

Annual Report 2022/23

Pūrongo ā Tau

For the financial year ending 30 June 2023



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Mayor's Foreword

Kupu Whakataki

The 2022/23 financial year was challenging for Nelson City Council, dominated by the recovery from the August 2022 extreme weather event. As a newly elected Mayor, I had to get up to speed quickly on the extent of the damage and the repairs required. About 1200 people were evacuated from their homes during the emergency and the heavy rain caused more than 550 landslides.

At the peak on 24 August 2022, there were 104 red and 82 yellow placards on homes. As of 16 October 2023, there were 10 red 69 yellow – a reduction of more than 90% on red-stickered homes. Key infrastructure had to be fixed, such as the Maitai Dam raw water supply pipeline. Council has tried to build back better where possible to improve our resilience for future weather events. The closure of State Highway 6 to Marlborough triggered the need for a temporary air service to Blenheim and forestry road access for the isolated Kokorua community.

Despite some financial support from the Government, much of the cost of the huge recovery operation will fall on ratepayers. Net weather-related expenses totalled \$14.5 million in 2022/23, making up the bulk of a variance to budget of close to \$21.6 million for the year. Instead of a budgeted accounting surplus of \$6.9 million, we have an accounting deficit before revaluation of just over \$14.6 million.

Library services

Work is under way to strengthen the Elma Turner Library, which will extend its life. The Elma Turner Library was closed in June 2022 after it was discovered heavy ceiling tiles posed an earthquake risk and the ceiling grid itself in some areas was under 34% of the New Building Standard, meaning the library was earthquake prone. As work on the ceiling tiles progressed, buckling and splits in four trusses was discovered, requiring further strengthening work. The library has reopened in stages as the work has been completed and is expected to be fully reopened in early 2024.

eBus service

A highlight over the past year has been the build-up to the roll out of the new eBus service, which started on 1 August 2023. This extended bus service with a fleet of electric buses is the most important step to date in reducing Nelson's emissions. We've seen an increase in the number of journeys for September, which totalled 71,803, up from 67,944 in August. That August total was already a 68% increase on the number of journeys on the old NBus service.

Infrastructure renewal

Council continued its core work throughout the year, which includes the renewal of important infrastructure such as the Rutherford Street watermain, completed as part of a wider utilities upgrade. The bulk of the work on the Awatea Pump Station upgrade was also completed during the year, along with work on the Washington Valley stormwater upgrade project.

Housing and planning

A lack of affordable housing continues to be an issue in Nelson. Council has used its Housing Reserve and worked closely with community housing providers to get more homes built. There are no magic answers to this complex challenge but Council is keen to do its part.

To help cater for growth in the city and meet central government requirements, Council has suggested changes to its planning rules with proposed Plan Change 29. These are difficult issues and have caused contention between the need for intensification to meet housing needs and the effects on neighbourhoods of shading and loss of views throughout New Zealand.

New Chief Executive

The retirement in December 2022 of long-serving Chief Executive Pat Dougherty resulted in Council initiating the recruitment for a new CEO. We thank experienced local government executive Lindsay McKenzie for stepping into the role in the interim, between December 2022 and April 2023.

The Council welcomed Nigel Philpott to the CEO role in April 2023. Nigel's experience in senior public sector roles in Defence, Social Services and Industry Training, including as a successful CEO, puts him in a good position to lead Council staff for the next chapter in our 149-year history. The organisation faces financial and organisational challenges, compounded by significant government reforms. Nigel has settled well into role and is already making a positive difference to Council and the community.

Events

After the difficult years around the Covid-19 pandemic, it was wonderful to see thousands of people out enjoying some of Nelson's most popular events including the Santa Parade, Opera in the Park and Te Ramaroa. Council contracted and delivered 12 events or series of events over the year including Summer Movies al Fresco. It also partnered with community organisations to deliver popular activities such as the Multicultural Football Tournament, which was attended by more than 200 players and about 500 members of the community.

Highlights

Other highlights for the year included the completion of Te Pā Harakeke playground on the site of the old modeller's pond, the relining of the third pond in the beautiful Miyazu Gardens and more than 400 events and programmes run by Council in its libraries.

I expect another year of challenges and highlights ahead. My thanks to my fellow Elected Members, Council staff and members of the community who, like me, all want the best for Nelson.



Nick Smith

Mayor of Nelson: Te Koromatua o Whakatū

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Planning and Reporting Context

Council's planning and reporting processes centre on three key documents, as outlined in the following diagram.



This Annual Report is an important step in the planning cycle, as it outlines to the community how Council has performed against the commitments it made in its work programme for the year.

Council's Vision, Community Outcomes and Priorities - He Whakakitenga, He Whakaarotau

Council's Vision, Community Outcomes and Priorities for the 2022/23 year were set by the previous Council through the Long Term Plan 2021-2031 and incorporated into the Annual Plan 2022/23. The Annual Plan is available on Council's website at: <http://www.nelson.govt.nz/council/plans-strategies-policies/annual-plans/annual-plan-2022-23/>

Financial overview: year ended 30 June 2023

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 deficit before revaluations (for the year ended 30 June 2023) of \$14.6 million, which was \$21.6 million less than budget. An explanation of this variance can be found in note 40 to the Accounts section.

The deficit was \$14.6 million in the 2022/23 financial year, while in the 2021/22 financial year there was a \$23.5 million surplus. 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 2023, Council's borrowings, net of deposits and cash, were \$168.8 million, compared to the budget of \$161.0 million. This variance is mainly due to the August 2022 weather related expenditure, which is offset by Capital Expenditure not reaching the full programme.

This full Annual Report 2022/23 was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complies with International Public Sector 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 2023. The financial statements were authorised for issue by Council on 31 October 2023.

Partnerships with Māori and iwi

Ko ngā waka hourua

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

- Build genuine partnerships with all eight Te Taihū 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 2021-2031.

During 2022/23, actions undertaken to maintain and enhance Māori involvement in the decision-making processes of Council included the following:

- Council hosted 10 partnership hui with iwi across governance, management and operational groups and tabled 67 papers for discussion and input from iwi.
- In 2023 Council support iwi endorsed appointments and are working with iwi leaders to fill vacancies for:
 - Nelson Regional Sewage Business Unit
 - Nelson Tasman Regional Landfill Business Unit
 - Nelson Marina Management Board
 - Nelson Regional Transport Committee
 - Audit, Risk and Finance Committee
 - Joint Waste Management and Minimisation Plan Working Party

Te Parikaranga, Council's new iwi engagement platform was a finalist in the Local Government NZ Excellence Awards 2022; and the Annual Conference and International Conference 2022. The intention of the tool is to improve efficiency through centralising information to improve engagement with iwi on Council projects.

Taonga Tuku Iho, Heritage Strategy 2022-2032 was unanimously supported by the Council on 27 September 2022 with full endorsement from the eight iwi of Te Taihū.

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. One major focus of the strategy is Te Taihūtanga 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 as a bicultural strategy and adopted by Council in August 2022.

Te Kāhui Whiria (Māori Partnerships Team) and Council Kaumātua provided cultural support, leadership and guidance for approximately 30 events, including the opening of Te Pā Harakeke, Maitai Recreation Hub, the Tree planting for the Coronation of His Majesty the King, a pōwhiri for the former refugee community and Tirohanga Whānui Park to name a few.

Council's climate action

Mahere mahi

Responding to climate change is our biggest global challenge. At a local level, Council has a key role to play by both reducing its corporate emissions and supporting the community to reduce the Nelson region's emissions. Council also has a role in managing and minimising risk by helping Nelson to adapt to climate change effects, especially in relation to sea level rise, infrastructure planning, coastal inundation and flooding.

Mitigation (reducing emissions) and adaptation (adjusting to our changing climate) are closely linked – the more we collectively take action to reduce greenhouse gas (GHG) emissions at the global level, the better the chance that we will have fewer impacts to adapt to in the future.

Responding to Climate Change

Mitigation

Mitigation is about reducing greenhouse gas (GHG) emissions and enhancing carbon sinks (sequestration to remove greenhouse gases from the atmosphere).

Council has committed to emissions reduction targets for its own activities in line with government targets:

- Net zero emissions of all GHGs other than biogenic methane by 2050
- 10% reduction below 2017 biogenic methane emissions by 2030
- 24-47% reduction below 2017 biogenic methane emissions by 2050.

Adaptation

Adaptation is the process of adjustment to actual or expected climate and its effects. The challenge of adaptation lies with the uncertainty inherent to climate change impacts and risks.

To account for this uncertainty, Council has adopted the Dynamic Adaptive Pathways Planning (DAPP) approach, recommended by the Ministry for the Environment. This approach consists of assessing risks, developing strategic responses, and measuring progress in a continuous and repetitive manner. By using DAPP, Council can ensure that all decisions avoid increasing risks and mitigate impacts from climate change.

What Council is doing

Council is undertaking a wide range of climate change actions across all its activities, some of which are highlighted throughout the relevant sections of this Annual Report. The key actions during the 2022/23 year are outlined in the following paragraphs.

In 2022, Council began developing a Climate Change Strategy, which will set the vision, principles and goals that will guide Council and the community in climate action.

Council is working with Tasman District Council on a regional climate change risk assessment, which will build a comprehensive picture of how climate change is likely to impact the region.

Council completed its fifth operational carbon footprint for the 2021/22 financial year and also developed its first community carbon footprint for the region for the 2018/19 and 2019/20 financial years. This work allowed Council to model its GHG emissions, identify the highest sources of GHG emissions in the region, prioritise reduction initiatives, and initiate discussions to set targets.

Council has collaborated with iwi to maximise collective action to achieve climate change objectives through a project to build internal capability for iwi. The Council has assisted Ngāti Apa ki te Rā Tō on the development of an organisational carbon footprint, that has identified the highest sources of GHG emissions to prioritise reduction initiatives. The Council is now working alongside Ngāti Apa ki te Rā Tō to support other Te Taihū iwi in developing their carbon footprint. The second phase of the project will result in the development of emission reduction plans.

Through key partnerships we have delivered climate change events, workshops and information to our community. The funding awarded to Nelson Tasman Climate Forum supported the delivery of 30 climate action events during the Climate Action Week, attracting over 950 participants. These included electric vehicles (EV) and e-bike tradeshow, screening of a sustainability documentary about compost, stalls in farmers markets in Nelson, planting 800 seedlings, a rally for Travel Justice, webinars about transport, human rights and climate and urban regeneration and workshops to learn about composting, edible weeds and seed saving, among other activities.

Energy audits have helped Council understand its operational emissions and identify reduction initiatives in key areas. Council also held its first carbon-neutral event (Opera in the Park) in February 2023.

Council is completing recovery work from the August 2022 severe weather event in ways that make the city's infrastructure more resilient and that will help reduce the impact from future similar weather events. Taking this approach will cost more at the outset but it will aid the protection of life and property (private and public – including Council facilities, assets and reserves).

Planning and preparation work for the new Ebus (electric bus) service was undertaken during 2022/23. This service is designed to encourage more use of public transport by improving the bus fleet and increasing bus services throughout Nelson city and parts of Tasman district. The electric bus fleet is a contributor to reducing Nelson's emissions. The service commenced in August 2023.

Affordable Waters Reform

The 2016 Havelock North drinking water contamination incident, which resulted in four deaths, sparked a central government review in 2017 into the overall management and delivery of drinking water, wastewater, and stormwater (the 'Three Waters') services to New Zealanders. The review identified the need for a stand-alone water services regulator, and the development of new entities to manage three waters activities previously managed by councils.

Drinking Water Regulation

The Water Services Regulator Act 2020 came into force 1 March 2021 establishing Taumata Arowai as the new drinking water regulatory body.

Legislation and Council Submissions

Central Government released four pieces of legislation over the last three years on the proposed new entities structure, roles, powers, and delivery systems. Council submissions were made to the legislation highlighting key implications for Nelson (and the wider Nelson-Tasman region). The Government passed all legislation to give effect to the water services reforms before dissolution of Parliament on 31 August 2023, prior to the General Election.

Water Services Entities Ahead

In April and May 2023, the latest changes to the reforms were announced with the Three Water Reforms re-named "Affordable Water Reforms". The legislative changes mean there will now be 10 public water entities, with Council in the Te Taihū/Nelson-Tasman-Marlborough entity.

Every council is now represented on the Water Services Entity regional representative group (together with an equal number of mana whenua representatives). The deadline for getting all the new water entities up and running has been delayed from 1 July 2024 to 1 July 2026. Regions that are ready can launch a public water entity sooner.

Shared services arrangements are proposed, and there is potential for locally led, voluntary mergers of two or more entities.

Nelson City, Tasman District and Marlborough District Councils have begun discussions to establish the most appropriate form for the proposed entity. Matters being discussed include:

- Which existing council owned organisations will transfer to the new entity or remain in Council control. For example, the Nelson Regional Sewerage Business Unit which operates solely in the three waters utility area is likely to be transferred to the new entity, whereas Council Controlled Organisations such as Nelmac, that are not operating solely in the three waters utility area, may remain within Council control.
- Which land owned by the councils will transfer to the new three waters entity. Mixed use areas such as playing fields that also double as stormwater detention areas may remain with councils.
- Staff that are predominantly operating in the three waters area are expected to transfer to the new entity. There are several staff across the three councils, that

have a mixture of responsibilities in a range of service areas, who the councils' will need to consider (and work through with them) as to whether they also transfer.

- The potential implementation date - 1 July 2026 or sooner. In the meantime, the councils will continue to provide and fund water services during the establishment period for the entities, while meeting the transitional arrangements dealing with long-term planning, reporting, and rate setting obligations over this period.

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

Recovery from the August 2022 Severe Weather Event

A state of emergency was declared in Nelson on 17 August 2022 after continuous heavy rain caused severe landslips and flooding in the region. The rain caused more than 550 landslips in Whakatū Nelson and around 1,200 people were evacuated from their homes.

Properties affected were assessed and placards were used to indicate if a home was considered useable (white placard), partly usable (yellow placard) or entry was prohibited (red placard). At the peak of the event, 24 August 2022, there were 104 red and 82 yellow placards on homes. As of October 2023 there were 10 red and 69 yellow placarded properties, which was an almost 90% reduction.

The recovery from this weather event required a lot of seen and unseen work, including major damage repairs and support to impacted residents. This includes:

- Maitai Dam raw water supply pipeline fully repaired.
- 98% of trails are now open to the public.
- The Nelson Tasman Mayoral Relief Fund paid out \$834,000 in grants to 249 households. These include Mayoral Relief Fund applicants, as well as those affected by the SH6 closure and Small Rural Fund (MPI) applicants.

Further information on the event and recovery can be found here:

<http://www.nelson.govt.nz/services/weather-event-august-2022/>

Photographic updates of some of the recovery projects can be found here:

<https://shape.nelson.govt.nz/recovering-august-2022-weather-event>

The recovery from the August 2022 severe weather event and future resilience was also identified as an immediate focus area for the new Council that was sworn in on October 2022. Council's work programme will need to prioritise the repairs throughout the city and, where possible, build back in a way that makes the city's infrastructure more resilient to prepare for the impacts of our changing climate.

The recovery from the severe weather event impacted all activities across Council, and some of this has been noted in the activity highlights sections.

COUNCIL ACTIVITIES: YEAR ENDED 30 JUNE 2023

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 2021-2031.

Long Term Plans are prepared every three years, and the latest plan is the Long Term Plan 2021-2031. It was developed in 2020/21 and outlines Council's activities and planned programme of work for 2021/22 to 2031/32. It is available at Nelson Public Libraries, on Council's website at nelson.govt.nz or by contacting our Customer Service Centre on 546 0200.

The activity groups of Council are:

Transport - Te ikiiki	17
Water supply - Te ratonga wai	25
Wastewater - Te para wai	34
Stormwater - Te wai āwhā	41
Flood protection - Te ārai waipuke	47
Solid waste - Ngā para totoka	55
Environment - Te taiao	62
Social - Te pāpori	76
Parks and active recreation - Ngā papa rēhia me ngā mahi rēhia	84
Economic - Te ohaoha	92
Corporate - Te rangapū	97

In 2022/23 Council, including joint committees, had an agreed Annual Plan capital works programmed of \$78.1 million, excluding carry forwards. \$65.8 million of the approved Annual Plan budget plus carry forwards from the 2021/22 was spent across Council. The variance to budget of \$12.3 million was due to delays in capital expenditure resulting from the August 2022 weather event (for which \$4.4 million was spent on capital expenditure). These under-spends and delays 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 77.6% of its performance measures for 2022/23.

Activity	Measures achieved in 2022/23
Transport - Te ikiiki	1 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	1 of 3
Environment - Te Taiao	11 of 16 (2 weren't due for measurement in 2022/23)
Social - Te pāpori	5 of 5
Parks and active recreation - Ngā papa rēhia me ngā mahi rēhia	3 of 5
Economic - Te ohaoha	2 of 2
Corporate - Te rangapū	4 of 4
Total	52 of 67

The statement of service performance was prepared for the Nelson City Council Group, consisting of Nelson City Council and its subsidiaries, associates and joint ventures. A list of all entities is available in the "Notes to the Financial Statements" in Note 1. All measures reported in the statement of service performance in the Annual Plan 2022/23 relate to the performance of the Council.

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 system integrates with plans for housing intensification and City Centre living so that more people can walk or cycle to get around.

Highlights for 2022/23

Sustainable Transport

Creating a sustainable transport culture is a key priority in Nelson City Council's Long Term Plan 2021-2031, and Council adopted E Tū Whakatū – Nelson's Active Travel Strategy 2022-32. It is part of a suite of transport and planning strategies that aim to support the zero carbon emissions by 2050 target.

Parking Strategy

The new Parking Strategy for Nelson was approved by Council on 25 August 2022. The strategy provides a framework for how Council makes decisions on parking, which is one element of a holistic, sustainable transport system for Nelson.

New Public Transport System

Work in 2022/23 culminated in the successful launch of the wider region's (Nelson/Tasman) new bus service with the launch of 17 new electric buses on 1 August 2023.

The service will provide more buses, more often with the fleet operating on a half hour timetable on all urban routes around Nelson and Richmond, 7:00 am – 7:00 pm, 7 days a week.

Public transport will service the airport for the first time in Nelson's history, giving locals and tourists a cheap alternative to driving.

The electric buses are quiet and clean and will contribute to Nelson-Tasman reducing greenhouse gases associated with transport.

New Parking and Vehicle Bylaw

Council's Parking and Vehicle Control Bylaw 2011 (Bylaw 207) that regulates parking and vehicle control in Nelson was formally reviewed and will come into effect on 3 November 2023.

Stage 1 of the Railway Reserve lighting completed

A switched-on project to light a section of Nelson's popular Railway Reserve between Beatson Road and St Vincent Street (stage one) has been completed at a cost of \$529,000 with 51% subsidy from Waka Kotahi.

Stage two will include lighting the railway reserve to Saxton Road at Bunnings. Funding for this will come from a mixture of Council, Waka Kotahi and Three Waters Better Off Funding.

Other projects making the Railway Reserve more accessible include the continuation of the South Nelson Streets for People project, which will result in the creation of a safe route for pedestrians and cyclists from the Railway Reserve to Waimea Road. Work has also been completed installing a raised pedestrian table connecting the Railway Reserve across Songer Street in Stoke.

Streets for People

Nelson City Council was awarded funding from Waka Kotahi for a Streets for People Project, connecting the Railway Reserve to Waimea Road. This project is the next step to improve cycling and walking connections in the area, following the success of the award-winning Innovative Streets Project – Nelson South.

Community engagement for this project began in February/March 2023 with tactical installation or construction estimated to commence in September 2023.

Renewals and Maintenance

In 2022/23 there were 6.722 km of roads resurfaced/resealed, 96 metres of footpaths renewed and 66 new streetlights installed.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	<p>Through providing a range of transport modes that minimise the impact on the environment and encouraging the use of active transport.</p> <p>Investigating options to improve freshwater environments.</p>
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	<p>Through providing an effective and efficient transport system that meets the needs of residents and businesses.</p> <p>Optimisation of both maintenance and renewal expenditure is undertaken to ensure the least cost for the whole of the asset's life.</p>
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.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	<p>Through providing a transport network that takes account of our regional placement.</p> <p>Through engaging with our community and regional partners as the transport network adapts to the climate change emergency.</p>
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.

TRANSPORT SERVICE LEVELS AND PERFORMANCE

Measures from Year Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
A safe road network	Reduction in the number of death and serious injury (DSI) 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	There were ten death or serious injury (DSI) crashes on local roads in this financial year. This is a slight increase over the nine DSI crashes from 2021/22 but well down on the 20 from 2020/21. With the target to reduce DSI crashes by 40% from the 2020/21 level, the results from the last financial year sit below that reducing trend and therefore, while there has been a localised increase, the overall target is met.	Not 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	Smooth travel exposure is measured at 82% for the 2022/23 financial year. We expected the performance against this measure to decrease from last year as we catch up with renewals on our roading network. In 2021/22 this figure was 85%.	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	6.6 lane-km of a total 495 lane-km was resurfaced in the last financial year which is 1.3% of the network. The low amount of resurfacing is due to change in maintenance contractors and an emergency event diverting resources from business as usual. In 2021/22 2% of the road network was resurfaced. Unspent budget from this year was carried over to	Not achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
			be spread across the programme in 2022/23 and 2023/24.	
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 footpath condition survey was not undertaken in 2022/23, however, a complete assessment of the network was undertaken in 2021/22.</p> <p>The 2021/22 assessment determined that 85% of the network has a condition rating better than 4. This result includes shared paths and walkways.</p>	Not achieved
Accessibility Providing transport choices via public transport and efficiency - maximise movement of people via public transport	Annual number of bus patrons	Target to be informed by the public transport review 2022/23 target is 503,000.	<p>A total of 454,943 trips were taken on the public transport system in the last financial year.</p> <p>This represents a 42% increase from the patronage in the 2021/22 financial year, where the target was 488,000. It does not meet the 2022/23 target of 503,000 as per the Nelson Tasman Regional Public Transport Plan 2021-31.</p>	Not achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
Efficiency 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 Whakatū Cycleway	2022/23 – 25%	Census results for travel to work and school have not been published by StatsNZ yet so the results are unable to be reported in this annual report. Fine weather counts in February and July were cancelled due to bad weather, and any future counts were determined incomparable with previous counts. In 2021/22 this performance measure also could not be measured fully, with the measurement of walking and cycling rates a nationwide issue.	Not achieved
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	75% of transport related service requests were completed on time for the 2022/23 financial year. The result was affected by the flood event and procurement for new major contracts. New contracts are in place/underway so this result is expected to improve in the 2023/24 financial year. In 2021/22 68% of transport related service requests were responded to within five working days.	Not achieved.

FINANCIAL PERFORMANCE – TRANSPORT

Funding Impact Statement

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Actuals 2022/23 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	11,267	11,566	12,955
Targeted rates including water by meter	-	-	-
Subsidies and grants for operating purposes	4,152	4,225	9,543
Fees and charges	1,282	1,354	1,089
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,577	1,630	1,624
Total Operating Funding	18,278	18,775	25,211
Applications of operating funding			
Payments to staff and suppliers	13,387	13,697	22,322
Finance costs	-	-	105
Internal charges and overheads applied *	449	413	445
Other operating funding applications	-	-	-
Total applications of operating funding	13,836	14,110	22,872
Surplus (Deficit) of operating funding	4,442	4,665	2,339
Sources of capital funding			
Subsidies and grants for capital	4,059	4,299	2,736
Development and financial contributions	312	321	358
Increase (decrease) in debt	(492)	(287)	3,566
Gross proceeds from sale of assets	-	-	889
Lump sum contributions	-	-	-
Total sources of capital funding	3,880	4,333	7,549
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	145	101	229
- to improve level of service	3,687	4,623	4,089
- to replace existing assets	4,489	4,273	5,570
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding	8,322	8,997	9,888
Surplus (Deficit) of capital funding	(4,442)	(4,665)	(2,339)
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,442	4,665	2,339
Subsidies and grants for capital expenditure	4,059	4,299	2,736
Development and financial contributions	312	321	358
Vested Assets	2,322	2,392	1,006
Gains on sale	-	-	-
Depreciation	(8,645)	(9,085)	(11,663)
Other non-cash income	-	-	160
Other non-cash expenditure	-	-	(708)
Net Surplus (Deficit) before taxation in Cost of Service Statement	2,491	2,592	(5,772)

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 Affordable Waters Reform process aims to improve the regulation of drinking water, wastewater and stormwater in New Zealand – see page 12.

Highlights for 2022/23

In 2022/23, capital expenditure in the water supply activity was approximately \$5.4 million.

Key projects that were undertaken in the 2022/23 year include:

Residential Water Meter Replacement

Residential water meter replacement commenced in 2021 renewing approximately 15,000 residential meters across the city, and was completed in late 2022. The remaining approximately 3,000 meters will be renewed in the next 5-10 years as they get closer to the end of their service lives.

Rutherford Street Upgrade and Watermain Renewals

The Rutherford Street watermain renewal was completed as part of a wider multi-utilities upgrade in Rutherford Street. This links with the previously completed work on the Waimea Road section up to Hampden Street.

Watermain renewals were completed in parts of Garin Heights, Bolt Road, Grenville Terrace, Hill St North and Arapiki Road. These renewals continue the long-term programme to replace aging asbestos cement mains across the city that were installed in the 1950's.

Maitai Dam

Design work on the Maitai Dam aeration project has continued through 2022/23. Aeration of the dam will address the seasonal variation in oxygen content over the depth of the dam reservoir. Compressors have been ordered and site works are anticipated to begin in 2023/24.

Atawhai Reservoir

A new 2500m³ reservoir site and connecting trunk main across private property has been agreed in principle with four property owners. Once Council has easement and acquisition agreements planning can proceed for detailed design, resource consents and construction. A subdivision off Wakapuaka Road has already been approved and will accommodate the first stage of the trunk main that has been designed with a possible start on that work in 2023/24.

Fluoridation

In July 2022 the Director-General of Health issued Nelson City Council with a direction notice to fluoridate the Nelson drinking water supply. Design work has now been completed for the installation of fluoridation equipment at the Nelson Water treatment Plant with construction expected to be completed by April 2024. Central Government has confirmed that it will meet the expected capital construction costs of approximately \$909,000 ex GST.

Recovery from the August 2022 Severe Weather Event

A key focus of Council and Council staff has been on the recovery from the August 2022 severe weather event, particularly the repair of the Maitai raw water pipeline (a key lifeline asset).

Work as part of the recovery also included the construction of retaining walls to protect the clear water storage tank at the water treatment plant and major supply trunk mains across the city. To further improve the resilience of the water treatment plant and water supply networks a number of projects have been identified over the next four years.

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 Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
<p>Quality Good quality water</p>	<p>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)</p>	<p>100% compliance with parts 4,5 and 8 of the drinking water standards</p>	<p>100% compliance with parts 4,5 and 8 of the drinking water standards for the period 1 July 2022 - 31 December 2022. For the period 1 January 2023 – 30 June 2023 the drinking water quality compliance was assessed against the new Water Services (Drinking Water Standards for New Zealand (DWSNZ)) Regulations 2022 - with full compliance recorded for bacterial and protozoa tests and 99.9% compliance for the sampling frequency and 100% for the minimum chlorine residual. Compliance with the drinking water standards was also achieved in the 2021/22 period.</p> <p>This year’s compliance was again assessed by a suitably qualified independent drinking water quality expert 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.</p> <p>The independent assessor has checked the Drinking Water Quality Assurance Rules report against the DWSNZ and has confirmed that parts 4 (bacterial) and 5 (protozoa) of the Drinking Water Standards for New</p>	<p>Achieved</p>

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
			Zealand were met for the period 1 January 23 to 30 June 2023. Part 8 (chemical) has significantly changed and Council monitoring has been changed as a result. The assessor has confirmed that after looking at the Council's chemical results for 2023, that part 8 of the DWSNZ has been met for the period 1 January 23 to 30 June 2023.	
	<p>Total number of complaints per 1,000 connections about any of the following:</p> <ul style="list-style-type: none"> · 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 1,000 connections	<p>There has been a total of 26 valid complaints per 1,000 connections in 2022/23.</p> <p>There were 21 in the 2021/22 period.</p>	Achieved
<p>Reliability A reliable supply of water</p>	Average drinking water standard consumption per day per resident	Normal demand less than 500L per person per day. This includes both domestic and commercial-industrial	<p>Average drinking water standard consumption per day per resident was 275L per person per day in the 2022/23 year.</p> <p>In 2021/22 this was 290L/p/d.</p>	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
	% real water loss from the system ¹	Real water loss less than 25%.	% real water loss from the system was 22.1% in the 2022/23 year. In 2021/22 there was 19.7% real water loss.	Achieved
Customer Service 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 22 minutes for 2022/23. This was 24 minutes in 2021/22.	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 172 minutes for 2022/23. This was 152 minutes in 2021/22.	Achieved
	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 100 minutes for 2022/23. This was 99 minutes in 2021/22.	Achieved

¹ 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 2 (2022/23)	End of year comment 2022/23	Result 2022/23
	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 1113 minutes for 2022/23. This was 1283 minutes in 2021/22.	Achieved

FINANCIAL PERFORMANCE – WATER SUPPLY

Funding Impact Statement

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Actuals 2022/23 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates including water by meter	12,666	13,362	13,915
Subsidies and grants for operating purposes	261	-	628
Fees and charges	38	39	31
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	9	9	113
Total Operating Funding	12,974	13,410	14,687
Applications of operating funding			
Payments to staff and suppliers	7,337	7,489	10,046
Finance costs	-	-	-
Internal charges and overheads applied *	1,093	1,050	1,406
Other operating funding applications	-	-	-
Total applications of operating funding	8,430	8,538	11,452
Surplus (Deficit) of operating funding	4,543	4,871	3,235
Sources of capital funding			
Subsidies and grants for capital	-	-	-
Development and financial contributions	431	443	578
Increase (decrease) in debt	199	1,274	1,564
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	630	1,718	2,142
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	434	260	230
- to improve level of service	1,529	2,376	1,595
- to replace existing assets	3,210	3,953	3,552
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding	5,173	6,589	5,377
Surplus (Deficit) of capital funding	(4,543)	(4,871)	(3,235)
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,543	4,871	3,235
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	431	443	578
Vested Assets	1,306	1,345	1,648
Gains on sale	-	-	-
Depreciation	(5,007)	(5,237)	(6,572)
Other non-cash income	-	-	-
Other non-cash expenditure	-	-	(880)
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,273	1,423	(1,991)

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 Affordable Waters Reform process aims to improve the regulation of drinking water, wastewater and stormwater in New Zealand – see page 12.

Highlights for 2022/23

In 2022/23, capital expenditure in the wastewater activity was approximately \$11.6 million (excluding Nelson Regional Sewerage).

Key projects that were undertaken in the 2022/23 year include:

Awatea Pump Station Upgrade

Work on the Awatea Pump Station upgrade continued. This new pump station will have the capacity to receive wastewater from the whole of the Tāhunanui area and to mitigate wastewater overflows. Completion of the work is expected in 2023/24.

Atawhai Rising Main

The project to upgrade the Atawhai Rising Main is in the feasibility stage. Information for the various options is being compiled that will feed into stakeholder consultation anticipated to commence in 2023/24, leading into the design and consenting process when a preferred option is chosen.

Sewer main Renewals

Washington Valley and Rutherford Street sewer main renewals were completed as part of two wider multi-utilities upgrades. Completing this work with other upgrades significantly reduces cost and longer term disruption to the city.

Sewer mains were renewed in sections of Collingwood Street and Wolfe Street. This work allows Council to replace older earthenware pipes that have reached the end of their service lives with more durable products. An added benefit is the reduction of ground water infiltration into the network.

Nelson Wastewater Treatment Plant

Work continued on renewing the resource consent for the Nelson Wastewater Treatment Plant at the north of the city. The new application is expected to be lodged in 2023/24, well ahead of its expiry in December 2024.

Work also continued on planning additional planting around the wetland ponds and coastal land adjacent to the treatment plant. The planting is expected to be completed in 2024/25 and is targeting improvements to both the ecological and cultural health of the area.

Recovery from the August 2022 Severe Weather Event

A key focus of Council and Council staff has been on the recovery from the August 2022 severe weather event and the remediation of the damage to the wastewater reticulation in Devenish Place and Brook Street. This work has been completed and the network

returned to full operation. Some smaller repairs to other areas of the network will be undertaken over the next 1-2 years.

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 Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
Reliability A fully operational wastewater treatment system	Level of compliance of treatment plant with resource consent conditions	100% compliance	Full compliance in 2022/23. This was also achieved in the 2021/22 period.	Achieved
	Number of dry weather overflows from sewerage system, per 1,000 connections	Fewer than 15 dry weather overflows per 1,000 connections	There were three dry weather overflows per 1,000 connections in 2022/23. There were three dry weather overflows per 1,000 connections in 2021/22.	Achieved
Response 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 20 minutes for 2022/23. Median attendance time for wastewater call outs was 21 minutes for 2021/22.	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
	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 is 163 minutes year to date. Median resolution time for wastewater call outs was 191 minutes in 2021/22.	Achieved
Quality 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	Full compliance in 2022/23. Full compliance was also achieved in 2021/22.	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 17 per 1,000 connections for 2022/23. This was 12 valid complaints per 1,000 connections in 2021/22.	Achieved

FINANCIAL PERFORMANCE – WASTEWATER

Funding Impact Statement

	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates including water by meter	9,361	10,271	10,831
Subsidies and grants for operating purposes	353	-	531
Fees and charges	3,227	3,303	3,141
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,302	1,451	2,905
Total Operating Funding	14,243	15,025	17,408
Applications of operating funding			
Payments to staff and suppliers	8,843	9,041	11,723
Finance costs	-	-	-
Internal charges and overheads applied *	44	75	110
Other operating funding applications	-	-	-
Total applications of operating funding	8,887	9,116	11,833
Surplus (Deficit) of operating funding	5,356	5,909	5,575
Sources of capital funding			
Subsidies and grants for capital	3,473	-	(3)
Development and financial contributions	667	686	1,436
Increase (decrease) in debt	3,830	6,373	8,657
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	7,971	7,059	10,090
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	46	263	814
- to improve level of service	9,011	8,741	9,021
- to replace existing assets	4,269	3,965	5,830
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding	13,327	12,968	15,665
Surplus (Deficit) of capital funding	(5,356)	(5,909)	(5,575)
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	5,356	5,909	5,575
Subsidies and grants for capital expenditure	3,473	-	(3)
Development and financial contributions	667	686	1,436
Vested Assets	627	646	3,095
Gains on sale	-	-	-
Depreciation	(6,301)	(6,684)	(7,970)
Other non-cash income	-	-	-
Other non-cash expenditure	-	-	(331)
Net Surplus (Deficit) before taxation in Cost of Service Statement	3,822	557	1,802

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 Affordable Waters Reform process aims to improve the regulation of drinking water, wastewater and stormwater in New Zealand – see page 12.

Highlights for 2022/23

In 2022/23, capital expenditure in the stormwater activity was approximately \$14.0 million.

Key projects that were undertaken in the 2022/23 year include:

Washington Valley Stormwater Upgrade

The Washington Valley stormwater upgrade project in Hastings Street, between Washington Road and St Vincent Street, including an upgraded connection to the St Vincent Street stormwater culvert, was completed as part of the larger Washington Valley infrastructure upgrade to improve water, wastewater, and stormwater services in the area.

Little-Go Stream Stormwater Upgrade

The next stage, being stage two of three, of the Little-Go Stream stormwater upgrade along Rutherford Street and Waimea Road between Examiner Street and the Girls College playing field was completed in April 2023 and included water and wastewater upgrades. This is part of a multi-year project to complete the upgrade of Little Go Stream stormwater from Franklyn Street through to the sea.

Airlie Street and Wastney Terrace stormwater upgrades also commenced and both are expected to be completed in 2023/24.

Recovery from the August 2022 Severe Weather Event

Recovery works from the August 2022 storm event have been a large part of the other works undertaken in 2022/23. Multiple stormwater intakes and blocked pipes have had to be cleared and repaired across the city. This work is expected to continue for the next four years.

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	Nelson's environment is protected by an efficiently managed stormwater and flood protection network that minimises damage to the urban environment from rainfall events. 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.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater and flood protection network. Sufficient and appropriate stormwater infrastructure is provided to ensure the network does not present a barrier to residential or business growth.
Our infrastructure is efficient, cost effective and meets current and future needs	Council provides a good quality, sustainable and affordable stormwater and flood protection network to meet the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	Impacts on businesses and economic activity are minimised by understanding and managing the stormwater and flood protection network to protect people and property.

STORMWATER SERVICE LEVELS AND PERFORMANCE

Measures from Year Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
Environmental protection	Compliance with resource consents for discharge from the stormwater system, measured by number of: <ul style="list-style-type: none"> 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 in 2022/23. This was also achieved in 2021/22.	Achieved
Customer Response 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 1,000 connections per year	Total number of complaints was 20 per 1,000 connections for 2022/23. This were 10 complaints per 1,000 connections in 2021/22.	Achieved
Customer service Protection from damage to property	<ul style="list-style-type: none"> a) The number of flooding events that occur b) For each flooding event the number of habitable floors affected per 1,000 properties connected to the stormwater network 	No more than 10 per 1,000 properties with habitable floor damage in any one year	<ul style="list-style-type: none"> a) Two flood events occurred in 2022/23, one major event in August 2022, and another in May 2023. b) In 2023 there were a total of 2 properties per 1,000 connections affected. <p>In 2021/22 there was one localised flood event, and less than one habitable floor flooded per 1,000 properties.</p>	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
Customer service 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 10 minutes for 2022/23. This was 16 minutes in 2021/22.	Achieved

FINANCIAL PERFORMANCE – STORMWATER

Funding Impact Statement

	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates including water by meter	4,964	5,530	5,762
Subsidies and grants for operating purposes	194	-	1,306
Fees and charges	5	5	5
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	246
Total Operating Funding	5,163	5,535	7,319
Applications of operating funding			
Payments to staff and suppliers	2,210	2,107	4,123
Finance costs	-	-	-
Internal charges and overheads applied *	409	585	947
Other operating funding applications	-	-	-
Total applications of operating funding	2,619	2,692	5,070
Surplus (Deficit) of operating funding	2,544	2,843	2,249
Sources of capital funding			
Subsidies and grants for capital	-	-	30
Development and financial contributions	368	379	605
Increase (decrease) in debt	7,595	5,264	11,135
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	7,963	5,643	11,770
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	95	99	104
- to improve level of service	10,261	8,120	12,743
- to replace existing assets	151	267	1,172
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding	10,507	8,486	14,019
Surplus (Deficit) of capital funding	(2,544)	(2,843)	(2,249)
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,544	2,843	2,249
Subsidies and grants for capital expenditure	-	-	30
Development and financial contributions	368	379	605
Vested Assets	816	840	4,934
Gains on sale	-	-	-
Depreciation	(3,256)	(3,436)	(4,182)
Other non-cash income	-	-	-
Other non-cash expenditure	-	-	(442)
Net Surplus (Deficit) before taxation in Cost of Service Statement	473	626	3,194

Flood Protection

Te Ārai Waipuke

Council flood protection works include physical upgrades to rivers and streams to cater for flood water, 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 2022/23

In 2022/23, capital expenditure in the flood protection activity was approximately \$11.5 million.

Key projects that were undertaken in the 2022/23 year include:

Saxton Creek Upgrade

Works on the Saxton Creek Flood Protection Upgrade (Stage 4) is progressing, with work continuing on the section from Main Road Stoke through to State Highway 6. This segment of the creek is severely under-capacity with open and buried culverts / pipes able to handle at best a 1 in 5-year flood event. The upgrade will mean the area will be able to cater for a 1 in 100-year flood event. Expenditure for this section was approximately \$9.3 million in 2022/23, but is part of an approximately \$38 million upgrade and builds on approximately \$10 million spent on stages one, two and three already.

This work has received \$7.5 million of funding from Kānoa - Regional Economic Development & Investment Unit. This funding contributes towards projects that build more resilient river communities. This project will help to reduce the environmental, economic and social damage caused by flooding.

The Kānoa funding has helped bring this project forward, with new jobs being created. This supports local economies and their social wellbeing following the impact of COVID-19.

Recovery from the August 2022 Severe Weather Event

A key focus of Council and Council staff has been on gravel removal and bank reinstatement on many of the streams and rivers in the city in the aftermath of the August 2022 severe weather event. All urban and rural streams were also assessed for slip damage and prioritised in order of need. These repair works will continue over the next four years.

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	Nelson's environment is protected by an efficiently managed stormwater and flood protection network that minimises damage to the urban environment from rainfall events. 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.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater and flood protection network. Sufficient and appropriate stormwater infrastructure is provided to ensure the network does not present a barrier to residential or business growth.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable stormwater and flood protection network is provided to meet the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	Impacts on businesses and economic activity are minimised by understanding and managing the stormwater and flood protection network to protect people and property.

FLOOD PROTECTION SERVICE LEVELS AND PERFORMANCE

Measures from Year Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
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	<p>Multiple interventions for gravel removal and stream/river bank protection were made during the 2022/23 reporting year. A total estimated volume of 34,500m³ of gravel was extracted and rock protection implemented to protect river banks and reinstate channel capacity in watercourses throughout the district.</p> <p>Flood level surveys have been undertaken in the following catchments to inform analysis of network capacity: Maitai River, Brook Stream, York Stream, Oldham Creek, Todd Valley, Jenkins Creek, Poorman Valley Stream, Maire Stream, Wakapuaka River and Whangamoia River.</p> <p>In 2021/22 a 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.</p>	Achieved
		Flood event damage identified, prioritised and repair programme agreed between Council and the community	<p>Four community meetings were held in different parts of the district following the August 2022 flood. This was in addition to numerous individual meetings with property owners impacted by flooding and stream bank erosion.</p> <p>High, Medium and Low Risk sites for stream and river bank works have been catalogued in a GIS mapping tool. A</p>	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
			<p>programme has been developed to implement these works as follows: Low Risk - Monitor Site or address (if necessary) by 2029 Medium Risk - Address in the next 16 months to five years High Risk - Address in the next ten to 16 months Urgent - Address within the next ten months (Note that many urgent sites have already been addressed as of June 2023).</p> <p>In 2021/22 there were no major flood events that caused damage to assets.</p>	
		High priority work completed as soon as practicable	<p>High priority work is completed as soon as practicable.</p> <p>Works in quarter four have been completed in the following catchments:</p> <p>Maitai River (Urban) Brook Stream (Urban) Jenkins Creek (Urban) Todd Valley Stream (Urban) Saxton Creek (Urban)</p> <p>In 2021/22 there were no major flood events that caused damage to assets.</p>	Achieved
		Network components renewed to continue provision of original design service potential	<p>Major flood protection repairs were required to maintain waterways in 2022/23.</p> <p>Inventory of flood protection structures delivered in a GIS Package and NCC Flood Protection asset data has been updated accordingly. This was progressed through 2021/22 with the planned completion achieved for the 2022/23 year.</p>	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
	Develop risk based Maitai flood response options	Year 2: Develop concept designs for quick win projects	<p>Maitai flood management concepts further developed and tested through use of the catchment flood model.</p> <p>In 2021/22 the target was consulting with the community to refine options and initiate business cases. This was undertaken during that year.</p>	Achieved
	Develop city-wide flood protection strategies	Year 2: Engage with the community in priority catchments	<p>Modelling of flood management options is in progress for priority catchments (Jenkins Creek, Poorman Valley Stream).</p> <p>Iwi have been consulted on flood protection plans for the estuarine reach of the Jenkins Creek adjacent to the airport.</p> <p>Wide community engagement has not been undertaken however it is planned to integrate this with the Dynamic Adaptive Planning process.</p> <p>In 2021/22 the target was to identify flood management options in priority catchments. This was completed via an options report.</p>	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
<p>Customer service 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 1,000 properties</p>	<p>No more than 10 per 1,000 urban properties with habitable floor damage in any one year</p>	<p>a) Two flood events occurred in 2022/23, one major event in August 2022, and another in May 2023.</p> <p>b) In 2023 there were a total of 2 properties per 1,000 connections affected.</p> <p>In 2021/22 there was one localised flood event which did not cause significant urban stormwater catchment issues, and no habitable floor flooding occurred.</p>	<p>Achieved</p>

FINANCIAL PERFORMANCE – FLOOD PROTECTION

Funding Impact Statement

	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates including water by meter	2,237	2,852	2,827
Subsidies and grants for operating purposes	-	-	618
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding	2,237	2,852	3,445
Applications of operating funding			
Payments to staff and suppliers	746	1,023	3,222
Finance costs	-	-	-
Internal charges and overheads applied *	783	963	1,316
Other operating funding applications	-	-	-
Total applications of operating funding	1,529	1,986	4,538
Surplus (Deficit) of operating funding	708	866	(1,093)
Sources of capital funding			
Subsidies and grants for capital	3,756	2,830	2,750
Development and financial contributions	-	-	-
Increase (decrease) in debt	8,138	7,473	9,886
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	11,893	10,302	12,636
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	12,601	11,139	11,522
- to replace existing assets	-	29	21
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding	12,601	11,168	11,543
Surplus (Deficit) of capital funding	(708)	(866)	1,093
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	708	866	(1,093)
Subsidies and grants for capital expenditure	3,756	2,830	2,750
Development and financial contributions	-	-	-
Vested Assets	-	-	-
Gains on sale	-	-	-
Depreciation	(708)	(866)	(720)
Other non-cash income	-	-	-
Other non-cash expenditure	-	-	-
Net Surplus (Deficit) before taxation in Cost of Service Statement	3,756	2,830	937

Solid Waste

Ngā Para Totoka

ABOUT COUNCIL'S SOLID WASTE ACTIVITIES

Council's solid waste activities are focused on avoiding or reducing the creation of waste, 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 the delivery of the Rethink Waste Whakaarohia programme and the operation of the Nelson Waste Recovery Centre, collection of litter from on-street bins and the domestic kerbside recycling collection.

Funding is independent of residential rates and comes from income from landfill gate fees and central government levies.

The local municipal landfills at York Valley and Eves Valley are managed and owned by the joint Nelson Tasman Regional Landfill Business Unit, on behalf of the Nelson City and Tasman District councils.

Highlights for 2022/23

In 2022/23, capital expenditure in the solid waste activity was \$4.2 million.

Key projects that were undertaken in 2022/23 were:

Rethink Waste Whakaarohia Programme

Following on from its success in the 2021/22 year, the programme has continued to empower individuals and organisations through education, grants and other activities to avoid or reduce waste, including consolidating repair activities in Nelson.

The Don't Bin Batteries campaign has seen 2,000kg of batteries successfully diverted from landfill.

Nelson Waste Recovery Centre (NWRC)

The NWRC has continued to reduce the amount of refuse going to landfill. Volumes of recycling and diversion of green waste to composting is also increasing.

Through the NWRC no longer accepting electronic items with batteries, the Nelson Environment Centre e-cycling service has also seen significant increases in diversion of electronic waste. The battery drop-off programme has also contributed to diversion in this area.

Following a successful funding application to the Ministry for the Environment, construction commenced to expand the NWRC to include a construction and deconstruction reuse facility. Once operational (in 2023/24), this facility will further divert reusable materials from landfill.

Central City Litter Bins

54 solar powered compacting street litter bins are in operation in the central business area (CBD) being serviced by Nelson's first electric collection vehicle. These bins have resulted in a 70% reduction in CBD collections reducing noise and traffic disruption and reducing greenhouse gas emissions.

Recovery from the August 2022 Severe Weather Event

Ensuring continuity of services and support to residents was a priority after the August 2022 severe weather event. A range of additional services and resources were provided in the response and recovery to the flood such as providing solutions for flood contaminated waste, focused access to waste disposal at NWRC, and included ensuring the collection of synthetic refrigerants that were damaged in the event.

Regional Landfill

2022/23 was a successful year for the Nelson Tasman Regional Landfill Business Unit (LBU) with the finalisation of the purchase of the landfill gas boiler located at the Nelson Hospital, and successfully reducing the landfill emissions by the maximum amount (>90%) as measured using the NZ Emission Trading System regulations.

Activities undertaken by the LBU included the construction of access road upgrades at both Eves Valley and York Valley landfill, and construction of the first stage of the landfill leachate and stability improvements at the York Valley landfill. In addition, work has been undertaken developing the future landfill gas reuse system business cases.

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 Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
Measures to encourage the community to reduce waste to landfill	Reduction of waste per capita by 10% by 2030	Year 2: Total waste less than 545kg.	<p>Waste per capita for this year has been calculated at 580 kgs, down from a baseline of 613kg in 2018/19.</p> <p>While not meeting the target this good progress toward the 2030 target of 557kg set in the Joint Waste Management and Minimisation Plan.</p> <p>In 2021/22 waste to landfill per capita was 593kgs.</p>	Not achieved
Measures to encourage the community to increase composting of food and garden waste	Quantifiable diversion of general organic material from landfill	Year 2: Reduction of 3% from previous year	<p>The 2021 baseline Solid Waste Analysis Protocol (SWAP) reported that the putrescible waste per capita content to York Valley was 13,222 tonnes.</p> <p>The 2023 SWAP report identified 11,810 tonnes. This is a 10.68% reduction in organic and garden waste. This is a 3.6% reduction from the previous year.</p>	Achieved

Support for the collection and recycling of e-waste	Increase in diverted tonnes through e-waste, reuse shops, etc.	Year 2: Increase of 2% above 2021 baseline.	<p>E-waste recycling figures and other diverted materials will be weighed when the new forklift is fitted at the Nelson Waste Recovery Centre.</p> <p>A baseline of the principal 28 e-waste streams was established in 2021/22.</p>	Not achieved
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FINANCIAL PERFORMANCE – SOLID WASTE

Funding Impact Statement

	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates including water by meter	-	-	-
Subsidies and grants for operating purposes	200	1,027	523
Fees and charges	5,518	6,386	5,778
Internal charges and overheads recovered	2,687	2,472	3,475
Local authorities fuel tax, fines, infringement fees, and other receipts	2,700	3,087	2,728
Total Operating Funding	11,105	12,971	12,504
Applications of operating funding			
Payments to staff and suppliers	7,601	9,523	8,676
Finance costs	(18)	6	-
Internal charges and overheads applied *	2,717	2,498	3,544
Other operating funding applications	-	-	-
Total applications of operating funding	10,300	12,027	12,220
Surplus (Deficit) of operating funding	805	944	284
Sources of capital funding			
Subsidies and grants for capital	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,796	(67)	3,956
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,796	(67)	3,956
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	477	193	1,417
- to improve level of service	923	495	1,851
- to replace existing assets	1,235	475	972
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	(35)	(287)	-
Total applications of capital funding	2,600	877	4,240
Surplus (Deficit) of capital funding	(805)	(944)	(284)
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	805	944	284
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Vested Assets	-	-	-
Gains on sale	-	-	-
Depreciation	(525)	(678)	(514)
Other non-cash income	-	-	-
Other non-cash expenditure	-	-	-
Net Surplus (Deficit) before taxation in Cost of Service Statement	279	266	(230)

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 2022/23

In 2022/23, capital expenditure in the environment activity was approximately \$1.1 million. Key projects that were undertaken in the 2022/23 year include:

Harbourmaster

After the Harbourmaster services were brought in-house to Nelson City Council, the Harbourmaster achieved compliance with the Port and Harbour Safety Code and Maritime Transport Operator certification.

The Code manages safety around shipping activities, and is an agreement between ports, harbours and Maritime New Zealand. Compliance was achieved after a rigorous external review, aided by the establishment of a robust safety system. These accomplishments ensure improved safety in the water, including aids to navigation, harbour activities and provisions for emergency response.

Science and Environment

Project Mahitahi

Project Mahitahi is a multi-partnership, long-term project to restore the Mahitahi River's terrestrial ecosystems, led by Council. The project completed its Department of Conservation (DOC) Jobs for Nature \$2 million funding stream in November 2022, however, the project is able to continue through to June 2025 with Jobs for Nature funding from the Ministry for the Environment.

The project employed around 60 people over the two-year period of DOC funding, varying from full-time positions to temporary roles. Employees gained skills, experience, and qualifications and many have gone on to careers in conservation. More than 100,000 native plants have also been planted along the awa (river). The achievements of the project have strengthened relationships between Council, iwi, and the community, and Ngāti Koata, Ngāti Rarua, Te Ātiawa o Te Waka-a-Māui and Ngāti Kuia are now all represented on the Governance Group, alongside DOC and Council.

Collaboration

The Todd Valley Stream enhancement project involved teams from across Council working with Waka Kotahi to reinstate fish passage through the incorporation of nature by design in the stream works. These works created habitat suitable for inanga spawning and other freshwater/estuarine biodiversity, improving flood mitigation by increasing connectivity to the flood plain.

Council also began on the Wakapuaka subtidal mapping project, which is a collaboration between the DOC, Ngāti Tama, National Institute of Water and Atmospheric Research and Land Information New Zealand. The backscatter analysis section of this project is now complete.

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 Taihū iwi and other agencies. These collaborations support capacity building and assist in securing external funding for projects.

Integrated Catchments

The Integrated Catchments team was established in February 2023 to support the implementation of the Government's Essential Freshwater Package. Funding has been provided by the Ministry for the Environment for an additional two staff members for three years to support this work. The team will be focusing on regulatory requirements and non-regulatory actions to improve water quality in the region.

This team has also secured another four years of government funding from the Ministry for Primary Industries for the Hill Country Erosion Fund to support landowners, iwi and Council to reduce erosion across the region.

Recovery from the August 2022 Severe Weather Event

The Science and Environment team developed a monitoring project investigating post-August flood effects on the Wakapuaka/Delaware estuary. The project is currently in its implementation phase and will help to establish future post-flood monitoring protocols.

City Development

Housing

The lack of affordable housing continued to be one of the most significant challenges facing the Nelson region. In 2022/23 Council continued working with partners on many initiatives to help alleviate Nelson's housing crisis, including:

- Infrastructure Acceleration Fund application: accelerating infrastructure capacity in the city centre to enable greater housing intensification within the catchment.
- Working with Kāinga Ora to bring a social and affordable housing development to the city centre.
- Using Council's Housing Reserve to leverage an increase in social and affordable housing through Nelson's community housing providers, as recommended by the Community Housing Acceleration Taskforce.
- Plan Change processes to enable greater density and intensification across the city.

Bridge Street Linear Park

A goal of Te Ara ō Whakatū, the City Centre Spatial Plan, is to transform Bridge Street into an active transport corridor and linear park, offering a high amenity street scape to leverage housing, active transport and city centre revitalisation outcomes.

Council applied to the Government's Infrastructure Acceleration Fund in 2021/22 to fund the Bridge Street Linear Park (Rutherford Street to Collingwood Street), which included the associated underground infrastructure, a flood gate and increased capacity of the Paru Paru Road wastewater treatment pump station. The funding was confirmed, and Council entered into a funding agreement on 22 September 2022. A contract for design, management and construction services has been awarded, and design of this project will be underway in 2023/24.

Environmental planning

Housing Plan Change

Council continued work on a major housing plan change that was notified on 11 August 2023. This will enable more housing choice and supply opportunities in existing urban areas of Nelson that are near services, amenities and places of employment. Two private plan changes are also being processed, a 270 hectare residential development in Maitahi/Bayview (PC28) and an extension to the Nelson Airport runway and associated land (PC30).

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 nonregulatory programmes.
Our urban and rural environments are people friendly, well- planned and sustainably managed	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 infrastructure is efficient, cost effective and meets current and future needs	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 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	Council builds on its customer focused approach in its building, regulatory, and planning activities.

Community Outcome	Contribution
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	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 region is supported by an innovative and sustainable economy	Strategic partnerships with key partners including Te Taihū iwi and central government are strengthened to achieve even greater gains for Nelson's environment.

ENVIRONMENT SERVICE LEVELS AND PERFORMANCE

Measures from Year Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
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	<p>There was one exceedance in the Tāhunanui airshed at the "Nelson at Blackwood Street" monitoring site on 15 May 2023.</p> <p>The National Environmental Standards for Air Quality (NESAQ) allow for one exceedance per year so the site is still compliant with the NESAQ regulations for PM10.</p> <p>In 2021/22 there were no exceedances in any of the airsheds.</p>	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	<p>100% of the key bathing sites were monitored in the seasons of 2022 and 2023.</p> <p>There was one freshwater red alert exceedance in summer 2022. All marine sites had exceedances from storm events.</p> <p>The Health Protection Officer was notified of all events and this was reported to the public via appropriate signage and the Land Air Water Aotearoa website.</p> <p>In 2021/22 the same result was achieved.</p>	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
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 the delivery of the 2021/22 Operational Plan was presented to the Council at its 15 December 2022 meeting. In 2021/22 this report 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 target for the report is that it is completed in December 2023. This performance measure and target is proposed to be changed in the upcoming LTP. This will align with the five yearly window for State of the Environment (SOE) reporting, with the most recent report produced in 2019. In 2021/22 the State of the Environment web reporting programme was completed, with 2021 updates for water quality, and a new module for rainfall. However as above, this target could not be measured for this year, with the report due date placed in December 2023.	Not due for measurement in 2022/23
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 in 2022/23 and 2021/22.	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
Food safety and public health comply with legislative requirements	Respond to food safety complaints within one working day	100%	All six food safety complaints responded to within one working day. In 2021/22 the three food safety complaints were also 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%	Of the 316 consents decided this year, 57% were on time. COVID delays, the August 2022 storm event and subsequent availability of specialists and planners has collectively created a backlog of applications and impacted the ability to achieve timeframes. Despite this, slightly more consents have been decided than last year and the backlog has reduced significantly. In 2021/22 an average of 74% of resource consents were processed on time. All required monitoring was undertaken.	Not achieved
Provision of dog and animal control services	Respond to reports of dog attacks that have just occurred within 60 minutes	90%	All six urgent dog attacks responded to within one hour. In 2021/22 all 16 urgent dog attacks were responded to within one hour.	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	990 safety checks were undertaken in 2022/23. Maritime New Zealand funding enabled the employment of two summer interns to assist	Not achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
			with safety checks. In 2021/22 over 1,000 safety checks were also completed.	
	Inspect navigation safety aids and maintain, replace or provide additional aids as required	At least annual inspection	Regular checks and cleaning conducted with new lifting gear on the new HM vessel. In 2021/22 an annual inspection was undertaken.	Achieved
Sale of alcohol complies with legislative requirements	Inspect high risk premises at least two times each year	100%	In 2022/23 and 2021/22 all high risk premises were inspected twice.	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%	There has been 90.25% compliance for the granting of building consents and 99% compliance for the issuing of Code Compliance Certificates (CCCs) at year end for 2022/23. The vast majority of building consent granting breaches were incurred due to the disruption of the August 2022 weather events and the unavailability of geotechnicians to review building consents. Substantive compliance of 95% (for IANZ accreditation) has been achieved for the issuing of CCCs, but not for granting of building consents. In 2021/22 97% of building consents were granted within 20 statutory days and 96%	Not achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
			of code compliance certificates were issued within 20 statutory days	
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 2002	Year 2: 100%. City Amenity Bylaw (expires 11/09/2024)	Work on the City Amenity Bylaw is underway. In 2021/22 the target was to review the Urban Environments Bylaw. The amended bylaw came into effect on 1 June 2022.	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. Planned for 2023/24. In 2021/22 this monitoring was also not due.	Not due for measurement in 2022/23
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	Monitoring report completed and reported to the June Council meeting. Nelson currently has sufficient housing capacity for its part of the Urban Environment. The Housing and Business Capacity Assessment has been completed. Both Nelson and Tasman Councils adopted a Future Development Strategy in August 2022. Council has advertised Plan Change 29 which proposes changing parts of the Nelson Resource Management Plan to introduce more flexibility around housing policies and rules. The changes are being made in response to population growth and demand for housing	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
			<p>in the region and to fulfil Council's obligations under the NPS-UD.</p> <p>In 2021/22 a report was provided to the Urban Development Subcommittee on 9 November 2021.</p>	
The Compliance Strategy is reviewed for effectiveness	The effectiveness of the Compliance Strategy is reported to Council annually	Reported to Council each year	<p>The effectiveness of the Compliance Strategy was completed and reported to August 10 Council meeting. The report found that the level of enforcement actions is generally showing a steady declining trend apart from the noise category. The next steps are to focus resources on activities that aren't improving to encourage a greater level of compliance.</p> <p>In 2021/22 this was reported to the Environment and Climate Committee on 16 June 2022.</p>	Achieved

FINANCIAL PERFORMANCE – ENVIRONMENT

Funding Impact Statement

	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	11,285	11,981	10,880
Targeted rates including water by meter	-	-	-
Subsidies and grants for operating purposes	1,809	1,356	1,700
Fees and charges	243	247	517
Internal charges and overheads recovered	50	51	60
Local authorities fuel tax, fines, infringement fees, and other receipts	4,611	4,689	5,520
Total Operating Funding	17,997	18,325	18,677
Applications of operating funding			
Payments to staff and suppliers	19,120	20,860	20,007
Finance costs	-	-	-
Internal charges and overheads applied *	410	522	376
Other operating funding applications	-	-	-
Total applications of operating funding	19,530	21,383	20,383
Surplus (Deficit) of operating funding	(1,533)	(3,057)	(1,706)
Sources of capital funding			
Subsidies and grants for capital	-	-	130
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,248	5,289	2,656
Gross proceeds from sale of assets	-	-	52
Lump sum contributions	-	-	-
Total sources of capital funding	3,248	5,289	2,838
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	-	-	43
- to improve level of service	1,610	2,154	695
- to replace existing assets	175	78	394
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	(70)	-	-
Total applications of capital funding	1,715	2,231	1,132
Surplus (Deficit) of capital funding	1,533	3,057	1,706
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	(1,533)	(3,057)	(1,706)
Subsidies and grants for capital expenditure	-	-	130
Development and financial contributions	-	-	-
Vested Assets	-	-	-
Gains on sale	-	-	-
Depreciation	(117)	(190)	(177)
Other non-cash income	-	-	-
Other non-cash expenditure	-	-	-
Net Surplus (Deficit) before taxation in Cost of Service Statement	(1,650)	(3,247)	(1,753)

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 Opera in the Park and Te Ramaroa (Light Nelson). Campgrounds are also provided. Community development is funded to provide social services and support to the community, including through grants to community groups. 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 2022/23

Arts and Heritage

Events

Santa Parade

The Nelson Santa Parade is a large community event that showcases over 55 floats, seven multicultural groups and 30 community groups. The parade included over 800 participants of all ages and walks of life, and was enjoyed by an estimated 8,000-10,000 people who attended the parade. Council supports the Nelson Santa Parade Trust with an annual grant of \$16,000, and for this year, an extra \$20,000 to support the Nelson Santa Parade Trust's investment into increasing the sustainability of the parade.

Opera in the Park

Opera in the Park was shifted from 2022 to 2023 due to the COVID-19 pandemic. Delivered in February 2023, the event was a success with a record number of attendees and a highlight in the events calendar with Stan Walker, Annie Crummer and the Christchurch Symphony Orchestra performing at Trafalgar Park. Naming rights sponsorship from the local branch of New Zealand Sotheby's International Realty, allowed the event to have new features and better production to host very popular high quality performers. With the sponsorship extending to another two events, the next New Zealand Sotheby's International Realty Opera in the Park in 2025 is looking very promising.

Te Ramaroa

Te Ramaroa was an extraordinary success, captivating both locals and visitors over five nights during June and July 2023. The festival brought together a diverse range of local and national artists, showcasing their talent and creativity through stunning light installations that illuminated the city streets. The free community event not only lifted spirits during the winter season but also provided a much-needed boost to the local economy, injecting a sense of vibrancy into many businesses.

Community Events

In the last financial year, the Council contracted and delivered 12 different events or event series, such as Summer Movies al Fresco and Music Mix, resulting in a total of 34 events for an estimated 20,000 attendees. Partnerships with community groups and organisations allowed for a greater diversity of events, attendees and performances, while locations such as Victory Community Centre and Pūtangitangi Greenmeadows provided great venues for different communities to get involved.

Community Partnerships

Multicultural Football Tournament

Led by Council with support from FC Nelson, Multicultural Nelson Tasman, Health Action Trust and Sport Tasman, the tournament was a huge success with 16 teams competing over two days during March 2023. Representatives from our Colombian, Bhutanese, Cambodian, French, Myanmar (Chin and Karenni) and broader Latin American community joined with teams from Nelson City Council, FC Nelson and NZ Police in celebrating the game. Over 200 players and around 500 community members attended over the two days.

Community Funding Workshops

In May 2023, Council delivered two community funding workshops in partnership with Tasman District Council, the Department of Internal Affairs and the Rātā Foundation. The workshops aimed to support community and not-for-profit organisations to develop sustainable funding approaches. Over 200 community organisations attended the workshops.

Community Facilities

Libraries

In this past year, Nelson's Public Libraries demonstrated the vital role it plays within the community, by making collections and services more accessible for different ages, backgrounds, and cultures as Council adapts to the changing needs of Whakatū.

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. The response from the community demonstrates the strong relationship Council has with individuals and organisations. Groups offered alternative spaces to host Library programmes, and the Stoke and Nightingale Libraries had an increased usage. Strengthening work was carried out on part of the library building, meaning that some areas could reopen to the public in July and a larger 'Pop-up Library' was opened on 25 January 2023. Structural damage was found in the roof trusses at the end of April 2023, which delayed the expected full reopening in July. The extra strengthening work requires an additional \$940,000 and another seven months to complete with the full library planned to reopen in January 2024.

Throughout this disruption, the public has shown the value our community places on library services as our collections continue to be well-used and membership continues to grow. A total of 1,784 members joined the library in the past year, while 557,866 items were issued in 2022/23, including 105,216 digital items and 452,650 physical items. The digital collection continues to grow with eBook usage increasing by 16.8% and audiobooks by 21.1%.

We are aware that our libraries are often the first places that people new to Nelson visit. Council strives to reflect the diverse cultures through its library programmes, collections,

and spaces. This includes, expanding picture books printed in various languages, and holding displays for events such as Ramadan. In March Council partnered with Multicultural Nelson Tasman and ran Nelson's first Living Library where individuals could 'check-out' a human book for a conversation as a way of getting to know one another. As the digital divide becomes a more pressing issue for our communities, Council has responded by offering digital drop-in sessions at Age Concern, partnering with the Digital Inclusion Alliance Aotearoa to provide affordable internet modems, and completing 191 Book a Librarian inquiries on a variety of topics from applying for jobs to navigating devices. During the recent local elections and the 2023 Census our libraries also demonstrated their role as a safe and neutral space for the public, as it was a place voting papers could be dropped off and library staff ran sessions for the public to assist with completing Census forms.

Despite the challenges, over 400 events and programmes were run by the Council in its libraries during the year. They echoed the diversity within our communities with regular children and parent groups, knitting groups, Virtual Reality tours, a Rainbow Storytime, Empowered Allyship talk with Q-Youth, science workshops for children, author talks, 'Tea and Talk' sessions, live music performances, and a variety of public talks. These events continue to get a high attendance reflecting the diversity of programmes and services a modern library offers.

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	Council partners with community groups to help them deliver events and other roles within the community. Young people are supported to participate in our community through the likes of Youth Council and events.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Community achievements are celebrated through awards. Council promotes agencies and groups working on telling and involving the community in our stories.
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	Council provides leadership opportunities for our young people through Youth Council, cadetships and Youth Development Grants. It supports networks in the community sector to become stronger. Partnerships are created to achieve Council outcomes and meet community needs.
Our region is supported by an innovative and sustainable economy	Youth are supported through actions from the Youth Strategy. Council helps develop community leaders and celebrates community contribution.

SOCIAL SERVICE LEVELS AND PERFORMANCE

Measures from Year Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
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	<p>The Community Investment Fund was fully allocated to 31 small grant applicants and 39 strategic grant recipients, this included more than one new project that achieved the outcomes of the funding agreement.</p> <p>In 2021/22 the second round of small grants was successfully allocated, with funding supplemented by additional Ministry of Social Development contributions.</p>	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	<p>Quarter 4 funding round was carried out successfully by the Arts Council Nelson in April. Money was allocated after being assessed by the grant panel.</p> <p>This funding was also fully allocated in 2021/22.</p>	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	<p>In 2022/23 there were 104,272 visitors to Founders Heritage Park and the two heritage houses (Isel and Broadgreen).</p> <p>In 2021/22 there were a total of 60,920 visitors for the year.</p>	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
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.	The Council Events Team contracted and delivered 12 different events or event series, such as Summer Movies al Fresco and Music Mix, resulting in a total of 34 events for an estimated 20,000 attendees. 10 of which were free or low cost events. In 2021/22 seven events were delivered. Many events were cancelled due COVID 19 restrictions.	Achieved
		Event audience surveys indicate satisfaction of 70%.	Over 85% satisfaction from events audience surveys. In 2021/22 feedback from event audiences was above 70%, with 85% satisfaction at <i>Young and Funny</i> , and 100% satisfaction at <i>The Originals</i> .	Achieved

FINANCIAL PERFORMANCE – SOCIAL

Funding Impact Statement

	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	14,523	15,392	16,310
Targeted rates including water by meter	-	-	-
Subsidies and grants for operating purposes	197	200	397
Fees and charges	969	898	1,369
Internal charges and overheads recovered	1	1	-
Local authorities fuel tax, fines, infringement fees, and other receipts	867	919	995
Total Operating Funding	16,557	17,411	19,071
Applications of operating funding			
Payments to staff and suppliers	14,720	14,849	16,397
Finance costs	-	-	-
Internal charges and overheads applied *	1,041	1,115	1,185
Other operating funding applications	-	-	-
Total applications of operating funding	15,761	15,963	17,582
Surplus (Deficit) of operating funding	796	1,447	1,489
Sources of capital funding			
Subsidies and grants for capital	24	437	115
Development and financial contributions	-	-	-
Increase (decrease) in debt	4,377	5,919	1,125
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	4,401	6,356	1,240
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	568	1,748	399
- to improve level of service	3,794	5,696	1,669
- to replace existing assets	1,028	552	721
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	(193)	(193)	(60)
Total applications of capital funding	5,197	7,804	2,729
Surplus (Deficit) of capital funding	(796)	(1,447)	(1,489)
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	796	1,447	1,489
Subsidies and grants for capital expenditure	24	437	115
Development and financial contributions	-	-	-
Vested Assets	-	-	-
Gains on sale	-	-	-
Depreciation	(1,355)	(1,393)	(1,381)
Other non-cash income	-	-	33
Other non-cash expenditure	-	-	(306)
Net Surplus (Deficit) before taxation in Cost of Service Statement	(534)	491	(50)

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 recreation 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 2022/23

Grove Street Reserve extension

In late 2022 Council purchased a property fronting Grove Reserve and subsequently removed the house to extend the green space. This has provided a safer reserve with better visibility and access. An interpretation board was installed to provide information on the Italian community that established in The Wood, and which pioneered the tomato growing industry in Nelson.

Te Pa Harakeke play space

November 2022 saw the completion of a lengthy programme of work to disestablish the old modeller's pond, remediate the contaminated land, and develop a natural play area on the site using materials that reflect the nearby beach and estuary. The playground, Te Pā Harakeke, is designed around a stormwater discharge area and is built to accommodate the king tide when water enters the area by design and ties in with the Nelson Society of Modellers' railway track. The area was designed with the input of the community and iwi. Te Pā Harakeke won the healthy park of the year award at the Recreation Aotearoa Conference 2023.

Miyazu Pond relining

Miyazu Gardens, one of Nelson's seven public gardens, is built on a historic landfill site which over time has settled resulting in the concrete base of the three ponds cracking and leaking water. The first two ponds were remediated a number of years ago, however the third, and most complex pond, has taken some time to arrive at a design solution and be prioritised in the wider work programme. This work was finally completed this year, with a walkover in June 2023 with members of the Miyazu Sister City Group.

Recovery from the August 2022 Severe Weather Event

The August 2022 weather event created considerable damage to the parks and reserves network, including over 200 slips which damaged tracks and affected private property. A significant number of bridges were damaged including both of those that span the Matai River at the Waahi Taakaro Golf Course/Maitai Hub. The recently completed pump track at the Maitai Hub was also destroyed. Remediation work is still underway at the end of the financial year however the vast majority of tracks have now been opened and work is well underway to reestablish bridge connections and reinstate other features that were damaged. The weather event has resulted in a number of projects and work programmes being deferred from 2022/23. Many repairs in the Maitai Valley from the August event were re-damaged in the May 2023 event.

Marina Masterplan

On 29 September 2022 Council approved the Nelson Marina Masterplan after a public consultation period that saw 91% of respondents in favour of the plan. This plan will shape the future of the marina precinct by extending boat yard services, offering more berths, providing a sea sports facility and increasing capacity.

There is a strong emphasis on attracting the public to enjoy the precinct through the establishment of cafes, restaurants, and a public promenade, while enhancing security, water quality, services and facilities for marina customers. All of this will be achieved while reducing the marina's carbon footprint, improving the marina environment, and considering and designing to mitigate the current and future effects of climate change, including increased storm event frequency and sea level rise.

Governance Change

In September 2022 Council approved the formation of a Management Council Controlled Organisation to be responsible for the day to day running of Nelson Marina and delivering on the Nelson Marina Masterplan, on behalf of Council. Nelson Marina Management Limited is a wholly owned company by Nelson City Council and has a board of five directors, including one seat dedicated for Māori representation as determined by Te Tauihu iwi. As at the end of 2022/23 the board was selected with management control planned to be taken over through a management agreement on 1 September 2023.

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
Our unique natural environment is healthy and protected	<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 to protect and enhance our biodiversity, including in the ultramafic zone where a number of 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.</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>
Our urban and rural environments are people-friendly, well planned and sustainably managed	<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>
Our infrastructure is efficient, cost effective and meets current and future needs	<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
Our communities have access to a range of social, educational and recreational facilities and activities	A wide range of healthy, accessible and safe recreation opportunities are provided that meet community needs and improve wellbeing. 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. Use of reserves for community events is encouraged.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Council works with a range of trusts, clubs, codes and community groups, and often undertakes development through co-funding agreements. Saxton Field continues to be developed in partnership with Tasman District Council.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	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. Council reserves provide venues for a range of festivals and events that showcase the region's creativity, often in a unique setting.
Our region is supported by an innovative and sustainable economy	Quality reserves and recreation opportunities enhance quality of life, and thus form 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.

PARKS AND ACTIVE RECREATION SERVICE LEVELS AND PERFORMANCE

Measures from Year Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2021/22
Parks and recreation service that meets or exceeds residents' expectations	Residents (%) that are satisfied with Council provided parks and recreation	80%	Results from the Residents' Survey 2022/23 showed that 73% of residents were satisfied with parks and recreation. In 2021/22 85% of surveyed users were satisfied with Council provided parks and recreation services.	Not 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 0.90 hectares of neighbourhood parks per 1,000 residents calculated in 2022/23. Parks that have been added to the neighbourhood parks network during the 2022/2023 are the Grove Street Reserve and Tirohanga Whānui Park in Atawhai. In 2021/22 this figure was 0.94 hectares.	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 2022/23 98.75% urban residential properties were within 800 m walking distance of publicly accessible open space. In 2021/22 this figure was 99.05%.	Achieved
Play facilities that are conveniently located	Urban residential properties (%) within 1000m walking distance of a playground	95%	In 2022/23 95.58% of properties are within 1000 m of a playground. In 2021/22 this figure was 99.06%.	Achieved
Marina managed to meet demand.	Occupation for Marina berths (both permanent and visitors)	>95%	Total marina berth occupancy for 2022/23 was 96.8% In 2021/22 this figure was 96.8%.	Achieved

FINANCIAL PERFORMANCE – PARKS AND ACTIVE RECREATION

Funding Impact Statement

	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	14,132	14,679	15,329
Targeted rates including water by meter	-	-	-
Subsidies and grants for operating purposes	45	46	218
Fees and charges	576	601	536
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3,622	3,806	4,535
Total Operating Funding	18,375	19,132	20,618
Applications of operating funding			
Payments to staff and suppliers	13,456	13,742	21,382
Finance costs	-	-	-
Internal charges and overheads applied *	1,901	1,879	2,329
Other operating funding applications	-	-	-
Total applications of operating funding	15,357	15,621	23,711
Surplus (Deficit) of operating funding	3,018	3,511	(3,093)
Sources of capital funding			
Subsidies and grants for capital	734	444	341
Development and financial contributions	1,850	1,904	4,804
Increase (decrease) in debt	2,613	1,940	4,841
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	5,197	4,288	9,986
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	2,398	3,133	3,523
- to improve level of service	2,188	652	1,002
- to replace existing assets	3,630	4,013	2,368
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding	8,216	7,798	6,893
Surplus (Deficit) of capital funding	(3,018)	(3,511)	3,093
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,018	3,511	(3,093)
Subsidies and grants for capital expenditure	734	444	341
Development and financial contributions	1,850	1,904	4,804
Vested Assets	-	-	-
Gains on sale	-	-	-
Depreciation	(3,774)	(3,872)	(3,465)
Other non-cash income	-	-	-
Other non-cash expenditure	-	-	-
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,828	1,986	(1,413)

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 2021-2031 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 2022/23

Project Kōkiri 2.0

The Nelson Tasman Regeneration Plan 2021-2031 (Project Kōkiri 2.0) is a ten-year outlook plan, originally established as a response to the impacts of COVID-19 and extended as an ongoing collaboration on how the region can build back a stronger economy. In 2022/23 Council endorsed the final version of the plan and the NRDA continued to lead the oversight and delivery of this work. This included running the Kōkiri Forum, bringing together Nelson City Council, Tasman District Council, the Nelson Tasman Chamber of Commerce, iwi, Multicultural Nelson Tasman, tertiary education and relevant regionally based public agencies.

Strengthening our blue economy

The NRDA was a founding and contributing partner of Moananui, providing seed funding and collaborating with the blue economy sector. It helped build and present a business case to Government to support the establishment of the regional blue economy cluster. This work secured \$500,000 of funding from the Ministry for Primary Industries, across two years, to support the formal establishment and ongoing development of the cluster.

The NRDA will continue to work closely with the cluster and support investment attraction targeting growth of the blue economy sector.

Events

Events are an important part of Nelson's culture and economy, and Council continued to provide support to the sector in 2022/23. The removal of COVID-19 restrictions boosted confidence in the sector and saw international attendees returning to events.

A wide range of events continue to be supported through the economic stream of the Nelson Events Fund, including in arts and culture, sports, and promotion of local industry. These events stimulated local spending, and many attracted attendees from outside of the region. In 2022/23, the estimated return on investment for these economic events was an average of 32:1, exceeding the Nelson Events Strategy target of >20:1.

Supporting local businesses

The NRDA supported 413 businesses in 2022/23 and an additional 70 companies were supported on an ad-hoc basis through the Regional Business Partner Programme. It also provided specific support to businesses following the August 2022 severe weather event.

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 Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
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.	<p>Twenty six economic events were approved in 2022/23, which are estimated to attract a total of 53,000 attendees, of which 13,735 (26%) are expected to be from out of town.</p> <p>In 2021/22 twenty seven events were approved which were estimated to attract 41,359 visitors, of which 38.3% were expected to be from out of town.</p>	Achieved
	Return on NCC economic events fund	>20:1	<p>Approved Economic Events completed the year with an average estimated Return On Investment (ROI) of 32:1.</p> <p>A wide range of events continue to be supported via the Economic Events Fund. Of note are the local community organisations who have developed event concepts and built capability and capacity to attract out of town attendees. In 2022/23 these included the NZ Highland Dancer of the Year, National Roller Derby Tournament, three mountain biking events this past summer, Nelson Jewellery Week and the performance season for the Professional Theatre Company with their production of Mr & Mrs Macbeth of Dodson Valley Road.</p> <p>In 2021/22 there was an average ROI of 37:1.</p>	Achieved

FINANCIAL PERFORMANCE – ECONOMIC

Funding Impact Statement

	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	2,570	2,574	2,417
Targeted rates including water by meter	-	-	-
Subsidies and grants for operating purposes	320	326	325
Fees and charges	10	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding	2,900	2,900	2,742
Applications of operating funding			
Payments to staff and suppliers	6,123	2,659	2,664
Finance costs	-	-	-
Internal charges and overheads applied *	71	135	76
Other operating funding applications	-	-	-
Total applications of operating funding	6,194	2,794	2,740
Surplus (Deficit) of operating funding	(3,294)	106	2
Sources of capital funding			
Subsidies and grants for capital	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,294	(106)	(52)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	3,294	(106)	(52)
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	(50)
Total applications of capital funding	0	0	(50)
Surplus (Deficit) of capital funding	3,294	(106)	(2)
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	(3,294)	106	2
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Vested Assets	-	-	-
Gains on sale	-	-	-
Depreciation	(38)	(38)	(2)
Other non-cash income	-	-	-
Other non-cash expenditure	-	-	-
Net Surplus (Deficit) before taxation in Cost of Service Statement	(3,332)	68	0

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.

There are several Council Controlled Organisations (CCOs), Trading Organisations (CCTOS) and Council Organisations (COS) set up by the Council to deliver both public benefit and strategic outcomes for the city (see pages 191 - 218). Council also manages a small portfolio of properties.

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 2022/23

Preparation of Annual Plan 2023/24

The Annual Plan 2023/24 was prepared in 2022/23 and adopted in June 2023. It outlines variances in budget for the 2023/24 year from what was presented in year three of the Long Term Plan 2021-2031. The average rates increase is 7.2% which was no more than the inflation rate at the time the plan was written.

Information Technology

Work continued to improve Council's information technology security. Council approved Nelson City joining a consortium of nine regional councils to implement a shared software solution to meet the special requirements for procedures and reporting for regional projects. Several projects were implemented to enable staff to work effectively in any location, increasing resilience in the case of an emergency.

Millers Acre

The Millers Acre re-cladding project aimed to improve the weathertightness of the building. The final stage of the project to install the new cladding was completed in June 2023.

Civic House

The decision was made in September 2022 to place the refurbishment project for staff accommodation facilities at Civic House on hold. The Civic House Taskforce (Te Roopū Te Whare Kaunihera) was formed to consider items relevant to the redevelopment of Council staff accommodation. A role of the Taskforce is to work with staff to develop a new business case for the long term strategic consideration of Council staff accommodation. The Indicative Business Case is planned to be completed to allow for funding considerations in the Long Term Plan 2024-2034.

Strategic Property Purchases

25-27 Bridge Street was purchased to provide for a short term bus hub while plans are developed for a new bus hub at Millers Acre. The site will remain as a strategically important property for the development of the Bridge Street Linear Park development.

41 Halifax Street was purchased to support changes required for public parking as a result of the Millers Acre bus hub proposal.

Emergency Management

The severe weather event of August 2022 caused flooding and multiple landslides in the Nelson Tasman area, which resulted in hundreds of home evacuations. During this time, the Nelson Tasman Emergency Operations Centre worked to ensure safety, respond to the needs of the community, support welfare and get residents back into their homes where it was safe to do so.

The Nelson Tasman Emergency Management Office and Response Team were awarded with a Certificate of Appreciation in recognition of their assistance and response to the North Island Severe Weather Events in early 2023.

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 Two of the Long Term Plan 2021-2031

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
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 2: 2% increase in satisfaction level from year 1 baseline	<p>Overall there was an increase from the established baseline for two out three elements of the performance measure (18% and 25% respectively). When combined the measure can be considered to be achieved as the increase in the two elements outweighs the small decrease in the "information provided" category (-12.5%).</p> <p>12.5% reduction in satisfaction with information provided (from 4.8/10 average to 4.2/10) 18% increase in ease of feedback (from 6.7/10 average to 7.9/10) 25% increase in satisfaction with options for providing feedback (from 5.9/10 average to 7.4/10).</p> <p>There was not sufficient data to create a baseline for the 2021/22 year. The baseline was established from data collected up until the end of the 2022 calendar year, and the first half of the financial year for 2022/23.</p>	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. In 2021/22 all reports were satisfactorily received.	Achieved

What Council will provide	Performance Measures	Target Year 2 (2022/23)	End of year comment 2022/23	Result 2022/23
Promotion of Te Taihu Māori/iwi participation in decision-making processes.	Collaboration between iwi and Council is promoted and resourced.	Expert staff to provide advice and engage iwi leaders to support opportunities	<p>Te Taihu Mayors from Nelson City Council, Tasman District Council and Marlborough District Council met with eight iwi Chairs in March and June 2023 through the Te Taihu Mayors and Chairs Forum.</p> <p>Council is also currently recruiting Māori (iwi endorsed) governance appointments to a Council Controlled Organisation, two business units and two Council taskforces.</p> <p>In 2021/22 the Iwi-Council Partnership Group met three times. Reports were presented on a variety of topics.</p>	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.	<p>The EOC met NEMA requirements at its last review.</p> <p>In 2021/22 the EOC also met Ministry of Civil Defence and Emergency Management requirements.</p>	Achieved

FINANCIAL PERFORMANCE – CORPORATE

Funding Impact Statement	Long-term Plan 2021/22	Long-term Plan 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	(495)	(668)	(3,246)
Targeted rates including water by meter	-	-	-
Subsidies and grants for operating purposes	121	5	532
Fees and charges	4,105	5,089	4,918
Internal charges and overheads recovered	6,719	7,386	9,259
Local authorities fuel tax, fines, infringement fees, and other receipts	4,583	5,357	2,787
Total Operating Funding	15,033	17,169	14,250
Applications of operating funding			
Payments to staff and suppliers	11,823	12,769	12,930
Finance costs	3,189	4,072	6,920
Internal charges and overheads applied *	652	785	1,060
Other operating funding applications	-	-	-
Total applications of operating funding	15,664	17,626	20,910
Surplus (Deficit) of operating funding	(631)	(457)	(6,660)
Sources of capital funding			
Subsidies and grants for capital	-	-	30
Development and financial contributions	-	-	(1,398)
Increase (decrease) in debt	41,952	38,430	(12,334)
Gross proceeds from sale of assets	-	1,526	843
Lump sum contributions	-	-	-
Total sources of capital funding	41,952	39,955	(12,859)
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	355	342	313
- to improve level of service	398	104	1,054
- to replace existing assets	4,197	3,257	1,720
Increase (decrease) in reserves	-	-	(1,312)
Increase (decrease) in investments	36,372	35,796	(21,297)
Total applications of capital funding	41,322	39,498	(19,519)
Surplus (Deficit) of capital funding	631	457	6,660
Funding balance	0	0	0

Reconciliation between the net surplus/(deficit) or 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 2022/23	Actuals 2022/23
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	(631)	(457)	(6,660)
Subsidies and grants for capital expenditure	-	-	30
Development and financial contributions	-	-	(1,398)
Vested Assets	-	-	-
Gains on sale	-	-	-
Depreciation	(1,524)	(1,441)	(1,709)
Other non-cash income	-	-	2,068
Other non-cash expenditure	-	-	(1,697)
Net Surplus (Deficit) before taxation in Cost of Service Statement	(2,155)	(1,897)	(9,366)

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Summary of Capital Expenditure Over \$100,000

Project	Carry Over 2021/22 (\$000)	Estimate 2022/23 (\$000)	Available 2022/23 (\$000)	Actual 2022/23 (\$000)
Corporate				
Civic House				
Capital: Furniture & Fittings: Renewals	106	43	149	122
Civic House Refurbishment	-	2,266	2,266	13
Civic House Renewal Programme	63	175	238	13
Rental Properties				
25-27 Bridge St	-	-	-	292
Administration				
IT Infrastructure Hosting Investigation	-	567	568	516
EDRMS Replacement	215	-	215	280
Core Systems enhancement	-	297	297	250
Computer Hardware - Network Devices	-	44	44	203
Computer Hardware - Client devices	-	83	83	189
IRIS Next Generation	-	-	-	160
Capital: Motor Vehicles	(11)	103	92	49
Asset Management System enhancements	-	103	103	11
Corporate Projects under \$100,000	162	418	580	485
Total Corporate	535	4,099	4,635	2,583
Scope Adjustment	-	(397)	(397)	-
Total Corporate Less Scope Adjustment	535	3,702	4,238	2,583
Economic				
Economic Projects under \$100,000	-	-	-	-
Total Economic	0	0	0	0
Environmental Management				
Monitoring the Environment				
Healthy Streams	-	119	119	149
Plant & Equipment EM	75	174	249	103
City Development				
CBD Enhancements	101	504	605	231
Streets for People	47	1,544	1,592	84
Navigational Safety				
Renewal: Boat/Trailer	-	-	-	386
Environmental Management Projects under \$100,000	-	138	138	179
Total Environmental Management	223	2,479	2,703	1,132
Scope Adjustment	-	(248)	(248)	-
Total Environmental Less Scope Adjustment	223	2,231	2,455	1,132

Flood Protection				
Saxton Creek Stage 4 Upgrade	885	10,757	11,642	9,302
Flood Recovery Channel Bank protection	-	-	-	768
Flood Mitigation	-	155	155	230
Inventory of Urban Streams	4	77	81	191
Maitai flood management	(2)	258	255	118
Flood Recovery 2022 River Stream Improvements	-	-	-	108
Coastal Inundation Modelling	-	206	206	19
Brook Stream Catchment Improvements	51	118	170	17
Coastal Response Strategy Implementation	-	103	103	-
Flood Protection Projects under \$100,000				
Flood Protection Projects under \$100,000	56	699	755	790
Total Flood Protection	994	12,373	13,367	11,543
Scope Adjustment	-	(1,204)	(1,204)	-
Total Flood Protection Less Scope Adjustment	994	11,169	12,163	11,543
Parks & Active Recreation				
Public Gardens				
Miyazu Garden Pond Relining	-	129	129	408
Neighbourhood Parks				
Land Purchase: General Reserve	804	879	1,683	2,429
Grove Street Reserve Extension	-	-	-	117
Reserve Development Programme	141	440	581	7
Landscape Reserve				
Retired forestry block conversion programme	17	145	162	156
2247 Landscape Reserves	-	108	108	13
Capital: Mountain bike Tracks	-	272	272	-
Esplanade & Foreshore Reserves				
Modellers Pond Solution	474	237	711	726
Wakefield Quay sea wall renewal	-	2,060	2,060	-
Walkways				
Tāhunanui Beach to Great Taste Trail (airport)	(109)	-	(109)	112
Sports Parks				
Renewals: Services Sports Parks	50	49	100	167
Renewals: Access/Carparks	-	99	99	103
Capital: Minor Development Sports Parks	-	103	103	59
Saltwater Creek bridge (Haven Rd - Traf Park)	-	212	212	13
Capital: Trafalgar Park Stand Removal	-	181	181	12
Trafalgar Centre				
Trafalgar Centre storage solution	-	103	103	-
Pools				
Renewals: Minor Assets Pools	-	134	134	122
Play Facilities				
Bayview reserve playground	-	-	-	419
Stoke Youth Park	-	-	-	120

Playground Development Programme	100	33	133	32
Marina				
Marina: Pontoon renewal programme	-	146	146	180
Health & Safety Improvements	305	-	305	107
Capital: Minor Development Marina	81	103	184	-
Water Sports Building	-	556	556	-
Saxton Field				
New cycle/path development	30	206	236	184
Saxton Oval surface renewal	17	288	305	32
Regional Community Facilities				
Water sports building at Marina	-	374	374	-
Parks & Active Recreation Projects under \$100,000				
	424	1,764	2,186	1,374
Total Parks & Active Recreation	2,334	8,621	10,954	6,892
Scope Adjustment	-	(823)	(823)	-
Total Parks & Active Recreation Less Scope Adjustment	2,334	7,798	10,131	6,892
Social				
Founders Park				
Collection Store	25	577	602	45
Nelson Library				
Library Ceiling strengthening	200	-	200	1,249
Book Purchases	30	371	401	268
Elma Turner Library Extension/ Relocation	-	3,368	3,368	116
Stoke Hall				
Stoke Hall Remediation	-	2,014	2,014	11
Marsden Valley Cemetery				
Cemetery Capacity Purchase	-	1,339	1,339	-
Brook Camp				
Brook Camp Building Renewals	6	-	6	155
Capital: Buildings	109	51	160	6
Social Projects under \$100,000				
	46	1,129	1,174	938
Total Social	416	8,849	9,264	2,788
Scope Adjustment	-	(852)	(852)	-
Total Social Less Scope Adjustment	416	7,997	8,412	2,788
Solid Waste				
Joint Landfill	-	1,132	1,132	4,229
Solid Waste Projects under \$100,000				
	-	36	36	11
Total Solid Waste	0	1,168	1,168	4,240
Stormwater				
Rutherford Stage 1 - Stormwater Upgrade	(13)	3,605	3,592	6,451

Washington Valley Stormwater Upgrade	(116)	2,256	2,139	2,149
Wastney Terrace stormwater (private drain programme)	153	103	256	1,760
Haven/St Vincent Culvert renewal	-	155	155	994
Centennial Park pump station outfall and stormwater Treatment	663	103	766	711
Airlie St	42	52	94	292
Flood Recovery Minor Stormwater Improvements	-	-	-	235
Cawthron Crescent	1	31	32	174
Tāhunanui Hills Stormwater Catchment 4 - Bisley Ave	371	62	433	117
York Terrace	47	103	150	100
Vanguard Street Levels of Service	-	309	309	95
Tāhunanui Hills Stormwater Catchment 9 - Moana Ave to Rocks	-	103	103	8
Capital: Freshwater Improvement Programme	50	154	204	8
Tāhunanui Hills Stormwater Catchment 3 - Days Track	-	978	978	-
Toi Toi St Upgrade	-	206	206	-
Vested Assets				
Vested Assets. Stormwater.	-	840	840	4,934
Stormwater Projects under \$100,000	47	1,166	1,213	925
Total Stormwater	1,245	10,226	11,470	18,953
Scope Adjustment	-	(900)	(900)	-
Total Stormwater Less Scope Adjustment	1,245	9,326	10,570	18,953
Transport				
Subsidised Roding				
WC 212 Sealed Road Resurfacing	-	1,339	1,339	1,486
WC141 Maitai Valley Road Flood Repairs	-	-	-	1,018
WC225 Renewals: Footpaths	217	1,236	1,453	585
WC341W Railway Reserve Lighting	12	694	706	493
WC 341W Railway Reserve Songer Street	19	-	19	383
WC 222 Streetlight renewals	-	309	309	309
WC141 Flood Recovery - Unspecified	-	-	-	270
WC 111 Sealed Pavement Heavy Works	23	154	177	237
WC141 Devenish Place Flood Repairs	-	-	-	151
WC141 Cable Bay Road slip repairs	-	-	-	128
WC141 Slip Repair Maitai Road	-	-	-	104
WC 341L Streetlight Improvement	-	103	103	83
WC 224 Cyclepath renewals	8	103	111	70
WC341W Quarantine Road Bridge Footpath (at Bolt Rd)	15	360	376	37
WC216 Trafalgar Centre Footbridge	3	212	216	32
WC 324 Nelson Future Access Study	175	1,133	1,308	14
WC 213 Drainage Renewals	61	165	226	14
WC 341 Minor Improvements	-	618	618	9
WC 341W: Toi Toi St upgrade	-	494	494	-
WC 341 Associated Improvements	-	206	206	-

WC222 Washington Valley Streetlight renewal	-	124	124	-
WC 341 New Footpaths	-	360	360	-
WC 222 Traffic Service Renewals - Signals	63	74	137	68
WC215 Structure replacement	53	57	110	15
Unsubsidised Rooding				
Street Garden Development	95	154	249	141
Airport Bus Improvements	-	-	-	134
Wastney Terrace cul de sac	-	-	-	128
Road Drainage Improvements	53	155	208	65
Structures replacement	60	103	163	-
Parking & CBD Enhancements				
Renewal: CBD aesthetic elements	83	165	248	263
Millers Acre Centre				
Strategic Land Purchase	-	-	-	978
Building Improvements	64	-	64	946
Public Transport				
WC532 PT Minor Improvements	-	206	206	130
Vested Assets				
Vested Assets. Unsubsidised Rooding	-	2,392	2,392	1,006
Transport Projects under \$100,000				
Transport Projects under \$100,000	726	1,393	2,118	1,600
Total Transport	1,730	12,309	14,040	10,897
Scope Adjustment	-	(920)	(920)	-
Total Transport Less Scope Adjustment	1,730	11,389	13,120	10,897
Wastewater				
Awatea Place Pump station	142	4,656	4,797	3,878
Washington Valley Sewer Upgrade	344	1,586	1,930	1,708
NWWTP Resource Consent Renewal	86	515	601	660
Collingwood St Sewer renewal Manuka to Bronte	(14)	-	(14)	637
Rutherford St (Little Go Stream) Renewal. Wastewater	-	515	515	631
Flood Recovery 2022 - Wastewater Improvements	-	-	-	611
Renewals Pump stations	-	288	288	577
NWWTP renewals	-	314	314	278
Flood Recovery 2022 - Devenish Place	-	-	-	243
Pipe Renewals - Wolfe Street	-	-	-	208
Renewals Swallow Rising Main Watercourse Crossings	34	-	34	200
Pump Station upgrades	-	206	206	169
Wastewater Pipe Renewals	9	1,545	1,554	144
NWWTP Wetlands Plant renewal	-	258	258	130
Wastewater model calibration	-	155	155	128
Pump station resilience improvement programme	-	155	155	127
SCADA Upgrade	-	126	126	122
System Performance Improvements (Overflow Reduction / I&I)	-	103	103	97
NWWTP Minor Upgrades	-	103	103	93

Rising/swallows renewals	-	103	103	8
Nelson Regional Sewerage	-	2,776	2,776	4,106
Vested Assets				
Vested Assets. Wastewater	-	646	646	3,095
Wastewater Projects under \$100,000	44	672	717	910
Total Wastewater	645	14,722	15,367	18,760
Scope Adjustment	-	(1,108)	(1,108)	-
Total Wastewater Less Scope Adjustment	645	13,614	14,259	18,760
Water Supply				
Rutherford St (Little Go Stream) Renewal	-	464	464	1,233
Arapiki Watermain renewal	111	-	111	662
Hill Street North Watermain Renewal	-	-	-	538
Headworks Upgrades	-	355	355	292
Dam Upgrades	29	1,184	1,213	285
Water Treatment Plant Upgrades	-	278	278	222
Renewals: Commercial Meters	-	165	165	202
Capital: Backflow Prevention	-	180	180	188
Bolt Road Watermain Renewal- Stage 3	-	-	-	163
Water Treatment Plant Renewals	-	160	160	148
Telemetry/Control Upgrade	-	129	129	132
Garin Heights - Brooklands Way - Watermain Renewal	124	-	124	130
Renewals: Headworks	-	118	118	126
Capital: Atawhai No.2 Reservoir	5	154	159	104
Water Loss Reduction Programme	-	155	155	90
Natural Hazards Risk Remediation	81	103	184	89
Renewals: Water Pipes	-	1,854	1,854	28
Washington (Rentone to Watson) water renewal	-	1,288	1,288	-
Vested Assets				
Vested Assets. Water Supply	-	1,345	1,345	1,648
Water Supply Projects under \$100,000	87	711	799	746
Total Water Supply	437	8,643	9,081	7,026
Scope Adjustment	-	(709)	(709)	-
Total Water Supply Less Scope Adjustment	437	7,934	8,372	7,026
Total Capital Expenditure	8,559	83,489	92,049	84,814
Total Vested Assets	-	5,223	5,223	10,683
Total Joint Committees	-	7,783	7,783	8,334
TOTAL CAPITAL - Excluding Vested and Joint Committees	8,559	74,358	82,918	65,797

Statement of Comprehensive Revenue and Expenses

For the Year ended 30 June 2023

	Note	Council		Group		
		Actual 2023	Budget 2023	Actual 2022	Actual 2023	Actual 2022
\$NZ000's						
Rates	3	78,235	77,967	74,123	78,235	74,123
Fees and charges	5	37,363	41,652	38,800	53,887	55,012
Subsidies and grants	4	22,447	15,520	17,746	23,497	19,021
Finance revenue	9	872	-	340	999	376
Development/financial contributions	5	6,384	3,733	6,514	6,384	6,514
Other revenue	5	21,034	11,372	14,983	18,014	11,531
Other gains/(losses)	6	(2,103)	1,042	9,669	(1,980)	9,327
Total revenue		164,232	151,286	162,175	179,036	175,904
Personnel costs	8	(30,337)	(28,639)	(27,562)	(54,519)	(48,189)
Depreciation and amortisation expense	19,20	(38,354)	(33,466)	(31,672)	(40,866)	(33,714)
Finance costs	9	(7,026)	(4,964)	(3,851)	(7,334)	(3,989)
Other expenses	7	(103,156)	(77,304)	(75,560)	(93,505)	(69,281)
Total operating expenditure		(178,873)	(144,373)	(138,645)	(196,224)	(155,173)
Share of joint operation's surplus	25	-	-	-	5,510	6,892
Surplus before tax		(14,641)	6,913	23,530	(11,678)	27,623
Income tax expense	10	-	-	-	(215)	(103)
Surplus after tax		(14,641)	6,913	23,530	(11,893)	27,520
Other comprehensive revenue						
Land and Infrastructure revaluations	19,31	165,272	30,554	251,063	165,272	252,028
Share of subsidiaries revaluations	25	-	-	-	(824)	3,944
Total other comprehensive revenue		165,272	30,554	251,063	164,448	255,972
Total comprehensive revenue		150,631	37,467	274,593	152,555	283,492

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

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

Statement of Changes in Equity

For the Year ended 30 June 2023

		Council		Group		
		Actual	Budget	Actual	Actual	Actual
\$NZ000's	Note	2023	2023	2022	2023	2022
Balance at 1 July		2,001,857	1,777,155	1,727,264	2,182,704	1,899,212
Total comprehensive revenue previously reported		150,631	37,467	274,593	152,555	283,492
Total comprehensive revenue		150,631	37,467	274,593	152,555	283,492
Balance at 30 June	31	2,152,488	1,814,622	2,001,857	2,335,259	2,182,704

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

Statement of Financial Position

As at 30 June 2023

	Note	Council			Group	
		Actual 2023	Budget 2023	Actual 2022	Actual 2023	Actual 2022
\$NZ000's						
ASSETS						
Current assets						
Cash and cash equivalents	12	12,532	11,070	11,101	14,170	13,949
Trade and other receivables	13	29,553	20,125	24,374	33,464	27,765
Derivative financial instruments	17	44	59	13	44	13
Other financial assets	16	324	3,762	25,567	2,832	27,818
Inventories	15	-	-	-	544	387
Current tax receivables	14	-	-	-	-	52
Current assets held for sale	18	-	-	1,464	-	1,464
Total current assets		42,453	35,016	62,519	51,054	71,448
Non-current assets						
Derivative financial instruments	17	5,581	1,185	3,681	5,581	3,681
Investments accounted for using the equity method	25	36,663	36,663	36,663	194,800	192,714
Other financial assets	16	6,304	5,673	5,182	6,895	5,710
Property, plant and equipment	19	2,271,745	1,926,907	2,062,064	2,301,881	2,092,353
Intangible assets	20	7,723	4,023	7,390	8,026	7,813
Forestry assets	22	4,137	5,758	5,834	4,137	5,834
Investment property	23	980	998	930	980	930
Investments in subsidiaries	24	8,200	8,200	8,200	-	-
Deferred tax assets	11	-	-	-	65	77
Total non-current assets		2,341,333	1,989,407	2,129,944	2,552,365	2,309,112
Total assets		2,383,786	2,024,423	2,192,463	2,573,419	2,380,560
LIABILITIES						
Current liabilities						
Trade and other payables	27	33,298	23,152	29,053	35,229	30,810
Derivative financial instruments	17	-	0	25	-	25
Borrowings	28	5,650	30,539	25,650	8,472	25,898
Employee benefits liabilities	30	2,655	2,390	2,481	4,985	4,496
Provisions	29	3,251	264	269	3,251	269
Current tax liabilities		-	-	-	219	-
Total current liabilities		44,854	56,345	57,478	52,156	61,498
Non-current liabilities						
Derivative financial instruments	17	-	-	73	-	73
Borrowings	28	180,000	144,757	125,000	180,567	129,276
Employee benefits liabilities	30	153	169	132	203	184
Provisions	29	3,261	3,538	3,251	3,261	3,251
Trade and other payables	27	3,030	4,992	4,672	1,973	3,574
Total non-current liabilities		186,444	153,456	133,128	186,004	136,358
Total liabilities		231,298	209,801	190,606	238,160	197,856
Net assets		2,152,488	1,814,622	2,001,857	2,335,259	2,182,704
EQUITY						
Accumulated funds	31	449,821	452,023	462,485	507,191	517,107
Reserves	31	1,702,667	1,362,599	1,539,372	1,828,068	1,665,597
Total equity		2,152,488	1,814,622	2,001,857	2,335,259	2,182,704

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

Statement of Cash Flows

For the year ended 30 June 2023

	Note	Council			Group	
		Actual 2023	Budget 2023	Actual 2022	Actual 2023	Actual 2022
\$NZ000's						
Cash flows from operating activities						
Receipts from rates revenue		87,980	87,612	82,600	87,980	82,600
Subsidies and grants received		19,364	15,520	17,746	20,414	19,455
Development and financial contributions received		6,384	3,733	6,514	6,384	6,514
Receipts from other revenue		30,794	31,451	24,127	46,207	367
Interest received		872	-	340	999	3,031
Dividends received		3,119	3,814	3,014	3,136	40,840
Cash inflows from operating activities		148,513	142,130	134,341	165,120	152,807
Payments to suppliers		(87,122)	(77,324)	(73,766)	(77,274)	(107,093)
Payments to employees		(30,142)	(28,566)	(27,434)	(54,013)	(10,721)
Interest paid		(7,026)	(4,964)	(3,851)	(7,290)	(3,990)
Income tax paid		-	-	-	68	(346)
GST (net)		-	-	-	(26)	(5)
Cash outflows from operating activities		(124,290)	(110,854)	(105,051)	(138,535)	(122,155)
Net cash flow from operating activities	32	24,223	31,276	29,290	26,585	30,652
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		294	7,147	14	659	69
Receipts from assets held for sale		1,490	-	-	1,490	-
Sale of biological assets		-	2,453	-	-	-
Receipts from sale of investments		-	-	-	64	636
Repayment of community loans and advances		399	193	348	399	348
Other investments		25,000	-	-	25,000	-
Cash inflows from investing activities		27,183	9,793	362	27,612	1,053
Renewals		(27,557)	(23,577)	(6,120)	(27,557)	(6,198)
New capital works - growth		(16,427)	(5,255)	(4,694)	(16,438)	(4,694)
New capital works - increased level of service		(38,046)	(49,279)	(44,273)	(40,555)	(43,087)
Purchase of intangible assets		(1,667)	-	-	(1,755)	(3,242)
Purchase of biological assets		-	-	-	-	-
Investments in LGFA borrower notes		(1,278)	(875)	(1,250)	(1,278)	(1,250)
Other investments		-	(300)	(25,000)	(257)	(25,950)
Cash Outflows from investing activities		(84,975)	(79,286)	(81,337)	(87,840)	(84,421)
Net cash flow from investing activities		(57,792)	(69,493)	(80,975)	(60,228)	(83,368)
Cash flows from financing activities						
Proceeds from borrowings		118,150	37,701	80,044	121,539	84,568
Other capital contributions		-	-	-	-	-
Repayment of borrowings		(83,150)	-	(35,144)	(87,675)	(38,232)
Net cash flow from financing activities		35,000	37,701	44,900	33,864	46,336
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		1,431	(516)	(6,785)	221	(6,380)
Cash, cash equivalents, and bank overdrafts at the beginning of the year		11,101	11,586	17,886	13,949	20,327
Cash, cash equivalents, and bank overdrafts at the end of the year	12	12,532	11,070	11,101	14,170	13,947

*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 2023

\$NZ000's	Long-term Plan 2021/22	Actuals 2021/22	Annual Plan 2022/23	Actuals 2022/23
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	53,281	53,626	54,495	54,645
Targeted rates including water by meter	29,228	29,505	33,116	33,335
Subsidies and grants for operating purposes	7,652	8,610	7,517	16,320
Fees and charges	15,989	10,655	16,540	17,385
Interest and dividends from investments	2,451	3,320	3,814	3,472
Local authorities fuel tax, fines, infringement fees, and other receipts	16,873	18,083	17,802	17,984
Total Operating Funding	125,475	123,799	133,284	143,141
Applications of operating funding				
Payments to staff and suppliers	105,391	97,816	105,942	133,494
Finance costs	3,259	3,852	4,994	7,026
Other operating funding applications	-	-	-	-
Total applications of operating funding	108,651	101,668	110,936	140,520
Surplus (Deficit) of operating funding	16,824	22,131	22,348	2,621
Sources of capital funding				
Subsidies and grants for capital	12,047	9,138	8,004	6,127
Development and financial contributions	3,628	6,514	3,733	6,384
Increase (decrease) in debt	40,179	44,900	36,959	35,000
Gross proceeds from sale of assets	-	8	7,147	1,784
Lump sum contributions	-	-	-	-
Total sources of capital funding	55,854	60,560	55,842	49,295
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	4,501	6,560	5,255	7,073
- to improve level of service	45,752	37,966	49,279	45,240
- to replace existing assets	22,654	17,776	23,577	22,320
Increase (decrease) in reserves	-	(2,597)	-	(1,312)
Increase (decrease) in investments	(228)	22,986	80	(21,405)
Total applications of capital funding	72,679	82,691	78,191	51,916
Surplus (Deficit) of capital funding	(16,824)	(22,131)	(22,348)	(2,621)
Funding balance	0	0	0	0

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

For the year ended 30 June 2023

\$NZ000's	Long-term Plan 2021/22	Actuals 2021/22	Annual Plan 2022/23	Actuals 2022/23
Surplus/(Deficit) of operating funding from Funding Impact Statement	16,824	22,131	22,348	2,621
Subsidies and grants for capital expenditure	12,047	9,138	8,004	6,127
Development and financial contributions	3,628	6,514	3,733	6,384
Vested Assets	5,071	6,567	5,223	10,683
Gains on sale	-	-	-	-
Depreciation	(31,250)	(31,672)	(33,466)	(38,354)
Other non-cash income	-	12,673	1,042	2,261
Other non-cash expenditure	(3,922)	(1,821)	30	(4,363)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	2,398	25,530	6,913	(14,641)

Financial Prudence

For the year ended 30 June 2023

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.

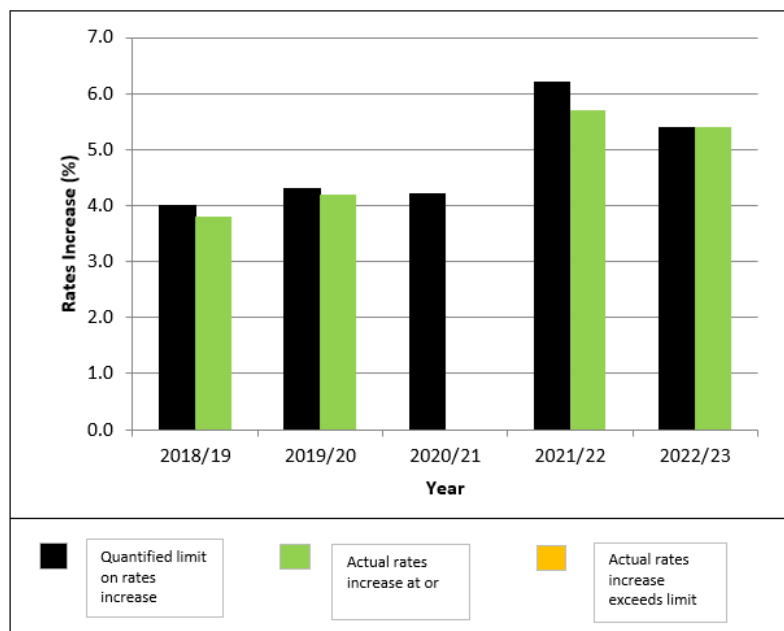
Rates affordability benchmark

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.



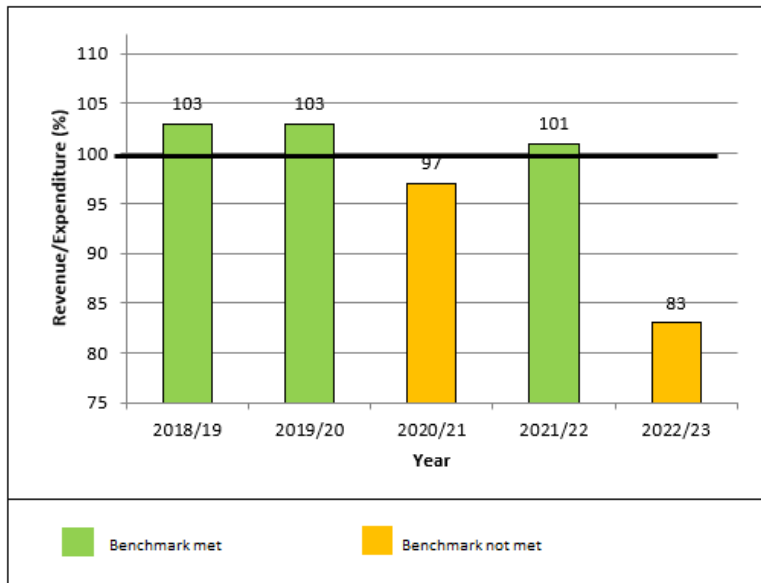
*Additional Information

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

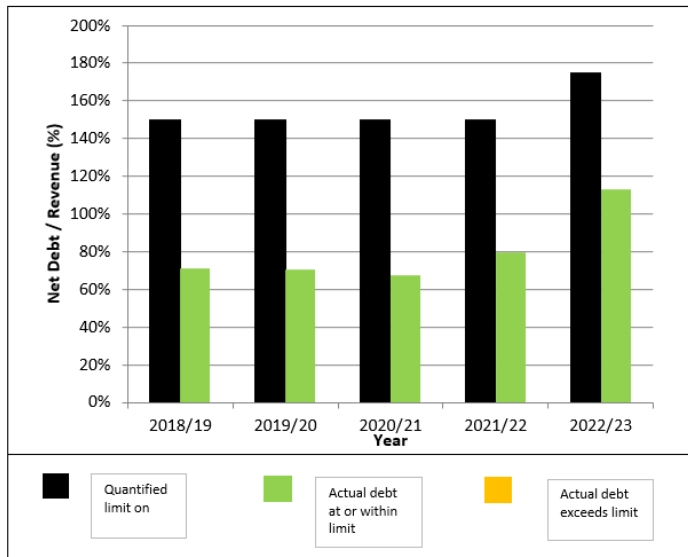
The Council had not met the balanced budget benchmark in 2020/21 – this was planned occur due in part to the \$5 million contribution to the Waimea Dam that has been designated as an operating expense rather than capital expenditure for Council and the 0% rates increase due to Covid.

The Council has not met the balanced budget benchmark in 2022/23. This was due to unplanned expenditure on the August 2022 floods.

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 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.

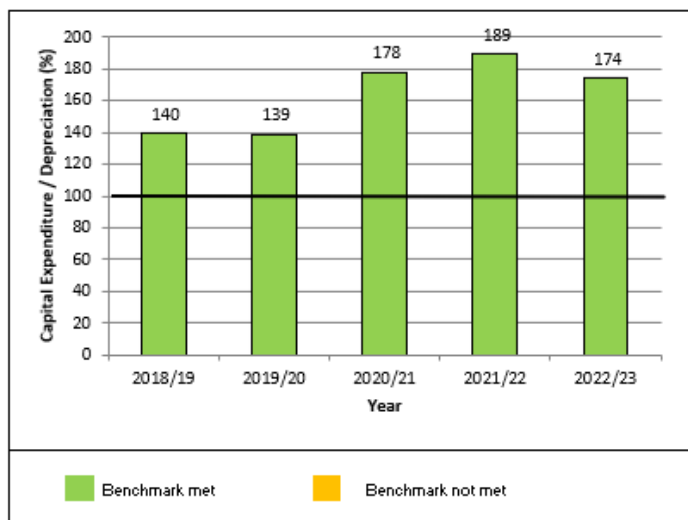


*Additional Information

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

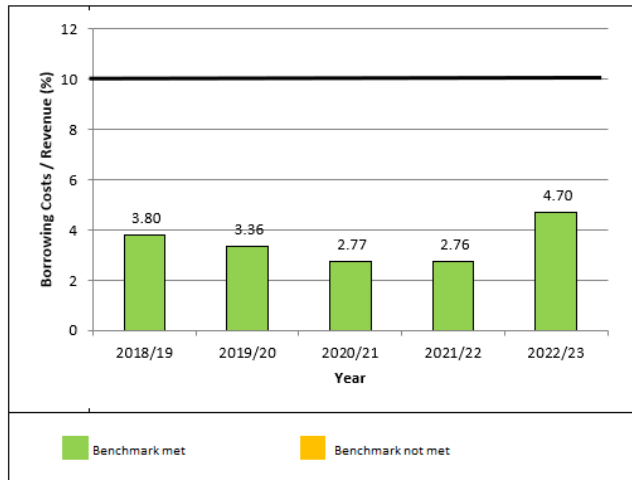
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

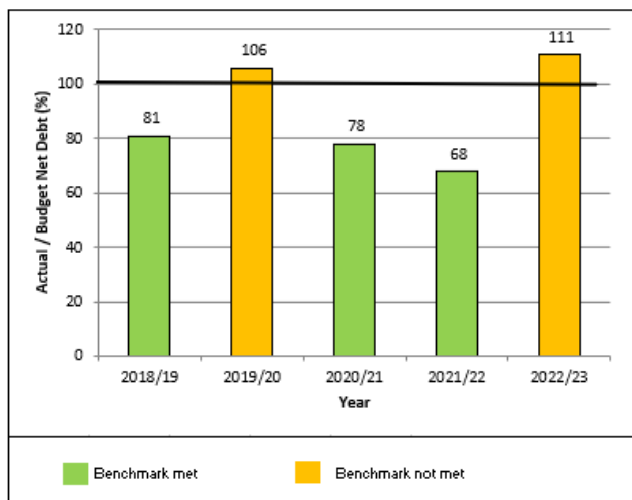
Because Statistics New Zealand projects the Council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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.



*Additional Information

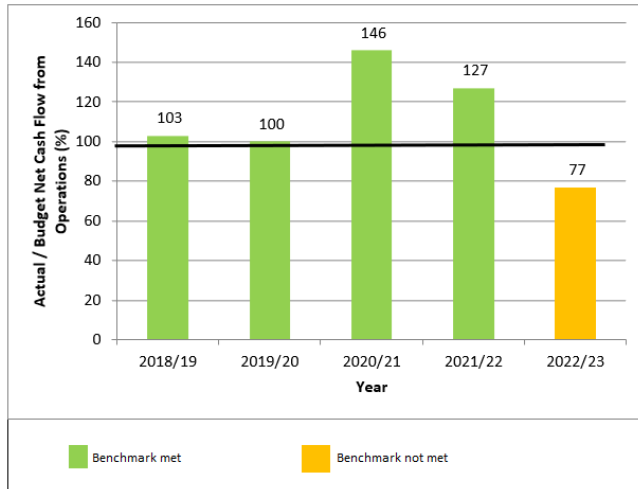
The Council did not meet the debt control benchmark as planned for 2019/20. This is largely driven by the derivatives revaluation liability as at 30 June 2020 which was higher than budget by \$7.3 million.

The Council has not met the debt control benchmark in 2022/23. This was due to unplanned expenditure on the August 2022 floods which meant that further debt was required.

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.



*Additional Information

The Council has not met the operational control benchmark in 2022/23. This was due to unplanned expenditure on the August 2022 floods which increased net operational expenditure by \$16.9m.

Notes to Accounts

1 Statement of accounting policies for the year ended 30 June 2023

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 a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Entity and Group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 31 October 2023.

2 Summary of significant accounting policies

Significant accounting policies that do not relate to a specific note are outlined below.

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 consolidated financial statements of the Group have been prepared in accordance with Tier 1 PBE accounting standards.

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

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.

Comparative Information

Where a change has been made to the presentation of the financial statements to that used in prior periods, comparative figures have been restated accordingly.

The presentation of forestry operations has been updated for the prior financial year. The income and expenses from forestry have now been showed separately and reclassified within the statement of comprehensive revenue and expenses. The net effect to this statement is nil. Refer to note 43 for further details.

New standards first applied in the period

PBE IPSAS 41 Financial instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial instruments and PBE IPSAS 29 Financial instruments: Recognition and Measurement. The Group has adopted PBE IPSAS 41 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Information about the transition to PBE IPSAS 41 is disclosed in note 38.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023. The adoption has resulted in the disclosure of judgements used in the selection, measurement and aggregation of service performance information in the Nelson City Council Annual Report 2022/23.

There have been no changes to the cost allocation methodology since the date of the last audited 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 IPSAS 43 – Leases (effective reporting date 1 January 2025)

PBE IPAS 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.

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

The Entity's joint venture investment is accounted for in the Group financial statements using the equity method. An equity accounted 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 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 consolidated financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, 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 Entity has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate 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 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 20-year term of the agreement. This is in substance a non-exchange 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 Summary of significant accounting policies (continued)

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 receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Group and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

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.

2 Summary of significant accounting policies (continued)

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.

The Council 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
Restricted Assets	

2 Summary of significant accounting policies (continued)

Buildings	50-100
Improvements	Nil-20
Infrastructural Assets	
Roading network	
Surfacing (sealed)	1-50
Surfacing (unsealed)	n/a
Basecourse	5-80
Sub-base	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
Solid Waste:	
Retaining Walls	30-100
Ponds and dams	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. Note 19 provides further details around which assets have been revalued.

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 Summary of significant accounting policies (continued)

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 2023. Changes in the valuation of the forestry assets are recognised in the surplus or deficit. The valuation does not include any value in respect of carbon trading.

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

Emissions Trading Scheme for Forestry

The Council has voluntarily entered the New Zealand Emissions Trade Scheme (ETS) in respect of the 144.3 hectares of forest land located in the Nelson region. This entitles the Council to receive emission units for carbon stored in the specific area from a 1 July 2022 baseline.

Received (encumbered) carbon credits are recognised in the forestry asset at acquisition through offset of the surrender liability (currently the Council is holding 14,453 credits). They are derecognised when they are used to satisfy carbon emission obligations.

Surrender Liability

The Council effectively recognises the ETS credit surrender liability on harvest of forestry (encumbered) on acquisition of the carbon credits as an offset.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need to active financial risk management.

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%

2 Summary of significant accounting policies (continued)

Emissions Trading Scheme

Landfill Carbon Credits

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

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Forestry Carbon Credits

Council earns ETS credits over time as the forest grows in exchange for the carbon absorbed from the atmosphere by these trees. Therefore, the number of ETS credits held by Council increases as the plantation forestry grows.

Council distinguishes its ETS credits into two categories:

- Encumbered credits: the ETS credits Council expects to be surrendered after its trees are harvested.
- Unencumbered units: the ETS credits which are deemed to be surplus to future harvest obligations.

The Council recognises all forestry ETS credits as "encumbered credits" at a net nil, as the surrender value on harvest offsets the value of these credits.

2.14 Impairment of property, plant, and equipment

Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might 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 considered to be 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 a revalued amount, the total impairment loss is recognised in 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 an 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 Summary of significant accounting policies (continued)

2.18 Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at amortised cost

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and group has no instruments in this category.

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial

2 Summary of significant accounting policies (continued)

recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

2.19 Creditors and other payables

Short-term creditors and other payables are recorded at the amount payable.

2 Summary of significant accounting policies (continued)

2.20 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

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

2.21 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.

2.22 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.

2 Summary of significant accounting policies (continued)

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.

2.23 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.

2.24 Budget figures

The budget figures are those approved by the Entity in its Long Term Plan 2021-2031 (2022/23 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.

2.25 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 measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

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

Property revaluation reserves

2 Summary of significant accounting policies (continued)

These reserves relate to the revaluation of land, buildings, and infrastructure assets to fair value.

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.

2.27 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 depreciation 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 in-house by Council engineering staff, and is then peer-reviewed by experienced independent valuers.

2.28 Non-current assets held for sale

An asset is held for sale if its 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).

2.29 Three Waters Reform

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing

2 Summary of significant accounting policies (continued)

new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

If the water reform programmed progresses, there is likely to be a material impact on our financial statements from 1 July 2026. No allowance has been made in the 30 June 2023 financial statements for this possibility. As at 30 June 2023, the carrying value of Council's three water assets was \$980.6m (including WIP of \$54.9m). 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 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
General rates	46,824	44,659	46,824	44,659
Uniform annual general charge	8,191	9,210	8,191	9,210
Total general rates revenue	55,015	53,869	55,015	53,869
Sewerage	10,831	9,469	10,831	9,469
Water fixed charge	4,170	3,815	4,170	3,815
Stormwater	5,762	4,972	5,762	4,972
Flood protection	2,827	2,241	2,827	2,241
Solar saver	-	1	-	1
Total targeted rates revenue	23,590	20,498	23,590	20,498
Less - Rate remissions	(370)	(244)	(370)	(244)
Total rates, excluding targeted water supply rates	78,235	74,123	78,235	74,123

	Council	
	Actual 2023 \$'000	Actual 2022 \$'000
Rates	78,235	74,123
Metered water supply rates	9,745	9,007
Total annual rates income	87,980	83,130

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.
- Māori freehold land.
- Rates postponement

3 Rates (continued)

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Total gross rates, excluding targeted water supply rates	74,435	70,552	74,435	70,552
<i>Rates remissions:</i>				
Community, sporting and other organisations	(109)	(89)	(109)	(89)
Rates for affordable social and community housing	(36)	(27)	-	(27)
Rates penalties remitted	(17)	(11)	(17)	(11)
Rates for residential properties in commercial/industrial areas	(4)	(5)	(4)	(5)
Rates on low value properties	(3)	(2)	(3)	(2)
Heritage	(93)	(92)	(93)	(92)
Clean heat warm homes	-	(6)	-	(6)
Dependant relative	(2)	(2)	(2)	(2)
Land affected by natural calamity	(99)	(2)	(99)	(2)
Commercial premises under 20 square meters	(7)	(8)	(7)	(8)
Total remissions	<u>(370)</u>	<u>(244)</u>	<u>(334)</u>	<u>(244)</u>
Rates (net of remissions), excluding targeted water supply rates	<u>74,065</u>	<u>70,308</u>	<u>74,101</u>	<u>70,308</u>

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Rates	1,099	1,011	1,128	1,031
Metered water supply rates	<u>573</u>	<u>682</u>	<u>579</u>	<u>689</u>
	<u>1,672</u>	<u>1,693</u>	<u>1,707</u>	<u>1,720</u>

Rating base information

The revenue from rates for the year ended 30 June 2023 was based on the following rating information as at 30 June 2022.

Number of rating units 30 June 2023: 23,085 (30 June 2022: 23,027).

	Council	
	Actual 2023 \$ million	Actual 2022 \$ million
Total capital value of rating units	23,222	23,016
Total land value of rating units	<u>12,629</u>	<u>12,584</u>
	<u>35,851</u>	<u>35,600</u>

4 Subsidies and grants

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
NZ Transport Authority grants	11,722	5,504	11,722	5,504
Other central government grants	9,265	6,940	9,265	6,940
Other capital grants	203	471	203	411
Other operating grants	1,230	1,039	2,280	2,374
Three waters stimulus grants	27	3,792	27	3,792
Total subsidies and grants	22,447	17,746	23,497	19,021

5 Revenue

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Regulatory revenue	5,107	5,337	5,107	5,337
Sales of goods and services	17,385	19,842	33,815	36,050
Rents received	5,126	4,614	5,220	4,618
Consents, licences and permits	-	-	-	-
Water by meter	9,745	9,007	9,745	9,007
** Other income **	-	-	-	-
Total fees and charges	37,363	38,800	53,887	55,012
Development/financial contributions	6,384	6,514	6,384	6,514
Other Revenue				
Infringements and fines	868	849	868	849
Petrol tax	395	370	395	370
Vested assets	10,683	6,567	10,691	6,628
Dividends	2,600	2,980	17	17
Insurance proceeds	1,818	42	1,818	42
Subvention Receipts	419	514	-	-
Other revenue	4,251	3,661	4,225	3,625
Total other revenue	21,034	14,983	18,014	11,531

6 Other gains/(losses)

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Gain/(Loss) on disposal of property, plant and equipment (note 19)	(2,212)	(396)	(2,224)	(502)
Loss on disposal of other assets	(961)	(2,326)	(961)	(2,326)
Net interest rate swap gain/(loss)	2,029	11,285	2,029	11,285
Gain/(loss) on changes in fair value of forestry (Note 22)	(736)	932	(736)	932
Gain/(loss) on changes in fair value of investment property (Note 23)	50	(40)	50	(40)
Fair value loss on community loans	(306)	(109)	(306)	(109)
Other fair value gains	33	323	168	87
Total gains/(losses)	(2,103)	9,669	(1,980)	9,327

7 Other expenses

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Fees to auditors:				
- Audit fees for financial statements audit	243	174	378	264
- Audit fees for Long Term Plan	-	-	-	-
Service provision	33,842	35,013	23,849	28,886
Impairment of receivables	24	12	24	12
Minimum lease payments under operating leases	319	345	525	504
Professional services fees / legal fees	4,164	4,992	4,171	4,998
Repairs and maintenance expenses	54,063	26,183	54,143	26,206
Other operating expenses	5,244	4,177	5,158	4,062
Electricity	2,588	2,391	2,588	2,391
Insurance	2,669	2,281	2,669	2,281
Impairment of Assets	-	(8)	-	(323)
Other expenses	-	-	-	-
Total other expenses	103,156	75,560	93,505	69,281

Total audit fees for Council (\$243,387), this includes \$226,267 for the Annual Report as well as including the cost of audits for the Civic Trust (\$9,120) and the Debenture Trust Deed (\$8,000).

Audit fees were paid separately to Crowe for the 2023 audit of the Bishop Suter Trust (\$18,040) and the Nelson Regional Development Agency (\$32,196). Audit fees were paid separately to Audit New Zealand for the 2023 audit of Nelmac (\$85,000).

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 included. Operating expenses for forestry is also included.

8 Personnel costs

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Salaries and wages	29,170	26,565	52,370	46,576
Kiwisaver/superannuation schemes employer contributions	972	869	1,641	1,309
Increase/(decrease) in employee entitlements/liabilities	195	128	508	304
Total personnel costs	30,337	27,562	54,519	48,189

9 Finance revenue and finance costs

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Finance revenue				
Interest on interest rate swaps	-	-	-	-
Other interest received	872	340	999	376
Total finance revenue	872	340	999	376
Finance costs				
Interest on borrowings (note 28)	7,809	2,029	8,117	2,167
Interest on interest rate swaps	(935)	1,759	(935)	1,759
Other finance costs	152	63	152	63
Total finance costs	(7,026)	(3,851)	(7,334)	(3,989)
Net finance costs	(6,154)	(3,511)	(6,335)	(3,613)

10 Income tax

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Components of tax expense				
Current tax Expense	-	-	376	273
Adjustments to current tax in prior years	-	-	-	-
Deferred tax	-	-	(172)	(194)
Tax expense	-	-	215	103
Surplus/(deficit) before tax	(14,641)	23,530	(11,678)	27,623
Tax at 28%	(4,099)	6,588	(3,270)	7,734
Plus/(less) tax effect of:				
Non taxable revenue/adjustments	4,099	(6,588)	3,485	(7,631)
Tax expense	-	-	215	103

NCC receives imputation credits on the dividends it receives. Unused imputations credits are converted to tax losses. Available tax losses at 30 June 2023 are \$2.8 million (2022: \$2.8 million. In 2023, \$418,797 was used to offset a subvention payment received from Nelmac.) At the time of report writing, the 2023 figure of \$2.8 million is still to be finalised but no material changes are expected to occur.

12 Cash and cash equivalents

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Cash at bank and in hand	12,532	11,101	14,118	13,898
Short term deposits with maturities of three months or less	-	-	52	51
Short term deposits maturing four to twelve months from date of acquisitions	-	-	-	-
Total cash and cash equivalents	12,532	11,101	14,170	13,949

(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.

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Cash at bank and in hand	12,532	11,101	14,118	13,898
Short term deposits with maturities of three months or less	-	-	52	51
Short term deposits maturing four to twelve months from date of acquisitions	-	-	-	-
Total	12,532	11,101	14,170	13,949

13 Trade and other receivables

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Net trade receivables				
Rates receivable	3,126	3,593	3,126	3,593
Other trade receivables	773	724	4,018	3,631
	<u>3,899</u>	<u>4,317</u>	<u>7,144</u>	<u>7,224</u>
Net other receivables				
Other receivables	22,941	17,299	23,267	17,432
Dividend receivable	1,850	1,950	1,850	1,950
Provision for doubtful receivables	(57)	(46)	(106)	(46)
	<u>24,734</u>	<u>19,203</u>	<u>25,011</u>	<u>19,336</u>
Prepayments	920	854	1,309	1,205
Total current debtors and other receivables	<u>29,553</u>	<u>24,374</u>	<u>33,464</u>	<u>27,765</u>
Receivables from exchange transactions	-	-	-	-
Includes commercial sales and fees and charges outstanding that have not been subsidised by rates	12,887	11,278	16,170	14,320
Receivables from non-exchange transactions				
This includes rates outstanding along with grants, infringements and fees and charges outstanding that are partly subsidised by rates	15,746	12,242	15,985	12,240
Prepayments	920	854	1,309	1,205
Total debtors and other receivables	<u>29,553</u>	<u>24,374</u>	<u>33,464</u>	<u>27,765</u>

(a) Expected credit loss

The allowance for credit losses at 30 June 2023 was determined as follows:

	Less than 90 days	More than 90 days	Total
Marina Debtors Expected credit loss rate	1.5%	5.0%	
Marina Gross carrying amount (\$'000)	121	99	220
Lifetime expected credit loss (\$'000)	2	4	6
General Trade Debtors Expected credit loss rate	0.5%	1.5%	
General Gross carrying amount (\$'000)	4,566	1,857	6,423
Lifetime expected credit loss (\$'000)	23	28	51

(b) Rates receivables

Rates receivables

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

13 Trade and other receivables (continued)

Customers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

(c) Other receivables

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(d) Fair value

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

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

	Gross \$'000	2023 Provision for uncollectability \$'000	Net \$'000	Gross \$'000	2022 Provision for uncollectability \$'000	Net \$'000
Council						
Not past due	23,577	(20)	23,557	19,677	-	19,677
Past due 1-30 days	1,699	(3)	1,696	2,764	-	2,764
Past due 31-60 days	650	(1)	649	578	-	578
Past due more than 61 days	2,764	(33)	2,731	548	(46)	502
Total	<u>28,690</u>	<u>(57)</u>	<u>28,633</u>	<u>23,567</u>	<u>(46)</u>	<u>23,521</u>
Group						
Not past due	26,929	(20)	26,909	22,684	-	22,684
Past due 1-30 days	1,698	(3)	1,695	2,776	-	2,776
Past due 31-60 days	773	(1)	772	612	-	612
Past due more than 61 days	2,812	(33)	2,779	575	(46)	529
Total	<u>32,212</u>	<u>(57)</u>	<u>32,155</u>	<u>26,647</u>	<u>(46)</u>	<u>26,601</u>

14 Current tax receivables

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Current tax asset	-	-	-	52
	<u>-</u>	<u>-</u>	<u>-</u>	<u>52</u>

15 Inventories

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Raw materials at cost	-	-	391	268
Merchandise at cost	-	-	22	25
Work in progress at cost	-	-	-	-
Finished goods at cost	-	-	151	114
Provision for obsolete stock	-	-	(20)	(20)
Total inventory	<u>-</u>	<u>-</u>	<u>544</u>	<u>387</u>

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

16 Other financial assets

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
LGFA borrower notes	80	240	80	240
Fixed interest securities	-	-	60	-
Short term bank deposit with maturities of 4-12 months	-	25,000	2,548	27,351
Community Loans	144	227	144	227
Loans to related parties	100	100	-	-
Total current portion	324	25,567	2,832	27,818
LGFA borrower notes	4,203	2,765	4,203	2,765
Fixed interest securities	-	-	792	814
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Community loans (note 35)	1,760	1,991	1,760	1,991
Loans to related parties	201	286	-	-
Total non-current portion	6,304	5,182	6,895	5,710

Civic Trust investments

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

LGFA Borrower Notes

The New Zealand Local Government Funding Agency Limited (LGFA), 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.

Short term deposits and deposits at call

The carrying amount of the short term deposit approximates its fair value. As at 30 June 2023 there are no short term deposits (2022: \$10 million and \$15 million with a fixed interest rate of 1.83% and 3.4% respectively).

Loans to related parties

The loan to related parties is a loan with an outstanding face value of \$325,000 to Tasman Bays Heritage Trust with a remaining term of 4 years. The loan is at a 0% interest rate, and a discount rate by year from Treasury of 4.69% (2022: 3.89%) 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:

- Theatre Royal, face value \$1,862,000 (2022: \$1,922,000), remaining term of 31 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 4.89% (2022: 4.33%).
- Nelson Centre of Musical Arts, face value \$730,000 (2022: \$754,000), term 24 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 4.87% (2022: 4.28%). Currently the loan payments are on a 2-year deferral.
- Others \$546,000 (2022: \$680,000), various repayment terms and interest rates.

17 Derivative financial instruments

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Interest rate swaps	44	13	44	13
Total current asset portion	44	13	44	13
Interest rate swaps	5,581	3,681	5,581	3,681
Total non-current asset portion	5,581	3,681	5,581	3,681
Current liability portion				
Interest rate swaps	-	25	-	25
Total current liability portion	-	25	-	25
Non-current liability portion				
Interest rate swaps	-	73	-	73
Total non-current liability portion	-	73	-	73
Total derivative financial instrument liabilities	-	98	-	98
Total net derivative financial instruments	5,625	3,596	5,625	3,596

Fair value

Interest Rate Swaps

The Council has \$171.5m notional principal of interest rate swaps (2022: \$116.5m), with maturity dates between August 2023 and December 2030. Fixed interest rates range from 1.32% to 4.5% (2022: 1.32% to 5.25%) and the weighted average interest rate of the swap portfolio is 3.12% (2022: 3.21%).

in 2023, \$60.5m (2022: \$45.5m) of that notional principal are forward start swaps, with start dates between August 2026 and December 2030.

18 Non-current assets held for sale

In June 2019, Council made the State Advances building on Trafalgar Street available for sale. It was subsequently sold on 6 October 2022.

In May 2022, Council approved the sale of number 6 and number 8 Totara Street. They were subsequently sold on 14 February 2023.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Non-current assets held for sale are:				
Land	-	1,281	-	1,281
Buildings	-	166	-	166
Plant and equipment	-	4	-	4
Other improvements	-	13	-	13
Total non-current assets held for sale	-	1,464	-	1,464

19 Property, plant and equipment

Council 2023	Accumulated depreciation and									Accumulated depreciation and		
	Cost / revaluation	impairment charges	Carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Gain/Loss on disposals	Revaluation surplus	Cost / revaluation	impairment charges	Carrying amount
	1 Jul 2022	1 Jul 2022	1 Jul 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	30 Jun 2023	30 Jun 2023	30 Jun 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating assets												
Land	72,656	-	72,656	1,533	(241)	-	-	200	-	74,148	-	74,148
Buildings	30,001	(11,658)	18,343	2,631	-	-	(693)	-	-	32,633	(12,352)	20,281
Other plant and equipment	19,235	(11,813)	7,422	2,286	(108)	-	(1,470)	-	-	20,725	(12,595)	8,130
Library books	4,782	(2,831)	1,951	324	-	-	(441)	-	-	5,106	(3,272)	1,834
Marina	14,201	(2,537)	11,664	377	-	-	(193)	-	-	14,578	(2,730)	11,848
Motor vehicles	1,284	(494)	790	170	(1)	-	(110)	-	-	1,416	(567)	849
Other improvements	7,601	(2,072)	5,529	445	-	-	(258)	-	-	8,018	(2,302)	5,716
Landfill post closure	427	(293)	134	-	35	-	-	-	-	427	(258)	169
Total	150,187	(31,698)	118,489	7,766	(315)	-	(3,165)	200	-	157,051	(34,076)	122,975
Infrastructural assets												
<u>At cost & valuation</u>												
Roading	573,842	-	573,842	7,921	(52)	-	(11,220)	(657)	19,300	589,134	-	589,134
Water supply	216,845	-	216,845	6,515	-	-	(5,500)	(880)	39,095	256,075	-	256,075
Wastewater reticulation	217,055	-	217,055	13,267	-	-	(5,688)	(331)	58,746	283,049	-	283,049
Stormwater reticulation	223,709	-	223,709	18,862	-	-	(4,118)	(442)	49,126	287,137	-	287,137
Land under roads	262,969	-	262,969	869	-	-	-	(51)	-	263,787	-	263,787
Wastewater treatment plant and facilities	62,437	-	62,437	5,305	-	-	(2,038)	-	8,184	73,888	-	73,888
Water treatment plant and facilities	18,960	-	18,960	495	-	-	(1,065)	-	2,211	20,601	-	20,601
Flood protection	58,770	-	58,770	11,352	-	-	(471)	-	(12,300)	57,351	-	57,351
Car parks	1,651	-	1,651	290	-	-	(99)	-	21	1,863	-	1,863
Solid waste	7,688	-	7,688	4,192	-	-	(519)	-	889	12,250	-	12,250
Total	1,643,926	-	1,643,926	69,068	(52)	-	(30,718)	(2,361)	165,272	1,845,135	-	1,845,135
Restricted assets												
Land	175,581	-	175,581	2,471	-	-	-	-	-	178,052	-	178,052
Buildings	73,905	(17,806)	56,099	449	-	-	(1,397)	-	-	74,354	(19,203)	55,151
Improvements	93,411	(25,442)	67,969	4,294	-	-	(1,831)	-	-	97,705	(27,273)	70,432
Total	342,897	(43,248)	299,649	7,214	-	-	(3,228)	-	-	350,111	(46,476)	303,635
Total Council	2,137,010	(74,946)	2,062,064	84,048	(367)	-	(37,111)	(2,161)	165,272	2,352,297	(80,552)	2,271,745

19 Property, plant and equipment (continued)

Council 2022	Accumulated depreciation and			Current year						Accumulated depreciation and		
	Cost / revaluation 1 Jul 2021 \$'000	impairment charges 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	additions \$'000	disposals \$'000	impairment charges \$'000	depreciation \$'000	Gain/Loss on disposals \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2022 \$'000	impairment charges 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
Operating assets												
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 plant and equipment	17,653	(10,914)	6,739	2,064	-	-	(1,348)	(33)	-	19,235	(11,813)	7,422
Library books	4,767	(2,756)	2,011	386	-	-	(446)	-	-	4,782	(2,831)	1,951
Marina	13,548	(2,344)	11,204	653	-	-	(193)	-	-	14,201	(2,537)	11,664
Motor vehicles	1,172	(442)	730	186	(14)	-	(78)	(34)	-	1,284	(494)	790
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
Total	144,909	(29,652)	115,257	6,986	(692)	-	(2,994)	(68)	-	150,187	(31,698)	118,489
Infrastructural assets												
<u>At cost & 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	4,677	-	4,677	2,048	-	132	(265)	-	1,096	7,688	-	7,688
Total	1,363,926	-	1,363,926	53,492	-	8	(24,243)	(320)	251,063	1,643,926	-	1,643,926
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	86,220	(23,622)	62,598	7,208	-	-	(1,829)	(8)	-	93,411	(25,442)	67,969
Total	334,935	(40,242)	294,693	8,217	-	-	(3,253)	(8)	-	342,897	(43,248)	299,649
Total Council	1,843,770	(69,894)	1,773,876	68,695	(692)	8	(30,490)	(396)	251,063	2,137,010	(74,946)	2,062,064

19 Property, plant and equipment (continued)

Group 2023	Accumulated depreciation and impairment charges		Carrying amount 1 Jul 2022 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Gain/Loss on disposals \$'000	Revaluation surplus \$'000	Accumulated depreciation and impairment charges		Carrying amount 30 Jun 2023 \$'000
	Cost / revaluation 1 Jul 2022 \$'000	1 Jul 2022 \$'000								Cost / revaluation 30 Jun 2023 \$'000	30 Jun 2023 \$'000	
Operating assets												
Land	76,414	-	76,414	1,533	(241)	-	-	200	-	77,906	-	77,906
Buildings	43,313	(14,790)	28,523	2,641	-	-	(1,135)	-	-	45,955	(15,926)	30,029
Other plant and equipment	27,610	(16,807)	10,803	3,182	(509)	-	(2,477)	325	-	29,511	(18,187)	11,324
Library books	4,782	(2,831)	1,951	324	-	-	(441)	-	-	5,106	(3,272)	1,834
Capital work in progress	84	-	84	(72)	-	-	-	-	-	12	-	12
Marina	14,201	(2,537)	11,664	377	-	-	(193)	-	-	14,578	(2,730)	11,848
Motor vehicles	11,129	(5,672)	5,457	1,824	(676)	-	(980)	433	-	12,226	(6,168)	6,058
Other improvements	8,060	(2,203)	5,857	445	-	-	(281)	-	-	8,477	(2,456)	6,021
Landfill post closure	427	(293)	134	-	35	-	-	-	-	427	(258)	169
Art collection	7,891	-	7,891	19	-	-	-	-	-	7,910	-	7,910
Total	193,911	(45,133)	148,778	10,273	(1,391)	-	(5,507)	958	-	202,108	(48,997)	153,111
Infrastructural assets												
<u>At cost & valuation</u>												
Roading	573,842	-	573,842	7,921	(52)	-	(11,220)	(657)	19,300	589,134	-	589,134
Water supply	216,845	-	216,845	6,515	-	-	(5,500)	(880)	39,095	256,075	-	256,075
Wastewater reticulation	217,055	-	217,055	13,267	-	-	(5,688)	(331)	58,746	283,049	-	283,049
Stormwater reticulation	223,709	-	223,709	18,862	-	-	(4,118)	(442)	49,126	287,137	-	287,137
Land under roads	262,969	-	262,969	869	-	-	-	(51)	-	263,787	-	263,787
Wastewater treatment plant and facilities	62,437	-	62,437	5,305	-	-	(2,038)	-	8,184	73,888	-	73,888
Water treatment plant and facilities	18,960	-	18,960	495	-	-	(1,065)	-	2,211	20,601	-	20,601
Flood protection	58,770	-	58,770	11,352	-	-	(471)	-	(12,300)	57,351	-	57,351
Car parks	1,651	-	1,651	290	-	-	(99)	-	21	1,863	-	1,863
Solid waste	7,688	-	7,688	4,192	-	-	(519)	-	889	12,250	-	12,250
Total	1,643,926	-	1,643,926	69,068	(52)	-	(30,718)	(2,361)	165,272	1,845,135	-	1,845,135
Restricted assets												
Land	175,581	-	175,581	2,471	-	-	-	-	-	178,052	-	178,052
Buildings	73,905	(17,806)	56,099	449	-	-	(1,397)	-	-	74,354	(19,203)	55,151
Improvements	93,411	(25,442)	67,969	4,294	-	-	(1,831)	-	-	97,705	(27,273)	70,432
Total	342,897	(43,248)	299,649	7,214	-	-	(3,228)	-	-	350,111	(46,476)	303,635
Total Group	2,180,734	(88,381)	2,092,353	86,555	(1,443)	-	(39,453)	(1,403)	165,272	2,397,354	(95,473)	2,301,881

19 Property, plant and equipment (continued)

Group 2022	Accumulated depreciation and impairment charges			Current year						Accumulated depreciation and impairment charges		
	Cost / revaluation 1 Jul 2021 \$'000	impairment charges 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	additions \$'000	disposals \$'000	charges \$'000	depreciation \$'000	Gain/Loss on disposals \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2022 \$'000	impairment charges 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
Operating assets												
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	7,482	-	7,482	94	-	315	-	-	-	7,891	-	7,891
Total	185,801	(41,488)	144,313	14,174	(6,329)	315	(4,848)	188	965	193,911	(45,133)	148,778
Infrastructural assets												
<u>At cost & 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	4,677	-	4,677	2,048	-	132	(265)	-	1,096	7,688	-	7,688
Total	1,363,926	-	1,363,926	53,492	-	8	(24,243)	(320)	251,063	1,643,926	-	1,643,926
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	86,220	(23,622)	62,598	7,208	-	-	(1,829)	(8)	-	93,411	(25,442)	67,969
Total	334,935	(40,242)	294,693	8,217	-	-	(3,253)	(8)	-	342,897	(43,248)	299,649
Total Group	1,884,662	(81,730)	1,802,932	75,883	(6,329)	323	(32,344)	(140)	252,028	2,180,734	(88,381)	2,092,353

19 Property, plant and equipment (continued)

Infrastructural assets - further disclosures

Most recent replacement cost estimates are as at 30 June 2023

Council 2023

Council 2023	Closing book value \$'000	Additions		Most recent replacement cost estimate for revalued assets \$'000
		Additions: constructed by Entity \$'000	Additions: transferred to Entity \$'000	
Water supply:				
– treatment plants and facilities	20,601	495	-	34,676
– other assets (such as reticulation systems)	256,075	4,837	1,678	488,236
Sewerage:				
– treatment plants and facilities	73,888	5,305	-	110,918
– other assets (such as reticulation systems)	283,049	10,104	3,163	549,358
Stormwater drainage	287,137	13,881	4,981	427,551
Flood protection and control works	57,351	11,352	-	55,633
Roads and footpaths	854,784	8,943	137	1,148,695
Total infrastructural assets	1,832,885	54,917	9,959	2,815,067

19 Property, plant and equipment (continued)

Council 2022

Council 2022	Closing book value \$'000	Additions		Most recent replacement cost estimate for revalued assets \$'000
		Additions: constructed by Entity \$'000	Additions: transferred to Entity \$'000	
Water supply:				
– treatment plants and facilities	18,960	-	-	29,802
– other assets (such as reticulation systems)	216,845	4,861	922	408,665
Sewerage:				
– 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	838,462	3,337	1,099	1,070,539
Total infrastructural assets	<u>1,636,238</u>	<u>44,878</u>	<u>6,566</u>	<u>2,430,910</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.

19 Property, plant and equipment (continued)

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. 2021-22 was a full valuation year and WSP New Zealand Ltd has reviewed the valuation as at 30 June 2022. 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 and additional uplift where necessary to align with market rates.

For sewerage, water and drainage infrastructural assets, the Statistic NZ CGPI Civil Construction - systems is used as the inflationary index. The additional uplift is advised by WSP Limited through assessing factors such as recent contract pricing, market conditions, regional events, and comparable council data. In August 2023, Tonkin & Taylor were engaged to peer review the additional uplifts suggested by WSP Limited.

For roading assets, a combination of Statistic NZ CGPI Civil Construction - systems for water and sewerage and Waka Kotahi indices for structures and construction were used to complete the fair value update. These fair value updates are prepared in-house and peer reviewed by WSP Limited.

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 reasons.
- 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, the Entity could be over - or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. 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 the 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.

19 Property, plant and equipment (continued)

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. Infrastructural assets are valued at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2023. The valuation methodology has been reviewed by WSP Ltd. Revaluations are updated annually using Statistic NZ CGPI indices for the following asset types; civil, electrical, general, instruments, mechanical, pipes and structural assets.

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 Valuation.

Infrastructural assets are valued annually internally at depreciated replacement cost by Council engineers as at 30 June 2023 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 using Statistic NZ CGPI indices for the following asset types; building, civil, electrical distribution, instruments, mechanical, pipeline, and roading assets. 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 expenses 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 has been 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 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 (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 seismic work.

Work in progress

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

	Council and Group	
	Actual 2023 \$'000	Actual 2022 \$'000
Water system	1,627	1,073
Roading network	577	337
Land and buildings	5,729	2,189
Sewerage	18,914	11,743
Stormwater	10,816	5,130
Solid waste	1,475	474
Flood protection	23,530	13,594
Other	785	563
Total work in progress	63,453	35,103

20 Intangible assets

Council	Computer software \$'000	Emissions Trading Scheme (ETS) credits \$'000	Total \$'000
At 1 July 2021			
Cost	8,533	2,004	10,537
Accumulated amortisation and impairment	(4,509)	-	(4,509)
Net book amount	<u>4,024</u>	<u>2,004</u>	<u>6,028</u>
Year ended 30 June 2022			
Opening net book amount	4,024	2,004	6,028
Additions	1,593	1,382	2,975
Disposals	-	-	-
Amortisation charge	(1,180)	(433)	(1,613)
Closing net book amount	<u>4,437</u>	<u>2,953</u>	<u>7,390</u>
As at 30 June 2022			
Cost	10,126	2,953	13,079
Accumulated amortisation and impairment	(5,689)	-	(5,689)
Net book amount	<u>4,437</u>	<u>2,953</u>	<u>7,390</u>
Year ended 30 June 2023			
Opening net book amount	4,437	2,953	7,390
Additions	1,241	426	1,667
Disposals	-	(91)	(91)
Amortisation charge	(1,243)	-	(1,243)
Closing net book amount	<u>4,435</u>	<u>3,288</u>	<u>7,723</u>
At 30 June 2023			
Cost	11,367	3,288	14,655
Accumulated amortisation and impairment	(6,932)	-	(6,932)
Net book amount	<u>4,435</u>	<u>3,288</u>	<u>7,723</u>

20 Intangible assets (continued)

Group	Computer software \$'000	Emissions Trading Scheme (ETS) credits \$'000	Total \$'000
At 1 July 2021			
Cost	9,864	2,004	11,868
Accumulated amortisation and impairment	(5,548)	-	(5,548)
Net book amount	<u>4,316</u>	<u>2,004</u>	<u>6,320</u>
Year ended 30 June 2022			
Opening net book amount	4,316	2,004	6,320
Additions	1,860	1,382	3,242
Disposals	(12)	(433)	(445)
Amortisation charge	(1,304)	-	(1,304)
Closing net book amount	<u>4,860</u>	<u>2,953</u>	<u>7,813</u>
At 30 June 2022			
Cost	11,712	2,953	14,665
Accumulated amortisation and impairment	(6,852)	-	(6,852)
Net book amount	<u>4,860</u>	<u>2,953</u>	<u>7,813</u>
Year ended 30 June 2023			
Opening net book amount	4,860	2,953	7,813
Additions	1,329	426	1,755
Disposals	(38)	(91)	(129)
Amortisation charge	(1,413)	-	(1,413)
Closing net book amount	<u>4,738</u>	<u>3,288</u>	<u>8,026</u>
At 30 June 2023			
Cost	12,853	3,288	16,141
Accumulated amortisation and impairment	(8,115)	-	(8,115)
Net book amount	<u>4,738</u>	<u>3,288</u>	<u>8,026</u>

21 Depreciation and amortisation expense by group of activity

	Council	
	Actual 2023 \$'000	Actual 2022 \$'000
Directly attributable depreciation and amortisation expense by group of activity		
Corporate	547	513
Parks and active recreation	3,465	3,451
Social	1,381	1,342
Economic	2	2
Transport	11,663	8,750
Environmental management	177	153
Solid waste	7,970	293
Wastewater	4,182	6,729
Stormwater	6,573	3,379
Water supply	720	5,211
Flood protection	549	766
Total directly attributable depreciation and amortisation by group of activity	<u>37,229</u>	<u>30,589</u>
Depreciation and amortisation not directly related to group of activities	<u>1,125</u>	<u>1,083</u>
Total depreciation and amortisation expense	<u>38,354</u>	<u>31,672</u>

22 Forestry assets

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Carrying amount opening balance	5,834	7,227	5,834	7,227
Gain/loss arising from changes in fair value less estimated point-of-sale costs	(736)	932	(736)	932
Harvest	(961)	(2,325)	(961)	(2,325)
Balance at 30 June 2023	<u>4,137</u>	<u>5,834</u>	<u>4,137</u>	<u>5,834</u>

Council owns 549.3 hectares, (2022: 561.7 hectares), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1981 and 2020. Other stands totalling 53.2 hectares, (2022: 53.2 hectares), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2023. A discount rate of 7.8% (2022: 7.9%), has been used in discounting the present value of expected before tax cash flows.

The Council has entered into the New Zealand Emissions Trade Scheme in respect of 144.3 hectares of forest land located in the Nelson Region. The 14,453 of ETS credits currently held are recognised at a net nil value as the value of the credits is offset by the harvest surrender value liability.

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 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Investment properties - fair value - opening balance	930	970	930	970
Investment properties - fair value - valuation	50	-	50	-
Investment properties - fair value - net gain (loss) from fair value adjustment	-	(40)	-	(40)
Balance at 30 June	980	930	980	930

24 Investments in subsidiaries

Breakdown of investment in subsidiaries and further information

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):

All subsidiaries are incorporated in New Zealand.

Principal activity	Council		Group	
	Actual	Actual	Actual	Actual
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Nelson Regional Development Agency	200	200	-	-
Nelmac	2,000	2,000	-	-
Bishop Suter Trust	6,000	6,000	-	-
Civic Trust	-	-	-	-
Total investment in Subsidiaries	8,200	8,200	-	-

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:

	2023 \$'000	2022 \$'000
Opening balance	8,200	8,200
Net investment made during the year	-	-
Total investment in subsidiaries	8,200	8,200

25 Investments in equity accounted joint ventures

	Council		Group	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Council				
Port Nelson Ltd	12,708	12,708	137,296	135,623
Tasman Bays Heritage Trust	4,922	4,922	11,003	11,419
Nelson Airport Ltd	19,033	19,033	46,501	45,672
Shares in associates	<u>36,663</u>	<u>36,663</u>	<u>194,800</u>	<u>192,714</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.

	2023	2022
	\$'000	\$'000
Group		
Movements in the carrying amount of investments in equity accounted joint ventures:		
Balance at 1 July	192,714	184,859
Share of total recognised revenue and expenses	5,510	6,892
Share of revaluation gain	(824)	3,943
Share of dividend	(2,600)	(2,980)
Balance at 30 June	<u>194,800</u>	<u>192,714</u>

Summarised financial information of equity accounted joint ventures presented on a gross basis:

	Port Nelson	Tasman Bays	Nelson	Total
	Ltd	Heritage Trust	Airport Ltd	2023
	\$'000	\$'000	\$'000	\$'000
Revenue	85,780	2,657	16,879	105,316
Depreciation and amortisation	(10,574)	(483)	(4,238)	(15,295)
Finance costs	(3,550)	(33)	(1,448)	(5,031)
Other expenses	(59,096)	(1,999)	(7,089)	(68,184)
Net surplus / (deficit) before taxation	12,560	142	4,104	16,806
Tax expense	(3,243)	-	(1,394)	(4,637)
Net surplus / (deficit) after taxation	9,317	142	2,710	12,169
Other comprehensive income	(1,343)	-	543	(800)
Total comprehensive revenue and expense	7,974	142	3,253	11,369
Shareholder's funds brought forward	272,824	31,602	100,553	404,979
Dividends	(4,000)	-	(1,200)	(5,200)
Shareholder's funds carried forward	276,798	31,744	102,606	411,148

25 Investments in equity accounted joint ventures (continued)

Cash and cash equivalents	1,393	358	172	1,923
Other current assets	14,759	104	1,737	16,600
Non-current assets	364,448	32,130	145,663	542,241
Current liabilities	(44,508)	(409)	(31,227)	(76,144)
Non-current liabilities	(59,294)	(439)	(13,739)	(73,472)
Net assets	<u>276,798</u>	<u>31,744</u>	<u>102,606</u>	<u>411,148</u>

Equity Accounted Share of Group's Financial Information:

	Port Nelson Ltd \$'000	Tasman Bays Heritage Trust \$'000	Nelson Airport Ltd \$'000	Total 2023 \$'000
Proportion of Council's Interest	50%	50%	50%	
Joint Venture's Net Assets	276,798	31,744	102,606	411,148
Council's share before any eliminations and adjustments	138,399	15,872	51,303	205,574
Eliminations and Adjustments	<u>(1,103)</u>	<u>(4,869)</u>	<u>(4,802)</u>	<u>(10,774)</u>
Council's share of net assets	<u>137,296</u>	<u>11,003</u>	<u>46,501</u>	<u>194,800</u>
Joint venture's surplus	9,317	142	2,710	12,169
Council's share before any eliminations and adjustments	4,659	71	1,355	6,085
Elimination and adjustments	<u>(354)</u>	<u>(487)</u>	<u>266</u>	<u>(575)</u>
Council's share of net surplus after taxation	<u>4,305</u>	<u>(416)</u>	<u>1,621</u>	<u>5,510</u>
Joint venture's share of other comprehensive income	(1,343)	-	543	(800)
Council's share before any eliminations and adjustments	(672)	-	272	(400)
Eliminations and adjustments	<u>40</u>	<u>(1)</u>	<u>(463)</u>	<u>(424)</u>
Council's share of other comprehensive income	<u>(632)</u>	<u>(1)</u>	<u>(191)</u>	<u>(824)</u>
Opening book value 1 July 2021 2021/2022	130,054	11,729	43,076	184,859
Share of surplus	6,018	(310)	1,184	6,892
Dividend received	(2,430)	-	(550)	(2,980)
Movement in other comprehensive income	<u>1,981</u>	<u>-</u>	<u>1,962</u>	<u>3,943</u>
Closing book value 30 June 2022	<u>135,623</u>	<u>11,419</u>	<u>45,672</u>	<u>192,714</u>

25 Investments in equity accounted joint ventures (continued)

Opening book value 1 July 2022 2022/2023	135,623	11,419	45,672	192,714
Share of surplus	4,305	(416)	1,621	5,510
Dividend received	(2,000)	-	(600)	(2,600)
Movement in other comprehensive income	<u>(632)</u>	<u>(1)</u>	<u>(191)</u>	<u>(824)</u>
Closing book value 30 June 2023	<u>137,296</u>	<u>11,002</u>	<u>46,502</u>	<u>194,800</u>

Other disclosures	Port Nelson Ltd \$'000	Tasman Bays Heritage Trust \$'000	Nelson Airport Ltd \$'000	Total 2023 \$'000
Share of contingent liabilities	-	-	-	-
Share of capital commitments	2,050	210	571	2,831
Dividends received or receivable	<u>2,000</u>	<u>-</u>	<u>600</u>	<u>2,600</u>
	<u>4,050</u>	<u>210</u>	<u>1,171</u>	<u>5,431</u>

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 venture are published on the publicly available websites of the entities.

25 Investments in equity accounted joint ventures (continued)

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.

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 principal activities are as follows:

- Regional Sewerage Business Unit's principal activity is sewerage disposal services.
- Civil Defence's principal activity is coordination of emergency services.
- Regional Landfill Business Unit's principal activity is solid waste disposal services.

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

	2023 Percentage Ownership	2022 Percentage Ownership
Name		
Regional Sewerage	50%	50%
Civil Defence	50%	50%
Regional Landfill	<u>50%</u>	<u>50%</u>
	2023 \$'000	2022 \$,000
Assets		
Current assets	1,098	1,170
Non-current assets	<u>65,297</u>	<u>54,942</u>
Total assets	<u>66,395</u>	<u>56,112</u>
Liabilities		
Current liabilities	278	3,257
Non-current liabilities	<u>17,311</u>	<u>15,251</u>
Total liabilities	<u>17,589</u>	<u>18,508</u>
Revenue	10,956	9,535
Expenses	<u>(9,667)</u>	<u>(7,887)</u>
Net surplus/(deficit)	<u>1,289</u>	<u>1,648</u>

27 Trade and other payables

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Current				
Trade payables	18,735	18,462	19,083	18,568
Deposits and bonds	905	671	905	671
Accrued expenses	3,780	2,454	4,634	3,383
Revenue in advance	3,533	3,416	3,559	3,452
Amounts due to customers for contract work	449	354	449	354
Other payables	3,437	3,248	3,449	3,255
Trust accounts	67	48	67	48
Taxes payable other than income tax	23	38	714	717
Kāinga Ora - Capped fund	2,369	362	2,369	362
Total current creditors and other payables	33,298	29,053	35,229	30,810
Total creditors and other payables from exchange transactions	27,866	24,049	29,106	25,127
Total creditors and other payables from non-exchange transactions	3,064	4,643	3,755	5,322
Total current creditors and other payables from exchange and non-exchange transactions	30,930	28,692	32,861	30,449
Non current				
Housing New Zealand Suspensory Loan	-	-	-	-
Kāinga Ora - Capped fund	1,973	3,574	1,973	3,574
Suter depreciation accrual	1,057	1,098	-	-
Total non-current creditors and payables	3,030	4,672	1,973	3,574
Non-current payables from exchange transactions	-	-	-	-
Non-current payables from non-exchange transactions	3,030	4,672	1,973	3,574
Total trade and other payables from exchange and on-exchange transactions	33,960	33,364	34,834	34,023

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 Kāinga Ora capped fund has a face value of \$5.3m (2022: \$5.1m), with a remaining term of up to 13 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 4.77% (2022: 4.08%). \$2.5m of the fund has been paid out on 18 July 2023. Due to the unknown timing of the remainder of the funds, it has been assumed it will be evenly distributed over the 13 years. This fund was created through the sale of Nelson City Council's community housing stock, and is available for Kāinga 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 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Current portion				
Secured				
Secured loans	650	650	3,472	898
Floating rate notes	5,000	25,000	5,000	25,000
Total secured current interest bearing borrowings	5,650	25,650	8,472	25,898
Total current portion	5,650	25,650	8,472	25,898
Non-current portion				
Secured loans	-	-	567	4,276
Floating rate notes	180,000	125,000	180,000	125,000
Total non-current portion	180,000	125,000	180,567	129,276
Total borrowings	185,650	150,650	189,039	155,174

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 2023 the Council had borrowing facilities of \$8 million with Westpac Banking Corporation (2022: \$8m), and \$15m with LGFA (2022: \$15m). At balance date \$650,000 of the total \$23m facility was drawn down (2022: \$650,000). Council also has a business card facility with Westpac with a limit of \$42,000 (2022: \$42,000).

The interest rates on the Council borrowings range from 1.03% to 6.69% (2022: 1.03% to 3.83%). The weighted average interest rate on the above loans was 5.96% (2022: 2.5%).

29 Provisions

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Regional Landfill - closure and post closure provision	251	269	251	269
Contaminated land provision	3,000	-	3,000	-
Total current portion	3,251	269	3,251	269
Regional Landfill - closure and post closure provision	3,261	3,251	3,261	3,251
Total non-current portion	3,261	3,251	3,261	3,251
Total provisions	6,512	3,520	6,512	3,520
Movements in provisions:				
Opening balance	3,520	3,802	3,520	3,802
Reassessment of liability	(8)	(75)	(8)	(75)
Expenditure incurred	-	(207)	-	(207)
Movement in other provisions	3,000	-	3,000	-
Closing balance	6,512	3,520	6,512	3,520

Landfill aftercare costs

The Nelson Tasman Regional Landfill Business Unit (NTRLBU) operates the York Valley Landfill in Nelson City and the Eves Valley landfill in Tasman District. 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.

Contaminated Land

Nelson City Council is seeking to urgently remediate and then remove contaminated sawdust found at Tāhunanui back beach. Subsequent to year end, the Council has appointed a specialist consultant to manage the sawdust remediation and removal. At this stage, the full cost of the project is estimated to be \$3.0m.

The following significant assumptions have been made in calculating the provision:

- The area has been estimated at 5,900m³, with a sawdust conversion rate of 1 tonne per 1 cubic meter assumed.
- The sawdust removed is expected to be dumped at York Valley within the Nelson/Tasman landfill and transport costs are based on this assumption. Should out of region disposal be required, this would increase the transport and associated costs included in the provision.
- The extent of treatment required so the sawdust toxin contamination meets the York Valley landfill's acceptance level is currently unknown.
- Reinstatement options for Tāhunanui Beach have not yet been determined. It is assumed, as a minimum, that the excavated area will be backfilled with suitable material.
- Consultants will be engaged to plan the reinstatement of the area.

30 Employee benefits liabilities

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Annual leave	1,773	1,788	3,332	3,204
Long service leave	109	122	109	122
Retirement gratuities	94	89	94	89
Sick leave	69	50	69	50
Accrued pay	610	432	1,381	1,031
Total current portion	2,655	2,481	4,985	4,496
Long service leave	112	93	135	120
Retirement gratuities	41	39	68	64
Total non-current portion	153	132	203	184
Total employee entitlements	2,808	2,613	5,188	4,680

31 Equity

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Customers' equity				
Accumulated funds	449,821	462,485	507,191	517,107
Reserves	1,702,667	1,539,372	1,828,068	1,665,597
Balance at 30 June	2,152,488	2,001,857	2,335,259	2,182,704

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Accumulated funds				
Balance at 1 July	462,485	439,724	517,107	490,356
Asset revaluation reserve movement - community housing land	-	-	-	-
Disposal of property, plant and equipment	-	81	-	81
Movement in reserves	1,977	(850)	1,977	(850)
Surplus/(deficit) for the year	(14,641)	23,530	(11,893)	27,520
Balance 30 June	449,821	462,485	507,191	517,107

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
(a) Reserves include				
Property, plant and equipment revaluation reserve	1,678,965	1,514,272	1,804,016	1,639,515
Hedging reserve - cash flow hedges	-	-	350	982
Restricted reserves	23,652	25,050	23,652	25,050
Contingency reserve	50	50	50	50
Total reserves	1,702,667	1,539,372	1,828,068	1,665,597

Property, plant and equipment revaluation reserve

Balance at 1 July	1,514,272	1,263,233	1,639,515	1,385,549
Net revaluation gains	165,272	251,063	165,080	253,988
Transfer to accumulated funds on disposal of property	(579)	(81)	(579)	(81)
Other adjustments	-	57	-	59
Balance at 30 June	1,678,965	1,514,272	1,804,016	1,639,515

Property revaluation reserves for each asset class consist of:

Land	220,370	220,370	281,412	281,412
Buildings	-	-	456	456
Airport	-	-	32,503	32,695
Art Collection	-	-	5,182	5,182
Sewerage system	292,616	225,779	292,616	225,779
Water system	238,789	197,735	238,789	197,735
Stormwater network	239,241	190,232	239,241	190,232
Flood protection network	70	12,370	70	12,370
Roading network	682,330	663,137	682,330	663,137

31 Equity (continued)

Solid waste	5,435	4,545	5,435	4,545
Forestry (NRSBU)	114	104	114	104
Wharves	-	-	25,868	25,868
Total	1,678,965	1,514,272	1,804,016	1,639,515

Hedging reserve - cash flow hedges

Balance at 1 July	-	-	982	(1,000)
Fair value gains/(losses) in the year	-	-	(632)	1,982
Deferred tax movement	-	-	-	-
Balance at 30 June	-	-	350	982

Council		Group	
Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000

Restricted reserves

Balance at 1 July	25,050	24,257	25,050	24,257
Net transfers (to)/from accumulated funds	(1,398)	793	(1,398)	793
Balance at 30 June	23,652	25,050	23,652	25,050

Contingency reserve

Balance 1 July	50	50	50	50
Fair value movement	-	-	-	-
Balance 30 June	50	50	50	50

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

Restricted Reserve	Activities to which the reserve relates	Balance 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
2023					
Art Council loan fund	Parks	10	-	-	10
Climate Change Reserve	Environmental	29	-	(10)	19
Community Housing Reserve	Social	10,720	54	(1,650)	9,124
Community Investment Fund	Social	1	2	(1)	2
Dog control reserve	Environmental	(246)	60	-	(186)
Events Contestable Fund reserve	Economic	313	2	(83)	232
Forestry	Forestry	955	-	(987)	(32)
Founders Park reserve	Social	345	141	(77)	409
L C Voller bequest	Social	25	-	-	25
Landfill	Solid Waste	4,640	23	-	4,663
Neighbourhood development contributions reserve	Parks	2,123	-	(158)	1,965
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	9	-	-	9
Roading contributions	Transport	117	-	-	117
Solid Waste	Solid Waste	1,004	-	(710)	294
Sport and recreation grants	Parks	14	-	-	14

31 Equity (continued)

Subdivisions reserve	Parks	4,795	25	1,992	6,812
Walker bequest	Parks	10	-	-	10
Water financial contributions reserve	Water	21	-	(21)	-
Total restricted reserves - 2023		25,050	307	(1,705)	23,652

Reserve	Activities to which the reserve relates	Balance 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
2022					
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	7	14	-	21
Total restricted reserves - 2022		24,257	3,335	(2,542)	25,050

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Surplus/(deficit) after tax	(14,641)	23,530	(11,893)	27,520
Add/(less) non-cash items				
Depreciation and amortisation expense	38,354	31,672	40,866	33,714
Property, plant, and equipment impairment	-	(8)	-	(323)
Vested assets	(10,683)	(6,567)	(10,691)	(6,628)
(Gains)/losses in fair value of biological assets	736	(932)	736	(932)
(Gains)/losses in fair value of investment property	(50)	40	(50)	40
(Gains)/losses on derivative financial instruments	(2,029)	(11,285)	(2,029)	(11,285)
Increase in deferred tax	-	-	283	(34)
Joint operations surplus ex dividends	-	-	(2,910)	(3,912)
(Gains)/losses in fair value of investments	-	-	(135)	236
Movement in landfill liability	(8)	(282)	(8)	(282)
Provision for discount unwinding	273	(214)	273	(214)
Movement in Other Provisions	3,000	-	3,000	-
Other Non-Cash items	1,333	-	1,341	-
Total non-cash items	30,926	12,424	30,676	10,380
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	2,208	396	2,182	373
(Gains)/losses on disposal of biological assets	-	1,046	-	1,046
(Gains)/losses on disposal of intangible assets	91	433	129	433
Total items classified as investing or financing activities	2,299	1,875	2,311	1,852
Add/(less) movements in working capital items				
(Increase)/decrease in receivables	(5,155)	(5,049)	(5,674)	(6,572)
(Increase)/decrease in prepayments	-	(61)	-	(129)
(Increase)/decrease in inventory	-	-	(157)	154
(Increase)/decrease in work in progress	-	-	-	84
Increase /(decrease) in payables	10,599	(3,557)	10,814	(2,465)
Increase /(decrease) in income tax payable	-	-	-	(477)
Increase /(decrease) in employee entitlements	195	128	508	305
Net movement in working capital items	5,639	(8,539)	5,491	(9,100)
Net cash inflow/(outflow) from operating activities	24,223	29,290	26,585	30,652

33 Capital commitments and operating leases

Capital commitments

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
- Roading network	1,989	584	1,989	584
- Flood protection	3,620	9,222	3,620	9,222
- Other improvements	-	2,259	-	2,259
- Wastewater	1,860	10,878	1,860	10,621
- Water supply	612	917	612	1,142
- Stormwater	2,057	11,145	2,057	11,145
- Land & Buildings	2,633	5,079	2,633	4,914
- Solid Waste	50	-	50	-
- Parks & Recreation	248	-	248	-
- Social	174	-	174	-
- Software	162	301	162	239
- Equipment	-	70	-	70
Group	-	-	-	-
Buildings	-	-	-	-
- Property, Plant & Equipment	-	-	571	616
Intangible assets	-	-	-	-
- Wharf and property purchase/redevelopment	-	-	2,050	984
Tasman Bay Heritage Trust	-	-	-	-
- Property, Plant & Equipment	-	-	-	9
Total capital commitments	13,405	40,455	16,026	41,805

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 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Not later than one year	315	274	1,278	651
Later than one year and not later than five years	381	454	1,342	1,114
Later than five years	409	146	409	146
Total non-cancellable operating leases	1,105	874	3,029	1,911

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 45 years, with the majority under five years.

33 Capital commitments and operating leases (continued)

The future aggregate lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Not later than one year	1,614	1,465	6,076	5,596
Later than one year and not later than five years	4,105	3,216	15,242	14,719
Later than five years	6,842	6,158	16,365	15,746
Total non-cancellable operating leases	12,561	10,839	37,683	36,061

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 considers 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. LGFA has a current credit rating from Standard and Poor's of AAA as at March 2023 for local currency, and a foreign currency rating of AA+ as at October 2022.

As at 30 June 2023, there are 77 councils and 3 CCOs as members of the LGFA. Nelson City Council is one of 70 guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1.0 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Group is a guarantor of all of the LGFA's borrowings. At 30 June 2023, the LGFA had borrowings totalling \$17.7 billion (2022: \$16.8 billion).

PBE Accounting Standards require Nelson City Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. Nelson City Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Group has not recognised a liability.

Nelson City Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Group:

There are no contingent assets or liabilities arising from the consolidated entities.

Port Nelson Limited

Port Nelson is a party to an investigation following an incident in January 2023. There is a potential for charges to be filed against Port Nelson however, as of the balance date no charges have been laid. It is expected that any financial impact on Port Nelson will not be material.

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

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect that the Institute would have adopted in dealing with the party at arm's length in the same circumstances.

Related party transactions with subsidiaries, joint operations, or joint ventures

	Council	
	Actual 2023 \$'000	Actual 2022 \$'000
Expenditure		
Bishop Suter Trust		
Operating grant	735	710
Depreciation grant	41	-
Economic Development Agency (NRDA)		
Operating grant	1,764	1,291
Contestable events fund	611	193
Other Services	10	-
Tasman Bays Heritage Trust		
Operating grant	1,164	981
Payables		
Suter depreciation grant	1,056	1,098
NRDA contestable events fund	66	22
	<u>5,447</u>	<u>4,295</u>

Dividends Received

The following dividends were received by Council for the year 2022/23:

Port Nelson \$2.15 million (2022: \$2.43 million)

Nelson Airport Limited \$550,000 (2022: \$550,000)

Subvention Receipts

The following subvention receipts were received by Council for the year 2022/23:

Nelmac Ltd \$418,797 (202: \$514,016)

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.

35 Related party transactions (continued)

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 4.69% (2022: 3.89%). This has resulted in an asset to Council of \$300,984 (2022: \$385,844), with the last payment currently scheduled for the year 2027.

Services from joint operations

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 arms 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 2023 financial year was \$12.0 million (2022: \$5.7 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. The contract value was higher in the 2023 year due to the August 2022 and May 2023 flooding events.

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 is 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

	Council	
	Actual 2023 \$'000	Actual 2022 \$'000
Council members		
Remuneration	760	777
Full-time equivalent members	<u>13.0</u>	<u>13.0</u>
Senior Management Team, including the Chief Executive		
Remuneration	1,854	2,008
Full-time equivalent members	<u>8.0</u>	<u>8.8</u>
Total key management personnel compensation	<u>2,614</u>	<u>2,785</u>
Total full-time equivalent personnel	<u>21.0</u>	<u>21.8</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. Given the number of movements during the year, the full-time equivalent for key management personnel is taken as the number of key management as at 30 June 2023.

35 Related party transactions (continued)

The only external appointment is the independent Chair and independent member of the Audit, Risk and Finance Committee since February 2023. Prior to October 2022, key advisors include eight 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 \$1,900 were made to 1 advisor for other business advisory work undertaken. In total the payments for these advisors totalled \$49,315 (2022: \$72,083).

External committee members are/were Catherine Taylor, 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(s) was \$387,912 (2022: \$372,682).

Elected representatives

Elected representatives received the following remuneration:

	Council	
	Actual 2023 \$	Actual 2022 \$
Mayor Smith	104,731	-
Deputy Mayor O'Neill-Stevens	57,951	47,394
Mayor Reese	42,467	144,119
Deputy Mayor Edgar	20,292	69,278
Councillor Anderson	34,572	-
Councillor Benge	34,572	-
Councillor Bowater	13,674	47,380
Councillor Brand	48,121	47,394
Councillor Courtney	48,121	47,380
Councillor Fulton	17,520	60,120
Councillor Hodgson	34,572	-
Councillor Lawrey	13,674	47,394
Councillor McGurk	17,520	60,106
Councillor Noonan	15,067	51,990
Councillor Paki Paki	34,572	-
Councillor Rainey	48,121	47,380
Councillor Rollo	39,902	-
Councillor Sanson	48,121	47,371
Councillor Skinner	51,932	60,106
Councillor Stallard	34,572	-
Total elected representatives' remuneration	760,074	777,412

26 fortnightly payments are included in this disclosure for the 2022/23 financial year. In 2021/22 there was also 26 fortnightly payments.

Council employees

At balance date, Council employed 376 staff (2022: 351). The FTE total for 2023 was 325 (2022: 307); made up of 247 (2022: 231) full-time employees (FTEs), with the balance of staff representing 78 (2022: 76) FTEs.

Total annual remuneration by band for the 376 employees as at 30 June:

	Number of employees
	2023
< \$60,000	111
\$60,000 – \$79,999	79
\$80,000 – \$99,999	87
\$100,000 – \$119,999	51
\$120,000 - \$139,999	21
\$140,000 - \$159,999	16
\$160,000 - \$279,999	10
\$280,000 - \$379,999	1
Total employees	<u>376</u>
	2022
< \$60,000	124
\$60,000 – \$79,999	67
\$80,000 – \$99,999	83
\$100,000 – \$119,999	38
\$120,000 - \$139,999	16
\$140,000 - \$159,999	13
\$160,000 - \$279,999	9
\$280,000 - \$379,999	1
Total employees	<u>351</u>

37 Severance payments

Council:

For the year ended 30 June 2023, the Council made no severance payments to employees (2022: nil).

Group:

For the year ended 30 June 2023, the Group made 6 severance payments to individual employees totalling \$119,243 (2022: 6 employees totalling \$86,421).

38 Financial instruments

As at 30 June 2023 the Council and group has adopted PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Council and group's accounting policies are:

Note 13 – Receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.

Note 16 – Other financial assets – This policy has been updated to reflect:

- the new classification categories;
- the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
- the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivatives accounting policies in Note 17 – Derivatives remain unchanged as Council has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held mainly to collect, except for the Council's LGFA borrower notes, which are held to maturity per the LGFA debt requirements.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

The following tables are comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories:

	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Financial assets				
Mandatorily measured at FVTSD (2022: Held for trading)				
Derivative financial instruments – not hedge accounted	5,625	3,694	5,625	3,694
Amortised cost (2022: Loans and receivables)				
Cash and cash equivalents	12,532	11,101	14,170	13,949
Term Deposits	-	25,000	2,548	27,351
Receivables	28,690	23,566	32,261	26,645
Community loans	1,904	2,218	1,904	2,218
Loans to related parties	301	386	-	-
Total at amortised cost	<u>49,052</u>	<u>65,965</u>	<u>56,508</u>	<u>73,857</u>
FVTOCRE				
LGFA Borrower Notes	4,283	3,005	4,283	3,005
Listed shares and unlisted	140	140	140	140
Fixed Interest Securities	-	-	852	814
Total at FVTOCRE	<u>4,423</u>	<u>3,145</u>	<u>5,275</u>	<u>3,959</u>

38 Financial instruments (continued)

(a) Fair value estimation (continued)

Financial liabilities

Mandatorily measured at FVTSD

(2022: Held for trading)

Borrowings	185,650	150,650	189,039	155,714
Derivative financial instruments				
Derivative financial liabilities	-	-	-	-
Amortised cost				
Payables	<u>36,327</u>	<u>33,725</u>	<u>37,201</u>	<u>34,384</u>
Total financial liabilities at amortised cost	<u>221,977</u>	<u>184,375</u>	<u>226,240</u>	<u>190,098</u>

(a) Fair value estimation

Fair value hierarchy

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.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statements of financial position:

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2023 - Council				
Financial assets				
Derivatives	5,625	-	5,625	-
Shares	<u>140</u>	<u>-</u>	<u>-</u>	<u>140</u>
Total financial assets	<u>5,765</u>	<u>-</u>	<u>5,625</u>	<u>140</u>
Financial liabilities				
Derivatives	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 June 2022 - Council				
Financial assets				
Derivatives	3,694	-	3,694	-
Shares	<u>140</u>	<u>-</u>	<u>-</u>	<u>140</u>
Total financial assets	<u>3,834</u>	<u>-</u>	<u>3,694</u>	<u>140</u>
Financial liabilities				
Derivatives	<u>98</u>	<u>-</u>	<u>98</u>	<u>-</u>
Total financial liabilities	<u>98</u>	<u>-</u>	<u>98</u>	<u>-</u>

38 Financial instruments (continued)

(a) Fair value estimation (continued)

	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 June 2023 - Group				
Financial assets				
Derivatives	5,625	-	5,625	-
Shares	140	-	-	140
Total financial assets	5,765	-	5,625	140
Financial liabilities				
Derivatives	-	-	-	-
Total financial liabilities	-	-	-	-
	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 June 2022 - Group				
Financial assets				
Derivatives	3,694	-	3,694	-
Shares	140	-	-	140
Total financial assets	3,834	-	3,694	140
Financial liabilities				
Derivatives	98	-	98	-
Total financial liabilities	98	-	98	-

(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 2023, Council has contracts hedging a total of \$nil (2022: \$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.

38 Financial instruments (continued)

(b) Financial instrument risks (continued)

The details of the \$29.6 million receivables are outlined in note 13.

Details of investments are outlined in notes 16, 24, 25 and 26.

As at 30 June 2023 Council did not have any short term deposits with a maturity of less than three months (2022: \$nil).

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 2023 is \$2.2 million (2022: \$2.6 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 \$1,862,000 and \$730,000 (2022: \$1,922,000 and \$754,000).

Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at bank and term deposits	12,532	36,101	16,718	41,300
Receivables	28,690	23,566	32,261	26,645
Community and related party loans	2,205	2,604	1,904	2,218
LGFA borrower notes	4,283	3,005	4,283	3,005
Private shares	140	140	140	140
Derivative financial instruments	5,625	3,694	5,625	3,694
Fixed interest securities	-	-	852	814
Total credit risk	53,475	69,110	61,783	77,816

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.

38 Financial instruments (continued)

(b) Financial instrument risks (continued)

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	<u>12,532</u>	36,101	<u>16,718</u>	41,300
Derivative financial instrument assets				
AA-	<u>5,625</u>	3,694	<u>5,625</u>	3,694
Other financial assets - LGFA borrower notes				
AAA	<u>4,283</u>	3,005	<u>4,283</u>	3,005
Other financial assets - loans and receivables				
AA-	<u>-</u>	-	<u>2,548</u>	-
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with no defaults in the past	1,904	2,218	1,904	2,218
Existing counterparty defaulted 30 June 2012, loan arrangements since reviewed and complied with	<u>301</u>	<u>386</u>	<u>-</u>	<u>-</u>
Total community and related party loans	<u>2,205</u>	<u>2,604</u>	<u>1,904</u>	<u>2,218</u>
Receivables				
Existing counterparty with no defaults in the past	28,690	23,566	32,261	26,645
Held to maturity investments	-	-	-	-
Fixed interest securities				
Existing counterparty with no defaults in the past	140	140	992	954
Listed shares	-	-	-	-
Existing counterparty with no defaults in the past	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 2023 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 (2022: \$nil).

38 Financial instruments (continued)

(b) Financial instrument risks (continued)

Contractual maturity analysis of financial liabilities

	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2023					
Payables	32,347	30,373	210	584	1,180
Secured loans	185,650	5,650	45,000	85,000	50,000
Derivative financial liabilities	-	-	-	-	-
Total	217,997	36,023	45,210	85,584	51,180
	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2022					
Payables	30,309	26,735	687	933	1,954
Secured loans	150,650	25,650	5,000	55,000	65,000
Derivative financial liabilities	98	25	-	73	-
Total	181,057	52,410	5,687	56,006	66,954
	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Group 2023					
Payables	33,195	31,221	210	584	1,180
Secured loans	8,472	8,472	-	-	-
Derivative financial liabilities	-	-	-	-	-
Total	41,667	39,693	210	584	1,180
	\$'000	\$'000	\$'000	\$'000	\$'000
Group 2022					
Payables	30,973	27,399	687	933	1,954
Secured loans	155,174	25,898	8,998	55,278	65,000
Derivative financial liabilities	98	25	-	73	-
Total	186,245	53,322	9,685	56,284	66,954

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.

38 Financial instruments (continued)

(b) Financial instrument risks (continued)

Contractual maturity analysis of financial assets

	Contractual Cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2023					
Cash and cash equivalents	12,532	12,532	-	-	-
Receivables	28,690	28,690	-	-	-
Other financial assets:					
- term deposits	-	-	-	-	-
- community and related party loans	2,205	239	240	602	1,124
- LGFA borrower notes	4,283	80	991	1,990	1,222
Derivative financial instruments	5,625	44	2,560	1,940	1,081
Total	53,335	41,585	3,791	4,532	3,427
Council 2022					
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	3,694	13	102	1,343	2,236
Total	68,971	60,243	448	3,187	5,093
Group 2023					
Cash and cash equivalents	14,170	14,170	-	-	-
Receivables	32,261	32,261	-	-	-
Other financial assets:					
- term deposits	2,548	2,548	-	-	-
- community and related party loans	-	-	-	-	-
- LGFA borrower notes	4,283	80	991	1,990	1,222
Derivative financial instruments	5,625	44	2,560	1,940	1,081
Total	58,887	49,103	3,551	3,930	2,303
Group 2022					
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	3,694	13	102	1,343	2,236
Total	76,863	68,425	355	2,991	5,092

38 Financial instruments (continued)

(c) Financial instrument categories (continued)

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	2023 \$'000				2022 \$'000			
	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity
INTEREST RATE RISK								
Financial assets								
Derivative financial assets	4,323	-	(4,118)	-	3,458	-	(3,226)	-
Other financial assets:								
- Community loans and loans to related parties	174	-	(165)	-	192	-	(162)	-
Financial liabilities								
Derivative financial liabilities	-	-	-	-	(484)	-	458	-
Total sensitivity	4,497	-	(4,283)	-	3,166	-	(2,930)	-
Group	2023 \$'000				2022 \$'000			
	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity
INTEREST RATE RISK								
Financial assets								
Derivative financial assets	4,323	-	(4,118)	-	3,458	-	(3,226)	-
Other financial assets:								
- Community loans and loans to related parties	174	-	(165)	-	192	-	(162)	-
Financial liabilities								
Derivative financial instruments	-	-	-	-	(484)	-	458	-
Total sensitivity	4,497	-	(4,283)	-	3,166	-	(2,930)	-

38 Financial instruments (continued)

(c) Financial instrument categories (continued)

(c) Financial instrument categories

Payables balances exclude revenue in advance, and receivables balances exclude both prepayments and provisions for doubtful debt.

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
FINANCIAL ASSETS				
Fair value through surplus or deficit - not hedge accounted				
Derivative financial instrument assets	<u>5,625</u>	3,694	<u>5,625</u>	3,694
Loans and receivables				
Cash and cash equivalents	12,532	11,101	14,170	13,949
Receivables	28,690	23,566	32,261	26,646
Other financial assets:				
- Term deposits	-	25,000	2,548	27,351
- Community loans and loans to related parties	<u>2,205</u>	<u>2,604</u>	<u>1,904</u>	<u>2,218</u>
Total loans and receivables	<u>43,427</u>	<u>62,271</u>	<u>50,883</u>	<u>70,164</u>
Held-to-maturity				
Other financial assets:				
- LGFA borrower notes	<u>4,283</u>	3,005	<u>4,283</u>	3,005
Fair value through other comprehensive revenue and expense				
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Listed shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FINANCIAL LIABILITIES				
Fair value through surplus or deficit - not hedge accounted				
Derivative financial instrument liabilities	<u>-</u>	98	<u>-</u>	98
Financial liabilities at amortised cost				
Payables	30,373	30,309	31,221	30,973
Borrowings:				
- secured loans	<u>185,650</u>	<u>150,650</u>	<u>189,039</u>	<u>155,174</u>
Total financial liabilities at amortised cost	<u>216,023</u>	<u>180,959</u>	<u>220,260</u>	<u>186,147</u>

39 Events occurring after the balance date

Council:

Holding Company

Infrastructure Holdings Limited ("IHL") was established in January 2023 to hold Nelson City Council (NCC) and Tasman District Council's (TDC's) share equity interests in PNL and NAL. IHL owing 100% of the equity interest in PNL and NAL enable the entities to access New Zealand LGFA funding for current and future funding requirements.

On 1 July 2023 TDC and NCC signed an unconditional Sale and Purchase agreement to transfer their respective shareholdings in PNL and NAL to IHL, in return for IHL issuing share equity to NCC and TDC.

Purchase of Land and Buildings

Nelson City Council has acquired land for \$2,925,000 at 25-27 Bridge Street which settled on 1 July 2023. A deposit of \$292,500 has been paid which is sitting in Work in Progress as at 30 June 2023.

Nelson Floods:

In August 2022, following the extreme weather event, 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 recovery is still on-going.

On 31 August 2023, following requests from Mayor Nick Smith, central government wrote to Council offering a cost-sharing package to support the recovery work from the August 2022 extreme weather event to the value of \$12.3 million. This is broken down as follows:

- Central government has offered up to \$6 million as a 50 percent contribution to Nelson City Council to support the purchase of up to 14 "red stickered" properties where the landslide risk is too high for those property owners to return to their homes and the cost to mitigate is prohibitive. Council has agreed to publicly consult on the buyback offer of affected properties. Nelson City Council will be responsible for any costs over and above the respective 50 percent contributions.
- Central government has offered an investment of up to \$6 million as a 50 percent contribution to the cost to remediate 18 landslips originating on Council land affecting residential areas in Nelson.
- Central government has committed to a lump sum payment of \$300,000 (being \$30,000 per year over 10 years) to the ongoing monitoring of the Tāhunanui slump using equipment installed by EQC as part of their wall in relation to the August 2022 weather event.

Risk Pool

Nelson City Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Borrowings

Since 30 June 2023, Nelson City Council have borrowed a further \$40.0 million.

Group:

There have been no significant events after the balance sheet date that materially impact the Group's financial position.

40 Explanation of major variances against budget

Statements of comprehensive revenue and expense

Total operating revenue is \$12.9 million more than budget:

Rates income is \$0.3 million over budget due to increased properties after the rates were set.

Fees and charges are \$4.3 million less than budget due to:

- Harvesting income being lower than budget by \$1.0m as a result of the changes to the planned timing of harvesting.
- \$2.8 million having been recognised under "other revenue" as a result of reclassification differences for external reporting purposes.

Subsidies and grants are \$6.9 million higher than budget due to:

- Waka Kotahi income being \$3.4 million greater than budgeted. \$3.9 million of this relates to flood recovery, \$1.2 million relates to public transport subsidies, and \$0.5 million relates to other transport cost recoveries. This is partially offset by a reduction of \$2.3 million in grants for capital expenditure due to delays in capital expenditure programme due to the August 2022 floods.
- Accrued income for the NEMA claim for flood recovery of \$3.1 million being unbudgeted.
- This is offset by a reduction of \$0.8 million in Waste Minimalisation Income. This is due to expenditure being lower than forecasted, as kerbside kitchen waste service has yet to commence.

Finance income is \$0.9 million greater than budget. This is due to interest on short-term investments (i.e. pre-funding of debt).

Development and subdivision reserve contributions are \$2.7 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 \$9.7 million more than budget due to the following:

- The value of assets vested to Council by developers is \$5.5 million more than budget. The timing of vested asset receipts is dependent on the development cycle of individual developers.
- Dividends received are \$0.8 million lower than budget
- Accrued insurance recoveries are \$1.8 million (unbudgeted).
- \$2.8 million has been recognised under other revenue from "fees and charges" as a result of reclassification differences for external reporting purposes.

Other gains and losses are \$3.1 million less than budget due to:

- There was \$2.4 million of abandoned assets as a result of the August 2022 flood event.
- Forestry is \$1.7 million lower than budget due to a \$0.7 million loss on revaluation and a \$1.0 million loss on disposal of forestry assets.
- This is offset by interest rate swap valuation gain is \$1.0 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 \$34.5 million higher than budget:

Personnel costs are more than budget by \$1.7 million due to higher than budgeted salary increases.

Depreciation and amortisation expenses was \$4.9 million higher than budgeted. In the 2021/22 financial statements, the asset valuations saw significant increases. This has resulted in a much higher depreciation expense than budgeted for.

Finance costs are greater than budget by \$2.0 million. \$0.9 million is due to an increase in interest from additional pre-funding of debt (which offsets finance revenue above). The remaining \$1.1 million is due to interest rate increases as well as higher borrowings due to the weather event.

40 Explanation of major variances against budget (continued)

Other expenses are greater than budget by \$25.9 million. This was mainly due to \$21.2 million spent on weather event expenditure. The other major variances are as follows:

- \$1.0 million increase in transport-related expenditure (offset by Waka Kotahi grants received).
- \$0.5 million increase in green waste and recycling levies.
- \$0.5 million decrease in kerbside kitchen waste service, due to the delayed deployment of this initiative.
- \$3.5 million increase for the Tāhunanui Beach sawdust remediation.

Other comprehensive revenue is \$134.7 million more than budget:

Land and Infrastructure revaluations are \$134.7 million more than budget reflecting increased costs of Infrastructure. Land was not revalued this year as the movement for 2022/23 is not deemed to be material.

Statements of financial position

Trade and other receivables are \$9.4 million greater than budget due to higher than anticipated receivables due at 30 June 2023. Large receivables at year-end include \$3.1 million of NEMA claim, \$1.6 million of insurance receivable due to the August 2022 floods, and a \$2.2 million Waka Kotahi accrual.

Other financial assets are \$2.8 million lower than budget due to ETS credits being held in Other financial assets rather than intangibles in the budget.

Derivative Financial instruments are \$4.3 million higher than budget due to Interest Rate Swaps being higher than anticipated due to higher interest rates.

Property, plant, and equipment is \$337 million more than budget. Current year revaluations are \$157.4 million greater than budget, and additionally the revaluation in 2021/22 was \$213 million greater than budget which was not known at the time of setting the 2022/23 budgets.

The Council's external borrowings as at 30 June 2023 are \$185.6 million, which is \$10.4 million over budget due to additional weather-related expenditure. External borrowings are summarised in Note 28 of the financial statements.

Trade and other payables are \$8.1 million more than budget due to higher than anticipated payables due at 30 June 2023.

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 \$1,025,581,000. 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 2023, 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 \$820,146,000 (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 \$4,323,000. 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 \$425,034,000.

The sum insured for non residential property material damage is \$522,702,000. Council is part of a Top of the South collective with total non residential property insured of \$1,682,065,000.

Residential property (material damage) is insured to a value of \$6,295,000. Council is part of a Top of the South collective with total residential property insured of \$104,527,000.

Both policies include limits of indemnity of \$2,000,000 for capital additions, construction/alterations of \$2,000,000, landslip \$500,000 and subsidence of \$500,000.

Forestry is insured to a value of \$5,097,000.

Tāhunanui Beach Holiday Park assets are insured to a value of \$28,841,200.

Vehicles

The total book value of vehicles belonging to Council is \$797,000. 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 2023 is \$473,000.

42 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 activity 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.

43 Reclassification of Net Forestry Operations

In the prior financial year, the net expenditure of forestry operations was classified as a cost of the forestry asset. This has been reclassified in terms of PBE IPSAS 1 and shown separately in respect of the revenue and expenditure components.

The closing balance of the forestry asset and net surplus or deficit are not affected by this reclassification.

The following items have been reclassified in the comparative figures disclosed in the prior year:

Service Provision (within other expenses) – Increase of \$5,208,270

Sales of goods and services (within fees and charges revenue) – Increase of \$6,487,586

Loss on disposal of other assets (within other gains / (losses)) – Decrease of \$1,279,316

Service performance reporting judgements

Council needs to comply with a new Accounting Standard (PBE FRS 48) on service performance reporting, which became effective for reporting periods beginning on or after 1 January 2022. The new standard requires the disclosure of judgements used in the selection, measurement and aggregation of service performance information in Council's Annual Report 2022/23.

In the preparation of the performance framework in the Long Term Plan 2021-2031 and the Annual Plan 2022/23, Council has made the following judgments in the selection of our service performance measures:

- We have reflected on the extent to which the levels of service we planned to provide to the community were best captured by performance measures
- We have retained the levels of service and performance measures consulted on with our community during the preparation of the Long Term Plan 2021-2031, and these were carried through into the Annual Plan 2022/23. They are, therefore, the ones Council needs to report against in this Annual Report 2022/23
- We have analysed the levels of service and performance measures and noted areas where we will propose improving them during the upcoming Long Term Plan 2024-2034 and consult with our community on them through that process
- We have surveyed our community on how we are going against some of the performance measures through our residents' survey, and have considered the views and feedback expressed by our residents
- We have ensured that the performance measures adequately inform progress towards delivering the outcomes in Council's Long Term Plan.

The performance framework links to Council's vision and community outcomes and these can be found in the Long Term Plan 2021-2031 <http://www.nelson.govt.nz/assets/Our-council/Images/plans-strategies-policies/long-term-plans/ltp-2021-31/Long-Term-Plan-2021-31-FINAL-FOR-WEB-04-August-2021-updated23March22.pdf>

Changes to performance Framework from 2021/22 year

There are no changes to the performance framework from the previous year.

Mandatory Performance Measures for transport, water supply, wastewater, stormwater and flood protection

Under section 261B of the Local Government Act 2002, the Secretary for Local Government made the Non-Financial Performance Measures Rules 2013. These rules outline mandatory performance measures for all councils to include in their Long Term Plans and to report on through their Annual Reports. The purpose was to enable the public to compare across councils the level of service provided in relation to the following groups of activities: transport, water supply, wastewater, stormwater, and flood protection. Council has no discretion on these mandatory performance measures and is reporting on them in this Annual Report.

Measures to demonstrate statutory compliance

We are also required to demonstrate compliance against some of our statutory requirements (such as percentage of both building consents and resource consents applications processed within 20 statutory days). Including performance measures on these matters helps demonstrate to our community how we comply with our statutory obligations.

Other judgements

Further to the above judgements being made in the selection of performance measures, we also apply judgements on how we report against the range of other services we provide to our community (e.g. activities like reserves and facilities, social, economic and solid waste). We make judgements on what we will measure, how we will measure the levels of

service, and on the aggregation and presentation of service performance information relating to those activities.

These judgements may be informed by a range of factors including:

- levels of satisfaction with Council services received in residents' surveys and other sources
- implementation of Council policies and plans
- areas where Council is investing additional funding in order to see the impact that has on levels of service and satisfaction with services
- areas where Council is interested in monitoring changing behaviours and attitudes in the community in relation to the services it delivers
- the effectiveness of expenditure in terms of delivering on outcomes.

Setting funding levels for services

As part of setting funding levels Council has considered the impact on services and their related performance measures. Despite funding pressures across Council, we determined through the Annual Plan 2022/23 process, that it is possible to continue to provide services at current levels and the related levels of services and performance measures in the Long Term Plan do not need to be adjusted for funding reasons.

Material judgements

Material judgements have been applied as follows:

Surveys

To measure the quality of our outputs, we use residents and occasional customer surveys to obtain customers, citizens and community views on Council services and their experiences with Council. This helps us to assess the quality of the service provided (e.g. Residents' survey 2022/23, Shape Nelson surveys, Flood Level survey, Event Audience survey, Effective Engagement and Road Roughness surveys).

- These surveys are designed by in-house or external research experts, based on best practice in survey design. They have also been designed to measure changes in perception of service delivery over time. Where neutrality is important, these surveys are independently run (e.g. Key Research) and the analysis from these surveys is used to improve our processes and inform future service level improvements. We balance our measure of service delivery with supplemented direct measures of the quality of our service, which measures the direct observation of the service delivery, this type of measurement is more objective and easily quantifiable
- Survey sampling (i.e. recruitment of participants) is conducted in a way that maximises the representativeness of respondents to ensure results are representative of the population of interest. Statistical significance testing is used, where appropriate, to assist in identifying meaningful results. Where there is uncertainty in survey results due, for example to sampling error, this is quantified and stated alongside the results. To minimise the risk of under representative sampling, best practice market research techniques are used across the spectrum of research including statistical weighting of the sampled population to ensure census level representation, we spread our surveys out across the year to reduce likelihood of causing survey fatigue. In addition, questionnaires are regularly reviewed to ensure best practice and fit for purpose.

To determine the number of performance measures to monitor and report on, and the level of aggregation (for example, whether to report on customer satisfaction for each recreation facility or one combined result across all the recreation facilities), we have considered community feedback on performance measures, the costs and benefits of reporting on them,

practical feasibility, the requirement to provide performance information across the full breadth of services that Council provides, and the risk of fatigue when surveying the community on multiple services and measures.

The frequency of each survey differs in line with the specific performance measures. For example, feedback is sought annually on key services Council provides the community through the residents' survey, whereas satisfaction of attendees at an event will be surveyed immediately following that event. The surveys that measure broader perceptions over a longer period of time such as the annual residents' survey are undertaken annually to provide comparative data.

External implications for statements about performance

There are conditions that affect the service performance results and may result in a variation from the anticipated or forecasted results. These are ones which are outside the control of the Council. Some examples of this are changes in government policy in New Zealand, global and domestic economic conditions, wars and conflicts, and international policy that may impact areas such as recruitment, availability of material and supplies (for example, materials required for critical infrastructure), volatility in international financial markets and other unforeseen considerations.

Performance of Council Controlled Organisations Hinonga Kaunihera

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. During 2022/23, 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 Trust¹

A summary of the performance for Council Controlled Organisations is on pages 196 to 219. Further information is available for each Council Controlled Organisation in their respective Annual Reports.

Council agreed to continue exemptions² for the Nelson Civic Trust in 2020, and therefore its performance is not reported on in this Annual Report.

² 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

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 52% of the 25 performance measures set out in its Statement of Intent.

Area	Performance Measure	Target	Result
Customers	Cargo volumes revenue tonnes (000)	3,308	3,245
	Container throughput TEU (000)	114	105
	Vessel visits (greater than 100 GRT)	781	769
	QuayConnect revenue growth (\$m)	1.5	5.7
	Average container crane rate per hour	>20	18.9
	Improved container truck waiting time (mins)	<15	14.7
Environment	Gross reduction on FY19 scope 1 and 2 carbon emissions	15%	14%
	Gross reduction on FY19 levels in scope 3 carbon emissions (PNL originated)	80%	72%

	Port's significant noise event >89dBh & events >85dbH (at monitor)	0 & 5	0 & 15
	Dust events external complaints	0	0
	Port substance spills >10L reach harbour	0	0
People	High risk events	<=2	1
	Lost time injuries (LTI) greater than 5 days off work	<=2	17
	Lost time injury frequency rate (LTIFR)	<=1.3	3.54
	Critical risk verification reviews	44	44
	Visible safety leadership events	400	406
Community	Utilisation of Slipway – Calwell	85% or 312 days	84%
	Sponsorship (% of underlying NPAT)	>1.2%	1.3%
	Dividend \$ (%underlying NPAT) ex. property revaluations and one-offs	4.0 (51%)	4.0m (52%)
Shareholders	Underlying revenue	\$76.8m	\$82.9m
	Underlying earning before interest rates and taxes	\$12.8m	\$13.9m
	Underlying net profit after tax	\$7.8m	\$7.7m
	Underlying return on assets	2.0%	2.0%
	Underlying return on equity	2.9%	2.8%
	Gearing	21.9%	20.1%

For more information, see Port Nelson's Annual Report for 2022/23.

Port Nelson Limited is 50% owned by the Nelson City Council and is self-administered.

Nelmac

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 8 of the 13 performance measures set out in its Statement of Intent.

Objective Area	Performance Measure	Target	Result
Quality of Service	Maintain A/NZS ISO 9001 Quality Accreditation	ISO 9001 Accredited	Achieved
	Understand and strive to improve customer satisfaction	2023/24 Customer Satisfaction Survey for all Nelmac Customers - improving on 2021/22 score of 5.54 out of 7	Not Measured
		2022/23 Pulse Survey for NCC Contract Managers - improving on Net Promoter score of -27	Achieved
	Reporting of planned initiatives and impact on reducing carbon emissions	Carbon emissions included in annual report and compared against 2020 baseline (normalised against revenue)	Achieved
	Reduced carbon emissions year on year (adjusted for COVID)	Reduce carbon emission compared with 2022 (normalised against revenue) 2022 = 2.88t per \$100k Revenue 2023 = 2.24t per \$100k Revenue	Achieved
		25% carbon reduction compared to 2020 (normalised against revenue)	On track to Achieve
	Support community organisations/initiatives	Financial or in-kind contributions equivalent to 5% of net profit after tax	Achieved
	Employee Turnover comparable to industry average	Employee turnover within 5% of the national industry average	Not Achieved

People and Safety	Reduce average TRIFR	TRIFR reduction from 12% to under 10%	Achieved
	Maintain ISO 45001 accreditation for Health & Safety	ISO 45001 accredited	Achieved
Non-shareholder Business	Profitable growth in non-NCC work	Profitable year on year growth in non-NCC work from 2022 to 2023	Not achieved
Equity Ratios	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
<p>*Customer Satisfaction Survey is performed every 2 years. **Administered internally, Pulse Survey response rate of 34% in 2023 (2021:55%) ***Employee Turnover – this has significantly improved from 2022 with the implementation of our new Values and ongoing improving Culture. ****Non NCC Work – Company resources were reprioritised from other customers to support the NCC Flood response and clean-up efforts. *****EBIT Return on Equity – the relatively high proportion of Capital is invested in Land and Buildings reduces Nelmac’s overall Return on Equity compared with peers but provides the Company with long term security to operate.</p>			

FINANCIAL PERFORMANCE – NELMAC LTD

	2023	2022
	(\$000)	(\$000)
Revenue	56,740	42,588
Expenses	56,217	41,751
Net Surplus Before Taxation	523	837
Subvention Payment	(419)	(514)
Provision for Taxation	(214)	(94)
Net Surplus/(Deficit) for Year after Taxation	(110)	229
Asset Valuation	-	965
Total Comprehensive Revenue and Expense	(110)	1,194
Retained Earnings brought forward	11,671	10,477
Retained Earnings carried forward	11,561	11,671

For the full summary of performance, see Nelmac’s Annual Report 2022/23.

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 57.89% of the performance measures set out in its Statement of Intent, 11 out of 19.

Objective Area	Performance Measure	Target	Result
People, Culture and Values	Annual employee engagement survey to be undertaken	Move from “Good”1 to “Great”2 result	Not achieved
	Manage staff turnover and unplanned absenteeism	Nil unplanned staff turnover	Not achieved due to the resignation of a Senior Leadership Team leader to pursue a business opportunity.
	Implement a formal training programme for employees	30 hrs/FTE of personal development	Not achieved but increased training and development across the organisation.
Infrastructure and Property	Develop an asset management system to manage the condition, criticality, and life cycle of all assets	Asset management system in place by 30 June 2023	Achieved
	Attract commercial investment in developments that deliver our vision	Deliver Rental Car Kiosk and GO Rentals project by 30 June 2023	Achieved the delivery of the Rental Car Kiosk Building. Consenting complexities led to the rescheduling of the Go Rentals facilities beyond the year end. Combined target not achieved.
Health, Safety and Risk	Meet all our obligations and standards under	No “major” findings	Achieved

	Civil Aviation Act Rules		
	Have a behavioural based safety culture where everyone is responsible for safety on the airport and uses the Safety Management System (SMS) daily	Top 10 risk register reviewed fortnightly by Senior Leadership Team	Achieved
		One key risk reviewed at every Board meeting	Not achieved. Key risks were reviewed by the board throughout the year however a key risk was not presented to every Board meeting.
	Have an NAL-facilitated Health and Safety Committee in place	Minimum of 9 safety meetings with all major airside and landside PCBUs ¹	Achieved
	Provide best practice safety services	Deliver new Rosenbauer rescue fire appliance and associated training programme	Achieved
Customers and Stakeholders	Deliver an exceptional customer experience for those visiting the airport in any capacity	Improvement on FY22 Customer Satisfaction Survey Score from "Good" to "Excellent"	NAL achieved a score of "Excellent" from the prior year's score of "Favourable" ²
	Engage cultural advisor and consult on all major Airport developments	Establish iwi engagement model by 30 June 2023	Achieved
Financial Results	Manage financial performance to ensure we are optimising returns	Total Operating Revenues \$14.3m EBITDA ⁴ \$7.0m	Achieved
	Diversify revenue streams to provide resilience to macro activities outside our control	Add at least one non-aeronautical revenue stream	Not achieved

	Annual Audit	Achieve an unqualified audit opinion	Achieved
Environmental Sustainability	Pursue sustainability initiatives that deliver our goal to be carbon neutral by 2030	CO2e per-passenger reduction	Achieved
		Level 1 Airport Carbon Accreditation	Not achieved due to reporting changes. On track for FY24.
	Enhance oversight of noise levels as set out in the Nelson Resource Management Plan	Introduce an industry compliant monitoring system for engine testing noise	Achieved
	Zero carbon emission	20% improvement in carbon emissions pre offset	Not achieved - unable to secure 100% renewable energy supply.
<p>1 Person Conducting a Business or Undertaking</p> <p>2 The Target should have read "Customer Satisfaction Survey Score from Favourable to Excellent" as the final FY22 rating was Favourable. Net Promoter Score scale: >0 = "good"; >20="favourable"; >50="excellent"; >80="world class"</p>			

The greenhouse gas (GHG) emission measurement is prepared in accordance with the requirements set out under ISO 14064-1:2018 (Part 1) and the World Resource Institute's GHG Protocol's Corporate Accounting and Reporting Standard, to the extent of the emissions measured.

The calculation method used to quantify the GHG emissions was the activity data multiplied by the appropriate emission factor: Tonnes CO2e (tCO2e) = Total GHG activity x appropriate emission factor.

The consolidation approach used to determine the activities included in the carbon inventory is the operational control basis, whereby Nelson Airport only measures emissions it deems to have operational control.

Properties owned by Nelson Airport where the tenant or operator has control of operating and environmental policies are excluded. Additional material emissions excluded from the carbon inventory include Scope 3 emissions relating to aircraft, passenger commute to the airport, visiting vehicle operations at Nelson Airport, external contractors' emissions and additionally well-to-tank emissions relating to the production, processing and delivery of fuel and electricity.

Organisational and operational boundaries are set according to ISO 14064-1. The following emissions have been measured:

Zero Carbon Emission - 20% improvement in carbon emissions in comparison to prior year			CO2e emissions per passenger reduction measure in comparison to prior year		
<p>Scope 1:</p> <p>Direct GHG emissions that occur from sources owned and/or controlled by Nelson Airport.</p> <ul style="list-style-type: none"> stationary combustion (petrol, diesel, LPG) mobile combustion (petrol, diesel) 			<p>Scope 1:</p> <p>This measure includes terminal building emissions only, as this is the only location passengers pass through. No scope 1 emissions are included in this measure as none of the sources of emissions emitted by the Airport are directly attributable to consumption from passengers travelling through the terminal building.</p>		
<p>Scope 2:</p> <p>Indirect emissions from the generation of purchased electricity consumed by Nelson Airport.</p> <ul style="list-style-type: none"> electricity consumption controlled by Nelson Airport 			<p>Scope 2:</p> <p>Indirect emissions from the generation of purchased electricity consumed by Nelson Airport.</p> <ul style="list-style-type: none"> electricity consumption controlled by Nelson Airport (Terminal building only) 		
<p>Scope 3:</p> <p>Indirect GHG emissions from business transportation.</p> <ul style="list-style-type: none"> business travel (flights, accommodation, taxi use, rental cars, reimbursed mileage) staff commuting <p>Indirect GHG emissions from products used by Nelson Airport.</p> <ul style="list-style-type: none"> waste generated in operations (waste to landfill and compost, wastewater to water treatment plants) transmission and distribution losses for electricity working from home water supply <p>Indirect GHG emissions associated with the use of products from Nelson Airport.</p> <ul style="list-style-type: none"> electricity consumption <u>not</u> controlled by Nelson Airport waste generated by tenants in operations (waste to compost) 			<p>Scope 3:</p> <p>Indirect GHG emissions from products used by Nelson Airport.</p> <ul style="list-style-type: none"> waste generated in operations (waste to landfill) transmission and distribution losses for electricity (Terminal building only) <p>Indirect GHG emissions associated with the use of products from Nelson Airport. electricity consumption <u>not</u> controlled by Nelson Airport (Terminal building only - tenants)</p>		
CO2e emissions reduction measure	2022	2023	CO2e emissions per passenger reduction measure	2023	2022
Total Gross GHG	192.03	195.85	Total Gross GHG Emissions	127.14	131.48

Emissions measured tCO2e			measured in tCO2e		
			Total passengers	915,173	619,085
			Tco2e per passenger	0.000139	0.000212

The reporting scopes and corresponding measures include the emissions for which sufficient measurement data is available and encompass the activities where there is the greatest ability to reduce emissions.

The increase in emissions in the current financial year is mainly attributable to an increase in emissions arising from staff commute, given no travel restrictions due to Covid-19, and higher waste tonnage and electricity used during the 2023 financial year.

Total 2023 passenger numbers have increased significantly from 2022 due to increased demand post the lifting of Covid-19 restrictions.

There is a level of inherent uncertainty in reporting greenhouse gas (GHG) emissions. This is due to a level of scientific uncertainty as well as estimation uncertainty involved in the measurement processes.

Emissions inventory for scope 1 and scope 2 activities, and additionally scope 3 activities relating to waste, wastewater and downstream electricity are captured from purchase information. Some estimation and assumption are required for other scope 3 activities relating to staff commuting and staff working from home. GHG emission factors were generally sourced from New Zealand's Ministry for the Environment. Where appropriate emission factors were not available, other reliable sources such as international government agencies or published research were used.

For the full summary of performance, see Nelson Airport's Annual Report 2022/23.

FINANCIAL PERFORMANCE – NELSON AIRPORT LTD

On 31 March 1999 Nelson Airport Limited purchased the airport assets and commenced operating the airport. The company is 50% owned by Nelson City Council, and is currently administered by the Council.

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 set out in the table below, the Nelson Regional Development Agency has achieved 91% of the performance measures set out in its Statement of Intent, 32 out of 35.

Table 3.2 Key Performance Measures Summary	
Achieved: includes targeted outcomes which have been achieved via adjustment to approach or to timing, but which remain on track to meet overall SoI timeframes	✓
Delivery impacted or deferred: Impacted by COVID-19 or by another factor out of NRDA control such as funding/ and or change in national programmes/ policy	○
Not achieved	✗
Economic Strategy and Innovation	
Project Kōkiri collaboration maintained as an enduring regional partnership (minimum quarterly meetings), with actions and outcomes detailed.	✓ Forum convened
Nelson Tasman Productivity Project developed with regional stakeholder participation and buy-in	✓ Firm interviews Innovation ecosystem review
Quarterly economic profile reports aligning with shareholder and business needs	✓ 1/4ly Monitor
Māori businesses engaged with NRDA report a net promoter score of 50 or higher <i>Performance based on engagement. NPS not collected separately for Māori Business.</i>	✓ Engagement focus
Angus and Associates Views on Tourism Research Report shows positive feedback from residents	✓ Research delivered
Visitor spend in Nelson Tasman increases at a rate exceeding the national average	○ 18.2% increase (NZ 32%)
Investment Attraction and Promotion	
Regional Identity update project complete and endorsed by Kōkiri Forum	○ Extended; on track to complete 2023/24
Number of unique visitors to nelsontasman.nz increases 5% on	✓ 13% page view increase

previous year	
Revised Regional Identity implementation plan in place	○ Timeframe revised in line with brand project
Regional investment proposition produced and provided to NZTE	✓ Investment proposition
12+ investment referrals/ promoted opportunities per year	✓ 12+ opportunities
\$1m Equivalent Advertising Value (EAV) secured by June 2023	✓ \$1.4m EAV
Total engagement rate across social media channels exceeds industry average (3.6% on Facebook and 1.16% on Instagram) for year to June 2023	✓ Facebook 5% Instagram 21%
Three campaigns and promotions delivered profiling Nelson Tasman as a great destination for visitors, businesses and talent attraction	✓ 7 Campaigns and promotions
6+ film enquiries per year and 2+ filming outcomes	✓ Supported over 9 filming outcomes
Regional events deliver over \$15m of value to the regional economy	✓ Over \$25m value
Business & Workforce Development	
Number of businesses supported through 1:1 business advisory service (contract annual target 200)	✓ 413 businesses
Businesses have experienced positive business outcomes by reporting a net promoter score of 50+ or higher (contract annual target 50+)	✓ NPS 72+
Total annual value of capability development and R&D funding issued: contract annual target circa \$1m	✓ Issued \$1,020,927
Capability improvement, reported through programme feedback Formal MBIE evaluation to take place in 2023/24.	✓ Feedback
2022/23 SOI includes Workforce Development programmes that align with the RSLG Workforce Development Plan	✓ e.g. Skills hub bid
50 businesses engaged in youth transition and employment programmes	✓ E2E 120 businesses
80 events held at the Mahitahi Colab with 2500 total attendees	✓ 172 events; 2188 people
Quarterly innovation event programme delivered	✓ 1/4ly programme
70% of businesses engaged with Co.Starters programmes report an improvement in entrepreneurial capability	✓ 100% reported
Te Taihū Blue Economy cluster established and 20+ businesses engaged	✓ 22+ businesses
3+ Partnership initiatives with climate action / industry sector groups directly supporting industry solutions for reducing carbon footprint	✓ EECA, 2x podcasts
6+ Visitor sector business resilience training and development delivered	✓ 10 visitor sector training

	initiatives
Organisational Management and Performance	
-Future model 2022 onwards: Investigate future funding model for destination management and marketing and private sector partnerships to support programmes in 2022/23 and 2023/24 -Investigate and confirm future service levels, location and funding model for the iSITE	✓ Visitor sectors partners: 43; \$65.7k. Visitor information point pop up/ trial
Wellbeing and Development programme implemented by December 2022	✓ PD delivered
Zero Carbon or Climate Positive certification is maintained	✓ 24% carbon reduction
The NRDA maintains a balanced/positive budget	✓ Balanced budget
NRDA delivers a clean Audit	✓ Clean audit
Zero lost-time work injuries	✓ Zero
Stakeholder survey scheduled Q1 2024.	✓ Scheduled 2024

FINANCIAL PERFORMANCE – NRDA

The NRDA commenced operations on 1 July 2016. It is fully owned by Nelson City Council and is self-administered.

	2023	2022
	(\$000)	(\$000)
Revenue	3,329	3,213
Expenses	3,314	3,196
Net Surplus before Taxation	15	17
Provision for Taxation	1	9
Net Surplus for Year after Taxation	14	8
Equity brought forward	253	245
Equity carried forward	267	253

For the full summary of performance, see NRDA's Annual Report 2022/23.

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

As set out in the table below, TBHT has achieved 90.9% of the performance measures set out in its Statement of Intent, 20 out of 22.

Strategic goal	Actions	Measures / KPI	Detail	Status
1. To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection.	1.1 Robust planning, budgeting, fundraising and project management.	1.1.1 Project Phases 2- 5 complete by 30 June 2023 including: <ul style="list-style-type: none"> • Site Master Plan • Concept Design including iwi and Council consultation • Developed Design 	Site Master Plan and Concept Design complete;	Achieved
			Ongoing engagement with iwi through Te Tai Ao Komiti.	Achieved
			Preliminary Design complete.	Achieved
			Resource Consent granted.	Achieved
			Developed Design underway but has not been completed due to unexpected modifications required to piles.	Not complete

	1.2 Identifying, canvassing and securing funding sources	1.2.1 50% of non-Council funding secured by 30 June 2023.	\$250k has been received from Nelson City and Tasman District Councils (\$125k each). Application to Ministry Culture & Heritage lodged. Pledge for \$150,000 received. Quiet phase of Fundraising Campaign launched.	Deferred to 2024
2. To be a highly valued visitor destination, educational provider and venue for cultural and community connection	2.1 Implement a programme which attracts our diverse local communities	2.1.1 Design and deliver a varied visitor experience including at least three temporary exhibitions by 30 June 2023.	'Te Ngū Tipua: Ngā Wāhanga Weriweri! Colossal Squid: Freaky Features!' (Jun-Aug 2022) 'Meltdown: Visualising Climate Change' (Jun-Nov 2022) 'Voices of Climate Change' (Jul-Nov 2022) 'Curious Contraptions' (Dec – Feb 2023) 'Have you heard of Pixie town?' (Dec – May 2023) 'Morimoritia Ngā Taonga Tuku Iho Treasured: Objects of Mana and Significance' (Apr-Jul 2023)	Achieved
		2.1.2 Implement at least one new accessibility improvement by 30 June 2022	Social-story for neuro-diverse visitors published on website for Curious Contraptions and Morimoritia Ngā Taonga Tuku Iho Sensory Packs available for neurodiverse visitors.	Achieved

			Low-vision tour Curious Contraptions.	
		2.1.3 Design at least one initiative in partnership with iwi to support Māori visitation	‘Morimoritia Ngā Taonga Tuku Iho Treasured: Objects of Mana and Significance’ (Apr-Jul 2023) - taonga interpretation developed and written in partnership with mana whenua iwi. Pakohe exhibition currently in development with Ngāti Kuia.	Achieved
		2.1.4 Implement a Te Reo Māori language policy	Approved in June 2023 following consultation and input from mana whenua iwi.	Achieved
	2.2 Consolidating and attaining visitation targets in post-COVID environment	2.2.1 Achieve target visitation of 50,000 across all venues (excluding education) by 30 June 2023	1st July 2022 – 30 th June 2023: 56,221 Consisting of: 55, 678 visitors to the Museum, 190 to the IseI Research Facility 353 attendees at community events	Achieved
	2.3 Consolidate education visitation in a post-Covid and post-LEOTC environment	2.3.1 <i>Achieve target of 5,500* education visits and outreach, including ECE primary, and secondary groups, subject to confirmation of Ministry of Education ELC funding enabling increased staffing levels.</i> <i>*note change agreed with MOE due to funding levels</i>	From 1 July 2022 - 30 June 2023 Students = 5,369 Adults = 725 Total = 6,094 Note vacancy held open until Council CPI contributions confirmed: .1FTE	Achieved

	2.4 Provide a high-quality customer service and visitor experience	2.4.1 Demonstrated by a minimum of two customer surveys with rating of at least 85% satisfaction	Curious Contraptions survey completed: 89% satisfied Museums Aotearoa National visitor survey 100% Satisfaction Rate	Achieved
	2.5 Provide a high-quality educational service	2.5.1 Teacher satisfaction demonstrated by an average of at least 90% over all teacher evaluations.	Currently 100% Tino pai/ Very Good"- "Ka Rawe/ Excellent"	Achieved
3. To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations	3.1 Providing advice, guidance, content, mentoring and support to smaller galleries, libraries, archives and museums within Nelson Tasman	3.1.1 Provide 50 hours of professional support and assistance to Te Taihū district museums and cultural organisations by 30 June 2023	64 hours of 1:1 professional support to 10 Nelson Tasman institutions and local kura (staff). ABLAZE – Higgins Heritage Park Transport Festive (1-2 Oct '22) - 40 hours Installed small display in Trafalgar Street for Nelson Clay Week (1-9 October) Held training session at Motueka Library for using collections online as part of Tuku23 program. Collection team members gave 9 invitation talks to various clubs, societies and public audiences in Te Taihū. Hosted Motueka Museum staff at Isel to talk about Taonga Tūturu Act and Firearms Act and general collections care.	Achieved

			Supported Ngākahu at Omaka Marae, Blenheim on tikanga Māori workshop	
	3.2 Collaborating with Nelson Tasman cultural heritage organisations and iwi	3.2.1 Participate in at least one collaborative project with a Nelson Tasman cultural heritage organisation or iwi by 30 June 2023.	<p>Involvement in Tuku 23 Nelson Heritage Festival complete</p> <p>‘Morimoritia Ngā Taonga Tuku Iho Treasured: Objects of Mana and Significance’ (Apr-Jul 2023) - taonga interpretation developed and written in partnership with mana whenua iwi and the Tongan community.</p> <p>Collaboration with iwi on Melissa Banks exhibition of Kapa Haka photography for display in August 2023.</p> <p>Collaboration with Ngāti Kuia on iwi case refreshment in progress.</p> <p>Hosted a night vision event as part of Nelson Arts Festival.</p> <p>Installed window display for Nelson Multicultural Youth as part of ‘Masks About Town’ for the Nelson Arts Festival.</p>	Achieved
4. To continue to develop and provide appropriate care for a strong Collection which is relevant and accessible to, and valued by, Nelson	4.1 Actively collecting objects that are strongly related to the history and cultural story of Nelson Tasman	4.1.1 Collect at least two relevant contemporary local objects or taonga by 30 June 2023	<p>Contemporary pūtātara by Layton Roberston commissioned and acquired.</p> <p>Tikumu, Mountain Daisy specimens acquired and a woven tikumu maro (apron).</p> <p>Material related to Save the Modellers Pond</p>	Achieved

Tasman communities			campaign 2014-2022 added to the Collection	
	4.2 Provide access for our visitors to connect with the Collection digitally, on-site and in the community	4.2.2 Upgrade Collections Online to use Vernon Browser version 7.0	Completed May 10 th	Achieved
	4.3 Prepare collection for relocation	4.3.1 Implement first phase collection relocation plan -	<p>Barcoding options were investigated and quoted, for later purchase and integration within catalogue system.</p> <p>Iwi consultation about moving taonga occurred across several komiti meetings with feedback and guidance provided to staff.</p> <p>Backlog processing of objects took place in Archives (maps and manuscripts), Social History (textiles, medical and archeology), Photography and Taonga Māori.</p>	Achieved
5. To improve our sustainability performance.	5.1 Implement energy savings identified in EMSOL Energy Audit	5.1.1 Implement three initiatives identified in EMSOL Energy Audit by 30 June 2023	<p>90 light fittings to be replaced by LEDs. Education and Exhibition offices, Foyers and 95% of gallery lighting has now been changed over.</p> <p>Network fee load group change complete.</p> <p>Education of staff to turn off light switches when vacating rooms for more than 10 minutes.</p> <p>Solar Power options under investigation and Business Case in</p>	Achieved

			development for review by Board. Nightly shutdowns of HVAC system.	
	5.2 Implement actions to improve sustainability performance	5.2.1 Implement at least one new staff driven initiative by 30 June 2023	Battery Recycling system underway for both Isele and Town sites.	Achieved

For the full summary of performance, see TBHT's Annual Report 2022/23.

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, the Suter Gallery has achieved 77.78% of the performance measures set out in its Statement of Intent, 14 out of 18.

GOVERNANCE: Operate a successful visual arts centre and visitor destination:	
<p>Provide an arts centre and visitor attraction of high quality: That is open 362 days of the year with a minimum of 100,000 visits per annum to The Suter® facilities. Customer satisfaction survey ratings indicate at least 85% satisfaction.</p>	<p>Visitor numbers achieved: The Suter exceeded its visitors' target with 105,441 visitors in spite of being closed to the public from the afternoon of 18.08.2022 to 26.08.2022 (8.5 days) due to an extreme weather event and resultant flooding.</p> <p>Otherwise, The Suter was open as advertised every day except Christmas Day, New Year's Day, Good Friday, but open the 26.09.2022 Remembrance Day following the death of Queen Elizabeth II.</p> <p>Total visits to the facilities were 105,441, 17% ahead of year end 2022 and 5% above target.</p> <p>Achieved: Visitor satisfaction target: Satisfaction is surveyed by asking "How likely are you to recommend The Suter to others?" on a scale of 1-10. The averaged score across 786 completed surveys was 9.2 or 92% satisfied.</p>
<p>Ensure that The Suter® is well managed and operates within its agreed plans: Reports, plans and budgets meet set deadlines. The Risk Register is reviewed annually, and mitigation strategies identified are implemented (including cyber security, and response planning for natural hazards and climate change).</p>	<p>Achieved: Cyber risk mitigation occurs as part of supply agreement- no significant incidents. The BST Audit & Risk committee do a rolling review of The BST <i>Risk Framework and Register</i>, section by section. Identified risks collated, monitored and progressively mitigated. Suter's risk readiness includes comprehensive insurances, which enabled expedient recovery from impacts of August 2022</p>

	<p>flood event (building remediation and business interruption).</p> <p>Ongoing: Mitigation of climate change risks, in a joint approach with NCC</p>
<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>	<p>Partially achieved/ on track: WSP (Opus) contracted to manage BWOF. Long Term Asset Management Plan completed and being used to plan and budget. Year-end surplus was put into an identified fund and managed separately to respond to our asset renewal fund obligations. Issues with the HVAC are being progressively addressed.</p>
<p>Improve our sustainability performance: By implementing sustainability and waste minimisation measures identified in EKOS carbon emissions audit and reviewing suppliers. Monitor and report on energy and the impact of mitigations and changes 6 monthly.</p>	<p>Work in Progress: Averaged monthly energy consumption for period 1/07/2022-30/06/2023 was 31,505 kwh- 3.5% lower when compared to 32,648 kWh averaged consumption for equivalent period 2021/22.</p> <p>Initiatives in 2022/23 f/y include investigation of 'green' energy supply options, refinement of recycling streams, retailing bags made from recycled Suter advertising banners.</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 & safety, turnover and related statistics. No significant health and safety incidents and no staff hours lost to injury.</p>	<p>Achieved: Health & Safety and Wellbeing: No hours lost to injury and no significant health and safety incidents. 2 staff had COVID-19, but both had been on annual leave prior.</p> <p>Wellbeing: EAP available; BST a Living Wage employer.</p> <p>Staff turnover: 1 resignation (Curator)-appointed Director at Aratoi, 1 FTE appointment made (Curator & Collection Manager), and 2 casual staff- front of house staff and 1 community educator recruited. Marketing and Communications role (with Venue hire) became a permanent part time position.</p>
<p>VISITOR EXPERIENCE: Inform and engage the public through the visual arts:</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</p>	<p>Achieved: 25 exhibitions and displays held during the year: 21 were new exhibitions installed in the period including NSAS <i>Spring</i> and <i>Autumn</i> exhibitions: 13 exhibitions curated/developed</p>

<p>for at least 20 community groups.</p>	<p>by Suter staff, 3 touring (externally sourced), 2 'guest' curated; 7 included or used the collection extensively; 5 focussed on Nelson/Tasman region artists; 1 catalogue published, and another prepared for publication July 2023. 2 displays linked to Nelson Clay Week; <i>Deep Material Energy</i> coincided with Nelson Jewellery Week and 4 exhibitions included light works linking to Te Ramaroa and Matariki. 1 international exhibition (<i>Gary Baseman Memento Moa</i>).</p> <p>Community groups target: Achieved across whole facilities: 105 groups including 21 tourist groups 15; 6 cruise ship tours; retirement homes; Theatre: film fundraisers and community group film screening including Bhutanese, Nepali and Rangitane; Linked events including Nelson Decorative & Fine Arts Society, Nelson Historical Society, Uniquely Nelson Nelson/Tasman, NRDA, Nelson Tasman Chamber of Commerce, Architects Institute; education related e.g. NMIT, English Language School, Japanese calligraphy workshops, community health lectures, Nelson Clay Week workshops and Nelson Jewellery Week talks. Also talks delivered offsite 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>Achieved: Exhibitions are planned 12-24 months ahead, with built-in flexibility and include at least one Toi Māori exhibition per annum, Suter biennale exhibitions, solo and group exhibitions, collection based, NSAS annual Spring and Autumn, exhibitions that link to significant local initiatives, and/or local and national events.</p>
<p>Provide learning experiences for regional school students that support their NZ curriculum studies based on The Suter's® programmes and resources; Structured schools' education programme delivery target: 4,000 students per annum³ from 25 schools and early learning centres. Post visit evaluations indicate 90% satisfaction ratings of "fine" to "great". At least one Education Advisory Committee meeting held per annum.</p>	<p>Achieved: Exceeded ELC targets with 245 structured programmes delivered to 5,037 ākonga students accompanied by 1,648 helpers. Ākonga/classes from 40 schools, early learning centres and home schooling associations visited The Suter for learning experiences. Extension Art programmes were offered in term 4, 2022. The Suter's Education Advisory Committee met once in period. An event for teachers held in conjunction with Gary</p>

	<p>Baseman exhibition. Evaluated at least 90% of programmes delivered, of these evaluations' teachers stated overall that they were "satisfied" or "more than satisfied" with the delivery of the programmes.</p> <p>1 parent helper complaint received in relation to Gary Baseman (exhibition video content). Complaint reviewed with school and Ministry of Education. Video edited.</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>Achieved: 30 events held: 8 openings (sometimes combined with talks) 18 daytime activities - talks, seminars, music, dance etc. held; 12 evening events such as openings, shared events; plus 9 blessings/sneak peeks.</p> <p>Note - some events are in conjunction with NSAS, or NSAS initiated, but held in Suter gallery spaces, or in conjunction with the Nelson Arts Festival or others.</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>Achieved: 183 SKC art classes delivered to 1,748 students and 65 classes for adults with 593 participating. Number of SKC classes delivered per week varied from 4 to 6; adults 2 classes per week; children's holiday programme delivered in July 2022, October 2022 and April 2023 school holidays.</p> <p>Children's Japanese calligraphy programmes delivered by outside provider. There were 2 <i>Discover your own Moa</i> drawing classes with artist Gary Baseman, for children with their families and one for teens.</p>
<p>Provide and manage The Suter Volunteers' programme: That provides av.>80 hours of contribution per month/ per annum. Report 6 monthly on progress.</p>	<p>Achieved: Averaged monthly volunteer contribution of 82.8 hours. 13 volunteer events held including 9 volunteer <i>Sneak Peeks</i>-previews of exhibitions, and volunteer get-togethers and training.</p>
<p>COLLECTION: Collect and preserve, record, communicate, and display our artistic heritage.</p>	
<p>Develop The Suter's Collection in accordance with The Suter's Collection Policy; All acquisitions and deaccessions approved by the Trust</p>	<p>Achieved: 7 additions to the Collection: 4 gifted works and 3 purchases.</p>

<p>comply with the Collection Policy and related procedures and are reported six monthly.</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 mishaps or other damage occurs to Collection items.</p>	<p>Achieved: No collection care incidents; Collection insurance coverage increased. 3 paintings were treated by a painting conservator.</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. All recently acquired and 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. Suter's Tasman ArtWalk initiated - Progress reported six monthly.</p>	<p>Achieved: See appended and note the Collection items are searchable by artist, subject etc., on The Suter website. All collection items are listed and those items with copyright clearance illustrated. All loan and reproduction requests met. See appended Suter's Tasman ArtWalk initiated in Richmond, with 10 artwork images installed on walls and a window; 12 artwork images installed on walls in Motueka. Donations and grants received for production and towards development of a brochure/ guide</p>
<p>COLLABORATIONS & PARTNERSHIPS: Partnerships that grow The Suter®</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]; MoU renewed; KTP input to programmes and collection development; and co-develop at least 1 toi Māori exhibition/ project per annum. Report 6 monthly.</p>	<p>On track: Iwi involvement for openings and significant events. Trustees and Director attend KTP hui. An iwi led Toi Māori exhibition in development (will open in September 2023). Consultation for MoU renewal occurred.</p>
<p>Develop a collaborative Partnership Plan that engages both commercial partners and philanthropic sponsors who 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>On track: Jarden Sponsorship support of the Summer season of exhibitions in particular <i>Darryl Frost Inner Peace</i>; Waimea Group supported presentation of <i>Rita Angus NZ Modernist</i>; NBS supported <i>Gary Baseman Memento Mōa</i> exhibition and education events; and ongoing for education programme delivery; The</p>

	<p>Blumhardt Foundation 4-year annual acquisition agreement; Foyer display TV screen donated by CNX; Donations and grants received for The Suter’s Tasman ArtWalk project. Suter donation box/ Tap & Go donations. Further partnerships in the pipeline. Donations of auction lots received towards July 2022 fundraising dinner and auction, and in advance for July 2023 Dinner and Auction. Active Marketing & Partnerships Committee.</p>
<p>The Friends of The Suter [FOTS] and Legacy Group are enhanced; Minimum 30 new FoTS memberships enrolled per annum, activities and progress on patronage scheme, reported six monthly.</p>	<p>Achieved: FoTs was relaunched in August 2022. At year end we had 467 active FoTs memberships comprising 109 completely new memberships, 183 subscription renewals and 182 Life & Honorary memberships - 7 from a special offer in December 2022 (5 ‘upgraded’ from annual subscriber & 2 new). Legacy Group members have been invited to Sneak Peeks and FoTS enjoyed a variety of events, and their support is 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 implementation of the Regional Arts Strategy, Heritage Strategy, and other related initiatives; report on contribution nationally in areas of expertise:</p>	<p>Achieved: Suter contributed to Nelson ClayWeek 2022 with loans to the Refinery, and events at The Suter; were open late night for Night Vision ahead of the 2022 Nelson Arts Festival, and contributed to Arts Festival events; Open late for <i>Softly Softly</i> - the beginning of Nelson Jewellery Week and hosted an event in the Pastorius Waller Theatre @ The Suter in April 2023; Open late for Te Ramaroa 2023; Director participated in Arts Panel meetings; Director ‘curated’ 2022 Level 7 BAM exhibition at NMIT Te Pūkenga and participated with Curator on NMIT advisory panel for Arts and Media; Director part of review panel for Massey University Post-Graduate Museum Studies during 2022; Director delivered <i>How to Look at Art</i> talk at Richmond Library and for U3A; Suter Educator has facilitated meetings of the NZ Museum Educators forum hosting regular Zoom meetings and reviewing articles for <i>Museums’ Worlds</i> as an international museum education specialist;</p>

	<p>appointed to support New Zealand Curriculum review of the Arts; Co-developed a conference for art gallery educators (for 2023); locally- judge for Nelson Region Science Fair (SciTech); collaboration with Gabby O'Connor focussing on climate change and global warming for 2022 Nelson Arts Festival. Director, Julie Catchpole and Manager - Commerce & Enterprise Ruth Roebuck liaising with Habitat for Humanity on a proposed fundraiser; and Environment Centre for their proposed fundraiser; and Director facilitated a session For Art/Work administered through the Nelson Tasman Chamber of Commerce; provided Art Walk for a Cause (guided tour) as part of fundraising for Hospice/ Cancer Society. Suter liaising with Make/Shift Spaces on various projects.</p>
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FINANCIAL PERFORMANCE – THE BISHOP SUTER TRUST

	2023	2022
	(\$000)	(\$000)
Revenue	1,765	1,375
Expenses	1,970	1,555
Net Surplus / (Deficit) Before Taxation	(205)	(180)
Equity Brought Forward	20,412	20,591
Equity Carried Forward	20,207	20,412

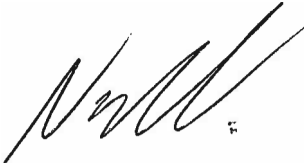
For the full summary of performance, see The Bishop Suter's Annual Report 2022/23.

Statement of compliance and responsibility

The Financial Statements and Statement of Service Performance of the Council and group have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The Financial Statements and Statement of Service Performance have been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period, and comply with PBE financial reporting standards.



Rohan O'Neill-Stevens
Acting Mayor of Nelson City Council



Nigel Philpott
Chief Executive

Audit Report

Independent Auditor's Report

To the readers of Nelson City Council's annual report for the year ended 30 June 2023

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 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 104 to 107 and pages 115 to 187:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2023;
 - 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 108 to 109, 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 17 to 94, and 188 to 190:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, 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;
- the statement about capital expenditure for each group of activities on pages 23 to 96, 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 23 to 96, 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 110 to 114, 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 the following disclosures:

Uncertainty over the water services reform programme

Pages 12 and 13 of the annual report, which outline developments in the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services, and transfers related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026.

The financial impact of the water services reform on the Council as outlined, on pages 12 and 13 of the annual report, remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred, is approved.

Uncertainty over the Council's contribution to purchase properties affected by severe weather events

Note 39 on page 183, outlines that subsequent to 30 June 2023, the Council agreed to consult publicly on a cost-sharing arrangement with the Government that, if approved, will involve co-funding the costs of recovery from the August 2022 severe weather event. The financial impact of the cost-sharing arrangement is uncertain as details are being worked through and could be significant.

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 16, 97 to 103, 191 to 218 and 225, 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

Contact us

Whakapā mai

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PO Box 645, Nelson, 7040

enquiry@ncc.govt.nz

03 546 0200

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

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

Public forums

There is 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.