



# An even better place to live

## PLANNING NELSON'S FUTURE

Nelson's Annual Plan 2016/17

Variations to Year 2 of the 2015-25 Long Term Plan



**YOUR NELSON**  
*Your Say*

# HE MIHI

Whakataka te hau ki te uru

Whakataka te hau ki te tonga

Kia mākinakina ki uta

Kia mātaratara ki tai

E hāke ana te atākura

He tio, he huka, he hau hū

Tīhei mauri ora

Cease the winds from the west

Cease the winds from the south

Let the breeze blow over the land

Let the breeze blow over the ocean

Let the red-tipped dawn come with a sharpened air

A touch of frost, the promise of a glorious day

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 Taiūhu*



# INTRODUCTION



Contents

About this Annual Plan

Mayor's Message

Chief Executive's Message

Setting the rates

# CONTENTS

<b>INTRODUCTION</b>	<b>3</b>	<b>COUNCIL ACTIVITIES</b>	<b>15</b>
Contents	4	Transport	16
About this Annual Plan	5	Water supply	23
Mayor's Message	6	Wastewater	29
Chief Executive's Message	8	Stormwater	34
Setting the rates	9	Flood protection	40
<b>KEY ISSUES AND NEW PROJECTS</b>	<b>11</b>	Environment	43
Haven Precinct	12	Social	49
Central Business District enhancement	12	Parks and active recreation	54
Elma Turner Library	12	Economic	60
State Advances Building and Civic House	12	Corporate	65
Trafalgar Theatre	12	<b>ACCOUNTING INFORMATION</b>	<b>69</b>
Landfill	13	Funding impact statement	70
Mountain biking	13	Commercial Wastewater Charge – Trade Waste Charges	80
Gondola	13	Accounting Policies	82
Business case approach to projects	14	Financials	93
Changes to financial policies	14	Annual plan disclosure statement for year ending 30 June 2017	102
Operational income and expenditure	14	<b>CONTACT US</b>	<b>103</b>



# ABOUT THIS ANNUAL PLAN

Council's major planning document for the current period is the Long Term Plan 2015-25. The Long Term Plan sets out Council's planned priorities and spending for ten years from 2015.

This Annual Plan provides an update to the Long Term Plan, highlighting changes to Council's work programme for Year 2 (2016/17), the reasons for the changes and the impact on rates. This Annual Plan is an exceptions document i.e. it only details changes to the Long Term Plan. Projects that are proceeding as planned are not included. To fully understand this Annual Plan, you may find it helpful to read it alongside the Long Term Plan 2015-25, which contains a detailed explanation of Council's work programme.

The format of this Annual Plan follows the same order as the Long Term Plan 2015-25 to make it easy to relate the two documents. Following the introductory sections, there is discussion of changes to each of Council's ten activity areas since adoption of the Long Term Plan 2015-25. This is followed by a series of financial tables setting out the planned expenditure for the 2016/17 financial year.

Copies of the Long Term Plan 2015-25 can be viewed at the Council Customer Service Centre at 110 Trafalgar Street, at any of our public libraries or on our website [nelson.govt.nz](http://nelson.govt.nz)



# MAYOR'S MESSAGE

Welcome to the 2016/17 Annual Plan. I am pleased to present an Annual Plan with so few variations from our Long Term Plan – a result of careful thinking during plan development and much effort to keep the work programme on track.

Through refining budgets and prioritisation of projects, we have achieved a reduction in the rates rise proposed for year 2 of the Long Term Plan. Instead of the forecast 3.4% the average rates rise for 2016/17 will be 2.8%.

Further reductions could have been achieved through cuts in services and delaying or removing infrastructure projects. However, Council remains committed to addressing necessary investment in core infrastructure as part of the ongoing commitments made in the Long Term Plan. These projects are expensive but they are essential for city development and protection of private and public assets.

Over the last year, I have been particularly focussed on reviewing Council's property assets to ensure they are delivering benefits to our city. We cannot afford underperforming assets. Rutherford Park is currently coming to life with the Trafalgar Centre development and the reconfiguration of carparking and green spaces along the Maitai Walkway. We have also identified an opportunity to investigate expanding the functions of the Trafalgar Centre, creating a 1000 – 1200 seat flexible draped theatre space that could enable a broader range of touring shows to now visit Nelson. Funds have been provided to support this project.

Council is looking for opportunities to use its properties in the CBD to drive better outcomes for our community. Our city has stood up well to the economic volatility of recent times but the message from the commercial, hospitality and retail sector is clear –

Council must be active and invite investment. Some steps are already underway with Council working in partnership with business to enhance the CBD eg through Council-owned land being considered for residential development.

In the next three years, funding for the upgrade and expansion of the Elma Turner Library is allocated. This is a special project for our city, as libraries are key places at the heart of community life - they are people attractors.

Preliminary work on Elma Turner Library redevelopment locations had resulted in vacant space in Civic House and the State Advances Building being reserved as a possible site. Through this Annual Plan I have sought feedback on the community's appetite for changing the library's location.

It is clear from the feedback that our community has a strong connection to, and highly values, the library's riverside location. This clarity is extremely helpful and has allowed us to confirm the riverside location as the site for the library redevelopment and work will begin in 2016/17 on concept designs.

At the same time we are now able to activate the vacant space in Civic House and the State Advances Building. This brings an exciting opportunity to revitalise this end of Trafalgar Street, addresses these underperforming assets, and responds to the message from our retail, hospitality and commercial sectors.

“ .....  
Council is looking for opportunities to use its properties in the CBD to drive better outcomes for our community.  
..... ”





In 2016/17, the Haven Precinct will move to the development plan stage. It is time to unlock the potential of the Haven Precinct and make the most of Nelson's natural and recreational assets by creating walking and cycling connections, quality public spaces and opportunities for private investment. This is a priority for Council.

Connecting the city to the sea is vital for Nelson. What I enjoy about this city is how accessible everything is. Whether you're wanting to relax on our beautiful beaches, experience our many walking and cycling trails, or savour our local produce on offer, everything is within an arm's reach for both locals and our visitors, right from the moment they step off the plane. Our vision for the waterfront can only make it easier for people to access the lifestyle they love and the experience they are seeking.

One element of the Nelson lifestyle that the community showed particular passion for throughout the Annual Plan consultation was mountain biking. Hundreds of you told Council how much you value the network of trails weaving through our stunning outdoor spaces. Council is committed to supporting development of this sport with the right facilities and a strategic approach, and we are investing funds to grow Nelson as a world class cycling destination. There are not only social and recreational opportunities here, but

potential economic and tourism benefits. Mountain biking and trail cycling could see Nelson being as busy in the shoulder and winter seasons as we are in summer.

Throughout the year we will continue to progress the review of the Marina Precinct, the Stoke Urban Design project, and activation of strategic sites around the Central Business District.

A significant collaborative enterprise is included in the Plan - an initiative to develop a shared regional landfill with Tasman District Council. Economic analysis shows this has clear benefits for ratepayers in both districts - you can read about this in the Key Issues section.

Please take the time to look at the updates in this 2016/17 Annual Plan. Our plans for making Nelson an even better place to live will only come to life if we have a common vision and work together as a community.



**Rachel Reese**  
Mayor of Nelson

# CHIEF EXECUTIVE'S MESSAGE

Council is a critical organisation in the Nelson community: amongst its many responsibilities, it sets the scene for the City's strategic direction; it carries out a regulatory function and provides a range of services for development which contribute to the prosperity of the region, and we are a major employer. Recognising this, I have been working with the Senior Leadership Team to encourage all staff to see we work *in* and *with* our community.

We do this in a variety of ways, depending upon the activity.

“ .....

Our work to build stronger relationships with the business community through organisations such as the Contractors' Federation, the Chamber of Commerce and other groups will continue. Better decisions are made by being more informed.

..... ”

Our work to build stronger relationships with the business community through organisations such as the Contractors' Federation, the Chamber of Commerce and other groups will continue. Better decisions are made by being more informed. Council owns a number of properties in the city – some are for core Council business, and some were purchased for

strategic purposes. We are engaging with a range of stakeholders to ensure sound decisions are made on the future of these.

Council is not a business, but it must act in a business-like fashion. As part of my ongoing commitment to improving the efficiency and value for money of Council services, a business case approach to all our capital projects has been implemented. This ensures better understanding of all the costs, benefits and risks of projects before they commence. Although this approach is in its early stages the benefits can already be seen.

The commitment to working closely with willing partners in the community continues. Where groups and individuals have already built a coalition in support of a project it is easier to justify Council becoming involved. And the resources such partnerships bring reduce the reliance on ratepayer dollars. This can be seen in the approach made by stakeholders in Church Street; they'd like to see changes in their area and want to partner with Council to make this happen.

Similarly, our consents team is working to make the process for resource and building consents more seamless. Early indications are that this has been well received.

The job of providing such a wide range of services across the city is a complex and busy undertaking. It would not be possible without the team of dedicated staff at Council and their passion for making Nelson an even better place for us all to live in.



**Clare Hadley**  
Chief Executive Officer

# SETTING THE RATES

The overall average increase in rates required for 2016/17 is 2.82%. Following a community consultation period running from 11 March to 11 April 2016 Council deliberated on the feedback received and then made decisions on the Annual Plan.

## HOW YOUR RATES DOLLAR IS SPENT

Makeup of average annual rates bill  
(\$2,863 including GST)



- |   |   |
|---|---|
| ● Parks and Active Recreation: <b>\$483</b> | ● Environment: <b>\$286</b>                     |
| ● Water Supply: <b>\$521</b>                | ● Stormwater and Flood protection: <b>\$271</b> |
| ● Social: <b>\$432</b>                      | ● Economic: <b>\$65</b>                         |
| ● Transport: <b>\$393</b>                   | ● Corporate: <b>\$20</b>                        |
| ● Wastewater: <b>\$390</b>                  |   |





## KEY ISSUES AND NEW PROJECTS



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Haven Precinct

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Central Business District enhancement

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Trafalgar Theatre

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Landfill

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Business case approach to projects

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Changes to financial policies

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Operational income and expenditure

# KEY ISSUES AND NEW PROJECTS

## HAVEN PRECINCT

The beautiful Nelson waterfront is a significant asset for our city and one we can, and must, do more with. Council believes it is time to unlock the potential of the Haven Precinct and make the most of Nelson's natural and recreational assets.

Council's vision is for a waterfront that is a drawcard for both visitors and residents alike and helps reconnect our city to the coastline. To achieve this Council proposes to use sites it has purchased on Haven Road to create walking and cycling connections, quality public spaces and opportunities for private investment that enhance recreation and enjoyment of the area. This will recognise an important gateway to our city, support active recreation and encourage the use of our waterfront as a valued community space.

Work to achieve this vision will be staged over a number of years commencing in 2016/17 with an allocation of \$150,000 for development of early concept design work.<sup>1</sup>

## CENTRAL BUSINESS DISTRICT ENHANCEMENT

In the Long Term Plan 2015-25, Council set aside \$894,000 for capital projects to enhance the Central Business District (CBD), spread over multiple years. The aim was to work collaboratively with other partners involved in the CBD to determine priorities. Feedback from CBD stakeholders has highlighted that encouraging activity is as important as physical works. Council is supporting initiatives to ensure our CBD continues to be attractive to visitors, including pop-up parks, events and promotion initiatives by Uniquely Nelson. Council's intention is to manage these initiatives within existing budgets or by securing sponsorship and grants. Council has been approached by building owners and tenants from Church Street to

work together on an upgrade of the area. In 2016/17 this will be investigated as part of work to make the most of the city's laneways. Options for increasing street dining opportunities and encouraging other activity in the central city will also be considered. There will be a budget of \$407,000 for capital works in 2016/17 to assist with this work.<sup>1</sup>

## ELMA TURNER LIBRARY

In the next three years, funding for the upgrade and expansion of the Elma Turner Library is allocated. This is a special project for our city, as libraries are key places at the heart of community life - they are people attractors.

Council has confirmed the library's riverside location as the site for its redevelopment and work will begin in 2016/17 on concept designs.

## STATE ADVANCES BUILDING AND CIVIC HOUSE

As a result of confirming the library's location, Council is now able to pursue developments for the vacant space in Civic House and the State Advances Building. This brings an exciting opportunity to revitalise this end of Trafalgar Street and addresses these underperforming assets. It also enables Council to respond to the message from our retail, hospitality and commercial sectors that Council must be active in enhancing the CBD and invite investment.

## TRAFALGAR THEATRE

Encouraging venues, activities and events that celebrate our city and support the city's business sector is a priority for Council. To achieve this, Council is continuing to invest in a range of community facilities and spaces for locals and visitors to enjoy. Council has

<sup>1</sup> Although this is a broader, urban design issue funding for this project has been included in the Transport Activity for accounting purposes.



identified an opportunity to investigate expanding the functions of the Trafalgar Centre to create a 1000-1200 seat flexible theatre space within the Trafalgar Centre, with the use of curtaining and temporary seating. This is a relatively low cost way to meet the demand for a venue of this size and attract a range of touring shows to Nelson that currently bypass our city. This is not, however, expected to fill the gap we have in Nelson around a larger performance venue and Council has \$25,000 allocated in 2017/18 to support a review of material previously prepared on development of a Performing Arts Centre.

Most of the elements needed to create this theatre were already funded in the Long Term Plan 2015-25. Council brought forward budget for seating and lighting from future years and allocated an additional \$400,000 in 2016/17 to support this project. Council believes that for a relatively marginal cost this project could add significant value to the Trafalgar Centre and to activity in the city.

## LANDFILL

In April 2012 Nelson City Council and Tasman District Council agreed a Joint Waste Management and Minimisation Plan. That Plan included a goal to jointly make the most effective and efficient use of the Councils' respective landfills, York Valley and Eves Valley. Investigation showed, in the first instance, that joint use of Nelson's York Valley landfill was the most cost-effective approach and this was consulted on in 2014. At that stage it was expected the joint landfill would become operational in 2016/17.

Since then, further work on the project has resulted in a proposal for the two landfills to be combined under a joint venture model, with each Council having a 50% share. As Nelson's landfill has a higher value due to available space under the resource consent, this will require a \$4.2million balancing payment from Tasman District Council to Nelson City Council. The joint

entity will use a model similar to the Nelson Regional Sewerage Business Unit which has looked after both Councils' interests successfully for the past 15 years. It is proposed that the new arrangement would become operational from 1 July 2017.

## MOUNTAIN BIKING

Council's 2016/17 work programme contains a total of \$178,000 for mountain biking tracks and projects. A grade 2 mountain bike track will be developed in Marsden Valley and funding will also be provided to partner with the Nelson Mountain Bike Club to reinstate the Codgers Track and to build a new track on Fringed Hill with toilet facilities.

The scope of Council's Off Road Tracks and Trails Strategy will be extended to consider the future economic potential from developing mountain biking as a visitor attraction. Council recognises the value to the region of a well-designed network of cycle facilities and wishes to work in partnership with interested community groups to achieve this.

Council acknowledges the importance of also developing a good network of walking tracks. These tracks will be identified concurrently with other off-road tracks and trails through the strategy development.

## GONDOLA

Council understands the economic benefits a gondola could generate through attracting visitors to Nelson and the potential synergies with mountain biking. Council has made provision for \$100,000 in the 2016/17 Annual Plan in order to support further work on the gondola project. This funding is contingent on a project plan being approved and on advice of positive economic impact of the gondola. \$50,000 of funding would contribute to project management cover the employment of a project manager by the Nelson Cycle



Lift Society and Council commissioning advice on the economic contribution of a gondola to mountain biking and the city. The additional \$50,000 would be provided for match/partnership funding which would be available once the Nelson Cycle Lift Society has raised at least \$50,000.

## **BUSINESS CASE APPROACH TO PROJECTS**

As part of work to ensure that Council is making cost-effective decisions based on sound prioritisation, organisational business cases are being developed for all capital projects. Business cases are a tool to test assumptions about a project, its fits with Council goals and options for delivery. They enable Council to make better informed decisions on value for money and achievement of outcomes. A small proportion of projects will be delayed in 2016/17 as Council implements this new organisational business case approach. This will allow the time needed for robust analysis and ensures that Council is focussing its efforts on the highest priority projects. Overall, the delayed projects have only a minor impact on the size of the capital work programme in 2016/17.

Those projects that have had a timing change as a result of this approach are listed in the activity sections.

## **CHANGES TO FINANCIAL POLICIES**

### **Separately Used or Inhabited Part of a Property (SUIP)**

Council has added additional wording to the definition of separately used or inhabited parts of a property (SUIPs) in order to clarify the definition of what is a SUIP.

For more information on this change see the Funding Impact Statement of this Annual Plan 2016/17.

## **OPERATIONAL INCOME AND EXPENDITURE**

Council has carefully examined all of its operational spending for opportunities to get better value for money and better informed estimates of the cost and timing of some items. Savings have been possible in a number of areas by reducing overly conservative contingencies. Other adjustments have been made as a result of contract renewals, changes in market pricing and more accurate estimates of expected income. In addition, changes to health and safety legislation have required increases to operational budgets to ensure compliance.

More details on adjustments to operational budgets are included in the individual activity sections.



## COUNCIL ACTIVITIES



Transport

Water supply

Wastewater

Stormwater

Flood protection

Environment

Social

Parks and active recreation

Economic

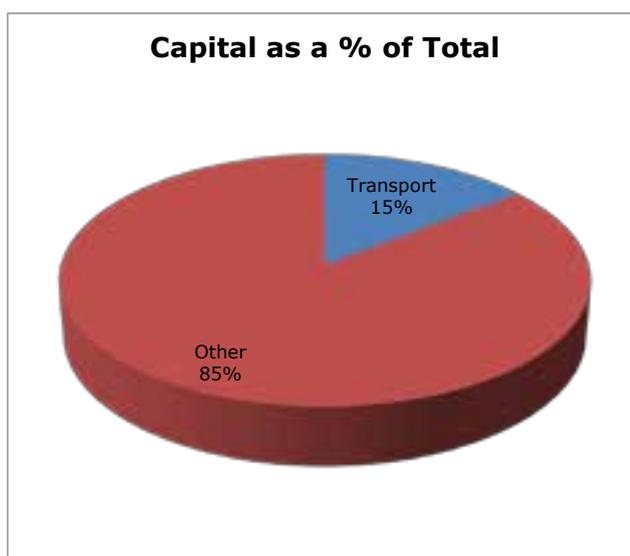
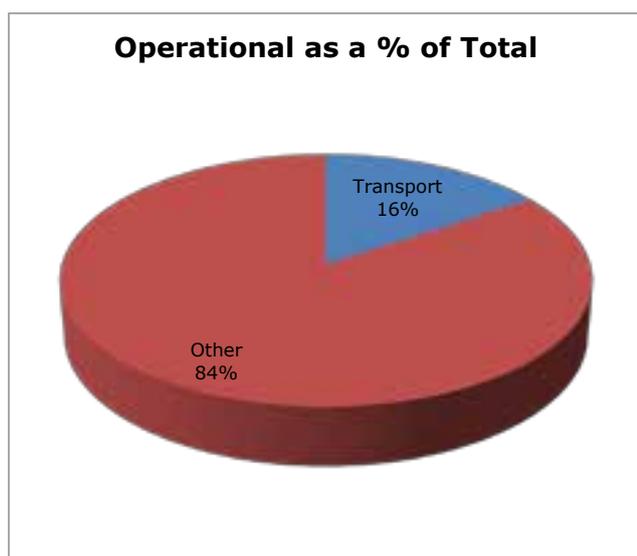
Corporate

Each of these activities is summarised in the following pages with comments on any major changes to Year 2 (2016/17) of the Long Term Plan 2015-25.

# TRANSPORT

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. Council also manages road safety, parking control, traffic control and public transport services within the transport activity.

The graphs below show how much of Council's total operational and capital budgets are to be spent on the transport activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other transport activities are to be delivered as stated in the Transport activity section of the Long Term Plan 2015-25.

## YEAR 2 (2016/17) PROJECT UPDATES

### Haven Precinct

The beautiful Nelson waterfront is a significant asset for our city and one we can, and must, do more with. Council believes it is time to unlock the potential of the Haven Precinct and make the most of Nelson's natural and recreational assets.

Council's vision is for a waterfront that is a drawcard for both visitors and residents alike and helps reconnect our city to the coastline. To achieve this Council proposes to use sites it has purchased on Haven Road to create walking and cycling connections, quality public spaces and opportunities for private investment that enhance recreation and enjoyment of the area. This will recognise an important gateway to our city, support active recreation and encourage the use of our waterfront as a valued community space.

Work to achieve this vision will be staged over a number of years commencing in 2016/17 with an allocation of \$150,000 for development of early concept design work.

### Central Business District enhancement

In the Long Term Plan 2015-25, Council set aside \$894,000 for capital projects to enhance the Central Business District (CBD), spread over multiple years. The aim was to work collaboratively with other partners involved in the CBD to determine priorities. Feedback from CBD stakeholders has highlighted that encouraging activity is as important as physical works. Council is supporting initiatives to ensure our CBD continues to be attractive to visitors, including pop-up parks, events and promotion initiatives by Uniquely Nelson. Council's intention is to manage these initiatives within existing budgets or by securing sponsorship and grants. Council has been approached by building owners and tenants from Church Street to

work together on an upgrade of the area. In 2016/17 this will be investigated as part of work to make the most of the city's laneways. Options for increasing street dining opportunities and encouraging other activity in the central city will also be considered. There will be a budget of \$407,000 for capital works in 2016/17 to assist with this work.

### Electronic ticketing

\$25,000 is budgeted to improve the efficiency and regulation of Total Mobility fares by introducing new software. Total Mobility is a door-to-door passenger transport scheme to assist people with disabilities. The new software will reduce the risk of fraud or mis-use by operators and will reduce administration costs.

### Graffiti

Council wishes to keep Nelson free of graffiti and will work in partnership with other agencies whose assets may be targeted, such as Network Tasman and the New Zealand Transport Agency, to promote a more effective approach to graffiti removal.

### Transport requirements for Growth in the Hill Street/Champion Road Area

A submission to the Annual Plan sought Council's investment in infrastructure to support the proposed Saxton Special Housing Area. As a result of the submission, Council considers that it has community benefits wider than that can be attributed to the Special Housing Area and has agreed to consult with the community on amendments to the Long Term Plan and Development Contributions Policy as part of the 2017/18 Annual Plan consultation. The proposed amendments would include projects for the Hill Street to Suffolk Road Link, upgrade of Hill Street North, and the bridging of Saxton Stream from Hill Street North to be added to Council's work programme.

## TIMING CHANGES

### Walking and cycling projects

Cycling continues to be a popular activity in Nelson with solid continued growth averaging 3.4% each year for the last 15 years on our popular urban roads and paths. More recently the Tasman Great Taste Trail experienced 46% growth over the Christmas 2015/16 period compared to 2014/15. Council has prioritised work on the Nelson sections linking to the Trail to ensure users can start their Trail experience from Nelson CBD via the waterfront.

Council has worked closely with the community to create the Out and About Policy which sets a vision and the outcomes desired for a safe and accessible network of pathways for all users. Council has reprioritised its work programme against the new policy and adjusted the timeframes of a number of walking and cycling connection projects accordingly. The updated programme of works will be supported by ongoing education around pathway etiquette. Council wants people to be able to use Nelson pathways safely, and to enjoy walking and cycling in our city.

Council has decided to deliver walking and cycling projects as follows:

The Rocks Road to Maitai pathway will be developed in stages. The first stage is planned along the waterfront between the Plant and Food building and the Reliance building. The second stage is planned from the Reliance building back to the Maitai Path at Rutherford Park. The expenditure in 2016/17 is less than was forecast in the Long Term Plan 2015-25 due to timing adjustments.

The Maitai Path and associated Nile Street Path has been deferred until 2019/20.

The implementation of the link between St Vincent Street and the CBD has been deferred from 2015/16 to 2016/17.

The Rocks Road walking and cycling investigation commenced as a joint Nelson City Council / NZ Transport Agency project. The funding split between Council and the NZ Transport Agency changed, as the investigation proceeded, to the Transport Agency being the main contributor. At that point it was determined it should take leadership of the Rocks Road project. It has been conducting the investigation on Rocks Road in parallel with the work it is undertaking on the Nelson Southern Link.

The NZ Transport Agency Nelson Southern Link project is considering options for a route to connect the state highway from Whakatu Drive to QEII Drive as part of the Government's Accelerated Regional Roading Package for state highway projects and is currently at the Programme Business Case stage. Council, while an important stakeholder, is not driving either project. The Transport Agency collected views from the community on the Nelson Southern Link project during March and April 2016. The Transport Agency will consider and provide advice to Government on next steps following the Programme Business Case after July 2016.

Expenditure of Council's funding (allocated for design of non-transport elements associated with the Rocks Road Walking and Cycling project) has been retained and carried forward to be available as soon as the Transport Agency is ready to proceed.

For further information see the NZTA project website: (<https://www.nzta.govt.nz/projects/nelson-southern-link/>). A detailed view of the Transport Agency's programme and a brief description of what a Programme Business Case is can be found on the NZTA website (<https://www.nzta.govt.nz/assets/projects/nelson-southern-link/nelson-southern-link-programme.pdf>).

In addition to walking and cycling projects, Council will investigate additional cycle safety signage on the Cable Bay Road. Any funding would come from existing budgets. Council has also referred a discussion

on further cycle safety in the northern State Highway area to the Regional Transport Committee.

Council also supports travel demand management and has committed that the Regional Transport Committee will engage with aligned stakeholder groups and provide feedback on priorities in Council’s travel demand activity areas.

### Atawhai hills and Stoke foothills traffic study

The Atawhai traffic study has been swapped with the Stoke Foothills Traffic Study which has been delayed from 2015/16 to 2016/17. The Atawhai Hills Traffic Study has been brought forward to 2015/16 so that the outputs of the study can be incorporated into the Nelson Plan work currently underway.

## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
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.	22% combined.
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.	Average peak hour travel time delays are no greater than five minutes above uncongested travel times.
Road safety.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number*.	The number of fatalities and serious injuries on local roads reduces by 4% per year from the 2007 base when there were 14 in total.
	Number of injury crashes per kilometre of road.	The collective risk for each year reduces by at least 4% per year from the 2007 base.
	Annual social cost of crashes (injury and non-injury) at intersections.	The social cost for each year reduces by at least 4% per year from the 2007 base.
	Number of crashes involving cyclists.	Nelson city cycle crash numbers do not increase from those in the base year of 2007.
	Number of crashes involving pedestrians.	Number of crashes involving pedestrians each year reduces by at least 4% per year from the 2007 base.

Table continued overleaf



What Council will provide	Performance measures	Year 2 (2016/17) targets
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 annual total social cost is below the previous five year average.
The Network, and its services, in good condition and "fit for purpose".	The average quality of ride on a sealed local road network, measured by smooth travel exposure*.	87% based on NZ Transport Agency standard roughness limits in One Network Road Classification (ONRC).
	Average road roughness standard (National Association of Australian State Roading Authorities) by road classification.	The following maximum average road roughness are not exceeded: Arterial/ Principal, 100; Collector/Sub Collector, 110.
	Average road roughness standard (National Association of Australian State Roading Authorities) by road classification.	The following maximum average road roughness are not exceeded: Local, 120; Rural sealed, 120.
	The percentage of the sealed local road network that is resurfaced* (annually).	6.4% - 7.4%.
	The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the Transport Asset Management Plan*.	95% of the footpath network by length has a condition rating of $\leq 3$ .
Public transport services that meet the transport needs of the community with an equitable sharing of costs.	The fare recovery ratio.	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.	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 five locations within the CBD fringe.	A reducing trend.
Public satisfaction.	Percentage of public satisfied and dissatisfied with the transport activity (based on Annual Residents Survey).	More than 50% of respondents are either very satisfied or satisfied, and less than 10% are either dissatisfied or very dissatisfied.
Customer responsiveness.	The percentage of customer service requests relating to roads and footpaths to which the Council responds within the time frame specified in the Transport Asset Management Plan*.	80% of service requests responded to within five working days.

\*Performance measures with an asterisk have been updated from the Long Term Plan 2015-25 to reflect the wording of the Non-Financial Performance Measures of the Department of Internal Affairs (DIA). This is to allow the DIA to compare these measures across councils.



## TRANSPORT FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16	Long Term Plan 2016/17	Annual Plan 2016/17	Difference to LTP 2016/17
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	10,484	10,298	10,453	155
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	2,203	2,302	2,307	5
Fees and charges	585	596	596	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,920	1,902	1,904	2
<b>Total Operating Funding</b>	<b>15,192</b>	<b>15,098</b>	<b>15,260</b>	<b>162</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	9,790	9,533	10,053	520
Finance costs	169	166	154	(12)
Internal charges and overheads applied *	1,581	1,411	1,328	(83)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>11,540</b>	<b>11,110</b>	<b>11,535</b>	<b>425</b>
<b>Surplus (Deficit) of operating funding</b>	<b>3,652</b>	<b>3,988</b>	<b>3,725</b>	<b>(263)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,385	1,857	1,856	(1)
Development and financial contributions	188	191	192	1
Increase (decrease) in debt	1,275	24	710	686
Gross proceeds from sale of assets	21	22	22	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>3,869</b>	<b>2,094</b>	<b>2,780</b>	<b>686</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	950	226	228	2
- to improve level of service	3,224	2,679	3,150	471
- to replace existing assets	3,347	3,177	3,127	(50)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>7,521</b>	<b>6,082</b>	<b>6,505</b>	<b>423</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(3,652)</b>	<b>(3,988)</b>	<b>(3,725)</b>	<b>263</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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



### 2016/17 Annual Plan Variances against Long Term Plan

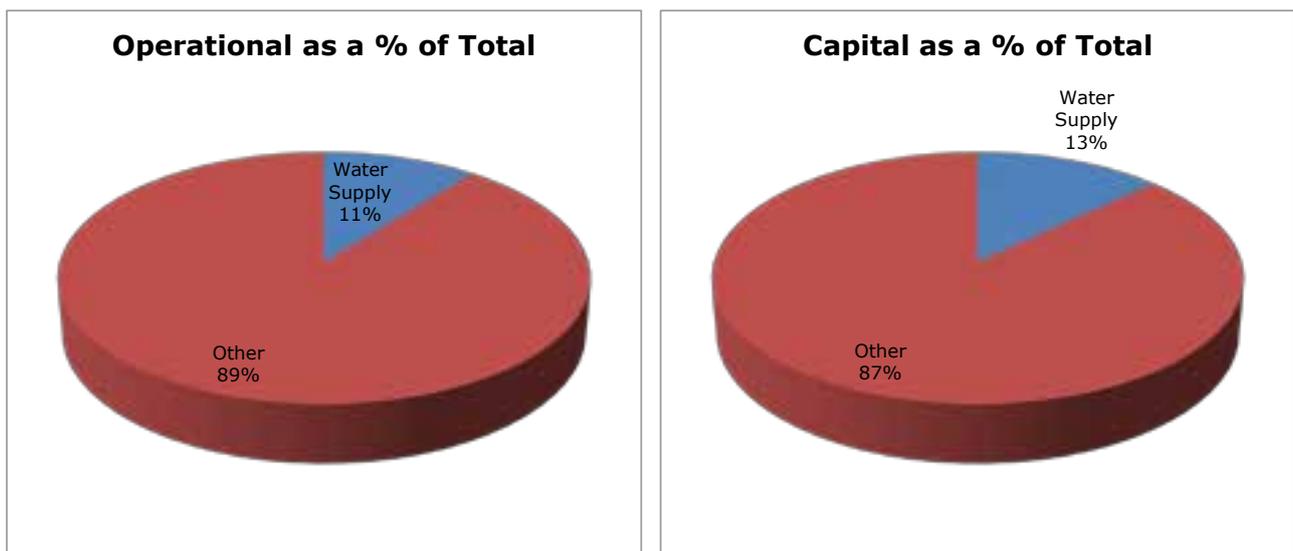
Changes to operating expenditure include increased costs of maintaining minor CBD assets such as parking meters and CCTV of \$32,000, and the remaining remediation work from the 2011 emergency event of \$492,000.

Changes to the capital programme are listed at the end of the Financials section of this document.

# WATER SUPPLY

Council supplies high quality water to most Nelson households and businesses through a piped network. 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.

The graphs below show how much of Council's total operational and capital budgets are to be spent on the water supply activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other water supply activities are to be delivered as stated in the water supply activity section of the Long Term Plan 2015-25.



## YEAR 2 (2016/17) PROJECT UPDATES

### Waimea Community Dam

The funding model for the dam is still being finalised amongst the key stakeholders. As Council is yet to receive confirmation of the funding basis for the dam, no specific financial allocation has been made in this Annual Plan. However 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.

### Maitai Pipeline (WTP – Westbrook Terrace)

This is reported as a variation to the Long Term Plan as Council resolved in December 2015 to increase the funding for the Maitai Pipeline Upgrade by \$800,000 in line with the higher than anticipated costs due to health and safety considerations during the construction phase.

### Fluoridation of Nelson's water supply

Although there was no proposal in the draft Annual Plan 2016/17 for fluoridation of Council's water supply, a number of submissions were received from residents concerned about the possibility of fluoridation. A Bill is expected to be introduced to Parliament later in 2016 that will move the decision making on fluoridation from local authorities to District Health Boards. In response to submitters, Council has provided the Nelson Marlborough District Health Board with copies of submissions to the Annual Plan relating to fluoride and encouraged the Board to engage with concerned residents.

## TIMING CHANGES

### Atawhai No.2 Reservoir

Council has delayed the project to identify and purchase a site for a future reservoir for the Atawhai area from 2016/17 to 2017/18 (\$103,000 in 2016/17). Construction of the reservoir is not planned until 2021-2023 and will not be impacted by the delay. Council's objective is to achieve the right outcomes and site purchase should follow that assessment.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### Residential meters renewal programme

Council has delayed the renewal of residential water meters (\$103,000) to 2017/18 when a trial of remote sensing meters will have been completed. The trial will inform a cost-benefit analysis of the project.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### Natural hazards risk assessment

This project is to identify the risk to the water network from natural hazards and was scheduled to be completed in 2016/17. The study has been delayed for one year to allow completion of a similar project being undertaken by central government for our Council. The advantage of following the central government project is that Council can then address any information gaps remaining and focus its spending on development of subsequent solutions.

## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
Good quality water.	The extent to which drinking water supply complies with: <ul style="list-style-type: none"> <li>a) part 4 of the drinking-water standards (bacterial compliance criteria), and</li> <li>b) part 5 of the drinking-water standards<sup>3</sup> (protozoal compliance criteria)*.</li> </ul>	Maintain Ab grading <sup>3</sup> and ensure potable water supplied to customers.
	The total number of complaints received about any of the following: <ul style="list-style-type: none"> <li>a) drinking water clarity</li> <li>b) drinking water odour</li> <li>c) drinking water pressure or flow</li> <li>d) continuity of supply, and</li> <li>e) the response to any of these issues expressed per 1000 connections to the networked reticulation system*.</li> </ul>	No more than 100 justifiable complaints.*
Reliable supply of water.	The average consumption of drinking water per day per resident*.	Normal demand is less than 500L per person per day.*
	The percentage of real water loss from the networked reticulation system (including a description of the methodology used to calculate this)*.	Real water loss is less than 25%*
	Water usage.	Compliance with resource consent abstraction rates.
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 model identifies 80% of properties with acceptable pressure.

Table continued overleaf

<sup>2</sup> Ministry of Health (2008), *Drinking-water Standards for New Zealand 2005 (Revised 2008)*, Wellington, Ministry of Health

<sup>3</sup> Ministry of Health grading system – the upper case 'A' refers to the source and treatment of the water and the 'b' refers to the distribution of the water.



What Council will provide	Performance measures	Year 2 (2016/17) targets
Adequate flows of water.	Meet NZ Fire Service fire flows (and therefore domestic and commercial/ industrial flows) to all parts of the city.	Computer model identifies at least 95% of properties served by the network with acceptable flows.
A prompt response to reported network issues.	<p>Where attending a call-out in response to a fault or unplanned interruption to the networked reticulation system, the following median response times measured:</p> <p>a) attendance for urgent call-outs: from the time that notification is received to the time that service personnel reach the site, and</p> <p>b) resolution of urgent call-outs: from the time that notification is received to the time that service personnel confirm resolution of the fault or interruption.</p> <p>c) attendance for non-urgent call-outs: from the time that notification is received to the time that service personnel reach the site, and</p> <p>d) resolution of non-urgent call-outs: from the time that notification is received to the time that service personnel confirm resolution of the of the fault or interruption*.</p>	<p>Contractor to attend urgent call-outs in a median time of 60 minutes or less.</p> <p>Contractor to resolve urgent call-outs in a median time of 480 minutes or less.</p> <p>Contractor to attend non-urgent call-outs in a median time of 660 minutes or less.</p> <p>Contractor to resolve non-urgent call outs in a median time of 1440 minutes or less.*</p>
A network that protects the natural environment.	Comply with resource consents RM025151 and RM975374 conditions for allowable water abstraction rates, re-vegetation of stream banks and eel and fish passage requirements.	100% compliance.

\*Performance measures with an asterisk have been updated from the Long Term Plan 2015-25 to reflect the wording of the Non-Financial Performance Measures of the Department of Internal Affairs (DIA). This is to allow the DIA to compare these measures across councils. Targets have been adjusted where necessary to align.

## WATER SUPPLY FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Annual Plan 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	11,709	12,019	11,728	(291)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	31	31	31	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	7	8	8	0
<b>Total Operating Funding</b>	<b>11,747</b>	<b>12,058</b>	<b>11,767</b>	<b>(291)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,032	6,129	6,018	(111)
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,748	1,815	1,634	(181)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>7,780</b>	<b>7,944</b>	<b>7,652</b>	<b>(292)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>3,967</b>	<b>4,114</b>	<b>4,115</b>	<b>1</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	281	287	281	(6)
Increase (decrease) in debt	2,412	1,044	1,393	349
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>2,693</b>	<b>1,331</b>	<b>1,674</b>	<b>343</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	1,150	0	0	0
- to improve level of service	3,182	3,253	3,667	414
- to replace existing assets	2,328	2,192	2,122	(70)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>6,660</b>	<b>5,445</b>	<b>5,789</b>	<b>344</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(3,967)</b>	<b>(4,114)</b>	<b>(4,115)</b>	<b>(1)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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





### 2016/17 Annual Plan Variances against Long Term Plan

There have been reductions in budgets for electricity and insurance costs (\$152,000) to bring them more in line with recent expenditure, and in provisions for reactive maintenance (\$118,000). A budget of \$205,000 for water loss reduction investigation/monitoring has been transferred from capital expenditure.

Internal charges (interest) have decreased in response to changes in the capital programme in 2015/16 along with a more favourable interest rate environment than predicted in the LTP.

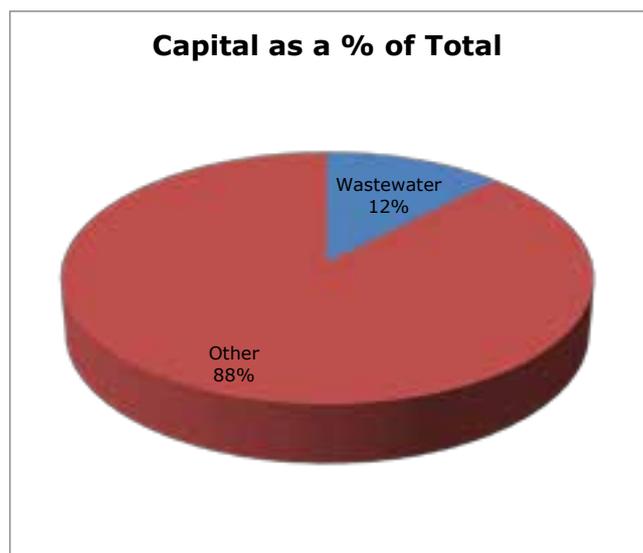
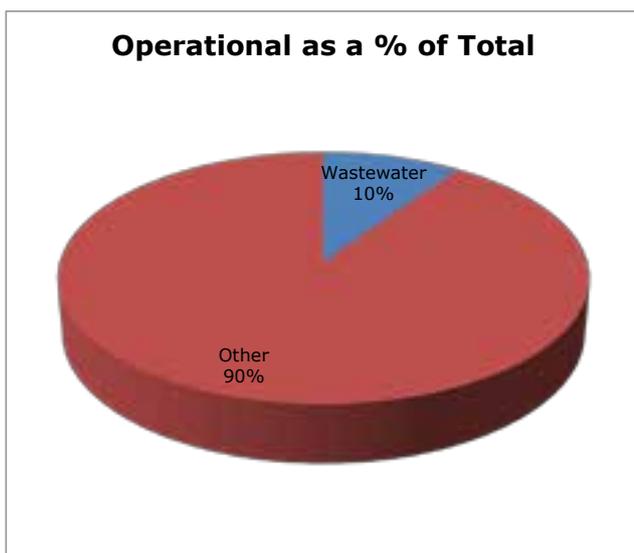
Debt required has increased in line with the increase in capital expenditure.

Changes to the capital programme are listed at the end of the Financials section of this document.



As part of its statutory obligations, Council's wastewater activity includes the collection, treatment and disposal of sewage and other wastewater that is discharged into Nelson's sewers in order to prevent harm to people, contribute to their wellbeing and protect the environment.

The graphs below show how much of Council's total operational and capital budgets are to be spent on the wastewater activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other wastewater activities are to be delivered as stated in the wastewater activity section of the Long Term Plan 2015-25.





## YEAR 2 (2016/17) PROJECT UPDATES

### Atawhai rising main

A non-invasive investigation was undertaken on the Atawhai rising main to identify any immediate areas of concern that require programming of repair works. Preliminary results have identified approximately 200m of pipeline where pockets of gas have been found. These pockets can lead to a weak acid developing on the soffit of the pipe that weakens concrete and can result in the pipe failing. Results of a more detailed study will be available at the end of 2015/16 and remedial works and repairs will be carried out in 2016/17. An additional budget of \$70,000 for 2016/17 is expected to be required for these works.

## TIMING CHANGES

### Gracefield beheading

Council has brought forward the first year options report for the Gracefield beheading project from 2018/19 to 2016/17, along with the required funding of \$52,000. This project will investigate options to address wastewater overflows in the lower catchment and allow for more intensive development in the Princes Drive and Wakatu areas into the future. The beheading project will look to redirect wastewater from the wider Wakatu catchment towards the Quarantine Road pump station.

### Nelson Waste Water Treatment Pond de-sludging

Council has delayed moving sludge from the Nelson Waste Water Treatment Plant to the York Valley landfill (\$354,000 in 2016/17) from 2016/17 until the 2017/18 financial year to allow additional drying prior to removal from the site.

### Pump station storage

The project is to provide information to meet resource consent conditions in the medium term. Works scheduled for 2016/17 (\$123,000) can be delayed for one year without impacting on compliance with consent conditions.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### Natural hazards risk assessment (wastewater)

This project is to identify the risk to the wastewater network from natural hazards. The Nelson Waste Water Treatment Plant was looked at in 2015/16 and the remainder of the network is scheduled to be completed in 2016/17. The study has been delayed for one year to allow completion of a similar project being undertaken by central government for our Council. The advantage of following the central government project is that Council can then address any information gaps remaining and focus its spending on development of subsequent solutions.

## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
A fully operational wastewater treatment plant.	Level of compliance of treatment plant with resource consent conditions.	100% compliance.
	The number of dry weather sewerage overflows from the sewerage system, expressed per 1000 sewerage connections*.	The number of dry weather sewerage overflows from the territorial authority's sewerage system is less than 10 per 1000 connections.*
Appropriate response to reported network issues.	The following median response times are measured for sewerage overflows resulting from a blockage or other fault in the sewerage system: a) attendance time: from the time notification is received to the time that service personnel reach the site, and b) resolution time: from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault*.	Contractor to attend in a median time of 120 minutes or less.  Contractor to resolve issue in a median time of 480 minutes or less.*
Environmental protection.	Compliance with the territorial authority's resource consents for discharge from the sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions in relation to those resource consents*.	100% compliance.
	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with the sewerage system, expressed per 1000 connections to the sewerage system*.	No more than 50 justifiable complaints a year per 1000 connections.*

\*Performance measures with an asterisk have been updated from the Long Term Plan 2015-25 to reflect the wording of the Non-Financial Performance Measures of the Department of Internal Affairs (DIA). This is to allow the DIA to compare these measures across councils. Targets have been adjusted where necessary to align.



## WASTEWATER FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16	Long Term Plan 2016/17	Annual Plan 2016/17	Difference to LTP 2016/17
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	7,093	7,468	6,864	(604)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	1,250	1,299	1,274	(25)
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,433	2,598	2,455	(143)
<b>Total Operating Funding</b>	<b>10,776</b>	<b>11,365</b>	<b>10,593</b>	<b>(772)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,848	6,314	5,658	(656)
Finance costs	441	444	0	(444)
Internal charges and overheads applied *	275	299	575	276
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>6,564</b>	<b>7,057</b>	<b>6,233</b>	<b>(824)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>4,212</b>	<b>4,308</b>	<b>4,360</b>	<b>52</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	469	487	469	(18)
Increase (decrease) in debt	2,057	1,084	637	(447)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>2,526</b>	<b>1,571</b>	<b>1,106</b>	<b>(465)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	1,009	823	292	(531)
- to improve level of service	4,347	3,501	3,570	69
- to replace existing assets	1,382	1,555	1,604	49
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>6,738</b>	<b>5,879</b>	<b>5,466</b>	<b>(413)</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(4,212)</b>	<b>(4,308)</b>	<b>(4,360)</b>	<b>(52)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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





## 2016/17 Annual Plan Variances against Long Term Plan

The reduction in non-rate income is driven by lower operational costs in the Nelson Regional Sewerage Business Unit (NRSBU), and reduced return from assets employed in the NRSBU.

Desludging work at the Nelson North Wastewater Treatment Plant has been delayed for a year, resulting in \$354,000 of savings in 2016/17. Provisions for reactive maintenance have been reduced by \$78,000. There are savings in electricity and insurance costs, and in the costs of biosolids disposal.

Internal charges (interest) have decreased by \$112,000 in response to changes in the capital programme in 2015/16 along with a more favourable interest rate environment than predicted in the LTP. Interest costs relating to the NRSBU have been recategorised from finance costs resulting in a net increase in internal charges.

Debt required has decreased in line with the decrease in capital expenditure.

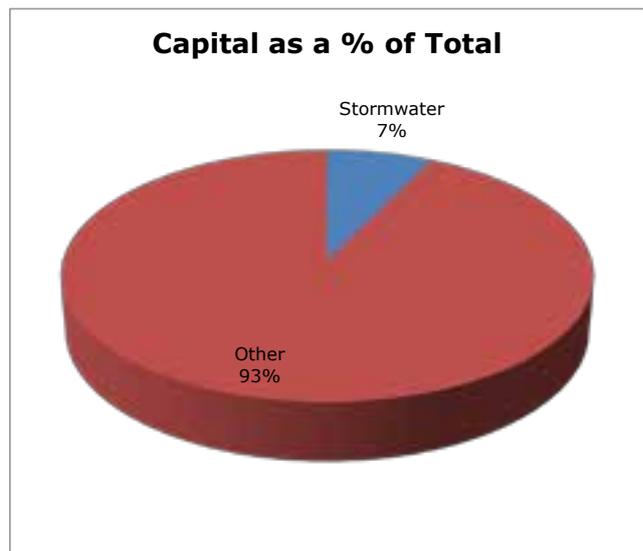
Changes to the capital programme are listed at the end of the Financials section of this document.

# STORMWATER

The stormwater network covers 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.

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

The graphs below show how much of Council's total operational and capital budgets are to be spent on the stormwater activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other stormwater activities are to be delivered as stated in the stormwater activity section of the Long Term Plan 2015-25.

In the Long Term Plan 2015-25, Council agreed to a significant programme of works for improvements to the stormwater network throughout the city. To ensure there are adequate resources to complete projects to a high standard a small number of projects have been delayed from 2016/17. The stormwater projects that are rescheduled in this Annual Plan are those smaller projects that have lower levels of risk or those that are best carried out in conjunction with other utility projects to minimise cost and disruption. The rescheduling to future years does not impact on Council's commitment to providing an adequate stormwater network to the city.

## YEAR 2 (2016/17) PROJECT UPDATES

### Strawbridge Square investigation

Council has included \$20,000 in the 2016/17 financial year stormwater budgets to provide for investigation into flooding in Strawbridge Square and associated design works.

## TIMING CHANGES

### Arapiki Road Stormwater

This project is to finalise options for upgrades to the stormwater network, including secondary flowpaths, in the Arapiki Road area. Council has brought forward the first year options report from 2018/19 to 2016/17, along with the required funding of \$50,000. This will provide some certainty to property owners as they plan for future development.

### Montcalm/Arrow/Washington Valley/Hastings stormwater

This project is to complete design and then construct an updated stormwater system for the length of Washington Valley. The first stage in 2015/16 was upgrading Arrow Street in conjunction with the Arrow Street pavement reconstruction. The next stage of the project, costing \$154,000, is delayed for one year to 2017/18.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### Halifax Street upgrade (Tasman to Milton)

Council has delayed the investigation work for providing stormwater, sewer and roading upgrades for Halifax Street (Tasman to Milton St). \$77,000 of stormwater and roading funding was scheduled for 2016/17 and will now be rescheduled in the Long Term Plan 2018-28. The project will benefit from being constructed at the same time as the roading upgrades.

### St Vincent/Hastings Street Culvert

Council has delayed this stormwater renewal project (\$154,000 in the 2016/17 year) in order to link the project with transport work and maximise the service life of the existing concrete box culvert.

### Kauri Street stormwater

Council has delayed the first stage of a stormwater construction in Kauri Street for one year to the 2017/18 financial year (\$10,000).

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### Tide gate renewals

This project is to investigate and renew tide flap gates on stormwater outlets in multiple locations. Council has delayed this work and its \$26,000 budget for three years.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### Coleridge Place secondary flow path

Council has delayed the Coleridge Place secondary flow path project (costed at \$21,000) to 2017/18.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### **Nayland Road/Galway Street**

This project is to address localised flooding to a small number of properties. The construction works for this project at a cost of \$72,000 in 2016/17 is delayed until 2017/18.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### **Buxton carpark North West corner**

This project is to address the stormwater issues in the north western corner of the Buxton carpark. This project links with the Fiddle Lane upgrade that will see construction of a sun shade between adjacent buildings. The stormwater project scheduled for 2016/17 (\$62,000) is delayed for one year.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### **Private drains/sub programme**

This budget is to respond to requests for stormwater improvements arising from developments and involves multiple projects through the city to upgrade pipes and channels on private property that would be considered public drains. The priority for each year is set as a result of complaints or new information. Any work scheduled for 2016/17 (\$51,000) is delayed for one year.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### **Piping ditches programme**

This budget is to pipe sections of open channels that have been identified as potential maintenance or nuisance issues. The priority for the project is set each year as a result of complaints or information and this work (\$51,000) is delayed for one year.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### **Nile Street East stormwater**

Council has increased the budget of this project by \$92,000 to a total of \$605,000 in 2016/17 as the estimate has increased, informed by detailed design that has been carried out.

## **PROJECTS REMOVED**

### **Stormwater renewals**

The stormwater renewals budget was included in the Long Term Plan 2015-25 to carry out stormwater renewals projects throughout the city. As the stormwater network is not subject to the same operational pressures as the water or wastewater network, it is still in acceptable condition. There are very few renewal projects needed in 2016/17. Council seeks to only charge ratepayers for projects that it knows will need to occur. The budget of \$51,000 will reduce by \$20,000 in 2016/17 to complete one project started in 2015/16. A renewal strategy is currently being developed to support expenditure in future years.

## Building Act compliance, dams

This budget of \$20,000 has been removed from the 2016/17 Annual Plan because central government has signalled likely changes to the legislation covering dam safety. Council will programme any works required once this legislation is in place.

## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
<b>Environmental Protection</b> For the built and natural environment from stormwater discharges.	Compliance with resource consents for discharge from the stormwater system, measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) successful prosecutions received in relation to those resource consents*.	100% compliance.
	Stormwater network extended throughout the city.	Complete 80% of capital expenditure programme.
<b>Reliability</b> An operational stormwater network.	Number of blockages per 100 km of pipes on an annual basis.	Less than 25 blockages per 100km of pipes on an annual basis.
	a) The number of flooding events that occur. b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to stormwater system)*.	No damage from flood events up to Q2 level to more than 10 per 1000 properties per year.
	The median response time to attend a flooding event, measured from the time that notification is received to the time that service personnel reach the site*.	Median response time is less than 180 minutes*.
<b>Response to complaints</b> Minimise justifiable complaints.	The number of complaints received about the performance of the stormwater system, expressed per 1000 properties connected to the stormwater system*.	No more than 25 complaints per 1000 connections per year.

\*Performance measures with an asterisk have been updated from the Long Term Plan 2015-25 to reflect the wording of the Non-Financial Performance Measures of the Department of Internal Affairs (DIA). This is to allow the DIA to compare these measures across councils. Targets have been adjusted where necessary to align.

## STORMWATER FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Annual Plan 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	4,283	4,147	3,959	(188)
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
<b>Total Operating Funding</b>	<b>4,283</b>	<b>4,147</b>	<b>3,959</b>	<b>(188)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,270	1,068	956	(112)
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,008	998	852	(146)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>2,278</b>	<b>2,066</b>	<b>1,808</b>	<b>(258)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>2,005</b>	<b>2,081</b>	<b>2,151</b>	<b>70</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	263	267	267	0
Increase (decrease) in debt	329	436	855	419
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>592</b>	<b>703</b>	<b>1,122</b>	<b>419</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	2,474	2,703	3,238	535
- to replace existing assets	123	81	35	(46)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>2,597</b>	<b>2,784</b>	<b>3,273</b>	<b>489</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(2,005)</b>	<b>(2,081)</b>	<b>(2,151)</b>	<b>(70)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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



### 2016/17 Annual Plan Variances against Long Term Plan

Insurance costs and building act compliance costs have been reduced to reflect updated information (\$40,000). Staff costs have been reduced (\$88,000) as a result of a redistribution of staff time based on updated practise.

Internal charges (interest) have decreased in response to changes in the capital programme in 2015/16 along with a more favourable interest rate environment than predicted in the LTP.

Debt required has decreased in line with the decrease in capital expenditure.

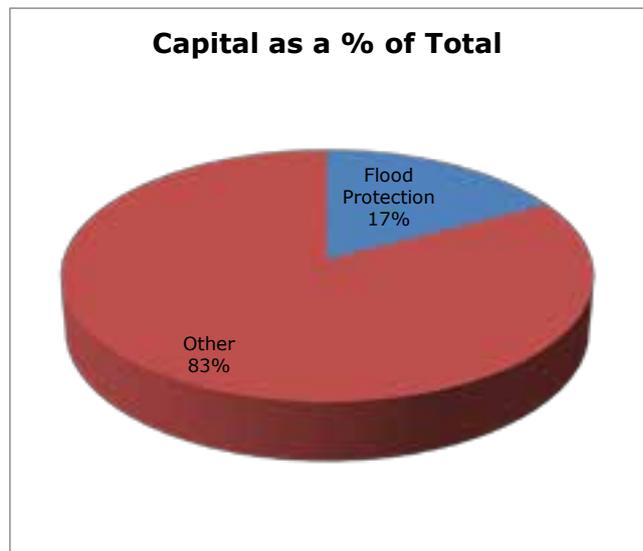
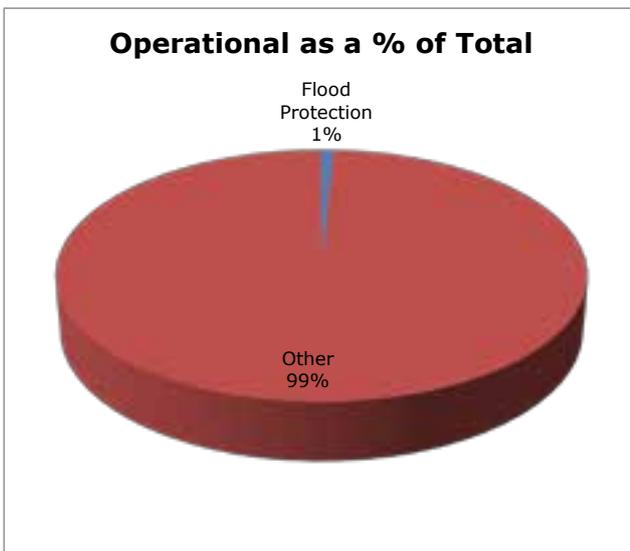
Changes to the capital programme are listed at the end of the Financials section of this document.

# FLOOD PROTECTION

The Nelson stormwater and flood protection system is in two parts – the natural waterways and a constructed stormwater system. This section covers the flood protection works that are generally associated with natural waterways.

Operations and maintenance in Council's flood protection activity centres on the rivers and streams in the urban area of Nelson city. Responses will depend on the risk profile for each river or stream and this evaluation is being carried out during 2016/17. 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 required as a result of climate change.

The graphs below show how much of Council's total operational and capital budgets are to be spent on the flood protection activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other flood protection activities are to be delivered as stated in the flood protection activity section of the Long Term Plan 2015-25.

## TIMING CHANGES

### Brook Stream outlet low flow

This project is to construct a low flow channel immediately downstream of Nile Street bridge. The work scheduled for 2016/17 (\$51,000) is delayed to 2017/18.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).



## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
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.	The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Stormwater and Flood Protection Asset Management Plan*.	<p>Network maintained to its current service potential.</p> <p>Damage from any flood event identified, prioritised and a repair programme agreed with the community.</p> <p>High priority works undertaken as soon as practicable.</p> <p>Network components are renewed to continue to provide their original design service potential.*</p>
	Damage to urban property from Maitai River flooding is minimised.	Urban section of Maitai River is inspected and maintained annually.
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.	Undertake design of preferred option to improve fish passage to the Brook Street channel.
	Channel maintenance works carried out in accordance with resource consents.	100% compliance with resource consent conditions.

\*Performance measures with an asterisk have been updated from the Long Term Plan 2015-25 to reflect the wording of the Non-Financial Performance Measures of the Department of Internal Affairs (DIA). This is to allow the DIA to compare these measures across councils. Targets have been adjusted where necessary to align.

## FLOOD PROTECTION FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16	Long Term Plan 2016/17	Annual Plan 2016/17	Difference to LTP 2016/17
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	735	1,238	938	(300)
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
<b>Total Operating Funding</b>	<b>735</b>	<b>1,238</b>	<b>938</b>	<b>(300)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	309	319	257	(62)
Finance costs	0	0	0	0
Internal charges and overheads applied *	286	744	551	(193)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>595</b>	<b>1,063</b>	<b>808</b>	<b>(255)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>140</b>	<b>175</b>	<b>130</b>	<b>(45)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	10,138	4,261	7,566	3,305
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>10,138</b>	<b>4,261</b>	<b>7,566</b>	<b>3,305</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	10,278	4,436	7,696	3,260
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>10,278</b>	<b>4,436</b>	<b>7,696</b>	<b>3,260</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(140)</b>	<b>(175)</b>	<b>(130)</b>	<b>45</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

### 2016/17 Annual Plan Variances against Long Term Plan

Internal charges (interest) have decreased in response to changes in the capital programme in 2015/16 along with a more favourable interest rate environment than predicted in the LTP.

Debt required has increased in line with the increase in capital expenditure.

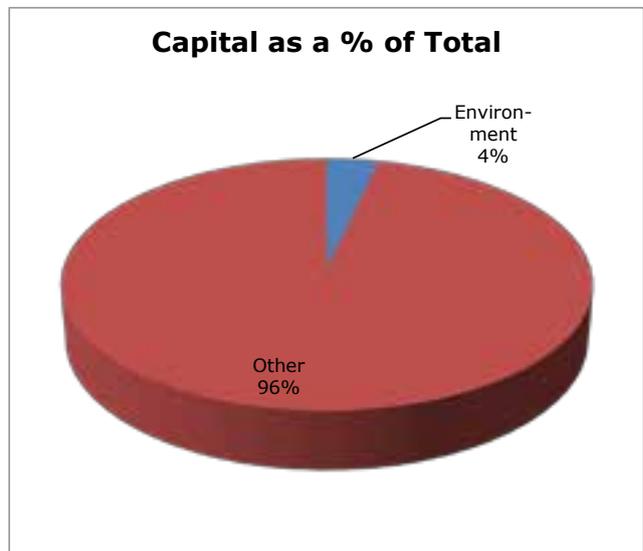
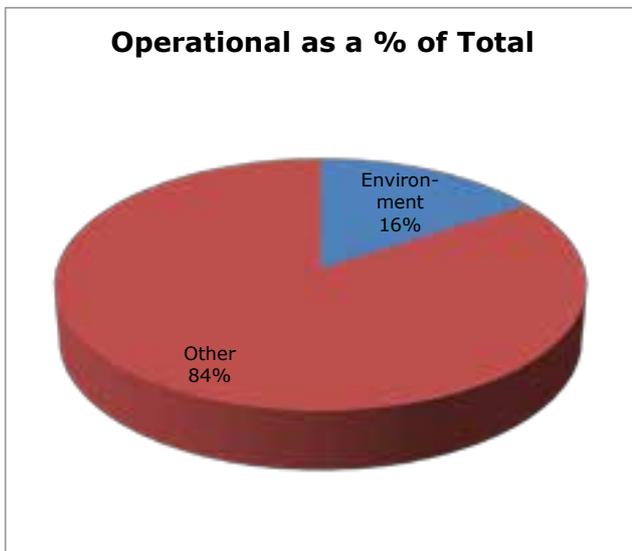
Changes to the capital programme are listed at the end of the Financials section of this document.



# ENVIRONMENT

As a unitary authority, Council has a wider span of environmental management responsibilities than most other councils as it manages both territorial authority and regional functions. Council's environmental functions include responsibilities for freshwater, coastal and marine environments, air, land, biodiversity and biosecurity, resource management planning, navigation safety, resource and building consents, waste management and minimization, environmental advice to landowners and residents, monitoring, education, advocacy and enforcement. This activity also includes emergency management and compliance functions such as dog control and liquor licensing.

The graphs below show how much of Council's total operational and capital budgets are to be spent on the environment activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other environment activities are to be delivered as stated in the environment activity section of the Long Term Plan 2015-25.

## YEAR 2 (2016/17) PROJECT UPDATES

### Air quality monitoring

The air quality monitoring budget has increased by \$14,000 annually. This is due to air quality monitoring equipment ageing and more frequent replacement of parts. In addition, there is an increase in filter analysis to ensure a good data set and the reinstatement of monitoring sites requiring purchase and analysis of extra filters and servicing costs.

Plan Change A3, which was notified in January with decisions expected in June 2016, makes provision for an additional 1600 ultra low emission burners in Stoke and the Brook/Atawhai airsheds, contingent on a 10% improvement in air quality. Provision for additional burners in the Victory/Hospital and Tahuna airsheds over time is also contingent on improved use. To achieve these improvements, Council has budgeted \$60,000 for a behaviour change programme in 2016/17. This programme will include an extension of the Good Wood scheme and other options being developed. It will also identify/target excessive and ongoing smoky burners and provide feedback to householders, follow up and monitoring of progress.

### River ecology monitoring

The State of Environment River and Stream Health monitoring programme has increased from quarterly to monthly to meet regional and national environmental monitoring information requirements. This monitoring is used to describe the state of our waterways, for national reporting to Land, Air and Water Aotearoa (LAWA) and will also contribute to the discussions that describe and prioritise the freshwater values and limits for the Nelson Plan. A review of the monitoring programme indicated additional sites in which monitoring should be occurring to ensure a robust data set for flow and water quality. As a result

of these changes, Council has included an increase in the River Ecology Monitoring budget of \$75,000 in 2016/17 which includes river low flow monitoring.

### Carbon liability

The Long Term Plan 2015-25 assumed a joint landfill to be operational in 2016/17 and estimated associated carbon pricing costs of \$214,000. As a result of the delay of the joint landfill proposal contained in this Annual Plan 2016/17 and of carbon pricing changes, the estimate for carbon liability under the Emissions Trading Scheme has since decreased to \$168,000.

### Recycling bins

Council resolved in December 2015 to collect recycling in wheelie bins in line with systems used successfully by other councils throughout New Zealand. This decision was made in response to changes to health and safety requirements and following ratepayer requests. The new system will be cleaner and safer for households, each of which will be provided with a new wheelie bin. This will cost an estimated \$1.1 million and the cost will be recovered through the general rate over ten years. The 2016/17 Annual Plan provides for the cost and charge of these wheelie bins.

### Landfill

In April 2012 Nelson City Council and Tasman District Council agreed a Joint Waste Management and Minimisation Plan. That Plan included a goal to jointly make the most effective and efficient use of the Councils' respective landfills, York Valley and Eves Valley. Investigation showed, in the first instance, that joint use of Nelson's York Valley landfill was the most cost-effective approach and this was consulted on in 2014. At that stage it was expected the joint landfill would become operational in 2016/17.

Since then, further work on the project has resulted in a proposal for the two landfills to be combined under a joint venture model, with each Council having a 50%



share. As Nelson’s landfill has a higher value due to available space under the resource consent, this will require a \$4.2million balancing payment from Tasman District Council to Nelson City Council. The joint entity will use a model similar to the Nelson Regional Sewerage Business Unit which has looked after both Councils’ interests successfully for the past 15 years. It is proposed that the new arrangement would become operational from 1 July 2017.

## TIMING CHANGES

### Public toilets at transfer station

Council is considering whether a public toilet is needed at the Pascoe Street transfer station and has delayed the construction (\$16,000) while an organisational business case is developed.

### Woodburner Plan Change hearings

Council notified the Woodburner Plan Change to the Nelson Air Quality Plan in January 2016. As part of this process, the budget of \$102,000 that was included in 2016/17 for hearings was moved to 2015/16 to accommodate the scheduled woodburner hearings.

## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
Clean Air.	Compliance with national air quality standards (National Environmental Standards for Air Quality (NES).	Airshed A – no more than three breaches by September 2016.
		Airsheds B and C – no more than one breach by September 2016.
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).	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).
	Level of compliance with swimming water quality standards.	100% of monitored swimming areas meet the swimming quality standards.

Table continued overleaf

## ENVIRONMENT



What Council will provide	Performance measures	Year 2 (2016/17) targets
Reduced waste to landfill.	Amount (tonnes) of waste per resident sent to landfill.	Continue each year to decrease the per capita amount of waste from Nelson City Council area disposed of at landfill.
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.	Development of Nelson Plan <ul style="list-style-type: none"> <li>• Community engagement on Nelson Plan 2015/16</li> <li>• Notification 2016/17</li> <li>• Hearings and decisions 2016/17 – 2018/19.</li> </ul>
Regulatory programme (resource consents and compliance).	Compliance with statutory timeframes.	100% of non-notified resource consents processed within 20 working days. 100% of publically notified consents processed within 130 working days, 100% of limited notified consents processed within 100 working days (or less as required by RMA).*  <i>*updated for clarity from the Long Term Plan 2015-25</i>
An effective and timely Civil Defence Emergency Management (CDEM) response to support our community following emergency events.	Ability to operate an effective Emergency Operations Centre (EOC) for Nelson Tasman.	100% of EOC management and CDEM Group roles staffed. EOC meets Ministry of CDEM 'monitoring and evaluation' requirements.
Efficient systems to consent and inspect buildings, meet statutory requirements and provide effective customer service.	Time taken to grant and issue building consents.	At least 98% of building consents and code of compliance certificates issued within 20 working days.
	Property inspection time targets met.	At least 80% of inspections undertaken within 72 hours of request.

\*Note change made to correct a wording error in the Long Term Plan 2015-25

## ENVIRONMENT FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16	Long Term Plan 2016/17	Annual Plan 2016/17	Difference to LTP 2016/17
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	7,850	7,734	7,579	(155)
Targeted rates	33	28	23	(5)
Subsidies and grants for operating purposes	173	176	194	18
Fees and charges	3,697	7,082	3,359	(3,723)
Internal charges and overheads recovered	2,399	4,675	2,489	(2,186)
Local authorities fuel tax, fines, infringement fees, and other receipts	3,295	3,353	3,414	61
<b>Total Operating Funding</b>	<b>17,447</b>	<b>23,048</b>	<b>17,058</b>	<b>(5,990)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	13,900	16,422	13,894	(2,528)
Finance costs	0	245	0	(245)
Internal charges and overheads applied *	2,769	5,030	2,894	(2,136)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>16,669</b>	<b>21,697</b>	<b>16,788</b>	<b>(4,909)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>778</b>	<b>1,351</b>	<b>270</b>	<b>(1,081)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	20	0	0	0
Development and financial contributions	5	5	5	0
Increase (decrease) in debt	(315)	(1,504)	810	2,314
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(290)</b>	<b>(1,499)</b>	<b>815</b>	<b>2,314</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	50	12	14	2
- to improve level of service	754	239	1,465	1,226
- to replace existing assets	105	50	55	5
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(421)	(449)	(449)	0
<b>Total applications of capital funding</b>	<b>488</b>	<b>(148)</b>	<b>1,085</b>	<b>1,233</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(778)</b>	<b>(1,351)</b>	<b>(270)</b>	<b>1,081</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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





### 2016/17 Annual Plan Variances against Long Term Plan

Fees and charges income, internal income, internal charges and finance costs have all had significant movements as the joint landfill arrangement with Tasman District Council that was assumed to commence in 2016/17 in the LTP has been delayed.

A reduction in expenditure on staff and suppliers of \$2.2 million has been caused by the delay of the joint landfill. A further \$100,000 has been provided for the recycling contract under an improved delivery method. \$102,000 earmarked for the Air Plan consultation and hearings has been removed from 2016/17 and brought into 2015/16 in order to hasten any changes to the Air Plan in response to ratepayer feedback. An extra \$75,000 has been allowed to increase the frequency of river ecology monitoring. A redistribution of staff time out of this activity has saved \$163,000. Updated information has allowed a reduction in the budget for claims in relation to leaky buildings of \$105,000.

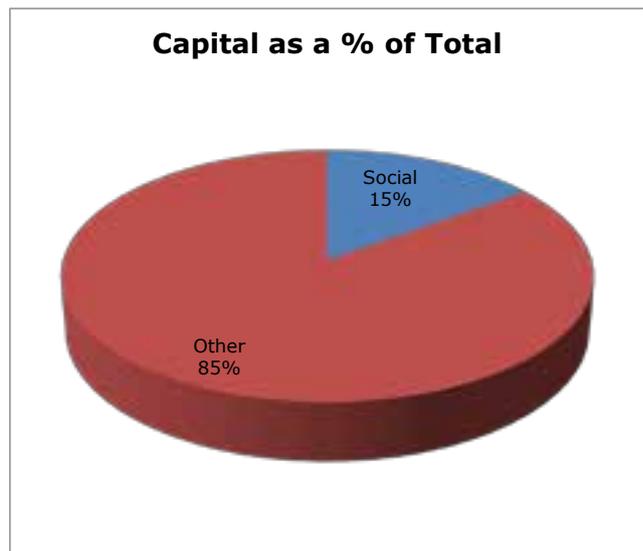
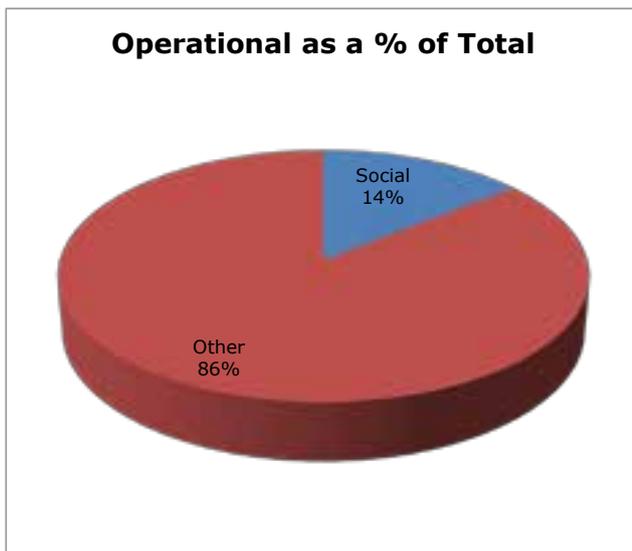
Debt required has increased as there is less surplus available to fund an increased capital budget.

Changes to the capital programme are listed at the end of the Financials section of this document.

# SOCIAL

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.

The graphs below show how much of Council's total operational and capital budgets are to be spent on the social activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other social activities are to be delivered as stated in the social activity section of the Long Term Plan 2015-25.

## YEAR 2 (2016/17) PROJECT UPDATES

### Elma Turner Library

In the next three years, funding for the upgrade and expansion of the Elma Turner Library is allocated. This is a special project for our city, as libraries are key places at the heart of community life - they are people attractors. Council has confirmed the library's riverside location as the site for its redevelopment and work will begin in 2016/17 on concept designs.

### Re-locatable building at Refinery

In October 2015 Council resolved to set aside \$200,000 for a re-locatable building at the rear of the Refinery Gallery. This building would provide a flexible space that could be used by a range of groups to deliver community programmes with an arts focus.

### Commemorations

The 2016/17 year will see the anniversaries of a number of important events in the history of Nelson and the country as a whole. Council has set aside \$45,000 towards commemoration of these events with \$5,000 to go towards events related to the anniversary of the Royal New Zealand Navy and the loss of life associated with the sinking of the HMS Neptune during World War II and the remainder to the 175th commemorations of the founding of Nelson. Another commemoration project, the conservation of the Cawthron Steps, is covered under the Parks and active recreation activity.

### Youth

Council supports a range of services for youth but believes there is more work to be done to explore the priorities in this area of work. Council is interested in facilitating a conversation with youth and providers of youth services during 2016/17, on the key needs of our young people and how Council can best contribute to

meeting these. This work will guide Council budgets and activities, and the activities of our partners in future years.

### Isel House

The Isel House Charitable Trust has relinquished its lease at Isel House. Council now runs and operates the House and has budgeted additional operational costs of \$11,000 per year as a result.

### Freedom camping

Council has allocated \$10,000 for the provision of sink facilities for freedom campers in two locations in the city in 2016/17. The project to develop a freedom camping strategy is covered under the Corporate activity.

## TIMING CHANGES

### Nightingale Library Memorial upgrade

Council has brought forward funding for the Nightingale Library Memorial refurbishment and development as a community hub from 2021/22 to the 2016/17 financial year. Design of the project (\$30,000) will be finalised in 2016/17 with construction undertaken in 2017/18 and budget is allocated accordingly.

### Millers Acre toilet upgrade

Council decided in October 2015 to delay the start of this project which is to increase the toilet facilities at Millers Acre. A further delay is now included which would see design work (\$36,000) begin in 2017/18. This is to ensure the project is scoped appropriately.

### Queens Gardens toilet

\$15,000 was moved to 2015/16 from 2016/17 in order to carry out design work for the Queens Garden toilet. The style of the toilet will be in keeping with that of the Gardens.



## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
Arts and community events that showcase excellence and encourage participation.	Attendance levels.	Attendance levels meet or exceed benchmark.
Suter Art Gallery provides a diverse and stimulating programme of visual arts' exhibitions.	Satisfaction levels (Residents survey).	80% of users satisfied or very satisfied with the Suter Art Gallery <sup>4</sup> .
	Number of gallery visits per year.	20,000 visits to the Suter Art Gallery (excludes the café).
	Number of Suter complex visits per year.	70,000 visits to the Suter complex.
Theatre Royal widely used for performance art.	Number of performance days.	At least 278 performance days (75% occupancy).
Art works enhance public spaces.	Satisfaction levels (Residents Survey).	75% are satisfied or very satisfied with public art.
Libraries that are well used, welcoming and safe environments.	Customer satisfaction, Library membership, door count, online usage.	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.

<sup>4</sup> In temporary accommodation.

## SOCIAL FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16	Long Term Plan 2016/17	Annual Plan 2016/17	Difference to LTP 2016/17
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	10,526	11,300	11,342	42
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	295	300	296	(4)
Fees and charges	826	758	820	62
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,573	1,614	1,464	(150)
<b>Total Operating Funding</b>	<b>13,220</b>	<b>13,972</b>	<b>13,922</b>	<b>(50)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	12,823	12,960	13,188	228
Finance costs	0	0	0	0
Internal charges and overheads applied *	812	1,254	1,231	(23)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>13,635</b>	<b>14,214</b>	<b>14,419</b>	<b>205</b>
<b>Surplus (Deficit) of operating funding</b>	<b>(415)</b>	<b>(242)</b>	<b>(497)</b>	<b>(255)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	22	22	22	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	8,760	6,740	7,051	311
Gross proceeds from sale of assets	6,000	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>14,782</b>	<b>6,762</b>	<b>7,073</b>	<b>311</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	574	1,094	731	(363)
- to improve level of service	2,663	443	5,550	5,107
- to replace existing assets	1,806	5,096	408	(4,688)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	9,324	(113)	(113)	0
<b>Total applications of capital funding</b>	<b>14,367</b>	<b>6,520</b>	<b>6,576</b>	<b>56</b>
<b>Surplus (Deficit) of capital funding</b>	<b>415</b>	<b>242</b>	<b>497</b>	<b>255</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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





### 2016/17 Annual Plan Variances against Long Term Plan

Reduced income from other receipts is largely due to an update of anticipated rental income from Community Housing.

A redistribution of staff time has increased costs in this activity by \$212,000.

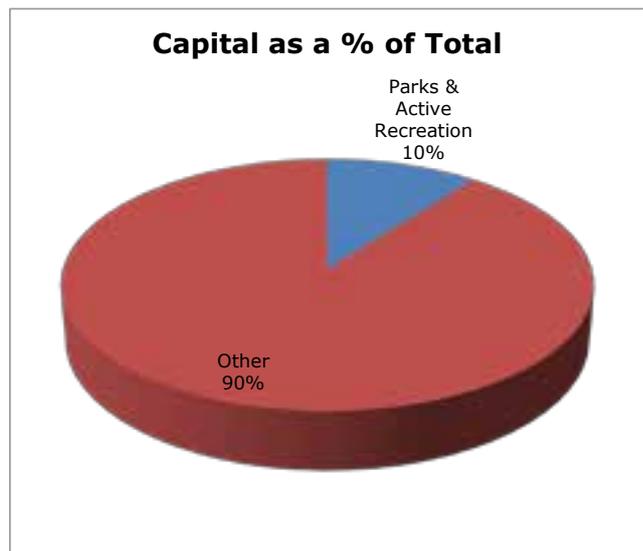
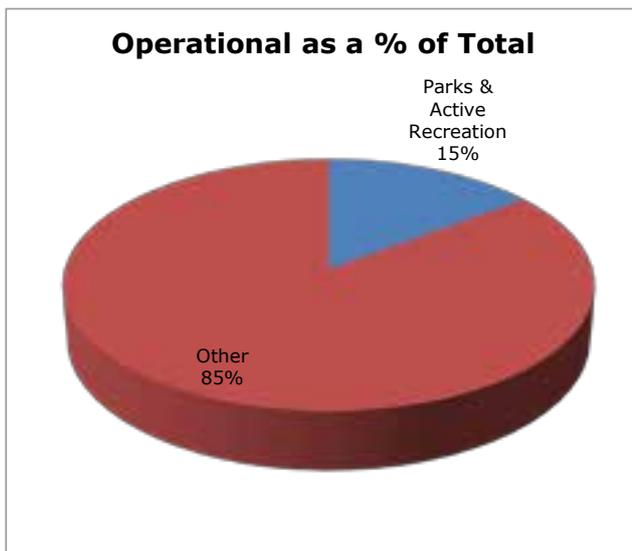
Debt required has increased due to an increased operating deficit.

Changes to the capital programme are listed at the end of the Financials section of this document.

# PARKS AND ACTIVE RECREATION

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.

The graphs below show how much of Council’s total operational and capital budgets are to be spent on the parks and active recreation activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other parks and active recreation activities are to be delivered as stated in the parks and active recreation section of the Long Term Plan 2015-25.

## **YEAR 2 (2016/17) PROJECT UPDATES**

### **Trafalgar Theatre**

Encouraging venues, activities and events that celebrate our city and support the city's business sector is a priority for Council. To achieve this, Council is continuing to invest in a range of community facilities and spaces for locals and visitors to enjoy. Council has identified an opportunity to investigate expanding the functions of the Trafalgar Centre to create a 1000-1200 seat flexible theatre space within the Trafalgar Centre, with the use of curtaining and temporary seating. This is a relatively low cost way to meet the demand for a venue of this size and attract a range of touring shows to Nelson that currently bypass our city. This is not, however, expected to fill the gap we have in Nelson around a larger performance venue and Council has \$25,000 allocated in 2017/18 to support a review of material previously prepared on development of a Performing Arts Centre.

Most of the elements needed to create this theatre were already funded in the Long Term Plan 2015-25. Council brought forward budget for seating and lighting from future years and allocated an additional \$400,000 in 2016/17 to support this project. Council believes that for a relatively marginal cost this project could add significant value to the Trafalgar Centre and to activity in the city.

### **Mountain biking**

Council's 2016/17 work programme contains a total of \$178,000 for mountain biking tracks and projects. A grade 2 mountain bike track will be developed in Marsden Valley and funding will also be provided to partner with the Nelson Mountain Bike Club to reinstate the Codgers Track and to build a new track on Fringed Hill with toilet facilities.

The scope of Council's Off Road Tracks and Trails Strategy will be extended to consider the future economic potential from developing mountain biking as a visitor attraction. Council recognises the value to the region of a well-designed network of cycle facilities and wishes to work in partnership with interested community groups to achieve this.

Council acknowledges the importance of also developing a good network of walking tracks. These tracks will be identified concurrently with other off-road tracks and trails through the strategy development.

The gondola project is covered under the Economic activity.

### **New reserve development programme parks**

This programme budget included \$300,000 for a new neighbourhood park, should that be required as part of a subdivision project. Council decided it was not appropriate to hold such a large sum as a contingency and collect rates against it. Instead, the budget has been reduced and neighbourhood park funding will be allocated when required.

### **Saxton Pavilion repairs**

Council has included \$60,000 in 2016/17 to replace the curved plywood architectural feature at the entrance to the Saxton Pavilion, which has degraded due to wear and tear and exposure to the elements. Consideration will be given to a more durable material whilst still retaining the high quality finish.

### **Marina Hardstand**

Council included the purchase of the hardstand at the marina in the Long Term Plan 2015-25 in the 2016/17 year. Associated budget was brought forward to 2015/16 to facilitate earlier completion of the project.

## Disabled access to Tahunanui Beach

A request was made to the Long Term Plan 2015-25 for improved disabled access at Tahunanui Beach through the placement of mats that allow wheelchair access to the beach. Council has included \$12,000 in the 2016/17 financial year for the provision of two lengths of mat, one at the café end of the beach and another from the Abel Tasman carpark.

## Airport cycleway

Council will begin work on design of a cycleway around Nelson Airport in 2016/17 at a cost of \$10,000. This cycleway is a missing link that will connect the Tahunanui Campground with the Great Taste Trail and will also provide public access

to an attractive section of coastline. Depending on the outcome of design and investigation work additional funds may be required in future years towards the construction of the cycleway.

## Cricket/Target Shooting

A new combined cricket indoor practice and target shooting facility is being developed at Saxton Field. The sporting codes involved have contributed and co-ordinated \$873,500 towards the \$909,900 direct building costs. Council has allocated \$158,000 in 2016/17 for geotechnical excavations, building of a verandah and pathways around the facility, levies and a contribution towards the capital costs.

## Hammer throw

Safety issues have emerged in relation to the use of the hammer throw cage at Saxton Field and it must be replaced. Council has made provision for \$20,000 in 2016/17 on the basis of a similar contribution from Tasman District Council with the remaining funding to be provided by Top of the South Athletics Trust.

## Kite surfing

Council has provided \$2,500 in 2016/17 as a contribution towards new washdown facilities at Tahunanui Beach.

## Cawthron Steps

Council has allocated \$50,000 in the Annual Plan 2016/17 for the conservation of the Cawthron Steps at the cathedral. Council considers this legacy project will be a further way to acknowledge Nelson's 175th anniversary and to restore a heritage asset for the future. Other commemoration projects are included in the Social activity.

## TIMING CHANGES

### Rutherford Playground

In the Long Term Plan 2015-25, Council signalled that a play space near the Maitai shared path was a project planned for Rutherford Park as it would attract families and assist with increasing activity levels in the park. Council is looking for partners to help create an exciting and unique facility which appeals to a wide range of ages. The development of this project is delayed as more time is needed to scope the project, look for potential funding partners and to complete carparking and roading changes. A budget of \$30,000 will remain in 2016/17 for concept design of the playground.

### Marina Pontoon renewal programme

Council has delayed the renewal of the torsion bars for pontoons at the marina and defer this work to 2017/18, pending condition assessments (\$164,000).

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### Curtis Street footbridge (link to Manukau Reserve)

This project is to design and construct a footbridge to link the new subdivision to the playground on the opposite bank. This work (\$92,000) is delayed to start in 2017/18.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).

### Saltwater Creek pedestrian bridge (Haven Road to Rutherford Park)

This project is to design and replace the existing pedestrian bridge. The project has been delayed to start design (\$21,000) in 2017/18.

This project has been delayed as part of an adjustment to Council's work programme to allow development of organisational business cases to better inform decision making and cost effective solutions. (See Key Issues section for more information).



## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
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.	Current parks and open space provision will not be reduced except where divestment offers clear net benefits to the community.
	Level of customer satisfaction.	Customer satisfaction at least at levels of 80%.
Recreation opportunities for people of all ages and abilities is provided.	Level of customer satisfaction.	Customer satisfaction at least at levels of 80%.
Areas of heritage or cultural importance in parks and reserves appropriately protected.	Level of consultation with Tangata Whenua o Whakatū occurring.	Tangata Whenua o Whakatū will be consulted on all new or reviewed reserve management plans to determine if areas of cultural significance exist.
	Number of requests for access to cultural material facilitated.	Provide access to cultural materials such as flax, toetoe, pingao and other resources where it is consistent with sustainable management.
	Level of compliance with the Heritage New Zealand Pouhere Taonga Act 2014*. <i>*Updated to reflect legislation changes</i>	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.	One neighbourhood park within reasonable walking distance (500m radius or a ten minute walking distance) of most urban residential proper-ties and easily accessible, ideally from more than one road frontage.
Trafalgar Centre.	Number of people using the Trafalgar Centre and total hours used.	Annual number of users exceeds 80,000 (for Years 2-3 only). Annual use hours exceeds 2,500/year (for Years 2-3 only).
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.	Provision of a swimming pool that is within 10km driving/cycling distance of 80% of Nelson's population.
	Annual user satisfaction surveys.	80% of customers satisfied or very satisfied with the swimming pools (CLM survey).
Financially sustainable marina facility.	Level of self funding of the marina.	No cost to rates to operate the marina - fees and charges cover the maintenance and renewal of marina facilities and repayment of debt.
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.
		Minimum cleanliness level >90% (based on staff audit).



## PARKS AND ACTIVE RECREATION FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Annual Plan 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	12,389	12,926	12,839	(87)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	1,930	1,975	2,276	301
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	998	1,120	1,189	69
<b>Total Operating Funding</b>	<b>15,317</b>	<b>16,021</b>	<b>16,304</b>	<b>283</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	10,604	9,570	9,769	199
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,896	3,403	3,306	(97)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>13,500</b>	<b>12,973</b>	<b>13,075</b>	<b>102</b>
<b>Surplus (Deficit) of operating funding</b>	<b>1,817</b>	<b>3,048</b>	<b>3,229</b>	<b>181</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	80	149	194	45
Development and financial contributions	1,200	1,238	1,200	(38)
Increase (decrease) in debt	13,381	2,014	44	(1,970)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>14,661</b>	<b>3,401</b>	<b>1,438</b>	<b>(1,963)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	1,553	3,996	1,797	(2,199)
- to improve level of service	12,850	415	719	304
- to replace existing assets	2,075	2,038	2,151	113
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>16,478</b>	<b>6,449</b>	<b>4,667</b>	<b>(1,782)</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(1,817)</b>	<b>(3,048)</b>	<b>(3,229)</b>	<b>(181)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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





### 2016/17 Annual Plan Variances against Long Term Plan

Fees and charges have increased by \$301,000 reflecting expected income from the marina hardstand.

Payments to staff and suppliers have increased reflecting extra operating costs associated with the marina hardstand.

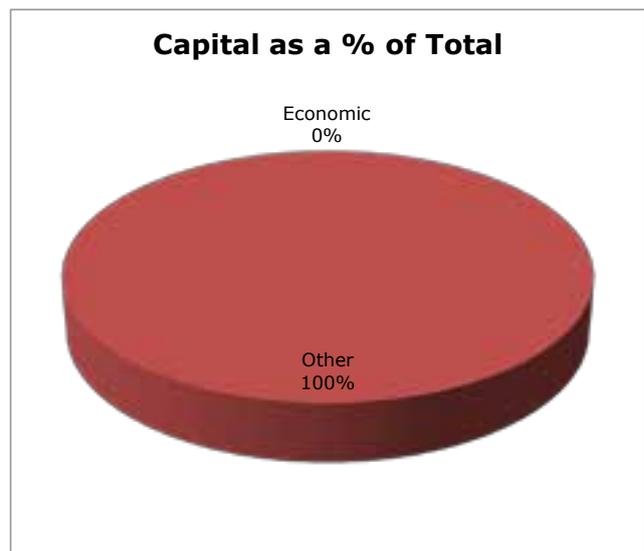
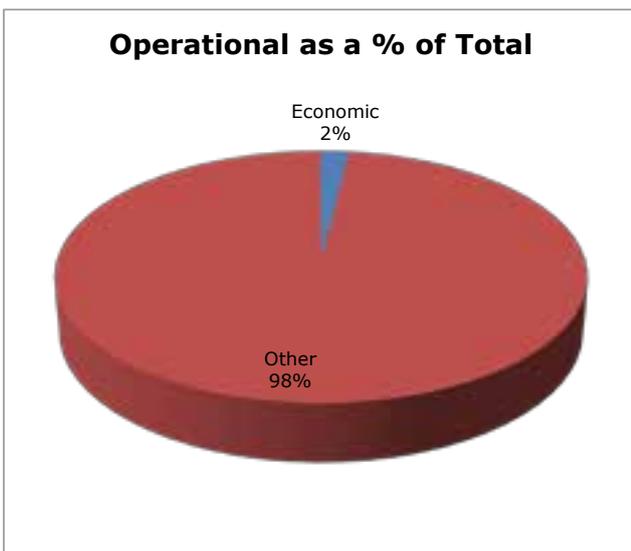
Debt required has decreased in line with the reduction in the capital programme.

Changes to the capital programme are listed at the end of the Financials section of this document.

# ECONOMIC

Council has a role to create a successful, sustainable region and achieves this largely through providing infrastructure, and fostering economic development. The focus is on activities where increased effort is likely to be most positive for the region. A new agency to deliver economic development services for the region is currently being established by Council, with a view to commencing operations in July 2016.

The graphs below show how much of Council's total operational and capital budgets are to be spent on the economic activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other economic activities are to be delivered as stated in the economic activity section of the Long Term Plan 2015-25.

## YEAR 2 (2016/17) PROJECT UPDATES

### Nelson Regional Development Agency (NRDA)

Council is establishing a new economic development services agency to better support our community to do business, grow the regional economy and develop a culture of innovation and entrepreneurship. This new organisation, called the NRDA, combines the Nelson Regional Economic Development Agency and Nelson Tasman Tourism and is an opportunity for integrated delivery out of a single agency. The NRDA will be allocated funding previously allocated to the Economic Development Agency and Nelson Tasman Tourism.

The Transition Group overseeing establishment of the new agency has recommended that more resources be allocated to improve effectiveness. It has scoped the specific economic development deliverables the agency should be tasked with and Council has allocated an additional \$300,000 to the 2016/17 budget for this work, in recognition of the importance of continuing to grow economic activity in our region.

A new Events Strategy will also be developed in 2016/17 in collaboration with the new agency and its work on regional identity.

### Cricket

Following the success of the One Day International Cricket games at the Saxton Oval over the summer, Council plans to make a bid for further matches. Funding of \$50,000 has been set aside to support the bid. This will include ensuring the pitch meets international standards, development of supporting events and marketing, as well as the bid itself.

### Gondola

Council understands the economic benefits a gondola could generate through attracting visitors to Nelson and the potential synergies with mountain biking. Council has made provision for \$100,000 in the 2016/17 Annual Plan in order to support further work on the gondola project. This funding is contingent on a project plan being approved and on advice of positive economic impact of the gondola. \$50,000 of funding would contribute to project management cover the employment of a project manager by the Nelson Cycle Lift Society and Council commissioning advice on the economic contribution of a gondola to mountain biking and the city. The additional \$50,000 would be provided for match/partnership funding which would be available once the Nelson Cycle Lift Society has raised at least \$50,000.

Mountain biking projects are covered under the Parks and active recreation activity.



## **SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17**

What Council will provide	Performance measures	Year 2 (2016/17) targets
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 stormwater) at net present value (\$).	Total value of Council's network assets is maintained or increased.
	Value of capital projects completed each year.	Total value of capital projects is maintained or increased compared to previous year.
Facilitate economic development for the benefit of the community.	Amount of government business support funding accessed for the region.	Government business support funding is maintained or increased and budgeted grants for research and development, and capability development are fully allocated to businesses.
Promotion of Nelson to increase the economic value of tourism.	Number of tourism guest nights annually.	Increase the number of tourism guest nights annually.
	Number of tourism guest nights in the off-peak months.	Increase the number of tourism guest nights in the off-peak months.

## ECONOMIC FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16	Long Term Plan 2016/17	Annual Plan 2016/17	Difference to LTP 2016/17
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	1,521	1,247	1,722	475
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	400	400
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
<b>Total Operating Funding</b>	<b>1,521</b>	<b>1,247</b>	<b>2,122</b>	<b>875</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,508	1,233	2,108	875
Finance costs	0	0	0	0
Internal charges and overheads applied *	13	14	14	0
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,521</b>	<b>1,247</b>	<b>2,122</b>	<b>875</b>
<b>Surplus (Deficit) of operating funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	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
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
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
<b>Total applications of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (Deficit) of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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



### **2016/17 Annual Plan Variances against Long Term Plan**

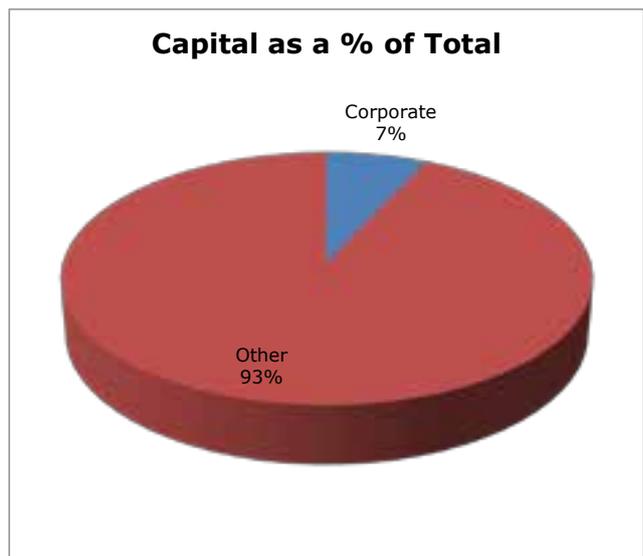
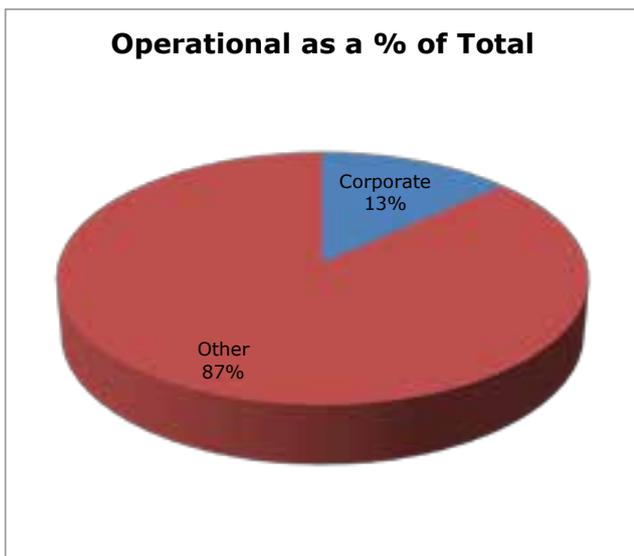
The increase in income from subsidies and grants recognises the contribution from Tasman District Council for economic development and tourism services.

The increase in operating expenditure recognises that all funding for regional economic development and tourism is now borne by Nelson City Council. A further \$300,000 has been added to improve the effectiveness of economic development programmes as recommended by the transition group. \$150,000 has been added to support bids for cricket one day international matches at Saxton Oval, along with the Gondola project.



Council's corporate activity includes governance services, local government elections, and behind the scenes support services to ensure the smooth running of the organisation. This includes finance and administration, strategic documents and Councillor support.

The graphs below show how much of Council's total operational and capital budgets are to be spent on the corporate activity in 2016/17.



The following section describes changes to this activity area since the Long Term Plan 2015-25 was adopted. All other corporate recreation activities are to be delivered as stated in the corporate activity section of the Long Term Plan 2015-25.



## YEAR 2 (2016/17) PROJECT UPDATES

### State Advances Building and Civic House

As a result of confirming the library's riverside location as the site for its redevelopment, Council is now able to pursue developments for the vacant space in Civic House and the State Advances Building. This brings an exciting opportunity to revitalise this end of Trafalgar Street and addresses these underperforming assets. It also enables Council to respond to the message from our retail, hospitality and commercial sectors that Council must be active in enhancing the CBD and invite investment.

### Changes to internal Information Technology budget

Council has changed the way it delivers in-house Information Technology services to one that provides computing resources over the internet. As well as being the most affordable way to provide the level of recovery our systems need in the event of a serious issue eg a natural disaster, this also provides for scalability on demand. Storage and processing power is only paid for when it is used and systems have extremely high levels of availability and redundancy.

This removes the need for Council to own and maintain its own Information and Communications Technology (ICT) infrastructure, freeing up resources that would otherwise be used to house, run and maintain equipment. Council has allowed a provision of \$125,000 towards operating costs in 2016/17 for this.

In addition to the changes to delivery of in-house IT services at Council, there are also budget changes in 2016/17 to provide for upgrades and enhancements to core systems and to take account of reduced costs of renewals and upgrading of some systems.

### Council Chamber sound system

The current sound system in the Council Chamber is at the end of its life and needs to be replaced. This has been included in the Annual Plan 2016/17 at a cost of \$80,000.

### Smokefree Policy

Council has decided to extend its smokefree policy. During 2016/17, Council officers will investigate options for expansion of the policy using education and encouragement rather than regulatory approaches.

### Freedom camping

Council recognises the need for further work in relation to the approach taken to freedom camping in Nelson and has allocated \$25,000 for the development of a freedom camping strategy in 2016/17. The project to develop facilities for freedom campers is covered under the Social activity.

### Brass Band

Council allocated \$12,000 to the Nelson City Brass Band in 2015/16 as acknowledgement of the contribution the band makes to Council and Civic events. Council intends to continue this support in subsequent years and so this has been included for 2016/17.

## TIMING CHANGES

### Hunter Furniture roof renewal

This is reported as a variation to the Long Term Plan 2015-25 as Council decided in November 2015 to defer the renewal of the Hunter Furniture roof from 2015/16 to 2016/17 and assess if further work is required. The project has a budget of \$200,000.

## SERVICE LEVELS, PERFORMANCE MEASURES AND TARGETS FOR 2016/17

What Council will provide	Performance measures	Year 2 (2016/17) targets
Effective and impartial election administration service that meets or exceeds legislative requirements.	Completion of election processes in 2013, 2016 and 2019.	Election on time, within budget, no upheld complaints.
Effective engagement and consultation.	Resident satisfaction.	Maintain or improve on 2014 results.
Council Controlled Organisations (CCOs) that deliver net benefit to the community.	Refer to the CCO section of the Long Term Plan 2015-25 for specific measures for each CCO.	Council satisfied with attainment of six monthly CCO targets for all SOIs.
Promote Māori participation in resource management and decision-making.	Level of Iwi/ Māori representatives' satisfaction with participation opportunities.	At least 90% satisfied or very satisfied. Maintain or improve on 2015 results.



## CORPORATE FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16	Long Term Plan 2016/17	Annual Plan 2016/17	Difference to LTP 2016/17
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	(1,550)	(206)	(186)	20
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	5	5	5	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered*	10,193	11,480	10,901	(579)
Local authorities fuel tax, fines, infringement fees, and other receipts	4,546	4,320	4,715	394
<b>Total Operating Funding</b>	<b>13,194</b>	<b>15,599</b>	<b>15,435</b>	<b>(165)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,818	5,945	6,804	859
Finance costs	4,482	6,176	5,361	(815)
Internal charges and overheads applied *	1,204	1,222	1,006	(216)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>11,504</b>	<b>13,343</b>	<b>13,171</b>	<b>(172)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>1,690</b>	<b>2,257</b>	<b>2,264</b>	<b>8</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	38,605	15,363	20,182	4,820
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>38,605</b>	<b>15,363</b>	<b>20,182</b>	<b>4,820</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	861	291	794	503
- to improve level of service	1,542	1,044	1,377	333
- to replace existing assets	1,648	1,041	934	(107)
Increase (decrease) in reserves	(377)	360	464	104
Increase (decrease) in investments	36,621	14,883	18,878	3,995
<b>Total applications of capital funding</b>	<b>40,295</b>	<b>17,619</b>	<b>22,446</b>	<b>4,828</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(1,690)</b>	<b>(2,256)</b>	<b>(2,264)</b>	<b>(8)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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





### 2016/17 Annual Plan Variances against Long Term Plan

Internal income has reduced because of changes in the capital programme over the whole of council along with a more favourable interest rate environment.

Increases in the forecast dividends from Port Nelson Limited and Nelson Airport Limited are the main cause of the increase in other non-rates income.

Payments to staff and suppliers have increased due to a redistribution of staff time, increased health and safety budgets, and new budgets for strategic planning.

Internal charges (interest) have decreased in response to changes in the capital programme in 2015/16 along with a more favourable interest rate environment than predicted in the LTP.

Finance costs are predicted to be less than calculated in the LTP due to changes in the capital programme over the whole of Council, along with a more favourable interest rate forecast.

Debt required has increased in line with the increase in capital expenditure.

Changes to the capital programme are listed at the end of the Financials section of this document.



## ACCOUNTING INFORMATION



[Funding impact statement](#)

[Commercial Wastewater Charge –  
Trade Waste Charges](#)

[Accounting Policies](#)

[Financials](#)

[Annual plan disclosure statement for year  
ending 30 June 2017](#)

# FUNDING IMPACT STATEMENT

## HOW MUCH WILL MY RATES COST?

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

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

If part of scheme:

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

## DIFFERENTIALS

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

## RATES AND CHARGES

The 'funding impact statement' sets out the rates and charges that are planned for the next year. Unless otherwise stated, rates and charges are shown including GST.

## RATING UNITS

The projected number of rating units within Nelson at 30 June 2016 is 22,091.

The projected total capital value of rating units within Nelson at 30 June 2016 is \$10,378,238,840.

The projected total land value of rating units within Nelson at 30 June 2016 is \$4,864,978,100.

## RATING OF SEPARATELY USED OR INHABITED PARTS (SUIP) OF A RATING UNIT

Note: the following is amended from what was included in the Long Term Plan 2015-25.

### Definition

A separately used or inhabited part of a rating unit includes any part separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used' by the owner for this separate purpose. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

The following are considered to be separately used or inhabited parts of a rating unit where the above requirements are met:



- Flats or apartments (including flats that share kitchen or bathroom facilities)
- Separately leased commercial areas of a rating unit
- Where there is multiple use of a single rating unit, such as a shop with a dwelling.

The following are not considered to be separately used parts of a rating unit:

- A residential sleep-out or granny flat without independent kitchen facilities
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities
- A bed and breakfast room with or without kitchen facilities
- Individual offices or premises of business partners
- Individually leased carparks
- Storage units
- Properties subject to statutory declarations for unoccupied or second residential units not being used as separate units.

### Examples of Rates for 2015/16

The three yearly valuation of the City for rating purposes was undertaken in 2015. The new values will be used as the basis for assessing rates as from 1 July 2016. The revaluation does not, of itself, generate any additional revenue for the Council. Rather, the updated base means rates will be spread between ratepayers in different proportions than before. If your land value has increased by more than the average for the city, you can expect your rates to increase by more than the average. If your land value has decreased, this will usually mean your rates increase will be lower than the average, and in some instances may decrease.

To further clarify the rates changes from 2015/16 to those for the 2016/17 rating year a selection of properties has been shown to provide a guide. The following table is GST inclusive.

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

Property Type	2012 Land Value	2015/16 Rates	2016/17 Rates		
			2015 Land Value	% Land Value Increase	General Rate
Residential	\$85,000	\$1,840	\$90,000	5.9	\$606
	\$105,000	\$1,970	\$105,000	0.0	\$707
	\$118,000	\$2,055	\$125,000	5.9	\$842
	\$136,000	\$2,172	\$147,000	8.1	\$990
	\$185,000	\$2,491	\$210,000	13.5	\$1,414
	\$200,000	\$2,589	\$200,000	0.0	\$1,347
	\$215,000	\$2,687	\$230,000	7.0	\$1,549
	\$285,000	\$3,143	\$255,000	-10.5	\$1,717
	\$315,000	\$3,339	\$315,000	0.0	\$2,121
	\$335,000	\$3,469	\$330,000	-1.5	\$2,222
	\$420,000	\$4,023	\$445,000	6.0	\$2,997
\$580,000	\$5,066	\$580,000	0.0	\$3,906	
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	\$220,000	\$3,868	\$220,000	0.0	\$1,630
	\$800,000	\$7,828	\$800,000	0.0	\$5,926
Empty Residential Section (Water annual charge included if water meter is installed)	\$77,000	\$1,182	\$82,000	6.5	\$552
	\$225,000	\$2,346	\$220,000	-2.2	\$1,482
	\$405,000	\$3,519	\$405,000	0.0	\$2,727
Small Holding (Water annual charge included if water meter installed)	\$280,000	\$2,323	\$280,000	0.0	\$1,697
	\$385,000	\$3,138	\$385,000	0.0	\$2,333
Rural (Water annual charge included if water meter installed)	\$790,000	\$3,748	\$790,000	0.0	\$3,458
	\$2,125,000	\$9,603	\$1,940,000	-8.7	\$8,492
Commercial - Outside Inner City / Stoke - 1 Unit	\$365,000	\$6,945	\$365,000	0.0	\$6,111
Commercial - Outside Inner City / Stoke - 2 Units	\$405,000	\$8,300	\$355,000	-12.3	\$5,943
Commercial - Outside Inner City / Stoke - 2 Units	\$335,000	\$6,957	\$335,000	0.0	\$5,608
Commercial - Stoke - 1 Unit	\$35,000	\$1,561	\$35,000	0.0	\$808
Commercial - Inner City - 2 Units	\$290,000	\$8,220	\$290,000	0.0	\$7,013
Commercial - Inner City - 2 Units	\$330,000	\$9,149	\$330,000	0.0	\$7,980
Commercial - Inner City - 1 Unit	\$1,150,000	\$27,697	\$1,160,000	0.9	\$28,052

This table does not include water charges based on consumption. This is charged at \$2.036 per cubic meter and an average residential ratepayer uses 160m<sup>3</sup> costing \$325.76 (GST Incl)



2016/17 Rates							
UAGC	Stormwater/ Flood Protection	Waste water	Water Annual Charge	Total Rates	% increase on 2015/16	\$ increase on 2015/16	
\$413	\$271	\$390	\$195	\$1,875	1.95	\$35	
\$413	\$271	\$390	\$195	\$1,976	0.33	\$6	
\$413	\$271	\$390	\$195	\$2,111	2.74	\$56	
\$413	\$271	\$390	\$195	\$2,259	4.01	\$87	
\$413	\$271	\$390	\$195	\$2,683	7.71	\$193	
\$413	\$271	\$390	\$195	\$2,616	1.04	\$28	
\$413	\$271	\$390	\$195	\$2,818	4.89	\$131	
\$413	\$271	\$390	\$195	\$2,987	-4.98	-\$157	
\$413	\$271	\$390	\$195	\$3,391	1.55	\$52	
\$413	\$271	\$390	\$195	\$3,492	0.65	\$23	
\$413	\$271	\$390	\$195	\$4,266	6.04	\$243	
\$413	\$271	\$390	\$195	\$5,175	2.15	\$109	
\$827	\$271	\$779	\$390	\$3,897	0.74	\$29	
\$827	\$271	\$779	\$195	\$7,998	2.17	\$170	
\$413	\$271			\$1,237	4.64	\$55	
\$413	\$271		\$195	\$2,361	0.67	\$16	
\$413	\$271		\$195	\$3,607	2.50	\$88	
\$413	\$271			\$2,382	2.54	\$59	
\$413	\$271		\$195	\$3,213	2.41	\$76	
\$413				\$3,871	3.31	\$124	
\$413			\$195	\$9,100	-5.23	-\$502	
\$413	\$271	\$97	\$195	\$7,088	2.05	\$143	
\$827	\$271	\$195	\$390	\$7,626	-8.12	-\$674	
\$827	\$271	\$195	\$195	\$7,096	2.00	\$139	
\$413	\$271	\$97	\$0	\$1,590	1.90	\$30	
\$827	\$271	\$195	\$195	\$8,501	3.42	\$281	
\$827	\$271	\$195	\$195	\$9,468	3.49	\$319	
\$413	\$271	\$97	\$195	\$29,029	4.81	\$1,333	





## 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 0.67343 cents in the land value dollar (including GST) for the 2016/17 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 0.65183 cents in the land value dollar in 2015/16 for the base differential category.

## UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge (UAGC) is set under section 15 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit. It is assessed:

- As a charge for services which have an equal element of benefit irrespective of property value
- To ensure a minimum charge on all properties
- To reduce the extremes of rates paid by the highest and lowest valued rating units
- In recognition that land valuation-based rating does not necessarily reflect a ratepayer's ability to pay.

Council will collect 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 \$413.27 including GST per separately used or inhabited part of a rating unit for the 2016/17 rating year. The 2016/17 charge is \$12.97 higher than the charge of \$400.30 for 2015/16.

The rates revenue sought from the uniform annual general charge and certain targeted rates set on a uniform basis is 19.65% of the total revenue from all rates sought by Council. This is well within the 30% limit set by Section 21 of the Local Government (Rating) Act 2002.

## STORMWATER AND FLOOD PROTECTION CHARGE

The stormwater and flood protection charge is a uniform targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is \$271.47 for 2016/17. It recovers the funding required by Council for stormwater and flood protection purposes. It is payable by all ratepayers other than the rural rating categories, small holding category and residential properties east of Gentle Annie saddle, Saxton's Island and Council's stormwater network. The charge for 2016/17 is \$8.53 lower than the charge of \$280.00 for the 2015/16 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 home insulation and/or a heater to replace a non-complying solid fuel burner in accordance with agreement of the original ratepayer.

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 on the extent of provision of service by the net cost of the work including GST, after deducting EECA grants, plus the funding cost. The full cost of the works and Council's costs of borrowing and administering the scheme are paid over a 10 year period by the homeowner receiving the service.

### 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.

## WASTEWATER CHARGE

A targeted rate is set under Section 16 of the Local Government (Rating) Act 2002 to recover the costs required for Council's wastewater and sewage disposal system. This charge is assessed to all rating units (premises) to which Council's wastewater and sewage disposal service is provided.

The wastewater charge for residential, multi-residential, rural and smallholding properties is \$389.54 per separately used or inhabited part of a rating unit including GST for the 2016/17 rating year compared to the previous year's rate of \$406.30. 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 \$97.39 per separately used or inhabited part of a rating unit. Commercial properties are also assessed wastewater charges based on Council's Trade Waste Bylaw. These charges are set out in the Commercial Wastewater Charge – Trade Waste Charges section of this Annual Plan 2016/17.

## 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 Council to supply water.

## WATER ANNUAL CHARGE

A fixed annual charge set under Section 16 of the Local Government (Rating) Act 2002 is payable by all ratepayers per water meter installed on the property. The annual rate for 2016/17 is \$194.99 per connection including GST compared with \$198.86 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 set out in the table below:

### WATER CHARGES – RESIDENTIAL, COMMERCIAL AND INDUSTRIAL INCLUDING GST

Amount/type	Cost (\$ per m <sup>3</sup> ) 2014/15	Cost (\$ per m <sup>3</sup> ) 2015/16
Usage up to 10,000m <sup>3</sup> per year	2.052	2.036
Usage from 10,001 to 100,000m <sup>3</sup> per year	1.542	1.517
Usage over 100,000m <sup>3</sup> per year	1.218	1.198
Summer irrigation usage over 100,000m <sup>3</sup> per year	1.797	1.776

The water rates represent an average decrease of 0.8% for the 2016/17 year for an average water user.

Note: an average residential water user uses 160m<sup>3</sup> per annum.

**Lump sum contributions will not be invited in respect of any target 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).

### 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 22 August 2016, 21 November 2016, 20 February 2017 and 22 May 2017. Previous year's rates that remain unpaid will have a further 10% penalty added on 1 July and 1 January.

### Penalty on unpaid water volumetric rates

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each water account or part thereof that is unpaid after the last date for payment. The penalty is added three working days after the last day for payment.

### Penalty remission on full payment of yearly rates

The total annual rates may be paid in one lump sum by 21 November 2016 and any first instalment penalty already incurred will be remitted.

### Discount for early payment of rates

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water volumetric rates, will be allowed where they are paid in full on or before 22 August 2016.

### Differentials

Differentials are adjustments to the rates of particular property types to better reflect the services provided by Council. Commercial properties pay higher rates to reflect additional services such as street cleaning and car parks. Properties classified as rural have a negative differential to reflect the fewer Council services provided to those properties

## CATEGORIES OF DIFFERENTIALS BASED ON LAND USE

These differential categories are defined in accordance with the provisions of Schedule Two of the Local Government (Rating) Act 2002. The same definitions are also used to define the liability for some rates. The differential categories are as follows:

### General Rate

**Residential** – all rating units that are used primarily for residential purposes.

**Multi Residential** – all rating units that contain more than one residential dwelling that are capable of being used primarily for residential purposes.

**Commercial** – any rating unit which is used primarily for commercial use. Properties that have a portion of residential use shall have a reduced commercial differential.

**Inner City Commercial** – any rating unit which is used primarily for commercial use that is located within the Inner City Zone. 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.

## 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 2016/17, is as in the table below.

Category	Total amount (\$)
Residential	47,303,575
Multi-residential	3,152,109
Commercial	16,421,836
Rural	439,251
Small holding	1,521,298

Properties that have more than one use identified above will be placed into a rating category subject to the rating unit's majority use as determined by Council. The neutral base from which differentials are calculated is a residential property with a single dwelling.

Note: Objections to the Rating Information Database under Section 28 of the Local Government (Rating) Act 2002 will be reviewed by Council and Council is the sole determiner of rating categories.

## DIFFERENTIAL RATES FOR THE GENERAL RATE

Council's general rate is assessed on a differential basis.

Class 2016/17	Differential %	Cents in the dollar
Residential – single unit	0.0	0.67343
Residential empty section	0.0	0.67343
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.74077
Multi Residential	10.0	0.74077
Rural	-35.0	0.43773
Small holding	-10.0	0.60609

### Commercial – excluding inner city and Stoke commercial

100% commercial and industrial (occupied and empty)	148.6	1.67415
25% residential/75% commercial	111.5	1.42431
50% residential/50% commercial	74.3	1.17379
75% residential/25% commercial	37.2	0.92395

Class 2016/17	Differential %	Cents in the dollar
<b>Commercial – inner city</b>		
100% commercial and industrial (occupied and empty)	259.1	2.41829
25% residential/75% commercial	194.3	1.98191
50% residential/50% commercial	129.6	1.54620
75% residential/25% commercial	64.8	1.10981
<b>Commercial – Stoke</b>		
100% commercial and industrial (occupied and empty)	242.8	2.30852
25% residential/75% commercial	182.1	1.89975
50% residential/50% commercial	121.4	1.49098
75% residential/25% commercial	60.7	1.08220

Council has adopted a policy that commercial rates are set to collect 25.1% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. 28.821% of this is funded from inner city commercial properties, 1.910% from Stoke commercial properties while 69.269% is funded from commercial excluding inner city and Stoke commercial properties. This would result in commercial properties paying a total of \$16,421,836 (including water annual charge) in rates for the 2016/17 rating year compared to \$15,862,416 (excluding annual water charge) the previous year. The commercial zones of inner city and Stoke are defined in the Nelson Resource Management Plan.

Council previously had a policy that commercial rates were set to collect 25.166% of the total rates excluding the water annual charge and water volumetric rates, Clean Heat Warm Homes and Solar Saver charges. This policy was amended in this Annual Plan to collect 25.1%. The rationale for this policy change is to ensure that the commercial ratepayers do not bear the cost of the recycling bins as they do not receive this service. The estimated cost for the new recycling bins is \$195,000 including GST per year.

If the percentage collected from commercial rates had not been adjusted downwards for the recycling bins initiative then commercial ratepayers would have paid for this initiative through the general rate.

## FUNDING IMPACT STATEMENT

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Budget 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	41,220	43,299	43,749	450
Targeted rates	23,853	24,708	23,513	(1,195)
Subsidies and grants for operating purposes	2,676	2,783	3,202	419
Fees and charges	8,319	11,716	8,356	(3,360)
Interest and dividends from investments	2,891	2,970	3,343	373
Local authorities fuel tax, fines, infringement fees, and other receipts	11,880	11,882	11,806	(76)
<b>Total Operating Funding</b>	<b>90,839</b>	<b>97,358</b>	<b>93,969</b>	<b>(3,389)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	67,901	69,401	68,709	(692)
Finance costs	5,092	7,027	5,515	(1,512)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>72,993</b>	<b>76,428</b>	<b>74,224</b>	<b>(2,204)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>17,846</b>	<b>20,930</b>	<b>19,745</b>	<b>(1,185)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,507	2,028	2,072	44
Development and financial contributions	2,405	2,465	2,414	(51)
Increase (decrease) in debt	40,033	14,302	20,277	5,975
Gross proceeds from sale of assets	6,021	22	22	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding</b>	<b>50,966</b>	<b>18,817</b>	<b>24,785</b>	<b>5,968</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	6,147	5,870	3,856	(2,014)
- to improve level of service	41,314	18,983	30,433	11,450
- to replace existing assets	12,814	15,219	10,436	(4,783)
Increase (decrease) in reserves	(377)	360	463	103
Increase (decrease) in investments	8,915	(685)	(658)	27
<b>Total applications of capital funding</b>	<b>68,812</b>	<b>39,747</b>	<b>44,530</b>	<b>4,783</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(17,846)</b>	<b>(20,930)</b>	<b>(19,745)</b>	<b>1,185</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Budget 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	17,846	20,930	19,745	(1,185)
Subsidies and grants for capital expenditure	2,507	2,028	2,072	44
Development and financial contributions	2,405	2,465	2,414	(51)
Vested Assets	3,051	3,124	3,124	0
Gains on sale	0	0	0	0
Depreciation	(21,727)	(22,895)	(23,093)	(198)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	4,082	5,652	4,262	(1,390)

### COMMERCIAL WASTEWATER CHARGE – TRADE WASTE CHARGES

Wastewater charges for commercial properties are set according to Council's Trade Waste Bylaw. The methodology for calculating the charges to commercial producers is complicated, but in summary Council examines the flow rates and effluent strength during the previous three years to calculate charges for the following year.

Two methods are used for commercial properties:

- Method A is applied to the largest trade waste contributor and the charge is calculated on both discharge rates and effluent strength. Charges are highest for the most concentrated and larger volumes
- Method B applies to all other trade waste contributors, of which there are approximately 1300

in Nelson city. The charge is calculated based on the estimated volume of effluent discharged. The estimate assumes the amount of wastewater is 80% of the volume of incoming water.

Total trade waste revenue for 2016/17 is estimated to be \$1,273,750.

For 2016/17, the GST inclusive trade waste charges are:

- Trade waste A conveying charge \$530.14 per litre per minute
- Trade waste A treatment charge \$1,114.66 per kg BOD\* per day
- Trade waste B combined charge \$1.67 per m<sup>3</sup>
- Wastewater charge \$97.39 per year.

\*BOD is the biochemical oxygen demand, or effluent strength.

For the previous year, 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 m<sup>3</sup>
- Wastewater charge \$101.60 per year.

### Method A: quality/quantity approach

The largest commercial contributor is monitored every three months and the waste stream sampled over four days to measure the discharge rate and effluent strength as BOD, the biochemical oxygen demand. The trade waste charge is then calculated using the conveyance, which is the amount discharged, and treatment rates from the method of charging schedule. These rates are determined annually. The conveyance rate is calculated by dividing the estimated conveyance costs for the coming financial year by the average of the previous three year's average flows. The treatment rate is calculated by dividing the estimated treatment costs for the coming financial year by the average of the previous three year's BOD loadings.

The 2016/17 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 (\$)
2015/16	5,695,895	11,073	514.37
2016/17	5,653,852	10,665	530.14

### TREATMENT (\$/KG BOD/DAY), INCLUDING GST

Year	Total Cost (\$)	Average BOD loading (kg/day)	Cost/kg BOD/day (\$)
2015/16	3,898,945	3,562	1,094.51
2016/17	3,704,842	3,329	1,114.66

### 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 average of the previous three year's total effluent volume. Initially, all trade waste ratepayers pay the wastewater rate that is then deducted from the trade waste charges. Any surplus is not refunded. The deficit is the payable trade waste charge.

The 2016/17 charges compared with the previous year's charges are:

### CONVEYING AND TREATMENT, INCLUDING GST

Year	Total Cost (\$)	Total effluent volume (m <sup>3</sup> )	Cost/m <sup>3</sup> (\$)
2015/16	9,594,840	5,820,222	1.65
2016/17	9,358,694	5,605,450	1.67

# ACCOUNTING POLICIES

## REPORTING ENTITY

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

## BASIS OF PREPARATION

These prospective statements of Nelson City Council are for the year ended 30 June 2017. The forecast information was authorised for issue by Council on 3 March 2016.

This prospective financial information is based upon the financial statements as published in the June 2015 Annual Report, and adjusted to incorporate updated assumptions and council decisions made for the purpose of this Annual Plan. Actual financial results are likely to be different from these Prospective Financial Statements, and that difference may be material.

### Statement of compliance

This forecast information has been prepared in accordance with the requirements of the Local Government Act 2002. With the exception of the Funding Impact Statements this forecast information has also been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) as it relates to prospective financial information and PBE FRS 42 – prospective financial statements. They comply with Public Benefit Entity

International Public Sector Accounting Standards (PBE IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities. The prospective financial statements have been prepared in accordance with Tier 1 PBE standards.

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

### Presentation currency and rounding

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets. The following particular accounting policies, which materially affect the anticipated results, have been applied.

## REVENUE

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

### Exchange and non-exchange transactions

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



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

### Rates revenue

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

### Government grants

Nelson City Council receives government grants, in the main 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 commercially based services

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

### Vested assets

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

### Sales of goods

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

### Traffic and parking infringements

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

### Interest and dividends

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

### Development contributions

Development and financial contributions are recognised as revenue when Council is able to enforce collection of the contribution under the applicable legislation. Development contributions are non-exchange transactions.

## EXPENDITURE

### Borrowing costs

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

### Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### Grants

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

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

### Operating leases

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

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

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

## CASH AND CASH EQUIVALENTS

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

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

## RECEIVABLES

Receivables are recorded at their face value, less any provision for impairment.

## DERIVATIVE FINANCIAL INSTRUMENTS

The Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the

date on which the derivative contract is entered into and subsequently re-measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The valuation at balance date is performed by Hedgebook Limited.

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are taken directly to the surplus or deficit for the year. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the agreement.

Swaps are classified as non-current if the remaining maturity is more than 12 months, and as current if the remaining maturity is less than 12 months.

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

## FIXED ASSETS

Property, plant and equipment consist of the following categories:

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

## Revaluation

All 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 2015 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 2015 by council engineers and peer reviewed 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 2015 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.

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

Valuations are performed with sufficient regularity to ensure the carrying amount of property, plant and equipment does not materially differ from fair value.

## Additions

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

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

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

## Disposals

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

## Subsequent costs

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

## Depreciation

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

Assets depreciated are as follows:

ASSET	DEPRECIABLE LIFE (YEARS)
<b>Operational</b>	
Buildings	50 – 100
Improvements	Nil – 20
Motor vehicles	7
Plant and equipment	2 – 30
Library books	3 – 10
Marina	30 - 50
<b>Restricted</b>	
Buildings	50 – 100
Improvements	Nil – 20
<b>Roading</b>	
Roads formation	n/a
Sub-base	n/a
Basecourse	5 – 80

ASSET	DEPRECIABLE LIFE (YEARS)
Surfacing (sealed)	1 – 50
Surfacing (unsealed)	n/a
Bridges	20 – 100
Retaining/sea walls	30 – 100
Box culverts	60 – 90
Footpaths	5 – 100
Streetlights	20 – 60
Signs	15
<b>Water Supply</b>	
Pipeline	55 – 120
Manholes	58 – 110
Reservoirs and tanks	100
Dams	10 – 200
<b>Wastewater</b>	
Pipeline	40 – 120
Manholes	80
Pump stations	10 – 50
Oxidation pond	15 – 151
<b>Stormwater</b>	
Pipeline	50 – 90
Bank protection	25 – 100
Manholes	90
<b>Solid waste</b>	
Pipes	60 – 90
Ponds and dam	100
Gas flare	20
Resource consents	24

## IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

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

### Biological assets

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2015. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

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

### Intangible assets

#### Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by Nelson City Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Intangible Asset	Useful life (years)	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

Investment property is valued initially at its cost, including transaction costs. 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 latest valuation was performed by Ian McKeage of Telfer Young (Nelson) Limited and changes in valuation are recognised in the surplus or deficit.

### Other financial assets

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

Purchases and sales of financial assets are recognised on trade date, the date on which the Council and



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

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

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

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

### **Financial assets at fair value through surplus or deficit**

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

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

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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

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

### **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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

### ***Fair value through other comprehensive revenue and expense***

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified into any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and group may include in this category:

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

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

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

### ***Impairment of financial assets***

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

### ***Loans and receivables, and held to maturity investments***

Impairment of a loan or a receivable 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 Surplus or Deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that the 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.

### ***Financial assets at fair value through other comprehensive revenue and expense***

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

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

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

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

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

## **BORROWINGS**

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

Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

## **PAYABLES**

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

## **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. 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.

## **SUPERANNUATION SCHEMES**

### **Defined contribution schemes**

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

## **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. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

## 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 anticipated to be spent, but where items of expenditure clearly relate to particular activities, they are allocated on that basis.

## EQUITY

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

- Accumulated funds
- Restricted reserves
- Council created reserves
- Property revaluation reserves

## RESERVES

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

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

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

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

## STATEMENT OF CASHFLOWS

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

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

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

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

## CHANGES IN ACCOUNTING POLICIES

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

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

### 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.

### 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 depreciation 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.



# FINANCIALS

Council's Annual Plan 2016/17 covers the period 1 July 2016 to 30 June 2017. It incorporates operating and capital expenditure for the period for the core Council entity – consolidated statements have not been prepared to include subsidiaries.

In this section financial information is provided at a summary level but more detailed information for each activity and group of activities is included throughout the document.

Consistent with the Financial Strategy prepared during the Long Term Plan 2015-25 and its associated funding and financial policies, this Annual Plan achieves the following:

- In general terms maintains the current level of service for each of the Council activities
- An ability to maintain the condition of the City's assets though there is only limited provision for unforeseen events
- A capital expenditure programme for new works of \$44.7 million which is \$4.5 million lower than was planned in the Long Term Plan 2015-25.
- Forecast net debt at 30 June 2017 of \$131.6 million
- An increase in the total rates requirement for 2016/17 of 2.8% after allowing 0.5% growth in the rating base.

To provide a degree of certainty to ratepayers the Financial Strategy sets limits on rate increases and levels of debt throughout the term of the Long Term Plan 2015-25. The table below shows the key financial parameters for this Annual Plan.

Parameter	Annual Plan 2016/17	Limit
Increase in total rate requirement	2.8%	3.9%
Net debt as a % of total revenue	137%	150%
Net interest as a % of total revenue	5.7%	15%
Net interest as a % of rates revenue	8.1%	20%

## Council Controlled Organisations

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. The eight organisations Council owns or part owns to achieve agreed community outcomes are:

- Port Nelson Ltd (50% with Tasman District Council)
- Council Controlled Trading Organisations (CCTOs) – Nelmac Ltd, Nelson Airport Ltd (50% with TDC), Tourism Nelson Tasman Ltd\*, Stoke Heights (Ridgeways) Joint Venture
- Council Controlled Organisations (CCOs) – Nelson Regional Economic Development Agency\*, the Tasman Bays Heritage Trust (Nelson Provincial Museum – 50% with Tasman District Council), and the Bishop Suter Trust.

Further details on Council Controlled organisations can be found in the Accounting Information section of the Long Term Plan 2015-25.

*\*Council has combined these two agencies into the Nelson Regional Development Agency from 1 July 2016. It will be a Council Controlled Organisation, 100% owned by Nelson City Council.*

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Budget 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
<b>Revenue</b>				
Rates other than targeted rates for water supply	53,660	56,289	55,835	(454)
Rates remissions	(296)	(301)	(301)	0
Transfers from other government entities	4,723	4,294	4,342	48
Other operating grants, donations and subsidies	339	345	741	396
Other capital grants, donations and subsidies	122	172	191	19
Vested assets	3,051	3,124	3,124	0
Development contributions	2,405	2,465	2,414	(51)
Revenue from exchange transactions	18,758	22,127	21,797	(330)
Other Revenue	13,150	13,490	10,093	(3,396)
Interest received	32	36	54	18
Dividend received	2,859	2,934	3,289	355
<b>Total Revenue</b>	<b>98,802</b>	<b>104,975</b>	<b>101,579</b>	<b>(3,396)</b>
<b>Expenses</b>				
Staff expenditure	17,862	18,280	18,487	207
Grants and other transfer payments	4,182	3,774	3,746	(28)
Finance costs	5,092	7,027	5,515	(1,512)
Depreciation and amortisation	21,727	22,895	23,093	198
Other expenses	45,857	47,347	46,476	(871)
<b>Total Expenses</b>	<b>94,720</b>	<b>99,323</b>	<b>97,317</b>	<b>(2,006)</b>
<b>Net Surplus/(Deficit) before Taxation</b>	<b>4,082</b>	<b>5,652</b>	<b>4,262</b>	<b>(1,390)</b>
Taxation	0	0	0	0
<b>Net Surplus/(Deficit)</b>	<b>4,082</b>	<b>5,652</b>	<b>4,262</b>	<b>(1,390)</b>
Increase in asset revaluation reserves	18,648	32,768	15,633	(17,135)
Revaluation of investments	23	26	19	(7)
<b>Total Other Comprehensive Revenue and Expense</b>	<b>18,671</b>	<b>32,794</b>	<b>15,652</b>	<b>(17,142)</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>22,753</b>	<b>38,446</b>	<b>19,914</b>	<b>(18,532)</b>

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Budget 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
Equity at beginning of year	1,322,643	1,345,396	1,342,478	(2,918)
Total comprehensive revenue and expense	22,753	38,446	19,914	(18,532)
<b>Equity at end of year</b>	<b>1,345,396</b>	<b>1,383,842</b>	<b>1,362,392</b>	<b>(21,450)</b>

The 2016/17 Annual Plan equity at the beginning of the year is based on 2014/15 Annual Report closing balance plus a forecast for 2015/16, and therefore is not equal to 2015/16 Long Term Plan equity at end of year.



## STATEMENT OF FINANCIAL POSITION

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Budget 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
<b>Current Assets</b>				
Cash and cash equivalents	235	60	371	311
Inventories	87	61	67	6
Trade and other receivables	10,861	11,054	11,543	489
Prepayments	0	0	0	0
Other financial assets	0	0	768	768
Taxation	0	0	0	0
Derivative financial instruments	15	15	95	80
<b>Total Current Assets</b>	<b>11,198</b>	<b>11,190</b>	<b>12,844</b>	<b>1,654</b>
<b>Non Current Assets</b>				
Trade and other receivables	4,103	3,630	0	(3,630)
Investments in council-controlled organisations	31,493	31,493	30,619	(874)
Investment properties	1,003	1,029	1,018	(11)
Other financial assets	623	703	4,454	3,751
Intangible assets	1,771	1,771	1,682	(89)
Biological assets	4,686	5,086	5,131	45
Property, plant, and equipment*	1,426,392	1,479,439	1,459,586	(19,853)
Derivative financial instruments	1,011	1,011	0	(1,011)
<b>Total Non Current Assets</b>	<b>1,471,082</b>	<b>1,524,162</b>	<b>1,502,490</b>	<b>(21,672)</b>
<b>Total Assets</b>	<b>1,482,280</b>	<b>1,535,352</b>	<b>1,515,334</b>	<b>(20,018)</b>
<b>Current Liabilities</b>				
Bank overdraft	0	0	0	0
Trade and other payables	13,732	13,992	12,995	(997)
Employee benefit liabilities	1,526	1,567	1,731	164
Taxation payable	0	0	0	0
Current portion of borrowings	45,541	44,843	11,049	(33,794)
Derivative financial instruments	27	27	39	12
<b>Total Current Liabilities</b>	<b>60,825</b>	<b>60,429</b>	<b>25,814</b>	<b>(34,615)</b>
<b>Non Current Liabilities</b>				
Trade and other payables	0	0	878	878
Provisions	1,178	1,188	1,223	35
Employee benefit liabilities	325	338	222	(116)
Derivative financial instruments	595	595	3,901	3,306
Non-current portion of borrowings	73,960	88,960	120,903	31,943
<b>Total Non-Current Liabilities</b>	<b>76,058</b>	<b>91,081</b>	<b>127,127</b>	<b>36,046</b>
<b>Total Liabilities</b>	<b>136,884</b>	<b>151,510</b>	<b>152,942</b>	<b>1,432</b>
<b>Net Assets</b>	<b>1,345,396</b>	<b>1,383,842</b>	<b>1,362,392</b>	<b>(21,450)</b>
<b>Ratepayer's Equity</b>				
Accumulated comprehensive revenue and expense	374,833	379,169	384,314	5,145
Other reserves	970,563	1,004,673	978,078	(26,595)
<b>Total Ratepayer's Equity</b>	<b>1,345,396</b>	<b>1,383,842</b>	<b>1,362,392</b>	<b>(21,450)</b>

Opening balances for 2016/17 Annual Plan have been derived from 2014/15 Annual Report closing balances plus a forecast for 2015/16, as this represents a more recent and accurate assessment than the 2014/15 Annual Plan closing balances.

There is a difference of \$20.0m against LTP in Property, Plant, and Equipment. A difference of \$9.4m in the opening balance at 01 July 2015, and changes to the capital programme over 2015/16 and 2016/17 have had a direct effect on the closing position. Changes in revaluation indicies along with the reduced asset base have resulted in a reduction of \$17.1m against LTP for asset revaluation, which has reduced the equity balance.



## CASH FLOW STATEMENT

	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Budget 2016/17 (\$000)	Difference to LTP 2016/17 (\$000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Receipts from Ratepayers	53,186	55,823	67,262	11,439
Receipts from grants, donations, and subsidies	5,183	4,811	5,274	463
Receipts of other fees, charges, and rentals	31,804	35,500	20,027	(15,473)
Development Contributions	2,405	2,465	2,414	(51)
Interest Received	32	36	54	18
Dividends Received	2,859	2,934	3,289	355
	<b>95,470</b>	<b>101,569</b>	<b>98,320</b>	<b>(3,249)</b>
<b>Cash was disbursed to:</b>				
Payments to suppliers	49,748	50,743	50,402	(341)
Payments to employees	17,831	18,226	18,456	230
Interest Paid	5,092	7,027	5,515	(1,512)
Tax Paid/(refund)	0	0	0	0
	<b>72,671</b>	<b>75,996</b>	<b>74,373</b>	<b>(1,623)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>22,799</b>	<b>25,573</b>	<b>23,947</b>	<b>(1,626)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Sale of Investments and properties for resale	0	0	0	0
Repayment of LGFA borrower notes	0	53	53	0
Sale of fixed assets	21	22	22	0
Repayment of community loans and advances	534	561	561	0
	<b>555</b>	<b>636</b>	<b>636</b>	<b>0</b>
<b>Cash was disbursed to:</b>				
Investments in council controlled organisations	3,436	0	0	0
Investments in LGFA* borrower notes	53	240	160	(80)
Community loans advanced	25	0	0	0
<b>Purchase of fixed assets:</b>				
Renewals	12,368	15,593	10,436	(5,157)
New works - growth	6,147	5,870	3,856	(2,014)
New works - Increased level of service	41,314	18,983	30,433	11,450
	<b>63,343</b>	<b>40,686</b>	<b>44,885</b>	<b>4,199</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(62,788)</b>	<b>(40,050)</b>	<b>(44,249)</b>	<b>(4,199)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Proceeds from borrowings	43,033	17,888	23,338	5,450
<b>Cash was applied to:</b>				
Repayment of borrowings	3,000	3,586	3,061	(525)
<b>Net Cash Flows from Financing Activities</b>	<b>40,033</b>	<b>14,302</b>	<b>20,277</b>	<b>5,975</b>
Net Increase/(Decrease) in Cash Held	44	(175)	(25)	150
Add Opening Cash Balance	191	235	396	161
<b>Closing Balance</b>	<b>235</b>	<b>60</b>	<b>371</b>	<b>311</b>
<b>Represented by:</b>				
Cash and Cash Equivalents	235	60	371	311

The opening cash balance for Budget 2016/17 is based on the 2014/15 Annual Report closing balance plus a forecast for 2015/16 and therefore is not equal to the 2015/16 Long Term Plan closing balance. \* Local Government Funding Agency



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

Project	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Annual Plan 2016/17 (\$000)	Difference from LTP 2016/17 (\$000)
<b>Transport<sup>5</sup></b>				
<b>Roads: Subsidised</b>				
Airport bridge replacement	0	0	200	200
Bishopdale to The Ridgeway shared path	289	0	0	0
Drainage renewals	100	103	98	(5)
WC 452 Gloucester Street Connections	0	0	191	191
Maitai shared path (Collingwood to Nile Street)	600	0	0	0
Minor improvements	650	667	131	(536)
Railway Reserve to CBD (Stg II via St Vincent Street)	160	0	0	0
Railway Reserve/Princess Drive extension overbridge	104	0	0	0
Rocks Road to Maitai shared path	30	277	277	0
Sealed road pavement rehabilitation	450	120	115	(5)
Sealed road resurfacing	1,326	1,369	1,348	(21)
Structures component replacement	307	521	501	(20)
Tahunanui cycle network	100	267	342	75
Traffic services renewals	405	437	405	(32)
Walk cycle schools package	150	0	0	0
<b>Roads: Unsubsidised</b>				
New footpaths	50	205	0	(205)
Renewals footpaths	300	310	310	0
Rocks Road cycling and walking project	390	308	308	0
Sundry land purchases	100	103	103	0
Tahunanui car park	50	154	154	0
Todd Bush Road	600	0	0	0
<b>Inner City Enhancement -Car Parks</b>				
Bridge Street enhancement	132	0	30	30
CBD enhancement	50	257	407	150
Parking strategy implementation	270	123	73	(50)
Transport Projects under \$100,000	908	862	1,513	651
<b>Total Transport</b>	<b>7,521</b>	<b>6,082</b>	<b>6,506</b>	<b>424</b>
<b>Water Supply</b>				
<b>Water Supply</b>				
Atawhai No.2 reservoir	87	103	0	(103)
Backflow prevention	150	154	154	0
Commercial meters	185	154	154	0
Fire flow upgrades	100	103	103	0
Hampden Street East Little Go Stream	500	0	100	100
Maitai Pipeline (water treatment plant to Westbrook Terrace)	2,118	2,052	2,852	800
Maitai Resource consent renewal	200	205	205	0
New membrane (Train 5)	1,066	0	0	0
Pump stations - renewals	0	277	277	0
Residential meter renewals	100	103	0	(103)
Roding resource consent renewal	200	205	205	0
Seismic risk upgrades	100	103	103	0

<sup>5</sup> Transport budgets for Minor Improvements and Footpaths showing under-expenditure have in fact been split into individual project component charges underneath.



Project	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Annual Plan 2016/17 (\$000)	Difference from LTP 2016/17 (\$000)
Water Supply continued...				
Water loss reduction areas establishment	50	103	103	0
Water loss reduction programme	200	205	0	(205)
Water pipes	544	815	815	0
Water treatment plant renewals	246	144	144	0
Water Supply Projects under \$100,000	814	721	575	(145)
<b>Total Water Supply</b>	<b>6,660</b>	<b>5,445</b>	<b>5,789</b>	<b>344</b>
<b>Wastewater</b>				
<b>Wastewater</b>				
Awatea Place	0	308	308	0
Corder Park pump station	3,650	0	0	0
Hampden Street East/Little Go Stream	250	0	150	150
Neale Park pump station	353	3,078	3,078	0
Nelson Regional Sewerage growth	618	234	225	(9)
Nelson Regional Sewerage renewals	359	585	520	(65)
Ngawhatu Valley trunk main	335	0	0	0
Pump station storage	20	123	0	(123)
Renewals pump stations	130	133	133	0
Wastewater pipe renewals	300	539	539	0
Wastewater Projects under \$100,000	724	567	513	(54)
<b>Total Wastewater</b>	<b>6,738</b>	<b>5,567</b>	<b>5,466</b>	<b>(101)</b>
<b>Stormwater</b>				
<b>Stormwater</b>				
Fifeshire Crescent	100	257	257	0
Montcalm/Arrow/Washington Valley/Hastings Street	180	154	0	(154)
Nile Street East	50	513	605	92
Public/private drains	100	103	103	0
Railway Reserve/Saxton Rd West /Dryden Street	80	770	770	0
St Vincent/Hastings Street culvert	100	154	0	(154)
Stanley/Beachville Crescent	264	0	0	0
Stansell Avenue private / public drains	139	0	0	0
Tahuna Slope risk area	100	103	103	0
Wastney Terrace private drain programme	882	0	773	773
Stormwater Projects under \$100,000	603	732	663	(69)
<b>Total Stormwater</b>	<b>2,597</b>	<b>2,784</b>	<b>3,273</b>	<b>488</b>
<b>Flood Protection</b>				
<b>Flood Protection</b>				
Flood mitigation	748	154	154	0
Hampden St East/Little Go Stream - Stage 2	4,000	718	2,718	2,000
Inventory of urban streams	600	0	200	200
Maitai upgrade and enhancement	100	103	103	0
Orphanage Stream upgrade	608	154	154	0
Saxton Creek upgrade	2,874	2,052	3,077	1,025
York Stream channel upgrade	750	770	770	0
Flood Protection Projects under \$100,000	599	485	521	36
<b>Total Flood Protection</b>	<b>10,278</b>	<b>4,436</b>	<b>7,696</b>	<b>3,261</b>

Table continued >



Project	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Annual Plan 2016/17 (\$000)	Difference from LTP 2016/17 (\$000)
<b>Environmental Management</b>				
<b>Monitoring the Environment</b>				
Project Maitai/Mahitahi	200	205	205	0
<b>York Valley Landfill</b>				
York Valley weighbridge	493	0	0	0
<b>Recycling</b>				
Recycling bins	0	0	1,100	1,100
Environmental Management Projects under \$100,000	216	96	228	133
<b>Total Environmental Management</b>	<b>909</b>	<b>301</b>	<b>1,534</b>	<b>1,233</b>
<b>Social</b>				
<b>Heritage &amp; Arts Planning</b>				
Art works programme	175	77	77	0
<b>Suter Grant</b>				
Suter redevelopment	2,403	0	0	0
<b>Nelson Library</b>				
Book purchases	388	398	398	0
Extension/relocation	0	205	205	0
<b>Crematorium</b>				
Pet cremator	0	154	154	0
Reline large cremator	120	0	0	0
<b>Public Toilets, Free</b>				
Millers Acre toilet	36	359	0	(359)
Queens Garden toilet	20	205	190	(15)
<b>Stoke Community Centre</b>				
Stoke sports & community facility	1,100	4,617	4,617	0
<b>Community Properties</b>				
Community Arts - new building	0	0	200	200
Pacific Building purchase	140	0	0	0
Small Bore Rifle - New Building	0	0	158	158
<b>Community Housing</b>				
Community housing renewals	100	103	103	0
Social Projects under \$100,000	561	515	586	71
<b>Total Social</b>	<b>5,043</b>	<b>6,633</b>	<b>6,689</b>	<b>55</b>
<b>Parks &amp; Active Recreation</b>				
<b>Horticulture Parks</b>				
Renewals: structures	14	209	209	0
<b>Neighbourhood Parks</b>				
Land purchase: general reserve	636	410	410	0
New reserve development programme	100	410	110	(300)
<b>Landscape Reserves</b>				
Mountainbike tracks	50	0	125	125
<b>Esplanade &amp; Foreshore Reserves</b>				
Esplanade & foreshore planting programme	100	103	103	0
Modellers pond solution	1,000	0	0	0
Tahuna Reserve development plan	128	0	0	0

Table continued overleaf



Project	Long Term Plan 2015/16 (\$000)	Long Term Plan 2016/17 (\$000)	Annual Plan 2016/17 (\$000)	Difference from LTP 2016/17 (\$000)
Parks & Active Recreation continued...				
<b>Sports Parks</b>				
Rutherford/Trafalgar Park development	2,385	0	0	0
<b>Trafalgar Centre</b>				
Mother grid design and installation	0	0	154	154
Replacement of benched seats	0	359	460	101
Replacement tiered seating	0	0	356	356
Trafalgar Centre reopening	9,534	0	0	0
Trafalgar theatre	0	0	200	200
<b>Saxton Field Stadium</b>				
Lift renewal	150	0	0	0
<b>Pools</b>				
Nayland renewals	23	223	23	(200)
Nayland improvements	153	0	200	200
<b>Play Facilities</b>				
Rutherford playground	60	554	30	(524)
<b>Marina</b>				
Marina hardstand	0	1,539	0	(1,539)
Pontoon renewal programme	0	164	0	(164)
<b>Saxton Field</b>				
Saxton Creek recreation pond enhancements	0	257	257	0
Walkways/cycleways	110	113	20	(93)
<b>Parks &amp; Active Recreation Projects under \$100,000</b>	<b>2,035</b>	<b>2,107</b>	<b>2,011</b>	<b>(97)</b>
<b>Total Parks &amp; Active Recreation</b>	<b>16,478</b>	<b>6,449</b>	<b>4,667</b>	<b>(1,782)</b>
<b>Corporate</b>				
<b>Civic House</b>				
Air conditioning	150	0	144	144
Building modifications	50	257	307	50
Earthquake prone buildings remediation	419	513	513	0
Floor 1 upgrade	435	0	413	413
Plant & equipment	100	103	175	72
Renewal programme	110	113	113	0
Veranda renewal	350	0	0	0
<b>Rental Properties</b>				
Hunter Furniture roof renewal	200	0	0	0
Strategic land purchases	500	0	0	0
<b>Administration</b>				
Computer desktops	125	128	128	0
Core systems enhancement	390	257	307	50
Elevation data for key areas	150	0	0	0
IT Infrastructure hosting investigation	31	233	65	(168)
Motor vehicles	112	133	133	0
Nmap upgrade	40	123	50	(73)
Single customer database	118	0	0	0
<b>Corporate Projects under \$100,000</b>	<b>769</b>	<b>517</b>	<b>758</b>	<b>97</b>
<b>Total Corporate</b>	<b>4,049</b>	<b>2,376</b>	<b>3,105</b>	<b>585</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>60,273</b>	<b>40,073</b>	<b>44,725</b>	<b>4,507</b>



## FINANCIAL RESERVES ESTIMATES

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

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 in the fund at the commencement of the year, the end of the year, the amount expected to be deposited in the fund during the year and the amount expected to be withdrawn from the fund during the year.

Name	Activity	Purpose	Balance July 2016	Deposits	Withdrawals	Balance June 2017
<b>Nelson Institute Funds</b>	Nelson Library	Bequest to Nelson Institute	8,552	423	-	8,975
<b>L C Voller Bequest (ETL)</b>	Nelson Library	Youth Section of Elma Turner Library	20,996	1,039	-	22,035
<b>Nellie Nightingale Bequest</b>	Tahuna Library	Maintenance and upkeep Library & restroom	140,174	6,939	-	147,113
<b>Subdivisions Reserve</b>	Reserve Contributions	Financial Contributions for Reserves	-	1,350,000	1,350,000	-
<b>Nelson 2000 Trust</b>	Esplanade Reserves	Wakefield Quay Development	164,607	8,148	-	172,755
<b>Insurance Reserve</b>	Investment Management	To fund Insurance claim excess	858,600	42,501	20,000	881,101
<b>Health &amp; Safety Reserve</b>	Admin and Meeting Support	OSH Compliance	27,098	1,341	-	28,439
<b>Parking Reserve</b>	Car parks	Self funded activity balance	-	148,680	148,680	-
<b>Saxton/Suffolk Stormwater</b>	Stormwater	Financial Contribution for capital works	110,333	5,461	-	115,794
<b>Roading Contributions</b>	Roading	Financial Contribution for capital works	102,691	-	6,000	96,691
<b>Dog Control Reserve</b>	Dog Control	Self funded activity balance	128,959	8,345	-	137,304
<b>Sport &amp; Rec Grants Reserve</b>	Physical Activity Fund	Ex Hillary Commission fund for Sport and Recreation	12,013	-	-	12,013
<b>Art Council Loan Fund</b>	Physical Activity Fund	Ex Sport & Rec Grants	10,000	-	-	10,000
<b>Events Contestable Fund Reserve</b>	Economic Development	Unspent allocation held for eligible events	172,371	-	-	172,371
<b>Pensioner Housing Reserve</b>	Community Housing	Self funded activity balance	222,513	-	91,024	131,489
<b>Founders Park Reserve</b>	Founders	Founders development	63,640	105,468	-	-
<b>Unused Depreciation Reserve</b>	Various Activities	Special Reserve to track unused depreciation	2,420,830	477,014	109,180	59,928



# ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2017

## 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 the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual 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.

Benchmark	Limit	Planned	Met
Rates affordability benchmark			
• income	\$93m	\$67.3m	Yes
• increases	3.9%	2.8%	Yes
Debt affordability benchmark	150%	137%	Yes
Balanced budget benchmark	100%	99%	No
Essential services benchmark	100%	172%	Yes
Debt servicing benchmark	10%	5.78%	Yes

## NOTES

### 1 Rates affordability benchmark

- (1) For this benchmark,—
- (a) the council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's Long Term Plan; and

- (b) the council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's Long Term Plan.
- (2) The council meets the rates affordability benchmark if—
  - (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
  - (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

### 2 Debt affordability benchmark

- (1) For this benchmark, the council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the council's Long Term Plan.
- (2) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

### 3 Balanced budget benchmark

- (1) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- (2) The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

In 2016/17 Council has not met benchmark as it has funded grants for major capital projects through debt rather than revenue (for example, Nelson School



of Music earthquake strengthening \$1.5 million and Tasman District Council projects at Saxton Field \$459,000).

#### 4 Essential services benchmark

- (1) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

#### 5 Debt servicing benchmark

- (1) For this benchmark, the council's planned borrowing costs are presented 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).
- (2) Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



## CONTACT US

Civic House, 110 Trafalgar St, Nelson  
PO Box 645, Nelson, 7040  
[enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

03 546 0200  
[nelson.govt.nz](http://nelson.govt.nz)

#### COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays (from 9.00am Thursdays) in Civic House, corner Halifax and Trafalgar St, 110 Trafalgar Street, Nelson

Telephone 546 0200 (24 hour, 7 day service)

Visit the website [nelson.govt.nz](http://nelson.govt.nz) or email [enquiry@ncc.govt.nz](mailto: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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**nelson.govt.nz**

## **PHOTOS**

Many of the beautiful Nelson images in this publication were kindly provided by Phillip Rollo and Tim Cuff.