



**Nelson**  
City Council

Te Kaunihera o  
**Whakatū**

## **Annual Report 2021/22**

### **Pūrongo ā Tau**

For the financial year ending 30 June 2022



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# Chief Executive's Foreword

## Kupu Whakataki

The 2021/22 financial year was another challenging year for our organisation, with COVID-19 continuing to have a significant impact on our region's economy, and Council was not immune from rising supply costs, interest rates and the impacts of inflation. Despite these economic pressures, Council has been able to continue the delivery of our core services and successfully achieve 81% of the performance measures set as targets for the 2021/22 financial year, a 30.5% increase on the year prior.

Throughout 2021/22 a key focus has been on projects that build our city's resilience through the maintenance and renewal of our critical infrastructure. We have continued to invest in upgrades of our water, wastewater, stormwater, and flood protection infrastructure to provide increased capacity for future growth, and to reduce the projected impacts of climate change.

We have invested in significant watermain renewal projects across the city to ensure a more reliable water supply to Nelson users both now and in the future. We completed a 3-year city-wide renewal of residential water meters in June 2022 and continued to invest in the crucial flood protection works at Saxton Creek.

With our underground infrastructure work laying a firm foundation for the city, we can continue our work providing significant transport infrastructure for the region. In October 2021, Council endorsed the final Waka Kotahi business case for the Nelson Future Access (NFA) project. This decision provides us with a clear pathway for transport in Nelson and allows a number of interconnected transport projects to proceed.

A key priority for Council in 2021/22 has been responding to the local impacts of the housing crisis through a focus on housing affordability and intensification. In 2021, Council applied and was successful in its application and negotiations to secure funding from the Government's Infrastructure Acceleration Fund (IAF). Established to fund infrastructure projects that unlock housing development, the fund will allow the upgrade of key infrastructure services that will accelerate Council plans to support more housing development in the City Centre. Having recently been awarded \$36M of grant funding from the IAF, Council is now in a position to move forward with plans to provide resiliency for the City Centre and capacity for much needed new homes.

This important housing work continues in Council's Intensification Action Plan (IAP) which was adopted in September 2021. The IAP looks at how Nelson can encourage the intensification of housing in existing areas. Actions taken across 2021/22 include the sale of Council properties to Kāinga Ora and the Nelson Tasman Housing Trust for the delivery of planned social and affordable housing developments.

In 2021/22 Council laid the groundwork for significant work programmes through the adoption of both the Te Māhere Mahi a te Āhurangi - Climate Action Plan which sets out Council's plan to address climate change over the next decade, and Te Ara ō Whakatū – the City Centre Spatial Plan - a bold and exciting plan for the future of our city that outlines eight key actions to transform Nelson into an even better place to live, play and work.

Looking at all we have achieved throughout this last financial year under trying circumstances, it is with optimism we can look forward to all that is ahead. Our Nelson events calendar is filling up once again with the much-loved Opera in the Park returning for the first time in 3 years, marking a shift toward a return to 'normal'.

While the future will not be without its challenges we remember:

Ka taea e tātou te whakatutuki i ngā kaupapa maha ina ka hoea te waka kia kotahi – we can achieve so much when we work together.

Naku noa, na

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

**Pat Dougherty**

Chief Executive: Tumuaki

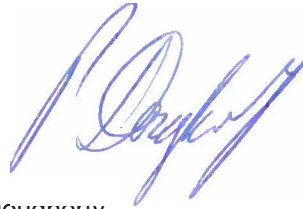
## Statement of compliance and responsibility

Council and management of Nelson City Council confirm that they have complied with all statutory requirements in relation to the Annual Report 2021/22, as outlined in the Local Government Act 2002 and its amendments.



Hon Dr Nick Smith

Mayor of Nelson



Pat Dougnerty

Chief Executive

## Independent Auditor's Report

### To the readers of Nelson City Council's annual report for the year ended 30 June 2022

The Auditor-General is the auditor of Nelson City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 24 November 2022. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 126 to 131 and pages 139 to 211:
  - present fairly, in all material respects:
    - the City Council and Group's financial position as at 30 June 2022;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 132 to 133, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan;

- the statement of service provision on pages 35 to 118:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 44 to 117, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 44 to 117, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council’s Long-term plan.

## **Report on the disclosure requirements**

We report that the City Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 134 to 138, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council’s and Group’s audited information and, where applicable, the City Council’s Long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

## **Emphasis of matter – The Government’s three waters reform programme**

Without modifying our opinion, we draw attention to note 2.31 on page 151, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the City Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and as such, the impacts of the proposed



reforms are currently unclear. Additional legislation is expected later in 2022 that will provide detail on the transfer of assets and liabilities to the water service entities.

### **Basis for our opinion on the audited information**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

### **Responsibilities of the Council for the audited information**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

### **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan and Long-term plan.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 6, 12 to 34, 119 to 125 and 212 to 236, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independence**

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out other audit and assurance engagements for the City Council and subsidiary companies. These audit and assurance engagements, as described in note 7 on page 156, are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in, the City Council or its subsidiaries and controlled entities



John Mackey  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

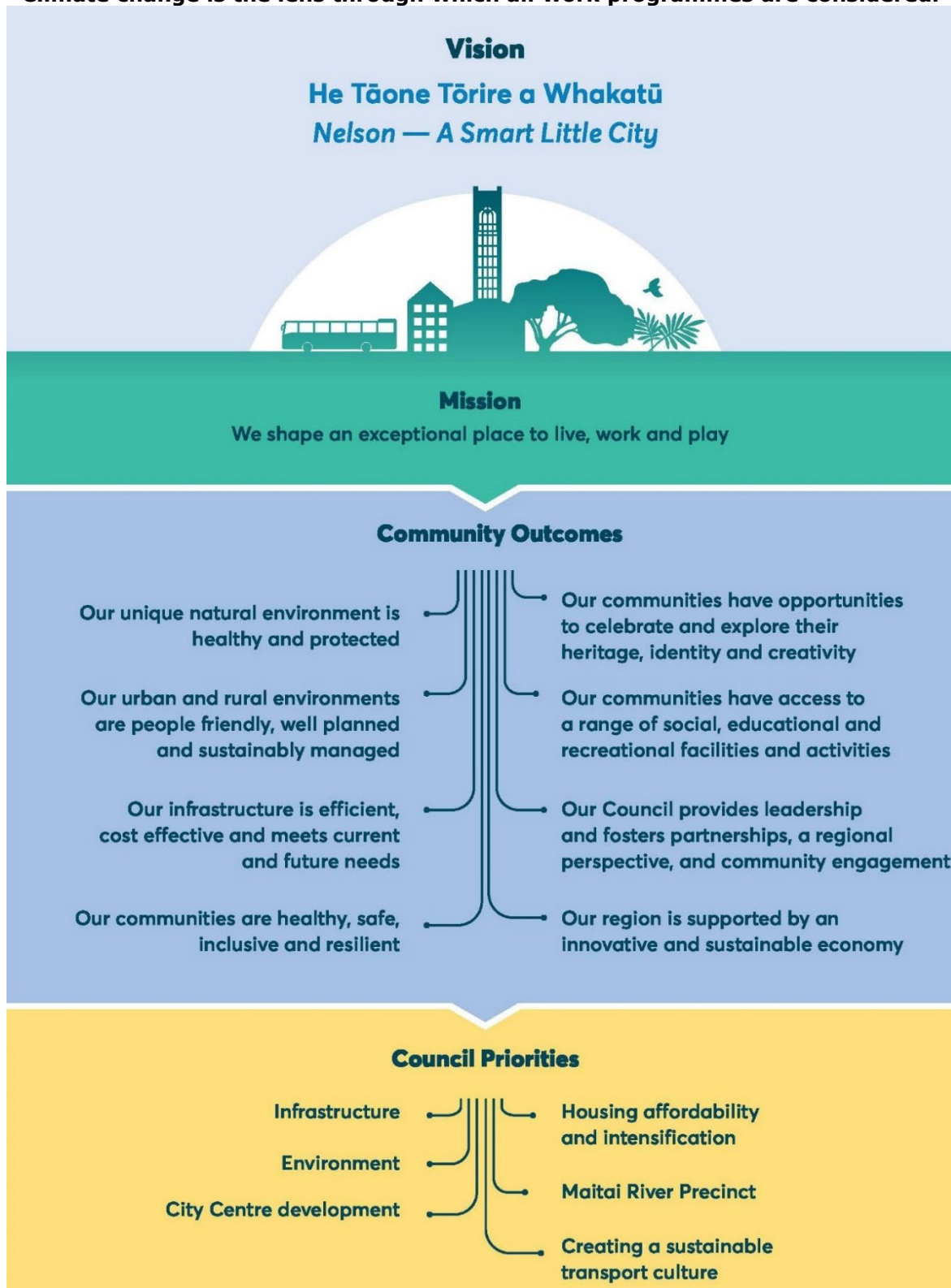
# INTRODUCTION

- Vision and mission
- Community outcomes
- Our priorities
- Council's climate action
- Planning and reporting
- Financial overview: year ended 30 June 2022
- Partnerships with Māori and iwi
- Three Waters Reform

# Council's Vision, Priorities and Outcomes

## He Whakakitenga, He Whakaarotau

Climate change is the lens through which all work programmes are considered.



# Community outcomes

## Ngā putanga hapori

Our eight community outcomes are broad, long term goals that guide our overall direction, and are aligned with those of Tasman District Council to ensure a consistent regional approach. Each Council works towards achieving the outcomes in different ways, reflecting their unique communities.

### **COMMUNITY OUTCOMES:**

#### **Our unique natural environment is healthy and protected**

##### **Ko tō tātou taiao e hauora ana, e tiakina ana**

Nelson is a place of stunning natural beauty, and we treasure, protect and restore our special places, landscapes, native species and natural ecosystems. Our open spaces are valued for recreation, and we welcome the many visitors who want to experience our extraordinary natural environment. We recognise the kaitiakitanga (guardianship) role of tangata whenua iwi.

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

##### **Ko ō tātou taiao ā-tāone, ā-taiwhenua e hoahoa ana ki te tangata, kua pai te whakamahere, e toitū ana te whakahaere**

Nelson is a well-planned district with carefully managed urban intensification and a clear urban/rural boundary. The buoyant City Centre is celebrated for its distinctive boutique character. Our easy City to sea access provides locals and visitors with a world-class waterfront experience. We work with our partners to support the development of a range of affordable, healthy and energy-efficient housing in our residential areas. Good urban design and thoughtful planning create safe, accessible public spaces for people of all ages, abilities and interests.

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

##### **Ko ō tātou hanganga he pai, he pai te utu, he mea whakatutuki i ngā hiahia o nāianeī, o muri ake hoki**

Nelson City relies on its good quality, sustainable, affordable and resilient infrastructure network which supports a growing population and strong regional economy. The community is proud of the many active transport options available and the effective public transport system. We invest in wastewater, storm water, solid waste and flood protection networks to keep our people safe and healthy, the environment protected and the economy flourishing.

#### **Our communities are healthy, safe, inclusive and resilient**

##### **Kō ō tātou hapori e hauora ana, e haumaruru ana, he mea whakaururu, he aumangea hoki**

Nelson is a city of strong and connected people and communities who live, work and play together. We support each other to build individual and community resilience. Our community works in partnership to understand, prepare for and respond to the impacts

of natural hazards. We take pride in the warm welcome we give to our visitors and new arrivals and work together to see that our people are safe, and their diversity supported.

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

**Kei ō tātou hapori ngā ara hei whakanui, hei torohē i ō rātou taonga tuku iho, tuakiri, auahatanga hoki**

We are proud of and celebrate our history and heritage and how that contributes to our identity. We have a strong sense of community, enhanced by the wide range of arts, cultural and sporting opportunities on offer.

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

**E āhei ana ō tātou hapori ki te whānuitanga o ngā hanganga ā-pāpori, ā-mātauranga, ā-rēhia hoki**

Nelson has developed high quality sports and recreation facilities for all ages. There are educational and leisure opportunities for the whole community to enjoy. We protect, enhance and celebrate Nelson's human heritage and historic sites.

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

**Kei te tuku tō tātou Kaunihera i te ārahitanga, kei te whakatītina hoki i ngā ngātahitanga, i te tirohanga ā-takiwā, i te tūhononga ā-hapori hoki**

Our leaders understand our community, are confident in our future, know how to drive success and to work with others to tackle the big issues facing Nelson. Council leaders are strongly connected to our people and mindful of the full range of community views and of the generations that follow. Residents have the opportunity to participate in major decisions and information is easy to access. We support and mentor our young people to be our leaders of the future.

**Our region is supported by an innovative and sustainable economy**

**Kei te tautokona tō tātou rohe e tētahi ohaoha toitū, auaha hoki**

Nelson is a business-friendly city and the commercial centre of Te Tau Ihu, the top of the South Island. Economic activity is sensitive to the environment, heritage and people of Nelson. We are skilled and adaptable, and we see the benefits of high-value industries and businesses. We enjoy a range of employment, education and training opportunities and take pride in being a city where youth can live, learn and work. Innovation and achievement are recognised and celebrated by our community.

## Our Priorities

### Ko ō tātou whakaarotau tuatahi

#### **Climate Change - Te panoni āhuarangi**

Climate change is the lens through which all work programmes are considered.

Responding to climate change is our biggest global challenge. Globally we have less than a decade to accelerate our emissions reductions to avoid the full effects of global warming. In Nelson, projected changes to our climate will impact our economy, infrastructure, natural environment, cultural practices and lifestyles. Responding to climate change means reducing greenhouse gas emissions and adapting to the expected impacts on the Nelson region that will result from a changing climate.

#### **Housing affordability and intensification - Te āhei o te utu ā-Whare me te whakapiki**

Housing is one of the most basic needs for people, and stable housing is linked to positive economic, health, educational, and social outcomes for individuals and communities. The lack of affordable housing is one of the most significant challenges facing the Nelson region. Council will continue to work with others, including central government, the private sector, and community groups, to address the housing crisis, and support affordable housing through the Housing Reserve.

#### **Infrastructure - Te Tūāpapa**

Infrastructure is about people – our lives, health and wellbeing ultimately depend on it. Infrastructure is critical to the wellbeing of the City, the Nelson Region, its residents, and visitors. Continuing our significant levels of investment in Nelson’s core infrastructure is of fundamental importance to Council. Despite being generally unseen, our infrastructure provides the foundation for our City to develop, grow, thrive, and meet central government requirements.

#### **Environment - Te Taiao**

Nelson’s stunning natural environment is treasured by residents and visitors alike – it is part of what makes Nelson an extraordinary place. A healthy environment is essential to our health and wellbeing and we all have a duty to care for it. The challenge of climate change has made this work all the more important.

#### **City Centre development - Te Whakahou Tāone**

The activation and revitalisation of our City Centre is focussed around Six Key Moves that Council has developed to address the significant transformative opportunities in Nelson City: Destination Nelson, Walkable Nelson, Blue-Green Heart, Smart Development, Liveable Centre, and Clever Business.

That transformation is guided by Te Ara o Whakatū – Nelson’s City Centre Spatial Plan, that defines the changes needed to make sure that our City Centre meets everyone’s needs, now and in the future. The plan creates a people-focused, place-based vision for the City Centre that attracts investment, residents, talent, thriving business, families, and events – the foundations of A Smart Little City.



### **Maitai River Precinct - Te Awa o Mahitahi**

As part of establishing Nelson as a dynamic destination, a Smart Little City, Council began exploring a series of legible precincts that would link our mountains to the sea and Maitai River. Council began investigating opportunities to develop the Maitai River Precinct with new spaces for people to enjoy, particularly through the development of a new library and adjacent civic plaza.

### **Creating a sustainable transport culture - Te hanga i tētahi ahurea ikiiki toitū**

Council is encouraging the community to transition to more sustainable transport modes – choosing active transport (including walking, cycling, skateboarding, riding scooters), and public transport more often for their journeys. This will support social and environmental wellbeing and reduce the City's greenhouse gas emissions.

## Action on the priorities in 2021/22

### Council's climate action – Mahere mahi

To give effect to the Council's commitment to apply a climate lens to all work programmes, Council is reviewing its strategies and key internal documents to ensure that opportunities for reducing greenhouse gas emissions and adapting to climate change impacts are realised and acted upon. Council is also undertaking a wide range of climate change actions across all its activities, which are recorded throughout the relevant sections of this Annual Report. In 2021/22 these actions included:

#### Te Mahere Mahi a te Āhuarangi - Climate Action Plan

In November 2021, elected members voted to adopt Council's *Te Mahere Mahi a te Āhuarangi - Climate Action Plan*, which sets out Council projects to address climate change over the next decade.

The Climate Action Plan brings together initiatives and actions across Council operations and the community for mitigation, adaptation, innovation and resilience, that were approved for the next ten years as part of the Long Term Plan 2021-31. Mitigation initiatives are actions or interventions to reduce greenhouse gas emissions, tackle the causes of climate change, while adaptation initiatives aim to build resilience to current and future impacts of climate change.

As a living document, the Plan will be updated as new climate change-related initiatives and resourcing are approved, giving the public access to the latest information about Council's actions.

View the full Climate Action Plan at [nelson.govt.nz/climate-action-plan](https://nelson.govt.nz/climate-action-plan).

#### Nelson Climate Change Strategy

In June 2022 Council agreed to the proposed structure and content of the Nelson Climate Change Strategy, which will set a long term vision and direction for climate action. A Climate Change Advisory Group, made up of community representatives and technical experts, will be established in 2022/23, to advise on the development of the Strategy.

#### Community engagement on climate adaptation

As part of its adaptation programme, Council is working to prepare our coastal communities for a changing climate. In June - August 2022, Council engaged with the community on sea level rise and lower Maitai River flooding, following the 10-step dynamic adaptive planning pathways (DAPP) process recommended in the Ministry for the Environment's coastal hazards guidance.

Over ten workshops and webinars were held, focussing on how climate change is likely to impact parts of Nelson, the types of adaptation options available, and identification of the community's priorities for adaptation planning. The next step is to translate the communities' values into objectives to guide adaptation planning.

#### National Adaptation Plan submission

In 2021/22 Council prepared a submission to Central Government's Draft National Adaptation Plan which was released for consultation in April 2022, along with proposed policies on managed retreat which will inform the development of the proposed Climate Adaptation Act.

The first National Adaptation Plan was released in August 2022. The plan sets direction on how New Zealand will adapt to the unavoidable impacts of climate change and address key climate risks identified in the National Climate Change Risk Assessment which was published in 2020. Council is reviewing the Plans policies during 2022/23, to ensure Council's work programme is in alignment.

#### Partnerships with Nelson Tasman Climate Forum and Businesses for Climate Action

Council provided funding and support to the two organisations [Nelson Tasman Climate Forum (\$100,000) and Businesses for Climate Action (\$65,000)] that are working with the community and businesses (respectively) to drive action on climate change.

The Nelson Tasman Climate Forum ran a number of successful projects and events in 2021/22, including a Climate Action Week, that involved 20 events with over 500 attendees. The Forum managed 13 climate action projects, many of which were supported and funded by Council, including Repair Cafés, an Earth Emotions photography exhibition, and the development of an educational climate change game.

Businesses for Climate Action's work included the launch of 'Mission Zero' which is a programme to support local businesses to decarbonise. The programme has coached several upcoming business climate leaders and run projects such as 'Fill up Fridays' which encourages consumers to refill vessels and containers from participating retailers on Fridays.

#### Council's carbon footprint audit

Reporting on Council's operational emissions reflects its ongoing commitment to manage and reduce emissions. Total operational greenhouse gas emissions for 2020/21 were 16,200 tonnes of CO<sub>2</sub>, a 33% reduction from the 2017/18 when this was first measured (24,127 tonnes CO<sub>2</sub>). The highest reductions in emissions were from the landfill and wastewater treatment plant.

Independently audited emissions data can be viewed on Council's website: [nelson.govt.nz/climate-change/councils-climate-change-action/](https://nelson.govt.nz/climate-change/councils-climate-change-action/).

#### Community carbon footprint

In 2021/22 Council initiated the establishment of a regional working group to create an inventory of Nelson community greenhouse gas emissions. The inventory will provide a breakdown of emissions and their sources and highlight prioritised actions to reduce emissions in the region.

#### Iwi carbon footprint

Council is supporting Te Tau Ihu iwi to increase their capacity to measure their operational carbon footprints. This will enable iwi to identify their highest sources of emissions and prioritise initiatives to reduce them. The project is being delivered as a 'pay it forward' scheme. Council has commended this work and begun working with one iwi (Ngāti Apa ki te Rā Tō) to transfer the skills required. The second phase of this project will extend this support to other iwi within Te Tau Ihu where Ngāti Apa ki te Rā Tō will share their knowledge. The project will continue in 2022/23.

#### Installation of landfill flares

The installation of a new flare at the York Valley Landfill, and the relocation of the old York Valley flare to the Eves Valley Landfill, allows improved destruction of greenhouse gases from both landfills. The new flare has resulted in a 30% reduction in greenhouse gas emissions from York Valley (as measured by the Emissions Trading Scheme).

## Housing affordability and intensification - Te āhei o te utu ā-Whare me te whakapiki

A key focus for Council in 2021/22 has been housing affordability and intensification. Council has undertaken several significant projects and worked with partners to help address Nelson's housing crisis.

### Infrastructure Acceleration Fund application

In March 2021, the Government announced a range of measures to increase housing supply, improve housing affordability, and support first home buyers. This included a \$3.8 billion Housing Acceleration Fund, part of which is an Infrastructure Acceleration Fund (IAF). The IAF was established to fund infrastructure projects that unlock housing development in the short to medium-term, in areas of need. In October 2021, four Nelson-based projects were selected to progress to the next stage of the application process (Request for Proposals), including the Achilles Avenue and Rutherford Street Social and Affordable Housing Development. Council's application made the case for investment in Nelson's central watermains, wastewater network, and the Bridge Street Linear Park / Active Transport Corridor proposed in Te Ara ō Whakatū (see [pg78](#)) to accommodate future growth. Council was successful in its application and is in negotiations to secure funding for this transformative project.

### Housing Reserve

The agreement in 2020 for the sale of 142 Council community housing units to Kāinga Ora created a \$12 million Housing Reserve, for the purpose of supporting affordable and social housing projects in Nelson. Applications to Phase One of the Housing Reserve Grants Programme were invited from 7 October 2021 to 3 November 2021.

Council approved two grants totalling \$1.85 million that will contribute to projects that will deliver 19 new affordable homes. Nelson Tasman Housing Trust was awarded \$850,000 to develop five affordable rental homes at 99 Muritai Street in Tāhunanui. Habitat for Humanity Nelson was awarded \$1 million to develop fourteen dwellings at 623 Main Road Stoke. Two of the fourteen dwellings will be designated as affordable social rentals, while the remaining twelve will be made available through Habitat's rent-to-buy Progressive Home Ownership programme.

Work on Phase Two of the Housing Reserve commenced in August 2022/23.

### Future Development Strategy 2022-2052

Development of the Nelson Tasman 2022-2052 Future Development Strategy (FDS), which was adopted in August 2022, is a joint project with Tasman District Council that seeks to respond to population growth and housing affordability challenges. It is a strategic plan that identifies potential sites for new homes and businesses within the Nelson and Tasman regions over the next 30 years, and how we will provide infrastructure to support this growth as it is needed over time. The FDS was consulted on in 2021/22 with 568 submissions received and deliberations held.

The FDS outlines plans for consolidated growth focusing largely along State Highway 6. This includes prioritising intensification of housing development in Nelson, Atawhai, Stoke, Richmond, Brightwater, Wakefield, Māpua and Motueka, along with managed greenfield expansion around Nelson, Stoke, Tāhunanui, Richmond, Brightwater, Wakefield and Māpua, including opportunities for rural residential development.

FDS plans for commercial and residential growth within urban centres, alongside mixed-use areas that aim to create growth opportunities for residential, commercial and light industrial activities in some of our towns. The FDS does not rezone land, but it will inform potential rezoning for both Councils future Resource Management Plans.

The FDS will help inform both councils' 2024-34 Long Term Plans.

### Intensification Action Plan

The Intensification Action Plan (IAP), a sub-strategy of the FDS, was adopted in September 2021. The IAP looks at ways Nelson and Tasman councils can encourage the intensification of existing housing areas, and it is a whole of Council action plan, which sits alongside other guiding documents. The IAP will be updated in 2022/23.

Many actions in the IAP were completed in 2021/22, including:

- Council approval the sale of 69 to 101 Achilles Avenue and 42 Rutherford Street to Kāinga Ora in October 2021 (subject to ongoing negotiation). Discussions for planned social and affordable housing developments at the sites were advanced in 2021/22, and Council sought public feedback on Kāinga Ora's proposal. Once implemented this project will deliver up to 175 social and affordable housing units in the City Centre.
- The sale of surplus Council-owned property at 6 and 8 Totara Street to the Nelson Tasman Housing Trust. The Trust will deliver a six-unit intensive development that will provide affordable and social housing. Council is looking to use further property identified as surplus in future, in support of housing outcomes.
- The proactive assistance to developers for the inclusion of housing as part of mixed-use development. Council provided free pre-application advice to applicants on proposed major development projects, assistance from an Urban Design Panel that provided free and independent pre-application design reviews. Urban Design Panels met three times in 2021/22 to review five development proposals, which encompassed 85 new residential apartments.
- The promotion of successful development projects through a new monthly 'Development Spotlight' series in Our Nelson.
- The development of information guides to assist with investment decision-making for all types of intensification, and to promote the provision of intensified housing. Three guides were developed in 2021/22 and are available at Council's Customer Service Centre and online.

### Residential Plan Change 29

Work on a housing plan change to the Nelson Resource Management Plan, - Draft Residential Plan Change 29, progressed in 2021/22. Once notified, the plan change will be a tool to support greater housing intensification in existing residential and business zones, through changes to zoning and rules around residential density. The draft also proposes updates to natural hazard maps and associated planning provisions.

### Private Plan Change 28

In 2021/22 Council received a request from CCKV Maitai Dev Co LP and Bayview Nelson Limited for a Private Plan Change for Maitahi Bayview, to rezone approximately 287 hectares, along with a number of integrated and consequential changes to the Nelson Resource Management Plan. The proposed housing development aims to enable 750 residential units. Public submissions on Private Plan Change 28 were invited in 2021/22.

### Housing First

In 2021/22 Council joined a new working group to support Housing First Nelson Tasman, a multi-agency initiative to house and support people experiencing homelessness, which launched in the region in 2019.

## Infrastructure - Te Tūāpapa

A major focus for the year was Council's continued participation in the government-led Three Waters Reform programme in 2021/22 – see feature on [pg 33](#).

Water mains were upgraded and renewed in several locations around the City in 2021/22, including Rocks Road, Bolt Road, Arapiki Road, Brooklands Way and Gloucester Street, to maintain a reliable water supply. Some of our pipes date back further than the 1950s and need to be renewed to maintain a good quality network that meets the needs of Nelson's current and future community. Upgrading water mains to a higher capacity also allows for future residential and business growth, and intensification.

Over the past three years Council has undertaken a city-wide renewal programme of its residential water meters. This significant programme was completed in June 2022 with 15,000 water meters being replaced, including 3,700 in 2021/22. The new meters replaced meters at the end of their life and will enable Council to measure water usage more accurately. This will help us plan for changes in water demand, and improve the City's planning for droughts, which are likely to become more frequent as an impact of climate change.

Council continued to invest in improved wastewater management infrastructure across the City in 2021/22. With an increased number of houses connected to the existing system and with future development in mind, there is a need to improve the resilience and capacity of Nelson's sewer network. Upgrades are being implemented to minimise the likelihood and impacts of sewer overflows into our rivers, streams and sea due to heavy rain events, which are expected to become more frequent due to climate change. In 2021/22 several major works were undertaken, including the Awatea Pump Station Upgrade (scheduled for completion in 2022/23) and the Haven Road Sewer Renewal.

Stormwater activity has included several upgrades to reduce the risk of flooding and improve capacity for future development. Upgrades of stormwater pipes were carried out in Washington Valley, Airlie Street, and Haven Road. The Haven Road upgrades support the development of Nelson's future Science and Technology Precinct.

Council's multi-million-dollar flood protection investment in upgrading Saxton Creek from Champion Road through to Main Road Stoke continued in 2021/22. Stage 4 (between Main Road Stoke and the sea), the final stage of this significant programme, started in 2021 and is due for completion in August 2023. This project is part funded by Central Government, through a grant of \$7.5 million from the COVID-19 Response and Recovery Fund.

Council recognises that it needs to do things differently to reduce its emissions and help mitigate the effects of climate change and solid waste activities are a major part of this work. The Rethink Waste Whakaarohia programme continued to empower individuals and organisations to avoid or reduce waste in 2021/22. The initiative includes many community-based activities such as composting, Second-hand Sunday, and repair cafes. A new waste minimisation grant scheme to foster community-led innovation in waste avoidance and reduction has been introduced, and a diverse range of projects received \$42,000 of funding. The trial 'Don't Bin Batteries' campaign, was also launched in partnership with Tasman District Council and the Nelson Tasman Regional Landfill Business Unit, to address the issue of fires and pollution caused by batteries in landfill. The campaign which provides free disposal options for batteries has been extended into 2022/23. The delivery of Council-run events have continued to incorporate waste minimisation practices.

Kitchen waste that decomposes in a landfill produces methane, a greenhouse gas which contributes to climate change. In 2021/22 Council ran a trial of kerbside collection of residential kitchen waste, which was composted locally by Community Compost. Information from the trial will be used to help determine whether a future city-wide service should be implemented.

In 2021/22 Council successfully applied for part-funding from the Ministry for the Environment's Waste Minimisation Fund for the development of a new sorting area at the Nelson Waste Recovery Centre. This will enable diversion of building waste, keeping valuable resources out of landfill. It is estimated that the new sorting area will be operational in early 2023.

Work in the transport area is included under 'Sustainable Transport Culture' on [pg27](#).

## Environment - Te Taiao

Coastal restoration projects have been a focus of Council's science and environment work in 2021/22. Council provided support and funding for regional blue carbon projects, including Tasman Environmental Trust's pilot *Core and Restore* project. Council also installed *CoastSnap* stations (which are citizen science tools to measure coastal change), led a saltmarsh restoration trial, ran a citizen science estuarine health experiment using tea bags, and provided support for seagrass propagation research with Cawthron Institute. Estuary restoration planting along Whakatu Drive was done with funding from the Ministry for Primary Industries' One Billion Trees fund. Council also increased its investment in healthy rivers and weed management.

The first phase of a new online state of environment reporting tool was completed. The tool takes Council's monitoring data and creates useful reporting outputs, in line with the National Policy Statement for Freshwater Management requirements. Over the next two years this reporting tool will expand and help inform the policy responses required around freshwater.

Partnerships with Te Tau Ihu iwi, government agencies, community groups and science providers enable Council to expand on its environmental projects and goals. Four Jobs for Nature projects were delivered in 2021/22, which created over 40 new jobs, controlled animal and plant pests on Council and private land and saw over 80,000 native plants planted.

Community-led projects are supported by Council's Environmental Grants programme. 91 applications were received 2021/22, with around two thirds being successful. \$300,000 was awarded from Council's Nelson Nature, Healthy Streams and Sustainable Land Management programmes, including \$116,000 from the Ministry of Primary Industries to reduce erosion. The grants have helped landowners and community groups to control weeds, trap pests, restore stream margins and wetlands, manage erosion on steep erodible land, and plant over 35,500 native plants across the region.

In 2021/22 Council focused on improving the natural hazard information it provides and increasing community understanding of natural hazard risks. The updated information helps improve natural hazard resilience and informs risk management responses. New flood hazard maps and draft planning provisions were released for feedback, plus new slope instability vulnerability maps, fault rupture and liquefaction maps. Coastal hazard planning is being undertaken in line with the Dynamic Adaptive Planning Pathways climate change framework.

In 2021/22 there were 8,369 building inspections undertaken which is a 13% increase from 2020/21, and 948 building consents were received. The value of work formally received was \$226.8 million which is a 23% increase in value from 2020/21. 689 Land Information Memorandums were processed, a 12.5% increase from 2020/21. Council also implemented improvements to consents processing to improve its service for applicants.



## City Centre Development - Te Whakahou Tāone

As noted on [pg 20](#) Nelson's City Centre Spatial Plan, gifted the name Te Ara ō Whakatū - The Pathway of Nelson, was adopted by Council in 2021/22. This followed a year of public engagement, which included over 80 meetings with more than 40 community sectors, representing a wide variety of people in Nelson. The Spatial Plan is a bold vision for the future of our Smart Little City, outlining eight key actions that will transform our City into an even greater people-focused place, full of green spaces, where more people live, and visitors want to stay for longer. The key actions are:

1. Seeing ourselves
2. Raising residents
3. Greener streets
4. Precinct power
5. Streets for people
6. Great places
7. Linked up laneways
8. People at play

A goal of the Spatial Plan is to support housing intensification in the City Centre and to transform Bridge Street into an active transport corridor and linear park, offering green space for people. Council applied to Central Government's Infrastructure Acceleration Fund in 2021/22 to fund a package of Central City projects, which includes stage one of the Bridge Street Linear Park (Rutherford Street to Collingwood Street). The funding is currently in negotiation (see [pg20](#)).

As Nelson prepares for growth, streets that cater to people and place will need to be carefully considered. Streets also play a role in climate action and contribute to an innovative economy. During 2021/22 several potential pilot projects in the City Centre were identified that would trial the aspirational outcomes of Te Ara ō Whakatū. These include Saltwater Creek Laneway, Bridge Street Linear Parklet, and Montgomery Square toilet block renewal.

Council also funded a range of economic and community events that benefit the City Centre through the Nelson Events Fund and supported business activity through the Nelson Regional Development Agency (see pg 231).

## Maitai River Precinct - Te Awa o Mahitahi

As part of establishing Nelson as a dynamic destination, a Council began exploring a series of legible precincts with clear connections and which would be identifiable elements to help navigate people. These would link our mountains to the sea and Maitai River. Council began looking at opportunities to develop the Maitai River Precinct with new spaces for people to enjoy, particularly through the creation of a multi-use development with a library at its heart.

Work to advance a multi-use development with a library at its heart, on the corner of Halifax and Trafalgar Streets, progressed in 2021/22. Council approved a number of key steps, including project management and governance structures, and a flood mitigation plan. A Project Director was appointed, and a project plan and risk register were completed. Land exchange negotiations between Council and Whakatū Inc were commenced. As part of this process, geotechnical investigations were undertaken on the proposed site in May and June 2022.

Updated predictions were released by NZ SeaRise: Te Tai Pari O Aotearoa in May 2022 and a further report on flood modelling and flood mitigation for the site and wider City Centre were then considered by Council in September 2022. Council decided to defer the project until further work is undertaken to better understand the implications of the new data with regards to coastal inundation and adaptive planning for the inner City.

Pre-engagement discussions with key stakeholders began in 2021/22, and preparations were made for an extensive community engagement process, planned for late 2022.

New opportunities were also sought for The Anchor Building (258 Wakefield Quay), as Council invited expressions of interest for a new owner or tenant for this heritage building in the Haven Precinct. Council sought applications for potential use of the building that would align with its vision of connecting and enhancing the Precinct.

Council's work on upgrading and relocating the main stormwater system that passes down Haven Road, across the site and across SH6, to support the future Nelson Science and Technology Precinct, was completed in 2021/22. The Precinct has two parts: a scientific research laboratory which is being developed by The Cawthron Institute, and an office park by Port Nelson Ltd. The Precinct is targeted to the science and technology sectors. This nationally significant development is supported by Council's \$5.5 million funding commitment in the Long Term Plan, plus \$450,000 additional funds approved to complete stormwater work.

## Creating a sustainable transport culture - Te hanga i tētahi ahurea ikiiki toitū

Council is encouraging the community to transition to more sustainable transport modes, choosing active transport (including walking, cycling, skateboarding, riding scooters) and public transport more often for their journeys. This will support social and environmental wellbeing, reduce the City's greenhouse gas emissions, and reduce traffic congestion. Nelson's transport system also needs to integrate with our plans for housing intensification and City Centre living. Council is working to make a well designed and sustainable transport system that will meet growth needs and respond to climate change challenges, while creating a thriving, smarter City. In 2021/22 a significant amount of planning work was carried out to support these objectives.

Council endorsed the final Waka Kotahi business case for the Nelson Future Access project in October 2021. The business case plans to increase the availability of walking and cycling paths and public transport options, support regional economic development, and improve safety. The endorsement of the business case is the culmination of many years of work and discussion about local transport issues, and it provides a clear pathway for transport in Nelson. The Nelson Future Access project will allow a number of interconnected transport projects to proceed.

The Active Travel Strategy was developed in 2021/22 following public feedback having been sought. Adopted in August 2022, the Strategy outlines a programme of investment in walking and cycling over the next 10–15 years, that will allow people of all ages to choose sustainable methods of transport for their journeys. It is a call to action to change the way we travel, sets ambitious targets, and aims to support Council's 'zero carbon emissions by 2050' target.

Nelson's new Parking Strategy was also developed in 2021/22 and adopted in August 2022, with changes made following extensive engagement with the community. The 10-year Strategy aims to balance the access needs of users with Council's focus on moving to a low-carbon future for transport, improving access to active and public transport, and establishing a vibrant, people-focused City. The Strategy provides high-level direction for the future of parking in Nelson, and includes short, medium and long-term actions in individual parking management plans for the City Centre and fringe, plus Stoke and Tāhunanui.

These strategies referred to above are part of a suite of transport and planning strategies, which includes the Future Development Strategy, City Centre Spatial Plan, and an upcoming Speed Management Plan. Together these provide the framework for Nelson to tackle its biggest transport and urban challenges.

Work was undertaken in 2021/22, including consultation on and adoption of a new Regional Public Transport Plan, to prepare for a step change in public transport services from June 2023. Extensive improvements to the Nelson Tasman bus service are planned to support more people to choose the bus for their journeys, including expansion of public transport routes.

In 2021/22, Council's Innovating Streets project in Nelson South received a further award for safety and sustainability - the Traffic Institute of New Zealand's (Trafinz) Sustainability Leadership Award. The project was also recognised with the 3M Traffic Safety Innovation Award in 2020/21. Council has been working with Waka Kotahi to access funding to trial the continuation of the active transport corridor (from the Railway Reserve to Waimea Road) as part of the Streets For People funding package, to expand on the benefits seen in Nelson South.

Another Council project, 'Pedalling Equity', New Zealand's first Bike Library trial for intermediate school students, was also acknowledged by Trafanz. The project received a Certificate of Merit for Sustainability, with Trafanz commending the project for enabling people to experience what it means to ride and be a part of their community.

## Planning and reporting

Council's planning and reporting processes centre on three key documents:

The Long Term Plan, updated every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over a ten year period. Several Activity Management Plans feed into the Long Term Plan. This Annual Report relates to year one of the 2021-31 Long Term Plan.

The Annual Plan is developed each year to update the Long Term Plan budgets and work programme forecasts with any exceptions from what was included in the Long Term Plan for that year.

The Annual Report is produced each year to evaluate how Council performed against its budget and work programme set out in the relevant Long Term Plan and Annual Plan and report any variations.

# Financial overview: year ended 30 June 2022

## Tirohanga ahumoni

Council is required under the provisions of the Local Government Act 2002 (section 101) to manage its revenues, expenses, assets, liabilities, investments, and general dealings prudently and in a manner that promotes the current and future interests of its community.

Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break-even). This Annual Report shows that Council recorded a net surplus before revaluations (for the year ended 30 June 2022) of \$23.5 million, which was \$21.1 million more than budget. An explanation of this variance can be found in note 40 to Accounts section.

The surplus was \$9.8 million in the 2021/22 financial year. It should be noted that the word 'surplus' is an accounting term, and it is different from rating surplus. The accounting surplus includes capital items such as road subsidies and grants relating to capital projects, revaluation and vested assets which are required to be treated as revenue for accounting purposes.

As of 30 June 2022, Council's borrowings, net of deposits and cash, were \$111.6 million, compared to the budget of \$124.1m. This variance is mainly due to the Capital Expenditure not reaching the full programme and ending less than forecasted by \$10 million against Annual Plan budget of \$67.1 million.

This full Annual Report 2021/22 was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied with International Public Section Accounting Standards, and other applicable financial reporting standards, as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, certain infrastructural assets, investment property and biological assets. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Nelson City Council is New Zealand dollars.

The financial statements of Nelson City Council are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 24 November 2022.

# Partnerships with Māori and iwi

## Ko ngā waka hourua

Council is committed to strengthening partnerships with the iwi and Māori of Whakatū and provide opportunities for Māori involvement in Council decision-making processes in a meaningful way. This includes an intention to:

- Build genuine partnerships with all eight Te Tau Ihu iwi at governance, management and operational levels.
- Support iwi to participate in local government decision-making.
- Increase Council's understanding of te reo Māori me ōnā tikanga (Māori language and culture).
- Support iwi aspirations.

More information about how Council does this is included in the *Statement on Fostering Māori Participation in Council Decision-making - Te Whakatītina i te Urunga o Ngāi Māori ki te Kaunihera* in the Long Term Plan 2021-31.

During 2021/22, actions undertaken to maintain and enhance Māori involvement in the decision-making processes of Council included the following:

- Council resolved in October 2021 to establish a Māori ward for the 2022 local elections. A Māori ward means that a Māori councillor will be elected by those on the Māori electoral roll and will have a direct say in Council's governance. This will support Māori representation through direct involvement in Council decision-making.
- Council hosted 14 partnership hui with iwi across governance, management and operational groups, and tabled 87 papers for discussion and input from iwi.
- Council appointed iwi endorsed Māori representatives to sit on the following Council committees, sub-committees, and business units:
  - Community and Recreation Committee
  - Infrastructure Committee
  - Audit Risk and Finance Subcommittee
  - Urban Development Subcommittee
  - Nelson Tasman Regional Landfill Business Unit
- Te Parikaranga, Council's new Iwi Engagement Platform, was a finalist in the Local Government NZ Excellence Awards 2022. This is an online tool which streamlines the engagement process and empowers iwi to determine their engagement priorities. This saves time and money being spent on projects and is aimed to strengthen effective partnerships. The platform is currently being piloted and will be refined further in 2022/23.
- Council, iwi and key heritage partners worked collaboratively to develop the draft Taonga Tuku Iho, Heritage Strategy 2022-2032. This will provide a clear heritage vision and direction for Whakatū Nelson, and support communities to celebrate and explore Nelson's history, heritage, and identity. The draft was unanimously supported by the Council on 27 September 2022 with full endorsement from the eight iwi of Te Tau Ihu o Te Waka a Māui. A steering group made up of community partners will be formed to develop the Taonga Tuku Iho Heritage Strategy Action Plan and to manage the delivery of outcomes.
- Council developed He Tātai Whetū, the Whakatū Nelson Arts and Creativity Strategy in 2021/22, to set a vision for how the community can work together to unlock Nelson's creative potential. The eight Te Tau Ihu iwi were actively involved in the development process of this Strategy. One of the five 'key moves' of the Strategy is Te Tauihutanga design and identity project, to encourage greater recognition,

resourcing, and visibility of Toi Māori in our city. The Strategy was endorsed by Te Waka a Māui Iwi Chairs Forum in June 2022 and adopted by Council in August 2022.

- Development of Te Puāwaitanga Cultural Competency Framework, a coordinated approach to building the cultural capability of Council, began in 2021/22. The framework aims to enhance Council's ability to be an effective partner.
- Council hosted its fourth annual Te Huihui-o-Matariki event on 24 June 2022, to celebrate the first official Matariki public holiday, in collaboration with Te Tau Ihu o te Waka a Maui Māori Cultural Council and Toiere Te Tauihu Māori Business Network. An estimated 6,500 people attended the successful event at Rutherford Park and the Trafalgar Centre.
- Te Kāhui Whiria (Māori Partnerships Team) and Council Kaumātua provided cultural support, leadership and guidance alongside iwi, for over ten events, including the opening of Stoke Youth Park and Maitai Recreation Hub ([pg99](#)).



# Three Waters Reform

Aotearoa's public water services are facing significant long-term challenges. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater (three waters) services across the country, along with some smaller community suppliers. Significant additional investment is needed to ensure the safety of drinking water for all, improve freshwater outcomes, respond to climate change, improve the regulatory system, and increase community resilience, in a way that also provides for iwi/Māori rights and interests.

Since mid-2017, Central Government has been reviewing how to improve the regulation and supply of three waters services in New Zealand. The outcome of the review is the national Three Waters Reform. From 1 July 2024, following a transition process, four new water services entities will deliver three waters services to people across New Zealand.

Three Waters Reform will improve the regulation of drinking water, wastewater and stormwater by:

- Establishing four statutory, publicly owned water services entities to provide safe, reliable and efficient water services.
- Enabling the water services entities to own and operate three waters infrastructure on behalf of the communities they serve, enabling cost-effective financing.
- Providing ongoing public ownership of the new water services entities by local authorities, and statutory provisions that protect against privatisation.
- Establishing governing structures for each water services entity. Each water services entity will have a two-tier governance arrangement comprising:
  - A regional representative group, providing joint oversight of the entity by an equal number of representatives of the territorial authority owners and mana whenua from within the region's service area.
  - A corporate governance by an independent, competency-based, professional board.
- Setting a clear national policy direction for the three waters sector.
- Establishing consumer protection mechanisms and an economic regime to ensure efficient service delivery and drive the achievement of efficiency gains.

## **The process from 2021/22:**

### July 2021

Central Government announced a comprehensive three waters support package, with \$500 million of Better Off funding (Tranche 1), plus a further \$1.5 billion (Tranche 2) to become available from 1 July 2024.

### July-September 2021

Council considered Central Government's proposal and on 23 September resolved to provide feedback, including the need for consultation with the community. Council also requested additional information on a number of issues relating to the proposed governance structure and ownership, the impact on Water Catchment Areas, and the ability for Council to advocate on local issues.

### October 2021

The Government announced the next steps in the reform programme, mandated the reforms, and advised that Water Service Entities would be operational on 1 July 2024, with transition arrangements to be confirmed by the Government. The Government

announced that the Water Service Entities Bill would be introduced to Parliament in 2022.

Council confirmed it would make a submission informed by public engagement.

#### November 2021

The Water Services Act came into effect, establishing Taumata Arowai as Aotearoa's dedicated drinking water regulator. The Water Services Act comprehensively reformed the drinking water regulatory system including targeted reforms to improve the regulation and performance of wastewater and stormwater networks. The Act established drinking water standards and regulates all persons (other than self-suppliers) and organisations that supply drinking water. In 2024, Taumata Arowai will assume responsibilities for wastewater, and possibly stormwater networks.

#### April 2022

Council's \$5.18 million allocation of Tranche 1 Better Off Funding became available, with applications due by 30 September 2022. A condition was that projects need to be completed by 30 June 2027. A further \$15.54 million will become available from 1 July 2024 from Tranche 2 of the funding.

#### June-July 2022

The Water Services Entities Bill was the first Bill in a suite of Three Waters Reform legislation introduced in June 2022. The Bill would establish four statutory, publicly owned water services entities. The Bill contains the ownership, governance, and accountability arrangements relating to those entities and outlined transitional arrangements during an establishment period.

In July 2022, after community consultation (which included a call for submissions, and hearings), Council made a submission on the proposed Bill. The main points of the submission were:

- To include Nelson City Council in the Southern Water Services Entity, rather than the Eastern-Central Water Services Entity.
- To ensure regional balance on the Regional Representative Groups.
- To increase operational transparency and the regular review of contracts relating to provision of water services would be needed.
- To increase reporting and consultation requirements to Territorial Authorities and Mana Whenua by the Water Services Entities.

Council's submission is available to read on its website.

The Bill will be followed by further legislation expected in the last quarter of 2022 to provide for the specific powers, functions and responsibilities of entities, economic regulation and consumer protection, and details relating to the transfer of assets, liabilities, and employees from local authorities to new water services entities.

For the latest information on the Reform Programme, visit Council's website [nelson.govt.nz](https://nelson.govt.nz), [threewaters.govt.nz](https://threewaters.govt.nz) or the Department of Internal Affairs webpage: [dia.govt.nz/Three-Waters-Reform-Programme](https://dia.govt.nz/Three-Waters-Reform-Programme).

# COUNCIL ACTIVITIES: YEAR ENDED 30 JUNE 2022

## Ko tō mātou mahi

The following sections are organised by activity for funding and accountability and cover everything that Council does.

For a full description of Council activities, including ten year estimates of spending, scope, assets, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels, refer to Nelson's Long Term Plan 2021-31.

Long Term Plans are prepared every three years, and the latest plan is the Long Term Plan 2021-31. It was developed in 2020/21 and outlines Council's activities and planned programme of work for 2021/22 to 2030/31. It is available at Nelson Public Libraries, on Council's website at [nelson.govt.nz](https://nelson.govt.nz) or by contacting our Customer Service Centre on 546 0200.

The activity groups of Council are:

Transport - Te ikiiki

Water supply - Te ratonga wai

Wastewater - Te para wai

Stormwater - Te wai āwhā

Flood protection - Te ārai waipuke

Solid waste - Ngā para totoka

Environment - Te taiao

Social - Te pāpori

Parks and active recreation - Ngā papa rēhia me ngā mahi rēhia

Economic - Te ohaoha

Corporate - Te rangapū

In 2021/22 Council, including joint committees, had an agreed Annual Plan capital works programme of \$80.1 million, excluding carry forwards. \$62.3 million of the approved Annual Plan budget plus carry forwards from the 2020/21 was spent across Council. The variance to budget of \$17.8 million was due to additional Council approved spend of \$8.3 million plus Additional grant funded spend of \$2.4 million offset by council achieved savings of \$0.5 million against budgeted costs, as well as \$28 million due to rephasing of multi-year projects and COVID-19 related delays in procurement which have been carried forward to future financial years.

## Performance measures

### Inega mahi

The Long-Term Plan sets non-financial performance measures for each activity, which are reviewed and updated every three years.

Council achieved 81% of its performance measures for 2021/22.

<b>Activity</b>	<b>Measures achieved in 2021/22</b>
Transport - Te ikiiki	3 of 7
Water supply - Te ratonga wai	8 of 8
Wastewater - Te para wai	6 of 6
Stormwater - Te wai āwhā	4 of 4
Flood protection - Te ārai waipuke	7 of 7
Solid waste - Ngā para totoka	2 of 3
Environment - Te taiao	12 of 16
Social - Te pāpori	3 of 5
Parks and active recreation - Ngā papa rēhia me ngā mahi rēhia	4 of 5
Economic - Te ohaoha	2 of 2
Corporate - Te rangapū	3 of 4
<b>Total</b>	<b>54 of 67</b>

# Transport

## Te ikiiki

Council provides transport infrastructure for the Nelson region, including the roads and paths used for driving, parking, cycling, and walking. The services we provide relating to transport include road safety, traffic and parking control, street cleaning, and public transport.

Nelson's transport network includes 272km of roads 380km of footpaths, walkways, shared paths and separated cycle facilities, 34km of on-road cycle lanes for active transport, 98 bridges, 460 retaining walls, 390km of road verges, streetlights, signs, and traffic signals. Waka Kotahi NZ Transport Agency is responsible for the state highway network that runs through the area.

Nelson's transport system needs to integrate with our plans for housing intensification and City Centre living so that more people can walk or cycle to get around. Council is working to make a well designed and sustainable transport system that will meet our growth needs and climate change challenges, whilst creating a thriving and smarter City.

### **Highlights for 2021/22**

In 2021/22, capital expenditure in the transport activity was approximately \$4.4 million (including subsidised and unsubsidised roading projects).

### **Renewals and maintenance**

In 2021/22, 2.4km of footpaths were renewed (\$686,000), and 9.7 lane km of road resurfacing completed, which were all in chip seal (\$417,000).

### **Sustainable transport**

Council is encouraging the community to transition to more sustainable modes – choosing active transport (including walking, cycling, skateboarding, riding scooters), and public transport more often for their journeys.

Initiatives to facilitate this in 2021/22 included approval to restrict vehicles through Hampden Street at Waimea Road to improve safety, and the use of tactical planter boxes at Rutherford Street and Vanguard Street intersection as temporary traffic control, until work within the Te Ara ō Whakatū City Centre Spatial Plan determines permanent crossing points.

In 2021/22 a significant amount of planning work was carried out, to prepare Council to reduce transport related carbon emissions and create a sustainable transport culture going forward. Key projects included:

#### Nelson Future Access Strategy

Council endorsed the final Waka Kotahi business case for the Nelson Future Access (NFA) project in October 2021. The business case plans to increase the availability of walking and cycling paths and public transport options, support regional economic development, and improve safety for all. The decision provides a clear pathway for transport in Nelson and is the culmination of many years of work and discussion on local transport issues.

A number of interconnected transport projects are now able to proceed. The first steps include a three-year work programme, which has \$30 million allocated in the Long Term

Plan, plus several other projects on state highway fully funded by Waka Kotahi during the same time period.

### E Tū Whakatū – Nelson’s Active Travel Strategy 2022-2032

A draft Active Travel Strategy was developed in 2021/22, and public feedback was sought in July 2022. The draft Strategy outlines a programme of investment in walking and cycling over the next 10–15 years, that will allow people of all ages to choose sustainable methods of transport for their journeys. It contains three ambitious targets for active travel in Nelson:

- To reduce vehicle kilometres travelled below 2019 numbers by 2035.
- To double the proportion of people walking and cycling to work and school by 2035.
- No active transport user is killed or seriously injured on our network by 2035.

The Strategy is a call to action to change the way we travel and aims to support Council’s ‘zero carbon emissions by 2050’ target. It is part of a suite of transport and planning strategies, which includes a Parking Strategy, the Future Development Strategy ([pg20](#)) City Centre Spatial Plan ([pg16](#)), and an upcoming Speed Management Plan. Together these provide the framework for Nelson to tackle some of the biggest transport and urban challenges our City currently faces.

The Active Transport Strategy is expected to be approved in 2022/23.

### Parking Strategy

Nelson’s new Parking Strategy was developed in 2021/22 and adopted in August 2022, with changes made following extensive engagement with the community. The 10-year Strategy aims to balance the access needs of users with Council’s focus on moving to a low-carbon future for transport, improved access to active and public transport, a vibrant City Centre, and a people-focused City.

The Strategy provides high-level direction for the future of parking in Nelson, with actions for the short, medium and long-term contained in individual parking management plans for the City Centre and fringe, plus Stoke and Tāhunanui.

### Public Transport

Following a joint review of the region’s public transport services in 2020/21, Council has been working on major improvements to the system, which will be in place from July 2023. Zero emission buses, new and more frequent bus routes in Nelson and Tasman, extended timetables, a lower flat fare, and improvements to bus stops are some of the changes planned. Council aims to make zero emission bus travel in Nelson a more attractive option for people who currently use cars and maximise our potential to reduce the region’s transport emissions.

### Streets for People

In 2021/22, Council’s Innovating Streets project in Nelson South in 2020/21 received a further award for safety and sustainability - the Traffic Institute of New Zealand’s (Trafinz) Sustainability Leadership Award. The project was also recognised with the 3M Traffic Safety Innovation Award in 2020/21. Council has been working with Waka Kotahi to access funding to trial the continuation of the active transport corridor (from the Railway Reserve to Waimea Road) as part of the Streets For People funding package, to expand on the benefits seen in Nelson South.

## Pedalling Equity

Another Council project, 'Pedalling Equity', New Zealand's first Bike Library trial for intermediate school students, was also acknowledged by Trafanz. The project received a Certificate of Merit for Sustainability, with Trafanz commending the project for enabling people to experience what it means to ride and be a part of their community.

## **PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

Council's transport activities contributed to achieving the following community outcomes over the year:

<b>Community Outcome</b>	<b>Contribution</b>
Our unique natural environment is healthy and protected	Through providing a range of transport modes that minimise the impact on the environment and encouraging the use of active transport.  Investigating options to improve freshwater environments.
Our urban and rural environments are people-friendly, well planned and sustainably managed	The new road maintenance contract has provisions for reuse of materials, and all maintenance contracts are moving to monitor and reduce waste and carbon footprints.
Our infrastructure is efficient, cost effective and meets current and future needs	Through providing an effective and efficient transport system that meets the needs of residents and businesses.  Optimisation of both maintenance and renewal expenditure is undertaken to ensure the least cost for the whole of the asset's life.
Our communities are healthy, safe, inclusive and resilient	Through providing a safe and resilient transport network that provides for all modes and promoting road safety.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Through providing the space and means to allow our community to interact.
Our communities have access to a range of social, educational and recreational facilities and activities.	Through providing the space and means to allow our community to interact.

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

Through providing a transport network that takes account of our regional placement. Through engaging with our community and regional partners as the transport network adapts to the climate change emergency.

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Our region is supported by an innovative and sustainable economy

Through providing an effective and efficient transport system that meets the needs of residents and businesses.

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## TRANSPORT SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
A safe road network	Reduction in the number of death and serious injury crashes, per financial year on the local road network to achieve the Vision Zero target of 40% reduction in DSI by 2031	One fewer fatality and serious injury crashes on the local road network compared to previous year  Target to reduce risk from high to low in Waka Kotahi produced Communities at Risk Register by 2031	The 2022 year's total death or serious injury (DSI) was nine (eight serious, one fatality). There were three DSI crashes reported on the local network between 1 April 2022 and 30 June 2022 (quarter 4). One of these was a fatality.  There were DSI 19 crashes in 2020/21, and nine in 2019/20.	Achieved
Smooth sealed road network	Average quality of ride on a sealed local road network, measured by smooth travel exposure by One Network Road Classification	More than 80% of all journeys are on smooth roads as measured by Smooth Travel Exposure in RAMM	85% of all journeys are on smooth roads as measured by Smooth Travel Exposure in RAMM (Road Assessment and Maintenance Management).  This figure was the same in 2020/21.	Achieved
Maintenance of sealed local road network	Percentage of the sealed local road network resurfaced	Not less than 3% and not more than 8.5% of the network is resurfaced every year	2% of the network was resurfaced in 2021/22. The full reseat programme was not achieved due to changes in the maintenance contract. The search for a new contractor is currently underway. Unspent budget is to be carried over and the uncompleted programme spread across 2022/23 and 2023/24 years.  In 2020/21, 3.4% of the network was resurfaced.	Not achieved

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
Good quality smooth footpath surface	Percentage of footpaths that fall within the level of service standard for condition of footpath, as in Asset Management Plan	80% of the footpath network by length has a condition rating of no greater than 4	<p>A complete assessment of the network was undertaken in 2021/22. 85% of the network has a condition rating better than 4. This result includes shared paths and walkways.</p> <p>This was not able to be measured in 2020/21, as the old performance measure was not fit for purpose.</p>	Achieved
<p><b>Accessibility</b> Providing transport choices via public transport and efficiency - maximise movement of people via public transport</p>	Annual number of bus patrons	Target of year 1 (2021/22) was 488,000	<p>Bus patronage has continued to be affected by COVID-19's presence in the community. Patronage for Nelson routes in 2021/22 was 316,707 (all services including Richmond Loops was 321,244). This was a 12% drop from 2020/21, which had 363,957 patrons.</p> <p>The half price fares scheme introduced by the government from April 2022 resulted in similar bus patronage to 2021 in the final quarter of the year. The scheme was extended to August 2022. The government has since announced that Community Service Card holders will continue to receive a subsidy to make public transport fares half price on a permanent basis. Council is working with Waka Kotahi how this will be implemented.</p>	Not achieved

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
<b>Efficiency</b> Maximise movement of people via walk and cycle modes	Percentage of walking and cycling to school and work  Count of pedestrians and cyclists between 7am-9am on a fine weather Tuesday in February and July at The Railway Reserve in Stoke and Bishopdale, Atawhai Cycleway, Rocks Road and Whakatu Cycleway.	2021/22 – 23%	<p>The percentage performance measure target set in the 2021-31 LTP cannot be measured fully using count data. The Transport AMP includes a performance target of '&gt;=2% increasing trend per year' for walking and cycling count in these locations. Measurement of walking and cycling rates is a nationwide issue, with consensus on methodology under development. Staff plan to investigate options using national and local data.</p> <p>The pedestrian and cycle counts at the Railway Reserve in Bishopdale can be compared to the vehicle traffic volumes on Waimea Road. 11% of all movements between 7am-9am in July 2021 were by walking or cycling, and 20% of all movements in February between 7am-9am were by walking or cycling.</p>	Not measured
Responsiveness to service requests	Percentage of customer service requests relating to roads and footpaths to which Council responds within five working days	80% of service requests responded to within five working days	68% of service requests were responded to within 5 working days. This reflects current workloads.  In 2020/21 this was 75%.	Not achieved

## FINANCIAL PERFORMANCE – TRANSPORT

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actual 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	12,063	11,267	11,729
Targeted rates including water by meter	0	0	0
Subsidies and grants for operating purposes	3,229	4,152	4,490
Fees and charges	1,480	1,282	1,063
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,876	1,577	1,645
<b>Total Operating Funding</b>	<b>18,648</b>	<b>18,278</b>	<b>18,927</b>
<b>Applications of operating funding</b>			0
Payments to staff and suppliers	12,781	13,387	13,904
Finance costs	0	0	47
Internal charges and overheads applied *	811	449	459
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>13,592</b>	<b>13,836</b>	<b>14,410</b>
<b>Surplus (Deficit) of operating funding</b>	<b>5,056</b>	<b>4,442</b>	<b>4,517</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	4,855	4,059	1,482
Development and financial contributions	323	312	499
Increase (decrease) in debt	1,443	(492)	(2,139)
Gross proceeds from sale of assets	27	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>6,648</b>	<b>3,880</b>	<b>(159)</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	1,304	145	787
- to improve level of service	6,306	3,687	1,135
- to replace existing assets	4,094	4,489	2,437
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>11,704</b>	<b>8,322</b>	<b>4,359</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(5,056)</b>	<b>(4,442)</b>	<b>(4,517)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>5,056</b>	<b>4,442</b>	<b>4,517</b>
Subsidies and grants for capital expenditure	4,855	4,059	1,482
Development and financial contributions	323	312	499
Vested Assets	4,303	2,322	1,099
Gains on sale		0	0
Depreciation	(7,639)	(8,645)	(8,750)
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	(169)
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>6,898</b>	<b>2,491</b>	<b>(1,321)</b>

# Water Supply

## Te Ratonga Wai

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

The water supply system includes dams and weirs on the Maitai and Roding Rivers, the water treatment plant, and the network of pipes, pump stations and storage reservoirs throughout the City. Water use is metered to ensure it is used efficiently and costs are shared fairly between users.

The national Three Waters Reform process aims to improve the regulation of drinking water, wastewater and stormwater in New Zealand – see [Pg29](#).

### Highlights for 2021/22

In 2021/22, capital expenditure in the water supply activity was approximately \$4.9 million. Key projects that were undertaken in the 2021/22 year include:

#### Residential Water Meter Replacement

Over the past three years Council has undertaken a city-wide renewal programme of its residential water meters. This significant programme started in May 2019 and was completed in June 2022. Approximately 15,000 water meters have been replaced at an investment of \$2 million, with \$421,000 being spent in 2021/22 replacing 3,700 water meters.

#### Rocks Road Watermain Renewal

Council invested approximately \$942,000 to renew the watermain on Rocks Road by December 2021. This renewal provides a more reliable water supply to users in the area. Council worked closely with Waka Kotahi on the timing of this project, to ensure Rocks Road was able to be resurfaced in early 2022.

#### Watermain Renewals

In line with its renewal strategy, Council replaced ageing watermains on Bolt Road, Arapiki Road, Brooklands Way and Gloucester Street in 2021/22, investing approximately \$1.20 million. These renewals are key for maintaining a reliable water supply to nearby customers and reducing water losses from our network. Engagement with businesses and residents was undertaken to minimise the impact of these works.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's water supply activities contributed to achieving the following community outcomes over the year:

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed water supply network. Council respects the natural, recreational and heritage values of the rivers that supply the network and works to protect ecosystem health.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable water supply network meets the needs of our current and future community. Sufficient and appropriate water supply is provided to ensure residential and business growth projections are achieved.
Our region is supported by an innovative and sustainable economy	Water resources support a range of businesses that rely on clean and reliable water supplies.
Our communities are healthy, safe, inclusive and resilient	Safe and well managed water resources deliver critical health outcomes for the community.

## WATER SUPPLY SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
<b>Quality</b> Good quality water	The extent to which drinking water supply complies with: a) part 4 of the drinking water standards (bacterial compliance criteria), and b) part 5 of the drinking water standards (protozoal compliance criteria) c) part 8 of the drinking water standards (chemical compliance criteria)	100% compliance with parts 4,5 and 8 of the drinking water standards	100% compliance achieved in 2021/22. This was also the case in 2020/21.  This year's compliance was assessed by a suitably qualified independent drinking water quality expert' to undertake this assessment, as Taumata Arowai does not provide compliance confirmation. Previously the Drinking Water Assessor from the Nelson Marlborough District Health Board confirmed Council's compliance with the Drinking Water Standards.	Achieved
	Total number of complaints per 1,000 connections about any of the following: · drinking water clarity · drinking water taste · drinking water odour · drinking water pressure or flow · continuity of supply · Council's response to the above issues expressed per 1,000 connections	No more than 50 valid complaints per 1000 connections	There were a total of 21 valid complaints per 1,000 connections in 2021/22.  There were 16 in the 2020/21 period.	Achieved
<b>Reliability</b> A reliable	Average drinking water standard consumption per day per resident	Normal demand less than 500L per person per day. This includes both domestic	Average drinking water standard consumption per resident per day (includes domestic and commercial use) was 290L/p/d	Achieved



What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
supply of water		and commercial-industrial	in the 2021/22 year. This was 289L/p/d in 2020/21.	Achieved
	% real water loss from the system <sup>1</sup>	Real water loss less than 25%.	Real (unaccountable) water loss was 19.7% in the 2021/22 year.  The real water loss figure was 18.8% in 2020/21.	
<b>Customer Service</b> Prompt response	When attending a call-out in response to a fault or unplanned interruption to the system, the following median response times will be measured:  a) attendance for urgent call-outs: from the time notification is received to the time service personnel reach the site	a) Contractor to attend urgent call-outs in a median time of 30 minutes or less.	Median attendance time for urgent water call-outs was 24 minutes in 2021/22.  This was 23 minutes in 2020/21.	Achieved
	b) resolution of urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption	b) Contractor to resolve urgent call-outs in a median time of 480 minutes or less.	Median resolution time for urgent water call-outs was 152 minutes in 2021/22.  This was 127 minutes in 2020/21.	Achieved

<sup>1</sup> Council uses a water balance methodology developed by Water NZ to track and report on un-accounted for water.

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
	c) attendance for non-urgent call-outs: from the time notification is received to the time that service personnel reach the site	c) Contractor to attend non-urgent call-outs in a median time of 120 minutes or less.	Median attendance time for non-urgent water call-outs was 99 minutes in 2021/22.  This was 103 minutes in 2020/21.	Achieved
	d) resolution of non-urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption	d) Contractor to resolve non-urgent call-outs in a median time of 24 hours (1,440 minutes) or less.	Median resolution time for non-urgent water call-outs was 1,283 minutes in 2021/22.  This was 1,268 minutes in 2020/21.	Achieved

**FINANCIAL PERFORMANCE – WATER SUPPLY  
FUNDING IMPACT STATEMENT**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates including water by meter	12,874	12,666	12,822
Subsidies and grants for operating purposes	0	261	280
Fees and charges	34	38	49
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	9	9	11
<b>Total Operating Funding</b>	<b>12,917</b>	<b>12,974</b>	<b>13,162</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,930	7,337	7,478
Finance costs	0	0	0
Internal charges and overheads applied *	1,545	1,093	1,104
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>8,475</b>	<b>8,430</b>	<b>8,582</b>
<b>Surplus (Deficit) of operating funding</b>	<b>4,442</b>	<b>4,543</b>	<b>4,580</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	62
Development and financial contributions	416	431	872
Increase (decrease) in debt	301	199	(639)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>717</b>	<b>630</b>	<b>295</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	434	662
- to improve level of service	1,545	1,529	927
- to replace existing assets	3,614	3,210	3,287
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>5,159</b>	<b>5,173</b>	<b>4,876</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(4,442)</b>	<b>(4,543)</b>	<b>(4,580)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>4,442</b>	<b>4,543</b>	<b>4,580</b>
Subsidies and grants for capital expenditure	0	0	62
Development and financial contributions	416	431	872
Vested Assets	813	1,306	922
Gains on sale	0	0	0
Depreciation	(4,442)	(5,007)	(5,211)
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	(243)
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>1,229</b>	<b>1,273</b>	<b>983</b>

# Wastewater

## Te Para Wai

Council collects, treats and disposes of wastewater for the Nelson region. It operates and maintains a network of pipes and pump stations across the City that carry wastewater from Stoke and Tāhunanui for treatment at the regional Bell Island Wastewater Treatment Plant, and from the rest of the City to the Nelson Wastewater Treatment Plant near Wakapuaka.

The national Three Waters Reform process aims to improve the regulation of drinking water, wastewater and stormwater in New Zealand – see [Pg29](#).

### **Highlights for 2021/22**

In 2021/22, capital expenditure in the wastewater activity was approximately \$15.2 million. Key projects that were undertaken in the 2021/22 year include:

#### Awatea Pump Station Upgrade

The new Awatea Pump Station is a major project which is scheduled for completion in 2022/23, one year ahead of the Long Term Plan 2021-31 programme. It is designed to meet the needs of Tāhunanui's growing population and will be better equipped to prevent overflows by storing wastewater flows in the event of an extreme rain event, or other emergency. \$6.3 million was spent in 2021/22. Approximately \$4.11 million of this project was funded by the central government Three Waters Reform Stimulus Grant.

#### Haven Road Sewer Renewal - Vickerman Street to Russell Street

Council invested \$1.3 million to renew the wastewater pipeline on Haven Road. This has increased network capacity and reduced the likelihood of inflow and infiltration entering the network. Council worked closely with Waka Kotahi to align the timing of this project with Haven Road resurfacing.

#### Wastewater Hydraulic Model Renewal

Council is currently upgrading the wastewater hydraulic models for the City, investing \$478,000 in 2021/22. An accurate and detailed wastewater hydraulic model is critical for understanding the performance of the wastewater network, and to ensure Council makes the appropriate decisions when considering upgrades, to accommodate factors such as population growth and reducing overflows. These models are planned to be fully upgraded by the end of 2022/23.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's wastewater activities contributed to achieving the following community outcomes over the year:

Community Outcome	Contribution
Our unique natural environment is healthy and protected	The wastewater network is managed to minimise impacts on the natural environment and provide a healthy living environment for residents and visitors.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable wastewater network is provided that meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	A well-managed wastewater network is provided, which is essential to the functioning of our regional economy.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Appropriate wastewater disposal options are important for both urban and rural environments.
Our communities are healthy, safe, inclusive and resilient	An efficient wastewater network is essential for the prevention of waterborne disease and the health and productivity of the wider community.

## WASTEWATER SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
<b>Reliability</b> A fully operational wastewater treatment system	Level of compliance of treatment plant with resource consent conditions	100% compliance	Fully compliance was achieved in 2021/22, and in 2020/21.	Achieved
	Number of dry weather overflows from sewerage system, per 1000 connections	Fewer than 15 dry weather overflows per 1000 connections	There were three dry weather overflows per 1,000 connections in 2021/22.  There were four in 2020/21.	Achieved
<b>Response</b> Appropriate response to reported network issues	Median response times are measured for overflows resulting from a blockage or other fault in the sewerage system: a) attendance time: from when notification is received to the time service staff reach the site	Contractor to attend in median time of 60 minutes or less.	Median attendance time for wastewater call outs was 21 minutes in 2021/22.  This was 25 minutes in 2020/21.	Achieved
	b) resolution time: from the time notification is received to the time service staff confirm resolution of the blockage or fault	Contractor to resolve issues in a median time of 480 minutes or less	Median resolution time for wastewater call outs was 191 minutes in 2021/22.  This was 195 minutes in 2020/21.	Achieved

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
<b>Quality</b> Environmental protection	Compliance with territorial authority's resource consents for discharge from the sewerage system measured by number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions in relation to those resource consents	100% compliance	Fully compliance was achieved in 2021/22, and in 2020/21.	Achieved
	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 20 valid complaints a year per 1000 connections	Total number of valid complaints was 12 per 1,000 connections for 2021/22.  This was 16 valid complaints per 1,000 connections in 2020/21.	Achieved



## FINANCIAL PERFORMANCE – WASTEWATER

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates including water by meter	8,715	9,361	9,469
Subsidies and grants for operating purposes	0	353	319
Fees and charges	2,469	3,227	2,818
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,551	1,302	1,656
<b>Total Operating Funding</b>	<b>12,735</b>	<b>14,243</b>	<b>14,262</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,724	8,843	9,257
Finance costs	529	0	0
Internal charges and overheads applied *	169	44	73
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>8,422</b>	<b>8,887</b>	<b>9,330</b>
<b>Surplus (Deficit) of operating funding</b>	<b>4,313</b>	<b>5,356</b>	<b>4,932</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	3,473	2,910
Development and financial contributions	694	667	1,239
Increase (decrease) in debt	5,007	3,830	6,126
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>5,701</b>	<b>7,971</b>	<b>10,275</b>
<b>Applications of capital funding</b>			0
Capital Expenditure			0
- to meet additional demand	3,980	46	1,333
- to improve level of service	4,287	9,011	8,593
- to replace existing assets	1,747	4,269	5,281
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>10,014</b>	<b>13,327</b>	<b>15,207</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(4,313)</b>	<b>(5,356)</b>	<b>(4,932)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>4,313</b>	<b>5,356</b>	<b>4,932</b>
Subsidies and grants for capital expenditure	0	3,473	2,910
Development and financial contributions	694	667	1,239
Vested Assets	843	627	1,680
Gains on sale	0	0	0
Depreciation	(4,890)	(6,301)	(6,729)
Other non-cash income	0	0	57
Other non-cash expenditure	0	0	(35)
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>960</b>	<b>3,822</b>	<b>4,054</b>

# Stormwater

## Te Wai Āwhā

The stormwater network includes pipes, open channels and overland flow paths that convey stormwater to receiving rivers and streams, or directly to the sea. In many parts of the City a fully reticulated system is not provided and individual properties discharge stormwater to on-site soakage or to roads as part of the primary drainage system. The stormwater system also includes two pump stations and 20 detention systems.

Stormwater management is important to prevent accumulation of stormwater in low-lying areas (ponding) and potentially causing harm to people or damage to buildings, property and the environment.

The national Three Waters Reform process aims to improve the regulation of drinking water, wastewater and stormwater in New Zealand – see [Pg33](#).

### **Highlights for 2021/22**

In 2021/22, capital expenditure in the stormwater activity was approximately \$9.2 million. Key projects that were undertaken in the 2021/22 year include:

#### Washington Valley

The Washington Valley Upgrade is a major project spanning multiple years, involving the upgrade/renewal of wastewater, stormwater, water and roading infrastructure. In 2021/22 approximately \$2.3 million was invested in upgrading the stormwater and sewer networks, as well as upgrading streetlighting on Hastings Street. This project will enable housing intensification within the Washington Valley area, help to reduce the likelihood of stormwater flooding, ensure a reliable drinking water supply, and reduce the likelihood of wastewater overflows during wet weather events.

#### Airlie Street Upgrade

In 2021/22 Council undertook upgrades to the stormwater network at Airlie Street, investing \$1.08 million for the year. This significant upgrade will reduce the risk of flooding during storm events. The project was completed in early 2022/23.

#### Haven Road Upgrade

Council invested \$3.29 million in 2021/22 upgrading the stormwater network on Haven Road between Fountain Place and Saltwater Creek. This project will provide resilience during wet weather events and is key to enabling the Cawthron Institute and Port Nelson's proposed Science and Technology Precinct, which has the potential to house 1,000 knowledge workers in close proximity to our City Centre.

#### Trial to capture contaminants

Council began a trial of litter baskets that sit within stormwater sumps to catch contaminants. These baskets are being used at four locations around the City Centre and the trial has shown good results.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's stormwater activities contributed to achieving the following community outcomes over the year:

Community Outcome	Contribution
Our unique natural environment is healthy and protected	<p>Nelson's environment is protected by an efficiently managed stormwater and flood protection network that minimises damage to the urban environment from rainfall events.</p> <p>Works to support the stormwater and flood protection assets are managed to respect natural, recreational and heritage values, and to protect ecosystem health as required by the National Policy Statement for Freshwater Management.</p>
Our urban and rural environments are people-friendly, well planned and sustainably managed	<p>Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater and flood protection network.</p> <p>Sufficient and appropriate stormwater infrastructure is provided to ensure the network does not present a barrier to residential or business growth.</p>
Our infrastructure is efficient, cost effective and meets current and future needs	<p>Council provides a good quality, sustainable and affordable stormwater and flood protection network to meet the needs of our current and future community.</p>
Our region is supported by an innovative and sustainable economy	<p>Impacts on businesses and economic activity are minimised by understanding and managing the stormwater and flood protection network to protect people and property.</p>

## STORMWATER SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
<b>Environmental protection</b>	Compliance with resource consents for discharge from the stormwater system, measured by number of: a) abatement notices b) infringement notices c) enforcement orders, and d) successful prosecutions received in relation to those resource consents	100% compliance with resource consents for discharge	Full compliance was achieved in 2021/22, and in 2020/21.	Achieved
<b>Customer Response</b> Minimise justifiable complaints	Number of complaints received about the performance of the stormwater system, per 1,000 properties connected to the stormwater network	No more than 20 complaints per 1000 connections per year	Total number of complaints was 10 per 1,000 connections for 2021/22.  This was 12 complaints per 1,000 connections in 2020/21.	Achieved
<b>Customer service</b> Protection from damage to property	a) The number of flooding events that occur b) For each flooding event the number of habitable floors affected per 1000 properties connected to the stormwater network	No more than 10 per 1000 properties with habitable floor damage in any one year	One localised flood event occurred on 5 August 2021. February 2022 event rainfall was of lower intensity/longer duration and did not cause significant urban stormwater catchment issues.  There was less than one habitable floor flooded per 1,000 properties in 2021/22, and in 2020/21.	Achieved

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
<b>Customer service</b> Response to stormwater system issues	Median response time to attend a flooding event, measured from the time that notification is received to the time service personnel reach the site	Median response time less than 60 minutes	Median response time to stormwater issues was 16 minutes in 2021/22.  This was 14 minutes in 2020/21.	Achieved

## FINANCIAL PERFORMANCE – STORMWATER

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates including water by meter	4,676	4,964	4,972
Subsidies and grants for operating purposes	0	194	158
Fees and charges	0	5	5
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total Operating Funding</b>	<b>4,676</b>	<b>5,163</b>	<b>5,135</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,596	2,210	2,075
Finance costs	0	0	0
Internal charges and overheads applied *	673	409	404
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>2,269</b>	<b>2,619</b>	<b>2,479</b>
<b>Surplus (Deficit) of operating funding</b>	<b>2,407</b>	<b>2,544</b>	<b>2,655</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	0
Development and financial contributions	388	368	758
Increase (decrease) in debt	3,547	7,595	5,835
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>3,935</b>	<b>7,963</b>	<b>6,592</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	117	95	458
- to improve level of service	6,176	10,261	8,645
- to replace existing assets	49	151	145
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>6,342</b>	<b>10,507</b>	<b>9,248</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(2,407)</b>	<b>(2,544)</b>	<b>(2,655)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>2,407</b>	<b>2,544</b>	<b>2,655</b>
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	388	368	758
Vested Assets	1,179	816	2,865
Gains on sale	0	0	0
Depreciation	(2,407)	(3,256)	(3,379)
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	(6)
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>1,567</b>	<b>473</b>	<b>2,893</b>



# Flood Protection

## Te Ārai Waipuke

Council flood protection works include physical upgrades to rivers and streams to increase the volume of flood water they can carry, increasing the size of culverts, and removing accumulated gravel where flow capacity is reduced.

Council also undertakes flood modelling and land use planning to identify and manage the risks associated with flooding from rivers and streams during heavy rainfall events. A new component of the flood protection activity is the assessment of, and response to coastal hazards including inundation from storm surge, coastal erosion and sea level rise.

### **Highlights for 2021/22**

In 2021/22, capital expenditure in the flood protection activity was approximately \$13.2 million. Key projects that were undertaken in the 2021/22 year include:

#### Saxton Creek Upgrade Stage 4

Following a significant weather and flood event in 2013, Council has made a multi-million-dollar flood protection investment in upgrading Saxton Creek from Champion Road through to Main Road Stoke. Stage 4 (between Main Road Stoke and the sea), the final stage of this significant programme, started in 2021 and is due for completion in August 2023. Council invested \$11.5 million in this upgrade in 2021/22. This project is part-funded by central government, through a grant of \$7.5 million from the COVID-19 Response and Recovery Fund.

#### Wakatu Drive Stormwater Upgrade

This project involved the installation of a new culvert under Whakatu Drive (State Highway 6) to allow water to drain from the Wakatu Industrial Estate, in response to flooding in 2013. This project began in 2020/21 and was completed in 2021/22, with Council investing \$431,000 in 2021/22.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's flood protection activities contributed to achieving the following community outcomes over the year:

Community Outcome	Contribution
Our unique natural environment is healthy and protected	<p>Nelson's environment is protected by an efficiently managed stormwater and flood protection network that minimises damage to the urban environment from rainfall events.</p> <p>Works to support the stormwater and flood protection assets are managed to respect natural, recreational and heritage values, and to protect ecosystem health, as required by the National Policy Statement for Freshwater Management.</p>
Our urban and rural environments are people-friendly, well planned and sustainably managed	<p>Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater and flood protection network.</p> <p>Sufficient and appropriate stormwater infrastructure is provided to ensure the network does not present a barrier to residential or business growth.</p>
Our infrastructure is efficient, cost effective and meets current and future needs	<p>A good quality, sustainable and affordable stormwater and flood protection network is provided to meet the needs of our current and future community.</p>
Our region is supported by an innovative and sustainable economy	<p>Impacts on businesses and economic activity are minimised by understanding and managing the stormwater and flood protection network to protect people and property.</p>

## FLOOD PROTECTION SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
Environmental protection, damage to people and property minimised, and a reliable flood protection network	The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Stormwater and Flood Protection Activity Management Plan	Network maintained to current service potential	Comparative assessment of the Maitai River showed overall channel capacity has not significantly reduced since the 2015 LIDAR (Light Detection and Ranging) survey. Further analysis was undertaken to assess the potential benefits of gravel removal on present day 1% AEP (Annual Exceedance Probability) flood levels in the lower reach of the Maitai River.	Achieved
		Flood event damage identified, prioritised and repair programme agreed between Council and the community	No major flood events occurred during 2021/22 that caused damage to assets. This was also the case in 2020/21. Post-event flood level surveys were completed in six catchments. This included August 2021 and February 2022 events (both relatively minor <5 year ARI (Average Recurrence Interval) floods in urban catchments). The February 2022 event in the Maitai had peak flow of 152m <sup>3</sup> /s (approx. 3 year to 4 year ARI event).	Achieved
		High priority work completed as soon as practicable	No flood events have occurred during 2021/22 that caused damage to assets. This was also the case in 2020/21.	Achieved
		Network components renewed to continue provision of original design service potential	An inventory of flood protection structures is being progressed in preparation for transfer of stormwater assets to Water Entity C, under national Three Waters Reform. This work is planned to be completed in 2022/23. Flood protection assets will remain the responsibility of Council from July 2024 when the new Water Entity becomes operational.	Achieved

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
	Develop risk based Maitai flood response options	Year 1: Consult with the Community and refine options and initiate business case	<p>Consultation with the community on coastal adaptation and Maitai Flood Protection was undertaken in 2021/22, with a focus on strategic response options and community values to inform adaptation objectives. This process follows the approach promoted in Ministry for the Environment guidance. The outcomes of this consultation will be reported to Council in September 2022. Further consultation on more detailed options will be undertaken with the community following the release of new legislation arising from Resource Management Act reforms, which is expected to provide direction on land use planning, financing of options, and managed retreat.</p> <p>Refinement of options has been progressed for the Maitai River, showing the benefits and impacts of options on 1% AEP river flood events at 2050 and 2070.</p> <p>Development of business cases for Maitai Flood Mitigation options has been initiated, starting with an evaluation of raising riverbank levels and installing flood gates to protect low lying areas of the CBD and The Wood.</p>	Achieved
	Develop city-wide flood protection strategies	Year 1: Identify flood management options in priority catchments	An options report for priority streams (Jenkins, Arapiki, Poormans Valley Stream) has been completed.	Achieved

<p><b>Customer service</b> Protection from damage to property</p>	<p>a) The number of flooding events that occur b) For each flooding event, the number of habitable floors affected per 1000 properties</p>	<p>No more than 10 per 1000 urban properties with habitable floor damage in any one year</p>	<p>One localised flood event occurred on 5 August 2021. February 2022 event rainfall was of lower intensity/longer duration and did not cause significant urban stormwater catchment issues.</p> <p>There was less than one habitable floor flooded per 1000 properties for 2021/22.</p>	<p>Achieved</p>
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## FINANCIAL PERFORMANCE – FLOOD PROTECTION

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates including water by meter	2,118	2,237	2,241
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total Operating Funding</b>	<b>2,118</b>	<b>2,237</b>	<b>2,241</b>
<b>Applications of operating funding</b>			0
Payments to staff and suppliers	307	746	480
Finance costs	0	0	0
Internal charges and overheads applied *	1,120	783	815
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>1,427</b>	<b>1,529</b>	<b>1,295</b>
<b>Surplus (Deficit) of operating funding</b>	<b>691</b>	<b>708</b>	<b>946</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	3,756	3,756
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,993	8,138	8,454
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>4,993</b>	<b>11,893</b>	<b>12,210</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	5,684	12,601	13,155
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>5,684</b>	<b>12,601</b>	<b>13,155</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(691)</b>	<b>(708)</b>	<b>(946)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	691	708	946
Subsidies and grants for capital expenditure	0	3,756	3,756
Development and financial contributions	0	0	0
Vested Assets	173	0	0
Gains on sale	0	0	0
Depreciation	(691)	(708)	(766)
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>173</b>	<b>3,756</b>	<b>3,935</b>

# Solid Waste

## Ngā Para Totoka

Council's solid waste activities are focused on reducing or avoiding the creation of waste, as well as waste management and diversion of waste from landfill. These activities help protect the environment and reduce the region's greenhouse gas emissions.

The solid waste activity includes collection of litter from on-street bins, the domestic kerbside recycling collection, delivery of the Rethink Waste Whakaarohia programme supporting the community to avoid or reduce waste, and operation of the Nelson Waste Recovery Centre, which provides free public recycling, hazardous disposal, green waste diversion and waste disposal. It is funded through a closed account using income from landfill gate fees and levies, meaning it is independent of residential rates. The local municipal landfills at York Valley and Eves Valley are managed by the Nelson Tasman Regional Landfill Business Unit, on behalf of the Nelson City and Tasman District Councils.

Council shares a Joint Waste Management and Minimisation Plan (JWMMP) with Tasman District Council. This Plan is working towards our communities achieving a 10% per capita reduction in waste to landfill by 2030.

### **ABOUT COUNCIL'S SOLID WASTE ACTIVITIES**

#### **HIGHLIGHTS FOR 2021/22**

Key projects that were undertaken in the 2021/22 year include:

##### Rethink Waste Whakaarohia

The Rethink Waste Whakaarohia programme continued to empower individuals and organisations to avoid or reduce waste.

A new annual waste minimisation grants scheme launched in 2021/22. \$42,000 was awarded to a range of community-led projects, including an app to make unused food from the hospitality industry available to purchase, resources to support construction waste diversion, and support for schools to divert food waste. Funding for repair activities was also introduced, plus small grants for other activities.

Criteria for waste minimisation were introduced to Council's tendering process for capital projects, and waste minimisation resources for Pūtangitangi Greenmeadows and Saxton Stadium were upgraded.

In partnership with Tasman District Council and the Nelson Tasman Regional Landfill Business Unit, the 'Don't Bin Batteries' campaign was launched to address the growing issue of fires and pollution caused by batteries at landfill and other locations. The campaign was successfully trialled, providing free disposal options for batteries, and has been extended into 2022/23.

The Rethink Waste programme continued to support activities such as composting at home, event waste minimisation, Second Hand Sunday and funding for Toimata EnviroSchools.

##### Trial kerbside collection of residential kitchen waste

Kitchen waste that decomposes in a landfill produces methane, a greenhouse gas which contributes to climate change. In 2021/22 Council ran a trial of kerbside collection of residential kitchen waste. The material was composted locally by Community Compost.



Information from the trial will be used to help determine whether a city-wide service could be implemented.

#### Engagement with government proposals on waste

In 2021/22 Council provided input to Central Government proposals on transforming the solid waste sector through activities such as introducing mandatory domestic food waste collections, standardising recycling, and setting up container return schemes. It is likely that the sector will see important legislative changes in 2022/23 around waste management and minimisation, which will also link solid waste reduction to the national emissions reduction plan.

#### Nelson Waste Recovery Centre

The Nelson Waste Recovery Centre provides the opportunity for residents to donate items for reuse or resale through Nelson Environment Centre, as well as free recycling, before choosing disposal to landfill. In the last year the number of items sold by the Nelson Environment Centre, the volume of recycling, and the amount of green waste composted have all increased. Nelson Environment Centre also offers an e-cycling service supported by Council, which has seen significant increases in diversion of electronic waste. Waste sent to landfill from the Centre has decreased by 9%. The Centre is now also home to the largest mural in Nelson, which promotes healthy waterways.

#### Construction And Demolition Waste

Council successfully applied for part-funding from the Ministry for the Environment's Waste Minimisation Fund for the development of a new sorting area at the Waste Recovery Centre. This area will enable diversion of building waste, keeping valuable resources out of landfill. This new service is intended for smaller quantities of waste, for example from small businesses and household DIY projects. It is estimated that the new sorting area at the Nelson Waste Recovery Centre will be operational by early 2023.

#### Recycling

From July 2020 plastics that could not be recycled in New Zealand could no longer be accepted in Nelson's kerbside recycling bins. In 2021/22 contaminants in kerbside recycling dropped from 12% to 7%, which demonstrates the commitment by Nelsonian's to recycling well. The government is currently phasing out hard to recycle plastics.

#### Central City Litter Bins

In 2021/22 the first solar-powered street litter bins were installed in Trafalgar Street. More will be installed during 2022/23. The bins automatically compact litter and send an electronic alert to the collector when they need emptying. As the bins require fewer empties this means fewer collection vehicles in the City Centre, and a lower carbon footprint.

#### Regional Landfill

Landfills make up a significant proportion of greenhouse gas emissions from Council operations. The installation of a new flare at the York Valley Landfill, and the relocation of the old York Valley flare to the Eves Valley Landfill, allows improved destruction of greenhouse gases from both landfills. See [pg68](#) for more details.

Other landfill activities in 2021/22 included (totalling \$2.14 million):

- Commencement of a project to extend the life of York Valley Landfill, resulting in additional years of operational volume becoming available.

- An upgrade of the stormwater management systems at York Valley Landfill, resulting in significantly improved stormwater quality in the stormwater discharged to the York Stream.
- The installation of a new wheel wash at York Valley, which significantly reduces the amount of sediment being tracked onto the landfill access road, and subsequently into the stormwater system.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Council provides services and strategies to minimise the negative effect of waste management on the environment.
Our urban and rural environments are people-friendly, well planned and sustainably managed	High quality services and consistent strategic direction on waste management provide a stable environment for business development and growth. Council provides services and direction for the management and minimisation of waste.

## SOLID WASTE SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
Measures to encourage the community to reduce waste to landfill	Reduction of waste per capita by 10% by 2030	Year 1: Total waste less than 565kg per capita.	Waste to landfill per capita (as per JWMMP calculation) for 2021/22 was 593kg. In 2020/21 it was 610.37kg. This is a reduction of 3.2% but above the 565kg threshold.	Not achieved
Measures to encourage the community to increase composting of food and garden waste	Quantifiable diversion of general organic material from landfill	Year 1: Reduction of 2% from previous year	SWAP (solid waste analysis protocol) was completed in 2020/21 and 2021/22. A total of 18.9t of quantifiable residential food waste diversion and SWAP analysis demonstrates a 2,700t (20.7%) reduction of putrescibles to landfill in 2020/21.	Achieved
Support for the collection and recycling of e-waste	Increase in diverted tonnes through e-waste, reuse shops, etc.	Year 1: Create 2021 baseline	A baseline of the principal 28 e-waste streams were established in 2021/22.	Achieved

## FINANCIAL PERFORMANCE – SOLID WASTE

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates including water by meter	0	0	0
Subsidies and grants for operating purposes	204	200	281
Fees and charges	3,690	5,518	5,132
Internal charges and overheads recovered	2,315	2,687	2,915
Local authorities fuel tax, fines, infringement fees, and other receipts	2,434	2,700	2,731
<b>Total Operating Funding</b>	<b>8,643</b>	<b>11,105</b>	<b>11,059</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,837	7,601	6,902
Finance costs	0	(18)	0
Internal charges and overheads applied *	2,352	2,717	2,984
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>8,189</b>	<b>10,300</b>	<b>9,886</b>
<b>Surplus (Deficit) of operating funding</b>	<b>454</b>	<b>805</b>	<b>1,173</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	31
Development and financial contributions	0	0	0
Increase (decrease) in debt	(344)	1,796	935
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>(344)</b>	<b>1,796</b>	<b>965</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	34	477	1,348
- to improve level of service	31	923	382
- to replace existing assets	35	1,235	408
Increase (decrease) in reserves	10	0	0
Increase (decrease) in investments	0	(35)	0
<b>Total applications of capital funding</b>	<b>110</b>	<b>2,600</b>	<b>2,138</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(454)</b>	<b>(805)</b>	<b>(1,173)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>454</b>	<b>805</b>	<b>1,173</b>
Subsidies and grants for capital expenditure	0	0	31
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gains on sale	0	0	0
Depreciation	(343)	(525)	(293)
Other non-cash income	0	0	132
Other non-cash expenditure	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>111</b>	<b>279</b>	<b>1,043</b>

# Environment

## Te Taiao

Council has both regional council and territorial authority responsibilities in relation to environmental management. This means Council considers all aspects of the environment, such as air, freshwater, marine and coastal environments, biodiversity and biosecurity and land management, as well as the built environment, urban development and regional growth.

Council's environmental responsibilities are important for a healthy and protected environment (both natural and built environment) in Whakatū Nelson and for community and economic wellbeing into the future.

### **Highlights for 2021/22**

In 2021/22, capital expenditure in the environment activity was approximately \$0.3 million. Key projects that were undertaken in the 2021/22 year include:

#### **City Development**

##### Te Ara ō Whakatū - City Centre Spatial Plan

Te Ara ō Whakatū – the pathway of Nelson, was adopted by Council in December 2021. This followed a year of public engagement, which included over 80 meetings with more than 40 community sectors, representing a wide variety of people in Nelson. The Spatial Plan is a bold vision for the future of our Smart Little City, outlining eight key actions that will transform our City into an even more people-focused place, full of green spaces, where more people live, and visitors want to stay for longer.

##### Bridge Street Linear Park

A goal of Te Ara ō Whakatū is to transform Bridge Street into an active transport corridor and linear park, offering green space for people. Council applied to Central Government's Infrastructure Acceleration Fund in 2021/22 to fund a package of Central City projects, which includes stage one of the Bridge Street Linear Park (Rutherford Street to Collingwood Street). The funding is currently in negotiation (see [pg25](#)).

##### Streets for People

As Nelson prepares for growth, streets that cater to people and place will need careful consideration. Streets also play a role in climate action and an innovative economy. During 2021/22 several potential pilot projects were identified in the City Centre, to trial aspirational outcomes of Te Ara ō Whakatū. These include:

- Saltwater Creek Laneway
- Bridge Street Linear Parklet
- Montgomery Square toilet block renewal

## **Housing**

The lack of affordable housing is one of the most significant challenges facing the Nelson region. In 2021/22 Council worked with partners on many initiatives to help alleviate Nelson's housing crisis, including the below (see [Pg16](#) for more details).

- Infrastructure Acceleration Fund application.
- Council's Housing Reserve.
- The Future Development Strategy 2022-2052.
- Several initiatives under the Intensification Action Plan.
- Plan Change processes.

## **Building**

In 2021/22:

- 8,369 building inspections were undertaken, a 13% increase from 2020/21.
- 948 building consents were received.
- 902 building consents were granted compliance.
- 707 building consent code compliance certificates were issued.
- The value of work formally received was \$226.8 million, a 23% increase in value from 2020/21.
- 689 Land Information Memorandums were processed, a 12.5% increase from 2020/21.

### Earthquake prone priority building identification

Council completed identification of all priority buildings and parts of buildings that are potentially earthquake prone in 2021/22, as required by the Ministry of Business, Innovation and Employment. The identified buildings have had timeframes set for any remediation work to be completed.

## **Consents and compliance**

### Resource consents

- A new role was created to coordinate and improve pre-application advice, to help support sustainable development and the provision of housing. The role includes supporting processes that may be required for larger or higher density developments.
- Council implemented improvements to streamline processing and improve service for applicants.
- In 2021/22 the following medium-large developments were granted resource consents:
  - 31 apartments near the City.
  - 38 social housing units near the City.
  - 22 townhouse units in Stoke.
  - 73 new residential lots created by subdivisions.

### Compliance, monitoring and enforcement

- Council inspected premises within the Tāhunanui industrial zone, to check good practices were in place in relation to stormwater management and storage of hazardous substances.
- In conjunction with the parking meter upgrade, a new enforcement and ticketing system was implemented in 2021/22, including registration scanning technology.

## Science and environment

### Coastal restoration and blue carbon projects

Coastal restoration projects were a focus of Council's science and environment work in 2021/22. Council provided support and funding for regional blue carbon projects, including Tasman Environmental Trust's pilot *Core and Restore* project. Council also installed *CoastSnap* stations (which is a citizen science tools to measure coastal change), led a saltmarsh restoration trial, ran a citizen science estuarine health experiment using tea bags, provided support for seagrass propagation research with Cawthron Institute, and estuary restoration planting along Whakatu Drive with funding from the Ministry for Primary Industries' One Billion Trees fund.

### State of the Environment reporting

The first phase of a new online state of environment reporting tool was completed in 2021/22. The tool takes Council's monitoring data and creates useful reporting outputs, in line with the National Policy Statement for Freshwater Management requirements. Over the next two years this reporting tool will expand and help inform the policy responses required around freshwater.

### Partnerships

Partnerships with Te Tau Ihu iwi, government agencies, community groups and science providers enable Council to expand on its environmental projects and goals.

- Four Jobs for Nature projects were delivered in 2021/22, in Mahitahi, Wakapuaka, the Grampians, and the Waimea Inlet. These projects created over 40 new jobs, controlled animal and plant pests on Council and private land and saw over 80,000 native plants planted.
- Council's participation in the Kotahitanga mō te Taiao Alliance and other collaborative groups (such as the Nelson Biodiversity Forum and the Waimea Inlet Forum), continued to grow regional partnerships with Te Tau Ihu iwi and other agencies, support capacity building, and assist in securing external project funding.
- Community-led projects are supported by Council's Environmental Grants programme. In 2021/22 there were 91 applications received, with around two thirds being successful. \$300,000 was awarded from Council's Nelson Nature, Healthy Streams and Sustainable Land Management programmes, including \$116,000 from the Ministry of Primary Industries to reduce erosion. The grants have helped landowners and community groups to control weeds, trap pests, restore stream margins and wetlands, manage erosion on steep erodible land, and plant over 35,500 native plants across the region.
- Nelson Nature's Halo project continues to expand, with new community trapping groups establishing this year and more than 300 Nelson residents purchasing Council-subsidised traps to control pests on their properties.

## Environmental planning

### Whakamahere Whakatū Nelson Plan

In November 2021 Council decided to pause the release of the Whakamahere Whakatū Nelson Plan, as anticipated new legislation will require significant changes to resource management plans in local government. Central Government announced broad Resource Management Act reforms in July 2021, and the impact of those changes is still not certain. Council has been working on changes under the existing Nelson Resource Management Plan in the short term, for example a Housing Plan Change (see [pq16](#)).



Feedback provided on the draft Nelson Plan is being used in this project and will also be used in future planning work.

Council anticipates that much of the work that went into developing the draft Whakamahere Whakatū Nelson Plan will be readily transferrable to plans created under the replacement legislation for the Resource Management Act.

### Freshwater

In response to the National Policy Statement for Freshwater Management (NPS FM), a collaboration between Nelson City Council, Marlborough District Council, Tasman District Council and the eight iwi of Te Tau Ihu was established. The group is working to develop local settings for Te Mana o Te Wai - a concept centred on the importance of protecting the health, wellbeing and mauri (life force) of water. Following work with iwi, a freshwater plan will be developed.

### Natural hazards information

In 2021/22 Council focused on improving the natural hazard information it provides, and community understanding of natural hazard risks. The updated information helps improve natural hazard resilience and informs risk management responses. New flood hazard maps and draft planning provisions were released for feedback, plus new slope instability vulnerability maps, fault rupture and liquefaction maps. Coastal hazard planning is being undertaken in line with the Dynamic Adaptive Planning Pathways climate change framework (see [pg16](#)).

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council’s environment activities contributed to achieving the following community outcomes over the year:

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Land, air, water and coastal environments are sustainably managed through a regulatory matrix of sound planning, monitoring, compliance, science and non-regulatory programmes.
Our urban and rural environments are people friendly, well- planned and sustainably managed	Good planning and urban design provide an attractive, well-built, safe, resilient, and walkable City for people of all ages and abilities. Unique built and natural sites and systems are protected, and people are supported to make environmentally sustainable choices.
Our infrastructure is efficient, cost effective and meets current and future needs	The Future Development Strategy is implemented to coordinate our growth and infrastructure planning. Council directs programming growth to areas where infrastructure efficiencies can be made. Plans and actions are in place to reduce the carbon footprint of our infrastructure and urban development as well as building resilience to the impacts of climate change.
Our communities are healthy, safe, inclusive and resilient	High standards of statutory compliance for built and natural environments contribute to the health, safety and resilience of the community. The community understands natural hazard risk and is supported to deal with natural hazard risks resiliently.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Heritage sites are protected and promoted. Non-regulatory methods are used to retain heritage sites.
Our communities have access to a range of social, educational and recreational facilities and activities	Sound planning, regulatory and non-regulatory processes that included iwi and community groups enable and encourage a range of activities to occur both on land and water.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Strategic partnerships with key partners including Te Tau Ihu iwi and central government are strengthened to achieve even greater gains for Nelson’s environment.
Our region is supported by an innovative and sustainable economy	Council builds on its customer focused approach in its building, regulatory, and planning activities.

## ENVIRONMENT SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
Compliance with National Environmental Standards for Air Quality for PM10	Number of exceedances in any of the airsheds do not exceed one in a calendar year	No more than one exceedance in any calendar year in any airshed. Reported to Council each year	There were no exceedances in any of the airsheds during 2021/22.  This was also the case in 2020/21.	Achieved
Information on safe recreational bathing sites, marine and freshwater	% of key bathing sites monitored and public advised if water quality standards are breached	100% of key bathing sites are monitored	100% of key bathing sites were monitored for the season in 2021 and 2022.	Achieved
Compliance with the Biosecurity Act 1993 (amended 2015)	Compliance with the Tasman Nelson Regional Pest Management Plan reporting requirements for operational plans	100% delivery of operational plan reported to Council each year	A report on delivery of 2020/21 Operational Plan was presented to Council on 4 November 2021.	Achieved
Provision of easily accessible, accurate, up to date and fit for purpose state of the environment monitoring data for all environmental domains	Five yearly comprehensive State of the Environment report is published to achieve compliance with section 35 of the Resource Management Act 1991	Five yearly report due by December 2023	The State of the Environment web reporting programme was completed, with 2021 updates for water quality, ecology and recreation bathing water quality, and a new module for rainfall.	Not Measured

<b>What Council will provide</b>	<b>Performance Measures</b>	<b>Target Year 1 (2021/22)</b>	<b>End of year comment 2021/22</b>	<b>Result 2021/22</b>
Ensure Resource consent decision-making is robust and legally defensible	No decisions are overturned by the High Court upon judicial reviews	No decisions are overturned by the High Court upon judicial reviews	No judicial reviews occurred in 2021/22.	Achieved
Food safety and public health comply with legislative requirements	Respond to food safety complaints within one working day	100%	100% of the three food safety complaints received were responded to within one working day.	Achieved
Resource consent processes that comply with statutory timeframes	All resource consents are processed within statutory timeframes. All resource consents requiring monitoring are monitored at least annually	100%	An average of 74% of resource consents were processed on time in 2021/22. Ongoing vacancies and staff illness impacted this figure. All required monitoring was undertaken.	Not achieved
Provision of dog and animal control services	Respond to report of dog attacks that have just occurred within 60 minutes	90%	100% achieved - 16 urgent dog attacks were responded to within one hour in 2021/22.	Achieved
Navigation safety is delivered to meet all legislative requirements	Safety checks are conducted for recreational vessels (boats, kayaks, stand-up paddle boards etc)	At least 1,000 annually	Over 1,800 safety checks were conducted.	Achieved

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
	Inspect navigation safety aids and maintain, replace or provide additional aids as required	At least annual inspection	Annual inspection was undertaken in 2021/22.	Achieved
Sale of alcohol complies with legislative requirements	Inspect high risk premises at least two times each year	100%	All 16 high risk premises were inspected at least twice in 2021 and 2022	Achieved
Provide building control services in a professional and timely manner, to ensure building work is safe and in accordance with the Building Code	% building consents and code compliance certificated issues within 20 working days	100%	<p>97% of building consents were granted within 20 statutory days, and 96% of code compliance certificates were issued within 20 statutory days in 2021/22. This is considered substantive compliance for the purposes of maintaining Building Consent Authorities accreditation.</p> <p>The impacts of high consent numbers, staff shortages given ongoing recruitment difficulties, and the ability of consultants to deliver given their high workloads have contributed to this result.</p> <p>99.1% were issued within 20 working days in 2020/21.</p>	Not achieved

<b>What Council will provide</b>	<b>Performance Measures</b>	<b>Target Year 1 (2021/22)</b>	<b>End of year comment 2021/22</b>	<b>Result 2021/22</b>
Maintain current and enforceable environmental bylaws for dogs, urban environments, city amenity and navigation safety	Bylaw reviews are completed within timeframes set out in the Local Government Act	Year 1: 100%. Urban Environment Bylaw (expires 02/06/22)	A review of the Urban Environments Bylaw was completed in 2021/22, and the amended bylaw came into effect on 1 June 2022. All other environmental bylaws were current as at the end of 2021/22.	Achieved
Create and implement a City Centre programme	Monitor performance every three years with a public life survey	Years 1-2: Monitoring due in years 2023/24 and 2028/29	Monitoring is not yet due.	Not measured
Urban Development Capacity is sufficient to meet future demand	Report annually on Urban Development capacity and how the requirements of the NPS Urban Development are met	100%. Reported to Council each year	A report was provided to Urban Development Subcommittee on 9 November 2021.	Achieved
The Compliance Strategy is reviewed for effectiveness	The effectiveness of the Compliance Strategy is reported to Council annually	Reported to Council each year	This was reported to the Environment and Climate Committee on 16 June 2022.	Achieved

## FINANCIAL PERFORMANCE – ENVIRONMENT

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	7,950	11,285	10,587
Targeted rates including water by meter	1	0	1
Subsidies and grants for operating purposes	31	1,809	1,907
Fees and charges	231	243	276
Internal charges and overheads recovered	0	50	60
Local authorities fuel tax, fines, infringement fees, and other receipts	4,564	4,611	5,879
<b>Total Operating Funding</b>	<b>12,777</b>	<b>17,997</b>	<b>18,710</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	12,451	19,120	19,825
Finance costs	0	0	1
Internal charges and overheads applied *	272	410	329
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>12,723</b>	<b>19,530</b>	<b>20,155</b>
<b>Surplus (Deficit) of operating funding</b>	<b>54</b>	<b>(1,533)</b>	<b>(1,445)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	111
Development and financial contributions	0	0	0
Increase (decrease) in debt	32	3,248	1,586
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>32</b>	<b>3,248</b>	<b>1,697</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	40	0	0
- to improve level of service	236	1,610	313
- to replace existing assets	46	175	9
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	(236)	(70)	(71)
<b>Total applications of capital funding</b>	<b>86</b>	<b>1,715</b>	<b>252</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(54)</b>	<b>1,533</b>	<b>1,445</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>54</b>	<b>(1,533)</b>	<b>(1,445)</b>
Subsidies and grants for capital expenditure	0	0	111
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gains on sale	0	0	0
Depreciation	(54)	(117)	(153)
Other non-cash income	3	0	0
Other non-cash expenditure	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>3</b>	<b>(1,650)</b>	<b>(1,487)</b>



# Social

## Te Pāpori

Social activity efforts support community wellbeing. It achieves this through the provision of social, cultural, arts and heritage facilities such as Founders Heritage Park, cemeteries (operational and historic) and our libraries and public toilets.

Council also invests in and supports the work of community facilities such as the Theatre Royal, Tasman Bays Heritage Trust (Nelson Museum), Suter Art Gallery and the Nelson Centre of Musical Arts and supports events such as the Arts Festival, kapa haka and Te Ramaroa (Light Nelson). Campgrounds are also provided. Community development is funded, including in the form of grants to community groups providing social services and support to the community. This activity helps the most vulnerable in our community, contributes to making Nelson an attractive and vibrant city, supports opportunities to celebrate and explore our heritage and creativity, and it creates opportunities for the community to connect and strengthen feelings of belonging, identity and a sense of pride in Nelson.

### **Highlights for 2021/22**

#### **Community Partnerships**

##### City For All Ages/He Rautaki Whakatupuranga Strategy

The City For All Ages/He Rautaki Whakatupuranga Strategy was endorsed by Council in December 2021. The Strategy aims to support older Nelsonians to stay connected and to contribute to our community, benefitting both the individuals and our City. It is a living document which will continue to develop over time. An Implementation Group of community members will be supporting and reporting on achievement of the actions set out in the Strategy. Nelson was accepted as a member of the World Health Organisation Age-Friendly Network in April 2022.

##### COVID-19 Community Response Project

Council partnered with Tasman District Council and the Department of Internal Affairs on a project to support people during the COVID-19 Omicron peak in the first half of 2022. The project, delivered by Top of the South Neighbourhood Support, operated at community level, with a focus on members of the community who were most vulnerable to issues around food security, loneliness and an inability to connect to relevant services. Using Top of the Souths Neighbourhood Support's networks, the programme was able to reach people throughout the region.

##### Welcoming Communities

Following a successful application to join Immigration New Zealand's Te Waharoa ki ngā Hapori Welcoming Communities programme, Council received funding to create a Welcoming Communities Coordinator role. The purpose of the role is to make Nelson more welcoming to refugees, migrants and international students, through improving access to Council's services, enhancing economic opportunities, removing barriers to the expression of culture and identity, and improving civic engagement.

##### Support for school leavers

Rising levels of young people are not actively engaged with education, employment or training. In response to this, Council worked with the Ministry of Education, Tasman District Council and Marlborough District Council to create a network of staff based in schools to support recent school leavers who are at risk. The pilot programme was established in three schools in 2021/22, and there are plans for more schools to be involved in subsequent years.

## **Arts and Heritage**

### He Tātai Whetū, the Whakatū Nelson Arts and Creativity Strategy

Council developed He Tātai Whetū, the Whakatū Nelson Arts and Creativity Strategy in 2021/22, to set a vision for how the community can work together to unlock Nelson's creative potential. The Strategy seeks to realise the economic, social and cultural benefits a thriving arts and creative sector can provide for our community. Extensive sector pre-engagement took place throughout the development of the Strategy, and public feedback was sought in June 2022. The Strategy was adopted by Council in August 2022.

### Reuse and Recycle Centre Mural

A new mural by artists, Sean Duffel, This De Koning and Chrissy Zesk, brought a splash of colour to the Nelson Waste Recovery Centre in 2021/22. The mural, which is the largest in Nelson to date, depicts some of the region's aquatic wildlife, highlighting the importance of caring for our environment. (See image on [pg74](#)).

### Light Art Projections

Council supported a number of light art projection projects in 2021/22, including the Ngā Whetū O Matariki (the stars of Matariki) community parks light show at Victory Community Centre, Nayland College, and six neighbourhood parks. An estimated 1,500 people attended.

### Broadgreen Historic House

Heating was installed in Broadgreen House (a Category 1 historic building) in 2021/22, which helps maintain a more constant temperature to preserve the objects on display. Essential cob repair work which was phased over three years has been completed.

The Secret Lives of Dresses exhibition opened at Broadgreen House in December 2021. The exhibition showcased a number of costumes from the textile collection, and each costume had a story. To accompany the exhibition, a Secret Lives Short Story Competition was developed, which attracted 144 entries from across New Zealand. Winners were announced at a ceremony at The Suter Gallery in June 2022.

### Founders Heritage Park

Many events at Founders Park in 2021/22 were disrupted by COVID-19, but the popular annual Founders Book Fair was able to go ahead in June. The fair raised \$150,000, which will be spent on development projects at the Park. A major refurbishment of the livery toilets was also completed in 2021/22.

### Tuku 22 Whakatū Heritage Months

In response to the disruption caused by the COVID-19, the decision was made to extend Tuku 22 over three months, allowing event hosts more flexibility in scheduling. A record 80 diverse events were held between April and June 2022. 31% of events were based on non-European cultures, up from 1% in 2017. There were three iwi organised events, with Ngāti Kuia offering a 'Places of Significance' bus tour and a guided walk, and Ngāti Apa ki te Rā Tō providing a 'Whakapapa Whenua' bus tour. A celebration of Indonesian culture was hosted by the Indonesian community, and The Antarctic Heritage Trust's Virtual Reality experience gave hundreds the chance to virtually experience Sir Edmund Hillary's hut in the Antarctic.

## **Events**

### Eelco Boswijk Civic Awards

After a year-long delay due to pandemic restrictions on event numbers, the winners of the 2021/22 Eelco Boswijk Civic Awards were honoured at a ceremony in April 2022. The awards, which are presented every three years, celebrate the mahi of Nelsonians who go above and beyond to make their community a more resilient, creative and diverse place. Forty-one nominations were received across the five award categories, and the winners of each of the five award categories were able to direct a \$1,000 donation to a local charity of their choice.

### Community events

Events were delivered in new, flexible ways in 2021/22, to allow them to run in a challenging COVID-19 environment.

Two community events, The Barden Party and Movies Al Fresco, were delivered during summer 2021/22. These were held at outdoor venues and received great feedback from attendees.

The Originals was held at Nelson Musical Theatre to promote youth creativity. Another event, Laugh Nelson, was delivered as Young and Funny, which took place over two-days at Pūtangitangi Greenmeadows. Both events were welcomed by young people in the community and participation was high.

### Netsky - drum and bass event

Due to COVID-19 restrictions it was not possible to host the Bay Dreams festival in Nelson in 2021/22, but an alternative, medium scale music event went ahead in early January. A drum and bass show at Trafalgar Park, headlined by New Zealand artist Netsky, drew an audience of over 5,000 young people. 89% of event waste was diverted from landfill.

### Christmas decorations

Council's annual festive decorations received great feedback from the community, with Christmas wreaths, themed flags and other decorations bringing festive spirit to the City Centre. Council also supported the Nelson Santa Parade, held by the Nelson Santa Parade Trust, with a grant of \$15,000. (The same amount will be provided for the next two years). Council worked with the Trust to secure a nine-metre-tall, reusable City Centre Christmas tree, which was installed on the Cathedral steps. The tree is expected to have a lifespan of 10-15 years.

## **Community Facilities**

### Campgrounds

A transition project to bring management of the Maitai Campground in-house to Council was successfully completed in 2021/22. Condition assessments of the camp's assets were undertaken, CCTV was installed, Wi-Fi upgraded, and a new online booking system for campers was set up.

A project to make improvements to utilities infrastructure at Brook Valley Holiday Park began in 2021/22 (\$170,000 was spent in 2021/22 on the project). Improvements are required to meet long term residential consent conditions and to support safe and healthy long-term living at the camp. The project aims to construct utility hubs connected to the camp's reticulation system. Initial design was completed in 2021/22, and after some delays physical works will begin in 2022/23. Renewal of an ablution block

is also underway. Wi-Fi was also installed, which provides a faster broadband service to the camp and Brook Waimarama Sanctuary.

### Cemeteries

Plans for a regional cemetery partnership with Tasman District Council were approved in the Long Term Plan 2021-31. A regional cemetery is considered the most cost-effective and efficient solution for meeting the region's current and forecasted demand for burial space. A joint working group was established in 2021/22 to work towards this goal.

### **Libraries**

Libraries today are a lot more than buildings with books in them. They are spaces where members of the community can come together to connect, discover, learn, and create. In this past year, Nelson's public libraries demonstrated the vital role they play within the community, by making collections and services more accessible, supporting COVID-19 recovery, and providing a hub for the people of Nelson.

A total of 652,174 items were issued in 2021/22, including 94,248 digital items. The online space continues to grow with eBook usage increasing by 23% and audiobooks by 59%.

There was a focus on accessibility over the past year. Late item fees were removed for all libraries, and a weekly 'Quiet Hour' was introduced at the Elma Turner Library. Accessibility resources, including a Sensory Map, were also introduced at Elma Turner Library.

COVID-19 recovery was a key focus for Nelson libraries in 2021/22, and programmes and services were adapted to support the community. Online library resources and events were promoted during community lockdowns and times when attendance was restricted. To ensure all library users could access the collection, a click and collect service was implemented, which saw 156 orders filled and over 1,000 items issued. Library staff also supported many members of the public to download and print their vaccine passes. Council also collaborated with the Ministry of Social Development to hold an employment expo at Elma Turner Library, to support economic recovery.

Despite the challenges of COVID-19 restrictions, over 400 events and programmes were run at Elma Turner Library during the year. These included: regular children and parent groups, knitting and sewing groups, science workshops for children, author talks, 'Tea and Talk' sessions for people over 65, live music performances, and a variety of public talks.

In June 2022, the Elma Turner Library was closed as a precaution, after an inspection found that ceiling tiles in parts of the library could pose a risk if dislodged during an earthquake. In response, hours at the Stoke and Nightingale Libraries were extended, and a Library Kiosk was opened at Council's Customer Service Centre. Strengthening work was carried out on part of the library building, meaning that some areas could re-open to the public in July.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council’s social activities contributed to achieving the following community outcomes over the year:

Community Outcome	Contribution
Our communities are healthy, safe, inclusive and resilient	<p>Council partners with community groups to help them deliver events and other roles within the community.</p> <p>Young people are supported to participate in our community through the likes of Youth Council and events.</p>
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	<p>Community achievements are celebrated through awards.</p> <p>Council promotes agencies and groups working on telling and involving the community in our stories.</p>
Our communities have access to a range of social, educational and recreational facilities and activities	Council funds and directly organises a number of social, education and recreational facilities and activities, as well as partnering with other entities to help them deliver a range of initiatives for the community.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	<p>Council provides leadership opportunities for our young people through Youth Council, cadetships and Youth Development Grants.</p> <p>It supports networks in the community sector to become stronger.</p> <p>Partnerships are created to achieve Council outcomes and meet community needs.</p>
Our region is supported by an innovative and sustainable economy	<p>Youth are supported through actions from the Youth Strategy.</p> <p>Council helps develop community leaders and celebrates community contribution.</p>

## SOCIAL SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
Community partnerships address community needs and issues	Community Investment Fund agreements and grants are allocated as per advertised timeframes	One new project funded per year that achieves the outcomes of the funding agreement	The second round of small grants was successfully allocated, with funding supplemented by additional Ministry of Social Development contributions.	Achieved
Council provides support for the arts sector to provide arts advice, advocacy and promotion, to strengthen the sector	Creative Community Scheme funding is allocated successfully to community art projects	Creative Communities scheme funding fully allocated each year	Funding was fully allocated in 2021/22.	Achieved
Council's heritage facilities provide heritage activities to experience, celebrate and learn about Nelson's history and stories	Number of visitors/users of the facility	Visitor numbers >100,000	Visitor numbers at all heritage facilities were impacted by COVID-19 in 2021/22, with Broadgreen House and Isel House closed for part of the year. Most events at Founders Park were cancelled due to COVID-19. There was a total of 60,920 visitors for the year.	Not achieved

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
High quality, popular and accessible arts events	To deliver a diverse and accessible variety of events that are well attended and enjoyed by audiences	At least 12 events per annum are delivered celebrating our community's performing skills and creativity and support at least 10 free or low-cost events.	<p>In 2021/22, seven events were delivered.</p> <p>Four youth events were planned to be delivered in 2021/22, however by the time the country returned to orange traffic light level in April 2022 there was insufficient time left to implement them all, and two were delivered. Event coordinators were heavily impacted by COVID-19.</p> <p>Events were delivered in new, flexible ways to allow them to run in a challenging environment. The event <i>Young and Inspired</i> was delivered at Nelson Musical Theatre, under a similar concept, as <i>The Originals</i>, to promote youth creativity. Another event, <i>Laugh Nelson</i>, was delivered as <i>Young and Funny</i>, which took place over two-days at Pūtangitangi Greenmeadows, a change from the usual venue (Suter Theatre). Both events were welcomed by young people in the community and participation was high.</p> <p>The decision was made to postpone the other two youth events, plus China Week, to the end of 2022.</p>	Not achieved

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
		Event audience surveys indicate satisfaction of 70%.	<p>Feedback from surveyed attendees was very positive.</p> <p><i>Young and Funny</i> - 85% of surveyed attendees rated their satisfaction with the event as 'high' or 'very high'.</p> <p><i>The Originals</i> - 100% of surveyed attendees rated their satisfaction with the event as 'high' or 'very high'.</p>	Achieved



## FINANCIAL PERFORMANCE – SOCIAL

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	12,912	14,523	14,115
Targeted rates including water by meter	0	0	0
Subsidies and grants for operating purposes	177	197	579
Fees and charges	641	969	671
			0
Internal charges and overheads recovered	0	1	0
Local authorities fuel tax, fines, infringement fees, and other receipts	914	867	909
<b>Total Operating Funding</b>	<b>14,644</b>	<b>16,557</b>	<b>16,274</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	12,029	14,720	14,484
Finance costs	0	0	0
Internal charges and overheads applied *	1,394	1,041	988
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>13,423</b>	<b>15,761</b>	<b>15,472</b>
<b>Surplus (Deficit) of operating funding</b>	<b>1,221</b>	<b>796</b>	<b>802</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	24	24	5
Development and financial contributions	0	0	7
Increase (decrease) in debt	4,583	4,377	1,057
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>4,607</b>	<b>4,401</b>	<b>1,069</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	816	568	537
- to improve level of service	3,295	3,794	945
- to replace existing assets	254	1,028	583
Increase (decrease) in reserves	123	0	0
Increase (decrease) in investments	1,340	(193)	(193)
<b>Total applications of capital funding</b>	<b>5,828</b>	<b>5,197</b>	<b>1,872</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(1,221)</b>	<b>(796)</b>	<b>(802)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>1,221</b>	<b>796</b>	<b>802</b>
Subsidies and grants for capital expenditure	24	24	5
Development and financial contributions	0	0	7
Vested Assets	0	0	0
Gross proceeds from sale of assets	0	0	0
Depreciation	(1,202)	(1,355)	(1,342)
Other non-cash income	(59)	0	323
Other non-cash expenditure	0	0	(110)
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>(15)</b>	<b>(534)</b>	<b>(315)</b>

## Parks and Active Recreation

### Ngā Papa Rēhia me ngā Mahi Rēhia

Council manages approximately 11,250 hectares of parks and reserves for the City, which includes over 10,000 hectares of conservation reserve which is actively managed for its unique biodiversity and recreations values.

Parks and Reserves provide recreation opportunities, with a range of sporting assets such as Saxton Field (jointly managed with Tasman District Council), and more natural environments such as the Maitai Esplanade Reserve. Council supports a range of international and national sporting and entertainment events hosted in Nelson, which contribute to our local identity and provide economic and social benefits to the City.

#### **Highlights for 2021/22**

##### Stoke Youth Park

An area dedicated to the youth of Stoke has been under consideration for a number of years. Following input from the community, including schools and Whanake Youth, Stoke Youth Park opened in October 2021. The park, located next to Stoke Memorial Hall, includes a basketball court, skate area, seating, and a deck, with eco-friendly elements incorporated into the design. The Youth Park was designed and constructed at \$30,000 under its \$700,000 budget. The Rātā Foundation contributed \$150,000 to this project.

Phase two of the project commenced in 2022, to improve the space based on feedback from rangatahi. Feature lights were installed to improve security and safety during the winter months. More improvements are planned for 2022/23, including extending the deck, more shade sails, catenary lighting and light poles, and construction of a parkour facility.

##### Maitai Recreation Hub

The new Maitai Recreation Hub opened to the public in May 2022. It is located at the Waahi Taakaro Golf Course and is reached via an upgraded section of the Maitai Shared Pathway from Sunday Hole. The Hub is a destination for recreation users across the region, offering mountain bike facilities (a pump track, bike stands, and wash down), a water fountain, provision for a café and/or mobile stalls, new paths, golf practice nets, and outdoor decking at the golf clubhouse. The project was supported by the Waahi Taakaro Golf Club and Nelson Mountain Bike Club. Council invested \$1.12 million in the Hub project in 2021/22. Council was a successful recipient of the Ministry of Business Innovation and Employment's Tourism Infrastructure Fund and \$378,550 of a total \$498,500 grant had been claimed but the end of June 2022.

##### Te Pā Harakeke

Work on redeveloping the Tāhunanui Reserve Modeller's Pond site into a new family-friendly park commenced in 2021/22. The pond was deconstructed, with care taken to safely relocate aquatic life, and existing materials were kept on site for reuse. Landscaping work began, and construction of the Centennial Park Pump Station upgrade got underway, to ensure that stormwater reaching the park is as clean as possible.

Council kaumātua gifted a name to the park - Te Pā Harakeke - which is a Māori whakataukī (proverbial saying) about the importance of whānau (family). This is symbolic of the area's importance to families and the underlying purpose of the new park.

When completed in 2022/23 the park will include estuarine planting, seating, picnic areas, trees planted for shade, natural play areas, boardwalks, a sheltered lookout for birdwatching, and a shunting yard that will complement the model train tracks.

### Out and About On Tracks Strategy

The 2022 Out and About on Tracks Strategy was consulted on and finalised in 2021/22 for final approval by Council in 2022/23. The Strategy will guide the planning and provision of front country recreation in Nelson over the next six years. The focus of the 2022 Strategy is on the primary users of front country tracks – walkers and hikers, off-road runners, cycle trail riders, and mountain bikers.

One outcome of the 2022 Strategy will see the Grampians Reserve become pedestrian-only (bikes will still be permitted on the summit road).

### Ngāti Koata whenua recreation access

A large proportion of front country recreation in Nelson occurs on Ngāti Koata owned whenua (land). An interim access agreement for the Codgers/Fringed Hill area was signed by Council and Koata Ltd in late 2020, which enabled interim community recreation access while a longer-term agreement could be explored. Council and Koata Ltd agreed to continue this agreement for the 2021/22 year. Budget is included for this to extend into 2022/23. Council continues to work with Koata Ltd on a vision for the whenua and how long-term community recreation access may be achieved.

### Backcountry pest control

Council and Ngāti Koata have a partnership approach to controlling goats, deer and pigs across 1,500 hectares of native reserves and production forestry in Nelson. In recent years there has been significant growth in numbers of these invasive species, putting the native ecosystem and water catchment health at risk. Close to 200 pest animals were removed in 2021/22, an estimated population reduction of 70-90%.

### Isel Park Bridge

The new bridge at Isel Park was constructed in 2021/22 (\$272,167). The bridge is wider than the old one it replaced, has a non-slip surface to improve safety, and has been designed to be accessible for all.

### **Nelson Marina**

On 1 July 2021 Council took over management of Nelson Marina, with the aim to improve the facility and realise its potential for our tourism and boating industries. Transition work took place in 2021/22. Council decided, after receiving independent review and public consultation, to set up a Management Council Controlled Organisation, which will oversee the direction and operations of Nelson Marina.

Council undertook a review of the Marina's governance structure and developed a Draft Nelson Marina Masterplan in 2021/22, to enhance the strategic development of Nelson Marina over the next 15 years. The Masterplan will be presented to Council in 2022/23 after public consultation.

A multi-year programme of safety upgrades at the Marina got underway during the year, including investment in a new non-slip surface for the floating pontoon walkways.

The facility was also rebranded, and a new website was launched - [nelsonmarina.co.nz](https://nelsonmarina.co.nz).

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council’s parks and active recreation activities contributed to achieving the following community outcomes over the year:

Community Outcome	Contribution
<p>Our unique natural environment is healthy and protected</p>	<p>Parks and reserves have a key role in improving the health of waterways through riparian planting, which filters nutrients, reduces river water temperature and helps to control erosion from coastal and river processes.</p> <p>Pest and weed control programmes help protect and enhance our biodiversity, including in the ultramafic zone where many species endemic to the region occur. Council’s approach is to use the least amount of chemical herbicide necessary to destroy unwanted weeds and organisms. All chemical applications are carried out by Growsafe certified staff.</p> <p>Council manages some land as landscape reserves, to protect and enhance the City’s unique backdrop.</p> <p>Over 10,000 hectares of backcountry is managed by Council, much of it in native forest and accessible for walking, running and mountain biking. The ultramafic area is home to plant species endemic to the region.</p> <p>Council designs and manages many areas of its parks and reserves to reduce fire risk. One way that we reduce the fire load on our land is by implementing grazing, which is a sustainable and efficient method.</p>
<p>Our urban and rural environments are people-friendly, well planned and sustainably managed</p>	<p>Council strives to ensure reserves acquired through subdivision are appropriately located, well connected and on suitable land.</p> <p>Council leverages the region’s favourable climate and provides play equipment across the City and continues to develop cycling and walking connections across and through our reserves.</p>
<p>Our infrastructure is efficient, cost effective and meets current and future needs</p>	<p>High quality playing surfaces and facilities are integral to attracting national and international sporting events. The facilities require sound condition assessments and renewal programmes to maximise assets and reduce whole of life costs.</p> <p>Hard surfaces are developed and monitored using industry best practice. Our maintenance prioritisation processes incorporate road assessments and maintenance management.</p>

Community Outcome	Contribution
<p>Our communities have access to a range of social, educational and recreational facilities and activities</p>	<p>A wide range of healthy, accessible and safe recreation opportunities are provided that meet community needs and improve wellbeing.</p> <p>Council’s reserves support a wide range of sports and recreation facilities for all ages, including youth and older residents. This includes a large number of mountain biking trails which, together with trails on Ngāti Koata whenua, combine to offer a nationally significant network. We protect, enhance and interpret Nelson’s human heritage and historic sites.</p> <p>Use of reserves for community events is encouraged, such as the Blossom Festival, Race Unity Day, Isel Twilight Market, plus national and international sporting fixtures and commercial entertainment events such as Bay Dreams.</p>
<p>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement</p>	<p>The Council’s Parks and Facilities team works with a range of trusts, clubs, codes and community groups, and often undertakes development through co-funding agreements.</p> <p>Saxton Field continues to be developed in partnership with Tasman District Council.</p>
<p>Our communities have opportunities to celebrate and explore their heritage, identity and creativity</p>	<p>Many of Council’s reserves have significant heritage value including the Queen’s Gardens, Piki Mai (Church Hill), other public gardens which include historic houses, and the Conservation Reserves which have important pakohe (argillite), copper and chromite mine workings, the route of the country’s first railway line and the country’s first municipal water supply.</p> <p>Council reserves provide venues for a range of festivals and events that showcase the region’s creativity, often in a unique setting.</p>
<p>Our region is supported by an innovative and sustainable economy</p>	<p>Quality reserves and recreation opportunities enhance quality of life, and thus forms a key part of making Nelson a better place, which in turn encourages new residents to the region. Council recognises the importance of activities that use reserves for generating tourism and encouraging settlement in the region. Parks have a key role in providing venues and other support for recreational and sporting opportunities, from formal developments at Saxton Field to support for entities such as the Nelson Mountain Bike Club.</p>

## PARKS AND ACTIVE RECREATION SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
Parks and recreation service that meets or exceeds residents' expectations	Residents (%) that are satisfied with Council provided parks and recreation	80%	85% of surveyed users were satisfied with Council provided parks and recreation services, an increase from 80% in 2020/21.	Achieved
Sufficient open space provided	Area in hectares of Neighbourhood Parks per 1,000 residents ( <i>Calculation excludes the five largest neighbourhood parks</i> )	1.0 – 1.2 ha	There were 0.94 hectares of neighbourhood parks per 1,000 residents calculated in 2021/22.  When Council's performance measures were reviewed during the production of the Long Term Plan 2021-31, this target was not updated to reflect a late change in Statistics NZ's population modelling, meaning that it is unlikely to be achieved. This result doesn't reflect a problem with the supply of open space in Nelson. The result of 1.54ha per 1,000 residents in 2020/21 is not directly comparable with this year's figure.	Not achieved
Conveniently located open space i.e. neighbourhood park, public garden or sportsground	Urban residential properties (%) within 800m walking distance of publicly accessible open space	99%	In 2021/22 99.05% urban residential properties were within 800m walking distance of publicly accessible open space.  This was 99.06% in 2020/21.	Achieved
Play facilities that are conveniently located	Urban residential properties (%) within 1000m walking distance of a playground	95%	This figure was 96.16% in 2021/22, and 96.2% in 2020/21.	Achieved

<b>What Council will provide</b>	<b>Performance Measures</b>	<b>Target Year 1 (2021/22)</b>	<b>End of year comment 2021/22</b>	<b>Result 2021/22</b>
Marina Managed to meet demand	Occupation for Marina berths (both permanent and visitors)	>95%	Total Marina berth occupancy for 2021/22 was 96.8% Occupancy was 92% in 2020/21.	Achieved



## FINANCIAL PERFORMANCE – PARKS AND ACTIVE RECREATION

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	13,496	14,132	13,921
Targeted rates including water by meter	0	0	0
Subsidies and grants for operating purposes	0	45	123
Fees and charges	2,339	576	557
Internal charges and overheads recovered	469	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,438	3,622	3,601
<b>Total Operating Funding</b>	<b>17,742</b>	<b>18,375</b>	<b>18,202</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	11,641	13,456	13,258
Finance costs	0	0	0
Internal charges and overheads applied *	2,838	1,901	1,896
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>14,479</b>	<b>15,357</b>	<b>15,154</b>
<b>Surplus (Deficit) of operating funding</b>	<b>3,263</b>	<b>3,018</b>	<b>3,048</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	233	734	773
Development and financial contributions	1,880	1,850	791
Increase (decrease) in debt	1,526	2,613	2,187
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>3,639</b>	<b>5,197</b>	<b>3,751</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	2,519	2,398	1,117
- to improve level of service	2,611	2,188	2,622
- to replace existing assets	1,574	3,630	3,061
Increase (decrease) in reserves	198	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>6,902</b>	<b>8,216</b>	<b>6,800</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(3,263)</b>	<b>(3,018)</b>	<b>(3,048)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>3,263</b>	<b>3,018</b>	<b>3,048</b>
Subsidies and grants for capital expenditure	233	734	773
Development and financial contributions	1,880	1,850	791
Vested Assets	0	0	0
Gains on sale	0	0	0
Depreciation	(3,507)	(3,774)	(3,451)
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	(32)
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>1,869</b>	<b>1,828</b>	<b>1,130</b>

## Economic

### Te Ohaoha

Council fosters economic development in Nelson through the provision of city infrastructure and funding a number of economic development services. It supports Uniquely Nelson, Businesses for Climate Action, and the Nelson Tasman Business Trust, to provide support to local businesses in a range of ways. The focus for the first three years of the Long Term Plan 2021-31 is the regeneration and recovery of our local economy from the effects of COVID-19.

Council's main economic development activity is delivered through the Nelson Regional Development Agency (NRDA), a Council Controlled Organisation. Nelson City Council is the sole shareholder and Tasman District Council also contributes funding.

#### **Highlights for 2021/22**

##### Project Kōkiri

A key focus of the NRDA's current work is the implementation of Project Kōkiri, the Nelson Tasman region's post COVID-19 economic recovery plan. It is a collaboration involving Nelson City Council, Tasman District Council, the Nelson Tasman Chamber of Commerce, mana whenua and relevant regionally based government agencies.

The Nelson Tasman Regeneration Plan (Project Kōkiri 2.0) is an economic development strategy which builds on the vision of the Te Taihū Intergenerational Strategy. It aims to support the region over the coming decade, as we continue to navigate the rebuild from COVID-19 and tackle other pressing issues. Council allocated an additional \$350,000 per year to the NRDA for the first three years of the Long Term Plan 2021-31 towards implementation of the project. The Draft Regeneration Plan was released for engagement in September 2021, and Council endorsed the final version in August 2022. See [projectkokiri.nz](http://projectkokiri.nz) for more information.

##### Pick Nelson Tasman campaign

Leveraging the success of the 'We've Got This' campaign which reached over one million people, the NRDA initiated a new seasonal labour campaign in 2021/22 under Project Kōkiri, 'Pick Nelson Tasman', to connect people with jobs in the region's horticulture and viticulture industries.

##### Events

Events are an important part of Nelson's culture and economy, and Council continued to provide support to the sector in 2021/22. While COVID-19 continued to present challenges to the events sector, a variety of events were delivered in 2021/22.

Council supports a range of economic and community events through the Nelson Events Fund. In 2021/22 the Events Fund provided \$192,533 towards economic events expected to attract over 41,000 attendees in total, including a National Roller Derby Tournament, COMMOTION Youth Music Colab, 35 Years of SmokeFree Rockquest Celebration Exhibition, and the new Taihū NZ Women's Basketball League Finals. \$56,800 was provided to support community events, such as the Latin American Spanish Film Festival and Isel Twilight Market.

The Te Taihū Regional Events Fund, funded by the Ministry of Business, Innovation and Employment, also provides ongoing support to the region's event sector.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's economic activities contributed to achieving the following community outcomes over the year:

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

## ECONOMIC SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
Events funding that provides a sound return on investment for Nelson	Economic event attendees through events programme activities and percentage of out of town attendees	The closing of New Zealand's international borders and the risk of COVID-19 alert levels being increased requires that 2021/22 be treated as the base year for this measure.	During 2021/2022 the Events Development Committee approved 27 economic events which are estimated to attract a total of 41,359 attendees - 38.3% of which are predicted to be from out of town.	Achieved
	Return of NCC economic events fund	>20:1	<p>The approved economic events for 2021/22 have an average ROI of 37:1.</p> <p>Events in the Nelson region and across the country were heavily impacted by COVID-19 in 2021/22. The majority of events were able to be postponed, however through cancellations or postponements of Events Fund sponsored events alone, it is estimated that over \$20 million in estimated economic impact was lost during the financial year.</p> <p>The NRDA worked closely with event organisers, other funders, suppliers and support services throughout the year, including supporting development of new event proposals - particularly those that could relocate to Nelson's City Centre to inject economic and social benefits.</p>	Achieved

## FINANCIAL PERFORMANCE – ECONOMIC

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actual 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	1,843	2,570	2,129
Targeted rates including water by meter	0	0	0
Subsidies and grants for operating purposes	310	320	325
Fees and charges	0	10	10
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total Operating Funding</b>	<b>2,153</b>	<b>2,900</b>	<b>2,464</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,071	6,123	3,000
Finance costs	0	0	0
Internal charges and overheads applied *	82	71	44
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>7,153</b>	<b>6,194</b>	<b>3,044</b>
<b>Surplus (Deficit) of operating funding</b>	<b>(5,000)</b>	<b>(3,294)</b>	<b>(580)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	5,209	3,294	604
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>5,209</b>	<b>3,294</b>	<b>604</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	209	0	24
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>209</b>	<b>0</b>	<b>24</b>
<b>Surplus (Deficit) of capital funding</b>	<b>5,000</b>	<b>3,294</b>	<b>580</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long-term Plan 2021/22	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>(5,000)</b>	<b>(3,294)</b>	<b>(580)</b>
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gains on sale	0	0	0
Depreciation	0	(38)	(2)
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	0
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>(5,000)</b>	<b>(3,332)</b>	<b>(582)</b>

## Corporate

### Te Rangapū

Council's corporate activity includes a range of necessary services to ensure the smooth operation of the organisation, ranging from managing Council's information technology to running three yearly Council elections.

Council also manages a small portfolio of properties and co-owns The Port Company and several Council Controlled Trading Organisations and Council Controlled Organisations (see [pg220](#)).

The corporate activity also includes civil defence emergency management, where Nelson City and Tasman District councils work together with local emergency services to promote the resilience of our communities in response to the region's hazards and risks.

#### **Highlights for 2021/22**

##### Representation review and new ward system

Every six years, local authorities are required to review their representation arrangements, potentially changing the number of councillors, the way they are voted for and the areas they represent. In 2020/21 elected members resolved to establish a Māori ward for the 2022 local body elections, which meant Nelson was also required to establish one or more general wards.

A representation review was undertaken, and in October 2021 (following the consideration of public submissions) Council voted to implement a new mixed voting model for the 2022 local government elections, moving to a Single Transferable Vote (STV) system and introducing a Māori ward.

From the 2022 election, Council will be made up of eight members elected from the two general wards, one member elected from the Māori Ward, three members elected at large (by the whole city), and the Mayor. The new ward model is a milestone for the city, changing the way elected members are voted in for the first time in 30 years.

The wards are broken down as follows:

Central Ward – comprises the northern, central and eastern parts of the region.

Stoke-Tāhunui Ward – comprises the southern urban part of the region.

Whakatū Māori Ward - encompasses the full Nelson city electoral boundary for those on the Māori electoral roll.

An elections engagement project which started in early 2022, sought feedback from underrepresented community groups, on barriers and opportunities to standing for election in Nelson. Information on the new ward system and STV was shared with the public during the year to raise awareness of the changes, including use of an interactive ward boundary map.

##### Māori appointed members

Council hosted a mihi whakatau in May 2022 to welcome four new Māori appointed members to Council committees and sub-committees. The roles were created by Council alongside the decision to establish a Māori ward for the 2022 local election. The new Māori members were recruited by the Te Waka a Māui Iwi Chairs Forum and supported by Council. They fill the first four of seven iwi endorsed Māori appointments on Council's committees and sub-committees.



### Annual Plan 2022/23

The Annual Plan 2022/23 was prepared in 2021/22 and adopted in June 2022. It outlines variances in budget for the 2022/23 year from what was presented for year two of the Long Term Plan 2021-31. The average rates rise remained as proposed in the Long Term Plan.

### Governance technology

Access to Council decision-making was provided via Zoom and livestreaming on YouTube, as New Zealand navigated different COVID alert levels and the traffic light system in 2021/22. This helped ensure transparency and the continuity of governance processes and kept Council projects moving forward.

### Civic House

Ongoing work towards renewing the staff accommodation facilities at Civic House has progressed over 2021/22 with a significant number of in-depth assessments completed for a total spend of \$371,209. Unfortunately, the results of these assessments discovered problems with the existing building. For example, the roof structure was found to have a seismic performance of less than 20% New Building Standard and an Earthquake Prone Building notice was issued for the building resulting in Level 6 needing to be vacated. The ceilings throughout Civic House have been an ongoing problem and further investigation has proven that many of these are also earthquake prone. The budgets from the Long Term Plan are insufficient for the size of the problem. The staged approach planned for refurbishment of the building has proven problematic, and the project future is to be reconsidered and redefined going forward.

### Millers Acre

The Millers Acre Re-cladding project aims to improve the waterproofing in areas where the leaking was showing signs of mould which could bring health risks in some of the internal areas.

The first stage of the project was the removal of the cladding, followed by investigation, design, consent application and approval, and prep works, including concrete remediation. That was done during financial year 2021/22.

The project is currently starting its final stage, which includes the new cladding installation. The project budget is \$1.48 million, and we have spent approximately 50% of the budget until now. The remaining 50% will be spent in this final stage related to the new cladding purchase and installation.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's corporate activities contributed to achieving the following community outcomes over the year:

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

## CORPORATE SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2021-31

What Council will provide	Performance Measures	Target Year 1 (2021/22)	End of year comment 2021/22	Result 2021/22
Effective engagement and consultation	% of participants in Council engagements and consultations processes are satisfied with the information provided and opportunity to provide feedback, as measured by survey of stakeholders/recent participants.	Year 1: Create baseline	<p>A new online form for affected parties to provide feedback on their engagement experience was added to Council's Shape Nelson website by quarter four of 2021/22. However, technological issues resulted in initial data not being captured. The issues were solved as soon as they were identified, and hard copy versions of the form for post-project reviews were developed (in use since May 2022).</p> <p>Sufficient data was not captured to create a baseline percentage of satisfaction for the 2021/22 year. A baseline will be set from data collected up until the end of the 2022 calendar year. Data will then be gathered in the second half of the financial year for the 2022/23 measure.</p>	Not achieved
Council Controlled Organisations (CCOs) that deliver net benefit to the community	Council satisfied with CCO operations and reporting	Council receives six monthly reports from all CCOs and is satisfied with attainment of targets.	Council has received six monthly reports from all CCOs and is satisfied with the attainment of targets.	Achieved

<b>What Council will provide</b>	<b>Performance Measures</b>	<b>Target Year 1 (2021/22)</b>	<b>End of year comment 2021/22</b>	<b>Result 2021/22</b>
Promotion of Te Tau Ihu Māori/iwi participation in decision-making processes.	Collaboration between iwi and Council is promoted and resourced.	Expert staff to provide advice and engage with iwi.	The Iwi-Council Partnership Group met three times during 2021/22, in September 2021, December 2021, and March 2022. Reports were presented on a variety of topics, including Māori representation and Taonga Tuku Iho Heritage Strategy.	Achieved
Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Ability to operate an effective Emergency Operations Centre and meet Ministry CDEM requirements	EOC meets Ministry of CDEM monitoring and evaluation requirements.	The EOC met Ministry of Civil Defence and Emergency Management (CDEM) requirements at its last review.	Achieved

## FINANCIAL PERFORMANCE – CORPORATE

### FUNDING IMPACT STATEMENT

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	3,031	(495)	1,145
Targeted rates including water by meter	0	0	0
Subsidies and grants for operating purposes	5	121	144
Fees and charges	0	4,105	74
Internal charges and overheads recovered	9,586	6,719	6,792
Local authorities fuel tax, fines, infringement fees, and other receipts	5,731	4,583	4,973
<b>Total Operating Funding</b>	<b>18,353</b>	<b>15,033</b>	<b>13,128</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,411	11,823	7,154
Finance costs	5,708	3,189	3,804
Internal charges and overheads applied *	763	652	676
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>14,882</b>	<b>15,664</b>	<b>11,634</b>
<b>Surplus (Deficit) of operating funding</b>	<b>3,471</b>	<b>(631)</b>	<b>1,495</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	9
Development and financial contributions	0	0	2,349
Increase (decrease) in debt	24,210	41,952	20,895
Gross proceeds from sale of assets	0	0	8
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>24,210</b>	<b>41,952</b>	<b>23,261</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	339	355	318
- to improve level of service	1,616	398	1,225
- to replace existing assets	420	4,197	2,566
Increase (decrease) in reserves	0	0	(2,603)
Increase (decrease) in investments	25,306	36,372	23,250
<b>Total applications of capital funding</b>	<b>27,681</b>	<b>41,322</b>	<b>24,756</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(3,471)</b>	<b>631</b>	<b>(1,495)</b>
<b>Funding balance</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

**Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement**

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>3,471</b>	<b>(631)</b>	<b>1,495</b>
Subsidies and grants for capital expenditure	0	0	9
Development and financial contributions	0	0	2,349
Vested Assets	0	0	0
Gains on sale	0	0	0
Depreciation	(1,930)	(1,524)	(1,596)
Other non-cash income	0	0	12,160
Other non-cash Expenditure	0	0	(1,226)
<b>Net Surplus (Deficit) before taxation in Cost of Service Statement</b>	<b>1,541</b>	<b>(2,155)</b>	<b>13,191</b>

## FINANCIAL INFORMATION

- Summary of capital expenditure over \$100,000
- Statements of comprehensive revenue and expense for the year ended 30 June 2022
- Statements of changes in equity for the year ended 30 June 2022
- Statements of financial position as at 30 June 2022
- Statement of cash flows for the year ended 30 June 2022
- Funding impact statement for the year ended 30 June 2022
- Reconciliation between the net surplus (deficit) in the statement of comprehensive revenue and expense and surplus (deficit) of operating funding in the funding impact statement
- Financial prudence
- Notes to accounts

## Summary of capital expenditure over \$100,000

Project	Carry Over 2020/21 (\$000)	Estimate 2021/22 (\$000)	Available 2021/22 (\$000)	Actual 2021/22 (\$000)
<b>Corporate</b>				
Civic House				
Civic House Refurbishment	-	1,100	1,100	371
Capital: Furniture & Fittings - Renewals	67	168	235	129
Civic House Renewal Program - Plant & Equipment	50	108	158	128
Civic House Ceiling Tiles	15	200	215	102
Ground Floor - Science Monitoring Lab	3	115	118	42
Civic House Roof Renewal	9	945	953	24
Back Alleyway - Cycle Compound Shelter	69	149	218	13
Rental Properties				
Strategic Land Purchases	-	-	-	900
Administration				
Computer Hardware - Client Devices	-	900	900	890
EDRMS Replacement	-	534	534	415
Core Systems Enhancement	-	288	288	261
Capital: Motor Vehicles	-	100	100	171
Computer Hardware - Network Devices	-	160	160	-
Corporate Projects under \$100,000	117	723	840	663
<b>Total Corporate</b>	<b>329</b>	<b>5,489</b>	<b>5,819</b>	<b>4,109</b>
Scope Adjustment	-	(539)	(539)	-
<b>Total Corporate Less Scope Adjustment</b>	<b>329</b>	<b>4,950</b>	<b>5,280</b>	<b>4,109</b>
<b>Economic</b>				
Economic Projects under \$100,000	-	-	-	24
<b>Total Economic</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Environmental Management</b>				
Monitoring the Environment				
Plant & Equipment	-	174	174	117
Healthy Streams	-	115	115	17
Renewals: Monitoring Equipment	-	188	188	4
City Development				
CBD Enhancements	-	300	300	74
Streets for People	-	1,200	1,200	3
Environmental Advocacy/Advice				
Maitai ERP Planting (MPI)	-	-	-	104
Environmental Management Projects under \$100,000	44	7	51	3
<b>Total Environmental Management</b>	<b>44</b>	<b>1,984</b>	<b>2,028</b>	<b>322</b>
Scope Adjustment	-	(198)	(198)	-



<b>Total Environmental Less Scope Adjustment</b>	<b>44</b>	<b>1,785</b>	<b>1,830</b>	<b>322</b>
<b>Flood Protection</b>				
Saxton Creek Stage 4 Upgrade	-	12,269	12,269	11,499
Whakatu Drive (Storage World)	464	300	764	431
Saxton Creek Upgrade	80	-	80	196
Maitai Flood Management	-	200	200	159
Inventory of Urban Streams	-	115	115	96
Brook Stream Catchment Improvements	-	100	100	49
Coastal Inundation Modelling	-	200	200	32
Jenkins & Arapiki (Airport) - Flood Protection	-	110	110	28
Flood Mitigation	36	80	116	18
Flood Protection Projects under \$100,000	-	592	592	649
<b>Total Flood Protection</b>	<b>580</b>	<b>13,966</b>	<b>14,545</b>	<b>13,155</b>
Scope Adjustment	-	(1,364)	(1,364)	-
<b>Total Flood Protection Less Scope Adjustment</b>	<b>580</b>	<b>12,601</b>	<b>13,181</b>	<b>13,155</b>
<b>Parks &amp; Active Recreation</b>				
Public Gardens				
Isel Park Bridge Upgrade	-	295	295	272
Neighbourhood Parks				
Atawhai Reserve Improvements	109	-	109	45
Capital: Fences and Walls	-	127	127	16
Reserve Development Programme	-	153	153	12
Land Purchase: General Reserve	-	854	854	-
Landscape Reserve				
Maitai MTB Hub	88	900	988	1,121
Retired Forestry Block Conversion Programme	-	205	205	141
Capital: Planting	-	69	69	118
Capital: Mountainbike Tracks	30	207	237	65
Esplanade & Foreshore Reserves				
Modellers Pond Solution	38	2,000	2,038	1,624
Esplanade & Foreshore Planting Programme	-	163	163	169
City to Maitai Hub Track	-	-	-	136
Walkways				
Tahuna Beach to Great Taste Trail (Airport)	-	271	271	185
Sports Parks				
Saltwater Cr Bridge (Haven Rd - Traf Centre)	-	105	105	-
Pools				
Renewals: Minor Assets	-	111	111	64
Play Facilities				
Stoke Youth Park	-	345	345	390
Playground Development Programme	-	200	200	3
Marina				

Health & Safety Improvements	-	800	800	495
Marina: Pontoon Renewal Programme	-	137	137	104
Capital: Minor Development	-	100	100	19
Parks & Active Recreation Projects under \$100,000	251	2,045	2,296	1,819
<b>Total Parks &amp; Active Recreation</b>	<b>515</b>	<b>9,087</b>	<b>9,602</b>	<b>6,800</b>
Scope Adjustment	-	(871)	(871)	-
<b>Total Parks &amp; Active Recreation Less Scope Adjustment</b>	<b>515</b>	<b>8,216</b>	<b>8,731</b>	<b>6,800</b>
<b>Social</b>				
Founders Park				
Collection Store H&S	-	150	150	25
Nelson Library				
Elma Turner Library Extension/ Relocation	-	2,950	2,950	541
Book Purchases	-	360	360	330
Structural Improvements	-	200	200	-
Stoke Hall				
Stoke Hall Remediation	-	100	100	33
Community Properties				
Refinery Gallery EQ Strengthening	75	448	523	7
Maitai Camp				
Maitai Camp Capital Improvements	-	-	-	146
Brook Camp Building Renewals				
Brook Camp Building Renewals	-	310	310	79
Renewal : Buildings	4	250	254	44
Social Projects under \$100,000	58	1,186	1,244	860
<b>Total Social</b>	<b>137</b>	<b>5,954</b>	<b>6,090</b>	<b>2,065</b>
Scope Adjustment	-	(563)	(563)	-
<b>Total Social Less Scope Adjustment</b>	<b>137</b>	<b>5,390</b>	<b>5,527</b>	<b>2,065</b>
<b>Solid Waste</b>				
Joint Landfill	-	2,635	2,635	2,120
Solid Waste Projects under \$100,000	-	-	-	18
<b>Total Solid Waste</b>	<b>0</b>	<b>2,635</b>	<b>2,635</b>	<b>2,138</b>
<b>Stormwater</b>				
Haven Road Fountain Place to Saltwater Creek	(89)	2,800	2,711	3,291
Washington Valley Stormwater Upgrade	-	2,955	2,955	1,649
Airlie St	-	970	970	1,078
Centennial Park Pump Station Outfall and Stormwater Treatment	-	1,350	1,350	597
Hill St North ex Summerset	-	-	-	377

Tosswill to Tahuna Stormwater Upgrade	256	100	356	213
Bellevue Heights Stormwater	-	50	50	186
Athol Street Stormwater	23	60	83	151
Wastney Terrace Stormwater (pvt drain prgm)	-	1,550	1,550	147
Stormwater Network Models	22	80	102	85
Capital: Mount St / Konini St	-	140	140	70
York Terrace	-	100	100	53
Examiner	-	140	140	38
Vested Assets				
Vested Assets	-	816	816	2,865
Stormwater Projects under \$100,000	43	1,338	1,381	1,312
<b>Total Stormwater</b>	<b>254</b>	<b>12,448</b>	<b>12,703</b>	<b>12,113</b>
Scope Adjustment	-	(1,125)	(1,125)	-
<b>Total Stormwater Less Scope Adjustment</b>	<b>254</b>	<b>11,323</b>	<b>11,578</b>	<b>12,113</b>
<b>Transport</b>				
Subsidised Roding				
Renewals: Footpaths	-	1,200	1,200	686
Sealed Road Resurfacing	-	1,300	1,300	417
Traffic Services Renewal - Lighting	-	300	300	301
Drainage Renewals	-	160	160	199
Sealed Pavement Heavy Works	-	150	150	193
Washington Valley Street Lighting Renewal	-	120	120	120
Traffic Service Renewals - Signs, Markings and Deline	-	85	85	117
Streetlight Improvement	-	100	100	107
Structures Replacement	-	535	535	62
Cyclepath Renewals	-	100	100	22
Toi Toi St Upgrade	-	550	550	4
Associated Improvements	-	200	200	0
Minor Improvements	-	600	600	0
Nelson Future Access Study	-	850	850	0
New Footpaths	-	350	350	0
Railway Reserve Lighting	-	102	102	0
Unsubsidised Roding				
Hill St Land Purchase	-	-	-	410
Hill St North ex Summerset	-	-	-	317
Rocks Rd Bollards	-	20	20	118
Street Garden Dev	8	150	158	63
Parking & CBD Enhancements				
Renewal: CBD Aesthetic Elements	-	160	160	11
Millers Acre Centre				
Building Improvements	384	391	775	451
Public Transport				
PT Minor Improvements	-	100	100	41

Vested Assets				
Vested Assets	-	2,322	2,322	1,099
Transport Projects under \$100,000	97	1,645	1,742	719
<b>Total Transport</b>	<b>489</b>	<b>11,490</b>	<b>11,979</b>	<b>5,458</b>
Scope Adjustment	-	(846)	(846)	-
<b>Total Transport Less Scope Adjustment</b>	<b>489</b>	<b>10,644</b>	<b>11,133</b>	<b>5,458</b>
<b>Wastewater</b>				
Awatea Place Pump station	(90)	5,240	5,150	6,281
Pipe Renewals - Akerston to Russell Street	-	-	-	1,313
Washington Valley Sewer Upgrade	-	1,672	1,672	482
Wastewater Model calibration	60	410	470	478
Elm Street Sewer Upgrade	-	-	-	463
Renewals Pump Stations	-	280	280	407
NWWTP - Resource Consent	-	570	570	344
NWWTP Renewals	-	280	280	208
Pump Station Upgrades	-	50	50	104
System Performance Improvements (Overflow Reduction / I&I)	-	100	100	93
NWWTP Minor Upgrades	-	100	100	80
Wastewater Pipe Renewals	-	1,800	1,800	61
Rising/Swallows Renewals	-	100	100	40
NWWTP Wetlands Plant Renewal	-	100	100	-
Nelson Regional Sewerage	-	3,147	3,147	4,102
Vested Assets				
Vested Assets	-	627	627	1,680
Wastewater Projects under \$100,000	59	585	643	750
<b>Total Wastewater</b>	<b>29</b>	<b>15,061</b>	<b>15,090</b>	<b>16,887</b>
Scope Adjustment	-	(1,107)	(1,107)	-
<b>Total Wastewater Less Scope Adjustment</b>	<b>29</b>	<b>13,954</b>	<b>13,982</b>	<b>16,887</b>
<b>Water Supply</b>				
Rocks Rd Watermain Renewal	-	-	-	942
Bolt Road Watermain Stage 2	70	-	70	518
Residential Meters Renewals	-	430	430	421
Arapiki Watermain Renewal	-	-	-	389
Water Treatment Plant Upgrades	-	285	285	359
Suffolk Road (Saxton to Ngawhatu) Water Upgrade	-	-	-	276
Gloucester St Watermain Renewal	-	-	-	270
Capital: Backflow Prevention	-	175	175	210
Headworks Upgrades	-	315	315	168
Dam Upgrades	26	165	191	163
Water Loss Reduction Programme	-	150	150	150
Renewals: Commercial Meters	-	160	160	138
Natural Hazards Risk Remediation	-	150	150	69

Hardy (Rutherford-Vanguard) Watermain Renewal	100	-	100	64
Pressure Enhancement	-	100	100	33
Renewals: Water Pipes	-	2,400	2,400	10
Washington (Rentone to Watson) Water Renewal	-	105	105	2
Capital: Atawhai Res & pump Ma	-	175	175	-
Toi Toi St water Ridermain	-	209	209	-
Capital: Atawhai No.2 Reservoir	-	150	150	-
Vested Assets				
Vested Assets	-	1,306	1,306	922
Water Supply Projects under \$100,000	-	757	757	696
<b>Total Water Supply</b>	<b>196</b>	<b>7,032</b>	<b>7,228</b>	<b>5,798</b>
Scope Adjustment	-	(553)	(553)	-
<b>Total Water Supply Less Scope Adjustment</b>	<b>196</b>	<b>6,479</b>	<b>6,675</b>	<b>5,798</b>
<b>Total Capital Expenditure</b>	<b>2,574</b>	<b>85,145</b>	<b>87,719</b>	<b>68,868</b>
Total Vested Assets	-	5,071	5,071	6,567
Total Joint Committees	-	5,782	5,782	6,222
<b>TOTAL CAPITAL - Excluding Vested Assets and Joint Committees</b>	<b>2,574</b>	<b>74,292</b>	<b>76,866</b>	<b>56,079</b>

*The accompanying accounting policies and notes form part of these financial statements*

## Statements of comprehensive revenue and expense for the year ended 30 June 2022

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000
Rates	3	74,123	73,643	68,989	74,123	68,989
Fees and charges	5	32,312	39,303	30,894	48,524	45,143
Subsidies and grants	4	17,746	19,699	17,861	19,021	19,654
Finance revenue	9	340	1	149	376	179
Development/financial contributions		6,514	3,628	4,410	6,514	4,410
Other revenue	5	14,983	9,947	11,500	11,531	8,813
Other gains/(losses)	6	10,949	4,010	6,939	10,607	7,245
<b>Total revenue</b>		<b>156,967</b>	<b>142,211</b>	<b>140,742</b>	<b>170,696</b>	<b>154,433</b>
Personnel costs	8	27,562	26,894	24,259	48,189	43,905
Depreciation and amortisation expense	19,20	31,672	31,250	30,505	33,714	32,408
Other expenses	7	70,352	78,498	72,624	64,073	66,514
Finance costs	9	3,851	3,171	3,537	3,989	3,661
<b>Total operating expenditure</b>		<b>133,437</b>	<b>139,813</b>	<b>130,925</b>	<b>149,965</b>	<b>146,488</b>
Share of joint operation's surplus	25	=	=	=	6,892	8,190
<b>Surplus before tax</b>		<b>23,530</b>	<b>2,398</b>	<b>9,817</b>	<b>27,623</b>	<b>16,135</b>
Income tax expense	10	=	=	=	103	284
<b>Surplus after tax</b>		<b>23,530</b>	<b>2,398</b>	<b>9,817</b>	<b>27,520</b>	<b>15,851</b>
<b>Other comprehensive revenue</b>						
Land and Infrastructure revaluations	31	251,063	38,076	68,902	252,028	68,902
Share of subsidiaries revaluations		=	=	=	3,944	15,146
<b>Total other comprehensive revenue</b>		<b>251,063</b>	<b>38,076</b>	<b>68,902</b>	<b>255,972</b>	<b>84,048</b>
<b>Total comprehensive revenue</b>		<b>274,593</b>	<b>40,474</b>	<b>78,719</b>	<b>283,492</b>	<b>99,899</b>

\*Explanations of major variances against budget are provided in note 40.

Note: The accompanying accounting policies and notes form part of these financial statements

## Statements of changes in equity for the year ended 30 June 2022

		Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July</b>		<b>1,727,264</b>	<b>1,659,247</b>	1,648,545	<b>1,899,212</b>	1,799,313
Total comprehensive revenue previously reported		<u>274,593</u>	<u>40,474</u>	<u>78,719</u>	<u>283,492</u>	<u>99,899</u>
<b>Total comprehensive revenue</b>		<b><u>274,593</u></b>	<b><u>40,474</u></b>	<u>78,719</u>	<b><u>283,492</u></b>	<u>99,899</u>
<b>Balance at 30 June</b>	31	<b><u>2,001,857</u></b>	<b><u>1,699,723</u></b>	<u>1,727,264</u>	<b><u>2,182,704</u></b>	<u>1,899,212</u>

*Note: The accompanying accounting policies and notes form part of these financial statements*

## Statements of financial position as at 30 June 2022

	Note	Council		Group		
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	12	11,101	6,617	17,886	13,949	20,327
Trade and other receivables	13	24,374	11,369	19,263	27,765	22,228
Derivative financial instruments	17	13	-	-	13	-
Other financial assets	16	25,567	1,063	398	27,818	2,508
Inventories	15	-	-	-	387	541
Current tax receivables	14	-	-	-	52	2
		<u>61,055</u>	<u>19,049</u>	<u>37,547</u>	<u>69,984</u>	<u>45,606</u>
Non-current assets held for sale	18	1,464	-	786	1,464	981
<b>Total current assets</b>		<u>62,519</u>	<u>19,049</u>	<u>38,333</u>	<u>71,448</u>	<u>46,587</u>
<b>Non-current assets</b>						
Derivative financial instruments	17	3,681	-	-	3,681	-
Investments accounted for using the equity method	25	36,663	36,663	36,663	192,714	184,859
Other financial assets	16	5,182	5,447	4,558	5,710	5,012
Property, plant and equipment	19	2,062,064	1,799,238	1,773,876	2,092,353	1,802,932
Intangible assets	20	7,390	3,579	6,028	7,813	6,320
Forestry assets	22	5,834	6,390	7,226	5,834	7,226
Investment property	23	930	955	970	930	970
Investments in subsidiaries	24	8,200	8,200	8,200	-	-
Deferred tax assets	11	-	-	-	77	110
<b>Total non-current assets</b>		<u>2,129,944</u>	<u>1,860,472</u>	<u>1,837,521</u>	<u>2,309,112</u>	<u>2,007,429</u>
<b>Total assets</b>		<u>2,192,463</u>	<u>1,879,521</u>	<u>1,875,854</u>	<u>2,380,560</u>	<u>2,054,016</u>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	27	29,053	22,666	23,873	30,810	25,926
Derivative financial instruments	17	25	997	70	25	70
Borrowings	28	25,650	43,705	5,750	25,898	8,435
Employee benefits liabilities	30	2,481	2,363	2,320	4,496	4,173
Provisions	29	269	-	264	269	264
Current tax liabilities		-	-	-	-	280
		<u>57,478</u>	<u>69,731</u>	<u>32,277</u>	<u>61,498</u>	<u>39,148</u>
<b>Total current liabilities</b>		<u>57,478</u>	<u>69,731</u>	<u>32,277</u>	<u>61,498</u>	<u>39,148</u>
<b>Non-current liabilities</b>						
Derivative financial instruments	17	73	16,458	7,618	73	7,618



Borrowings	28	<b>125,000</b>	<b>88,734</b>	100,000	<b>129,276</b>	100,403
Employee benefits liabilities	30	<b>132</b>	<b>163</b>	165	<b>184</b>	203
Provisions	29	<b>3,251</b>	<b>3,849</b>	3,538	<b>3,251</b>	3,538
Trade and other payables	27	<b><u>4,672</u></b>	<b><u>863</u></b>	<u>4,992</u>	<b><u>3,574</u></b>	<u>3,894</u>
<b>Total non-current liabilities</b>		<b><u>133,128</u></b>	<b><u>110,067</u></b>	116,313	<b><u>136,358</u></b>	<u>115,656</u>
<b>Total liabilities</b>		<b><u>190,606</u></b>	<b><u>179,798</u></b>	148,590	<b><u>197,856</u></b>	<u>154,804</u>
<b>Net assets</b>		<b><u>2,001,857</u></b>	<b><u>1,699,723</u></b>	1,727,264	<b><u>2,182,704</u></b>	<u>1,899,212</u>
<b>EQUITY</b>						
Accumulated funds	31	<b>462,485</b>	<b>458,941</b>	439,724	<b>517,107</b>	490,356
Reserves	31	<b><u>1,539,372</u></b>	<b><u>1,240,782</u></b>	<u>1,287,540</u>	<b><u>1,665,597</u></b>	<u>1,408,856</u>
Total equity attributable to the Entity		<b><u>2,001,857</u></b>	<b><u>1,699,723</u></b>	1,727,264	<b><u>2,182,704</u></b>	<u>1,899,212</u>
<b>Total equity</b>		<b><u>2,001,857</u></b>	<b><u>1,699,723</u></b>	1,727,264	<b><u>2,182,704</u></b>	<u>1,899,212</u>

*Note: The accompanying accounting policies and notes form part of these financial statements*

## Statement of cash flows for the year ended 30 June 2022

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>						
Receipts from rates revenue		82,600	82,509	79,068	82,600	79,068
Subsidies and grants received		17,746	19,699	17,861	19,455	19,669
Development and financial contributions received		6,514	3,628	4,410	6,514	4,410
Interest received		340	1	149	367	191
Dividends received		3,014	2,450	2,822	3,031	2,840
Receipts from other revenue		24,127	31,058	26,157	40,840	40,600
		<u>134,341</u>	<u>139,345</u>	<u>130,467</u>	<u>152,807</u>	<u>146,778</u>
Payments to suppliers		(73,766)	(78,994)	(64,118)	(107,093)	(56,478)
Payments to employees		(27,434)	(26,894)	(24,300)	(10,721)	(44,038)
Interest paid		(3,851)	(3,171)	(3,537)	(3,990)	(3,661)
Income tax paid		-	-	-	(346)	(323)
GST (net)		-	-	-	(5)	(3)
		<u>(105,051)</u>	<u>(109,059)</u>	<u>(91,955)</u>	<u>(122,155)</u>	<u>(104,503)</u>
<b>Net cash flow from operating activities</b>	32	<u>29,290</u>	<u>30,286</u>	<u>38,512</u>	<u>30,652</u>	<u>42,275</u>
<b>Cash flows from investing activities</b>						
Receipts from sale of property, plant, and equipment		14	-	96	69	169
Receipts from assets held for sale		-	-	10,426	-	10,426
Sale of biological assets		-	3,491	-	-	-
Receipts from sale of investments		-	-	-	636	77
Repayment of community loans and advances		348	193	467	348	467
Other investments		-	519	-	-	-
		<u>362</u>	<u>4,203</u>	<u>10,989</u>	<u>1,053</u>	<u>11,139</u>
Renewals		(6,120)	(22,464)	(12,060)	(6,198)	(12,077)
New capital works - growth		(4,694)	(4,554)	(7,052)	(4,694)	(7,052)
New capital works - increased level of service		(44,273)	(45,887)	(32,909)	(43,087)	(35,304)
Purchase of intangible assets		-	-	(1,014)	(3,242)	(1,174)
Purchase of biological assets		-	(18)	-	-	-
Investments in LGFA borrower notes		(1,250)	(591)	(555)	(1,250)	(555)
Other investments		(25,000)	(74)	-	(25,950)	(987)
		<u>(81,337)</u>	<u>(73,588)</u>	<u>(53,590)</u>	<u>(84,421)</u>	<u>(57,149)</u>
<b>Net cash flow from investing activities</b>		<u>(80,975)</u>	<u>(69,385)</u>	<u>(42,601)</u>	<u>(83,368)</u>	<u>(46,010)</u>
Proceeds from borrowings		80,044	38,612	35,750	84,568	38,838
Other capital contributions		-	-	-	-	-
Repayment of borrowings		(35,144)	-	(30,850)	(38,232)	(33,724)
<b>Net cash flow from financing activities</b>		<u>44,900</u>	<u>38,612</u>	<u>4,900</u>	<u>46,336</u>	<u>5,114</u>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		<u>(6,785)</u>	<u>(487)</u>	<u>811</u>	<u>(6,380)</u>	<u>1,379</u>

Cash, cash equivalents, and bank overdrafts at the beginning of the year		<u>17,886</u>	<u>7,104</u>	<u>17,075</u>	<u>20,327</u>	<u>18,948</u>
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	12	<u>11,101</u>	<u>6,617</u>	<u>17,886</u>	<u>13,947</u>	<u>20,327</u>
*Explanations of major variances against budget are provided in note 40.						

*Note: The accompanying accounting policies and notes form part of these financial statements*

## Funding impact statement for the year ended 30 June 2022

	Long Term Plan 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	51,296	53,281	53,626
Targeted rates including water by meter	28,384	29,228	29,505
Subsidies and grants for operating purposes	3,955	7,652	8,610
Fees and charges	10,883	15,989	10,655
Interest and dividends from investments	3,686	2,451	3,320
Local authorities fuel tax, fines, infringement fees, and other receipts	14,834	16,873	18,083
<b>Total Operating Funding</b>	<b>113,038</b>	<b>125,475</b>	<b>123,799</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	86,779	105,391	97,816
Finance costs	5,886	3,259	3,852
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>92,665</b>	<b>108,651</b>	<b>101,668</b>
<b>Surplus (Deficit) of operating funding</b>	<b>20,373</b>	<b>16,824</b>	<b>22,131</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	5,112	12,047	9,138
Development and financial contributions	3,701	3,628	6,514
Increase (decrease) in debt	25,810	40,179	44,900
Gross proceeds from sale of assets	27	0	8
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>34,650</b>	<b>55,854</b>	<b>60,560</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	9,149	4,501	6,560
- to improve level of service	31,996	45,752	37,966
- to replace existing assets	11,833	22,654	17,776
Increase (decrease) in reserves	334	0	(2,597)
Increase (decrease) in investments	1,711	(228)	22,986
<b>Total applications of capital funding</b>	<b>55,023</b>	<b>72,679</b>	<b>82,691</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(20,373)</b>	<b>(16,824)</b>	<b>(22,130)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Reconciliation between the net surplus (deficit) in the statement of comprehensive revenue and expense and surplus (deficit) of operating funding in the funding impact statement

### 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 2020/21	Long-term Plan 2021/22	Actuals 2021/22
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	<b>20,373</b>	<b>16,824</b>	<b>22,131</b>
Subsidies and grants for capital expenditure	5,112	12,047	9,138
Development and financial contributions	3,701	3,628	6,514
Vested Assets	7,311	5,071	6,567
Gains on sale		0	0
Depreciation	(27,106)	(31,250)	(31,672)
Other non-cash income	27	0	12,673
Other non-cash expenditure	0	(3,922)	(1,821)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	<b>9,417</b>	<b>2,398</b>	<b>23,530</b>

## Financial prudence

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council's 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.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

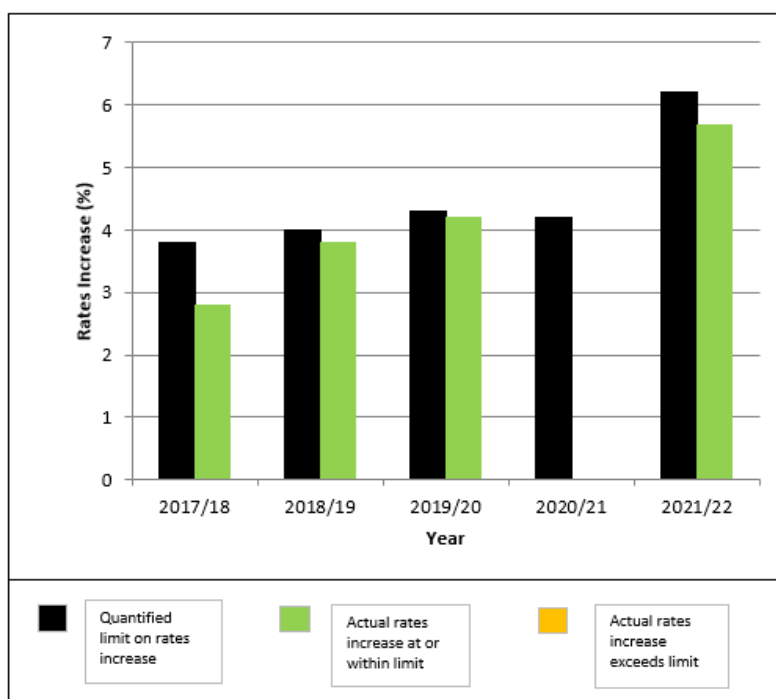
### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

- Its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the Financial Strategy included in the Council's Long Term Plan (LTP). The quantified limit is the local government cost index plus 2.5% for each year of the LTP 2021-2031.



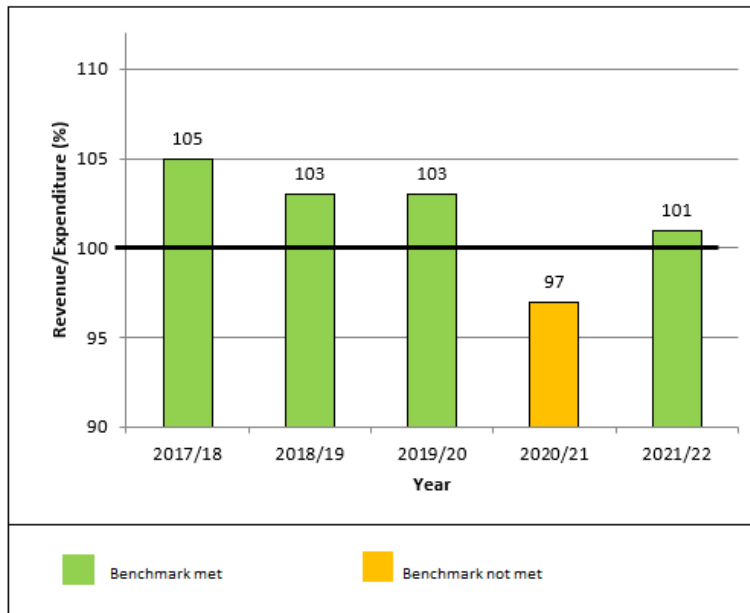
### Additional information:

The Council, in response to hardship brought by the COVID-19 pandemic approved a net 0% rates increase for 2020/21. This has been achieved through borrowings.

## Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



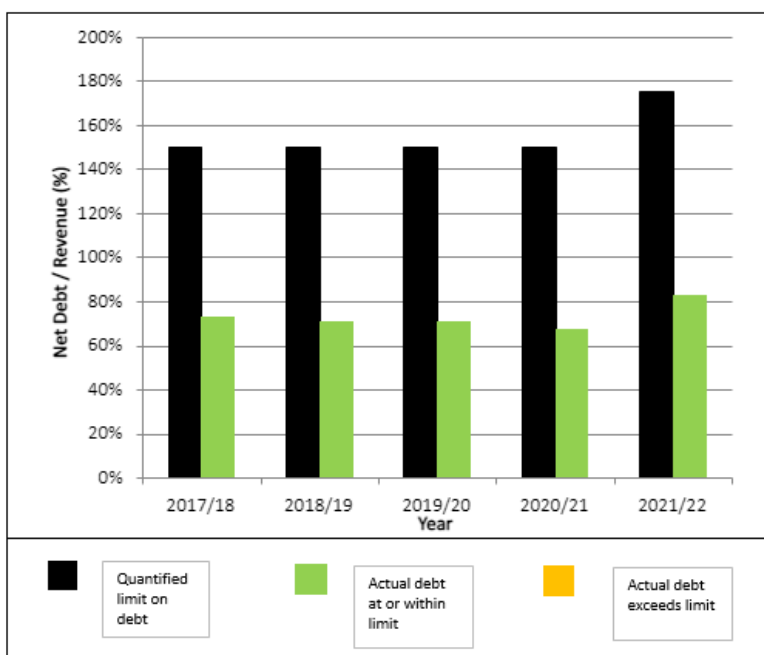
### Additional Information:

The Council had not met the balanced budget benchmark in 2020/21, as resolved in the Long Term Plan 2021-31. The Council did achieve the balanced budget benchmark in 2021/22 despite budgeting not to achieve it according to the Long term Plan 2021-31.

## Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in the council's LTP. The quantified limit is that net external borrowings are not to exceed 175% of revenue (previously 150%). Net external borrowings are defined as external debt and overdraft less cash balances and deposits.



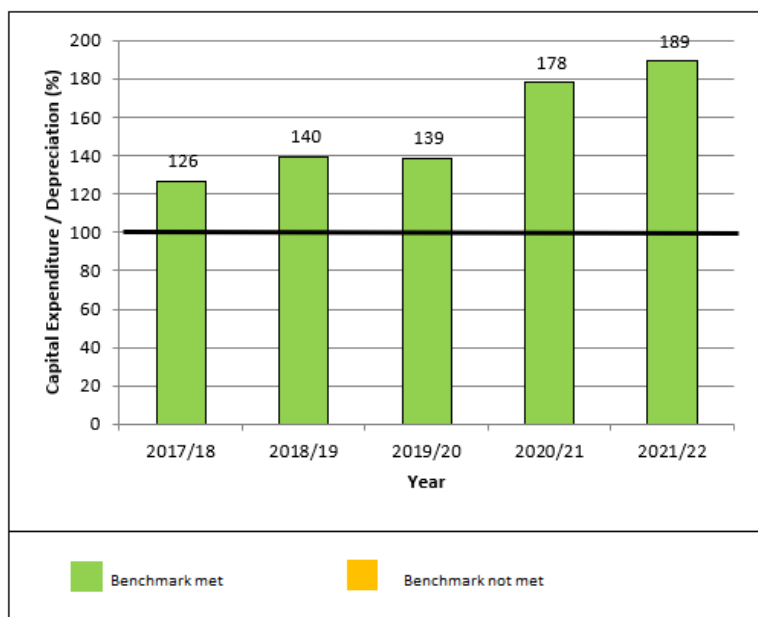
## Additional Information

It is noted that total revenue for the above graph is defined as cash earnings from rates, government grants and subsidies, user charges, interest and dividends and excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluation of property, plant or equipment.



## Essential services benchmark

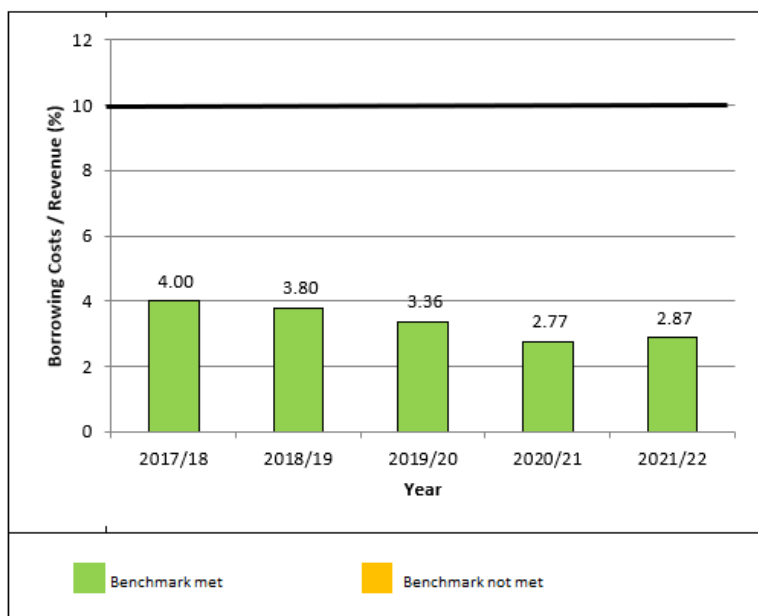
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

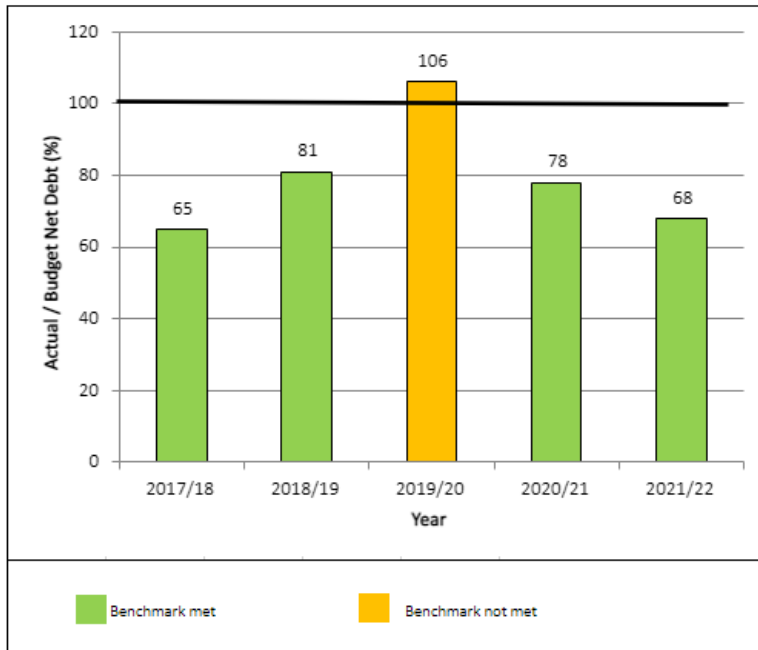
Because Statistics New Zealand projects the Council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### Debt control benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

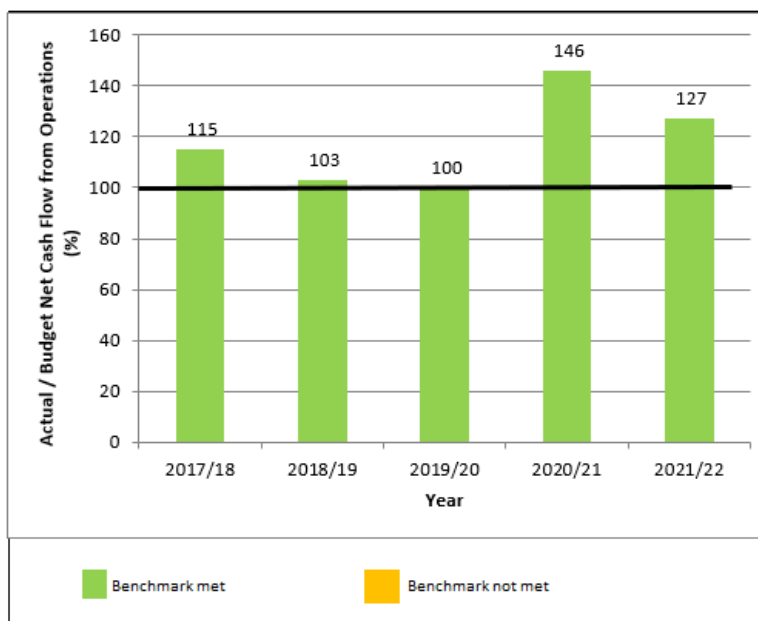
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operational control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# Notes to accounts

## 1 Statement of accounting policies for the year ended 30 June 2022

### 1.1 Reporting entity

Nelson City Council Group (the Council) is a unitary local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

These financial statements include details on the Council's share of subsidiaries and other associated activities. How each associated activity is accounted for and the consolidation policy are covered in the following pages.

The Nelson City Council Group consists of Nelson City Council, its subsidiaries – Nelmac Ltd, the Nelson Civic Trust, the Bishop Suter Trust and the Nelson Regional Development Agency – and joint operations and joint ventures.

The Entity and Group provide local infrastructure, local public services, and performs regulatory functions to the community. The Group does not operate to make a financial return.

The Group has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of the Council and Group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 10 November 2022.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently through the period.

#### Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA (Local Government Act 2002) and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

#### Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets.

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Entity and its subsidiaries and joint operations is New Zealand dollars.

#### Changes in accounting policies

There is an accounting policy change for the classification between exchange and non-exchange in Receivables. The accounting policy on exchange and non-exchange transactions had not been applied across all the similar items consistently in the past. Prior year balances have been restated to give accurate and more meaningful information to the readers of the financial statements. Refer to Note 13 for additional detail.

The following standards, amendments, and interpretations that are relevant to the Entity and Group, became effective and were implemented during the year.

- PBE IPSAS 2 – Cash Flow Statement (effective date 1 January 2021)

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and noncash changes. No requirement exists to provide comparative information for preceding reporting periods for the first time adoption. Refer to note 32 for information on reconciliation of liabilities from financing activities.

The application of all other amendments to standards did not have an impact on the Group's financial position, performance and/or disclosures to the financial statements.

## **Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted**

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Entity and Group, are below. The Council has not yet assessed the impact of these new accounting standards.

- PBE IFRS 48 – Service Performance Reporting (effective date 1 January 2022)

PBE IFRS 48 Service Performance Reporting replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022. This Standard establishes requirements for the reporting of service performance information in order to better meet the needs of users of general purpose financial reports of public benefit entities. The Council does not plan to early adopt this standard.

- PBE IPSAS 41 – Financial Instruments (effective date 1 January 2022)

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. This Standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

- PBE IPSAS 43 – Leases (effective reporting date 1 January 2025)

PBE IPSAS 43 was issued in January 2022. This standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The Council does not plan to early adopt this standard.

## **2.2 Basis of consolidation**

### **Subsidiaries**

The Entity consolidates in the Group financial statements all entities where the Entity has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Entity controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Entity or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries in which the Council has a controlling interest are consolidated by separate line-by-line aggregations of like items of assets, liabilities, equity, revenue, expense and cash flows into the consolidated financial statements. All significant inter-entity transactions are eliminated upon consolidation. Nelmac Limited is a fully owned subsidiary and has been consolidated on a line-by-line basis. The City of Nelson Civic Trust (Inc), The Bishop Suter Trust and the Nelson Regional Economic Development Agency (NRDA) are controlled by Council via the appointment of a majority of the trustees. The Trusts and NRDA have been consolidated on a line-by-line basis.

The investment in subsidiaries is carried at cost in the Entity's parent entity financial statements.

### **Equity accounted joint ventures**

A joint venture is an entity which is a separate legal entity, over which the Entity does not have a controlling interest and that is not a subsidiary. The Council's joint venture investment is accounted for in the Group financial statements using the equity method. The investment in an equity accounted joint venture is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the venture after the date of acquisition. Distributions received from a venture reduce the carrying amount of the investment in the group's consolidated financial statements.

If the share of deficits of a joint venture equals or exceeds its interest in the joint venture, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the Group transacts with an equity accounted joint venture, surpluses or deficits are eliminated to the extent of the Group's interest in the venture.

The investment in the equity accounted joint venture is carried at cost in the Council's parent entity financial statements.

As the Council does not have a controlling interest in any of the following, they have been accounted for using the equity method: Port Nelson Limited (PNL), Nelson Airport Limited, Tasman Bays Heritage Trust.

### **Joint operations**

The Council does not have a controlling interest in the Nelson Regional Sewerage Business Unit (NRSBU), the Nelson

Tasman Regional Landfill Business Unit (NTRLBU) or the Nelson Tasman Combined Civil Defence Organisation. As these are not separate legal entities, Council has recognised its share on a line-by-line basis in the parent financial statements.

## 2.3 Revenue

Revenue is measured at fair value.

### 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.

The specific accounting policies for significant revenue items are explained below:

#### Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All customers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

All rates with the exception of water by meter are non-exchange transactions.

The following policies for rates have been applied:

- General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Entity considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of finance revenue.
- Rates revenue arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water by meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Entity has received an application that satisfies its rates remission policy.

#### Service and other

Significant items of service and other revenue include:

Waka Kotahi (NZ Transport Agency) roading subsidies	The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled
Other grants received	Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.
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 the Council are recognised as revenue when control over the asset is obtained. This is non-exchange revenue.
Sales of goods	Revenue from the sale of goods is recognised when a product is sold to the customer. These are exchange transactions.
Traffic and parking infringements	Revenue from traffic and parking infringements is recognised when paid. This revenue is non-exchange revenue.

Interest and dividends

Finance revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Interest and dividends are considered revenue from exchange transactions.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service. Development and financial contributions are non-exchange transactions.

### **Housing New Zealand suspensory loan**

The Council considered the suspensory loan from Housing New Zealand was in substance a grant with conditions up to its repayment and has recognised the funds received as a liability and releases the liability to revenue on a straight-line basis over the 20year term of the agreement. This is in substance a nonexchange transaction.

## **2.4 Borrowing costs**

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

## **2.5 Foreign currency transactions**

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates 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.

## **2.6 Grant expenditure**

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 on 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.

## **2.7 Leases**

### **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.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

## **2.8 Cash and cash equivalents**

Cash and cash equivalents include 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 statements of financial position.

## **2.9 Debtors and other receivables**

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

## **2.10 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 was 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 finance cost or finance 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.

## 2.11 Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets – These include land, buildings, improvements, landfill including estimated post closure, library books, plant and equipment, forestry, marina and motor vehicles.

Restricted assets – Restricted assets are land, buildings and improvements owned by the Council and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructural Assets – infrastructural assets are the fixed utility systems owned by the Council. These include the roading, water, sewer, and stormwater networks.

Heritage assets consisting of museum artefacts, collections and historical buildings and monuments.

### Additions

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

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

### 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 revalued assets are sold, 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 the Entity and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

### 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.

#### Class of PP&E

#### Estimated useful life (years)

#### *Operational Assets*

Buildings	50-100
Marina	30-50
Improvements	Nil-20
Plant and equipment	2-30

Motor vehicles	7
Library books	3-10
<i>Restricted Assets</i>	
Buildings	50-100
Improvements	Nil-20
<i>Infrastructural Assets</i>	
Roading network	
Surfacing (sealed)	1-50
Surfacing (unsealed)	n/a
Basecourse	5-80
Subbase	n/a
Formation	n/a
Culverts	60-90
Footpaths	5-100
Signs	15
Streetlights	20-60
Bridges	20-100
Retaining walls	30-100
Water system	
Pipeline	55-120
Manholes	58-110
Reservoirs and tanks	100
Dams	10-200
Sewerage system	
Pipes	40-120
Manholes	80
Pump stations	10-50
Oxidation ponds	15-151
Stormwater and flood protection	
Pipeline	40-120
Manholes	90
Bank protection	25-100
<b>Solid Waste</b>	
Pipes	60-90



Retaining walls	30-100
Ponds and dam	100
Gas flare	20
Resource consents	24

## Revaluation

All asset classes are carried at depreciated historical cost with the exception of land (operational and restricted) and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to total other comprehensive revenue and 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 but is recognised as an expense. Any subsequent increase on revaluation that reverses a previous decrease in value recognised as an expense will be recognised first in the surplus/deficit up to the amount previously expensed, and then recognised in other comprehensive revenue.

## Impairment

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

## 2.12 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 2022. 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.

## 2.13 Intangible assets

### Software acquisition and development

Acquired computer software licenses 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, are recognised as an intangible asset. Direct costs include the software development employee related 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 derecognised. 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:

Class of intangible asset	Estimated useful life	Amortisation rates
Computer software	3-10 years	10-33%

## **Emissions Trading Scheme**

Emissions Trading Scheme (ETS) credits are held to meet the landfill liability.

Purchased carbon credits are recognised at cost on acquisition. They have an indefinite useful life and are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

### **2.14 Impairment of property, plant, and equipment and intangible assets**

Property, plant, and equipment and intangible assets that have a finite useful life are reviewed for impairment at each balance date and 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. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit. For assets not carried at revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in surplus or deficit.

### **2.15 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.

### **2.16 Work in progress**

Profits on contracts are recognised progressively over the period of each contract. The contract amount included in the surplus or deficit, and the value of work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on contracts are recognised immediately.

### **2.17 Investment property**

Investment property is measured initially at its cost, including transaction costs.

Council's investment property is valued annually at fair value as at 30 June. Investment properties were valued based on open market evidence. The valuation was performed by Telfer Young (Nelson) Limited and changes in valuation are recognised in the surplus or deficit.

### **2.18 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 have been transferred and the Entity and Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

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

The classification of a financial asset 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.

#### **Loans and receivables (including cash and cash equivalents and other 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 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.

#### **Financial assets at 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 in 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 Entity and Group includes 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.

After initial recognition, 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 derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Impairment of a loan or receivable is established when there is objective evidence that the Entity and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation 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 (that is, not past due). Impairment in term deposits, stock, government bonds, and loans, are recognised directly against the instrument's 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 considered 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 is reclassified from equity to the surplus or deficit.

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

## **2.20 Borrowings**

Borrowings are initially recognised at their fair 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 Entity or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

## **2.21 Creditors and other payables**

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

## **2.22 Employee entitlements**

### **Short-term employee entitlements**

Employee benefits expected to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where a member of the group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

### **Long-term employee entitlements**

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. 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 the estimated future cash flows.

### **Presentation of employee entitlements**

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

## **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.

## 2.23 Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost and is included in "finance costs".

As the NTRLBU is the operator of the York Valley and Eve's Valley landfills, it has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure. This provision is calculated on the basis of discounting closure and post closure costs into present day values. The calculation assumes no change in the resource consent conditions for closure and post closure treatment. Council's 50% share of this provision is recognised in the parent accounts.

## 2.24 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 statement of financial position 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 surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and joint operations, 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 surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity

## 2.25 Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statements 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 statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## 2.26 Budget figures

The budget figures are those approved by the Entity in its 2021/31 Long Term Plan (2021/22 year). The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

## 2.27 Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

## 2.28 Equity

Equity is the community's interest in the Entity 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;
- property revaluation reserve;
- Council created reserves

### Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Entity. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

### Council created reserves

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

### Revaluation reserves

The results of revaluing land, infrastructural assets and derivative instruments 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.

## 2.29 Critical accounting estimates and assumptions

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

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

### *Infrastructural assets*

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and

- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual deprecation charge recognised as an expense in the surplus or deficit. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

The revaluation of infrastructural assets is carried out inhouse by council engineering staff, and is then peer reviewed by experienced independent valuers.

### **2.30 Non-current assets held for sale**

An asset is held for sale if it's carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Any impairment losses for write downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

### **2.31 Three Waters Reform**

On 27 October 2021, the Government confirmed that it will introduce legislation to create four publicly owned water entities, and that the participation by all 67 Councils across New Zealand in the proposed reform will be mandatory. These four multiregional entities will own and operate the majority of drinking water, wastewater and stormwater (three waters) services across New Zealand. The exact size, shape and design of these entities is still being worked through, including the details of revenues, expenses, assets and liabilities that may be transferred to the new entities. The effective date of this reform is expected to be 1 July 2024. If the reform progresses, there is likely to be a material impact on our financial statements from 1 July 2024. No allowance has been made in the 30 June 2022 financial statements for this possibility. As at 30 June 2022, the carrying value of Council's three water assets was \$739.0m (including WIP of \$17.9m). The related debt to the three water activities has not yet been allocated. Not all of these assets may transfer in the future and the fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanism for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment.

### 3 Rates

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
General rates	44,659	41,248	44,659	41,248
Uniform annual general charge	<u>9,210</u>	<u>9,171</u>	<u>9,210</u>	<u>9,171</u>
<b>Total general rates revenue</b>	<b><u>53,869</u></b>	<b><u>50,419</u></b>	<b><u>53,869</u></b>	<b><u>50,419</u></b>
Sewerage	9,469	8,849	9,469	8,849
Water fixed charge	3,815	3,751	3,815	3,751
Stormwater	4,972	4,515	4,972	4,515
Flood protection	2,241	1,725	2,241	1,725
Solar saver	<u>1</u>	<u>4</u>	<u>1</u>	<u>4</u>
<b>Total targeted rates revenue</b>	<b><u>20,498</u></b>	<b><u>18,844</u></b>	<b><u>20,498</u></b>	<b><u>18,844</u></b>
Less - Rate remissions	<u>(244)</u>	<u>(274)</u>	<u>(244)</u>	<u>(274)</u>
<b>Total rates, excluding targeted water supply rates</b>	<b><u>74,123</u></b>	<b><u>68,989</u></b>	<b><u>74,123</u></b>	<b><u>68,989</u></b>

	Council	
	Actual 2022 \$'000	Actual 2021 \$'000
Rates	74,123	68,989
Metered water supply rates	<u>9,007</u>	<u>8,914</u>
Total annual rates income	<b><u>83,130</u></b>	<b><u>77,903</u></b>

#### Rates remissions

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows Council to remit rates on:

- Community and sporting groups, and groups delivering affordable social and community housing to facilitate the ongoing provision of non-commercial community services and recreational opportunities.
- Rates penalties where payment has not been received due to circumstances outside the ratepayer's control.
- Rates for residential properties in commercial/industrial areas.
- Rates on land protected for natural, historic or cultural conservation purposes.
- Excess water rates.
- Rates on cemeteries.
- Rates on golf practice greens.
- Rates for underground utilities.
- Rates on low value properties.
- Land affected by natural calamity.
- Households with dependant relatives in an additional unit.
- Heating appliance replacement (qualifying ratepayers).
- Maintenance and protection of heritage buildings.
- Commercial premises under 20 square metres.
- Maori freehold land.
- Rates postponement



	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Total gross rates, excluding targeted water supply rates	<b>70,552</b>	65,511	<b>70,552</b>	65,511
<i>Rates remissions:</i>				
Community, sporting and other organisations	<b>(89)</b>	(85)	<b>(89)</b>	(85)
Rates for affordable social and community housing	<b>(27)</b>	(25)	<b>(27)</b>	(25)
Rates penalties remitted	<b>(11)</b>	(13)	<b>(11)</b>	(13)
Rates for residential properties in commercial/industrial areas	<b>(5)</b>	(5)	<b>(5)</b>	(5)
Rates on cemeteries	-	(31)	-	(31)
Rates on low value properties	<b>(2)</b>	(2)	<b>(2)</b>	(2)
Heritage	<b>(92)</b>	(89)	<b>(92)</b>	(89)
Clean heat warm homes	<b>(6)</b>	(15)	<b>(6)</b>	(15)
Dependant relative	<b>(2)</b>	(2)	<b>(2)</b>	(2)
Land affected by natural calamity	<b>(2)</b>	(2)	<b>(2)</b>	(2)
Commercial premises under 20 square meters	<b>(8)</b>	(5)	<b>(8)</b>	(5)
Total remissions	<b><u>(244)</u></b>	<u>(274)</u>	<b><u>(244)</u></b>	<u>(274)</u>
Rates (net of remissions), excluding targeted water supply rates	<b><u>70,308</u></b>	<u>65,237</u>	<b><u>70,308</u></b>	<u>65,237</u>

The total amount of rates charged that has not been eliminated from revenue and expenditure is as follows:

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Rates	<b>1,011</b>	1,014	<b>1,031</b>	1,034
Metered water supply rates	<b><u>682</u></b>	<u>820</u>	<b><u>689</u></b>	<u>825</u>
	<b><u>1,693</u></b>	<u>1,834</u>	<b><u>1,720</u></b>	<u>1,859</u>

## Rating base information

The revenue from rates for the year ended 30 June 2022 was based on the following rating information as at 30 June 2021.

Number of rating units 30 June 2022: 23,027 (30 June 2021: 22,822).

	<b>Council</b>	
	<b>Actual</b>	Actual
	<b>2022</b>	2021
	<b>\$ million</b>	\$ million
Total capital value of rating units	<b>23,016</b>	16,496
Total land value of rating units	<b><u>12,584</u></b>	<u>7,529</u>
	<b><u>35,600</u></b>	<u>24,025</u>

## 4 Subsidies and grants

	<b>Council</b>		<b>Group</b>	
	<b>Actual</b>	Actual	<b>Actual</b>	Actual
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
NZ Transport Authority grants	<b>5,504</b>	11,005	<b>5,504</b>	11,005
Other central government grants	<b>6,940</b>	3,788	<b>6,940</b>	3,788
Other capital grants	<b>471</b>	230	<b>411</b>	230
Other operating grants	<b>1,039</b>	907	<b>2,374</b>	2,700
Three waters stimulus grants	<b><u>3,792</u></b>	<u>1,931</u>	<b><u>3,792</u></b>	<u>1,931</u>
<b>Total subsidies and grants</b>	<b><u>17,746</u></b>	<u>17,861</u>	<b><u>19,021</u></b>	<u>19,654</u>

## 5 Revenue summary

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Regulatory revenue	5,337	4,595	5,337	4,595
Sales of goods and services	13,354	12,132	29,562	26,356
Rents received	4,614	5,253	4,618	5,278
Water by meter	9,007	8,914	9,007	8,914
** Other income **	=	=	=	=
<b>Total fees and charges</b>	<b><u>32,312</u></b>	<b><u>30,894</u></b>	<b><u>48,524</u></b>	<b><u>45,143</u></b>
Infringements and fines	849	708	849	708
Petrol tax	370	402	370	402
Vested assets	6,567	3,792	6,628	4,034
Dividends	2,980	2,500	17	18
Insurance proceeds	42	2	42	2
Subvention Receipts	514	397	-	-
Other revenue	<u>3,661</u>	<u>3,699</u>	<u>3,625</u>	<u>3,649</u>
<b>Total other revenue</b>	<b><u>14,983</u></b>	<b><u>11,500</u></b>	<b><u>11,531</u></b>	<b><u>8,813</u></b>

## 6 Other gains/(losses)

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Gain/(Loss) on disposal of property, plant and equipment	(396)	853	(502)	855
Loss on disposal of other assets	(1,046)	(410)	(1,046)	(410)
Net interest rate swap gain/(loss)	11,285	5,756	11,285	5,756
Gain on changes in fair value of forestry (Note 22)	932	223	932	223
Gain/(loss) on changes in fair value of investment property (Note 23)	(40)	15	(40)	15
Fair value loss on community loans	(109)	(307)	(109)	(307)
Other fair value gains	<u>323</u>	<u>809</u>	<u>87</u>	<u>1,113</u>
<b>Total gains/(losses)</b>	<b><u>10,949</u></b>	<b><u>6,939</u></b>	<b><u>10,607</u></b>	<b><u>7,245</u></b>

## 7 Other expenses

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Fees to auditors:				
Audit fees for financial statements audit	174	158	264	262
Audit fees for Long Term Plan	-	93	-	93
Service provision	29,808	34,200	23,681	27,239
Impairment of receivables	12	37	12	37
Minimum lease payments under operating leases	345	291	504	449
Professional services fees / legal fees	4,992	3,418	4,998	3,372
Repairs and maintenance expenses	26,183	24,702	26,206	24,723
Other operating expenses	4,177	4,275	4,062	4,168
Electricity	2,391	2,284	2,391	2,284
Insurance	2,281	2,163	2,281	2,163
Impairment of Assets	(8)	1,003	(323)	1,724
**Other expenses**	-	-	-	-
<b>Total other expenses</b>	<b><u>70,352</u></b>	<b><u>72,624</u></b>	<b><u>64,073</u></b>	<b><u>66,514</u></b>

Total audit fees for Council (\$173,763), this includes \$161,955 for the Annual Report as well as including the cost of audits for the Civic Trust (\$4,808) and the Debenture Trust Deed (\$7,000).

Audit fees of \$14,219 paid by the Bishop Suter Trust and \$21,968 paid by the Nelson Regional Development agency for 2022 were paid separately to their auditors Crowe and Audit fees of \$54,360 paid by Nelmac for 2022 were paid separately to Audit New Zealand.

Service provision refers to the external costs of delivering certain services and events to the community. These costs are often by means of a contract or a subsidy for: services such as public transport, wastewater, economic development, civil defence, and many regulatory activities; grants and subsidies for organisations including the museum, Natureland, Theatre Royal, and Nelson Centre of Musical Arts; operations of Council assets such as the marina; and events such as international cricket fixtures and festivals. Operating expenses for NCC subsidiaries that provide these services to Council are also included.

## 8 Personnel costs

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Salaries and wages	26,565	23,513	46,576	42,750
Kiwisaver/superannuation schemes employer contributions	869	787	1,309	1,188
Increase/(decrease) in employee entitlements/liabilities	128	(41)	304	(33)
<b>Total personnel costs</b>	<b><u>27,562</u></b>	<b><u>24,259</u></b>	<b><u>48,189</u></b>	<b><u>43,905</u></b>

## 9 Finance revenue and finance costs

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Finance revenue</b>				
Other interest received	340	149	376	179
<b>Total finance revenue</b>	<b>340</b>	<b>149</b>	<b>376</b>	<b>179</b>
Interest on borrowings (note 28)	2,029	1,018	2,167	1,142
Interest on interest rate swaps	1,759	2,458	1,759	2,458
Other finance costs	63	61	63	61
<b>Total finance costs</b>	<b>(3,851)</b>	<b>(3,537)</b>	<b>(3,989)</b>	<b>(3,661)</b>
<b>Net finance costs</b>	<b>(3,511)</b>	<b>(3,388)</b>	<b>(3,613)</b>	<b>(3,482)</b>

## 10 Income tax

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Components of tax expense</b>				
Current tax	-	-	273	330
Adjustments to current tax in prior years	-	-	(195)	(76)
Deferred tax	-	-	25	30
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>103</b>	<b>284</b>
Surplus/(deficit) before tax	23,530	9,817	27,623	16,135
Tax at 28%	6,588	2,749	7,734	4,518
Plus/(less) tax effect of:				
Non taxable revenue/adjustments	(6,588)	(2,749)	(7,631)	(4,234)
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>103</b>	<b>284</b>

NCC receives imputation credits on the dividends it receives. Unused imputations credits are converted to tax losses. Available tax losses at 30 June 2022 are \$3.1 million (2021: \$1.9 million. In 2022, \$514,016 was used to offset a subvention payment received from Nelmac.) At the time of report writing, the 2022 figure of \$3.1 million is still to be finalised but no material changes are expected to occur.



## 12 Cash and cash equivalents

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Cash at bank and in hand	11,101	12,886	13,898	14,936
Short term deposits with maturities of three months or less	-	5,000	51	5,051
Short term deposits maturing four to twelve months from date of acquisitions	-	-	-	340
<b>Total cash and cash equivalents</b>	<b>11,101</b>	<b>17,886</b>	<b>13,949</b>	<b>20,327</b>

### (a) Cash at bank and on hand

The carrying value of cash at bank, call deposits, and term deposits with maturities less than three months approximates their fair value.

### (b) Short term deposits and deposits at call

The carrying amount of the short term deposit approximates its fair value.

Short term deposits are on call funds with an interest rate of 0.55%.

Cash, cash equivalents, and bank overdrafts include the following for the purposes of the statements of cash flows:

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Cash at bank and in hand	11,101	12,886	13,898	14,936
Short term deposits with maturities of three months or less	-	5,000	51	5,051
Short term deposits maturing four to twelve months from date of acquisitions	-	-	-	340
<b>Total</b>	<b><u>11,101</u></b>	<b><u>17,886</u></b>	<b><u>13,949</u></b>	<b><u>20,327</u></b>

### 13 Trade and other receivables

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Net trade receivables</b>				
Rates receivable	3,593	3,063	3,593	3,063
Other trade receivables	<u>724</u>	<u>698</u>	<u>3,631</u>	<u>3,253</u>
	<u>4,317</u>	<u>3,761</u>	<u>7,224</u>	<u>6,316</u>
<b>Net other receivables</b>				
Other receivables	17,299	13,039	17,432	13,166
Dividend receivable	1,950	1,750	1,950	1,750
Provision for doubtful receivables	<u>(46)</u>	<u>(80)</u>	<u>(46)</u>	<u>(80)</u>
	<u>19,203</u>	<u>14,709</u>	<u>19,336</u>	<u>14,836</u>
Prepayments	<u>854</u>	<u>793</u>	<u>1,205</u>	<u>1,076</u>
<b>Total current debtors and other receivables</b>	<b>24,374</b>	19,263	<b>27,765</b>	22,228
<b>Receivables from exchange transactions</b>				
Includes commercial sales and fees and charges outstanding that have not been subsidised by rates	11,278	10,267	14,320	12,280
<b>Receivables from non-exchange transactions</b>				
This includes rates outstanding along with grants, infringements and fees and charges outstanding that are partly subsidised by rates	12,242	8,203	12,240	8,873

Accounting policy on exchange and non-exchange transactions had not been applied across all the similar items consistently in the past and hence restated the prior year balances to give an accurate and more meaningful information to the readers of the financial statements. Council receivables from exchange transactions were \$5.7 million in 2021 and the restated balance is \$10.3 million whereas receivables from non-exchange transactions were \$12.8 million and the restated balance is \$8.2 million. Group restated figures are \$12.3 million and \$8.9 million for receivables from Exchange and Non exchange transactions respectively (Previously \$7.7 million and \$13.5 million respectively). 2022 receivables from exchange and non-exchange transactions have been calculated correctly based on the accounting policy

#### Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

#### Impairment

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.



The ageing profile of receivables at year end is detailed below:

	Gross \$'000	2022 Provision for uncollectability \$'000	Net \$'000	Gross \$'000	2021 Provision for uncollectability \$'000	Net \$'000
<b>Council</b>						
Not past due	19,677	-	19,677	15,282	-	15,282
Past due 1-30 days	2,764	-	2,764	1,421	-	1,421
Past due 31-60 days	578	-	578	64	-	64
Past due more than 61 days	548	(46)	502	1,783	(80)	1,703
<b>Total</b>	<b>23,567</b>	<b>(46)</b>	<b>23,521</b>	<b>18,550</b>	<b>(80)</b>	<b>18,470</b>
<b>Group</b>						
Not past due	22,684	-	22,684	17,154	-	17,154
Past due 1-30 days	2,776	-	2,776	1,656	-	1,656
Past due 31-60 days	612	-	612	68	-	68
Past due more than 61 days	575	(46)	529	1,786	(80)	1,706
<b>Total</b>	<b>26,647</b>	<b>(46)</b>	<b>26,601</b>	<b>20,664</b>	<b>(80)</b>	<b>20,584</b>

#### 14 Current tax receivables

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Current tax asset	=	=	<u>52</u>	<u>2</u>
	=	=	<u>52</u>	<u>2</u>

#### 15 Inventories

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Raw materials at cost	-	-	268	356
Merchandise at cost	-	-	25	76
Work in progress at cost	-	-	-	-
Finished goods at cost	-	-	114	129
Provision for obsolete stock	=	=	<u>(20)</u>	<u>(20)</u>
<b>Total inventory</b>	=	=	<b><u>387</u></b>	<b><u>541</u></b>

Includes both inventories as well and work in progress that have arisen from contracting services.

## 16 Other financial assets

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
LGFA borrower notes	240	-	240	-
Fixed interest securities	-	-	-	26
Short term bank deposit with maturities of <12 months	25,000	-	27,351	2,184
Community Loans	227	298	227	298
Loans to related parties	100	100	-	-
<b>Total current portion</b>	<b>25,567</b>	<b>398</b>	<b>27,818</b>	<b>2,508</b>
LGFA borrower notes	2,765	1,755	2,765	1,755
Fixed interest securities	-	-	814	73
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Community loans	1,991	2,261	1,991	2,261
Loans to related parties (note 35)	286	402	-	-
Listed shares	-	-	-	783
<b>Total non-current portion</b>	<b>5,182</b>	<b>4,558</b>	<b>5,710</b>	<b>5,012</b>

### Civic Trust investments

Civic Trust investments include shares in public listed companies and fixed interest securities. These are valued at fair value.

### Held to maturity investments

The New Zealand Local Government Funding Agency Limited, which commenced in December 2011 is the alternative debt provider majority owned by and operated for local authorities. The Council is not a shareholder but participates as a borrower and guarantor. When the Council borrows through the Local Government Funding Agency they are required to invest 2.5% (for borrowing prior to 1 July 2020, 1.6% of proceeds have been invested back with LGFA) of the proceeds back with the LGFA as borrower notes which the LGFA retain as capital.

### Loans to related parties

The loan to related parties is a loan with an outstanding face value of \$425,000 to Tasman Bays Heritage Trust with a remaining term of 5 years. The loan is at a 0% interest rate, and a discount rate by year from Treasury of 3.89% (2021: 1.31%) has been used.

### Unlisted shares

The shares in NZ LG Insurance Corp Ltd are valued at cost as the net asset value would not be materially different.

### Community loans

Community loans include the following:

- Solar Saver - All outstanding loans have been repaid during the 2021/22 year (2021: \$18,000).
- Clean Heat Warm Homes, All outstanding loans have been repaid during the 2021/22 year (2021: \$52,000)
- Theatre Royal, face value \$1,922,000 (2021: \$2m), remaining term of 32 years, 0% interest rate. The loan has been adjusted to its net present value using an average Treasury discounted forward rate, over the remaining life of the asset, of 4.33% (2021: 3.30%).

• Nelson Centre of Musical Arts, face value \$754,000 (2021: \$787,000), term 23 years remaining, 0% interest rate. The loan has been adjusted to its net present value using an average Treasury discounted forward rate, over the remaining life of the asset, of 4.28% (2021: 2.91%).

### Short term deposits and deposits at call

The carrying amount of the short-term deposit approximates its fair value. The short term deposit of \$10 million has fixed interest of 1.83% p.a. and with a maturity date of 22 August 2022. The \$15 million short term deposit between 4 - 12 months has a fixed interest rate of 3.43% p.a. and a maturity date of 14 April 2023.

## 17 Derivative financial instruments

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Total current asset portion</b>	<b><u>13</u></b>	=	<b><u>13</u></b>	=
<b>Total non-current asset portion</b>	<b><u>3,681</u></b>	=	<b><u>3,681</u></b>	=
<b>Current liability portion</b>				
Interest rate swaps	<u>25</u>	<u>70</u>	<u>25</u>	<u>70</u>
<b>Total current liability portion</b>	<b><u>25</u></b>	<b><u>70</u></b>	<b><u>25</u></b>	<b><u>70</u></b>
<b>Non-current liability portion</b>				
Interest rate swaps	<u>73</u>	<u>7,618</u>	<u>73</u>	<u>7,618</u>
<b>Total non-current liability portion</b>	<b><u>73</u></b>	<b><u>7,618</u></b>	<b><u>73</u></b>	<b><u>7,618</u></b>
<b>Total derivative financial instrument liabilities</b>	<b><u>98</u></b>	<b><u>7,688</u></b>	<b><u>98</u></b>	<b><u>7,688</u></b>
<b>Total net derivative financial instruments</b>	<b><u>3,596</u></b>	<b><u>(7,688)</u></b>	<b><u>3,596</u></b>	<b><u>(7,688)</u></b>

### Fair value

#### Interest Rate Swaps

The Council has \$116.5m notional principal of interest rate swaps (2021: \$120.5m), with maturity dates between September 2022 and November 2029. Fixed interest rates range from 1.32% to 5.25% (2021: 1.32% to 5.25%) and the weighted average interest rate of the swap portfolio is 3.21% (2021: 3.37%).

\$45.5m (2021 \$50.5m) of that notional principal are forward start swaps, with start dates between August 2026 and October 2029.

## 18 Non-current assets held for sale

In June 2019, Council made the State Advances building on Trafalgar Street available for sale. The sale of the State Advances building has a signed sale and purchase agreement in place, and it has subsequently been sold on 6 October 2022.

In May 2022, Council approved the sale of number 6 and number 8 Totara Street. The sale of 6 and 8 Totara Street has a signed sale and purchase agreement in place and is estimated to be sold by 29 December 2022, once all conditions have been met.

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Non-current assets held for sale are:				
Land	1,281	669	1,281	669
Buildings	166	100	166	100
Plant and equipment	4	4	4	4
Motor vehicles	-	-	-	195
Other improvements	13	13	13	13
<b>Total non-current assets held for sale</b>	<b>1,464</b>	<b>786</b>	<b>1,464</b>	<b>981</b>

The accumulated property revaluation reserve recognised in equity for the properties at 30 June 2022 totals \$1,127,000

The sales are expected to occur in the period ending 30 June 2023.

## 19 Property, plant and equipment

Council 2022	Cost / revaluation 1 Jul 2021	Accumulated depreciation and impairment charges 1 Jul 2021	Carrying amount 1 Jul 2021	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Gain/Loss on disposals	Revaluati on surplus	Cost / revaluatio n 30 Jun 2022	Accumulated depreciation and impairment charges 30 Jun 2022	Carrying amount 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating assets</b>												
Land	71,747	-	71,747	1,521	(612)	-	-	-	-	72,656	-	72,656
Buildings	28,510	(11,056)	17,454	1,651	(66)	-	(695)	(1)	-	30,001	(11,658)	18,343
Other improvements	7,085	(1,840)	5,245	525	-	-	(241)	-	-	7,601	(2,072)	5,529
Landfill post closure	427	(300)	127	-	-	-	7	-	-	427	(293)	134
Library books	4,767	(2,756)	2,011	386	-	-	(446)	-	-	4,782	(2,831)	1,951
Other plant and equipment	17,653	(10,914)	6,739	2,064	-	-	(1,348)	(33)	-	19,235	(11,813)	7,422
Motor vehicles	1,172	(442)	730	186	(14)	-	(78)	(34)	-	1,284	(494)	790
Marina	<u>13,548</u>	<u>(2,344)</u>	<u>11,204</u>	<u>653</u>	<u>-</u>	<u>-</u>	<u>(193)</u>	<u>-</u>	<u>-</u>	<u>14,201</u>	<u>(2,537)</u>	<u>11,664</u>
<b>Total</b>	<b><u>144,909</u></b>	<b><u>(29,652)</u></b>	<b><u>115,257</u></b>	<b><u>6,986</u></b>	<b><u>(692)</u></b>	<b><u>-</u></b>	<b><u>(2,994)</u></b>	<b><u>(68)</u></b>	<b><u>-</u></b>	<b><u>150,187</u></b>	<b><u>(31,698)</u></b>	<b><u>118,489</u></b>
<b>Infrastructural assets</b>												
<u>At cost &amp; valuation</u>												
Wastewater treatment plant and facilities	50,618	-	50,618	4,100	-	-	(1,868)	-	9,587	62,437	-	62,437
Wastewater reticulation	179,306	-	179,306	12,263	-	-	(4,706)	(35)	30,227	217,055	-	217,055
Water treatment plant and facilities	20,397	-	20,397	-	-	-	(984)	-	(453)	18,960	-	18,960
Water supply	173,744	-	173,744	5,783	-	(96)	(4,220)	(147)	41,781	216,845	-	216,845

Stormwater reticulation	181,507	-	181,507	11,803	-	-	(3,323)	(6)	33,728	223,709	-	223,709
Flood protection	37,360	-	37,360	13,059	-	-	(441)	-	8,792	58,770	-	58,770
Solid waste	4,677	-	4,677	2,048	-	132	(265)	-	1,096	7,688	-	7,688
Roading	452,631	-	452,631	4,089	-	(28)	(8,374)	(132)	125,656	573,842	-	573,842
Car parks	1,040	-	1,040	24	-	-	(62)	-	649	1,651	-	1,651
Land under roads	<u>262,646</u>	=	<u>262,646</u>	<u>323</u>	=	=	=	=	=	<u>262,969</u>	=	<u>262,969</u>
<b>Total</b>	<b><u>1,363,926</u></b>	=	<b><u>1,363,926</u></b>	<b><u>53,492</u></b>	=	<b><u>8</u></b>	<b><u>(24,243)</u></b>	<b><u>(320)</u></b>	<b><u>251,063</u></b>	<b><u>1,643,926</u></b>	=	<b><u>1,643,926</u></b>

#### Restricted assets

Land	175,452	-	175,452	129	-	-	-	-	-	175,581	-	175,581
Buildings	73,263	(16,620)	56,643	880	-	-	(1,424)	-	-	73,905	(17,806)	56,099
Improvements	<u>86,220</u>	<u>(23,622)</u>	<u>62,598</u>	<u>7,208</u>	=	=	<u>(1,829)</u>	<u>(8)</u>	=	<u>93,411</u>	<u>(25,442)</u>	<u>67,969</u>
<b>Total</b>	<b><u>334,935</u></b>	<b><u>(40,242)</u></b>	<b><u>294,693</u></b>	<b><u>8,217</u></b>	=	=	<b><u>(3,253)</u></b>	<b><u>(8)</u></b>	=	<b><u>342,897</u></b>	<b><u>(43,248)</u></b>	<b><u>299,649</u></b>
<b>Total Council</b>	<b><u>1,843,770</u></b>	<b><u>(69,894)</u></b>	<b><u>1,773,876</u></b>	<b><u>68,695</u></b>	<b><u>(692)</u></b>	<b><u>8</u></b>	<b><u>(30,490)</u></b>	<b><u>(396)</u></b>	<b><u>251,063</u></b>	<b><u>2,137,010</u></b>	<b><u>(74,946)</u></b>	<b><u>2,062,064</u></b>

#### Operating assets

Land	62,753	-	62,753	975	-	-	-	-	8,019	71,747	-	71,747
Buildings	29,234	(11,864)	17,370	892	3	-	(784)	(27)	-	28,510	(11,056)	17,454
Other improvements	6,685	(1,677)	5,008	541	(2)	-	(301)	(1)	-	7,085	(1,840)	5,245
Landfill post closure	427	(299)	128	-	-	-	(1)	-	-	427	(300)	127
Library books	4,790	(2,771)	2,019	452	-	-	(460)	-	-	4,767	(2,756)	2,011
Other plant and equipment	16,646	(10,242)	6,404	1,592	(2)	-	(1,249)	(6)	-	17,653	(10,914)	6,739
Motor vehicles	1,080	(560)	520	284	(84)	-	(74)	84	-	1,172	(442)	730
Marina	<u>12,123</u>	<u>(2,151)</u>	<u>9,972</u>	<u>1,425</u>	=	=	<u>(193)</u>	=	=	<u>13,548</u>	<u>(2,344)</u>	<u>11,204</u>

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<b>Total</b>	<b><u>133,738</u></b>	<b><u>(29,564)</u></b>	<b><u>104,174</u></b>	<b><u>6,161</u></b>	<b><u>(85)</u></b>	<b>-</b>	<b><u>(3,062)</u></b>	<b><u>50</u></b>	<b><u>8,019</u></b>	<b><u>144,909</u></b>	<b><u>(29,652)</u></b>	<b><u>115,257</u></b>
<b>Infrastructural assets</b>												
<u>At cost &amp; valuation</u>												
Wastewater treatment plant and facilities	47,245	-	47,245	3,625	-	-	(1,667)	-	1,415	50,618	-	50,618
Wastewater reticulation	173,623	-	173,623	6,448	-	-	(4,521)	(335)	4,091	179,306	-	179,306
Water treatment plant and facilities	18,174	-	18,174	219	-	-	(949)	-	2,953	20,397	-	20,397
Water supply	171,513	-	171,513	4,838	(11)	(29)	(4,045)	(910)	2,388	173,744	-	173,744
Stormwater reticulation	174,319	-	174,319	5,343	-	(53)	(3,148)	(215)	5,261	181,507	-	181,507
Flood protection	31,122	-	31,122	6,230	-	-	(391)	-	399	37,360	-	37,360
Solid waste	4,524	-	4,524	443	-	(133)	(246)	-	89	4,677	-	4,677
Roading	439,728	-	439,728	14,236	-	(225)	(8,126)	(363)	7,381	452,631	-	452,631
Car parks	1,334	-	1,334	134	-	(274)	(45)	-	(109)	1,040	-	1,040
Land under roads	<u>262,402</u>	=	<u>262,402</u>	<u>244</u>	=	=	=	=	=	<u>262,646</u>	=	<u>262,646</u>
<b>Total</b>	<b><u>1,323,984</u></b>	<b>=</b>	<b><u>1,323,984</u></b>	<b><u>41,760</u></b>	<b><u>(11)</u></b>	<b><u>(714)</u></b>	<b><u>(23,138)</u></b>	<b><u>(1,823)</u></b>	<b><u>23,868</u></b>	<b><u>1,363,926</u></b>	<b>=</b>	<b><u>1,363,926</u></b>
<b>Restricted assets</b>												
Land	137,349	-	137,349	1,088	-	-	-	-	37,015	175,452	-	175,452
Buildings	72,323	(14,961)	57,362	994	-	(291)	(1,421)	(1)	-	73,263	(16,620)	56,643
Improvements	<u>82,009</u>	<u>(21,868)</u>	<u>60,141</u>	<u>4,300</u>	=	=	<u>(1,843)</u>	=	=	<u>86,220</u>	<u>(23,622)</u>	<u>62,598</u>
<b>Total</b>	<b><u>291,681</u></b>	<b><u>(36,829)</u></b>	<b><u>254,852</u></b>	<b><u>6,382</u></b>	<b>=</b>	<b><u>(291)</u></b>	<b><u>(3,264)</u></b>	<b><u>(1)</u></b>	<b><u>37,015</u></b>	<b><u>334,935</u></b>	<b><u>(40,242)</u></b>	<b><u>294,693</u></b>
<b>Total Council</b>	<b><u>1,749,403</u></b>	<b><u>(66,393)</u></b>	<b><u>1,683,010</u></b>	<b><u>54,303</u></b>	<b><u>(96)</u></b>	<b><u>(1,005)</u></b>	<b><u>(29,464)</u></b>	<b><u>(1,774)</u></b>	<b><u>68,902</u></b>	<b><u>1,843,770</u></b>	<b><u>(69,894)</u></b>	<b><u>1,773,876</u></b>

												<b>Group 2022</b>
<b>Operating assets</b>												
Land	74,540	-	74,540	1,521	(612)	-	-	-	965	76,414	-	76,414
Buildings	41,905	(13,743)	28,162	1,674	(173)	-	(1,144)	4	-	43,313	(14,790)	28,523
Other plant and equipment	30,415	(18,115)	12,300	2,967	(5,291)	-	(2,153)	2,980	-	27,610	(16,807)	10,803
Library books	4,767	(2,756)	2,011	386	-	-	(446)	-	-	4,782	(2,831)	1,951
Capital work in progress	2	-	2	82	-	-	-	-	-	84	-	84
Marina	13,548	(2,344)	11,204	653	-	-	(193)	-	-	14,201	(2,537)	11,664
Motor vehicles	5,171	(2,282)	2,889	6,270	(251)	-	(655)	(2,796)	-	11,129	(5,672)	5,457
Other improvements	7,544	(1,948)	5,596	527	(2)	-	(264)	-	-	8,060	(2,203)	5,857
Landfill post closure	427	(300)	127	-	-	-	7	-	-	427	(293)	134
Art collection	<u>7,482</u>	-	<u>7,482</u>	<u>94</u>	-	<u>315</u>	-	-	-	<u>7,891</u>	-	<u>7,891</u>
<b>Total</b>	<b><u>185,801</u></b>	<b><u>(41,488)</u></b>	<b><u>144,313</u></b>	<b><u>14,174</u></b>	<b><u>(6,329)</u></b>	<b><u>315</u></b>	<b><u>(4,848)</u></b>	<b><u>188</u></b>	<b><u>965</u></b>	<b><u>193,911</u></b>	<b><u>(45,133)</u></b>	<b><u>148,778</u></b>
<b>Infrastructural assets</b>												
<u>At cost &amp; valuation</u>												
Roading	452,631	-	452,631	4,089	-	(28)	(8,374)	(132)	125,656	573,842	-	573,842
Water supply	173,744	-	173,744	5,783	-	(96)	(4,220)	(147)	41,781	216,845	-	216,845
Wastewater reticulation	179,306	-	179,306	12,263	-	-	(4,706)	(35)	30,227	217,055	-	217,055
Stormwater reticulation	181,507	-	181,507	11,803	-	-	(3,323)	(6)	33,728	223,709	-	223,709
land under roads	262,646	-	262,646	323	-	-	-	-	-	262,969	-	262,969
Wastewater treatment plant and facilities	50,618	-	50,618	4,100	-	-	(1,868)	-	9,587	62,437	-	62,437
Water treatment plant and facilities	20,397	-	20,397	-	-	-	(984)	-	(453)	18,960	-	18,960
Flood protection	37,360	-	37,360	13,059	-	-	(441)	-	8,792	58,770	-	58,770



Car parks	1,040	-	1,040	24	-	-	(62)	-	649	1,651	-	1,651
Solid waste	<u>4,677</u>	-	<u>4,677</u>	<u>2,048</u>	-	<u>132</u>	<u>(265)</u>	-	<u>1,096</u>	<u>7,688</u>	-	<u>7,688</u>
<b>Total</b>	<b><u>1,363,926</u></b>	<b>-</b>	<b><u>1,363,926</u></b>	<b><u>53,492</u></b>	<b>-</b>	<b><u>8</u></b>	<b><u>(24,243)</u></b>	<b><u>(320)</u></b>	<b><u>251,063</u></b>	<b><u>1,643,926</u></b>	<b>-</b>	<b><u>1,643,926</u></b>
<b>Restricted assets</b>												
Land	175,452	-	175,452	129	-	-	-	-	-	175,581	-	175,581
Buildings	73,263	(16,620)	56,643	880	-	-	(1,424)	-	-	73,905	(17,806)	56,099
Improvements	<u>86,220</u>	<u>(23,622)</u>	<u>62,598</u>	<u>7,208</u>	-	-	<u>(1,829)</u>	<u>(8)</u>	-	<u>93,411</u>	<u>(25,442)</u>	<u>67,969</u>
<b>Total</b>	<b><u>334,935</u></b>	<b><u>(40,242)</u></b>	<b><u>294,693</u></b>	<b><u>8,217</u></b>	<b>-</b>	<b>-</b>	<b><u>(3,253)</u></b>	<b><u>(8)</u></b>	<b>-</b>	<b><u>342,897</u></b>	<b><u>(43,248)</u></b>	<b><u>299,649</u></b>
<b>Total Group</b>	<b><u>1,884,662</u></b>	<b><u>(81,730)</u></b>	<b><u>1,802,932</u></b>	<b><u>75,883</u></b>	<b><u>(6,329)</u></b>	<b><u>323</u></b>	<b><u>(32,344)</u></b>	<b><u>(140)</u></b>	<b><u>252,028</u></b>	<b><u>2,180,734</u></b>	<b><u>(88,381)</u></b>	<b><u>2,092,353</u></b>
												<b>Group 2021</b>
<b>Operating assets</b>												
Land	65,546	-	65,546	975	-	-	-	-	8,019	74,540	-	74,540
Buildings	42,474	(14,092)	28,382	1,051	3	-	(1,247)	(27)	-	41,905	(13,743)	28,162
Other plant and equipment	28,583	(17,273)	11,310	3,124	(3)	-	(2,184)	53	-	30,415	(18,115)	12,300
Library books	4,790	(2,771)	2,019	452	-	-	(460)	-	-	4,767	(2,756)	2,011
Capital work in progress	32	-	32	-	(30)	-	-	-	-	2	-	2
Marina	12,123	(2,151)	9,972	1,425	-	-	(193)	-	-	13,548	(2,344)	11,204
Motor vehicles	4,423	(2,236)	2,187	1,053	(84)	-	(344)	77	-	5,171	(2,282)	2,889
Other improvements	7,144	(1,762)	5,382	540	(2)	-	(323)	(1)	-	7,544	(1,948)	5,596
Landfill post closure	427	(299)	128	-	-	-	(1)	-	-	427	(300)	127
Art collection	<u>7,953</u>	-	<u>7,953</u>	<u>251</u>	-	<u>(722)</u>	-	-	-	<u>7,482</u>	-	<u>7,482</u>
<b>Total</b>	<b><u>173,495</u></b>	<b><u>(40,584)</u></b>	<b><u>132,911</u></b>	<b><u>8,871</u></b>	<b><u>(116)</u></b>	<b><u>(722)</u></b>	<b><u>(4,752)</u></b>	<b><u>102</u></b>	<b><u>8,019</u></b>	<b><u>185,801</u></b>	<b><u>(41,488)</u></b>	<b><u>144,313</u></b>

**Infrastructural assets**

At cost & valuation

Roading	439,728	-	439,728	14,236	-	(225)	(8,126)	(363)	7,381	452,631	-	452,631
Water supply	171,513	-	171,513	4,838	(11)	(29)	(4,045)	(910)	2,388	173,744	-	173,744
Wastewater reticulation	173,623	-	173,623	6,448	-	-	(4,521)	(335)	4,091	179,306	-	179,306
Stormwater reticulation	174,319	-	174,319	5,343	-	(53)	(3,148)	(215)	5,261	181,507	-	181,507
Land under roads	262,402	-	262,402	244	-	-	-	-	-	262,646	-	262,646
Wastewater treatment plant and facilities	47,245	-	47,245	3,625	-	-	(1,667)	-	1,415	50,618	-	50,618
Water treatment plant and facilities	18,174	-	18,174	219	-	-	(949)	-	2,953	20,397	-	20,397
Flood protection	31,122	-	31,122	6,230	-	-	(391)	-	399	37,360	-	37,360
Car parks	1,334	-	1,334	134	-	(274)	(45)	-	(109)	1,040	-	1,040
Solid waste	<u>4,524</u>	=	<u>4,524</u>	<u>443</u>	=	<u>(133)</u>	<u>(246)</u>	=	<u>89</u>	<u>4,677</u>	=	<u>4,677</u>
<b>Total</b>	<b><u>1,323,984</u></b>	<b>=</b>	<b><u>1,323,984</u></b>	<b><u>41,760</u></b>	<b><u>(11)</u></b>	<b><u>(714)</u></b>	<b><u>(23,138)</u></b>	<b><u>(1,823)</u></b>	<b><u>23,868</u></b>	<b><u>1,363,926</u></b>	<b>=</b>	<b><u>1,363,926</u></b>
<b>Restricted assets</b>												
Land	137,349	-	137,349	1,088	-	-	-	-	37,015	175,452	-	175,452
Buildings	72,323	(14,961)	57,362	994	-	(291)	(1,421)	(1)	-	73,263	(16,620)	56,643
Improvements	<u>82,009</u>	<u>(21,868)</u>	<u>60,141</u>	<u>4,300</u>	=	=	<u>(1,843)</u>	=	=	<u>86,220</u>	<u>(23,622)</u>	<u>62,598</u>
<b>Total</b>	<b><u>291,681</u></b>	<b><u>(36,829)</u></b>	<b><u>254,852</u></b>	<b><u>6,382</u></b>	<b>=</b>	<b><u>(291)</u></b>	<b><u>(3,264)</u></b>	<b><u>(1)</u></b>	<b><u>37,015</u></b>	<b><u>334,935</u></b>	<b><u>(40,242)</u></b>	<b><u>294,693</u></b>
<b>Total Group</b>	<b><u>1,789,160</u></b>	<b><u>(77,413)</u></b>	<b><u>1,711,747</u></b>	<b><u>57,013</u></b>	<b><u>(127)</u></b>	<b><u>(1,727)</u></b>	<b><u>(31,154)</u></b>	<b><u>(1,722)</u></b>	<b><u>68,902</u></b>	<b><u>1,884,662</u></b>	<b><u>(81,730)</u></b>	<b><u>1,802,932</u></b>

## 19 Property, plant and equipment (continued)

### Infrastructural assets - further disclosures

Most recent replacement cost estimates are as at 30 June 2022

#### Council 2022

Council 2022	Additions			Most recent replacement cost estimate for revalued assets
	Closing book value	Additions: constructed by Entity	Additions: transferred to Entity	
	\$'000	\$'000	\$'000	
Water supply:				
– treatment plants and facilities	18,960	-	-	29,802
– other assets (such as reticulation systems)	216,845	4,861	922	408,665
– treatment plants and facilities	62,437	4,100	-	94,802
– other assets (such as reticulation systems)	217,055	10,583	1,680	419,705
Stormwater drainage	223,709	8,938	2,865	349,885
Flood protection and control works	58,770	13,059	-	57,512
Roads and footpaths	<u>838,462</u>	<u>3,337</u>	<u>1,099</u>	<u>1,070,539</u>
<b>Total infrastructural assets</b>	<b><u>1,636,238</u></b>	<b><u>44,878</u></b>	<b><u>6,567</u></b>	<b><u>2,430,910</u></b>

#### Council 2021

Council 2021	Additions			Most recent replacement cost estimate for revalued assets
	Closing book value	Additions: constructed by Entity	Additions: transferred to Entity	
	\$'000	\$'000	\$'000	
Water supply:				
– treatment plants and facilities	20,397	219	-	27,008
– other assets (such as reticulation systems)	173,744	3,937	901	311,885
– treatment plants and facilities	50,618	3,625	-	74,149
– other assets (such as reticulation systems)	179,306	5,520	928	340,580
Stormwater drainage	181,507	4,521	822	277,827
Flood protection and control works	37,360	6,230	-	40,648
Roads and footpaths	<u>715,277</u>	<u>13,832</u>	<u>648</u>	<u>868,245</u>
Total infrastructural assets	<u>1,358,209</u>	<u>37,884</u>	<u>3,299</u>	<u>1,940,342</u>

In the tables above, Work in progress is included in the "closing book value" column but excluded from the "Most recent replacement cost estimate for revalued assets" column as work in progress is held at cost, not revalued.

## **Valuation**

New Council assets that are added between valuations are recorded at cost except for vested assets.

Vested assets (current year additions transferred) are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. These have been valued based on the actual quantities of infrastructure components and the current "in the ground" cost of providing identical services.

All other assets are valued at historical cost, except for the following:

### *Land (operational, restricted, and infrastructural land with a title)*

The most recent valuation of land was performed by an independent registered valuer, Quotable Value New Zealand. The valuation is effective as at 30 June 2021.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the value in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

### *Infrastructural asset classes: sewerage, water, drainage, and roads*

Revaluations are updated annually. Infrastructural assets are valued bi-annually internally at depreciated replacement cost by Council engineers based on an internal valuation plus additions at cost less depreciation. For intervening years infrastructural assets have been revalued in house by means of applying an inflation index. 2021-22 is a full valuation year and WSP New Zealand Ltd has reviewed the valuation as at 30 June 2022. Work in Progress is recognised at cost less impairment and is not depreciated.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected 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 the Entity could be over - or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue. To minimise this risk, 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 asset management planning activities, which provides further assurance over useful life estimates.

### *Specialist infrastructural assets*

Specialist infrastructural assets including dams, water reservoirs and wastewater treatment plants have been revalued by WSP New Zealand Ltd at depreciated replacement cost with assets optimised using least cost alternative as at 30 June 2022. Revaluations are updated annually.

### *Nelson Tasman Regional Sewerage Business Unit*

Land is valued at market valuation as at 30 June 2021 by Quotable Value and is reviewed every five years or if there is a material movement. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2022. The valuation methodology has been reviewed by WSP Ltd. Revaluations are updated annually

### *Nelson Regional Landfill Business Unit*

Land is reviewed annually and revalued at market value every five years or if there is a material movement. The latest valuation was conducted as at 30 June 2021 by QV Valuations.

Infrastructural assets are valued annually internally at depreciated replacement cost by Council engineers as at 30 June 2022 based on an internal valuation plus additions at cost less depreciation. The valuation methodology has been peer reviewed by WSP Ltd and revaluations are updated annually. Work in progress is recognised at cost less impairment and is not depreciated

The results of revaluing land and infrastructural assets are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity 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.

### **Earthquake prone buildings**

Nelson City Council is required to undertake seismic assessments of some of its buildings in accordance with the Building Act and its own Policy for Earthquake Prone, Dangerous and Insanitary Buildings. All required assessments have now been completed.

A total of 12 Council buildings are currently assessed as under 34% NBS (this excludes bus shelters, toilet blocks, garages and other ancillary buildings). Six of these buildings are not considered earthquake prone, and six have an Earthquake Prone Building (EPB) Notice that requires seismic work to either strengthen the buildings to at least 34% NBS or otherwise remove the risk. Hounsell Circle bus shelter was strengthened to 100% NBS and the Refinery Artspace building has a building consent to complete the required seismic work.

### **Work in progress**

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	<b>Council and Group</b>	
	<b>Actual</b>	<b>Actual</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Water system	<b>1,073</b>	656
Roading network	<b>337</b>	392
Land and buildings	<b>2,189</b>	415
Sewerage	<b>11,743</b>	4,300
Stormwater	<b>5,130</b>	3,918
Solid waste	<b>474</b>	-
Flood protection	<b>13,594</b>	2,356
Other	<b><u>563</u></b>	<u>147</u>
<b>Total work in progress</b>	<b><u>35,103</u></b>	<u>12,184</u>

## 20 Intangible assets

### Computer Software

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July</b>				
Cost	<b>8,533</b>	7,211	<b>9,864</b>	8,383
Accumulated amortisation and impairment	<b>(4,509)</b>	(3,632)	<b>(5,548)</b>	(4,455)
<b>Net Book Value</b>	<b>4,024</b>	3,579	<b>4,316</b>	3,928
<b>Year ended 30 June</b>				
Opening net book amount	<u>4,024</u>	<u>3,579</u>	<u>4,316</u>	<u>3,928</u>
Additions	<u>1,593</u>	<u>1,510</u>	<u>1,860</u>	<u>1,670</u>
Disposals	=	(24)	(11)	(25)
Amortisation charge	<u>(1,180)</u>	<u>(1,041)</u>	<u>(1,304)</u>	<u>(1,257)</u>
<b>Closing net book amount</b>	<u>4,437</u>	<u>4,024</u>	<u>4,861</u>	<u>4,316</u>
<b>As at 30 June</b>				
Cost	<u>10,126</u>	<u>8,533</u>	<u>11,713</u>	<u>9,864</u>
Accumulated amortisation and impairment	<u>(5,689)</u>	<u>(4,509)</u>	<u>(6,852)</u>	<u>(5,548)</u>
<b>Net book amount</b>	<u>4,437</u>	<u>4,024</u>	<u>4,861</u>	<u>4,316</u>

### Emissions Trading Scheme (ETS) Credits

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July</b>				
Cost	<b>2,004</b>	990	<b>2,004</b>	990
Accumulated amortisation and impairment	-	-	-	-
<b>Net Book Value</b>	<b>2,004</b>	990	<b>2,004</b>	990
<b>Year ended 30 June</b>				
Opening net book amount	<u>2,004</u>	<u>990</u>	<u>2,004</u>	<u>990</u>
Additions	<u>1,382</u>	<u>1,014</u>	<u>1,382</u>	<u>1,014</u>

Disposals	<u>(433)</u>	=	<u>(433)</u>	=
Amortisation charge	=	=	=	=
<b>Closing net book amount</b>	<b><u>2,953</u></b>	<b><u>2,004</u></b>	<b><u>2,953</u></b>	<b><u>2,004</u></b>
<b>As at 30 June</b>				
Cost	<u>2,953</u>	<u>2,004</u>	<u>2,953</u>	<u>2,004</u>
Accumulated amortisation and impairment	=	=	=	=
<b>Net book amount</b>	<b><u>2,953</u></b>	<b><u>2,004</u></b>	<b><u>2,953</u></b>	<b><u>2,004</u></b>

#### Total Intangible Assets

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July</b>				
Cost	<b>10,537</b>	8,201	<b>11,868</b>	9,373
Accumulated amortisation and impairment	<b>(4,509)</b>	(3,632)	<b>(5,548)</b>	(4,455)
<b>Net Book Value</b>	<b>6,028</b>	4,569	<b>6,320</b>	4,918
<b>Year ended 30 June</b>				
Opening net book amount	<u>6,028</u>	<u>4,569</u>	<u>6,320</u>	<u>4,918</u>
Additions	<u>2,975</u>	<u>2,524</u>	<u>3,242</u>	<u>2,684</u>
Disposals	<u>(433)</u>	<u>(24)</u>	<u>(444)</u>	<u>(25)</u>
Amortisation charge	<u>(1,180)</u>	<u>(1,041)</u>	<u>(1,304)</u>	<u>(1,257)</u>
<b>Closing net book amount</b>	<b><u>7,390</u></b>	<b><u>6,028</u></b>	<b><u>7,814</u></b>	<b><u>6,320</u></b>
<b>As at 30 June</b>				
Cost	<u>13,079</u>	<u>10,537</u>	<u>14,666</u>	<u>11,868</u>
Accumulated amortisation and impairment	<u>(5,689)</u>	<u>(4,509)</u>	<u>(6,852)</u>	<u>(5,548)</u>
<b>Net book amount</b>	<b><u>7,390</u></b>	<b><u>6,028</u></b>	<b><u>7,814</u></b>	<b><u>6,320</u></b>

## 21 Depreciation and amortisation expense by group of activity

	Council	
	Actual	Actual
	2022	2021
	\$'000	\$'000
<b>Directly attributable depreciation and amortisation expense by group of activity</b>		
Corporate	513	600
Parks and active recreation	3,451	3,522
Social	1,342	1,338
Economic	2	2
Transport	8,750	8,475
Environmental management	153	123
Solid waste	293	285
Wastewater	6,729	6,262
Stormwater	3,379	3,184
Water supply	5,211	5,002
Flood protection	<u>766</u>	<u>698</u>
Total directly attributable depreciation and amortisation by group of activity	<b><u>30,589</u></b>	<b><u>29,491</u></b>
Depreciation and amortisation not directly related to group of activities	<b><u>1,083</u></b>	<b><u>1,014</u></b>
<b>Total depreciation and amortisation expense</b>	<b><u>31,672</u></b>	<b><u>30,505</u></b>



## 22 Forestry assets

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Carrying amount opening balance	7,227	7,003	7,227	7,003
Gain/loss arising from changes in fair value less estimated point-of-sale costs	932	223	932	223
Harvest	<u>(2,325)</u>	-	<u>(2,325)</u>	-
<b>Balance at 30 June 2022</b>	<b><u>5,834</u></b>	<b><u>7,226</u></b>	<b><u>5,834</u></b>	<b><u>7,226</u></b>

Council owns 561.7 hectares, (609.8 at 30 June 2021), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1981 and 2020. Other stands totalling 53.2 hectares, (53.2 at 30 June 2021), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2022. A discount rate of 7.9%, (7.9% in 2021), has been used in discounting the present value of expected before tax cash flows.

## 23 Investment property

Nelson City Council's investment property is valued annually at fair value effective 30 June. Investment properties were valued based on open market evidence. The valuation was performed by Ian McKeage of CBRE Limited. CBRE Limited are experienced valuers with extensive market knowledge in the type of investment property owned by Nelson City Council.

Rents received from this property were \$nil (2021: \$nil)

The movement of investment property is as follows:

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Investment properties - fair value - opening balance	970	955	970	955
Investment properties - fair value - net gain (loss) from fair value adjustment	<u>(40)</u>	<u>15</u>	<u>(40)</u>	<u>15</u>
<b>Balance at 30 June</b>	<b><u>930</u></b>	<b><u>970</u></b>	<b><u>930</u></b>	<b><u>970</u></b>

## 24 Investments in subsidiaries

### Accounting policy

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(2.2):

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Nelson Regional Development Agency	200	200	-	-
Nelmac	2,000	2,000	-	-
Bishop Suter Trust	6,000	6,000	-	-
Civic Trust	=	=	=	=
<b>Total investment in Subsidiaries</b>	<b><u>8,200</u></b>	<b><u>8,200</u></b>	<b>=</b>	<b>=</b>

### Significant subsidiaries of Council comprise:

Nelson Regional Development Agency	Regional development, marketing and promotion	100	100
Nelmac	Management of facilities and infrastructure	100	100
Bishop Suter Trust	Art gallery	100	100
Civic Trust	Enhancement of city environment	100	100

All subsidiaries have a balance date of 30 June and are resident in New Zealand.

These fully controlled subsidiaries have been consolidated line by line.

### Council's movement in investment in subsidiaries is as follows:

	2022	2021
	\$'000	\$'000
Opening balance	8,200	8,200
Net investment made during the year	=	=
<b>Total investment in subsidiaries</b>	<b><u>8,200</u></b>	<b><u>8,200</u></b>

## 25 Investments in equity accounted joint ventures

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Council</b>				
Port Nelson Ltd	12,708	12,708	135,623	130,054
Tasman Bays Heritage Trust	4,922	4,922	11,419	11,729
Nelson Airport Ltd	<u>19,033</u>	<u>19,033</u>	<u>45,672</u>	<u>43,076</u>
Shares in associates	<u>36,663</u>	<u>36,663</u>	<u>192,714</u>	<u>184,859</u>

Only the equity value of these 50% owned joint ventures is consolidated.

All joint ventures have a balance date of 30 June and are resident in New Zealand.

	2022	2021
	\$'000	\$'000

### Group

Movements in the carrying amount of investments in equity accounted joint ventures:

Balance at 1 July	184,859	164,023
Share of total recognised revenue and expenses	6,892	8,190
Share of revaluation gain	3,943	15,146
Share of dividend	<u>(2,980)</u>	<u>(2,500)</u>
Balance at 30 June	<u>192,714</u>	<u>184,859</u>

Summarised financial information about the joint ventures is presented below on a gross basis:

	Port Nelson Ltd \$'000	Tasman Bays Heritage Trust \$'000	Nelson Airport Ltd \$'000	Total 2022 \$'000
Revenue	76,793	2,334	13,385	92,512
Depreciation and Amortisation	9,708	445	3,507	13,660
Finance Costs	3,107	6	1,145	4,258

Other Expenses	48,832	1,922	5,929	<b>56,683</b>
<b>Net Surplus / (Deficit) Before Taxation</b>	<b><u>15,146</u></b>	<b><u>(39)</u></b>	<b><u>2,804</u></b>	<b><u>17,911</u></b>
Tax Expense	<u>(3,130)</u>	-	<u>(922)</u>	<b><u>(4,052)</u></b>
<b>Net Surplus / (Deficit) After Taxation</b>	<b><u>12,016</u></b>	<b><u>(39)</u></b>	<b><u>1,882</u></b>	<b><u>13,859</u></b>
Other comprehensive income	<u>3,969</u>	<u>(5)</u>	<u>6,010</u>	<b><u>9,974</u></b>
<b>Total Comprehensive Revenue and Expense</b>	<b><u>15,985</u></b>	<b><u>(44)</u></b>	<b><u>7,892</u></b>	<b><u>23,833</u></b>
Shareholder's funds brought forward	261,699	31,680	93,761	<b>387,140</b>
Dividends	<u>(4,860)</u>	-	<u>(1,100)</u>	<b><u>(5,960)</u></b>
<b>Shareholder's funds carried forward</b>	<b><u>272,824</u></b>	<b><u>31,636</u></b>	<b><u>100,553</u></b>	<b><u>405,013</u></b>
Cash and cash equivalents	389	271	141	<b>801</b>
Other Current Assets	11,884	248	1,300	<b>13,432</b>
Non-Current Assets	368,812	32,140	146,161	<b>547,113</b>
Current Liabilities	51,279	451	33,057	<b>84,787</b>
Non-Current Liabilities	<u>56,982</u>	<u>572</u>	<u>13,992</u>	<b><u>71,546</u></b>
<b>Net Assets</b>	<b><u>272,824</u></b>	<b><u>31,636</u></b>	<b><u>100,553</u></b>	<b><u>405,013</u></b>

Equity Accounted Share of Group's Financial Information:

	Port Nelson Ltd \$'000	Tasman Bays Heritage Trust \$'000	Nelson Airport Ltd \$'000	Total 2022 \$'000
Proportion of Council's Interest Joint Venture's Net Assets	50%	50%	50%	
	272,824	31,636	100,553	<b>405,013</b>
Council's share before any eliminations and adjustments	136,412	15,818	50,277	<b>202,507</b>
Eliminations and Adjustments	<u>(789)</u>	<u>(4,399)</u>	<u>(4,605)</u>	<b><u>(9,793)</u></b>
<b>Council's Share of Net Assets</b>	<b><u>135,623</u></b>	<b><u>11,419</u></b>	<b><u>45,672</u></b>	<b><u>192,714</u></b>
Joint Venture's Surplus	12,016	(39)	1,882	<b>13,859</b>
Council's share before any eliminations and adjustments	6,008	(20)	941	<b>6,930</b>
Eliminations and Adjustments	<u>10</u>	<u>(291)</u>	<u>243</u>	<b><u>(38)</u></b>
<b>Council's Share of Net Surplus After Taxation</b>	<b><u>6,018</u></b>	<b><u>(310)</u></b>	<b><u>1,184</u></b>	<b><u>6,892</u></b>
Joint Venture's share of other comprehensive income	3,969	(5)	6,010	<b>9,974</b>
Council's share before any eliminations and adjustments	1,985	(3)	3,005	<b>4,987</b>
Eliminations and Adjustments	<u>(4)</u>	<u>3</u>	<u>(1,043)</u>	<b><u>(1,044)</u></b>
<b>Council's Share of Other Comprehensive Income</b>	<b><u>1,981</u></b>	<b><u>-</u></b>	<b><u>1,962</u></b>	<b><u>3,943</u></b>

<b>Opening book value 1 July 2020</b>	<b>123,703</b>	<b>6,657</b>	<b>33,663</b>	<b>164,023</b>
2020/2021:				
Share of Surplus	7,196	(446)	1,440	<b>8,190</b>
Dividend Received	(2,000)	-	(500)	<b>(2,500)</b>
Movement in Other Comprehensive Income	<u>1,155</u>	<u>5,518</u>	<u>8,473</u>	<u><b>15,146</b></u>
<b>Closing book value 30 June 2021</b>	<b><u>130,054</u></b>	<b><u>11,729</u></b>	<b><u>43,076</u></b>	<b><u>184,859</u></b>

<b>Opening book value 1 July 2021</b>	<b>130,054</b>	<b>11,729</b>	<b>43,076</b>	<b>184,859</b>
2021/2022:				
Share of Surplus	6,018	(310)	1,184	<b>6,892</b>
Dividend Received	(2,430)	-	(550)	<b>(2,980)</b>
Movement in Other Comprehensive Income	<u>1,981</u>	<u>-</u>	<u>1,962</u>	<u><b>3,943</b></u>
<b>Closing book value 30 June 2022</b>	<b>135,623</b>	<b>11,419</b>	<b>45,672</b>	<b>192,714</b>

Other Disclosures	Port Nelson Ltd \$'000	Tasman Bays Heritage Trust \$'000	Nelson Airport Ltd \$'000	<b>Total 2022</b> <b>\$'000</b>
Share of contingent liabilities	-	-	-	-
Share of capital commitments	984	9	616	<b>1,608</b>
Dividends received or receivable	2,430	-	550	<b>2,980</b>

Figures in the tables above are based on draft joint venture figures, which may immaterially differ from final published results. The financial statements of the joint ventures are published on the publicly available websites of the entities.

## 26 Investments in joint operations

Council's interest in the Regional Sewerage Scheme, Regional Landfill and Civil Defence joint ventures is accounted for as jointly controlled operations.

Council's interests in the jointly controlled operation are as follows:

Name	Principal activity	2022	2021
		Percentage ownership	Percentage ownership
		%	%
Regional Sewerage	Sewerage disposal services	<b>50%</b>	50%
Civil Defence	Coordination of emergency services	<b>50%</b>	50%
Regional Landfill	Solid Waste disposal service	<b><u>50%</u></b>	<u>50%</u>

The Regional Sewerage Business Unit, Regional Landfill Business Unit and Civil Defence have a balance date of 30 June and are domiciled in New Zealand.

The Nelson Tasman Regional Landfill Business Unit (NTRLBU) had a surplus of \$2.122m in the year ended 30 June 2022 as a result of waste volumes being more than estimated, Emission Trading Scheme Unique Emission Factor (UEF) being lower than estimated and interest rate changes influencing aftercare provisions. This surplus has been retained within the NTRLBU to recover prior year losses and will be utilised to reduce landfill fees over the next ten years.

### Summarised aggregate financial information of the Group's share of joint operations (net of eliminations) equity consolidated:

	2022	2021
	\$'000	\$'000
<b>Assets</b>		
Current assets	<b>1,170</b>	3,565
Non-current assets	<b><u>54,942</u></b>	<u>42,405</u>
<b>Total assets</b>	<b><u>56,112</u></b>	<u>45,970</u>
<b>Liabilities</b>		
Current liabilities	<b><u>3,257</u></b>	1,050
Non-current liabilities	<b><u>15,251</u></b>	<u>11,814</u>
<b>Total liabilities</b>	<b><u>18,508</u></b>	<u>12,864</u>
Revenue	<b>9,535</b>	7,825
Expenses	<b><u>(7,887)</u></b>	<u>(6,210)</u>
<b>Net surplus/(deficit)</b>	<b><u>1,648</u></b>	<u>1,615</u>

## 27 Trade and other payables

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Trade payables	18,462	14,900	18,568	16,151
Deposits and bonds	671	908	671	908
Accrued expenses	2,454	1,296	3,383	1,813
Revenue in advance	3,416	2,403	3,452	2,428
Amounts due to customers for contract work	354	285	354	285
Other payables	3,248	2,776	3,255	2,759
Trust accounts	48	946	48	946
Taxes payable other than income tax	38	23	717	300
Kainga Ora - Capped fund	<u>362</u>	<u>336</u>	<u>362</u>	<u>336</u>
<b>Total current creditors and other payables</b>	<b><u>29,053</u></b>	<b><u>23,873</u></b>	<b><u>30,810</u></b>	<b><u>25,926</u></b>
<b>Total creditors and other payables from exchange transactions</b>	<b><u>24,048</u></b>	<b><u>18,912</u></b>	<b><u>25,126</u></b>	<b><u>20,688</u></b>
<b>Total creditors and other payables from non-exchange transactions</b>	<b><u>4,644</u></b>	<b><u>4,625</u></b>	<b><u>5,323</u></b>	<b><u>4,902</u></b>
<b>Non current</b>				
Housing New Zealand Suspensory Loan	-	-	-	-
Kainga Ora - Capped fund	3,574	3,894	3,574	3,894
Suter depreciation accrual	<u>1,098</u>	<u>1,098</u>	-	-
<b>Total non-current creditors and payables</b>	<b><u>4,672</u></b>	<b><u>4,992</u></b>	<b><u>3,574</u></b>	<b><u>3,894</u></b>
<b>Non-current payables from exchange transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current payables from non-exchange transactions</b>	<b><u>4,672</u></b>	<b><u>4,992</u></b>	<b><u>3,574</u></b>	<b><u>3,894</u></b>
<b>Total non-current payables from exchange and non-exchange transactions</b>	<b><u>4,672</u></b>	<b><u>4,992</u></b>	<b><u>3,574</u></b>	<b><u>3,894</u></b>
<b>Total trade and other payables</b>	<b><u>33,725</u></b>	<b><u>28,865</u></b>	<b><u>34,384</u></b>	<b><u>29,820</u></b>

Creditors and other payables are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

The Kainga Ora capped fund has a face value of \$5.1m (2021: \$5.1m), with a remaining term of up to 14 years. The fund has been adjusted to its net present value using an average Treasury discounted forward rate, over the remaining life of the fund, of 4.08% (2021: 2.29%). Due to the unknown timing of the payment of funds, it has been assumed it will be evenly distributed over the 14 years. This fund was created through the sale of Nelson City Council's community housing stock, and is available for Kainga Ora to draw down from when qualifying spend on upgrading or creating housing stock within the Nelson region occurs.

## 28 Borrowings and other financial liabilities

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Current portion</b>				
<b>Secured</b>				
Secured loans	650	750	898	3,435
Floating rate notes	<u>25,000</u>	<u>5,000</u>	<u>25,000</u>	<u>5,000</u>
<b>Total secured current interest bearing borrowings</b>	<b><u>25,650</u></b>	<b><u>5,750</u></b>	<b><u>25,898</u></b>	<b><u>8,435</u></b>
<b>Total current portion</b>	<b><u>25,650</u></b>	<b><u>5,750</u></b>	<b><u>25,898</u></b>	<b><u>8,435</u></b>
<b>Non-current portion</b>				
Secured loans	-	-	4,276	403
Floating rate notes	<u>125,000</u>	<u>100,000</u>	<u>125,000</u>	<u>100,000</u>
<b>Total non-current portion</b>	<b><u>125,000</u></b>	<b><u>100,000</u></b>	<b><u>129,276</u></b>	<b><u>100,403</u></b>
<b>Total borrowings</b>	<b><u>150,650</u></b>	<b><u>105,750</u></b>	<b><u>155,174</u></b>	<b><u>108,838</u></b>

Council's secured loans and floating rate notes are secured over the city's rates.

The Council's secured loans are issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90 day bank bill rate plus a margin for credit risk.

Due to interest rates on debt resetting to the market rate every three months, the carrying amount of secured loans approximates their fair value.

As at 30 June 2022 the Council had borrowing facilities of \$8 million with Westpac Banking Corporation (2021: \$8m), \$0m with ANZ National Limited (2021: \$15m) and \$15m with LGFA (2021: \$15m). At balance date \$650,000 of the total \$23m facility was drawn down (2021: \$750,000). Council also has a business card facility with Westpac with a limit of \$42,000 (2021: \$42,000).

The interest rates on the Council borrowings range from 1.03% to 3.83% (2021: 0.71% to 1.34%). The weighted average interest rate on the above loans was 2.5% (2021: 0.94%).



## 29 Provisions

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Regional Landfill - closure and post closure provision	<u>269</u>	<u>264</u>	<u>269</u>	<u>264</u>
<b>Total current portion</b>	<b><u>269</u></b>	<b><u>264</u></b>	<b><u>269</u></b>	<b><u>264</u></b>
Regional Landfill - closure and post closure provision	<u>3,251</u>	<u>3,538</u>	<u>3,251</u>	<u>3,538</u>
<b>Total non-current portion</b>	<b><u>3,251</u></b>	<b><u>3,538</u></b>	<b><u>3,251</u></b>	<b><u>3,538</u></b>
<b>Total provisions</b>	<b><u>3,520</u></b>	<b><u>3,802</u></b>	<b><u>3,520</u></b>	<b><u>3,802</u></b>
<b>Movements in provisions:</b>				
Opening balance	3,802	3,667	3,802	3,667
Reassessment of liability	(75)	190	(75)	190
Expenditure incurred	<u>(207)</u>	<u>(55)</u>	<u>(207)</u>	<u>(55)</u>
Closing balance	<u>3,520</u>	<u>3,802</u>	<u>3,520</u>	<u>3,802</u>

The Nelson Tasman Regional Landfill Business Unit (NTRLBU) operates the York Valley Landfill in NCC and the Eves Valley landfill in Tasman District Council. The Business Unit has a legal obligation to provide ongoing maintenance and monitoring services after closure. This provision is calculated on the basis of discounting closure and post closure costs into present day values. This calculation assumes no change in the resource consent conditions for closure and post closure treatment.

## 30 Employee benefits liabilities

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Annual leave	<u>1,788</u>	1,463	<u>3,204</u>	2,824
Long service leave	<u>122</u>	128	<u>122</u>	128
Retirement gratuities	<u>89</u>	54	<u>89</u>	54
Sick leave	<u>50</u>	42	<u>50</u>	42
Accrued pay	<u>432</u>	<u>633</u>	<u>1,031</u>	<u>1,125</u>
<b>Total current portion</b>	<b><u>2,481</u></b>	<b><u>2,320</u></b>	<b><u>4,496</u></b>	<b><u>4,173</u></b>
Long service leave	<u>93</u>	95	<u>120</u>	114
Retirement gratuities	<u>39</u>	<u>70</u>	<u>64</u>	<u>89</u>
<b>Total non-current portion</b>	<b><u>132</u></b>	<b><u>165</u></b>	<b><u>184</u></b>	<b><u>203</u></b>
<b>Total employee entitlements</b>	<b><u>2,613</u></b>	<b><u>2,485</u></b>	<b><u>4,680</u></b>	<b><u>4,376</u></b>

## 31 Equity

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Customers' equity</b>				
Accumulated funds	462,485	439,724	517,107	490,356
Reserves	<u>1,539,372</u>	<u>1,287,540</u>	<u>1,665,597</u>	<u>1,408,856</u>
<b>Balance at 30 June</b>	<b><u>2,001,857</u></b>	<b><u>1,727,264</u></b>	<b><u>2,182,704</u></b>	<b><u>1,899,212</u></b>

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Accumulated funds</b>				
Balance at 1 July	439,724	431,518	490,356	476,116
Asset revaluation reserve movement - community housing land	-	9,900	-	9,900
Disposal of property, plant and equipment	81	644	81	644
Movement in reserves	(850)	(12,155)	(850)	(12,155)
Surplus/(deficit) for the year	<u>23,530</u>	<u>9,817</u>	<u>27,520</u>	<u>15,851</u>
<b>Balance 30 June</b>	<b><u>462,485</u></b>	<b><u>439,724</u></b>	<b><u>517,107</u></b>	<b><u>490,356</u></b>

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Reserves include</b>				
Property, plant and equipment revaluation reserve	1,514,272	1,263,233	1,639,515	1,385,549
Hedging reserve - cash flow hedges	-	-	982	(1,000)
Restricted reserves	25,050	24,257	25,050	24,257
Contingency reserve	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
<b>Total reserves</b>	<b><u>1,539,372</u></b>	<b><u>1,287,540</u></b>	<b><u>1,665,597</u></b>	<b><u>1,408,856</u></b>

### Property, plant and equipment revaluation reserve

Balance at 1 July	<b>1,263,233</b>	1,204,858	<b>1,385,549</b>	1,313,183
Net revaluation gains	<b>251,063</b>	68,902	<b>253,988</b>	82,893
Transfer to accumulated funds on disposal of property	<b>(81)</b>	(10,545)	<b>(81)</b>	(10,545)
Other adjustments	<b>57</b>	18	<b>59</b>	18
<b>Balance at 30 June</b>	<b><u>1,514,272</u></b>	<u>1,263,233</u>	<b><u>1,639,515</u></b>	<u>1,385,549</u>

Property revaluation reserves for each asset class consist of:

Land	<b>220,370</b>	220,371	<b>281,412</b>	280,448
Buildings	-	-	<b>456</b>	456
Airport	-	-	<b>32,695</b>	30,733
Art Collection	-	-	<b>5,182</b>	5,182
Sewerage system	<b>225,779</b>	185,975	<b>225,779</b>	185,975
Water system	<b>197,735</b>	156,455	<b>197,735</b>	156,455
Stormwater network	<b>190,232</b>	156,504	<b>190,232</b>	156,504
Flood protection network	<b>12,370</b>	3,578	<b>12,370</b>	3,578
Roading network	<b>663,137</b>	536,854	<b>663,137</b>	536,854
Solid waste	<b>4,545</b>	3,449	<b>4,545</b>	3,449
Forestry (NRSBU)	<b>104</b>	47	<b>104</b>	47
Wharves	-	-	<b>25,868</b>	25,868
<b>Total</b>	<b><u>1,514,272</u></b>	<u>1,263,233</u>	<b><u>1,639,515</u></b>	<u>1,385,549</u>

### Hedging reserve - cash flow hedges

Balance at 1 July	-	-	<b>(1,000)</b>	(2,154)
Fair value gains/(losses) in the year	-	-	<b>2,752</b>	1,588
Deferred tax movement	-	-	<b>(376)</b>	(434)
<b>Balance at 30 June</b>	-	-	<b><u>1,376</u></b>	<u>(1,000)</u>

#### Council

#### Group

<b>Actual</b>	Actual	<b>Actual</b>	Actual
<b>2022</b>	2021	<b>2022</b>	2021
<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

### Restricted reserves

Balance at 1 July	<b>24,257</b>	12,119	<b>24,257</b>	12,119
Net transfers (to)/from accumulated funds	<b>793</b>	12,138	<b>793</b>	12,138
<b>Balance at 30 June</b>	<b><u>25,050</u></b>	<u>24,257</u>	<b><u>25,050</u></b>	<u>24,257</u>

### Contingency reserve

Balance 1 July	50	50	50	50
Fair value movement	=	=	=	=
<b>Balance 30 June</b>	<b><u>50</u></b>	<b><u>50</u></b>	<b><u>50</u></b>	<b><u>50</u></b>

Information about reserve funds held for a specific purpose is provided below:

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Art Council loan fund	Parks	10	-	-	10
Climate Change Reserve	Environmental	175	-	(146)	29
Community Housing Reserve	Social	12,060	60	(1,400)	10,720
Community Investment Fund	Social	3	1	(3)	1
Dog control reserve	Environmental	(249)	3	-	(246)
Events Contestable Fund reserve	Economic	194	119	-	313
Forestry	Forestry	1,104	-	(149)	955
Founders Park reserve	Social	277	130	(62)	345
L C Voller bequest	Social	25	-	-	25
Landfill	Solid Waste	4,617	23	-	4,640
Neighbourhood development contributions reserve	Parks	782	1,397	(56)	2,123
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	9	-	-	9
Roading contributions	Transport	117	-	-	117
Solid Waste	Solid Waste	1,150	-	(146)	1,004
Sport and recreation grants	Parks	13	1	-	14
Subdivisions reserve	Parks	3,788	1,587	(580)	4,795
Walker bequest	Parks	10	-	-	10
Water financial contributions reserve	Water	<u>7</u>	<u>14</u>	=	<u>21</u>
<b>Total restricted reserves - 2022</b>		<b><u>24,257</u></b>	<b><u>3,335</u></b>	<b><u>(2,542)</u></b>	<b><u>25,050</u></b>

<b>Reserve</b>	<b>Activities to which the reserve relates</b>	<b>Balance 1 July</b>	<b>Transfers into fund</b>	<b>Transfers out of fund</b>	<b>Balance 30 June</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2021</b>					
Art Council loan fund	Parks	10	-	-	10
Climate Change Reserve	Environmental	385	-	(210)	175
Community Housing Reserve	Social	-	12,060	-	12,060
Community Investment Fund	Social	4	3	(4)	3
Dog control reserve	Environmental	(249)	-	-	(249)
Events Contestable Fund reserve	Economic	(108)	302	-	194
Forestry	Forestry	1,739	-	(635)	1,104
Founders Park reserve	Social	167	137	(27)	277
L C Voller bequest	Social	24	1	-	25
Landfill	Solid Waste	4,526	91	-	4,617
Neighbourhood development contributions reserve	Parks	-	1,729	(947)	782
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	9	-	-	9
Roading contributions	Transport	117	-	-	117
Solid Waste	Solid Waste	1,473	-	(323)	1,150
Sport and recreation grants	Parks	13	-	-	13
Subdivisions reserve	Parks	3,824	979	(1,015)	3,788
Walker bequest	Parks	10	-	-	10
Water financial contributions reserve	Water	<u>10</u>	<u>16</u>	<u>(19)</u>	<u>7</u>
<b>Total restricted reserves - 2021</b>		<b><u>12,119</u></b>	<b><u>15,318</u></b>	<b><u>(3,180)</u></b>	<b><u>24,257</u></b>

### 32 Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Surplus/(deficit) after tax</b>	<b>23,530</b>	9,817	<b>27,520</b>	15,851
Depreciation and amortisation expense	<b>31,672</b>	30,505	<b>33,714</b>	32,411
Property, plant, and equipment impairment	<b>(8)</b>	1,005	<b>(323)</b>	1,722
Vested assets	<b>(6,567)</b>	(3,792)	<b>(6,628)</b>	(4,034)
(Gains)/losses in fair value of biological assets	<b>(932)</b>	(223)	<b>(932)</b>	(223)
(Gains)/losses in fair value of investment property	<b>40</b>	(15)	<b>40</b>	(15)
(Gains)/losses on derivative financial instruments	<b>(11,285)</b>	(5,756)	<b>(11,285)</b>	(5,757)
Increase in deferred tax	-	-	<b>(34)</b>	(13)
Joint operations surplus ex dividends	-	-	<b>(3,912)</b>	(5,689)
(Gains)/losses in fair value of investments	-	-	<b>236</b>	(306)
Movement in landfill liability	<b>(282)</b>	135	<b>(282)</b>	135
Provision for discount unwinding	<b>(214)</b>	(500)	<b>(214)</b>	(500)
Suter depreciation accrual	=	<u>235</u>	=	=
<b>Total non-cash items</b>	<b><u>12,424</u></b>	<u>21,594</u>	<b><u>10,380</u></b>	<u>17,731</u>
(Gains)/losses on disposal of property, plant, and equipment	<b>396</b>	2,294	<b>373</b>	2,294
(Gains)/losses on disposal of biological assets	<b>1,046</b>	(2)	<b>1,046</b>	(2)
(Gains)/losses on disposal of intangible assets	<b>433</b>	-	<b>433</b>	-
Movement in capital creditors	-	653	-	653
Net cash movement in Biological asset activity	=	=	=	=
<b>Total items classified as investing or financing activities</b>	<b><u>1,875</u></b>	<u>2,945</u>	<b><u>1,852</u></b>	<u>2,945</u>
(Increase)/decrease in receivables	<b>(5,049)</b>	(1,963)	<b>(6,572)</b>	(4,112)
(Increase)/decrease in prepayments	<b>(61)</b>	(316)	<b>(129)</b>	(504)
(Increase)/decrease in inventory	-	-	<b>154</b>	251
(Increase)/decrease in WIP	-	-	<b>84</b>	644
Increase /(decrease) in payables	<b>(3,557)</b>	6,476	<b>(2,360)</b>	9,446
Increase /(decrease) in income tax payable	-	-	<b>(477)</b>	(33)
Increase /(decrease) in employee entitlements	<b><u>128</u></b>	<u>(41)</u>	<b><u>305</u></b>	<u>56</u>
<b>Net movement in working capital items</b>	<b><u>(8,539)</u></b>	<u>4,156</u>	<b><u>(9,206)</u></b>	<u>5,748</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>29,290</u></b>	<u>38,512</u>	<b><u>30,652</u></b>	<u>42,275</u>

### 33 Capital commitments and operating leases

#### Capital commitments

	Council		Group	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Nelson City Council</b>	-	-	-	-
- Roding network	584	3,026	584	3,026
- Flood protection	9,222	481	9,222	481
- Other improvements	2,259	1,593	2,259	1,593
- Wastewater	10,878	362	10,621	362
- Water supply	917	81	1,142	81
- Stormwater	11,145	278	11,145	278
- Land & Buildings	5,079	499	4,914	499
-Solid Waste	-	-	-	-
- Software	301	-	239	-
- Equipment	70	-	70	-
<b>Group</b>	-	-	-	-
Nelson Airport	-	-	-	-
- Property, Plant & Equipment	-	-	616	734
Port Nelson	-	-	-	-
- Wharf and property purchase/redevelopment	-	-	984	2,952
Tasman Bay Heritage Trust	-	-	-	-
- Property, Plant & Equipment	-	-	9	7
<b>Total capital commitments</b>	<b>40,455</b>	<b>6,320</b>	<b>41,805</b>	<b>10,013</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

### Operating leases as lessee

Council leases land in the normal course of its business. These leases have non-cancellable terms of between one month and 17 years.

The group leases land and buildings and plant and equipment in the normal course of its business.

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Not later than one year	274	271	651	358
Later than one year and not later than five years	454	520	1,114	1,476
Later than five years	146	169	146	168
<b>Total non-cancellable operating leases</b>	<b>874</b>	<b>960</b>	<b>1,911</b>	<b>2,002</b>

Leases can be renewed at the Entity and Group's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Entity and group by any of the leasing arrangements.

### Operating leases as lessor

Land and buildings owned by Council and group are let under operating leases. Non-cancellable terms vary between one month and 22 years, with the majority under five years.

The future aggregate lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Not later than one year	1,465	1,287	5,596	5,050
Later than one year and not later than five years	3,216	2,060	14,719	12,376
Later than five years	6,158	3,087	15,746	12,426
<b>Total non-cancellable operating leases</b>	<b>10,839</b>	<b>6,434</b>	<b>36,061</b>	<b>29,852</b>



## 34 Contingencies

### Contingent liabilities

Contingent liabilities include those items where a liability may be incurred if certain events or outcomes occur, or where a present obligation exists but the extent of the liability cannot be measured reliably for recognition in the financial statements.

Management consider the likelihood of a particular event or outcome occurring to determine whether a contingent liability should be disclosed. No disclosure is made when the possibility of an outflow of resources is considered to be remote. Where amounts are disclosed the amount shown is the maximum potential cost.

#### **Council:**

##### *Local Government Funding Agency*

The Entity is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AAA.

Nelson City Council is a joint guarantor together with other 67 member councils of all of LGFA borrowings in the event of default. At balance date Council's joint guarantee together with other Councils totalled \$16,770million (2021: \$13,610 million). In such an event, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's rates revenue. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge. The Council has been unable to determine a sufficiently reliable fair value for the guarantee and has therefore not recognised a liability. The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote.

#### **Group:**

There are no contingent assets or liabilities arising from the consolidated entities.

## 35 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Entity and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Entity group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions required to be disclosed

**Related party transactions with subsidiaries, joint operations, or joint ventures**

	<b>Council</b>	
	<b>Actual</b>	<b>Actual</b>
	<b>2022</b>	<b>2021</b>
<b>Expenditure</b>	<b>\$'000</b>	<b>\$'000</b>
<b><i>Bishop Suter Trust</i></b>		
Operating grant	710	700
Depreciation grant	-	235
<b><i>Economic Development Agency (NRDA)</i></b>		
Operating grant	1,291	1,212
Contestable events fund	193	126
<b><i>Tasman Bays Heritage Trust</i></b>		
Operating grant	981	967
<b>Payables</b>		
Suter depreciation grant	1,098	1,098
NRDA contestable events fund	<u>22</u>	=
	<b><u>4,295</u></b>	<b><u>4,338</u></b>

*Dividends Received*

The following dividends were received by Council for the year 2021/22:

- Port Nelson \$2.43 million (2021: \$2.0 million)
- Nelson Airport Limited \$550,000 (2021: \$500,000)
- Nelmac Ltd \$nil (2021: \$nil)

*Subvention Receipts*

The following subvention receipts were received by Council for the year 2021/22:

- Nelmac Ltd \$514,016 (2021: \$396,860)

*Grants to subsidiaries and joint operations*

Council provides grants to certain joint operations, assisting them with maintenance or other operating costs, or for other specific purposes.

The Suter depreciation grant is an accrual. The purpose of the accrual is to assist the Suter to fund renewals. The Suter's annual Statement of Intent will include a renewals schedule, on adoption of which the accrual will be released for the forthcoming year. The expenditure and the accrual consolidate to zero within the Group.

*Tasman Bays Heritage Trust related party loan*

Council made a loan to the trust of \$1.2 million, initially repayable over 30 years at 0% interest. Repayments on the loan have been renegotiated at \$100,000 per year, and the loan has been recalculated as required under PBE IPSAS to net present

value. The loan has been adjusted using an average Treasury discounted forward rate, over the remaining life of the asset, of 3.89% (2021: 1.31%). This has resulted in an asset to council of \$385,844, with the last payment currently scheduled for the year 2027.

Council also purchases services from its joint operations. Transactions and balances related to these activities are not included in this disclosure as they are exchange transactions on an arm's length basis.

#### *Nelmac Ltd maintenance of utility services contract*

Council has awarded a number of contracts to its wholly owned subsidiary Nelmac Ltd.

The contract for utility services was not tendered and the value of the contract for the 2022 financial year was \$5.7 million (2021: \$6.4 million). As the contract was not tendered and there is no benchmarking available for these very individualised services, Council is unable to determine that the contract is at arm's length.

With Council's agreement, contracts may not be tendered because of: the procurement costs of public tender, a high standard of work by the incumbent, service levels consistently achieved, and/or non competitive local industry.

Council are satisfied that this contract represents value for the ratepayer because of economies gained through the stability and continuity of the relationship (retention of both local and specific knowledge that could not be matched by a new or external supplier).

#### *Peppercorn rent charged by Nelson City Council to Nelson Airport Limited*

Leasehold aerodrome land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. Nelson Airport Limited has a renewable 60 year lease over this land at a peppercorn rental. A peppercorn rent in respect of airport land is chargeable to Nelson Airport Limited by Nelson City Council.

### **Transactions with key management personnel**

Key management personnel compensation

	<b>Council</b>	
	<b>Actual</b>	Actual
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<i>Council members</i>		
Remuneration	<b>777</b>	760
Full-time equivalent members	<b>13.0</b>	13.0
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	<b>2,008</b>	1,829
Full-time equivalent members	<b><u>8.8</u></b>	<u>7.8</u>
<b>Total full-time equivalent personnel</b>	<b>2,684</b>	2,589
<b>Total key management personnel compensation</b>	<b><u>20.8</u></b>	<u>20.8</u>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

Key management personnel include the Mayor, Councillors, Chief Executive, and senior leadership team, and key advisors to that group.

Key advisors include seven committee members who are external to the organisation. These advisors bring technical expertise to the Forestry subcommittee, the Audit, Risk and Finance subcommittee, the Strategic Development and Property subcommittee, the Urban Development subcommittee, the Infrastructure committee, the Community and Recreation Committee and the Environment and Climate committee. The remuneration for each external committee member varies between \$808 and \$2,042 per month depending on which committees are serviced. Additional payments totalling \$16,435 were made to 1 advisor for other business advisory work undertaken. In total the payments for these advisors totalled \$72,083 (2021: \$103,000).

External committee members are John Murray, John Peters, Glenice Paine, Tom Alesana, Naomi Aporo, Shanell Kelly and Chanel Starkey.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

## 36 Remuneration

### Chief Executive

The Chief Executive of Nelson City Council is appointed under section 42 of the Local Government Act 2002.

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$372,682 (2021: \$366,273).

### Elected representatives

Elected representatives received the following remuneration:

	Council	
	Actual 2022	Actual 2021
	\$	\$
Mayor Reese	144,119	143,708
Deputy Mayor Edgar	69,278	66,134
Councillor Bowater	47,380	45,978
Councillor Brand	47,394	45,981
Councillor Courtney	47,380	45,978
Councillor Fulton	60,120	56,897
Councillor Lawrey	47,394	48,756
Councillor McGurk	60,106	60,538
Councillor Noonan	51,990	49,054
Councillor O'Neill-Stevens	47,394	45,971
Councillor Rainey	47,380	45,978
Councillor Skinner	60,106	56,510
Councillor Sanson	47,371	48,760
<b>Total elected representatives' remuneration</b>	<b>777,412</b>	<b>760,243</b>

26 fortnightly payments are included in this disclosure for the 2021/22 financial year. In 2020/21 there was also 26 fortnightly payments.

	<b>Council</b>	
	<b>Actual</b>	Actual
	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Payments for commissioner hearings and District Licensing Committee included in total remuneration:		
Councillor Fulton	-	387
Councillor Noonan	-	<u>268</u>
<b>Total Local Boards</b>	-	<u>655</u>

#### **Council employees**

At balance date, Council employed 351 staff (2021: 352), made up of 231 (2021: 234) full-time employees (FTEs), with the balance of staff representing 75.63 (2021: 70.09) FTEs. The FTE total for 2022 was 306.75 (2021: 304.09).

Total annual remuneration by band for the 351 employees as at 30 June:

	<b>Number of employees</b>	
	<b>2022</b>	
< \$60,000		<b>124</b>
\$60,000 – \$79,999		<b>67</b>
\$80,000 – \$99,999		<b>83</b>
\$100,000 – \$119,999		<b>38</b>
\$120,000 - \$139,999		<b>16</b>
\$140,000 - \$159,999		<b>13</b>
\$160,000 - \$279,999		<b>9</b>
\$280,000 - \$379,999		<b><u>1</u></b>
<b>Total employees</b>		<b><u>351</u></b>
		<b>2021</b>
< \$60,000		128
\$60,000 – \$79,999		87
\$80,000 – \$99,999		76
\$100,000 – \$119,999		35
\$120,000 - \$139,999		15
\$140,000 - \$259,999		10
\$260,000 - \$379,999		<u>1</u>
<b>Total employees</b>		<b><u>352</u></b>

### 37 Severance payments

Council:

For the year ended 30 June 2022, the Council made no severance payments to employees (2021: 1 employee for \$8,500).

Group:

For the year ended 30 June 2022, the group made 6 (2021: 8) severance payments to individual employees of \$2,193, \$8,077, \$10,000, \$12,500, \$24,000 & \$29,651 (2021: \$332,791).

### 38 Financial instruments

#### (a) Fair value estimation

For those instruments recognised at fair value in the statements of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

<b>30 June 2022 - Council</b>	<b>Total</b>	<b>Quoted market price</b>	<b>Observable inputs</b>	<b>Significant non-observable inputs</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Derivatives	3,694	-	3,694	-
Shares	<u>140</u>	=	=	<u>140</u>
<b>Total financial assets</b>	<u>3,834</u>	=	<u>3,694</u>	<u>140</u>
<b>Financial liabilities</b>				
Derivatives	<u>98</u>	=	<u>98</u>	=
<b>30 June 2021 - Council</b>				
	<b>Total</b>	<b>Quoted market price</b>	<b>Observable inputs</b>	<b>Significant non-observable inputs</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Shares	<u>140</u>	=	=	<u>140</u>
<b>Financial liabilities</b>				
Derivatives	<u>7,668</u>	=	<u>7,668</u>	=

30 June 2022 - Group	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Derivatives	3,694	-	3,694	-
Shares	<u>140</u>	=	=	<u>140</u>
<b>Total financial assets</b>	<u>3,834</u>	=	<u>3,694</u>	<u>140</u>
<b>Financial liabilities</b>				
Derivatives	<u>98</u>	=	<u>98</u>	=
<b>30 June 2021 - Group</b>				
Total	Quoted market price	Observable inputs	Significant non-observable inputs	
\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Shares	<u>923</u>	<u>783</u>	=	<u>140</u>
<b>Financial liabilities</b>				
Derivatives	<u>7,688</u>	=	<u>7,688</u>	=

#### (b) Financial instrument risks

Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

#### Market risk

##### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Council holds only short term investments with the major banks, and holds no listed equity instruments.

##### Currency risk

Council has exposure through the occasional purchase of foreign exchange denominated goods and services.

Significant individual amounts of NZD100,000 or greater commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and the currency amount and timing are known.

As at June 2022, Council have contracts hedging a total of \$nil (2021: \$nil).

#### Credit risk

Credit risk is the risk that a third party will default on its obligation to Nelson City Council, causing the Council to incur a loss. Principally, any risk is in respect of cash and bank, debtors and investments.

The details of the \$19.2 million receivables are outlined in note 13.

Details of investments are outlined in notes 16, 24, 25 and 26.

As at 30 June 2022 Council did not have any short term deposits with a maturity date of less than three months (2021: \$5 million).

Nelson City Council's investment policy limits the amount of credit exposure to any one financial institution or organisation and only allows funds to be invested with entities that have a strong Standard and Poor's credit rating.

#### Community and related party loans

The net present value of Council's community and related party loans at 30 June 2022 is \$2.6 million (2021: \$3.1 million) and there is a risk that some of these could be defaulted on. Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk, except for mortgage securities on two community loans with face values of \$1,922,000 and \$754,000 (2021: \$2 million and \$787,000).

#### Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council		Group	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank and term deposits	<b>36,101</b>	17,886	<b>41,300</b>	22,511
Receivables	<b>23,566</b>	18,550	<b>26,645</b>	21,233
Community and related party loans	<b>2,604</b>	3,061	<b>2,218</b>	2,559
LGFA borrower notes	<b>3,005</b>	1,755	<b>3,005</b>	1,755
Private shares	<b>140</b>	140	<b>140</b>	140
Derivative financial instruments	<b>3,694</b>	-	<b>3,694</b>	-
Fixed interest securities	-	-	<b>814</b>	99
Listed shares	=	=	=	<u>783</u>
<b>Total credit risk</b>	<b><u>69,110</u></b>	<u>41,392</u>	<b><u>77,816</u></b>	<u>49,080</u>

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 34.



### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council		Group	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>				
<b>Cash at bank and term deposits</b>				
AA-	<u>36,101</u>	<u>17,886</u>	<u>41,300</u>	<u>22,511</u>
<b>Derivative financial instrument assets</b>				
AA-	<u>3,694</u>	-	<u>3,694</u>	-
<b>Other financial assets - LGFA borrower notes</b>				
AAA	<u>3,005</u>	<u>1,755</u>	<u>3,005</u>	<u>1,755</u>
<b>Other financial assets - loans and receivables</b>				
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>				
<b>Community and related party loans</b>				
Existing counterparty with no defaults in the past	<u>2,218</u>	2,559	<u>2,218</u>	2,559
Existing counterparty defaulted 30 June 2012, loan arrangements since reviewed and complied with	<u>386</u>	<u>502</u>	-	-
<b>Total community and related party loans</b>	<u>2,604</u>	<u>3,061</u>	<u>2,218</u>	<u>2,559</u>
<b>Receivables</b>				
Existing counterparty with no defaults in the past	<u>23,566</u>	18,550	<u>26,645</u>	21,233
Held to maturity investments	-	-	-	-
<b>Fixed interest securities</b>				
Existing counterparty with no defaults in the past	<u>140</u>	140	<u>954</u>	239
Listed shares	-	-	-	-
Existing counterparty with no defaults in the past	-	-	-	<u>783</u>

Receivables arise mainly from Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from customers.

### Liquidity risk

#### Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of

committed credit facilities, and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available with Westpac and Local Government Funding Agency.

Council provides security via a Debenture Trust Deed signed 10 December 2010 and as at 30 June 2022 had security stock issued of \$37m and no debenture stock issued. These stock amounts provide security for bank facilities, swap facilities, floating rate notes and commercial paper.

Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy.

Council has an overdraft facility of \$200,000, against which \$nil was drawn at balance date (2021: \$nil).

Contractual maturity analysis of financial liabilities

	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>Council 2022</b>					
Payables	30,309	26,735	687	933	1,954
Secured loans	150,650	25,650	5,000	55,000	65,000
Derivative financial liabilities	<u>98</u>	<u>25</u>	-	<u>73</u>	-
<b>Total</b>	<b><u>181,057</u></b>	<b><u>52,410</u></b>	<b><u>5,687</u></b>	<b><u>56,006</u></b>	<b><u>66,954</u></b>
	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>Council 2021</b>					
Payables	26,462	22,568	665	947	2,282
Secured loans	105,750	5,750	25,000	35,000	40,000
Derivative financial liabilities	<u>7,688</u>	<u>70</u>	<u>366</u>	<u>4,334</u>	<u>2,918</u>
<b>Total</b>	<b><u>139,900</u></b>	<b><u>28,388</u></b>	<b><u>26,031</u></b>	<b><u>40,281</u></b>	<b><u>45,200</u></b>
	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>Group 2022</b>					
Payables	30,973	27,399	687	933	1,954
Secured loans	155,174	25,898	8,998	55,278	65,000
Derivative financial liabilities	<u>98</u>	<u>25</u>	-	<u>73</u>	-
<b>Total</b>	<b><u>186,245</u></b>	<b><u>53,322</u></b>	<b><u>9,685</u></b>	<b><u>56,284</u></b>	<b><u>66,954</u></b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group 2021</b>					
Payables	27,393	23,499	665	947	2,282
Secured loans	108,838	8,435	25,180	35,223	40,000
Derivative financial liabilities	<u>7,688</u>	<u>70</u>	<u>366</u>	<u>4,334</u>	<u>2,918</u>
<b>Total</b>	<b><u>143,919</u></b>	<b><u>32,004</u></b>	<b><u>26,211</u></b>	<b><u>40,504</u></b>	<b><u>45,200</u></b>

Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 34.

Contractual maturity analysis of financial assets

	Contractual Cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Council 2022</b>					
Cash and cash equivalents	11,101	11,101	-	-	-
Receivables	23,566	23,566	-	-	-
Other financial assets:					
- term deposits	25,000	25,000	-	-	-
- community and related party loans	2,605	323	266	694	1,322
- LGFA borrower notes	3,005	240	80	1,150	1,535
Derivative financial instruments	<u>3,694</u>	<u>13</u>	<u>102</u>	<u>1,343</u>	<u>2,236</u>
<b>Total</b>	<b><u>68,971</u></b>	<b><u>60,243</u></b>	<b><u>448</u></b>	<b><u>3,187</u></b>	<b><u>5,093</u></b>
	Contractual Cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Council 2021</b>					
Cash and cash equivalents	17,886	17,886	-	-	-
Receivables	18,550	18,550	-	-	-
Other financial assets:					
- term deposits	-	-	-	-	-
- community and related party loans	3,061	398	275	800	1,588
- LGFA borrower notes	1,755	-	240	650	865
Derivative financial instruments	=	=	=	=	=
<b>Total</b>	<b><u>41,252</u></b>	<b><u>36,834</u></b>	<b><u>515</u></b>	<b><u>1,450</u></b>	<b><u>2,453</u></b>
<b>Group 2022</b>					
Cash and cash equivalents	13,949	13,949	-	-	-
Receivables	26,646	26,646	-	-	-
Other financial assets:					
- term deposits	27,351	27,351	-	-	-
- community and related party loans	2,218	226	173	498	1,321
- LGFA borrower notes	3,005	240	80	1,150	1,535
Derivative financial instruments	<u>3,694</u>	<u>13</u>	<u>102</u>	<u>1,343</u>	<u>2,236</u>
<b>Total</b>	<b><u>76,863</u></b>	<b><u>68,425</u></b>	<b><u>355</u></b>	<b><u>2,991</u></b>	<b><u>5,092</u></b>

	<b>Contractual Cash flows</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>Group 2021</b>					
Cash and cash equivalents	20,327	20,327	-	-	-
Receivables	21,232	21,232	-	-	-
Other financial assets:					
- term deposits	2,184	2,184	-	-	-
- community and related party loans	2,559	297	176	518	1,568
- LGFA borrower notes	1,755	-	240	650	865
Derivative financial instruments	=	=	=	=	=
<b>Total</b>	<b><u>48,057</u></b>	<b><u>44,040</u></b>	<b><u>416</u></b>	<b><u>1,168</u></b>	<b><u>2,433</u></b>

### Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument exposures at balance date.

A movement in market interest rate on fixed rate debt does not have any impact because secured loans are fixed via interest rate swaps.

Council	2022				2021			
	\$'000				\$'000			
	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity
<b>INTEREST RATE RISK</b>								
<b>Financial assets</b>								
Derivative financial assets	3,458	-	(3,226)	-	-	-	-	-
Other financial assets:								
- Community loans and loans to related parties	192	-	(162)	-	235	-	(188)	-
<b>Financial liabilities</b>								
Derivative financial liabilities	(484)	=	458	=	(4,614)	=	4,281	=
<b>Total sensitivity</b>	<b><u>3,166</u></b>	<b>=</b>	<b><u>(2,930)</u></b>	<b>=</b>	<b><u>(4,379)</u></b>	<b>=</b>	<b><u>4,093</u></b>	<b>=</b>

Group	2022				2021			
	\$'000				\$'000			
	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity
<b>INTEREST RATE RISK</b>								
<b>Financial assets</b>								
Derivative financial assets	3,458	-	(3,226)	-	-	-	-	-
Other financial assets:								
- Community loans and loans to related parties	192	-	(162)	-	235	-	(188)	-
<b>Financial liabilities</b>								
Derivative financial instruments	(484)	=	458	=	(4,614)	=	4,281	=
<b>Total sensitivity</b>	<b><u>3,166</u></b>	<b>=</b>	<b><u>(2,930)</u></b>	<b>=</b>	<b><u>(4,379)</u></b>	<b>=</b>	<b><u>4,093</u></b>	<b>=</b>

**(c) Financial instrument categories**

Payables balances exclude revenue in advance, and receivables balances exclude both prepayments and provisions for doubtful debt.

	Council		Group	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>FINANCIAL ASSETS</b>				
<b>Fair value through surplus or deficit - not hedge accounted</b>				
Derivative financial instrument assets	<u>3,694</u>	=	<u>3,694</u>	=
<b>Loans and receivables</b>				
Cash and cash equivalents	11,101	17,886	13,949	20,327
Receivables	23,566	18,550	26,646	21,232
Other financial assets:				
- Term deposits	25,000	-	27,351	2,184
- Community loans and loans to related parties	<u>2,604</u>	<u>3,061</u>	<u>2,218</u>	<u>2,559</u>
<b>Total loans and receivables</b>	<u>62,271</u>	<u>39,497</u>	<u>70,164</u>	<u>46,302</u>
<b>Held-to-maturity</b>				
Other financial assets:				
- LGFA borrower notes	<u>3,005</u>	<u>1,755</u>	<u>3,005</u>	<u>1,755</u>
<b>Fair value through other comprehensive revenue and expense</b>				
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Listed shares	=	=	=	<u>783</u>
<b>Total fair value through other comprehensive revenue and expense</b>	<u>140</u>	<u>140</u>	<u>140</u>	<u>923</u>
<b>FINANCIAL LIABILITIES</b>				
<b>Fair value through surplus or deficit - not hedge accounted</b>				
Derivative financial instrument liabilities	<u>98</u>	<u>7,688</u>	<u>98</u>	<u>7,688</u>
<b>Financial liabilities at amortised cost</b>				
Payables	30,309	26,462	30,973	27,393
Borrowings:				
- secured loans	<u>150,650</u>	<u>105,750</u>	<u>155,174</u>	<u>108,838</u>
<b>Total financial liabilities at amortised cost</b>	<u>180,959</u>	<u>132,212</u>	<u>186,147</u>	<u>136,231</u>

## **39 Events occurring after the balance date**

### **Council:**

There have been no significant events after the balance sheet date that materially impact Nelson City Council's financial position or viability as a going concern.

### **Group:**

There have been no significant events after the balance sheet date that materially impact the Group's financial position.

### **Holding Company**

In September 2022, the Council has resolved to establish a holding company, named Infrastructure Holdings Limited ("IHL"), to hold the Nelson City Council and Tasman District Council shareholdings (the "shareholders") in Port Nelson and Nelson Airport (the "subsidiaries"). Initial directors have been approved, and an independent chairperson is being recruited. As part of the proposal to incorporate IHL, the shareholders will each subscribe for 42,230 ordinary shares in IHL (84,460 in total), at an issue price of \$100.00 per share. IHL's primary purpose will be to operate as a treasury vehicle to access cheaper core debt to on-lend to its subsidiaries. IHL will join the Local Government Funding Agency ("LGFA") borrowing programme as a council-controlled trading organisation. This will deliver savings in financing costs, as the subsidiaries currently have ordinary borrowings with the bank. The LGFA and the bank will require certain financial conditions, including cross-guarantees, and general security over property. Also required is a subscription from the shareholders for uncalled and unpaid equity capital in IHL, being 1,165,000 ordinary shares each (totalling 2,330,000) for an issue price of \$100.00 per share.

### **Disposal of Land Held for Sale**

On 6 October 2022, the State of Advances building that met the definition of held for sale as at 30 June 2022 was sold to a third party for \$775,000.

### **Nelson Floods**

In August 2022, a state of emergency was declared in Nelson due to areas of widespread flooding. This caused major damage to Council infrastructure in the Nelson and surrounding areas. The restoration is still on-going and hence an estimate of its financial effect can't be made reliably at this stage.

### **Interest Rate Swaps**

The value of the interest rate swap portfolio has increased by 46% since the reporting date due to an increase in interest rates. Based on a valuation as at 21 November 2022, the value of the portfolio is \$5.2 million.

### **Elma Turner Library**

In June 2022, the Elma Turner Library was closed as a precaution after an inspection found that ceiling tiles in parts of the library could pose a risk if dislodged during an earthquake. Since then, strengthening work was carried out on part of the library building, allowing some areas to re-open to the public. The Library Taskforce is now requesting approval from Council in November 2022 for additional unbudgeted expenditure of up to \$1.4 million to complete strengthening work for Phase Two of the two-phased library reopening plan, with Phase One currently predicted to be completed mid-January 2023 (costing approximately \$0.2 million which was budgeted for). If approved, this will allow the full library to reopen in July 2023.

## 40 Explanation of major variances against budget

### Statements of comprehensive revenue and expense

*Total operating revenue is \$14.8 million more than budget:*

Rates income is \$0.5 million over budget due to increased properties after the rates were set.

Fees and charges are \$7 million less than budget

- Budget includes \$5.5 million of forestry income whereas the actual gain on forestry was \$0.9 million and was recognized under other gains or losses.

Subsidies and grants \$2 million less than budget

- NZTA operating and capital grants are \$2.1 million under budget. NZTA funding is less than budget by \$2.6 million mainly due to the reduced capital expenditure in Transport. Additional operational funding of \$0.5 million was received largely due to COVID support for public transport.

Development and subdivision reserve contributions are \$2.9 million higher than budgeted. The receipt of development contributions reflects the development cycle of individual developers and is not within the control of Nelson City Council.

Other revenue is \$5 million more than budget

- The value of assets vested to Council by developers is \$1.5 million more than budget. The timing of vested asset receipts is dependent on the development cycle of individual developers.

Other gains and losses is \$15 million more than budget

- Interest rate swap valuation gain is \$15.3 million higher than budgeted due to increase in interest rates. Council utilises interest rate swaps to minimise exposure to interest rate movements. These derivatives are revalued annually.

*Total operating expenditure is \$6.4 million less than budget:*

Personnel costs are more than budget by \$0.7 million as the budgets that were available to fund external consultants were used to employ additional staff to allow for increased project delivery and efficiency.

Other Expenses are under budget by \$8.1 million. More details can be seen in the activities section; however, the most significant items are:

- \$0.8 million savings in the Nelson plan costs due to a change in the program of work.
- \$2.7 million saving in Strategic land allocation funding for the Science and Technology Precinct which was carried forward to 2022/23.
- \$1.4 million grant funded from the Housing reserve not being budgeted for.

Finance Cost is \$0.7 million more than budgeted due to the average interest rate being higher than budgeted.

Depreciation and amortisation expenses were \$0.4 million higher than budget.

### Other comprehensive revenue

Land and Infrastructure revaluations are \$213 million more than budget reflecting increased costs of Infrastructure. Land was not revalued this year as the movement for 2021/22 is not deemed to be material.

### Statements of financial position

Cash and cash equivalents are \$4 million greater than budget. This variance represents the borrowing taken from LGFA in June 2022 for anticipated capital spending occurring during June.

Trade & other receivables are \$13 million greater than budget due to higher than anticipated receivables due at 30 June 2022.

Other financial assets are \$25 million greater than budget due to investing prefunded loans in term deposits.



Property, plant, and equipment is \$263 million more than budget. Revaluations are \$213 million greater than budget, additionally the revaluation in 2020/21 was \$49 million greater than budget which was not known at the time of setting the 2021/22 budgets.

The Council's external borrowings as at 30 June 2022 are \$151 million, which is \$18 million over budget partly due to prefunding of future borrowing requirement due to the risk of interest rates hikes in the future. External borrowings are summarised in Note 28 of the financial statements.

Trade and other payables are \$6 million more than budget due to higher than anticipated payables due at 30 June 2022.

## **41 Insurance**

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

### **Wastewater, Stormwater, Water Supply and Flood Protection assets**

These activities have a total book value of \$841,451,000. Repairs to these assets following a significant event are covered 40% through Council's membership of the AoN South Island collective, with the remaining 60% being funded by Central Government with a large deductible for both funding sources. Council has a disaster recovery fund intended to cover the deductible or Council's 40% share if the event is lower than the deductible. Due to prior emergency events, there are no funds available as at 30 June 2022, and any funding required would be by way of loans until a balance is built up in the disaster recovery fund.

### **Roading assets**

Subsidised roading assets have a total book value of \$803,946,000 (including land under roads). For these assets, Council would receive a minimum of 51% subsidy from the Waka Kotahi (NZTA), with the remaining portion of the loss to be funded through the disaster recovery fund and loan funding.

Unsubsidised roading assets have a total book value of \$4,201,000. This includes such items as walkways and car parks. These items are not insured, and Council would fund any loss through the disaster recovery fund or loan funding.

### **Land, Buildings, Plant & Equipment, and other assets**

These assets have a total asset book value of \$452,366,000

The sum insured for non-residential property material damage is \$369,882,000. Council is part of a Top of the South collective with total non-residential property insured of \$1,396,481,000.

Residential property (material damage) is insured to a value of \$6,287,887. Council is part of a Top of the South collective with total residential property insured of \$89,696,249.

Both policies include limits of indemnity of \$2,000,000 for capital additions, construction/alterations of \$2,000,000, landslip \$2,000,000 and subsidence of \$2,000,000.

Forestry is insured to a value of \$6,491,000

Tahunanui Beach Holiday Park assets are insured to a value of \$21,852,800.

### **Vehicles**

The total book value of vehicles belonging to Council is \$728,000. All vehicles are insured for market value or replacement value (if vehicle is less than 12 months old).

### **Deductibles, excesses, and non-material assets**

Council has a reserve used to cover deductibles, excesses, and small assets not on the material damages schedule. The value of this reserve as at 30 June 2022 is \$470,000.

## **42 Coronavirus (COVID-19) pandemic**

### **Council**

On 31 December 2019, China alerted the World Health Organisation to the outbreak of a virus, now commonly referred to as COVID-19, with the outbreak declared a pandemic on 11 March 2020.

At midnight 17 August 2021, the Nelson District (and the rest of New Zealand) was put into lockdown as a result of moving to Alert Level 4. On 31 August 2021 the Nelson District moved to Alert Level 3, and then to level 2 from 7 September 2021. The Nelson District then moved to the Traffic Light Framework on 2 December 2021. On 12 September 2022 the Traffic Light Framework ended.

There were a number of unplanned financial impacts as a result of COVID-19. The Council had rising supply costs, interest rates, and inflation. Some of these impacts are explained below.

### **Financial Performance Impacts**

The key impacts on income and expenditure are as per below:

- Bus patronage dropped 12% from 2020/21. However, there was additional operational funding of \$0.5 million received due to COVID support for public transport.
- Libraries were either closed or operating with limitations, although online resources and events were promoted during the community lockdowns.
- Visitor numbers at all heritage facilities were impacted, with Broadgreen House and Isele House closed for part of the year, and most events at Founders Heritage Park were cancelled.
- Events in the Nelson region were heavily impacted. The majority of events were postponed, however through cancellations and postponements, it is estimated that over \$20 million in estimated economic impact was lost during the financial year.
- NZTA funding was less than budget by \$2.6 million due to reduced capital expenditure in Transport.

### **Capital Investment Programme Impacts**

COVID-19 has impacted the delivery of our capital projects in terms of delay in construction due to lockdowns, availability of people due to illness, shortages or delays in the supply of material, and higher costs of materials due to higher demand. Projects that were not completed by 30 June 2022, will be completed in the coming years. The full additional cost of COVID-19 delays and increased costs has not been fully ascertained.

The effect on our operations is reflected in these financial statements and is based on the information available to the date these financial statements are signed. It is difficult to determine the full ongoing effect of COVID-19 and therefore some material uncertainties remain. There could also be other matters that affect the Council in the future, of which we are not yet aware. To the extent possible we have considered the likely impact of COVID-19 on all areas.

## 43 Capital management

The Council's capital is its equity (or customers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the LGA) requires the Entity to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Entity. Intergenerational equity requires today's customers to meet the costs of utilising the Entity's assets and not expecting them to meet the full cost of long-term assets that will benefit customers in future generations. Additionally, the Entity has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that customers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Entity is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the current LTP.

The Council has the following Council-created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Entity has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

# PERFORMANCE OF COUNCIL CONTROLLED ORGANISATIONS

## HINONGA KAUNIHERA

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. During 2021/22, the organisations that Council controlled to achieve agreed community outcomes are:

- The Port Company – Port Nelson Ltd (50% with TDC)
- Council Controlled Trading Organisations
  - Nelmac Ltd
  - Nelson Airport Ltd (50% with Tasman District Council)
- Council Controlled Organisations
  - Nelson Regional Development Agency
  - Tasman Bays Heritage Trust (Nelson Provincial Museum – 50% with Tasman District Council)
  - Bishop Suter Trust
  - City of Nelson Civic Trust<sup>2</sup>

A summary of the performance for Council Controlled Organisations is on pages 213 to 235. Further information is available for each Council Controlled Organisation in their respective Annual Reports.

Council agreed to continue exemptions<sup>3</sup> for the Nelson Civic Trust in 2020, and therefore its performance is not reported on in this Annual Report.

In September 2022, the Council has resolved to establish a holding company, named Infrastructure Holdings Limited ("IHL"), to hold the Nelson City Council and Tasman District Council shareholdings (the "shareholders") in Port Nelson and Nelson Airport (the "subsidiaries"). Initial directors have been approved, and an independent chairperson is being recruited. As part of the proposal to incorporate IHL, the shareholders will each subscribe for 42,230 ordinary shares in IHL (84,460 in total), at an issue price of \$100.00 per share.

IHL's primary purpose will be to operate as a treasury vehicle to access cheaper core debt to on-lend to its subsidiaries. IHL will join the Local Government Funding Agency ("LGFA") borrowing programme as a council-controlled trading organisation. This will deliver savings in financing costs, as the subsidiaries currently have ordinary borrowings with the bank. The LGFA and the bank will require certain financial conditions, including cross-guarantees, and general security over property. Also required is a subscription from the shareholders for uncalled and unpaid equity capital in IHL, being 1,165,000 ordinary shares each (totalling 2,330,000) for an issue price of \$100.00 per share.

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<sup>2</sup> 15 October 2020 – exempt for the purposes of s6(4)(i) of the Local Government Act 2022, in accordance with s7(3) and s7(6) of the Act and after considering the matters in s7(5) of the Act

<sup>3</sup> 15 October 2020 – exempt for the purposes of s6(4)(i) of the Local Government Act 2002, in accordance with s7(3) and s7(6) of the Act and after considering the matters in s7(5) of the Act.

## Port Nelson Ltd

Council owns 50% of Port Nelson Ltd, with Tasman District Council owning the other 50%. The company provides core port services for the Nelson region including cargo, logistics, vessel slipping services and the development and leasing of land and buildings. The Port is a strategic asset in accordance with Council's Significance and Engagement Policy. Port Nelson Ltd is a port company and is covered by the Port Companies Act 1988, which imposes obligations on Port Nelson Ltd almost identical to those imposed on Council Controlled Trading Organisations by the Local Government Act 2002, including the provision of an annual Statement of Corporate Intent.

The company provides core port services and managed property portfolio services including:

- Marine services which include pilotage, towage and navigation aids for the arrival, berth and departure of vessels to the port
- Berths to accommodate vessels at the port
- Wharves, plant and other services to facilitate the discharge and loading of vessels
- Container terminal handling services which include receipt, delivery, transit, storage and shipment of a wide range of import and export cargos
- Cargo logistics including warehousing and storage of goods
- Vessel slipping services
- The development, leasing and management of land and buildings not required for Port operating purposes

### PERFORMANCE TARGETS – PORT NELSON LTD

As set out in the table below, Port Nelson achieved 68% of the 28 performance measures set out in its Statement of Intent.

Performance Measure	Targets	Result	Outcome
Customers	Cargo volumes of 3.3 million revenue tonnes	3.2 million	Not achieved
	Container Throughput of 111K TEU	103.2K	Not achieved
	Vessel Visits of 781	767	Not achieved
	Average container crane rates exceed 20 moves per hour	19	Not achieved
	Customer engagement survey exceeds 70% satisfaction score	80%	Achieved
Environment	9% gross reduction cumulatively on FY19 Scope 1 and 2 carbon emissions	15%	Achieved
	2% gross reduction cumulatively on FY19 levels in scope 3 carbon emissions (controlled by PNL)	87%	Achieved
	Maintain Port Nelson's ISO 14001 Certification		Achieved
	No significant noise events (>85 dbA at boundary)	0	Achieved

	Commence a Port Nelson sponsored initiative to halt the loss of biodiversity/prevent the extinction of threatened species		Achieved
	No uncontrolled discharges from the Port Nelson operational area to the Coastal Marine Area	0	Achieved
	Compliance with regulatory requirements, compliance with NZ Maritime safety standards		Achieved
People	Critical Risk Verification Reviews >50 per year	50	Achieved
	Lost Time Injury Frequency Rate <2	1.12	Achieved
	Lost Time Injuries greater than 5 days <=4	3	Achieved
	Employee engagement survey exceeds 70%	Survey not undertaken	Not achieved
Community	Dividends paid to the shareholders are not less than 50% of Net Profit after Tax	\$4.3 million	Achieved
	Sponsorship >1.2% of NPAT (underlying)	1.35% (\$107k)	Achieved
	Iwi Engagement and Te ao Plan agreed	In progress - consultant support has been engaged	Not achieved
	Commence the Nelson Slipway redevelopment	In Progress - Design is continuing	Not achieved
	Port Nelson will hold a public open day	Deferred until 2023FY	Not achieved
Shareholders	Revenue of \$72 million	\$76.8 million	Achieved
	Earnings before interest and taxation (EBIT) of \$13.4 million	\$18.3 million	Achieved
	Net Profit after Tax (NPAT) of \$8.6 million	\$12 million	Achieved
	Underlying Net Profit after Tax (NPAT) of \$8.6 million	\$7.9 million	Not achieved
	Return on Equity of 3.3%	4.5%	Achieved
	Gearing <45%	22%	Achieved
	Return on Assets of 2.3% (NPAT/Total Assets)	3%	Achieved

For more information, see Port Nelson's Annual Report for 2021/22.

## Nelmac Ltd

Nelson Maintenance & Construction Limited (NelMAC) commenced operations on 1 July 1995 following the corporatisation of the Operations Business Unit. The company is fully owned by the Nelson City Council. Nelmac provides high quality management, maintenance and construction of the natural and built environment. This includes managing Council facilities, infrastructure such as water and waste, parks, reserves and sports fields.

### PERFORMANCE TARGETS – NELMAC LTD

As set out in the table below, Nelmac has achieved 57% of the 14 performance measures set out in its Statement of Intent.

Objective Area	Performance Measures	Targets	Result
Quality of Service	Quality assurance accreditation(s) maintained to industry standards	Maintain AS/NZS ISO 9001 Quality Accreditation	Achieved
	Understand and strive to improve customer satisfaction	2021/22 Customer Satisfaction Survey for all Nelma Customers – improving on 2019/20 score of 5.53 out of 7	Not Achieved
		2022/23 Pulse Survey for NCC Contract Managers – improving on Net Promoter score of – 27 (due in June 2023)*	Not Measured
Sustainability & Community	Continually advance Nelmac's sustainability plan to deliver measurable value to the environment and community	Enhance the sustainability plan to incorporate climate change responsiveness	Achieved
		Carbon emissions included in annual report and compared against 2020 baseline	Achieved
		Reduce carbon emissions compared with 2021 (normalised against revenue) 2020 = 3.12t per \$100k Revenue 2021 = 2.99t per \$100k Revenue	Achieved
		25% reduction carbon reduction by 2025 compared to 2020 (normalised against revenue)	On Track**
		Support community organisations/initiatives through financial or in-kind contributions equivalent to 5% of net profit after tax	Achieved

<b>People &amp; Safety</b>	Employee Turnover comparable to industry average	Employee turnover within 5% of the national industry average	Not Achieved
	Reduce Average Total Recordable Frequency Rate (TRIFR)	TRIFR reduction from 12% to under 10%	Not Achieved
	Health & safety accreditation(s) maintained to industry standards	Maintain ISO 45001 accreditation for health & safety	Achieved
<b>Non-shareholder Business</b>	Profitable growth in non-NCC work	Profitable year on year growth in non-NCC work from 2021 to 2022	Achieved
<b>Equity Ratios</b>	Investment delivers a sustainable return at or above industry norms	EBIT Return on Equity is at or above industry benchmarks	Not Achieved
	Financial risk limited by maintaining appropriate balance sheet ratios	Bank Debt to Equity at or below 55%	Achieved
* Note 1 – Pulse survey is performed every 2 years. The result for 2021 was achieved			
** Note 2 – Nelmac have assessed that they are on track with their project plan to date. They are expecting progress to accelerate over the next 12-18 months as the fleet replacement programme is rolled out.			

## GREENHOUSE GAS (GHG) EMISSIONS

Nelmac Limited is on a journey towards measuring company-wide emissions. The table below includes only Scope 1 and Scope 2 emissions sources. This reporting boundary has been defined because it includes the emissions for which sufficient measurement data is available, and the sources where there is the greatest ability to reduce emissions.

<b>Nelmac Emissions (t emitted CO<sub>2</sub>)</b>	<b>2022 CO<sub>2</sub></b>	<b>2021 CO<sub>2</sub></b>	<b>Baseline CO<sub>2</sub></b>
Deisel Stationary and Mobile*	1,138.71	1,183.09	1,031.74
Petrol Stationary and Mobile*	96.52	96.67	100.9
<b>Total Scope 1 Emissions**</b>	<b>1,235.23</b>	<b>1,279.76</b>	<b>1,132.64</b>
Purchased Electricity (All Scope 2 Emissions)	14.22	14.78	12.8
<b>Total Emissions</b>	<b>1,249.45</b>	<b>1,294.54</b>	<b>1,145.44</b>
<b>Normalised Emissions (t/\$100,000)</b>	<b>2.88</b>	<b>2.99</b>	<b>3.12</b>
* Note 1 – Fuel emissions exclude rental car use.			
** Note 2 – Scope 1 emissions exclude emissions from refrigerants.			



There is a level of inherent uncertainty in reporting greenhouse gas emissions, this is due to a level of scientific uncertainty as well as an estimation uncertainty involved in the measurement processes. Nelmac Limited has used the published emissions factors from the MFE 2022 guidance document and obtained quantity data direct from suppliers (electricity invoice, fuel card). The Marlborough depots electricity emissions are estimated by applying the electricity usage of a similar depot. The level of uncertainty is not considered significant given the sources that have been included in the current year and the low level of estimation applied.

## FINANCIAL PERFORMANCE – NELMAC LTD

	2022	2021
	(\$000)	(\$000)
Revenue	42,588	41,927
Expenses	41,751	40,899
<b>Net Surplus Before Taxation</b>	<b>837</b>	<b>1,028</b>
Subvention Payment	(514)	(397)
Provision for Taxation	(94)	(302)
<b>Net Surplus for Year after Taxation</b>	<b>229</b>	<b>329</b>
Asset Revaluation	965	-
<b>Total Comprehensive Revenue and Expense</b>	<b>1,194</b>	<b>329</b>
Retained Earnings Brought Forward	10,477	10,148
Impact of change in Accounting Policy	-	-
Dividend	-	-
<b>Retained earnings carried forward</b>	<b>11,671</b>	<b>10,477</b>

For the full summary of performance, see Nelmac's Annual Report 2021/22.

## Nelson Airport Ltd

Council owns 50% of Nelson Airport Ltd (NAL) with Tasman District Council owning the other 50%. The airport is a strategic asset in accordance with Council's Significance and Engagement Policy. The main objective of the company is to operate a successful airport business that meets the needs of the Nelson Tasman region.

### PERFORMANCE TARGETS – NELSON AIRPORT LTD

As set out in the table below, Nelson Airport has achieved 48% of the performance measures set out in its Statement of Intent, 11 out of 23. Covid-19 significantly impacted many of the performance measures and are outlined in Nelson Airport Ltd's Annual Report 2021/22.

Objective Area	Performance Measures	Targets	Result
People, Culture and Values	Staff Wellbeing Policy created, consulted with staff and formally signed off by the Board	By 31 December 2021	Achieved
	Board and management to determine and promulgate new values statement	By 31 December 2021	Not achieved
	Design and implement a staff survey	By 30 June 2022	Achieved
	Implement new remuneration structure	By 31 July 2021	Achieved
	Board and CEO oversight of Employee Assistance Programme (EAP) activity	All EAP independent reports reviewed by nominated Board representative and CEO	Achieved
Customers and Stakeholders	Actively support airlines and the market to achieve customer growth	Total passengers 800,000	Not achieved
	Establish a positive, effective, ongoing relationship with local iwi	Advocate for establishment of a meaningful representation for local iwi at governance level	Achieved
	Utilise research to understand NAL's customer profile post the Covid-19 environment	Implement a customer survey by 31 December 2021	Not achieved
Health, Safety and Risk	Nil harm to staff, contractors and visitors	Nil serious harm injuries and nil lost-time injuries	Achieved
	Improve operational safety	NAL to facilitate a minimum of nine safety/security meetings	Achieved

	Educate NAL staff on human factors in safety to reinforce safety culture	Specific training for all staff	Not achieved
	Further improve implementation of NAL's newly implemented Safety Management System (SMS)	Obtain audited certification from CAA as "Operating and Effective"	Not achieved
	Ensure all incidents are investigated appropriately and actions/learnings processed	Formal incident investigation training for Airfield and Safety Manager by 31 December 2021	Achieved
Infrastructure and Property	Implement Phase I of upgrade of stormwater improvement works for storm surge and sea level rise mitigation	By 30 June 2022	Achieved
	Complete rental car facilities, including offices and public counters, for on-site rental car operators	By 30 June 2022	Not achieved
	Construct new purpose-built rescue fire and emergency management centre	By 30 June 2022	Not achieved
	Implement full aerodrome aviation security fence	By 30 June 2022	Not achieved
Financial Results	Manage performance to achieve real business growth, maximising return to shareholders	Total Revenues \$13.7m	Not achieved
		Earnings before Interest, Tax and Depreciation (EBITDA or Operating Profit) \$8.0m	Not achieved
		Dividends Policy to be reviewed	Deferred until holding company model determined. Not achieved.
	Maintain accurate, reliable and informative financial records and reports	Secure an unmodified audit opinion from Audit New Zealand	Achieved
Environmental Sustainability	Continuous improvement in sustainability performance	At least one new significant sustainability project completed delivering a step-change in	Achieved. Terminal tenants onboarded with organic waste to

		environmental performance/impact	landfill and supporting organic aerobic compost production.
	Complete coastal protection works where critical to airfield protection	By 30 June 2022	Not achieved. Design phase of seawall protection completed but construction not started

For the full summary of performance, see Nelson Airport's Annual Report 2021/22.

## Nelson Regional Development Agency

The Nelson Regional Development Agency (NRDA) was established by Council and has been operating since 1 July 2016. It was formed from the merger of two previous Council Controlled Organisations, Nelson Regional Economic Development Agency and Nelson Tasman Tourism. The mission of the NRDA is to partner with the public and private sectors in the attraction and retention of investment, visitors and talent who want to add to the special character of the region.

The NRDA is 100% owned by Nelson City Council, with directors appointed by Nelson City Council. NRDA also receives funding from Tasman District Council and other third party funders. It is current Council policy to retain ownership of the NRDA.

### PERFORMANCE TARGETS – NRDA

As outlined in the table below, the NRDA has achieved 80% of the outcomes set in its Statement of Intent (SOI), 35 of 44. Additional information on the Key Performance Measures and the results for 2021/22 are in the NRDA's Annual Report.

(An amber rating indicates where delivery was impacted or deferred by COVID-19, or by a factor out of the NRDA's control).

Focus Area	Key Performance Measures	Status
<b>Strategic Priority Area 1: Economic Strategy and Innovation Leading Strategic Economic Development</b>		
1.1 Strategic Economic Development	Project Kōkiri collaboration maintained as an enduring regional partnership (minimum quarterly meetings), with actions and outcomes detailed.	✓
	Regeneration Plan supported by both councils by November 2021.	✓
	Regional economic monitoring maintained.	✓
	Quarterly economic profile reports align with shareholder and business needs.	✓
1.2 Te Taihū Māori Economy	Engagement plan and activity framework in place December 2021.	✗
	NRDA capability building in supporting the Māori economy.	✓
	Effectiveness of support for Te Taihū Māori Economy evaluated through focused assessment.	✗
1.3 Economic Intelligence	Revised data and insights programme initiated November 2021, including enhanced Māori economy data.	✓
	In-depth Economic profile commences December 2021.	✓
	Climate and wellbeing related data framework enhanced to suit emerging regional needs.	✓
<b>Strategic Priority Area 2: Industry Sector Resilience Supporting Industry Transformation</b>		
2.1 Sector Transitions and Growth	Regular Climate/ Carbon information programme developed by December 2021, for delivery from February 2022.	✓

	Provision of anecdotal evidence or examples which demonstrate value of programmes to participating businesses.	✓
	Development of regional sector strategies for Horticulture, Food and Beverage and IT.	✓ ( <i>partial</i> )
	Quarterly sector engagement events programme developed by December 2021, for delivery from February 2022.	✓
2.2 Tourism Sector Regeneration	Visitor spend in Nelson Tasman increases at a rate exceeding the national average.	○
	60% of visitor sector businesses report improved confidence as a result of NRDA activity .	○
	Data and insights programme developed November 2021.	✓
	Support plans developed for sub regions December 2021.	✓
	Two new themed journeys created by June 2022.	○
<b>Strategic Priority Area 3: Investment Attraction and Promotion Shaping and amplifying our profile, destination story and investment proposition</b>		
3.1 Regional Identity and Proposition	Number of unique visitors to nelsontasman.nz increases 5% on previous year.	○
	Revised Regional Identity proposition developed reflecting and supporting key focus areas as defined in the Nelson Tasman Regeneration Plan June 2022.	✓
	Sector profiles and business case studies developed November 2021 – June 2022.	✓
3.2 Investment Attraction	Agreement reached through Project Kōkiri on Nelson Tasman Regeneration Plan priority projects and NRDA led projects have business cases developed in line with PK 2.0 timeframes where defined.	✓
	Oceans Economy Strategy complete and priority projects identified by December 2021.	✓
	At least 5 investment/business cases advanced by June 2022.	✓
3.3 Destination Profiling	\$1 million equivalent advertising value secured by June 2022.	✓
	Total engagement rate across social media channels exceeds industry average (3.6% on Facebook and 1.16% on Instagram) for year to June 2022.	✓
	Three campaigns and promotions delivered profiling Nelson Tasman as a great destination for visitors, businesses and talent attraction	✓
3.4 Strategic Events	Regional events deliver over \$15m of value to the regional economy.	✓
<b>Strategic Priority Area 4: Business &amp; Workforce Development Supporting our businesses and people to upskill, innovate and grow</b>		
4.1 Business Support	Number of businesses supported through 1:1 business advisory service (contract annual target 300).	✓

	Businesses have experienced positive business outcomes by reporting a net promoter score of 50+ or higher (contract annual target 50+).	✓
	Circa \$1 million annual NRDA target for total value of capability development and research and development funding issued.	✓
4.2 Workforce & Skills Development	50 businesses engaged in youth transition and employment programmes.	✓
4.3 Business Innovation	80 events held at the Mahitahi Colab, with 2,500 total attendees.	○
	Quarterly innovation event programme designed. Delivery from June 2022.	✓
	70% of businesses engaged with Co. Starters programmes report an improvement in entrepreneurial capability.	✓
<b>Strategic Priority Area 5: Organisation Management (NRDA) and Performance</b>		
5.1 Destination Management Funding	i-SITE model/way forward confirmed with Nelson City Council by December 2021 ( <i>adjusted to June 2022</i> ).	✓
	Future Destination Management funding model identified February 2022, implemented June 2022.	○
5.2 Wellbeing & Development	Wellbeing and Development programme implemented by December 2021.	✓
5.3 Sustainability	NRDA carbon footprint measurement and offset costs identified by June 2022.	✓
	The NRDA maintains a balanced/positive budget.	✓
	NRDA delivers a clean Audit	✓
	Zero lost-time work injuries.	✓
5.4 Organisational Performance	Positive stakeholder feedback on collaboration as demonstrated through two-yearly review (March 2022).	✗

For the full summary of performance, see the NRDA's Annual Report 2021/22.

## FINANCIAL PERFORMANCE – NRDA

The NRDA commenced operations on 1 July 2016. It is fully owned by Nelson City Council and is self-administered.

	2022	2021
	(\$000)	(\$000)
Revenue	3,213	3,458
Expenses	3,196	3,526
<b>Net Surplus Before Taxation</b>	<b>17</b>	<b>(68)</b>
Provision for Taxation	9	18
<b>Net Surplus for Year after Taxation</b>	<b>8</b>	<b>(50)</b>
Equity Brought Forward	245	295
<b>Equity carried forward</b>	<b>253</b>	<b>245</b>

## Tasman Bays Heritage Trust (Nelson Provincial Museum)

The Tasman Bays Heritage Trust (TBHT) was established in 2000 as a Council Controlled Organisation owned 50% by Nelson City Council and 50% by Tasman District Council. The Trust is responsible for providing museum services and protecting the collections of historic treasures held on behalf of the Nelson Tasman region.

The museum exhibition facility on the corner of Trafalgar and Hardy Streets was opened in late 2005 providing a combination of permanent and temporary exhibitions. It is well used by schools for part of their learning experiences outside the classroom (LEOTC) programmes.

### PERFORMANCE TARGETS

TBHT has advised Council that it has achieved the following results against the performance measures set out in its Statement of Intent. In summary:

Achieved	17
Partially achieved	1
Not achieved	1

Strategic goal	Actions	Measures / KPI	Status as at 30 June 2022	Status
<b>1.</b>  <b>To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman regional Heritage Collection</b>	1.1  Robust planning, budgeting, fundraising & project management	1.1.1  Phase One of Project Plan complete by 30 June 2022, including: <ul style="list-style-type: none"> <li>Approved procurement process</li> <li>Developed Design</li> </ul>	Project Plan phases including geotechnical report, site surveys, and appointment of project managers complete.  Procurement Process undertaken for Architect, Structural & Engineering Services, Building Services, Fire Engineer, Quantity Surveyor and Planner all approved at the July TBHT meeting.  Developed design moved back to 2022/23 FY.	<b>Partially achieved</b>
	1.2  Identifying, canvassing and securing funding sources	1.2.1  20% of non-Council funding secured by 30 June 2022	The Museum Board has committed at least \$82,000 in the coming 22/23 FY to resource fundraising. This includes funding to employ a dedicated fundraising specialist.  EOIs have been submitted to the major	<b>Not achieved</b>



Strategic goal	Actions	Measures / KPI	Status as at 30 June 2022	Status
			<p>national capital project funders, including central government. These funds require that formal applications can only be submitted once resource consent is obtained. The consent process is timetabled for March – August 2023.</p> <p>The Trust is working with a confidential donor, who has informally pledged a significant donation. This donation may become the lead gift for further community fundraising.</p>	
<p><b>2.</b></p> <p><b>To be a highly valued visitor destination, educational facility and cultural tourism attraction</b></p>	<p>2.1</p> <p>Implement a programme which attracts a diverse local audience</p>	<p>2.1.1</p> <p>Design and deliver a varied visitor experience including at least four temporary exhibitions by 30 June 2022</p>	<ol style="list-style-type: none"> <li>1. Let Me Be Myself: The Life Story of Anne Frank 2/7 – 12/9/21</li> <li>2. Rarely Seen - Photographs of the Extraordinary 14/5 – 29/8/21</li> <li>3. Our Science Our Future - 100 Years of Cawthron 27/5 – 3/10/21</li> <li>4. Through the Eye of the Lens – Whakatū 21/10– 1/11/21</li> <li>5. Our Climate Future 21-29/10/2021</li> <li>6. Dinosaur rEvolution: Secrets of Survival Date 15/10/2021 – 27/3/2022</li> <li>7. Ablaze: The 2019 Tasman Fires 9/04/2022 - 8/5/2022</li> <li>8. Meltdown: Visualising Climate Change 3/6/2022 - 2/10/2022</li> </ol>	<p><b>Achieved</b></p>

Strategic goal	Actions	Measures / KPI	Status as at 30 June 2022	Status
			9. Colossal Squid: Freaky Features! Te Ngū Tipua: Ngā Wāhanga Weriweri! 26/05/2022 - 28/8/2022.	
		2.1.2 Implement at least one new accessibility initiative by 30 June 2022	Low sensory times were offered twice a week (one weekday and one weekend) for the duration of Dinosaur rEvolution.  Two i tours provided for low-vision groups. One through the Regional Gallery and the other through Dinosaur rEvolution.  Accessibility committee formed.	<b>Achieved</b>
		2.1.3 Implement at least one new initiative to encourage repeat family visitation by 30 June 2022	Dinosaur rEvolution Season passes implemented.  Education room drop- in resources created.  Large soft-block play blocks purchased and utilised at weekends and non-teaching days in the classroom.	<b>Achieved</b>
	2.2 Consolidating and attaining visitation targets in post-COVID environment	2.2.1 Achieve target visitation of 44,500 across all venues (excluding education) by 30 June 2022  <i>*based on average performance of the Museum over the 2017-20 pre-COVID operating period, minus 20% drop in</i>	<b>51,014</b> excluding education  Total visitation including education numbers: 56,120  High visitation to Dinosaur rEvolution ; however significant drop off in third quarter due to Omicron outbreak.	<b>Achieved</b>

Strategic goal	Actions	Measures / KPI	Status as at 30 June 2022	Status
		<i>overseas visitation</i>		
	2.3 Achieve annual Ministry of Education visitation target of 5,500 (including remote learning)	2.3.1 Achieve annual Ministry of Education visitation target of 5,500 (including remote learning) by 31 December 2021*	Visitation numbers strongly impacted by COVID-19  Visitation for 2021 calendar year: Total = 4,437 (2,154 were from the Tasman Area).  2021/22 FY: 5,106	<b>Achieved</b>
	2.4  Provide a high-quality customer service and visitor experience	2.4.1  Twice yearly customer surveys with rating of at least 85% satisfaction	Three surveys completed.  Dinosaurs exit survey showed 95% satisfaction rate.  Museum exit survey satisfaction rate: 100% (above 3 out of 5)  Museums Aotearoa survey: 100% satisfaction rate (above 7 out of 10)	<b>Achieved</b>
	2.5  Provide a high-quality educational service	2.5.1  Teacher evaluation satisfaction levels of at least 90%	100% Satisfaction	<b>Achieved</b>
<b>3.  To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations</b>	3.1  Providing content to district museums.	3.1.1  Provide at least one exhibition or public programme to a Tasman district facility by 30 June 2022	1. <b>Best in Show: The Nelson A. &amp; P.</b> Show on display at Richmond Library (Nov-21) 2. <b>Ablaze The 2019 Tasman Fires</b> on display in St Arnaud (Nov-21) 3. <b>Glorious Glass</b> on display at Richmond Library April – May	<b>Achieved</b>

Strategic goal	Actions	Measures / KPI	Status as at 30 June 2022	Status
	3.2	3.2.1	72 hours delivered	<b>Achieved</b>
	Providing advice, guidance, mentoring and support to smaller galleries, libraries, archives and museums within Nelson Tasman	Provide 50 hours of assistance to Te Taihū district museums and cultural organisations by 30 June 2022		
		3.2.2	Regional Hui at Motueka Museum on 5 August 2021, 11 attendees from 6 institutions and NSTP.  Online Hui May 12, 2022, with guest speaker Adele Fitzpatrick from Museums Aotearoa.	<b>Achieved</b>
	3.3	3.3.1	32 hours of assistance to The Suter Art Gallery for preparing digital display of tūpuna images, preparing loan agreements and objects for loan, and installation of He Raranga Kōrero Exhibition.	<b>Achieved</b>
	Collaborating with Nelson Tasman cultural heritage organisations and iwi	Participate in at least one collaborative project with a Nelson Tasman cultural heritage organisation or iwi by 30 June 2022.		
<b>4.</b>	4.1	4.1.1	Commissioning of two taonga by Layton Robertson of a kō (Māori digging stick and timo (grubber) with a carved reke (carved handle).  Food heritage items collected from Pic's, Penguino, Griffins factory and the Grape Escape. Conversations started with other	<b>Achieved</b>
<b>To continue to develop and provide appropriate care for a strong Collection which is relevant and valued by, and accessible to, Nelson</b>	Actively collecting objects that are strongly related to the history and cultural story of Nelson Tasman	Collect at least two relevant contemporary local objects or taonga by 30 June 2022		

Strategic goal	Actions	Measures / KPI	Status as at 30 June 2022	Status
<b>Tasman communities</b>			owner operators of food related businesses.	
	4.2 Provide access for our visitors to connect with the Collection, digitally, on-site and in the community	4.2.1 Provide at least five relevant outreach programmes by 30 June 2022.	<ul style="list-style-type: none"> <li>• Taonga Tūturu talk at NMIT, July 7.</li> <li>• Taonga Pūoro talk at Richmond Library, July 8.</li> <li>• Tūpuna event at Whakatū Marae 15 July</li> <li>• Table at Family History Month expo at Elma Turner Library, Aug 14.</li> <li>• Invitation Talk on Photo ID by Darryl for Society of Genealogists, 28 March.</li> <li>• Two drop-in sessions for using collections online 8 and 30 April, part of Tuku22</li> </ul>	<b>Achieved</b>
		4.2.2 Develop one new digital project by 30 June 2022	Project to make Geoffrey C. Wood images searchable funded by the Nelson Civic Trust. Work close to completion.	<b>Achieved</b>
	4.3 Prepare collection for relocation	4.3.1 Project plan for Collection relocation in place by 30 June 2022	Plan researched, written and completed.	<b>Achieved</b>
<b>5. To improve our sustainability performance.</b>	5.1 Measure and identify energy savings	5.1.1 Undertake and implement EMSOL Audit and Energy Management Plan Year 1 by 30 June 2022	<p>Year 1 of Energy Audit complete.</p> <p>Measurement and verification report received</p> <p>Energy saving recommendations identified to implement next FY</p>	<b>Achieved</b>

Strategic goal	Actions	Measures / KPI	Status as at 30 June 2022	Status
	5.2  Implement actions to improve sustainability performance	5.2.1  Implement at least one new staff driven initiative by 30 June 2022	Benchtop composting at Isel.  Soft plastics recycling underway at all sites.	<b>Achieved</b>

For the full summary of performance, see TBHT's Annual Report 2021/22.

## The Bishop Suter Trust (Suter Gallery)

Council established The Bishop Suter Trust (TBST) in 2008 as a Council Controlled Organisation to run the Suter Art Gallery. Its first statement of intent was adopted in June 2009. The art gallery is also part of the learning experiences outside the classroom programme for schools.

The Suter has been operating in its new redeveloped Suter Art Gallery at its historic Bridge Street site since it was completed in 2016/17.

### PERFORMANCE TARGETS

As set out in the table below, TBST has advised Council that it has achieved 17 out of 21 (81%) of the performance measures set out in its statement of intent.

<b>GOVERNANCE: Operate a successful visual arts centre and visitor destination:</b>	
Provide an arts centre and visitor attraction: That is open 362 days of the year with a minimum of 100,000 visits per annum to The Suter Report six monthly with visitor statistics and >85% of surveyed visitors "recommend visiting The Suter to others"	<p>Visitor numbers <b>not achieved</b>: The Suter was unable to achieve its target of being open every day, except Christmas Day, New Year's Day and Good Friday due to COVID-19 lockdown August -September of 2021. Total visits to the facilities were 90,179, 9% behind target which we may have achieved if it were not for COVID shutdowns and restrictions.</p> <p><b>Achieved</b>: Visitor satisfaction target: 499 survey respondents since 1/03/2022 and scored 9.4/10 for "How likely are you to recommend The Suter to a friend?".</p>
Ensure that The Suter is well managed and operates within its agreed plans: Reports, plans and budgets meet set deadlines. The Risk Management Plan is reviewed annually, and mitigation strategies identified are implemented (including cyber security, and response planning for natural hazards and climate change).	<p><b>Achieved</b>: Cyber risk mitigation occurs as part of supply agreement- no significant incidents. The Risk Management Plan undergoes a process of continuous rolling review of risks and mitigations through the Audit Risk &amp; Remuneration Cttee. Identified risks collated, monitored and progressively mitigated.</p> <p><b>Achieved</b>: Cyber risk mitigation occurs as part of supply agreement- no significant incidents. The Risk Management Plan undergoes a process of continuous rolling review of risks and mitigations through the Audit Risk &amp; Remuneration Cttee. Identified risks collated, monitored and progressively mitigated</p>
Implement an asset management plan (maintenance and renewals) in relation to The Suter facilities and develop an assets' renewal fund, to be achieved from operational cash surpluses (before depreciation) to fully fund the BST's share of depreciation, over time; Report on progress annually.	<p><b>Partially achieved</b>: Assets' renewal fund is established. Completed a review of the 10 Year property Plan. Surplus funds will not be able to be transferred at conclusion of the 2021/22 full year due to operational funding deficit.</p>

<p>Improve our sustainability performance: By undertaking an energy and carbon emissions audit by 31.03.2022, and a regular meeting cycle to identify and implement at least 2 sustainability and waste minimisation/recycling measures by June 2022: Monitor and report on energy and the impact of mitigations and changes 6 monthly.</p>	<p><b>Work in progress:</b> An energy and carbon emissions audit was conducted by EKOS which included some recommendations. An overarching sustainability strategy is being formulated. Energy consumption data is carefully monitored for different areas/functions e.g., theatre, galleries and over a number of years. Consideration and reviews of practices underway across retail, curatorial etc.</p>
<p>Be a good employer, fostering a culture of staff excellence and well-being by maintaining good employer policies, procedures and practices and providing a safe and healthy workplace. Report on observance of policies, health &amp; safety, turnover and related statistics.</p>	<p><b>Achieved:</b> Health &amp; Safety and Wellbeing: Safety improvements for identified hazards implemented. No hours lost to injury. COVID-19 safety measures implemented including vaccine passport. The Suter has not had to close due to COVID-19 staff shortages. The Trust implemented the Living Wage: All staff are on or above the Living Wage Staff turnover: 8 appointments made; 7 resignations.</p>
<p><b>VISITOR EXPERIENCE: Inform and engage the public through the visual arts:</b></p>	
<p>Provide a programme of regularly changing internally produced and externally sourced exhibitions: 10-15 exhibitions mounted per annum; Report six monthly on progress and provide services and experiences for at least 35 community groups.</p>	<p>Exhibition programming <b>achieved:</b> See appended list. 20 exhibitions held during the year: 16 were new exhibitions installed in the period including NSAS Spring and Autumn exhibitions: 13 exhibitions curated/developed by Suter staff, 3 touring (externally sourced); 8 used the collection extensively; 4 focussed on Nelson/Tasman region artists; 3 catalogues published, and an essay contributed to a touring show catalogue.</p> <p>Community groups target: <b>Not achieved.</b> 27 groups recorded undertaking tours, and/or given talks as part of Suter outreach</p>
<p>Develop a forward exhibition programme that is diverse and stimulating, including internally produced and externally sourced exhibitions; Exhibitions scheduled that meet the needs and interests of a broad audience. Report 6 monthly on progress.</p>	<p><b>Achieved:</b> Exhibitions are planned 12-28 months ahead, however COVID-19 continues to impact on programming, particularly for planned international sourced exhibits. Toi Māori exhibitions programmed.</p>
<p><b>LIFELONG LEARNING: Provide innovative educational opportunities:</b></p>	
<p>Provide learning experiences for regional school students that support their NZ curriculum studies based on The Suter's programmes and resources; Target is 3,100 students from 25 schools as per the Ministry of Education (MoE) LEOTC Contract</p>	<p><b>Achieved</b> LEOTC targets: On-site 148 LEOTC Educator led programmes delivered to 3,111 students accompanied by 773 helpers. On-site education delivery was disrupted by COVID-19 restrictions, so Educator delivered some programmes at schools: 12 programmes were delivered off-</p>



<p>Milestones &amp; post visit evaluations indicate 90% satisfaction ratings of "fine" to "great". At least one Education Advisory Committee meeting held per annum. Structured schools' education programme delivery target: 5,000 students per annum.</p>	<p>site to 296 students (total 3,407 students). 100% 'satisfied' or better ratings in evaluations of programmes by teachers. Advisory Committee met twice in period. 25 schools/ education providers attended education programmes at The Suter, all but 1 from the Nelson/Tasman region. The Suter Educator's 11 educational YouTube programmes and 2 on-line programmes continue to be available to teachers/schools and are accessed via The Suter's website under the Education online pages.</p>
<p>Provide public programmes which enhance appreciation and enjoyment of the visual arts; A minimum of 20 talks/ events/ activities are held per annum. Report 6 monthly on progress.</p>	<p><b>Achieved:</b> See appended: 32 events held: 18 daytime activities - talks, seminars etc. held; 14 evening events such as openings, shared events, and activities for volunteers. Note - some events are in conjunction with NSAS, or NSAS initiated, but held in Suter gallery spaces. See Appendix 2</p>
<p>Provide out-of-school and other art educational activities; Minimum 80 sessions of Suter Kids Club [SKC] and other community learning sessions are delivered per annum.</p>	<p><b>Achieved:</b> 170 SKC art classes delivered to 1,646 students and 51 classes for adults with 445 participating. Number of SKC classes delivered per week has varied from 4 to 6; adults 2 classes p.w.; children's holiday programme delivered in April 2022 school holidays; children's Japanese calligraphy programmes delivered by outside provider.</p>
<p>Provide and manage The Suter Volunteers' programme: That provides av.&gt;80 hours of contribution per month/ per annum. Report 6 monthly on progress.</p>	<p><b>Achieved:</b> Average monthly volunteer contribution of 102 hours. 10 volunteer events held including volunteer Sneak Peeks- previews of exhibitions, and volunteer get-togethers.</p>
<p><b>COLLECTION: Collect and preserve, record, communicate, and display our artistic heritage.</b></p>	
<p>Develop The Suter's Collection in accordance with The Suter's Collection Policy; All acquisitions and de-accessions approved by the Trust comply with the Collection Policy and related procedures and are reported six monthly.</p>	<p><b>Achieved:</b> The Suter's Collection Policy reviewed and approved. 16 additions to the Collection: 11 gifted works and 5 purchases. Note 1 of the artworks comprises multiple elements. See Appendix 3 for acquisitions</p>
<p>The Collection is stored, handled and exhibited safely and securely: The Collection is stored/displayed in environmental conditions that are in line with accepted museum practice (including temperature 18-22°C/ relative humidity 50-55%, pest control, archival materials, security and fire monitoring). There are no handling</p>	<p><b>Achieved:</b> No collection care incidents; Collection insurance coverage increased in response to valuation for insurance purposes conducted by expert art appraiser.</p>

<p>mishaps or other damage occurs to Collection items.</p>	
<p>Enhance knowledge of the collection: Collection records are significantly upgraded to increase accessibility and usability, as a part of a project to make the collection searchable on www.thesuter.org.nz: Collection records are upgraded; 2020/21 all copyright cleared collection items are uploaded to www.thesuter.org.nz; Loans, reproductions and other collection requests are met in a timely fashion; publishing occurs. Progress reported six monthly.</p>	<p><b>Achieved:</b> All collection items are listed on-line and those items with copyright clearance are illustrated. All loan and reproduction requests met. Curated continually playing 'slide' shows of works from the collection also screen in the Jane Evans Foyer. Nelson City Centre ArtWalk includes 26 reproductions of artworks from the Collection- tours conducted on ArtWalk. The Suter's Tasman ArtWalk project initiated, starting in Richmond. At year end 4 artworks reproduced on Richmond town centre walls; 2 "How to Look at Art" talks given at Richmond Library. See appendices.</p>
<p><b>COLLABORATIONS &amp; PARTNERSHIPS: Partnerships that grow The Suter®</b></p>	
<p>Strengthen The Suter's relationship with Iwi and Māori; Honour the kaupapa of the Memorandum of Understanding [MoU] with Ko Te Pouāranga [KTP]; KTP input to programmes and collection development; and co-develop toi Māori exhibitions. Report 6 monthly.</p>	<p><b>Achieved:</b> Iwi involvement for openings and significant events. Trustees and Director attend KTP hui. New kaupapa Māori curatorial approach introduced for He Raranga Kōrero exhibition and for future toi Māori exhibitions.</p>
<p>Develop a collaborative Partnership Plan that engages both commercial partners and philanthropic sponsors to provide additional funding and/or supply goods and/or services to achieve project and programme goals. Report 6 monthly on progress against our plan:</p>	<p><b>Achieved:</b> Jarden Sponsorship support of Fire &amp; Earth; The Blumhardt Foundation 4-year annual acquisition agreement; \$25K donation for The Suter Contemporary Art Project Kiss Me Hardy!; Wakatū Inc support for Stevei Houkāmau exhibition; Donations and 2 grants received for The Suter's Tasman ArtWalk project. Suter donation box/ Tap &amp; Go donations. Donations received towards July 2022 fundraising dinner and auction.</p>
<p>The Friends of The Suter [FOTS] and Legacy Group are enhanced; 2020/21 FOTS review carried out; 30 new FoTs memberships are enrolled p.a., activities and progress on patronage scheme reported six monthly.</p>	<p><b>WIP &amp; Achieved:</b> FOTs review is a work in progress- relaunch in August 2022. At year end there were 475 active FoTs memberships comprising 92 completely new memberships, 218 subscription renewals and 165 Life and Honorary memberships. Legacy Group enjoyed unique events and FoTS enjoyed a variety of events, and support rewarded with discounts on events, Suter Shop purchases and adult art classes</p>
<p>The Suter contributes to other organisations and initiatives to promote Nelson/Tasman visual arts and heritage and provides leadership in fields of expertise to support the Council's provision of social /cultural wellbeing: Report on contribution to the</p>	<p><b>Achieved:</b> Arts &amp; Heritage Strategy: Director participated in (Nelson) Arts Panel meetings including selection of street banners, mural designs etc., Suter liaising with Make/Shift Spaces on projects. Regional engagement: Curator &amp; Director 'curated' Level 7 BAM 2021 exhibition at</p>

<p>implementation of the Regional Arts Strategy, Heritage Strategy, regional museums network and other related initiatives; report on contribution nationally in areas of expertise:</p>	<p>NMIT. Curator on NMIT advisory panel. Curator regularly contributes to the NZ Ceramic's journal; Curator delivered How to Look at Art talks at Richmond Library, to Fresh Focus, Director talk at Nelson Historical Society; Contribution to Nelson Arts Festival and TUKU 22; Curator written texts for Nelson artists exhibiting outside of Nelson; Director- Capacity Partner (mentor) for the Springboard Trust Strategic Leadership for Principals Nelson/Tasman programme. The Suter Tasman ArtWalk initiated in Richmond -liaison with TDC staff, business groups, property owners and donors. Input to draft Arts Strategy. National/international contribution: Suter Educator has reinvigorated the NZ Museum Educators forum- hosting regular Zoom meetings; published scholarly articles; has 2 education focussed papers on Museums Aotearoa website. Suter hosted Victoria University Museum Studies intern for 1 month. Director- Session for students attending Massey University Dip. Museum Studies contact course, Massey Wellington campus; TED X event held in The Pastorius Waller Theatre @ The Suter; Director, review panel for Massey University Post Graduate Museum Studies.</p>
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For the full summary of performance, see The Bishop Suter's Annual Report 2021/22.

## FINANCIAL PERFORMANCE – THE BISHOP SUTER TRUST

	2022 (\$000)	2021 (\$000)
Revenue	1,375	2,048
Expenses	1,555	2,280
<b>Net Surplus Before Taxation</b>	<b>(180)</b>	<b>(232)</b>
Equity Brought Forward	20,591	20,823
Prior year /rounding adjustment	-	-
<b>Equity carried forward</b>	<b>20,412</b>	<b>20,591</b>

# CONTACT US

## WHAKAPĀ MAI

Civic House, 110 Trafalgar Street, 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 (9:00am on Wednesdays) in Civic House, corner Halifax and Trafalgar Streets.

### **Correspondence**

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson, 7040. Emails should be sent to [enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

### **Attend a Council meeting**

Council meetings are advertised in Our 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. Council meetings are also streamed live on Council's YouTube channel: [youtube.com/user/NelsonCouncil](https://youtube.com/user/NelsonCouncil)

### **Public forums**

There is currently a public forum at the beginning of most ordinary Council and Committee meetings where up to 30 minutes will be available for members of the public to speak to Council. (Note that five minutes is the time limit given to an individual speaker). You need to book a time before the meeting by contacting a Council Governance Adviser on 546 0200.

### **Petitions**

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Petitions need to be provided to the Chief Executive at least five working days before the meeting it is being presented at. For more information contact a Council Governance Adviser on 546 0200.