



# Annual Report Summary 2015/16

FOR THE YEAR END 30 JUNE 2016

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*Your Say*

## FOREWORD: MAYOR AND CHIEF EXECUTIVE

Welcome to Nelson City Council's 2015/16 Summary Annual Report. In this document, we report on Council's performance over the last year.

It was another busy 12 months for our city, with a significant amount of work completed to make Nelson an even better place.

Council's commitment to the maintenance and development of core infrastructure continued in 2015/16, with the completion of a number of major projects. These included the Maitai Pipeline duplication, the York Stream flood upgrade, the first stage of the Saxton Creek flood protection work and the near completion of the Corder Park pump station upgrade.

In addition, work continued on some of Council's treasured facilities. The Trafalgar Centre upgrade has progressed well, with the reopening of the Main Stadium in April 2016, in time to successfully host the Nelson Giants' home games. Council also commenced work on a major redevelopment of Rutherford Park and it will be exciting to see the revitalisation of this key central city asset. Of course, on top of this work, was the multi-year redevelopment of the much-loved Suter Gallery.

In 2015/16, Council has continued to focus on a partnership approach to delivering many of its key projects. We are committed to working with the

community to ensure our city continues to thrive. Council's biodiversity programme, Nelson Nature, is an example of how successful partnerships can be, with a more extensive and targeted approach getting underway, in an effort to restore our region's natural environment.

Council's financial position for 2015/16 meets the goals of our financial strategy, which focuses on providing for growth, financial prudence, accountability, levels of service and planning for the future. Our external borrowing and level of rates are within the limits set by the strategy.

Also pleasing to see was Council's raised credit rating from Standard and Poor's, improving from AA- to AA. This reflects our strong financial performance and gives assurance that the decisions we make are sensible ones for Council's finances.

We have had a successful year, and it is thanks to a team of people - councillors, officers, volunteers, and those who call Nelson home - who continue to work in close partnership to make Nelson an even better place.



**Rachel Reese**  
MAYOR OF NELSON



**Clare Hadley**  
CHIEF EXECUTIVE

## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Annual Report Summary provides an overview of Council's activities, services and finances for the year 1 July 2015 to 30 June 2016. The information is taken from Council's audited Annual Report 2015/16, adopted by Council on 27 October 2016. Complete information about Council's financial position and operation is provided in the full Annual Report 2015/16.

**A copy of the full Annual Report 2015/16 is available to read online at [nelson.govt.nz](http://nelson.govt.nz), from all Council libraries and from the Customer Service Centre.**

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## Independent Auditor's Report

### To the readers of Nelson City Council and group's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Nelson City Council (the City Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 7 to 16:

- the summary statement of financial position as at 30 June 2016;
- 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 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of service performance of the City Council in "Key achievements and service performance".

We expressed an unmodified audit opinion on the City Council and group's full audited statements in our report dated 27 October 2016.

### Opinion

In our opinion:

- the summary 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.

## **Basis of opinion**

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

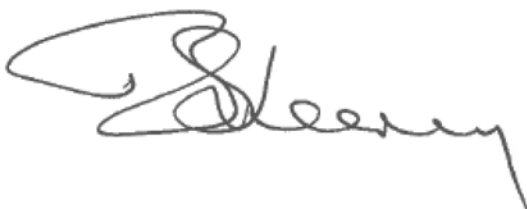
The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the City Council and group.

## **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

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



Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
25 November 2016.

## OUR ACTIVITIES

### COUNCIL HAS TEN ACTIVITIES:

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## KEY ACHIEVEMENTS AND SERVICE PERFORMANCE

For more detailed information please refer to the full Annual Report 2015/16.



### Transport

- In 2015/16, the capital expenditure in the transport activity was approximately \$4.892m.
- Key renewal and maintenance activities that occurred on the existing transport network during 2015/16 included pavement rehabilitations on Cable Bay Road, Quarantine Road and The Ridgeway, 13.2km of road resurfacing across the city, structures maintenance and renewal, 4.2km of footpath resurfacing across the city, and replacement of 116 streetlight poles and renewal of 1.4km of kerb and channel.
- In response to community concerns about conflict between users on the Maitai shared path and other shared paths in the city, resource was invested in community consultation and the development of an 'Out and About' policy for active travel and pathway based recreation. This policy was adopted by Council in November 2015. Council has reprioritised its work programme against the new policy and adjusted timeframes on a number of walking and cycling connecting projects accordingly.
- NBus launched a new Hail and Ride Stoke Loop route that starts and finishes by the Tennis Courts on Songer Street and connects with the main bus routes in and out of Nelson. Public transport patronage has levelled out in 2015/16 following strong growth in the NBus service since 2012.
- From November 2014, a new data collection methodology using phone Bluetooth detection has been used to measure average peak hour travel times, resulting in improved data quality. The data collected in the 2015/16 financial year shows the following exceedances of the upper limit of no greater than five minutes above uncongested travel times:
  - 24 weeks in the Waimea Road northbound AM peak
  - 9 weeks in the Waimea Road southbound PM peak
  - 11 weeks in the Rocks Road northbound AM peak
  - 27 weeks in the Rocks Road southbound PM peak
- Council's target is that the annual social cost of crashes (injury and non-injury) at intersections for each year reduces by at least 4% per year from the 2007 base. The CPI adjusted social cost was \$5.7 million in the 2015 calendar year, a decrease of more than 4% per year from the 2007 base.
- The average quality of ride on a sealed local road network is measured by smooth travel exposure. In 2015/16, this was measured as 92% based on NZ Transport Agency standard roughness limits in One Network Road Classification (ONRC). This compares to 87% in 2014/15.



## Water Supply

- In 2015/16, the capital expenditure in the water supply activity was approximately \$5.245m.
- A major area of work was the commissioning of a fifth train, complete with membranes at the Water Treatment Plant. This will extend the life of membranes in existing trains and will also improve flexibility, allowing four trains to remain in operation while one is being serviced and cleaned. This work was completed and commissioned by the end of January 2016.
- Work to prepare the resource consent application for the city water supply from the Maitai and Roding Rivers was undertaken. The Maitai application was lodged in June 2016 and the Roding application was lodged in September 2016. A trial of taking water only from the Maitai dam was also completed, to test the feasibility of supplying the city with water from the dam under future drought conditions. As a result of incidences of dirty water the trial was ended after six weeks.
- The final stage of Maitai Pipeline duplication, from the Water Treatment Plant to the city has begun. When complete, this project will provide the city with two means of delivering untreated water from the Maitai River to the treatment plant and two means of conveying treated water into the city.
- In addition, water mains were renewed in Nayland Road, Marsden Road and Waimea Road. The multi-year project to ensure adequate flows for fire hydrants are available around the urban section of the city continued.
- 2015/16 also saw the start of an extensive project to track water losses from the Council network.

This work is expected to continue for a number of years and will use the latest technology from the Christchurch rebuild to identify the exact locations of leaks.

- Throughout the year, Council maintained an Ab grading for drinking water standards and ensured potable water was supplied to customers. There were no positive bacterial readings. Water supply complies with part 4 and 5 of the Drinking Water Standards.
- As at 30 June 2016, computer modelling showed that 99.2% of properties had acceptable fire flows.
- Council monitors water abstraction rates on a daily basis and no exceedances were reported for the 2015/16 year.

## Wastewater

- In 2015/16, the capital expenditure in the wastewater activity was approximately \$5.46m.
- The Corder Park sewer pump system upgrade was substantially completed by June 2016. The project was one of Council's major infrastructure projects and was constructed over several years at a cost of \$4.7 million.
- Council has also begun a multi-year project to reduce the amount of ground and stormwater that gets into the sewer network. The first stage was a detailed investigation of the central city area to identify which sections have high flows in both dry and wet weather. This information will help set future renewal programmes and allow contractors to better target repairs to the network. Where excess flow into the network can be traced to individual properties, owners will be required to repair their pipework.





- A study was also undertaken on the impact of natural hazards on the Nelson Wastewater Treatment Plant north of the city. This study is expected to help Council advance its understanding of how it can best protect the city infrastructure in the event of a major natural disaster.
- A project looking at the impacts of population growth on the wastewater network within the city was also started.
- There were 15 odour complaints for the 2015/16 year for the wastewater treatment plant. 13 of these occurred between 29 March and 17 May 2016 brought about by changed treatment conditions caused by a need to carry out maintenance at the treatment plant.
- Council complied with the resource consents for discharge from the sewerage system. During 2015/16, there were no contraventions identified by regulatory section.

## Stormwater

- In 2015/16, the capital expenditure in the stormwater activity was approximately \$1.499m.
- Construction of stormwater upgrades were completed in Buxton Carpark, Stanley Crescent and Arrow Street.
- Significant investigation of the ground and surface water issues on the Tahunanui Hillside from Moana Ave to Rocks Road was completed. This work will allow Council to develop appropriate responses to the specific challenges that face property owners in this area.

- Detailed design for future works in Nile Street East, Fifeshire Crescent, Nayland Road/ Galway Street, Railway Reserve (Dryden Street to Saxton Road West), Bisley Avenue, Washington Valley, Day's Track, Greenmeadows and Wastney Terrace were undertaken.
- Council completed 87.5% of the capital projects in the stormwater activity in the 2015/16 programme and 67% of the 2015/16 capital expenditure. This was due to cost savings rather than delayed progress on projects.
- During the year, there was one flooding event that occurred at Nelson North. There were no events with reported habitable floor damage.

## Flood Protection

- In 2015/16, the capital expenditure in the flood protection activity was approximately \$4.541m.
- Major projects completed during the year included the York Stream flood upgrade from Bishopdale Reserve to Boundary Road, the Saxton Creek flood protection and gravel trap, the Orphanage Stream stormwater detention on Saxton Field and the start of construction works for the Little-Go Stream upgrade in Waimea Road and Franklin Street. These are multi-year projects.
- Preliminary detailed flood models have been completed for 11 of the larger urban streams in Nelson and less detailed models for two of the rural streams.
- In 2015/16, Council undertook development of computer flood models for urban streams with the exception of Saxton Creek. These models



define the current service potential of each of the streams. Channel maintenance work was carried out in accordance with resource consents and there were no known breaches or infringements for maintenance carried out in waterways for 2015/16.

- There were no flood events which resulted in habitable floor damage in 2015/16.

## Environment

- Further work was undertaken on the joint landfill project and has resulted in a proposal for the Eves Valley (Tasman District Council) and York Valley (Nelson City Council) landfills to be combined under a joint venture model, with each Council having a 50% share. As Nelson's landfill has a higher value, due to available space under the resource consent, this will require a \$4.2m balancing payment from Tasman District Council to Nelson City Council. The joint landfill project was included in Nelson City Council's 2016/17 Annual Plan which was consulted on in March and April, and adopted by Council in June.
- All four marine recreation monitoring sites met swimming water quality standards on at least 95% of occasions sampled. Four of the six freshwater recreation monitoring sites met swimming water quality standards on at least 95% of occasions sampled.
- Nelson complied with the national environmental standards for Air Quality in all airsheds during 2015/16 - There were no breaches in Airshed A in 2015/16, compared to two breaches in Airshed A in 2014/15, there was one breach in Airshed B1 (Tahunanui) and no breaches were recorded in Airshed C during 2015/16.
- 2015/16 was the first year of Nelson Nature and the second year of Project Maitai/Mahitahi. Nelson Nature is a ten year programme, developed to address biodiversity issues across a number of ecosystems and to better align and co-ordinate environmental work across Nelson's environmental groups and organisations. Project Maitai/Mahitahi has had a successful and wide ranging second year addressing water quality issues in the Maitai River and its tributaries through a combination of infrastructure, compliance, science, behaviour change and community-led projects.
- Review of the Nelson Resource Management Plan, Regional Policy Statement and Air Quality Plan is underway. Community engagement on the Nelson Plan occurred in November 2015. Feedback was sought on the Draft Regional Policy Statement in May/June 2016.
- Notification of Plan Change A3 to the Nelson Air Quality Plan occurred in January 2016. 108 submissions and 15 further submissions were received from a range of stakeholders and the wider community. An independent hearing panel heard submissions during May. Decisions were released and appeals closed on 26 August 2016. The Plan Change is now operative.
- Thirteen Special Housing Areas were gazetted in Nelson during 2015/16.
- The Regional Pest Management Plan review process commenced, with the inaugural meeting of the Joint (Nelson City Council and Tasman District Council) Regional Pest Management Committee meeting on 29 June 2016.
- The resource consents team achieved 100% for processing timeframes for all resource consent



applications in 2015/16. 99.6% of building consents, code compliance certificates and certificates of acceptance were processed within statutory timeframes.

## Social

- Council's focus on Stoke continued, with progress at the new Greenmeadows Community and Sport facility, including further public consultation sessions and the completion of the design and consent phases throughout 2015/16.
- Council altered its approach to community assistance, ceasing the Community Assistance Fund process, and introducing a Community Investment Fund. Allocations for funding are now considered by the newly established Community Investment Funding Panel which includes four community representatives. Council distributed \$293,700 to 66 community organisations through 52 contracts and 24 one-off grants for community organisations to provide services in the Nelson community during 2015/16.
- An Arts Festival Transition Group was established to provide recommendations to Council on the governance and delivery structure of the Arts Festival in future years.
- Upgrades at the Suter commenced in January 2015 and continued through the 2015/16 financial year.
- The number of days that the Theatre Royal was in use (for performance or rehearsal) during 2015/16 was 276. This compares to 283 days in 2014/15.
- 43% of residents attended Summer Festival, 34% attended the Masked Parade, 22% attended the Arts Festival event and 30% attended Opera in

the Park. This was lower attendance than previous years.

- Overall, 87% of residents are satisfied or very satisfied with public libraries. Library hours were permanently extended during 2015/16 to include Saturday afternoons at Elma Turner and an extra two and a half hours a week at the Stoke Library. The Library has continued to deliver a programme of themed events throughout the year.
- The relining of the main cremator at the crematorium was completed.

## Parks and active recreation

- Council completed the Brook Reserve Management Plan and adopted it in principle. The Plan sets out Council's strategic vision for the area.
- Physical work at the Trafalgar Centre began in September 2015. The concept design for the northern building was finalised and contractors worked hard to ensure the main building was ready for use in time for the Nelson Giants basketball in early April 2016. Council allocated additional funding for more features at the Centre and for a replacement roof. Alongside the Trafalgar Centre Development, the Rutherford Park Upgrade is underway. This will improve the structure and connections of the park. The Maitai Walkway from Trafalgar Street to Akersten Street, an important step towards improving connections from the city to the sea, was completed during 2015/16.
- During the year, Council purchased land for a hardstand at the Marina which is a requirement of the resource consent. It also purchased the travel lift (for lifting and moving vessels).



- The Property Asset Review work progressed with a Council workshop in December 2015. That work has initiated projects for the Haven precinct, central city and the Akersten Street/Marina area. The Haven Precinct was selected by Council as a priority.
- 86% of residents are satisfied or very satisfied with parks and recreation and 65% of residents are satisfied or very satisfied with the provision of recreation opportunities for people of all ages and abilities in their community.
- 99% of all homes in the residential zone are within walking distance of a neighbourhood park.
- The Nelson Tasman Business Trust operates with funding from Council and offers assistance to start up and existing businesses in the region. It ran a number of mentoring and networking events during 2015/16
- The EDA administered the Nelson Events and Marketing Fund on behalf of Council. The Events Strategy continued to be implemented and \$277,000 was allocated during the 2015/16 year to 12 different events. Of these 12 events supported by the Fund seven were in the sporting category. Non-sporting events supported included Marchfest, Art Expo, Race Unity Day, the Kite Festival and the Nelson Jazz Festival.

## Economic

- Council approved the establishment of the Nelson Regional Development Agency (NRDA), a merger of the Nelson Regional Economic Development Agency and Nelson Tasman Tourism, which was in operation from 1 July 2016. During 2015/16, the Economic Development Agency (EDA) continued to work on behalf of Council to assist enterprises, allocate events funding, provide economic advice and manage programmes funded by third parties.
- China Week was held in September 2015 to celebrate the close relationship with China. The programme of events was well received by the community. Nelson and Sister City Huangshi celebrated their 20 year relationship. The continued development with our two Chinese sister cities, Huangshi in Hubei Province and Yangjiang in Guangdong Province, is showing positive benefits for Nelson business and education links.
- Total guest nights in the commercial accommodation sector increased by 8.0%. In addition, there was an increase of 7.4% of visitor spend over the previous year. During the year, Nelson Tasman Tourism (NTT) hosted 3 cruise ship visits, 110 individual international tour wholesalers and 30 independent visits.
- In 2015/16, the Economic Development Agency accessed \$1,116,967.58 of government funding for the region. All funds allocated were spent. This compares to \$1,036,314 government funding accessed in 2014/15.
- Guest nights are up 8.0% on the previous year. International guest nights increased by 6.5% and domestic guest nights by 8.8%. Length of stay increased to 2.34 nights compared with 2.20 nights in 2013/14. The 2015/16 year saw the arrival of three new airline services; Jetstar, Kiwi Regional Airlines and Originair between September and December



which contributed to strong domestic visitor growth. New marketing activities were undertaken to support the new services including television advertising and marketing promoting arts, food and beverages of the region.

## Corporate

- During the year, Standard and Poor’s raised Council’s credit rating from AA- to AA reflecting Council’s consistently strong financial performance. This rating is reviewed annually and provides an assurance that Council’s financial management is strong and continues to improve. The improved credit rating has led to reduced interest rates for Council.
- Council operated within the borrowing limits and rates limits, set in the Financial Strategy during 2015/16.
- Customer satisfaction for the 2015/16 year was measured by a survey of customers who used Council services during the year. In 2015/16, 74% of customers said they were satisfied, or very satisfied, with the overall service they received. This compares with 77% in 2014/15.
- There were seven complaints referred to Council from the Office of the Ombudsman during 2015/16. All were Local Government Official Information and Meetings Act complaints – no complaints were made under the Ombudsman Act 1975.
- Council is required under s17A of the Local Government Act 2002 to review the cost-effectiveness of current arrangements for meeting

the needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions. This work commenced in 2015/16 and will continue in 2016/17.

- At 30 June 2016, Council employed 251 staff compared with 245 at the same time in 2015. This includes full and part time employees, with 163 being full-time employees.
- Council is satisfied with the performance results from Council Controlled Organisations (CCOs). Performance of individual CCOs can be seen in the CCO section of the full Annual Report.
- 37% of residents are satisfied or very satisfied with their opportunities for feedback. This is a decrease from 2014, when 53% of residents were satisfied or very satisfied. Throughout the year, there was a shift to cost effective digital communications, with the introduction of an e-newsletter and a significant increase in social media reach, reaching over 3,500 followers daily.



## KEY FINANCIAL INFORMATION

### Financial overview

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).

The Annual Report shows that Council recorded a net surplus before revaluations for the year ended 30 June 2016 of \$12.7 million, which was \$8.6 million more than budget. The surplus was \$8.9 million for the 2014/15 financial year. Explanation of this variance can be found in the variances section of this summary annual Report and in note 39 of the notes to accounts section of the full Annual Report.

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 income for accounting purposes.

Council's borrowings as at 30 June 2016 were \$81.4 million.

The full Annual Report was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied with International

Public Sector Accounting Standards (IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities. The financial statements have been prepared in accordance with tier 1 PBE accounting standards. The financial statements comply with PBE standards.

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 2016. The financial statements were authorised for issue by Council on 27 October 2016.

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.

**You can find a copy of the full Annual Report 2015/16 on Council's website [nelson.govt.nz](http://nelson.govt.nz) or to read at Council's Libraries or customer service centre.**

## SUMMARY OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Council			Group	
	Actual 2016 (\$000)	Annual Plan 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Statement of comprehensive revenue and expense for the year ended 30 June 2016</b>					
Total operating revenue	100,598	98,802	101,068	112,378	109,911
Total operating expenditure *	87,909	94,720	92,119	99,330	103,509
Surplus/(deficit) before tax	12,689	4,082	8,949	13,048	6,402
Share of Associates surplus/(deficit)	0	0	0	3,052	3,924
Less taxation	0	0	0	(280)	(308)
Net surplus	12,689	4,082	8,949	15,820	10,018
Gains/(Losses) on property revaluation	3,590	18,671	11,051	3,590	11,051
Share of Associates revalued movements	0	0	0	17,272	(273)
<b>Total Comprehensive Revenue</b>	<b>16,279</b>	<b>22,753</b>	<b>20,000</b>	<b>36,682</b>	<b>20,796</b>
*includes finance costs of:	3,834	5,092	3,668	3,903	3,740
<b>Movements in equity for the year ended 30 June 2016</b>					
Equity at start of year	1,316,312	1,322,643	1,296,312	1,400,769	1,379,905
Recognition of opening equity on full acquisition	0	0	0	0	68
Transfer from reserves	17,833	0	0	17,833	0
Total Comprehensive Revenue	16,279	22,753	20,000	36,682	20,796
<b>Equity at end of year</b>	<b>1,350,424</b>	<b>1,345,396</b>	<b>1,316,312</b>	<b>1,455,284</b>	<b>1,400,769</b>
<b>Balance Sheet as at 30 June 2016</b>					
Current assets	15,702	11,198	12,545	22,520	20,206
Non-current assets	1,446,343	1,471,082	1,397,027	1,551,318	1,480,421
<b>Total assets</b>	<b>1,462,045</b>	<b>1,482,280</b>	<b>1,409,572</b>	<b>1,573,838</b>	<b>1,500,627</b>
Current liabilities	40,931	60,826	24,221	45,792	29,087
Non-current liabilities	70,690	76,058	69,039	72,762	70,772
<b>Total liabilities</b>	<b>111,621</b>	<b>136,884</b>	<b>93,260</b>	<b>118,554</b>	<b>99,859</b>
<b>Total net assets</b>	<b>1,350,424</b>	<b>1,345,396</b>	<b>1,316,312</b>	<b>1,455,284</b>	<b>1,400,768</b>
Retained earnings	400,966	374,833	366,065	442,907	404,874
Other reserves	949,458	970,563	950,247	1,012,377	995,894
<b>Total equity</b>	<b>1,350,424</b>	<b>1,345,396</b>	<b>1,316,312</b>	<b>1,455,284</b>	<b>1,400,768</b>

TABLE CONTINUED >

	Council			Group	
	Actual 2016	Annual Plan 2016	Actual 2015	Actual 2016	Actual 2015
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)

**Statement of cashflows for the year ended 30 June 2016**

Cashflows from operating activities	32,022	22,799	28,198	32,934	30,813
Cashflow from investing activities	(38,575)	(62,788)	(29,149)	(40,132)	(32,230)
Cashflows from financing activities	8,624	40,033	985	8,857	1,405
Net increase/(decrease) in cash held	2,071	44	34	1,659	(12)
Plus opening cash balance	372	191	338	1,759	1,771
<b>Closing balance</b>	<b>2,443</b>	<b>235</b>	<b>372</b>	<b>3,418</b>	<b>1,759</b>

Represented by:					
Cash and cash equivalents	2,443	235	372	3,418	1,759
Bank overdraft	-	-	-	-	-
	<b>2,443</b>	<b>235</b>	<b>372</b>	<b>3,418</b>	<b>1,759</b>

	Council		Group	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
	(\$000)	(\$000)	(\$000)	(\$000)

**Commitments and contingencies as at 30 June 2016**

Commitments under:				
Capital contracts	16,410	12,197	21,543	13,421
Operating leases as lessor	8,584	8,909	27,867	19,129
Operating leases as lessee	1,697	1,887	1,935	2,316
Contingent assets				
Claim lodged with Ministry of Civil Defence and Emergency Management for emergency recovery works	555	555	555	555
Contingent liabilities				
Overdraft facility for Celtic Rugby Football Club guaranteed by Nelson City Council	0	145	0	145



## EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

### Statements of comprehensive revenue and expense

#### **Total operating income \$1.8 million more than budget:**

Other revenue is greater than budgeted by \$5.3 million due to revenues from vested assets, development contributions and reserves contributions being greater than expected. These items reflect development activity in the city.

Other losses of \$3.8 million with no budget reflect the revaluation of interest rate swaps (\$4.5 million loss) offset by gains on sale or revaluation of assets.

#### **Total operating expenditure was \$6.8 million less than budget:**

Personnel costs were 0.6 million less than budget. Some vacancies were backfilled using unbudgeted temporary staff at the cost of \$520,000, reflected in other expenses.

Other expenses were under budget by \$5.2 million. More details can be seen in the activities section of the full Annual Report 2015/16, however the most significant items are:

- maintenance expenditure under budget by \$2.2 million. Reactive budgets totalling \$533,000 were not required, \$1.1 million of budget has been moved to 2016/17 in order to capitalise on NZTA funding, and the remainder is savings.
- professional services/legal fees under budget \$590,000, of which \$469,000 has been moved into 2016/17 to progress a number of studies and surveys.
- service provision under budget by \$3.5 million, of which \$1.9 million has been moved to 2016/17 relating to funding for the Nelson School of Music earthquake strengthening, and grants for the Saxton velodrome. \$1.5 million of this variance relates to a consolidation adjustment in respect of the Nelson Regional Sewerage Business Unit.
- unbudgeted losses on disposal of assets of \$581,000.
- unbudgeted expenditure for temporary staff \$520,000.

### Other comprehensive income

#### **Total operating revenue was \$2.6 million less than budget:**

The infrastructure assets are revalued every year to smooth out the large fluctuations. The revaluation as at 30 June 2016 resulted in an increase in asset value of \$21 million, \$2.3 million more than budget. As a one-off adjustment in this financial year, Council impaired the valuation of the Airport reserve by \$17.8 million (see note 18), reversing the same amount of asset revaluation reserve. The net effect is that asset revaluation income is \$15.1 million under budget for the year.

#### **Statements of financial position**

The most significant variation was in property, plant, and equipment, which was \$39 million less than budget. The opening balance at 1 July was \$9.4 million less than forecast at the time of setting the 2015/16 budget, asset revaluations were \$15.1 million less than budget, capital additions were \$13 million less than budget, disposals were \$4.8 million more than budget, and vested asset additions were \$4.2 million more than budget.

Investments accounted for using the equity method are \$13.5 million greater than budget as a result of recognising the \$17.8 million investment in the airport (impairment of airport reserve land owned by Council), less planned investment that did not occur (funding for Tasman Bays Heritage Trust for a planned storage facility).

Borrowings, including derivative financial instruments and net of cash and cash equivalents, were \$31.5 million below budget. Capital additions were less than budgeted, there was a significant increase in the derivatives financial instruments liability, and the surplus for the year was more than expected.

Reserves are \$21.1 million less than budgeted. The opening balance at 1 July was \$3.2 million less than forecast at the time of setting the 2015/16 budget, the asset revaluation was \$15.1 million less than budget, and \$4.8 million of revaluation reserve was released to equity relating to the disposal of assets in prior years.

Accumulated funds are \$26.1 million more than budget. The surplus for the year is \$8.6 million more than budget, \$22.6 million as transferred from the asset revaluation reserve including \$17.8 million in respect of the airport reserve land, and the 1 July opening balance was \$3.1 million less than forecast at the time of setting the 2015/16 budget.

## EXPENDITURE SUMMARY

How your rates dollar was spent (cents per dollar).



- |   |  |
|---|--|
| ● Parks and Active Recreation: <b>19c</b> | ● Environmental Management: <b>11c</b>       |
| ● Water Supply: <b>19c</b>                | ● Stormwater and Flood protection: <b>8c</b> |
| ● Social: <b>16c</b>                      | ● Economic: <b>2c</b>                        |
| ● Transport: <b>14c</b>                   | ● Corporate: <b>0c</b>                       |
| ● Wastewater: <b>11c</b>                  |  |

## COUNCIL CONTROLLED ORGANISATIONS

Council reports on the performance of Council Controlled organisations in the full Annual Report, including details on Port Nelson, Nelmac, Nelson Airport, Tourism Nelson Tasman, Stoke Heights, Nelson Regional Economic Development Agency, Tasman Bays Heritage Trust and The Bishop Suter Trust.

*Note: Tourism Nelson Tasman and Nelson Regional Economic Development Agency have merged to form Nelson Regional Development Agency from 1 July 2016.*

## CONTACT US

**A copy of the full Annual Report 2015/16 is available online at [nelson.govt.nz](http://nelson.govt.nz), from all Council Libraries and from the Customer Service Centre.**

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**Nelson City Council**

*te kaunihera o whakatū*

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