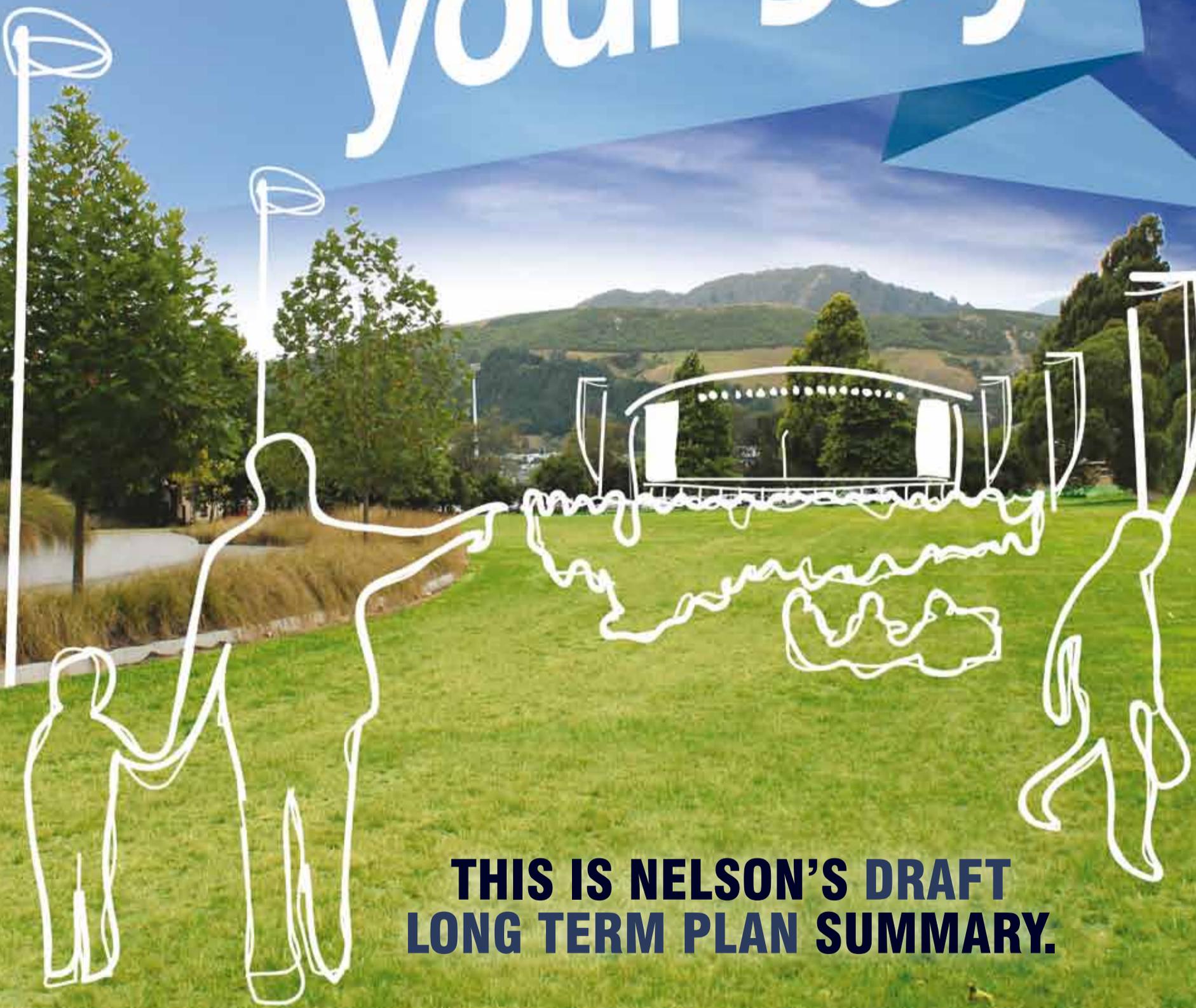


**SUBMISSIONS
CLOSE 16 MAY**

 **Nelson City Council**
te kaunihera o whakatū

Nelson, have your say



**THIS IS NELSON'S DRAFT
LONG TERM PLAN SUMMARY.**

INSIDE ➤



**FRAMING OUR
FUTURE**



**TRAFALGAR
CENTRE**



**ARTS FACILITY
SUPPORT**



**RUTHERFORD
& TRAFALGAR PARKS**

Draft Long Term Plan (LTP) Summary



Our Long Term Plan defines the work we plan to do in our incredible city over the next 10 years - and we need your input!

There are so many important issues to discuss and decisions to make. A ten-year plan presents many opportunities and trade-offs.

We have to be responsible to our long term vision and ensure we do everything with an eye to keeping our rates affordable and sustainable.

Your submissions matter.

Right now it's vital we get your input. Even though Council makes the final decision, our investment in the future must represent the dreams of Nelson residents.

The most important thing you can do is have your say. Write your thoughts down and help us understand your point of view.

Together we'll make Nelson a better place.



ALDO MICCIO,
Mayor



Why make a plan

To make Nelson a better place, and keep our rates manageable, we have to know exactly what we're doing and when we're doing it. This starts with a vision that defines what's most important to us as a community. That vision then boils down to a ten-year plan that is reviewed every three years. Council's weekly, monthly and yearly work is based on what is promised in the plan.

How we make the plan

Councillors have spent weeks looking at core services and the long list of proposed projects to improve our city over the next ten years. They've reviewed all the costs and weighed the trade-offs. In this plan, they have proposed which ones should go in and which good ideas will have to be, reluctantly, left out to keep things affordable.

In June Councillors will read all your submissions and hear the views of those who wish to come in person to speak to them. Council will then decide on a final package of projects and services in late June. After a thorough check by our auditors, the plan will be adopted in July. The rates for year one (July 2012 to June 2013) will then be struck and work will get underway on implementing the plan.

Your submission timeline



Online



By post



Drop off

See back of this Summary for all the Submission details



Proposed average rates increase years one to seven (general and targeted)

4.89%

Proposed average rates increase years eight to ten (general and targeted)

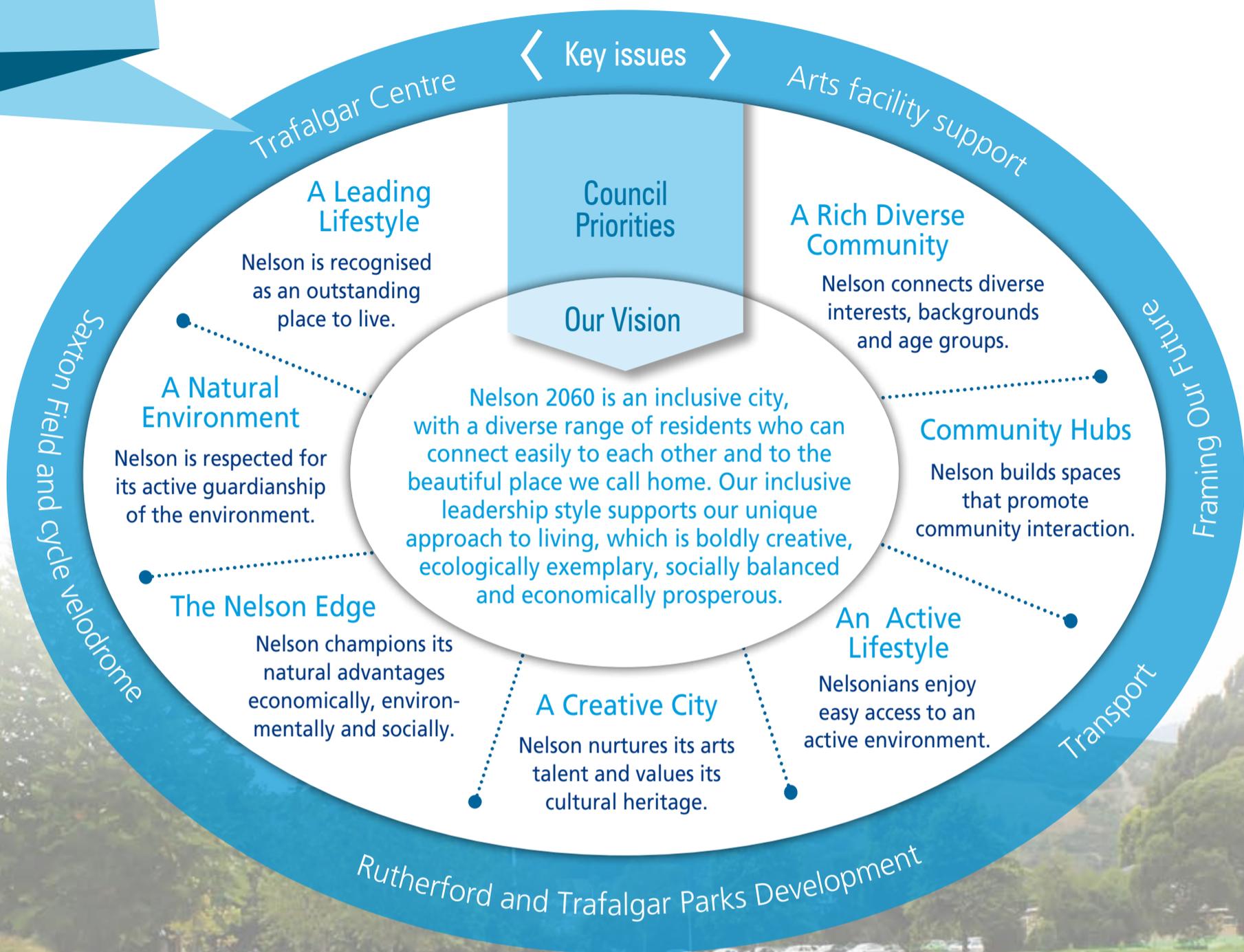
2.11%

To keep rates to these levels and allow ratepayers to plan for predictable future rates increases, Council is proposing a loan (to be fully repaid in year eight) to smooth rates increases in the first seven years of the draft Long Term Plan.

Council received an unqualified audit opinion on its LTP statement of proposal which states that it provides a reasonable basis for long term integrated decision-making by the Council and for participation in decision-making by the public and subsequent accountability to the community by the Council. The full audit opinion can be found in the full LTP document.

Council has assumed a 1% growth in the rating base (the number of residents paying rates) per year.

How it all fits together



RICHARD FRIZZELL,
Council Team Leader Environmental Services,
environmentalist and Dad



To find out what your rates would be for 2012/13 compared to this year, go to the rates search link at www.nelsoncitycouncil.co.nz and type in your address. This may change after the final decisions in June – feedback can make a difference.

Proposed stormwater and flood protection charge (separate general charge)	\$226.00
Proposed minimum annual water charges (inc GST) (\$0.525/day)	\$191.63
Proposed wastewater charge	\$368.80
Proposed trade waste charges (inc GST)	
Trade Waste A conveying charge	\$440.31/litre/minute
Trade Waste A treatment charge	\$971.68/kg BOD/day
Trade Waste B combined charge	\$1.45 per m ³

Average rates
An average residential property with a land value of \$177,000 would be charged total rates of \$2,543.00 in 2012/13, compared with \$2,425.80 in 2011/12 inc GST. These figures include average water charges.

Key focus areas

While many projects are proposed over the next ten years, Council wants to highlight the following key issues for feedback. In a ten-year plan, there's always more work planned than there is money to pay for it. (Let's face it, that's usually the case!)

- Framing Our Future
- Saxton Field and cycle velodrome
- Trafalgar Centre
- Transport
- Arts facility support
- Rutherford and Trafalgar Parks Development

Hard choices have to be made. Council's priorities are to ensure the work planned over the next ten years meets the community's expectations. Prioritising this work requires your input. Have a look at the projects on the following pages and please tell us what you think about them and why or you do or don't support the proposed changes.

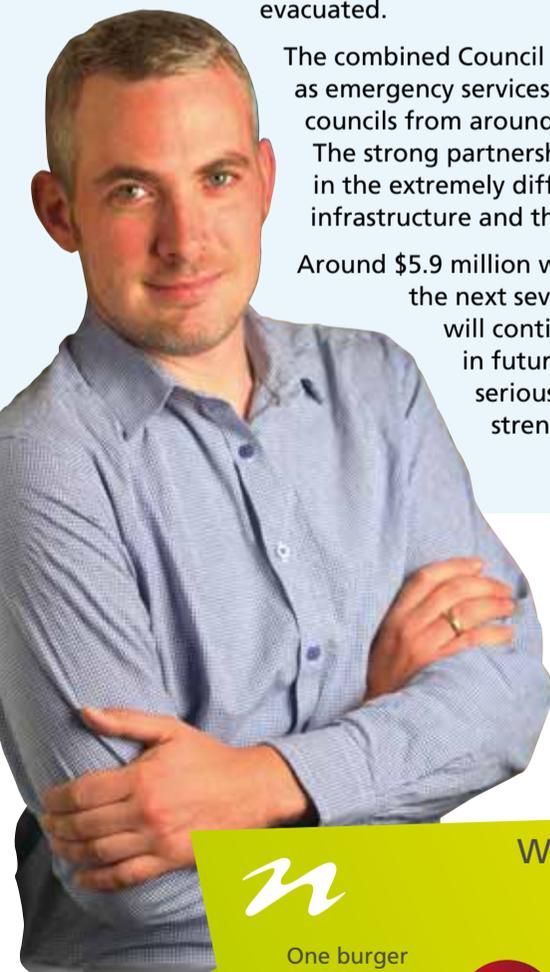
December rainfall event - we got through together

Many staff from both Councils were involved in the civil defence response to the mid-December extreme rainfall event as the city was rocked by flooding and multiple slips. It was a devastating event for the residents who lost homes and had their lives turned upside down. Thankfully Nelson escaped without loss of life and the city pulled together magnificently with communities working to help each other and friends and neighbours opening their homes to those who were evacuated.

The combined Council response included partner organisations such as emergency services, contractors, volunteer organisations, other councils from around New Zealand and government departments.

The strong partnerships amongst these organisations were crucial in the extremely difficult working conditions, as was our robust infrastructure and the resilience of the local community.

Around \$5.9 million will be needed to fund the recovery work over the next several years. After this work is complete, Council will continue to put money aside in a fund to be used in future disasters. But while Nelson has taken some serious knocks the response to the event showed the strength of our community.



DAN RICHARDSON,
Council Web Developer
Football fan, father of three
and micro brewer

The effect of amalgamation – do we need a LTP?

Although there is uncertainty around the amalgamation of Nelson City and Tasman District, Nelson City Council still needs to ensure there is a plan in place to deliver services to Nelson residents and ratepayers. This draft LTP sets out the cost to ratepayers of delivering services over the next three years.

If amalgamation does move ahead, then Nelson City will need a plan that will be operational for the next three years until the next round of Long Term Plans are created.

Regardless of whether amalgamation goes ahead or not, this draft plan tells the community what its Council aims to achieve over the next ten years.

Value for money

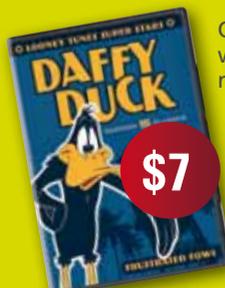
What will \$7 buy you today?



One burger



Two ice creams



One weekly rental



Two coffees



The Great Balancing Act

Prioritising what gets done and what doesn't is a huge balancing act for everyone involved, and it's a massive challenge to get things just right.

Social wellbeing
OR Infrastructure

More projects OR
Keep rates down

Green our city OR
Don't cut carparks

More sports facilities
OR More arts facilities

More services
OR More assets

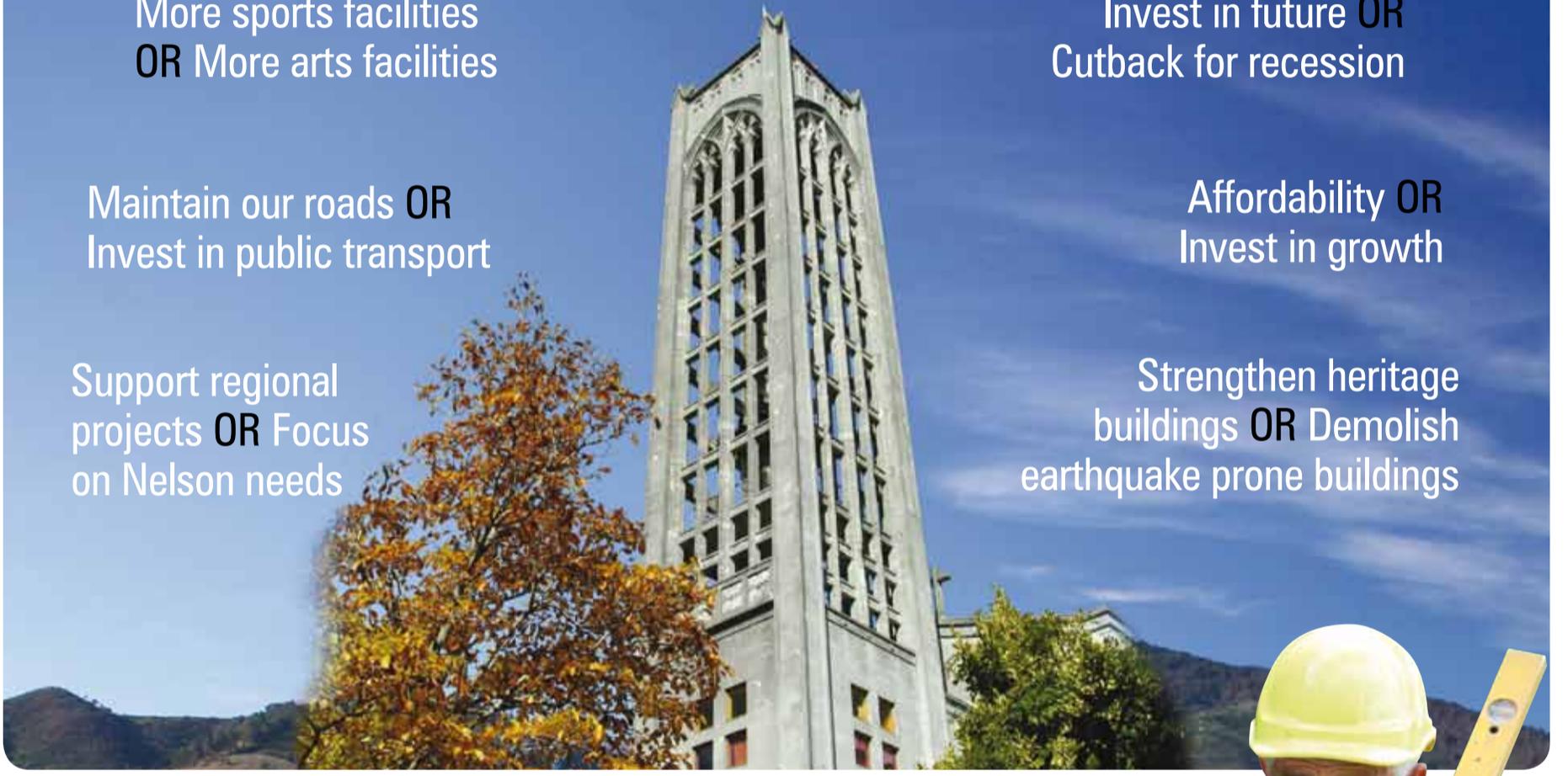
Invest in future OR
Cutback for recession

Maintain our roads OR
Invest in public transport

Affordability OR
Invest in growth

Support regional
projects OR Focus
on Nelson needs

Strengthen heritage
buildings OR Demolish
earthquake prone buildings



Considerations and challenges

There are many assumptions to consider and issues and challenges to address in the plan:

- Our growing and ageing population, which influence our transport, housing and accessibility issues
- Changing weather patterns, such as the consequences of heavy rainfall
- Working together and developing our relationship with our Treaty Partners
- The rate of inflation
- Insurance costs which are projected to rise following the Christchurch earthquakes
- Interest rates and how they influence our debt load

Partnerships with iwi Maori

The relationship between iwi Maori and Council will continue to develop, with priorities that include representation in local government – currently in the form of the Maori ward proposal – as well as education, te reo Maori (the language), involvement in long term planning, economic development, the environment, heritage protection, and youth.

DICK RUNDELL, Nelmac Carpenter
Ulysses Motorbike Club member



For the resident ratepayer, an average of \$7 dollars a day covers a huge range of services and facilities.

\$7
PER DAY*

- Clean drinking water
- Stormwater systems
- Wastewater network
- Transport
- Three libraries
- Sports grounds for cricket, soccer, rugby and hockey
- Parks and reserves
- Festivals and events
- Essential Civil Defence activities
- and more...

* Includes rates and water

Framing Our Future



Nelson has a strong, caring, resilient community, evident to all after the December rainfall event. Part of Council's role is to work with our community to ensure our growing resilience so we can all deal with the uncertainties of the future. This means we need to find the best way to tackle issues such as rising energy prices, changing climate, and a growing ageing population.

If everyone has a clear picture of the kind of Nelson we're all working towards, then we have an opportunity to pull together to achieve that vision.

Planning this future is the aim of the Framing our Future 2060 Strategy. Last year you gave us feedback in a public consultation on the vision for the Strategy. We've taken that feedback and re-crafted the vision statement: "Nelson 2060 is an inclusive city, with a diverse range of residents who can connect easily to each other and to the beautiful place we call

Nelson will remain strong in the future only if we start to pay attention to that future today.

home. Our inclusive leadership style supports our unique approach to living, which is boldly creative, ecologically exemplary, socially balanced and economically prosperous."

Some of the challenges ahead of us are massive. Our approach is to work creatively and effectively within the limits that are placed on us by external factors that we have limited control over. We need to ensure that the way we develop our city - economically, socially, culturally and environmentally - meets the needs of this and future generations.

Council is working with many local organisations and agencies to plan for a future that works within the Earth's limits and puts less pressure on already stressed ecosystems. No one organisation or group will have the resources to deal with changes on this scale - it will require the entire community to work together.

Tell us: Do you agree with the final vision statement so Council can start to draft the full Framing Our Future Strategy?

Saxton Field and a cycle velodrome



Council has proposed \$180,000 of ongoing funding per year for Saxton Field for each of the next ten years as its contribution to the general development of the park. In addition, Council proposes a further \$129,000 contribution in the first three years for building walkways and cycleways throughout the facility.

The next major project proposed is an open-air cycle velodrome. It would be a community facility used by track cyclists but also available to casual cyclists who may prefer a safe off-road option as well as those learning to ride. In the centre of the track would be a cycle safety arena for children and a family area.

The existing cycle track at Trafalgar Park, being in a heavy use area and sited over landfill, has suffered significant slumping and surface failure

PETE KEYANONDA,
Council Planner
Hunter and soldier

Nationally recognised Saxton Field is home to 70ha of reserve dedicated to a huge variety of sports. The next step in its development could be a cycle velodrome.

over the years. Building a new track at Saxton Field makes more sense than trying to repair the old track and will allow for major events to make better use of Trafalgar Park.

The velodrome would be a joint capital investment, with Tasman District Council and the Saxton Velodrome Trust, and cost approximately \$2 million in total. Nelson City Council's share would be \$855,000 and it is included in year one of the draft Long Term Plan (2012/13). Although there is a request for a cycle pavilion with changing rooms, a meeting space, toilet facilities, it is not currently scheduled in the draft Plan for affordability reasons.

Tell us: Do you support continuing investment in Saxton Field, and particularly the new velodrome?

How your rates dollar is spent



Transport 17c

Environmental Management 17c

Parks and Active Recreation 17c

For years, the Trafalgar Centre has been going through an extensive upgrade over several stages.

In this draft Long Term Plan, Council proposes to do the final stage, upgrading the northern end of the facility by mid 2014 at a cost of \$10.2 million. The project will be spread over a few years so that the full financial impact will come in Year 3.

The upgraded Trafalgar Centre would feature a better entrance, modern large-scale kitchen, new toilets, an upgrade to the foyer, tiered stadium seating, and more meeting and conference rooms (plans are available on the Council website).

Past upgrades include the southern end works, completed in 2009, and the west side changing facilities, which followed in 2011.

There has been discussion about several different upgrade options for the Trafalgar Centre in recent years. But it's important to be clear this proposed upgrade would not deliver a conference or performing arts centre.

The Trafalgar Centre is a multi purpose events venue, the largest in the region. It caters to major entertainment events, conferences, performances, expos, trade shows and community events.

Council plans to improve our community's transport using options rated most important by you.

This draft Plan's transport focus is on maintaining a relatively good standard of road throughout the city network and alternative means of moving people through the city, including cycling and walking.

Council launched its new NBus public transport system on 5 March. Frequency of buses has doubled and connections and timetabling have been improved. This improved service is funded by fares, parking fees, rates and contributions from the New Zealand Transport Agency (NZTA).

Council continues to support walking and cycling in the community and has developed a package of activities across the city using the regional subsidy from NZTA, including investigation into a 4m wide shared path along Rocks Road.

The December extreme rainfall event caused significant road damage. While work on repairing the damage is proceeding well, the draft Plan has a much longer horizon than our current problems. Council needs to look well ahead.

A significant cost is increased spending on resealing and replacing existing road surfaces, some of which have

Trafalgar Centre

Council thinks it's important to do this final stage of the upgrade so that the Trafalgar Centre remains attractive to events organisers and keeps getting business in a competitive market.

Tell us: Do you support finishing the upgrade project at the Trafalgar Centre?



Transport

fallen into disrepair in recent years. Also, doubling the road maintenance budget, which is used to fill potholes and replace line markings, for example, will help extend the life of our roads. These funds help us maintain the roading network to a good standard and avoid replacing entire roads before their lifespan is up.

Tell us: Do you agree with Council's priorities for Transport: further developing walking/cycling facilities and getting on top of maintenance issues for our existing roads?

JACQUI IRWIN,
Council Monitoring
and Research Adviser,
Keen tramper and sole
parent with four sons



Social 14c

Wastewater 12c

Water supply 12c

Corporate 4c

Stormwater 4c

Economic 2c
Flood Protection 1c

Arts facility support



At the centre of any thriving community is its heart, and for Nelson this is the arts. Keeping the heart pumping can be a challenge. In this draft LTP Council is planning to tackle critical challenges to key arts institutions.

During last year's Annual Plan consultation, many residents wrote to Council and spoke at hearings of their concern over the long-term sustainability of much-loved Nelson institutions the Nelson School of Music, the Suter Art Gallery and the Theatre Royal. The message was loud and clear – Council needs to take action to ensure Nelson's key arts institutions were on a solid footing. Each institution's distinct issues are summarised below.

Nelson School of Music

The Nelson School of Music (NSOM) is facing some extremely significant challenges. The building has urgent earthquake strengthening concerns. There is a backlog of maintenance issues that have been deferred over many years due to lack of funds. Plus the building needs refurbishment if it is to successfully function as a centre for musical performance and education in the region.

This community institution is at risk. Residents have repeatedly told Council: save our existing institutions rather than invest in something new.

NSOM's Board and Council have come up with an option to get it back on solid footing: Council could take ownership of the building. This proposed solution would make Council responsible for the building upgrade and ongoing maintenance while the Board can concentrate on its core business of running an excellent community musical facility.

Council has set aside \$2.2 million over the first three years of the plan to undertake urgent earthquake strengthening and refurbish the School of Music. But to complete the project will need a significant commitment from other partners: central government, the School of Music and the community.

In addition to the costs to bring the building up to standard, NSOM would require ongoing maintenance and depreciation costs to be funded at approx \$230,000 per year and a grant of \$120,000 per year for subsidised community use.

While Council would own the building under this proposal, NSOM would continue to operate independently.

Theatre Royal

Through the hard work and commitment of many community volunteers, and support from Council and central government, the Theatre Royal has been restored and is a valued community facility. The debt incurred during the restoration process, however, has placed a heavy financial burden on the facility. An independent financial review concluded that the Theatre would struggle to be financially viable without further Council and community support.

For this facility to remain a community hub for the region's arts and musical performances – and to allow it to generate sufficient income to maintain operations – it is proposed that Council take over ownership of the building, including its outstanding debt of \$2 million. This is fully supported by the Theatre Royal Board as it would be free to focus on its core business.

There will be ongoing maintenance and depreciation costs of approx \$270,000 per year and a grant of \$100,000 per year for subsidised community use.

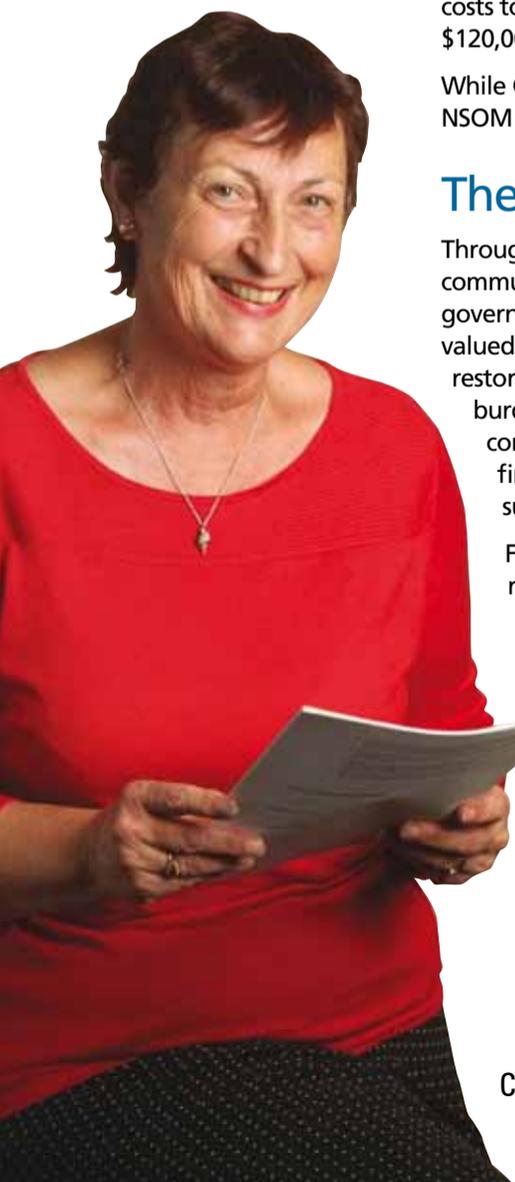
The aim is to ensure the most efficient management of both the School of Music and Theatre Royal and maximise delivery of community outcomes - preferably under a single entity.

The Suter Art Gallery Te Aratoi o Whakatu

Concept plans have been developed for a proposed refurbishment of the Suter Gallery which would provide larger gallery space, an educational area for school groups, along with better accessibility for all patrons, improved storage for its collection, a completely rebuilt café, and a larger, improved workshop space. First opened in 1899, the Suter has had various upgrades and extensions since. But the building is well overdue for a thorough refurbishment. The need for this upgrade was one of the drivers for it becoming a Council Controlled Organisation in 2008.

Plans have been costed at \$9 million but given the age of the building (which is likely to complicate construction), and other associated work such as external landscaping and seismic upgrading to the retained facilities, namely the theatre and the original historic gallery, Council is estimating up to \$11.2 million will be needed to complete the project. Council has allocated \$6.9 million in years 3 and 4 but, as with the School of Music, many partners will have to get in behind this project for it to move ahead.

Tell us: Do you agree with Council taking over the School of Music and Theatre Royal buildings? Do you support rates funding to redevelop the Suter Gallery?



CAROL GARNETT,
Council Executive Assistant
and avid gardener



Residents have told us for years they would like to have an attractive connection between the city and the sea.

Ideas for realising this connection have moved toward the creation of an urban park using Rutherford and Trafalgar Parks.

Work started in 2011 to plan for the development of the Parks, along with the Kinzett Terrace area across the state highway, into one active urban space. It would offer community recreation facilities with some exciting features – a new pier into The Haven, a playground and new skate park, enhancements to Saltwater Creek, boardwalks and bird hides along an estuarine garden... the list goes on. Best of all, it would link the city and the sea.

Clearly there is a lot to be done to achieve the vision: building new facilities, while removing some that fit better elsewhere, and improving pedestrian and vehicle flows.

Rutherford & Trafalgar Parks Development

The draft Rutherford and Trafalgar Parks Development Plan (available on the Council website) sets out Council's ideas and how they would be staged over the ten years of the plan at a cost of \$8.7 million.

Tell us: What do you think of the proposed ideas for the development of Rutherford and Trafalgar Parks?



Other major projects that Council has funding for in the draft Long Term Plan include

A new buried duplicate pipeline between the Maitai dam and the Water Treatment Plant to reduce risks from earthquakes or slips (\$8.8million in the first two years of the draft Plan)

Design and construction of a new pipeline between the Water Treatment Plan and Westbrook Terrace (\$4million in 2020/21)

Renewal of the Roding River supply pipeline (\$15million over three years starting 2017/18)

Design and implement improved organic waste collection and treatment facilities (\$2.6million in 2015/16)

Addressing the odour problems at the Nelson North Waste Water Treatment Plan (\$5.1 million in the first two years of the draft Plan)

Addressing the Nelson Provincial Museum storage needs* (\$3.75 million to be spent mainly in 2015/16)

* The museum storage project has been moved from the first three years of the draft Plan because Tasman District Council, 50% co-owner of the Museum, has not included any funding in its Long Term Plan. As this is an important regional project, Nelson City Council has retained the funding in Year 4 (2015/16) with the hope that a joint solution can be reached by that time.

What's not included in the draft Long Term Plan

The following are some of the major projects considered by Council that didn't make it into the draft Long Term Plan. There are always more good projects that the community would like to see go ahead than there is funding. Making these tradeoffs and choosing what can't be included are the hardest parts of developing the draft Plan. Each of these projects received careful scrutiny before Council reluctantly decided they had to be dropped, usually for affordability reasons.

The Lee Valley Dam

The Lee Valley Dam is an important project and Council believes there is an economic benefit for Nelson ratepayers even though the location is in Tasman. However, at this stage there are still many unknowns including the exact funding split and the level of support from users across the Waimea plains. There are also a number of other regional projects in need of support from both Councils. Nelson City Council is proposing that the two Councils discuss these as a package to ensure all regional projects receive adequate funding.

'What's not included in the draft Long Term Plan'
Continued over page >

CINDY (TE ATA) BATT,
Council Library Assistant and player
of traditional Māori instruments



Other projects not included

Cost*

Lee Valley Dam (four way project between the two Councils, central government and users)	\$6.6 million
Greenmeadows changing rooms redevelopment	\$2.1 million
Riverside Pool gym remodelling	\$1.7 million
Three roundabouts project with Tasman District Council and the NZ Transport Agency (to look at relieving traffic congestion at the roundabouts on Whakatu Dr/Richmond Deviation/Champion Rd/Saxton Rd)**	\$1.6 million
Development of extra sportsfields at Saxton Field	\$1.1 million
Bridge Street extension to Vanguard Street (a Heart of Nelson project to generate business redevelopment opportunities to the west of the CBD)	\$988,000
State Highway 6/Atawhai intersections	\$956,000
Cycling pavilion at Saxton Field	\$855,000
Trafalgar Centre heating	\$831,000
Developing ex-orchard at Saxton Field into grassed open space	\$601,000
Additional exit road from Saxton Field (alongside Garin College connecting to Champion Road)	\$559,300
Upgrading existing stormwater (Mahoe/Orsman/Matipo)**	\$546,000
Upgrading existing stormwater (Golf/Parkers)**	\$479,000

* for joint projects Nelson share only is shown

** projects that were included in the Long-term Council Community Plan (LTCCP) 2009-2019

The complete list of projects not included in the draft Long Term Plan can be found in the full draft Long Term Plan document.

Financials

Council's Financial Strategy

Council is proposing a rate increase of 4.89% for the first seven years of the plan and an average of 2.11% more over the following three years. To achieve this Council is proposing a loan (to be fully repaid in Year 8) at a cost of \$2.2million in interest. This loan will smooth the rate increases over the first seven years of the draft LTP. It recognises and seeks to reduce the financial impact of major projects that fall unevenly over the period. Without the smoothing loan rates increases in the first three years would have been 7.19%, 4.80% and 6.76% with rate increases of between 1.88% and 3.45% over the following seven years. This includes an allowance for inflation and 1% growth in the rating base per year.

Financial strategy – key points

Council's full financial strategy is available in Volume 1 of the draft Long Term Plan.

Accommodating growth

Council's Development Contributions Policy ensures that those who create the need for and benefit from growth in Nelson fund the additional infrastructure needed as a result. Some updating of the policy has occurred including the removal of a clause relating to Council contributing to infrastructure not already provided for in a Long Term Plan. New and revised growth costs for infrastructure projects on which the calculations are based have resulted in a decrease in the Development Contribution payable.

The draft LTP is based on a population of 46,100 in 2011 which is estimated to increase to 47,400 in 2016. Council takes a generally conservative approach in

applying population growth estimates in its infrastructure planning, using a mid-range estimate and continually updating and revising as new data is available.

Maintaining assets and levels of service

Council has assessed the funding requirements to meet the levels of service set out in the draft LTP and considers that the capital and operating expenditure is sufficient to achieve the proposed levels of service. However, in order to keep rate increases and debt levels to a minimum, Council proposes removing or delaying a number of projects from the next ten years.

Activities that are proposed to have an increase in levels of service over the ten years of this draft LTP include improvements to:

- Public transport and cycling and walking facilities
- Flood protection for urban streams and the Maitai River
- Arts infrastructure
- Public toilets
- Air and freshwater quality
- Community facilities, including the Trafalgar Centre
- A new destination playground for Rutherford Park
- Saxton Field capital projects
- Museum storage
- A greenwaste processing facility

Proposed major capital expenditure to maintain or increase levels of service includes the majority of projects in the following Council activities:

- Transport projects
- Water supply
- Wastewater
- Stormwater
- Flood protection
- Seismic strengthening of Council facilities

Proposed major operating expenditure changes to maintain or improve levels of service include:

- Esplanade and foreshore channel management
- Marketing of the Saxton Field complex
- A new business incubator

Proposed lowering of levels of service are:

- Opera in the Park moving to every second year after a two year gap

Debt profile over the 10 years

Because the level of borrowing is proposed to increase, the management of interest costs is very important. Council has determined maximum amounts and limits of debt. The table below shows a comparison of the limits in Council's Treasury Policy compared to those proposed in this draft LTP.

	Annual Plan 11/12 (\$000)	Budget 2012/13 (\$000)	Proposed 2013/14 (\$000)	Proposed 2014/15 (\$000)	Proposed 2015/16 (\$000)	Proposed 2016/17 (\$000)	Proposed 2017/18 (\$000)	Proposed 2018/19 (\$000)	Proposed 2019/20 (\$000)	Proposed 2020/21 (\$000)	Proposed 2021/22 (\$000)
Net Debt	97,280	99,144	121,430	143,244	157,555	163,590	164,177	164,940	160,772	167,318	174,330
Net interest expense on external debt as a % of total revenue to be less than 15%	7.2%	4.8%	6.3%	8.1%	9.3%	9.3%	9.3%	9.0%	8.8%	8.8%	8.8%
Net interest expense on external debt as a % of total rates income to be less than 20%	11.7%	8.4%	10.0%	12.9%	14.1%	14.4%	14.1%	13.5%	13.1%	13.3%	13.2%
Net external debt not to exceed 150% of total revenue	110.1%	96.2%	125.5%	139.1%	149.7%	145.3%	139.2%	134.4%	127.1%	131.5%	132.5%
Net external debt not to exceed 20% of equity	8.4%	8.0%	9.5%	10.9%	11.5%	11.5%	11.2%	10.7%	10.0%	10.0%	9.9%

Local Government Funding Agency

The table above shows that Council is operating within the guidelines contained in its Treasury Policy. Council is proposing to become a "Guaranteeing Local Authority" in the Local Government Funding Agency (LGFA). Access to LGFA would mean the Council would be able to achieve a lower cost of borrowing, and therefore funding, for the Council. The upper limit to be able to borrow through LGFA would require Council to contain its interest to rates revenue ratio under 25%. In order to fund the capital works programme proposed in this draft LTP, the amount of borrowing would peak at \$174m during 2021/22.

Although interest rates are currently very low, Council has budgeted for the average interest rate paid on its loans to increase over the ten years of this draft LTP, from 5.51 percent to 6.6 percent. In addition to obtaining lower rates for borrowing through the Local Government Funding Agency, Council also manages the cost and risk of borrowing through its Liability Management Policy, which requires a spread of terms for loans so that they do not have their interest rates reviewed at the same time, when interest rates may be high.

Rates increases and rates limits

Council proposes to limit the increase in the Council's 'Total Rate Requirement'* to no more than the forecast** percentage increase of the local government cost index (LGCI) plus 2% in each of the ten years. This includes an assumption that the rating base (the number of residents paying rates) will grow by 1% per year. Using the local government cost index (LGCI) rather than Consumer Price Index (CPI) is considered to be more realistic as LGCI reflects the cost of doing Council business. Individual properties may experience smaller or larger increases depending on movements in property

values, the services received and location. Council has set a limit of \$88 million per annum for the Total Rate Requirement over the ten years of this draft Plan.

* The 'Total Rate Requirement' includes both general and targeted rates for example for water, wastewater and stormwater.

** As provided by Business and Economic Research Limited (BERL).

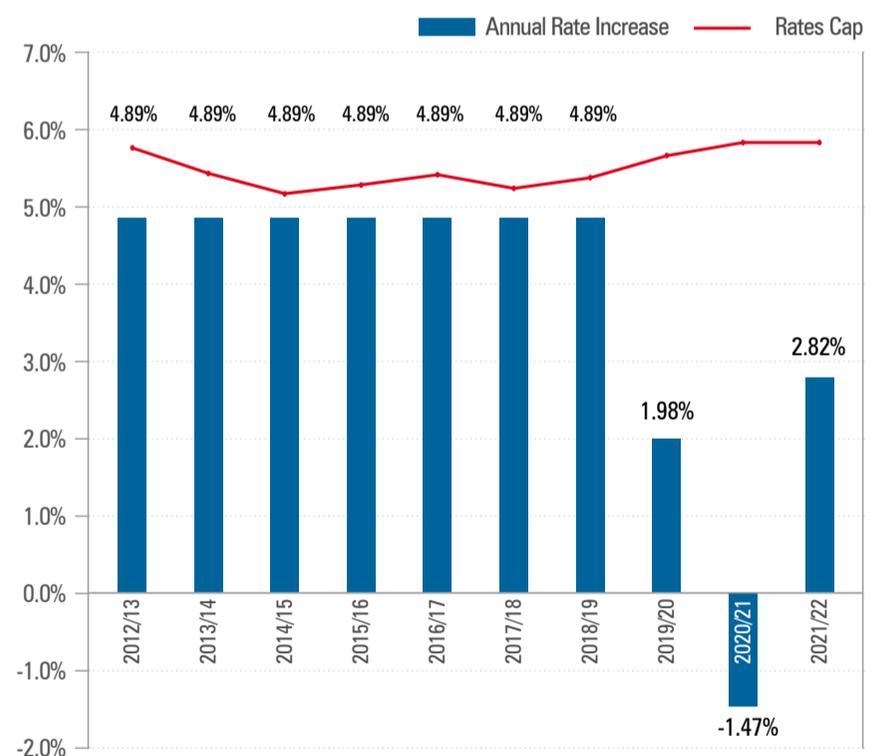
Examples of total rate changes for properties

To further clarify the rates rises between the 2011/12 year to those for the 2012/13 year, a selection of properties with varying Land Values have been summarised below to provide a guide. It is important to note that these properties are a sample of the residential properties and do not cover all situations across the rating base.

Proposed rates increases based on 2009 property valuations

Summary of Draft Rates Increases for representative properties within the City	Land Value (2009 valuation)	2011/12 Rates	2012/13 Draft Proposed Rates	% Increase on 2011/12	\$ Increase from 2011/12
Proposed residential rates (including average \$500.00 water charges in 2011/12 & \$512.00 in 2012/13)	100,000	\$1,994.50	\$2,066.40	3.60	\$71.90
	177,000	\$2,425.80	\$2,543.00	4.83	\$117.20
	300,000	\$3,115.00	\$3,304.30	6.08	\$189.30
	400,000	\$3,675.20	\$3,923.30	6.75	\$248.10
Five different properties	600,000	\$4,795.70	\$5,161.20	7.62	\$365.50

Annual Rates Increase Versus Rates Cap



Want more info?

The summary, the full two volume draft and more feedback forms are available online, at all Nelson Public Libraries or the Council Customer Service Centre, Civic House on the corner of Trafalgar and Halifax Streets. You can also ask for copies by phoning 546 0200.

Talk to us

- Beside the Nelson Market, Sat 21 Apr and 5 May, 9 - 1pm
- Nelson Farmers Market, Fashion Island, Weds 18 Apr and 2 May, 12 - 2pm
- New World Stoke (outside) Sat 28 Apr 10 - 2pm
- Ratepayer 'cup-of-tea', Council Customer Service Centre, Civic House, Fri 27 Apr 12 - 2pm
- Community Conversation - Nelson Provincial Museum, Thurs 19 April, 4 - 6pm and Thurs 26 April, 12 - 2pm. St Barnabas Church, Stoke, Thurs 3 May 4 - 6 pm.

