growth before services availability.

What is already taking place to ensure infrastructure is supplied to support growth and development?

An infrastructure prioritisation process will inform the implementation of this strategy, the asset management plans, Long Term Plan and the Development and Financial Contributions policy.

This process will ensure an integrated approach to long term planning for development and growth and for the delivery of infrastructure in a prioritised and co-ordinated manner. It will also make a clear financial link between provision of infrastructure for new development, the timing of development of different areas, and the collection and use of development contributions.

Nelson City Council is currently considering requests from Tasman District Council for financial support for the construction of the Waimea Community Dam. The dam is a water retention structure that will augment flows in the Waimea River and allow increased security of supply for irrigation and community water supplies into the future.

Nelson City is investigating the direct economic and environmental benefits that may accrue to the city before seeking community views on any financial contribution. This dam may contribute to meeting population growth if future restrictions limit the existing water take consents.

Ongoing monitoring of the travel demand trends will identify emerging risks in time to address any capacity issues.

Nelson City Council's Development and Financial Contributions Policy is currently under review to better support the growth and development strategy and to meet the requirements of the Local Government Act and Council's functions under section 30(1)(gb) of the RMA "the strategic integration of infrastructure with land use". Consultation with developers as part of the Long Term Plan will determine the extent to which infrastructure is to be prioritised to match developer intentions and to meet the strategic outcomes of Council.

What will need additional consideration in the future?

Intensification or redevelopment of existing residential areas is an option that may be better able to meet the needs of changing population demographics, providing greater housing choice, and affordability to meet Council's strategic outcomes for the city. This would also assist with outcomes sought in relation to revitalising the central city area of Nelson. The delivery and upgrading of infrastructure services relies on being advised of this planning early enough to cater for the lead-time of projects to meet the changes in demand.

Nelson is now required to consider preparing a Special Housing Accord. A special housing accord will impact the rate of infrastructure roll-out to growth areas, and will have significant implications for infrastructure investment.

In transport, NZTA is currently investigating options for an additional arterial route to manage future increases in traffic volume.

3.3 Level of Service Changes

Potential legislation changes are difficult to predict but the trend to increased focus on public health,

NCC_Long Term Plan_UPDATED_Oct15.indd 269 11/11/2015 2:44:19 p.m.

infrastructure efficiency and affordability and improving the environment are clear. Infrastructure planning appreciates this and looks to plan as far as practical to accommodate these trends.

Infrastructure Objective: Respond to possible changes in community expectations and legislative needs

What does this mean for infrastructure?

Infrastructure and land supply have been hot topics in both the Resource Management Act and the Local Government Act reforms. Proposed changes at the time of writing this strategy include:

Proposed changes to section 6 and 7 of the RMA will include as matters of national importance:

> (l) the effective functioning of the built environment, including the availability of land to support changes in population and urban development demand;
>
> (n) the efficient provision of infrastructure

Changes in customer demographics may also mean that changes in the level of services are necessary to meet community needs. Council must take cognisance of the impact of these demographics on the nature and affordability of services into the future (for example an aging population on fixed income).

Council has recently confirmed a series of strategic outcomes. Those which relate to infrastructure provision for growth include:

- Coordinate growth and infrastructure
- Prioritise supply of infrastructure to achieve strategic outcomes.
- Enable housing choice
- Prioritise urban intensification
- Encourage higher density clusters around key centres such as the central city, victory, Tahunanui and stoke.

The Treaty Settlements for Te Tau Ihu have resulted in iwi having a statutory acknowledgment in relation to the coastal marine area, waterways and catchments within the district. A partnership approach would be prudent with respect to planning of works within those areas.

This section highlights potential changes in levels of service from those approved under the Long Term Plan in 2012. These levels of service change need to be debated with the community as part of the consultation on the Long Term Plan in 2015.

What is already taking place to ensure infrastructure planning supports level of service changes?

Where Level of Service changes are considered or required by legislation, these are made in a co-ordinated way between all parts of council and key stakeholders and are ratified where appropriate by managers, the senior leadership team and elected members.

Council community surveys and Long Term Plan consultation provides one source of feedback from the community. Elected members provide ongoing input to levels of service.

- The asset management plans take cognisance of growth and demographic trends and seek to match these with likely future levels of service.
- Council is exploring better ways of accommodating future changes in levels of service when delivering infrastructure.
- Council has introduced the Major Projects Team to provide advice for project planning and scoping for infrastructural projects in relation to achieving environmental outcomes, meeting national legislation requirements and anticipating future requirements.
- Council has introduced an improved project gating process through a projects governance board.

What will need additional consideration in the future?

Mechanisms to implement service level changes to meet customer expectations while considering their overall affordability need to be further evaluated.

Recognition and response to tensions that develop between customers that are impacted by lower levels of service and others in the community seeking different outcomes.

3.4 Affordability of ongoing provision of services

Council needs to carefully balance affordability of service provision with the communities required levels of service.

Infrastructure Objective: Renew and upgrade infrastructure in a cost-effective way and partner with others in our community and region to deliver services efficiently.

What does this mean for infrastructure?

NCC_Long Term Plan_UPDATED_Oct15.indd 270 11/11/2015 2:44:19 p.m.

Ongoing increases in the cost of infrastructure materials and labour are likely to be higher than CPI. This is due to a number of factors including:

- a shortage of engineering and trade skills
- the impact of increased environmental considerations when selecting materials and methodologies
- increased requirements around contractor health and safety.

Supporting environmental and public health outcomes – air, water, land, biodiversity – are likely to change levels of service and conflict with affordability. Previously planned renewals may have to become upgrades to meet increased environmental and public health requirements.

Changes to revenue (i.e. funding changes from Central Government or other sources – NZTA) may require different models to be used e.g. a user pays approach.

Maintaining debt levels within required tolerances could also become an issue if capital works increases and/ or levels or growth slow or decline. This would mean a more aggressive approach to prioritising infrastructure work to stay within limits.

What we're currently doing to ensure required levels of service are affordable

Council seeks to extend the life of assets by using condition assessment to renew as late as possible to extract maximum cost benefit from assets. (e.g. gravity wastewater systems can have renewal spend extended over a longer time period). Other considerations include:

- Ongoing reviews of the optimum level of service, taking the cost to benefit ratio into account
- Multi-discipline renewals and works are co-ordinated to reduce the cost and disruption
- Exploring joint regional ventures and shared facilities (e.g. NRSBU, joint landfill, regional transport initiatives)
- Aligned regional engineering service and Land Development Standards
- Inflow and infiltration projects
- Benchmarking water loss trends
- Council is debating the cost vs. benefits of various flood protection strategies.

Currently, our understanding of some of the higher value transport assets is relatively basic (e.g. road pavements). Ongoing NZTA funding will require us to develop a better understanding of the transport assets and the specific deterioration curves. Our understanding of carriageway surface ages and conditions has recently improved enough to know that there is a significant backlog in road surface renewals and along with it a cost of around $6M. This is able to be spread to catch up over a 10 year period to reduce the annual cost to around $1.6M on average over 40 years. Condition data on the pavement structure is limited and renewal is far more costly than surface renewal. As a result, if a similar backlog was to be found for this asset then the cost would be significant.

NZTA are currently undertaking investigation work to determine whether a third southern arterial will be built. If this project does go ahead then the new road will be the state highway and the current state highway (Rocks Road) would become a Council asset. Along with ownership of this asset will come a significant maintenance cost.

What will need additional consideration in the future?

Nelson City Council will need to consider increasing use of shared services with Tasman District Council to achieve efficiency and resilience goals.

Greater use of infrastructure delivery at a regional scale can deliver significant cost benefits where the assets being managed are also at that scale. For significant capital expenditure, scale can provide the specialist skills needed to manage scope, procurement, timing, financing and operational issues. However, biggest is not always the best and there is a need to assess optimal size in terms of both contracts and management/governance requirements. However, in a number of areas larger scale delivery entities have greater ability than smaller ones to deliver affordable infrastructure to all communities.

Areas for consideration are capital works, operations, maintenance and joint (council and private) ventures.

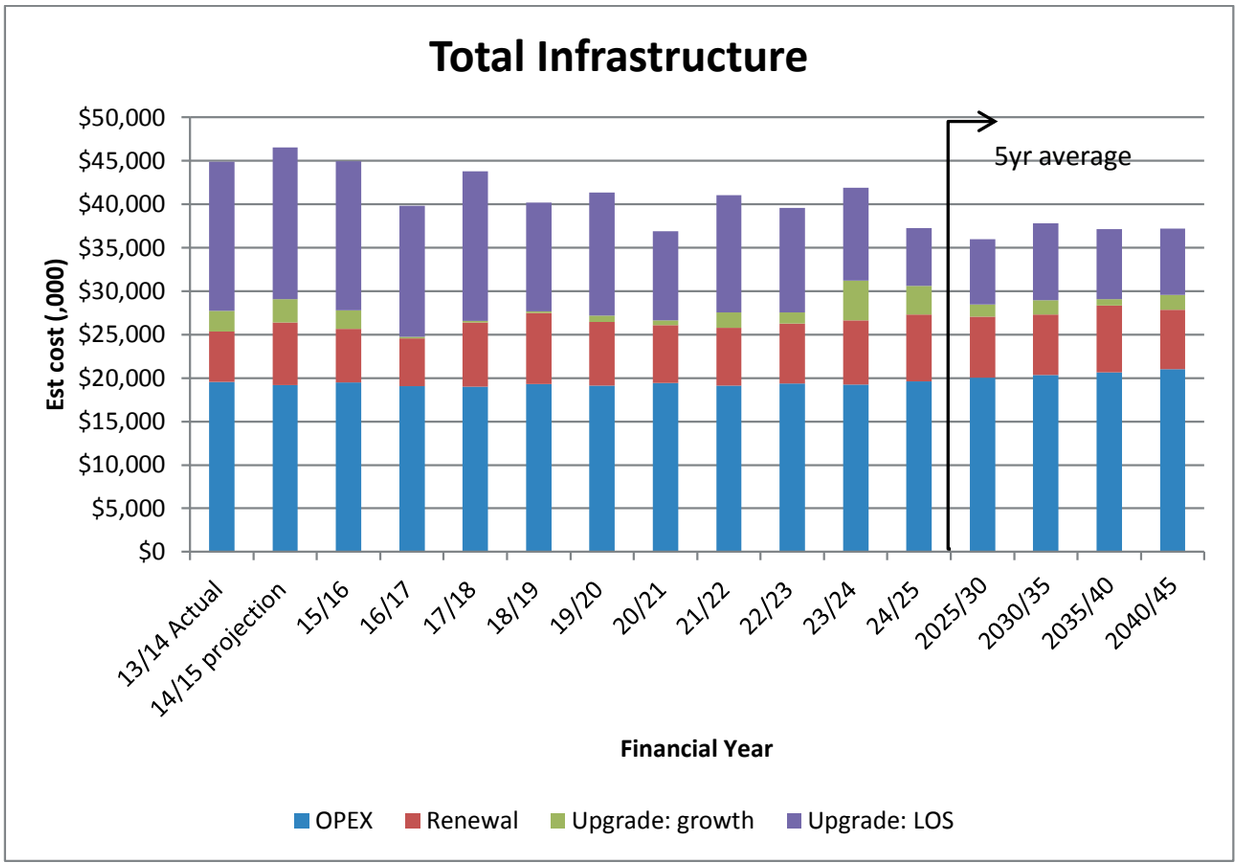
Improvement work needs to be prioritized where this can impact on affordability. e.g. water losses, cross contamination, infiltration of stormwater to wastewater.

Council is also seeking to work collaboratively with the Tasman District Council recognising the reliance each has on the other for infrastructure and that the communities we serve seek common regional outcomes.

NCC_Long Term Plan_UPDATED_Oct15.indd 271 11/11/2015 2:44:19 p.m.

4 MOST LIKELY SCENARIO

4.1 Summary Financials



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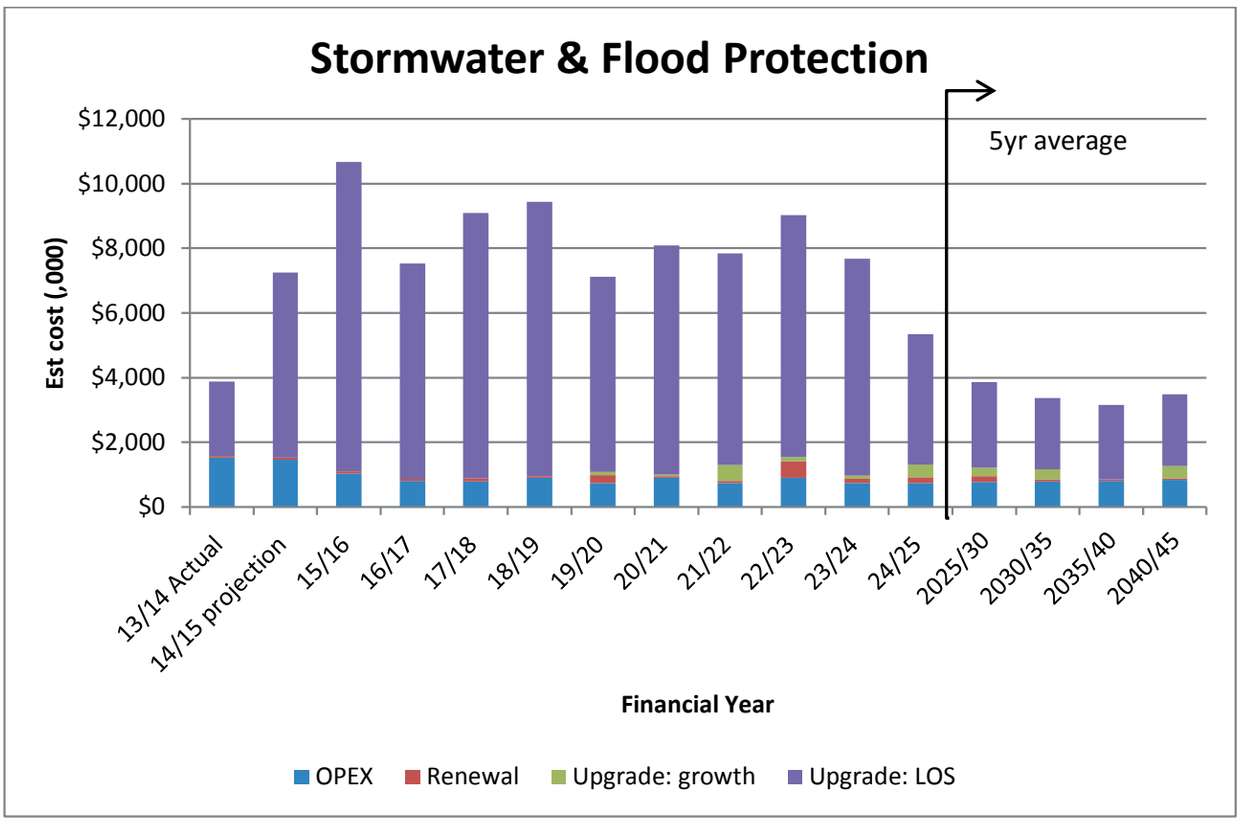

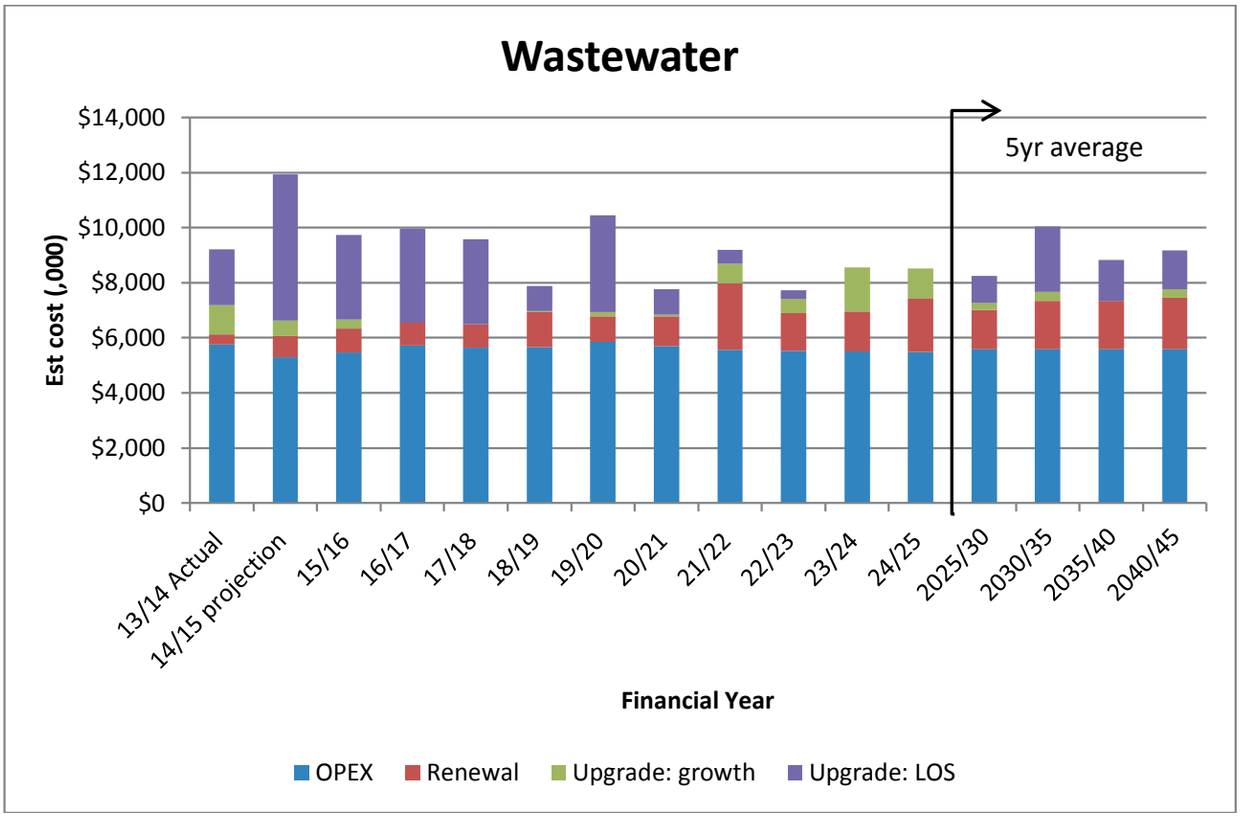

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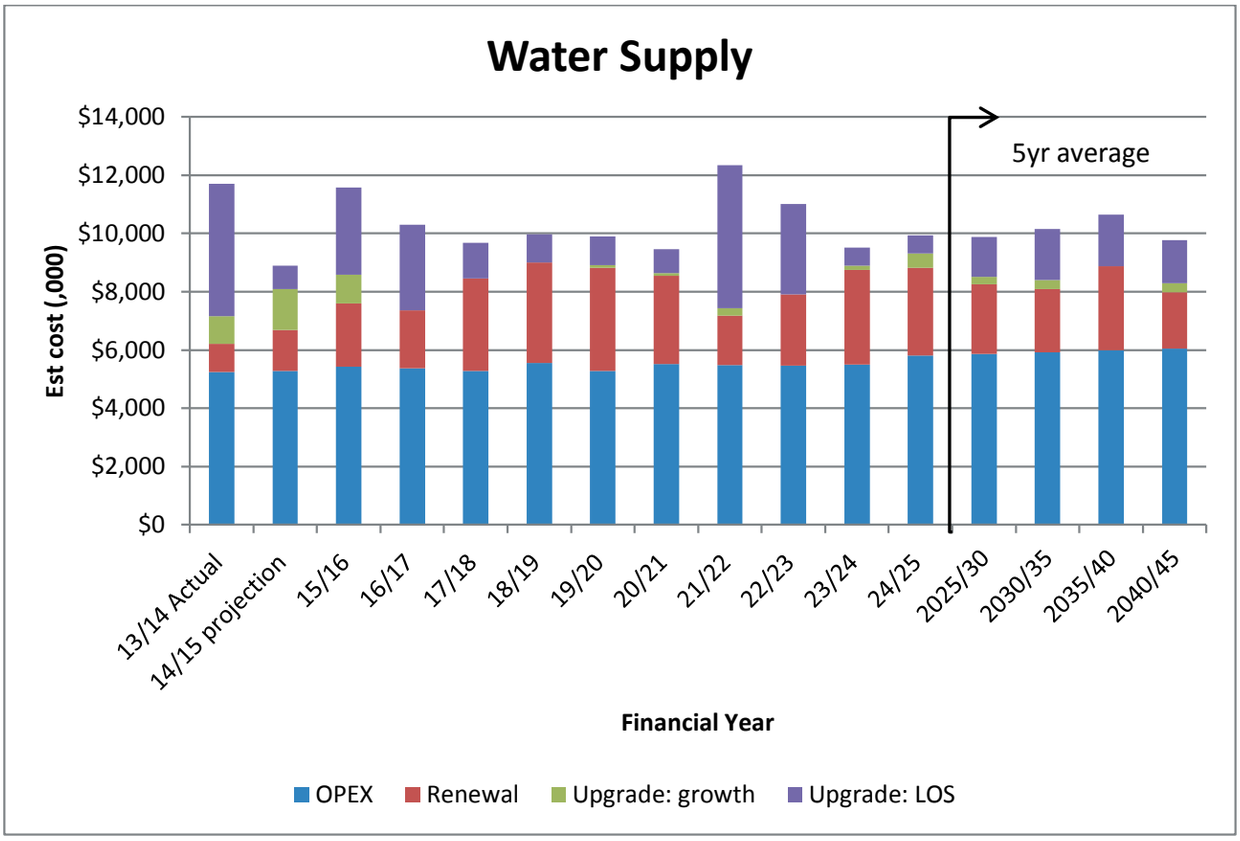

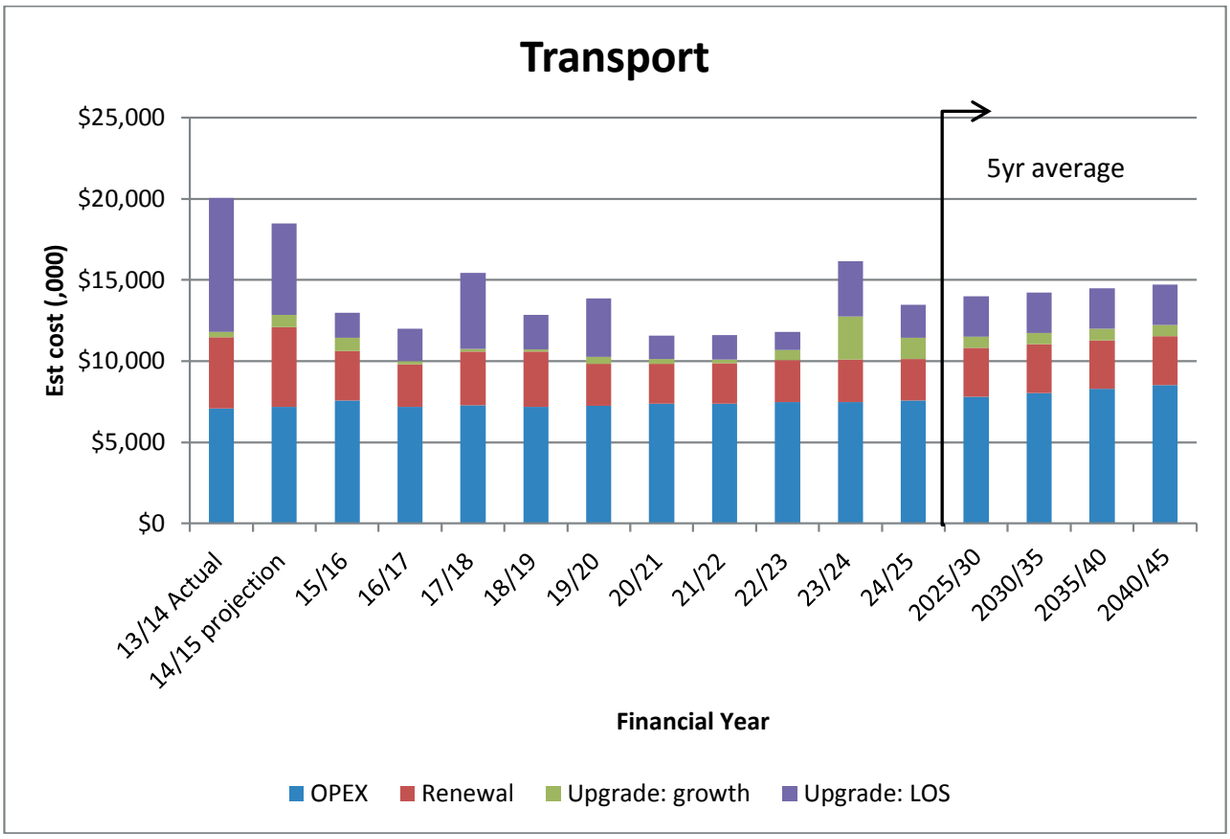

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Linkage to the Financial Strategy

The financial strategy has a limit on rates increases of Local government cost index (LGCI) plus 2% after growth in each of the 10 years of the Long Term Plan. Increasing costs of infrastructure, including more assets being built and maintained by Council puts pressure of this limit and Council need to be mindful of this.

There is also a limit around the level of debt Council can have, whereby debt cannot be more than 150% of total revenue in each of the 10 years of the Long Term Plan. This limit was required to be set during the Long Term Plan 2012-22 and has been set at this level to ensure that Council remains financially prudent and can comfortably maintain the Standard and Poor's long term credit rating of AA-.

See the Financial Strategy for more details.

4.2 SIGNIFICANT CAPITAL EXPENDITURE DECISIONS

Stormwater & Flood Protection

Issue: More intense localised rain events and sea level rise increases probability of flooding along urban streams and rivers. This could lead to property damage and business disruption. Given the significant cost of this level of service Council will need to consider carefully the appropriate investment in protection works.

The **preferred option** is to upgrade the capacity of the urban streams and rivers to cope with a Q100 flow over the next twenty five years. Detailed design would allow for the future growth in the city and ensure the upgraded channels provided for environmental and recreational values. As growth in the city intensifies it will become more difficult to carry out this work in an integrated fashion and identifying and protecting corridors for the works will be important. The upgrades involve taking an inventory of the various streams capacities, looking at options, prioritising areas based on risk, and implementing high priority mitigating solutions. The prioritised stages are expected to cost around $56M, spread over the 30 yr period.

The **primary alternative** option is to adopt the lesser standard of upgrading of Q50 and accept that damage from flooding will impact on a larger number of properties at a greater frequency. The difference between flows in Q100 and Q50 events can be between 15%-25% depending on how long the rain event lasts but differences in construction costs are not likely to match this. The cost of equivalent stages noted in the option above is expected to be approximately $51M over the 30 yr period.

Wastewater

Issue 1: Sea Level rise may threaten network with infiltration and inundation. More large storms could damage assets on low lying land close to waterways and Tasman Bay.

The **preferred option** is to protect the existing location and relocate vulnerable parts of the network to support resource consent renewals. Initiate this with sufficient lead-time to secure resource consents.

The **primary alternative** is to relocate the assets when they reach their end of life and are scheduled for renewal. This is likely to be higher cost than the above protection option. Technology advances may solve wastewater treatment in the likely time frame.

Issue 2: The primary sewer pumping main and pump stations from the city to the Nelson Wastewater Treatment Plant to the North of the city need to be replaced or duplicated.

The **preferred option**- Duplication of the rising main along the same general route is preferred at this early stage to ensure the network remains operational and we maximise the service life of the existing main. A new pump station at Neale Park is currently being designed. The duplication of the rising main is expected to cost $12.5M.

The **primary alternative** – Alternative options involving a new location of any new main are subject to further investigation and monitoring of sea level changes into the future. Allied to this investigation is the evaluation of the long term future of the Nelson Wastewater Treatment Plant to the North of the city. The location of this facility, adjacent the Boulder Bank, may be at risk should sea levels rise significantly in the future.

The Nelson **wastewater treatment plant resource consent expires** in 10 years. By monitoring and calibrating the sea level rise predictions regularly, the actual risk will be better known approaching the resource consent renewal. There is a significant risk that renewal of consents for infrastructure in exposed coastal areas may not be successful without considerations that mitigate natural hazards. The resource re-consenting process must consider this and be initiated with sufficient lead time. This includes undertaking the assessment required by the NZCPS which includes:

a) promoting and identifying long-term sustainable risk reduction approaches including the relocation or removal of existing development or structures at risk;

NCC_Long Term Plan_UPDATED_Oct15.indd 275 11/11/2015 2:44:20 p.m.

b) identifying the consequences of potential strategic options relative to the option of 'do-nothing';

c) recognising that hard protection structures may be the only practical means to protect certain parts of existing infrastructure;

d) recognising and considering the environmental and social costs of permitting hard protection structures to protect private property; and

e) identifying and planning for transition mechanisms and timeframes for moving to more sustainable approaches.

Water Supply

Issue 1: Natural hazard and Climate change projections suggest parts of the network are likely to be impacted by earthquakes, liquefaction, more intense localised rain events, sea level rise and warmer drier summers. Earthquakes can damage all parts of the infrastructure and more intense rain events increase the probability of damage to water supply catchments and parts of the network from slips and erosion. Warmer drier summers increase the risk of drought conditions.

The **preferred option** is to identify and secure those elements of the network exposed to extreme events. Duplication of the trunk main from the Maitai dam to the treatment plant has been completed and the next stage from the treatment plant to Westbrook Terrace is currently being designed. Construction is programmed for 2015/16 – 2016/17 at a cost of $4.1M. Further investigation of hazards and network upgrades are proposed for the first six years of the LTP, with a budget of $700,000. Reducing the level of water losses from leaks in the network has been identified as the response to the risk of drought. A budget of $2.25M has been included in the LTP 2015-25.

The **primary alternative** option is to adopt a lesser standard of resilience within the water network, repair damage as and when it occurs and encourage greater resilience amongst customers. Drought response would focus on monitoring water use and imposing restrictions to ensure supply was sustainable and encouraging significant on site private water storage by customers.

Issue 2: Resource consents for water abstraction from the Maitai and Roding rivers expire in 2017. These consents set out the amounts of water that are able to be taken from the rivers and the conditions that have to be met. Without these consents the city would not be able to operate the water supply.

The **preferred option** is for new consents to be issued for the current abstraction amounts and the same conditions. A budget of $1.2M has been identified in the LTP 2015-25 for the works associated with these consents.

The **primary alternative** option is to accept lesser abstraction amounts and / or more stringent conditions. The cost to the community from this is likely to be measured by the future development opportunities that would not proceed because of a lack of a secure water supply and / or the cost of meeting new resource consent conditions.

Transport

Issue 1: As we understand the age, condition and deterioration of our transport assets better there is likely be a change in expenditure to match the expected renewal and maintenance required that we are currently unaware of. Until the work to understand the assets better has been done it is not possible to anticipate the order of costs associated with this issue. This work is to be done over the next three years, in time to inform the next infrastructure strategy.

The **preferred option** is to undertake the work as planned in the 2015-18 period to better understand the useful remaining life of the assets that we lack knowledge in. A budget of $75,000 per annum has been identified in the 2015-18 period for this.

The **primary alternative** option is to accept higher risk of asset failure and more reactive maintenance and renewal work on the $700M transport asset.

Issue 2: Should the NZTA Southern Arterial investigation show that construction of a third arterial route is viable the cost is expected to be in the range $50M - $60M. There is not expected to be significant cost to Council as central government, via NZTA, would be expected to fund almost all of the cost.

The **preferred option** is to wait until the Southern Arterial investigation is complete before informing the next Infrastructure Strategy.

The **primary alternative** is to include the routine operation and renewal cost of the Haven Road, Wakefield Quay, Rocks Road and Tahunanui Drive route should the project go ahead. This is expected to cost in the vicinity of $1.5M annually.

NCC_Long Term Plan_UPDATED_Oct15.indd 276 11/11/2015 2:44:20 p.m.

Issue 3: Demand Forecasting, the trend over the last 10 years has seen household travel not follow the increase in population growth. This may be linked to the economic cycle and fuel prices. The trend is being closely monitored to inform future capacity requirements. Nelson City Council is developing better localised traffic modelling capabilities and is working with NZTA on arterial models.

The **preferred option** is to wait until the network wide modelling scheduled for 2015/16 is complete before informing the next Infrastructure Strategy.

The **primary alternative** option is to include network wide improvements to maintain the level of service in a high traffic growth scenario (safety and capacity) at a cost of $30M over 15 years.

4.3 ASSUMPTIONS

Assumption ratification process:

The assumptions are based on best information available to officers. The ratification process involves passing the assumptions through the senior leadership team and via the Long Term Plan process, through elected members and is part of the consultation process.

Nelson and Richmond Population Projections

This information is based on population projections by Statistics New Zealand published on 19 February 2015, using Census 2013 demographics and trends as a base. The medium growth series has been used as Statistics New Zealand advised at the time that the medium projection is considered suitable for assessing future population change.

Growth Assumptions

- Nelson's population is expected to grow by 3,600 residents over the next 10 years, to 53,320 in 2025 (and we're likely to hit 50,000 by early 2016)
- Population growth is expected to slow down over time, based on the assumptions that deaths will increase while births stay constant, and that migration rates also remain constant
- The proportion of the population aged 65 years and over will increase from 18% in 2015 to 25% in 2025 and is likely to make up more than a third of the population in 2045
- The number of children is expected to decrease after 2018
- The number of households in Nelson is projected to increase by about 1,800 in the 10 years between 2015 and 2025, to 22,310 households

Transport

- Development occurs in the already zoned areas that currently have service overlays along with the area covered by plan change 18.
- Climate change will happen as described by the Ministry for the Environment as at October 2014.
- NZTA funding subsidies will continue to be approximately 50%.
- Projects to cater for growth will be funded using development contributions at a rate of 100% of the portion of the project associated with growth.

All Water Utilities:

It is assumed that the service delivery strategy will be sustained for the term of the strategy, where Council manages maintenance, renewal and asset replacement through an internal business unit and hires specialist consultants and contractors as required.

Water Supply

- Resource consents will be granted for the abstraction of water and ongoing use of necessary structures
- Tasman District Council will continue to supply The Wakatu Industrial Estate and Champion Road area
- Nelson's climate will remain substantially unchanged for the next decade and that climate change predictions do not vary from current predictions (2014)
- Drought period demand does not exceed storage volume of the Maitai dam;
- New development is concentrated in the Nelson urban area rather than rural areas
- No new high water demand industries establish in Nelson until water losses are reduced
- Renewals will continue as set out in the AMP
- Water supply activity will continue to be funded from water charges
- The service delivery strategy will continue in its current form unless changed as a result of community consultation
- Water conservation and the demand for water is expected to continue to primarily be managed through Council's water charging system.
- Waimea community dam (TDC) – It is currently not known whether this dam will go ahead or not. Nelson could be asked to contribute to this dam (total cost approximately $70mil – any possible Nelson contribution is not yet decided).

NCC_Long Term Plan_UPDATED_Oct15.indd 277 11/11/2015 2:44:20 p.m.

Wastewater

- Resource consents will be granted for the continued operation of the Nelson Wastewater treatment plant and marine outfall.
- Existing Atawhai Rising Main continues in operation until duplicated
- Nelson's climate will remain substantially unchanged for the next decade and that climate change predictions do not vary substantially from the current predictions (2014)
- Inflow and Infiltration initiatives reduce peak wet weather flows to 4 x average dry weather flows
- New development is concentrated in the Nelson urban area
- No new high wastewater volume industries establish in Nelson in the next 6 years
- Renewals will continue as set out in the AMP
- Wastewater activity will continue to be funded from wastewater charges and development/financial contributions
- The service delivery strategy will continue in its current form.

Stormwater and flood protection

- Resource consents will be granted for the continued discharge of stormwater to freshwater
- No significant effects on stormwater structures occur within the next 10 years from climate change-induced sea level rise. However, such effects may arise in the longer term
- Climate change predictions do not vary significantly from current MfE predictions (2014)
- New stormwater reticulation will be designed for a Q_{20} event with roads and
- overland flow providing the flow path for larger events
- It is assumed that new flood protection works are designed for a Q100 event with roads and overland flow providing the flow path for larger events. (The level of protection is currently being assessed by council).

Relevant Long Term Plan Assumptions

Forecasting assumptions	Risk/uncertainty	Impact	Comment/mitigation
Affordability: The Nelson Tasman economy has grown more slowly than the national average for a number of years but overall has weathered the global economic downturn reasonably well. Council is taking a cautious approach to prospects for the regional economy, noting that the ageing demographic will bring older residents who are no longer in employment and potentially less able to afford increasing rates.	Economic pressures lead to more residents defaulting on rates payments than expected.	Medium	This will be a medium to long term impact particularly if, as predicted, the average retirement age also rises significantly.

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 278 11/11/2015 2:44:21 p.m.

Forecasting assumptions	Risk/uncertainty	Impact	Comment/mitigation
Inflation/Price changes: Council uses inflation forecasts from Business and Economic Research Ltd (BERL) to estimate inflation over time. It is assumed that inflation rates are as predicted and modelled in budgets.	Inflation higher than expected, increasing costs for Council.	Medium	Likely to be some variation in actual rates of inflation from predictions and this will impact on the financial results of Council. Changing costs may mean the timing of projects needs to be adjusted. Council has relied on the current parameters the Reserve Bank is required to operate under in terms of inflation being held within the range of 1 – 3 %
Interest rates: In preparing the Long Term Plan Council has assumed an interest rate of between 5.15 and 5.45%. Assumptions are based on detailed analysis of the cost of both existing and future debts and anticipated interest rates.	The prevailing interest rates differ significantly from those estimated by the Reserve Bank of New Zealand.	Medium	Increase in interest rates flow through to higher debt servicing costs and higher rates funding requirements. Council has mitigated these risks with a prudent hedging programme developed within the limits of a prudent treasury policy.
Climate change and natural disasters: It is assumed that natural disasters will occur with increasing frequency. This has been the experience of recent years and is consistent with predictions of climate change impacts. Exposure of low lying land to the risk of inundation from sea level rise is another assumption related to climate change. Council relies on Ministry for Environment guidelines in estimating sea level rise. Council's Land Development Manual currently provides for a 0.5m sea level rise by the end of the century but this will be reviewed in line with the latest MfE advice (1m for 100 years). The Nelson Tasman Civil Defence Emergency Plan states that the most significant natural hazards for Nelson are: earthquakes (greatest impact) and flooding (most likely). The probability of a magnitude 7 earthquake in Nelson is 87% in the next 50 years, and 98% in the next 100 years. The probability of a magnitude 8 earthquake is 43% in the next 50 years, and 67% in the next 100 years.	Climatic events lead to increased costs for Council in both responding to events and building greater resilience into infrastructure.	Medium	A characteristic of the Nelson community is the concentration of lifelines infrastructure (roading network, port, airport etc) on low-lying areas. Council has been increasing its contributions to the Disaster Recovery Fund as one method of mitigating the risk of natural disasters.

Year ending	CPI %	BERL LGCI Opex %	BERL LGCI capex %	BERL LGCI %
30-Jun-16	1.7	2.2	2.3	2.2
30-Jun-17	1.9	2.3	2.6	2.5
30-Jun-18	2.0	2.4	2.6	2.5
30-Jun-19	2.1	2.6	2.7	2.6
30-Jun-20	2.1	2.7	2.8	2.8
30-Jun-21	2.2	2.9	3.0	2.9
30-Jun-22	2.3	3.0	3.1	3.0
30-Jun-23	2.4	3.1	3.3	3.2
30-Jun-24	2.4	3.3	3.5	3.4
30-Jun-25	2.5	3.4	3.7	3.5

CPI = Consumer price index
LGCI = Local government cost index
Opex = Operating expenditure
Capex = Capital expenditure

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 279 11/11/2015 2:44:21 p.m.

Forecasting assumptions	Risk/uncertainty	Impact	Comment/mitigation
Hazards: It is expected that dealing with contaminated land in capital and maintenance projects will become more common as the HAIL register is refined and added to.	Investigation, consenting, handling and disposal of contaminated material lead to an increased overall cost of projects.	Medium	Increased design and construction budgets in the annual and long term plans. If Council has made past decisions that were compliant with the legislation at the time of consent being granted, then it is unlikely that it would then be financially liable for remediation or mitigation of identified hazards after that time. In relation to the private use of land, council has a duty of care in issuing LIM's, and must ensure that an applicant has been informed properly and fairly about relevant features or characteristics of the land and its uses. Council includes HAIL information on LIM reports to ensure all known information is made available. In granting a resource consent, where there are likely or known hazards, then any consent issued requires these hazards or adverse effects to be mitigated or removed.
Useful lives of significant assets: It is assumed that there will be no reassessment of the useful lives of assets during the 10 year period covered by this plan. The detail of useful lives for each asset category is covered in the Statement of Accounting Policies.	Assets wearing out earlier than predicted and funding needs to be found for replacements.	Low	This may result in changes needing to be made to the underlying capital expenditure programme.
NZ Transport Agency funding: NZTA has reviewed the principles and methods used in setting its financial assistance rates. For 2015/16 the FAR will be 47% and will rise by 1% per year to 51% over six years.	NZTA providing less funding than currently indicated and Council's share of project costs therefore increasing.	Medium	Changes to the funding priorities of NZ Transport Agency are outside Council control.
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.	Conditions of resource consents altered and significant new compliance costs or consents cannot be renewed as expected.	Medium	Budgets are in place for renewal of resource consents and there is no expectation of significant departure from requirements over the next 10 years.

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 280 11/11/2015 2:44:21 p.m.

Forecasting assumptions	Risk/uncertainty	Impact	Comment/mitigation
Insurance costs: It has been assumed that insurance premiums continue at current levels plus inflation and that we can get 100% cover and that the Local Authority Protection Programme Disaster Fund continues.	Premiums increasing above inflation and/or Council cannot get 100% cover.	Medium	Any increase in premiums above the level assumed will have an impact on rates. Council may need to make decisions about cover levels during 10 year period.
Government Policy Changes: It is assumed that any future Government legislation changes will take into account the need for a stable working and statutory framework. The Government has made known its intention to reform the Resource Management Act 1991, to receive a report back from the Rules Reduction Taskforce, and to continue to seek ways of addressing housing affordability and social housing need. It has also introduced the Building (Earthquake-Prone Buildings) Amendment Bill which includes a requirement on Councils to complete seismic assessments and to earthquake strengthen specified buildings. Further changes to legislation impacting on local government may take place, but this is not known at this time. It is assumed that Government will work with Councils to ensure that any legislative changes are managed appropriately.	Government policy shifts may result in new or amended legislation either requiring significant response and cost to administer by Council or result in changes to services delivered.	Medium	Financial impact resulting from a need to respond to significant legislation changes would impact on rates or fees and charges. It is not possible to quantify the potential financial impact of any future legislative changes at this time.
Co-funding arrangements: It is assumed that for projects where other partners are contributing part of the funding, this funding will still be available.	Partners will no longer be in a position to provide funding which will result in an increased level of input from Council, or the termination of the project	High	Viability of projects would be threatened and Council would need to consider its ongoing funding commitment.

NCC_Long Term Plan_UPDATED_Oct15.indd 281 11/11/2015 2:44:21 p.m.

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY

1 July 2015

1. PURPOSE OF THIS POLICY

This policy covers both development contributions and financial contributions. This policy has been revised to provide sufficient information for all developers to understand the contributions they will incur when undertaking a development.

The purpose of this policy is to:

- provide predictability and certainty to stakeholders in how infrastructure for growth is to be provided and funded;
- provide transparency about what is to be funded and what has been delivered;
- provide for those who create the need for new or upgraded infrastructure to make fair and proportionate payments to Council which reflect the expected demand developments will have on council infrastructure;
- support and facilitate the wider outcomes sought by Nelson City Council.

Although both development and financial contributions can be used to fund costs associated with development, Council cannot charge a development both contributions for the same purpose as outlined in Section 200 of the Local Government Act 2002 (LGA 2002).

While the draft policy also covers financial contributions those provision are not able to be changed through this process but will be reviewed as part of the Nelson Resource Management Plan process.

1.1 Development contributions

The purpose of Development Contributions is to enable Council to recover from those persons undertaking development, a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.

They are one funding mechanism for delivering council's objectives set out and consulted on in the Long Term Plan (LTP). These are levied in accordance with the purpose and principles outlined in Section 197AA and 197AB of the LGA 2002. All other relevant sections of the LGA 2002 have been considered in preparing this policy.

1.2 Financial contributions

Financial contributions are imposed as conditions on resource consents under Section 108(2)(a) of the Resource Management Act 1991 (RMA) and in accordance with Chapter 6 of the NRMP.

The objective of financial contributions is to ensure that costs of avoiding, remedying, and mitigating actual and potential adverse effects of development are recognised and included in the cost to the developer.

Chapter 6 of the NRMP sets out the purposes of Financial Contributions and the manner in which the level of those contributions are assessed. The NRMP is available for inspection at Civic House, Council public libraries, and on the Council's website.

- Council will continue to collect financial contributions where agreements are already in place for consents that have been granted. The payment conditions will remain unchanged. This is consistent with the requirements of Section 198 (2A) of the LGA 2002.
- Council will continue to assess applications under this policy for financial contributions for reserves.
- Financial contributions for infrastructure (roads, solid waste, sewerage, water supply and stormwater) may also be used to address special localised effects generated by specific developments. Financial contributions may be a cash payment or provision of land.

NCC_Long Term Plan_UPDATED_Oct15.indd 282 11/11/2015 2:44:21 p.m.

2. HOW DO THE CONTRIBUTIONS APPLY?

2.1 Who is assessed?

A development that creates additional demand will be assessed for development and/or financial contributions. A development can be any subdivision, building, land use, or work that generates a demand for reserves, network infrastructure or community infrastructure.

Any application for a resource consent, building consent, or service connection will be assessed. This policy is the fourth iteration following the 2006, 2009 and 2012 policy. This policy shall come into force from 1 July 2015. The policy that was in force at the time that the application for a resource consent, building consent, or service connection was submitted, accompanied by all required information, shall be used to assess each development. For the purpose of this definition, Council must accept the application under Section 88 of the RMA for it to be deemed to have been submitted with all required information.

2.2 What contributions are payable?

Council may assess development contributions for network infrastructure (stormwater, wastewater and water supply and the provision of roads and other transport).

For the purpose of this policy the transportation activity has been considered as an integrated activity that includes all modes of transport. This is consistent with the above definition, provision of roads and other transport. This reflects the change from the previous policy where the various transport modes of walking, cycling, private motor vehicle and public transport were considered in isolation to the more current thinking of an integrated network.

Financial contributions will be assessed for reserves and may be assessed for infrastructure.

Aside from historical contributions required under existing consents, developments considered under this policy will be assessed for the following:

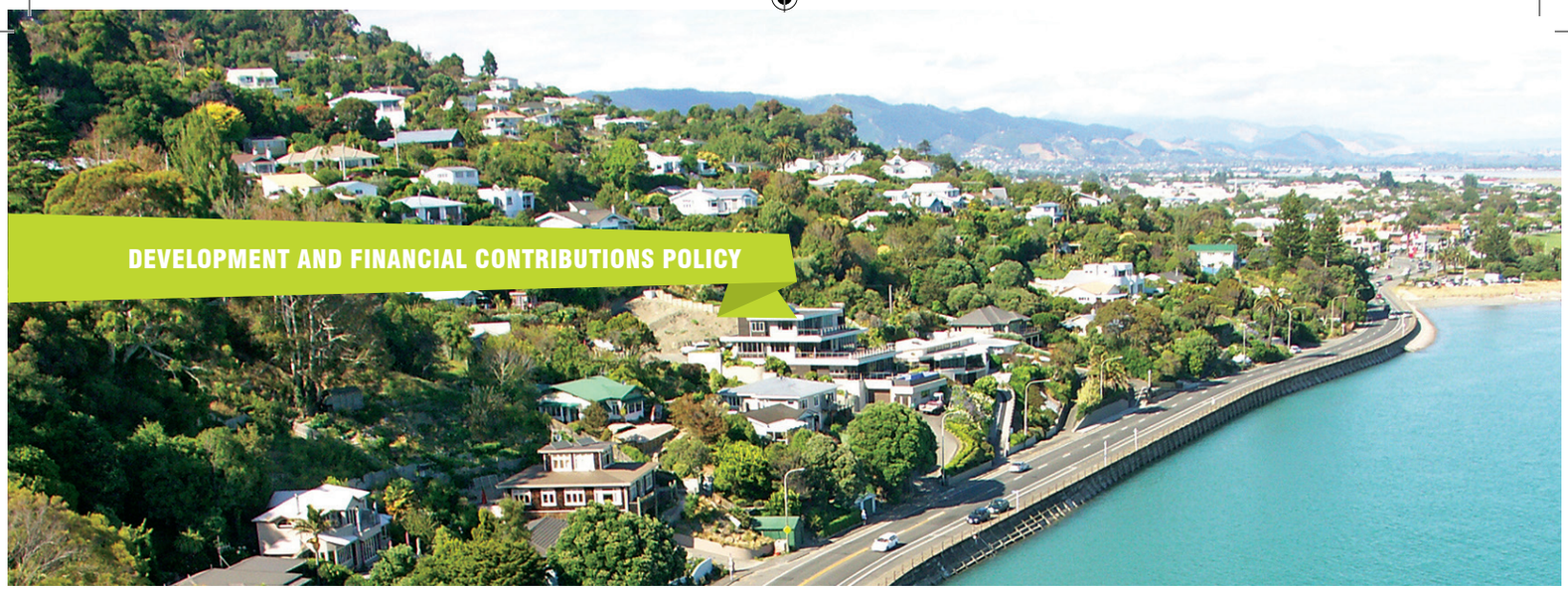
Table 1 : Applicable contributions

Location	Development Contributions				Financial Contributions	
	Water Supply	Wastewater	Stormwater	Transport	Infrastructure	Reserves
In the citywide catchment1	√	√	√	√	To address special localised effects generated by specific developments	√
Development in the Inner City Zone	No development contributions will be charged for the first additional 30 HUDs per year – see conditions in Section 2.5.					√
Outside the citywide catchment	To be agreed via a Private Development Agreement [1]				May be used in conjunction with PDA	√

1 – *Citywide catchment as defined by the categories in Section 2.3.*

There is a list of exemptions for certain types of developments that can be found in Section 7.

NCC_Long Term Plan_UPDATED_Oct15.indd 283 11/11/2015 2:44:22 p.m.



2.3 How much is payable?

Financial Contributions

Reserves financial contributions are levied for all subdivisions. This equates to 5.5% of allotment value of any additional allotments plus 0.5% of the estimated building value (less an exemption of $91,974) that is paid on the grant of building consent. The exemption amount is inflation adjusted every year on 1 July based on a combination of the Labour Cost index (Private sector - Industry group construction, all salary and wage rates) and Producers Price index (Industry group construction).

Infrastructure financial contributions already in place apply to subdivision applications lodged before 31 December 2006. For titles in subdivisions lodged prior to 31 December 2006 an Infrastructure financial contribution is payable, at building consent stage, at 2% of estimated building value less $91,974. These may be levied for new buildings or alterations to an existing dwelling.

Infrastructure financial contributions may also be used to address localised effects generated by specific developments and will be calculated in accordance with Chapter 6 of the NRMP.

Development Contributions

Council has decided to apply a standard development contribution for all development within the city-wide catchment. Council believe the benefits of certainty, administrative efficiency and simplicity of this approach outweigh the extra costs required to develop and administer a more targeted approach.

The city-wide development contribution per household unit of demand (HUD) for each of the network infrastructure activities is shown below.

Table 2 : 2015/16 Development contributions by activity

Activity	$ per HUD (exc GST)
Stormwater	2,370
Wastewater	4,270
Water Supply	2,950
Transportation	980
Grand Total	**10,570**

The development contributions levied for consents in previous financial years are shown in Section 10.7. The exemption amount for financial contributions is also shown.

The development contribution payable is quantified for all types of developments using a HUD. The number of HUDs payable reflects the additional demand on council infrastructure created by the development. Only the additional demand created will be considered when assessing development contributions. Further information on this process can be found in Section 5.

NCC_Long Term Plan_UPDATED_Oct15.indd 284 11/11/2015 2:44:22 p.m.

Table 3 : Assessment of contributions

Location	Development Contributions				Financial Contributions	
	Water Supply	Wastewater	Stormwater	Transport	Infrastructure	Reserves
Subdivision	1 HUD per title for each activity (aside from Remissions in Section 2.5)				If required, imposed as a condition of consent in accordance with Chapter 6 of the NRMP	5.5% of allotment value
Residential building New residential units on one title over and above 1 HUD	One bedroom residential unit = 0.5 HUD for each activity Two bedroom residential unit = 0.75 HUD for each activity Three or more bedroom residential unit = 1 HUD for each activity					+0.5% of building value less exemption
Non-residential [1] building If additional to 1 HUD paid at subdivision	HUDs = ISA [2] / 316m^2	Greater of: increase in pans, 2 pans = 1 HUD and water pipe size.	Water pipe size (see below)	HUDs = Car parks / 4		+0.5% of building value less exemption

Internal diameter of water connection (mm)	20	25	32	40	50	100	150
HUDs	1	1.56	2.56	4	6.25	25	56.25

1: Assessment applies to all developments in the city-wide catchment, further defined in Section 2.4.
2: ISA = impermeable surface area

2.4 What areas are included in the city-wide catchment?

The provision of infrastructure to enable development will be prioritised through the LTP to ensure that:

- growth projections are aligned with capital spending for growth to ensure infrastructure is provided at the optimal time – not too early and not too late;
- optimal use is made of existing infrastructure;
- residential intensification is prioritized;

Under this approach not all identified development areas will be developed in the next ten years. Therefore the assessment of development contributions under this policy has been split into three categories:

Category 1 Development where no services overlay applies. A services overlay is for areas where the provision of services to subdivisions is not straightforward- see the Glossary for a full definition.

Category 2 Development where a services overlay is currently in place, but the existing constraints relating to council provided infrastructure (to the development

NCC_Long Term Plan_UPDATED_Oct15.indd 285 11/11/2015 2:44:23 p.m.

boundary at the bottom of the catchment) will be removed by works planned in the 2015-2025 LTP.

Category 3 Development where a services overlay is in place, and where the existing constraints relating to council provided infrastructure are not planned to be removed by works planned in the 2015-2025 LTP.

Maps of these development areas can be found in Section 10.1.

2.4.1 Developments that will be assessed in the citywide catchment under this policy

Categories 1 and 2 will be assessed for the city-wide development contribution identified in this policy. The development areas, and the number of titles that meet the criteria of category 2 are shown below in Table 4.

Table 4 : Development areas catered for under this policy

No.	Development Area Name	Estimated Total Yield (Titles)	Titles available Yr 1-5	Titles available Yr 6-10
A	Main Road Stoke/ Saxton Rd/Railway Reserve	10	10	
B	Solitaire / Ngawhatu Valley	1,365	250	1,115
C	Marsden Valley/ Solitaire	1,200	250	950
D	Coster/The Ridgeway	44	44	
E	Quarantine Road	30		30
F	Airport and Golf Road	40		40
G	Tasman Heights	386		386
H	Campbell Street/ Braemar	85	60	
I	Toi Toi	202		202
J	Wastney Terrace	29		29

2.4.2 Developments outside the city-wide catchment

The third category is for any development areas not included in the above table, or for development above the limits set in the Titles available Yr 1-5 and Titles available Yr 6-10 columns in the table above.

For these areas Council has not included the capital projects to remove all council provided infrastructure constraints within the 2015-2025 LTP. Therefore the additional growth related costs have not been included in the development contribution calculations. These development areas are shown below.

Table 5 : Development areas outside the city-wide catchment

No.	Development Area Name	Estimated Total Yield (Titles)
K	Emano	96
L	Murphy	75
M	Washington Valley	28
N	Atmore Terrace/Cleveland Terrace	25
O	Upper Nile Street	10
P	Lower Bayview	100
Q	Upper Bayview	250
R	Werneth	90
S	Todd Valley	10
T	Nelson South	183
U	Enner Glynn	110
V	Ralphine Way	30

In order to proceed (in accordance with the requirements of the NRMP and the Land Development Manual) with developments under this category, one of the following will be required:

1. a financial contribution may be required as a condition of consent to address special localised effects generated by specific developments, and/or;
2. a Private Development Agreement (PDA) between Council and the developer. An application must comply with LGA 2002 Section 207A to 207F, and clearly define how services will be provided to the development area in accordance with the requirements in the NRMP and the Land Development Manual. PDAs are further defined in Section 9 of this policy.

   The private developer agreements may range anywhere between:

   - Council pays the full costs of the growth related infrastructure and funds the costs through a bespoke, targeted development contribution or a financial contribution from the developer(s) specific to the subject site. This may be separate from, and potentially in addition to all or some of the standard development contribution and reserves financial contribution.
   - The developer(s) pays for the cost of the growth related infrastructure and is responsible for recovering the costs from any other developers that receive the benefit of the infrastructure. This provision of infrastructure would off-set any development contributions for each specific activity. The mechanism used for this is likely to be a financial contribution, as a condition of consent.

NCC_Long Term Plan_UPDATED_Oct15.indd 286 11/11/2015 2:44:23 p.m.

- Any combination of the above two options.

2.5 Remissions

The following remissions will apply to developments assessed under this policy:

1. A full remission of development contributions shall apply for the development of additional residential and/or residential with commercial units in the City Centre Zone of the Inner City Zone and for the development of additional residential units in the City Fringe Zone of the Inner City Zone as defined in the NRMP (refer Map 2 in Section 10.1). The remission will be regulated as follows:
   - The remission shall be limited to 30 additional HUDs per financial year (1 July to 30 June),
   - The remission shall be limited to five years, until 30 June 2020 at which time (or earlier) it will be reconsidered,
   - The allocation of the remission will be based on the date the application for resource or building consent was submitted accompanied by all required information. The earliest applications will be granted the remission until the limit is reached. Any unused remission will not carry forward to the following financial year,
   - The remission shall be valid for a period of two years after it was granted. If construction has not commenced by this time, the remission will expire.

Council believes this remission is the best way to provide an incentive that contributes to its strategic outcomes.

2. Council will consider remissions for low impact design, however there must be clear evidence that the low impact design will reduce the demand on council services at peak times. It is envisaged these will be applied as such:
   - Stormwater - Developments that are required to detain stormwater from no less than a Q15 event to pre-development levels will be assessed on a case by case basis according to the following criteria and will pay no more than 0.5 HUD.

     Stormwater Assessment Criteria:

     i. Volume of stormwater detained on site

     ii. Flow rate of discharge to the Council network

     iii. Timing of discharge to the Council network
   - Water supply and wastewater - if a development is unable to connect to the water supply or wastewater network then a contribution for these activities will not be required.
3. Where water is supplied by Tasman District Council a development contribution for water will be levied in accordance with the Tasman District Council's Development Contributions Policy current at the time. Applicants will be advised when consent applications are processed.

2.6 Timing of development contributions assessment and payments

Development contributions are to be assessed when the first of any of the following actions or events occur for each development for which a contribution can be required:

- a resource consent (land use or subdivision) is granted; or
- a building consent is issued; or
- an authorisation for a service connection is approved.

Development contributions are payable at the time a building consent, resource consent or service connection has been granted or in relation to subdivisions when Council has approved the issue of a Section 224(c) certificate. Payment is required by the 20th of the following month of the consent/ authorisation being granted. In relation to a subdivision consent payment is required when Council has approved the issue of a Section 224(c) Certificate. If payment is not made appropriate debt recovery action will occur.

In addition, Council will enforce payment according to powers outlined in Section 208 of the LGA. This authorises the Council to:

- In the case of a development contribution required for a resource consent:
- Subdivision consent - withhold a certificate under Section 224(c) of the Resource Management Act 1991;
- prevent the commencement of a resource consent under the Resource Management Act 1991.
- In the case of a development contribution required for a building consent, withhold a Code of Compliance Certificate under Section 95 of the Building Act 2004 or withhold a certificate of acceptance under Section 99 of the Building Act 2004.
- In the case of development contributions required for a service connection, withhold a service connection to the development.

In each case, if development contributions are not paid Council may register the development contribution

NCC_Long Term Plan_UPDATED_Oct15.indd 287 11/11/2015 2:44:23 p.m.

under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land in respect of which the development contribution was required.

2.7 Reconsiderations and objections

A person may request a reconsideration or object to any development contribution requirement. An applicant may request the reconsideration of a development contribution within 10 working days of receiving notice to pay. Reconsiderations will be considered by council.

Should the applicant not be satisfied with the outcome of the reconsideration they may lodge an objection which will be considered by an external commissioner. Any objection must be lodged with the council within 15 working days of receiving notice to pay a development contribution, or within 15 working days of receiving the outcome of any request for reconsideration.

Further information on reconsiderations and objections can be found in Section 6 of this policy.

3. DEVELOPMENT CONTRIBUTIONS: LEGISLATIVE PROVISIONS

3.1 Reason for using development contributions

Council has given consideration to each activity for which it collects development contributions. It has determined that within the broad activity levels, it is appropriate to use development contributions as a funding source for growth related capital expenditure.

Council believes the approach used is the best fit for Nelson City and best considers all the legislative requirements of the amended Local Government Act 2002 (LGA 2002). In summary council considers development contributions the best way to achieve the intergenerational equity principles of the LGA 2002. Development contributions are the simplest and fairest way of ensuring that those that benefit from the growth related capital expenditure pay a fair, equitable and proportionate portion of the costs. This means that the existing community is not required to subsidise the cost of growth.

The detailed matters required to be considered under Section 101(3) of the LGA on why council has determined to use development contributions to meet the expected total cost of growth related capital expenditure can be found in Section 10.2.

The disclosure tables showing the financial considerations can be found in Sections 10.3 and 10.4.

3.2 Other legal considerations

Council will use development contributions only for capital expenditure in respect of the activity for which they are collected. For instance, contributions collected because of a need to increase water supply capacity will be spent only on the water supply system. This will be according to an aggregated project basis for each of the activities. Any particular development contribution will not be allocated to any specific project within an activity.

Development contributions are not used to fund operational costs to maintain or to improve levels of service for existing users.

Section 200(1) of the LGA 2002 states that Councils must not require a development contribution if, and to the extent that:

a. it has imposed a condition on a resource consent in relation to the same development for the same purpose; or

b. the developer will fund or otherwise provide for the same network infrastructure; or

ba. the Council has already required a development contribution for the same purpose in respect of the same building work; or

c. the Council has received or will receive funding from a third party for the project or provision of the same network infrastructure.

Section 200(4) states that despite Section 200(1)(ba) above, Council may require another development contribution to be made for the same purpose if this is required to reflect an increase in the scale or intensity of the development since the original contribution was required.

3.3 Updating the policy

It is anticipated that this policy will be reviewed, and if necessary amended, on a tri-annual basis as part of the LTP process. For the financial years in between LTPs, the development contributions will be inflated based on the rate of increase (if any) in the Producers Price Index Outputs for Construction provided by Statistics New Zealand since the development contribution was last set. Any increase will only apply to the proportion of the development contribution that does not relate to the interest component.

Before any increase takes effect, council will make publicly available information setting out the amount of the newly adjusted development contribution and show how any increase was calculated.

NCC_Long Term Plan_UPDATED_Oct15.indd 288 11/11/2015 2:44:23 p.m.

4. CALCULATION METHOD OF DEVELOPMENT CONTRIBUTIONS

4.1 Council's one-catchment approach

The Council assessed the effects of adopting a multiple catchment approach for planning and funding services in 2006 and again in 2014 when this Policy was reviewed in line with principles outlined in the LGA 2002. The funding framework of Nelson City has long been based on a one-catchment approach to reflect the compact nature of the city (see Chapter 6 of the NRMP).

Council has considered the practicalities of a one catchment versus a multiple catchment approach, taking into account the compact nature of the city and considerations of fairness and equity. Having considered all elements of the principle in s197AB(g) LGA, Council concluded that it is not practical to avoid a single catchment and believes any benefit of using a more targeted, catchment by catchment approach is outweighed by the additional costs to administer a more complex policy.

4.2 Calculation method

4.2.1 Growth costs

The growth portion of all projects have been assessed to calculate a fair, equitable and proportionate portion of council's infrastructure costs that can be attributed to growth. The growth costs reflect the cost that council has or will incur because of growth. The growth related costs are solely to meet the additional demand created by the effects (including cumulative effects) of all development within the citywide catchment. This includes capacity in all up and down stream areas of the network, and not just the capacity in the locality of a given development. For example the growth costs include the capacity in the headwork's assets such as treatment plants and storage asset.

Projects that were/are completed solely to meet the demands of growth are considered to be 100% growth. Projects that were/are pure renewals are considered to be 0% growth. Projects that benefit both the existing community and the future community are apportioned using the following formula:

Growth %=(Demand at capacity- Demand at construction) / Demand at capacity

Where possible the demand has been quantified using first principles, e.g. traffic flow, litres used, impermeable surface area (ISA). However in most cases the demand is simply quantified using the number of HUDs, and the increase over the capacity life of the asset. This ensures that only a fair, equitable and proportionate portion of the total costs is passed onto the future community via development contributions.

This approach can be used on projects where growth is not the main driver. For example an upgrade to a wastewater treatment plant may be a combination of both level of service for the existing community and provision of capacity for the future community.

4.2.2 Average cost of growth

The development contributions are based on the long term average cost of growth across the city and reflect the average cost of infrastructure required to service new development for each activity. This includes those growth related projects planned for in the 2015-2025 LTP and also those growth related projects that have already been completed.

The calculation method uses the capacity life of each asset to fairly apportion the growth costs across the capacity life of the asset created. This ensures that all developments that benefit from the growth related capital expenditure contribute an equitable portion. This also ensures that the rate the capacity is consumed is considered in the calculation so that early and late

NCC_Long Term Plan_UPDATED_Oct15.indd 289 11/11/2015 2:44:23 p.m.

developers do not pay an unfairly high proportion of the growth costs. This also means that not all growth costs incurred in the LTP period will be funded over that period.

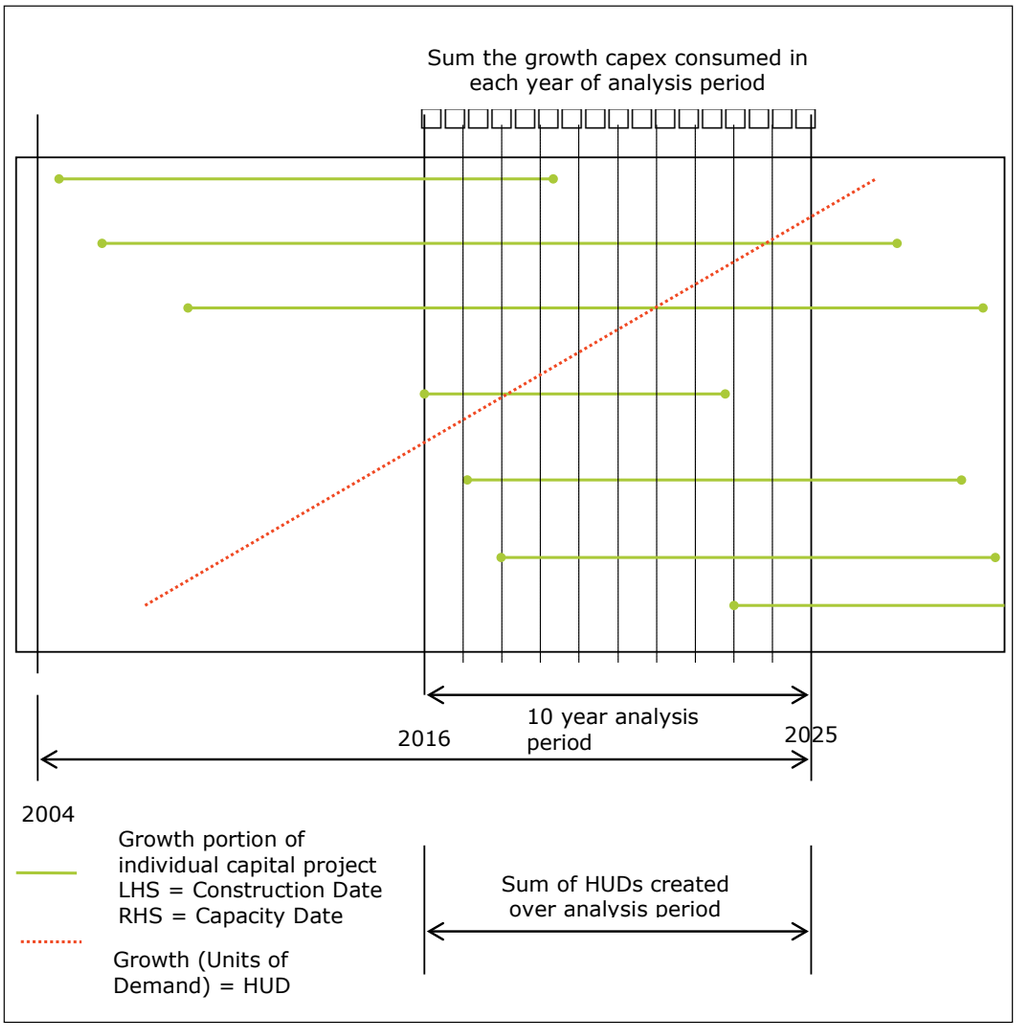
The standard contribution ($/HUD) is based on the average cost of growth for each activity over a 10 year analysis period.

$$\textit{Standard development contribution } \left(\frac{\$}{HUD}\right) =$$

$$= \textit{Sum of growth costs consumed in analysis period} \;/\; \textit{Sum of new HUDs in analysis period}$$

This method is summarised in the following diagram:

Figure 1 - Long run average cost of growth



Although the method uses a bottom up approach at the project level, the standard contribution reflects the average cost of growth for the overall activity. This is considered the fairest way to ensure all development in the city-wide catchment pays a fair and equitable contribution to fund each activity and service growth over the long term.

For the purpose of the calculations the design life of the longer life assets has been capped at 30 years. This design life is used in both the calculation of the growth portion and the consumption of the growth costs. This ensures that the interest costs of funding long life assets are not disproportionally high. The 30 years was chosen as it is consistent with councils 30 year infrastructure strategy.

NCC_Long Term Plan_UPDATED_Oct15.indd 290 11/11/2015 2:44:23 p.m.

4.3 Interest considerations

Interest costs have been assessed based on 5.22% interest per annum, as adopted in the 2015 LTP. The interest component of the standard contribution is based on the average interest costs over the 10 year analysis window. This includes consideration of the existing growth related debt which is based on the growth costs to date and the contribution income received to date.

4.4 Significant assumptions

4.4.1 Best available knowledge

All information used in the calculation of development contributions is the best available knowledge at the time of the calculation models being prepared.

Capital expenditure projections are those that have been forecast in the Long Term Plan. Actual expenditure for the years to and including 2004/05 to 2013/14, and estimates for 2014/15 have been used. Amendments to the capital programme have been made to account for budgets carried forward and expenditure changes. The public scrutiny and the audit of these capital projections provides additional confidence as to the process.

4.4.2 Growth projections

Council prepared growth projections in February 2015. These projections used Statistics New Zealand census data and projections. These show that Nelson's population is expected to grow by nearly 3,600 residents and by 2025 the population is expected to be over 53,300. The number of households is expected to increase by over 1,800 in the life of this LTP, before continuing to grow at a slightly slower rate.

The increase in residential HUDs in the development contribution model is based on the projected increase in households. The growth in non-residential rating units is assumed to be 1%, as adopted in the 2015 LTP.

5. ASSESSMENT OF DEVELOPMENT CONTRIBUTIONS

5.1 Developments over more than one allotment

Where a development is over more than one allotment and is subject to Sections 75 and 77 of the Building Act 2004, then the development contributions will be assessed as for one allotment.

5.2 Staged subdivision

Where a staged subdivision development is undertaken via a single consent, the development contribution payable will be assessed based on the date the application for consent was submitted and will continue to apply to each stage of the development for which a separate certificate under Section 224(c) of the RMA is applied for.

Where a staged subdivision development is undertaken via multiple consent applications, each development contribution requirement will be assessed according to the policy applying at the time each separate application for consent is submitted.

5.3 Quantifying demand

The following conversion factors shall be used to quantify the demand created by each type of development.

5.3.1 Residential

Each additional residential title created where the standard development contributions are applicable shall pay 1 HUD.

New residential units on one title over and above 1 HUD, shall be assessed as follows:

- 0.5 HUD for a one bedroom residential unit,
- 0.75 HUD for a two bedroom residential unit,
- 1 HUD for a residential unit of three or more bedrooms.

Council believes this is the fairest and simplest way to acknowledge that a smaller residential unit places a lower demand on council's infrastructure, compared to a typical dwelling. This also achieves Councils strategic outcome of promoting intensification for residential development throughout the city, encourages greater housing choice and may also affect housing affordability.

The remissions in Section 2.5 will also apply.

5.3.2 Non-residential

Each additional non-residential title shall pay 1 HUD for each activity at subdivision stage. In addition, non-residential developments that create additional demand shall be converted to HUDs at building consent stage based on:

- Stormwater –impermeable surface area in addition to the existing shall be converted to HUDs based on 316m^2 per HUD.
- Water Supply – the increase in pipe size from the existing shall be used to calculate the HUD.
- Wastewater – the greater of the number of pans in addition to existing, where each two additional pans equates to 1 HUD, or the increase in water pipe size from the existing.

NCC_Long Term Plan_UPDATED_Oct15.indd 291 11/11/2015 2:44:23 p.m.

The conversion table for both water and wastewater is shown below:

Internal diameter of water connection (mm)	20	25	32	40	50	100	150
HUDs	1	1.56	2.56	4	6.25	25	56.25

- Transportation - The number of car parks shall be used as a proxy to quantify the additional demand created by a non-residential development, i.e. the more car parks, the higher the increase in demand. The standard approach defined below shall be applied to all developments in the city-wide catchment, regardless of the actual car parking requirements of the consent conditions. A development not required to provide car parks (e.g. in the city centre) will still be assessed for a Transportation contribution under the standard approach because council consider that regardless of the car parking being on-site or off-site, all non-residential development will create additional demand on the transportation network.

The number of car parks for all non-residential developments will be calculated under the formula set out in Table 10.3.1 in Appendix 10 of the NRMP based on the development type (e.g. commercial activity, industrial activity etc) and size. The number of car parks shall be converted to HUDs based on 4 car parks per HUD, e.g. 6 car parks = 1.5 HUD.

5.4 Development contribution assessment method

When Council receives an application for a resource consent, building consent or service connection, it will:

1. test that the application represents a development as defined under Section 197 of the LGA,
2. determine whether the development, alone or cumulatively with other developments, has the effect of requiring new or additional assets of increased capacity,
3. require council, as a consequence, to incur capital expenditure to provide for this.

If Council is satisfied that the legal requirements have been met, as outlined above, and that a development contribution is required and provided for under this Policy, it will then assess the level of contribution payable as follows:

Step One: Assess demand currently on the development site

In attributing units of demand to a particular development or type of development the Council will identify the number of units of demand that existed on the site prior to the development.

Step Two: Assess the post development demand

The number of HUDs post development can be quantified based on the size of the development using the same method.

Step Three: Assess the additional demand

The additional demand is simply the difference between pre-development and post-development, quantified in HUDs for each activity.

Step Four: Calculating the Development Contribution to be charged

To calculate the contribution the number of additional HUDs is multiplied by the standard contribution of each activity.

Table 6 : Assessment method – summary table

Activity	A Pre Development HUDs	B Post Development HUDs	C = (B – A) Additional Demand HUDs	D $ per HUD (exc GST)	C x D $ per HUD (exc GST)
Stormwater				2,370	
Wastewater				4,270	
Water Supply				2,950	
Transportation				980	
Grand Total				**10,570**	

The total contribution is the sum of the four contributions, exclusive of GST.

The Council will generally apply contributions for developments at the subdivision consent stage. Where additional units of demand are created at subsequent stages of development, and are in addition to the demand assessed at an earlier stage, then the Council will seek the appropriate development contribution at the later stage.

NCC_Long Term Plan_UPDATED_Oct15.indd 292 11/11/2015 2:44:23 p.m.

6. RECONSIDERATIONS AND OBJECTIONS PROCESSES

6.1 Reconsideration of a development contribution

An applicant may request the reconsideration of a development contribution within 10 working days of receiving notice to pay. The request must be in writing, stating the grounds for a reconsideration, and the relief sought. As provided for in Section 199A(1) those grounds are that:

(a) the development contribution was incorrectly calculated or assessed under council's Development Contribution Policy; or

(b) Council incorrectly applied its Development Contributions Policy; or

(c) the information used to assess the person's development against the Development Contributions Policy, or the way council has recorded or used it when requiring a development contribution, was incomplete or contained errors.

If reconsideration is applied for in relation to the first two reasons described above, no fee will be charged. In the case of the third reason for reconsideration, if any error in recording of information or the manner in which it has been used is proven to be the fault of Council, no fee will be charged. If the information used to assess the person's development against the Development Contributions Policy is incomplete or contains errors and these errors or omissions are attributable to the applicant, a fee of $255 + GST will be charged.

Requests for reconsideration can be lodged with Council in writing using the prescribed form and payment of any applicable fee. Applications with insufficient information or without payment of fee will be returned to the applicant with a request for additional information or payment.

Applications for reconsideration will be considered by a panel of up to three staff, including at least one person with delegated authority to decide. A decision in writing shall be given to the person who made the reconsideration request within 15 working days after the date on which Council receives all required information relating to a request.

6.2 Objection to a development contribution

In accordance with Sections 199C and 199D of the LGA 2002, a person may object to any development contribution requirement. The right to object does not apply to challenges to the content of a Development Contributions Policy prepared in accordance with Section 102 of the Act, but can apply if the objector believes:

(a) Council has failed to properly take into account features of the objector's development that on their own or cumulatively with other developments, would substantially reduce the impact of the development upon the requirement for Council to provide community facilities; or

(b) Council required a development contribution for community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or

(c) Council has required a development contribution in breach of Section 200 of the LGA 2002; or

(d) Council has incorrectly applied its Development Contributions Policy to the objector's development.

Any objection must be lodged with the Council within 15 working days of receiving notice to pay a development contribution, or within 15 working days of receiving the outcome of any request for reconsideration. Objectors must pay a deposit of $2,750.00 + GST and are liable for all costs incurred in the objection process, including staff and commissioner time, and other costs incurred by Council associated with any hearings unless the Council is directed to remit costs by the Commissioner.

The other aspects of the objections process are defined in Sections 199E to 199P and Schedule 13A of the LGA 2002. It should be noted that when considering a development contribution objection and any evidence provided in relation to that objection, development contributions commissioners must give due consideration to the following:

a) the grounds on which the development contribution objection was made:

b) the purpose and principles of development contributions under Sections 197AA and 197AB:

c) the provisions of the development contributions policy under which the development contribution that is the subject of the objection was, or is, required:

d) the cumulative effects of the objector's development in combination with the other developments in a district or parts of a district, on the requirement to provide the community facilities that the development contribution is to be used for or toward:

e) any other relevant factor associated with the relationship between the objector's development and the development contribution to which the objection relates.

The purpose and principles of development contributions are shown in Section 10.6.

NCC_Long Term Plan_UPDATED_Oct15.indd 293 11/11/2015 2:44:24 p.m.

7. EXEMPTIONS

The following developments will not be assessed for development contributions

(a) Boundary adjustments, and subdivisions undertaken to place existing building development onto separate titles, either unit titles or freehold titles, i.e. those subdivisions that do not create additional titles and/or do not involve the erection of additional household units of demand.

(b) Additions and alterations to buildings where no additional HUD is created.

(c) Accessory buildings that do not create an additional unit of demand e.g. hay sheds, unserviced utility buildings.

(d) Developments undertaken by entities of the Crown.

(e) Social housing developments undertaken by the following organisations: Abbeyfield, Habitat for Humanity, Nelson Tasman Housing Trust and any other partnership where Council has entered into an agreement to provide social housing.

(f) Development undertaken at Whakatu Marae

(g) Utility titles (e.g. for power transformers), access ways or legal roads.

(h) Developments undertaken by the Nelson Marlborough Institute of Technology

(i) Kindergartens and Playcentres

(j) Child care and day care centres

(k) Integrated schools

8. POSTPONEMENTS AND REFUNDS

There are no postponements of development contributions under this Policy.

Where a development or subdivision does not proceed, any refund of money or return of land will be applied in accordance with Section 209 of the LGA. Any refunds will be issued to or any returns made to the consent holder of the development to which they apply and will not be subject to any interest or inflationary adjustment.

9. PRIVATE DEVELOPMENT AGREEMENTS

Sections 207A to 207F of the Act provides for the Council and a developer to enter into specific arrangements for the provision of particular infrastructure to meet the special needs of a development.

Typically these will be used for development occurring ahead of when it was anticipated or development areas not included in the long term plan and therefore not considered under the standard schedule of this policy.

The private developer agreements may range anywhere between:

- Council pays the full costs of the growth related infrastructure and funds the costs through a bespoke, targeted development contribution or a financial contribution from the developer(s) specific to the subject site. This may be separate from, and potentially in addition to all or some of the standard development contribution and reserves financial contribution.
- The developer(s) pays for the cost of the growth related infrastructure and is responsible for recovering the costs from any other developers that receive the benefit of the infrastructure. This provision of infrastructure would off-set any development contributions for each specific activity. The mechanism used for this is likely to be a financial contribution, as a condition of consent.
- Any combination of the above two options

A development agreement may be entered into after being requested in writing by either the developer, or the Council. Regardless of which party requests the Agreement, the request may be accepted in whole or in part, subject to any amendments agreed by the Council and the developer, or may be declined by the Council. Council will provide the developer who made the request with a written notice of its decision and the reasons for its decision.

A development agreement is a legally enforceable contract that has no force until all parties that will be bound by the agreement have signed it.

A development agreement does not oblige Council to grant a resource consent, building consent, service authorisation, or to issue certification. Similarly Council shall not refuse to grant or issue a consent, certificate, or authorisation on the basis that a development agreement has not been entered into.

NCC_Long Term Plan_UPDATED_Oct15.indd 294 11/11/2015 2:44:24 p.m.

10. APPENDIX – DISCLOSURE SCHEDULES AND SUPPORTING INFORMATION

10.1 Maps

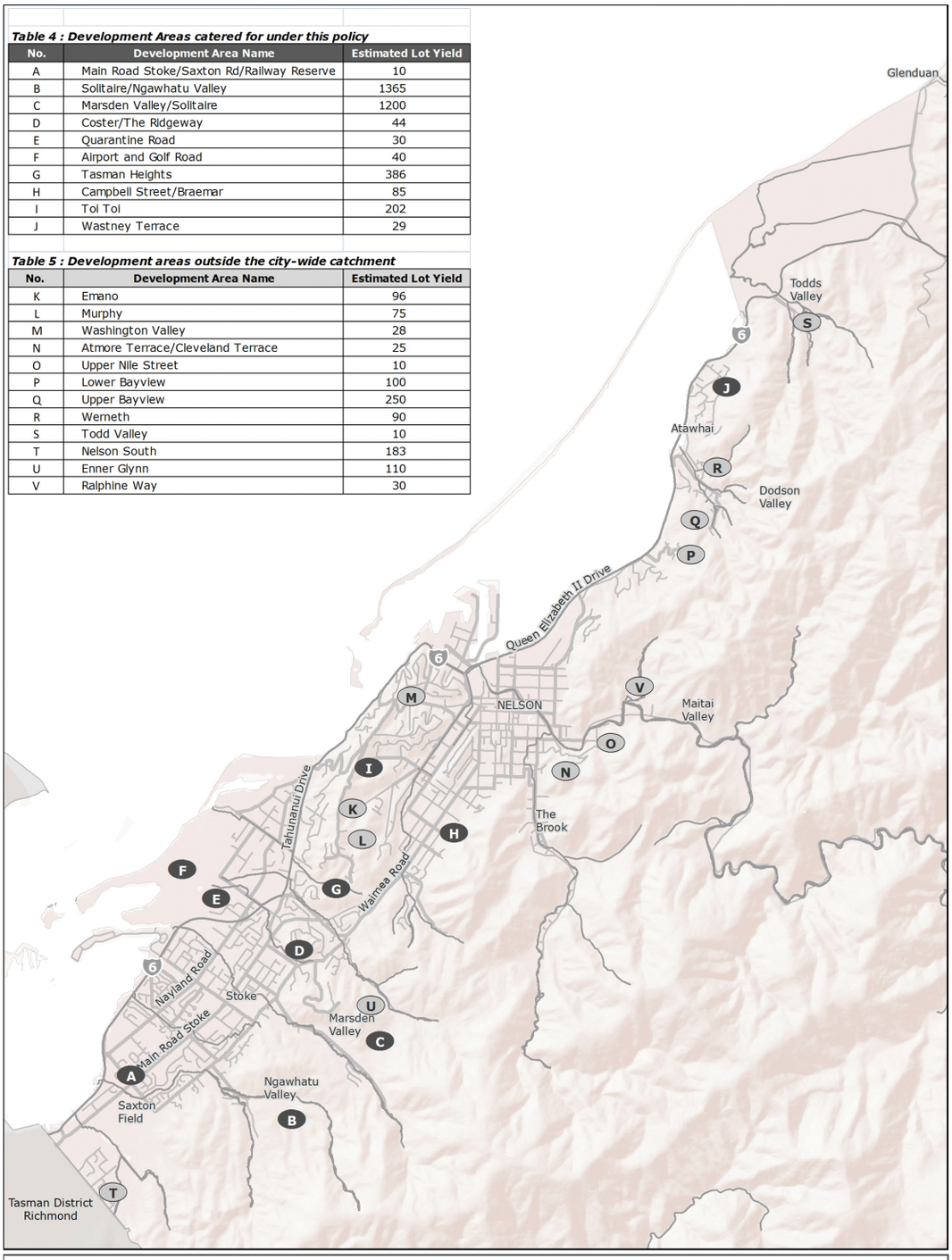
Map 1 - Development areas

Table 4 : Development Areas catered for under this policy

No.	Development Area Name	Estimated Lot Yield
A	Main Road Stoke/Saxton Rd/Railway Reserve	10
B	Solitaire/Ngawhatu Valley	1365
C	Marsden Valley/Solitaire	1200
D	Coster/The Ridgeway	44
E	Quarantine Road	30
F	Airport and Golf Road	40
G	Tasman Heights	386
H	Campbell Street/Braemar	85
I	Toi Toi	202
J	Wastney Terrace	29

Table 5 : Development areas outside the city-wide catchment

No.	Development Area Name	Estimated Lot Yield
K	Emano	96
L	Murphy	75
M	Washington Valley	28
N	Atmore Terrace/Cleveland Terrace	25
O	Upper Nile Street	10
P	Lower Bayview	100
Q	Upper Bayview	250
R	Werneth	90
S	Todd Valley	10
T	Nelson South	183
U	Enner Glynn	110
V	Ralphine Way	30



Development Areas

Policy on Development Contributions and Financial Contributions 2015

Nelson City Council
te kaunihera o whakatū

Catered for under this policy

Outside the city-wide catchment

0 0.5 1 1.5 2 km

Scale 1:80,000

N

September 2015

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IJT. Original map size A4.

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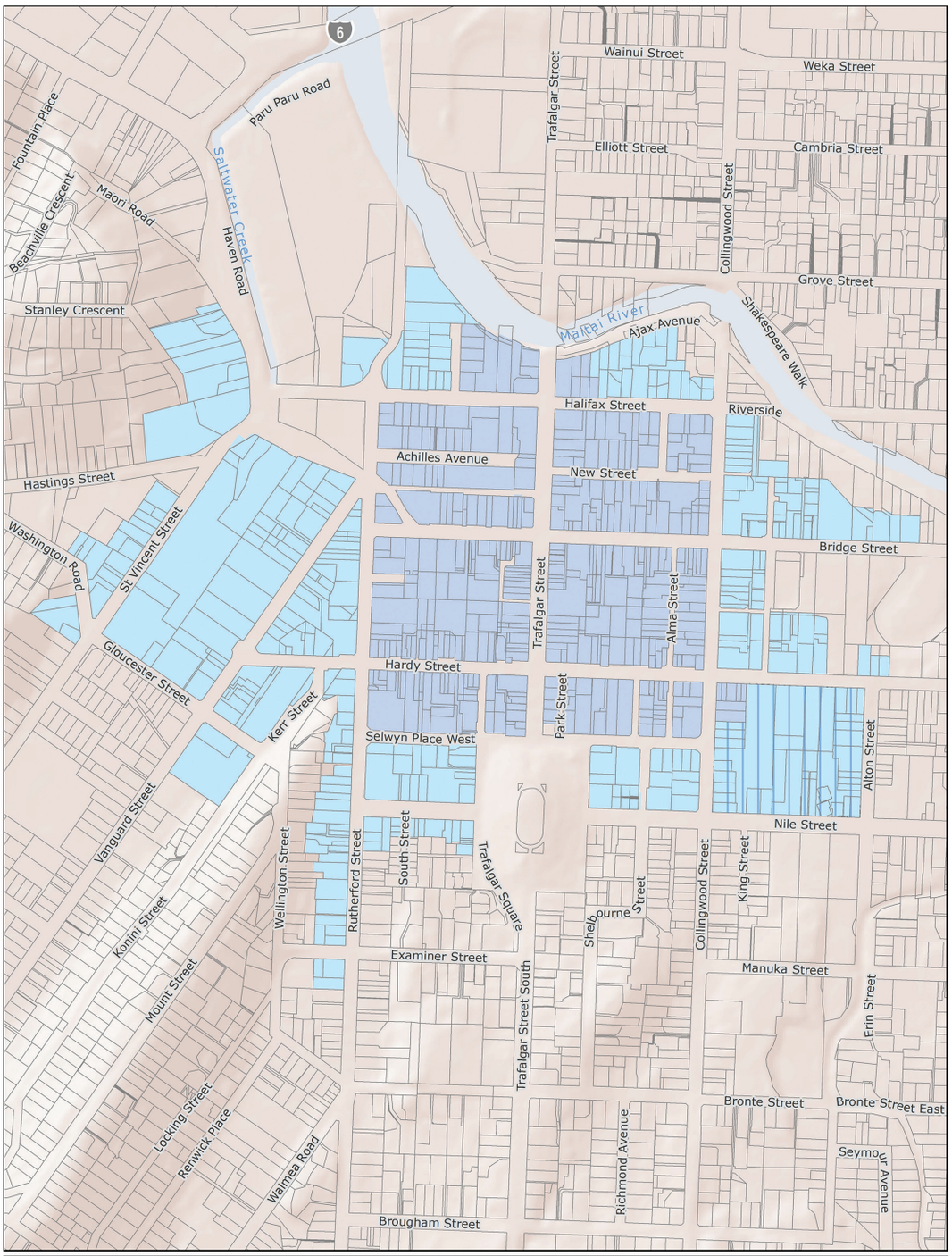
Map 2 – Inner City Zone



Inner City Zone

Policy on Development Contributions and Financial Contributions 2015

Nelson City Council
te kaunihera o whakatū

Zones

- Inner City - Centre
- Inner City - Fringe
- Inner City - Intense Development

0 50 100 150 200 m

N

September 2015

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10.2 Consideration of activity funding – Section 101(3)

Section 101(3)	Consideration of services
(a)(i) the community outcomes to which the activity primarily contributes	Wastewater, stormwater, water supply and transport services all contribute to at least four of the Council's joint regional community outcomes: • Our unique natural environment is healthy and protected - Development Contributions enable Council to provide network infrastructure that reduces the impact of people on the environment. • Our urban and rural environments are people-friendly, well planned and sustainably managed - Development contributions enable provision of good quality, sustainable and effective infrastructure and facilities. • Our infrastructure is efficient, cost effective and meets current and future needs – the Policy provides a funding framework that helps enable integrated land use planning and development by providing efficient and effective infrastructure that meets current and future needs. • Our communities are healthy, safe, safe, inclusive and resilient - Development contributions enable council to provide network infrastructure that enables a healthy, safe community. • Our region is supported by an innovative and sustainable economy - Development contributions ensure that the cost of growth is fairly and reasonably met by new developments. Development and financial contributions contribute to these goals as they enable Council to provide network infrastructure that reduces the impact of people on the environment, to provide good quality, sustainable and effective infrastructure and facilities, and in a way that the cost of growth is fairly and reasonably met by new developments, as well as by those who benefit from it across the community.
(a)(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals	Council believe a one catchment approach is the fairest and simplest for all. A more targeted, catchment by catchment approach is considered to be too complex, costly and administratively inefficient and would also be inconsistent with other funding streams. All developments benefit from the network infrastructure provided. Therefore it is considered appropriate that all pay the same amount for the additional capacity built into council's network.
(a) (iii) the period in or over which those benefits are expected to occur	The purpose of development contributions is to assist in providing infrastructure that will ensure intergenerational equity. The approach determines the capacity of each asset and the amount of capacity that will be utilised by the growth community. The length of time over which the asset created will provide a benefit to the future community has been considered. Many of the infrastructure assets will provide capacity for 20 - 50 years. If this benefit extends beyond the current LTP horizon, then growth costs shall be recovered in this LTP and the next, as the capacity is taken up. This approach ensures the developers today do not subsidise future development in an inequitable manner.
(a)(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity	Development contributions are a fair source of funding for each of the activities for which they are collected because they allow the capital costs of the activity to be allocated to those that create the need for capital expenditure.

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 297 11/11/2015 2:44:26 p.m.

Section 101(3)	Consideration of services
(a)(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and	Development contributions received for a specific activity will only be used for, or towards, the capital expenditure of that activity for which the contributions were required. Using development contributions to fund the cost of providing additional services for growth, provides greater transparency. The benefits of this approach include intergenerational equity, fairer apportionment of costs and a more targeted, user pays system. These benefits are deemed to exceed the costs of assessing development contributions.
(b) the overall impact of any allocation of liability for revenue needs on the community	Council believe that the level of contributions required do not place an overly burdensome requirement on developers. The use of contributions ensure that the existing community do not have to subside all growth related costs through rates. Similarly the city-wide catchment approach ensures that the liability for revenue does not fall on a particular area of the development community.

10.3 Summary of capital expenditure for growth

The planned expenditure over the 10 year plan, the growth portion and the development contribution revenue projected to be recovered during the 10 year window is shown below. The historic total cost and growth costs considered in the calculations of development contributions are also shown.

Table 7 : 2015-2025 LTP – Summary of capital costs, growth costs and projected contribution revenue

Activity	Historic		2015-2025 LTP		Total Growth Costs Considered	Total 10 Year Interest Costs	Projected Revenue[2] From development contributions 2015-25 LTP
	NCC Capital Cost	Growth Costs	NCC Capital Cost	Growth Costs			
Stormwater	12,595,612	2,678,153	45,417,802	5,564,740	8,242,894	2,037,310	4,423,639
Wastewater	32,713,250	8,377,146	38,854,316	5,802,258	14,179,404	3,071,010	7,976,455
Water Supply	22,551,378	6,018,234	56,388,049	2,580,016	8,598,250	2,027,111	5,399,855
Transportation	9,574,855	1,666,240	48,950,390	9,125,008	10,791,248	0	2,056,097
Grand Total	**77,435,096**	**18,739,773**	**189,610,558**	**23,072,022**	**41,811,796**	**7,135,431**	**19,856,046**

1. Due to the transitional nature of the policy, a portion of the revenue may be financial contributions, depending on the location of the future development.

2. Council intends to fund all growth costs through development and financial contributions. The projected revenue is based on the forecast number of new HUDs over the next 10 years. The revenue is subject to a number of factors such as the speed of development, the quantum of remissions and exemptions, the lag time between consent and certification (payment) and is therefore difficult to forecast.

The proposed growth costs for each year of the 2015 LTP are summarised in the below table for each activity.

Table 8 : 2015-2025 LTP growth costs by year ($000s)

Activity	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Grand Total
Stormwater	488	356	526	695	440	848	686	577	428	520	**5,565**
Wastewater	937	500	461	117	532	102	349	129	1,351	1,324	**5,802**
Water Supply	624	341	69	33	40	26	851	406	64	125	**2,580**
Transportation	456	294	903	188	268	399	455	840	3,563	1,760	**9,125**
Grand Total	**2,505**	**1,492**	**1,958**	**1,034**	**1,280**	**1,374**	**2,342**	**1,952**	**5,406**	**3,728**	**23,072**

NCC_Long Term Plan_UPDATED_Oct15.indd 298 11/11/2015 2:44:26 p.m.

10.4 Schedule of assets

The following table shows the core component and the interest component of the development contribution for each activity. These have been rounded the nearest $10.

Table 9 : Summary of development contributions component

Activity	Core Component	Interest Component	Total Development Contribution
Stormwater	1,280	1,090	2,370
Wastewater	2,630	1,640	4,270
Water Supply	1,840	1,110	2,950
Transportation	980	0	980
Grand Total	**6,730**	**3,840**	**10,570**

The following tables show the schedule of assets as required by Section 201A of the LGA 2002. This table includes both historic and planned capital projects, these have been split out for each activity. The component each project makes up of the total contribution for each activity is also shown. Projects in year 10 of the 2015 to 2025 LTP are not included in this table as the capacity does not start getting consumed until the year following construction, therefore the projects are not included in the contributions.

Development contributions are to be assessed when the first of any of the following actions or events occur:

- a resource consent (land use or subdivision) is granted; or
- a building consent is issued; or
- an authorisation for a service connection is approved.

Table 10 : Schedule of assets

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Stormwater	**52,936,674**	**16%**	**84%**	**8,227,985**	**$1,280**
Historic	**12,580,612**	**21%**	**79%**	**2,678,153**	**$563**
Q15 reticulation upgrades (Q15 pipelines) - pre-2009	5,070,537	20%	80%	1,015,681	$210
Q15 reticulation upgrades (pump station catchment) - pre-2009	4,400,016	20%	80%	881,369	$182
Other conditioned projects (prior to Jul 2006)	283,942	100%	0%	283,942	$53
Nayland Road (to Saxton)	874,924	19%	81%	168,291	$36
Stanley/Beachville (stage 2)	467,602	15%	85%	71,764	$19
Stanley Beachville (stage 1)	333,218	19%	81%	64,094	$14
Iwa Road	299,405	18%	82%	55,225	$12
Montcalm/Arrow/Wash Vly/Hastings	262,775	15%	85%	40,329	$11
New Pumps (part of Pump Station Catchment Wood Area)	178,000	14%	86%	25,698	$7
Neale/Kea/Kaka/Railway Reserve	160,119	17%	83%	27,034	$7
Tasman (Cambria/Grove) (part of Pump Station Catchment Wood Area)	140,978	16%	84%	22,715	$6
Wastney Terrace stormwater (pvt drain prgm)	30,296	33%	67%	9,917	$3

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 299 11/11/2015 2:44:26 p.m.

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
LOS: Nile Street East	41,800	15%	85%	6,415	$2
Piping Ditches	25,000	15%	85%	3,837	$1
Capital: Arapiki Road	12,000	15%	85%	1,842	$0
2015 LTP	**40,356,062**	**14%**	**86%**	**5,549,831**	**$718**
St Vincent/Hastings St Culvert	3,497,170	14%	86%	489,292	$94
Montcalm/Arrow/Wash Vly/Hastings	3,366,910	13%	87%	454,248	$74
Wastney Terrace stormwater (pvt drain prgm)	881,549	33%	67%	288,578	$71
Tahuna Slope Risk Area	1,999,850	13%	87%	269,896	$44
Railway Reserve - Saxton Rd West - Dryden Street	1,162,931	14%	86%	165,941	$34
Capital: Halifax St: Tas-Miltn	982,240	14%	86%	139,479	$28
Public/Private Drains & Open Chanel Upgrade Progra	3,093,700	12%	88%	372,742	$24
Hill Street North	634,085	27%	73%	173,281	$22
Tipahi/Eckington	1,339,035	13%	87%	171,874	$21
Pvt/Public Drains	1,151,240	13%	87%	149,761	$20
LOS: Nile Street East	569,400	15%	85%	83,174	$19
Vanguard Street Stormwater	802,665	13%	87%	104,998	$14
Capital: Mount St / Konini St	1,271,010	12%	88%	156,709	$13
Rutherford - Stage 2 - Review of box culvert	398,490	14%	86%	57,270	$12
Fifeshire	359,700	15%	85%	52,835	$12
Capital: Arapiki Road	755,885	13%	87%	97,120	$12
Airlie St	433,660	14%	86%	60,181	$11
Marybank / Tresillian Ave	767,815	13%	87%	96,997	$10
Piping Ditches	575,620	13%	87%	74,880	$10
Stanley/Beachville (stage 2)	263,616	15%	85%	39,535	$10
Capital: Railway Reserve/ Newall/ Bledisloe	579,350	13%	87%	74,691	$9
Rutherford - Stage 2	1,909,760	12%	88%	223,799	$9
Jellicoe/Bledisloe/Kaka/Kea/Freyberg/ Maple	652,085	13%	87%	82,066	$8
Karaka	356,529	13%	87%	47,981	$8
Renwick / Wellington Street / Waimea Road	466,765	13%	87%	59,797	$7
Golf/ Parkers	533,074	13%	87%	67,147	$7
Capital: Main Rd Stoke (Louisson - Marsd	830,938	12%	88%	100,551	$7
Private Drains/Sub	472,310	13%	87%	59,841	$7
Ariesdale/Thompson Tce	223,274	14%	86%	30,823	$6
Kauri/Matai/Titoki/Ranui	243,999	14%	86%	33,007	$5
Stansell Pvt/ Pub Drains	138,617	12%	88%	16,024	$5
Examiner	378,114	13%	87%	47,751	$5

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 300 11/11/2015 2:44:26 p.m.

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Manson Ave	354,940	13%	87%	44,764	$5
Ngaio/Maitland	335,259	13%	87%	42,542	$5
Mahoe/Orsman/Matipo	800,170	12%	88%	94,789	$5
Dodson Valley	199,416	26%	74%	52,614	$4
Capital: Milton: Grove-Cambria	259,108	13%	87%	33,632	$4
Capital: Main Rd Stoke (Hays cnr - Louis	460,798	12%	88%	55,867	$4
Brougham St	405,981	12%	88%	49,158	$3
Stafford Ave	236,138	13%	87%	29,846	$3
Cawthron Crescent	236,138	13%	87%	29,846	$3
Bisley Avenue	92,716	15%	85%	13,594	$3
Brooklands	224,856	26%	74%	57,863	$3
Capital: Shelbourne St s/w upgrade	237,140	13%	87%	29,835	$3
Tui Glen	212,909	26%	74%	54,788	$3
Isel Place	266,899	12%	88%	32,794	$3
Seaton/Allisdair	306,495	12%	88%	37,245	$3
Capital: Rangiora Tce	109,470	14%	86%	15,024	$3
Beach Road	249,519	12%	88%	30,553	$2
Kowhai	164,816	13%	87%	20,897	$2
Martin	403,586	12%	88%	47,673	$2
Rotoiti	153,229	13%	87%	19,403	$2
Kauri Street	63,698	14%	86%	9,054	$2
Black	142,310	13%	87%	17,902	$2
Totara/Hutcheson	142,310	13%	87%	17,902	$2
Riverside	170,088	12%	88%	20,867	$2
Pateke	146,914	12%	88%	17,880	$1
Anglia/Scotia	253,195	12%	88%	29,791	$1
Capital: Poynters Cres	234,102	12%	88%	27,559	$1
Collingwood Street	189,009	12%	88%	22,345	$1
Cherry/Baigent/Ridgeway	792,586	11%	89%	90,185	$1
Newmans Link	150,955	12%	88%	17,887	$1
Beatson Road	522,575	11%	89%	59,623	$1
York Terrace	434,064	11%	89%	48,067	$0
Capital: Viewmount/Ridgeway	229,370	11%	89%	26,087	$0
Hardy (Tasman-Alton)	83,922	12%	88%	9,685	$0
Wastewater	**51,863,220**	**27%**	**73%**	**14,179,404**	**$2,626**
Historic	**29,787,000**	**28%**	**72%**	**8,377,146**	**$1,994**
Marsden Valley Trunk / Express Sewer (Stage 1)	1,703,565	100%	0%	1,703,565	$428
Nelson North Wastewater Treatment Plant (NNWWTP) - mechanical treatment	9,721,760	20%	80%	1,948,280	$402

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 301 11/11/2015 2:44:27 p.m.

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Nelson Regional Sewerage Business Unit (NRSBU) pipeline upgrade	6,450,000	18%	82%	1,139,997	$264
Previous contribution conditions	682,280	100%	0%	682,280	$176
Marsden Valley Trunk / Express Sewer (Stage 2)	645,291	100%	0%	645,291	$162
NNWWTP - wetland treatment	3,416,983	18%	82%	630,665	$140
Arapiki/Quarantine catchment beheading	3,091,692	17%	83%	518,161	$136
Capital: Ngawhatu Valley TM	483,158	100%	0%	483,158	$127
Corder Park Pump Station	2,653,378	15%	85%	407,660	$107
NRSBU ATAD Tank	500,000	31%	69%	154,080	$33
Vanguard and Paru Paru pump stations	316,903	14%	86%	45,265	$13
Neale Park PS	121,990	15%	85%	18,742	$5
2015 LTP	**22,076,220**	**26%**	**74%**	**5,802,258**	**$632**
Neale Park PS	6,667,710	14%	86%	960,592	$204
Corder Park Pump Station	3,649,801	15%	85%	547,991	$134
Capital: Awatea Place	5,147,625	13%	87%	690,437	$107
Capital: Ngawhatu Valley TM	335,000	100%	0%	335,000	$82
Ngawhatu Valley TM - Stage 2	2,839,922	100%	0%	2,839,922	$65
Atawhai Pump Stations (Brooklands & Marybank)	1,355,032	13%	87%	173,569	$20
Gracefield Beheading	2,076,130	12%	88%	253,909	$19
Arapiki/Quarantine catchment beheading	5,000	17%	83%	838	$0
Water Supply	**39,359,751**	**22%**	**78%**	**8,598,250**	**$1,843**
Historic	**21,363,598**	**28%**	**72%**	**6,018,234**	**$1,458**
Maitai Pipeline (Dam to Water Treatment Plant)	13,171,954	16%	84%	2,104,111	$545
Stoke #3 reservoir and trunkmain	1,575,828	100%	0%	1,575,828	$360
Observatory Hill #2 reservoir and pump station	1,081,536	100%	0%	1,081,536	$293
Cross city link return	2,500,000	23%	77%	583,550	$108
Capital: New Membrane (Train 5)	1,133,823	24%	76%	268,031	$73
Todds Valley upgrade	760,944	23%	77%	177,620	$33
Maitai Pipeline design	537,295	19%	81%	102,837	$23
Wastney Tce pump station	520,191	22%	78%	112,255	$22
Maitai Pipeline (WTP - Westbk Tce)	82,027	15%	85%	12,466	$3
2015 LTP	**17,996,153**	**14%**	**86%**	**2,580,016**	**$385**
Maitai Pipeline (WTP - Westbk Tce)	4,195,600	15%	85%	613,825	$148
Capital: New Membrane (Train 5)	1,066,177	24%	76%	252,040	$63
Capital: Atawhai No.2 Reservoi	4,773,947	12%	88%	583,847	$55
Capital: Atawhai Trunkmain	4,104,149	12%	88%	506,283	$52

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 302 11/11/2015 2:44:27 p.m.

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Water Loss Reduction Programme	2,302,480	11%	89%	257,122	$41
Capital: Atawhai Res & pump Ma	197,675	100%	0%	197,675	$22
Dam Upgrades	502,870	12%	88%	58,648	$3
Water Treatment Plant Upgrades	853,255	13%	87%	110,576	$1
Transportation	**33,300,528**	**32%**	**68%**	**10,791,248**	**$980**
Historic	**8,423,839**	**20%**	**80%**	**1,666,240**	**$371**
Ridgeway connection	1,466,266	32%	68%	466,845	$85
Road Minor Improvements Programme	1,860,248	13%	87%	233,630	$69
Sundry Land Purchases - Growth	150,000	100%	0%	150,000	$32
Nayland Road	443,327	31%	69%	136,616	$25
Maitai shared path (Akerston St to Traf St)	615,336	16%	84%	101,037	$22
Waimea Rd / Motueka St Intersection	575,280	9%	91%	50,125	$20
Princes Drive	559,124	17%	83%	95,651	$20
Footpath: Walkway Connection	443,930	17%	83%	75,945	$16
Minor Improvements top up	408,080	17%	83%	69,812	$14
Capital:Streetlights	390,357	16%	84%	64,096	$14
Other walk/cycle projects	356,253	13%	87%	44,742	$13
Tasman St (Nile to Bronte)	330,934	16%	84%	54,338	$12
St Vincent St cyclelanes	271,677	13%	87%	34,120	$10
School approaches/frontage treatments	201,553	13%	87%	26,727	$7
Bishopdale to the Ridgeway shared path	164,667	16%	84%	27,038	$6
Corder Park Cycleway	87,731	22%	78%	19,386	$3
Gloucester / Kerr / Oxford St cyclelane & Hardy St crossing	79,995	16%	84%	12,906	$3
Tahunanui to Annesbrook cycle connection	18,550	15%	85%	2,696	$1
Railway Reserve/Princess Dr crossing	530	100%	0%	530	$0
2015 LTP	**24,876,689**	**37%**	**63%**	**9,125,008**	**$609**
Sundry Land Purchases - Growth	1,151,240	100%	0%	1,151,240	$114
Marsden Valley Ridgeway Upgrade	2,759,569	100%	0%	2,759,569	$102
Rocks Rd Walking and Cycling Facilities	3,164,562	15%	85%	488,877	$82
Minor Improvements 341	3,733,932	10%	90%	389,980	$59
Main Rd Stoke/Marsden Rd*	1,271,237	100%	0%	1,271,237	$55
New Footpaths	2,152,480	14%	86%	304,560	$29
Rocks Rd to Maitai Path	977,175	14%	86%	132,031	$25
Todd Bush Rd	610,000	16%	84%	98,178	$19
Halifax (Maitai to Milton)	701,660	15%	85%	107,732	$18
Railway Reserve/Princess Dr crossing	55,120	100%	0%	55,120	$15
Milton St (Grove to Cambria)	1,199,206	14%	86%	167,747	$15
Tahunanui to Annesbrook cycle connection	465,327	14%	86%	63,444	$13

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NCC_Long Term Plan_UPDATED_Oct15.indd 303 11/11/2015 2:44:27 p.m.

Activity / Asset	NCC Capital Cost	Portion funded through development contributions	Portion funded through other sources	Growth Costs to be funded through development contributions	Core Component $/HUD
Toi Toi Street upgrade	519,286	14%	86%	73,847	$7
Quarantine/Nayland intersection upgrades	1,713,182	5%	95%	86,106	$7
Maitai shared path (Collingwood St to Nile St)	222,171	16%	84%	35,758	$7
Stoke interchange (WC531)*	359,484	15%	85%	52,377	$6
Maitai shared path (Saltwater Creek Bridge)	230,262	15%	85%	35,595	$6
Marsden Valley Road Upgrade	1,745,643	96%	4%	1,671,535	$5
CBD interchange	254,246	19%	81%	48,307	$5
Muritai SH6 intersection (incl Ped crossing across SH6)	221,600	11%	89%	24,166	$5
St Vincent St cyclelanes	84,800	12%	88%	10,377	$3
Walk cycle Schools Package - Integrated Activities	79,500	12%	88%	9,728	$3
Toi Toi/Vanguard intersection upgrade	169,450	14%	86%	24,143	$2
Tasman St (Nile to Bronte)	70,000	16%	84%	11,266	$2
The Brook shared path (City/Maitai to Dunn Mountain trail start)	53,000	12%	88%	6,486	$2
Putaitai St/ Main Rd Stoke Right turn	41,552	12%	88%	4,922	$1
Waimea Rd/Van Diemen Jct improvements	871,004	5%	95%	40,680	$0
Grand Total	**177,460,173**	**24%**	**76%**	**41,796,886**	**$6,730**

* Projects marked with an asterix are part of the Stoke revitalisation work underway and are being integrated with other projects and planning focused on Stoke.

NCC_Long Term Plan_UPDATED_Oct15.indd 304 11/11/2015 2:44:28 p.m.

10.5 Glossary

Term	Definition
Activity	A grouping of council functions required for development contributions: wastewater, stormwater, water supply, transport networks.
Allotment	Defined in Section 218 of the Resource Management Act 1991: a) any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not: (i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another Act; or (ii) a subdivision consent for the subdivision shown on the survey plan has been granted under this Act; or b) any parcel of land or building or part of a building that is shown or identified separately; (i) on a survey plan; or (ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or c) any unit on a unit plan; or d) any parcel of land not subject to the Land Transfer Act 1952
Allotment Value	Valuation of residential allotment values will be the GST included valuation.
Applicant	The person(s) applying for a resource consent, building consent, or service connection.
Asset Management Plan	Council plans for the management of assets, applying technical and financial management techniques to ensure that specified levels of service are provided in the most cost-effective manner over the life-cycle of the asset.
Bedroom	For the purpose of assessing 1 and 2 bedroom residential units, a bedroom is any room in a residential unit that is greater than 4.5m² in floor area and capable to be used for sleeping purposes.
Building Work	Work for, or in connection with, the construction, alteration, or demolition of a building.
Capital Expenditure	The cost Council expects to incur to provide new infrastructure or infrastructure of increased capacity for the running of the city's network infrastructure.
Community Facilities	Reserves, network infrastructure, or community infrastructure for which development contributions may be required.
Community Outcomes	The outcomes that Council aims to achieve in meeting the current and future needs of the community for good-quality local infrastructure, local public services, and performance of regulatory functions.
Consent Holder	The person(s) to whom the resource consent, building consent, or service connection was granted.
Crown Entity	Crown entities are bodies established by law in which the Government has a controlling interest.
Development	Defined in Section 197 of the LGA 2002 as: a) any subdivision, building (as defined in Section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but b) does not include the pipes of a network utility operator.
Development Agreement	Defined in Section 197 of the LGA 2002 as: A voluntary contractual agreement made under Sections 207A to 207F between one or more developers and 1 or more territorial authorities, for the provision, supply or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in 1 or more districts or part of a district.

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 305 11/11/2015 2:44:28 p.m.

Term	Definition
Development Contribution	A contribution that is: a) provided for in a Development Contributions Policy included in the Council's Long Term Plan; and b) calculated in accordance with the methodology; and c) comprising (i) money; or (ii) land, including a reserve or esplanade reserve other than in relation to a subdivision consent, but excluding Māori land within the meaning of Te Ture Whenua Māori Act 1993, unless that Act provides otherwise; or (iii) both.
District	The district of a territorial authority, in this case, the Nelson City area.
Estimated Building Value	The estimated aggregate of the values determined in accordance with Section 10 of the Goods and Services Tax Act 1985 (as amended in 1993) of all goods and services to be supplied for that building work.
Financial Contribution	Defined in Section 108(9) of the Resource Management Act 1991: Financial contribution means a contribution of: a) money; or b) land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Māori Act 1993 unless that Act provides otherwise; or c) a combination of money and land.
Household Unit of Demand (HUD)	The same meaning as Residential Unit in the Nelson Resource Management Plan applies. The HUD is equivalent to one residential title containing one residential unit.
ISA	Impermeable surface area
Land Development Manual	The Nelson City Council Land Development Manual 2010 forms the basis for design and construction of all Nelson City's roads, drains, water supply and reserve areas. The Land Development Manual is a revision of, and replacement for, the Nelson City Council Engineering Standards 2003.
Lodged	The point in time at which an application that complies with all the requirements in Section 88(2) of the Resource Management Act 1991 or Section 45 of the Building Act 2004, has been received by the Council.
Methodology	The method by which development contributions are calculated.
NRMP	Nelson Resource Management Plan
Network Infrastructure	The provision of roads and other transport, water supply, wastewater, and stormwater collection and management.
Non-Residential Development	Any development that is not for a residential unit.
Residential Unit	A single self-contained household unit, used principally for residential activities, whether by one or more persons and including accessory buildings. Where more than one kitchen facility is provided on site, there shall be deemed to be more than one residential unit. For the purposes of the policy retirement villages are covered by this definition.
RMA 1991	The Resource Management Act 1991.
Service Connection	A physical connection to a service provided by, or on behalf of, Council
Service Overlay	Chapter 3 of the NRMP: AD11.3.3 Services overlay AD11.3.3.i The Services Overlay relates to the availability and capacity of services such as wastewater, water supply, stormwater drainage, and roads. The overlay areas contain one or more of the following servicing constraints: a) Development of the area is beyond the immediate scope of the Long Term Plan or Council's Nelson Development Strategy.

Table continued overleaf

NCC_Long Term Plan_UPDATED_Oct15.indd 306 11/11/2015 2:44:28 p.m.

Term	Definition
	b) The area is low lying and requires filling before servicing can occur c) The area is one where extension of services is required to serve other land or contribute to a network. This includes the provision of legal road and utilities up to the boundary of the development site to serve the development potential of adjoining land in the Services Overlay. d) Services in the area are inadequate and require comprehensive upgrading before development can proceed e) The area is above the contour for which water can be supplied to meet the requirements of the Council's Land Development Manual. (The standards are based on the NZS4404: Land Development and Subdivision, and the New Zealand Fire Service Water Supplies Code of Practice). These constraints must be addressed before development of these areas can proceed. Resource consent will not be declined for servicing constraint reasons when they have been resolved. AD11.3.3.ii The Services Overlay also deals with situations where services need to be developed in the area in a comprehensive manner in conjunction with the Council and other property owners.
Subdivision	Defined in Section 218 of the Resource Management Act 1991: The division of an allotment by: a) an application to the District Land Registrar for the issue of a separate certificate of title for any part of the allotment; or b) the disposition by way of sale or offer for sale of the fee simple to part of the allotment; or c) a lease of part of the allotment which, including renewals, is or could be for a term of more than 35 years; or d) the grant of a company lease or cross lease in respect of any part of the allotment; or e) the deposit of a unit plan, or an application to a Registrar-General of Land for the issue of a separate certificate of title for any part of a unit on a unit plan; or an application to Registrar-General of Land for the issue of a separate certificate of title in circumstances where the issue of that certificate of title is prohibited by Section 226.

10.6 Purpose and principles

These are defined by Sections 197AA and 197AB of the LGA 2002.

Purpose of development contributions

The purpose of the development contributions provisions in this Act is to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.

Development contributions principles

All persons exercising duties and functions under this subpart must take into account the following principles when preparing a development contributions policy under Section 106 or requiring development contributions under Section 198:

a) development contributions should only be required if the effects or cumulative effects of developments will create or have created a requirement for the territorial authority to provide or to have provided new or additional assets or assets of increased capacity:

b) development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to development contribution funding:

c) cost allocations used to establish development contributions should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets:

d) development contributions must be used—

NCC_Long Term Plan_UPDATED_Oct15.indd 307 11/11/2015 2:44:28 p.m.

i. for or towards the purpose of the activity or the group of activities for which the contributions were required; and

ii. for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required:

e) territorial authorities should make sufficient information available to demonstrate what development contributions are being used for and why they are being used:

f) development contributions should be predictable and be consistent with the methodology and schedules of the territorial authority's development contributions policy under Sections 106, 201, and 202:

g) when calculating and requiring development contributions, territorial authorities may group together certain developments by geographic area or categories of land use, provided that—

i. the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and

ii. (ii) grouping by geographic area avoids grouping across an entire district wherever practical.

10.7 Previous development contributions

Table 11 : Historic Development Contributions and Financial Contribution exemption

Activity	2006/07	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Stormwater	3,884	3,843	3,897	3,991	2,999	3,043	3,075
Wastewater	3,221	3,832	3,886	3,980	2,756	2,796	2,825
Water Supply	1,871	2,436	2,470	2,529	3,054	3,098	3,131
Transport	2,196	2,414	2,448	2,507	882	895	904
Total Development Contributions[27]	**11,172**	**12,525**	**12,701**	**13,007**	**9,691**	**9,832**	**9,935**
Financial contribution exemption amount	71,031	82,777	83,949	85,964	88,371	89,657	$90,598

[27] *Contributions set in the 2006,2009 and 2012 Long Term Plans and adjusted for inflation in between.*

NCC_Long Term Plan_UPDATED_Oct15.indd 308 11/11/2015 2:44:29 p.m.

SIGNIFICANCE AND ENGAGEMENT POLICY

November 2014

PURPOSE

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

INTRODUCTION

The Local Government Act 2002 states that one role of a Council is to enable democratic local decision-making and action by, and on behalf of, communities. This Policy explains how Council will decide the level of significance that a matter has, the types of matters where the community will be involved in the decision-making process and when the community can expect Council to make a decision on its behalf.

There are many informal ways that Council engages with the community during its everyday business which helps to inform it on community views. There are also decisions that a Council must make which require a more structured form of engagement. This is because of the importance that a matter has within the wider community, or for groups within the community.

The first part of this policy sets out how Council will decide whether or not a matter is "significant". The second part of this policy sets out when and how the community's views will be heard on these significant, and other, matters.

DETERMINING SIGNIFICANCE

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

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

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

It may be that only one of the criteria applies, but to such a high degree that the decision will be considered "significant". Conversely, several criteria may be applicable, but to only a low degree, and therefore will be considered to have a lower level of significance. Each decision will involve staff making an assessment for consideration by elected members. Schedule one of this policy sets out how the criteria will be used to assess significance.

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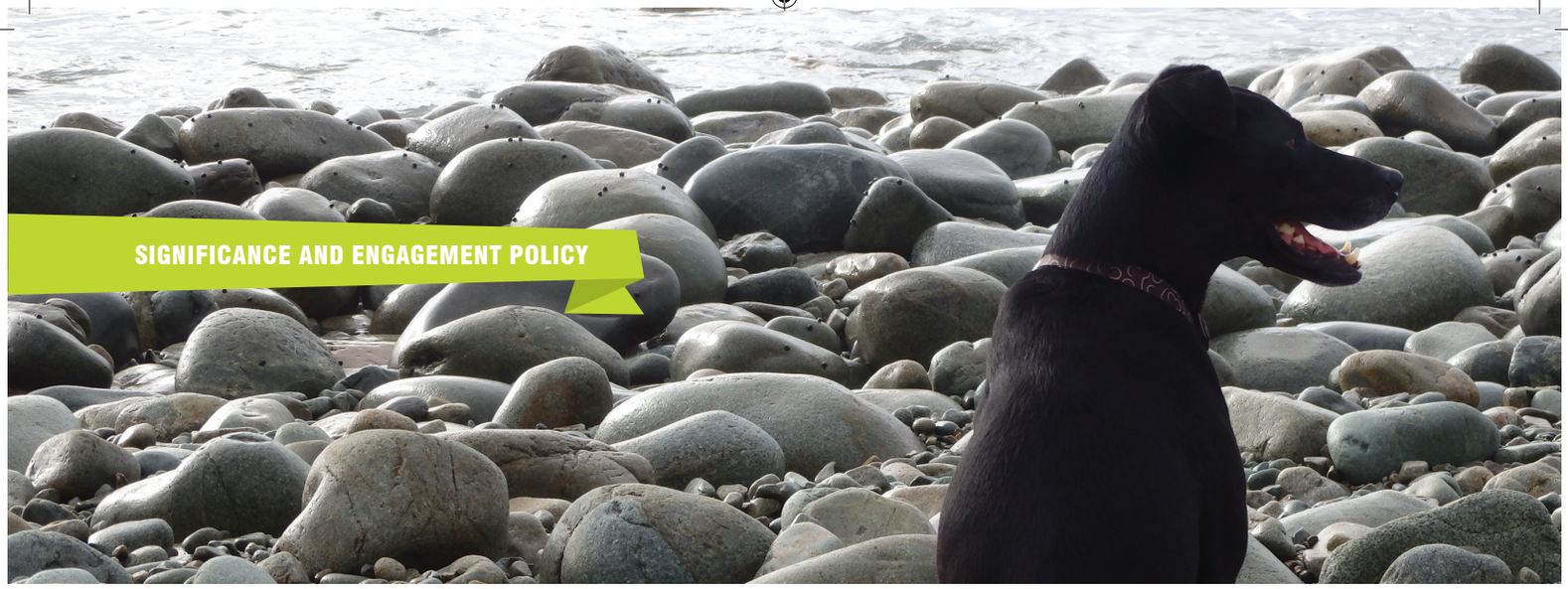


COMMUNITY ENGAGEMENT

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

Special Consultative Procedure

There are still situations where the Special Consultative Procedure must be used under the Local Government Act 2002:

- Adoption or amendments to the Long Term Plan
- Adoption or amendment to a significant bylaw
- Transfer of ownership of a significant strategic asset
- Changes to financial policies.

There are also statutes which require the special consultative procedure to be followed in specified situations including:

- Resource Management Act 1991
- Rating Powers Act 1988
- Building Act 1991
- Sale and Supply of Liquor Act 2012
- Psychoactive Substances Act 2013
- Dog Control Act 1996
- Waste Minimisation Act 2008
- Freedom Camping Act 2011
- Land Transport Management Act 2003
- Energy Companies Act 1992.

It is important to note that formal consultation using a special consultative procedure is a structured process outlined in legislation and supported by case-law. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The Local Government Act 2002 has given local authorities the ability to determine this as appropriate for their communities.

Engagement on Other Matters

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

Council may decide that it will use a special consultative procedure if the matter is of high significance, or it may choose another form of appropriate consultation. In instances where significance is judged to be moderate, engagement with the community could involve consulting through an advisory committee or focus group, public meetings, or surveys.

When Council decides that a matter is of low to moderate significance, or in instances where it is considered that the views of the community are already known, it may make a decision on behalf of the community and then inform the community of the outcome. This may be, for instance, through publication on Council website, in the local media, or other appropriate means.

PRINCIPLES OF ENGAGEMENT

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

- Seek to hear from everyone affected by a decision
- Ask for views early in the decision making process so that there is enough time for feedback to be provided, and for this to be considered properly
- Listen and consider views in an open and honest way
- Respect everyone's point of view

NCC_Long Term Plan_UPDATED_Oct15.indd 310 11/11/2015 2:44:29 p.m.

- Provide information that is clear and easy to understand
- Consider different ways in which the community can share views with us
- Ensure that the engagement process is efficient and cost effective.

INFORMATION REQUIREMENTS

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

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

ENGAGEMENT WITH IWI

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

Definitions Used in This Policy

Community	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.
Decisions	Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of council decisions will not be deemed to be significant).
Engagement	Is a term used to describe the process of seeking information from the community to inform and assist decision making. There is a continuum of community involvement.
Significance	As defined in Section 5 of the LGA 2002 in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for: (a) The district or region; (b) Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter; (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.
Strategic Asset	As defined in Section 5 of the LGA 2002 in relation to the assets held by the local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community, and includes: 1. Any asset or group of assets listed in accordance with section 90(2) by the local authority; and (a) Any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and (b) Any equity securities held by the local authority in I. A port company within the meaning of the Port Companies Act 1988; II. An airport company within the meaning of the Airport Authorities Act 1966.

NCC_Long Term Plan_UPDATED_Oct15.indd 311 11/11/2015 2:44:30 p.m.

Schedule One: Assessing Significance Against Criteria

Criteria	Higher Significance	Lesser Significance
Change in levels, or delivery, of service provided by Council.	There is a major and/or long term change to services.	There is a medium to low level of change to services.
Level of financial impact.	There is a major and long term financial impact.	There is a medium to low level of impact.
Impact on the community.	The decision would have a major impact on sections or all of the community.	The impact on the community is medium to low.
Decision involves a "strategic asset" as listed in this policy.	The decision involves the sale or transfer of more than 20% of a strategic asset.	The decision does not impact on Council's ownership of the asset.
Impact on Council debt or level of rates.	The impact is major and/ or long term on either debt levels or rates.	The impact is of a medium to low level
Reversibility of decision.	The decision is irreversible and would impact negatively on future generations to a high degree.	The decision is not irreversible, or if it were, the impact on future generations would not be high.
Building on previous decisions.	The matter is considered to be significant by other criteria, and has not been previously consulted with the community.	The decision or action is consequential to, or promotes, a decision or action already taken by Council or the views of the community on this matter are already known.
Historic interest.	There is a history of the matter generating wide and intense public interest and a reasonable expectation that this will again be so.	There is no history of the matter generating widespread interest.

Schedule Two: List of Strategic Assets

The Local Government Act 2002 definition of a strategic asset is outlined in the Significance and Engagement Policy.

The list of assets outlined below are considered to be "strategic assets", however not all decisions made regarding them will be significant. For example, the road network is strategic but the purchase or sale of small land parcels that make up the network may not amount to a significant decision.

- Water supply catchments and supply network as a whole
- Wastewater network as a whole
- Stormwater and flood protection network as a whole
- Land transport network as a whole
- Ownership of community housing
- Ownership in the Nelson Airport Company
- Ownership in the Nelson Port Company;
- Ownership of Nelmac Ltd.

NCC_Long Term Plan_UPDATED_Oct15.indd 312 11/11/2015 2:44:31 p.m.

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 four groups, each headed by a Group Manager reporting direct to the Chief Executive, that cover the substantive activities of Council. These groups are:

Strategy and Environment: planning, monitoring and research, resource consents, building, parking

Responsible for developing formal documents including bylaws, activity and asset management plans, resource management policies and plans, as well as other strategies, policies and feasibility studies. The team ensures that Council's unitary authority, statutory and regulatory functions are separated from its service delivery activities and functions. The latter are delivered through the building, resource consents and parking activities. The team has a monitoring and research function that provides information to assist Council decision making.

Community Services: public communications, libraries, emergency management, community development, administration

Responsible for delivering Council's social development, recreation, heritage, arts/ culture initiatives and emergency management services. It also contributes to the region's economic development and tourism support activities. This group ensures that Council is engaged with and fully informing the community about Council activities. This team is responsible for the library and produces Live Nelson and prepares media releases and briefings. It is also responsible for maintaining an oversight of Council Controlled Organisations.

Infrastructure: capital projects, parks and facilities, roading, solid waste, utilities

Responsible for making strategic decisions and recommendations about assets and developing asset management plans. This includes asset development, renewals and demand management. The team manages operations 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 design and project management services for implementing Council-wide capital and renewals projects.

Corporate Services: finance, Customer Service Centre, information management, organisational assurance

Responsible for providing strategic financial planning. Corporate Services maintains an oversight of Council's finances and ensures Council meets its financial key performance indicators. The team provides a broad range of support services across Council to enable it to function smoothly, effectively and efficiently.

Office of the Chief Executive

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. This group is responsible for developing the long term plan, annual plans, annual reports, reserve management plans and other policies, strategies and plans.

Kaihautu

Responsible for iwi relations.

Human Resources

Responsible for all staff and people matters.

NCC_Long Term Plan_UPDATED_Oct15.indd 313 11/11/2015 2:44:31 p.m.

COUNCIL COMMITTEES AND PORTFOLIOS

Mayor

- Rachel Reese

Deputy Mayor

- Paul Matheson

Community Services Committee

- Councillor Rainey (Chairperson)
- Councillor Noonan (Deputy Chairperson)
- Councillor Copeland
- Councillor Lawrey
- Councillor Matheson
- Councillor Skinner
- Councillor Ward
- Mayor

Governance Committee

- Councillor Barker (Chairperson)
- Councillor Acland (Deputy Chairperson)
- Councillor Davy
- Councillor Fulton
- Councillor McGurk
- Councillor Matheson
- Councillor Noonan
- Councillor Rainey
- Mayor
- John Murray (external appointment)
- John Peters (external appointment)

Planning and Regulatory Committee

- Councillor McGurk (Chairperson)
- Councillor Fulton (Deputy Chairperson)
- Councillor Barker
- Councillor Copeland
- Councillor Davy
- Councillor Lawrey
- Councillor Ward
- Mayor
- Glenice Paine (external appointment)

Works and Infrastructure Committee

- Councillor Davy (Chairperson)
- Councillor Lawrey (Deputy Chairperson)
- Councillor Acland
- Councillor Barker
- Councillor Copeland
- Councillor Noonan
- Councillor Skinner
- Mayor

Chief Executive Employment Committee

- Mayor
- Deputy Mayor
- Councillor Acland

Civil Defence Emergency Management Group

- Mayor
- Deputy Mayor

Note: This Committee also includes the Mayor and Deputy Mayor of Tasman District Council.

NCC_Long Term Plan_UPDATED_Oct15.indd 314 11/11/2015 2:44:31 p.m.

District Licensing Committee

- Oke Blaikie (Chairperson, external appointment)
- Councillor Barker (Deputy Chairperson)
- Councillor Fulton
- Councillor Matheson
- Mayor
- Gail Collingwood (external appointment)
- Derek Shaw (external appointment)

Joint Committee of Tasman District and Nelson City

Chairperson: Alternating (see procedure)

Deputy Chairperson: None

- Mayor
- Deputy Mayor
- All Councillors (11)

Note: This committee also includes The Mayor, Deputy Mayor and 12 Councillors of Tasman District Council giving a total of 27 members for the Committee

Nelson City Council Tasman District Council Joint Shareholders Committee

Chairperson: Alternating (see procedure)

Deputy Chairperson: None

- Mayor
- Deputy Mayor
- Chairperson Community Services Committee
- Chairperson Governance Committee
- Chairperson Planning and Regulatory Committee
- Chairperson Works and Infrastructure Committee

Note: This Committee also includes The Mayor, Deputy Mayor and Committee Chairs (3 not including the Deputy Mayor) and Deputy Chair of the Corporate Services Committee of Tasman District Council giving a total of 12 members for the Committee

Nelson Regional Sewerage Business Unit

- Councillor Copeland
- Derek Shaw (external appointment)

Note: This Committee also includes two representatives from Tasman District Council, an independent member, a representative of the Nelson Regional Sewerage Scheme Customer Group, and an Iwi representative.

Regional Transport Committee

- Councillor Davy (Chairperson)
- Councillor Copeland (Deputy Chairperson)
- Councillor McGurk
- Mayor
- New Zealand Transport Agency Representative

Resource Management Act Procedures Committee

- Mayor
- Deputy Mayor
- Councillor Fulton

Hearings Panel – Resource Management Act

- Commissioner Barker (Chair accredited)
- Commissioner Davy
- Commissioner Fulton
- Commissioner McGurk
- Commissioner Reese (Chair accredited)
- Commissioner Skinner

Hearings Panel - Other

- All Councillors

Advertising Commercial Sexual Services Bylaw Panel

- Mayor
- Councillor Acland
- Councillor Matheson

Audit, Risk and Finance Subcommittee

- Mayor
- John Peters (Chairperson, external appointment)
- Councillor Barker
- Councillor McGurk
- John Murray

Commercial Subcommittee

- Mayor
- John Murray (Chairperson, external appointment)
- Councillor Acland
- Councillor Noonan
- John Peters.

NCC_Long Term Plan_UPDATED_Oct15.indd 315 11/11/2015 2:44:31 p.m.

GLOSSARY

Some technical words are hard to avoid using, as they have a specific meaning or are used in the Local Government Act (LGA). While we do our best to keep these to a minimum and use plain English wherever possible, there are some less familiar local government terms and abbreviations used in this document. We have separated the glossary into general and financial.

GENERAL

Accountability is a principle governing public service organisations, including Nelson City Council; it means that they are responsible to the public, and must answer to them if questioned on their performance. Our Annual Report is one way that we explain the results of the past year's work to the community.

Activities ('Groups of Activities') are the services, projects or goods produced by Council. Here the word 'activity' can also mean a group of 'sub-activities' carried out by Council. These are broad groups of Council's services and facilities, each with common elements. For example, the Environment 'activity' includes regulation, compliance and education as 'sub-activities'. For practical management of our work, we assign responsibility for these activities to various Council teams, each with their own budgets.

Annual Plan (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 difference to planned work is explained. The Annual Report is a method for Council to be accountable to the community for its performance and is published by Council around October following the end of each financial year (30 June each year).

Asset(s) are physical facilities of value to the community that are owned by Council and have an economic life greater than one year. Examples are buildings, equipment, vehicles, 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 the outcomes that a local authority aims to achieve in meeting the current and future needs of communities.

NCC_Long Term Plan_UPDATED_Oct15.indd 316 11/11/2015 2:44:31 p.m.

Development Contributions are payments to Council by developers to provide new network infrastructure, or network infrastructure of greater capacity, needed to service growth in demand for that infrastructure.

Household Unit of Demand (HUD) has the same meaning as Residential Unit in the Nelson Resource Management Plan. The HUD is equivalent to one residential title containing one residential unit.

Infrastructure includes the networks that support the running of an area, like the water, wastewater/sewerage, solid waste (rubbish disposal), and transport systems managed by Council. Networks provided by non-Council organisations, like electricity and telecommunications, also form part of the community's essential infrastructure.

Levels of service (LOS), or service levels, are the reasonable standards Council aims to meet when providing a facility or service. They are the measurable effect or result of a Council service, described in terms of quality, quantity, reliability, timelines, cost or similar variables. For example, the level of service for residential water supply includes purity and flow rate from your tap.

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.

Long Term Plan or LTP (formerly Long Term Council Community Plan or LTCCP) is the final adopted version of this document. An LTP is required by the Local Government Act 2002 to describe Council's activities, providing integrated decision-making and coordinating Council resources. It gives a long term focus for the decisions and activities of Nelson City Council, and is an important basis for the accountability of Council to Nelson residents.

Performance measures are a statement of intended results, usually annually based, that are measurable and subject to audit. Council is accountable for their achievement, and they are reported in the Annual Report.

Regulator is a role of Council where it seeks to modify the actions of individuals through enforceable regulations to achieve a specified purpose. For example, Council issues permits and regularly inspects restaurants and takeaways to make sure the food served is safe to eat, and can take action if it's not.

Resource Management Act 1991 (RMA) is an Act to promote sustainable management of natural and physical resources. Council is responsible for administering a range of duties under this Act including environmental planning and resource consents.

SOI, Statement of Intent, is required annually from each Council controlled organisation to provide accountability for meeting agreed targets and outcomes.

Third sector is the sector consisting of non-governmental and non-profit organisations. The other two sectors are the government and private sector.

Unitary authority is a city or district council that also has the responsibilities of a regional council. There are only six of these: Auckland 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.

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.

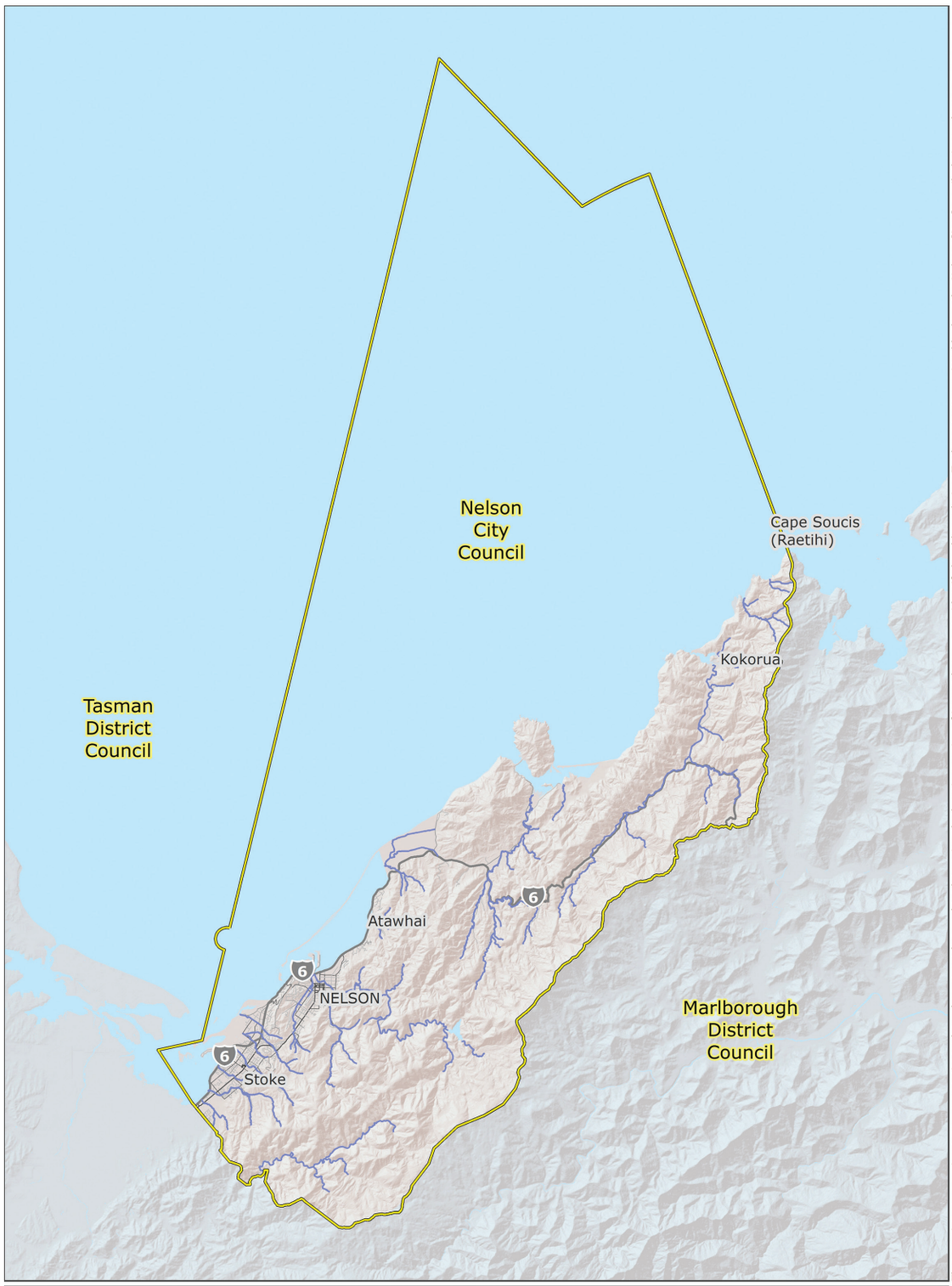
Operating expenditure (OPEX) is the cost of operating and maintaining an asset and running normal day to day business. Money spent on operations and maintenance does not alter the value of an asset and is not included in the asset valuation. It is operating expenditure that has the greatest effect on rates, as it has to be fully funded from income each year, whereas capital expenditure is generally borrowed.

Rate cap is a limit to a rates increase Council can implement under the Long Term Plan and Annual Plans. It is set by Council in the Financial Strategy.

Targeted rates are a charge on ratepayers to fund a specific service such as stormwater drainage.

NCC_Long Term Plan_UPDATED_Oct15.indd 317 11/11/2015 2:44:32 p.m.

MAP OF NELSON CITY COUNCIL BOUNDARIES



Nelson City Council Boundary

Nelson City Council
te kaunihera o whakatū

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September 2015

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The map is an approximate representation only and must not be used to determine the location or size of items shown, or to identify legal boundaries. To the extent permitted by law, the Nelson City Council, their employees, agents and contractors will not be liable for any costs, damages or loss suffered as a result of the data or plan, and no warranty of any kind is given as to the accuracy or completeness of the information represented. Nelson City Council information is licensed under a Creative Commons Attribution 3.0 New Zealand License, and the use of any data or plan or any information downloaded must be in accordance with the terms of that licence. For more information please contact us. Cadastral information derived from Land Information New Zealand. CROWN COPYRIGHT RESERVED.

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CONTACT US

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03 546 0200

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COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays in Civic House, corner Halifax and Trafalgar St, 110 Trafalgar Street, Nelson

Telephone 546 0200 (24 hour, 7 day service)

Visit the website nelson.govt.nz or email enquiry@ncc.govt.nz

CORRESPONDENCE

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239.

ATTEND A COUNCIL MEETING

Council meetings are advertised in Live Nelson. Members of the public are welcome to attend meetings of Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

PUBLIC FORUMS

There is a Public Forum at the beginning of most ordinary Council meeting 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 10 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

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PHOTOS

Many of the beautiful Nelson images in this publication were kindly provided by Phillip Rollo and Tim Cuff.

NCC_Long Term Plan_UPDATED_Oct15.indd 320 11/11/2015 2:44:34 p.m.