

ANNUAL REPORT

2020/21

Pūrongo ā-Tau

For the financial year ending
30 June 2021



The Smart Little City

SHAPING

NELSON'S FUTURE



Nelson City Council
Te Kaunihera o Whakatū

CONTENTS

Foreword	3	FINANCIAL INFORMATION	128
Statement of compliance and responsibility	5	Summary of capital expenditure over \$100,000	129
Audit Report	6	Statements of comprehensive revenue and expense for the year ended 30 June 2021	134
INTRODUCTION	11	Statements of changes in equity for the year ended 30 June 2021	135
Vision and Mission	14	Statements of financial position as at 30 June 2021	135
Community Outcomes	15	Statement of cash flows for the year ended 30 June 2021	137
Our Priorities	17	Funding Impact Statement for the year ended 30 June 2021	139
Council's Climate Action	19	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	140
Planning and Reporting	27	Financial Prudence	141
Financial overview: Year ended 30 June 2021	28	Notes to accounts	147
Partnerships with Māori and iwi	29	PERFORMANCE OF COUNCIL CONTROLLED ORGANISATIONS	208
Three Waters Reform	32	Port Nelson Ltd	210
COUNCIL ACTIVITIES: YEAR ENDED 30 JUNE 2021	34	Nelmac Ltd	214
Transport	36	Nelson Airport Ltd	217
Water Supply	48	Nelson Regional Development Agency	221
Wastewater	55	Tasman Bays Heritage Trust (Nelson Provincial Museum)	227
Stormwater	61	The Bishop Suter Trust (Suter Gallery)	234
Flood Protection	67	CONTACT US	241
Solid Waste	73		
Environment	81		
Social	91		
Parks and Active Recreation	104		
Economic	114		
Corporate	121		

MAYOR AND CHIEF EXECUTIVE'S FOREWORD - KUPU WHAKATAKI

COVID-19 has continued to provide a challenge to Whakatū Nelson and the Nelson City Council operations and processes in 2020/21.

As a team our task has been to address these important issues while continuing to deliver on our core services. Looking through our activities for the year, we believe we have succeeded in trying to progress in these areas.

Our focus continued to be on our priorities that were set out in the Long Term Plan 2018-28.

These were:

- Infrastructure - Ko ngā Tūāpapa
- Environment - Ko te Taiao
- CBD development - Whakahou tāone
- Lifting Council Performance - Whakapikinga pūkenga.

During the past year we also did further work in our triennium focus areas - creating a sustainable transport culture, improving housing affordability, and the Maitai River Precinct.

Delivering a climate-resilient future means ensuring that Nelson's infrastructure can cope with the projected impacts of climate change. Our multi-million dollar flood protection investment in upgrading Saxton Creek continued, with Stage 3 near completion at the close of 2020/21. Stage 4, the final stage, is scheduled for completion by 2023/24 and is being partly funded by a government grant of \$7.5 million.

Council was awarded \$1.23 million from central government's Provincial Growth

Fund for infrastructure projects (used for a number of transport projects), and \$850,000 from Waka Kotahi NZ Transport Agency to trial traffic calming measures in Nelson South. Improving the safety and sustainability of Nelson's transport system is a priority for Council, and we are working in partnership with national agencies to improve road safety and reduce the number of people killed or injured on our roads.

Council approved \$5.72 million of support for a Science and Technology Precinct. Designed to be a hub of innovation and creativity, this project supports Council's vision for Nelson - A Smart Little City – a city that leverages its strengths and is supported by an innovative, sustainable economy. \$700,000 of funding was also approved by Council to support the Nelson marine slipway redevelopment and services expansion in 2021/22.

In response to the local impacts of the housing crisis, housing affordability and intensification were made priorities in Council's Long Term Plan 2021-31. We are committed to continue working with partners, including central government, the private sector, and community groups to address this critical wellbeing issue.

In 2020/21 Council's 142 community housing units were transferred to Kāinga Ora for \$19.8 million, creating from the proceeds a \$12 million Housing Reserve to support affordable and social housing projects in Nelson. This transfer of ownership is a mutually beneficial arrangement that will increase investment in housing in Nelson, while retaining access to community housing for existing tenants.

Applications to Phase One of the Housing Reserve Grants Programme (\$2 million) were received in November this year. We look forward to seeing successful applicants' plans come to fruition over the next few years.

Council, businesses and the community have needed to adapt further to an uncertain environment. We are proud of the way that our community has come together to meet these challenges, which has also highlighted the important contribution that Council's work makes to the wellbeing of our people and the region's economy.

Throughout the year, Council applied a climate change lens across its work, consistent with the Te Tauihu Intergenerational Strategy's vision of Tūpuna Pono (being good ancestors). In August 2020 we aligned with central government's targets, committing to achieve net zero emissions of all greenhouse gases (other than biogenic methane) as an organisation by 2050. How do we get there? We make changes across our activities to reduce their impacts. Changes like adopting an 'electric-vehicle first' policy for Council's fleet, replacing our streetlights with energy-efficient LEDs, building infrastructure to support active transport, and introducing a kitchen waste collection trial to reduce food waste to landfill are just some of the initiatives we actioned in the last year.

Encouraging active and public transport is also key. In 2020/21, 2.8km of new shared or separated cycle paths were built in Nelson, including the ANZAC Park to Maitai shared path. The Tāhunanui Pathways project was completed, improving cycle safety for residents, commuters, and students of Tāhunanui School. We introduced the Bee Card bus ticketing system, and bus users have embraced this new technology, with 88% of bus journeys now paid for with the Bee Card, which makes using our buses easier, cheaper and faster.

Council also participated in the first stage of Central Government's Three Waters Reform Programme. This gave access to initial grant

funding of \$5.72 million to support Three Waters service delivery and create local jobs. Council allocated this funding towards a variety of projects, including the Awatea Wastewater Pump Station Upgrade. Our focus, now that the Government has made the decision to proceed with the reforms, is on ensuring our key infrastructure projects are delivered and that we have an appropriate level of input within the new water entity.

In the environment space, Project Mahitahi - a collaborative project to restore the ecosystem of the Maitai/Mahitahi Valley - was launched in 2020, with \$3.7 million of external funding secured. It has so far employed 33 people, planted 15,000 trees, and removed pest animals and pest plants from the Maitai catchment.

Work on the Nelson City Centre Spatial Plan has continued in 2020/21. Targeted community pre-engagement for Te Ara ō Whakatū was undertaken in 2020/21, to help inform the plan that was adopted later in 2021. A total of 81 meetings were held with more than 40 community sectors across Nelson, and more than 250 attendees participated over the four-month pre-engagement period.

In May 2020/21 Council made the significant decision to establish a Māori ward in Whakatū Nelson, when legislation amended by the government in early 2021 opened the door for change. This means that Māori will have a guaranteed seat at the table for the first time in Nelson's history. There is further work to be done to realise the full potential of partnership between Council and iwi/Māori, but this is a significant step towards a more representative and diverse Council. Ngā mihi nui - many thanks to all parties involved in making this historic change happen.

In our efforts to continue to lift Council performance, we have tried to increase staffing in critical areas, although we are facing recruitment challenges in a tight

labour market. We have implemented a new system for contract management, and made improvements to key systems and processes. We also carried out a survey of residents and are reviewing the results to assist in guiding us in the future.

Council will continue to invest in staff, to enable ongoing improvements to the services that we provide to the community, and the meeting of project timelines. A strong test of how we function as a community began in December 2021, with the introduction of a new national COVID-19 framework, as well as the likely occurrence of COVID-19 cases in our community. We'll need to continue to work together and demonstrate patience and tolerance, especially as levels of anxiety rise and we face the challenge of needing to go about our daily routines safely while protecting those who are vulnerable.

As we move forward and address our many challenges as a community it is important to remember:

He waka eke noa

We are all in this together.



Rachel Reese

Mayor of Nelson:

Te Koromatua o Whakatū




Pat Dougherty

Chief Executive: Tumuaki

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Council and management of Nelson City Council confirm that they have complied with all statutory requirements in relation to the Annual Report 2020/21, as outlined in the Local Government Act 2002 and its amendments.



Rachel Reese

Mayor of Nelson:

Te Koromatua o Whakatū



Pat Dougherty

Chief Executive

AUDIT REPORT

Independent Auditor's Report

To the readers of Nelson City Council's Annual Report for the year ended 30 June 2021

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 9 December 2021. This is the date at which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 134 to 138 and pages 147 to 207:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2021; and
 - 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 pages 139 to 140, 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 34 to 125:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 129 to 133, 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 45 to 127, 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 141 to 146, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's long-term plan and annual plans.

Emphasis of matter – The Government's three waters reform programme announcement

Without modifying our opinion, we draw attention to note 39 on page 203, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the City Council will no longer deliver three waters services.

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'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 audit 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 entities or business activities within the Group to express an opinion on the consolidated audited information.

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.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 5, 11 to 33 and 208 to 241, but does not include the audited information, 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.

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 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 163, 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

VISUALISING OUR DIRECTION FOR 2020/21

2018-28 LONG TERM PLAN

VISION

Nelson is the Smart Little City
he tāone tōrire a Whakatū.

MISSION

We leverage our resources to shape an exceptional place to live, work and play.

EIGHT COMMUNITY OUTCOMES

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



THE FOUR ASPECTS OF WELLBEING

1. SOCIAL
2. ECONOMIC

ALL ACTIVITY IS VIEWED THROUGH

COUNCIL WILL PRIORITISE ACTIVITIES TO

2018-28 LONG TERM PLAN

THE FOUR PRIORITIES

1. INFRASTRUCTURE
2. ENVIRONMENT
3. CITY CENTRE DEVELOPMENT
4. LIFTING COUNCIL PERFORMANCE

2020/21 ANNUAL PLAN

THREE FOCUSES FOR THE NEW TRIENNium

1. CREATING A SUSTAINABLE TRANSPORT CULTURE
2. HOUSING AFFORDABILITY AND INTENSIFICATION
3. MAITAI RIVER PRECINCT

Work on these focuses will be driven by the elected members.

3. ENVIRONMENTAL
4. CULTURAL

(The Four Aspects of Wellbeing were reinstated into the Local Government act in 2019 - formal recognition that councils have a significant role to play in lifting people's quality of life, alongside 'core services')

GH A CLIMATE CHANGE LENS



SUPPORT OUR REGIONAL ECONOMY





INTRODUCTION

Vision and Mission	14
Community Outcomes	15
Our Priorities	17
Council's Climate Action	19
Planning and Reporting	27
Financial Overview: Year ended 30 June 2021	28
Partnerships with Māori and iwi	29
Three Waters Reform	32

VISION AND MISSION

He whakakitenga, he whakārotau

Council developed a vision and mission statement for the 2018-28 Long Term Plan, which link to the community outcomes. Four overarching priorities were set for the 10 year work programme. These express the aspirations we have for our City, guide our decision making and help us better direct our resources.

Vision

Nelson is The Smart Little City - He Tāone Tōrire a Whakatū

Nelson is a vibrant place where we are deeply connected with, and committed to, our natural, social and cultural environment. Clever business and innovation help us thrive. We enjoy living fulfilled lives in smart, sustainable communities.

Mission

We leverage our resources to shape an exceptional place to live, work and play.

Council's vision, mission and priorities have since been refreshed for the start of the 2021-31 Long Term Plan period (from 1 July 2021). Read the new Long Term Plan at nelson.govt.nz/long-term-plan-2021-2031.

COMMUNITY OUTCOMES

NGĀ PUTANGA HAPORI

It is a requirement of the Local Government Act 2002 that Council develops a set of outcomes that will guide the delivery of services in a way that promotes the social, economic, environmental, and cultural wellbeing of communities in the present and for the future. This Annual Report reflects these outcomes and priorities, and reports on how well Council is doing in meeting these. Although the legislation defines the outcomes as 'community outcomes', they are in fact the outcomes that Council aims to achieve to meet the current and future needs of Nelson for good-quality local infrastructure, local public services, and performance of regulatory functions.

The outcomes were reviewed through the Long Term Plan process. The individual activity sections of this report provide detail on how each activity contributes to the relevant community outcomes.

COMMUNITY OUTCOMES:

Our unique natural environment is healthy and protected

Ko tō tātou taiao e hauora ana, e tiakina ana

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

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

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

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

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

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

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

people safe and healthy, the environment protected and the economy flourishing.

Our communities are healthy, safe, inclusive and resilient

Kō ō tātou hāpori e hauora ana, e haumarua ana, he mea whakauruuru, he aumangea hoki

Nelson is a city of strong and connected people and communities who live, work and play together. We support each other to build individual and community resilience. Our community works in partnership to understand, prepare for and respond to the impacts of natural hazards. We take pride in the warm welcome we give to our visitors and new arrivals and work together to see that our people are safe, and their diversity supported.

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

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

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

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

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

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

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

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

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

Our region is supported by an innovative and sustainable economy

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

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

OUR PRIORITIES

KO Ō TĀTOU WHAKAAROTAU TUATAHI

Climate Change - Te Panoni Āhuarangi

In response to the global climate emergency, climate change is the lens through which all of Council's work programmes are considered. We have less than a decade to accelerate our emissions reductions to avoid the full effects of global warming. In Nelson, projected changes to our climate will impact our economy, infrastructure, natural environment, lifestyles, and future.

Council is undertaking a wide range of climate change activities and this is a significant priority for us – see page 19.

Four priorities were set out in the Long Term Plan 2018-28. In implementing these, Council has been paying particular attention to projects that deliver multiple benefits. Projects in one area can bring significant gains for another priority. For example, the accelerated programme to reduce inflow and infiltration into the wastewater system aims to reduce the risk of wastewater overflows into our waterways and Tasman Bay. Fewer overflows mean significant benefits for our environment and contribute to the smart development of our City.

Infrastructure – Ko ngā Tūāpapa

Our city, community and environment all depend on our core infrastructure networks to provide safe and smart transport, water, wastewater, stormwater, and flood protection. Key city assets need ongoing maintenance and replacement so we can depend on these essential utilities. This work also enables and protects investment in our city and removes constraints on our growth. Council is putting essential infrastructure at the forefront to future-proof our city.

Environment – Ko te Taiao

Kia whakatū tika te tai ao me te tai ao tiaki te tai ao - if the environment is kept well and strong it will look after itself and us. Council recognises investing in the environment is essential for our future. A healthy environment underpins the health of our community, the way people enjoy Nelson, supports the economy and means we have functioning ecosystems to support our treasured species.

Responding to climate change and growing our community's resilience to the more extreme weather events it will bring is a top priority.

CBD development – Whakahou tāone

Our aim for Nelson's central business district is for it to be attractive to businesses, residents and visitors, with an exceptional mix of events, civic facilities and retail. We are working to build an environment that supports commerce, encourages inner city living and is a catalyst for private sector investment. The top of the South, Te Tau Ihu, needs a strong commercial centre to thrive. We want our city centre to enrich and build our local culture - the bustling meeting place for everyone who lives, works and visits here.

Lift Council Performance – Whakapikinga pūkenga

To achieve our vision of a Smart Little City, we need a Council team that enables things to happen. It needs to provide solutions to cut through the red tape so that real value can be delivered to our community. Nelson deserves a Council that is strategic, achieves excellence in delivery and asset management, is business-friendly and has a strong culture of engagement with its community. Our projects seek to follow best practice principles, while always seeking to improve how we partner with our community.

In addition to the four Long Term Plan priorities, at the start of this Council's three year term, three focus areas were agreed upon to receive special governance oversight: creating a sustainable transport culture, housing intensification and affordability, and the Maitai River Precinct. Climate change is the lens which we apply to everything we do.

Creating a Sustainable Transport Culture - Te hanga i tētahi ahurea ikiiki toitū

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

Housing Intensification and Affordability - Te āhei o te utu ā-Whare me te whakapiki

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

Maitai River Precinct - Te Awa o Mahitahi

Key to establishing Nelson as a dynamic destination, a Smart Little City should grow into the future with a series of legible precincts that link our mountains to the sea and Maitai River. Council is investigating opportunities to develop the Maitai River Precinct with new spaces for people to enjoy, particularly through the development of a new library and adjacent civic plaza. Council's vision for the site is to link the river to the heart of Nelson City, and for the adjacent land to be a focal point for the community.



ACTION ON THE PRIORITIES IN 2020/21

This section includes key work undertaken by Council in the 2020/21 year in the priority and focus areas. It doesn't include all work that was undertaken in these areas - more information on projects and programmes are contained in the activity sections (from page 34).

Council's Climate Action - Mahere Mahi



In response to the global climate emergency, climate change (te panoni āhuarangi) is the lens through which all of Council's work programmes are considered. Council is undertaking a wide range of climate change activities and this is a significant priority for us. Responding to climate change is our biggest global challenge, and we are already seeing the impacts of more extreme weather events in Nelson. Projected changes to our climate will impact our economy, infrastructure, natural environment, lifestyles, and future. Working together to address climate change now gives us the greatest potential to manage climate change risks, through mitigation, adaptation and resilience.

Delivering a climate-resilient future requires all cities to take transformational action to reduce transport emissions, improve building energy efficiency, reduce reliance on fossil fuels from the energy supply, minimise waste to landfill, and change consumption patterns.

Throughout 2020/21 Council has continued to advance work reducing its greenhouse gas emissions, and applied climate change as a lens across all its activity areas, new plans, policies, work programmes, and decision-

making. Part of Council's role is to understand what the impact will be for our region and to work with our community on smart solutions. Council's response prioritises working in partnership with iwi, central government, businesses, schools, community groups, households, and individuals to improve the resilience of the Nelson region. This is consistent with Council's support for Te Tauihu Intergenerational Strategy's vision of Tūpuna Pono (being good ancestors).

In 2020/21 Council: Set Reduction Targets for its Emissions

In August 2020 Council set organisational emissions reduction targets. Council has committed to:

Achieving net zero emissions of all greenhouse gases (other than biogenic methane) by 2050 and

Reducing biogenic methane emissions by 24-47% by 2050

These align with central government's targets for New Zealand. Council will also be adopting the five-yearly national reduction targets to be announced by central government by the end of 2021. These shorter five-yearly targets will ensure Council keeps on track to achieve the broader goals by 2050.

Achieving New Zealand's emissions objectives requires partnership between, and

action by, central government, councils, iwi, business, community groups and residents. Climate change will impact everyone, so Council wants to work with the entire community to shape Nelson's response.

The development of Council's Long Term Plan 2021-31 in 2020/21 included significant work putting into place steps to contribute to this objective.

Measured our carbon footprint and actioned mitigation initiatives

Council has been working to measure its greenhouse gas emissions over several years. The emissions have been verified by an independent auditor and were certified under Toitū Envirocare Certification for the third year in a row in 2020/21. Measurement of Council's emissions reflects an ongoing commitment from Council to manage and reduce its operational emissions. Further details can be found at toitu.co.nz/our-members/members/nelson-city-council

In 2020/21 Council also completed annual audit requirements of carbon footprint measurement to achieve Toitū carbonreduce certification. The work done by Council is aligned with the ISO 14064-1, which guides the quantification and reporting of greenhouse gas emissions and removals.

Council has implemented an 'electric-first' policy, which means that electric vehicles (EVs) are considered first when replacing or adding vehicles to its fleet. By the end of the 2020/21 year, Council had five full EVs, two plug-in hybrid EVs, and three hybrid vehicles.

More conventional streetlights have been switched to LEDs, which has further reduced electricity consumption.

In 2020/21 Council conducted energy audits of its key buildings, beginning with Civic House and Wakapuaka Crematorium. These audits include recommendations for ways these facilities could reduce their emissions. Energy audits of more Council buildings are planned, with \$82,000 allocated for this work

through the Long Term Plan 2021-31. Some minor recommendations will require little or no addition to planned budgets, while budgets for implementation of recommendations with a larger cost will be allocated once the audits are completed.

Reducing waste to landfill is a crucial part of reducing Council's emissions (responsible for 82% of Council's greenhouse gas emissions in 2017/18). See page 73 for waste minimisation activities in 2020/21, including the implementation of the residential kerbside kitchen waste collection trial.

Increasing carbon sequestration (such as by planting trees), and protecting the carbon sinks we already have, also plays a role in the journey towards net zero carbon. See page 104 for Council's work on Ecological Restoration Plans, pest plant control, and planting.

Upgraded Nelson's infrastructure to improve resilience

Council undertakes upgrades of its core infrastructure to build resilience, with the projected impacts of climate change in mind. In 2020/21 it:

Upgraded wastewater infrastructure in several suburbs to increase system capacity for extreme rain events, cater to growing populations, and reduce the risk of overflows to the environment – page 55.

Undertook stormwater and flood protection upgrades (including the Saxton Creek Upgrade Stage 3) to increase capacity and reduce the risk of property damage in extreme rain events – pages 61 and 67.

Supported community emissions reduction initiatives

Council is playing a leading role supporting and encouraging the implementation of initiatives that reduce emissions in the community, through partnership, education, funding and advice. See page 73 for community waste minimisation support, and pages 24 and 36 for support for a transition to sustainable transport modes.

Council has provided grants to community organisations, including Businesses for Climate Action, which helps local businesses measure and reduce carbon emissions (\$28,880), and the Nelson Tasman Climate Forum (\$62,5000).

Shared information with the community

A range of natural hazard information was also collected and shared with the community in 2020/21, which included topics such as coastal inundation and slope instability susceptibility.

Infrastructure – Ko ngā Tūāpapa

In October 2020 Council adopted its Infrastructure Strategy for 2021-2051, which was then updated during the Long Term Plan process. This is a major strategic document for Council – its purpose is to identify significant infrastructure issues during the period covered, options for managing those issues, and the implications of those options. This includes managing risks related to natural hazards and climate change, meeting the needs of growth, and environmental outcomes.

Council participated in the initial stages of the government-led Three Waters Reform programme in 2020/21 – see feature on page 32.

In 2020 Council was awarded \$1.23 million from central government's Provincial Growth Fund (PGF) for infrastructure projects, to help

our region recover from the COVID-19 pandemic by providing local jobs. Successful projects were:

- Beach Road Raised Table (\$179,376)
- Maitai Riverside Path Widening (\$563,939)
- Borck Creek Pathway Project (\$99,929)
- York Valley Landfill Road Upgrade (\$185,000 spent in 2020/21, \$65,000 balance carried forward into 2021/22)
- Eves Valley Planting and Paths (\$91,000 spent in 2020/21, \$9,000 balance carried forward into 2021/22)

In the water space, the residential water meter replacement project continued, with 6,000 new meters being installed. The new meters replaced meters at the end of their life and enable Council to measure water usage more accurately. This will help us plan for changes in water demand, and improve the City's planning for droughts, which are likely to become more frequent as an impact of climate change. Water mains were upgraded and renewed in several locations around the City, including Hardy Street and Melrose Terrace, to maintain a reliable water supply. Some of our pipes date back further than the 1950s, and need to be renewed to maintain a good quality network that meet the needs of Nelson's current and future community. Upgrading water mains to a higher capacity also allows for future residential and business growth, and intensification

Council continued to invest in improved wastewater management infrastructure across the City in 2020/21. With an increased number of houses connected to the existing system and with future development in mind, there is a need to improve the resilience and capacity of Nelson's sewer network. Upgrades are being implemented to minimise the likelihood and impacts of sewer overflows into our rivers, stream and sea due to heavy rain events, which are expected to become more

frequent due to climate change. In 2020/21 several major works were completed, including the Gracefield Sewer Diversion, planning for the new Awatea Pump Station, and installation of the Beach Road Storage Tank.

In the stormwater activity, several upgrades were made to reduce the risk of flooding and to improve capacity for future development. Upgrades of stormwater pipes in Mount Street, Konini Street, Gloucester Street, Toswill Road, Emano Street, and Rocks Road were completed.

Council's multi-million dollar flood protection investment in upgrading Saxton Creek continued, with Stage 3 (between Champion Road and Main Road Stoke) near completion at the close of 2020/21. Stage 4, the final stage of the project, is scheduled for completion by 2023/24. This was funded in part by central government, through a grant of \$7.5 million from the COVID-19 Response and Recovery Fund (\$1 million used in 2020/21). Following the flood event in 2013, flood protection at Whakatu Drive (SH6) commenced and was near completion at the close of 2020/21.

Council recognises that it needs to do things differently to reduce its emissions and help mitigate the effects of climate change – solid waste activities are a major part of this work. In 2020/21 Council launched the Rethink Waste programme. Many community-based activities are part of this initiative to empower the community to rethink waste, including new monthly composting workshops, Secondhand Sunday, and repair cafes, which have been very popular. A waste minimisation grant trial to foster community-led innovation in waste avoidance and reduction also took place. A diverse range of projects were funded, and the programme will be updated in 2021/22. Council-run events also incorporated waste minimisation into event delivery.

In 2020/21 Council began a 12 month trial for kerbside collection of residential kitchen waste

from 135 households. By July 2021 (which included 19 weeks of the trial) 8,950kg of kitchen waste had been diverted from landfill. Once we have the full data from this trial, Council will be able to consider the possibility of extending the service.

Council also introduced a new construction and demolition waste reduction programme in 2020/21 through support for the deconstruction of 23 Halifax Street (the Mediterranean Warehouse building). Deconstruction is a more sustainable way to remove a building than demolition because much of the building's interior and exterior is reused, rather than reduced to rubble and sent to landfill.

Work in the transport area is included under 'Sustainable Transport Culture' on page 24.

Environment – Ko te Taiao

Further progress was made on developing the Draft Whakamahere Whakatū Nelson Plan in 2020/21, a resource management plan for managing how Nelson grows and develops, and for protecting our natural environment. Climate change considerations are at the heart of the Draft Nelson Plan.

In the conservation and regeneration space, Project Mahitahi (funded by Jobs for Nature) was launched in October 2020, and since its inception has employed 33 people across a range of projects, planted the first 15,000 trees (of 125,000 to be planted over five years), held five community planting events, and removed pest animals and pest plants from the Maitai catchment. The second year of the Hill Country Erosion Project, funded by MPI, saw the planting of 50,000 plants across erosion prone sites in 2020/21, and a Coastal and Marine Monitoring programme started, with water quality monitoring at eight coastal and six marine sites.

Council also supports the community to care for our local environment. The majority of the

62 applications to the Environmental Grants Scheme were successful in receiving some funding for their project, and \$336,000 was awarded from Council's Nelson Nature, Healthy Streams and Sustainable Land Management programmes in 2020/21. \$179,000 of this funding was sourced from the Ministry for Primary Industries' (MPI) Hill Country Erosion Fund. In addition, there are now over 30 community trapping projects in Nelson, across Council and private land, supported by Council's Nelson Nature Halo programme.

CBD development – Whakahou tāone



Work on Nelson's City Centre Spatial Plan, gifted the name Te Ara ō Whakatū - The Pathway of Nelson, continued in 2020/21. The Spatial Plan will set out a people-focused, place-based vision to attract investment, residents, talent, thriving business, families, and events to our City Centre, and strengthen our position as A Smart Little City. Targeted community pre-engagement for Te Ara ō Whakatū was undertaken in 2020/21, to help inform the plan that will be adopted later in 2021. A total of 81 meetings were held with more than 40 community sectors across Nelson, and more than 250 attendees participated over the four-month pre-engagement period.

Lifting Council Performance – Whakapikinga pūkenga



In 2020/21 Council increased staffing in critical areas, implemented a new system for

contract management, and made improvements to key systems and processes.

An additional 22 full time equivalent staff positions were recruited this year. Existing activity budgets and external project funds contributed to hiring around half of these extra staff. Activity/externally funded positions enhance Council's ability to deliver outcomes of value to the City, without increasing the rates demand on the community. Council will continue to invest in staff, to enable ongoing improvements to the services that we provide to the community, and the meeting of project timelines.

A review and restructure of Council's committee and subcommittee arrangements was completed in early November 2020, to focus work on key areas of Council's priorities. Council continues to livestream Council and Committee meetings, and from March 2021 also livestreams all Subcommittee meetings.

In May 2021 Council voted to establish a Māori ward in Whakatū Nelson for the 2022 local elections. A Māori ward will mean that a Māori councillor will be elected by those on the Māori electoral roll and have a direct say in Council's governance. This will support Māori representation through direct involvement in Council decision-making. A representation review will be held in 2021/22. For more detail on this process and other actions Council has taken to increase representation, refer to pages 29-30.

Council also completed a business case looking at options for Civic House. Council's main office at Civic House has a history of under-investment, with the result that working conditions in some areas are substandard and in urgent need of improvement. Council looked at three business case options and decided that refurbishment of the existing building (for an estimated \$18.3 million over eight years) is both cost-effective and mitigates carbon emissions produced by the project, compared with the construction of a

new building. Upgrades will improve its environmental performance, functionality, and create a healthy working environment. There will also be a focus on reducing the carbon footprint of the building, decreasing energy use, and increasing its resiliency to climate change. A staged approach is being taken to spread project delivery over the next few years.

Focus Area: Creating a Sustainable Transport Culture – Te hanga i tētahi ahurea ikiiki toitū



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

Safe shared or separated pathways make cycling an option for less experienced riders, and provide walkers with a more pleasant way to navigate the City. 2.8 km of new shared or separated paths were built in Nelson in 2020/21, including the ANZAC Park to Maitai Shared Path. Stage 2 of the Tāhunanui Pathways project was completed, which has improved cycle safety for residents, commuters, and students of Tāhunanui School. Council also invested in an underpass on the Railway Reserve in 2020/21, which has since been transformed into a tribute to active transport and toi Māori (Māori art), with painted murals.

Public transport is another important tool to build a sustainable transport culture. The Bee Card, Nelson's electronic bus ticketing system, was launched in August 2020. Users

have embraced this new technology, with 88% of bus journeys now paid for using the Bee Card, which makes using our buses easier, cheaper and faster for passengers. The new system also allows Council to gather better information on bus usage.

Council's Innovative Streets for People trial project in Nelson South got underway in 2020/21 with funding from Waka Kotahi (New Zealand Transport Agency). Temporary changes have been tested in partnership with the community, including trial road layouts using colour and planter boxes to slow car traffic. Traffic speeds were monitored before and after the trial changes were made, and there have been significant reductions in speed. The project received national recognition, receiving the 3M Traffic Safety Innovation Award, which recognises exemplary innovation and effectiveness to save lives and injuries on roads.

Focus area: Housing Intensification and Affordability - Te āhei o te utu ā-Whare me te whakapiki



Housing is one of the most basic needs for people, and stable housing is linked to positive economic, educational, and social outcomes for individuals and communities. The lack of affordable housing is one of the most significant challenges facing the Nelson region. Council has made housing affordability and intensification a priority in its new Long Term Plan, and will continue to work with others, including central government, the private sector, and community groups, to address the housing crisis. Actions are underway to help achieve integrated and smart development for Nelson.

In 2020 Council sold its 142 community housing units to Kāinga Ora. The transfer of



ownership is a mutually beneficial agreement that will increase investment in housing in Nelson, while retaining access to community housing for existing tenants. This agreement has created from the proceeds a \$12 million Housing Reserve, for the purpose of supporting affordable and social housing projects in Nelson. Applications to Phase One of the Housing Reserve Grants Programme (\$2 million) were invited from 7 October 2021 to 3 November 2021.

Nelson's Intensification Action Plan (IAP) was adopted in 2020/21. It was born out of the Nelson Tasman Future Development Strategy (FDS), a 30-year framework for urban growth, adopted by both Nelson City and Tasman District Councils last year. The IAP looks at ways Council can encourage housing intensification of existing areas (brownfield) by ensuring processes and plans are streamlined. This is in recognition that intensification developments have a lower uptake than greenfield developments, although both play a role in meeting the City's future growth needs. The new Infrastructure Strategy also considers planning for future growth.

At the same time, a new joint Future Development Strategy is also being developed in conjunction with Tasman District Council that will inform how growth is managed for the next 30 years. Both councils are working on the strategy with the aim of releasing it to the public for consultation in 2022. The new strategy will also help inform the 2024 Long Term Plans of both councils.

The Draft Nelson Plan is underway, and it will be another tool to support intensification - stating where new urban expansion can occur (Development Areas), enabling intensification through zoning (the Medium Density Residential Zone) and rules relating to residential density.

In 2020/21 Council also sought feedback from developers and the wider public on how the Development Contributions Policy could be improved to help deliver on Council's priorities. The 30 Housing Units of Demand waiver limit was removed, meaning all residential development in the City has a development contribution waiver. This is to eliminate barriers to intensified developments in the City Centre, as part of Council's support for housing intensification.

Focus area: Maitai River Precinct - Te Awa o Mahitahi



Direction was determined on the Central Library Development through the Long Term Plan 2021-31 process in 2020/21. The current Elma Turner Library is located in a converted space, which was previously a car sales office, with parts of the building dating back to the 1970s. It is a well-loved and well-used facility - however, it is too small to deliver the range of services expected from a modern library, and there are insufficient bookable spaces for groups and events. The building itself would require substantial investment over time to maintain the status quo. The construction of a new library will bring it into the 21st century, allowing us to broaden the scope of services and opportunities within a larger, purpose-built building and surrounding precinct. While books and reading are still central to what a library is, the new library will move beyond books and traditional library spaces to provide more opportunities for community groups, creative thinkers, tamariki, teens, older adults and visitors to engage with

each other and the community around them in a multitude of ways. Council looks forward to working with the community to deliver an exceptional library precinct for the people of Whakatū Nelson.

A temporary 'Pop-up Park' opened on the banks of the Maitai/Mahitahi River in September 2020, which includes a pump track for skating, bikes and scooters, a solar-lit basketball half-court, an 'imagination playground' for younger children, planters, picnic tables, a table tennis table, and colourful seating. The park is now a popular space for young people to play in the City Centre.

The Maitai Riverside Path is a busy recreational area, enjoyed by many people who walk and cycle by our awa (river). Council had heard feedback from the community that the path between Collingwood and Bridge Street was too narrow for mixed use, and used a grant from central government's Provincial Growth Fund to expand this section to 2.5 metres. The improved path is being successfully shared by pedestrians, cyclists, and mobility scooter users.





PLANNING AND REPORTING

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

The Long Term Plan (LTP), updated every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over a ten year period. This Annual Report relates to year three of the 2018-28 Long Term Plan.

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

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

FINANCIAL OVERVIEW

TIROHANGA AHUMONI:

YEAR ENDED 30 JUNE 2021

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

Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break-even). This Annual Report shows that Council recorded a net surplus before revaluations (for the year ended 30 June 2021) of \$9.8 million, which was \$2.9 million more than budget. An explanation of this variance can be found in note 40 in the Notes to Accounts section.

The surplus was \$7.2 million in the 2019/20 financial year. It should be noted that the word 'surplus' is an accounting term, and is different from the rating surplus. The accounting surplus includes capital items such as road subsidies and grants relating to capital projects, revaluations and vested assets which are required to be treated as revenue for accounting purposes.

As of 30 June 2021, Council's borrowings, net of deposits and cash, were \$87.9 million, compared to the budget of \$115.7 million. This variance from the budget is mainly due to actual borrowings being lower than planned. Capital expenditure did not reach the full programme and ended less than forecasted by \$10 million.

Additionally, net proceeds received from selling community housing were \$17 million against a budget of \$8 million, with \$5 million of this required to be held in a reserve for potential use by Kāinga Ora.

This full Annual Report 2020/21 was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied 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 2021. The financial statements were authorised for issue by Council on 9 December 2021.

PARTNERSHIPS WITH MĀORI AND IWI KO NGĀ WAKA HOURUA



Council and iwi are committed to working together.

A key objective for Council is to strengthen our relationship with Māori and iwi, support communication, and implement an active partnership. More information about how Council does this is included in the *Statement on Fostering Māori Participation in Council Decision-making* section of the Long Term Plan 2018-28, and the recently completed Long Term Plan 2021-31.\

Establishment of a Māori Ward:

On 13 May 2021 Council voted to establish a Māori ward in Whakatū Nelson for the 2022 local elections. A Māori ward will mean that a Māori councillor will be elected by those on the Māori electoral roll and have a direct say in Council's governance. This will support Māori representation through direct involvement in Council decision-making. There is further work to be done to realise the full potential of partnership between Council and iwi/Māori, but this is a significant step towards a more representative and diverse Council.

Local Government New Zealand has been advocating for equality in the establishment of Māori wards for many years, which Council has supported. In 2020/21, supported by the Te Tauihu Iwi Chairs Forum (which represents the eight iwi of the top of the south), Council joined other voices around the country advocating to central government to ensure the legal requirements to establish a Māori Ward are the same as a General Ward. Legislation was amended by the government in early 2021, opening the door for this change.

What happens next: Representation Review

Every six years, local authorities are required to review their representation arrangements, potentially changing the number of councillors, the way they are voted for and the areas they represent. The representation review that Council must complete by the end of 2021 has added significance because of the resolution to establish a Māori ward. Establishing a Māori ward means that Nelson must also establish one or more general wards and agree on their boundaries and names.

In mid-2021 Nelsonians were invited to take part in a survey to inform the review. The feedback received will help shape an initial representation structure which Council will decide on in mid-August 2021, then publicly notify for the community to submit on over the following month. An important consideration for the review will be achieving balanced and fair representation for everyone in Nelson, regardless of the electoral roll they happen to be on.

The Tino Rangatiratanga flag was raised at Council's Civic House in May 2021 in recognition of the Māori ward decision, and will remain as a permanent fixture at Civic House. This symbolises Council's commitment to an enduring partnership with iwi and Māori in Te Taihū (the Top of the South).

During 2020/21 further actions were undertaken to maintain and enhance Māori involvement in the decision-making processes of Council:

- The Iwi-Council Partnership Group met quarterly. The Group includes the Mayor, Deputy Mayor, two elected members, and iwi chairs from each of the eight Te Taihū (Top of the south) iwi (Ngāti Apa ki te Rā Tō, Ngāti Koata, Ngāti Kuia, Ngāti Rāua, Ngāti Tama, Ngāti Toa Rangatira, Rangitāne and Te Ātiawa).
- Iwi and Council met regularly at management and operational levels through the Council and Iwi Managers Forum, Te Ohu Taiao (Environmental Managers) Forum, and Te Ohu Toi Ahurea (Cultural Managers). Significant projects included:
 - An online Iwi-Council engagement platform (to be launched in 2021/22)
 - Taonga Tuku Iho Strategy (Nelson's Heritage Strategy)
 - The installation of two bilingual interpretation panels at Te Manu Reserve in Toi Toi, and Māra Wheke Octopus Garden playground in Stoke
 - There was Māori representation on the Nelson Tasman Landfill Business Unit.
 - Council is working with iwi to appoint Māori representatives to the Infrastructure and Community and
 - Recreation Committees, plus the Audit, Risk and Finance; Forestry; Urban Development; and Strategic Development and Property Subcommittees. These representatives will provide a unique perspective embedded in a Te Ao Māori worldview.
- The Mayor is a member of the Whakatū Marae Committee.
- Council held several iwi engagement hui in September-November 2020/2021 to support the development of its latest Activity Management Plans.
- Work on the Draft Nelson Plan (Whakamahere Whakatū) continued in 2020/21. The Iwi Working Group continued to meet and contribute to the development of the Nelson Plan.
- Council supported the Tuia Rangatahi Leadership Programme (an initiative of the Mayors' Taskforce for Jobs) which develops the leadership capacity of young Māori.
- There is increased knowledge and usage of te reo Māori, and tikanga Māori (Māori customs) by Council staff. Council employees filled over 100 He Waka Kuaka Te Reo Māori course places during 2020/21.
- Te Kāhui Whiria (Māori Partnerships Team) and Council Kaumātua provided cultural support, leadership and guidance alongside iwi for the following events:
 - Pōwhiri for new staff, and whakatau for staff and Kaumātua
 - Citizenship ceremonies
 - Te Wiki o Te Reo Māori (Māori Language Week). The Mayor and several councillors also contributed to the celebrations by recording their mihi

- (personal introductions) on video to be shared online.
- Installation of new te reo welcome signs at the entrances of Whakatū
- New Zealand Planning Institute Conference – pōwhiri and mauri ceremony
- Installation ceremony for *Te Korowai Aroha - Welcome Cloak* artwork at Greenmeadows
- Installation of bilingual interpretation panels
- Three Waters Reform Whakatū event – ceremonial and cultural support

Te Huihui o Matariki Festival went online in 2020 due to COVID-19 restrictions. The adapted event was a success, attracting 3,000 viewers, an increase on 1,200 attendees in 2019. The festival continues to be an opportunity to promote and celebrate te reo Māori culture and support diverse groups and businesses within our community.

Te Huinga Whetu Regional Kapa Haka Competition, organised by Te Tauihu Māori Cultural Council (TTMCC), was held at the Trafalgar Centre in November 2020. 19 teams and around 1,000 participants from top of the south schools took to the stage. TTMCC also made preparations to host Te Mana Kuratahi National Primary School Kapa Haka Competition at the same location, which was expected to attract an audience of 10,000 people over four days. The event was planned for 2021, but has been postponed until 2023 due to the impact of COVID-19 alert level restrictions.



THREE WATERS REFORM

Central Government is reviewing how to improve the regulation and supply of drinking water, wastewater and stormwater (the Three Waters) in New Zealand. Three Waters Reform was preceded by the Three Waters Review, which began in mid-2017.

Aotearoa's public water services are facing significant long term challenges. Currently 67 different councils own and operate the majority of the Three Waters services across the country, along with some smaller community suppliers. Additional investment is needed to ensure the safety of drinking water for all, improve freshwater outcomes, respond to climate change, improve the regulatory system, and increase community resilience.

The process so far from 2020/21:

July 2020	Central Government launched the Three Waters Reform Programme – a three-year programme to reform Three Waters service delivery.
July 2020 onwards	Nelson's Mayor and Chief Executive contributed as members of the Joint Central/Local Government Three Waters Steering Committee.
August 2020	<p>Council agreed to participate in the initial stage of the Reform Programme and signed a Memorandum of Understanding (MoU) with the Department of Internal Affairs (DIA).</p> <p>This gave us a seat at the table, to explore the local impacts of the proposal. As part of this agreement Council received initial grant funding of \$5.72 million, to support Three Waters service delivery and aid economic recovery from COVID-19 through job creation. Council allocated this funding towards a variety of projects and programmes, including Awatea Wastewater Pump Station Upgrade and Beach Road Pump Station and Wastewater Storage Tanks upgrade.</p>
October 2020 to February 2021	The MoU included a commitment to share information to support the Three Waters Reform Programme. A Request for Information was issued by the DIA on 23 October 2020, seeking information to support detailed modelling and analysis to be supplied to the DIA by 1 February 2021.

July 2021

A proposal to transfer New Zealand's Three Waters services from local authorities to four new regional water services entities (retaining public ownership) was announced.

A funding package was announced to support local authorities through these reforms. Councils will be able to use this funding to:

Support Three Waters Reform

Manage its financial impacts

Focus on other local wellbeing outcomes associated with climate change and resilience, housing and urban design and planning, and community wellbeing

**July-
September
2021**

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

**27 October
2021**

The Government announced the next steps in the reform programme, mandating the reforms. The Water Service Entities will be operational on 1 July 2024, with transition arrangements to be confirmed by the Government.

The Government announced that the Water Service Entities Bill will be introduced to Parliament in 2021, where Council will make a submission informed by public engagement.

For the latest information on the Reform Programme, visit the threewaters.govt.nz or the Department of Internal Affairs webpage: dia.govt.nz/Three-Waters-Reform-Programme

COUNCIL ACTIVITIES: YEAR ENDED 30 JUNE 2021

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 and service levels, refer to Nelson's Long Term Plan 2018-28. This is available at Nelson Public Libraries, on Council's website at nelson.govt.nz/long-term-plan-2018-28 or by contacting our Customer Service Centre on 03 546 0200.

Long Term Plans are prepared every three years, and the plan encompassing 2020/21 is the Long Term Plan 2018-28. It was developed in 2017/18 and outlines Council's activities and planned programme of work for 2018/19 to 2027/28. The activity groups of Council are:

Transport - Te Ikiiki	36
Water Supply - Te Ratonga Wai	48
Wastewater - Te Para Wai	55
Stormwater - Te Wai Āwhā	61
Flood Protection - Te Ārai Waipuke	67
Solid Waste - Ngā Para Totoka	73
Environment - Te Taiao	81
Social - Te Pāpori	91
Parks and Active Recreation - Ngā Papa Rēhia me ngā Mahi Rēhia	104
Economic - Te Ohaoha	114
Corporate - Te Rangapū	121

In 2020/21 Council, including joint committees, had an agreed Annual Plan capital works programme of \$62.7million, excluding carry forwards. The Council approved an increased programme for COVID-19 to provide much needed jobs and economic stimulus for the region. \$51.8 million of the approved Annual Plan budget plus carry forwards from 2019/20 was spent across Council. Council achieved savings of \$3.9 million against budgeted costs. The remaining \$7 million of the programme was not completed during 2020/21 due to rephasing of multi-year projects and COVID-19 related delays in procurement, and have been carried forward to future financial years.



PERFORMANCE MEASURES INENGA MAHI

The Long Term Plan sets non-financial performance measures for each activity, which are reviewed every three years. There were 80 performance measures in total set by the Long Term Plan 2018-28. In 2020/21, Council achieved 53 (66.25%) of its measures, the same result as 2019/20. See the activity sections following for details.

As annual reporting was undertaken over the period of the Long Term Plan 2018-28, staff found that several of the measures set in 2018 no longer align with changing data collection methods and legislated performance requirements (e.g. required inspection of licenced premises). This results in measures like these being listed as 'not achieved' against the targets set in 2018, which does not accurately reflect Council's actual achievements in these areas. Similarly, numerous measures selected in 2018 relate to the performance of other organisations (such as the Theatre Royal and Suter Art Gallery), which Council has little control over. It also has limited influence on overarching measures such as Nelson's GDP. To address this, Council's performance measures were revised in the Long Term Plan 2021-31, to give a more accurate, relevant picture of Council's non-financial performance over the next three years.

Activity	Measures achieved in 2020/21
Transport - Te Ikiiki	1 of 7
Water Supply - Te Ratonga Wai	9 of 9
Wastewater - Te Para Wai	6 of 6
Stormwater - Te Wai Āwhā	4 of 4
Flood Protection - Te Ārai Waipuke	5 of 6
Solid Waste - Ngā Para Totoka	2 of 3
Environment - Te Taiao	8 of 13
Social - Te Pāpori	7 of 14
Parks and Active Recreation - Ngā Papa Rēhia me ngā Mahi Rēhia	5 of 8
Economic - Te Ohaoha	3 of 5
Corporate - Te Rangapū	3 of 5
Total	53 of 80



TRANSPORT Te Ikiiki

ABOUT COUNCIL'S TRANSPORT ACTIVITIES

The transport activity includes the provision, operation and maintenance of physical infrastructure and the environment on road reserves for driving, cycling and walking. Creating a sustainable transport culture is a focus for Council.

The network includes:

272km of roads

380km of footpaths, walkways, shared paths and separated cycle facilities, and 34km of on-road cycle lanes for active transport

98 bridges, 460 retaining walls, 390km of road verges, streetlights, signs, traffic signals, and more.

Council also has responsibility for road safety, street cleaning, traffic and parking management, and public transport services, with the NBus providing 350,000 passenger trips a year.

HIGHLIGHTS FOR 2020/21

Capital expenditure in the transport activity for 2020/21 was approximately \$8.26 million (including subsidised and unsubsidised roading projects).

Key renewal and maintenance activities that occurred on the existing transport network, roads and footpaths included:

896 metres of new footpaths built (\$557,500)

3km of footpaths renewed (\$715,000)

17.8 lane km of road resurfacing completed - 15.9 lane km in chip seal and 1.9 lane km in asphalt (\$1.3 million)

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

Active Transport

ANZAC Park to Maitai Shared Path

Safe shared or separated pathways make cycling an option for less experienced riders, and provide walkers with a more pleasant way to navigate the City. 2.8 km of new shared or separated paths were built in Nelson in 2020/21 (\$3 million), including the ANZAC Park to Maitai Shared Path.

Nelsonians can now cycle and walk safely from the Railway Reserve shared path all the way to the Maitai River Precinct. This link fills a gap in our cycle network, with an off-road connection along Paru Paru Road and Rutherford Street to ANZAC Park, to reach the Railway Reserve.

Tāhunanui Pathways Project

2.8km of new separated cycleways were constructed at Tāhunanui in 2020/21, with the completion of Stage 2 of the Tāhunanui Pathways project (\$1.9 million). This has improved cycle safety for residents, commuters, and students of Tāhunanui School. The school has reported a significant increase in parents

and children using active transport for their school journeys.

Railway Reserve Underpass

With the new extension of the Clarence Drive connection over the Railway Reserve, Council wanted to provide the safest possible option to all people to continue using this popular route to travel. Council invested \$760,000 in an underpass, which was constructed in 2020/21. The underpass has since been transformed into a tribute to active transport and toi Māori (Māori art), with painted murals on the exterior.

Public Transport - Bee Card

Encouraging the use of public transport is another important tool to build a sustainable transport culture. The Bee Card, Nelson's electronic bus ticketing system, was launched in August 2020. Users have embraced this new technology, with 88% of bus journeys now paid for using the Bee Card, which makes using our buses easier, cheaper and faster for passengers. The new, smart system also allows Council to gather better information on bus usage, which is already assisting with planning for improving services in the future.

Innovative Streets for People - Nelson South

This project in the area surrounding Kawai Street South came about after considerable engagement with the community, many of whom were concerned about the speed of cars using Kawai Street and surrounding roads. The project's aim was to reduce vehicle volumes and speeds and to make the streets safer for the people who live on them, particularly children, whether they are playing, walking or cycling.

The Innovating Streets for People programme accelerates the transition of New Zealand's streets to safer and more liveable spaces. Council's application for funding was approved by Waka Kotahi NZ Transport Agency, and it received a total of \$852,000 to trial innovative traffic calming measures.

Trials allow us to see what works well, and what can be altered when it comes to making more

permanent changes to the street. Temporary changes have been tested in partnership with the community, including trial road layouts using colour and planter boxes to slow car traffic. Traffic speeds were monitored before and after the trial changes were made, and there has been a 37.5% reduction in speed on Kawai Street South, effectively reducing speeds to 30 kmph per hour past the kindergarten. On Tipahi Street and the Nelson Intermediate School frontage, early data indicates a 50% reduction in traffic and a 30% reduction in speed.

The initiative has received national recognition at the Transportation Conference in May 2021 when it received the 3M Traffic Safety Innovation Award, which recognises exemplary innovation and effectiveness to save lives and injuries on roads.

Provincial Growth Fund Projects

In 2020 Council was awarded \$1.23 million from central government's Provincial Growth Fund (PGF) for infrastructure projects, to help our region recover from the COVID-19 pandemic by providing local jobs. Successful transport projects included:

Beach Road Traffic Calming Measures / Waitakere Street Raised Table

As an extension of the 2020 Tāhunanui separated cycle path facility, this project included narrowing the road width, raising the height of the pavement, and introducing more vegetation at the intersection to make Beach Road safer for all users. These measures have slowed traffic along the section of Beach Road that approaches a shared pathway.

A new raised table for the shared pathway on Waitakere Street was also built to encourage people to slow down when driving through the area, and barriers have improved safety for cyclists and pedestrians. (PGF funding was \$180,000).

Maitai Riverside Path Widening

The Maitai Riverside Path is a busy recreational area, enjoyed by many people who walk and

cycle by our awa (river). Council had heard feedback from the community that the path between Collingwood and Bridge Street was too narrow for mixed use (only 1.5 metres wide), and used PGF funding of \$561,000 to bring forward plans to expand this section to 2.5 metres. The project was completed in 2020/21, and the improved path is being successfully shared by pedestrians, cyclists, and mobility scooter users.

Seafeld Terrace Road Reinstatement and Revetment

Seafeld Terrace at Glenduan suffered considerable damage following cyclone Fehi in 2018, and a technical solution was arrived at in close collaboration with local residents. The 2020/21 project (\$1.24 million) involved construction of a six metre wide rock revetment structure to protect the road against future storm events, plus reforming the road, adding footpaths, a new carpark layout, and laying a new sewer. The project has restored this area of Nelson's coastline and improved safety, parking and beach access and was a celebration of close collaboration with iwi, local residents, and the Department of Conservation.

Arapiki Road Retaining Wall

Council invested \$700,000 in the first half of 2021 to upgrade the retaining wall that runs alongside Arapiki Road, to protect both the road and adjoining properties. As part of this project the footpath and handrails along that section of the road were also upgraded.

Improving Road Safety

Improving the safety and sustainability of Nelson's transport system is a priority for Council, and we are working in partnership with national agencies to improve road safety and reduce the number of people killed or injured on our roads. Compared to other cities of similar size, Nelson currently has a higher crash rate for intersections and more vulnerable user groups (such as walkers, cyclists, motorcyclists, and e-mobility users).

In 2020/21 Council continued its road safety programmes and planned further initiatives for the next 10 years through the Long Term Plan 2021-31.

Road safety education and promotion in 2020/21

Council's road safety programme in 2020/21 included:

Safety engineering improvements on high risk road corridors and intersections (such as speed humps on Seymour Ave, Toi Toi Street and Karaka Street, upgrade of Seaview underpass, adding pedestrian refuge to the crossing outside Nayland Primary School, and speed limit signage)

Supporting Waka Kotahi's State Highway road safety improvements

City Centre Spatial Plan development (with a focus on pedestrian accessibility and safety)

Starting development of a Speed Management Plan, including review of speed limits across the network,

Introduction of 30km/h areas in the central city and in home zones

Road safety promotions (alongside the NZ Road Policing programme, including advertising, promotion, and community education – continued below)

Council partners with the New Zealand Police and other key agencies to deliver a number of education programmes to reduce the number of deaths and serious injuries on our roads. These include:

Cycle skills training:

In 2020/21, 2,810 primary school students participated in Grade 1 lessons (basic skills and handling), and 916 intermediate aged students took Grade 2 lessons, under Waka Kotahi's national Bike Ready programme

625 students also participated in other cycle safety opportunities

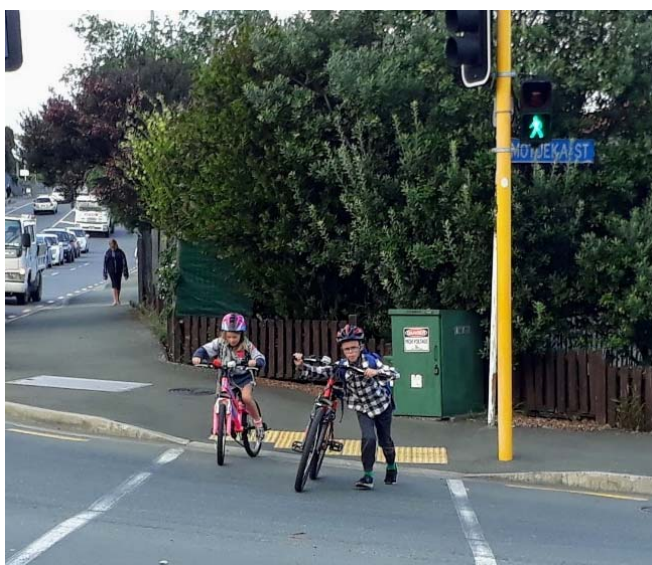
385 year 1 and 2 students participated in Scooter Safety sessions

Young Driver Education campaigns: Council supports driver licence education. 60 learner drivers took these courses in 2020/21, with a 90% pass rate

Older driver education: Age Concern Nelson Tasman continues to deliver support for older drivers in our community, under contract from Council. In 2020/21 it reached over 270 older drivers.

Child restraint checkpoints: Alongside the Police and Plunket, Council offered free checks to families throughout June. Approximately 97% of seats checked required some adjustment to improve safety and this was done free of charge.

Motorcycle education: Council works with the Accident Compensation Corporation (ACC), Police, Ride Forever, Pro Rider and other key agencies to run motorcycle and scooter rider workshops. In the 2020/21 year 978 subsidy vouchers were claimed, and 677 of these were redeemed on a course. The Nelson Tasman region continues to exceed ACC targets for Ride Forever uptake – the programme has seen a big increase in participation since 2014/15 when subsidy vouchers were first offered (when 55 were redeemed)



Looking forward – Vision Zero:

Council's Long Term Plan 2021-31 includes \$24 million of funding to deliver road safety engineering projects at high-risk locations, to reduce road deaths and serious injuries (DSI) on Nelson's roads. We have also committed \$500,000 over the next three years to a safety education programme designed to reduce DSI.

Council supports the Ministry of Transport's Vision Zero approach to road safety: no loss of life on our roads is acceptable. The national target for Road to Zero is a 40% reduction in DSIs from 2018 levels by 2030. As a Council we will also work toward this target.

Alongside our road safety partners (Waka Kotahi New Zealand Transport Agency, NZ Police, ACC, Fire and Emergency NZ, Tasman District Council, Nelson Marlborough Public Health Service), Council has identified and committed to the following actions for 2021-31 (to sit alongside existing road safety programmes):

- Further development and implementation of a Speed Management Plan to reduce speeds

- Safety engineering investment at high-risk intersections and corridors

- Safety improvements for urban vulnerable road users

- Ensuring Safe System design improvements through capital, maintenance and renewals through a Safety Management System

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	Through providing a range of transport modes that minimise the impact on the environment, and encouraging the use of active transport
Our urban and rural environments are people-friendly, well planned and sustainably managed	Through taking into account the impact on public spaces when providing transport infrastructure
Our infrastructure is efficient, cost effective and meets current and future needs	Through providing an effective and efficient transport system that meets the needs of residents and businesses Optimisation of both maintenance and renewal expenditure is undertaken to ensure the least cost for the whole of the asset's life
Our communities are healthy, safe, inclusive and resilient	Through providing a safe and resilient transport network that provides for all modes, and promoting road safety
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Through providing the space and means to allow our community to interact
Our communities have access to a range of social, educational and recreational facilities and activities.	Through providing the space and means to allow our community to interact
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Through providing a transport network that takes account of our regional placement. Through engaging with our community and regional partners as the transport network is developed
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 Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
A safe road network	Change from the previous financial year in the number of fatalities and serious injury crashes on the local road network	Fewer fatality and serious injury crashes on the local road network compared to previous year	<p>There were 13 death or serious injury (DSI) crash events in 2018/19, and nine in 2019/20.</p> <p>There were 19 DSI crashes to the end of June 2021, an increase of 10 from the previous year. This is the highest number since 2008/09, when there were 23 DSI crashes.</p> <p>Of the 2020-21 DSI crashes:</p> <ul style="list-style-type: none"> • 5 involved pedestrians • 4 involved motorcyclists • 5 involved cyclists • 7 report suspected alcohol/ drugs <p>Safety is a priority through the Government Policy Statement on land transport, Council's 2021-31 Transport Activity Management Plan, and Waka Kotahi funding programmes. Work is underway to better understand and manage the risks.</p> <p>Council supports the Ministry of Transport's Vision Zero approach to road safety: no loss of life on our roads is acceptable. The national target for Road to Zero is a 40% reduction in DSIs from 2018 levels by 2030. As a Council we will also work toward this target.</p>	Not achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Smooth sealed road network	Average quality of ride on a sealed local road network, measured by smooth travel exposure by One Network Road Classification	<p>The following Smooth Travel Exposure targets are maintained or exceeded in each year:</p> <p>One Network Smooth Travel Exposure Target by road classification:</p> <p>Regional: 90%</p> <p>Arterial: 85%</p> <p>Primary Collector: 80%</p> <p>Secondary Collector: 80%</p> <p>Access: 75%</p> <p>Low Volume: 75%</p>	<p><u>DIA network results</u> (percentage of vehicle kilometres travelled on all roads owned by the Local Authority classified as smooth)</p> <p>2018/19 - 87%</p> <p>2019/20 - 88%</p> <p>2020/21 - 85%</p> <p>More preseat repairs and levelling will be undertaken going forward. Some resurfacing has been delayed in order to carry out underground utilities upgrades prior to resurfacing.</p> <p>In 2020/21 <u>Smooth Travel Exposure results by One Network Road Classification category</u> were:</p> <p><u>Achieved</u></p> <p>Regional: 94%, Arterial: 85%</p> <p>Primary Collector: 80%</p> <p><u>Not achieved</u></p> <p>Secondary Collector: 77%</p> <p>Access: 71%</p> <p>Low Volume: 73%</p> <p>Note: Approximately 84% of the network was surveyed, however there were some roads that were not able to be tested due to limitations such as road works, very narrow or steep streets, and no turning areas. This is the first network survey providing meaningful information since Council changed the methodology and adopted high speed data collection. The targets set six years ago were not set with this improved data collection methodology, and in hindsight are considered ambitious. The Road Efficiency Group is working nationally to achieve improved consistency in both data capture and how that data is used, including targets.</p>	Not achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Maintenance of sealed local road network	Percentage of the sealed local road network resurfaced	Not less than 3% and not more than 8.5% (in length) is resurfaced, in each year	In 2018/19, 7% of the network was resurfaced In 2019/20, 3.2% of the network was resurfaced. In 2020/21, 8.9km of roads were resurfaced - this is 3.4% of the network.	Achieved
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 (i.e. has a condition rating of no greater than 3)	95% or more of the footpath network by length has a condition rating between 1 and 3 (1-excellent/3-good/5-very poor)	<p>The old measure is no longer fit for purpose and survey criteria has been updated to match the 2021-31 AMP criteria. Surveys now score based, not only on surface condition, but also path width and crossfall at driveways. This guides the forward renewal programme and enables the early progress on addressing low levels of service at those sites. The methodology is also being updated to enable the survey to capture walkway and shared paths that are separate from the road in the future. The failure to meet the KPI does not indicate our footpath condition is deteriorating. Both the 2017/18 and 2018/19 surveys demonstrated that Council achieved the performance measure and a continual programme of footpath improvement work has been carried out since.</p> <p>Footpath condition surveys were not undertaken in 2019/20 due to COVID-19 lockdown.</p>	Not measured

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Accessibility - Providing transport choices via public transport and efficiency – Maximise movement of people via public transport	NBus patronage	An increase to at least match a 4% increasing trend over time, from a baseline of 2017/18	In 2018/19 this target was achieved with a 5% increase in patronage over baseline. In 2019/20 it was not achieved due to COVID-19. For 2020/21 patronage was 16% below the 2017/18 baseline. A decline in bus patronage has been noted nationally since COVID-19, and fares were supplemented in 2020/21 to recognise this. Fare supplements will not continue in 2021-24.	Not achieved
Efficiency – Maximise movement of people via walk and cycle modes	Percentage of the community that travel to work by walking or cycling as measured in the residents survey	Year 3 - 21% combined of all journeys to work by walking or cycling	In 2018/19 19% combined of all journeys to work were by active methods such as walking and cycling. In 2019/20 the figure dropped to 16%. The 2020/21 Residents' Survey showed that 20% combined of all journeys to work were by active methods such as walking and cycling, just short of the target of 21%.	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	2018/19 - 83% 2019/20 - 81% 2020/21 - 75% This result reflects high staff workload.	Not achieved

FINANCIAL PERFORMANCE - TRANSPORT

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	11,304	12,063	11,570	11,620
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	3,129	3,229	3,889	5,102
Fees and charges	1,456	1,480	754	1,125
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,852	1,876	1,602	1,534
Total operating funding	17,741	18,648	17,815	19,381
Applications of operating funding				
Payments to staff and suppliers	12,091	12,781	13,399	13,836
Finance costs	0	0	0	0
Internal charges and overheads applied *	799	811	532	501
Other operating funding applications	0	0	0	0
Total applications of operating funding	12,890	13,592	13,931	14,337
Surplus (Deficit) of operating funding	4,851	5,056	3,884	5,044
Sources of capital funding				
Subsidies and grants for capital	3,938	4,855	8,956	6,504
Development and financial contributions	318	323	323	204
Increase (decrease) in debt	(176)	1,443	4,962	1,633
Gross proceeds from sale of assets	26	27	27	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,106	6,648	14,268	8,341
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	300	1,304	1,644	1,414
- to improve level of service	4,300	6,306	12,701	8,044
- to replace existing assets	4,357	4,094	3,807	3,927
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	8,957	11,704	18,152	13,385
Surplus (Deficit) of capital funding	(4,851)	(5,056)	(3,884)	(5,044)
Funding balance	0	0	0	0

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

Funding Impact Statement variances against budget

Subsidies and grants for operating purposes are \$1.2 million more than budget. There are multiple drivers for this increased revenue including; \$643,000 of unbudgeted operational grant funding received from Waka Kotahi for the Kawai Innovative Streets project, and \$620,000 additional revenue from Waka Kotahi as well as \$157,000 from Tasman District Council for Public Transport. This additional revenue is to cover additional COVID-19 requirements, and increased Public Transport costs.

Fees and charges revenue is \$371,000 more than budget. An additional \$242,000 in revenue has been collected from parking meters, and an additional \$195,000 in parking infringement revenue, both are due to the installation of the new meter system. Recoveries from corridor access requests is \$114,000 less than budget, this is driven by less requests from contractors.

Payments to staff and suppliers are more than budget by \$437,000. \$656,000 reflects the operating expenditure on the aforementioned Kawai Innovative Street project, which was not programmed and \$212,000 reflects the additional expenditure in Public Transport for the COVID-19 response and forgone fare revenue. This is partially offset by a \$159,000 under spend on condition assessments and data collection with funds being transferred to the capital program where appropriate and \$133,000 budgeted for preliminary capital expenditure on Saxton area growth projects which was not required. \$166,000 budgeted for SuperGold card concessions was not required under the change in contract from net to gross.

The debt movement is \$3.3 million less than budget due to capital expenditure being lower than budgeted. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Subsidies and grants for capital are less than budget by \$2.5 million due to capital expenditure being lower than budgeted. The Kawai Innovative streets project received capital grant income of \$208,000 in addition to the operational grant funding mentioned above.

The receipt of vested assets is dependent on the development cycle of individual developers and the timing is difficult to predict.



RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding	4,851	5,056	3,884	5,044
Subsidies and grants for capital expenditure	3,938	4,855	8,956	6,504
Development and financial contributions	318	323	323	204
Vested Assets	4,895	4,303	4,303	672
Depreciation	(7,303)	(7,639)	(7,929)	(8,475)
Other non-cash income	0	0	0	0
Other non-cash expenditure	0	0	0	(864)
Net Surplus (Deficit) before taxation in Cost of Service Statement	6,699	6,898	9,537	3,085





WATER SUPPLY Te Ratonga Wai

ABOUT COUNCIL'S WATER SUPPLY ACTIVITIES

Council supplies high quality potable water to households and businesses through a piped network. Providing safe water to the city is a major part of Council's core business, because a good quality, reliable water supply is essential for community and environmental wellbeing.

The water supply system includes dams and weirs on the Maitai and Roding Rivers, a world class ultra-filtration 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.

HIGHLIGHTS FOR 2020/21

In 2020/21, the capital expenditure in the water supply activity was approximately \$5.1 million. Key projects that were undertaken in the 2020/21 year include:

Residential Water Meter Replacement Programme

Nelson's residential water meters are reaching the end of their useful life and are being replaced. The project to install new meters

commenced in May 2019 and is progressing well - around 6,000 new water meters were installed in 2020/21 (\$705,000), bringing the total installed to 11,000 so far. A total of 15,200 meter replacements are scheduled to be completed by June 2022.

Hardy Street Water Main Renewal (Rutherford to Vanguard Street)

In line with its renewals strategy Council replaced the ageing water main that runs along Hardy Street and into Vanguard Street to maintain a reliable water supply, with an investment of \$971,000. Work was undertaken in collaboration with local businesses to minimise disruption.

Melrose Terrace Water Main Renewal

Council invested \$158,000 to renew the water main on Melrose Terrace in June 2021, to provide a more reliable water supply to the users in the area. Engagement with businesses and residents was undertaken to minimise the impact of disruption.

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	<p>A good quality, sustainable and affordable water supply network meets the needs of our current and future community.</p> <p>Sufficient and appropriate water supply is provided to ensure residential and business growth projections are achieved</p>
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

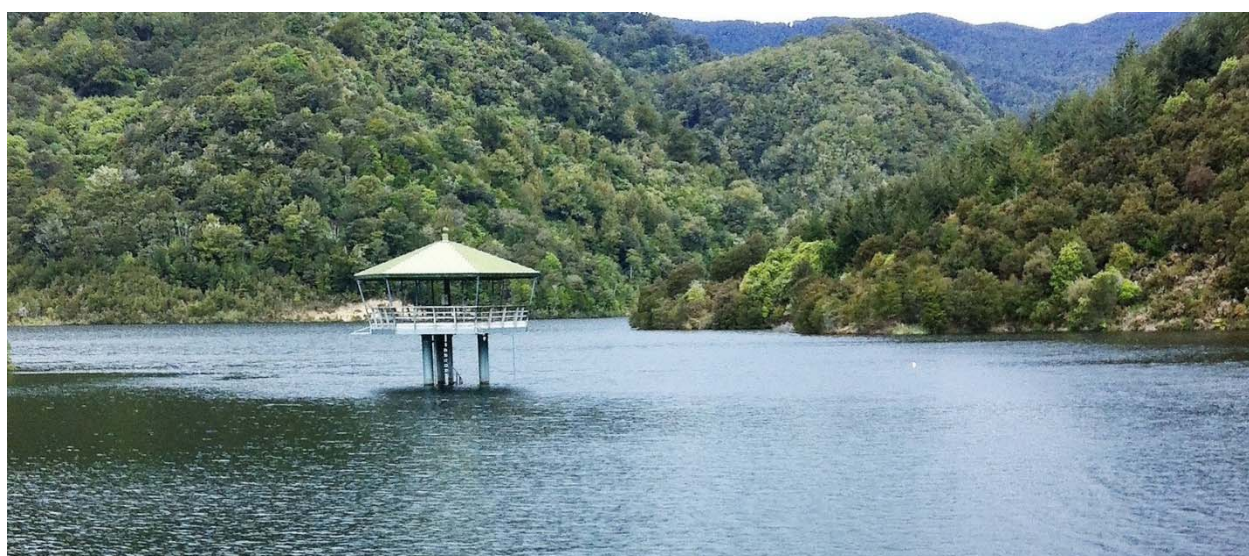
Measures from Year Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Quality – good quality water	The extent to which drinking water supply complies with: a) part 4 of the drinking water standards (bacterial compliance criteria), and b) part 5 of the drinking water standards (protozoal compliance criteria)	100% compliance with parts 4 and 5 of the drinking water standards	The measure was achieved in 2020/21, and in the previous year.	Achieved
	c) part 8 of the drinking water standards (chemical compliance criteria)	100% compliance with part 8 of the drinking water standards	The measure was achieved in 2020/21, and in the previous year.	Achieved
	Total number of complaints per 1000 connections about any of the following: - drinking water clarity - drinking water taste - drinking water odour - drinking water pressure or flow - continuity of supply - Council's response to any of these issues	No more than 50 valid complaints per 1000 connections	There were a total of 16 valid complaints per 1,000 connections in 2020/21. 2019/20 recorded 18 valid complaints per 1,000 connections.	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Reliability – a reliable supply	Average drinking water standard consumption per day per resident	Normal demand less than 500 litres per person per day. This includes both domestic and commercial-industrial	Water consumption was 289 litres per resident per day in 2020/21. In 2019/20 this was 300 litres.	Achieved
	% real water loss from the system	Real water loss less than 25%	Unaccountable water loss* was 18.8% in 2020/21, a reduction from 24.5% in 2019/20.	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 23 minutes in 2020/21. This was 21 minutes in 2019/20.	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 127 minutes in 2020/21. This was 191 minutes in 2019/20.	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
	c) attendance for non-urgent call-outs: from the time notification is received to the time service personnel reach the site	c) Contractor to attend non-urgent callouts in a median time of 120 minutes or less	Median attendance time for non-urgent water call outs was 103 minutes in 2020/21. This was 76 minutes in 2019/20.	Achieved
	d) resolution of non-urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption	d) Contractor to resolve non-urgent call outs in a median time of 1440 minutes (24 hours) or less	Median resolution time for non-urgent water call outs was 1268 minutes in 2020/21. This was 1,164 minutes in 2019/20.	Achieved

** To assess real water loss from the network Council uses the Water Balance Software developed by Water New Zealand. This inputs the measured volume of water supplied from the treatment plant, the measured volume delivered to customers via their individual water meters, the measured or assessed volumes used by contractors and the fire service from hydrants, and the volumes of water assessed as lost from the network as a result of breaks, repairs and maintenance activities. After making allowance for meter reading inaccuracy, the difference in volume between the supply from the water treatment plant and the volume that can be accounted for is considered to be the real water loss.*



FINANCIAL PERFORMANCE - WATER SUPPLY

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	12,526	12,874	12,404	12,664
Subsidies and grants for operating purposes	0	0	0	101
Fees and charges	33	34	40	69
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	9	9	34	32
Total operating funding	12,568	12,917	12,478	12,866
Applications of operating funding				
Payments to staff and suppliers	6,692	6,930	7,054	12,179
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,541	1,545	1,047	1,040
Other operating funding applications	0	0	0	0
Total applications of operating funding	8,233	8,475	8,101	13,219
Surplus (Deficit) of operating funding	4,335	4,442	4,377	(353)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	407	416	416	243
Increase (decrease) in debt	300	301	62	4,286
Gross proceeds from sale of assets	0	0	0	11
Lump sum contributions	0	0	0	0
Total sources of capital funding	707	717	478	4,540
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	105	108
- to improve level of service	1,164	1,545	1,285	1,147
- to replace existing assets	3,878	3,614	3,466	2,932
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	5,042	5,159	4,856	4,187
Surplus (Deficit) of capital funding	(4,335)	(4,442)	(4,377)	353
Funding balance	0	0	0	0

Funding Impact Statement variances against budget

Targeted rates include water meter revenue, which was over budget by \$260,000 due to increased commercial sales volumes.

Grant income is higher than planned due to unbudgeted Three Waters stimulus grant revenue of \$101,000 received.

Payments to staff and suppliers are over budget by \$5.1 million. This is due to the contribution of \$5 million for the Waimea Dam being paid from the Water Activity when budgeted to be paid from the Economic Activity.

The debt movement was \$4.2 million more than budget due to the aforementioned contribution to the Waimea Dam, offset by capital expenditure being lower than budgeted. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

The receipt of vested assets is dependent on the development cycle of individual developers and the timing is difficult to predict.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,335	4,442	4,377	(353)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	407	416	416	243
Vested Assets	1,306	813	813	989
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(4,335)	(4,442)	(4,377)	(5,002)
Other non-cash income	0	0	0	0
Other non-cash expenditure	0	0	0	(939)
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,713	1,229	1,229	(5,062)



WASTEWATER Te Para Wai

ABOUT COUNCIL'S WASTEWATER ACTIVITIES

Council provides a wastewater system for the collection, treatment and disposal of wastewater discharged into Nelson's sewer network.

Activities include operations and maintenance of the facilities and the network of pipes, manholes and pump stations in the city. The network includes 404 km of wastewater pipes, 27 wastewater pump stations, and two wastewater treatment plants.

The treatment plant at Nelson North (Wakapuaka) treats wastewater from Bishopdale northwards, while the Bell Island Treatment Plant (jointly owned with Tasman District Council) serves the Stoke and Tāhunanui areas, as well as several large industrial premises and parts of the nearby Tasman area.

HIGHLIGHTS FOR 2020/21

In 2020/21, the capital expenditure in the wastewater activity was approximately \$8.9 million.

Council continues to invest in improved wastewater management infrastructure across the City. With an increased number of houses connected to the existing system and with future development in mind, there is a need to improve the resilience and capacity of Nelson's sewer network. Upgrades are being implemented to minimise the likelihood and impacts of sewer overflows into our rivers, stream and sea due to heavy rain events, which are expected to become more frequent due to climate change.

In 2020/21 several major works were completed including:

Gracefield Sewer Diversion

This new pipe connection into the Quarantine Road network via Annesbrook Drive south was completed ahead of schedule in 2020/21. It has improved the capacity of the sewerage network and taken pressure off the existing system, as well as improved resilience to overflows in the area. \$1.6 million was invested in this project.

Awatea Pump Station and Beach Road Storage Tank Upgrades

The new Awatea Pump Station is a major project which is scheduled for completion by 2023/24. It is designed to meet the needs of Tāhunanui's growing population, and will be better equipped to prevent overflows. It will replace two existing older pump stations, reduce operating and maintenance costs, and allow for the installation of modern odour control equipment. Multi-year planning is required for a project of this scale – in 2020/21 the design process was completed and a contract for construction was awarded.

A significant element of the Awatea Pump Station project included the installation of an underground wastewater storage tank at Beach Road. This was completed in 2020/21 at a cost of \$1.5 million. It has the capacity to store wastewater flows in the event of an extreme rain event, or other emergency, as well as normal flows.

This project was partly funded by the central government Three Waters Reform stimulus grant. In August 2020 Council agreed to participate in the initial stage of the Reform Programme and signed a Memorandum of Understanding (MoU) with the Department of

Internal Affairs (DIA). This gave us a seat at the table, to explore the local impacts of the proposal. As part of this agreement Council received initial grant funding of \$5.72 million, to support Three Waters service delivery and aid economic recovery from COVID-19 through job creation – see page 32.

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 Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Reliability – a fully operational wastewater treatment system	Level of compliance of treatment plant with resource consent conditions	100% compliance	100% compliance with all consent conditions for the 2020/21 reporting period. 2019/20 - 100% compliance.	Achieved
	Number of dry weather overflows from sewerage system, per 1000 connections	Fewer than 15 dry weather overflows per 1000 connections	There were four dry weather overflows per 1,000 connections in 2020/21. There were three dry weather overflows per 1,000 connections in 2019/20.	Achieved
Response – appropriate to reported network issues	These 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 25 minutes in 2020/21. 2019/20 - 24 minutes.	Achieved
	b) resolution time: from the time notification is received to the time service staff confirm resolution of the blockage or fault	Contractor to resolve issue in median time of 480 minutes or less	Median resolution time for wastewater call outs was 195 minutes in 2020/21. 2019/20 - 195 minutes.	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
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	100% compliance achieved for the 2020/21 reporting period. 2019/20 - 100% compliance.	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	No more than 20 valid complaints a year per 1000 connections	Total number of valid complaints was 16 per 1,000 connections for 2020/21 2019/20 - 17 valid complaints per 1,000 connections.	Achieved



FINANCIAL PERFORMANCE - WASTEWATER

Funding Impact Statement

	Long Term Plan (\$000)	Long Term Plan (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	8,313	8,715	8,814	8,849
Subsidies and grants for operating purposes	0	0	0	278
Fees and charges	2,403	2,469	2,949	2,788
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,458	1,551	1,185	1,269
Total operating funding	12,174	12,735	12,948	13,184
Applications of operating funding				
Payments to staff and suppliers	7,476	7,724	7,396	8,477
Finance costs	399	529	0	0
Internal charges and overheads applied *	147	169	434	79
Other operating funding applications	0	0	0	0
Total applications of operating funding	8,022	8,422	7,830	8,556
Surplus (Deficit) of operating funding	4,152	4,313	5,118	4,628
Sources of capital funding				
Subsidies and grants for capital	0	0	0	1,466
Development and financial contributions	679	694	694	897
Increase (decrease) in debt	1,707	5,007	5,315	2,462
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	2,386	5,701	6,009	4,825
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	687	3,980	1,757	3,585
- to improve level of service	4,084	4,287	6,062	2,208
- to replace existing assets	1,767	1,747	3,309	3,660
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	6,538	10,014	11,128	9,453
Surplus (Deficit) of capital funding	(4,152)	(4,313)	(5,118)	(4,628)
Funding balance	0	0	0	0

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

Funding Impact Statement variances against budget

Operational grant income is higher than budgeted due to unbudgeted Three Waters stimulus grant income of \$278,000 received.

Payments to staff and suppliers are over budget by \$1.1 million. This is partially offset in internal charges, which are under budget by \$356,000. The Nelson Regional Sewerage Business Unit net expenditure was higher than anticipated due to higher operations and maintenance costs of \$288,000. The higher operations and maintenance costs were due to increased operational expenditure, biosolid disposal, electricity and management expenditure partially offset by lower monitoring costs. In addition to this unprogrammed wastewater reticulation maintenance was \$249,000 over budget within NCC.

The debt movement was \$2.9 million less than budget due to capital expenditure being less than budgeted. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

The receipt of vested assets is dependent on the development cycle of individual developers and the timing is difficult to predict.

Depreciation is over budget due to an increase in replacement values at 30 June 2020 with wastewater assets increasing by an average of 25% when compared with values at 1 July 2019.

Unbudgeted non-cash expenditure includes abandoned assets and asset impairments.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,152	4,313	5,118	4,628
Subsidies and grants for capital expenditure	0	0	0	1,466
Development and financial contributions	679	694	694	897
Vested Assets	1,004	843	843	928
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(4,716)	(4,890)	(5,045)	(6,262)
Other non-cash income	0	0	0	17
Other non-cash expenditure	0	0	0	(335)
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,119	960	1,610	1,339



STORMWATER Te Wai Āwhā

ABOUT COUNCIL'S STORMWATER ACTIVITIES

The stormwater network covers the pipes, open channels, detention dams, overland flow paths and pump stations that carry stormwater to waterways and the sea in the areas for which stormwater drainage rates are charged by Council.

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

In large parts of the City a fully-piped system is not provided. Stormwater soaks into the ground or flows into the road channel, which is often the primary drainage system. Work within the stormwater activity continues to involve the operation and maintenance of the existing systems, as well as upgrades to renew ageing assets, increase the level of service, or provide for urban growth through network extensions to areas of the City where new development is occurring.

HIGHLIGHTS FOR 2020/21

In 2020/21, capital expenditure in the stormwater activity was \$5.7 million.

Mount Street to Konini Street Upgrades

Upgrades of the stormwater and water pipes under Mount Street, Konini Street and Gloucester Street began in 2020/21.

Mount Street works were completed in the summer of 2020/21, and Gloucester Street and Konini Street works began in April 2021. Street safety improvements are also scheduled for the area in 2022 after further engagement with residents. Council is investing \$3.3 million over the life of this project.

Emano Street Stormwater Upgrade

During past heavy rainfall events stormwater caused slips at Te Manu Reserve, impacting Emano Street. In 2020/21 Council built a new stormwater channel to reduce the risk of slips, and pipes to direct stormwater flow under the Emano Street (\$175,000). These measures will increase vehicle safety on Emano Street after heavy rain. The channel discharges water into a vegetated swale at the base of the reserve to capture sediment and control flow before it is piped under the road to Toi Toi Stream. A walking track linking Matipo Terrace to Emano Street was also constructed at the completion of the project.

Tosswill Road Upgrades

In 2020/21 Council upgraded stormwater pipes at Tosswill Road, which will reduce maintenance and repairs required in the future, and reduce risk of overflow onto the road during storm events. Stage One (stormwater pipe replacement) was carried out in May 2021 (\$290,000), and Stage Two (further work on stormwater pipes, plus a wastewater pipe and inlet structure) is scheduled to be completed later in 2021.

Tāhunanui SH6 Rocks Road Stormwater Culvert Upgrades

Council invested in upgrades to the stormwater culverts that run under Rocks Road (SH6) in 2020/21 (\$710,000), increasing their capacity to enable planned stormwater upgrades to be progressed in the Tāhunanui Hills between 2022 and 2028. These works on the SH6 culverts

were brought forward due to planned re-sealing of Rocks Road by Waka Kotahi in late 2021.

Other Minor Stormwater Upgrades

Other minor stormwater upgrades during 2020/21 were completed on Kauri Street, Bellevue Heights (Stage 1) and a right of way off Nile Street.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

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

STORMWATER SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Environmental protection	Compliance with resource consents for discharge from the stormwater system, measured by number of: a) abatement notices b) infringement notices c) enforcement orders, and d) successful prosecutions received in relation to those resource consents	100% compliance with resource consents for discharge	100% compliance achieved for the 2020/21 reporting period. 2019/20 - 100% compliance.	Achieved
Protection from damage to property	a) The number of flooding events that occur b) For each flooding event, the number of habitable floors affected per 1000 properties connected to the stormwater network	No damage from flood events of a level that have a 50% probability of occurring in any one year No more than 10 per 1000 properties with habitable floor damage from events that have a 5% probability of occurring in any one year	There were no significant flooding events in the Maitai River in 2020/21. No flooding events occurred in 2019/20. Two significant localised high intensity short duration rainfall events occurred that resulted in stormwater overflows: 31 March 2021 (17mm in 30 minutes, approximately three-year ARI event*) 13 April 2021 (35mm in 30 minutes, approximately 70-year ARI*). There was less than one habitable floor damaged per 1000 properties for 2020/21.	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
			* (ARI - Average Recurrence Interval - is the average time period between floods of a certain size. For example a three-year ARI flow will occur on average once every three years).	
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 14 minutes for 2020/21 2019/20 - 20 minutes.	Achieved
Customer satisfaction – minimise valid complaints	Number of complaints received about the performance of the stormwater system, per 1000 properties connected to the stormwater network	No more than 20 complaints per 1000 connections per year	Total number of complaints was 12 per 1,000 connections for 2020/21. 2019/20 - 7 complaints per 1,000 connections.	Achieved

FINANCIAL PERFORMANCE - STORMWATER

Funding Impact Statement

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	4,370	4,676	4,504	4,512
Subsidies and grants for operating purposes	0	0	0	52
Fees and charges	0	0	0	5
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	5
Total operating funding	4,370	4,676	4,504	4,574
Applications of operating funding				
Payments to staff and suppliers	1,479	1,596	1,687	1,653
Finance costs	0	0	0	0
Internal charges and overheads applied *	581	673	354	336
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,060	2,269	2,041	1,989
Surplus (Deficit) of operating funding	2,310	2,407	2,463	2,585
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	380	388	388	327
Increase (decrease) in debt	1,787	3,547	1,970	1,766
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	2,167	3,935	2,358	2,093
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	58	117	45	118
- to improve level of service	4,350	6,176	4,554	4,391
- to replace existing assets	69	49	221	169
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	4,477	6,342	4,820	4,678
Surplus (Deficit) of capital funding	(2,310)	(2,407)	(2,463)	(2,585)
Funding balance	0	0	0	0

Funding Impact Statement variances against budget

The debt movement is \$204,000 less than budget due to capital expenditure being less than budgeted and the variance in development and financial contributions. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Development contributions are under budget by \$61,000. The receipt of development contributions reflects the development cycle of individual developers and the timing is difficult to predict.

Depreciation is over budget due to an increase in replacement values at 30 June 2020 with stormwater assets increasing by an average of 29% when compared with values at 1 July 2019.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,310	2,407	2,463	2,585
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	380	388	388	327
Vested Assets	1,399	1,179	1,179	1,047
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(2,310)	(2,407)	(2,462)	(3,184)
Other non-cash expenditure	0	0	0	(268)
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,779	1,567	1,568	507





FLOOD PROTECTION

Te Ārai Waipuke

ABOUT COUNCIL'S FLOOD PROTECTION ACTIVITIES

Council's flood protection activities relate to management of flood risk associated with the natural waterways, and piped sections of streams. There are 11 urban catchments, from Saxton Creek in the South of Stoke to Hillwood Stream, draining to the Wakapuaka Flats at the North end of the City. Aside from the Maitai River, the urban catchments all drain to streams, which have the potential to overflow as a result of high intensity rainfall events.

Operation and maintenance of Council's flood protection assets centres on maintaining channel capacity for flood flow through gravel and vegetation management, as well as upkeep of existing stream bank protection structures. Flood protection works include renewal of ageing assets, and upgrades to reduce flood risk. Interventions depend on the risk profile for each river or stream, identified through flood modelling of the larger streams and rivers in the Nelson area. Future upgrades are expected to be required as a result of climate change and will be identified following a risk-based approach.

HIGHLIGHTS FOR 2020/21

In 2020/21 capital expenditure in the flood protection activity was \$6.7 million.

Saxton Creek Upgrade Stage 3

To cater for a 1 in 100 year event, Council is undertaking a multi-million dollar investment in upgrading Saxton Creek from Champion Road

to the Waimea Inlet. The project will minimise the impact of heavy rain events on adjoining residential areas, including recent subdivisions off Daelyn Drive and Hill Street North. Stage 3 of the project - creek upgrades between Champion Road and Main Road Stoke - was completed in 2020/21 (with the exception of some pathway work which is being finalised in the first quarter of 2021/22). This flood protection project incorporates creek widening, a new bridge, planting, and shared pathways alongside the creek that have transformed the area, providing increased resilience to flooding and an enjoyable riparian recreation corridor for the community.

\$2.9 million was invested in 2020/21, bringing the total for Stage 3 to \$4.3 million. Stage 4, the final phase of the project, runs from Main Road Stoke to Whakatu Drive. It is funded in part by central government, through a grant of \$7.5 million from the COVID-19 Response and Recovery Fund (\$1 million of which was used in 2020/21). It is due to be implemented from 2021/22 and is scheduled for completion by 2023/24.

Whakatu Drive (Storage World) Flood Protection Upgrade

This 2020/21 project involved the installation of a new culvert under Whakatu Drive (SH 6) to allow water to drain from the Storage World site, in response to flooding at Wakatu Industrial Estate in 2013. \$316,000 was spent in 2020/21. Works will be completed in 2021/22.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	<p>Nelson's environment is protected by an efficiently managed stormwater and flood protection network that minimises damage to the urban environment from rainfall events</p> <p>Works to support the stormwater and flood protection assets are managed to respect natural, recreational and heritage values, and to protect ecosystem health, as required by the National Policy Statement for Freshwater Management</p>
Our urban and rural environments are people-friendly, well planned and sustainably managed	<p>Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater and flood protection network</p> <p>Sufficient and appropriate stormwater infrastructure is provided to ensure the network does not present a barrier to residential or business growth</p>
Our infrastructure is efficient, cost effective and meets current and future needs	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 Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
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 Flood Protection Asset Management Plan	Network maintained to current service potential	The Brook Stream energy dissipator has been cleaned out. Weed spraying on river embankments completed for year. Gravel traps and culverts were cleaned out on Jenkins Creek, Poormans Stream, Orchard Stream, Orphanage Stream and Saxton Creek	Achieved
		Flood event damage identified, prioritised and repair programme agreed with community	No flood events within rivers/streams occurred that required a repair programme.	Achieved
		High priority work completed as soon as practicable	No flood events within rivers/streams occurred that required a repair programme.	Achieved
		Network components renewed to continue provision of original design service potential	First phase for the maintenance of the Brook Stream embankment near Willow Walk was completed. This is a major renewal project to address the undermining of a concrete retaining wall on the Brook Stream. The design of a gabion basket retaining wall is in progress for Jenkins Creek at the Ridgeway. Implementation is scheduled for late 2021	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
	Develop risk based Maitai flood response options	Community engagement on response options	Engagement with the community on the Maitai flood response is planned to be undertaken after the Nelson Plan consultation on Flood Hazards. However, due to the delay with the Nelson Plan, this work is now anticipated to take place in Q3 of the 2021/22 financial year.	Not achieved
	Develop city wide flood protection strategies	Identify top priority response options	Flood mitigation Options report for Jenkins Creek, Arapiki and Poorman Valley streams was delivered in June 2021.	Achieved



FINANCIAL PERFORMANCE - FLOOD PROTECTION

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	1,863	2,118	1,725	1,728
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total operating funding	1,863	2,118	1,725	1,728
Applications of operating funding				
Payments to staff and suppliers	279	307	437	356
Finance costs	0	0	0	0
Internal charges and overheads applied *	924	1,120	675	681
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,203	1,427	1,112	1,037
Surplus (Deficit) of operating funding	660	691	613	691
Sources of capital funding				
Subsidies and grants for capital	0	0	0	994
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	4,795	4,993	4,300	4,872
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,795	4,993	4,300	5,866
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	9
- to improve level of service	5,455	5,684	4,914	6,548
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	5,455	5,684	4,914	6,557
Surplus (Deficit) of capital funding	(660)	(691)	(613)	(691)
Funding balance	0	0	0	0

Funding Impact Statement variances against budget

The debt movement is \$572,000 over budget due to capital expenditure being more than budgeted, the movement in debt is partially offset by unbudgeted capital grant funding of \$994,000 received from the Ministry of Business, Innovation and Employment. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	660	691	613	691
Subsidies and grants for capital expenditure	0	0	0	994
Development and financial contributions	0	0	0	0
Vested Assets	170	173	173	131
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(660)	(691)	(615)	(698)
Other non-cash expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	170	173	171	1,118





SOLID WASTE

Ngā Para Totoka

ABOUT COUNCIL'S SOLID WASTE ACTIVITIES

Good public health and wellbeing depends on the safe disposal of waste. Environmental protection also depends on promoting the reduction, reuse, recycling, and recovery of potential solid waste and compostable material. Avoiding or reducing waste also has a role to play in reducing both Council and the community's greenhouse gas emissions.

Council provides waste management and minimisation services to avoid or reduce the creation of waste, improve the efficiency of resource use, and to reduce the harmful effects of waste on people and the environment. Through the Joint Waste Management and Minimisation Plan (JWMMP) Council is also working with Tasman District Council and our communities to achieve a 10% per capita reduction in waste to landfill by 2030.

HIGHLIGHTS FOR 2020/21

Nelson City Council's solid waste activities are operated through a closed, self-funding group of accounts.

Rethink Waste Programme

Rethinking waste is all about seeing the opportunities as well as the problems presented by waste. Things that get thrown away can be valuable resources. This programme is also about empowering people to avoid waste through activities such as repairing and reusing.

In 2020/21 Council launched the Rethink Waste programme. Many community-based activities are part of this initiative to empower the

community to rethink waste, including new monthly composting workshops, Secondhand Sunday, and repair cafes, which have been very popular.

Council recognises that events are a valuable opportunity to encourage the community to avoid or reduce waste, and to help achieve this, the Rethink Waste programme set aside \$10,000 as a trial for grants to help event organisers reduce waste at their events. Applications for grants of up to \$500 were offered and supported by planning information to assist event organisers to include waste minimisation at the early stages of their events.

A waste minimisation grant trial to foster community-led innovation in waste avoidance and reduction also took place in 2020/21 (including businesses and the wider community). Grants up to \$2,000 were considered, with \$30,000 set aside for this activity. A diverse range of projects were funded, and an external review of the trial was conducted, which will lead to an updated grants programme in 2021/22.

As part of walking the talk in its own operations, Council is also supporting its venues to reduce waste, and this stepped up in 2020/21. For example, the team at the Trafalgar Centre successfully diverted 84% of waste away from landfill following a concert in October 2020, using a Waste Management Plan. Council-run events also incorporated waste minimisation into event delivery. Rethink Waste also supports the Toimata Enviroschools programme in Nelson schools, working with our rangitahi towards a culture where people choose not to create waste.

Residential Kerbside Kitchen Waste Collection Trial

Kitchen waste that decomposes in a landfill produces methane, a greenhouse gas which contributes to climate change. For this reason, Council has long encouraged home composting, but this isn't a solution that works for everyone. In 2020/21 Council set up a trial for kerbside collection of residential kitchen waste from 135 households, which started in February 2021 and will run for 12 months. The material is being composted locally by Community Compost, and is providing data as to the quantity and composition of kitchen waste in Nelson. By July 2021 (which included 19 weeks of the trial) 8,950kg of kitchen waste had been diverted from landfill. This equates to 3,000 tonnes per year for a residential collection service. Once we have the full data from this trial, Council will be able to consider the possibility of extending the service. The trial is funded through Council's Climate Change Reserve (\$120,000).

Independently of the kitchen waste trial, Council also supported Community Compost by investing \$9,000 from the Climate Change Reserve in 2020/21 to purchase an electric cargo bike and trailer, which is loaned from Council for city centre collections.

Changes to Recyclable Plastics Collection

From 1 July 2020, Council made significant changes to the kerbside recycling collection service by only accepting plastic type 1, 2 and 5. Plastics 3, 4, 6 and 7 have limited options for recycling, and form a small percentage of overall domestic plastic consumption. Central Government has signalled that hard to recycle plastics and more single use plastic items will be phased out, which further supports this change. Organisations such as supermarkets are also taking steps to improve packaging.

Data collected for 2020/21 shows that the Nelson community has adapted well to the new system and compared to other councils our recycling contamination levels are low.

Nelson Waste Recovery Centre

Council runs the Nelson Waste Recovery Centre (NWRC, previously known as the Pascoe Street Transfer Station) in Tāhunanui, which provides locals with the opportunity to recycle and reuse items or, as a last resort, dispose of them. It is run in collaboration with the Nelson Environment Centre, Council, and contractors. A new contract for NWRC management came into force in 2020/21, and kiosk operation is now being run internally by Council. The site was also refurbished.

Construction and Demolition Waste Reduction Programme

Council recognises that it needs to do things differently to reduce its emissions and help mitigate the effects of climate change. Council introduced a new construction and demolition waste reduction programme in 2020/21 through support for deconstruction of 23 Halifax Street (the Mediterranean Warehouse building). Deconstruction is a more sustainable way to remove a building than demolition because much of the building's interior and exterior is reused, rather than reduced to rubble and sent to landfill. The process is also far less invasive, creating less dust and debris and is better for the environment.

The deconstruction project will provide a useful case study to encourage deconstruction in future Council projects as well as in the wider industry, as part of ongoing construction and demolition engagement.

Regional Landfill

The Nelson City Council and Tasman District Council Regional Landfill started as a joint operation from 1 July 2017. Each Council has a 50% share of the joint landfill (York Valley Landfill). The regional landfill is managed through a Terms of Reference for the Nelson Tasman Regional Landfill Business Unit (NTRLBU).

The Activity Management Plan for NTRLBU for 2021-2031 was completed and adopted by both councils, and the business unit's 2020/21

Annual Report was presented at its meeting of 8 October 2021. These can be viewed on Council's website. A project to seal the road to the landfill began in 2020/21, using a Provincial

Growth Fund grant. \$185,000 of the grant was spent in 2020/21, and the \$65,000 balance has been carried forward into 2021/22.

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	<p>High quality services and consistent strategic direction on waste management provide a stable environment for business development and growth</p> <p>Council provides services and direction for the management and minimisation of waste</p>



SOLID WASTE SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Measures to encourage the community to reduce waste to landfill	<p>Quantity (kg) per capita, annually, excluding bio-solids, material from H.A.I.L sites (contaminated land) and out of region waste e.g. Buller District</p> <p><i>As of 2019/20 this also excludes material such as cover material, special fire disposal, contaminated soils, and water treatment sludge. Calculations for the amount of waste per resident have been revised to bring them in line with the Joint Waste Management and Minimisation Plan.</i></p>	Maintain or decrease the amount of waste (kg) per capita to landfill, per year	<p>Waste to landfill per capita (by Joint Waste Management and Minimisation Plan criteria) for 2020/21 was 631.56kg</p> <p>The 2019/20 figure of 565kg per capita was artificially low due to minimal industrial waste during COVID-19 lockdown) It has increased by 66.56kg / 11.7% per capita in 2020/21, almost entirely in skips and general waste. This indicates that the increase was influenced by a spike in property improvements and construction. This is supported by the nationwide upward trend in these activities.</p> <p>2020/21 waste to landfill was 53.5kg / 9.2% higher than in the more 'standard' year 2018/19 (at 578kg per capita).</p>	Not achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Measures to encourage the community to increase composting of food and garden waste	Proportion of households composting food waste and garden waste, from Survey of Residents	Maintain or increase the % of households that compost food and garden waste compared to previous survey results	<p>Three-quarters (73%) of Nelson households surveyed compost either food or garden waste.</p> <ul style="list-style-type: none"> • 63% of people surveyed compost garden waste • 59% compost food waste <p>This is an increase from 72% reported in 2019/20 (62% composted garden waste and 63% food waste).</p>	Achieved
Support for the collection and recycling of e-waste	Uptake of available subsidies for recycling e-waste	Consistent or increasing uptake of available e-waste subsidies compared to the previous year (in dollars)	<p>Uptake of the e-waste subsidy has increased.</p> <p>2018/19 - \$8,410 2019/20 - \$13,834 2020/21 - \$24,164</p>	Achieved



FINANCIAL PERFORMANCE - SOLID WASTE

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	198	204	199	182
Fees and charges	3,628	3,690	3,156	4,121
Internal charges and overheads recovered	2,269	2,315	2,466	2,695
Local authorities fuel tax, fines, infringement fees, and other receipts	2,403	2,434	2,415	2,430
Total operating funding	8,498	8,643	8,236	9,428
Applications of operating funding				
Payments to staff and suppliers	5,741	5,837	5,435	6,257
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,310	2,352	2,470	2,724
Other operating funding applications	0	0	0	0
Total applications of operating funding	8,051	8,189	7,905	8,981
Surplus (Deficit) of operating funding	447	454	331	447
Sources of capital funding				
Subsidies and grants for capital	0	0	0	138
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(338)	(344)	533	(142)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	(338)	(344)	(10)	(4)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	7	34	288	228
- to improve level of service	31	31	561	170
- to replace existing assets	26	35	15	45
Increase (decrease) in reserves	45	10	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	109	110	864	443
Surplus (Deficit) of capital funding	(447)	(454)	(331)	(447)
Funding balance	0	0	0	0

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

Funding Impact Statement variances against budget

Note: Commentary represents Council's solid waste activity plus its consolidated 50% share of the Nelson Tasman Regional Landfill Business Unit (NTRLBU).

NTRLBU fees and charges income is \$931,000 greater than budget due to a higher tonnage of waste received compared with budget.

Payments to staff and suppliers are \$822,000 over budget. This mostly relates to the NTRLBU for increased provision for post closure costs of \$149,000, impairment of landfill infrastructure of \$133,000, Emissions Trading Scheme expenditure of \$105,000, management expenditure of \$104,000, and consultancy expenditure of \$86,000. In Addition to the NTRLBU, within the NCC solid waste activity there was an additional \$229,000 levy expenditure required to cover other waste activities.

The debt movement is \$625,000 less than budget due to capital expenditure being lower than budgeted and the receipt of a \$138,000 capital grant from the Provincial Growth Fund. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	447	454	331	447
Subsidies and grants for capital expenditure	0	0	0	138
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(337)	(343)	(382)	(285)
Other non-cash income	0	0	0	0
Other non-cash expenditure	0	0	0	(133)
Net Surplus (Deficit) before taxation in Cost of Service Statement	110	111	(51)	167



ENVIRONMENT

Te Taiao

ABOUT COUNCIL'S ENVIRONMENT ACTIVITIES

The Environmental Management activity provides the policy direction, management, monitoring and review of Nelson's natural and physical resources, and the built environment. The Environmental Management activity covers both regulatory and non-regulatory functions of Council as a unitary authority. The activities are:

- Environmental Planning
- City Development
- Resource Consents
- Compliance and Enforcement
- Building Consents
- Science and Environment (including air and water monitoring networks)

HIGHLIGHTS FOR 2020/21

City Development

City Centre Spatial Plan (Te Ara ō Whakatū - The Pathway of Nelson)

Work on the Nelson City Centre Spatial Plan, gifted the name Te Ara ō Whakatū - The Pathway of Nelson, continued in 2020/21. The Spatial Plan will set out a people-focused, place-based vision to attract investment, residents, talent, thriving business, families, and events to our City Centre, and strengthen our position as A Smart Little City.

Targeted community pre-engagement for Te Ara ō Whakatū was undertaken in 2020/21, to help inform the plan that will be adopted later in 2021. A total of 81 meetings were held with

more than 40 community sectors across Nelson, and more than 250 attendees participated over the four-month pre-engagement period. You can read more and keep up to date with the Spatial Plan at shape.nelson.govt.nz/city-centre-spatial-plan.

Development Contributions Policy

Council sought feedback from developers and the wider public on how the Development Contributions Policy could be improved to help deliver on Council's priorities. The 30 Housing Units of Demand waiver limit was removed, meaning all residential development in the City has a development contribution waiver. This is to eliminate barriers to intensified developments in the City Centre, as part of Council's support for housing intensification. The revised Policy came into force on 1 July 2021, and can be found within the Long Term Plan 2021-31.

Planning

Draft Whakamahere Whakatū Nelson Plan (WWNP)

The Draft Nelson Plan is a resource management plan for managing how Nelson grows and develops, and for protecting our natural environment. It will replace Council's current resource management plans. In October- December 2020, Council sought feedback on the Draft WWNP, with drop-in sessions around Nelson, as well as online and public meetings. Over 300 individual items of feedback were received. A second phase of engagement on specific topics, such as freshwater flood hazards, occurred in

early 2021. Find out more at shape.nelson.govt.nz/nelson-plan.

Natural Hazard Information

In conjunction with the development of the WWNP, a broad range of natural hazard information was collected and shared with the community in 2020/21 – on topics such as coastal inundation, fault rupture, liquefaction and slope instability susceptibility.

Coastal inundation maps were released in November 2020 as part of Council's Dynamic Adaptive Pathway Planning (DAPP) process (shape.nelson.govt.nz/coastal-hazards). The DAPP process is recommended by central government for considering where and how our region may be affected by rising sea levels, and the uncertainties of climate change. The process is ongoing.

Building

There were 7,629 building inspections undertaken in 2020/21 - a 32% increase compared to 2019/20. This has seen the value of works increasing from \$168.7 million in 2019/20 to \$183.3 million in 2020/21.

A dedicated building compliance team was established to undertake activities such as building warrants of fitness, commercial building inspections, and swimming pool barrier inspections and compliance. It has seen major improvements to its systems throughout the year.

Resource Consents and Compliance

Resource consent applications

Despite a forecast decline in consent applications following the economic impacts of COVID-19, there was an 11% increase in resource consent applications compared to 2019/20.

Dog Registrations

6,079 dogs were registered in 2020/21, compared to 5,969 in 2019/20. The increase in registrations is not solely due to an increase in

dogs, meaning that more people are registering their dogs than previously.

Science and Environment

Jobs for Nature projects

Project Mahitahi was launched in October 2020 and since its inception has employed 33 people across a range of projects, planted the first 15,000 trees (of 125,000 to be planted over five years), held five community planting events, and removed pest animals and pest plants from the Maitai catchment. The Project is a Kotahitanga mō te Taiao Alliance project, co-designed and co-governed by Council, iwi partners (Ngāti Koata, Ngāti Rārua, and Te Ātiawa) and the Department of Conservation (DOC).

Council also successfully secured \$990,628 of funding from DOC's Jobs for Nature Biodiversity on Private Land fund, to restore sites of high ecological value on private land in the Wakapuaka and Whangamoa catchments. The three-year project will start in 2021/22 and will result in more than 15 full time equivalent staff being employed over three years.

Healthy Streams

In the 2020/21 year the river bathing sites at Maitai Camp, Sunday Hole, Girlies Hole and Wakapuaka at Hira, and all four marine recreational bathing sites were 100% compliant with water quality guidelines. The Paremata Flats Reserve site was compliant for 94% of samples and the Collingwood Street bridge 89% of samples. These results reflect Council's urban Stormwater Quality Improvement Programmes and rural Sustainable Land Management initiatives.

Two freshwater monitoring sites were upgraded with modern equipment to enable additional continuous monitoring and real time data relay to the office. This upgrade is part of a wider freshwater monitoring enhancement programme, which will allow a much better understanding of variations in water quality and flow over time and contribute to meeting the requirements of the National Policy Statement – Freshwater.

Nelson Nature

There are now over 30 community trapping projects in Nelson, across Council and private land, supported by Council's Nelson Nature Halo programme. In the latter half of 2021 more than 2,300 predators (rats, stoats and possums) were removed by community volunteers. There has also been a significant increase in the number of groups using a national online recording tool to record their data, which will help contribute to Predator Free NZ goals.

The majority of the 62 applications to the Environmental Grants Scheme were successful in receiving some funding for their project, and \$336,000 was awarded from Council's Nelson Nature, Healthy Streams and Sustainable Land Management programmes in 2020/21. \$179,000 of this funding was sourced from the Ministry for Primary Industries' (MPI) Hill Country Erosion Fund. The grants will help support landowners and community groups to manage erosion, control plant and animal pests, restore stream margins and wetlands, and plant over 43,000 native plants across the Nelson region.

Sustainable Land Management

The second year of the Hill Country Erosion Project, funded by MPI, was completed with planting of 50,000 plants across erosion prone sites in 2020/21.

Council has worked with 10 rural landowners to develop land environment and forestry environment plans for their properties, to help guide sustainable land management practices and address issues like erosion, pest plants and stock exclusion from waterways.

Coastal and Marine Monitoring

The Coastal and Marine Monitoring programme started in 2020/21 with water quality monitoring at eight coastal and six marine sites. Data gathered will enable annual reporting on the state of the environment for coastal and marine areas.

Nelson is now part of an international coastal monitoring project, with camera holders installed at five locations. Photos taken by citizen scientists using the camera holders will be used to monitor changes in the coastline after storm events, high tides, and for sea level rise. This will help with understanding these events and the management of our coastal areas.

Biosecurity

In June 2021 a trial was completed to control water celery (an invasive and damaging aquatic weed) along a section of Orphanage Stream. Collaborative monitoring was undertaken between Council teams and iwi resource managers, including cultural assessments. Monitoring showed that there was no adverse effect on the water quality or ecological values in the treatment area or immediately downstream. These results will inform plans for ongoing water celery control in Nelson's waterways.

Air Quality

Following a successful year in 2019/20, once again there were no exceedances of the National Environmental Standards for Air Quality during 2020/21. This is a reflection of Council and the community's work in this area.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

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

Community Outcome	Contribution
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Strategic partnerships with key partners including Te Tau Ihu iwi and Central Government are strengthened to achieve even greater gains for Nelson's environment
Our region is supported by an innovative and sustainable economy	Council builds on its customer focused approach in its building, regulatory, and planning activities



ENVIRONMENT SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Clean air	Compliance with National Air Quality Standards – number of breaches in each airshed	No more than 3 breaches in winter 2020	No breaches airshed A. This measure was achieved in 2019/20.	Achieved
		No more than 1 breach in winter 2020	No breaches airshed B1. This measure was achieved in 2019/20.	Achieved
		No breaches	No breaches airshed B2. This measure was achieved in 2019/20.	Achieved
		No breaches	No breaches airshed C. This measure was achieved in 2019/20.	Achieved
Natural waterways complying with National Policy Statement Freshwater requirements	% of pristine water bodies maintained at current state (2017 baseline) as a minimum	100%	100%. This measure was achieved in 2019/20.	Achieved
Safe recreational bathing sites, marine and freshwater	% key bathing sites monitored and public advised if water quality standards breached	100%	100%. This measure was achieved in 2019/20.	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Resource consent processes that comply with statutory timeframes	% non-notified processed within 20 working days	100%	<p>93.75% of non-notified resource consents were processed within 20 working days. Application numbers increased by 11% in 2020/21 compared to the previous year. This, combined with processing staff vacancies and a shortage of consultants, meant that some consents were not able to be processed within the target timeframe.</p> <p>This was 97% in 2019/20.</p>	Not achieved
	% fast track consents within 10 working days	100%	<p>94.5% of fast track resource consents were processed within 10 working days. Application numbers increased by 11% in 2020/21 compared to the previous year. This, combined with processing staff vacancies and a shortage of consultants, meant that some consents were not able to be processed within the target timeframe.</p> <p>This was 100% in 2019/20.</p>	Not achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Building unit compliance	% building consents (BC) and code compliance certificates (CCC) issued within 20 working days	100%	99.1% were issued within 20 working days. This was 96% in 2019/20	Not achieved
Dog and animal control	% of all complaints responded to within one day	90% of complaints responded to within one day	94% of complaints were responded to within one day. This result was not fully verifiable in 2019/20.	Achieved
Food safety and public health	% premises receiving inspection as per statutory requirements	100% of premises are inspected according to legislative requirements on frequency	100% of premises were inspected according to legislative requirements on frequency. This result was not fully verifiable in 2019/20.	Achieved
Alcohol licensing	% of licensed premises receiving two inspections per year	100% of premises inspected two times per year	The Sale and Supply of Alcohol Act has changed since this measure was written, and Council now inspects high risk premises only, as required by the legislation. 100% of high risk premises were inspected in 2020/21. This measure has been changed in the 2021-2031 Long Term Plan.	Not achieved
Pollution response	% responses to emergencies within 30 minutes and all other incidents within one day	100% of emergencies responded to within 30 minutes and all other incidents within one day	98.63% - two complaints were delayed in being notified to EIL. This result was not fully verifiable in 2019/20.	Not achieved

FINANCIAL PERFORMANCE - ENVIRONMENT

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	8,176	7,950	9,661	9,306
Targeted rates	5	1	4	4
Subsidies and grants for operating purposes	31	31	443	1,094
Fees and charges	228	231	241	263
Internal charges and overheads recovered	0	0	50	50
Local authorities fuel tax, fines, infringement fees, and other receipts	4,475	4,564	3,830	4,779
Total operating funding	12,915	12,777	14,229	15,496
Applications of operating funding				
Payments to staff and suppliers	12,593	12,451	15,740	15,481
Finance costs	0	0	0	0
Internal charges and overheads applied *	278	272	365	350
Other operating funding applications	0	0	0	0
Total applications of operating funding	12,871	12,723	16,105	15,831
Surplus (Deficit) of operating funding	44	54	(1,876)	(335)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	25
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(155)	32	2,147	443
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	(155)	32	2,147	468
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	39	40	0	5
- to improve level of service	177	236	324	324
- to replace existing assets	87	46	118	3
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(414)	(236)	(170)	(199)
Total applications of capital funding	(111)	86	272	133
Surplus (Deficit) of capital funding	(44)	(54)	1,876	335
Funding balance	0	0	0	0

Funding Impact Statement variances against budget

Subsidies and grants for operating purposes are \$651,000 greater than budget. Unbudgeted revenue of \$214,000 from the Ministry for the Environment and \$457,000 from the Department of Conservation has been received for the Maitai Ecological Restoration Plan.

Other receipts are greater than budget by \$949,000, this is mainly due to building consent activity income being \$927,000 over budget. The driver behind higher income is increased fees, increased levels of activity in the building sector compared with prior years and reduced budgets for an expected decrease in income due to COVID-19.

Payments to staff and suppliers are less than budget by \$259,000. Expenditure relating to the aforementioned Maitai Ecological Restoration Plan is \$715,000 which is unprogrammed. Streets For People has incurred expenditure of \$142,000 with a Council resolution passed to approve expenditure. Resource consent costs are over budget by \$232,000, including higher than budgeted external expert service and consultancy costs. Building claims expenditure is \$670,000 under budget as the activity was largely expensed in 2019/2020 but budgeted this year. Expenditure relating to the Nelson Plan is \$626,000 behind budget due to the Resource Management Act reform slowing progress and general delays in the work programme.

The debt movement is \$1.7 million less than budget. Debt was impacted by the delays in the Nelson Plan expenditure and the timing differences in the building claims activity.

Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	44	54	(1,876)	(335)
Subsidies and grants for capital expenditure	0	0	0	25
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(44)	(54)	(83)	(123)
Gain on establishment of JV	0	0	0	0
Other non-cash income	11	3	2	42
Other non-cash expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	11	11	(1,957)	(391)



SOCIAL Te Pāpori

ABOUT COUNCIL'S SOCIAL ACTIVITIES

Council works together with the community to support the quality of life and wellbeing of Nelson residents through the delivery of a range of social, arts and heritage facilities and services, such as our libraries and Founders Heritage Park.

The social activity includes the operation of:

- Three libraries
- Five community halls/centres
- Events venues
- Heritage buildings and sites
- Three campgrounds
- Four cemeteries and a crematorium
- Public toilets

Council contributes funding to events such as the annual Arts Festival, and provides investment and support to key community-owned facilities, including the Theatre Royal and the Nelson Centre of Musical Arts. This activity also assists with community development, including the provision of grants to groups providing social services and support to the community.

HIGHLIGHTS FOR 2020/21

Community Partnerships

Supporting COVID-19 Recovery

COVID-19 has had an impact on social, economic, cultural, and environmental wellbeing and changed the lives of many in Nelson. Council recognises the important role that the

not-for-profit sector plays in helping people to recover from these impacts and has worked closely with the sector, and relevant government agencies, to support their work. This complements Council's regional approach to economic recovery and regeneration that is guided by Project Kōkiri – see page 114.

As part of its COVID-19 response and recovery initiatives, Council established a \$200,000 Emergency Fund in 2019/20. Its goal is to support not-for-profit community organisations to continue provision of services which benefit the Nelson community. In 2020/21 \$62,450 was granted to 6 organisations, in areas such as social support and the arts. You can find out more at shape.nelson.govt.nz/emergency-fund-community-organisations/emergency-fund-information.

Council supported youth education and job connections in 2020/21. Several pop-up employment, training skills, and careers expos and drop-ins were held at Nelson's libraries this year, in partnership with the Ministry of Social Development, education providers, and employers.

Community Investment Fund

Council is investing in the wellbeing of people in Nelson. One of the ways it does this is through supporting local groups which are providing social services in the community. Council provides grants from its Community Investment Fund to support these not-for-profit organisations, particularly those working with communities of greatest need.

In 2020/21, a total of \$351,000 from the Community Investment Fund was granted to 59 community groups and organisations.

Mayor's Taskforce for Jobs

Council is a partner in the Mayor's Taskforce for Jobs, a nationwide programme to invest in young people, supporting them to gain skills and employment. Eighty local young people received qualifications at the 2021 Mayors Taskforce for Jobs Industry Training Organisation graduation for the Nelson Tasman region (in partnership with Tasman District Council and the Ministry of Social Development).

The Mayor also mentors one local Māori rangatahi (young person) each year through the Taskforce's Tuia programme, to develop and enhance their leadership skills.

Te Whare Haumarū

In 2020/21 Council provided funding of \$33,500 for a facilities hub on St Vincent Street for people experiencing homelessness, in partnership with The Male Room and Nelson's Rotary Clubs. The hub, Te Whare Haumarū, opened in the final quarter of 2021 and includes shower, toilet, laundry and kitchen facilities, and a dining area. Physical and social services are offered at the hub, to provide holistic support for users' wellbeing.

City for All Ages Strategy

With limited migration due to COVID-19 and New Zealand experiencing its lowest birth rate on record in 2020 (1.61, well below the replacement level of 2.1), the need for a strategy to keep Nelson's fast growing population of older adults engaged and contributing to the community is more important than ever. Council supported a community Steering Group to develop the City For All Ages / He Rautaki Whakatupuranga Strategy, which aims to make Nelson a great place to live for people of all ages, and examines age-friendliness in Nelson across a number of areas, including social connection, work, mobility, and housing. Good progress is being made after disruption in 2020 due to COVID-19 -

engagement with various groups and agencies to encourage contributions to the Strategy action plan occurred in 2020/21 and is ongoing.

Arts and Heritage

Tuku 21

Tuku / Heritage Month events are run by local organisations with the support of Council. They are a platform for an increasingly diverse range of groups to share their stories with their community. Tuku 21 (the rebranded Heritage Festival), was very successful this year, with 67 events enjoyed by people of all ages. Among the new events this year were the Tohu Whenua Sites of Significance bus tour, a guided tour visiting places culturally significant to Ngāti Kuia and sharing the pūrākau/stories that go with them.

Interpretation Panels

Interpretation panels are installed throughout Whakatū Nelson, to highlight sites of historical and cultural significance. Council has been improving its engagement with Māori on interpretation panels, and several new panels and markers have been installed this year at places of significance to tangata whenua. Heritage panels about the Italian community in The Wood, Betsy Eyre, and Appo Hooton were also installed in 2020/21.

Nelson City Centre ArtWalk

The ArtWalk is a new outdoor art gallery in Nelson's streets. It includes 28 large format artworks by some of Nelson's most celebrated artists, as well as artworks that have a connection to Whakatū. The pieces have enhanced public spaces around the City and have received great feedback.

ArtWalk is a collaboration between Make/Shift Spaces and Suter Art Gallery, and was funded by Council (\$10,000) and private sponsors.

Founders Park

Two Book Fairs in 2020/21, attended by over 10,000 people each, raised a record breaking \$300,000 for Founder's Heritage Park development. A team of volunteers put in many hours of work to make the events a success. (Two fairs were held within one year as a result of disruptions from COVID-19).

The Founders Heritage Park Strategic Plan was approved by Council in October 2020. Other highlights in 2020/21 included the introduction of interactive museum exhibit software, redevelopment of the Garden of Remembrance, refurbishment of the windmill, and the removal of single use plastic bottles from the windmill gift shop – these were replaced with additional drinking fountains as a sustainable alternative.

Events

Ngā Toi Huatau – The Seasonal Arts

In response to COVID-19 restrictions, Nelson Arts Festival ran as Ngā Toi Huatau - The Seasonal Arts, to provide greater flexibility. A collaboration between Nelson City Council and Nelson's arts and events community, Ngā Toi Huatau brought together some of the best

entertainment Nelson has to offer into one vibrant programme, including music, installations, light shows, galleries, pop-up events and performances. Beginning with the Matariki Festival in July, the Ngā Toi Huatau programme ran through to the end of October. It was extremely successful and received great community feedback.

Māori Cultural Events

Council organised and supported several Māori cultural events in 2020/21, including community celebration Te Huihui o Matariki 2021 (Matariki Festival), and Te Wiki o Te Reo Māori (Māori Language Week).

Christmas in the City

In 2020 Council supported the community to deliver a fantastic Christmas celebration and parade, investing \$15,000, plus a Community Events Fund grant of \$6,000 to The Nelson Santa Parade Trust.

Council decorated the City Centre for the festive season (\$47,000), including a new series of Kiwiana Christmas-themed flags. Council also opened a 'Santa's Grotto' for young children and their families.



Bay Dreams

Despite the challenges brought by COVID-19, Bay Dreams 2021 welcomed 12,000 attendees to Rutherford Park for a vibrant, safe, and successful event. The City was enlivened by young visitors, who gave an economic boost to our accommodation, tourism, retail, and food service providers as they explored all that Nelson has to offer.

Council provides some organisational support to Bay Dreams, but the event does not require a financial contribution by Council.

Youth Events

Council supported several events specifically for youth in 2020/21 (\$36,000), including Fright Night, Laugh Nelson, Young and Inspired, and Rock the City. These events received excellent feedback from attendees.

Community Facilities

Cemeteries

A 2020 study on the region's cemeteries found that Nelson's cemeteries will reach capacity for burial interments within the next 10-20 years. Due to the long lead times for procuring and developing new cemeteries (typically 4-7 years), Council is investigating options for a shared regional cemetery with Tasman District Council in Moutere or Wakefield, to secure sufficient space for the long term future of cemeteries within the region.

In 2020/21 planting areas were renewed, roads were re-sealed, and programmed maintenance was completed on buildings at Nelson's existing cemeteries.

Campgrounds

Work is underway to make the Brook Valley Holiday Park compliant with legislation for its long term occupants - this includes some infrastructure upgrades and minor capital upgrades. In 2020/21 maintenance work was carried out on buildings at the camp, including new and renovated stairways and pathways.

Public Toilets

The upgraded Millers Acre toilets opened in February 2021. The facility now provides five unisex individual toilets, along with one accessible toilet/baby changing room (open 24/7) and a men's facility. \$527,000 was invested in the project.

The Tāhunanui Lions toilet upgrade was also completed this year at a cost of \$882,000. The new building has six toilets, including one accessible toilet. It also features unisex and family changing rooms, three external showers, a drinking fountain with a bottle filler, and a foot wash.

\$250,000 of the cost of each of these projects was funded by a \$500,000 grant from central government's Tourism Infrastructure Fund.

Libraries

Libraries today are dynamic community spaces where people come together to connect, discover, learn, and create. Over 400 events and programmes were run at Elma Turner Library alone over the course of the year. Events at Nelson libraries in 2020/21 included: regular children and parents' groups, knitting and sewing groups, kids' media club and gardening club, 'Tea and Talk' sessions for people aged over 65, music performances, Justice of the Peace drop-ins, and a variety of public talks.

717,740 library items were checked out in 2020/21 (including 63,168 digital items) which equates to almost 2,000 items per day. Junior and young adult reading clubs, the Dementia Friendly Book Group, and other reading groups used the libraries as a base. Downloadable items continued to grow in popularity, with an 8% increase in the use of e-books, and 22% in audiobooks.

Nelson's libraries can be especially vital to people most affected by the ongoing impacts of COVID-19. Library events to support personal wellbeing and economic regeneration in 2020/21 included several pop-up employment, training skills, and careers expos and drop-ins.

New library resources in the past year include digital touch screens, virtual reality headsets, and sewing machines, which have been well received. For those who want to learn how to get the most out of their technology and build confidence, the libraries also offered regular 'Tech Taster Sessions', 'Living Online' classes, a 'Book a Librarian' service, and a 'Device Advice' drop-in service throughout the year.

Direction was determined on the Central Library Development through the Long Term Plan 2021-31 process in 2020/21. The current Elma Turner Library is located in a converted space, which was previously a car sales office, with parts of the building dating back to the 1970s. It is a well-loved and well-used facility - however, it is too small to deliver the range of services expected from a modern library, and there are

insufficient bookable spaces for groups and events. The building itself would require substantial investment over time to maintain the status quo. The construction of a new library will bring it into the 21st century, allowing us to broaden the scope of services and opportunities within a larger, purpose-built building and surrounding precinct. While books and reading are still central to what a library is, the new library will move beyond books and traditional library spaces to provide more opportunities for community groups, creative thinkers, tamariki, teens, older adults and visitors to engage with each other and the community around them in a multitude of ways. Council looks forward to working with the community to deliver an exceptional library precinct for the people of Whakatū Nelson.



PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

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

SOCIAL SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Community partnerships address community needs and issues	Number of successful projects funded where officers work with groups to increase partnership opportunities & leverage funding	One new project funded per year that achieves the outcomes of the funding agreement.	<p>Council contributed funding to the Whare Haumaru project, which progressed successfully in 2020/21. Whare Haumaru opened in the final quarter of 2021.</p> <p>This measure was achieved in the previous year.</p>	Achieved
Bishop Suter Art Gallery: a regional art gallery that engages, educates and entertains	% users satisfied or very satisfied with the facility	At least 80% of users satisfied or very satisfied	<p>87% of users surveyed were satisfied (40%) or very satisfied (47%) with the Suter Art Gallery.</p> <p>This is an improvement from 86% in 2019/20.</p>	Achieved
	Number visits per year	At least 110,000	<p>The Suter had 122,280 visitors in 2020/21.</p> <p>In 2019/20 the Suter saw 106,306 visitors, despite COVID-19 lockdown.</p>	Achieved
Theatre Royal: regional theatre widely used	Audience numbers per year and percentage of local audience Days in use per year.	<p>Audience of 40,000 per annum</p> <p>70% local audience</p> <p>At least 275 days of usage</p>	<p>The Theatre Royal was in use for 232 days in 2020/21, a reduction from 267 days in 2019/20. Data on audience numbers was not able to be obtained from all ticketing agencies for 2020/21.</p> <p>In 2019/20 the Theatre was used for 267 days. Audience numbers for the year were 32,665, and around 70% of the audience were local.</p>	Not achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Nelson Centre of Musical Arts: independent music school & venue	<p>Audience numbers per year</p> <p>Number of students per year</p> <p>Number of people regularly using recital rooms / facility usage / community participation</p>	<p>Audience numbers per year: At least 13,000</p> <p>Number of students attending per year, including pathway courses: At least 530</p> <p>Number of people regularly using facility for community participation: At least 12,000</p>	<p>Audience numbers: Estimated 9,193 ticket sales (4,833 in the six months to 31 December 2020). These figures exclude un-ticketed public events.</p> <p>Number of students attending per year, including pathway courses: 654 enrolments processed.</p> <p>Number of people regularly using facility for community participation: 850 regular weekly users, which converts to an estimated 17,000 visits by regular users for the year.</p> <p>In 2019/20 COVID-19 lockdown significantly limited the NCMA's usage, and results for this measure were not available.</p>	Not achieved
Public libraries: well used, welcoming and safe	Customer satisfaction	At least 90% user satisfaction	<p>91% of survey respondents were satisfied (37%) or very satisfied (55%) with Nelson's public libraries.</p> <p>In 2019/20 this was 93% of respondents.</p>	Achieved
	Library membership	At least 75% residents are library members	The total number of library members with Nelson addresses was 35,254 for 2020/21. Nelson libraries total membership was 40,723 (which includes some members who live in Tasman and Marlborough, and outside the top of the south). Nelson population is approximately 51,900 (Stats NZ). This equates to 73% of Nelson residents having library membership in 2020/21 (an increase from 70% in 2019/20).	Not achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
	Door counts	At least 500,000 per year (except during redevelopment period)	The total door count for 2020/21 was 356,551. COVID-19 had an impact in 2020, with limited numbers permitted, reduced programming and events, and Nightingale Library closing for a period of time. We also saw reduced international tourist numbers at Elma Turner Library and Nightingale Library over the summer period. In 2019/20 the door count was 340,000, heavily impacted by the first COVID-19 lockdown.	Not achieved
	Online use (previous 3 years)	Online use increasing each year	<p>The overall online use figure for 2020/21 is 2,079,062. This is up from 1,930,000 the year before. Online library usage increased in the majority of areas, such as e-book and audio downloads, website traffic, customer scanning and printing, and Aotearoa People's Network Kaharoa (APNK) connections to both Wi-Fi and library computers.</p> <p>Examples include: APNK logins for the year were 28,933 as opposed to 25,991 in 2019/20 and 97,238 pages printed as opposed to 74,273 in 2019/20.</p>	Achieved
Founders Heritage Park: well used by residents and visitors	% occupancy of available space	95% occupancy maintained	The Park had 96% occupancy of available space in 2020/21, compared with 89% in 2019/20.	Achieved
	Number of visitors of the facility per year	Maintain or increase visitor number each year	Founders hosted 90,248 visitors in 2020/21, a decrease from 2019/20 (90,707). A reduction in public events as a result of COVID-19 precautions contributed to this.	Not achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
High quality, popular and accessible arts events	Nelson Arts Festival, Summer Programme and Opera in the Park well-supported by local community measured by Council survey of attendance every three years	<p>Council resident survey attendance levels maintained or exceeded:</p> <ul style="list-style-type: none"> • 53% Summer Festival • 44% Masked Parade • 31% Arts Festival • 30% Opera in the Park (alternate years) 	<p>Due to the impact of COVID-19 and subsequent cancellations/uncertainty of events, this question was removed from the 2020/21 Residents' Survey.</p> <p>Despite these difficulties, Council adapted to the changing events environment and delivered a range of events for the community.</p> <p>The Masked Parade was cancelled due to COVID-19, and Opera in the Park was not scheduled for 2020/21. The Arts Festival was cancelled, and Ngā Toi Huatau – The Seasonal Arts was run in its place. The Summer Festival ran in 2020/21, including Tahuna Summer Sounds, New Years' Eve, and Movies in the Park.</p>	Not achieved
	Percentage of available tickets allocated	Percentage of available tickets allocated is greater than 60%	<p>Anticipated ticketed events were cancelled due to COVID-19 precautions, however many free community events were held in 2020/21.</p> <p>In 2019/20, 77% of tickets available were allocated for sale.</p>	

Satisfaction levels of attendees measured at events annually	<p>The percentage of attendees' satisfaction at events increases each year from a baseline of 2018/19</p> <p><i>(No comparative is available for 2018/19, as data was not collected in that year due to staffing changes in the events team. 2019/20 is the baseline - over 80% satisfaction)</i></p>	<p>Satisfaction levels of attendees at four free events for youth supported by Council in 2020/21 were measured as:</p> <p>Fright Night - 36% high, 61% very high</p> <p>Laugh Nelson - 48% high, 42% very high</p> <p>Young and Inspired - 25% high, 61% very high</p> <p>Rock the City - 8% high and 92% very high</p> <p>Over 80% satisfaction at events was reported in 2019/20.</p>	Achieved
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FINANCIAL PERFORMANCE - SOCIAL

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	13,087	12,912	14,072	14,300
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	174	177	154	320
Fees and charges	733	641	855	800
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,302	914	1,371	1,506
Total operating funding	15,296	14,644	16,452	16,926
Applications of operating funding				
Payments to staff and suppliers	12,595	12,029	13,725	14,172
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,492	1,394	1,509	1,513
Other operating funding applications	0	0	0	0
Total applications of operating funding	14,087	13,423	15,234	15,685
Surplus (Deficit) of operating funding	1,210	1,221	1,218	1,241
Sources of capital funding				
Subsidies and grants for capital	23	24	384	374
Development and financial contributions	0	0	0	33
Increase (decrease) in debt	(7,601)	4,583	(5,510)	(11,941)
Gross proceeds from sale of assets	8,383	0	8,383	13,170
Lump sum contributions	0	0	0	0
Total sources of capital funding	805	4,607	3,257	1,636
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	921	816	1,391	1,092
- to improve level of service	1,450	3,295	2,811	1,879
- to replace existing assets	425	254	466	91
Increase (decrease) in reserves	59	123	0	0
Increase (decrease) in investments	(840)	1,340	(193)	(185)
Total applications of capital funding	2,015	5,828	4,475	2,877
Surplus (Deficit) of capital funding	(1,210)	(1,221)	(1,218)	(1,241)
Funding balance	0	0	0	0

Funding Impact Statement variances against budget

Subsidies and grants for operating purposes greater than budget by \$166,000. A grant from the Department of Internal Affairs for \$122,000 was received to fund library resources.

Other receipts are greater than budget by \$135,000. Community Housing rental income is greater than budget by \$169,000, reflecting the assumption that Community Housing would be sold during 2019/20 which did not happen. Community Housing expenditure is also greater than budget by \$610,000.

Payments to staff and suppliers are greater than budget by \$915,000. Community Housing expenditure is as discussed above. Unprogrammed expenditure relating to the COVID-19 response is greater than budget by \$256,000.

The decrease in debt is \$6.4 million greater than anticipated due to the sale of Community Housing and to capital expenditure programme variances. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

The gross proceeds from the sale of assets are \$4.8 million greater than budget due to the proceeds from the sale of the Community Housing.

Other non-cash income includes the gain on sale from Community Housing.

Other non-cash expenditure includes a decrease in the fair value of investments, and the impairment of assets.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,210	1,221	1,219	1,241
Subsidies and grants for capital expenditure	23	24	384	374
Development and financial contributions	0	0	0	33
Vested Assets	0	0	0	0
Gross proceeds from sale of assets	0	0	0	13,170
Depreciation	(1,272)	(1,202)	(1,287)	(1,338)
Other non-cash income	644	(59)	702	3,458
Other non-cash expenditure	0	0	0	(601)
Net Surplus (Deficit) before taxation in Cost of Service Statement	605	(15)	1,017	16,337



PARKS AND ACTIVE RECREATION

Ngā Papa Rēhia me ngā Mahi Rēhia

ABOUT COUNCIL'S PARKS AND ACTIVE RECREATION ACTIVITIES

Council provides active recreation opportunities for Nelsonians and visitors, through its provision of infrastructure such as walkways and cycleways (including mountain biking trails), sports and recreation facilities, parks and open space, services and events.

This activity area includes responsibility for:

- 12 sports grounds (including the Saxton Field complex)
- Two swimming pools
- 64 playgrounds
- 11,000 hectares of parks and reserves
- Mountain bike tracks
- Nelson Marina
- Stadia (including the Trafalgar Centre)

HIGHLIGHTS FOR 2020/21

Parks and Reserves

Ecological Restoration Plans

Planting, protecting and regenerating trees and vegetation are important parts of Council's actions to help mitigate climate change, as well as enhancing the enjoyment of our parks and reserves. Additional benefits include protecting biodiversity, improving air and water quality, and reducing the impact of flood events and noise pollution.

Council's 10,000 hectares of conservation and landscape reserves are at risk from invasive pest plants, particularly vine weeds. As a result

of feedback from the community, and as part of Council's commitment to caring for our natural taonga, several Ecological Restoration Plans for Council-owned public reserves were finalised in 2020/21, and others are nearing completion. Council funding of \$11.5 million will be used to implement these plans over the next ten years. This significant investment is necessary to support local environmental health and biodiversity outcomes and to allow us to maintain these areas at a lower cost in the future. Council is applying for central government funding to support and extend its pest plant control programmes.

Council successfully applied for funding for the Maitai River Ecological Restoration Plan in 2020/21, receiving \$3.7 million towards the project from central government's Jobs for Nature programme. This will enhance the work already undertaken in the catchment, and create over 50 jobs in the conservation/restoration sector.

Planting and Dune Restoration

Council held a free planting and weed control workshop, and several community planting events throughout 2020/21, in locations such as Poorman Valley Stream, the Grampians Reserve, Hira Reserve, and the Maitai/Maitahi River catchment. Many schools and community groups took part in the ongoing Tāhunanui Dune Restoration Project, which involved planting native sand binding species such as pingao and spinifex. Community planting is a great opportunity for people of all ages to get involved with conservation. Council planted trees and other plants throughout its programmes, and free

plants were also offered to residents to improve their properties and roadside berms.

Adopt a Spot

Adopt a Spot is a programme where community groups, schools and individuals volunteer to enhance and take care of an area of Council land. By the end of 2020/21, over 45 groups were operating in partnership with Council through the programme, volunteering their time and expertise to carry out planting, weeding, rubbish clean-ups, animal pest control, wildlife and environmental monitoring, gardening and fruit tree maintenance across the region - an increase from 2019/20. The programme enhances the 'adopted' areas and empowers locals to be kaitiaki (guardians) of community whenua (land) with support from Council.

Poormans Stream Shared Path

A shared path along Poorman Valley Stream (from Main Road Stoke to Neale Avenue) was substantially completed in 2020/21. The route provides a safe and pleasant walking and cycling route providing part of the link between Marsden Valley to the Railway Reserve and Stoke schools, encouraging the use of active transport for local journeys. A total of \$918,000 was invested in the project, including a subsidy of \$400,000 from Waka Kotahi.

Eureka Park

Parks play an important role in creating liveable cities that add to our wellbeing. In 2020/21, Council removed pest plants, installed new walking trails, signage, and furniture made from locally felled timber at Eureka Park (located at the top of the Brook Valley), to revitalise the area for community enjoyment. The project cost \$50,200.

Marsden Valley Dog Park

A new dog park was opened in Marsden Valley in 2020/21, and is proving popular with dogs and their owners. The one hectare park includes separate spaces for small and large dogs to safely exercise off-leash, plus agility equipment. \$160,000 was invested in this project.

Mountain Biking

The grades of Nelson and Tasman's extensive network of mountain biking trails were audited in 2020/21, and many trails have been recommended for regrading, to ensure consistency with the rest of country, and to help cyclists of all levels find an enjoyable and safe track to ride on. Nelson City Council is working with the Nelson Mountain Bike Club, Ngāti Koata and industry representatives to assess the recommendations, and will then change signage and marketing materials to reflect the updated grading.

A number of new mountain bike trails were constructed in Nelson in 2020/21 (\$269,750 in total), including the 629 climb, Whaimana, Te Tirohanga Whetū o Koata, Black Diamond upgrade, Turners Extension, and Butters. A Santa Cruz PayDirt Fund grant of \$37,000 was received by the Nelson Mountain Bike Club, which contributed 50% of the budget for one of the trails on Fringed Hill. Volunteers assisted with track building.

Corder Park Playground

A new asphalt pump track and play area at Corder Reserve were completed in 2020/21 (\$123,800). The play area, which includes natural play features (rocks and logs), an eagle's claw swing, and a slide, has received positive feedback from young users. The site will also be enhanced with wetland plantings, and a permanent toilet will be installed during 2021/22.

Riverside Youth Pop-up Park

A 'Pop-up Park' opened on the banks of the Maitai/Mahitahi River in September 2020. It includes a pump track for skating, bikes and scooters, a solar-lit basketball half-court, an 'imagination playground' for younger children, planters, picnic tables, a table tennis table, and colourful seating. The park is now a popular space for young people to play in the City Centre. \$269,000 was invested in 2020/21 to deliver the Riverside Youth Pop Up Park, including a door linking the park to the library

and the installation of shade sails. The Pop-up Park is the result of a collaboration between Council and Wakatū Incorporation, which owns the space, and will remain at the Halifax Street site until at least September 2022. All elements are relocatable and can be moved to reflect the community's needs in the future.

Recreation and Facilities

Regional Spaces and Places Strategy

The first *Regional Sport and Active Recreation Spaces and Places Strategy for the Top of the South Island* has been developed in partnership between Top of the South councils, Sport Tasman and Sport NZ, and was finalised in 2020. It provides a strategic overview of current and future facility needs and will guide the development of sport and active recreation facilities in the region. The Strategy will encourage collaborative thinking, more efficient use of resources, and the development of facilities that meet community needs.

sportnz.org.nz/resources/top-of-the-south-regional-sport-active-recreation-spaces-and-places-strategy

Stoke Youth Park

In 2020/21, Council approved a location and completed the design for a Youth Park, to be developed in Marsden Recreation Reserve next to Stoke Memorial Hall. An area dedicated to the youth of Stoke has been under investigation for a number of years.

Council worked with Whanake Youth, the Nelson Youth Council, and schools to design concept plans for what this facility could look like, and engaged with the public in 2021 to determine what they'd like to see from the new park. The design was finalised in June 2021.

Construction in the second half of 2021 will include skate ramps, seating, a timber deck, drinking fountain, climbing tower, seating mound, plantings, and a car park for the adjacent Plunket building. Council is also increasing car parking capacity south of Stoke Hall.

A new centre for Whanake Youth

Whanake Youth provides services to support the health and wellbeing of the youth in our community. Based in the Stoke Community Hall, just behind Stoke Memorial Hall, its centre offers a warm, safe and friendly space for local young people aged 12- 24, and hosts programmes for youth. Young people were central to the development of the new space. Council supported the centre by providing Whanake Youth with a discounted lease on the Community Hall.

Swimming Pools

Riverside Pool's heating system was replaced with a new, modern system in 2020/21 (\$136,000). Pool users can now enjoy a more reliable heating system.

Swimming pools are an important recreation facility for community wellbeing. Looking to the future, work on a draft Aquatic Facilities Strategy for 2021-31 was underway in 2020/21. The Strategy will establish a vision and goals for pool facilities over the next 10 years, for Council to meet the current and future needs of users. It will include an assessment of community needs, service gaps, and options for meeting these challenges.

Saxton Field Management Plan

A new Reserve Management Plan for Saxton Field was consulted on and completed in the last year. It is based on engagement with iwi and the community, with oversight by the Saxton Field Committee (a Joint Committee of Nelson and Tasman councils). The Plan sets out the vision, priorities and policies for Saxton Field for the next ten years. The Plan will be used to continue the development and management of Saxton Field as a premier sports venue, and as a quality green space for casual recreation and play. It also seeks to further improve the landscape and environmental qualities of the reserve.

nelson.govt.nz/council/consultations/saxton-field-reserve-management-plan-review

Champion Drive Connection

Council substantially completed an off-road shared path connection between Champion Drive and the main route through Saxton Field past Saxton Velodrome, plus a new carpark, at a cost of \$1.54 million. (50% of the cost was funded by Tasman District Council). This project has connected the velodrome to other facilities at Saxton Field, greatly improving access for users.

Nelson Marina

In 2020/21 Council began the process to bring management of the Nelson Marina back in-house, ending the contract with Nelmac to manage the Marina on Council's behalf from 1 July 2021. The decision was made to prepare a new, long-term master plan for the Marina, and streamline Council's involvement with the facility. Council aims to improve the Marina and fully realise its potential for our tourism and boating industries.

During 2020/21, transition work was carried out towards the handover, which was completed at the end of June 2021. On 1 July 2021, Council formally took over management of the Marina. The Strategic Development and Property Subcommittee is responsible for developing, monitoring and reviewing strategies, policies and plans for the Marina, with Council approving final documents. Marina budgets are managed in a closed account.

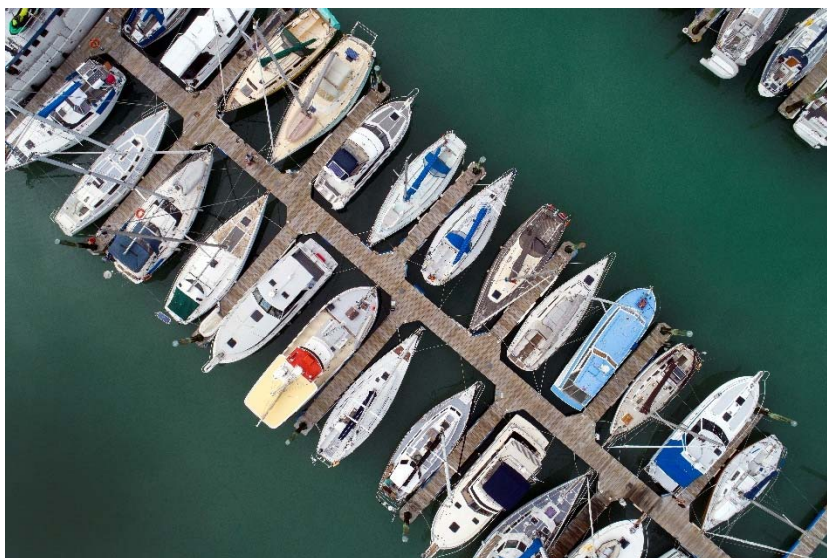
The development of a new Master Plan, governance model and management model for the Marina began in 2020/21 and will continue in 2021/22.

Hardstand completed

In 2020/21, Council invested \$1.2 million to upgrade the hardstand at Nelson Marina, to ensure it is operating as efficiently and effectively as possible for users and meeting environmental standards. To meet consenting requirements the area was sealed with asphalt, and a new sand filtration system was installed (replacing the previous mussel shell system). A new hardstand maintenance manual was also prepared and is being followed to ensure the hardstand continues to be compliant and maintained appropriately. Long term upgrades will make further improvements to how stormwater and wastewater are managed at the hardstand.

Recycling Compounds

Recycling compounds were installed at the Marina in 2020/21, to support users to reduce their waste to landfill. Recycled artwork from Nelson Airport was added to the compounds to enhance the area.



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. The Nelson City 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 well distributed 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. We prioritise incorporating road assessments and maintenance management</p>

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

PARKS AND ACTIVE RECREATION SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Parks and recreation service that meets or exceeds residents' expectations	Resident satisfaction with parks and recreation, by survey	80% or more satisfied or very satisfied	80% of surveyed residents were satisfied with parks and recreation in Nelson. This was 82% in 2019/20.	Achieved
Iwi heritage recognised in parks and reserves	% new reserves and renewed signs with te reo Māori name where one exists	100%	The Eureka Park entrance sign was renewed in 2020/21, however no Te Reo name exists because this park was named after Council's American Sister City, Eureka. No opportunity arose to include a Te Reo Māori name on a reserve sign, as was the case in the previous year.	Not measured
Sufficient open space provided in the City	Area in hectares of Neighbourhood Parks per 1,000 residents	At least 1.7 ha per 1,000 residents	There were 1.54 ha of neighbourhood parks per 1,000 residents in 2020/21, compared with 1.6 ha in 2019/20.	Not achieved
Conveniently located open space i.e. neighbourhood park, public garden or sportsground	% residential properties within 800 m of open space, approximately 10 min walk	At least 99%	In 2020/21 approximately 99.06% of residential properties were within 800m of open space. This was 99.04% in 2019/20.	Achieved
Play facilities that are conveniently located	% of residential properties within 1 km of a playground, approximately 15 minute walk	At least 95%	This figure was 96.2 % in 2020/21, compared with 97.4% in 2019/20.	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Saxton Stadium well utilised	Use rate in hours per annum	Saxton stadium use achieves target of at least 1,450 hours per annum	<p>The stadium was in use for 2,723 hours in 2020/21.</p> <p>In 2019/20 it was used for 2,096 hours.</p>	Achieved
Trafalgar Centre facilities well utilised	Trafalgar Centre annual number of users	At least 80,000	<p>In 2020/21 there were 46,039 users. Lower numbers were due to events being cancelled when Nelson returned to COVID Alert Level 2, and uncertainty around alert levels resulted in lower number of confirmed events, including the Nelson Giants 2020 season.</p> <p>In 2019/20 there were a similar number of users, 49,885.</p>	Not achieved
Marina managed to meet demand	Marina berth occupation rates in relation to target	Marina berth occupation of at least 85%	<p>Total berth occupancy as of 1 July 2021 was 92%.</p> <p>There has been a slight reduction due to small 8 metre berths becoming available - in 2019/20 occupancy was 96%.</p>	Achieved

FINANCIAL PERFORMANCE - PARKS AND ACTIVE RECREATION

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	13,188	13,496	12,965	13,261
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	51	0	0	292
Fees and charges	2,259	2,339	2,324	554
Internal charges and overheads recovered	459	469	469	469
Local authorities fuel tax, fines, infringement fees, and other receipts	1,401	1,438	1,447	4,130
Total operating funding	17,358	17,742	17,205	18,706
Applications of operating funding				
Payments to staff and suppliers	10,861	11,641	12,523	13,862
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,786	2,838	1,795	1,893
Other operating funding applications	0	0	0	0
Total applications of operating funding	13,647	14,479	14,318	15,755
Surplus (Deficit) of operating funding	3,711	3,263	2,887	2,951
Sources of capital funding				
Subsidies and grants for capital	1,464	233	810	619
Development and financial contributions	1,840	1,880	1,716	1,963
Increase (decrease) in debt	1,690	1,526	4,758	1,247
Gross proceeds from sale of assets	0	0	0	1
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,994	3,639	7,284	3,830
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	2,884	2,519	3,267	2,117
- to improve level of service	2,373	2,611	4,751	3,089
- to replace existing assets	3,249	1,574	2,153	1,575
Increase (decrease) in reserves	199	198	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	8,705	6,902	10,171	6,781
Surplus (Deficit) of capital funding	(3,711)	(3,263)	(2,887)	(2,951)
Funding balance	0	0	0	0

Funding Impact Statement variances against budget

Subsidies and grants for operating purposes greater than budget by \$292,000. \$115,000 was received from the Ministry of Business, Innovation and Employment for responsible camping initiatives, and \$98,000 from the Provincial Growth Fund for work at Borck Creek.

A categorisation change has resulted in an offsetting variance of \$1.8 million in Fees and Charges and other receipts. Additionally \$774,000 was received from Tasman District Council towards Champion Drive, and \$220,000 in venue hire fee income from the Trafalgar Centre, both of which were not budgeted.

Payments to staff and suppliers are greater than budget by \$1.3 million. The following expenditure relates to the aforementioned revenue and is greater the budget; Champion Drive connection expenditure of \$774,000, Trafalgar Centre venue hire expenditure

\$220,000, Borck Creek expenditure \$94,000, and \$116,000 for responsible camping initiatives have been incurred.

The receipt of development contributions reflects the development cycle of individual developers and the timing is difficult to predict.

The debt movement is \$3.5 million less than budget due to capital expenditure being lower than budgeted. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,711	3,263	2,887	2,951
Subsidies and grants for capital expenditure	1,464	233	810	619
Development and financial contributions	1,840	1,880	1,718	1,963
Vested Assets	0	0	0	25
Gross proceeds from sale of assets	0	0	0	1
Depreciation	(3,313)	(3,507)	(3,663)	(3,521)
Other non-cash income	0	0	0	1
Other non-cash expenditure	0	0	0	(6)
Net Surplus (Deficit) before taxation in Cost of Service Statement	3,702	1,869	1,750	2,033



ECONOMIC Te Ohaoa

ABOUT COUNCIL'S ECONOMIC ACTIVITIES

Council has a role in supporting the creation of a “resilient economy that allows our people, places, communities and businesses to thrive”, as outlined in the Te Tauihu Intergenerational Strategy Tūpuna Pono. Economic development activity is delivered through the Council-owned Nelson Regional Development Agency (NRDA), as well as through support for other organisations such as Uniquely Nelson, Businesses for Climate Action, and the Nelson Tasman Business Trust.

Nelson City Council's funding for the NRDA was \$1.36 million in 2020/21, which includes additional support for economic events through the Events Fund (\$391,500 in 2020/21).

Note: The NRDA's 2020/21 Annual Report will be available on its website when it is completed.

HIGHLIGHTS FOR 2020/21

Project Kōkiri

COVID-19 has changed the economic landscape of the region, with most residents and local businesses being affected in some way. Border closures have impacted the flow of visitors to the region, the availability of seasonal labour, and international shipping routes.

A key focus of NRDA's current work is the implementation of Project Kōkiri, the Nelson Tasman region's post-COVID-19 economic recovery plan. Project Kōkiri is a collaboration between Nelson and Tasman councils, iwi, the Chamber of Commerce, business and government agencies. It exists to provide a

clear picture of the COVID-19 economic environment, and to coordinate economic recovery, response and regeneration.

In 2020/21 Project Kōkiri moved from the ‘survival and response’ phase into ‘restart and recovery’. Work in the past year included:

- Supporting businesses through a one-on-one business continuity service
- Communicating weekly with over 3,000 local businesses, supplying key information and insights
- Delivering business information webinars, supporting local businesses with training, insights and information on accessing government support
- Delivering the *We've Got This – Kei a Tātou* campaign to encourage domestic tourism to the region and the consumption of local products, highlighting great things about Nelson Tasman
- Launching the *Pick Nelson Tasman* campaign, to address labour shortages in horticulture and fisheries sectors due to border closures
- Launching new action-orientated workstreams such as *Skills & Workforce Development* and the *Destination Management Plan* to aid the economic recovery through focused initiatives, promoting and funding events which support the economy. In 2020/21 the NRDA also began developing a five-year regional economic development strategy, *Project Kōkiri 2.0*. This will build on earlier work and support the transition towards a more resilient and productive local economy. Council invested \$250,000 in

this project in 2020/21, and Tasman District Council contributed an additional \$200,000.

Support for a Science and Technology Precinct

Port Nelson, in collaboration with the Cawthron Institute, is developing a Science and Technology Precinct in Nelson. The Precinct will be a hub of innovation and creativity, and will further augment Nelson's leading position as a location for value-add companies working in the ocean economy and aquaculture space.

The Precinct will support the work being undertaken by Council to improve the City to Sea connection, contribute to economic development opportunities, and align with the Te Taihū Intergenerational Strategy. The attraction of new-high value companies and their staff to Nelson will generate sustainable economic value for the region, and supports our desire to be a City that provides modern opportunities to live, work and play. In 2020/21 Council initially approved \$1.5 million of funding to support the development, which was increased to a total of \$5.5 million through the Long Term Plan process.

Events

Events are an important part of Nelson's culture and economy, and Council continued to provide support to the sector in 2020/21. While COVID-19 continues to present challenges to the events sector, a variety of events were delivered in 2020/21.

Council supports a range of economic and community events through the Nelson Events Fund. In 2020/2021 the Fund provided \$211,000 towards economic events expected to attract over 47,000 attendees in total, such as Nelson Super Slam Beach Volleyball, and Marchfest Craft Beer and Music Festival. \$76,000 was provided to support community events, such as the Multicultural Festival and Nelson Jewellery Week.

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



PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

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



ECONOMIC SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Overview of a healthy local economy	GDP measured as three year average	Percentage increase in GDP per annum at least equal to or better than the national average	<p>GDP in Nelson provisionally increased by 7.3% for the year to June 2021. Growth was higher than in New Zealand as a whole (4.2%). This is an unusually strong result, as the previous year includes the lockdown-affected June 2020 quarter.</p> <p>Nelson's GDP reduced by 1.8% in 2019/20, slightly less than the 2.1% decrease nationally.</p>	Achieved
Strategic overview of economic development for the benefit of the community	Value of tourism (total spend) annually in Nelson city	Increase the annual value of tourism spend in Nelson from previous year	<p>Total tourism expenditure in Nelson increased 16.3% in the year to June 2021. This compares with an increase of 5.4% across New Zealand.</p> <p>This result is also impacted by the effect that lockdown had on 2019/20 figures.</p> <p>Tourism spend in Nelson reduced by 13.1% in 2019/20, and 12.3% nationally, due to the impacts of COVID-19.</p>	Achieved
Measures that contribute to the vitality and attractiveness of the Nelson CBD	Total annual spending in the Nelson CBD	Total annual spending in the Nelson CBD is greater than or equal to previous annual spend	<p>Electronic card consumer spending in Nelson increased by 9.7% over 2020/21 compared to the previous year. This compares with an increase of 7.7% in New Zealand.</p> <p>Spending was \$169 million for the 2019/20 year, a reduction from previous levels (\$195 million in 2018/19).</p>	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Events funding that provides a sound return on investment for Nelson	Return on investment measured by number of out of town visitors attending major events	Number of out of town visitors attending events funded from the economic component of the events fund is greater or equal to previous three year average.	<p>2017/18 – 19,300 visitors</p> <p>2018/19 – 19,188</p> <p>2019/20 – 17,894</p> <p>Three year average - 18,794</p> <p>2020/21 – 15,597</p> <p>In 2020/2021 the fund supported 18 major economic events. These are expected to contribute to the attraction of 15,597 out of region attendees, comprising 33% of total attendees (47,777).</p> <p>COVID-19 impacts continue to affect events, so there has been a shift to supporting low-risk events which are less dependent on out-of-town visitors, and those that can still operate at Alert Level 2, and now in the 'traffic light' system.</p>	Not achieved
		At least 80% of those visits are in the months of March to November	<p>22 of the 43 approved events fell between March and November 2020/21 (51%) - this measure was not achieved.</p> <p>58% of visitors to major events were during March-November in 2019/20.</p>	Not achieved

FINANCIAL PERFORMANCE - ECONOMIC

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,798	1,843	2,219	1,961
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	305	310	310	306
Fees and charges	0	0	0	111
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	90	0
Total operating funding	2,103	2,153	2,619	2,378
Applications of operating funding				
Payments to staff and suppliers	2,081	7,071	7,542	2,044
Finance costs	0	0	0	0
Internal charges and overheads applied *	22	82	66	29
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,103	7,153	7,608	2,073
Surplus (Deficit) of operating funding	0	(5,000)	(4,989)	305
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	204	5,209	5,913	856
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	204	5,209	5,913	856
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	204	209	924	1,161
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	204	209	924	1,161
Surplus (Deficit) of capital funding	0	5,000	4,989	(305)
Funding balance	0	0	0	0

Funding Impact Statement variances against budget

Payments to staff and suppliers are under budget by \$5.4 million. This is due to the contribution of \$5 million for the Waimea Dam being paid from the Water Activity when budgeted to be paid from the Economic Activity. Additionally the events contestable fund is \$295,000 under budget, and is dependent upon the timing of events.

The debt movement is \$5 million less than budget due to the Waimea Dam payment being made from the Water activity. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding	0	(5,000)	(4,989)	305
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gross proceeds from sale of assets	0	0		0
Depreciation	0	0	(11)	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	0	(5,000)	(5,000)	305



CORPORATE Te Rangapū

ABOUT COUNCIL'S CORPORATE ACTIVITIES

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

Council's corporate activities include:

Cost of democracy, including meetings, publicity, councillor costs, and elections

Management of investments, including properties (Civic House, libraries, rental property, plus other community, heritage and strategic property), forestry, the Port Company, Nelson Airport, and Nelmac

Council Controlled Organisations

Long term planning, strategy development and policy

Organisational assurance

Financial reserves

Emergency Response Fund

HIGHLIGHTS FOR 2020/21

Sale of Community Housing and creation of a Housing Reserve

In 2021 Council divested its 142 community housing units to Kāinga Ora. The transfer of ownership is a mutually beneficial agreement that will increase investment in housing in Nelson, while retaining access to community housing for existing tenants. From the proceeds

Council established a \$12 million Housing Reserve, 'to work with and support partners who have the ability to deliver social and affordable housing solutions for the community'. Refer to page 24 for more information on Council's work to support housing affordability and intensification in 2020/21.

Long Term Plan 2021-31

The culmination of months of work to create a Long Term Plan with the social, cultural, economic and environmental wellbeing of Nelson at its heart was reached in June 2021, with the adoption of the 2021-2031 Long Term Plan. The Long Term Plan sets out a vision for Whakatū Nelson and where we want to be in 10 years.

The adoption followed extensive pre-engagement with the community (with over 20 sector and community meetings held), a consultation period where we received over 640 submissions from members of the public, and three days of deliberations, where 136 people spoke to their submissions. You can read the final Long Term Plan online, at our Customer Service Centre, or at Nelson's libraries: nelson.govt.nz/long-term-plan-2021-2031

Climate Change

Refer to page 19 for details of Council's climate change actions throughout the year, including emissions reduction targets and initiatives for the organisation.

Rates Rebates

During 2020/21, 1,744 rates rebates were completed, with \$1 million in rebates being approved.

Staffing

A total of 22 new full time equivalent permanent staff were recruited in 2020/21. Around half of that increase was rates funded, and the remainder was funded through existing activity budgets, or external funding sources. The new staff are working across the organisation to carry out Council's consenting, compliance regulatory functions, respond to new legislative requirements in environmental management, bolster our climate change response, and operate Nelson Marina.

Governance

A review and restructure of Council's committee and subcommittee arrangements was completed in early November 2020.

In May 2021 Council voted to establish a Māori ward in Whakatū Nelson for the 2022 local elections. A representation review will be held in 2021/22. For more detail on this process refer to page 29.

Council continues to livestream its Council and Committee meetings, and from March 2021 also livestreams all Subcommittee meetings.

Contract Management

A new contract management system, LawVu, was introduced in mid-2020/21. Contract information for the whole organisation is now held in one database, and a variety of tools the system offers (including for monitoring and reporting) are assisting Council staff to manage contracts more efficiently and effectively.

Civic House

In 2020/21, Council completed a business case looking at options for Civic House. Council's main office at Civic House has a history of under-investment, with the result that working conditions in some areas are substandard and in urgent need of improvement. Council looked at three business case options and decided that refurbishment of the existing building (for an estimated \$18.3 million over eight years) is both cost-effective and mitigates carbon emissions produced by the project, compared with the construction of a new building. Upgrades will improve its environmental performance, functionality, and create a healthy working environment. There will also be a focus on reducing the carbon footprint of the building, decreasing energy use (through efficiency and design measures), and increasing its resiliency to climate change. A staged approach is being taken to spread project delivery over the next few years.

Council Controlled Organisations

The annual reports for Council Controlled Organisations will be available on their websites when they have been completed and adopted:

- Port Nelson Ltd
- Nelson Airport Ltd
- Nelmac Ltd
- Nelson Regional Development Agency
- Tasman Bays Heritage Trust (Nelson Provincial Museum)
- The Bishop Suter Trust

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



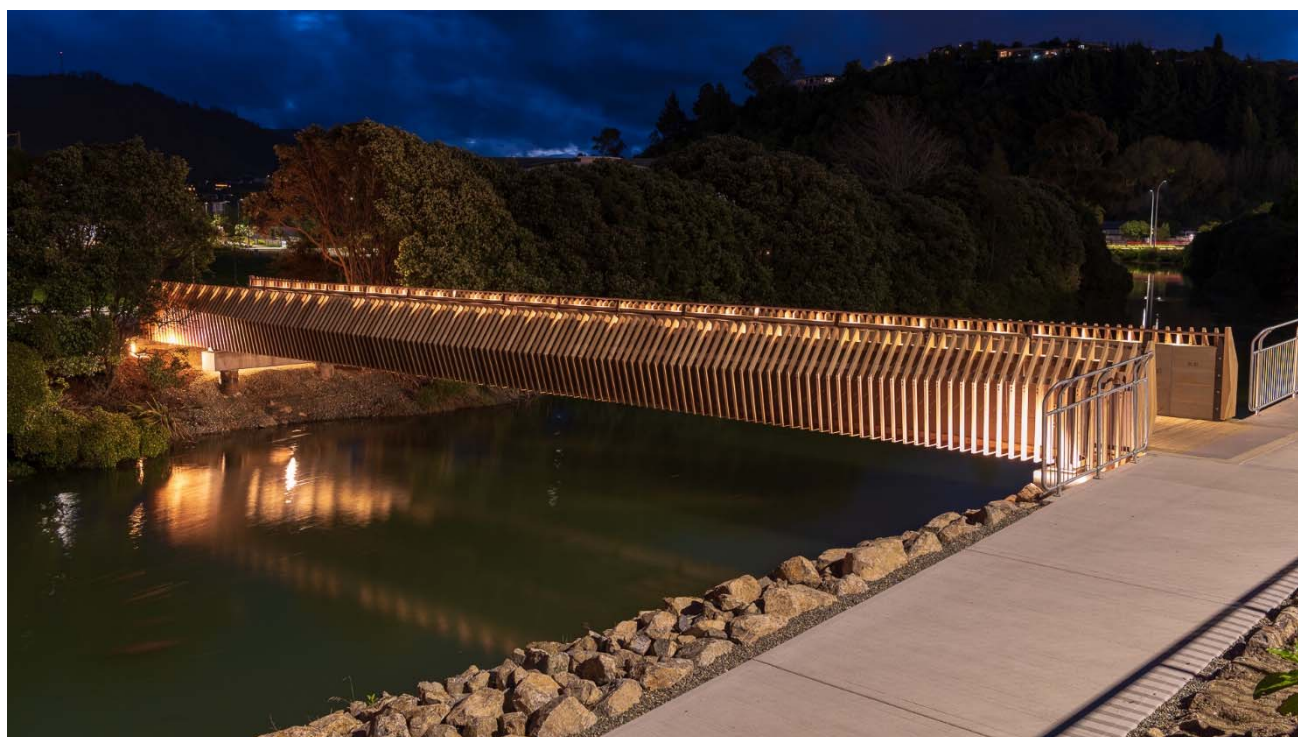
CORPORATE SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
Effective engagement and consultation	% residents satisfied or very satisfied with opportunities to provide feedback, by survey	Annual improvement in the % of residents satisfied or very satisfied with opportunities to provide feedback	47% of respondents to the Residents' Survey were satisfied with opportunities to provide Council with feedback to inform its decision making. This is a reduction from 2019/20, where that figure was 54%.	Not achieved
Council Controlled Organisations (CCOs) that deliver net benefit to the community	Council satisfaction with attainment of six monthly CCO targets for all SOIs	Council receives six monthly reports from all CCOs and is satisfied with attainment of targets	Not all end of year reports from CCOs are available at this time, however this measure is expected to be achieved. This measure was achieved in 2019/20.	Achieved
Promotion of Te Tau Ihu Māori/iwi participation in decision-making processes	Strategic framework established for Chairs of Te Waka a Maui to work with mayors across Te Tau Ihu	Regular meetings to be held between Mayors and Chairs	The Iwi-Council Partnership Group met quarterly in 2020/21. Māori participation in Council decision-making processes was supported through Māori representation on the Environment and Climate Committee, NRSBU and the Nelson Tasman Landfill Business Unit. Council is also seeking Māori appointments to the Infrastructure and Community and Recreation Committees, plus the Audit, Risk and Finance, Forestry, Urban Development, and Strategic Development and Property Subcommittees.	Achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
			<p>In 2020 Council held iwi engagement hui for the development of Council's Activity Management Plans.</p> <p>On 13 May 2021 Council resolved to establish a Māori Ward in Whakatū/Nelson for the 2022 local government election.</p> <p>This measure was achieved in 2019/20.</p>	
Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Ability to operate an effective Emergency Operations Centre: % EOC roles staffed and EOC meets Ministry CDEM requirements	95% of EOC management and group roles staffed	<p>This measure was not achieved in 2020/21, with 55.47% of roles staffed. In 2019/20, 53.2% of roles were staffed.</p> <p>The first round of training in 2020 was cancelled due to COVID-19, so the EOC is several training periods behind what was planned. The training scheduled for March 2021 was also cancelled due to COVID-19 alert levels at the time. Five new staff were trained in June 2021. Training was also held for 17 partnering agencies and 20 community volunteers.</p> <p>September 2021 training has been scheduled, with 11 different courses on offer for Council staff, partnering agencies and volunteers in the community. Following that, the next round of training is planned for March 2022.</p>	Not achieved

What Council will provide	Performance measures	Target 2020/21	End of year comment 2020/21	Result 2020/21
		EOC meets National Emergency Management Agency (formerly MCDEM) monitoring and evaluation requirements	EOC met National Emergency Management Agency requirements at its previous review, as was the case in the previous year.	Achieved



FINANCIAL PERFORMANCE - CORPORATE

Funding Impact Statement

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,651	3,031	(617)	(303)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	5	5	5	13
Fees and charges	0	0	0	32
Internal charges and overheads recovered*	9,075	9,586	6,688	6,641
Local authorities fuel tax, fines, infringement fees, and other receipts	5,602	5,731	3,457	4,285
Total operating funding	16,333	18,353	9,533	10,668
Applications of operating funding				
Payments to staff and suppliers	7,778	8,411	7,542	7,423
Finance costs	5,105	5,708	3,011	3,676
Internal charges and overheads applied *	746	763	426	706
Other operating funding applications	0	0	0	0
Total applications of operating funding	13,629	14,882	10,979	11,805
Surplus (Deficit) of operating funding	2,704	3,471	(1,446)	(1,137)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	741
Increase (decrease) in debt	12,607	24,210	28,380	12,087
Gross proceeds from sale of assets	0	0	800	86
Lump sum contributions	0	0	0	0
Total sources of capital funding	12,607	24,210	29,180	12,914
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	796	339	395	153
- to improve level of service	2,070	1,616	379	479
- to replace existing assets	617	420	1,739	1,162
Increase (decrease) in reserves	0	0	0	910
Increase (decrease) in investments	11,828	25,306	25,220	9,073
Total applications of capital funding	15,311	27,681	27,733	11,777
Surplus (Deficit) of capital funding	(2,704)	(3,471)	1,446	1,137
Funding balance	0	0	0	0

Funding Impact Statement variances against budget

Other receipts are greater than budget by \$828,000. The main driver is rental relief as an offset to income was budgeted within Corporate, however was not required to be utilised as much as anticipated during the budgeting process.

Finance costs are over budget due higher than budgeted interest costs on external debt.

The debt movement is \$16 million less than budget due to capital expenditure being lower than budgeted. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

The difference between development contributions received and development contributions transferred to activities of \$741,000 has been recognised in the Corporate activity. These funds are held in the Subdivisions Reserve account until required.

Other non-cash income and expenditure represents unbudgeted revaluations of interest rate swaps and investments.

RECONCILIATION BETWEEN THE NET SURPLUS (DEFICIT) IN THE COST OF SERVICE STATEMENT AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Long Term Plan 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,704	3,471	(1,446)	(1,137)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	741
Vested Assets	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(1,936)	(1,930)	(1,509)	(1,614)
Other non-cash income	0	0	28	6,023
Other non-cash expenditure			0	(461)
Net Surplus (Deficit) before taxation in Cost of Service Statement	768	1,541	(2,927)	3,553

FINANCIAL INFORMATION

Summary of Capital Expenditure over \$100,000	129
Statements of comprehensive revenue and expense for the year ended 30 June 2021	134
Statements of changes in equity for the year ended 30 June 2021	135
Statements of financial position as at 30 June 2021	135
Statement of cash flows for the year ended 30 June 2021	137
Funding Impact Statement for the year ended 30 June 2021	139
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	140
Financial Prudence	141
Notes to Accounts	147

SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000

Project	Carry over 2019/20 (\$000)	Estimate 2020/21 (\$000)	Available 2020/21 (\$000)	Actual 2020/21 (\$000)
Corporate				
Civic Expenses				
Christmas decorations CBD		100	100	47
Civic House				
Capital: Furniture & Fittings Renewals		120	120	8
Civic House Renewal Program Plant & Equipment		136	136	85
Floor 6 fit out/ upgrade		100	100	33
Civic House Ceiling Tiles		400	400	135
Administration				
Aerial Photography & LIDAR		152	152	119
Upgrade TOTSM		104	104	0
Capital: Motor Vehicles	69	150	219	259
Computer Hardware Client Devices		10	10	110
Core Systems enhancement		282	282	207
Corporate Projects under \$100,000	211	958	1,169	788
Total Corporate	280	2,513	2,793	1,794
Economic				
Economic Development				
Upper Trafalgar Street Improvements				813
CBD Enhancements	82	924	1,006	51
Pop up Park				260
Economic Projects under \$100,000				37
Total Economic	82	924	1,006	1,161
Environmental Management				
Monitoring the Environment				
Healthy Streams		143	143	137
Renewals: Monitoring Equipment		107	107	0
Plant & Equipment		181	181	162
City Development				
Upper Trafalgar Street Pedestrian Precinct	151	0	151	5
Environmental Management Projects under \$100,000		11	11	29
Total Environmental Management	151	442	593	333
Flood Protection				
Maitai flood management	7	150	157	158
Brook Stream fish passage		167	167	56
Inventory of Urban Streams		104	104	327
Jenkins & Arapiki (airport) Flood Protection		121	121	27
Flood Mitigation	(6)	165	159	122
Saxton Creek upgrade	209	2,350	2,559	2,897
Whakatu Drive (Storage World)		80	80	316
Saxton Creek Stage4 Upgrade	(10)	300	290	1,247
Orphanage Stream bunding Saxton Road East		970	970	853

Vested Assets		173	173	131
Flood Protection Projects under \$100,000	(8)	506	498	552
Total Flood Protection	192	5,088	5,280	6,688
Parks & Active Recreation				
Neighbourhood Parks				
Land Purchase: General Reserve		1,834	1,834	685
Atawhai Reserve Improvements	3	230	233	124
Landscape Reserves				
Capital: Mountainbike Tracks		0	0	204
Fringed hill Revegetation	29	89	117	78
Maitai MTB Hub		770	770	12
Retired forestry block conversion programme		205	205	1
MTB Trail Maitai camp to Maitai Dam		100	100	0
Esplanade & Foreshore Reserve				
Modellers Pond Solution		105	105	237
Renewals: Structures	88	126	214	85
Poormans walkway (Main Road Neale Avenue)		985	985	918
Wakapuaka Sandflats Esplanade shared path		285	285	16
Dog exercise park	1	159	160	159
Vested Assets		0	0	25
Walkways				
Tahuna Beach to Great Taste Trail (airport)		371	371	120
Sports Parks				
Renewals: Access/Carparks	14	94	108	109
Saltwater Cr bridge (Haven Rd Trafalgar Centre)		105	105	0
Pools				
Renewals: Minor Assets		186	186	66
Riverside Pool water heating system renewal		270	270	136
Play Facilities				
Stoke Youth Park	15	250	265	352
Renewals: Play Equipment		183	183	84
Marina				
Marina Hardstand LOS improvements	(18)	1,201	1,183	1,213
New Trailer Boat Storage Yard		102	102	27
Saxton Field				
Capital: General Development	3	136	139	95
Regional Community Facilities				
Water sports building at Marina		365	365	5
Parks & Active Recreation Projects under \$100,000	290	2,021	2,311	2,055
Total Parks & Active Recreation	424	10,171	10,595	6,807
Social				
Community Properties				
Refinery Gallery EQ strengthening		452	452	45
Stoke Hall Remediation				
Stoke Hall Remediation		120	120	111
Toilets (Free)				
Growth: Millers Acre Toilet		717	717	527
Tāhunanui Lions Toilet Upgrade		880	880	882
Nelson Libraries				
Elma Turner Library Extension/ Relocation	8	1,048	1,056	716
Book Purchases		390	390	367

Social Projects under \$100,000	(14)	1,061	1,047	414
Total Social	(7)	4,668	4,662	3,061
Solid Waste				
Joint Landfill		833	833	441
Solid Waste Projects under \$100,000		31	31	2
Total Solid Waste	0	864	864	443
Stormwater				
Tosswill to Tahuna Stormwater Upgrade	15	50	65	286
Nile St East Storm water		120	120	124
Washington Valley Stormwater Upgrade	(25)	128	103	152
Main Road Stoke / Arapiki Maitland Stormwater Upgrade	(10)	42	32	139
Capital: Mount St / Konini St		1,310	1,310	1,043
Stormwater Pump Station Renewals		161	161	122
Airlie St		100	100	56
Wastney Terrace stormwater (pvt drain prgm)	11	115	126	92
Tāhunanui Hills Stormwater Catchment 9 Moana Ave to Rocks		150	150	145
Brooklands		103	103	87
Cawthron Crescent	44	63	107	58
Kauri Street	2	121	123	147
Rutherford Stage 1 Stormwater Upgrade		100	100	100
Tāhunanui Hills Stormwater Catchment 3 Days Track	(14)	500	486	45
Emano Reserve Stormwater		145	145	175
Tāhunanui SH6 Stormwater Culvert Upgrades		0	0	712
Vested Assets		1,179	1,179	1,047
Stormwater Projects under \$100,000	(1)	1,612	1,611	1,195
Total Stormwater	23	5,999	6,022	5,724
Transport				
Subsidised roading				
WC 341 Streetlight Improvement		597	597	598
WC 125 Renewals: Footpaths		841	841	715
WC 213 Drainage Renewals		343	343	368
WC 212 Sealed Road Resurfacing		1,316	1,316	1,334
WC 341 Railway Reserve/Princes Dr cycle crossing upgrade	81	274	355	412
WC 341 Waimea Road Retaining Wall at Snows Hill	15	605	620	467
WC 341 New Footpaths	(9)	590	580	279
WC 341 Annesbrook Dr Stafford Ave footpath		0	0	178
WC 341 Curtis Street footbridge (Link to Manu Kau reserve)	3	193	196	179
WC 341: Toi Toi St upgrade	21	195	216	20
WC 341 Main Road Stoke cycleway Saxton Creek to Champion Roa	3	815	818	989
WC 215 Structures replacement		110	110	21
WC 222 Traffic Service Renewals Signs, markings and deline		115	115	123

WC 222 Traffic Services Renewal Lighting		383	383	405
WC 341 Maitai shared path to ANZAC Park active transport fac	7	950	957	1,053
WC 341 Tāhunanui Cycle Network SH6 Tāhunanui Drive connect	(193)	1,020	827	765
WC 341 Arapiki Road Upgrade retaining Wall	(29)	754	725	702
WC341 Seaview Underpass Weir		100	100	68
WC 124 Cyclepath Renewals		123	123	135
WC 341 Seafield Terrace Road Re instatement	3	1,239	1,242	1,094
WC 341 Travel demand management improvements	43	200	243	23
WC 341 Ped facilities at Arapiki Road/ The Ridgeway		17	17	107
WC341 TDM Inner City Bike Shelters		0	0	221
WC 111 Sealed Pavement Heavy Works		0	0	123
Unsubsidised roading				
Maitai Shared Path	(16)	660	644	548
Kawai St		0	0	172
Beach Road Raised Table PGF	(1)	180	179	179
Vested Assets		4,303	4,303	672
Parking and CBD Enhancement				
Renewal: CBD aesthetic elements		180	180	104
Renewals: On and Off St Parking Meter	89	100	189	50
CBD Enhancement		3,100	3,100	0
Millers Acre Centre				
Building Improvements		850	850	75
Public Transport				
WC 531 Integrated Ticketing GRETS	3	80	83	188
WC 531 CBD interchange	20	267	287	0
Transport Projects under \$100,000	54	1,955	2,009	1,691
Total Transport	93	22,455	22,548	14,057
Waste Water				
Neale Park PS	(78)	160	82	12
Renewals Pump stations		259	259	256
Wastewater Pipe Renewals		510	510	144
Wastewater model calibration		420	420	265
Awatea Place Pump station		1,000	1,000	1,530
Pump station resilience improvement programme	11	183	195	116
Washington Valley Sewer Upgrade		0	0	162
Washington Rd (Wolfe Arrow) sewer renewal		224	224	0
NWWTP renewals		307	307	306
NWWTP Resource Consent	(26)	276	250	450
Gracefield Sewer Diversion	(15)	1,669	1,655	1,641
System Performance Improvements (Overflow Reduction / I&I)	(7)	104	98	38
Operations Gravity Pipelines Renewals Reactive		0	0	137
NRSBU		4,721	4,721	3,339
Vested Assets		843	843	928
Waste Water Projects under \$100,000	56	508	564	1,056
Total Waste Water	(58)	11,186	11,128	10,381

Water Supply				
Capital: Backflow Prevention		169	169	170
Renewals: Water Pipes		917	917	17
Renewals: Commercial Meters	(20)	157	137	118
Residential Meters renewals		750	750	705
Roding Pipeline	(1)	113	112	93
Capital: Atawhai No.2 Reservoir	42	175	217	0
Pressure Enhancement		113	113	134
NCC TDC Link	(1)	100	99	70
Water Loss Reduction Programme		246	246	250
Natural Hazards Risk Remediation		113	113	60
Dam Upgrades		113	113	74
Kauri St Watermain renewal		0	0	146
Water Treatment Plant Renewals	(14)	191	177	214
Hardy (Rutherford Vanguard) watermain renewal		800	800	971
Melrose Tce Watermain Renewal		0	0	158
Vested Assets		813	813	989
Water Supply Projects under \$100,000	47	899	946	1,008
Total Water Supply	53.734	5,668	5,722	5,176
Total Capital Expenditure	1,235	69,978	71,213	55,625
Total Vested Assets		7,311	7,311	3,792
Total Joint Committees		5,554	5,554	3,780
TOTAL CAPITAL - Excluding Vested and Joint Committees	1,235	57,113	58,348	48,053

STATEMENTS OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2021

	Note	Actual 2021 \$'000	Council Budget 2021 \$'000	Actual 2020 \$'000	Group Actual 2021 \$'000	Actual 2020 \$'000
Rates	3	68,989	68,640	68,272	68,989	68,272
Fees and charges	5	30,894	28,425	28,785	45,143	45,234
Subsidies and grants	4	17,861	15,149	10,747	19,654	11,463
Finance revenue	9	149	2	165	179	195
Development/financial contributions		4,410	3,537	3,988	4,410	3,988
Other revenue	5	11,500	14,016	11,443	8,813	8,429
Other gains/(losses)	6	6,939	30	(436)	7,245	(447)
Total revenue		140,742	129,799	122,964	154,433	137,134
Personnel costs	8	(24,259)	(22,932)	(22,751)	(43,905)	(41,252)
Depreciation and amortisation expense	19,20	(30,505)	(27,364)	(26,339)	(32,408)	(28,408)
Other expenses	7	(72,624)	(69,549)	(62,618)	(66,514)	(58,495)
Finance costs	9	(3,537)	(3,011)	(4,086)	(3,661)	(4,225)
Total operating expenditure		(130,925)	(122,856)	(115,794)	(146,488)	(132,380)
Share of joint operation's surplus	25	-	-	-	8,190	5,532
Surplus before tax		9,817	6,943	7,170	16,135	10,286
Income tax expense	10	-	-	-	(284)	(228)
Surplus after tax		9,817	6,943	7,170	15,851	10,058
Other comprehensive revenue						
Land and Infrastructure revaluations	31	68,902	20,153	130,573	68,902	130,573
Share of joint operation's revaluations	25	-	-	-	15,146	27,214
Share of subsidiaries revaluations		-	-	-	-	1,080
Total other comprehensive income		68,902	20,153	130,573	84,048	158,867
Total comprehensive income		78,719	27,096	137,743	99,899	168,925
Surplus is attributable to:						

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

Note: The summary of significant accounting policies and the accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Note	Actual 2021 \$'000	Council Budget 2021 \$'000	Actual 2020 \$'000	Group Actual 2021 \$'000	Actual 2020 \$'000
Balance at 1 July		1,648,545	1,544,305	1,510,802	1,799,313	1,630,388
Total comprehensive revenue previously reported		78,719	27,095	137,743	99,899	168,925
Total comprehensive revenue as restated		78,719	27,095	137,743	99,899	168,925
Balance at 30 June	31	1,727,264	1,571,400	1,648,545	1,899,212	1,799,313

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Actual 2021 \$'000	Council Budget 2021 \$'000	Actual 2020 \$'000	Group Actual 2021 \$'000	Actual 2020 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	12	17,886	5,056	17,075	20,327	18,948
Trade and other receivables	13	19,263	15,659	16,984	22,229	19,141
Other financial assets	16	2,402	2,981	1,832	4,512	2,849
Inventories	15	-	-	-	541	1,430
Current tax receivables	14	-	-	-	2	1
		39,551	23,696	35,891	47,611	42,369
Non-current assets held for sale	18	786	-	11,212	981	11,440
Total current assets		40,337	23,696	47,103	48,592	53,809
Non-current assets						
Investments accounted for using the equity method	25	36,663	36,663	36,663	184,859	164,023
Other financial assets	16	4,558	3,724	4,331	5,012	4,517
Property, plant and equipment	19	1,773,876	1,644,992	1,683,010	1,802,932	1,711,747
Intangible assets	20	4,024	2,897	3,579	4,316	3,928
Forestry assets	22	7,226	4,411	7,004	7,226	7,004
Investment property	23	970	1,234	955	970	955
Investments in subsidiaries	24	8,200	8,200	8,200	-	-

		Council			Group	
	Note	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Deferred tax assets	11	-	-	-	110	123
Total non-current assets		1,835,517	1,702,121	1,743,742	2,005,425	1,892,297
Total assets		1,875,854	1,725,817	1,790,845	2,054,017	1,946,106
LIABILITIES						
Current liabilities						
Trade and other payables	27	23,873	17,272	20,364	25,927	20,713
Derivative financial instruments	17	70	290	633	70	633
Borrowings	28	5,750	5,592	30,850	8,435	30,975
Employee benefits liabilities	30	2,320	2,478	2,363	4,173	4,206
Provisions	29	264	148	163	264	163
Current tax liabilities		-	-	-	280	251
		32,277	25,780	54,373	39,149	56,941
Total current liabilities		32,277	25,780	54,373	39,149	56,941
Non-current liabilities						
Derivative financial instruments	17	7,618	10,273	12,812	7,618	12,812
Borrowings	28	100,000	115,115	70,000	100,403	72,749
Employee benefits liabilities	30	165	197	163	203	202
Provisions	29	3,538	2,480	3,504	3,538	3,504
Trade and other payables	27	4,992	572	1,448	3,894	585
Total non-current liabilities		116,313	128,637	87,927	115,656	89,852
Total liabilities		148,590	154,417	142,300	154,805	146,793
Net assets		1,727,264	1,571,400	1,648,545	1,899,212	1,799,313
EQUITY						
Accumulated funds	31	439,724	554,284	431,518	490,356	476,115
Reserves	31	1,287,540	1,017,116	1,217,027	1,408,856	1,323,198
Total equity attributable to the Entity		1,727,264	1,571,400	1,648,545	1,899,212	1,799,313
Total equity		1,727,264	1,571,400	1,648,545	1,899,212	1,799,313

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Actual 2021 \$'000	Council Budget 2021 \$'000	Actual 2020 \$'000	Group Actual 2021 \$'000	Actual 2020 \$'000
Cash flows from operating activities						
Receipts from rates revenue		79,068	77,323	75,176	79,068	75,176
Subsidies and grants received		17,861	15,149	10,747	19,669	11,394
Development and financial contributions received		4,410	3,537	4,200	4,410	4,200
Interest received		149	2	165	191	199
Dividends received		2,822	2,756	3,840	2,840	3,650
Receipts from other revenue		26,157	22,709	23,174	40,600	40,380
		130,467	121,476	117,302	146,778	134,999
Payments to suppliers		(64,118)	(69,227)	(56,910)	(56,478)	(55,610)
Payments to employees		(24,300)	(22,882)	(22,801)	(44,038)	(39,496)
Interest paid		(3,537)	(3,011)	(4,086)	(3,661)	(4,222)
Income tax paid		-	-	-	(323)	35
GST (net)		-	-	-	(3)	8
		(91,955)	(95,120)	(83,797)	(104,503)	(99,285)
Net cash flow from operating activities	32	38,512	26,356	33,505	42,275	35,714
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		96	9,209	839	169	927
Receipts from assets held for sale		10,426	-	-	10,426	-
Sale of biological assets		-	179	-	-	-
Receipts from sale of investments		-	-	-	77	308
Repayment of community loans and advances		467	397	348	467	348
Other investments		-	-	302	-	302
		10,989	9,785	1,489	11,139	1,885
Renewals		(12,060)	(15,294)	(13,071)	(12,077)	(13,101)
New capital works - growth		(7,052)	(8,892)	(4,121)	(7,052)	(4,121)
New capital works - increased level of service		(32,909)	(39,266)	(14,219)	(35,304)	(15,275)
Purchase of intangible assets		(1,014)	-	(1,440)	(1,174)	(1,549)
Purchase of biological assets		-	(144)	-	-	-
Investments in LGFA borrower notes		(555)	(640)	(160)	(555)	(160)
Other investments		-	-	-	(987)	(190)
Community loans advanced		-	-	(149)	-	(149)
		(53,590)	(64,236)	(33,160)	(57,149)	(34,545)

Net cash flow from investing activities		(42,601)	(54,451)	(31,671)	(46,010)	(32,660)
Proceeds from borrowings		35,750	19,760	10,850	38,838	13,724
Other capital contributions		-	-	-	-	-
Repayment of borrowings		(30,850)	(5,000)	(11,000)	(33,724)	(14,124)
Net cash flow from financing activities		4,900	14,760	(150)	5,114	(400)
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		811	(13,335)	1,684	1,379	2,654
Cash, cash equivalents, and bank overdrafts at the beginning of the year		17,075	18,391	15,391	18,948	16,294
Cash, cash equivalents, and bank overdrafts at the end of the year	12	17,886	5,056	17,075	20,327	18,948

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



FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	49,204	51,296	49,872	50,145
Targeted rates	27,077	28,384	27,451	27,758
Subsidies and grants for operating purposes	3,892	3,955	4,999	7,741
Fees and charges	10,738	10,883	10,319	9,868
Internal Charges				
Interest and dividends from investments	3,628	3,686	2,758	2,649
Local authorities fuel tax, fines, infringement fees, and other receipts	14,874	14,834	12,670	17,321
Total Operating Funding	109,413	113,038	108,069	115,482
Applications of operating funding				
Payments to staff and suppliers	79,667	86,779	91,481	95,741
Finance costs	5,326	5,886	3,011	3,676
Other operating funding applications	0	0	0	0
Total applications of operating funding	84,993	92,665	95,492	99,417
Surplus (Deficit) of operating funding	24,421	20,373	12,576	16,065
Sources of capital funding				
Subsidies and grants for capital	5,425	5,112	10,150	10,120
Development and financial contributions	3,623	3,701	3,537	4,410
Increase (decrease) in debt	3,373	25,810	28,266	17,569
Gross proceeds from sale of assets	8,409	27	9,209	13,268
Lump sum contributions	0	0	0	0
Total sources of capital funding	20,830	34,650	51,162	45,367

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	5,692	9,149	8,892	8,829
- to improve level of service	25,658	31,996	39,266	29,440
- to replace existing assets	14,475	11,833	15,294	13,564
Increase (decrease) in reserves	302	334	0	910
Increase (decrease) in investments	(876)	1,711	286	8,689
Total applications of capital funding	45,251	55,023	63,739	61,432
Surplus (Deficit) of capital funding	(24,421)	(20,373)	(12,576)	(16,065)
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

	Long Term Plan 2019/20	Long Term Plan 2020/21	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	24,421	20,373	12,576	16,065
Subsidies and grants for capital expenditure	5,425	5,112	10,150	10,118
Development and financial contributions	3,623	3,701	3,537	4,410
Vested Assets	8,774	7,311	7,311	3,792
Depreciation	(26,226)	(27,106)	(27,364)	(30,505)
Non cash income	728	27	732	9,541
Non cash expenditure	0	0	0	(3,604)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	16,744	9,417	6,942	9,817

FINANCIAL PRUDENCE

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

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

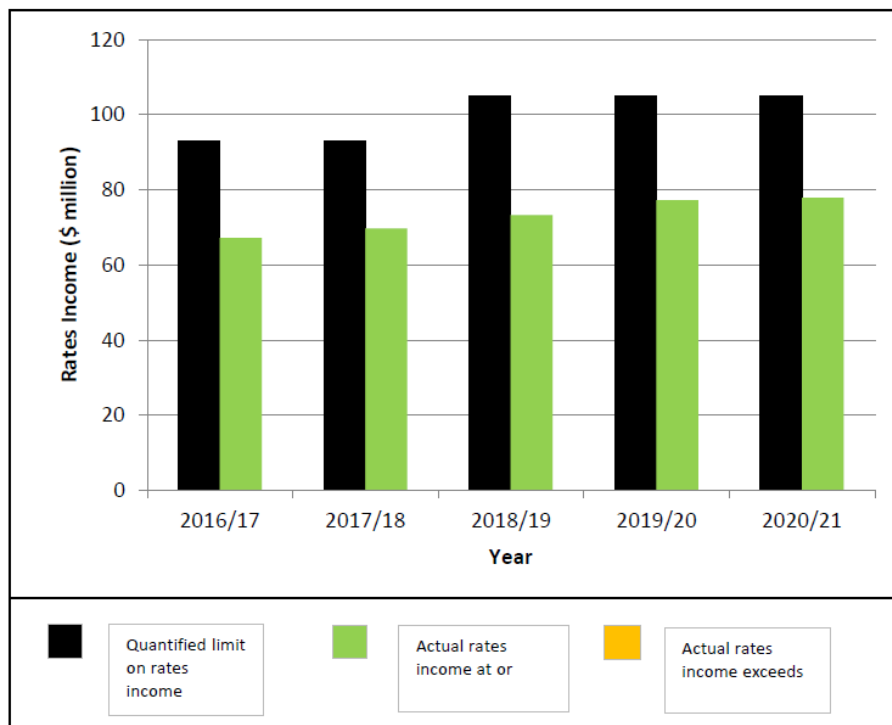
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if:

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

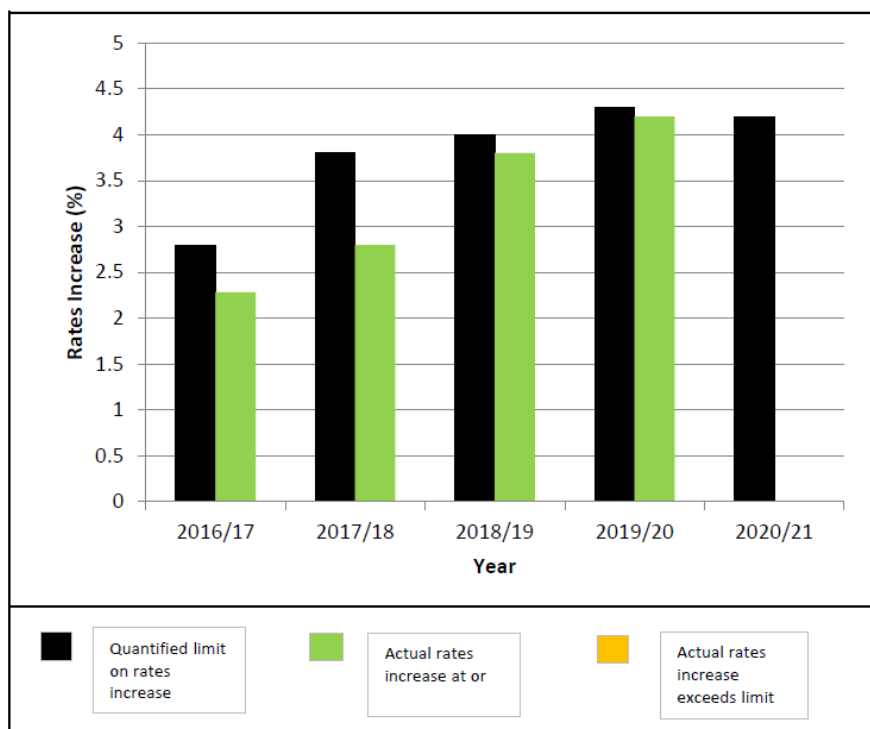
Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long term plan. The quantified limit is \$105 million.



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% for each year of the LTP.



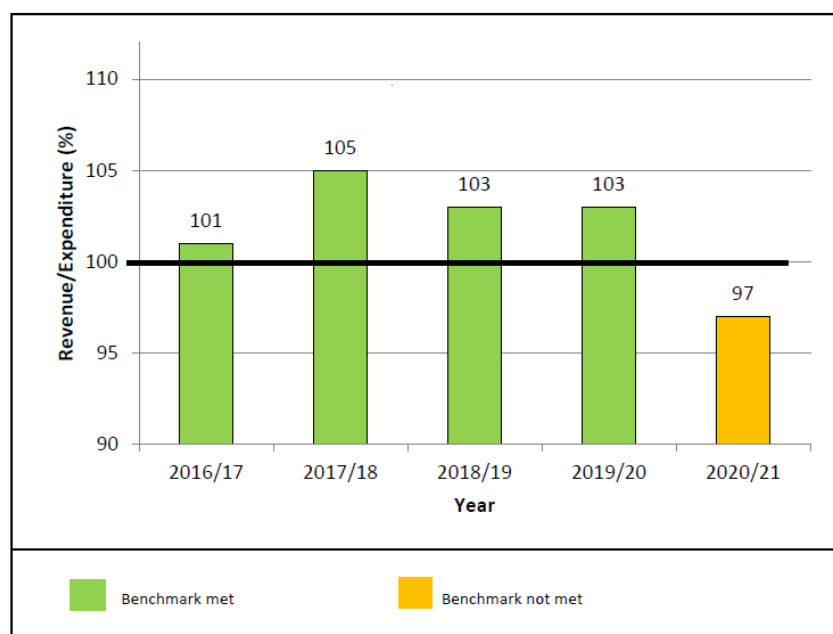
Additional information:

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:

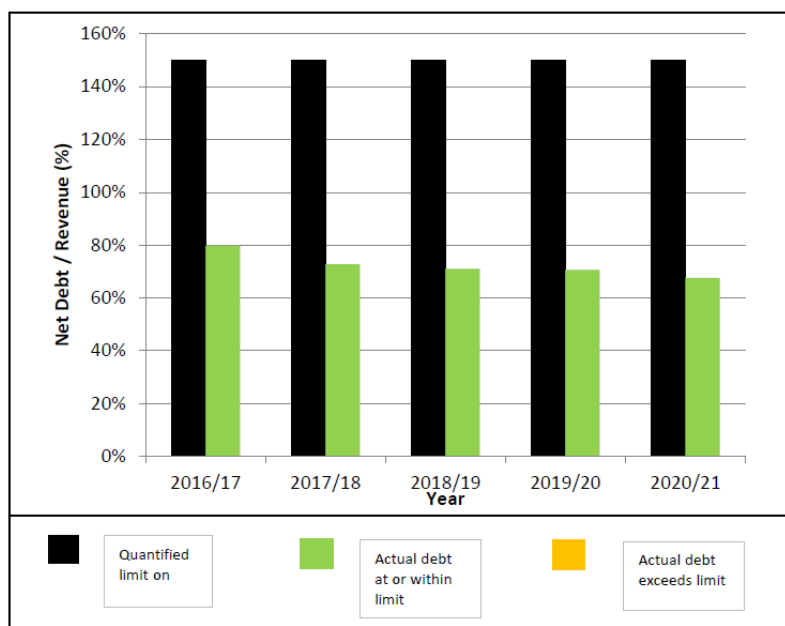
The Council has not met the balanced budget benchmark. This was planned to occur in 2020/21 due in part to the \$5 million contribution to the Waimea Dam that has been designated as an operating expense rather than capital expenditure for Council. This benchmark is affected because Council funded this expenditure through borrowings due to intergeneration equity considerations.

Also in response to economic hardship brought by the COVID-19 pandemic, Council approved a net 0% rates rise. This has been achieved through borrowings.

Debt affordability benchmark

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

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

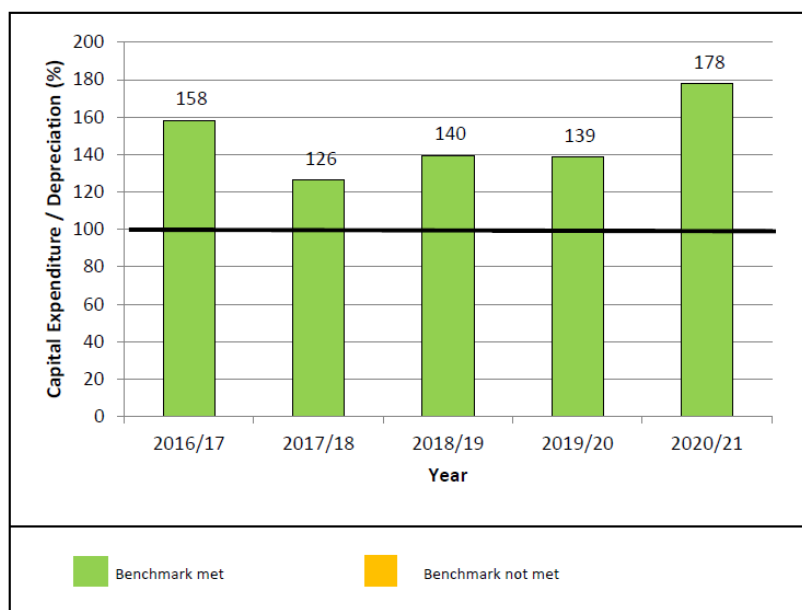


Additional Information:

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

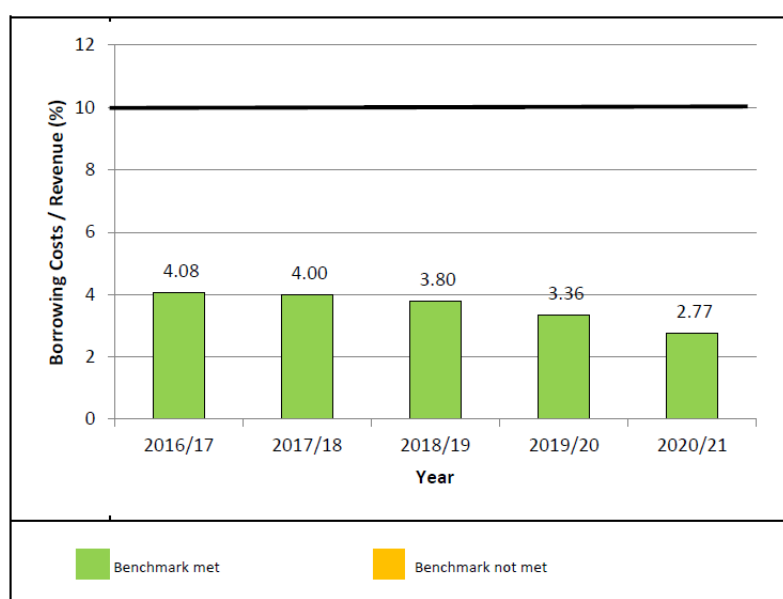
Essential services benchmark

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



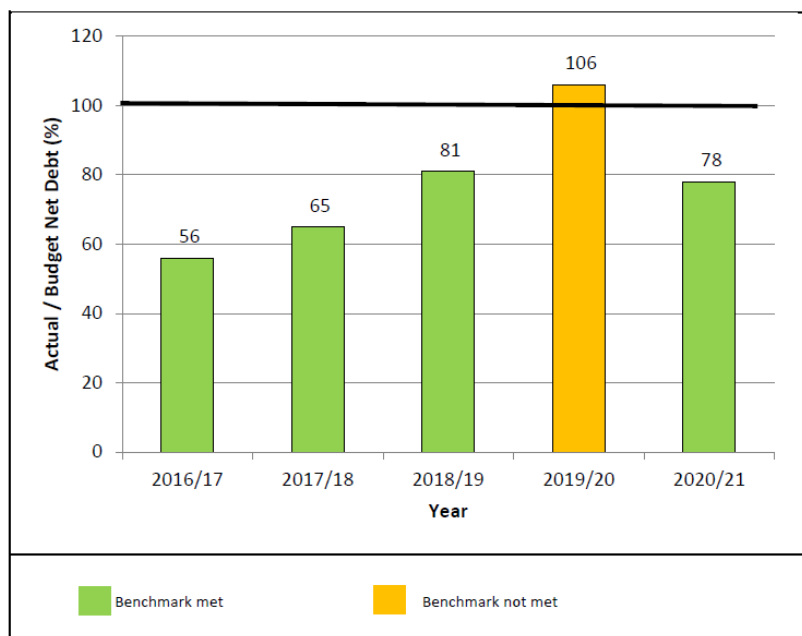
Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



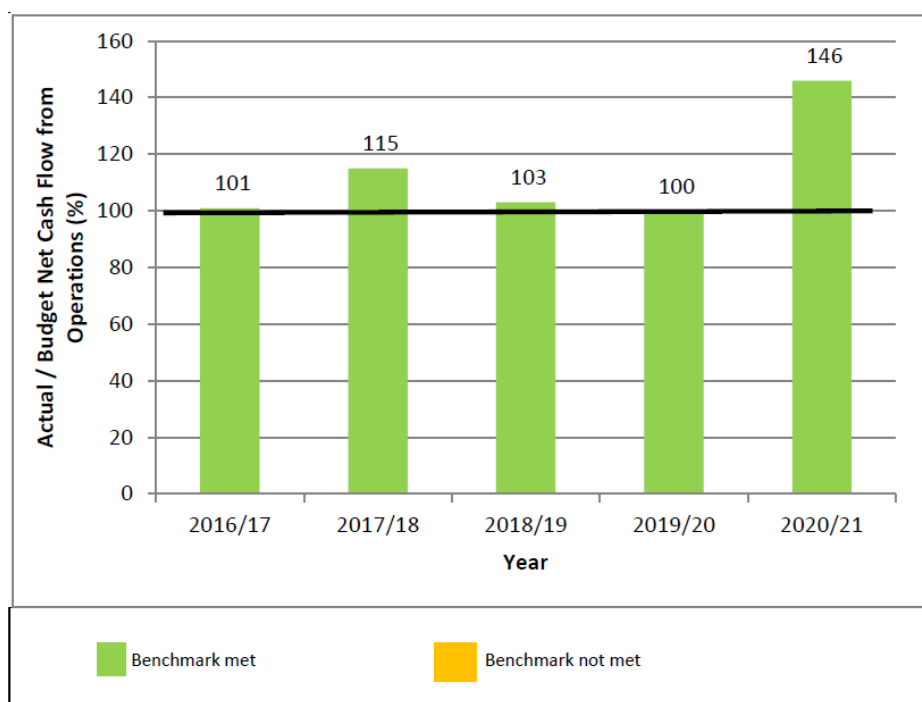
Debt control benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operational control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



NOTES TO ACCOUNTS

1 Statement of accounting policies for the year ended 30 June 2021

1.1 Reporting entity

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

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

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

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

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

The financial statements of the Council and Group are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 9 December 2021.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

Statement of compliance

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

- PBE IPSAS 1 - Going concern disclosures (effective date 30 September 2020)

Requires increased disclosures regarding when management is aware, in making its assessment, of material

uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as going concern.

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

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

- PBE IFRS 48 – Service Performance Reporting (effective date 1 January 2021)

This Standard establishes requirements for the reporting of service performance information in order to better meet the needs of users of general purpose financial reports of public benefit entities.

- PBE IFRS 9 - Financial Instruments (effective date 1 Jan 2022)

This standard has been released in advance of the new financial instruments standard based on IFRS 9. This standard gives mixed groups the opportunity to early adopt a PBE standard that is based on the for profit standard NZ IFRS 9 on the same date that NZ IFRS 9 becomes mandatory in the for profit sector.

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

This Standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

- PBE IPSAS 40 – PBE Combinations (effective date 1 January 2021)

This Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about a public benefit entity (PBE) combination and its effects.

- PBE IFRS 17 – Insurance Contracts (effective date 1 January 2022)

This Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard.

- NZ IFRS 16 - Leases (effective date 1 January 2021)

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.

- NZ IFRS 9 - Financial Instruments (effective date 1 January 2021)

This Standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

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.

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	<p>Finance revenue is recognised using the effective interest method.</p> <p>Dividends are recognised when the right to receive payment has been established.</p> <p>Interest and dividends are considered revenue from exchange transactions.</p>
Development and financial contributions	Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service. Development and financial contributions are non-exchange transactions.

Housing New Zealand suspensory loan

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

2.6 Grant expenditure

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

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

2.7 Leases

Operating leases

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

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

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

2.8 Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

2.9 Debtors and other receivables

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

2.10 Derivative financial instruments

The Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently re-measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The valuation at balance date was performed by Hedgebook Limited.

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are taken directly to the surplus or deficit for the year. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

The net differential paid or received on interest rate swaps is recognised as a component of finance cost or finance revenue over the period of the agreement.

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

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

2.11 Property, plant and equipment

Property, plant, and equipment consist of:

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

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

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

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

Additions

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

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

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

Class of PP&E	Estimated useful life (years)
<i>Operational Assets</i>	
Buildings	50-100
Marina	30-50
Improvements	Nil-20
Plant and equipment	2-30
Motor vehicles	7
Library books	3-10
<i>Restricted Assets</i>	
Buildings	50-100
Improvements	Nil-20
<i>Infrastructural Assets</i>	
Roading network	
Surfacing (sealed)	1-50
Surfacing (unsealed)	n/a
Basecourse	5-80
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	
Pipes	60-90
Ponds and dam	100
Gas flare	20
Resource consents	24

Revaluation

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

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

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

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

Impairment

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

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

2.12 Biological assets

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2021. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

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

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	
Pipes	60-90
Ponds and dam	100
Gas flare	20
Resource consents	24

Revaluation

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

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

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

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

Impairment

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

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

2.12 Biological assets

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2021. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

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

2.13 Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use, are recognised as an intangible asset. Direct costs include the software development employee related costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

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

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

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

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

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

2.15 Inventory

Inventories are valued at cost or net realisable value, whichever is lower. For the purposes of arriving at the cost, the weighted average cost method is used.

2.16 Work in progress

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

2.17 Investment property

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

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

2.18 Other financial assets

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

Purchases and sales of financial assets are recognised on trade date, the date on which the Council and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Entity and Group has transferred substantially all the risks and rewards of ownership.

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

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

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

Financial assets at fair value through surplus or deficit

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

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

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

Loans and receivables (including cash and cash equivalents and other receivables)

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

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

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

Held to maturity investments

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

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

2.19 Impairment of financial assets

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

Impairment of a loan or receivable is established when there is objective evidence that the Entity and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, stock, government bonds, and loans, are recognised directly against the instrument's carrying amount.

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that the Nelson City Council will not be able to collect amounts due according to the original terms of the instruments. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

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

2.20 Borrowings

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

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

2.21 Creditors and other payables

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

2.22 Employee entitlements

Short-term employee entitlements

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

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

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

Long-term employee entitlements

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

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

2.23 Provisions

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

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

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

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

2.24 Income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

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

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and joint operations, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity

2.25 Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

2.26 Budget figures

The budget figures are those approved by the Entity in its 2020/21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

2.27 Cost allocation

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

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

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

2.28 Equity

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

- accumulated funds;
- restricted reserves;
- property revaluation reserve;
- Council created reserves

Restricted reserves

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

Council created reserves

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

Revaluation reserves

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

2.29 Critical accounting estimates and assumptions

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

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

Infrastructural assets

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

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or underestimating 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.

2.30 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).

2.31 Three Waters Reform

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance with accounting policies. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

3

Rates

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
General rates	41,248	40,943	41,248	40,943
Uniform annual general charge	9,171	9,076	9,171	9,076
Total general rates revenue	50,419	50,019	50,419	50,019
Sewerage	8,849	8,767	8,849	8,767
Water fixed charge	3,751	3,712	3,751	3,712
Stormwater	4,515	4,445	4,515	4,445
Flood protection	1,725	1,661	1,725	1,661
Solar saver	4	10	4	10
Total targeted rates revenue	18,844	18,595	18,844	18,595
Less - Rate remissions	(274)	(342)	(274)	(342)
Total rates, excluding targeted water supply rates	68,989	68,272	68,989	68,272

	Council	
	Actual 2021 \$'000	Actual 2020 \$'000
Rates	68,989	68,272
Metered water supply rates	8,914	9,039
Total annual rates income	77,903	77,311

Rates remissions

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

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

- Commercial premises under 20 square metres.
- Maori freehold land.
- Rates postponement

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Total gross rates, excluding targeted water supply rates	65,511	64,560	65,511	64,560
<i>Rates remissions:</i>				
Community, sporting and other organisations	(85)	(94)	(85)	(94)
Rates for affordable social and community housing	(25)	(13)	(25)	(13)
Rates penalties remitted	(13)	(73)	(13)	(73)
Rates for residential properties in commercial/industrial areas	(5)	(6)	(5)	(6)
Rates on cemeteries	(31)	(30)	(31)	(30)
Rates on low value properties	(2)	(1)	(2)	(1)
Heritage	(89)	(87)	(89)	(87)
Clean heat warm homes	(15)	(29)	(15)	(29)
Dependant relative	(2)	(2)	(2)	(2)
Land affected by natural calamity	(2)	(2)	(2)	(2)
Commercial premises under 20 square meters	(5)	(5)	(5)	(5)
Total remissions	(274)	(342)	(274)	(342)
Rates (net of remissions), excluding targeted water supply rates	65,237	64,218	65,237	64,218

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Rates	1,014	1,091	1,034	1,115
Metered water supply rates	820	852	825	855
	1,834	1,943	1,859	1,970

Rating base information

The revenue from rates for the year ended 30 June 2021 was based on the following rating information as at 30 June 2020. Number of rating units 30 June 2021: 22,822 (30 June 2020: 22,644)

	Council	
	Actual 2021 \$ million	Actual 2020 \$ million
Total capital value of rating units	16,496	15,798
Total land value of rating units	7,529	7,474
	24,025	23,272

4 Subsidies and grants

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
NZ Transport Authority grants	11,005	7,156	11,005	7,156
Housing NZ suspensory loan	-	59	-	59
Other central government grants	3,788	1,608	3,788	1,608
Other capital grants	230	964	230	964
Other operating grants	907	960	2,700	1,676
Three waters stimulus grants	1,931	-	1,931	-
Total subsidies and grants	17,861	10,747	19,654	11,463

5 Revenue summary

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Regulatory revenue	4,595	3,920	4,595	3,920
Sales of goods and services	12,132	10,265	26,356	26,698
Rents received	5,253	5,561	5,278	5,577
Water by meter	8,914	9,039	8,914	9,039
Total fees and charges	30,894	28,785	45,143	45,234
Infringements and fines	708	637	708	637
Petrol tax	402	371	402	371
Vested assets	3,792	4,128	4,034	4,181
Dividends	2,500	3,045	18	19
Insurance proceeds	2	2	2	2
Subvention Receipts	397	-	-	-
Other revenue	3,699	3,260	3,649	3,219
Total other revenue	11,500	11,443	8,813	8,429

6 Other gains/(losses)

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Gain/(Loss) on disposal of property, plant and equipment	853	(222)	855	(188)
Loss on disposal of other assets	(410)	(396)	(410)	(396)
Net interest rate swap gain/(loss)	5,756	(2,882)	5,756	(2,882)
Gain on changes in fair value of forestry (Note 22)	223	2,991	223	2,991
Loss on changes in fair value of investment property (Note 23)	-	(225)	-	(225)
Gain on changes in fair value of investment property (Note 23)	15	-	15	-
Fair value loss on community loans	(307)	(158)	(307)	(203)
Other fair value gains	809	456	1,113	456
Total gains/(losses)	6,939	(436)	7,245	(447)

7 Other expenses

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Fees to auditors:				
- Audit fees for financial statements audit	158	144	262	245
- Audit fees for Long Term Plan	93	-	93	-
Service provision	34,200	24,842	27,239	20,494
Impairment of receivables	37	41	37	41
Minimum lease payments under operating leases	291	212	449	357
Professional services fees / legal fees	3,418	3,033	3,372	3,022
Repairs and maintenance expenses	24,702	23,310	24,723	23,323
Other operating expenses	4,275	6,737	4,168	6,714
Electricity	2,284	2,084	2,284	2,084
Insurance	2,163	1,796	2,163	1,796
Impairment of Assets	1,003	419	1,724	419
Total other expenses	72,624	62,618	66,514	58,495

Total audit fees for Council (\$250,451), this includes \$92,700 for the LTP, \$148,583 for the Annual Report as well as including the cost of audits for the Civic Trust (\$4,668) and the Debenture Trust Deed (\$4,500). Not included in the audit fees above are fee recovery expenses of \$6,300 for the Long Term Plan and \$8,200 for the 2020 financial statements audit.

Audit fees of \$13,503 paid by the Bishop Suter Trust and \$22,050 paid by the Nelson Regional Development agency for 2021 were paid separately to their auditors Crowe.

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

8 Personnel costs

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Salaries and wages	23,513	22,070	42,750	40,110
Kiwisaver/superannuation schemes employer contributions	787	731	1,188	1,194
Increase/(decrease) in employee entitlements/liabilities	(41)	(50)	(33)	(52)
Total personnel costs	24,259	22,751	43,905	41,252

9 Finance revenue and finance costs

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Finance revenue				
Other interest received	149	165	179	195
Total finance revenue	<u>149</u>	<u>165</u>	<u>179</u>	<u>195</u>
Finance costs				
Interest on borrowings (note 28)	1,018	1,681	1,142	1,820
Interest on interest rate swaps	2,458	2,332	2,458	2,332
Other finance costs	61	73	61	73
Total finance costs	<u>(3,537)</u>	<u>(4,086)</u>	<u>(3,661)</u>	<u>(4,225)</u>
Net finance costs	<u>(3,388)</u>	<u>(3,921)</u>	<u>(3,482)</u>	<u>(4,030)</u>

10 Income tax

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Components of tax expense				
Current tax	-	-	330	345
Adjustments to current tax in prior years	-	-	(76)	(111)
Deferred tax	-	-	30	(6)
Tax expense	<u>-</u>	<u>-</u>	<u>284</u>	<u>228</u>
Surplus/(deficit) before tax	<u>9,817</u>	<u>7,170</u>	<u>16,135</u>	<u>10,286</u>
Tax at 28%	2,749	2,008	4,518	2,880
Plus/(less) tax effect of:				
Non taxable revenue/adjustments	(2,749)	(2,008)	(4,234)	(2,652)
Tax expense	<u>-</u>	<u>-</u>	<u>284</u>	<u>228</u>

NCC receives imputation credits on the dividends it receives. Unused imputations credits are converted to tax losses. Available tax losses at 30 June 2021 are \$1.9 million (2020: \$2.0 million). In 2020, \$396,860 was used to offset a subvention payment received from Nelmac. At the time of report writing, the 2020 figure is still to be finalised but no material changes are expected to occur.

11 Deferred tax assets/(liabilities)

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
The balance comprises temporary differences attributable to:				
Employee benefits	-	-	289	298
Property, plant and equipment	-	-	(153)	(144)
Provisions	-	-	(76)	(68)
	-	-	60	86
Other	-	-	50	37
Total deferred tax assets	-	-	110	123
	PP&E \$'000	Other \$'000	Tax losses carried forward \$'000	Total \$'000
Group				
Opening balance 1 July 2019	(263)	267	-	4
Credited (charged) to other comprehensive revenue	108	11	-	119
Balance at 30 June 2020	(155)	278	-	123
Opening balance 1 July 2020	(155)	278	-	123
Credited (charged) to other comprehensive revenue	-	-	-	-
Credited (charged) directly to equity	2	(15)	-	(13)
Balance at 30 June 2021	(153)	263	-	110

12 Cash and cash equivalents

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Cash at bank and in hand	12,886	4,075	14,936	4,991
Short term deposits with maturities of three months or less	5,000	13,000	5,051	13,552
Short term deposits maturing four to twelve months from date of acquisitions	-	-	340	405
Total cash and cash equivalents	17,886	17,075	20,327	18,948

(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. The one short term deposit has a weighted average fixed interest rate of 0.40% and with maturity date of 9 July 2021.

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Cash at bank and in hand	12,886	4,075	14,936	4,991
Short term deposits with maturities of three months or less	5,000	13,000	5,051	13,552
Short term deposits maturing four to twelve months from date of acquisitions	-	-	340	405
Total	17,886	17,075	20,327	18,948

13 Trade and other receivables

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Net trade receivables				
Rates receivable	3,063	4,228	3,063	4,228
Other trade receivables	698	737	3,253	2,557
	3,761	4,965	6,316	6,785
Net other receivables				
Other receivables	7,933	6,437	8,016	6,451
Dividend receivable	1,750	1,675	1,750	1,675
Sundry debtors	5,106	3,488	5,151	3,724
Provision for doubtful receivables	(80)	(58)	(80)	(66)
	14,709	11,542	14,837	11,784
Prepayments	793	477	1,076	572
Total current debtors and other receivables	19,263	16,984	22,229	19,141
Receivables from exchange transactions				
Includes commercial sales and fees and charges outstanding that have not been subsidised by rates	5,672	6,630	7,685	8,577
Receivables from non-exchange transactions				
This includes rates outstanding along with grants, infringements and fees and charges outstanding that are partly subsidised by rates	12,798	9,877	13,468	9,992

Fair value

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

Impairment

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

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

	2021 Provision for uncollectability			2020 Provision for uncollectability		
	Gross \$'000	\$'000	Net \$'000	Gross \$'000	\$'000	Net \$'000
Council						
Not past due	15,282	-	15,282	12,639	-	12,639
Past due 1-30 days	1,421	-	1,421	1,470	-	1,470
Past due 31-60 days	64	-	64	127	-	127
Past due more than 61 days	1,783	(80)	1,703	2,328	(58)	2,270
Total	18,550	(80)	18,470	16,564	(58)	16,506
Group						
Not past due	17,154	-	17,154	14,550	-	14,550
Past due 1-30 days	1,656	-	1,656	1,541	-	1,541
Past due 31-60 days	68	-	68	150	-	150
Past due more than 61 days	1,786	(80)	1,706	2,391	(66)	2,325
Total	20,664	(80)	20,584	18,632	(66)	18,566

14 Current tax receivables

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current tax asset	-	-	2	1
	-	-	2	1

15 Inventories

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Raw materials at cost	-	-	356	517
Merchandise at cost	-	-	76	82
Work in progress at cost	-	-	-	644
Finished goods at cost	-	-	129	187
Provision for obsolete stock	-	-	(20)	-
Total inventory	-	-	541	1,430

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

16 Other financial assets

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Emissions Trading Scheme (ETS) credits	2,004	990	2,004	990
LGFA borrower notes	-	320	-	320
Fixed interest securities	-	-	26	21
Short term bank deposit with maturities of 4-12 months	-	-	2,184	1,096
Community Loans	298	422	298	422
Loans to related parties	100	100	-	-
Total current portion	2,402	1,832	4,512	2,849
LGFA borrower notes	1,755	880	1,755	880
Fixed interest securities	-	-	73	73
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Community loans	2,261	2,802	2,261	2,802
Loans to related parties (note 35)	402	509	-	-
Listed shares	-	-	783	622
Total non-current portion	4,558	4,331	5,012	4,517

Civic Trust investments

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

Held to maturity investments

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

Loans to related parties

The loan to related parties is a loan with an outstanding face value of \$525,000 to Tasman Bays Heritage Trust with a remaining term of 6 years. The loan is at a 0% interest rate, and a discount rate by year from Treasury of 1.31% (2020: 0.65%) has been used.

Unlisted shares

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

Community loans

Community loans include the following:

- Solar Saver \$18,000 (2020: \$77,000). Remaining terms up to 1 year, with interest rates of 7.8% and 6.9%
- Clean Heat Warm Homes, face value \$52,000 (2020: \$193,000), remaining terms up to 1 year, zero interest rate. The loan has not been adjusted to net present value due to only 1 year remaining (2020: 4.2%).
- Theatre Royal, face value \$2m (2020: \$2m), remaining term of 33 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 3.30% (2020: 1.89%).
- Nelson Centre of Musical Arts, face value \$787,000 (2020: \$812,000), term 23 years remaining, 0% interest rate. The loan has been adjusted to its net present value using an average Treasury discounted forward rate, over the remaining life of the asset, of 2.91% (2020: 1.61%).
- Others \$763,900 (2020: \$847,900), various repayment terms and interest rates.

17 Derivative financial instruments

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current liability portion				
Interest rate swaps	70	633	70	633
Total current liability portion	<u>70</u>	<u>633</u>	<u>70</u>	<u>633</u>
Non-current liability portion				
Interest rate swaps	7,618	12,812	7,618	12,812
Total non-current liability portion	<u>7,618</u>	<u>12,812</u>	<u>7,618</u>	<u>12,812</u>
Total derivative financial instrument liabilities	<u>7,688</u>	<u>13,445</u>	<u>7,688</u>	<u>13,445</u>
Total net derivative financial instruments	<u>(7,688)</u>	<u>(13,445)</u>	<u>(7,688)</u>	<u>(13,445)</u>

Fair value

Interest Rate Swaps

The Council has \$120.5m notional principal of interest rate swaps (2020: \$122.5m), with maturity dates between October 2021 and October 2029. Fixed interest rates range from 1.32% to 5.25% (2020: 1.72% to 5.25%) and the weighted average interest rate of the swap portfolio is 3.37% (2020: 3.88%).

\$50.5m (2020 \$45.5m) of that notional principal are forward start swaps, with start dates between June 2022 and October 2025.

18 Non-current assets held for sale

In June 2019, Council made the State Advances building on Trafalgar Street available for sale. Due to circumstances beyond Council's control, the sale of the property has been delayed but Council remains committed to its plan to sell. The sale of the State Advances building has a signed sale and purchase agreement in place and is estimated to be sold by 30 June 2022, once all conditions have been met.

Council previously held its Community Housing portfolio as a non-current asset held for sale. The sale was completed in March 2021.

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Non-current assets held for sale are:				
Land	669	7,064	669	7,064
Buildings	100	4,131	100	4,131
Plant and equipment	4	4	4	4
Motor vehicles	-	-	195	228
Other improvements	13	13	13	13
Total non-current assets held for sale	<u>786</u>	<u>11,212</u>	<u>981</u>	<u>11,440</u>

The accumulated property revaluation reserve recognised in equity for the properties at 30 June 2021 totals \$669,000

The sale is expected to occur in the period ending 30 June 2022.

19 Property, plant and equipment

Council 2021	Cost / revaluation 1 Jul 2020 \$'000	Accumulated depreciation and impairment charges 1 Jul 2020 \$'000	Carrying amount 1 Jul 2020 \$'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	Cost / revaluation 30 Jun 2021 \$'000	Accumulated depreciation and impairment charges 30 Jun 2021 \$'000	Carrying amount 30 Jun 2021 \$'000
Operating assets												
Land	62,753	-	62,753	975	-	-	-	-	8,019	71,747	-	71,747
Buildings	29,234	(11,864)	17,370	892	3	-	(784)	(27)	-	28,510	(11,056)	17,454
Other improvements	6,685	(1,677)	5,008	541	(2)	-	(301)	(1)	-	7,085	(1,840)	5,245
Landfill post closure	427	(299)	128	-	-	-	(1)	-	-	427	(300)	127
Library books	4,790	(2,771)	2,019	452	-	-	(460)	-	-	4,767	(2,756)	2,011
Other plant and equipment	16,646	(10,242)	6,404	1,592	(2)	-	(1,249)	(6)	-	17,653	(10,914)	6,739
Motor vehicles	1,080	(560)	520	284	(84)	-	(74)	84	-	1,172	(442)	730
Marina	12,123	(2,151)	9,972	1,425	-	-	(193)	-	-	13,548	(2,344)	11,204
Total	133,738	(29,564)	104,174	6,161	(85)	-	(3,062)	50	8,019	144,909	(29,652)	115,257
Infrastructural assets												
At cost & valuation												
Wastewater treatment plant and facilities	47,245	-	47,245	3,625	-	-	(1,667)	-	1,415	50,618	-	50,618
Wastewater reticulation	173,623	-	173,623	6,448	-	-	(4,521)	(335)	4,091	179,306	-	179,306
Water treatment plant and facilities	18,174	-	18,174	219	-	-	(949)	-	2,953	20,397	-	20,397
Water supply	171,513	-	171,513	4,838	(11)	(29)	(4,045)	(910)	2,388	173,744	-	173,744
Stormwater reticulation	174,319	-	174,319	5,343	-	(53)	(3,148)	(215)	5,261	181,507	-	181,507
Flood protection	31,122	-	31,122	6,230	-	-	(391)	-	399	37,360	-	37,360
Solid waste	4,524	-	4,524	443	-	(133)	(246)	-	89	4,677	-	4,677
Roading	439,728	-	439,728	14,236	-	(225)	(8,126)	(363)	7,381	452,631	-	452,631
Car parks	1,334	-	1,334	134	-	(274)	(45)	-	(109)	1,040	-	1,040
Land under roads	262,402	-	262,402	244	-	-	-	-	-	262,646	-	262,646
Total	1,323,984	-	1,323,984	41,760	(11)	(714)	(23,138)	(1,823)	23,868	1,363,926	-	1,363,926
Restricted assets												
Land	137,349	-	137,349	1,088	-	-	-	-	37,015	175,452	-	175,452
Buildings	72,323	(14,961)	57,362	994	-	(291)	(1,421)	(1)	-	73,263	(16,620)	56,643
Improvements	82,009	(21,868)	60,141	4,300	-	-	(1,843)	-	-	86,220	(23,622)	62,598
Total	291,681	(36,829)	254,852	6,382	-	(291)	(3,264)	(1)	37,015	334,935	(40,242)	294,693
Total Council	1,749,403	(66,393)	1,683,010	54,303	(96)	(1,005)	(29,464)	(1,774)	68,902	1,843,770	(69,894)	1,773,876

19 Property, plant and equipment (continued)

Council 2020	Cost / revaluation 1 Jul 2019 \$'000	Accumulated depreciation and impairment charges 1 Jul 2019 \$'000	Carrying amount 1 Jul 2019 \$'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	Cost / revaluation 30 Jun 2020 \$'000	Accumulated depreciation and impairment charges 30 Jun 2020 \$'000	Carrying amount 30 Jun 2020 \$'000
Operating assets												
Land	60,953	-	60,953	1,800	-	-	-	-	-	62,753	-	62,753
Buildings	28,644	(11,122)	17,522	590	-	-	(742)	-	-	29,234	(11,864)	17,370
Other improvements	6,448	(1,424)	5,024	255	(1)	-	(270)	-	-	6,685	(1,677)	5,008
Landfill post closure	427	(254)	173	-	-	-	(45)	-	-	427	(299)	128
Library books	5,119	(3,119)	2,000	471	(1)	-	(451)	-	-	4,790	(2,771)	2,019
Other plant and equipment	15,443	(9,246)	6,197	1,365	(9)	-	(1,142)	(7)	-	16,646	(10,242)	6,404
Motor vehicles	1,040	(588)	452	135	(18)	-	(57)	8	-	1,080	(560)	520
Marina	11,637	(1,974)	9,663	486	-	-	(177)	-	-	12,123	(2,151)	9,972
Total	129,711	(27,727)	101,984	5,102	(29)	-	(2,884)	1	-	133,738	(29,564)	104,174
Infrastructural assets												
At cost & valuation												
Wastewater treatment plant and facilities	45,354	-	45,354	1,766	-	-	(1,469)	-	1,594	47,245	-	47,245
Wastewater reticulation	132,561	-	132,561	3,069	-	(215)	(3,487)	(8)	41,703	173,623	-	173,623
Water treatment plant and facilities	18,922	-	18,922	-	-	-	(918)	-	170	18,174	-	18,174
Water supply	146,864	-	146,864	6,511	-	-	(3,417)	(203)	21,758	171,513	-	171,513
Stormwater reticulation	134,819	-	134,819	2,199	-	-	(2,392)	(61)	39,754	174,319	-	174,319
Flood protection	27,944	-	27,944	2,353	-	-	(343)	-	1,168	31,122	-	31,122
Solid waste	4,726	-	4,726	31	(5)	(98)	(224)	-	94	4,524	-	4,524
Roading	414,800	-	414,800	8,679	(805)	(106)	(7,268)	243	24,185	439,728	-	439,728
Car parks	1,143	-	1,143	91	-	-	(45)	-	145	1,334	-	1,334
Land under roads	262,381	-	262,381	21	-	-	-	-	-	262,402	-	262,402
Total	1,189,514	-	1,189,514	24,720	(810)	(419)	(19,563)	(29)	130,571	1,323,984	-	1,323,984
Restricted assets												
Land	136,921	-	136,921	428	-	-	-	-	-	137,349	-	137,349
Buildings	71,917	(13,551)	58,366	404	-	-	(1,408)	-	-	72,323	(14,961)	57,362
Improvements	77,034	(20,052)	56,982	4,975	-	-	(1,816)	-	-	82,009	(21,868)	60,141
Total	285,872	(33,603)	252,269	5,807	-	-	(3,224)	-	-	291,681	(36,829)	254,852
Total Council	1,605,097	(61,330)	1,543,767	35,629	(839)	(419)	(25,671)	(28)	130,571	1,749,403	(66,393)	1,683,010

19 Property, plant and equipment (continued)

Group 2021	Cost / revaluation 1 Jul 2020 \$'000	Accumulated depreciation and impairment charges 1 Jul 2020 \$'000	Carrying amount 1 Jul 2020 \$'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	Cost / revaluation 30 Jun 2021 \$'000	Accumulated depreciation and impairment charges 30 Jun 2021 \$'000	Carrying amount 30 Jun 2021 \$'000
Operating assets												
Land	65,546	-	65,546	975	-	-	-	-	8,019	74,540	-	74,540
Buildings	42,474	(14,092)	28,382	1,051	3	-	(1,247)	(27)	-	41,905	(13,743)	28,162
Other plant and equipment	28,583	(17,273)	11,310	3,124	(3)	-	(2,184)	53	-	30,415	(18,115)	12,300
Library books	4,790	(2,771)	2,019	452	-	-	(460)	-	-	4,767	(2,756)	2,011
Capital work in progress	32	-	32	-	(30)	-	-	-	-	2	-	2
Marina	12,123	(2,151)	9,972	1,425	-	-	(193)	-	-	13,548	(2,344)	11,204
Motor vehicles	4,423	(2,236)	2,187	1,053	(84)	-	(344)	77	-	5,171	(2,282)	2,889
Other improvements	7,144	(1,762)	5,382	540	(2)	-	(323)	(1)	-	7,544	(1,948)	5,596
Landfill post closure	427	(299)	128	-	-	-	(1)	-	-	427	(300)	127
Art collection	7,953	-	7,953	251	-	(722)	-	-	-	7,482	-	7,482
Total	173,495	(40,584)	132,911	8,871	(116)	(722)	(4,752)	102	8,019	185,801	(41,488)	144,313
Infrastructural assets												
At cost & valuation												
Roading	439,728	-	439,728	14,236	-	(225)	(8,126)	(363)	7,381	452,631	-	452,631
Water supply	171,513	-	171,513	4,838	(11)	(29)	(4,045)	(910)	2,388	173,744	-	173,744
Wastewater reticulation	173,623	-	173,623	6,448	-	-	(4,521)	(335)	4,091	179,306	-	179,306
Stormwater reticulation	174,319	-	174,319	5,343	-	(53)	(3,148)	(215)	5,261	181,507	-	181,507
land under roads	262,402	-	262,402	244	-	-	-	-	-	262,646	-	262,646
Wastewater treatment plant and facilities	47,245	-	47,245	3,625	-	-	(1,667)	-	1,415	50,618	-	50,618
Water treatment plant and facilities	18,174	-	18,174	219	-	-	(949)	-	2,953	20,397	-	20,397
Flood protection	31,122	-	31,122	6,230	-	-	(391)	-	399	37,360	-	37,360
Car parks	1,334	-	1,334	134	-	(274)	(45)	-	(109)	1,040	-	1,040
Solid waste	4,524	-	4,524	443	-	(133)	(246)	-	89	4,677	-	4,677
Total	1,323,984	-	1,323,984	41,760	(11)	(714)	(23,138)	(1,823)	23,868	1,363,926	-	1,363,926
Restricted assets												
Land	137,349	-	137,349	1,088	-	-	-	-	37,015	175,452	-	175,452
Buildings	72,323	(14,961)	57,362	994	-	(291)	(1,421)	(1)	-	73,263	(16,620)	56,643
Improvements	82,009	(21,868)	60,141	4,300	-	-	(1,843)	-	-	86,220	(23,622)	62,598
Total	291,681	(36,829)	254,852	6,382	-	(291)	(3,264)	(1)	37,015	334,935	(40,242)	294,693
Total Group	1,789,160	(77,413)	1,711,747	57,013	(127)	(1,727)	(31,154)	(1,722)	68,902	1,884,662	(81,730)	1,802,932

19 Property, plant and equipment (continued)

Group 2020	Cost / revaluation 1 Jul 2019 \$'000	Accumulated depreciation and impairment charges 1 Jul 2019 \$'000	Carrying amount 1 Jul 2019 \$'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	Cost / revaluation 30 Jun 2020 \$'000	Accumulated depreciation and impairment charges 30 Jun 2020 \$'000	Carrying amount 30 Jun 2020 \$'000
Operating assets												
Land	62,666	-	62,666	1,800	-	-	-	-	1,080	65,546	-	65,546
Buildings	41,831	(12,720)	29,111	642	-	-	(1,371)	-	-	42,474	(14,092)	28,382
Other plant and equipment	27,549	(16,200)	11,349	1,990	(828)	-	(2,030)	829	-	28,583	(17,273)	11,310
Library books	5,119	(3,119)	2,000	471	(1)	(1)	(451)	-	-	4,790	(2,771)	2,019
Capital work in progress	5	-	5	31	(4)	-	-	-	-	32	-	32
Marina	11,637	(1,974)	9,663	486	-	-	(177)	-	-	12,123	(2,151)	9,972
Motor vehicles	4,832	(2,336)	2,496	491	(806)	-	(266)	272	-	4,423	(2,236)	2,187
Other improvements	6,907	(1,486)	5,421	254	(1)	-	(292)	-	-	7,144	(1,762)	5,382
Landfill post closure	427	(254)	173	-	-	-	(45)	-	-	427	(299)	128
Art collection	7,868	-	7,868	85	-	-	-	-	-	7,953	-	7,953
Total	168,841	(38,089)	130,752	6,250	(1,640)	-	(4,632)	1,101	1,080	173,495	(40,584)	132,911
Infrastructural assets												
At cost & valuation												
Roading	414,800	-	414,800	8,679	(805)	(106)	(7,268)	243	24,185	439,728	-	439,728
Water supply	146,864	-	146,864	6,511	-	-	(3,417)	(203)	21,758	171,513	-	171,513
Wastewater reticulation	132,561	-	132,561	3,069	-	(215)	(3,487)	(8)	41,703	173,623	-	173,623
Stormwater reticulation	134,819	-	134,819	2,199	-	-	(2,392)	(61)	39,754	174,319	-	174,319
Land under roads	262,381	-	262,381	21	-	-	-	-	-	262,402	-	262,402
Wastewater treatment plant and facilities	45,354	-	45,354	1,766	-	-	(1,469)	-	1,594	47,245	-	47,245
Water treatment plant and facilities	18,922	-	18,922	-	-	-	(918)	-	170	18,174	-	18,174
Flood protection	27,944	-	27,944	2,464	-	-	(343)	-	1,057	31,122	-	31,122
Car parks	1,143	-	1,143	91	-	-	(45)	-	145	1,334	-	1,334
Solid waste	4,726	-	4,726	31	(5)	(98)	(224)	-	94	4,524	-	4,524
Total	1,189,514	-	1,189,514	24,831	(810)	(419)	(19,563)	(29)	130,460	1,323,984	-	1,323,984
Restricted assets												
Land	136,921	-	136,921	428	-	-	-	-	-	137,349	-	137,349
Buildings	71,917	(13,551)	58,366	404	-	-	(1,408)	-	-	72,323	(14,961)	57,362
Improvements	77,034	(20,052)	56,982	4,975	-	-	(1,816)	-	-	82,009	(21,868)	60,141
Total	285,872	(33,603)	252,269	5,807	-	-	(3,224)	-	-	291,681	(36,829)	254,852
Total Group	1,644,227	(71,692)	1,572,535	36,888	(2,450)	(419)	(27,419)	1,072	131,540	1,789,160	(77,413)	1,711,747

Infrastructural assets - further disclosures

Most recent replacement cost estimates are as at 30 June 2021

Council 2021

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

		Additions		
	Closing book value \$'000	Additions: constructed by Entity \$'000	Additions: transferred to Entity \$'000	Most recent replacement cost estimate for revalued assets \$'000
Council 2020				
Water supply:				
– treatment plants and facilities	18,174	-	-	26,609
– other assets (such as reticulation systems)	171,513	4,416	2,095	302,713
Sewerage:				
– treatment plants and facilities	47,245	1,766	-	69,344
– other assets (such as reticulation systems)	173,623	2,656	413	329,914
Stormwater drainage	174,319	1,986	213	268,231
Flood protection and control works	31,122	2,353	-	39,197
Roads and footpaths	702,130	7,293	1,407	848,009
Total infrastructural assets	1,318,126	20,470	4,128	1,884,017

Valuation

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

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

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

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

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

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

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

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

Revaluations are updated annually. Infrastructural assets are valued bi-annually internally at depreciated replacement cost by Council engineers based on an internal valuation plus additions at cost less depreciation. For intervening years infrastructural assets have been revalued in house by means of applying an inflation index. 2020-21 is an index year and WSP New Zealand Ltd supplied the inflation index and reviewed the valuation methodology and results as at 30 June 2021.

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

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Entity could be over - or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Specialist infrastructural assets

Specialist infrastructural assets including dams, water reservoirs and wastewater treatment plants have been revalued in house by means of applying an inflation index of 3.7% to obtain 2021 valuations. WSP New Zealand Ltd supplied the inflation index and reviewed the valuation methodology and results. Revaluations are updated annually.

Nelson Tasman Regional Sewerage Business Unit

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

Nelson Regional Landfill Business Unit

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

Infrastructural assets are valued annually internally at depreciated replacement cost by Council engineers as at 30 June 2021 based on an internal valuation plus additions at cost less depreciation. The valuation methodology has been peer reviewed by WSP New Zealand Ltd and revaluations are updated annually. Work in progress is recognised at cost less impairment and is not depreciated

The results of revaluing land and infrastructural assets are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in the Surplus or Deficit. To the extent that increases in value offset previous decreases debited to the Surplus or Deficit, the increase is credited to the Surplus or Deficit.

Earthquake prone buildings

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

A total of 10 Council buildings are currently assessed as under 34% NBS (this excludes bus shelters, toilet blocks, garages and other ancillary buildings, but includes Hounsell Circle bus shelter). Five of these buildings are not considered earthquake prone, one has a section 124 notice (issued prior to 1 July 2017 and is yet to be replaced with an EPB Notice) and four have an Earthquake Prone Building (EPB) Notice that requires seismic work to either strengthen the buildings to at least 34% NBS or otherwise remove the risk. Two of the earthquake prone buildings have issued building consents to complete the required seismic work. One building, 23 Halifax Street, was demolished early in 2021.

Work in progress

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

	Council and Group	
	Actual	Actual
	2021	2020
	\$'000	\$'000
Water system	656	1,461
Roading network	392	3,902
Land and buildings	415	889
Sewerage	4,300	3,374
Stormwater	3,918	1,250
Solid waste	-	-
Flood protection	2,356	616
Other	147	1,015
Total work in progress	12,184	12,507

20 Intangible assets

Council	Computer software \$'000
At 1 July 2020	
Cost	6,043
Accumulated amortisation and impairment	(3,146)
Net book amount	<u>2,897</u>
Year ended 30 June 2020	
Opening net book amount	2,897
Additions	1,440
Disposals	(90)
Amortisation charge	(668)
Closing net book amount	<u>3,579</u>
As at 30 June 2020	
Cost	7,211
Accumulated amortisation and impairment	(3,632)
Net book amount	<u>3,579</u>
Council	Computer software \$'000
Year ended 30 June 2021	
Opening net book amount	3,579
Additions	1,510
Disposals	(24)
Amortisation charge	(1,041)
Closing net book amount	<u>4,024</u>
At 30 June 2021	
Cost	8,533
Accumulated amortisation and impairment	(4,509)
Net book amount	<u>4,024</u>

Group	Computer software \$'000
At 1 July 2019	
Cost	7,151
Accumulated amortisation and impairment	<u>(3,694)</u>
Net book amount	<u>3,457</u>
Year ended 30 June 2020	
Opening net book amount	3,457
Additions	1,550
Disposals	(90)
Amortisation charge	<u>(989)</u>
Closing net book amount	<u>3,928</u>
At 30 June 2020	
Cost	8,383
Accumulated amortisation and impairment	<u>(4,455)</u>
Net book amount	<u>3,928</u>
Group	Computer software
Year ended 30 June 2021	
Opening net book amount	3,928
Additions	1,670
Disposals	(25)
Amortisation charge	<u>(1,257)</u>
Closing net book amount	<u>4,316</u>
At 30 June 2021	
Cost	9,864
Accumulated amortisation and impairment	<u>(5,548)</u>
Net book amount	<u>4,316</u>

21 Depreciation and amortisation expense by group of activity

	Council	
	Actual 2021 \$'000	Actual 2020 \$'000
Directly attributable depreciation and amortisation expense by group of activity		
Corporate	600	554
Parks and active recreation	3,522	3,508
Social	1,338	1,243
Economic	2	-
Transport	8,475	7,425
Environmental management	123	49
Solid waste	285	292
Wastewater	6,262	4,940
Stormwater	3,184	2,410
Water supply	5,002	4,361
Flood protection	698	563
Total directly attributable depreciation and amortisation by group of activity	<u>29,491</u>	<u>25,345</u>
Depreciation and amortisation not directly related to group of activities	<u>1,014</u>	<u>994</u>
Total depreciation and amortisation expense	<u>30,505</u>	<u>26,339</u>

22 Forestry assets

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Carrying amount opening balance	7,003	4,497	7,003	4,497
Gain/loss arising from changes in fair value less estimated point-of-sale costs	223	2,991	223	2,991
Harvest	-	(484)	-	(484)
Balance at 30 June 2021	<u>7,226</u>	<u>7,004</u>	<u>7,226</u>	<u>7,004</u>

Council owns 609.8 hectares, (609.8 at 30 June 2020), of Radiata Pine and Cupressus Macrocarpa planted between 1981 and 2020. Other stands totalling 53.2 hectares, (51 at 30 June 2020), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2021. A discount rate of 7.9%, (6.0% in 2020), has been used in discounting the present value of expected before tax cash flows. In 2020 a post tax discount rate was used, the change has been made as the valuer has more confidence the pre-tax factors available to them represent the current market.

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 Telfer Young (Nelson) Limited. Telfer Young (Nelson) 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 (2020: \$nil)

The movement of investment property is as follows:

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Investment properties - fair value - opening balance	955	1,180	955	1,180
Investment properties - fair value - net gain (loss) from fair value adjustment	15	(225)	15	(225)
Balance at 30 June	970	955	970	955

24 Investments in subsidiaries

Accounting policy

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'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:

	2021 \$'000	2020 \$'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 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Council				
Port Nelson Ltd	12,708	12,708	130,054	123,703
Tasman Bays Heritage Trust	4,922	4,922	11,729	6,656
Nelson Airport Ltd	19,033	19,033	43,076	33,664
Shares in associates	36,663	36,663	184,859	164,023

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.

	2021 \$'000	2020 \$'000
Group		
Movements in the carrying amount of investments in equity accounted joint ventures:		
Balance at 1 July	164,023	134,113
Share of total recognised revenue and expenses	8,190	5,532
Share of revaluation gain	15,146	27,213
Share of dividend	(2,500)	(2,835)
Balance at 30 June	184,859	164,023

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

	Actual 2021 \$'000	Actual 2020 \$'000
Council		
Assets	533,542	486,365
Liabilities	156,955	148,214
Revenues	89,479	80,807
Surplus/(deficit)	15,774	9,888

26 Investments in equity accounted joint operations

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

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

Name	Principal activity	2021 Percentage ownership %	2020 Percentage ownership %
Regional Sewerage	Sewerage disposal services	50%	50%
Civil Defence	Coordination of emergency services	50%	50%
Regional Landfill	Solid Waste disposal service	50%	50%

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.

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

	2021 \$'000	2020 \$'000
Assets		
Current assets	3,565	3,597
Non-current assets	42,405	38,221
Total assets	45,970	41,818
Liabilities		
Current liabilities	1,050	1,110
Non-current liabilities	11,814	9,784
Total liabilities	12,864	10,894
Revenue	7,825	7,431
Expenses	(6,210)	(7,836)
Net surplus/(deficit)	1,615	(405)

27 Trade and other payables

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current				
Trade payables	14,900	12,426	16,151	12,227
Deposits and bonds	908	804	908	804
Accrued expenses	1,296	2,377	1,813	2,670
Revenue in advance	2,403	1,505	2,428	1,528
Amounts due to customers for contract work	285	85	285	85
Other payables	2,776	2,319	2,760	2,328
Suspensory loan	-	59	-	59
Trust accounts	946	776	946	776
Taxes payable other than income tax	23	13	300	236
Kainga Ora - Capped fund	336	-	336	-
Total current creditors and other payables	23,873	20,364	25,927	20,713
Total creditors and other payables from exchange transactions	18,912	16,265	20,689	16,391
Total creditors and other payables from non-exchange transactions	4,625	4,099	4,902	4,322
Non current				
Housing New Zealand Suspensory Loan	-	585	-	585
Kainga Ora - Capped fund	3,894	-	3,894	-
Suter depreciation accrual	1,098	863	-	-
Total non-current creditors and payables	4,992	1,448	3,894	585
Non-current payables from exchange transactions	-	-	-	-
Non-current payables from non-exchange transactions	4,992	1,448	3,894	585
Total non-current payables from exchange and non-exchange transactions	4,992	1,448	3,894	585
Total trade and other payables	28,865	21,812	29,821	21,298

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 Council received a 20-year suspensory loan of \$1.17 million from Housing New Zealand that was required be repaid if the Council made certain decisions that affected the provision of its social housing (including selling properties) prior to January 2032. In March 2021 Council completed the sale of the community housing portfolio to Housing New Zealand, and as part of settlement the suspensory loan was repaid in full.

The Kainga Ora capped fund has a face value of \$5.1m (2020: \$nil), with a remaining term of up to 15 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 2.29% (2020: nil). Due to the unknown timing of the payment of funds, it has been assumed it will be evenly distributed over the 15 years. This fund was created through the sale of Nelson City Council's community housing stock, and is available for Kainga Ora to draw down from when qualifying spend on upgrading or creating housing stock within the Nelson region occurs.

28 Borrowings and other financial liabilities

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current portion				
Secured				
Secured loans	750	850	3,435	975
Floating rate notes	5,000	30,000	5,000	30,000
Total secured current interest bearing borrowings	5,750	30,850	8,435	30,975
Total current portion	5,750	30,850	8,435	30,975
Non-current portion				
Secured loans	-	-	403	2,749
Floating rate notes	100,000	70,000	100,000	70,000
Total non-current portion	100,000	70,000	100,403	72,749
Total borrowings	105,750	100,850	108,838	103,724

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 2021 the Council had borrowing facilities of \$8 million with Westpac Banking Corporation (2020: \$8m), \$15m with ANZ National Limited (2020: \$15m) and \$15m with LGFA (2020: nil). At balance date \$750,000 of the total \$38m facility was drawn down (2020: \$850,000). Council also has a business card facility with Westpac with a limit of \$42,000 (2020: \$42,000).

The interest rates on the Council borrowings range from 0.71% to 1.34% (2020: 0.63% to 1.31%). The weighted average interest rate on the above loans was 0.94% (2020: 0.95%).

29 Provisions

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Regional Landfill - closure and post closure provision	<u>264</u>	<u>163</u>	<u>264</u>	<u>163</u>
Total current portion	<u>264</u>	<u>163</u>	<u>264</u>	<u>163</u>
Regional Landfill - closure and post closure provision	<u>3,538</u>	<u>3,504</u>	<u>3,538</u>	<u>3,504</u>
Total non-current portion	<u>3,538</u>	<u>3,504</u>	<u>3,538</u>	<u>3,504</u>
Total provisions	<u>3,802</u>	<u>3,667</u>	<u>3,802</u>	<u>3,667</u>
Movements in provisions:				
Opening balance	3,667	2,289	3,667	2,289
Reassessment of liability	190	1,514	190	1,514
Expenditure incurred	<u>(55)</u>	<u>(136)</u>	<u>(55)</u>	<u>(136)</u>
Closing balance	<u>3,802</u>	<u>3,667</u>	<u>3,802</u>	<u>3,667</u>

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

30 Employee benefits liabilities

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Annual leave	1,463	1,381	2,824	2,785
Long service leave	128	135	128	135
Retirement gratuities	54	54	54	54
Sick leave	42	43	42	43
Accrued pay	<u>633</u>	<u>750</u>	<u>1,125</u>	<u>1,189</u>
Total current portion	<u>2,320</u>	<u>2,363</u>	<u>4,173</u>	<u>4,206</u>
Long service leave	95	93	114	107
Retirement gratuities	<u>70</u>	<u>70</u>	<u>89</u>	<u>95</u>
Total non-current portion	<u>165</u>	<u>163</u>	<u>203</u>	<u>202</u>
Total employee entitlements	<u>2,485</u>	<u>2,526</u>	<u>4,376</u>	<u>4,408</u>

31 Equity

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Customers' equity				
Accumulated funds	439,724	431,518	490,356	476,115
Reserves	1,287,540	1,217,027	1,408,856	1,323,198
Balance at 30 June	1,727,264	1,648,545	1,899,212	1,799,313

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Accumulated funds				
Balance at 1 July	431,518	425,191	476,116	466,900
Asset revaluation reserve movement - community housing land	9,900	-	9,900	-
Disposal of property, plant and equipment	644	536	644	536
Prior year correction	-	-	-	-
Movement in reserves	(12,155)	(1,379)	(12,155)	(1,379)
Surplus/(deficit) for the year	9,817	7,170	15,851	10,058
Balance 30 June	439,724	431,518	490,356	476,115

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Reserves include				
Property, plant and equipment revaluation reserve	1,263,233	1,204,858	1,385,549	1,313,183
Hedging reserve - cash flow hedges	-	-	(1,000)	(2,154)
Restricted reserves	24,257	12,119	24,257	12,119
Contingency reserve	50	50	50	50
Total reserves	1,287,540	1,217,027	1,408,856	1,323,198

Property, plant and equipment revaluation reserve				
Balance at 1 July	1,204,858	1,074,808	1,313,183	1,154,351
Net revaluation gains	68,902	130,573	82,893	159,355
Transfer to accumulated funds on disposal of property	(10,545)	(536)	(10,545)	(536)
Other adjustments	18	13	18	13
Balance at 30 June	1,263,233	1,204,858	1,385,549	1,313,183

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Property revaluation reserves for each asset class consist of:				
Land	220,371	182,059	280,448	241,800
Buildings	-	-	456	456
Airport	-	-	30,733	22,260
Art Collection	-	-	5,182	-
Sewerage system	185,975	180,877	185,975	180,877
Water system	156,455	151,279	156,455	151,279
Stormwater network	156,504	151,308	156,504	151,308
Flood protection network	3,578	3,179	3,578	3,179
Roading network	536,854	532,765	536,854	532,765
Solid waste	3,449	3,361	3,449	3,361
Forestry (NRSBU)	47	30	47	30
Wharves	-	-	25,868	25,868
Total	1,263,233	1,204,858	1,385,549	1,313,183
Hedging reserve - cash flow hedges				
Balance at 1 July	-	-	(2,154)	(1,666)
Fair value gains/(losses) in the year	-	-	1,588	(685)
Deferred tax movement	-	-	(434)	197
Balance at 30 June	-	-	(1,000)	(2,154)
	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Restricted reserves				
Balance at 1 July	12,119	10,753	12,119	10,753
Net transfers (to)/from accumulated funds	12,138	1,366	12,138	1,366
Balance at 30 June	24,257	12,119	24,257	12,119
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:

Reserve	Activities to which the reserve relates	Balance 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
2021					
Art Council loan fund	Parks	10	-	-	10
Climate Change Reserve	Environmental	385	-	(210)	175
Community Housing Reserve	Social	-	12,060	-	12,060
Community Investment Fund	Social	4	3	(4)	3
Dog control reserve	Environmental	(249)	-	-	(249)
Events Contestable Fund reserve	Economic	(108)	302	-	194
Forestry	Forestry	1,739	-	(635)	1,104
Founders Park reserve	Social	167	137	(27)	277
L C Voller bequest	Social	24	-	1	25
Landfill	Solid Waste	4,526	91	-	4,617
Neighbourhood development contributions reserve	Parks	-	1,729	(947)	782
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	9	-	-	9
Roading contributions	Transport	117	-	-	117
Solid Waste	Solid Waste	1,473	-	(323)	1,150
Sport and recreation grants	Parks	13	-	-	13
Subdivisions reserve	Parks	3,824	979	(1,015)	3,788
Walker bequest	Parks	10	-	-	10
Water financial contributions reserve	Water	10	16	(19)	7
Total restricted reserves - 2021		12,119	15,317	(3,179)	24,257

Reserve	Activities to which the reserve relates	Balance 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
2020					
Art Council loan fund	Parks	10	-	-	10
Climate Change Reserve	Environmental	-	500	(115)	385
Community Investment Fund	Social	-	4	-	4
Dog control reserve	Environmental	-	-	(249)	(249)
Events Contestable Fund reserve	Economic	(115)	7	-	(108)
Forestry	Forestry	1,651	88	-	1,739
Founders Park reserve	Social	204	15	(52)	167
L C Voller bequest	Social	24	-	-	24
Landfill	Solid Waste	4,414	112	-	4,526
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	9	-	-	9
Roading contributions	Transport	116	1	-	117
Solid Waste	Solid Waste	1,543	83	(153)	1,473
Sport and recreation grants	Parks	13	-	-	13
Subdivisions reserve	Parks	2,710	2,355	(1,241)	3,824
Walker bequest	Parks	9	1	-	10
Water financial contributions reserve	Water	-	10	-	10
Total restricted reserves - 2020		10,753	3,176	(1,810)	12,119

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Surplus/(deficit) after tax	9,817	7,170	15,851	10,058
Depreciation and amortisation expense	30,505	26,339	32,411	28,409
Property, plant, and equipment impairment	1,005	419	1,722	419
Vested assets	(3,792)	(4,218)	(4,034)	(4,270)
(Gains)/losses in fair value of biological assets	(223)	(2,991)	(223)	(2,991)
(Gains)/losses in fair value of investment property	(15)	225	(15)	225
(Gains)/losses on derivative financial instruments	(5,756)	2,882	(5,757)	2,882
Impairment discontinued operations	-	-	-	217
Increase in deferred tax	-	-	(13)	(123)
Conditional grants released to revenue	-	(59)	-	(59)
Joint operations surplus ex dividends	-	-	(5,689)	(2,698)
(Gains)/losses in fair value of investments	-	-	(306)	45
Movement in landfill liability	135	1,378	135	1,378
Provision for discount unwinding	(500)	158	(500)	158
Suter depreciation accrual	235	233	-	233
Total non-cash items	21,594	24,366	17,731	23,825
(Gains)/losses on disposal of property, plant, and equipment	2,294	617	2,294	583
(Gains)/losses on disposal of biological assets	(2)	(456)	(2)	(456)
Movement in capital creditors	653	4,321	653	4,321
Total items classified as investing or financing activities	2,945	4,482	2,945	4,448
(Increase)/decrease in receivables	(1,963)	(2,061)	(4,112)	(2,845)
(Increase)/decrease in prepayments	(316)	182	(504)	363
(Increase)/decrease in inventory	-	-	251	(139)
(Increase)/decrease in WIP	-	-	644	(236)
Increase/(decrease) in payables	6,476	(584)	9,446	231
Increase/(decrease) in income tax payable	-	-	(33)	(52)
Increase/(decrease) in employee entitlements	(41)	(50)	56	61
Net movement in working capital items	4,156	(2,513)	5,748	(2,617)
Net cash inflow/(outflow) from operating activities	38,512	33,505	42,275	35,714

33 Capital commitments and operating leases

Capital commitments

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Water system	-	-	-	-
Road network	3,026	5,629	3,026	5,629
- Flood protection	481	1,697	481	1,697
- Other improvements	1,593	608	1,593	608
- Wastewater	362	338	362	338
- Water supply	81	1,144	81	1,144
- Stormwater	278	390	278	390
- Buildings	499	20	499	20
- Solid Waste	-	91	-	91
Group	-	-	-	-
Buildings	-	-	-	-
- Nelson Airport - Property, Plant & Equipment	-	-	734	-
Intangible assets	-	-	-	-
- Wharf and property purchase/redevelopment	-	-	2,952	7,234
Investment property	-	-	-	-
- Terminal development	-	-	-	-
Tasman Bay Heritage Trust	-	-	-	-
- Property, Plant & Equipment	-	-	7	-
Total capital commitments	6,320	9,917	10,013	17,151

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 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Not later than one year	271	319	358	545
Later than one year and not later than five years	520	700	1,476	1,003
Later than five years	169	221	168	333
Total non-cancellable operating leases	960	1,240	2,002	1,881

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

There are no restrictions placed on the Entity and group by any of the leasing arrangements.

Operating leases as lessor

Land and buildings owned by Council and group are let under operating leases. Non-cancellable terms vary between one month and 22 years, with the majority under five years.

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Not later than one year	1,287	1,354	5,050	4,719
Later than one year and not later than five years	2,060	2,362	12,376	12,744
Later than five years	3,087	3,376	12,426	13,853
Total non-cancellable operating leases	6,434	7,092	29,852	31,316

34 Contingencies

Contingent liabilities

Contingent liabilities include those items where a liability may be incurred if certain events or outcomes occur, or where a present obligation exists but the extent of the liability cannot be measured reliably for recognition in the financial statements.

Management consider the likelihood of a particular event or outcome occurring to determine whether a contingent liability should be disclosed. No disclosure is made when the possibility of an outflow of resources is considered to be remote. Where amounts are disclosed the amount shown is the maximum potential cost.

Council:

Local Government Funding Agency

The Entity is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+ which is equal to NZ Government sovereign rating.

Nelson City Council is a joint guarantor together with other 63 member councils of all of LGFA borrowings in the event of default. At balance date Council's joint guarantee together with other Councils totalled \$13,610million (2020: \$11,908 million). In such an event, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's rates revenue. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge. The Council has been unable to determine a sufficiently reliable fair value for the guarantee and has therefore not recognised a liability. The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote.

Weathertight homes claims

Council is currently party to one leaky building claim. Council has a balance sheet provision that can be used in settlement of this claim, however it is possible that the eventual settlement will be in excess of that sum. Council is unable to determine a sufficiently reliable estimate for any settlement of the claim at this time and therefore recognises an unquantifiable contingent liability.

Group:

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

35 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Entity and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Entity group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions required to be disclosed

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

	Actual 2021 \$'000	Council Actual 2020 \$'000
Expenditure		
<i>Bishop Suter Trust</i>		
Operating grant	700	666
Depreciation grant	235	233
<i>Economic Development Agency (NRDA)</i>		
Operating grant	1,212	1,170
Contestable events fund	126	353
<i>Tasman Bays Heritage Trust</i>		
Operating grant	967	950
Payables		
Suter depreciation grant	1,098	863
Receivables		
NRDA contestable events fund	-	108
	4,338	4,343

Dividends Received

The following dividends were received by Council for the year 2020/21:

- Port Nelson \$2.0 million (2020: \$2.4 million)
- Nelson Airport Limited \$500,000 (2020: \$435,000)
- Nelmac Ltd \$nil (2020: \$210,267)

Subvention Receipts

The following subvention receipts were received by Council for the year 2020/21:

- Nelmac Ltd \$396,860 (2020: \$nil)

Grants to subsidiaries and joint operations

Council provides grants to certain joint operations, assisting them with maintenance or other operating costs, or for other specific purposes.

The Suter depreciation grant is an accrual. The purpose of the accrual is to assist the Suter to fund renewals. The Suter's annual Statement of Intent will include a renewals schedule, on adoption of which the accrual will be released for the forthcoming year. The expenditure and the accrual consolidate to zero within the Group.

Tasman Bays Heritage Trust related party loan

Council made a loan to the trust of \$1.2 million, initially repayable over 30 years at 0% interest. Repayments on the loan have been renegotiated at \$100,000 per year, and the loan has been recalculated as required under PBE IPSAS to net present value. The loan has been adjusted using an average Treasury discounted forward rate, over the remaining life of the asset, of 1.31% (2020: 0.65%). This has resulted in an asset to council of \$502,000, with the last payment currently scheduled for the year 2027.

Council also purchases services from its joint operations. Transactions and balances related to these activities are not included in this disclosure as they are exchange transactions on an 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 2021 financial year was \$6.4 million (2020: \$5.3 million). As the contract was not tendered and there is no benchmarking available for these very individualised services, Council is unable to determine that the contract is at arm's length.

With Council's agreement, contracts may not be tendered because of: the procurement costs of public tender, a high standard of work by the incumbent, service levels consistently achieved, and/or non competitive local industry.

Council are satisfied that this contract represents value for the ratepayer because of economies gained through the stability and continuity of the relationship (retention of both local and specific knowledge that could not be matched by a new or external supplier).

Peppercorn rent charged by Nelson City Council to Nelson Airport Limited

Leasehold aerodrome land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. Nelson Airport Limited has a renewable 60 year lease over this land at a peppercorn rental. A peppercorn rent in respect of airport land is chargeable to Nelson Airport Limited by Nelson City Council.

Transactions with key management personnel

Key management personnel compensation

	Council	
	Actual 2021 \$'000	Actual 2020 \$'000
<i>Council members</i>		
Remuneration	760	748
Full-time equivalent members	13.0	13.0
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	1,829	1,843
Full-time equivalent members	7.8	7.8
Total full-time equivalent personnel	2,589	2,591
Total key management personnel compensation	20.8	20.8

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

Key management personnel include the Mayor, Councillors, Chief Executive, and senior leadership team, and key advisors to that group.

Key advisors include three committee members who are external to the organisation. These advisors bring technical expertise to the Forestry committee, the Audit and Risk subcommittee and the Environment committee. The remuneration for each external committee member varies between \$1,070 and \$2,528 per month depending on which committees are serviced. Additional payments totalling \$43,750 were made to 1 advisor for other business advisory work undertaken. In total the payments for these advisors totalled \$103,000 (2020: \$103,000).

External committee members are John Murray, John Peters, and Glenice Paine.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

36 Remuneration

Chief Executive

The Chief Executive of Nelson City Council is appointed under section 42 of the Local Government Act 2002.

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$366,273 (2020: \$366,273).

Elected representatives

Elected representatives received the following remuneration:

	Council	
	Actual 2021 \$	Actual 2020 \$
Mayor Reese	143,708	142,772
Deputy Mayor Matheson	-	19,520
Deputy Mayor Edgar	66,134	43,675
Councillor Acland	-	13,066
Councillor Barker	-	16,634
Councillor Bowater	45,978	31,947
Councillor Brand	45,981	31,951
Councillor Courtney	45,978	45,648
Councillor Dahlberg	-	13,701
Councillor Fulton	56,897	49,796
Councillor Lawrey	48,756	49,796
Councillor McGurk	60,538	59,409
Councillor Noonan	49,054	47,732
Councillor O'Neill-Stevens	45,971	31,951
Councillor Rainey	45,978	31,947
Councillor Rutledge	-	13,701
Councillor Skinner	56,510	52,464
Councillor Sanson	48,760	36,734
Councillor Walker	-	15,734
Total elected representatives' remuneration	760,243	748,178

26 fortnightly payments are included in this disclosure for the 2020/21 financial year. In 2019/20 there was also 26 fortnightly payments.

	Actual 2021 \$	Council Actual 2020 \$
Payments for commissioner hearings and District Licensing Committee included in total remuneration:		
Councillor Barker	-	900
Councillor Fulton	387	-
Deputy Mayor Matheson	-	102
Councillor Noonan	268	51
	655	1,053

Total Local Boards

Council employees

At balance date, Council employed 352 staff (2020: 312), made up of 234 (2020: 207) full-time employees (FTEs), with the balance of staff representing 70.09 (2020: 62.44) FTEs. The FTE total for 2021 was 304.09 (2020: 269.44).

Total annual remuneration by band for the 352 employees as at 30 June:

	Number of employees 2021
< \$60,000	128
\$60,000 – \$79,999	87
\$80,000 – \$99,999	76
\$100,000 – \$119,999	35
\$120,000 - \$139,999	15
\$140,000 - \$259,999	10
\$260,000 - \$379,999	1
Total employees	352

	2020
< \$60,000	111
\$60,000 – \$79,999	83
\$80,000 – \$99,999	66
\$100,000 – \$119,999	25
\$120,000 - \$139,999	14
\$140,000 - \$159,999	6
\$160,000 - \$259,999	6
\$260,000 - \$379,999	1
Total employees	312

37 Severance payments

Council:

For the year ended 30 June 2021, the Council made 1 (2020: 1) severance payment to an employee of \$8,500 (2020: \$29,720).

Group:

For the year ended 30 June 2021, the group made 8 (2020: 2) severance payments to individual employees of \$7,000, \$9,240, \$12,000, \$20,000, \$33,000, \$41,050, \$58,461 & 152,040 (2020: \$64,889), in addition to those made by Council.

38 Financial instruments

(a) Fair value estimation

For those instruments recognised at fair value in the statements of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2021 - Council				
Financial assets				
Shares	140	-	-	140
Financial liabilities				
Derivatives	7,688	-	7,688	-
	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 June 2020 - Council				
Financial assets				
Shares	140	-	-	140
Financial liabilities				
Derivatives	13,445	-	13,445	-
	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 June 2021 - Group				
Financial assets				
Shares	923	783	-	140
Financial liabilities				
Derivatives	7,688	-	7,688	-

	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 June 2020 - Group				
Financial assets				
Shares	762	622	-	140
Financial liabilities				
Derivatives	13,445	-	13,445	-

(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 2021, Council have contracts hedging a total of \$nil (2020: \$nil).

Fair values

The fair value of financial instruments is their carrying amount as stated in the balance sheet.

Interest rate risk

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies.

This includes entering into rate options or interest rate swap agreements. As at 30 June 2021 the Council had entered into interest swap agreements to a value of \$120.5m (2020: \$122.5m) at interest rates between 1.32% and 5.25% (2020: 1.72% and 5.25%).

The weighted average effective interest rate on Nelson City Council deposits of less than 3 months is 0.40% (2020: 0.72%).

The interest rates on Nelson City Council borrowings are disclosed in note 28

Credit risk

Credit risk is the risk that a third party will default on its obligation to Nelson City Council, causing the Council to incur a loss. Principally, any risk is in respect of cash and bank, debtors and investments.

The details of the \$19.3 million receivables are outlined in note 13

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

As at 30 June 2021 Council has one short term deposit, with a maturity of less than three months, being \$5 million with ANZ (2020: \$3 million). Council has no term deposits with ASB at 30 June 2021 (2020: \$10 million).

Nelson City Council's investment policy limits the amount of credit exposure to any one financial institution or organisation and only allows funds to be invested with entities that have a strong Standard and Poor's credit rating.

Community and related party loans

The net present value of Council's community and related party loans at 30 June 2021 is \$3.1 million (2020: \$3.8 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 \$2 million and \$787,000 (2020: \$2 million and \$812,000).

Maximum exposure to credit risk

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

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank and term deposits	17,886	17,075	22,511	20,044
Receivables	18,550	16,565	21,233	18,635
Community and related party loans	3,061	3,833	2,559	3,224
LGFA borrower notes	1,755	1,200	1,755	1,200
Private shares	140	140	140	140
Fixed interest securities	-	-	99	94
Listed shares	-	-	783	622
Total credit risk	41,392	38,813	49,080	43,959

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 34.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	17,886	17,075	22,511	20,044
Derivative financial instrument assets				
Other financial assets - LGFA borrower notes				
AAA	1,755	1,200	1,755	1,200
Other financial assets - loans and receivables				
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with no defaults in the past	2,559	3,224	2,559	3,224
Existing counterparty defaulted 30 June 2012, loan arrangements since reviewed and complied with	502	609	-	-
Total community and related party loans	3,061	3,833	2,559	3,224
Receivables				
Existing counterparty with no defaults in the past	18,550	16,565	21,233	18,635
Held to maturity investments	-	-	-	-
Fixed interest securities				
Existing counterparty with no defaults in the past	140	140	239	234
Listed shares	-	-	-	-
Existing counterparty with no defaults in the past	-	-	783	622

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 ANZ National Bank Ltd.

Council provides security via a Debenture Trust Deed signed 10 December 2010 and as at 30 June 2021 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 (2020: \$nil).

Contractual maturity analysis of financial liabilities

	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2021					
Payables	26,462	22,568	665	947	2,282
Secured loans	105,750	5,750	25,000	35,000	40,000
Derivative financial liabilities	7,688	70	366	4,334	2,918
Total	139,900	28,388	26,031	40,281	45,200
	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2020					
Payables	20,307	20,307	-	-	-
Secured loans	100,850	30,850	5,000	45,000	20,000
Derivative financial liabilities	13,445	633	197	4,739	7,876
Total	134,602	51,790	5,197	49,739	27,876
	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Group 2021					
Payables	27,393	23,499	665	947	2,282
Secured loans	108,838	8,435	25,180	35,223	40,000
Derivative financial liabilities	7,688	70	366	4,334	2,918
Total	143,919	32,004	26,211	40,504	45,200

	\$'000	\$'000	\$'000	\$'000	\$'000
Group 2020					
Payables	19,770	19,770	-	-	-
Secured loans	103,724	30,975	5,125	45,274	22,350
Derivative financial liabilities	13,445	633	197	4,739	7,876
Total	136,939	51,378	5,322	50,013	30,226

Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 34.

Contractual maturity analysis of financial assets

	Contractual Cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2021					
Cash and cash equivalents	17,886	17,886	-	-	-
Receivables	18,550	18,550	-	-	-
Other financial assets:					
- term deposits	-	-	-	-	-
- community and related party loans	3,061	398	275	800	1,588
- LGFA borrower notes	1,755	-	240	650	865
Derivative financial instruments	-	-	-	-	-
Total	41,252	36,834	515	1,450	2,453

	Contractual Cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2020					
Cash and cash equivalents	17,075	17,075	-	-	-
Receivables	16,565	16,565	-	-	-
Other financial assets:					
- term deposits	-	-	-	-	-
- community and related party loans	3,833	522	348	818	2,145
- LGFA borrower notes	1,200	320	-	560	320
Derivative financial instruments	-	-	-	-	-
Total	38,673	34,482	348	1,378	2,465

Group 2021					
Cash and cash equivalents	20,327	20,327	-	-	-
Receivables	21,233	21,233	-	-	-
Other financial assets:					
- term deposits	2,184	2,184	-	-	-
- community and related party loans	2,559	297	176	518	1,568
- LGFA borrower notes	1,755	-	240	650	865
Derivative financial instruments	-	-	-	-	-
Total	48,058	44,041	416	1,168	2,433

	Contractual Cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Group 2020					
Cash and cash equivalents	18,948	18,948	-	-	-
Receivables	18,635	18,635	-	-	-
Other financial assets:					
- term deposits	1,096	1,096	-	-	-
- community and related party loans	3,224	422	249	525	2,028
- LGFA borrower notes	1,200	320	-	560	320
Derivative financial instruments	-	-	-	-	-
Total	43,103	39,421	249	1,085	2,348

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	2021 \$'000				2020 \$'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	-	-	-	-	-	-	-	-
Other financial assets:								
- Community loans and loans to related parties	235	-	(188)	-	306	-	(263)	-
Financial liabilities								
Derivative financial liabilities	(4,614)	-	4,281	-	(4,645)	-	4,303	-
Total sensitivity	(4,379)	-	4,093	-	(4,339)	-	4,040	-
Group								
Group	2021 \$'000				2020 \$'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	-	-	-	-	-	-	-	-
Other financial assets:								
- Community loans and loans to related parties	235	-	(188)	-	306	-	(263)	-
Financial liabilities								
Derivative financial instruments	(4,614)	-	4,281	-	(4,645)	-	4,303	-
Total sensitivity	(4,379)	-	4,093	-	(4,339)	-	4,040	-

(c) Financial instrument categories

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

	Council		Group	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS				
Fair value through surplus or deficit - not hedge accounted				
Loans and receivables				
Cash and cash equivalents	17,886	17,075	20,327	18,948
Receivables	18,550	16,565	21,233	18,635
Other financial assets:				
- Term deposits	-	-	2,184	1,096
- Community loans and loans to related parties	3,061	3,833	2,559	3,224
Total loans and receivables	39,497	37,473	46,303	41,903
Held-to-maturity				
Other financial assets:				
- LGFA borrower notes	1,755	1,200	1,755	1,200
Fair value through other comprehensive revenue and expense				
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Listed shares	-	-	783	622
Total fair value through other comprehensive revenue and expense	140	140	923	762
FINANCIAL LIABILITIES				
Fair value through surplus or deficit - not hedge accounted				
Derivative financial instrument liabilities	7,688	13,445	7,688	13,445
Financial liabilities at amortised cost				
Payables	26,462	20,307	27,393	19,770
Borrowings:				
- secured loans	105,750	100,850	108,838	103,724
Total financial liabilities at amortised cost	132,212	121,157	136,231	123,494

39 Events occurring after the balance date

Council:

There have been no significant events after the balance sheet date that materially impact Nelson City Council's financial position or viability as a going concern.

On the 17th of August 2021 all of New Zealand moved in to Alert Level 4 for 2 weeks, followed by 1 week of Alert Level 3 and is currently in Alert Level 2. Given the shorter period of alert level 4 and 3, it is not anticipated to have a significant impact either on the financial position of the Council as at 30 June 2022 or on the going concern of the Council.

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities.

Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

Group:

There have been no significant events after the balance sheet date, relating to COVID-19 or otherwise, that materially impact the Group's financial position.

COVID-19

On Tuesday, 17 August 2021 at 11.59pm, New Zealand moved to Alert Level 4 following the detection of a positive case of COVID-19 in the community. Although this Alert Level escalation creates a level of uncertainty, there has been no material impact on the key assumptions of estimates made in preparation of the group financial statements

Holding Company

On 17 and 18 May 2021 Tasman District Council and Nelson City Council resolved to establish a Holding Company, to hold the two Councils shareholdings in Port Nelson and Nelson Airport. The Holding Company will be established in 2022 and Port Nelson and Nelson Airport will be subsidiaries of the new company. No financial impact is expected on either subsidiary through the establishment of the Holding Company, however a number of benefits are expected including the potential for reduced borrowing cost through the use of the Local Government Funding Agency.

Nelson Slipway

Port Nelson is currently in the planning phase of redeveloping the slipways of the Port. There are currently two slipways that operate on the Port, the Calwell Slipway, which slips ships of over 100 tonnes and the Nelson Slipway, which slips ships under 100 tonnes. The new project will redevelop the Nelson Slipway area to create finger wharves, which will allow a new marine travel lift to operate, having a capacity of 400 tonnes. The facility will include a new environment treatment facility, and contaminated silts will be removed from the harbour basin adjacent to the slipways.

In order to complete this development on 19 July 2021, Port Nelson entered into a conditional sale and purchase agreement to acquire the assets of Nelson Slipway Limited, for \$2.48 million. Nelson Slipway Limited currently operates the Nelson Slipway and holds a long-term lease of the Port land and seabed related to the asset. The accounting for the transaction has not yet been finalised due to the recent acquisition date and as such it is impractical to make any further disclosure. The accounting for this transaction will be finalised for inclusion in the financial statement for the year ended 30 June 2022.

Disposal of Land

A conditional sale and purchase agreement was signed with the Cawthron Institute Trust on 13 August for the sale of 6,000 square metres of Port land. It is expected that the conditions will be completed and that the agreement will become unconditional in the year ended 30 June 2022. A gain on disposal of approximately \$200,620 will be recognised in the year ended 30 June 2022.

The sale of land to the Cawthron Institute Trust is part of a broader plan to develop a Science and Technology Precinct on Port land.

40 Explanation of major variances against budget

Statements of comprehensive revenue and expense

Total operating revenue \$10.9 million more than budget:

Fees and charges \$2.5 million more than budget

- Building Consent activity revenue is \$927,000 over budget. Revenue increased compared with prior year due to increased fees and increased levels of activity in the building sector. Council also budgeted for a decrease in revenue compared with prior year due to Covid-19 however this did not eventuate.
- Rental relief as an offset to revenue, \$1.1 million less than budget. Rental relief of \$180,000 was granted but is recognised in other revenue and the remainder was not required as the potential impact of Covid-19 was not as severe.
- Nelson Tasman Regional Landfill Business Unit (NTRLBU) fees and charges income is \$931,000 greater than budget due to a higher tonnage of waste received compared with budget.
- A categorisation difference of \$566,000 relates to the NRSBU distribution elimination.
- A combination of other fees and charges items totalling \$108,000.

Subsidies and grants \$2.7 million more than budget

- NZTA operating and capital grants \$1.4 million under budget, \$1.9 million of NZTA funding for CBD Enhancement has been moved to future years. Additionally, there was a \$159,000 under spend on condition assessments and data collection with funds being transferred to the capital program where appropriate and \$133,000 budgeted for preliminary capital expenditure on Saxton area growth projects which was not required. \$643,000 unbudgeted funding was received for the Kawai Innovative Streets trial, and \$620,000 additional revenue for Public Transport for the COVID-19 response and forgone fare revenue was received.
- Additional grant funding was received compared to budget, the most notable being: \$1.9 million in Three Waters stimulus grant funds, \$1 million for the Saxton Creek Stage 4 upgrade, and \$671,000 for the Maitai Ecological Restoration Project.
- A combination of other grant income items totalling \$529,000 over budget;

Other revenue \$2.5 million less than budget

- The value of assets vested to Council by developers is \$3.5 million less than budget. The timing of vested asset receipts is dependent on the development cycle of individual developers.
- A categorisation difference of \$566,000 relates to the NRSBU distribution elimination.
- An additional \$195,000 in parking infringement revenue received, due to the installation of the new meter system.
- A combination of other revenue items totalling \$239,000.

Other gains and losses \$6.9 million more than budget

- Interest rate swap valuation gains (\$5.8 million). Council utilises interest rate swaps to minimise exposure to interest rate movements. These derivatives are revalued annually.
- Other unbudgeted movements on the valuation and disposal of assets of \$1.1 million

Development and subdivision reserve contributions \$873,000 higher than anticipated. The receipt of development contributions reflects the development cycle of individual developers and is not within the control of Nelson City Council.

Total operating expenditure was \$8.1 million more than budget:

Personnel costs are more than budget by \$1.3 million as the budgets that were available to fund external consultants were used to employ additional staff to allow for increased project delivery and efficiency.

Other Expenses were over budget by \$3.1 million. More details can be seen in the activities section; however, the most significant items are:

- Expenditure for the Champion Drive connection \$774,000 greater than budget, this was recovered from TDC for their half share for the project.
- Expenditure for the Kawai Innovative Streets project of \$657,000, this has partially been offset by grant income received.
- Community Housing expenditure is greater than budget by \$610,000 reflecting the assumption that Community Housing would be sold in December 2020, and includes the repayment of previously recognised income from the suspensory loan.
- The NTRLBU expenditure is greater than budget due to the increased provision for post closure costs of \$149,000, impairment of landfill infrastructure of \$133,000, Emissions Trading Scheme expenditure of \$105,000, management expenditure of \$104,000, and consultancy expenditure of \$86,000. This is offset by additional revenue.
- A combination of other expenditure items totalling \$482,000 over budget.

Finance Costs \$526,000 more than budgeted. The average interest rate was higher than budgeted and the opening loan balance being higher than in the budget in part due to the delay in the sale of Community Housing.

Depreciation and amortisation expenses were \$3.1 million higher than budget mainly due to depreciation on Three Waters assets being \$2.6 million greater than budget. The increase in replacement values at 30 June 2020 within water supply assets was an average of 13%, wastewater assets an average of 25%, and stormwater assets an average of 29% when compared with values at 1 July 2019, this was unknown at the time of budgeting.

Other comprehensive revenue

Council revalued its land as at 30 June 2021. Land is revalued when its fair value diverges materially from its carrying value. The revaluation resulted in a total increase in asset value of \$48.7 million, which was unbudgeted.

Statements of financial position

Cash and cash equivalents \$12.8 million greater than budget. \$5 million is now required to be kept as a capped fund as part of the Community Housing sale, this was not known at the time of budgeting. In addition to this \$10 million in borrowing was taken out with LGFA in June 2021 for anticipated capital spending occurring during June.

Trade & other receivables \$3.6 million greater than budget due to higher than anticipated receivables due at 30 June 2021.

Property, plant, and equipment is \$129 million more than budget. Revaluations are \$48.7 million greater than budget, additionally the large revaluation in 2019/20 which was \$87 million greater than budget was not known at the time of setting the 2020/21 Annual Plan budget.

The Council's external borrowings as at 30 June 2021 were \$105.8 million, which is \$15 million under budget. External borrowings are summarised in Note 28 of the financial statements. However, debt is less than budget due to a higher than budgeted amount received from the sale of Community Housing, and delays in the capital programme.

Trade and other payables are \$11.0 million more than budget due to higher than anticipated payables due at 30 June 2021.

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, Flood Protection and Solid Waste assets

These activities have a total book value of \$645,396,000. Repairs to these assets following a significant event are covered 40% through Council's membership of the AoN South Island collective with a large deductible, with the remaining 60% being funded by Central Government. 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 2021, 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 \$682,392,000 (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 \$2,571,000. 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 \$394,541,000

The sum insured for non residential property material damage is \$369,257,000. Council is part of a Top of the South collective with total non residential property insured of \$1,222,365,000.

Residential property (material damage) is insured to a value of \$4,835,000. Council is part of a Top of the South collective with total residential property insured of \$64,192,000

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

Forestry is insured to a value of \$8,035,000

Tahunanui Beach Holiday Park assets are insured to a value of \$21,852,800.

Vehicles

The total book value of vehicles belonging to Council is \$677,000. 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 2021 is \$470,000.

42 Coronavirus (COVID-19) pandemic

Council

On 31 December 2019, China alerted the World Health Organisation to the outbreak of a virus, now commonly referred to as COVID-19, with the outbreak declared a pandemic on 11 March 2020.

During August and September 2020 and February and March 2021 the Nelson District moved in to Alert Level 2 along with other parts of the country. In all other parts of the year the Nelson District remained in Alert Level 1

- At Alert Level 2, the Council enforced stronger social distancing practices and noted lower patronage at community facilities such as the library, and use of community halls. There were no disruptions to infrastructure servicing. This did not materially affect the amount of user charges collected during the year.
- At Alert Level 1, the Council continued to run business as usual.

43 Capital management

The Council's capital is its equity (or customers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the LGA) requires the Entity to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Entity. Intergenerational equity requires today's customers to meet the costs of utilising the Entity's assets and not expecting them to meet the full cost of long-term assets that will benefit customers in future generations. Additionally, the Entity has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that customers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Entity is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the current LTP.

The Council has the following Council-created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Entity has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

PERFORMANCE OF COUNCIL CONTROLLED ORGANISATIONS

HINONGA KAUNIHERA

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. During 2020/21, 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
 - Nelson Municipal Band Trust²

A summary of the performance for Council Controlled Organisations is on pages 210 to 240. Further information is available for each Council Controlled Organisation in their respective Annual Reports.

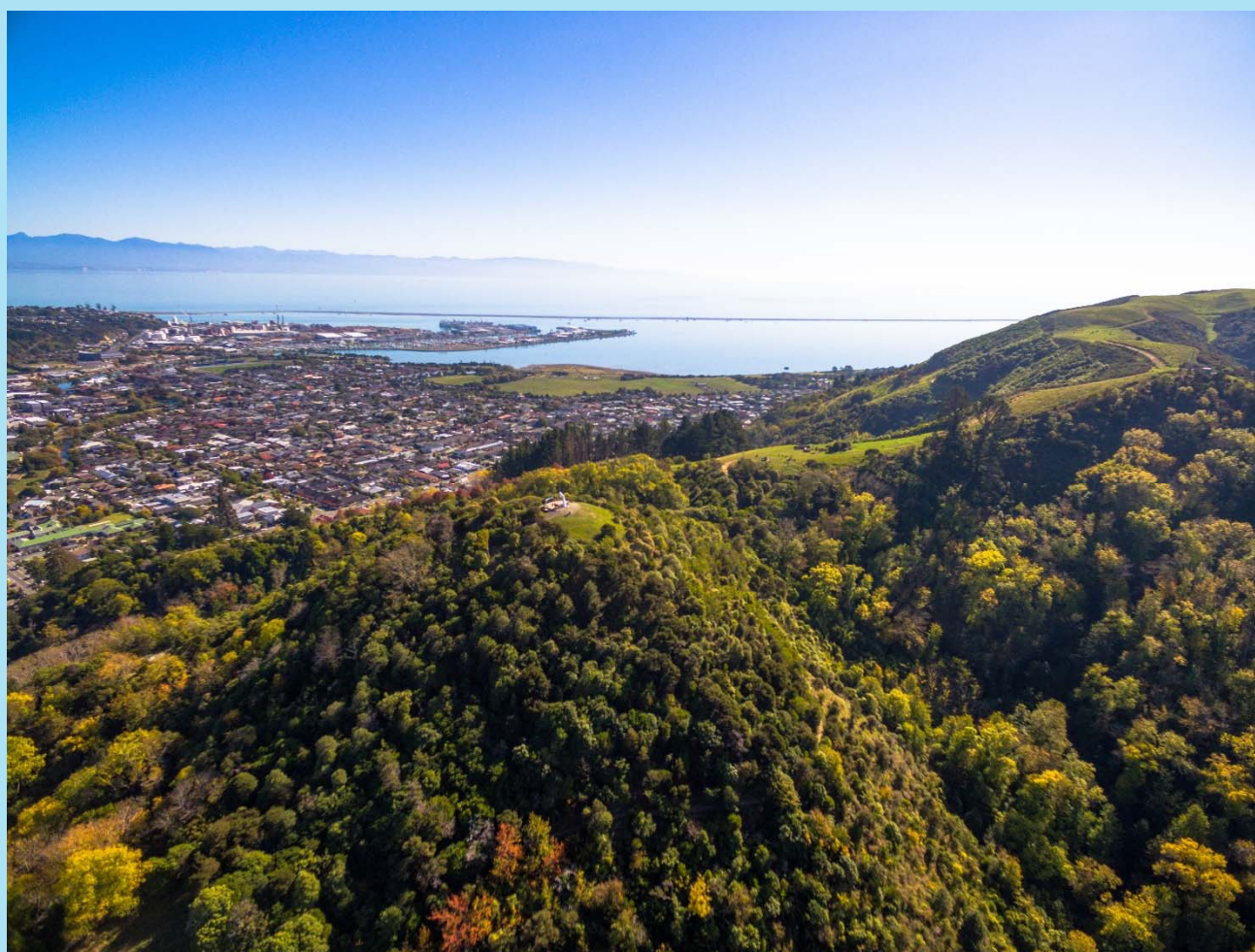
Council agreed to continue exemptions for the Nelson Civic Trust¹ and Nelson Municipal Band Trust² in October 2020, meaning they are exempt from reporting requirements. Therefore, reporting for these trusts is not included in this Annual Report.

¹ 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.

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.

New Company Model – Port Nelson and Nelson Airport

Nelson City Council and Tasman District Council each own 50% of Port Nelson and Nelson Airport. In 2020/21 the councils resolved to create a Holding Company for Port Nelson Ltd and Nelson Airport Ltd (Option Three). It was decided that the most appropriate way of providing financial benefits for Airport, Port and shareholders is to establish a new company as a funding vehicle. If a funding company is established, the Port and Airport could access reduced borrowing costs through the Local Government Funding Agency, saving an estimated \$900,000 per year, which is expected to lead to an increased dividend to each shareholder. Operational and governance aspects of the entities would remain the same. The transition period is likely to be twelve months. The new Council Controlled Trading Organisation would provide a statement of intent, a six-monthly report, and annual report for its shareholders.



Port Nelson Ltd

Council owns 50% of Port Nelson Ltd, with Tasman District Council owning the other 50%. The company provides core port services for the Nelson region including cargo, logistics, vessel slipping services and the development and leasing of land and buildings. The Port is a strategic asset in accordance with Council's Significance and Engagement Policy. Port Nelson Ltd is a port company and is covered by the Port Companies Act 1988, which imposes obligations on Port Nelson Ltd almost identical to those imposed on Council Controlled Trading Organisations by the Local Government Act 2002, including the provision of an annual Statement of Corporate Intent.

The company provides core port services and managed property portfolio services including:

- Marine services which include pilotage, towage and navigation aids for the arrival, berth and departure of vessels to the port
- Berths to accommodate vessels at the port
- Wharves, plant and other services to facilitate the discharge and loading of vessels
- Container terminal handling services which include receipt, delivery, transit, storage and shipment of a wide range of import and export cargos
- Cargo logistics including warehousing and storage of goods
- Vessel slipping services
- The development, leasing and management of land and buildings not required for Port operating purposes

PERFORMANCE TARGETS – PORT NELSON LTD

As set out in the table below, Port Nelson achieved 70% of the 27 performance measures set out in its Statement of Intent.

Performance Measure	Financial Year 2021 Target	Result	Outcome
Customers	Cargo Volumes of 3.36 million revenue tons	3.3 million	Not achieved
	Container Throughput of 119,000 TEU (twenty-foot equivalent unit)	102,995 TEU	Not achieved
	Vessel Visits of 742	781	Achieved
	Gross Registered Tons of 9.77 million	9.2 million	Not achieved
Environment	A fuel reduction of >1% on 2020 litres per revenue ton	6.4%	Achieved

Performance Measure	Financial Year 2021 Target	Result	Outcome
	Maintaining Port Nelson's ISO 14001 Certification	Certification received 24 May 2021	Achieved
	No significant noise events >89 dbA LMAX (Maximum Sound Level)	Nil	Achieved
Environment	A Port Nelson sponsored initiative to halt the loss of biodiversity/ prevent the extinction of threatened species	One initiative undertaken	Achieved
	No pollution incidents to the coastal marine area	1	Not achieved
	Commence the Port Nelson Log Yard redevelopment	Commenced 1 June 2021	Achieved
	Compliance with all resource consent conditions	Full compliance	Achieved
	Compliance with NZ Maritime safety standards	Full compliance	Achieved
	Compliance with noise variation	Full compliance	Achieved
People	Critical Risk Verification Reviews >40 per year	44	Achieved
	Lost Time Injury Frequency Rate reduced by 20% on FY20 (2.9)	2.12	Achieved
	High risk events reduced by 20% on FY20 (6)	4	Achieved
	New Zealand Certificate in Port Operations - Heavy Plant (38)	19	Not achieved
Community	Dividends paid to the shareholder of \$4 million	\$4 million	Achieved
	Sponsorship spend of \$110,000	\$109,000	Not achieved
	Operate the Slipway in support of the Nelson Marine Engineering and Fishing clusters	Achieved	Achieved

Performance Measure	Financial Year 2021 Target	Result	Outcome
	Port Nelson will hold a public open day	No	Not achieved
	Port Nelson will provide port tours to community groups and schools	Achieved	Achieved
Shareholders	Revenue of \$75 million	\$73.5 million	Not achieved
	EBIT of \$13.4 million	\$19.3 million	Achieved
	NPAT of \$7.4 million	\$13 million	Achieved
	Return on Equity of 3.3%	5.1%	Achieved
	Net debt to Equity of <45%	68.5%	Achieved

For more information, see Port Nelson's Annual Report for 2020/21.



FINANCIAL PERFORMANCE – PORT NELSON LIMITED

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

	2021	2020
	(\$000)	(\$000)
Revenue	73,510	66,744
Expenses	56,808	56,550
Net Surplus Before Taxation	16,702	10,194
Provision for Taxation	(3,669)	(2,040)
Net Surplus for Year after Taxation	13,033	8,154
Other comprehensive income	2,307	56,635
Total Comprehensive Revenue and Expense	15,340	64,789
Shareholder's funds brought forward	250,360	190,371
Impact of change in accounting policy		-
Dividend	(4,000)	(4,800)
Shareholder's funds carried forward	261,700	250,360

Nelmac Ltd

Nelson Maintenance & Construction Limited (NelMAC) commenced operations on 1 July 1995 following the corporatisation of the Operations Business Unit. The company is fully owned by the Nelson City Council. Nelmac provides high quality management, maintenance and construction of the natural and built environment. This includes managing Council facilities, infrastructure such as water and waste, parks, reserves and sports fields.

PERFORMANCE TARGETS – NELMAC LTD

As set out in the table below, Nelmac has achieved 64% of the 14 performance measures set out in its Statement of Intent.

Objective Area	Performance Measures	Targets	Result
Quality of Service	Quality assurance accreditation(s) maintained to industry standards	Maintain AS/NZS ISO 9001 Quality Accreditation	Achieved
	Improve on 2020 Net Promoter score in FY2022	Exceed score from 2020 of 5.5 (due June 2022)*	Not Measured
	Improve on 2019 Pulse survey	Exceed score of 4.16	Achieved
Sustainability & Community	Continually advance Nelmac's sustainability plan to deliver measurable value to the environment and community	Enhance the sustainability plan to incorporate climate change responsiveness	Achieved
		Carbon emissions included in annual report and compared against 2020 baseline	Achieved
		25% overall carbon reduction compared with 2020 (due June 2025)**	Not Measured
		Reduce overall carbon emission compared with 2020	Not Achieved
		Support community organisations/initiatives through financial or in-kind contributions	Achieved

Objective Area	Performance Measures	Targets	Result
		equivalent to 5% of net profit after tax	
People & Safety	Employee morale/turnover within industry benchmarks, excluding retirement, redundancy and internal transfers	Employee turnover within 5% of the national industry average	Not Achieved
	Continue to actively promote employee health & safety in the workforce	TRIFR reduction from 12% to under 10%	Achieved
	Health & safety accreditation(s) maintained to industry standards	Maintain ISO 45001 accreditation for health & safety	Achieved
Non-shareholder Business	Non Nelson City Council work contributes to the profitability of the company	Profitable year on year growth in non-NCC work from 2020 to 2021	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

* Note 1 - Net Promoter survey is performed every two years

** Note 2 - Nelmac's target for the year 2025 is to see a 25% overall reduction in carbon emissions compare to the year 2020. Carbon emissions increased in 2021 from 2020 as the emissions in 2020 were artificially reduced by the 5 week level 4 lockdown in April/May 2020

For the full summary of performance, see Nelmac's Annual Report 2020/21.

FINANCIAL PERFORMANCE – NELMAC LTD

	2021	2020
	(\$000)	(\$000)
Revenue	41,927	37,235
Expenses	40,899	36,441
Net Surplus Before Taxation	1,028	794
Subvention Payment	(397)	0
Provision for Taxation	(302)	(236)
Net Surplus for Year after Taxation	329	558
Asset Revaluation	-	1,080
Total Comprehensive Revenue and Expense	329	1,638
Retained Earnings Brought Forward	10,148	8,725
Impact of change in Accounting Policy	-	(5)
Dividend	-	(210)
Retained earnings carried forward	10,477	10,148



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 41% of the performance measures set out in its Statement of Intent. (This is 7 out of 17).

Strategic Area	Performance Measure	Target	Achievement
Customers	Iwi engagement	Form a strategy and policy for relationship development	Achieved. Engagement Strategy in place. Work with shareholders to align and deliver the appropriate engagement model
	Passengers' numbers	403,000	Achieved. Total passengers for the year to 30 June 2021 was 725,269.
	Implement a customer experience benchmarking plan	Plan completed and benchmark parameters set	Not achieved. Customer profiling/segmentation survey to be developed by 31 December 2021.
People	Lost time injuries	Nil	Not achieved, but a strong focus going forward.
	Undertake a staff engagement survey	30 June 2021	Not achieved due to uncertainty around Covid-19 and the proposed holding company. The survey is among a suite of initiatives around people, culture, and values to be delivered in the 2021/22 financial year. See 2021/22 Statement of Intent.
Infrastructure and Planning	Commence a programme for the gradual upgrade of stormwater services and protections against sea level rise	30 June 2021	Achieved. Phase 1 commenced with the installation of a new tide flap to mitigate flood risk to Hangar 1.

Strategic Area	Performance Measure	Target	Achievement
	Complete permanent rental car facilities for on-site operators	30 June 2021	Not achieved. The final decision on relocation was held up due to the uncertainty around COVID-19 and pending a comprehensive safety review of the main and premium carpark area. Nelson Airport Limited is now working to a plan to install the permanent facilities in 2021/22.
	Nelson Resource Management Plan-complete submission	31 December 2020	Achieved.
	Complete updated Master Plan 2020-2040	31 December 2020	Not achieved. Completed to final draft stage but not adopted and published due to revision of Nelson Airport Limited's input into the Nelson Plan. Has now been updated to a 2050 focus and will be released in conjunction with consultation on Nelson Airport's designations.
Financial Results	Earnings before interest, taxes, depreciation, and amortization (EBITDA) before other income/expenses	\$2.6 million	Achieved. EBITDA before other income/expenses is \$5.5 million reflecting the strong recovery of domestic travel from COVID-19 lockdowns. Refer note 21 of the [Airport's] Annual Report Financials.
	Total operating revenue	\$6.7 million	Achieved. Total operating revenue is \$11.4 million reflecting the strong recovery of domestic travel from COVID-19 lockdowns. Note: \$2.2 million Gain Recognised on Acquisition of Assets, as stated in the [Airport's] Annual Report Financials is excluded from this measure.

Strategic Area	Performance Measure	Target	Achievement
	Capital expenditure (excluding terminal projects)	\$4 million	Not achieved. Actual capital expenditure achieved is \$1.8 million. Reflects deferral of some capital projects into 2021/22 due to COVID-19.
	Dividends declared	Greater than \$850,000	Achieved. Dividend of \$1 million declared on 30 June 2021.
Sustainability	Establish ongoing measurement and reporting of reduction in energy use and waste	June 2021	Not achieved. Ongoing measurement of energy use has been established. Waste measurement and reporting remains work in progress.
	A new business case completed for alternative energy source(s)	June 2021	Not achieved. Initial investigation to support business case identified new areas and larger scale of potential opportunity, which are being assessed.
Risk and Compliance	Compliance with audit standards	Unmodified audit opinion	Not achieved. A qualified audit opinion was issued in relation to the effects from the 2019/2020 audit qualification on land. An emphasis of matter paragraph was also included in the report advising readers that the continuing COVID situation currently presents a risk around the valuation of assets and possible impairment.
	Compliance with Civil Aviation Authority and the Airport Operator Certificate	No Audit findings	Not achieved. CAA issued one minor finding relating to Safety Investigation Training for staff. Finding has subsequently been addressed.

For the full summary of performance, see Nelson Airport's Annual Report 2020/21.

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 the Nelson City Council, and is currently administered by the Council.

	2021	2020
	(\$000)	(\$000)
Revenue	14,531	11,890
Expenses	12,580	9,743
Net Surplus Before Taxation	1,951	2,147
Provision for Taxation	(385)	(380)
Net Surplus for Year after Taxation	1,566	1,767
Other comprehensive income	25,735	-
Total Comprehensive Revenue and Expense	27,301	1,767
Equity Brought Forward	67,460	66,525
Balance of Asset Transferred from Asset Revaluation Reserve	-	141
Impact of change in Accounting Policy	-	(2)
Balance of Asset Transferred to Retained Earnings	-	(141)
Movement in Deferred Tax on Disposed Asset Transferred to Retained Earnings	-	40
Dividend	(1,000)	(870)
Retained earnings carried forward	93,761	67,460



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, the 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 that can add to the special character of the region.

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 NRDA.

PERFORMANCE TARGETS – NRDA

As outlined in the table below, NRDA has achieved 82% of the 44 outcomes set in its Statement of Intent (SOI). Additional information on the key performance measures and results for 2020/21 is in the NRDA's Annual Report.

(An amber rating^{*} shows where delivery was impacted by COVID-19 or by another factor out of the NRDA's control).

Focus Area	Key Performance Measures	Status
1. Targeted Business and Innovation Support		
1.1 Responsive one on one business continuity service (Regional Business Partner Programme)	a. Delivering RBP support to over 400 companies, attracting in excess of \$1 million in RBP funding and a customer satisfaction net promoter score of +60 across the RBP programme by June 2021	Achieved
	b. Targeting a minimum of 30% of businesses from any one district.	Achieved
	c. 20 Tasman and 20 Nelson businesses intensively case managed.	Achieved
1.2 Targeted business recovery and regenerate accelerator programme	a. Establishment of at least 3 business enhancement clusters with up to 12 companies per cluster.	Achieved
	b. At least 40% of the companies involved in the research and invited into the programme will come from each district.	Achieved

Focus Area	Key Performance Measures	Status
1.3 Reposition Mahitahi Collab to support COVID-19 recovery	a. Mahitahi Collab hosts at least 50 business and talent collaboration events attracting 1500 attendees.	Achieved
	b. At least one COVID recovery and regeneration Co.Starters programme delivered with at least 10 potential start-up's participating.	Achieved
	c. The Student consulting programme has at least 10 students involved, and they have delivered services to at least 10 Nelson Tasman clients.	*
2. Capability Building and Job Creation		
2.1 Interim Regional Skills Leadership Group (iRSLG)	a. NRDA making a proactive contribution to the iRSLG programme.	Achieved
2.2 Coordination of labour market services and recovery activity	a. Engage all 12 targeted schools (staff and students) in the region in the Education to Employment Brokerage Service (EEB) and facilitate the opportunity for students and school staff to be able to attend at least 4 industry sector expo/information events.	Achieved
	b. Identify, trial, and evaluate up to two appropriate interventions that will help young people who are at a disproportionate risk from the economic fallout of COVID19, avoid or recover from NEET status.	Achieved
	Establishment of work placement programme with at least 20 businesses and 20 students engaged.	*
2.3 Coordinate Education and Skills development activity	b. An increase to at least 20 students engaged in the intern and grad programme.	*
3. Business and Investment Attraction		
3.1 Targeted business relocation programme	a. 10 target businesses relocation pitches presented including highlighting the benefits of being located in the urban centres of each district.	Achieved
3.2 Targeted investment and skill s attraction to assist	a. Facilitating investor or global impact work visas inquiries in a timely manner. (COVID restrictions dependent)	Achieved

Focus Area	Key Performance Measures	Status
existing businesses in region	b. Facilitation of an appropriate targeted skills attraction initiative if identified by labour market activity.	Achieved

4 Stimulating Local Spending

4.1 Campaign initiatives and activations to encourage those who can, to support and buy local, build confidence, and pride in the region, and generate national exposure to support the recovery of domestic tourism to Nelson Tasman.	a. Campaign launched by 20th July.	Achieved
	b. Campaign achieves a digital content marketing engagement level that is above the national industry avg.	Achieved
	c. Over 500 businesses from across the region are engaged in the campaign, with at least 40% coming from each district.	Achieved
	d. Registration of at least 1,000 Nelson Tasman Expats to promote the campaign.	Achieved
	e. Two in-market activations, 1 in Wellington and 1 in Auckland that secure national attention.	Achieved
4.2 Supporting local and social procurement policy and campaign	a. Social Impact Nelson Tasman and the NTCC level of satisfaction with NRDA support of the delivery of this activity.	Achieved

5 Stimulating Domestic Visitation - Visitor Destination Management

5.1 Destination Management Restart and Recovery Plan	a. Regional destination management plan completed and endorsed by key stakeholders by June 2021.	Achieved
	b. Development of 3 theme-based journeys within the region and 1 connecting Te Taihupo.	Achieved
	c. Production of 2 visitor sector product development investment cases and 2 early-stage product development feasibility studies. With at least one in Tasman and one in Nelson City.	*

Focus Area	Key Performance Measures	Status
5.2 Support the reactivation of Events including Business Events	a. Through the NCC events fund, support at least 12 community events and major events contributing to the attraction of over 15,000 major events attendees (50% from out-of-region) delivering a return on event fund investment ratio of 20:1	Achieved
	b. Contributing to the attraction of 2,000 out-of-region business event delegates, at an average of 2.5 nights each (5,000 room nights), with 75% between March-November for events to take place within the next three years.	Achieved
5.3 Reactivation of international marketing	a. 50 Australian trade and media hosted and trained, and 4 in-market trade training events attended or led (incl. virtual) with 200 referrals by June 2021.	*
5.4 Reactivation of the Nelson i-SITE	a. Minimising the level of COVID impact on the Nelson i-SITE while maintaining a Customer Satisfaction Rating of 80% of 4/5 and 5/5 ratings. (i-SITE data).	Achieved
	b. Agreeing and implementing a long-term sustainable future i-SITE business model, within the context of meeting Council's expectations and the revised national business model.	*
6 Regional Competitive Advantage and Regeneration Initiatives		
6.1 Regional Projects Pipeline that will identify and facilitate investment ready proposals around our areas of key competitive advantage	a. At least 50 organisations engaging with the Pipeline triage process and receive the business support offered by the Pipeline team.	*
	b. Of those Project Proposals which are developed to an investment ready stage, 20% are successful in securing investment.	*
7 Management and Operations		
7.1 Project Kokiri Management and Operations	a. Engaged with over 3,000 businesses across the region through communications channels to keep them informed with up-to-date information.	Achieved

Focus Area	Key Performance Measures	Status
	b. Direct participation and engagement through virtual events from over 500 individual businesses, with at least 40% coming from any one district.	Achieved
	c. Maintain economic data insights, provides timely reports and regional COVID impact related information on a regular basis.	Achieved
	d. Proactively engage with the leaders of Kia Kotahi te Hoe, the Nga iwi o Te Taihū Transition and Recovery Plan and provide support where appropriate.	Achieved
	e. Provide input to at least four COVID economic development related stakeholder working groups and at least 10 regional collaboration projects in Nelson and Tasman.	Achieved
	f. Proactively contribute to the COVID Recovery Pou Leads Forum.	Achieved
7.2 NRDA Organisational Sustainability and Culture	a. Annual Stakeholder engagement surveys demonstrate that at least 60% of respondents are positive about NRDA's service.	Achieved
	b. The NRDA maintains a balanced budget.	Achieved
	c. NRDA delivers a clean Audit.	Achieved
	d. Zero lost-time work injuries.	Achieved
	e. The CEOs 360 review demonstrates an engaged and valued team with improvements shown within any identified areas for improvement.	Achieved
	f. Every staff member completing at least one Professional Development activity annually.	Achieved

For the full summary of performance, see the NRDA's Annual Report 2020/21.

FINANCIAL PERFORMANCE – NRDA

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

	2021	2020
	(\$000)	(\$000)
Revenue	3,458	2,379
Expenses	3,526	2,427
Net Surplus Before Taxation	(68)	(48)
Provision for Taxation	18	8
Net Surplus for Year after Taxation	(50)	(40)
Equity Brought Forward	295	335
Equity carried forward	245	295



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 programmes.

PERFORMANCE TARGETS – TBHT

TBHT has advised Council that it has achieved 27 of the 29 performance measures set out in its Statement of Intent.

Achieved through	Measures	Activities to meet measures	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			
Robust planning, budgeting and project management	Project plan including timeline and refined budget completed by 30 June 2021	Project plan commissioned from Aesculus Limited including refined timeline and budget completed	Achieved
Identifying, canvassing and securing funding sources	10% of non-council funding secured by 30 June 2021	\$865,000 non-council funding achieved to date out of project budget of \$11.29 million: <ul style="list-style-type: none"> • \$820K from capital reserves used on land purchase • \$45K Rata funding for feasibility study • 7.66% of the total budget and 17.56% of non-council sources 	Achieved
Securing support of both Councils	Financial support of both Councils confirmed by 30 June 2021	<ul style="list-style-type: none"> • NCC funding of \$3.165 million committed in LTP • TDC funding of \$3.2 million committed in LTP 	Achieved

Achieved through	Measures	Activities to meet measures	Status
2. To be a highly valued visitor destination, educational facility and cultural tourism attraction			
Implement actions to attract traditionally under-represented visitor groups	Collaborate with local iwi on at least one exhibition or event every year	Worked with iwi of Kurahaupō waka to develop local content to support the 'Tupaia: Voyage to Aotearoa' interactive exhibition and to deliver the associated education programme	Achieved
	Implement at least one new digital accessibility initiative by 30 June 2021	New public access terminal installed at the Museum to provide access to online Museum collections and research (including Nelson Photonews, WW100, Early Settlers Database and Cenotaph).	Achieved
	Deliver at least one public programme event targeted at rangatahi youth by 30 June 2021	Tailored programmes delivered to seventy Ngāti Apa ki te Rā Tō and Ngāti Kuia rangatahi in the Regional Gallery.	Achieved
Better understand our local audience, including non-visitors	Undertake further visitor demographic research by 30 June 2021	MA 2021 visitor survey completed	Achieved
Consolidating and attaining visitation targets	Achieve target visitation of 35,000 across all venues (excluding education) by 30 June 2021	<ul style="list-style-type: none"> 56,132 visitors across all venues excluding education 62,213 Total Visitation including education numbers 	Achieved
	Achieve annual Ministry of Education visitation target of 5,500 (including remote learning)	6,081 students including over two thousand from the Tasman region	
Provide a high quality customer service and visitor experience	Twice yearly customer surveys with rating at least 85% satisfaction	<ul style="list-style-type: none"> January results from onsite digital survey 88.68%, consisting of visitors either "satisfied" (41.51%) or "extremely satisfied" (47.17%) April results from onsite digital survey 87.5%, consisting of 37.50% "satisfied" and 50% "extremely satisfied" 	Achieved
Provide a high quality educational service	Teacher evaluation satisfaction levels at least 90%	<ul style="list-style-type: none"> Term 3 2020: 96% (Q3 in financial year 19/20) Term 4 2020: 94% (Q4 in financial year 19/20) 	Achieved

Achieved through	Measures	Activities to meet measures	Status
		<ul style="list-style-type: none"> Term 1 2021: 94% (Q1 in financial year 20/21) Term 2: 94% (Q2 in financial year 20/21) 	
Provide a destination retail experience profiling local Nelson Tasman makers	At least 30% of stock sourced from Nelson Tasman artisans	Currently 45% Local Suppliers	Achieved
A refreshed and up to date Regional Gallery experience to engage tourist and local audiences	Consultation with mana whenua and other community stakeholders by 30 June 2021 Concept design complete by 30 December 2021 First stage of redevelopment completed by 30 June 2022	Initial planning hui held. Further consultation and increased resourcing will be required which will impact the delivery timelines below Revised timeline to be implemented Revised timeline to be implemented	Partially achieved
3. To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations			
Providing content and support for Tasman district museums	Provide 100 hours of expertise or resources to district museums by 30 June 2021	Over 120 hours delivered	Achieved
Providing advice, guidance and mentoring to smaller galleries, libraries, archives and museums within Nelson Tasman	Coordinate one National Digital Forum (NDF) workshop (or similar) by 30 June 2021 Organise two regional hui (possibly digital) with associated workshop on a topic requested by district museums by 30 June 2021	Assisted NCC Library with coordination and promotion of Oral History workshop from Oral History unit of National Library May 29 and June 26 Organised regional online meeting with Museums Aotearoa on post-COVID-19 funding 7/8/20 Organised Audience Engagement workshop in Golden Bay with Te Papa Tongarewa 11/12/20 Organised regional online meeting on education curriculum changes 16/6/2021	Achieved Achieved

Achieved through	Measures	Activities to meet measures	Status
Collaborating with other Nelson Tasman institutions and organisations	Collaborate with NCC Library to digitise Nelson Evening Mail from 1937 to 1945 for online access through Papers Past completed by 30 June 2021	Completed January 2021	Achieved
	Host one remote wiki-edit-a-thon on a mutually agreed topic with another Nelson Tasman organisation by 30 June 2021	Hosted on April 10th as part of Tuku 2021 (Heritage Month)	Achieved
	Participate in one collaborative project with an iwi or Nelson Tasman heritage organisation by 30 June 2021	Presentation of Te Hokinga Mai Tūpuna to Ngāti Kuia event at Te Hora Pā – Canvastown was attended by over 100 iwi members	Achieved

4. To continue to develop and provide appropriate care for a strong Collection which is relevant and valued by, and accessible to, Nelson Tasman communities

Actively collecting objects that are strongly related to the history and cultural story of Nelson Tasman	Collect at least two examples of contemporary local taonga by 30 June 2021	Two pakohe taonga commissioned from local Te Taihū artists Lewis Smith and Fayne Robinson	Achieved
	Collect at least 30 significant items related to the 2019 Tasman Fires and the 2020 COVID-19 pandemic by 30 June 2021	<ul style="list-style-type: none"> Thirteen COVID-19 related objects added to the collection Eleven images, one video and eighteen literary submissions received through 'Life in the Bubble' partnership platform with NCC Library. Four professional photographs of Tasman Fires by Dwayne Lohmann accessioned Collection of over 250 digital photographs of the 2019 Tasman Fires received from Tasman mayor Tim King Additional offers of COVID-19 and Tasman Fire material still pending processing 	Achieved

Achieved through	Measures	Activities to meet measures	Status
Identifying objects which that do not fit our Collections policy	Pilot a rationalisation project on domestic technology collection by 30 June 2021	Review of 28 sewing machines completed	Achieved
Provide access for our visitors to connect with and study the physical Collection	Provide collection material for ten outreach programmes by 30 June 2021	<ul style="list-style-type: none"> • '2020: The Year of the Nurse' exhibit at Richmond Library (17/7/20) • Photograph exhibit at Nelson A&P Show (21-22/11/20) • Photograph exhibit and take away photos at 'Halloween at Willowbank' event (24/10/20) • Trilingual Appo Hooton exhibit at Cultural Festival (28/3/21) • 'The Art Of ...' exhibit at Richmond Library (29/3/21) • 'Life in the Bubble' exhibit at NCC Library for Tuku21 program (29/3/21) • Painting by Nicholas Maes exhibited in Isel House for Tuku21 (8/4/21) • Photograph exhibit at Port Nelson Open Day (1/5/21) • Provided WWI exhibition content to Tapawera Historical Society for display in Army Hut (20/4/21) • Tupuna outreach at Te Kaiotanga o Te Reo symposium in Blenheim (19- 20/5/21) 	Achieved
	Four finding aids/research guides published on the Museum's website relating to significant collection holdings by 30 June 2021	Four finding aids written	Partially achieved
	Undertake survey to understand what researchers need from and value in an archives and research facility by 30 June 2021	Survey issued 21 June	Achieved

Achieved through	Measures	Activities to meet measures	Status
Prepare collection for relocation	Inventory of furniture collection by 30 June 2021	Furniture inventory totalling 162 objects complete	Achieved
Provide digital access to collection records	5,000 new records available online by 30 June 2021	5,132 new records added	Achieved
5. To improve our sustainability performance			
Embed the sustainability improvement programme	<ul style="list-style-type: none"> Review of the improvement programme by 30 June 2021 Annual review of effectiveness of improvement measures 	Sustainability improvement plan reviewed June 2021	Achieved
Implement actions to improve sustainability performance	At least two sustainability initiatives implemented by 30 June 2021	<ul style="list-style-type: none"> Energy Audit with EMSOL underway Air Handling Unit and Humidifier upgraded in Regional Gallery. Implemented use of sustainable cleaning products Shift made to supplying Oaklands milk in reusable bottles for staff use Fire extinguishers upgraded to enable bottle swap system instead of bottles going to landfill Majority of creditors moved to paperless invoicing School holiday workshops designed to use recycled and re-used materials Wine bottle lids from exhibition openings collected for the Kan-Tabs scheme supporting Kidney Kids NZ Investigating solar power options 	Achieved

For the full summary of performance, see TBHT's Annual Report 2020/21.

FINANCIAL PERFORMANCE – TBHT

	2021	2020
	(\$000)	(\$000)
Revenue	2,340	2,187
Expenses	2,046	2,222
Net Surplus Before Taxation	294	(35)
Revaluation	12,074	-
Total Comprehensive Revenue and Expense	12,368	
Equity brought forward	19,330	19,365
Equity carried forward	31,698	19,330



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 below, TBST has advised Council that it has achieved 17 of the 18 performance measures as set out in its statement of intent.

Target	Result
3.1 GOVERNANCE: Operate a successful visual arts centre and visitor destination:	
3.1.1. Provide an arts centre and visitor attraction: That is open 362 days of the year with a minimum of 100,000 visits per annum to The Suter® Report six monthly with visitor statistics.	Achieved: The Suter has achieved its target of being open every day, except Christmas Day, New Year's Day and Good Friday. Total visits to the facilities were 122,280; note this does not include all visitors to the Café who may have entered and left via the Gardens.
3.1.2 Ensure that The Suter® is well managed and operates within its agreed plans: Reports, plans and budgets meet set deadlines. The Risk Management Plan is reviewed annually, and mitigation strategies identified are implemented (including cyber security, and response planning for natural hazards and climate change).	Achieved: Cyber risk mitigation occurs as part of supply agreement- no significant incidents. The Risk Management Plan was comprehensively reviewed, and a process of continuous rolling review of risks and mitigations has been implemented. Identified risks collated, monitored and progressively mitigated.
3.1.3 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.	Achieved: Assets' renewal fund established.
3.1.4 Undertake an energy and carbon emissions audit; develop a management plan: Audit undertaken, and plan developed by	Not achieved: This is a work in progress, the audit will be undertaken before the end of 2021. Energy consumption data has been collated

Target	Result
30.06.21; monitor and report on energy use monthly and impact of mitigations:	and is monitored for different areas/functions e.g. theatre, galleries and over a number of years. Consideration and reviews of practices underway across retail, curatorial etc.
3.1.5 Be a good employer, fostering a culture of staff excellence and wellbeing 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.	Achieved: Health & Safety and Wellbeing: Safety improvements for identified hazards implemented. 1 very minor injury to Suter staff, no hours lost to injury. 4 3 rd party medical events and 1 minor injury to a visitor. 2 incidents reported to Police. Staff turnover: 3 casual and part time appointments made; 1 resignation.
3.2 VISITOR EXPERIENCE: Inform and engage the public through the visual arts:	
3.2.1 Provide a programme of regularly changing internally produced and externally sourced exhibitions: 10-15 exhibitions mounted per annum; Report six monthly on progress.	Achieved: See appended list. 14 new exhibitions installed in period + NSAS <i>Spring and Autumn</i> exhibitions: 12 exhibitions curated/developed by Suter staff, 2 touring (externally sourced); 5 used the collection extensively; 2 were major survey exhibitions of Nelson/Tasman region artists; 3 catalogues published.
3.2.2 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.	Achieved: Exhibitions are planned 12-28 months ahead, however COVID-19 continues to impact on programming, particularly for planned international sourced exhibits. Toi Māori exhibitions programmed.
3.3 LIFELONG LEARNING: Provide innovative educational opportunities:	
3.3.1 Provide learning experiences for regional school students that support their NZ curriculum studies based on The Suter's® programmes and resources; Target is 3,100 students from 25 schools as per the Ministry of Education (MoE) LEOTC Contract Milestones & post visit evaluations indicate 90% satisfaction ratings of "fine" to "great". At least one Education Advisory Committee meeting held per annum. Structured schools' education	Achieved LEOTC targets: On-site 174 LEOTC Educator led programmes delivered to 3,933 students accompanied by 1,008 helpers. 100% satisfied or better ratings in evaluations of programmes by teachers. Advisory Committee met twice in period. On-site education delivery was disrupted by periods of COVID-19 Level 2, so Educator delivered some programmes at schools and The Suter Educator's five YouTube programmes and two on-line

Target	Result
programme delivery target: 5,000 students per annum.	programmes continued to be available to teachers/schools.
3.3.2 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.	Achieved: See appended: 35 events held: 17 daytime activities - talks, seminars etc. held; 18 evening events such as openings, shared events, other events (shared/offsite) + activities for volunteers. Note - some events are in conjunction with NSAS, or NSAS initiated, but held in Suter gallery spaces. <i>See appendices</i>
3.3.3 Provide out-of-school and other art educational activities; Minimum 80 sessions of Suter Kids Club and other community learning sessions are delivered per annum.	Achieved: 209 SKC art classes delivered to 2,395 students and 87 classes for adults with 775 participating. Number of SKC classes delivered per week has varied from 4 to 6; likewise adults 2 to 3; in addition a children's holiday programme delivered by outside provider; children's Japanese calligraphy programmes delivered by outside provider.
3.3.4 Provide and manage The Suter® Volunteers' programme: That provides av.>80 hours of contribution per month/ per annum. Report 6 monthly on progress.	Achieved: Average monthly volunteer contribution of 120 hours. 12 volunteer events held including volunteer <i>Sneak Peeks</i> -previews of exhibitions, training and volunteer get-togethers.
3.4 COLLECTION: Collect and preserve, record and communicate and display our artistic heritage.	
3.4.1 Develop The Suter's® Collection in accordance with The Suter's® Collection Policy; In 220/21 the collection policy is reviewed and approved. All acquisitions and de-accessions approved by the Trust comply with the Collection Policy and related procedures and are reported six monthly. Achieved: Received donation that enabled The Suter's collection to go online. All collection items are listed on-line and those items with copyright clearance illustrated. All loan and reproduction requests met. Curated continually playing 'slide' shows of works from the collection also screen in the Jane Evans Foyer. Nelson City Centre ArtWalk includes to date 26 reproductions of artworks from the Collection.	W.I.P. & Achieved: The Collection Policy is still a work in progress. 30 additions to the Collection: 27 gifted works and 3 purchases. Note 2 of the artworks comprise multiple elements. <i>See appendices for Acquisitions</i>

Target	Result
Three “How to Look at Art” talks given at Richmond Library. <i>See appendices</i>	
3.4.2 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.	Achieved: No incidents; Collection storeroom shelving increased. Collection insurance coverage increased in response to valuation for insurance purposes conducted by expert art appraiser.
3.3.3 Enhance knowledge of the collection: Collection records are significantly upgraded to increase accessibility and usability, as a part of a project to make the collection searchable on www.thesuter.org.nz : Collection records are upgraded; 2020/21 all copyright cleared collection items are uploaded to www.thesuter.org.nz ; Loans, reproductions and other collection requests are met in a timely fashion; publishing occurs. Progress reported six monthly.	Achieved: Received donation that enabled The Suter’s collection to go online. All collection items are listed on-line and those items with copyright clearance illustrated. All loan and reproduction requests met. Curated continually playing ‘slide’ shows of works from the collection also screen in the Jane Evans Foyer. Nelson City Centre ArtWalk includes to date 26 reproductions of artworks from the Collection. 3 “How to Look at Art” talks given at Richmond Library. <i>See appendices</i>
3.5 COLLABORATIONS & PARTNERSHIPS: Partnerships that grow The Suter®	
3.5.1 Strengthen The Suter’s® relationship with Iwi and Maori; Honour the kaupapa of the Memorandum of Understanding [MoU] with Ko Te Pouāranga; KTP input to programmes and collection development; and co-develop toi Māori exhibitions. Report 6 monthly.	Achieved: Iwi involvement for openings and significant events. Trustees and Director attend KTP hui. New kaupapa Māori curatorial approach being developed for forthcoming <i>He Raranga Kōrero</i> exhibition and other toi Māori exhibitions.
3.5.2 Develop a collaborative Partnership Plan that engages both commercial partners and philanthropic sponsors to provide additional funding and/or supply goods and/or services to achieve project and programme goals. Report 6 monthly on progress against our plan:	Achieved: Jarden Sponsorship support of <i>Christine Boswijk: Thinking Through her Hands</i> ; The Blumhardt Foundation 4-year annual acquisition agreement; David Blunt bequest received. 5 wineries agreement; Noble Souls/TESA project; NRDA – Tourism New Zealand collaborations including “influencers’ video shoot at The Suter and postings on social media. Make/Shift Spaces collaboration with The Suter to achieve Nelson City Centre ArtWalk. Education Fund established with

Target	Result
	Nelson Rotary Club donation and Suter donation box/ Tap & Go donations.
<p>3.5.3 The Friends of The Suter® (FOTS) and Legacy Group are enhanced; 2020/21 FOTS review carried out; FOTS membership increases, activities and progress on patronage scheme reported six monthly.</p>	<p>WIP & Achieved: FOTS is still a work in progress. During 2020/21 there were 102 completely new memberships of the FoTS bringing the total of FoTs to 448 annual subscription and Life memberships Legacy Group enjoyed special events and FoTS enjoyed a variety of events, and support rewarded with discounts on events, trips, Suter Shop purchases and adult art classes.</p>
<p>3.5.4 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, regional museums network and other related initiatives; report on contribution nationally in areas of expertise:</p>	<p>Achieved: Arts & Heritage Strategy: Director participated in (Nelson) Arts Panel meetings including selection of street banners, mural designs etc.; Suter liaising with Make/Shift Spaces;</p> <p><u>Regional engagement:</u> Curator 'curated' Level 7 BAM 2020 exhibition at NMIT. Curator on NMIT advisory panel. Curator regularly contributes to the <i>NZ Ceramic's</i> journal; Curator and Director delivered <i>How to Look at Art</i> talks at Richmond Library; <i>Night Vision</i> initiative with other venues in Nelson. Curator written texts for Nelson artists exhibiting outside of Nelson; Curator led Nelson Jewellery Week Presentations. Director- Capacity Partner (mentor) for the Springboard Trust Strategic Leadership for Principals Nelson/Tasman programme. Commercial Manager participant in NRDA and Uniquely Nelson forums;</p> <p><u>National/international contribution:</u> Suter Educator has reinvigorated the NZ Museum Educators forum- hosting regular Zoom meetings; published scholarly articles, presented at Conference on Suter <i>Aratoi</i> project and actively participated in discussions about the new Aotearoa NZ histories curriculum; has 2 education focussed papers on Museums Aotearoa website. Director participated in Ministry of Culture & Heritage focus panel discussing COVID arts recovery funding packages. Suter hosted Arts</p>

Target	Result
	Foundation/Creative New Zealand event at The Suter Theatre. Suter hosted Victoria University Museum Studies intern for 1 month. Suter Curator selector for Zonta Female Art Award, Ashburton Art Gallery.

For the full summary of performance, see The Bishop Suter's Annual Report 2020/21.

FINANCIAL PERFORMANCE – THE BISHOP SUTER TRUST

	2021 (\$000)	2020 (\$000)
Revenue	2,048	1,589
Expenses	2,280	1,627
Net Surplus Before Taxation	(232)	(38)
Equity Brought Forward	20,823	20,861
Prior year /rounding adjustment	-	-
Equity carried forward	20,591	20,823





CONTACT US WHAKAPĀ MAI



Visit: Civic House,
110 Trafalgar Street,
Nelson



Post: PO Box 645,
Nelson, 7040



Email:
enquiry@ncc.govt.nz



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03 546 0200



Online at
nelson.govt.nz

COUNCIL CUSTOMER SERVICE CENTRE

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

CORRESPONDENCE

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239. 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.

PUBLIC FORUMS

There is a Public Forum at the beginning of most ordinary Council meetings where up to five minutes will be available for members of the public to speak to Council. You need to book a time before the meeting by contacting a Council Governance Adviser on 03 546 0436.

PETITIONS

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Contact a Council Governance Adviser on 03 546 0436.



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