

Shaping Nelson's Future



Annual Report Summary Pūrongo ā Tau

For the financial year ending 30 June 2022

A copy of Council's full 2021/22 Annual Report is available from nelson.govt.nz

Welcome

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Chief Executive's foreword

Kupu whakataki

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

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

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

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

A key priority for Council in 2021/22 has been responding to the local impacts of the housing crisis through a focus on housing affordability



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

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

In 2021/22 Council laid the groundwork for significant work programmes through the adoption of both the Te Mahere Mahi a te Āhurangi – Climate Action Plan which sets out Council's plan,

Continued on page 4

Chief Executive's foreword

to address climate change over the next decade, and Te Ara o Whakatū – the City Centre Spatial Plan – a bold and exciting plan for the future of our city that outlines eight key actions to transform Nelson into an even better place to live, play and work.

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

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

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

Naku noa, na



Pat Dougherty

Chief Executive



Statement of compliance and responsibility

Statement of compliance and responsibility

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



Hon Dr Nick Smith

Mayor of Nelson



Pat Dougherty

Chief Executive





Welcome to our summary

Welcome to our summary of the Annual Report 2021/22

Each year in June Council produces its Annual Plan, which outlines the activities that we will undertake during the following 12 months. At the end of the year we produce a second document, our Annual Report, which includes a detailed set of audited financial statements. The Annual Report presents the detail of how successful we were in meeting our goals for that year, what we did well and where we can improve. It also includes the income Council has generated, and how much money it spent.

This document is a summary of the Annual Report 2021/22. It gives a condensed overview of the key findings and provides a snapshot of Nelson City Council's performance, from 1 July 2021 to 30 June 2022.

You can read the full Annual Report at nelson.govt.nz/annual-report-202122

Copies of the full Annual Report 2021/22 are also available at all Council libraries, and at the Customer Service Centre.

Contact us

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Independent Auditor's Report

To the readers of Nelson City Council and group summary of the annual report for the year ended 30 June 2022

The summary of the annual report was derived from the annual report of the Nelson City Council (the City Council) and group for the year ended 30 June 2022.

The summary of the annual report comprises the following information on pages 12 to 27:

- the summary of the statement of financial position as at 30 June 2022;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary key achievements and service performance.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43, Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 24 November 2022.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the Government's three waters reform programme. In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024.

The impact of these proposed reforms, once legislated, will mean that the City Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and as such, the impacts of the proposed reforms are currently unclear. Additional legislation is expected that will provide detail on the transfer of assets and liabilities to the water service entities. This matter is disclosed on page 27 of the summary financial statements.

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Auditor's report

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS 43, Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43, Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

Other than in our capacity as auditor, we have no relationship with, or interests in the City Council.



John Mackey

Audit New Zealand

On behalf of the Auditor-General
Christchurch, New Zealand

16 December 2022

Partnerships with Māori and iwi

Partnerships with Māori and iwi Ko ngā waka hourua

Council and iwi are committed to working together

Council is committed to strengthening partnerships with the iwi and Māori of Whakatū and providing opportunities for Māori involvement in Council decision-making processes in a meaningful way. More information about how Council does this is included in the Statement on Fostering Māori Participation in Council Decision-making – Te Whakatītina i te Urunga o Ngāi Māori ki te Kaunihera in the Long Term Plan 2021–31.

Engagement Platform

- Council's new Iwi Engagement Platform, Te Parikaranga, was a finalist in the Local Government NZ Excellence Awards 2022. This is an online tool which streamlines the engagement process and empowers iwi to determine their engagement priorities.

Collaborative strategy development

- Council, iwi and key heritage partners worked collaboratively to develop the draft Taonga Tuku Iho, Heritage Strategy 2022–2032.
- The eight Te Tau Ihu iwi were actively involved in the development of He Tātai Whetū, the Whakatū Nelson Arts and Creativity Strategy.

Building Council's cultural capability

- A coordinated approach to the development of Te Puāwaitanga Cultural Competency Framework to build the cultural capability of Council, began in 2021/22.

You can read about all the ways Council is working with iwi and Māori in the full 2021/22 Annual Report.

Our achievements: Council highlights 2021/22

- A 33% reduction in greenhouse gases was achieved (from the 2017/18 baseline), with the greatest reductions resulting from installation of a new flare at York Valley Landfill, and the relocation of the old York Valley flare to the Eves Valley Landfill. (Total operational greenhouse gas emissions for 2020/21 were 16,200 tonnes of CO₂, compared to 24,127 tonnes CO₂ when this was first measured in 2017/18.)
- Te Mahere Mahi a te Āhuarangi - Climate Action Plan was adopted, and Council engaged with the community on sea level rise and lower Maitai River flooding.
- Council was successful in its application to the Infrastructure Acceleration Fund for \$36 million of investment in Nelson's central watermains and wastewater network, and the Bridge Street Linear Park/Active Transport Corridor. This project will increase City Centre resilience and enable up to 175 social and affordable housing units to be built in the City Centre.
- The Future Development Strategy 2022–2052 was adopted.
- A Housing Plan Change was progressed. It will support greater housing intensification in existing residential and business zones.
- Upgrades to the water supply, wastewater and stormwater networks were carried out to increase resilience and to support more residential and business development.
- The residential water meters project was completed, enabling more accurate measurement of water usage. This helps us to track down water losses from the network and to plan for droughts.
- The Saxton Creek Upgrade project to improve flood protection is in its final stage, and is due for completion by August 2023.
- Council successfully applied for part-funding from the Ministry for the Environment for the establishment of a new sorting area at the Nelson Waste Recovery Centre, to enable diversion of building waste.
- Four Jobs for Nature projects were delivered in 2021/22, which created over 40 new jobs, controlled animal and plant pests on Council and private land, and led to more than 80,000 native plants being planted.
- Upgrades and relocation of the stormwater system along Haven Road will support the future Nelson Science and Technology Precinct.
- Council endorsed the final Waka Kotahi business case for the Nelson Future Access project, providing clarity on the way forward for transport projects.
- The Active Travel Strategy, Parking Strategy and new Regional Public Transport Plan were developed, which all support sustainable transport options.

Our activities

Our activities: Key achievements and service performance

Ko tō mātou mahi

Council has eleven activities:

Transport – Te ikiiki



Water Supply – Te Ratonga Wai



Wastewater – Te Para Wai



Stormwater – Te Wai Āwhā



Flood Protection – Te Ārai Waipuke



Solid Waste – Ngā Para Totoka



Environment – Te Taiao



Social – Te Pāpori



Parks and Active Recreation –
Ngā papa rēhia me ngā mahi rēhia



Economic – Te Ohaoha



Corporate – Te Rangapū



For more information please refer to the full Annual Report 2021/22.

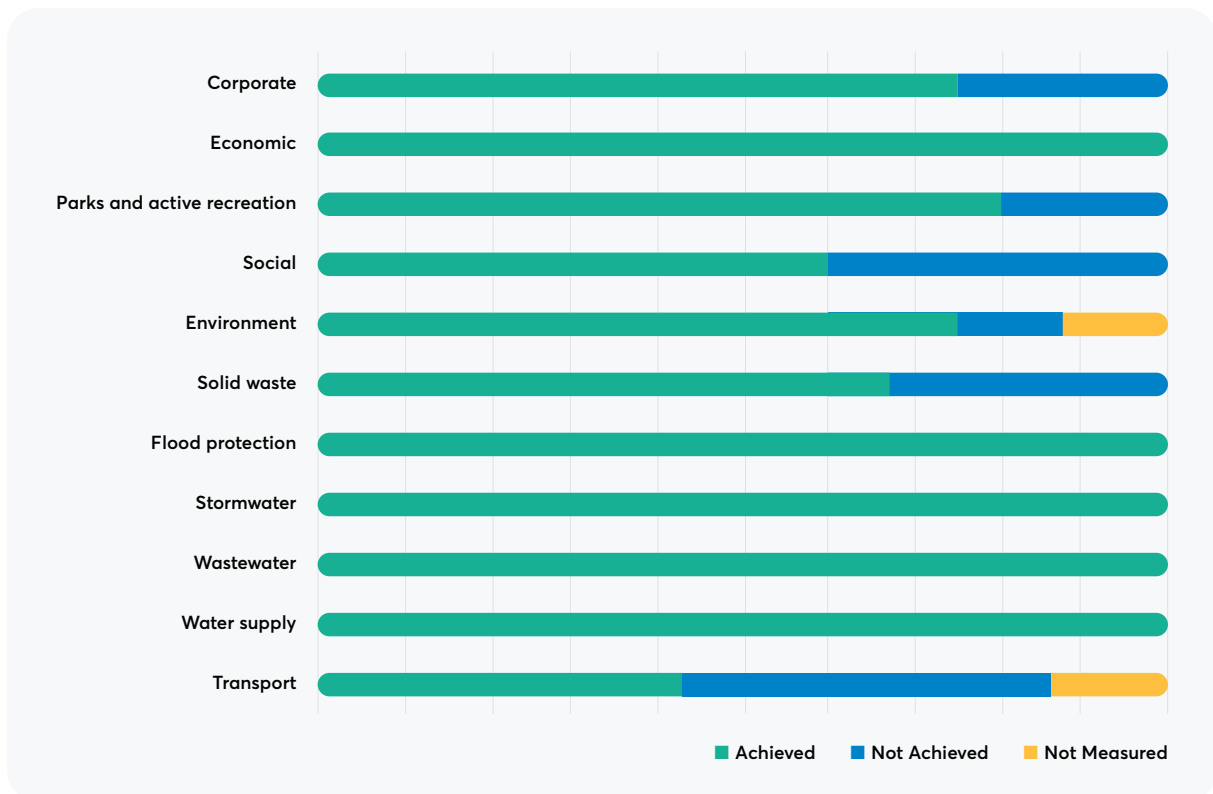
Performance measures

Performance measures Inenga mahi

Council measures its performance each year using indicators that are set through the Long Term Plan. The results present us with a high-level view of the organisation's performance.

Council has successfully achieved 81% of the performance measures set as targets for the 2021/22 financial year. Detailed information on the targets and their revision in the 2021–31 Long Term Plan is included in the full Annual Report 2021/22.

The chart below summarises the results by activity area, with the total number of measures per activity listed alongside the name.



Transport – Te ikiiki



About Council's transport activities

Council's transport infrastructure includes the roads and paths used for driving, parking, cycling, and walking. 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.

Related transport services include road safety, traffic and parking control, street cleaning, and public transport.

Highlights for 2021/22

Council renewed 2.4km of footpaths and resurfaced 9.7 lane km of road.

Safety improvements were put in place in Hampden Street at the intersection with Waimea Road. Tactical planter boxes are being used at the Rutherford Street and Vanguard Street intersection as temporary traffic control until permanent crossing points are established.

Council endorsed the Nelson Future Access (NFA) project in October 2021 which means a number of transport projects are now able to proceed.

A draft Active Travel Strategy was developed which includes investments in walking and cycling over the next 10–15 years and Nelson's new Parking Strategy was completed.

Council has been working on major improvements to the public transport system, to take effect from July 2023. Some of the planned changes are zero emission buses, new and more frequent bus routes in Nelson and Tasman, extended timetables, a lower flat fare, and improvements to bus stops.

The Innovating Streets project in Nelson South received further recognition, with an award for safety and sustainability from the Traffic Institute of New Zealand. Council has been working with Waka Kotahi to access funding to extend the active transport corridor from the Railway Reserve to Waimea Road (as a trial).

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	8.3	4.4
Operating expenditure	13.8	14.4

These figures are approximate. See the full Annual Report for details.

Our activities

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.

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

Highlights for 2021/22

A city-wide renewal programme of residential water meters has been completed, with 3,700 meters replaced in 2021/22.

The watermain on Rocks Road was renewed and now provides a more reliable water supply to users in the area.

Council replaced ageing watermains on Bolt Road, Arapiki Road, Brooklands Way and Gloucester Street in 2021/22 to maintain a reliable water supply to nearby customers and reduce water losses from our network.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	5.2	4.9
Operating expenditure	8.4	8.6

These figures are approximate. See the full Annual Report for details.



Our activities

Wastewater – Te Para Wai

About Council's wastewater activities

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

Highlights for 2021/22

The new Awatea Pump Station is a major project which is designed to meet the needs of Tāhunanui's growing population. It will also be better equipped to prevent overflows by storing wastewater flows in

the event of an extreme rain event, or other emergency. It is scheduled for completion in 2022/23.

Renewal of the wastewater pipeline on Haven Road has increased network capacity and reduced the likelihood of water entering the network. (This is called inflow and infiltration, which puts extra pressure on the system.)

Council is currently upgrading the wastewater hydraulic models for the City. These models are used to identify where wastewater upgrades are required, taking into account factors such as population growth and the need to reduce wastewater overflows.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	13.3	15.2
Operating expenditure	8.9	9.3

These figures are approximate. See the full Annual Report for details.



Our activities

Stormwater – Te Wai Āwhā



About Council's stormwater activities

The stormwater network includes pipes, open channels and overland flow paths that carry stormwater to streams and rivers, and the sea. The stormwater system also includes two pump stations and 20 detention systems.

In many parts of the City a fully reticulated system is not provided. In these areas individual properties discharge stormwater to on-site soakage or to roads as part of the primary drainage system.

Stormwater management is important to prevent ponding in low-lying areas, which has the potential to be harmful to people and to cause damage to buildings, property and the environment.

Highlights for 2021/22

Stormwater upgrades in Washington Valley reduce the likelihood of flooding, and will support housing intensification in this area (alongside upgrades to other infrastructure).

Upgrades to the stormwater network have been carried out in Airlie Street to reduce flood risks.

A stormwater network upgrade along Haven Road, between Fountain Place and Saltwater Creek, provides resilience during wet weather events and is key to enabling the Cawthron Institute and Port Nelson's proposed Science and Technology Precinct to be developed.

A trial of litter baskets in stormwater sumps to intercept contaminants has had good results.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	10.5	9.2
Operating expenditure	2.6	2.5

These figures are approximate. See the full Annual Report for details.



Our activities

Flood Protection – Te Ārai Waipuke

About Council's flood protection activities

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

Council also manages flood risks associated with heavy rainfall events and the coast.

Highlights for 2021/22

Stage 4 of the Saxton Creek Upgrade (between Main Road Stoke and the sea), which is the final stage of this significant

programme, started in 2021 and is due for completion in August 2023. Council invested \$11.5 million in this upgrade in 2021/22.

This project is part-funded by central government, through a grant of \$7.5 million from the COVID-19 Response and Recovery Fund.

A new culvert has been installed under Whakatu Drive (State Highway 6) to allow water to drain from the Wakatu Industrial Estate, to improve flood management.

This project began in 2020/21 and was completed in 2021/22, with Council investing \$431,000 in 2021/22.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	12.6	13.2
Operating expenditure	1.5	1.3

These figures are approximate. See the full Annual Report for details.



Our activities

Solid Waste – Ngā Para Totoka



About Council's solid waste activities

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

The local municipal landfills at York Valley and Eves Valley are managed by the Nelson Tasman Regional Landfill Business Unit, on behalf of the Nelson City and Tasman District Councils. The two councils also share a Joint Waste Management and Minimisation Plan which has a goal of a 10% per capita reduction in waste to landfill by 2030.

No rates funding is required for solid waste activities. Instead, they are paid for through a closed, self-funding account using income from landfill gate fees and waste levies.

Highlights for 2021/22

Council launched a new annual waste minimisation grants scheme, Rethink Waste Whakaarohia, with \$42,000 awarded to community-led projects.

Council's tendering process for capital projects now includes waste minimisation criteria.

The 'Don't Bin Batteries' campaign, in partnership with the Tasman District Council, provides free disposal options for batteries, and this has been extended into 2022/23.

A trial of kerbside collection of residential kitchen waste will help determine whether a city-wide service can be implemented.

Council successfully applied for part-funding from the Ministry for the Environment's Waste Minimisation Fund for the development of a new sorting area at the Waste Recovery Centre. It will enable diversion of building waste by early 2023.

The first solar-powered street litter bins were installed in Trafalgar Street, with more to come next year.

The installation of a new flare at York Valley Landfill, and the relocation of the old York Valley flare to Eves Valley Landfill, allows improved destruction of greenhouse gases from both landfills.

A project has begun to extend the life of York Valley Landfill by making more space available for future waste disposal.

An upgrade of the stormwater management systems at York Valley Landfill has significantly improved the quality of the stormwater being discharged to York Stream.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	2.6	2.1
Operating expenditure	10.3	9.9

These figures are approximate. See the full Annual Report for details.

Our activities

Environment – Te Taiao

About Council's environment activities

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

Highlights for 2021/22

Te Ara ō Whakatū – City Centre Spatial Plan was adopted by Council. It outlines eight key actions that will transform our City into an even more people-focussed place, full of green spaces, where more people live, and visitors want to stay for longer.

Council was successful in its application to the Infrastructure Acceleration Fund for \$36 million. This will help fund the transformation of Bridge Street into an active transport corridor and linear park, creating an inner city green space for people.

In 2021/22 Council worked with partners on many initiatives to address Nelson's housing crisis.

Council completed 8,369 building inspections, which was a 13% increase

from 2020/21. The value of these building works was \$226.8 million, which was a 23% increase from 2020/21.

A new role was created to coordinate and improve advice for resource consent applicants.

A new parking enforcement and ticketing system was implemented in 2021/22, including registration scanning technology.

Coastal restoration projects were a focus of Council's science and environment work in 2021/22.

The first phase of a new online state of environment reporting tool was completed in 2021/22.

Four Jobs for Nature projects were delivered in 2021/22, in Mahitahi, Wakapuaka, the Grampians, and the Waimea Inlet. These projects created over 40 new jobs, controlled animal and plant pests on Council and private land and resulted in the planting of more than 80,000 native plants.

A Housing Plan Change is being developed to support greater housing intensification in residential and business zones. In addition, improved natural hazard information is now available to the community.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	1.7	0.3
Operating expenditure	19.5	20.2

These figures are approximate. See the full Annual Report for details.

Our activities

Social – Te Pāpori



About Council's social activities

Council's social activities include the provision of social, cultural, arts and heritage facilities such as Founders Heritage Park, campgrounds, cemeteries (operational and historic) and our libraries and public toilets, as well as events such as the Arts Festival, kapa haka and Te Ramaroa (Light Nelson).

Council also invests in and supports the following community facilities: Theatre Royal, Tasman Bays Heritage Trust (Nelson Museum), Suter Art Gallery and the Nelson Centre of Musical Arts. Grants were made to community groups to help the most vulnerable people in our community.

Highlights for 2021/22

Council developed He Tātai Whetū, the Whakatū Nelson Arts and Creativity Strategy in 2021/22, and the community-led City For All Ages/He Rautaki Whakatupuranga Strategy was endorsed.

Council partnered with Tasman District Council and the Department of Internal Affairs to support people during the COVID-19 Omicron peak in the first half of 2022, with a focus on members of the community who were most vulnerable to issues around food security, loneliness and an inability to connect to relevant services.

The libraries issued a total of 652,174 items, including 94,248 digital items. The online space continues to grow with eBook usage increasing by 23% and audiobooks by 59%. Despite the

challenges of COVID-19 restrictions, over 400 events and programmes were run at Elma Turner Library during the year.

Council received funding from Immigration New Zealand to create a Welcoming Communities Coordinator role, to make Nelson more welcoming to refugees, migrants and international students.

Council worked with the Ministry of Education, Tasman District Council and Marlborough District Council to create a network of staff based in schools to support recent school leavers who are at risk of not actively engaging with education, employment or training.

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

Tuku 22 Whakatū Heritage Months led to 80 diverse events being held between April and June 2022. Many of these events (31%) were based on non-European cultures, up from 1% in 2017.

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

Improvements to the Brook Valley Holiday Park are underway, in order to meet residential consent conditions and to support safe and healthy long-term living at the camp.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	5.4	2.1
Operating expenditure	15.8	15.5

These figures are approximate. See the full Annual Report for details.

Our activities

Parks and Active Recreation – Ngā papa rēhia me ngā mahi rēhia



About Council's parks and active recreation activities

Council manages approximately 11,250 hectares of parks and reserves for the City, which includes over 10,000 hectares of conservation reserve.

Council provides recreation opportunities through sporting assets such as Saxton Field (jointly managed with Tasman District Council), and more natural environments such as the Maitai Esplanade Reserve. Council also supports a range of international and national sporting and entertainment events hosted in Nelson.

Highlights for 2021/22

The Stoke Youth Park opened this year, next to Stoke Memorial Hall.

The new Maitai Recreation Hub opened in May 2022 at the Waahi Taakaro Golf Course.

The Tāhunanui Reserve Modeller's Pond has been redeveloped into a new family-friendly park named Te Pā Harakeke.

The 2022 Out and About on Tracks Strategy was finalised and an interim access agreement for the Codgers/Fringed Hill area, which was signed by Council and Koata Ltd in late 2020, was continued for the 2021/22 year.

Control of goats, deer and pigs across 1,500 hectares of native reserves and production forestry in Nelson has been carried out by Council and Ngāti Koata. Close to 200 pest animals were removed in 2021/22, which is an estimated population reduction of 70-90%.

The new bridge at Isele Park was completed. The bridge is wider than the old one it replaced, has a non-slip surface to improve safety, and has been designed to be accessible for all.

On 1 July 2021 Council took over management of the Nelson Marina, with the aim of improving the facility and realising its potential for our tourism and boating industries.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	8.2	6.8
Operating expenditure	15.4	15.2

These figures are approximate. See the full Annual Report for details.

Our activities

Economic – Te Ohaoha



About Council's economic activities

Council's main economic development activity is delivered through the Nelson Regional Development Agency (NRDA). The focus for the first three years of the Long Term Plan 2021–31 is the regeneration and recovery of our local economy from the effects of COVID-19.

Council also fosters economic development in Nelson and support to local businesses through the provision of city infrastructure and by funding Uniquely Nelson, Businesses for Climate Action, and the Nelson Tasman Business Trust.

Highlights for 2021/22

The Nelson Tasman Regeneration Plan (Project Kōkiri 2.0) was released for engagement in September 2021, and

Council endorsed the final version in August 2022. The plan aims to support the region over the coming decade, as Nelson continues to navigate the rebuild from COVID-19. Council allocated an additional \$350,000 per year to the NRDA for the first three years of the Long Term Plan 2021–31 to assist with implementation of Project Kōkiri 2.0

The NRDA initiated a new seasonal labour campaign called 'Pick Nelson Tasman', to connect people with jobs in the region's horticulture and viticulture industries.

Council supports a range of economic and community events through the Nelson Events Fund. In 2021/22 the Events Fund provided \$192,533 towards economic events which were expected to attract over 41,000 attendees in total.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	0.0	0.02
Operating expenditure	6.2	3.0

These figures are approximate. See the full Annual Report for details.



Our activities

Corporate – Te Rangapū



About Council's corporate activities

Council's corporate activities include finance, administration, information technology and civil defence emergency management. Corporate activities also include organising the three yearly Council elections.

Council manages a small portfolio of properties and co-owns the Port Company and several Council Controlled Trading Organisations and Council Controlled Organisations.

Highlights for 2021/22

A representation review was undertaken, and Council voted to implement a new mixed voting model for the 2022 local government elections, moving to a Single Transferable Vote (STV) system and introducing a Māori ward. This is a milestone, as it changed the voting system for the first time in 30 years.

Four new Māori appointed members joined Council committees and sub-committees,

filling the first four of seven iwi-endorsed Māori appointments on Council's committees and sub-committees. They were recruited by Te Waka a Māui Iwi Chairs Forum and supported by Council.

Access to Council decision-making was provided via Zoom and livestreaming on YouTube under the different COVID alert levels. This helped ensure transparency and allowed decisions to be made on Council projects so they could keep moving forward.

The Millers Acre Re-cladding project to improve the waterproofing of the building was progressed.

Problems with the existing Civic House building were discovered during earthquake assessments, resulting in staff needing to vacate Level 6 of the building. The ceilings throughout Civic House have been an ongoing problem and further investigation has proven that many of these are also earthquake prone. As a result, the Civic House refurbishment project requires further consideration.

	Budgeted for 2021/22 (\$ million)	Actual spend for 2021/22 (\$ million)
Capital expenditure	5.0	4.1
Operating expenditure	15.7	11.6

These figures are approximate. See the full Annual Report for details.

Financial overview

Tirohanga Ahumoni

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

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

The surplus was \$9.8 million in the 2020/21 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 2022, Council's borrowings, net of deposits and cash, were \$111.6 million, compared to the budget of \$124.1 million. This variance is mainly due to the Capital Expenditure programme not being fully completed and ending less than forecast by \$10 million against an Annual Plan budget of \$67.1 million.

On 27 October 2021, the Government confirmed that it will introduce legislation to create four publicly owned water entities, and that the participation by all 67 Councils across New Zealand in the proposed reform will be mandatory. These four multiregional entities will own and operate the majority of drinking water, wastewater and stormwater (three waters) services across New Zealand. The exact size, shape and design of these entities is still being worked through, including the details of revenues,

expenses, assets and liabilities that may be transferred to the new entities. The effective date of this reform is expected to be 1 July 2024. If the reform progresses, there is likely to be a material impact on our financial statements from 1 July 2024. No allowance has been made in the 30 June 2022 financial statements for this possibility. As at 30 June 2022, the carrying value of Council's three water assets was \$739.0m (including WIP of \$17.9m). The related debt to the three water activities has not yet been allocated. Not all of these assets may transfer in the future and the fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanism for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment.

This full Annual Report 2021/22 was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied with International Public 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 2022. The financial statements were authorised for issue by Council on 24 November 2022.

A copy of the full Annual Report 2021/22 is available online at nelson.govt.nz, from all Council libraries, and from the Customer Service Centre.

Financial statements

Nelson City Council's full financial statements have been prepared in accordance with Tier 1 PBE standards.

The summary financial statements do not include all the disclosures provided in the full financial

statements and cannot be expected to provide as complete an understanding as provided by the full financial statements. The summary financial statements comply with PBE Standards as they relate to summary financial statements.

Summary of financial performance for the year ended 30 June 2022

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

Note: 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.

	Council			Group		
	Note	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Total operating revenue		156,967	142,211	140,742	170,696	154,433
Total operating expenditure*		(133,437)	(139,813)	(130,925)	(149,965)	(146,488)
Share of joint operation's surplus	25	-	-	-	6,892	8,190
Surplus before tax		23,530	2,398	9,817	27,623	16,135
Income tax expense	10	-	-	-	-103	-284
Net surplus		23,530	2,398	9,817	27,520	15,851
	31	251,063	38,076	68,902	252,028	68,902
		-	-	-	3,944	15,146
Total other comprehensive revenue		251,063	38,076	68,902	255,972	84,048
Total comprehensive revenue		274,593	40,474	78,719	283,492	99,899
*Includes finance costs of		3,851	3,171	3,537	3,989	3,661

Financial statements

Summary of changes in equity for the year ended 30 June 2022

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

Summary of statement of financial position 30 June 2022

	Council			Group		
		Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Total current assets		62,519	19,049	38,333	71,448	46,587
Total non-current assets		2,129,944	1,860,472	1,837,521	2,309,112	2,007,429
Equity at 30 June		2,192,463	1,879,521	1,875,854	2,380,560	2,054,016
Liabilities						
Total current liabilities		57,478	69,731	32,277	61,498	39,148
Total non-current liabilities		133,128	110,067	116,313	136,358	115,656
Total liabilities		190,606	179,798	148,590	197,856	154,804
Total net assets		2,001,857	1,699,723	1,727,264	2,182,704	1,899,212
Accumulated funds	31	462,485	458,941	439,724	517,107	490,356
Reserves	31	1,539,372	1,240,782	1,287,540	1,665,597	1,408,856
Total equity		2,001,857	1,699,723	1,727,264	2,182,704	1,899,212

Financial statements

Summary of statement of cash flows for the year ended 30 June 2022

	Council			Group		
		Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Net cash flow from operating activities	32	29,290	30,286	38,512	30,652	42,275
Net cash flow from investing activities		(80,975)	(69,385)	(42,601)	(83,368)	(46,010)
Net cash flow from financing activities		44,900	38,612	4,900	46,336	5,114
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		(6,785)	(487)	811	(6,380)	1,379
Represented by						
Cash, cash equivalents, and bank overdrafts at the beginning of the year		17,886	7,104	17,075	20,327	18,948
Cash, cash equivalents, and bank overdrafts at the end of the year	12	11,101	6,617	17,886	13,947	20,327

Summary of commitments and contingencies as at 30 June 2022

	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
	\$'000	\$'000	\$'000	\$'000
Commitments under:				
Capital contracts	40,455	6,320	41,805	10,013
Operating leases as lessor	10,839	6,434	36,061	29,852
Operating leases as lessee	874	960	1,911	2,002
Contingent Assets and Liabilities				
No quantifiable contingent assets or liabilities				

Events occurring after the balance date

Events occurring after the balance date

Council

There have been no significant events after the balance sheet date that materially impact Nelson City Council's financial position or viability as a going concern.

Group

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

Holding Company

In September 2022, the Council has resolved to establish a holding company, named Infrastructure Holdings Limited ("IHL"), to hold the Nelson City Council and Tasman District Council shareholdings (the "shareholders") in Port Nelson and Nelson Airport (the "subsidiaries"). Initial directors have been approved, and an independent chairperson is being recruited. As part of the proposal to incorporate IHL, the shareholders will each subscribe for 42,230 ordinary shares in IHL (84,460 in total), at an issue price of \$100.00 per share. IHL's primary purpose will be to operate as a treasury vehicle to access cheaper core debt to on-lend to its subsidiaries. IHL will join the Local Government Funding Agency ("LGFA") borrowing programme as a Council-Controlled Trading Organisation. This will deliver savings in financing costs, as the subsidiaries currently have ordinary borrowings with the bank. The LGFA and the bank will require certain financial conditions, including cross-guarantees, and general security over property. Also required is a subscription from the shareholders for uncalled and unpaid equity capital in IHL, being 1,165,000 ordinary shares each (totalling 2,330,000) for an issue price of \$100.00 per share.

Disposal of Land Held for Sale

On 6 October 2022, the State Advances building that met the definition of held for sale as at 30 June 2022 was sold to a third party for \$775,000.

Nelson Floods

In August 2022, a state of emergency was declared in Nelson due to areas of widespread flooding. This caused major damage to Council infrastructure in Nelson and surrounding areas. The restoration is still ongoing and hence an estimate of its financial effect can't be made reliably at this stage.

Interest Rate Swaps

The value of the interest rate swap portfolio has increased by 46% since the reporting date due to an increase in interest rates. Based on a valuation as at 21 November 2022, the value of the portfolio is \$5.2 million.

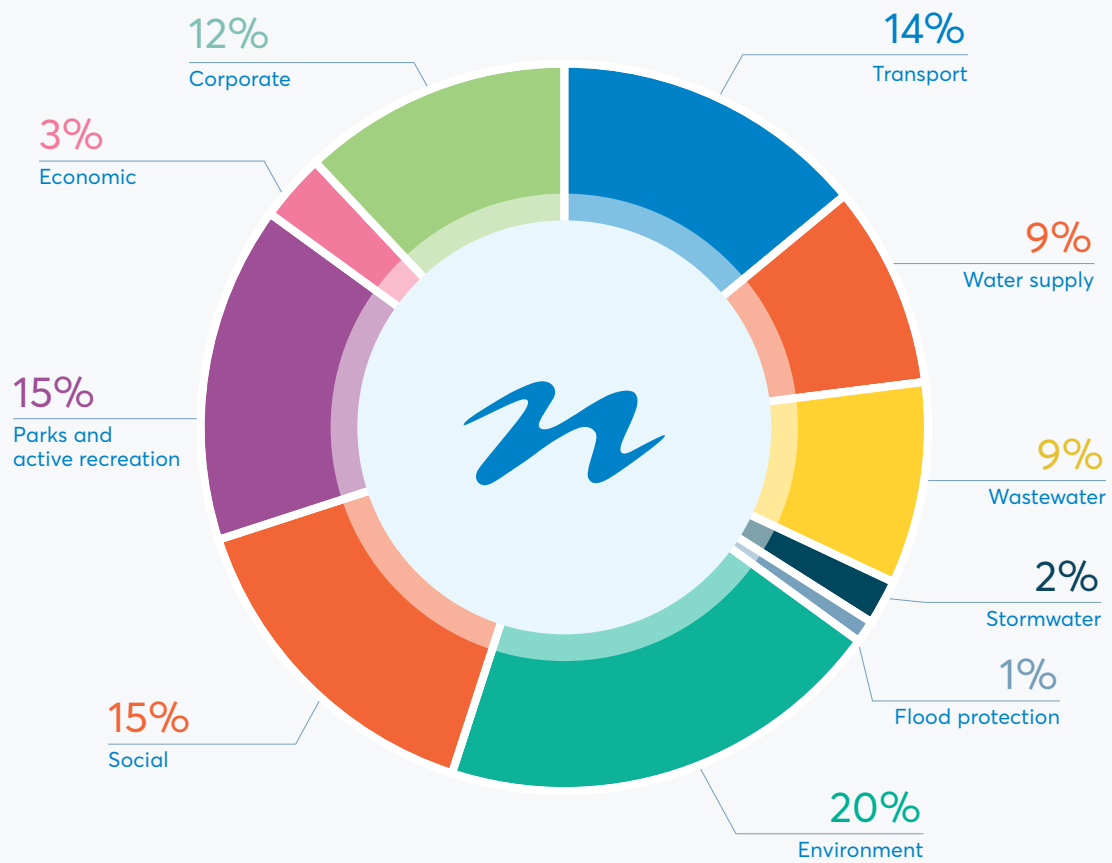
Elma Turner Library

In June 2022, the Elma Turner Library was closed as a precaution after an inspection found that ceiling tiles in parts of the library could pose a risk if dislodged during an earthquake. Since then, strengthening work was carried out on part of the library building, allowing some areas to reopen to the public. The Library Taskforce is now requesting approval from Council in November 2022 for additional unbudgeted expenditure of up to \$1.4 million to complete strengthening work for Phase Two of the two-phased library reopening plan, with Phase One currently predicted to be completed mid-January 2023 (costing approximately \$0.2 million, which was budgeted for). This would allow the full library to reopen in July 2023.

Expenditure summary

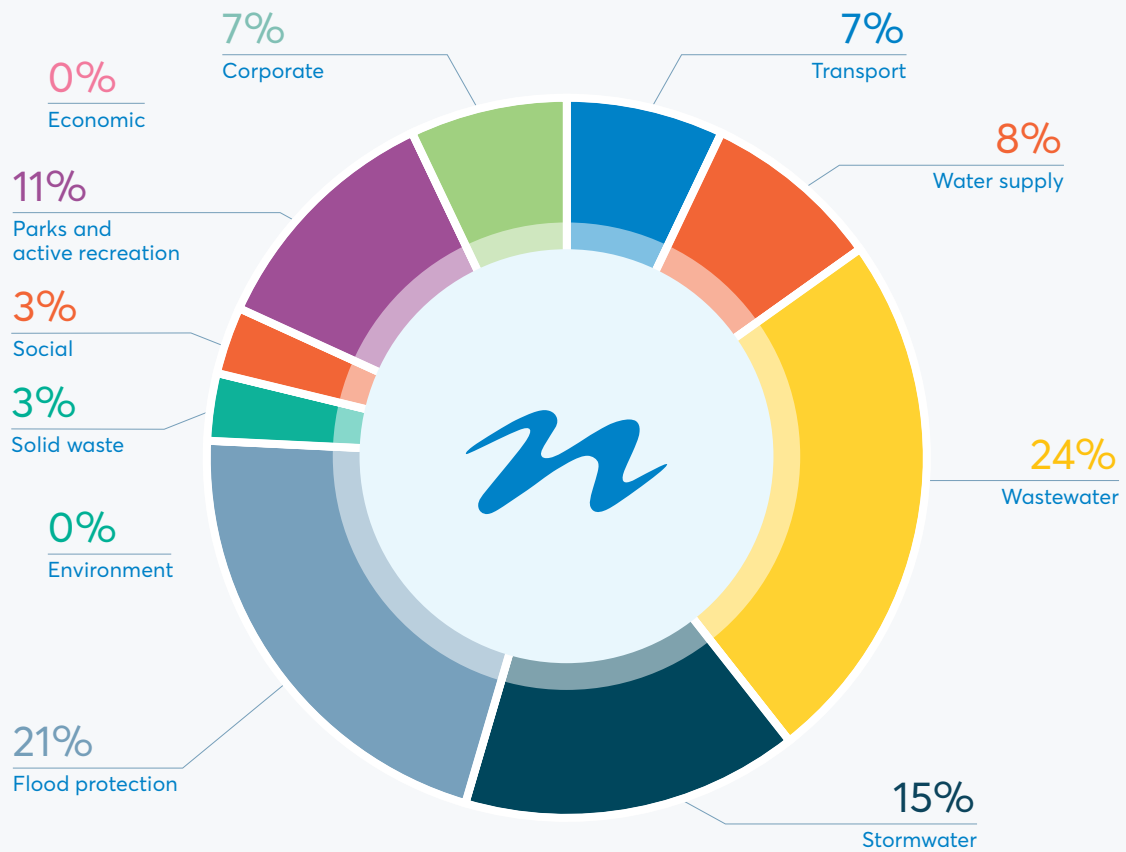
Expenditure summary

How your rates dollar was spent:



Council's capital expenditure

Council's capital expenditure:



Performance of Council Controlled Organisations

Hinonga Kaunihera

Council reports on the performance of Council Controlled Organisations are available in the full Annual Report, including details on Port Nelson, Nelmac, Nelson Airport, Nelson Regional Development Agency, Tasman Bays Heritage Trust, and The Bishop Suter Trust. Further information is available for each Council Controlled Organisation in their respective Annual Reports.

In September 2022, Council resolved to establish a holding company, named Infrastructure Holdings

Limited ("IHL"), to hold the Nelson City Council and Tasman District Council shareholdings (the "shareholders") in Port Nelson and Nelson Airport (the "subsidiaries").

IHL's primary purpose will be to operate as a treasury vehicle to access cheaper core debt to on-lend to its subsidiaries. IHL will join the Local Government Funding Agency ("LGFA") borrowing programme as a Council-Controlled Trading Organisation. This will deliver savings in financing costs, as the subsidiaries currently have ordinary borrowings with the bank.



Contact us

Contact us

Contact information

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 enquiry@ncc.govt.nz

 03 546 0200

 nelson.govt.nz

Council Customer Service Centre

Open from 8:30am to 5:00pm weekdays (9:00am on Wednesdays) in Civic House, corner Halifax and Trafalgar Streets.

For a copy of the full Annual Report 2021/22

A copy of the full Annual Report 2021/22 is available online at nelson.govt.nz, at all Council libraries, and from the Customer Service Centre.

Correspondence

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson, 7040. Emails should be sent to enquiry@ncc.govt.nz

Attend a Council meeting

Council meetings are advertised in 'Our Nelson'. Members of the public are welcome to attend meetings of Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987. Council meetings are also streamed live on Council's YouTube channel: [youtube.com/user/NelsonCouncil](https://www.youtube.com/user/NelsonCouncil)

Public forums

There is currently a public forum at the beginning of most ordinary Council and Committee meetings where up to 30 minutes will be available for members of the public to speak to Council. (Note that five minutes is the time limit given to an individual speaker.) You need to book a time before the meeting by contacting a Council Governance Adviser on 546 0200.

Petitions

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Petitions need to be provided to the Chief Executive at least five working days before the meeting it is being presented at. For more information contact a Council Governance Adviser on 546 0200.

