



# An even better place to live

## PLANNING NELSON'S FUTURE

Annual Report 2015/16

For the year end 30 June 2016



**YOUR NELSON**  
*Your Say*

# HE MIHI

Whakataka te hau ki te uru

Whakataka te hau ki te tonga

Kia mākinakina ki uta

Kia mātaratara ki tai

E hāke ana te atākura

He tio, he huka, he hau hū

Tīhei mauri ora

Cease the winds from the west

Cease the winds from the south

Let the breeze blow over the land

Let the breeze blow over the ocean

Let the red-tipped dawn come with a sharpened air

A touch of frost, the promise of a glorious day

I breathe the breath of life

*This karakia originates from the people of Tainui and Taranaki*

*By kind permission of Tangata Whenua o Whakatū, the iwi of Te Taiūhu*



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# FOREWORD: MAYOR & CHIEF EXECUTIVE

Welcome to Nelson City Council's 2015/16 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.

“ .....

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.

.....”

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

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



**Rachel Reese**  
MAYOR OF NELSON



**Clare Hadley**  
CHIEF EXECUTIVE

# AUDIT REPORT

## Independent Auditor's Report To the readers of Nelson City Council's annual report for the year ended 30 June 2016

The Auditor-General is the auditor of Nelson City Council (the City Council). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the City Council has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 86 to 90 and 98 to 149:
  - present fairly, in all material respects:
    - the City Council's financial position as at 30 June 2016;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Tier 1 PBE IPSAS;
- the funding impact statement on page 91, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan;

- the Council Activities on pages 17 to 80:
  - presents fairly, in all material respects, the City Council's levels of service for each group of activities for the year ended 30 June 2016, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 24 to 79, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 24 to 79, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan.

## Compliance with requirements

The City Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 24 to 124 which are required by the Local Government (Financial Reporting and Prudence Regulations 2014) which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information.

Our audit was completed on 27 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

## Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service performance within the City Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the City Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Council**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

### **Independence**

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have no relationship with or interests in the City Council.



Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

# COMMUNITY OUTCOMES

It is a requirement of the Local Government Act 2002 that Council develop a set of outcomes that will guide the delivery of services in a way that is efficient, effective and appropriate to present and anticipated future circumstances. This Annual Report reflects these outcomes and priorities, and reports on how well Council is doing in meeting these.

The eight outcomes have been used to guide Council in aligning the work that it has done over the past year. The individual activity sections of this report provide detail on how each activity contributes to the relevant community outcomes.

## Community outcomes:

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



# PLANNING AND REPORTING

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

- The Long Term Plan, updated every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over the coming ten years. The current Long Term Plan is the 2015-25 Long Term Plan
- The Annual Plan is developed each year to update the Long Term Plan budget and work programme forecasts. In 2015/16, Council prepared, consulted on and adopted the 2016/17 Annual Plan.
- The Annual Report is produced each year to evaluate how Council performed against its targeted budget and work programme and report any variations.



# FINANCIAL OVERVIEW: YEAR ENDED 30 JUNE 2016

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 note 39 in the Notes to Accounts section.

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 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.





# WORKING WITH MĀORI

Council works with iwi and Māori to ensure there are opportunities to contribute to decision-making processes. Council works collaboratively to look for ways to update and improve processes to ensure they continue to work well for iwi and Māori.

Council acknowledges that Treaty obligations rest with the Crown and upholds the mana of the Te Tau Ihu Treaty of Waitangi Settlements Act 2014 by building its relationship with iwi. Legislation under which Council operates recognises the Treaty of Waitangi and provides for iwi and Māori.

Working in partnership with iwi and Māori creates benefits for the whole community. Council grows this partnership by encouraging and supporting active participation in local government wherever possible.

Fundamental principles and values that guide the relationship between Nelson City Council, the iwi of Te Tau Ihu and maataa waka include: mana atua (spiritual authority), mana whenua (customary authority), mana tangata (individual authority), rangatiratanga (authority), kaitiakitanga (guardianship) and manaakitanga (hospitality).

## Council actions to successfully foster Māori participation and actions during 2015/16 included:

- The Council Kaumatua (Māori Elder) assisting the Mayor and Council on official occasions providing cultural support for citizenship ceremonies, welcoming dignitaries, and as a cultural support for the whole organisation.
- A hui for Iwi Chairs and Council Mayors was established in 2015/16 to encourage higher level dialogue at the regional level. Also established was an Iwi General Manager/Chief Executive and Council Chief Executive hui as a forum for high level discussions on operational and management issues. These new forums replace the previous Kotahitanga Hui.

- Council has begun a review of its statutory resource management planning documents (Whakamahere Whakatū Nelson Plan). An iwi working group contributes into the development of the Nelson Plan and meets regularly to discuss issues.
- Council participates in the Te Tau Ihu Regional Intersectoral Forum, established in 2001, to promote relationships between iwi and public sector agencies.
- Council's Kaihautū<sup>1</sup> officer position, which acts as a conduit between Council and iwi, was vacant during 2015/16 while priorities for the role were discussed with iwi. During the vacancy, an existing staff member provided support for cultural advice, te reo translation, information about local iwi and support at powhiris.
- An integrated GIS website which was developed by Council containing the statutory acknowledgements of Te Tau Ihu and raising awareness and access to information within the community is available for use.

<sup>1</sup> The Kaihautū is responsible for iwi liaison (literally the person who calls time in a waka so paddlers work together).



## COUNCIL ACTIVITIES



Transport

Water supply

Wastewater

Stormwater

Flood protection

Environment

Social

Parks and active recreation

Economic

Corporate



BEACH ACCESS



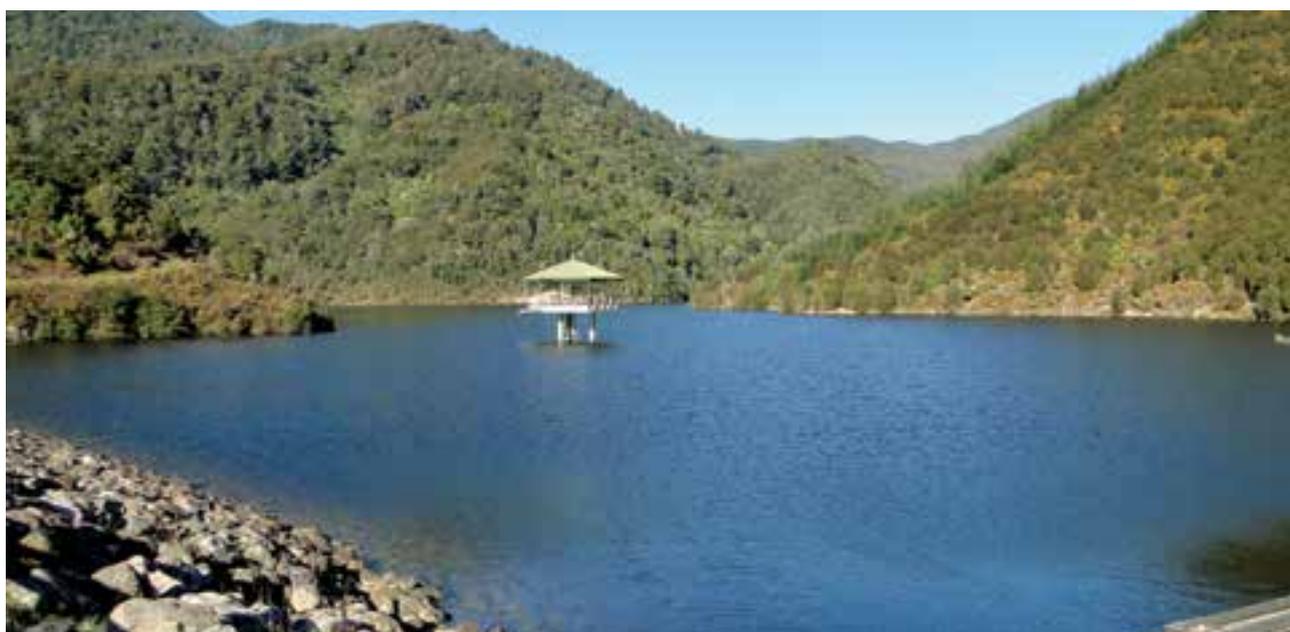
# COUNCIL ACTIVITIES: YEAR ENDED 30 JUNE 2016

The following sections are organised into financial activities for funding and accountability and cover everything that Council does.

For a fuller description of Council activities, including ten year estimates of spending, scope, assets, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels, refer Nelson's Long Term Plan 2015-25. This is available at Nelson Public Libraries, through Council's website at [www.nelson.govt.nz](http://www.nelson.govt.nz) or by contacting our customer service centre on telephone 546 0200.

## The activity groups for reporting are:

- Transport
- Water supply
- Wastewater
- Stormwater
- Flood protection
- Environment
- Social
- Parks and active recreation
- Economic
- Corporate





# TRANSPORT

## ABOUT COUNCIL TRANSPORT ACTIVITIES

Council's transport assets and services include the provision, operation and maintenance of physical infrastructure and the environment on road reserves for driving, cycling and walking. Council also manages road safety, parking control, traffic control and public transport services.

### Council's transport activities include:

- A road network including roading, footpaths, cycle ways, road safety, street cleaning, and lighting.
- Public transport including the NBus service and the Total Mobility Scheme to provide access for people with disabilities.
- Inner city parking and central city enhancement.
- Management of properties on road reserve.

## HIGHLIGHTS FOR 2015/16

In 2015/16, the capital expenditure in the transport activity was approximately \$4.891m. Key renewal and maintenance activities that occurred on the existing transport network during 2015/16 include:

- Pavement rehabilitations including a 900m section of Cable Bay Road, a 90m section of Quarantine Road in conjunction with the adjacent NZTA roundabout upgrade and The Ridgeway between Arapiki and Marsden Roads.
- 13.2km of road resurfacing across the city.
- Structures maintenance and renewal including the Cloustone Bridge Repaint, the Māori Road retaining wall strengthening and replacement project, and relining of the Newman Drive Culvert over Jenkins Creek in Stoke.
- The road lighting, traffic signal and parking meter maintenance contract was tendered and let.
- 4.2km of footpath resurfacing across the city, often in conjunction with the ultra-fast broadband roll out to achieve savings.

- Replacement of 116 streetlight poles.
- Renewal of 1.4km of kerb and channel.

Refuges on Tahunanui Drive and on Waimea Road at Bishopdale were installed and improve pedestrian connections on our arterial roads. An upgrade to Tasman Street including a footpath and improvements to the Manuka/Tasman roundabout was completed.

The Todd Bush roading upgrade and footpath construction was delayed due to weather and the final stage of the St Vincent Street cycleway, from Gloucester Street to Haven Road commenced.

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.

Shared pathway projects completed during 2015/16 included the Bishopdale/Ridgeway shared path and Whakatu Drive/Beatson Road shared path.

NBus launched a new Hail and Ride Stoke Loop route that starts and finishes at 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.

Respondents to the 2016 Residents' Survey were asked how satisfied they were with Council in the area of Transport, which includes roads, cycle lanes, footpaths and public transport. 44% of residents are satisfied (33%) or very satisfied (11%) with transport. A further 41% of residents are neither satisfied nor dissatisfied and 13% are dissatisfied (10%) or very dissatisfied (3%).

This is a decrease in satisfaction from 2014 results when 55% of residents were satisfied or very satisfied. Reasons for dissatisfaction with transport revolve around public transport being limited (35%), there being too much traffic and congestion (28%) and the cycleways needing improving (27%).

Further work completed during 2015/16 includes the establishment of a Central Business District Panel as set out in the Long Term Plan 2015-25. Ongoing discussion with stakeholders on CBD enhancement has occurred.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our urban and rural environments are people-friendly, well planned and sustainably managed	The transport network is sensitive to good urban design and contributes to a walkable city and transportation options suitable for all ages and abilities.
Our infrastructure is efficient, cost effective and meets current and future needs	Transport assets are recognised as critical assets vital to the functioning of our city. Good transportation planning contributes to a resilient community. The community has access to affordable and effective public transport.  Growth in the activity is planned for and well managed, taking into account and minimising pollution and other negative side-effects of the transport activity.
Our communities have access to a range of social, educational and recreational facilities and activities	A growing network of cycle and walkways provide for active transport options and promote healthy lifestyles.
Our region is supported by an innovative and sustainable economy	The activity delivers a safe and efficient transport network that allows participation in the regional economy and supports economic activity

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets 2015/16	Results 2015/16
Walking and cycling are easy and attractive transport choices.	Percentage of the community that travel to work by walking or cycling based on Annual Residents Survey and/or national census.	20% combined.	<p>Based on 2016 Residents' Survey 10% walked or ran and 11% cycled (21% combined).</p> <p>A residents' survey was not undertaken in 2014/15, however the 2015/16 residents' survey result is an improvement on the results from the 2013 Census. The Census is will next be carried out in 2018.</p>
An efficient transport system that enables people and freight to move efficiently.	Average AM and PM peak hour travel times on Waimea Road and the State Highway between Annesbrook and Haven Road roundabout.	Average peak hour travel time delays are no greater than five minutes above uncongested travel times.	<p>From November 2014 a new data collection methodology using phone Bluetooth detection has been used. This has allowed a very significant increase in the sample size resulting in improved data quality. The data collected in the 2015/16 financial years shows the following exceedances of the upper limit:</p> <ul style="list-style-type: none"> <li>• 24 weeks in the Waimea Road northbound AM peak</li> <li>• 9 weeks in the Waimea Road southbound PM peak</li> <li>• 11 weeks in the Rocks Road northbound AM peak</li> <li>• 27 weeks in the Rocks Road southbound PM peak</li> </ul> <p>Note that due to the change in methodology it has been necessary to use the median instead of the average.</p> <p>The 2013/14 car survey showed that average travel time delays ranged from one minute on the Rocks Road route in the morning, to almost three minutes on the Waimea Road route in the morning. 2014/15 data is not available for comparisons due to the change in methodology which occurred during 2014.</p>
Road safety.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	The number of fatalities and serious injuries on local roads reduces by 4% per year from the 2007 base when there were 14 in total.	<p>There were 11 crashes in 2015 that resulted in death or serious injury. This is not reduced to the level required in the target. A 4% per year reduction from the 2007 base would have resulted in a reduction to 10 serious injuries on local roads in 2015.</p> <p>There were 10 crashes that resulted in death or serious injury in 2014.</p>

What Council will provide	Performance measures	Targets 2015/16	Results 2015/16
	Number of injury crashes per kilometre of road.	The number of fatalities and serious injuries on local roads reduces by 4% per year from the 2007 base when there were 14 in total.	There were 11 crashes in 2015 that resulted in death or serious injury. This is not reduced to the level required in the target. A 4% per year reduction from the 2007 base would have resulted in a reduction to 10 serious injuries on local roads in 2015.  There were 10 crashes that resulted in death or serious injury in 2014.
	Number of injury crashes per kilometre of road.	The collective risk for each year reduces by at least 4% per year from the 2007 base.	The number of injury crashes per kilometre of road for the 2015 calendar year was 0.21.  This is lower than the target maximum of 0.22 for 2015.  In the 2014 calendar year, the number of injury crashes per kilometre of road was 0.24 which was higher than the target maximum of 0.23.
	Annual social cost of crashes (injury and non-injury) at intersections.	The social cost 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 CPI adjusted social cost was \$5.5 million in the 2014 calendar year.
	Number of crashes involving cyclists.	Nelson city cycle crash numbers do not increase from those in the base year of 2007.	The number of cycle crashes in 2015 was 16, less than the 2015 target maximum of 23.  The number of cycle crashes in 2014 was 13 and in 2013 was 23.
	Number of crashes involving pedestrians.	Number of crashes involving pedestrians each year reduces by at least 4% per year from the 2007 base.	The number of crashes involving pedestrians in 2015 was 12, over 100% more than the target maximum of 5.  The number of crashes involving pedestrians in 2014 and 2013 was also 12.
Minimised social and economic costs of crashes on the transport network.	Total five year average social cost of urban crashes (injury and non-injury) at the worst 10 intersections.	The annual total social cost is below the previous five year average.	The social cost for 2015 for the worst ten intersections was \$3.8 million compared with an average of \$4.2 million for the previous five years.  The social cost for 2014 for the worst ten intersections was also \$3.8 million.  This is based on NZTA social crash cost and the CAS database which is populated by the police and managed by NZTA. The result is given for a calendar year to allow complete years to be assessed given the lag in data being entered into the database by NZTA.

*Table continued >*



What Council will provide	Performance measures	Targets 2015/16	Results 2015/16
The Network, and its services, in good condition and "fit for purpose".	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	87% based on NZ Transport Agency standard roughness limits in One Network Road Classification (ONRC).	92% (2015/16), compared to 87% in 2014/15.
	Average road roughness standard (National Association of Australian State Roading Authorities) by road classification.	The following maximum average road roughness are not exceeded: Arterial/Principal, 100; Collector/Sub Collector, 110.	The average road roughness in 2015/16 are: Arterial/Principal, 52/88; Collector/Sub-collector, 91/105. (Road roughness was 69/90 (arterial/principal) and 97/117 (collector/sub-collector) in 2014/15).  These values do not exceed the maximum average road roughness.
	Average road roughness standard (National Association of Australian State Roading Authorities) by road classification.	The following maximum average road roughness are not exceeded: Local, 120; Rural sealed, 120.	The average road roughness in 2015/16 are: Local, 102; Rural Sealed, 96. (Road roughness was 106 (local) and 97 (rural sealed) during 2014/15).  These values do not exceed the maximum average road roughness.
	The percentage of the sealed local road network that is resurfaced* (annually).	6.4% - 7.4%.	7.4% of the sealed local road network was resurfaced in 2015/16.  This compares to 4.8% in 2014/15.
	The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the Transport Asset Management Plan.	95% of the footpath network by length has a condition rating of $\leq 3$ .	95% of the footpath network by length has a condition rating of less than or equal to three (2014).  Note that this will be rated every 3-5 years depending on trends and therefore results are not available for every year.
Public transport services that meet the transport needs of the community with an equitable sharing of costs.	The fare recovery ratio.	50%	The fare recovery ratio was 56% in 2015/16 which is greater than the target of 50%.  This compares to 64% in 2014/15.

What Council will provide	Performance measures	Targets 2015/16	Results 2015/16
Supply and pricing of short stay parking managed to encourage commercial activity in the city centre.	Percentage of short stay parking spaces occupied in midweek peak in December.	85%	Measurements in the first week of December 2015 show 81% occupancy showing the short term parking is marginally underutilised.  Surveys in 2012 also showed that 81% of short stay parking spaces were occupied in midweek peak in December.  Data for this measure is collected on a four-yearly cycle.
The supply and pricing of long stay parking is managed to incentivise greater use of travel options other than cars.	Occupancy of long-stay parking spaces between peak travel times measured at five locations within the CBD fringe.	A reducing trend.	The first year of data shows occupancy of 81%. First comparisons will be made in the 2016/17 Annual Report.
Public satisfaction.	Percentage of public satisfied and dissatisfied with the transport activity (based on Annual Residents Survey).	More than 50% of respondents are either very satisfied or satisfied, and less than 10% are either dissatisfied or very dissatisfied.	44% either very satisfied or satisfied with transport overall, 13% either dissatisfied or very dissatisfied <sup>2</sup> .  This compares to the 2013/14 Residents Survey where 55% of respondents were either very satisfied or satisfied and 17% of respondents were either dissatisfied or very dissatisfied.
Customer responsiveness.	The percentage of customer service requests relating to roads and footpaths to which the Council responds within the time frame specified in the Transport Asset Management Plan.	80% of service requests responded to within five working days.	82% of service requests were responded to within five working days in the 2015/16 financial year. 92% of service requests were dealt with in timeframes agreed with individual ratepayers in response to complex requests.  Council responded to 1,035 transport service requests over the 2015/16 financial year.

<sup>2</sup> 2016 Residents' Survey responses



## FINANCIAL PERFORMANCE - TRANSPORT

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	8,729	10,484	8,976
Targeted rates	0	0	0
Subsidies and grants for operating purposes	1,797	2,203	2,119
Fees and charges	0	585	599
Internal charges and overheads recovered	503	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	3,888	1,920	2,269
<b>Total operating funding</b>	<b>14,917</b>	<b>15,192</b>	<b>13,963</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	9,117	9,790	8,779
Finance costs	171	169	96
Internal charges and overheads applied *	1,800	1,581	1,168
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>11,088</b>	<b>11,540</b>	<b>10,043</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>3,829</b>	<b>3,652</b>	<b>3,920</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	4,625	2,385	1,640
Development and financial contributions	189	188	356
Increase (decrease) in debt	1,545	1,275	(2,171)
Gross proceeds from sale of assets	21	21	1,105
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>6,380</b>	<b>3,869</b>	<b>930</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	2,384	950	286
- to improve level of service	4,783	3,224	1,624
- to replace existing assets	3,042	3,347	2,981
Increase (decrease) in reserves	0	0	(41)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>10,209</b>	<b>7,521</b>	<b>4,850</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(3,829)</b>	<b>(3,652)</b>	<b>(3,920)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus (Deficit) in the Cost of Service Statement and Surplus (Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,829	3,652	3,920
Subsidies and grants for capital expenditure	4,625	2,385	1,641
Development and financial contributions	189	188	356
Vested assets	0	0	4,803
Gains/(losses) on disposal	0	0	475
Depreciation	(5,386)	(5,388)	(5,579)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non cash write downs and losses on revaluation	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	3,257	837	5,616

### Funding Impact Statement Variances against Budget

Other operating income is \$349,000 more than budget. Recoveries for corridor access requests and ultra-fast broadband were greater than expected, as were fines.

Payments to staff and suppliers are \$1 million under budget. \$547,000 has been carried forward to 2016/17 to ensure delivery of delayed programmes, studies and grants. An underspend of \$300,000 in staff costs reflects a different distribution of staff time over the organisation than anticipated.

Finance costs and internal charges were lower than anticipated as interest rates were favourable to those budgeted, and internal borrowings were lower.

Capital grants from NZTA are \$760,000 under budget due to delays in projects.

The \$3.4 million difference in borrowings required is a result of the decreased capital expenditure and accounting for the vested assets in the activity.

Proceeds from asset sales are \$1.1 million more than budget relating to the sale of land to Port Nelson Ltd.

Other capital expenditure is \$2.6 million under budget. \$1.5 million of budget has been carried forward to 2016/17 to complete delayed projects or match NZTA timing expectations. Delays have occurred for a number of reasons including longer lead in time due to a more thorough business case approach, and contractor or stakeholder delays.

Vested Assets of \$4.8 million have been received in this activity. The total budget for vested assets sits in the Corporate activity.

Losses on disposal relate to abandoned assets.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

# WATER SUPPLY

## ABOUT COUNCIL WATER SUPPLY ACTIVITIES

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

### The Nelson city area is served by the following mix of water supply systems:

- The Nelson city system covering most of Nelson city, from Saxton Road to The Glen is water from the Maitai Dam and the Maitai Southern Branch, and Roding Rivers and which is treated at the Tantragee Saddle ultra-filtration treatment plant.
- Tasman District Council serves a small number of Nelson city properties between Saxton Road and Champion Road with water from the Waimea Aquifer.
- Six private supplies in the Nelson North area serve between 25 and 180 people each. These take water from a variety of sources. Treatment ranges from no treatment to filtration and UV treatment.
- An increasing number of subdivisions take Council-supplied water, but operate private pumping and storage systems for properties above a height that the Nelson City Council supply can service.

## HIGHLIGHTS FOR 2015/16

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. The project spanned two financial years at a total cost of \$2.13 million.

Work to prepare the resource consent application for the city water supply from the Maitai and Roding Rivers was undertaken. These applications were lodged in the middle of 2016. A trial of taking water only from the Maitai dam was also undertaken 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 the 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 raw water from the Maitai River to the treatment plant and two means of conveying treated water into the city. This will provide the city with a more secure water supply in the event of an earthquake or other adverse event.

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. Prompt targeted repairs will provide an economical way to reduce the amount of water that leaks from the network.

A trial is also being undertaken using electronic water meters to evaluate the opportunities the new technology offers Council for streamlining meter reading, invoicing and identifying leaks in private reticulation.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's water supply activities contributed to achieving the following community outcomes over the year.

Community outcomes	Contribution
Our unique natural environment is healthy and protected	Environmental impacts are understood and managed, including through compliance with resource consents.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable water network meets the needs of our current and future community.
Our communities are healthy, safe, inclusive and resilient	Safe and well managed water resources deliver critical health outcomes for the community.
Our region is supported by an innovative and sustainable economy	The city water supply has an important role in supporting a range of businesses that rely on potable water supplies being consistently available.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets 2015/16	Results 2015/16
Good quality water	The extent to which drinking water supply complies with: <ul style="list-style-type: none"> <li>a) part 4 of the drinking-water standards<sup>3</sup> (bacterial compliance criteria), and</li> <li>b) part 5 of the drinking-water standards<sup>3</sup> (protozoal compliance criteria).</li> </ul>	Maintain Ab grading <sup>4</sup> and ensure potable water supplied to customers.	<p>There were no positive bacterial readings. Water supply complies with part 4 of the Drinking Water Standards.</p> <p>Raw water supply was tested January to June 2016. There were no positive results for protozoa. Water currently complies with part 5 of the Drinking Water Standards.</p> <p>The water grading of Ab was re-confirmed by the Ministry of Health in 2014/15. This grading was also achieved in 2013/14.</p> <p>The 2015/16 water grading is still being determined. It is not expected that the grading will change.</p> <p>An ongoing program for raw water protozoa testing is in place. Results will be available for ongoing water grading.</p>
	The total number of complaints received about any of the following: <ul style="list-style-type: none"> <li>a) drinking water clarity</li> <li>b) drinking water odour</li> <li>c) drinking water pressure or flow</li> <li>d) continuity of supply, and</li> <li>e) the response to any of these issues</li> </ul> expressed per 1000 connections to the networked reticulation system.	No more than 100 justifiable complaints.	<p>During 2015/16, there were 35 complaints per 1000 connections. There were a total of 714 complaints. There were 18,791 residential and 1,808 commercial connections at June 2016.</p> <p>In 2016/17 Council proposes to investigate any network or operational issues that may have contributed to the elevated number of dis-coloured water complaints received by Council over the course of the trial supply from the Maitai Dam in April 2016. The investigation will look at any buildup of scale or film in the network and whether the use of water from the Maitai Dam played any part in the issue.</p>

*Table continued >*

<sup>3</sup> Ministry of Health (2008), *Drinking-water Standards for New Zealand 2005 (Revised 2008)*, Wellington, Ministry of Health.

<sup>4</sup> Ministry of Health grading system – the upper case 'A' refers to the source and treatment of the water and the 'b' refers to the distribution of the water.



What Council will provide	Performance measures	Targets 2015/16	Results 2015/16
Reliable supply of water	The average consumption of drinking water per day per resident.	Normal demand is less than 500L per person per day.	In 2015/16, demand is 268L per person per day.  4.89 million m <sup>3</sup> (Total Metered Supply) /49,900(Estimated population, Statistics New Zealand)/365 (days of the year).
	The percentage of real water loss from the networked reticulation system (including a description of the methodology used to calculate this).	Real water loss is less than 25%.	In 2015/16, real water loss was 29.8%. Council uses a water balance methodology developed by Water NZ to track and report on un-accounted for water.  A comprehensive investigation was underway in 2015/16 to identify losses by establishing areas that can be isolated from the network and using specialist listening techniques to find water leaks. In 2015/16 the first of the areas were identified and contractors found a number of smaller leaks. The work is on track for finding areas where other losses occur.
	Water usage.	Compliance with resource consent abstraction rates.	Council monitors abstraction rates on a daily basis. No exceedances have been reported for the 2015/16 year.
Acceptable water pressure	Percentage of customers with acceptable pressure. That is, a minimum 30m head and maximum 90m head with a maximum fluctuation <35% from the average pressure received by each customer.	Computer model identifies 80% of properties with acceptable pressure.	Computer modelling identified 83.7% of properties had acceptable water pressure for the 2015/16 financial year.  This compares to 83.4% of properties that had acceptable water pressure in 2014/15.  Pressure reduction works generally involve modifying the water reticulation to the lower areas of the city by installing pressure reducing valves or changing the supply source from higher level reservoirs to lower level ones. Care is taken to make sure that there are still adequate levels of flow to operate firefighting equipment and commercial or industrial processes.
Adequate flows of water	Meet NZ Fire Service fire flows (and therefore domestic and commercial/ industrial flows) to all parts of the city.	Computer model identifies at least 95% of properties served by the network with acceptable flows.	As at 30 June 2016, computer modelling showed that 99.2% of properties had acceptable fire flows.  This compares to 99% of properties with acceptable water flows in 2014/15, 99.1% in 2013/14 and 2012/13 and 98.6% in 2011/12 and 2010/11.
A prompt response to reported network issues	Where attending a call-out in response to a fault or unplanned interruption to the networked reticulation system, the following median response times measured:		

What Council will provide	Performance measures	Targets 2015/16	Results 2015/16
	<p>a) attendance for urgent call-outs: from the time that notification is received to the time that service personnel reach the site, and</p> <p>b) resolution of urgent call-outs: from the time that notification is received to the time that service personnel confirm resolution of the fault or interruption.</p> <p>c) attendance for non-urgent call-outs: from the time that notification is received to the time that service personnel reach the site, and</p> <p>d) resolution of non-urgent call-outs: from the time that notification is received to the time that service personnel confirm resolution of the of the fault or interruption.</p>	<p>Contractor to attend urgent call-outs in a median time of 60 minutes or less.</p> <p>Contractor to resolve urgent call-outs in a median time of 480 minutes or less.</p> <p>Contractor to attend non-urgent call-outs in a median time of 660 minutes or less.</p> <p>Contractor to resolve non-urgent call outs in a median time of 1440 minutes or less.</p>	<p>Contractor attended urgent call-outs in a median time of 28 minutes.</p> <p>Contractor resolved urgent call-outs in a median time of 105 minutes.</p> <p>Contractor attended non-urgent call-outs in a median time of 56 minutes.</p> <p>Contractor resolved non-urgent call-outs in a median time of 345.5 minutes.</p> <p>For context, there was a total of 111 urgent call outs and a total of 978 non-urgent callouts during 2015/16.</p> <p>Note that due to inconsistencies in the way this data was collected, these median response times are not based on all requests for 2015/16 (median response times are based on 85% of the total urgent water requests and 89% of the total non-urgent requests and median resolution times are based on 96% of the total urgent requests and 98% of the total non-urgent requests). Reporting will be improved for 2016/17.</p>
A network that protects the natural environment	Comply with resource consents RM025151 and RM975374 conditions for allowable water abstraction rates, re-vegetation of stream banks and eel and fish passage requirements.	100% compliance.	Compliance reporting received from the contractor for the 2015/16 financial year. Maitai River results showed flow and temperature conditions were met. Roding River showed no breaches of the minimum flows. Fish passage improvements at the Maitai Dam, Roding Weir and South Branch Weir improvements were carried out during 2015/16.



## FINANCIAL PERFORMANCE – WATER SUPPLY

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10	0	0
Targeted rates	0	11,709	11,896
Subsidies and grants for operating purposes	0	0	0
Fees and charges	11,926	31	50
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	181	7	82
<b>Total operating funding</b>	<b>12,117</b>	<b>11,747</b>	<b>12,027</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,064	6,032	6,039
Finance costs	0	0	(0)
Internal charges and overheads applied*	1,747	1,748	1,774
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>7,811</b>	<b>7,780</b>	<b>7,813</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>4,306</b>	<b>3,967</b>	<b>4,214</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	6
Development and financial contributions	640	281	506
Increase (decrease) in debt	(96)	2,412	519
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>544</b>	<b>2,693</b>	<b>1,031</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	178	1,150	1,123
- to improve level of service	939	3,182	2,611
- to replace existing assets	3,733	2,328	1,512
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>4,850</b>	<b>6,660</b>	<b>5,245</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(4,306)</b>	<b>(3,967)</b>	<b>(4,214)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,306	3,967	4,214
Subsidies and grants for capital expenditure	0	0	6
Development and financial contributions	640	281	506
Vested assets	0	0	721
Gains/(losses) on disposal	0	0	(299)
Depreciation	(4,306)	(3,967)	(4,103)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non cash write downs and losses on revaluation	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	640	281	1,046

### Funding Impact Statement Variances against Budget

Capital expenditure is under budget by \$1.4 million. \$840,000 budget has been carried forward to 2016/17 accommodating the revised phasing of the Hampden St East/Little go Stream project and to complete a number of smaller projects, and savings of \$240,000 have been realised.

Development contributions are more than budgeted by \$225,000 due to increased market activity.

Borrowings required have decreased as a result of the capital underspend and the receipt of more development contributions than expected.

Vested Assets of \$721,000 have been received in this activity. The total budget for vested assets sits in the Corporate activity.

Losses on disposal relate to abandoned assets.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.



# WASTEWATER

## ABOUT COUNCIL WASTEWATER ACTIVITIES

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

Activities include operations and maintenance of the facilities and the network of pipes, manholes and pump stations in the city. The treatment plant at Nelson North treats waste from Bishopdale northwards, while the Bell Island treatment Plant (jointly owned with Tasman District Council) serves the Stoke and Tahunanui areas as well as several large industrial premises and parts of the nearby Tasman area.

## HIGHLIGHTS FOR 2015/16

In 2015/16, the capital expenditure in the wastewater activity was approximately \$5.463m.

The Corder Park sewer pump system upgrade was substantially completed in 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. It will play an important role in helping to ensure the future security of Nelson's wastewater management system. Detailed design for the Neale Park sewer pump station upgrade has also occurred. This pump station is linked to the Corder Park pump station through the Atawhai rising main, which transports wastewater from the city to the Nelson wastewater treatment plant north of the city. Further investigations of

the condition of the Atawhai Rising Main were also undertaken. This information is expected to inform further more targeted condition assessments in the 2016/17 financial year.

Additional important wastewater projects completed in 2015/16 include sewer upgrades at Arapiki Road and Ngawhatu Road which will improve capacity and prevent overflows.

Council has also begun a multi-year project to reduce the amount of ground and storm water 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. Further work on this is expected in 2016/17 to help Council with long term planning for services to meet future demand.



## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's wastewater activities contributed to achieving the following community outcomes over the year.

Community outcomes	Contribution
Our unique natural environment is healthy and protected	The wastewater network is managed to minimise impacts on the natural environment and provide a healthy living environment for residents and visitors.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable wastewater network that meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	A well-managed wastewater network is essential to the functioning of our regional economy.

## SERVICE LEVELS AND PERFORMANCE

Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets	Results 2015/16
A fully operational wastewater treatment plant	Level of compliance of treatment plant with resource consent conditions.	100% compliance.	15 odour complaints for the 2015/16 year. 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.  During 2014/15 four biochemical oxygen demand readings exceeding 50g/m <sup>3</sup> were recorded and seven odour complaints were received.
	The number of dry weather sewerage overflows from the sewerage system, expressed per 1000 sewerage connections.	The number of dry weather sewerage overflows from the territorial authority's sewerage system is less than 10 per 1000 connections.	There were 12 dry weather overflows per 1000 connections. The total number of dry weather overflows was 252.  It is very hard to distinguish private overflows from public. It is believed that a large proportion of the overflows are on private property. Better reporting options will need to be investigated for 2016/17.

*Table continued >*

What Council will provide	Performance measures	Targets	Results 2015/16
Appropriate response to reported network issues	<p>The following median response times are measured for sewerage overflows resulting from a blockage or other fault in the sewerage system:</p> <p>a) attendance time: from the time notification is received to the time that service personnel reach the site, and</p> <p>b) resolution time: from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault.</p>	<p>Contractor to attend in a median time of 120 minutes or less.</p> <p>Contractor to resolve issue in a median time of 480 minutes or less.</p>	<p>Median response time of 20 minutes.</p> <p>Median resolution time of 200 minutes.</p> <p>For context, there was a total of 83 call outs during 2015/16.</p> <p>Note that due to inconsistencies in the way this data was collected, these median response times are not based on all requests for 2015/16 (median response times are based on 88% of the total requests and median resolution times are based on 99% of the total requests. Reporting will be improved for 2016/17.</p>
Environmental protection	<p>Compliance with the territorial authority's resource consents for discharge from the sewerage system measured by the number of:</p> <p>a) abatement notices b) infringement notices c) enforcement orders, and d) convictions in relation to those resource consents.</p>	100% compliance.	During 2015/16, there were no contraventions identified by regulatory section.
	<p>The total number of complaints received about any of the following:</p> <p>a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with the sewerage system, expressed per 1000 connections to the sewerage system.</p>	No more than 50 justifiable complaints a year per 1000 connections.	There were 19 complaints per 1000 connections during 2015/16. The total number of complaints was 417.

## FINANCIAL PERFORMANCE – WASTEWATER

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	6,954	7,093	7,129
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	1,250	1,714
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	4,114	2,433	(86)
<b>Total operating funding</b>	<b>11,068</b>	<b>10,776</b>	<b>8,758</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,050	5,848	3,950
Finance costs	522	441	0
Internal charges and overheads applied*	246	275	170
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>6,818</b>	<b>6,564</b>	<b>4,120</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>4,250</b>	<b>4,212</b>	<b>4,638</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	0
Development and financial contributions	566	469	450
Increase (decrease) in debt	1,161	2,057	(27)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>1,727</b>	<b>2,526</b>	<b>423</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	372	1,009	3
- to improve level of service	3,876	4,347	4,163
- to replace existing assets	1,729	1,382	1,297
Increase (decrease) in reserves	0	0	(403)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>5,977</b>	<b>6,738</b>	<b>5,060</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(4,250)</b>	<b>(4,212)</b>	<b>(4,638)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,250	4,212	4,638
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	566	469	450
Vested assets	0	0	478
Gains/(losses) on disposal	0	0	(51)
Depreciation	(4,147)	(4,189)	(4,230)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	3
Non cash write downs and losses on revaluation	0	0	0
<b>Net Surplus/(Deficit) before taxation in Statement of Financial Performance</b>	<b>669</b>	<b>492</b>	<b>1,288</b>

### Funding Impact Statement Variances against Budget

The variance in fees and charges income and other income (net \$2 million) is directly offset by the variance in payments to staff and suppliers. This has come about as a result of how the Nelson Regional Sewerage Business Unit (NRSBU) has been consolidated.

Finance costs \$441,000 lower than budgeted as NRSBU borrowings are now through NCC, therefore there is no external interest cost.

The anticipated increase in debt did not occur as capital expenditure was less than expected, some reserves were available to be utilised, and the operating surplus was greater than anticipated.

Capital expenditure is \$1.2 million less than budgeted, \$428,000 relates to the scheduling changes for the Corder Park Pump Station and \$316,000 savings have been realised.

Vested Assets of \$478,000 have been received in this activity. The total budget for vested assets sits in the Corporate activity.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.



# STORMWATER

## ABOUT COUNCIL STORMWATER ACTIVITIES

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

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

In large parts of the city a fully-piped system is not provided. Stormwater soaks into the ground or flows into road channels, which is often the primary drainage system. The focus of stormwater activity is expanding the piped network to areas of the city where this is lacking.

## HIGHLIGHTS FOR 2015/16

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. Construction of most of these is programmed for 2016/17.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected.	Nelson's environment is protected by an efficiently managed stormwater network that minimises damage to open spaces from rainfall events. Works to support the stormwater assets are managed as far as possible to respect the natural, recreational and heritage values that might be present.
Our urban and rural environments are people-friendly, well planned and sustainably managed.	Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater network.
Our infrastructure is efficient, cost effective and meets current and future needs.	A good quality, sustainable and affordable stormwater network meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy.	Impact on businesses and economic activity are minimised by understanding and managing the stormwater network to protect people and property.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets	Results 2015/16
<b>Environmental protection</b> For the built and natural environment from stormwater discharges.	Compliance with resource consents for discharge from the stormwater system, measured by the number of: <ol style="list-style-type: none"> <li>abatement notices</li> <li>infringement notices</li> <li>enforcement orders, and</li> <li>successful prosecutions received in relation to those resource consents.</li> </ol>	100% compliance	No contraventions were identified by regulatory section during 2015/16.
	Stormwater network extended throughout the city.	Complete 80% of capital expenditure programme.	Expenditure completed during 2015/16 was 67% (\$1,171,395/\$1,755,184). This was due to cost savings rather than delayed progress on projects.  Projects completed during 2015/16 was 87.5% (21 projects completed/24 projects).  Significant under expenditure related to a range of issues: savings realised on a number of projects that were constructed under budget, one large renewal project where testing determined the service life of the structure could be extended (St Vincent Hastings St culvert \$88,000), agreements with property owners not able to be completed (Stansell Ave Public/Pvte Drain \$132,000, Wastney Terrace \$40,000), detailed design work being completed in-house rather than by a consultant (Fifeshire Cres \$100,000, Nayland Rd/Galway \$43,000), property sale removing the need for the project (Suburban Club \$34,000). Of the 24 projects identified with budget in 2015/16 only 3 were not completed to the extent anticipated (Stansell Ave, Wastney Tce, Bisley Ave).



What Council will provide	Performance measures	Targets	Results 2015/16
<b>Reliability</b> An operational stormwater network	Number of blockages per 100 km of pipes on an annual basis.	Less than 25 blockages per 100km of pipes on an annual basis.	<p>There were 53 blockages per 100km of pipes during 2015/16.</p> <p>The total number of blockages was 108.</p> <p>This includes all blockages including leaves on street sumps and some miscoded from other utilities.</p> <p>Better reporting options will need to be investigated for 2016/17 to identify blockages to pipe network.</p> <p>This is an increase from 2014/15 when there were 36 stormwater blockages within the entire network which equates to approximately 18 per 100km.</p> <p>There were 36 blockages within the entire network for 2014/15 which equates to approximately 18 blockages per 100km.</p>
	a) The number of flooding events that occur. b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to stormwater system).	No damage from flood events up to Q2 level to more than 10 per 1000 properties per year.	<p>There has been one flooding event that occurred at North Nelson but no reported habitable floor damage to June 2016.</p> <p>There were no events with reported habitable floor damage.</p>
	The median response time to attend a flooding event, measured from the time that notification is received to the time that service personnel reach the site.	Median response time is less than 180 minutes.	<p>Median response time of 48 minutes, for a total of four call outs.</p> <p>Note that due to inconsistencies in the way this data was collected, median response times are not based on all requests for 2015/16 (median response times are based on 50% of the total requests). Reporting will be improved for 2016/17.</p>
<b>Response to complaints</b> Minimise justifiable complaints.	The number of complaints received about the performance of the stormwater system, expressed per 1000 properties connected to the stormwater system.	No more than 25 complaints per 1000 connections per year.	There were 17 complaints received per 1000 connections during 2015/16. The total number of complaints was 351.

## FINANCIAL PERFORMANCE – STORMWATER

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	4,149	4,283	4,298
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	5
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding</b>	<b>4,149</b>	<b>4,283</b>	<b>4,303</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	985	1,270	886
Finance costs	0	0	0
Internal charges and overheads applied*	1,023	1,008	981
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>2,008</b>	<b>2,278</b>	<b>1,867</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>2,141</b>	<b>2,005</b>	<b>2,436</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	6
Development and financial contributions	627	263	337
Increase (decrease) in debt	(512)	329	(1,280)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>115</b>	<b>592</b>	<b>(937)</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	2,130	2,474	1,478
- to replace existing assets	126	123	21
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>2,256</b>	<b>2,597</b>	<b>1,498</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(2,141)</b>	<b>(2,005)</b>	<b>(2,435)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,141	2,005	2,436
Subsidies and grants for capital expenditure	0	0	6
Development and financial contributions	627	263	337
Vested assets	0	0	1,221
Gains/(losses) on disposal	0	0	(53)
Depreciation	(2,141)	(2,005)	(2,046)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non cash write downs and losses on revaluation	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	627	263	1,901

### Funding Impact Statement Variances against Budget

Payments to staff and suppliers are less than budget by \$384,000. Some compliance and policy work has been delayed and \$180,000 budget has been carried forward to 2016/17 to complete this work.

As capital expenditure was lower than anticipated and the operating surplus was higher, further borrowings were not required in this activity.

Capital expenditure is \$1.1 million less than budget as easement issues and methodology changes have necessitated rescheduling of construction on some larger projects.

Vested Assets of \$1.2 million have been received in this activity. The total budget for vested assets sits in the Corporate activity.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.





# FLOOD PROTECTION

## ABOUT COUNCIL FLOOD PROTECTION ACTIVITIES

The Nelson stormwater and flood protection system is in two parts – the natural waterways and a constructed stormwater system. This section covers the flood protection works that are generally associated with natural waterways.

Operations and maintenance in Council's flood protection activity centres on the rivers and streams in the urban area of Nelson city. Responses will depend on the risk profile for each river or stream and this evaluation is being carried out during 2016/17. While Council has carried out a programme of upgrading works over the past 20 years, ongoing maintenance is required to keep the streams clear. Future upgrading works are expected to be required as a result of climate change.

## HIGHLIGHTS FOR 2015/16

In 2015/16, the capital expenditure in the flood protection activity was approximately \$4.541m.

Major projects completed during the year include the York Stream flood upgrade from Bishopdale Reserve to Boundary Road, the Saxton Creek flood protection

(stage 1, immediately downstream of Champion Road) and gravel trap (for which \$166,000 was funded by Tasman District Council), 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 (Wakapuaka and Whangamoā). This work, once finalised, will be used for hazard studies and to identify future upgrade works for these streams. A risk based approach to flood protection will be used to determine any future flood response or mitigation options.

Through the Nelson Plan, a code of practice is being developed to govern the maintenance and minor upgrading of streams within the city. If work is completed adhering to the principles in the Code, resource consent would not be required for the works. The concept has been accepted in principle by Department of Conservation and Fish & Game; discussions continue with iwi.



**FLOOD PROTECTION**

**PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed flood protection network that minimises damage to open spaces from flooding events. Works to support the flood protection assets are managed as far as possible to respect the natural, recreational and heritage values that might be present.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed flood protection network.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable flood protection network meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	Impacts on businesses and economic activity are minimised by understanding and managing the flood protection network to protect people and property.



## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets	Results 2015/16
Protection for the urban built and natural environment from floods through upgrading, maintaining, repairing and renewing assets to standards in the Flood Protection Asset Management Plan.	The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Stormwater and Flood Protection Asset Management Plan.	<p>Network maintained to its current service potential.</p> <p>Damage from any flood event identified, prioritised and a repair programme agreed with the community.</p> <p>High priority works undertaken as soon as practicable.</p> <p>Network components are renewed to continue to provide their original design service potential.</p>	<p>No loss of current service potential evident in any urban streams.</p> <p>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. Council's maintenance budget for 2015/16 was used to maintain streams current service potential. Capital works expenditure for the provision of gravel traps will lead to overall improvement of service of Orphanage, Poorman's and Saxton Creek's. Repairs from the 2011 and 2013 storm events have been prioritised through the Long Term Plan 2015-25 and expenditure has been committed to implementing these works.</p>
	Damage to urban property from Maitai River flooding is minimised.	Urban section of Maitai River is inspected and maintained annually.	<p>Annual stream walks were carried out in early 2016.</p> <p>There was no reported damage to urban property as a result of flooding 2015/16.</p>
Integration of ecological and flood protection requirements in urban sections of streams and rivers.	<p>Fish passage in streams is maximised and ecological impact of structures is minimised.</p> <p>Channel maintenance works carried out in accordance with resource consents.</p>	<p>Complete review of fish passage to Brook Street concrete channel.</p> <p>100% compliance with resource consent conditions.</p>	<p>Design options for fish passage were identified but the preferred option was not confirmed. Consultant report has been received outlining a range of options for improving fish passage to the Brook St channel. Detailed design is programmed for 2016/17.</p> <p>100% compliance with resource consent conditions during 2015/16.</p> <p>No known breaches or infringements for maintenance carried out in waterways for 2015/16.</p>

## FINANCIAL PERFORMANCE - FLOOD PROTECTION

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	268	735	738
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding</b>	<b>268</b>	<b>735</b>	<b>738</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	144	309	119
Finance costs	0	0	0
Internal charges and overheads applied*	124	286	185
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>268</b>	<b>595</b>	<b>304</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>0</b>	<b>140</b>	<b>434</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	167
Development and financial contributions	0	0	0
Increase (decrease) in debt	3,060	10,138	3,940
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>3,060</b>	<b>10,138</b>	<b>4,107</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	3,060	10,278	4,541
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>3,060</b>	<b>10,278</b>	<b>4,541</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>0</b>	<b>(140)</b>	<b>(434)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	140	434
Subsidies and grants for capital expenditure	0	0	167
Development and financial contributions	0	0	0
Vested assets	0	0	0
Gains/(losses) on disposal	0	0	0
Depreciation	0	(140)	(139)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non cash write downs and losses on revaluation	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	0	0	461

### Funding Impact Statement Variances against Budget

Capital expenditure is \$5.7 million less than budgeted, mainly in respect of the Saxton Creek, York Stream, and Hampden St East/Little Go Stream upgrades which are multi-year projects and have been re-phased to align with expected contractor spending.

The \$6.2 million difference in borrowings required is as a result of the decreased capital expenditure and a greater than expected operating surplus.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.





# ENVIRONMENT

## ABOUT COUNCIL'S ENVIRONMENT ACTIVITIES

As a unitary authority, Council has a wider span of environmental management responsibilities than most other councils as it manages both territorial authority and regional functions. Council's environmental functions include responsibilities for freshwater, coastal and marine environments, air, land, biodiversity and biosecurity, resource management planning, navigation safety, resource and building consents, waste management and minimisation, environmental advice to landowners and residents, monitoring, education, advocacy and enforcement. This activity also includes emergency management and compliance functions such as dog control and liquor licensing.

## HIGHLIGHTS FOR 2015/16

### *Environmental management*

Air quality improvements have been seen. The number of times national air quality standards were exceeded in Nelson's most polluted airshed (Airshed A) decreased from two in 2014/15 to none in 2015/16. The maximum PM10 concentration for 2015/16 was 45µg/m<sup>3</sup> compared with the 2014/15 level of 57 µg/m<sup>3</sup>. There was one breach of the National Environmental Standards for air quality limit of 50µg/m<sup>3</sup> for PM10 at the Blackwood Street monitoring site in Tahunanui (Airshed B1) in February.

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.

A Water Quantity Strategy is being developed that identifies recommendations and actions to meet information gaps and systems to efficiently manage water resources.

During 2015/16, 12 heritage building owners received funding through Council's Heritage Project Fund, with the total allocated being \$84,070.

2015/16 was the first year of Nelson Nature, and a partnership with the Department of Conservation (DoC) was finalised in January. This provides cross-boundary alignment, additional technical knowledge and programme management. Nelson Nature is a ten year programme, developed by technical experts and stakeholders 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.

It includes eleven projects, with outcomes and budget focused around a specific area or theme. A range of activities were undertaken during 2015/16 including over 19,500 plants planted across more than 40 projects on both private and Council land, an increase of wilding conifer control in the Dun Mountain/ mineral belt and a total of five new Significant Natural Areas (SNAs) being brought into active management. Other work includes the delivery of significant weed control projects such as climbing asparagus in the Grampians Reserve and Old Mans Beard and Banana Passionfruit in upper Poormans and Orphanage Streams. Two new community volunteer groups have been established. Baseline monitoring was established to allow changes to the environment to be measured over time. The Taiwan Cherry programme continued with removal of 11,000 fruiting trees and seedlings from Dodson Valley area.

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. An example is the Saltwater Creek project where interventions have included installation of bio-filtration swales to treat carpark run-off, industry



visits by compliance officers, community-led clean-up days, a residents' survey, and sediment sampling. Removal of fish barriers in the Maitai catchment has also continued, with a focus on fish ladders at culverts, fords and dams. Achievements this year include developing the Maitai River Game for schools and households, enhancement of in-stream fish habitats in Pipers Reserve Stream and York Stream, further research into the causes of toxic algae blooms in the river, changes to improve the appearance and health of the York Stream at Victory Primary School, and new riparian plantings at nine sites throughout the catchment. The E. coli source investigation, Groom Creek wetland, riparian planting, Maitai fords, and Cyanobacteria research projects are ongoing. Project Maitai/Mahitahi is scheduled to run until June 2018.

There have been a range of discussions on the Draft Whakamahere Whakatū Nelson Plan with iwi partners and key stakeholders including the Biodiversity Forum, the Nelson Airport Ltd, Nelson Hospital, Heritage Nelson, the Developers Advisory Group, Tasman District Council and Marlborough District Council. An Iwi Working Group and Freshwater Management Groups have been established to support the development of the Whakamahere Whakatū Nelson Plan. Nelson Plan community engagement occurred during November, with 288 suggestions being received. The Draft Regional Policy Statement sections of the Whakamahere Whakatū Nelson Plan were discussed at Council workshops in April ahead of being released for public feedback in May/June 2016. Feedback was received on the Draft Regional Policy Statement from approximately 50 people/organisations.

Council approved notification of the Woodburner Plan Change (PCA3), in December 2015 and notification occurred in January 2016. One hundred and eight 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 have been released

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Environmental data has been collated to better understand freshwater, biodiversity, air, land and heritage resources and areas subject to natural hazard. Water quality, water quantity and air quality data is now available through the Land, Air and Water Aotearoa (LAWA) web portal.

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and appeals closed on 26 August 2016. The Plan Change is now operative.

Environmental data has been collated to better understand freshwater, biodiversity, air, land and heritage resources and areas subject to natural hazard. Water quality, water quantity and air quality data is now available through the Land, Air and Water Aotearoa (LAWA) web portal.

Public notification of Council's Progressive Implementation Programme under the National Policy Statement for Freshwater Management occurred in December.

The Land Development Manual and joint growth model are being developed in partnership with Tasman District Council.

Council entered into a Housing Accord on 11 June 2015, under the Housing Accord and Special Housing Areas Act 2013. Thirteen Special Housing Areas (SHAs) have been gazetted in Nelson for which resource consents for 11 SHAs were submitted to Council prior to 16 September 2016.

A public feedback process was run on whether or not Council should sell Bett carpark. An expressions of interest and request for proposals process was also run for the purchase and development of the carpark for a special housing development. The results of both the public feedback and the Request for Proposal process were reported to Council and the next stage in the redevelopment approved. The sale and purchase agreement has been entered into and the resource consent has been approved.

The Developer Advisory Group was established and met three times, discussing issues and barriers in terms of residential, industrial and commercial development across the city as well as identifying possible solutions to them to inform a range of Council planning documents and processes.

Port Nelson Ltd received \$4.2 million of funding from the Contaminated Sites Remediation Fund (CSRF) for the Calwell Slipway remediation project.

151 homes were insulated in the 2015/16 year under the Warmer Healthier Homes Nelson-Marlborough project scheme, an increase from 113 insulated in the 2014/15 year. The average cost of insulating a house was \$2,830, Council's contribution was \$662 per house, the balance coming from the other funding partners Rata Foundation, EECA and NMDHB. For each dollar Council contributed, \$4.27 worth of insulation was installed.

Resource consent monitoring has had a significant focus on earthworks associated with large subdivision developments and ensuring works within streams utilise best practice methods.

Stormwater and hazardous substance storage checks in the Victory industrial area were conducted in tandem with Project Maitai/Mahitahi. The outcomes were very positive including businesses ensuring more regular cleaning and maintenance of stormwater sumps and systems.

Council also adopted the Urban Environments Bylaw during this financial year.

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.

Seventeen schools participated in the native tree planting programme in 2015/16. 6,259 students are now involved with Enviroschools in Nelson and during the year seven out of 23 Enviroschools attained bronze or silver status, with a celebration of ten years of Enviroschools in Nelson taking place in June. The Nelson Tasman Kindergarten Association now includes Enviroschools in its long term plan for all early childhood education, and the Enviroschool Nelson action project funded 12 collaborative sustainable projects in schools. One inter-regional event for 200 students and eight professional development opportunities were also provided.

### ***Solid waste management***

The amount of waste going to landfill (residual waste) has generally trended downward over the last ten years although increased in 2015/16 partly because material which was previously accepted as cleanfill is now taken as Hazardous Activities and Industries List (HAIL) material to landfill. This is as a result of Council's response to the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health, which means that material classified as HAIL material can no longer be accepted as cleanfill. The residual waste going to landfill in 2015/16 was 37.79% less than at the peak in 2004/05. Tonnages of recycled material have remained stable at around 3,200 tonnes per annum.

Waste minimisation programmes work towards both diverting waste from landfill and educating people to reduce waste created. Initiatives include four SecondHand Sundays; a waste education programme



## ENVIRONMENT

supporting schools; programmes at a community and industry level to encourage waste reduction including work with the building industry targeting cardboard, and the continuation of the Love Food Hate Waste programme to reduce food waste.

In December 2015 Council decided to change the way in which recycling will be collected in future. The new service is being rolled out during the last quarter of 2016. Residential customers will place glass recyclables in their “blue” bins and other recyclables in a new wheelie bin for collection by the Nelson City Council contractor on a two weekly basis.

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 of control. As Nelson’s landfill has a higher value due to available space under the resource consent, this will require a \$4.2 million 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. Tasman District Council is consulting on an amendment to its Long Term Plan in relation to the landfill. Following this, the councils will establish a business unit framework, likely replicating the Nelson Regional Sewerage Business Unit. It is proposed that the new arrangement will be operational from 1 July 2017.

Work is underway to tender greenwaste can be tendered in collaboration with Tasman District Council.

### **Regulatory Compliance**

The resource consents team achieved 100% for processing timeframes for all resource consent applications in 2015/16. The average processing times were 12 days for non-notified, 73 days for publicly notified and 61 days for limited notified consents.

Resource consent application numbers have continued to rise and were about 17% higher than last year with a total of 459 resource consents being issued.

Building consent numbers have increased to 789 consents received from 739 last year. 99.6% of building consents, code compliance certificates and certificates of acceptance were processed within statutory timeframes.

The Building Unit has set up some initiatives prepare for online submissions of building consents. Additionally work has been implemented to reduce legacy issues around making decisions on consents after two years from granting and for older consents which have not received code compliance certificates. The Building Unit has set up contracts with two other Building Consent Authorities to provide them with building consent processing capacity where they require assistance and there is the necessary capacity available in the Building Unit.

Maritime New Zealand approved the Nelson Port and Harbour Marine Safety Code.

### **Managing Emergencies**

Council has responsibilities under the Civil Defence Emergency Management (CDEM) Act 2002, requiring it to provide for CDEM in its area. Council is also required to be able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.

Council combines with Tasman District Council to form a regional CDEM Group. Key staff are trained to operate an Emergency Operations Centre (EOC) with Tasman District Council staff in the event of a disaster. In the past year successful regional exercises have been held at the EOC and the facility has been used in response to a number of severe weather events. Major projects have included roll out of regional tsunami maps, Lifeline Utility planning, and a revised community engagement programme.

Council is responsible for rural fire management under the Forest and Rural Fires Act 1977. It contracts this activity to the Waimea Rural Fire Authority, which is primarily responsible for rural fire prevention and suppression. Following a national review, Government has announced that, from July 2017, rural fire activities

will be absorbed into a new agency, called Fire and Emergency New Zealand. Council will need to negotiate a transition with the new national agency around ownership of assets such as the station and resources at Hira.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected	This activity helps to protect and restore the Nelson environment through sound planning, monitoring, biodiversity initiatives and waste management.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Good planning and urban design provides an attractive, safe and walkable city for people of all ages and abilities. Housing choice is broadened and land used more efficiently.
Our communities are healthy, safe, inclusive and resilient	The community is supported to understand what an acceptable level of risk is for flooding and to deal with resilience to other natural hazards.
Our region is supported by an innovative and sustainable economy	Council has a business friendly approach in its regulatory and planning structures.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets	Results 2015/16
Clean Air.	Compliance with national air quality standards (National Environmental Standards for Air Quality (NES)).	Airshed A – no more than three breaches by September 2016.	There were no breaches in Airshed A in 2015/16, compared to two breaches in Airshed A in 2014/15.
		Airsheds B and C – no more than one breach by September 2016.	There was one breach in Airshed B1 (Tahunanui) – 61µg/m <sup>3</sup> was recorded on 25 February 2016. No breaches were recorded in Airshed C in 2015/16. Airsheds B and C also both complied with the national standard during 2014/15.
Clean and Accessible Water.	Water quality values.	Deliver Project Maitai/Mahitahi.	The second year of project Maitai/Mahitahi was delivered successfully, on time and within budget. 2014/15 was the first year of Project Maitai/Mahitahi.

*Table continued >*



What Council will provide	Performance measures	Targets	Results 2015/16
	<p>Health of Nelson's freshwater environments measured by water body classification and can't degrade below its current level as per National Policy Statement Fresh Water Management (NPS FWM).</p>	<p>Improve water quality via Nelson Nature.</p> <p>Incorporate community water values in Nelson Plan.</p> <p>Maintain class A and B water bodies in current state.</p> <p>Decrease number of bodies classified as D or E.</p> <p>All rivers exceed 'National bottom line' for all attributes (National Policy Statement Freshwater Management NPS-FM).</p>	<p>The first year of Nelson Nature was delivered in 2015/16 and involved riparian fencing, planting, whitebait spawning habitat enhancement, and the establishment of new sites for fish monitoring. It will be many years before measurable improvements to water quality are seen.</p> <p>Freshwater Management Units (FMUs) have been established and FMU Working Groups met regularly in 2015/16 to inform development of the freshwater section of the Nelson Plan. Draft values have been identified and included in the draft Regional Policy Statement.</p> <p>Achieved - 53% of freshwater quality monitoring sites have a class A or B classification in the Nelson Resource Management Plan. This was maintained during 2015/16. This is consistent with 2014/15 results.</p> <p>73% of monitoring sites had class C or above classification during 2015/16. This is an increase in sites of this classification in the Nelson Resource Management Plan, where 71% of sites are classified as C or above (and therefore a decrease in number of bodies classified as D or E). Water quality classifications are shown in the Nelson Resource Management Plan.</p> <p>Targets were achieved for the NPS-FM Human Health Contact Recreation at marine beach bathing water quality sites and all freshwater bathing sites except Collingwood Street Bridge and Wakapuaka at Paremata flats . The Maitai at Collingwood Street Bridge had three Red Action exceedances, compared to six exceedances in the previous summer and the recreation grade remains at Very Poor due to the risk of contamination from wastewater and other sources. There were five exceedances at Paremata Flats Reserve which occurred during both dry and wet conditions, indicating various sources of bacteria.</p> <p>All rivers were above the Ecosystem Health NPS-FM National Bottom Line based on monthly State of the Environment monitoring, except Hillwood at the Glen, due to E-Coli.</p> <p>The 2015 annual classifications concur with long term trends (2002-2012) for 26 monitoring sites. Two monitoring sites were not monitored in 2015 because they are no longer representative of the catchment.</p> <p>A monitoring programme is in place that meets National Objective Framework monitoring protocols. Water quality values are being identified with the community and appropriate monitoring attributes are being developed through the Nelson Plan review process.</p>

What Council will provide	Performance measures	Targets	Results 2015/16
	Level of compliance with swimming water quality standards.	100% of monitored swimming areas meet the swimming quality standards.	<p>The recreation bathing monitoring programme meets the national quality guidelines for fresh and marine water quality monitoring. All monitoring sites were sampled on at least 20 occasions over the summer, including days influenced by rain events. The reporting of exceedances and re-samples complied with the NMDHB Health Protection management procedure.</p> <p>All four marine recreation monitoring sites met swimming water quality standards on at least 95% of occasions sampled. Two marine sites had one Red Action Exceedance caused by rain events and associated land surface runoff.</p> <p>Four of the six freshwater recreation monitoring sites met swimming water quality standards on at least 95% of occasions sampled. Exceedances at other sites were due to rain events (10% samples) and bacteria from various diffuse sources.</p> <p>In 2014/15 all ten sites had at least one red-alert.</p>
Reduced waste to landfill.	Amount (tonnes) of waste per resident sent to landfill.	Continue each year to decrease the per capita amount of waste from Nelson City Council area disposed of at landfill.	<p>The amount (in tonnes) of waste per resident disposed of at landfill during 2015/16 was 0.605 tonne per resident. The recorded waste in 2014/15 was 0.584 tonnes per resident and in 2013/14 was 0.619 tonne per resident.</p> <p>The result for 2015/16 is higher than 2014/15. It was previously trending down over time.</p>
A well planned city that meets the community's current and future needs and responds to national policy direction.	Resource management plans updated to implement national policy changes and Council's strategic direction.	<p>Development of Nelson Plan</p> <ul style="list-style-type: none"> <li>• Community engagement on Nelson Plan 2015/16</li> <li>• Notification 2016/17 (year 2 target)</li> <li>• Hearings and decisions 2016/17 – 2018/19. (Year 2 to year 4 target)</li> </ul>	<p>Review of the Nelson Resource Management Plan, Regional Policy Statement and Air Quality Plan is underway. Notification of Plan Change A3 to the Nelson Air Quality occurred in January 2016 and hearings occurred in May.</p> <p>Community engagement on the Nelson Plan occurred in November 2015. Feedback was sought on the Draft Regional Policy Statement in May/June 2016.</p>
Regulatory programme (resource consents and compliance).	Compliance with statutory timeframes.	100% of non-notified resource consents processed within 20 working days. 100% of publicly notified consents processed within 130 working days, 100% of limited notified consents processed within 100 working days (or less as required by RMA).*	<p>In 2015/16 100% of all resource consent applications (both notified and non-notified) were processed within statutory timeframes.</p> <p>A total of 450 non-notified Consents were issued with an average of 12 processing days; a total of three Publicly Notified Consents were issued with an average of 73 processing days; and a total of six Limited Notified Consents were issued with an average of 61 processing days.</p>

*Table continued >*



What Council will provide	Performance measures	Targets	Results 2015/16
			This is the first year in which all non-notified and all notified consent applications have been processed within statutory timeframes. In 2014/15 99.7% of non-notified consents and 83% of notified/limited notified consents were processed within timeframes.
An effective and timely Civil Defence Emergency Management (CDEM) response to support our community following emergency events.	Ability to operate an effective Emergency Operations Centre (EOC) for Nelson Tasman.	100% of EOC management and CDEM Group roles staffed. EOC meets Ministry of CDEM 'monitoring and evaluation' requirements.	At 30 June, 97% of EOC management and CDEM Group roles were staffed. (One role is vacant following personnel changes).  The EOC met Ministry of CDEM monitoring and evaluation requirements.  A formal review on the CDEM Group was completed by the Ministry of CDEM and reported in July 2015.
Efficient systems to consent and inspect buildings, meet statutory requirements and provide effective customer service.	Time taken to grant and issue building consents.	At least 98% of building consents and code of compliance certificates issued within 20 working days.	99.6% of building consents, code of compliance certificates and certificates of acceptance were issued within statutory time limits.  Building consents received have increased to 789 consents in 2015/16 from 739 during 2014/15.  Council also maintained a low level of breaches of statutory timeframes with 99% of building consents, code compliance certificates and certificates of acceptance being issued in 20 working days in 2014/15.
	Property inspection time targets met.	At least 80% of inspections undertaken within 72 hours of request.	All inspections are being undertaken well within the 72 hour target.  There were 5,952 inspections undertaken during the 2015/16 year with no 72 hour breaches.  Comparisons to 2014/15 are not available as data only started being recorded in January 2014.  The Building Consent Authority was externally audited by IANZ in 2014/15. Accreditation was achieved, and there were no Corrective Action Requests. The next audit and accreditation is scheduled for 2016/17.

\*wording updated for clarity from the Long Term Plan 2015-25



## FINANCIAL PERFORMANCE – ENVIRONMENT

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	6,211	7,850	6,502
Targeted rates	608	33	42
Subsidies and grants for operating purposes	194	173	252
Fees and charges	0	3,697	3,585
Internal charges and overheads recovered	2,210	2,399	2,309
Local authorities fuel tax, fines, infringement fees, and other receipts	7,944	3,295	3,919
<b>Total operating funding</b>	<b>17,167</b>	<b>17,447</b>	<b>16,609</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	13,865	13,900	13,549
Finance costs	0	0	0
Internal charges and overheads applied *	2,412	2,769	2,616
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>16,277</b>	<b>16,669</b>	<b>16,165</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>890</b>	<b>778</b>	<b>444</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	20	0
Development and financial contributions	13	5	7
Increase (decrease) in debt	(622)	(315)	(371)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>(609)</b>	<b>(290)</b>	<b>(364)</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	36	50	26
- to improve level of service	0	754	639
- to replace existing assets	173	105	68
Increase (decrease) in reserves	87	0	(39)
Increase (decrease) in investments	(15)	(421)	(614)
<b>Total applications of capital funding</b>	<b>281</b>	<b>488</b>	<b>80</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(890)</b>	<b>(778)</b>	<b>(444)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	890	778	444
Subsidies and grants for capital expenditure	0	20	0
Development and financial contributions	13	5	7
Vested assets	0	0	0
Gains/(losses) on disposal	0	0	0
Depreciation	(374)	(450)	(470)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	90
Non cash write downs and losses on revaluation	0	0	0
<b>Net Surplus/(Deficit) before taxation in Statement of Financial Performance</b>	<b>529</b>	<b>353</b>	<b>71</b>

### Funding Impact Statement Variances against Budget

Other operating income is \$601,000 above budget due to an increase in income from the issue of building and resource consents.

Payments to staff and suppliers were \$351,000 under budget relating to an unspent provision for the settlement of building claims.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.





# SOCIAL

## ABOUT COUNCIL'S SOCIAL ACTIVITIES

Council provides services that contribute to the quality of life and wellbeing of residents. Collectively these activities have been grouped under the heading 'social' and cover delivery of services as diverse as running an art gallery to providing public toilets. Community facilities include public libraries, cemeteries and the crematorium, public toilets, community facilities, campgrounds and community housing. Heritage and arts include planning and support, support for the Nelson Provincial Museum and Suter Art Gallery, historic buildings and facilities (such as Broadgreen, Isel and Melrose historic houses), Founders Heritage Park, historic cemeteries as well as festivals, events and street decorations.

## HIGHLIGHTS FOR 2015/16

### *Community facilities*

Council's focus on Stoke continued, with work on the new Community and Sports facility ongoing throughout 2015/16. The resource consent was granted to construct a community and sports facility at Greenmeadows and the project put out to tender. Tenancies are agreed with the Stoke Rugby and Tennis Clubs, and Stoke Seniors while cricket is finalising its requirements. A public consultation meeting was held in September 2015 to gather ideas for an Urban Design Strategy for Stoke.

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 extended service has been positively received.

During 2015/16, the library implemented a new service model, to increase focus on meeting the needs of customers. The Library has continued to deliver a programme of themed events throughout the year. Interactive displays, talks and resources have supported Adult Learners Week, Environment Week, NZ Music Month and Heritage Week. In January a series of four

computer coding 'Code Red' workshops was held, funded by the Ministry of Business Innovation and Employment Unlocking Curious Minds contestable fund.

Following a Local Government Act section 17A review of the crematorium, Council confirmed that it will retain ownership of the crematorium and continue operating it under contract, renew the main cremator, continue pet/animal cremations at the crematorium and re-assess the need for a new pet/animal creator in two years' time and increase cremation fees by 5%. The relining of the main cremator at the crematorium was completed.

A contract for the management of Council's community housing was prepared and advertised for tender. This has been expanded to include an element of tenant welfare in the contract.

The Rutherford Park redevelopment is underway, with assistance with Target Shooting's funding application and a temporary relocation to the Reliance Building. The Community Art Works group, also relocated from Rutherford Park, is temporarily in the Hunting & Fishing building in Wakatu Square. The Highland Pipe Band was also relocated from Rutherford Park during the year.

### *Social development*

Council attended regular community meetings, facilitated workshops and provided advice to community groups around topics such as fundraising and health and safety.

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. Further changes being made include altering the timing and simplifying the funding agreement



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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.

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process to allow for more certainty for community organisations and for officers to be able to work more effectively with them.

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.

The Nelson Tasman Connections Service was provided to enable all young people, up to the age of twenty years, who have left school, to be supported and connected into employment, training or education. This service was wound up at the end of the 2015/16 financial year.

Council supported the Trustpower Community Volunteer awards and the Community Youth Volunteer awards (also known as civic awards to schools).

Support was provided for Nelson Youth Council, Youth Nelson, the Youth Development Fund and youth recreation and events. The Youth Council had a regular presence at Council meetings. Funding from the Ministry of Youth Development went towards increasing youth volunteering and a Nelson Youth

Council project to link youth with The Prow to increase awareness of the heritage stories from the Top of the South.

Council supported older adults through its contribution to the Positive Ageing Expo and a range of community groups working with older residents. Council also provides funding for Mudcakes and Roses, a publication for people aged 50 and over.

### *Heritage and arts*

Council had a successful year of festivals and events with the Nelson Arts Festival, Opera in the Park, the Buskers Festival and Summer Events programme. A variety of smaller events were also organised, including Isel in Bloom and Rose Day, and a programme of Youth events including a comedy night, Tahuna Rocks and the Fader Youth Party at Trafalgar Park.

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.

Founders celebrated its 30th birthday this year. It continues to provide a range of attractions and events for locals as well as a venue for conferences and weddings. The Kai festival was delivered in partnership with Whakatū Marae and Anzac Apple Day proved popular. The Founders Book Fair was again a huge success, with a 10% increase in sales over last year. Founders and the three Council-owned heritage houses delivered a range of services, programmes and events in 2015/16.

Heritage Week itself provided a range of activities for all ages in our community, around the theme of 'Discovery'. The week's activities across Nelson's Heritage Sector included performances at Nelson Marlborough Institute of Technology (NMIT) and a special tour of the Provincial Museum.

The Refinery Art Space remains an important community art space in Nelson, and during 2015/16,



Council continued to support the Arts Council Nelson which manage this space.

The Nelson School of Music (NSOM) upgrade has progressed well with Expressions of Interest advertised, tenderers shortlisted and evaluated and the preferred tender selected. Approval to award the tender by the NSOM Trust is expected in August, with works on site proposed to commence September/October.

The replacement of the Suter commenced in January 2015 and continued through the 2015/16 financial year. The temporary Suter Art Gallery on Halifax Street

has been operating in the meantime, and the Suter Art Gallery on Bridge Street is scheduled to reopen in October.

The draft Campground Review was presented at a Council workshop.

Nelson also had a successful Royal visit from The Prince of Wales and The Duchess of Cornwall, in November 2015. Their Royal Highnesses were accompanied by a large contingent of visiting media and support personnel.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our communities are healthy, safe, inclusive and resilient	Council provides leadership and fosters partnerships, as well as community engagement. Council supports and mentors youth to become the leaders of the future.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Attractive and functional community facilities and spaces are available for community use and to bring people together.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Residents and visitors are encouraged to explore our diverse heritage and historic places. Venues, activities and events that support and celebrate our creativity are accessible to all ages and incomes.  Council supports initiatives that promote understanding of Māori culture and tikanga.
Our communities have access to a range of social, educational and recreational facilities and activities	Facilities, events and services support community cohesion and an inclusive, welcoming city. Healthy lifestyles are supported with opportunities to be active and participate in the community.
Our region is supported by an innovative and sustainable economy	Arts and heritage activities and events support the local economy and attract visitors to our region.





## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets	Results 2015/16
Arts and community events that showcase excellence and encourage participation.	Attendance levels.	Attendance levels meet or exceed benchmark: 53% attend Summer Festival 44% attend Masked Parade 31% attend Arts Festival 30% attend Opera in the Park.	43% of residents attended Summer Festival, which was lower than benchmark; 34% attended the Masked Parade, which was lower than benchmark; 22% attended the Arts Festival event, which was lower than benchmark; and 30% attended Opera in the Park, which met the benchmark <sup>5</sup> .  The benchmarks were set from the results of the 2013/14 Residents' Survey. A residents' survey was not undertaken in 2014/15.
Suter Art Gallery provides a diverse and stimulating programme of visual arts' exhibitions.	Satisfaction levels (Residents survey).	80% of users satisfied or very satisfied with the Suter Art Gallery <sup>6</sup> .	66% of Suter Art Gallery users are satisfied or very satisfied with the gallery <sup>7</sup> . Compared to previous years' results, there has been a consistent decrease in satisfaction, which has decreased 10 percentage points since 2011. Comparisons are indicative only due to the survey question changing to allow for the temporary location of the gallery.  A residents' survey was not undertaken in 2014/15.
	Number of gallery visits per year.	Not available as Suter closed for refurbishment.	Not applicable as the Suter was closed for refurbishment.
	Number of Suter complex visits per year.	Not available as Suter closed for refurbishment.	Not applicable as the Suter was closed for refurbishment.

<sup>5</sup> 2016 Residents' Survey responses.

<sup>6</sup> In temporary accommodation.

<sup>7</sup> 2016 Residents' Survey responses.

What Council will provide	Performance measures	Targets	Results 2015/16
Theatre Royal widely used for performance art.	Number of performance days.	At least 278 performance days (75% occupancy).	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.
Art works enhance public spaces.	Satisfaction levels (Residents Survey).	75% are satisfied or very satisfied with public art.	55% of residents are satisfied or very satisfied with public art in Nelson <sup>8</sup> .  This question was not asked in 2014, however in the 2014 Residents' Survey, 72% of residents were satisfied with the culture, heritage and arts activity overall.  A residents' survey was not undertaken in 2014/15.
Libraries that are well used, welcoming and safe environments.	Customer satisfaction, Library membership, door count, online usage.	Residents Survey (as available)  At least 75% of the population are library members.  Door count more than 500,000.  Online usage continues to increase each year.	Overall, 87% of residents are satisfied or very satisfied with public libraries. This is a decrease from 2014. 98% of library users are satisfied or very satisfied with Council's public libraries <sup>9</sup> . The 2014 satisfaction was 91%. A residents' survey was not undertaken in 2014/15.  36,294 people are library members. This equates to 73% of the Nelson population (estimated at 49,900 at June 2015). Note that library members may live outside of the Nelson region. Approximately 89% of the population were library members in 2013 and 2014.  Door count for 2015/16 is 500,116, compared to 492,638 in 2014/15.  Online usage in 2015/16 is 914,209 compared to 778,242 in 2014/15.



<sup>8</sup> 2016 Residents' Survey responses.

<sup>9</sup> 2016 Residents' Survey responses.

## FINANCIAL PERFORMANCE – SOCIAL Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	11,114	10,526	10,012
Targeted rates	0	0	0
Subsidies and grants for operating purposes	349	295	374
Fees and charges	0	826	979
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,535	1,573	1,480
<b>Total operating funding</b>	<b>13,998</b>	<b>13,220</b>	<b>12,845</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	12,011	12,823	11,504
Finance costs	0	0	0
Internal charges and overheads applied*	667	812	819
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>12,678</b>	<b>13,635</b>	<b>12,323</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>1,320</b>	<b>(415)</b>	<b>522</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	22	46
Development and financial contributions	0	0	0
Increase (decrease) in debt	6,095	8,760	4,917
Gross proceeds from sale of assets	0	6,000	9,726
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>6,095</b>	<b>14,782</b>	<b>14,689</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	617	574	561
- to improve level of service	1,707	2,663	8,290
- to replace existing assets	344	1,806	368
Increase (decrease) in reserves	303	0	105
Increase (decrease) in investments	4,444	9,324	5,887
<b>Total applications of capital funding</b>	<b>7,415</b>	<b>14,367</b>	<b>15,211</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(1,320)</b>	<b>415</b>	<b>(522)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,320	(415)	522
Subsidies and grants for capital expenditure	0	22	105
Development and financial contributions	0	0	0
Vested assets	0	0	0
Gains/(losses) on disposal	0	0	0
Depreciation	(1,314)	(1,187)	(1,155)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	69
Non cash write downs and losses on revaluation	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	6	(1,580)	(459)

### Funding Impact Statement Variances against Budget

Payments to staff and suppliers are \$1.3 million less than budget. \$1.1 million of the capital grant budgeted for the School of Music earthquake strengthening has been carried forward to 2016/17 as a result of the phasing of the work. Staff expenses are under budget by \$287,000 reflecting a different distribution of staff time than that anticipated.

The variances for proceeds from asset sales and capital expenditure for level of service assets largely arise because of a difference in treatment from that assumed in the annual plan relating to the Suter redevelopment. Council have paid for all redevelopment costs, gifted \$6 million of the resulting assets to Suter through an equity injection, and recovered from Suter \$3.7 million.

The variances in debt and investment increase have arisen as funding has not been transferred for the museum's Isele Park site to address storage needs. Further work by the Museum has identified that expansion at that location is unlikely to deliver the results required and alternative solutions need to be considered.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.



# PARKS AND ACTIVE RECREATION

## ABOUT COUNCIL'S PARKS AND ACTIVE RECREATION ACTIVITIES

Council provides active recreation opportunities for Nelsonians and visitors, through its provision of infrastructure such as walkways and cycleways, sports and recreation facilities, parks and open space, services and events. It also manages a range of parks and open spaces to help protect Nelson's biodiversity, heritage, rivers and coast.

## HIGHLIGHTS FOR 2015/16

### *Parks and Reserves*

Council's parks and open space activity includes, horticultural parks, neighbourhood parks, conservation reserves, landscape reserves, sportsfield reserves, esplanade and foreshore reserves, and heritage and park trees.

Neighbourhood parks and playgrounds highlights for 2015/16 include purchasing an extension to Burrell Park in Muritai Street. In landscape reserves, the Tracks and Trails Strategy development process has begun and discussion with key users has occurred.

Enhancement of sportsfields in 2015/16 included irrigation at Saxton Training, upgrading the watering system for the softball at Saxton Field and upgrading the pathway at the Waahi Taakaro golf course.

A draft Sportsground Reserves Management Plan, required under the Reserves Act 1977, was prepared. Pre-consultation with a wide range of stakeholders was undertaken and a workshop held with Council. The draft is being updated ready for consultation.

Council's focus on Stoke has continued through this year, with the Greenmeadows Community and Sports Facility project. This is described in the Social section of this Annual Report.

Council completed the Brook Reserve Management Plan and adopted it in principle. The Plan sets out

Council's strategic vision for the area. Work on gazettal and road stopping commenced.

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.

### *Recreation*

Council's recreation and leisure activity includes Trafalgar Centre, Natureland Zoo at Tahunanui, Waahi Taakaro golf course, Play facilities, Riverside and Nayland swimming pools, the Marina and Saxton Field.

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. The completion date for the project has been delayed, in large part the result of pressure on consultants across the country and delayed delivery times for steel. Alongside the Trafalgar Centre Development, the Rutherford Park Upgrade is underway. This will improve the structure and connections of the park.

Council supported several recreation programmes at community events.

The Nelson Marina had average occupancy of 95% in 2015/16. During the year, Council purchased land for a hardstand including the travel lift at the marina which is a requirement of the resource consent. In addition, a draft Marina Strategy was received by Council in March 2016. This has driven a number of conversations in the community, and a public meeting was held in June. The strategy also clarified expectations around what successful operations at the marina would look like.

The Property Asset Review work progressed with a Council workshop in December 2015. That work has

## PARKS AND ACTIVE RECREATION



initiated projects for the Haven precinct, central city and the Akersten Street/Marina area. The Haven Precinct was selected by Council as top priority along with the strategy work done at the Marina.

The forestry review has continued, with a workshop for councillors in June to establish values and prioritise the rankings for the stands of forestry across the four blocks owned by Council.

The Modellers' Pond has been the subject of further work this year. Council identified two possibilities and are waiting on further advice from the Modellers' Society on whether they can raise the funds for their contribution.

Saxton Stadium was well used in 2015/16 with 312,207 visits by spectators and users. This was higher than in 2014/15 (276,000).

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's parks and active recreation activities contributed to achieving the following community outcomes over the year.

Community outcomes	Contribution
Our unique natural environment is healthy and protected	Council is guardian to many special ecosystems as well as a range of open spaces for active and passive recreation. It works to preserve and enhance those areas through biodiversity protection, better links and connections, and well-designed plantings.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Council open space is designed to be accessible, safe and to encourage activity for people of all ages and abilities.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Māori culture and traditions are understood and supported. Council's parks and reserves are inclusive, welcoming spaces that facilitate a healthy lifestyle.
Our communities have access to a range of social, educational and recreational facilities and activities	A range of recreational facilities and opportunities are provided. Heritage within open space areas is protected and appropriate interpretation provided.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets	Results 2015/16
A network of parks and reserves throughout the city protecting and enhancing the natural environment and providing enjoyment, leisure and recreation opportunities for both residents and visitors.	The total area of parks and open space available for recreation.	Current parks and open space provision will not be reduced except where divestment offers clear net benefits to the community.	Levels in 2015/16 were 225 hectares of parks and reserves per 1000 residents. This is not reduced from 2014/15.
	Level of customer satisfaction.	Customer satisfaction at least at levels of 80%.	86% of residents are satisfied or very satisfied with parks and recreation <sup>10</sup> . There was 88% satisfaction with parks and open spaces in 2013/14. A residents' survey was not conducted in 2014/15.
Recreation opportunities for people of all ages and abilities is provided.	Level of customer satisfaction.	Customer satisfaction at least at levels of 80%.	65% of residents are satisfied or very satisfied with the provision of recreation opportunities for people of all ages and abilities in their community, with a further 25% of residents neither satisfied nor dissatisfied with this <sup>11</sup> . There was 63% satisfaction with recreation and leisure in 2013/14. A residents' survey was not conducted in 2014/15.
Areas of heritage or cultural importance in parks and reserves appropriately protected.	Level of consultation with Tangata Whenua o Whakatū occurring.	Tangata Whenua o Whakatū will be consulted on all new or reviewed reserve management plans to determine if areas of cultural significance exist.	Iwi were invited to provide initial feedback on issues for the Reserves with Sportsgrounds Management Plan. There has been no further work on reserve Management Plans during 2015/16.
	Number of requests for access to cultural material facilitated.	Provide access to cultural materials such as flax, toetoe, pingao and other resources where it is consistent with sustainable management.	There have been no requests for access to cultural materials in 2015/16. This is the first year of reporting on this measure.
	Level of compliance with the Heritage New Zealand Pouhere Taonga Act 2014*. <i>*Updated to reflect legislation changes.</i>	All known historical and archaeological sites managed in accordance with the Heritage New Zealand Pouhere Taonga Act 2014. Inventory of all known sites kept up to date.	Council maintains an up to date record of the Heritage NZ List of heritage places. Council subscribes to the Archsite database for archaeological sites, and endeavours to manage known sites in accordance with the Heritage New Zealand Pouhere Taonga Act 2014.

<sup>10</sup> 2016 Residents' Survey responses.

<sup>11</sup> 2016 Residents' Survey responses.

**Table continued >**



What Council will provide	Performance measures	Targets	Results 2015/16
			<p>Work is underway through the review of the Nelson Resource Management Plan to make information better available to officers and the public in relation to known sites and the pre-1900 obligations.</p> <p>This is the first year of reporting on this measure.</p>
Neighbourhood parks within walking distance of all homes, providing play opportunities, open space and amenity values.	Neighbourhood parks within walking distance of 95% of all homes.	One neighbourhood park within reasonable walking distance (500m radius or a ten minute walking distance) of most urban residential properties and easily accessible, ideally from more than one road frontage.	<p>99% of all homes in the residential zone are within walking distance of a neighbourhood park.</p> <p>This is the first year that walking distance analysis has been used looking at properties in the residential zone.</p>
Trafalgar Centre.	Number of people using the Trafalgar Centre and total hours used.	<p>Annual number of users exceeds 80,000 (for Years 2-3 only)</p> <p>Annual use hours exceeds 2,500/year (for Years 2-3 only).</p>	<p>Not applicable as the Trafalgar Centre was closed for most of the year.</p> <p>Trafalgar Centre was closed in December 2013 and this target is relevant for 2016/17 and 2017/18 years only.</p> <p>The Trafalgar Centre reopened for some events from April 2016.</p>
Swimming pools that meet the needs of users and provide opportunity for aquatic based recreation activities and learn to swim programmes.	Level of accessibility of public swimming pools.	Provision of a swimming pool that is within 10km driving/cycling distance of 80% of Nelson's population.	<p>In 2015/16, 94% of dwellings are within 10km of Nayland or Riverside Pool.</p>
	Annual user satisfaction surveys.	80% of customers satisfied or very satisfied with the swimming pools (CLM survey).	<p>74% of pool users are satisfied or very satisfied with Nelson swimming pools<sup>12</sup>.</p> <p>Results from the 2015 CLM survey show that 75.51% of users rated their overall experience at Riverside Pool at their last visit as good (40.82%) or excellent (34.69%). A further 19.39% rated it as satisfactory.</p> <p>84.62% of users rated their overall experience at Nayland Pool at their last visit as good (23.08%) or excellent (61.54%).</p> <p>79% of pool users were satisfied or very satisfied with their overall pool experience in 2013/14. A Residents' Survey was not conducted in 2014/15.</p>

<sup>12</sup> 2016 Residents' Survey responses.



What Council will provide	Performance measures	Targets	Results 2015/16
Financially sustainable marina facility.	Level of self funding of the marina.	No cost to rates to operate the marina - fees and charges cover the maintenance and renewal of marina facilities and repayment of debt.	Fees and charges covered the maintenance and renewal of the marina in 2015/16. This target was also achieved during 2014/15.
Public Toilets Accessibility.	Accessibility of Public toilets to residents and visitors in areas of high public use.	Toilet facilities are provided within 200m of any point within the central city and suburban centres.	Toilet facilities are provided within 200m of any point within the central city and suburban centres. This is unchanged from previous years.
		Minimum cleanliness level >90% (based on staff audit).	The cleanliness level for 2015/16 was 98.95% This is an improvement from the cleanliness level reported in 2014/15 of 89%.



## FINANCIAL PERFORMANCE - PARKS AND ACTIVE RECREATION

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	13,755	12,389	11,807
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	1,930	157
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,971	998	2,749
<b>Total operating funding</b>	<b>16,726</b>	<b>15,317</b>	<b>14,713</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	10,152	10,604	9,171
Finance costs	0	0	0
Internal charges and overheads applied*	3,628	2,896	2,743
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>13,780</b>	<b>13,500</b>	<b>11,914</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>2,946</b>	<b>1,817</b>	<b>2,799</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	65	80	83
Development and financial contributions	0	1,200	1,826
Increase (decrease) in debt	5,679	13,381	9,715
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>5,744</b>	<b>14,661</b>	<b>11,624</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	3,320	1,553	3,189
- to improve level of service	5,071	12,850	10,351
- to replace existing assets	1,880	2,075	894
Increase (decrease) in reserves	(1,581)	0	(11)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>8,690</b>	<b>16,478</b>	<b>14,423</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(2,946)</b>	<b>(1,817)</b>	<b>(2,799)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,946	1,817	2,799
Subsidies and grants for capital expenditure	65	80	83
Development and financial contributions	0	1,200	1,826
Vested assets	0	0	0
Gains/(losses) on disposal	0	0	(94)
Depreciation	(3,611)	(2,874)	(2,715)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non cash write downs and losses on revaluation	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	(600)	223	1,899

### Funding Impact Statement Variances against Budget

The variance between LTP budget and actual income for fees and charges offsets that for other operating income due to a reclassification of Marina charges.

Payments to staff and suppliers are \$1.4 million less than budgeted. \$682,000, including the rest of the grant for the Saxton Velodrome and funding for the Tahuna erosion study has been carried forward into 2016/17. The budget for the marina dredging was scaled back saving \$343,000. Other maintenance savings of \$214,000 were made.

Development contributions and subdivision reserves contributions received were \$626,000 more than anticipated, reflecting market conditions.

Capital expenditure is \$2.0 million less than budgeted in total. The \$1.6 million purchase of the marina hardstand progressed earlier than anticipated (budget was in 2016/17). \$3.9 million of budget has been carried forward to 2016/17 to complete/progress projects such as the Trafalgar Centre, Rutherford/Trafalgar Park development, the Modeller's pond, and some land purchases.

Debt is \$3.7 million less than budgeted as a result of less capital expenditure and a greater than expected operating surplus.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.



# ECONOMIC

## ABOUT COUNCIL ECONOMIC ACTIVITIES

Council has a role to create a successful, sustainable region and achieves this largely through providing infrastructure, and fostering economic development. The focus is on activities where increased effort is likely to be most positive for the region.

## HIGHLIGHTS FOR 2015/16

Council approved the establishment of the Nelson Regional Development Agency, a merger of the Nelson Regional Economic Development Agency and Nelson Tasman Tourism. The role of the new organisation is to facilitate the sustainable development of the region and enhance economic vitality. An establishment board was appointed in January to deal with the transition to the new entity. Following this, a Chair and Members of the Board were appointed by Council in May and a Chief Executive was appointed by the newly established Board in June. The NRDA will be established in 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. It completed the six-monthly 'Tracking the Nelson Regional Economy' reports, prepared a draft regional digital strategy, supported a new role of digital coordinator to help businesses and organisations in the region work towards digital success with the first stage of ultrafast broadband being rolled out, and began work on developing a regional identity for Nelson. Nelson Tasman Tourism continued the delivery of activities which assist delivery of economic benefits to Nelson including regional marketing, tourism development and monitoring and managing the Nelson i-SITE.

A successful China Week was held in September to celebrate the close relationship with China. 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. A range of Nelson products are now being sold through a chain of 50 retail outlets throughout Hubei Province and Nelson Marlborough Institute of Technology is now teaching its courses to over 350 students in Huangshi. Two businessmen from Yangjiang have opened an office in Nelson in conjunction with a local Chinese businesswoman. This is to be the head office for their New Zealand operation for sourcing New Zealand products and importing products from China. A number of other business and education opportunities are in development.

'Innovate', an initiative between Council, EDA and NMIT to support businesses to be more innovative and entrepreneurial, was launched in 2014/15, and in 2015/16 it held a Māori Start up weekend and Co-Starters courses, a nine-week programme for entrepreneurs. Innovate also planned for the Start Up weekend which occurred in early July 2016. Since it began last year, Innovate has helped launch a number of businesses locally.

The Nelson Tasman Business Trust operates with funding from Nelson City 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. During 2015/16, the EDA confirmed a further five and a half years of support for small businesses through the Regional Business Partner programme, in partnership with the Nelson Tasman Chamber of Commerce, Marlborough Chamber of Commerce, Nelson Tasman Business Trust and Business Trust Marlborough which will assist in delivering the services.

The EDA administered the Nelson Events and Marketing Fund on behalf of Council. The Events Strategy continued to be implemented and \$277,000 (excluding GST) was allocated during the 2015/16 year to 12 different events. This was up from \$179,000 in

2014/15 (eight events) and \$163,000 in 2013/14 (six events). This allocation does not include Opera in the Park.

Of these 12 events supported by the Fund seven were in the sporting category. Some of these were single match events that drew large crowds for a day or weekend, such as the NRL Warriors and One Day International Cricket Double Header. Others like the National Hockey Masters Tournament and the South Island Masters Games brought many visitors (1000 plus) for a week or more. The NRL, the Cricket International and the Black Sticks hockey (both men and women) created national and international exposure through television or live streaming and media coverage. Bikefest raises the profile of our region as a biking destination. Of the non-sporting events Marchfest and Art Expo have been regularly supported by Council and both bring economic benefit to the region. This year three community events were sponsored; Race Unity Day, the Kite Festival and the Nelson Jazz Festival.

Council is a funder of Education Nelson-Marlborough, which was established in 2015. It aims to support the development and growth of international education in the region. During the year, there was a focus on coordinating marketing to attract foreign students to Nelson.

Total guest nights in the commercial accommodation sector increased by 8.0% (1,402,922); there was an increase of 6.5% (497,809) in international guest nights and 8.8% (905,113) in domestic guest nights. In addition, there was an increase of 7.4% of visitor spend (\$558million) 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. NTT also hosted

43 international media outlets including magazine, and press and online journalists, conducted trade training with 639 travel agents in New Zealand and 1,039 agents offshore (UK, Europe, USA, Australia, China).

A successful bid has been made to host the Blackcaps for two further One Day Internationals over each of the next two summers and Nelson will also host a three day game in November 2016. Four cruise ships are scheduled for the 2016/17 year to date.

“ .....

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.....”

NTT continued its work in promoting the region as a conference and business event destination. Nelson retained its 3% market share of convention events and ranking of 10th out of 13 regions actively working in the convention market.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

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



## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets	Results 2015/16
Infrastructure to provide for a sustainable local and regional economy.	Council investment in infrastructure networks as measured by total value of network assets (transport, water supply, wastewater and stormwater) at net present value (\$).	Total value of Council's network assets is maintained or increased.	The net present value calculation included in the performance measure has not been done. However the valuation of infrastructure assets increased from \$1,061 million at June 2015 to \$1,094 million at June 2016.
	Value of capital projects completed each year.	Total value of capital projects is maintained or increased compared to previous year.	The value of capital projects was \$21.5 million at June 2016, against \$21.1 million at June 2015.
Facilitate economic development for the benefit of the community.	Amount of government business support funding accessed for the region.	Government business support funding is maintained or increased and budgeted grants for research and development, and capability development are fully allocated to businesses.	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.
Promotion of Nelson to increase the economic value of tourism.	Number of tourism guest nights annually.	Increase the number of tourism guest nights annually.	Guest nights up 8.0% on the previous year. International guest nights increased by 6.5% and domestic guest nights by 8.8%. There were 1,402,922 guest nights in 2014/15, compared with 1,299,279 in 2014/15.  Length of stay increased to 2.34 nights compared with 2.20 nights in 2013/14.
	Number of tourism guest nights in the off-peak months.	Increase the number of tourism guest nights in the off-peak months.	Achieved increases in all off-peak months compared to the same month in 2014/15. Jul 2015 +8.5% Aug 2015 +22.5% Sep 2015 +12.1% Oct 2015 +11.7% Apr 2016 +2.9% May 2016 +10.6% Jun 2016 +15.4%  The 2015/16 year saw the arrival of three new airline services; Jetstar, Kiwi Regional Airlines and Originair between Sep-Dec 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.



## FINANCIAL PERFORMANCE – ECONOMIC

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,061	1,521	1,448
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	400
Fees and charges	0	0	34
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	1
<b>Total operating funding</b>	<b>2,061</b>	<b>1,521</b>	<b>1,883</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,048	1,508	1,455
Finance costs	0	0	0
Internal charges and overheads applied*	13	13	14
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>2,061</b>	<b>1,521</b>	<b>1,469</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>0</b>	<b>0</b>	<b>414</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	25
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>25</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	414
Increase (decrease) in investments	0	0	25
<b>Total applications of capital funding</b>	<b>0</b>	<b>0</b>	<b>439</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>0</b>	<b>0</b>	<b>(414)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	0	414
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Vested assets	0	0	0
Gains/(losses) on disposal	0	0	0
Depreciation	0	0	0
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non cash write downs and losses on revaluation	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	0	0	414

### Funding Impact Statement Variances against Budget

Unbudgeted \$400,000 in operating grants arises from the receipt of funding from Tasman District Council (TDC) for the operation of the Nelson Regional Economic Development Agency (NREDA) and Tourism Nelson Tasman Ltd (TNTL). Formerly TDC paid those entities directly.

Corresponding unbudgeted \$400,000 expense has been recorded as operating grants. At year end \$415,000 of grants to the EDA were recovered and transferred to reserves as part of the transition to the new Nelson Regional Development Agency (NRDA).





# CORPORATE

## ABOUT COUNCIL CORPORATE ACTIVITIES

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

Council's corporate activities include:

- Cost of democracy including meetings, publicity, councillor costs and elections
- Management of investments including rental properties, forestry, Civic House, the Port Company, Airport and Nelmac
- Council Controlled Organisations
- The Ridgeway subdivision
- Long-term planning, strategy development and policy
- Organisational assurance
- Financial reserves
- Emergency Response Fund.

## HIGHLIGHTS FOR 2015/16

During 2015/16, Council consulted on its Annual Plan 2016/17. A total of 620 submissions were received and Council adopted the Annual Plan on 2 June.

Council prioritised sound financial management and tracked performance over the year, including operating budgets, significant individual capital projects and total capital budget. This is reported to Council's Audit Risk and Finance Sub-Committee meetings. Council operated within the borrowing and rates limits, set in the Financial Strategy during 2015/16.

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.

Customer satisfaction for the 2015/16 year was measured by a survey of customers who used Council services during the year. 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.

There were approximately 40 contacts between Council and the Office of the Ombudsman, this includes letters or emails where an exchange of information took place and/or the notification by the Ombudsman of provisional and final opinions.

Not all complaints were completed by the Ombudsman during the year. Three are still ongoing. In two complaints, the Ombudsman upheld that Council was right to withhold information.

There has been 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.

Health and Safety was a Council focus in 2015/16 with the Health and Safety at Work Act 2015 coming into force on 4 April 2016. The Health and Safety Management Systems Governance Charter and Strategic Plan for Health and Safety were approved and Health and Safety Policy and Management System Standards were updated. New resources were employed to administer the Health and Safety Management System.

There has also been a Council focus in the organisational assurance and risk management area.



The Risk Management Framework was approved by the Audit, Risk and Finance Subcommittee in October 2015. Key risks facing the Council have been identified and risks are now being considered in the preparation of reports. Risk registers are now in place for each business unit and key risks are being reported quarterly to the Audit, Risk and Finance subcommittee. Organisational business case development has also seen a focus on identification of risks and the potential impact of those on projects.

Internal Audit began, with four reviews: controls in Electronic Purchase Orders, IT Systems controls, Segregation of Duties and Payroll.

The recognition of officer performance through national awards (Nelson-Marlborough Contractors' Federation Awards recognised the contribution of staff to four projects which won awards, including the Supreme Award; and the TRAFINZ award for improving safety around getting to and from school) has demonstrated commitment from both governors and officers to great outcomes for Nelson.

Council is required under section 17A 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. Reviews must consider options for the governance, funding and delivery of all Council services by 7 August 2017. In 2015/16, the approach for undertaking section 17A reviews was approved, a template for reviews developed, and a timeline of scheduled reviews prepared. Reviews have been undertaken for the crematorium, strategic policy, resource management planning and bylaws, community housing (management), hardstand and travel lift (Akersten Street) and swimming pools. A further four reviews were prepared during 2015/16 and will be reported to the Governance Committee in early 2016/17. Remaining section 17A reviews are in progress or scheduled.

A submissions database, developed by Tasman District Council, was introduced in March, used for public consultation and engagement.

Council has completed seismic assessment of Council owned buildings. Six of these buildings have a section 124 notice in respect to earthquake prone buildings. Work has commenced on Isel House and is planned for the Refinery.

During 2015/16, 1,960 rates rebates interviews were completed at Civic House, in the community and in people's homes.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's corporate activities contributed to achieving the following community outcomes over the year.

Community outcomes	Contribution
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Council works together with community and regional partners. The needs of future generations are considered in all its decisions and our youth are mentored and encouraged to take on leadership roles. Community input to Council's decision making is facilitated by inclusive consultation.
Our infrastructure is efficient, cost effective and meets current and future needs	Council seeks to apply sustainable energy use practices in its activities.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 1 of the Nelson Long Term Plan 2015-25

What Council will provide	Performance measures	Targets	Results 2015/16
Effective and impartial election administration service that meets or exceeds legislative requirements.	Completion of election processes in 2013, 2016 and 2019.	No target for 2015/16.	Not applicable as there was no election in 2015/16. The last election was held in 2013. Work was undertaken in 2015/16 in preparation for the 2016 election.
Effective engagement and consultation.	Resident satisfaction.	Maintain or improve on 2014 results.	37% of residents are satisfied or very satisfied with their opportunities for feedback <sup>13</sup> . This is a decrease from 2014, when 53% of residents were satisfied or very satisfied. There was no residents' survey undertaken in 2014/15.
Council Controlled Organisations (CCOs) that deliver net benefit to the community.	Refer to the CCO section of the Long Term Plan 2015-25 for specific measures for each CCO.	Council satisfied with attainment of six monthly CCO targets for all SOs.	Council is satisfied with the performance results from CCOs.  Individual measures are contained within the CCO section.  Council was also satisfied with the performance results from CCOs in 2014/15 and this was reported on in the 2014/15 Annual Report.
Promote Māori participation in resource management and decision-making.	Level of Iwi/ Māori representatives' satisfaction with participation opportunities.	At least 90% satisfied or very satisfied.  Maintain or improve on 2015 results.	The survey in 2015/16 had a low response rate.  Those that responded said that they were 'satisfied' with opportunities to participate in decision-making processes.  There was also a low response rate to the survey in 2014/15 however 2015/16 results show improvement in satisfaction.

<sup>13</sup> 2016 Residents' Survey responses.

## FINANCIAL PERFORMANCE – CORPORATE

### Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	935	(1,550)	(635)
Targeted rates	0	0	0
Subsidies and grants for operating purposes	2	5	7
Fees and charges	0	0	0
Internal charges and overheads recovered	10,916	10,193	9,563
Local authorities fuel tax, fines, infringement fees, and other receipts	4,010	4,546	4,884
<b>Total operating funding</b>	<b>15,863</b>	<b>13,194</b>	<b>13,819</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,913	5,818	6,179
Finance costs	5,685	4,482	3,739
Internal charges and overheads applied*	1,261	1,204	1,402
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>13,859</b>	<b>11,504</b>	<b>11,320</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>2,004</b>	<b>1,690</b>	<b>2,499</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	1,573	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	16,846	38,605	7,089
Gross proceeds from sale of assets	0	0	34
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>18,419</b>	<b>38,605</b>	<b>7,123</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	133	861	284
- to improve level of service	138	1,542	262
- to replace existing assets	850	1,648	749
Increase (decrease) in reserves	1,641	(377)	(5,404)
Increase (decrease) in investments	17,661	36,621	13,731
<b>Total applications of capital funding</b>	<b>20,423</b>	<b>40,295</b>	<b>9,622</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(2,004)</b>	<b>(1,690)</b>	<b>(2,499)</b>
Funding balance	0	0	0

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



## Reconciliation between the Net Surplus/(Deficit) in the Cost of Service Statement and Surplus/(Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2015 (\$000)	Long Term Plan 2016 (\$000)	Actual 2016 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,004	1,690	2,499
Subsidies and grants for capital expenditure	1,573	0	0
Development and financial contributions	0	0	0
Vested assets	8,134	3,051	0
Gains/(losses) on disposal	0	0	(74)
Depreciation	(1,327)	(1,527)	(1,413)
Targeted capital rates	0	0	0
Non cash write ups and gains on revaluation	0	0	533
Non cash write downs and losses on revaluation	0	0	(4,567)
<b>Net Surplus/(Deficit) before taxation in Statement of Financial Performance</b>	<b>10,384</b>	<b>3,214</b>	<b>(3,022)</b>

### Funding Impact Statement Variances against Budget

Internal interest received was less than anticipated as internal borrowings were less than expected and interest rates more favourable than forecast.

Dividends received from Port Nelson Ltd were \$300,000 higher than anticipated.

Payments to suppliers and staff \$361,000 more than budget. This is staff costs, reflecting a different distribution of staff time than that anticipated in the LTP.

Finance costs were less than anticipated as internal borrowings were less than expected and interest rates more favourable than forecast.

Capital expenditure was \$2.8 million less than budgeted. \$1.1 million budgeted renewals and upgrades to Civic House have been delayed, and the \$355k of budget for buildings earthquake remediation was applied in other activities. Budgets totalling \$699k for land purchases and rental property renewals were not required. \$404,000 of IT budget has been carried forward into 2016/17.

The differences in investment and debt movements reflect the reduced requirement for internal borrowings from other activities and are offset by increases in reserves.

Non cash gains are revaluations of forestry and investment property assets.

Non-cash losses are revaluations of interest rate swaps.

More detail on variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.



## FINANCIAL INFORMATION



Summary of capital  
expenditure over \$100,000

Nelson City Council Financial Statements –  
Year ended 30 June 2016

Financial prudence

Notes to Accounts

Performance of Council  
owned companies

## SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000

Project	Carry over 2014/15 (\$000)	Estimate 2015/16 (\$000)	Available 2015/16 (\$000)	Actual 2015/16 (\$000)
<b>Transport</b>				
<b>Roads: Subsidised</b>				
Bishopdale to The Ridgeway shared path	96	289	385	348
Cable Bay rehabilitation	0	0	0	268
Drainage renewals	0	100	100	115
Gloucester Street connections	206	0	206	6
Lighting renewal	0	0	0	254
Maitai shared path (Collingwood to Nile Street)	(21)	600	579	19
Manuka St minor improvements	0	0	0	133
Maori Road retaining wall	0	0	0	197
Minor improvements	0	650	650	3
Railway Reserve to CBD (Stg II via St Vincent Street)	33	160	193	5
Railway Reserve/Princess Drive extension overbridge	0	104	104	0
Retaining walls replacement	0	0	0	169
Sealed road pavement rehabilitation	0	450	450	322
Sealed road resurfacing	0	1,326	1,326	951
Structures component replacement	0	307	307	0
Traffic services renewals	0	405	405	0
Walk cycle schools package	(3)	150	147	0
Wood to Intermediate part C, via colleges	23	100	123	3
<b>Roads: Unsubsidised</b>				
Renewals footpaths	(28)	300	272	371
Rocks Road cycling and walking project	0	390	390	0
Tasman Street (Nile to Bronte Street)	286	70	356	450
Todd Bush Road	0	600	600	218
Vested assets	0	0	0	4,803
<b>Inner City Enhancement - Car Parks</b>				
Bridge Street enhancement	17	132	149	14
Parking Strategy implementation	0	270	270	30
Transport Projects under \$100,000	138	1,118	1,256	1,017
<b>Total Transport</b>	<b>748</b>	<b>7,521</b>	<b>8,269</b>	<b>9,695</b>

### Water Supply

Backflow prevention	0	150	150	150
Commercial meters	0	185	185	179
Hampden Street East Little Go Stream	0	500	500	82
Maitai Pipeline (water treatment plant to Westbrook Terrace)	0	2,118	2,118	2,065
Maitai resource consent renewal	0	200	200	165
Marsden Road	0	0	0	233

Project	Carry over 2014/15 (\$000)	Estimate 2015/16 (\$000)	Available 2015/16 (\$000)	Actual 2015/16 (\$000)
<b>Water Supply continued...</b>				
Nayland Road	0	0	0	201
New membrane (Train 5)	53	1,066	1,119	1,221
Roding resource consent renewal	30	200	230	169
Vested assets	0	0	0	721
Water loss reduction program	0	200	200	2
Water pipes	0	544	544	41
Water treatment plant renewals	0	246	246	215
Water Supply Projects under \$100,000	5	1,251	1,256	521
<b>Total Water Supply</b>	<b>88</b>	<b>6,660</b>	<b>6,749</b>	<b>5,966</b>

### Wastewater

Beatson Road	115	50	165	250
Corder Park pump station	495	3,650	4,145	3,613
Hampden Street East/Little Go Stream	0	250	250	140
Neale Park pump station	20	353	373	335
Nelson Regional Sewerage growth	0	618	618	70
Nelson Regional Sewerage renewals	0	359	359	397
Ngawhatu Valley trunk main - Stage 2	(53)	335	282	3
Renewals pump stations	0	130	130	119
Renewal: Atawhai rising main	130	0	130	0
Vested assets	0	0	0	478
Wastewater pipe renewals	0	300	300	0
Wastewater Projects under \$100,000	39	694	732	385
<b>Total Wastewater</b>	<b>746</b>	<b>6,738</b>	<b>7,484</b>	<b>5,791</b>

### Stormwater

Montcalm/Arrow/Washington Valley/Hastings Street	17	180	197	307
Stanley/Beachville Crescent	12	264	276	223
Stansell Avenue private / public drains	0	139	139	6
Tasman Street (Bronte Street-Nile Street-Manuka Street)	9	0	9	105
Vested assets	0	0	0	1,221
Wastney Terrace private drain program	10	882	891	78
Stormwater Projects under \$100,000	80	1,133	1,212	780
<b>Total Stormwater</b>	<b>127</b>	<b>2,597</b>	<b>2,724</b>	<b>2,720</b>

*Table continued >*



Project	Carry over 2014/15 (\$000)	Estimate 2015/16 (\$000)	Available 2015/16 (\$000)	Actual 2015/16 (\$000)
<b>Flood Protection</b>				
Flood mitigation	119	748	867	520
Hampden St East/Little Go Stream - Stage 2	0	4,000	4,000	568
Inventory of urban streams	0	600	600	273
Maitai upgrade and enhancement	24	100	124	7
Orphanage Stream upgrade	(16)	608	592	412
Saxton Creek upgrade	51	2,874	2,925	1,446
Saxton Creek upgrade land purchase	0	0	0	199
York Stream channel upgrade	(5)	750	745	576
Flood Protection Projects under \$100,000	55	599	654	540
<b>Total Flood Protection</b>	<b>228</b>	<b>10,278</b>	<b>10,506</b>	<b>4,541</b>

### Environmental Management

<b>York Valley Landfill</b>				
York Valley weighbridge	0	493	493	362
<b>Monitoring The Environment</b>				
Project Maitai/Mahitahi	0	200	200	146
Environmental Management Projects under \$100,000	18	216	234	224
<b>Total Environmental Management</b>	<b>18</b>	<b>909</b>	<b>927</b>	<b>732</b>

### Social

<b>Heritage and Arts Planning</b>				
Art works programme	0	175	175	26
<b>Suter Gallery</b>				
Suter Redevelopment	379	2,403	2,782	6,882
<b>Libraries</b>				
Book purchases	(12)	388	376	363
<b>Crematorium</b>				
Reline large cremator	0	120	120	133
<b>Stoke Community Centre</b>				
Stoke sports & community facility	0	1,100	1,100	851
<b>Community Properties</b>				
Pacific Building purchase	0	140	140	90
Social Projects under \$100,000	69	717	786	872
<b>Total Social</b>	<b>437</b>	<b>5,043</b>	<b>5,480</b>	<b>9,218</b>

### Parks and Active Recreation

<b>Neighbourhood Parks</b>				
Land purchase: general reserve	409	636	1,045	715



Project	Carry over 2014/15 (\$000)	Estimate 2015/16 (\$000)	Available 2015/16 (\$000)	Actual 2015/16 (\$000)
<b>Parks and Active Recreation continued...</b>				
<b>Esplanade &amp; Foreshore Reserves</b>				
Esplanade & foreshore planting program	0	100	100	124
Modellers pond solution	35	1,000	1,035	95
Tahuna Reserve development plan	0	128	128	25
<b>Sports Parks</b>				
Rutherford/Trafalgar Park development	65	2,385	2,450	1,268
<b>Trafalgar Centre</b>				
Trafalgar Centre reopening	(202)	9,534	9,333	8,658
<b>Saxton Field Stadium</b>				
Lift renewal	0	150	150	5
<b>Pools</b>				
Nayland improvements	0	153	153	16
Riverside renewals	0	25	25	123
<b>Marina</b>				
Marina hardstand	0	0	0	1,664
<b>Saxton Field</b>				
Land purchase (Daelyn)	689	0	689	5
Walkways/cycleways	106	110	216	36
Parks & Active Recreation Projects under \$100,000	96	2,257	2,354	1,700
<b>Total Parks and Active Recreation</b>	<b>1,199</b>	<b>16,478</b>	<b>17,677</b>	<b>14,433</b>
<b>Corporate</b>				
<b>Civic House</b>				
Air conditioning	0	150	150	6
Earthquake prone buildings remediation	0	419	419	7
Floor 1 upgrade	(10)	435	425	13
Renewal programme	0	110	110	13
Veranda renewal	0	350	350	0
<b>Rental Properties</b>				
Hunter Furniture roof renewal	0	200	200	0
Strategic land purchases	0	500	500	0
<b>Administration</b>				
Call centre telephony upgrade	0	70	70	109
Computer desktops	0	125	125	117
Core systems enhancement	60	390	450	198
Elevation data for key areas	0	150	150	84
Motor vehicles	0	112	112	88
Single customer database	0	118	118	144
Corporate Projects under \$100,000	189	920	1,109	517
<b>Total Corporate</b>	<b>239</b>	<b>4,049</b>	<b>4,288</b>	<b>1,295</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>3,830</b>	<b>60,273</b>	<b>64,102</b>	<b>54,392</b>



# NELSON CITY COUCL FINANCIAL STATEMENTS – YEAR ENDED 30 JUNE 2016

## Statement of comprehensive revenue and expense for the year ended 30 June 2016

	Note	Council			Group	
		Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Rates	3	57,324	53,364	50,650	57,324	50,650
Fees and charges	5	24,710	29,001	28,443	35,606	37,920
Subsidies and grants	4	5,208	5,184	6,716	9,021	8,357
Finance income	9	39	32	82	155	228
Other revenue	5	16,555	11,221	14,452	13,471	10,909
Other gains/(losses)	6	(3,238)	-	(3,619)	(3,199)	(2,496)
<b>Total revenue</b>		<b>100,598</b>	<b>98,802</b>	<b>96,724</b>	<b>112,378</b>	<b>105,568</b>
Personnel costs	8	(16,249)	(16,809)	(15,549)	(30,524)	(28,705)
Depreciation and amortisation expense	18,19	(21,903)	(21,727)	(21,143)	(22,931)	(22,181)
Other expenses	7	(45,923)	(51,092)	(47,415)	(41,972)	(44,539)
Finance costs	9	(3,834)	(5,092)	(3,668)	(3,903)	(3,740)
<b>Total operating expenditure</b>		<b>(87,909)</b>	<b>(94,720)</b>	<b>(87,775)</b>	<b>(99,330)</b>	<b>(99,165)</b>
Share of associate's surplus	24	-	-	-	3,052	3,924
<b>Surplus before tax</b>		<b>12,689</b>	<b>4,082</b>	<b>8,949</b>	<b>16,100</b>	<b>10,327</b>
Income tax expense	10	-	-	-	(280)	(308)
<b>Surplus after tax</b>		<b>12,689</b>	<b>4,082</b>	<b>8,949</b>	<b>15,820</b>	<b>10,019</b>
<b>Other comprehensive revenue</b>						
Gain on property revaluations	30	3,590	18,671	11,051	3,590	11,051
Share of associate's revaluations	24	-	-	-	17,272	(274)
<b>Total other comprehensive revenue</b>		<b>3,590</b>	<b>18,671</b>	<b>11,051</b>	<b>20,862</b>	<b>10,777</b>
<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>

Explanations of major variances against budget are provided in note 39.

The accompanying notes forms part of these Financial Statements.



## Statements of financial position as at 30 June 2016

	Note	Council			Group	
		Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Current assets</b>						
Cash and cash equivalents	12	2,443	235	372	3,418	1,759
Trade and other receivables	13	12,397	10,861	11,182	14,345	12,398
Derivative financial instruments	17	-	15	95	-	95
Other financial assets	16	744	-	768	3,798	5,069
Inventories	15	118	87	128	945	875
Current tax receivables	14	-	-	-	14	10
<b>Total current assets</b>		<b>15,702</b>	<b>11,198</b>	<b>12,545</b>	<b>22,520</b>	<b>20,206</b>
<b>Non current assets</b>						
Derivative financial instruments	17	-	1,011	-	-	-
Investments accounted for using the equity method	24	36,663	23,140	18,830	122,052	85,907
Other financial assets	16	5,003	623	5,207	5,150	6,011
Property, plant and equipment	18	1,387,198	1,426,392	1,362,731	1,414,508	1,380,035
Intangible assets	19	2,367	1,771	1,682	2,690	2,034
Forestry assets	21	5,699	4,686	5,244	5,699	5,244
Investment property	22	1,060	1,003	980	1,060	980
Trade and other receivables	13	-	4,103	-	-	-
Investments in subsidiaries	23	8,353	8,353	2,353	-	-
Deferred tax assets	11	-	-	-	159	211
<b>Total non-current assets</b>		<b>1,446,343</b>	<b>1,471,082</b>	<b>1,397,027</b>	<b>1,551,318</b>	<b>1,480,422</b>
<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>1,500,628</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	26	17,696	13,732	12,589	20,981	16,103
Derivative financial instruments	17	7	27	39	7	39
Borrowings	27	21,400	45,541	9,916	21,400	9,918
Employee benefits liabilities	29	1,828	1,526	1,677	3,404	3,027
<b>Total current liabilities</b>		<b>40,931</b>	<b>60,826</b>	<b>24,221</b>	<b>45,792</b>	<b>29,087</b>
<b>Total current liabilities</b>						
Derivative financial instruments	17	8,405	595	3,901	8,405	3,901
Borrowings	27	60,000	73,960	62,860	61,900	64,510
Employee benefits liabilities	29	222	325	215	292	272
Provisions	28	1,244	1,178	1,185	1,244	1,185
Trade and other payables	26	819	-	878	819	904
Other non-current liabilities		-	-	-	102	-
<b>Total non current liabilities</b>		<b>70,690</b>	<b>76,058</b>	<b>69,039</b>	<b>72,762</b>	<b>70,772</b>
<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>Net assets</b>		<b>1,350,424</b>	<b>1,345,396</b>	<b>1,316,312</b>	<b>1,455,284</b>	<b>1,400,769</b>
<b>EQUITY</b>						
Accumulated funds	30	400,966	374,833	366,065	442,907	404,875
Other reserves	30	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>1,400,769</b>

The accompanying notes forms part of these Financial Statements.



## Statements of changes in equity for the year ended 30 June 2016

	Note	Council			Group	
		Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Balance as at 1 July</b>		1,316,312	1,322,643	1,296,312	1,400,769	1,379,905
Total comprehensive revenue previously reported		16,279	22,753	20,000	36,682	20,796
Recognition of Tourism Nelson Tasman equity on full acquisition		-	-	-	-	68
<b>Total comprehensive revenue as restated</b>		16,279	22,753	20,000	36,682	20,864
Transfer from asset revaluation reserve	30	17,833	-	-	17,833	-
<b>Balance at 30 June</b>	30	1,350,424	1,345,396	1,316,312	1,455,284	1,400,769



The accompanying notes forms part of these Financial Statements.

## Statement of cash flows for the year ended 30 June 2016

	Note	Council			Group	
		Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Cash Flows From Operating Activities</b>						
Receipts from rates revenue		66,522	64,894	50,650	66,522	50,650
Subsidies and grants received		5,408	5,183	-	6,977	-
Development and financial contributions received		2,827	2,405	2,915	2,827	2,405
Interest received		39	32	82	163	207
Dividends received		3,357	2,859	2,818	2,929	2,371
Receipts from other revenue		12,456	20,097	38,612	23,224	51,517
		90,609	95,470	95,077	102,642	107,150
Payments to suppliers		(38,837)	(49,748)	(63,349)	(34,954)	(72,303)
Payments to employees		(16,091)	(17,831)	-	(30,127)	-
Interest paid		(3,728)	(5,092)	(3,577)	(3,797)	(3,650)
Income tax paid		-	-	57	(320)	(266)
GST (net)		69	-	(10)	(510)	(118)
		(58,587)	(72,671)	(66,879)	(69,708)	(76,337)
<b>Net cash flow from operating activities</b>	31	32,022	22,799	28,198	32,934	30,813
<b>Cash flows from investing activities</b>						
Receipts from sale of property, plant, and equipment		6,472	21	243	7,202	1,565
Receipts from sale of investments		-	-	71	569	198
Repayment of community loans and advances		788	534	755	788	755
Cash introduced on acquisition of business combination		-	-	-	-	351
		7,260	555	1,069	8,559	2,869
Renewals		(7,402)	(12,368)	(29,775)	(7,454)	(34,000)
New capital works - growth		(4,048)	(6,147)	-	(4,048)	-
New capital works - increased level of service		(32,754)	(41,314)	-	(35,457)	-
Purchase of intangible assets		(1,232)	-	(443)	(1,292)	(518)
Investments in Council Controlled Organisations		-	(3,436)	-	-	-
Investments in LGFA borrower notes		(160)	(53)	-	(160)	-
Other investments		(214)	-	-	(255)	(581)
Community loans advanced		(25)	(25)	-	(25)	-
		(45,835)	(63,343)	(30,218)	(48,691)	(35,099)
<b>Net cash flow from investing activities</b>		(38,575)	(62,788)	(29,149)	(40,132)	(32,230)

The accompanying notes forms part of these Financial Statements.

*Table continued >*



	Note	Council			Group	
		Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Proceeds from borrowings		40,740	43,033	24,017	40,990	24,442
Repayment of borrowings		(32,116)	(3,000)	(23,032)	(32,133)	(23,037)
<b>Net cash flow from financing activities</b>		<b>8,624</b>	<b>40,033</b>	<b>985</b>	<b>8,857</b>	<b>1,405</b>
<b>Net (decrease)/increase in cash, cash equivalents, and bank overdrafts</b>		<b>2,071</b>	<b>44</b>	<b>34</b>	<b>1,659</b>	<b>(12)</b>
Cash, cash equivalents, and bank overdrafts at the beginning of the year		372	191	338	1,759	1,771
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b>12</b>	<b>2,443</b>	<b>235</b>	<b>372</b>	<b>3,418</b>	<b>1,759</b>

Explanations of major variances against budget are provided in note 39.



The accompanying notes forms part of these Financial Statements.

## Funding Impact Statement for the year ended 30 June 2016

	Annual Plan 2014/15 (\$000)	Annual Report 2014/15 (\$000)	Long Term Plan 2015/16 (\$000)	Annual Report 2015/16 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	39,105	39,227	41,220	41,547
Targeted rates	23,276	23,206	23,853	24,103
Subsidies and grants for operating purposes	3,274	3,375	2,676	3,200
Fees and charges	8,635	16,660	8,319	7,123
Interest and dividends from investments	2,873	3,658	2,891	3,188
Local authorities fuel tax, fines, infringement fees, and other receipts	10,897	3,274	11,880	12,111
<b>Total operating funding</b>	<b>88,060</b>	<b>89,400</b>	<b>90,839</b>	<b>91,272</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	65,841	61,605	67,901	61,590
Finance costs	5,106	3,668	5,092	3,834
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>70,947</b>	<b>65,273</b>	<b>72,993</b>	<b>65,424</b>
<b>Surplus (Deficit) of operating funding</b>	<b>17,113</b>	<b>24,127</b>	<b>17,846</b>	<b>25,848</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	11,677	3,340	2,507	1,947
Development and financial contributions	859	2,915	2,405	3,481
Increase (decrease) in debt	21,499	(373)	40,033	8,624
Gross proceeds from sale of assets	21	33	6,021	10,865
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>34,056</b>	<b>5,915</b>	<b>50,966</b>	<b>24,917</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	10,450	5,754	6,147	5,472
- to improve level of service	33,396	15,391	41,314	33,958
- to replace existing assets	11,419	9,691	12,814	7,888
Increase (decrease) in reserves	(6,768)	(110)	(377)	(1,851)
Increase (decrease) in investments	2,672	(684)	8,915	5,298
<b>Total applications of capital funding</b>	<b>51,169</b>	<b>30,042</b>	<b>68,812</b>	<b>50,765</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(17,113)</b>	<b>(24,127)</b>	<b>(17,846)</b>	<b>(25,848)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Reconciliation between the Surplus before tax in the Statement of Comprehensive Revenue and Expense and Surplus (Deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2014/15 (\$000)	Annual Report 2014/15 (\$000)	Annual Plan 2015/16 (\$000)	Annual Report 2015/16 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	17,113	24,127	17,846	25,848
Subsidies and grants for capital expenditure	11,677	3,340	2,507	2,006
Development and financial contributions	859	2,915	2,405	3,481
Vested Assets	3,000	4,644	3,051	7,224
Gain/(Loss) on Disposal of assets	0	(1,362)	0	(96)
Revaluation of Derivatives	0	(4,249)	0	(4,567)
Investment write-up	0	687	0	696
Investment write-down	0	(10)	0	0
Depreciation	(21,386)	(21,143)	(21,727)	(21,903)
Surplus before taxation in Statement of Comprehensive Revenue and Expense	11,263	8,949	4,082	12,689

The accompanying notes form part of these Financial Statements.  
 Explanations of significant variances against budget are detailed in note 39.



# FINANCIAL PRUDENCE

## Report on Financial Prudence Annual report disclosure statement for the year ending 30 June 2016

### What is the purpose of this statement?

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

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

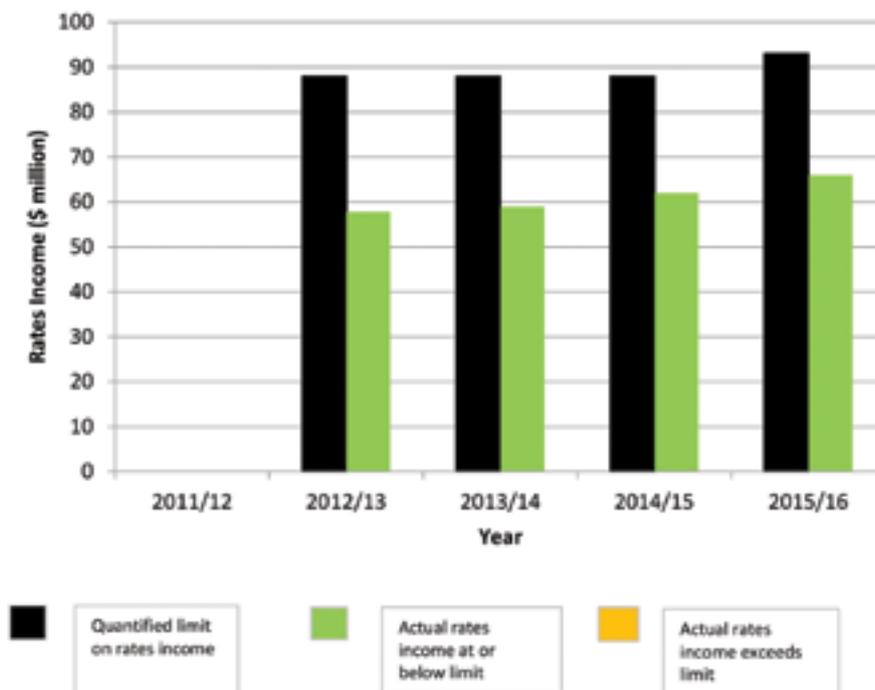
### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

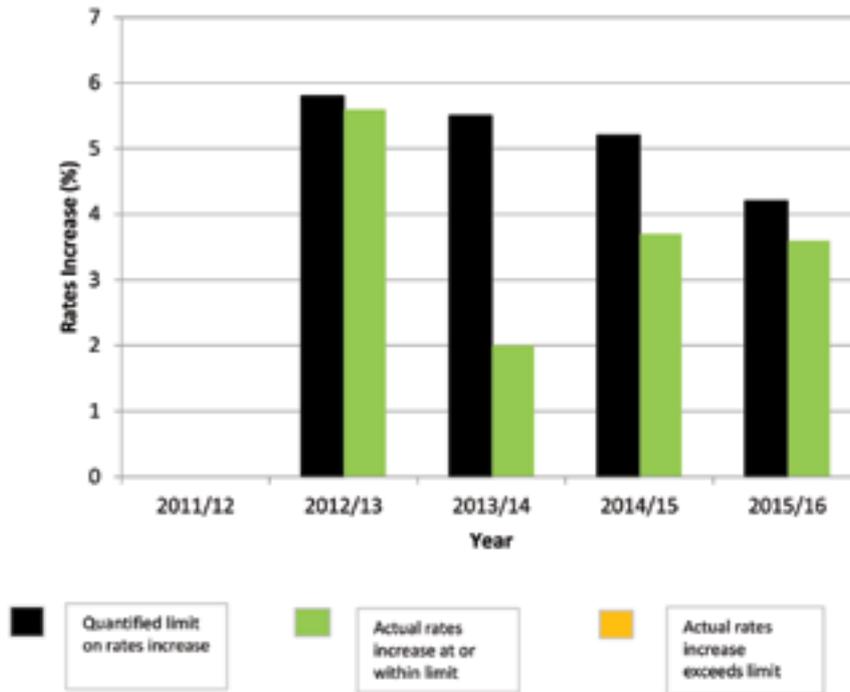
### Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long term plan. The quantified limit is \$93 million.



## Rates (increases) affordability

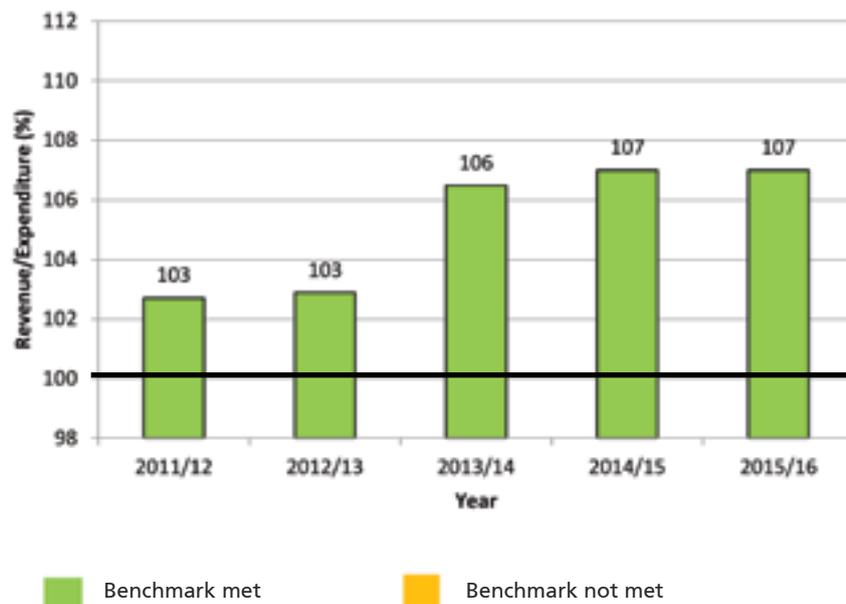
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan (LTP). The quantified limit is the local government cost index plus 2% for each year of the LTP.



## Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

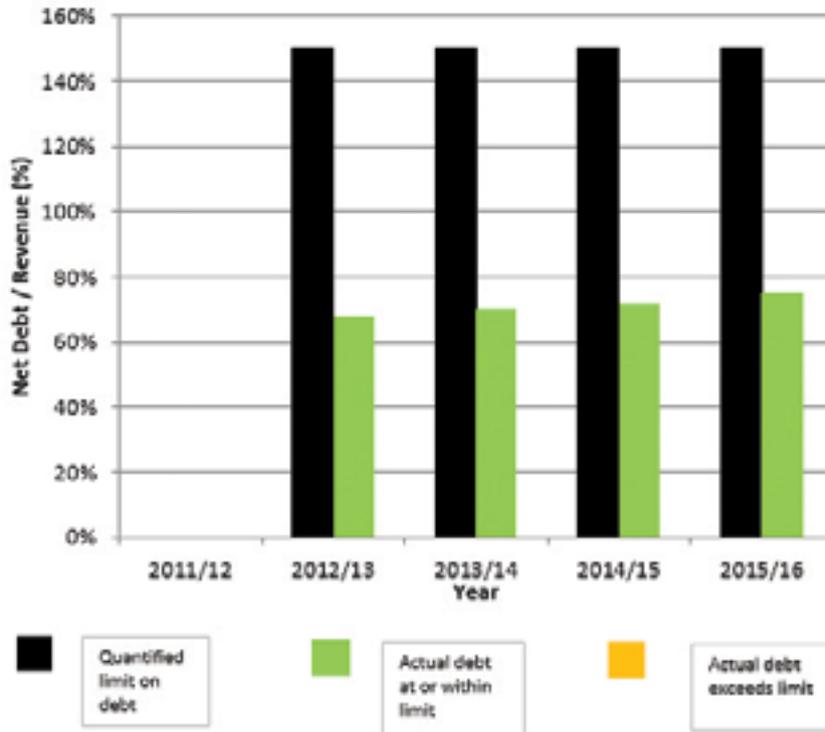
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



## Debt affordability benchmark

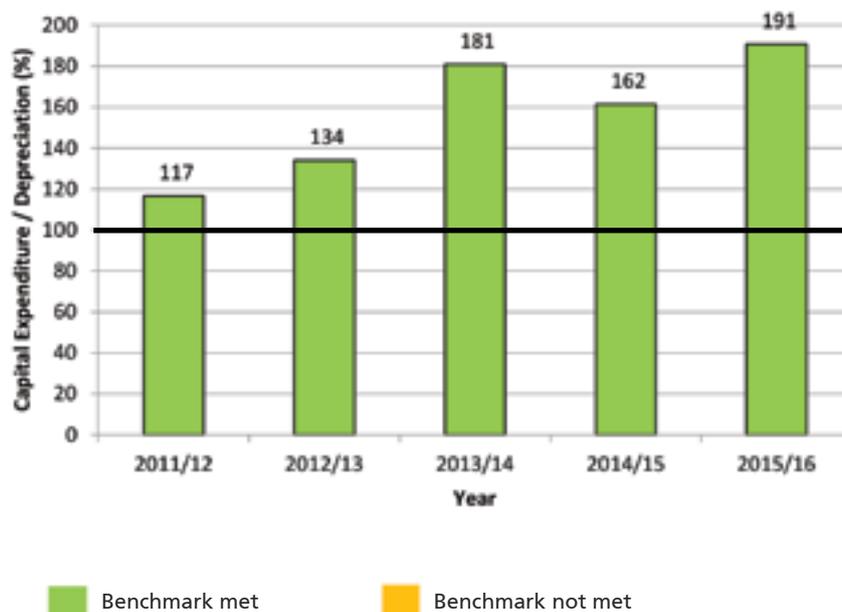
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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



## Essential services benchmark

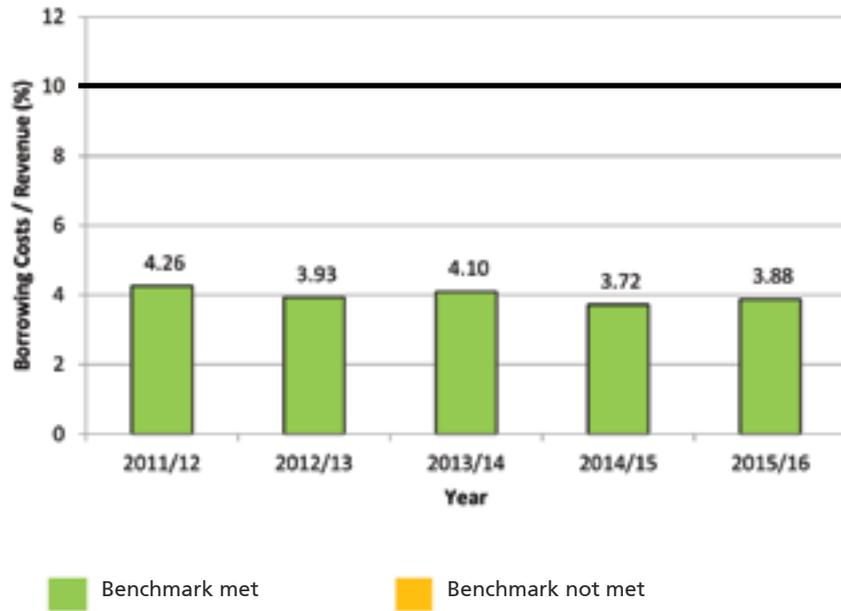
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

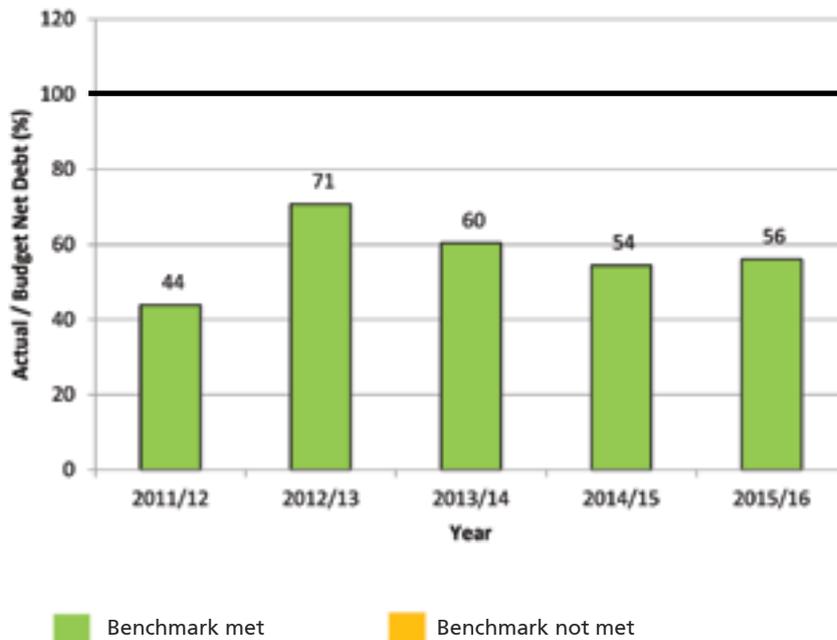
Because Statistics New Zealand projects the Council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## Debt control benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

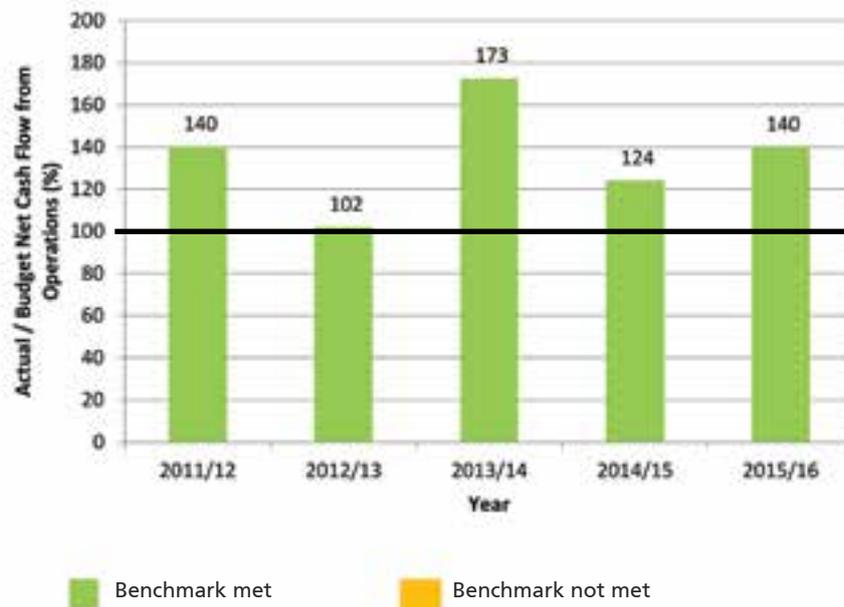
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## Operational control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# NOTES TO ACCOUNTS

## 1 Statement of accounting policies for the year ended 30 June 2016

### 1.1 Reporting entity

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

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

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

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

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

The financial statements of the Council and Group are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 27 October 2016.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

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

### Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

### Measurement base

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

### Functional and presentation currency

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

### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

## 2.2 Basis of consolidation

### Subsidiaries

The Council consolidates in the Group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.



Subsidiaries in which the Council has a controlling interest are consolidated by separate line by line aggregations of like items of assets, liabilities, equity, revenue, expense and cash flows into the consolidated financial statements. All significant inter entity transactions are eliminated upon consolidation. Nelmac Limited and Nelson Tasman Tourism are fully owned subsidiaries and have been consolidated on a line by line basis. The City of Nelson Civic Trust (Inc), The Bishop Suter Trust and the Nelson Regional Economic Development Agency (REDA) are controlled by Council via the appointment of a majority of the trustees. The Trusts and REDA have been consolidated on a line by line basis.

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

### **Associate entities**

The Council's associate investment is accounted for in the Group financial statements using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the Group's interest in the associate.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

As the Council does not have a controlling interest in any of the following, they have been accounted for using the equity method: Port Nelson Limited (PNL), Nelson Airport Limited, Tasman Bays Heritage Trust.

### **Joint ventures**

The Council does not have a controlling interest in the Nelson Regional Sewerage Business Unit (NRSBU), Nelson Tasman Combined Civil Defence Organisation or Ridgeway Joint Ventures. As these are not separate legal entities, Council has consolidated their share by line by line proportionate consolidation in the parent financial statements.

## **2.3 Revenue**

Revenue is measured at fair value.

### **Exchange and non exchange transactions**

An exchange transaction is one in which Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non exchange transactions are where Council receives value from another entity without giving approximately equal value in exchange.

The specific accounting policies for significant revenue items are explained below:

### **Rates revenue**

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

All rates with the exception of water by meter are non exchange transactions.

The following policies for rates have been applied:

- General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water by meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

### **Service and other**

Significant items of service and other income include:

#### **Government grants**

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. Government grants are generally non exchange transactions.



### **Provision of commercially based services**

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. These are exchange transactions and include rents and resource and building consents.

### **Vested assets**

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as income when control over the asset is obtained. This is non exchange revenue.

### **Sales of goods**

Revenue from the sale of goods is recognised when a product is sold to the customer. These are exchange transactions.

### **Traffic and parking infringements**

Revenue from traffic and parking infringements is recognised when paid. This income is non exchange revenue.

### **Interest and dividends**

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Interest and dividends are considered income from exchange transactions.

### **Development and financial contributions**

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service. Development and financial contributions are non exchange transactions.

### ***Housing New Zealand suspensory loan***

The Council considers the suspensory loan from Housing New Zealand is in substance a grant with conditions and has recognised the funds received as a liability and releases the liability to revenue on a straight line basis over the 20 year term of the agreement. This is in substance a non exchange transaction.

## **2.4 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

## **2.5 Foreign currency transactions**

Foreign currency transactions (including those for which forward foreign exchange contracts are held)

are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

## **2.6 Grant expenditure**

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

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

## **2.7 Leases**

### ***Operating leases***

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

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

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

## **2.8 Cash and cash equivalents**

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

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

## **2.9 Debtors and other receivables**

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

## **2.10 Derivative financial instruments**

The Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial



instruments are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently re measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The valuation at balance date was performed by Hedgebook Limited.

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are taken directly to the surplus or deficit for the year. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the agreement.

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

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

## 2.11 Property, plant and equipment

Property, plant, and equipment consist of:

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

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

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

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

### Revaluation

All asset classes are carried at depreciated historical cost with the exception of infrastructure assets (apart from land under roads) and land (operational and restricted). These are re valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material

difference, then the off cycle asset classes are revalued.

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

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

### Additions

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

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

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

### Disposals

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

### Subsequent costs

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

### Depreciation

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

Class of PP&E	Estimated useful life (years)
<b>Operational assets</b>	
Buildings	50 - 100
Marina	30 - 50
Improvements	Nil-20
Plant and equipment	2 - 30
Motor vehicles	7
Library books	3 - 10
<b>Restricted assets</b>	
Buildings	50 - 100
Improvements	Nil - 20
<b>Infrastructural assets</b>	
Roading network	
Surfacing (sealed)	1 - 50
Surfacing (unsealed)	n/a
Basecourse	5 - 80
Sub-base	n/a
Formation	n/a
Culverts	60 - 90
Footpaths	5 - 100
Signs	15
Streetlights	20 - 60
Bridges	20 - 100
Retaining walls	30 - 100
Water system	
Pipeline	55 - 120
Manholes	58 - 110
Reservoirs and tanks	100
Dams	10 - 200
Sewerage system	
Pipes	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation ponds	15 - 151
Stormwater and flood protection	
Pipeline	50 - 90
Manholes	90
Bank protection	25 - 100
Solid waste	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24



## 2.12 Biological assets

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2016. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

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

## 2.13 Intangible assets

### *Software acquisition and development*

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

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

Staff training costs are recognised in the surplus or deficit when incurred.

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

### *Amortisation*

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

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

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

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

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its

recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

## 2.15 Inventory

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

## 2.16 Work in progress

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

## 2.17 Investment property

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

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

## 2.18 Other financial assets

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

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

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

- fair value through surplus or deficit;
- loans and receivables;



- held to maturity investments; and
- fair value through other comprehensive income.

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

### **Financial assets at fair value through surplus or deficit**

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

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

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

### **Loans and receivables**

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

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

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

### **Held to maturity investments**

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

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

### **Fair value through other comprehensive revenue and expense**

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

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

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

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

## **2.19 Impairment of financial assets**

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

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

Impairment in term deposits, stock, government bonds, and loans, are recognised directly against the instrument's carrying amount.

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

### **Financial assets at fair value through other comprehensive revenue and expense**

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

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

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

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

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

## **2.20 Borrowings**

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

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

## **2.21 Creditors and other payables**

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

## **2.22 Employee entitlements**

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Provision has been made for annual leave due and retirement gratuities calculated on an actual entitlement basis at current rates of pay. The provision for long service leave is based on an actuarial calculation.

### **Superannuation schemes**

#### **Defined contribution schemes**

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

## **2.23 Provisions**

As operator of the York Valley landfill, the Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure. This provision is calculated on the basis of discounting closure and post closure costs into present day values. The calculation assumes no change in the resource consent conditions for closure and post closure treatment.

## **2.24 Income tax**

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

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

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset



or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

## 2.25 Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

## 2.26 Budget figures

The budget figures are those approved by the Entity in its 2015-25 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

## 2.27 Cost allocation

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

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

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

## 2.28 Equity

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

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

### *Restricted reserves*

Restricted reserves are those subject to specific conditions accepted as binding by the Entity and which may not be revised by the Entity without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

### *Council created reserves*

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

### *Revaluation reserves*

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

## 2.29 Critical accounting estimates and assumptions

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

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



### Landfill aftercare provision

An analysis of the exposure of the City Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision is presented in note 28.

### Infrastructural assets

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

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

be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

The revaluation of infrastructural assets is carried out in house by council engineering staff, and is then peer reviewed by experienced independent valuers.

## 3 Rates income

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
General rates	33,752	31,890	33,752	31,890
Uniform annual general charge	8,076	7,619	8,076	7,619
<b>Total general rates income</b>	<b>41,828</b>	<b>39,509</b>	<b>41,828</b>	<b>39,509</b>
Sewerage	7,129	7,036	7,129	7,036
Water fixed charge	3,570	-	3,570	-
Stormwater	4,298	3,876	4,298	3,876
Flood protection	738	459	738	459
Solar saver	42	52	42	52
<b>Total targeted rates income</b>	<b>15,777</b>	<b>11,423</b>	<b>15,777</b>	<b>11,423</b>
Less: Rate remissions	(281)	(282)	(281)	(282)
<b>Total rates, excluding metered water supply rates</b>	<b>57,324</b>	<b>50,650</b>	<b>57,324</b>	<b>50,650</b>



	Council	
	2016	2015
	\$000	\$000
Rates	57,324	50,650
Metered water supply rates	8,326	11,783
<b>Total annual rates income</b>	<b>65,650</b>	<b>62,433</b>

### Rates remissions

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

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

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Total gross rates, excluding targeted water supply rates	54,035	50,932	54,035	50,932
<b>Rates remissions:</b>	(78)	(77)	(78)	(77)
Community, sporting and other organisations	(42)	(39)	(42)	(39)
Rates penalties remitted	(10)	(9)	(10)	(9)
Rates for residential properties in commercial/industrial areas	(25)	(26)	(25)	(26)
Rates on cemeteries	(1)	(1)	(1)	(1)
Rates on low value properties	(66)	(67)	(66)	(67)
Heritage	(52)	(54)	(52)	(54)
Clean heat warm homes	(2)	(1)	(2)	(1)
Dependant relative	(5)	(8)	(5)	(8)
Land affected by natural calamity	-	-	-	-
<b>Total remissions</b>	<b>(281)</b>	<b>(282)</b>	<b>(281)</b>	<b>(282)</b>
Rates (net of remissions), excluding targeted water supply rates	53,754	50,650	53,754	50,650

### Rating base information

Under the Local Government Act 2002, Council is required to disclose the following information, as at 30 June 2015:

Number of rating units:	21,872
Capital value of rating units (\$million):	10,275
Land value of rating units (\$million):	4,817



## 4 Subsidies and grants

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
NZ Transport Authority grants	3,711	5,064	3,711	5,064
Housing NZ suspensory loan	59	59	59	59
Other central government grants	381	441	381	441
Other capital grants	271	138	3,543	749
Other operating grants	786	1,014	1,327	2,044
<b>Total subsidies and grants</b>	<b>5,208</b>	<b>6,716</b>	<b>9,021</b>	<b>8,357</b>

## 5 Other revenue

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Regulatory revenue	3,827	3,030	3,827	3,030
Sales of goods and services	7,303	8,331	18,171	17,776
Rents received	5,254	5,299	5,282	5,331
Water by meter	8,326	11,783	8,326	11,783
<b>Total fees and charges</b>	<b>24,710</b>	<b>28,443</b>	<b>35,606</b>	<b>37,920</b>
Infringements and fines	907	1,016	907	1,016
Petrol tax	344	338	344	338
Development/financial contributions	3,481	2,923	3,481	2,923
Vested assets	7,224	4,644	7,268	4,675
Dividends	3,149	3,576	21	-
Insurance proceeds	(71)	515	(71)	515
Other income	1,521	1,440	1,521	1,442
<b>Total other revenue</b>	<b>16,555</b>	<b>14,452</b>	<b>13,471</b>	<b>10,909</b>

## 6 Other gains/(losses)

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Gain/(loss) on sale of property, plant and equipment	484	2	523	990
Gain on changes in fair value of investment property	80	20	80	20
Foreign exchange gains (net)	54	95	54	95
Interest rate swap gains (net)	(4,472)	(4,344)	(4,472)	(4,344)
Fair value gain	616	608	616	743
<b>Total gains/(losses)</b>	<b>(3,238)</b>	<b>(3,619)</b>	<b>(3,199)</b>	<b>(2,496)</b>

## 7 Other expenses

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Fees to auditors:				
- Audit fees for financial statements audit	135	127	221	216
- Audit fees for amendments to Long Term Plan	-	81	-	81
- Audit fees for other services	-	2	-	2
Service provision	17,287	16,739	13,009	11,514
Impairment of receivables	9	12	9	12
Minimum lease payments under operating leases	241	156	469	470
Professional services fees / legal fees	1,516	1,899	1,516	1,899
Repairs and maintenance expenses	19,310	18,123	19,317	18,139
Other operating expenses	4,107	5,984	4,110	6,180
Electricity	1,675	1,740	1,675	1,740
Insurance	1,062	1,190	1,062	1,190
Loss on disposal of property, plant and equipment	581	1,362	584	3,096
<b>Total other expenses</b>	<b>45,923</b>	<b>47,415</b>	<b>41,972</b>	<b>44,539</b>

Audit fees of \$10,530 paid by the Bishop Suter Trust for 2016 were paid separately to their auditors Crowe Horwath.

Service provision refers to the external costs of delivering certain services and events to the community. These costs are often by means of a contract or a subsidy for: services such as public

transport, wastewater, economic development, civil defence, and many regulatory activities; grants and subsidies for organisations including the museum, Natureland, Theatre Royal, and School of Music; and events such as international cricket fixtures and festivals.

## 8 Personnel costs

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Salaries and wages	15,611	14,973	29,307	28,076
Kiwisaver/superannuation schemes employer contributions	482	468	821	494
Increase/(decrease) in employee entitlements/liabilities	156	108	396	135
<b>Total personnel costs</b>	<b>16,249</b>	<b>15,549</b>	<b>30,524</b>	<b>28,705</b>



## 9 Finance income and finance costs

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Finance income</b>				
Interest on interest rate swaps	-	24	-	24
Other interest received	39	58	155	204
<b>Total finance income</b>	<b>39</b>	<b>82</b>	<b>155</b>	<b>228</b>
Interest on floating rate borrowings (note 27)	2,581	2,866	2,650	2,938
Interest on interest rate swaps	1,205	635	1,205	635
Other finance costs	48	167	48	167
<b>Total finance costs</b>	<b>(3,834)</b>	<b>(3,668)</b>	<b>(3,903)</b>	<b>(3,740)</b>
<b>Net finance costs</b>	<b>(3,795)</b>	<b>(3,586)</b>	<b>(3,748)</b>	<b>(3,512)</b>

## 10 Income tax

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Components of tax expense</b>				
Current tax	-	-	228	330
Deferred tax	-	-	52	(22)
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>280</b>	<b>308</b>
<b>Relationship between tax expense and accounting profit</b>				
Surplus/(deficit) before tax	12,689	8,949	16,100	10,327
Tax at 28%	3,553	2,506	4,508	2,892
Plus/(less) tax effect of: Non taxable income/adjustments	(3,553)	(2,506)	(4,228)	(2,584)
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>280</b>	<b>308</b>

## 11 Deferred tax assets/(liabilities)

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>The balance comprises temporary differences attributable to:</b>				
Employee benefits	-	-	269	266
Property, plant and equipment	-	-	(107)	(48)
Provisions	-	-	1	24
Other	-	-	(4)	(31)
<b>Total deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>211</b>

*Table continued >*



	PP&E (\$000)	Other (\$000)	Tax losses carried forward (\$000)	Total (\$000)
<b>Group</b>				
Opening balance 1 July 2014	(38)	222	-	184
Credited (charged) to other comprehensive income	(10)	37	-	27
<b>Balance at 30 June 2015</b>	<b>(48)</b>	<b>259</b>	<b>-</b>	<b>211</b>
Opening balance 1 July 2015	(48)	259	-	211
Credited (charged) to other comprehensive income	(59)	7	-	(52)
<b>Balance at 30 June 2016</b>	<b>(107)</b>	<b>266</b>	<b>-</b>	<b>159</b>

## 12 Cash and cash equivalents

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Cash at bank and in hand	2,443	372	3,184	1,736
Short term deposits maturing three months or less from date of acquisitions	-	-	234	23
<b>Total cash and cash equivalents</b>	<b>2,443</b>	<b>372</b>	<b>3,418</b>	<b>1,759</b>

**(a) Cash at bank and on hand**

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value.

**(b) Deposits at call**

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

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Cash at bank and in hand	2,443	372	3,184	1,736
Short term deposits maturing three months or less from date of acquisitions	-	-	234	23
<b>Total</b>	<b>2,443</b>	<b>372</b>	<b>3,418</b>	<b>1,759</b>



## 13 Trade and other receivables

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Net trade receivables</b>				
Rates receivable	1,474	2,346	1,474	2,346
	1,474	2,346	1,474	2,346
<b>Net other receivables</b>				
Other receivables	4,703	4,883	6,549	5,973
Dividend receivable	1,650	1,858	1,650	1,858
Sundry debtors	3,986	1,834	4,033	1,947
Provision for doubtful receivables	-	(14)	(3)	(15)
	10,339	8,561	12,229	9,763
Prepayments	584	275	642	289
<b>Total current debtors and other receivables</b>	<b>12,397</b>	<b>11,182</b>	<b>14,345</b>	<b>12,398</b>
<b>Receivables from exchange transactions</b>				
This includes rates outstanding along with grants, infringements and fees and charges outstanding that are partly subsidised by rates	4,848	5,868	8,935	7,044
<b>Receivables from non exchange transactions</b>				
Includes commercial sales and fees and charges outstanding that have not been subsidised by rates	6,965	5,039	4,768	5,065

### Fair value

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

### Impairment

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

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

	2016			2015		
	Gross (\$000)	Impairment (\$000)	Net (\$000)	Gross (\$000)	Impairment (\$000)	Net (\$000)
<b>Council</b>						
Not past due	10,737	-	10,737	8,900	-	8,900
Past due 1-60 days	647	-	647	1,340	-	1,340
Past due 61-120 days	371	-	371	541	-	541
Past due > 120 days	58	-	58	140	(14)	126
<b>Total</b>	<b>11,813</b>	<b>-</b>	<b>11,813</b>	<b>10,921</b>	<b>(14)</b>	<b>10,907</b>

*Table continued >*



	2016			2015		
	Gross (\$000)	Impairment (\$000)	Net (\$000)	Gross (\$000)	Impairment (\$000)	Net (\$000)
<b>Group</b>						
Not past due	12,403	-	12,403	9,903	-	9,903
Past due 1-60 days	847	(2)	845	1,510	-	1,510
Past due 61-120 days	398	(1)	397	571	-	571
Past due > 120 days	58	-	58	140	(15)	125
<b>Total</b>	<b>13,706</b>	<b>(3)</b>	<b>13,703</b>	<b>12,124</b>	<b>(15)</b>	<b>12,109</b>

## 14 Current tax receivables

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Current tax asset	-	-	14	10
	-	-	14	10

## 15 Inventories

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Raw materials at cost	-	-	276	239
Merchandise at cost	-	-	20	46
Work in progress at cost	-	-	298	199
Finished goods at cost	-	-	233	263
Ridgeways Properties	118	128	118	128
<b>Total inventory</b>	<b>118</b>	<b>128</b>	<b>945</b>	<b>875</b>

## 16 Other financial assets

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
NZ listed equity securities	-	-	-	10
Short term bank deposit with maturities of 4-12 months	-	-	3,154	4,291
Community loans	644	668	644	668
Loans to related parties	100	100	-	100
<b>Total current portion</b>	<b>744</b>	<b>768</b>	<b>3,798</b>	<b>5,069</b>
Held to maturity investments	560	400	560	400
Equity securities	-	-	736	804
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Community loans	3,531	4,078	3,531	4,078
Loans to related parties (note 34)	588	589	(31)	589
Emissions Trading Scheme (ETS) credits	214	-	214	-
<b>Total non current portion</b>	<b>5,003</b>	<b>5,207</b>	<b>5,150</b>	<b>6,011</b>



### Term deposits

The carrying amount of term deposits approximates their fair value.

### Civic Trust investments

Include shares in public listed companies and fixed interest securities. These are valued at fair value.

### Held to maturity investments

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

### Loans to related parties

The loan to related parties is a loan of \$1.0 million to Tasman Bays Heritage Trust with a remaining term of 33 years. The loan is at a 0% interest rate, and a discount rate of 5.25% (2015: 5.25%) has been used.

### Unlisted shares

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

### Community loans

Community loans include the following:

- Solar Saver \$0.5m (2015: \$0.6m). Remaining terms up to 6 years, interest rates of 7.8% and 6.9%
- Clean Heat Warm Homes, face value \$1.8m (2015: \$2.3m), remaining terms up to 6 yrs, zero interest rate. The loan has been written down based on a discounted interest rate of 5.25% (2015: 5.25%)
- Theatre Royal. Face value \$1.5m (2015: \$1.5m), term 25 years, zero interest rate. The loan has been written down based on a discounted interest rate of 5.25% (2015: 5.25%)
- Others \$1.2m (2015: \$1.2m), various repayment terms and interest rates.

## 17 Derivative financial instruments

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Current asset portion</b>				
Forward foreign exchange contracts	-	95	-	95
<b>Total current asset portion</b>	-	95	-	95
<b>Total derivative financial instrument assets</b>	-	95	-	95
<b>Current liability portion</b>				
Interest rate swaps	7	39	7	39
<b>Total current liability portion</b>	7	39	7	39
<b>Non current liability portion</b>				
Interest rate swaps	8,405	3,901	8,405	3,901
<b>Total non current liability portion</b>	8,405	3,901	8,405	3,901
<b>Total derivative financial instrument liabilities</b>	8,412	3,940	8,412	3,940
<b>Total net derivative financial instruments</b>	(8,412)	(3,845)	(8,412)	(3,845)

### Fair value

#### Interest Rate Swaps

The Council has \$97.5m notional principal of interest rate swaps (2015: \$95.5m), with maturity dates between August 2016 and October 2025. Fixed interest rates range from 2.98% to 5.25% (2015: 3.22% to 5.25%) and the weighted average interest rate of the swap portfolio is 4.3% (2015: 4.42%).

\$17.5m (2015 \$24.5m) of that notional principal are forward start swaps, with a start dates between August 2016 and July 2020.

#### Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts were \$nil (2015 \$1.0 million).



## 18 Property, plant and equipment

Council 2016	Cost / revaluation 1 Jul 2015 (\$000)	Accumulated depreciation and impairment charges 1 Jul 2015 (\$000)	Carrying amount 1 Jul 2015 (\$000)	Current year additions (\$000)	Current year disposals (\$000)	Current year impairment charges (\$000)
<b>Council operational assets</b>						
Land	70,741	-	70,741	1,165	-	(17,833)
Buildings	36,140	(10,987)	25,153	7,038	(9,725)	-
Other improvements	4,151	(721)	3,430	694	-	-
Landfill post closure	853	(455)	398	-	-	-
Library books	6,371	(4,448)	1,923	452	(1)	-
Plant and equipment	19,311	(15,240)	4,071	950	(12)	-
Motor vehicles	1,043	(561)	482	135	(22)	-
Marina	10,344	(1,371)	8,973	115	-	-
<b>Total</b>	<b>148,954</b>	<b>(33,783)</b>	<b>115,171</b>	<b>10,549</b>	<b>(9,760)</b>	<b>(17,833)</b>
<b>Infrastructural assets</b>						
Wastewater treatment plant and facilities	40,215	-	40,215	475	-	-
Wastewater reticulation	118,668	-	118,668	5,456	-	(133)
Water treatment plant and facilities	15,444	-	15,444	1,307	-	-
Water supply	138,425	-	138,425	5,234	-	(575)
Stormwater reticulation	121,184	-	121,184	2,847	-	(127)
Flood protection	12,031	-	12,031	4,070	(281)	-
Solid waste	6,846	-	6,846	480	-	-
Roading	607,439	-	607,439	9,856	(1,113)	(230)
Car parks	957	-	957	-	-	-
<b>Total</b>	<b>1,061,209</b>	<b>-</b>	<b>1,061,209</b>	<b>(29,725)</b>	<b>(1,394)</b>	<b>(1,065)</b>
<b>Restricted assets</b>						
Land	93,731	-	93,731	795	-	-
Buildings	50,637	(8,575)	42,062	10,194	-	-
Improvements	64,129	(13,571)	50,558	3,282	-	-
<b>Total</b>	<b>208,497</b>	<b>(22,146)</b>	<b>186,351</b>	<b>14,271</b>	<b>-</b>	<b>-</b>
<b>Total Council</b>	<b>1,418,660</b>	<b>(55,929)</b>	<b>1,362,731</b>	<b>54,545</b>	<b>(11,154)</b>	<b>(18,898)</b>

	Current year depreciation (\$000)	Loss on disposals (\$000)	Revaluation surplus (\$000)	Cost / revaluation 30 Jun 2016 (\$000)	Accumulated depreciation and impairment charges 30 Jun 2016 (\$000)	Carrying amount 30 Jun 2016 (\$000)
	-	-	-	54,073	-	54,073
	(848)	-	-	33,062	(11,444)	21,618
	(108)	-	-	4,845	(829)	4,016
	(4)	-	-	853	(459)	394
	(420)	1	-	4,182	(2,227)	1,955
	(890)	(70)	-	14,007	(9,958)	4,049
	(104)	6	-	1,029	(532)	497
	(163)	-	-	10,459	(1,534)	8,925
	<b>(2,537)</b>	<b>(63)</b>	<b>-</b>	<b>122,510</b>	<b>(26,983)</b>	<b>95,527</b>
	(1,249)	-	260	39,701	-	39,701
	(2,955)	-	4,498	125,534	-	125,534
	(775)	-	(1,541)	14,435	-	14,435
	(3,323)	-	(6,603)	133,158	-	133,158
	(2,044)	-	2,384	124,244	-	124,244
	(139)	-	1,095	16,776	-	16,776
	(400)	-	294	7,220	-	7,220
	(5,300)	475	20,677	631,804	-	631,804
	(43)	(52)	-	862	-	862
	<b>(16,228)</b>	<b>423</b>	<b>21,064</b>	<b>1,093,734</b>	<b>-</b>	<b>1,093,734</b>
	-	-	-	94,526	-	94,526
	(950)	(94)	-	60,713	(9,501)	51,212
	(1,641)	-	-	67,411	(15,212)	52,199
	<b>(2,591)</b>	<b>(94)</b>	<b>-</b>	<b>222,650</b>	<b>(24,713)</b>	<b>197,937</b>
	<b>(21,356)</b>	<b>266</b>	<b>21,064</b>	<b>1,438,894</b>	<b>(51,696)</b>	<b>1,387,198</b>



## 18 Property, plant and equipment continued...

Council 2015	Cost / revaluation 1 Jul 2014 (\$000)	Accumulated depreciation and impairment charges 1 Jul 2014 (\$000)	Carrying amount 1 Jul 2014 (\$000)	Current year additions (\$000)	Current year disposals (\$000)	Current year impairment charges (\$000)
<b>Council operational assets</b>						
Land	70,740	-	70,740	1	-	-
Buildings	33,759	(10,104)	23,655	2,449	(1)	-
Other plant and equipment	18,005	(14,399)	3,606	1,313	-	-
Library books	5,929	(4,068)	1,861	467	(2)	-
Marina	10,024	(1,209)	8,815	320	-	-
Motor vehicles	1,067	(548)	519	79	(29)	-
Other improvements	4,107	(614)	3,493	43	-	-
Landfill post closure	853	(442)	411	-	-	-
<b>Total</b>	<b>144,484</b>	<b>(31,384)</b>	<b>113,100</b>	<b>4,672</b>	<b>(32)</b>	<b>-</b>
<b>Infrastructural assets</b>						
Roading	601,108	-	601,108	11,036	-	-
Water supply	134,867	-	134,867	2,797	-	-
Wastewater reticulation	114,646	-	114,646	4,926	-	-
Stormwater reticulation	117,835	-	117,835	3,026	-	-
Wastewater treatment plant and facilities	39,856	-	39,856	500	-	-
Water treatment plant and facilities	14,855	-	14,855	1,088	-	-
Flood protection	10,522	-	10,522	1,430	-	-
Car parks	957	-	957	-	-	-
Solid waste	6,144	-	6,144	965	-	-
<b>Total</b>	<b>1,040,790</b>	<b>-</b>	<b>1,040,790</b>	<b>25,768</b>	<b>-</b>	<b>-</b>
<b>Restricted assets</b>						
Land	93,078	-	93,078	653	-	-
Buildings	49,959	(7,630)	42,329	1,306	(210)	-
Improvements	61,565	(11,960)	49,605	2,564	-	-
<b>Total</b>	<b>204,602</b>	<b>(19,590)</b>	<b>185,012</b>	<b>4,523</b>	<b>(210)</b>	<b>-</b>
<b>Total Council</b>	<b>1,389,876</b>	<b>(50,974)</b>	<b>1,338,902</b>	<b>34,963</b>	<b>(242)</b>	<b>-</b>

	Current year depreciation (\$000)	Loss on disposals (\$000)	Revaluation surplus (\$000)	Cost / revaluation 30 Jun 2015 (\$000)	Accumulated depreciation and impairment charges 30 Jun 2015 (\$000)	Carrying amount 30 Jun 2015 (\$000)
	-	-	-	70,741	-	70,741
	(857)	(93)	-	36,140	(10,987)	25,153
	(848)	-	-	19,311	(15,240)	4,071
	(405)	2	-	6,371	(4,448)	1,923
	(162)	-	-	10,344	(1,371)	8,973
	(115)	28	-	1,043	(561)	482
	(106)	-	-	4,151	(721)	3,430
	(13)	-	-	853	(455)	398
	<b>(2,506)</b>	<b>(63)</b>	<b>-</b>	<b>148,954</b>	<b>(33,783)</b>	<b>115,171</b>

	(5,157)	(387)	839	607,439	-	607,439
	(3,085)	(176)	4,022	138,425	-	138,425
	(2,863)	(272)	2,231	118,668	-	118,668
	(1,972)	(22)	2,317	121,184	-	121,184
	(1,199)	-	1,058	40,215	-	40,215
	(780)	-	281	15,444	-	15,444
	(128)	-	207	12,031	-	12,031
	-	-	-	957	-	957
	(359)	-	96	6,846	-	6,846
	<b>(15,543)</b>	<b>(857)</b>	<b>11,051</b>	<b>1,061,209</b>	<b>-</b>	<b>1,061,209</b>

	-	-	-	93,731	-	93,731
	(951)	(412)	-	50,637	(8,575)	42,062
	(1,611)	-	-	64,129	(13,571)	50,558
	<b>(2,562)</b>	<b>(412)</b>	<b>-</b>	<b>208,497</b>	<b>(22,146)</b>	<b>186,351</b>

	<b>(20,611)</b>	<b>(1,332)</b>	<b>11,051</b>	<b>1,418,660</b>	<b>(55,929)</b>	<b>1,362,731</b>
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## 18 Property, plant and equipment continued...

Group 2016	Cost / revaluation 1 Jul 2015 (\$000)	Accumulated depreciation and impairment charges 1 Jul 2015 (\$000)	Carrying amount 1 Jul 2015 (\$000)	Current year additions (\$000)	Current year disposals (\$000)	Current year impairment charges (\$000)
<b>Operational assets</b>						
Land	72,454	-	72,454	1,165	-	(17,833)
Buildings	39,396	(11,308)	28,088	7,131	(9,725)	-
Other plant and equipment	28,395	(20,487)	7,908	1,515	(230)	-
Library books	6,371	(4,448)	1,923	452	(1)	-
Capital work in progress	-	-	-	9,993	-	-
Marina	10,344	(1,371)	8,973	115	-	-
Motor vehicles	3,643	(1,763)	1,880	388	(22)	-
Other improvements	4,173	(743)	3,430	694	-	-
Landfill post closure	853	(455)	398	-	-	-
Art collection	7,421	-	7,421	64	-	-
<b>Total</b>	<b>173,050</b>	<b>(40,575)</b>	<b>132,475</b>	<b>21,517</b>	<b>(9,978)</b>	<b>(17,833)</b>
<b>Infrastructural assets</b>						
Roading	607,439	-	607,439	9,856	(1,113)	(230)
Water supply	138,425	-	138,425	5,234	-	(575)
Wastewater reticulation	118,668	-	118,668	5,456	-	(133)
Stormwater reticulation	121,184	-	121,184	2,847	-	(127)
Wastewater treatment plant and facilities	40,215	-	40,215	475	-	-
Water treatment plant and facilities	15,444	-	15,444	1,307	-	-
Flood protection	12,031	-	12,031	4,070	(281)	-
Car parks	957	-	957	-	-	-
Solid waste	6,846	-	6,846	480	-	-
<b>Total</b>	<b>1,061,209</b>	<b>-</b>	<b>1,061,209</b>	<b>29,725</b>	<b>(1,394)</b>	<b>(1,065)</b>
<b>Restricted assets</b>						
Land	93,731	-	93,731	795	-	-
Buildings	50,637	(8,575)	42,062	10,194	-	-
Improvements	64,129	(13,571)	50,558	3,282	-	-
<b>Total</b>	<b>208,497</b>	<b>(22,146)</b>	<b>186,351</b>	<b>14,271</b>	<b>-</b>	<b>-</b>
<b>Total Group</b>	<b>1,442,756</b>	<b>(62,721)</b>	<b>1,380,035</b>	<b>65,513</b>	<b>(11,372)</b>	<b>(18,898)</b>

	Current year depreciation (\$000)	Loss on disposals (\$000)	Revaluation surplus (\$000)	Cost / revaluation 30 Jun 2016 (\$000)	Accumulated depreciation and impairment charges 30 Jun 2016 (\$000)	Carrying amount 30 Jun 2016 (\$000)
	-	-	-	55,786	-	55,786
	(889)	-	-	36,412	(11,807)	24,605
	(1,415)	(94)	-	23,398	(15,714)	7,684
	(420)	1	-	4,182	(2,227)	1,955
	-	-	-	9,993	-	9,993
	(163)	-	-	10,459	(1,534)	8,925
	(258)	6	-	3,882	(1,888)	1,994
	(108)	-	-	4,867	(851)	4,016
	(4)	-	-	853	(459)	394
	-	-	-	7,485	-	7,485
	<b>(3,257)</b>	<b>(87)</b>	<b>-</b>	<b>157,317</b>	<b>(34,480)</b>	<b>122,837</b>
	(5,300)	475	20,677	631,804	-	631,804
	(3,323)	-	(6,603)	133,158	-	133,158
	(2,955)	-	4,498	125,534	-	125,534
	(2,044)	-	2,384	124,244	-	124,244
	(1,249)	-	260	39,701	-	39,701
	(775)	-	(1,541)	14,435	-	14,435
	(139)	-	1,095	16,776	-	16,776
	(43)	-	(52)	862	-	862
	(400)	-	294	7,220	-	7,220
	<b>(16,228)</b>	<b>475</b>	<b>21,012</b>	<b>1,093,734</b>	<b>-</b>	<b>1,093,734</b>
	-	-	-	94,526	-	94,526
	(950)	(94)	-	60,713	(9,501)	51,212
	(1,641)	-	-	67,411	(15,212)	52,199
	<b>(2,591)</b>	<b>(94)</b>	<b>-</b>	<b>222,650</b>	<b>(24,713)</b>	<b>197,937</b>
	<b>(22,076)</b>	<b>294</b>	<b>21,012</b>	<b>1,473,701</b>	<b>(59,193)</b>	<b>1,414,508</b>



## 18 Property, plant and equipment continued...

Group 2015	Cost / revaluation 1 Jul 2014 (\$000)	Accumulated depreciation and impairment charges 1 Jul 2014 (\$000)	Carrying amount 1 Jul 2014 (\$000)	Current year additions (\$000)	Current year disposals (\$000)	Current year impairment charges (\$000)
<b>Operational assets</b>						
Land	71,856	-	71,856	1,158	(560)	-
Buildings	37,693	(10,971)	26,722	4,364	(2,465)	-
Other plant and equipment	26,554	(19,101)	7,453	2,243	(187)	-
Library books	5,929	(4,068)	1,861	467	(2)	-
Marina	10,024	(1,209)	8,815	320	-	-
Motor vehicles	3,501	(1,587)	1,914	245	(34)	-
Other improvements	4,129	(634)	3,495	44	(1)	-
Landfill post closure	853	(442)	411	-	-	-
Art collection	7,155	-	7,155	266	-	-
<b>Total</b>	<b>167,694</b>	<b>(38,012)</b>	<b>129,682</b>	<b>9,107</b>	<b>(3,249)</b>	<b>-</b>
<b>Infrastructural assets</b>						
Roading	601,108	-	601,108	11,036	-	-
Water supply	134,867	-	134,867	2,797	-	-
Wastewater reticulation	114,646	-	114,646	4,926	-	-
Stormwater reticulation	117,835	-	117,835	3,026	-	-
Wastewater treatment plant and facilities	39,856	-	39,856	500	-	-
Water treatment plant and facilities	14,855	-	14,855	1,088	-	-
Flood protection	10,522	-	10,522	1,430	-	-
Car parks	957	-	957	-	-	-
Solid waste	6,144	-	6,144	965	-	-
<b>Total</b>	<b>1,040,790</b>	<b>-</b>	<b>1,040,790</b>	<b>25,768</b>	<b>-</b>	<b>-</b>
<b>Restricted assets</b>						
Land	93,078	-	93,078	653	-	-
Buildings	49,959	(7,630)	42,329	1,306	(210)	-
Improvements	61,565	(11,960)	49,605	2,564	-	-
<b>Total</b>	<b>204,602</b>	<b>(19,590)</b>	<b>185,012</b>	<b>4,523</b>	<b>(210)</b>	<b>-</b>
<b>Total Group</b>	<b>1,413,086</b>	<b>(57,602)</b>	<b>1,355,484</b>	<b>39,398</b>	<b>(3,459)</b>	<b>-</b>

	Current year depreciation (\$000)	Loss on disposals (\$000)	Revaluation surplus (\$000)	Cost / revaluation 30 Jun 2015 (\$000)	Accumulated depreciation and impairment charges 30 Jun 2015 (\$000)	Carrying amount 30 Jun 2015 (\$000)
	-	-	-	72,454	-	72,454
	(934)	401	-	39,396	(11,308)	28,088
	(1,601)	-	-	28,395	(20,487)	7,908
	(405)	2	-	6,371	(4,448)	1,923
	(162)	-	-	10,344	(1,371)	8,973
	(273)	28	-	3,643	(1,763)	1,880
	(108)	-	-	4,173	(743)	3,430
	(13)	-	-	853	(455)	398
	-	-	-	7,421	-	7,421
	<b>(3,496)</b>	<b>431</b>	<b>-</b>	<b>173,050</b>	<b>(40,575)</b>	<b>132,475</b>

	(5,157)	(387)	839	607,439	-	607,439
	(3,085)	(176)	4,022	138,425	-	138,425
	(2,863)	(272)	2,231	118,668	-	118,668
	(1,972)	(22)	2,317	121,184	-	121,184
	(1,199)	-	1,058	40,215	-	40,215
	(780)	-	281	15,444	-	15,444
	(128)	-	207	12,031	-	12,031
	-	-	-	957	-	957
	(359)	-	96	6,846	-	6,846
	<b>(15,543)</b>	<b>(857)</b>	<b>11,051</b>	<b>1,061,209</b>	<b>-</b>	<b>1,061,209</b>

	-	-	-	93,731	-	93,731
	(951)	(412)	-	50,637	(8,575)	42,062
	(1,611)	-	-	64,129	(13,571)	50,558
	<b>(2,562)</b>	<b>(412)</b>	<b>-</b>	<b>208,497</b>	<b>(22,146)</b>	<b>186,351</b>

	<b>(21,601)</b>	<b>(838)</b>	<b>11,051</b>	<b>1,442,756</b>	<b>(62,721)</b>	<b>1,380,035</b>
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## Infrastructure assets - further disclosures

Most recent replacement cost estimates are as at 30 June 2016

Council 2016	Most recent replacement cost estimate for revalued assets \$000
Water supply:	
– treatment plants and facilities	24,904
– other assets (such as reticulation systems)	224,041
Sewerage:	
– treatment plants and facilities	43,066
– other assets (such as reticulation systems)	222,793
Stormwater drainage	181,184
Flood protection and control works	21,655
Roads and footpaths	755,593
<b>Total infrastructural assets</b>	<b>1,473,236</b>

Council 2015	Most recent replacement cost estimate for revalued assets \$000
Water supply:	
– treatment plants and facilities	22,547
– other assets (such as reticulation systems)	244,870
Sewerage:	
– treatment plants and facilities	41,463
– other assets (such as reticulation systems)	229,741
Stormwater drainage	173,851
Flood protection and control works	13,896
Roads and footpaths	717,639
<b>Total infrastructural assets</b>	<b>1,444,007</b>

### Valuation

New Council assets that are added between valuations are recorded at cost except for vested assets.

Vested assets (current year additions transferred) are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. These have been valued based on the actual quantities of infrastructure components and the current “in the ground” cost of providing identical services.

All other assets are valued at historical cost, except for the following:

### Land (operational, restricted, and infrastructural land with a title)

The most recent valuation of land and buildings was performed by an independent registered valuer, Quotable Value New Zealand. The valuation is effective as at 30 June 2014.

### Infrastructural asset classes: sewerage, water, drainage, and roads

Excluding specialised Infrastructural assets and infrastructure land without a title, infrastructural assets have been valued internally at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2016. The valuation methodology has been peer reviewed by Opus International Consultants Ltd. Revaluations are updated annually.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

### Specialist infrastructural assets

Including dams, water reservoirs and wastewater treatment plants have been valued by Opus International Consultants Ltd at depreciated replacement cost with assets optimised using least cost alternative as at 30 June 2016. Revaluations are updated annually.

### Nelson Regional Sewerage Business Unit

Land is valued at market valuation as at 30 June 2014 by Quotable Value and is reviewed every five years or if there is a material movement. Infrastructure



assets are valued at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2016. The valuation methodology has been peer reviewed by Opus International Consultants Ltd. Revaluations are updated annually.

### Impairment of land

The 2016 Council fixed asset schedule itemised an impairment to its operational land assets of \$17.8 million. The land in question is the airport reserve, leased to Nelson Airport Ltd (NAL) under a 60 year non cancellable peppercorn lease. The land may only be used for airport operations, and should Council ever wish to cancel or otherwise amend the lease to NAL, 60 years notice would be required. In 2016, NAL have changed their accounting policies to incorporate revaluation. They have revalued land (including their interest in the airport reserve land under the circumstances as outlined) by \$25.5 million. Council (Group) consolidates half of that revaluation through its equity share of NAL. It has therefore been necessary for the parent entity to impair the asset to zero in its own books. This impairment is reflected as a reversal of the asset revaluation reserve for land and an increase in Council's investment in NAL. See also notes 24 and 30.

### Earthquake prone buildings

Nelson City Council is required to undertake seismic assessments of some of its buildings in accordance with the Building Act and its own Policy for Earthquake Prone, Dangerous and Insanitary Buildings. All required assessments have now been completed.

A total of 12 buildings have been assessed as under 34%NBS (this excludes bus shelters, toilet blocks, garages and other outbuildings). 5 of these buildings are not considered earthquake prone, the other 7 have a section 124 notice that requires additional work to either strengthen the buildings to 34%NBS or otherwise remove the risk. Two of these buildings are currently being strengthened.

The 2015-25 long term plan established a budget of \$500,000 per year for potential remediation works.

### Work in progress

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

	Council and Group	
	2016 (\$000)	2015 (\$000)
Water system	3,297	1,873
Roading network	1,564	1,935
Land and Buildings	10,746	3,677
Sewerage	7,681	3,961
Stormwater	1,658	2,507
Solid Waste	-	105
Flood protection	1,673	1,868
Other	14	6
<b>Total work in progress</b>	<b>26,633</b>	<b>15,932</b>

## 19 Intangible assets

Council	Computer software \$000
<b>At 1 July 2014</b>	
Cost	4,166
Accumulated amortisation and impairment	(2,395)
<b>Net book amount</b>	<b>1,771</b>

<b>Year ended Actual 2015</b>	
Opening net book amount	1,771
Additions	443
Amortisation charge	(532)
<b>Closing net book amount</b>	<b>1,682</b>

<b>At Actual 2015</b>	
Cost	4,609
Accumulated amortisation and impairment	(2,927)
<b>Net book amount</b>	<b>1,682</b>



Council	Computer software \$000
<b>Year ended 30 June 2016</b>	
Opening net book amount	1,682
Additions	1,232
Amortisation charge	(547)
Closing net book amount	2,367

<b>At 30 June 2016</b>	
Cost	4,955
Accumulated amortisation and impairment	(2,588)
Net book amount	2,367

Group	Computer software \$000
<b>At 1 July 2014</b>	
Cost	4,548
Accumulated amortisation and impairment	(2,608)
Net book amount	1,940

<b>Year ended 30 June 2015</b>	
Opening net book amount	1,940
Additions	735
Disposals	(61)
Amortisation charge	(580)
Closing net book amount	2,034

<b>At 30 June 2015</b>	
Cost	5,222
Accumulated amortisation and impairment	(3,188)
Net book amount	2,034

Group	Computer software \$000
<b>Year ended 30 June 2016</b>	
Opening net book amount	2,034
Additions	472
Disposals	(51)
Amortisation charge	235
Closing net book amount	2,690

<b>At 30 June 2016</b>	
Cost	5,642
Accumulated amortisation and impairment	(2,952)
Net book amount	2,690

## 20 Depreciation and amortisation expense by group of activity

	Council	
	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Directly attributable depreciation and amortisation expense by group of activity</b>		
Corporate	524	526
Parks and active recreation	2,715	2,629
Social	1,156	1,169
Transport	5,577	5,394
Environmental management	467	430
Wastewater	4,230	4,101
Stormwater	2,046	1,974
Water Supply	4,103	3,869
Flood protection	139	128
<b>Total directly attributable depreciation and amortisation by group of activity</b>	20,957	20,220

Depreciation and amortisation not directly related to group of activities	946	923
<b>Total depreciation and amortisation expense</b>	21,903	21,143

## 21 Forestry assets

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Carrying amount opening balance	5,244	5,095	5,244	5,095
Gain/loss arising from changes in fair value less estimated point of sale costs	805	544	805	544
Harvest	(350)	(395)	(350)	(395)
<b>Balance at 30 June 2016</b>	<b>5,699</b>	<b>5,244</b>	<b>5,699</b>	<b>5,244</b>

Council owns 612 hectares, (585 at 30 June 2015), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1981 and 2015. Other stands totalling 35.4 hectares, (33.2 at 30 June 2015), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2016. A discount rate of 6.5%, (7% in 2014/15), has been used in discounting the present value of expected after tax cash flows.

## 22 Investment property

Nelson City Council's investment property is valued annually at fair value effective 30 June. Investment properties were valued based on open market evidence. The valuation was performed by Ian McKeage of Telfer Young (Nelson) Limited. Telfer Young (Nelson) Limited are experienced valuers with extensive market knowledge in the type of investment property owned by Nelson City Council.

Rents received from this property were \$57,000 (2015: \$57,000)

The movement of investment property is as follows:

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Investment properties - fair value - opening balance	980	960	980	960
Investment properties - fair value - Net gain (loss) from fair value adjustment	80	20	80	20
<b>Balance at 30 June</b>	<b>1,060</b>	<b>980</b>	<b>1,060</b>	<b>980</b>

## 23 Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.2:

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Investment in subsidiaries	8,353	2,353	-	-
<b>Total investment in other entities</b>	<b>8,353</b>	<b>2,353</b>	<b>-</b>	<b>-</b>

### Significant subsidiaries of Council comprise:

Name of entity	Principal activity	Council control	
		2016 %	2015 %
Tourism Nelson Tasman Ltd	Marketing and promotion of Nelson region	100	100
Nelson Regional Economic Development Agency	Regional economic development	100	100
Nelmac	Management of facilities and infrastructure	100	100
Bishop Suter Trust	Art gallery	100	100
Civic Trust	Enhancement of city environment	100	100

All subsidiaries have a balance date of 30 June and are resident in New Zealand. These fully controlled subsidiaries have been consolidated line by line.

### Council's movement in investment in subsidiaries is as follows:

	2016 (\$000)	2015 (\$000)
Opening balance	2,353	2,353
Net investment made during the year	6,000	-
<b>Total investment in subsidiaries</b>	<b>8,353</b>	<b>2,353</b>

## 24 Investments in associates

Council	Actual 2016 (\$000)	Actual 2015 (\$000)
Port Nelson Ltd	12,708	12,708
Tasman Bays Heritage Trust	4,922	4,922
Nelson Airport Ltd	19,033	1,200
<b>Shares in associates</b>	<b>36,663</b>	<b>18,830</b>

Only the equity value of these 50% owned associates is consolidated. All associates have a balance date of 30 June and are resident in New Zealand.

Group	Actual 2016 (\$000)	Actual 2015 (\$000)
Movements in the carrying amount of investments in associates:		
Balance at 1 July	85,907	85,431
Net investment during the year	17,833	-
Disposal of investments during the year	-	(68)
Share of total recognised revenue and expenses	3,052	3,924
Share of revaluation gain	17,270	(273)
Share of dividend	(2,700)	(3,107)
Other movements	690	-
<b>Balance at 30 June</b>	<b>122,052</b>	<b>85,907</b>

### Summarised financial information of associates presented on a gross basis

Council	2016 (\$000)	2015 (\$000)
Assets	269,261	214,735
Liabilities	61,513	42,924
Revenues	53,891	49,646
Surplus/(deficit)	6,103	8,833

## 25 Proportionally accounted joint ventures

Council's interest in the Regional Sewerage Scheme, Ridgeways, and Civil Defence joint ventures is accounted for as jointly controlled operations.

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

Name	Principal activity	Percentage Ownership	
		2016 %	2015 %
Regional Sewerage	Sewerage disposal services	50	50
Civil Defence	Coordination of emergency services	50	50
Ridgeways	Development of Ridgeways subdivision	50	50

All jointly controlled operations are proportionally accounted.

The Regional Sewerage Business Unit and Civil Defence have a balance date of 30 June and are domiciled in New Zealand. The Ridgeways joint venture has a balance date of 31 March and is also domiciled in New Zealand.

### Summarised aggregate financial information of the Group's share of joint ventures (net of eliminations) proportionally consolidated:

	Council and Group	
	2016 (\$000)	2015 (\$000)
Current assets	839	1,083
Non current assets	27,991	28,003
Current liabilities	1,172	988
Non current liabilities	7,000	8,000
Revenue	4,228	4,346
Expenses	3,200	3,214



## 26 Trade and other payables

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
<b>Current</b>				
Trade payables	12,156	9,346	13,977	9,401
Deposits and bonds	1,067	941	1,067	941
Accrued expenses	731	758	748	796
Income in advance	603	1,320	777	1,531
Amounts due to customers for contract work	-	9	-	9
Grants	-	-	974	2,781
Other payables	2,511	87	2,810	516
Suspensory loan	59	59	59	59
Trust accounts	569	69	569	69
<b>Total current creditors and other payables</b>	<b>17,696</b>	<b>12,589</b>	<b>20,981</b>	<b>16,103</b>
<b>Current creditors and other payables from exchange transactions</b>	<b>16,001</b>	<b>11,520</b>	<b>18,312</b>	<b>12,253</b>
<b>Current creditors and other payables from non exchange transactions</b>	<b>1,695</b>	<b>1,069</b>	<b>2,669</b>	<b>3,850</b>
<b>Non current</b>				
Housing New Zealand Suspensory Loan	819	878	819	878
Other term liabilities	-	-	-	26
<b>Total non current creditors and payables</b>	<b>819</b>	<b>878</b>	<b>819</b>	<b>904</b>
<b>Non current payables from exchange transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non current payables from non exchange transactions</b>	<b>819</b>	<b>878</b>	<b>819</b>	<b>904</b>
<b>Total trade and other payables</b>	<b>18,515</b>	<b>13,467</b>	<b>21,800</b>	<b>17,007</b>

Creditors and other payables are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

The Council received a 20 year suspensory loan of \$1.17 million from Housing New Zealand that must be repaid if the Council makes certain decisions that affect the provision of its social housing (including selling properties) prior to January 2032. The Council considers that the substance of the arrangement is the Council receives funding on condition that it provides social housing services over the 20 year term of the agreement. The current portion of the suspensory loan represents that amount of the loan that will be recognised as revenue over the next 12 months.

## 27 Borrowings and other financial liabilities

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
<b>Current portion Secured</b>				
Secured loans	1,400	-	1,400	-
Commercial paper	10,000	9,916	10,000	9,916
Finance lease liabilities	-	-	-	2
Floating rate notes	10,000	-	10,000	-
<b>Total secured current interest bearing borrowings</b>	<b>21,400</b>	<b>9,916</b>	<b>21,400</b>	<b>9,918</b>
<b>Total current portion</b>	<b>21,400</b>	<b>9,916</b>	<b>21,400</b>	<b>9,918</b>
<b>Non current portion</b>				
Secured loans	-	7,860	1,900	9,510
Floating rate notes	60,000	55,000	60,000	55,000
<b>Total non current portion</b>	<b>60,000</b>	<b>62,860</b>	<b>61,900</b>	<b>64,510</b>
<b>Total borrowings</b>	<b>81,400</b>	<b>72,776</b>	<b>83,300</b>	<b>74,428</b>

Council's secured loans, commercial paper and floating rate notes are secured over the city's rates.

The Council's secured loans are issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90 day bank bill rate plus a margin for credit risk.

Due to interest rates on debt resetting to the market rate every three months, the carrying amount of secured loans approximates their fair value.

As at 30 June 2016 the Council had borrowing facilities of \$20 million with Westpac Banking Corporation (2015: \$20.0m) and \$15m with ANZ National Limited

(2015: \$15m). At balance date \$11.4 million of the total \$35m facility was drawn down (2015: 7.9m).

Commercial Paper agreements are separate to those borrowing facilities. If the commercial paper was unable to be renewed for any reason, the Council is able to substitute with secured loans within existing facility limits.

The interest rates on the Council borrowings range from 2.38% to 3.25% (2015: 3.39% to 4.3%). The weighted average interest rate on the above loans was 2.85% (2015: 4.02%).

## 28 Provisions

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Value landfill - closure and post closure provision	1,244	1,185	1,244	1,185
<b>Total non current portion</b>	<b>1,244</b>	<b>1,185</b>	<b>1,244</b>	<b>1,185</b>
<b>Movements in provisions:</b>				
Opening balance	1,185	1,136	1,185	1,136
Reassessment of liability	(40)	(69)	(40)	(69)
Provision for year based on consumption	33	52	33	52
Interest	66	66	66	66
<b>Closing balance</b>	<b>1,244</b>	<b>1,185</b>	<b>1,244</b>	<b>1,185</b>



Council gained a resource consent in March 1999 to operate the York Valley landfill. Council has responsibility under the resource consent for closure of the landfill and to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The cash outflows for landfill post closure costs are expected to occur in 25 to 54 years' time (or between 2041 and 2070). The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements.

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

- the remaining capacity of the site is 1.24 million cubic metres (refuse, clean fill, and cover);
- the estimated remaining life is 25 years;
- a discount rate of 6.5% (2015 6.5%); and
- an inflation factor of 2.5%.

Estimates of the life have been made by Council's engineers based on historical volume information.

## 29 Employee benefits liabilities

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Annual leave	862	848	1,931	1,925
Long service leave	78	75	86	92
Retirement gratuities	46	99	58	105
Sick leave	43	51	43	51
Accrued pay	799	604	1,286	854
<b>Total current portion</b>	<b>1,828</b>	<b>1,677</b>	<b>3,404</b>	<b>3,027</b>
Long service leave	155	149	177	161
Retirement gratuities	67	66	115	111
<b>Total non current portion</b>	<b>222</b>	<b>215</b>	<b>292</b>	<b>272</b>
<b>Total employee entitlements</b>	<b>2,050</b>	<b>1,892</b>	<b>3,696</b>	<b>3,299</b>



## 30 Equity

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
<b>Ratepayers' equity</b>				
Retained earnings	400,966	366,065	442,907	404,875
Reserves	949,458	950,247	1,012,377	995,894
<b>Balance at 30 June 2016</b>	<b>1,350,424</b>	<b>1,316,312</b>	<b>1,455,284</b>	<b>1,400,769</b>
<b>Accumulated funds</b>				
Balance at 1 July	366,065	357,154	404,875	394,679
Disposal of land	17,833	-	17,833	-
Disposal of property, plant and equipment	4,817	-	4,817	215
Net increase in reserves	(438)	(38)	(438)	(38)
Surplus/(deficit) for the year	12,689	8,949	15,820	10,019
<b>Balance 30 June</b>	<b>400,966</b>	<b>366,065</b>	<b>442,907</b>	<b>404,875</b>
<b>Reserves includes</b>				
Property, plant and equipment revaluation reserve	947,899	949,126	1,011,982	995,389
Hedging reserve - cash flow hedges	-	-	(1,212)	(664)
Restricted reserves	1,509	1,071	1,557	1,119
Contingency reserve	50	50	50	50
<b>Total reserves</b>	<b>949,458</b>	<b>950,247</b>	<b>1,012,377</b>	<b>995,894</b>
<b>Property, plant and equipment revaluation reserve</b>				
Balance at 1 July	949,126	938,075	995,389	984,556
Net revaluation gains	3,590	11,051	21,410	10,833
Transfer to accumulated funds on disposal of property	(4,817)	-	(4,817)	-
<b>Balance at 30 June</b>	<b>947,899</b>	<b>949,126</b>	<b>1,011,982</b>	<b>995,389</b>
Property revaluation reserves for each asset class consist of:				
Land	129,674	147,507	169,395	187,227
Buildings	-	-	456	456
Airport	-	-	17,819	-
Sewerage system	126,589	122,412	126,589	122,412
Water system	116,279	125,157	116,279	125,157
Stormwater network	98,895	97,094	98,895	97,094
Flood protection network	894	(201)	894	(201)
Roading network	469,153	451,034	469,153	451,034
Solid waste	6,399	6,104	6,399	6,104
Plant and equipment	-	3	-	3
Forestry (NRSBU)	16	16	16	16
Wharves	-	-	6,087	6,087
<b>Total</b>	<b>947,899</b>	<b>949,126</b>	<b>1,011,982</b>	<b>995,389</b>



The decrease in the asset revaluation reserve for Council operational land assets is due to the impairment of the airport reserve land, please see the explanation in note 18.

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
<b>Hedging reserve - cash flow hedges</b>				
Balance at 1 July	-	-	(664)	(394)
Fair value gains/(losses) in the year	-	-	(761)	(375)
Deferred tax movement	-	-	213	105
<b>Balance at 30 June</b>	-	-	<b>(1,212)</b>	<b>(664)</b>
<b>Restricted reserves</b>				
Balance at 1 July	1,071	1,033	1,119	1,033
Share of reserves of associates	-	-	-	48
Net transfers (to)/from accumulated funds	438	38	438	38
<b>Balance at 30 June</b>	<b>1,509</b>	<b>1,071</b>	<b>1,557</b>	<b>1,119</b>
<b>Contingency reserve</b>				
Balance 1 July	50	50	50	50
Fair value movement	-	-	-	-
<b>Balance at 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

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

Reserve	Activities to which the reserve relates	Balance 1 July (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June (\$000)
<b>2016</b>					
Art Council loan fund	Parks	10	-	-	10
Dog control reserve	Environmental	122	-	(7)	115
Events Contestable Fund reserve	Economic	172	250	-	422
Founders Park reserve	Social	92	122	(114)	100
Economic development	Economic	-	167	-	167
L C Voller bequest	Social	20	1	-	21
Nellie Nightingale bequest	Social	133	6	-	139
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	8	-	-	8
Roading contributions	Transport	103	-	-	103
Saxton/Suffolk stormwater	Stormwater	105	5	-	110
Sport and recreation grants	Parks	12	1	-	13
Subdivisions reserve	Parks	-	1,826	(1,826)	-
Walker bequest	Parks	69	4	-	73
Wastney Tce stormwater reserve	Stormwater	60	3	-	63
<b>Total restricted reserves - 2016</b>		<b>1,071</b>	<b>2,385</b>	<b>(1,947)</b>	<b>1,509</b>



Reserve	Activities to which the reserve relates	Balance 1 July (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June (\$000)
<b>2015</b>					
Art Council loan fund	Parks	10	-	-	10
Dog control reserve	Environmental	182	-	(60)	122
Events Contestable Fund reserve	Economic	92	80	-	172
Founders Park reserve	Social	111	106	(125)	92
L C Voller bequest	Social	19	1	-	20
Nellie Nightingale bequest	Social	127	6	-	133
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	8	-	-	8
Roading contributions	Transport	87	16	-	103
Saxton/Suffolk stormwater	Stormwater	99	6	-	105
Sport and recreation grants	Parks	11	1	-	12
Subdivisions reserve	Parks	-	1,833	(1,833)	-
Walker bequest	Parks	66	3	-	69
Wastney Tce stormwater reserve	Stormwater	56	4	-	60
<b>Total restricted reserves - 2015</b>		<b>1,033</b>	<b>2,056</b>	<b>(2,018)</b>	<b>1,071</b>

### 31 Reconciliation of Surplus after tax to net cash flow from operating activities

	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
<b>Surplus/(deficit) after tax</b>	12,689	8,949	15,820	10,019
Depreciation and amortisation expense	21,903	21,143	22,931	22,181
Vested assets	(7,224)	(4,644)	(7,268)	(4,675)
(Gains)/losses in fair value of forestry assets	(455)	(149)	(455)	(149)
(Gains)/losses on derivative financial instruments	4,418	4,249	4,418	4,249
Increase in deferred tax	-	-	52	(28)
Conditional grants released to income	(59)	(59)	(1,932)	(59)
Associated surplus ex dividends	-	-	(349)	(1,310)
(Gains)/losses in fair value of investments	(80)	(20)	(65)	(108)
Movement in landfill liability	(59)	(49)	(59)	(49)
Provision for discount unwinding	(161)	(459)	(151)	(506)
<b>Total non cash items</b>	<b>18,283</b>	<b>20,012</b>	<b>17,122</b>	<b>19,546</b>
(Gains)/losses on disposal of property, plant, and equipment	97	1,332	61	2,561
Movement in non current provisions	7	(98)	20	(89)
Movement in capital creditors	(3,107)	(545)	(3,107)	(832)
Movement in investment related accounts receivable	-	(190)	(16)	(190)
<b>Total items classified as investing or financing activities</b>	<b>(3,003)</b>	<b>499</b>	<b>(3,042)</b>	<b>1,450</b>

*Table continued >*



	Council		Group	
	Actual 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
(Increase)/Decrease in receivables	(906)	(1,009)	(1,832)	(845)
(Increase)/Decrease in prepayments	(309)	-	(353)	-
(Increase)/Decrease in inventory	10	22	(70)	(89)
Increase /(Decrease) in payables	5,107	(538)	4,926	467
Increase /(Decrease) in income tax payable	-	57	(14)	(19)
Increase /(Decrease) in employee entitlements	151	206	377	285
<b>Net movement in working capital items</b>	<b>4,053</b>	<b>(1,262)</b>	<b>3,034</b>	<b>(201)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>32,022</b>	<b>28,198</b>	<b>32,934</b>	<b>30,814</b>

## 32 Capital commitments and operating leases

### Capital commitments

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Nelson City Council	16,410	12,197	16,410	12,197
Civic Trust	-	-	-	2
Nelmac	-	-	1,114	-
Port Nelson Ltd	-	-	4,019	1,107
Nelson Airport Ltd	-	-	-	115
<b>Total capital commitments</b>	<b>16,410</b>	<b>12,197</b>	<b>21,543</b>	<b>13,421</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

### Operating leases as lessee

Council leases land in the normal course of its business. These leases have non cancellable terms of between one and 22 years.

The group leases land and buildings and plant and equipment in the normal course of its business.

The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Not later than one year	185	180	303	440
Later than one year and not later than five years	723	738	843	907
Later than five years	789	969	789	969
<b>Total non cancellable operating leases</b>	<b>1,697</b>	<b>1,887</b>	<b>1,935</b>	<b>2,316</b>

Leases can be renewed at the Entity and Group's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Entity and group by any of the leasing arrangements.

## Operating leases as lessor

Land and buildings owned by Council and group are let under operating leases. Non cancellable terms vary between one month and 22 years, with the majority under five years.

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

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Not later than one year	1,483	1,288	3,885	3,841
Later than one year and not later than five years	2,784	3,002	9,496	8,487
Later than five years	4,317	4,619	14,486	6,801
<b>Total non cancellable operating leases</b>	<b>8,584</b>	<b>8,909</b>	<b>27,867</b>	<b>19,129</b>

## 33 Contingencies

### Contingent liabilities

Contingent liabilities include those items where a liability may be incurred if certain events or outcomes occur, or where a present obligation exists but the extent of the liability cannot be measured reliably for recognition in the financial statements.

Management consider the likelihood of a particular event or outcome occurring to determine whether a contingent liability should be disclosed. No disclosure is made when the possibility of an outflow of resources is considered to be remote. Where amounts are disclosed the amount shown is the maximum potential cost.

### Quantifiable contingent liabilities

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Celtic Rugby Football Club	-	145	-	145
Nelson Suter Art Society	-	-	-	132
<b>Total quantifiable contingent liabilities</b>	<b>-</b>	<b>145</b>	<b>-</b>	<b>277</b>

### Local Government Funding Agency

The Entity is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+ which is equal to NZ Government sovereign rating.

Nelson City Council is a guarantor of all of LGFA borrowings in the event of default. At balance date LGFA had borrowings totalling \$6,445 million (2015: \$4,955 million). In such an event, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's rates income. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates

charge. The Council has been unable to determine a sufficiently reliable fair value for the guarantee and has therefore not recognised a liability. The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote.

### Holidays Act review

As at balance date Council is planning a thorough internal and external review to assure its compliance with the Holidays Act 2003. Given the nature of its workforce, Council does not expect that any resultant liability would be material.

Port Nelson employs internal controls to ensure it is monitoring, interpreting and applying legislative changes diligently. Recently publicised events regarding the interpretation and application of the Holidays Act 2003 have prompted Port Nelson to review its practices. As at balance date this review had not been completed.



## Contingent assets

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Ministry of Civil Defence and Emergency Management	555	555	555	555
Bishop Suter Trust insurance claim	-	-	6	-
<b>Total quantifiable contingent assets</b>	<b>555</b>	<b>555</b>	<b>561</b>	<b>555</b>

### Ministry of Civil Defence and Emergency Management

During June 2015, Council calculated the final claim to the ministry relating to the April 2011 emergency event. The claim has been submitted however agreement from the ministry has not yet been received.

### Bishop Suter Trust insurance claim

The Trust has an insurance claim outstanding at balance date for flood damage to plinths, shelving and books.

## 34 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Entity and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Entity group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

### Related party transactions required to be disclosed

#### Related party transactions with subsidiaries, associates, or joint ventures

	Council	
	2016 (\$000)	2015 (\$000)
<b>SUBSIDIARIES</b>		
<b>Bishop Suter Trust</b>		
Maintenance grant	-	140
<b>Economic Development Agency</b>		
Contestable events fund	137	350
Light Nelson	100	-
	<b>237</b>	<b>454</b>

#### Grants to subsidiaries and associates

Council provides grants to certain of its associates, assisting them with maintenance or other operating costs, or for other specific purposes. These grants are not by nature exchange transactions but are within the normal operating relationships between the entities. There are no outstanding balances relating to these transactions.

#### Tasman Bays Heritage Trust related party loan

Council made a loan to the trust of \$1.2 million,

initially repayable over 30 years at 0% interest.

Repayments on the loan have been renegotiated, and the loan has been recalculated as required under PBE IPSAS to net present value. A discount rate of 5.25% (2015: 5.25%) has been used. This has resulted in an asset to council of \$589,000, with the last payment currently scheduled for the year 2051. A loan repayment of \$100,000 was received in 2015/16, and repayments of \$100,000 per annum are scheduled for the next two years before reverting to \$25,000 per annum.



Council also purchases services from its associates. Transactions and balances related to these activities are not included in this disclosure as they are exchange transactions on an arm's length basis.

**Nelmac maintenance of utility services contract**

Council has awarded a number of contracts to its wholly owned subsidiary Nelmac.

The contract for utility services was not tendered and the value of the contract for the 2016 financial year was \$3.3 million (2015: \$3.2 million). As the contract was not tendered and there is no benchmarking available for these very individualised services, Council

is unable to determine that the contract is at arm's length.

With Council's agreement, contracts may not be tendered because of: the procurement costs of public tender, a high standard of work by the incumbent, service levels consistently achieved, and/or non-competitive local industry.

Council are satisfied that this contract represents value for the ratepayer because of economies gained through the stability and continuity of the relationship (retention of both local and specific knowledge that could not be matched by a new or external supplier).

**Transactions with key management personnel**

Key management personnel compensation

	Council	
	2016 (\$000)	2015 (\$000)
<b>Councillors including the mayor</b>		
Remuneration	646	613
Full time equivalent members	13.0	13.0
<b>Senior Management Team, including the Chief Executive</b>		
Remuneration	1,537	1,661
Full time equivalent members	7.0	8.5
<b>Total key management personnel compensation</b>	<b>2,183</b>	<b>2,274</b>
<b>Total full time equivalent personnel</b>	<b>20.0</b>	<b>21.5</b>

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figure is taken as the number of Councillors.

Key management personnel include the Mayor, Councillors, Chief Executive, and senior leadership team, and key advisors to that group.

Key advisors include three committee members who are external to the organisation. These advisors bring technical expertise to the Commercial subcommittee,

the Audit, Risk, and Finance subcommittee, the Governance committee, and the Planning and Regulatory committee. The remuneration for each external committee member is \$1,000 per month.

External committee members are John Murray, John Peters, and Glenice Paine.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

**35 Remuneration**

**Chief Executive**

The Chief Executive of Nelson City Council is appointed under section 42 of the Local Government Act 2002.

The total remuneration (including any non financial benefits) paid or payable for the year to the Chief Executive was \$309,426 (2015: \$300,866).



## Elected representatives

Elected representatives received the following remuneration:

	Council	
	2016 \$	2015 \$
Mayor Reese	130,368	124,935
Councillor Barker	47,841	45,359
Councillor Rainey	47,189	44,559
Councillor Copeland	38,839	36,675
Councillor Davy	47,189	44,559
Councillor Fulton	38,915	37,315
Councillor Matheson	54,706	51,345
Councillor Ward	38,839	36,675
Councillor Lawrey	38,839	36,675
Councillor Skinner	38,839	37,475
Councillor Acland	38,839	36,675
Councillor McGurk	47,189	44,559
Councillor Noonan	38,839	36,675
<b>Total elected representatives' remuneration</b>	<b>646,431</b>	<b>613,481</b>

Payments for Commissioner hearings and District Licensing Committee included in total remuneration:

	Council	
	2016 \$	2015 \$
Councillor Barker	652	800
Councillor Fulton	77	640
Councillor Skinner	-	800
Councillor Matheson	332	-
	<b>1,061</b>	<b>2,240</b>

## Council employees

At balance date, Council employed 251 staff (2015: 245), made up of 163 (2015: 164) full time employees, with the balance of staff representing 53.8 (2015: 46.6) full time equivalent employees.

Total annual remuneration by band for the 251 employees as at 30 June:

	Number of employees	
	2016	2015
< \$60,000	119	110
\$60,000 – \$79,999	83	76
\$80,000 – \$99,999	29	34
\$100,000 – \$119,999	13	17
\$120,000 – \$219,999	6	6
\$220,000 – \$319,999	1	2
<b>Total employees</b>	<b>251</b>	<b>245</b>



## 36 Severance payments

For the year ended 30 June 2016, the Council made 4 (2015: 3) severance payments to employees totalling \$35,500 (2015: \$42,957).

The value of each of the severance payments was \$10,000, \$12,000, \$7,500 and \$6,000.

## 37 Financial instruments

### (a) Fair value estimation

For those instruments recognised at fair value in the statements of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

	Total	Quoted market price	Observable inputs	Significant non observable inputs
	(\$000)	(\$000)	(\$000)	(\$000)
<b>30 June 2016 - Council</b>				
<b>Financial assets</b>				
Shares	140	-	-	140
<b>Financial liabilities</b>				
Derivatives	8,412	-	8,412	-
<b>30 June 2015 - Council</b>				
<b>Financial assets</b>				
Derivatives	95	-	95	-
Shares	140	-	-	140
<b>Financial liabilities</b>				
Derivatives	3,940	-	3,940	-
<b>30 June 2016 - Group</b>				
<b>Financial assets</b>				
Shares	140	-	-	140
<b>Financial liabilities</b>				
Derivatives	8,412	-	8,412	-
<b>30 June 2015 - Group</b>				
<b>Financial assets</b>				
Derivatives	95	-	95	-
Shares	954	814	-	140
<b>Financial liabilities</b>				
Derivatives	3,940	-	3,940	-

## (b) Financial instrument risks

Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market risk

#### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Council holds only short term investments with the major banks, and holds no listed equity instruments.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Council has exposure through the occasional purchase of foreign exchange denominated goods and services.

Significant individual amounts of NZD100,000 or greater commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and the currency amount and timing are known.

As at June 2016, Council have contracts hedging a total of \$nil (2015: USD712,567).

#### Fair values

The fair value of financial instruments is their carrying amount as stated in the balance sheet.

#### Interest rate risk

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies.

This includes entering into rate options or interest rate swap agreements. As at 30 June 2016 the Council had entered into interest swap agreements to a value of \$97.5 million (2015: \$95.5m) at interest rates between 2.98% and 5.25% (2015: 3.22% and 5.25%).

The weighted average effective interest rate on Nelson City Council deposits of less than 3 months is 1% (2015: 2.7%).

The interest rates on Nelson City Council borrowings are disclosed in note 27.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to Nelson City Council, causing the Council to incur a loss. Principally, any risk is in respect of cash and bank, debtors and investments.

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

Details of investments are outlined in notes 16, 23, 24 and 25.

Council holds no investments or term deposits with the major banks (2015: nil).

Nelson City Council's investment policy limits the amount of credit exposure to any one financial institution or organisation and only allows funds to be invested with entities that have a strong Standard and Poor's credit rating.

#### Community loans

Council has \$4.8 million of community loans (2015: \$4.7 million) and there is a risk that some of these could be defaulted on. Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk, except for a mortgage securing a community loan with a face value of \$1.5 million, (2015: \$1.5 million).

#### Maximum exposure to credit risk

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

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Cash at bank and term deposits	2,443	372	3,418	6,050
Receivables	12,397	10,907	14,345	12,109
Community and related party loans	4,833	5,435	4,175	5,435
Financial guarantees	-	145	-	145
LGFA borrower notes	560	400	560	400
Investments	-	-	736	814
Derivative financial instruments	-	95	-	95
<b>Total credit risk</b>	<b>20,233</b>	<b>17,354</b>	<b>23,234</b>	<b>25,048</b>

The Entity is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 33.



### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>				
<b>Cash at bank and term deposits</b>				
AA	2,443	372	3,292	1,642
BB+	-	-	126	157
<b>Derivative financial instrument assets</b>				
AA	-	95	-	95
<b>Other financial assets - LGFA borrower notes</b>				
AA+	560	400	560	400
<b>Other financial assets - loans and receivables</b>				
AA	-	-	3,154	4,251
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>				
<b>Community and related party loans</b>				
Existing counterparty with no defaults in the past	4,175	4,746	4,175	4,746
Existing counterparty defaulted 30 June 2012, loan arrangements since reviewed and complied with	658	689	-	689
<b>Total community and related party loans</b>	<b>4,833</b>	<b>5,435</b>	<b>4,175</b>	<b>5,435</b>
<b>Investments</b>				
Existing counterparty with no defaults in the past	-	-	736	814
<b>Unlisted shares</b>				
Existing counterparty with no defaults in the past	140	140	140	140

Receivables arise mainly from Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Entity has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, and the Entity has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from customers.

### Liquidity risk

#### Management of liquidity risk

Liquidity risk is the risk that the Entity will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed

credit facilities, and the ability to close out market positions. The Entity aims to maintain flexibility in funding by keeping committed credit lines available with Westpac and ANZ National Bank Ltd.

Council provides security via a Debenture Trust Deed signed 10 December 2010 and as at 30 June 2016 had security stock issued of \$95.9m and debenture stock issued of \$35 million. These stock amounts provide security for bank facilities, swap facilities, floating rate notes and commercial paper.

Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy.

Council has an overdraft facility of \$200,000, against which \$nil was drawn at balance date (2015: \$nil).



### Contractual maturity analysis of financial liabilities

	Contractual cash flows (\$000)	Less than 1 year (\$000)	1 - 2 years (\$000)	2 - 5 years (\$000)	More than 5 years (\$000)
<b>Council 2016</b>					
Payables	18,754	17,994	59	176	525
Secured loans	81,400	21,400	-	35,000	25,000
Derivative financial liabilities	8,412	7	196	3,033	5,176
<b>Total</b>	<b>108,566</b>	<b>39,401</b>	<b>255</b>	<b>38,209</b>	<b>30,701</b>

<b>Council 2015</b>					
Payables	12,147	12,147	-	-	-
Secured loans	72,776	9,916	10,000	22,860	30,000
Derivative financial liabilities	3,940	39	61	1,711	2,129
<b>Total</b>	<b>88,863</b>	<b>22,102</b>	<b>10,061</b>	<b>24,571</b>	<b>32,129</b>

<b>Group 2016</b>					
Payables	23,315	22,555	59	176	525
Secured loans	83,300	23,300	-	35,000	25,000
Derivative financial liabilities	8,412	7	196	3,033	5,176
<b>Total</b>	<b>115,027</b>	<b>45,862</b>	<b>255</b>	<b>38,209</b>	<b>30,701</b>

<b>Group 2015</b>					
Payables	15,476	15,476	-	-	-
Secured loans	74,426	11,566	10,000	22,860	30,000
Finance leases	2	2	-	-	-
Derivative financial liabilities	3,940	39	61	1,711	2,129
<b>Total</b>	<b>93,844</b>	<b>27,083</b>	<b>10,061</b>	<b>24,571</b>	<b>32,129</b>

Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 33.

## Contractual maturity analysis of financial assets

	Contractual cash flows (\$000)	Less than 1 year (\$000)	1 - 2 years (\$000)	2 - 5 years (\$000)	More than 5 years (\$000)
<b>Council 2016</b>					
Cash and cash equivalents	2,443	2,443	-	-	-
Receivables	11,813	11,813	-	-	-
Other financial assets:					
- community and related party loans	4,833	744	704	1,544	1,841
- LGFA borrower notes	560	-	-	240	320
<b>Total</b>	<b>19,649</b>	<b>15,000</b>	<b>704</b>	<b>1,784</b>	<b>2,161</b>

<b>Council 2015</b>					
Cash and cash equivalents	372	372	-	-	-
Receivables	10,907	10,907	-	-	-
Other financial assets:					
- community and related party loans	5,435	768	734	1,857	2,076
- LGFA borrower notes	400	-	-	-	400
Derivative financial instruments	95	95	-	-	-
<b>Total</b>	<b>17,209</b>	<b>12,142</b>	<b>734</b>	<b>1,857</b>	<b>2,476</b>

<b>Group 2016</b>					
Cash and cash equivalents	3,418	3,418	-	-	-
Receivables	13,703	13,703	-	-	-
Other financial assets:					
- community and related party loans	4,175	644	608	1,480	1,443
- LGFA borrower notes	560	-	-	240	320
<b>Total</b>	<b>21,856</b>	<b>17,765</b>	<b>608</b>	<b>1,720</b>	<b>1,763</b>

<b>Group 2015</b>					
Cash and cash equivalents	1,759	1,759	-	-	-
Receivables	12,109	12,109	-	-	-
Other financial assets:					
- term deposits	4,291	4,291	-	-	-
- community and related party loans	5,435	768	734	1,857	2,076
- LGFA borrower notes	400	-	-	-	400
Derivative financial instruments	95	95	-	-	-
<b>Total</b>	<b>24,089</b>	<b>19,022</b>	<b>734</b>	<b>1,857</b>	<b>2,476</b>

### Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument exposures at balance date.

A movement in market interest rate on fixed rate debt does not have any impact because secured loans are fixed via interest rate swaps.



Council	2016 (\$000)				2015 (\$000)			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Other financial assets:								
- Community loans and loans to related parties	162	-	(142)	-	184	-	(164)	-
<b>Financial liabilities</b>								
Derivative financial liabilities	(4,449)	-	4,128	-	(4,200)	-	3,943	-
<b>Total sensitivity</b>	<b>(4,287)</b>	<b>-</b>	<b>3,986</b>	<b>-</b>	<b>(4,016)</b>	<b>-</b>	<b>3,779</b>	<b>-</b>

Group	2016 (\$000)				2015 (\$000)			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Other financial assets:								
- Community loans and loans to related parties	111	-	(98)	-	184	-	(164)	-
<b>Financial liabilities</b>								
Derivative financial instruments	(4,449)	-	4,128	-	(4,200)	-	3,943	-
<b>Total sensitivity</b>	<b>(4,338)</b>	<b>-</b>	<b>4,030</b>	<b>-</b>	<b>(4,016)</b>	<b>-</b>	<b>3,779</b>	<b>-</b>



### c) Financial instrument categories

	Council		Group	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
<b>FINANCIAL ASSETS</b>				
<b>Fair value through surplus or deficit - not hedge accounted</b>				
Derivative financial instrument assets	-	95	-	95
Civic Trust investments	-	-	736	814
<b>Total fair value through surplus or deficit - not hedge accounted</b>	-	95	736	909
<b>Loans and receivables</b>				
Cash and cash equivalents	2,443	372	3,418	1,759
Receivables	12,397	10,907	14,345	12,109
Other financial assets:				
- term deposits	-	-	3,154	4,291
- community loans and loans to related parties	4,833	5,435	4,175	5,435
<b>Total loans and receivables</b>	<b>19,673</b>	<b>16,714</b>	<b>25,092</b>	<b>23,594</b>
<b>Held to maturity</b>				
Other financial assets: LGFA borrower notes	560	400	560	400
<b>Fair value through other comprehensive revenue and expense</b>				
- Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
<b>FINANCIAL LIABILITIES</b>				
<b>Fair value through surplus or deficit - not hedge accounted</b>				
Derivative financial instrument liabilities	8,412	3,940	8,412	3,940
<b>Financial liabilities at amortised cost</b>				
Payables	17,696	12,147	20,981	15,476
Borrowings:				
- secured loans	81,400	72,776	83,300	74,426
<b>Total financial liabilities at amortised cost</b>	<b>99,096</b>	<b>84,923</b>	<b>104,281</b>	<b>89,902</b>

## 38 Events occurring after the balance date

### Council:

#### Ridgeways Joint Venture

The joint venture is proportionally consolidated into the Nelson City Council parent accounts. The last remaining property held by the company was sold on 05 September 2016 and the company will be wound up before 30 September 2016.

### Group:

#### Nelson Regional Economic Development Agency/ Tourism Nelson Tasman Ltd

These companies are 100% owned by Council and are consolidated into the group accounts on a line by line basis. Both companies ceased trading on 30 June 2016 and will be wound up before 30 September 2016. On 1 July 2016 a new Council controlled organisation, the Nelson Regional Development Agency commenced operations, integrating the key functions of NREDA and TNTL.



## 39 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, 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

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 was 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.

## 40 Insurance

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

### Wastewater, Stormwater, Flood Protection and Solid Waste assets

These activities have a total book value of \$461,463,000. Repairs to these assets following a significant event are covered 40% through the Local Authority Protection Programme (LAPP) fund with a large deductible, with the remaining 60% being funded by Central Government. Council has a disaster

recovery fund intended to cover the deductible or Council's 40% share if the event is lower than the deductible. Due to recent emergency events, there are no funds available as at 30 June 2016, and any funding required would be by way of loans until a balance is built up in the disaster recovery fund.

### **Roading assets**

Subsidised roading assets have a total book value of \$614,460,000 (including land under roads). For these assets, Council would receive a minimum of 44% subsidy from the NZTA, with the remaining portion of the loss to be funded through the disaster recovery fund and loan funding.

Unsubsidised roading assets have a total book value of \$18,206,000. This includes such items as footpaths, walkways and car parks. These items are not insured, and Council would fund any loss through the disaster recovery fund or loan funding.

### **Land, Buildings, Plant & Equipment, and other assets**

These assets have a total asset book value of \$292,572,000.

The sum insured for non residential property material damage is \$282,040,000. Council is part of a Top of the South collective with total property insured of \$836,755,000.

Residential property (material damage) is insured to a value of \$22,201,000 with limits of indemnity of \$2,000,000 for capital additions, construction/alterations of \$2,000,000, landslip \$2,000,000 and subsidence of \$2,000,000.

Forestry is insured to a value of \$6,314,000.

Tahunanui Beach Holiday Park assets are insured to a value of \$17,534,300.

### **Vehicles**

The total book value of vehicles belonging to Council is \$497,000. All vehicles are insured for market value or replacement value (if vehicle is less than 12 months old).

### **Deductibles, excesses, and non material assets**

Council has a reserve used to cover deductibles, excesses, and small assets not on the material damages schedule. The value of this reserve as at 30 June 2016 is \$411,000.

## **41 Capital management**

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the LGA) requires the Entity to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Entity. Intergenerational equity requires today's customers to meet the costs of utilising the Entity's assets and not expecting them to meet the full cost of long term assets that will benefit customers in future generations. Additionally, the Entity has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that customers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Entity is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the current LTP.

The Council has the following Council created reserves:

- reserves for different areas of benefit;
- self insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Entity has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.



# PERFORMANCE OF COUNCIL OWNED COMPANIES

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. During 2015/16, the eight organisations that Council owned or part owned to achieve agreed community outcomes are:

- The Port Company – Port Nelson Ltd (50% with TDC)
- Council Controlled Trading Organisations – Nelmac Ltd, Nelson Airport Ltd (50% with TDC), Tourism Nelson Tasman Ltd, and the Stoke Heights (Ridgeways) Joint Venture
- Council Controlled Organisations – Nelson Regional Economic Development Agency, the Tasman Bays Heritage Trust (Nelson Provincial Museum – 50% with TDC), and the Bishop Suter Trust.

Full details are available for each Council Controlled Organisation in their respective Annual Reports.

*Note that Tourism Nelson Tasman Ltd and Nelson Regional Economic Development Agency were merged to form the Nelson Regional Development Agency (NRDA) on 1 July 2016.*

*Note that the City of Nelson Civic Trust is a Council Controlled Organisation and that Council resolved March 2014 to grant an exemption to the City of Nelson Civic Trust under section 7 of the Local Government Act 2002.*

## PORT NELSON LTD

Council owns 50% of Port Nelson Ltd, with Tasman District Council owning the other 50%. The company provides core port services for the Nelson region including cargo, logistics, vessel slipping services and the development and leasing of land and buildings. The Port is a strategic asset in accordance with Council's Significance and Engagement policy.

Port Nelson Ltd is a port company and is covered by the Port Companies Act 1988, which imposes obligations on Port Nelson Ltd almost identical to those imposed on Council Controlled Trading Organisations by the Local Government Act 2002, including the provision of an annual Statement of Corporate Intent.

The company provides core port services and managed property portfolio services including:

- Marine services which include pilotage, towage and navigation aids for the arrival, berth and departure of vessels to the Port
- Berths to accommodate vessels at the Port
- Wharves, plant and other services to facilitate the discharge and loading of vessels
- Container terminal handling services which include receipt, delivery, transit, storage and shipment of a wide range of import and export cargos
- Cargo logistics including warehousing and storage of goods
- Vessel slipping services
- The development, leasing and management of land and buildings not required for Port operating purposes.



## PERFORMANCE TARGETS – PORT NELSON LTD

Measures	Target 2015/16	Result for 2015/16
Lost time injury frequency rate	<1.50	1.15
Net debt/equity ratio	<45.0%	20.0%
Dividends declared	\$4.8m	\$4.8m
Cargo throughput (cargo tonnes)	2.7m	2.7m
Shipping tonnes (GRT)	9.4m	9.7m
Ship visits	722	821
Revenue	\$43.0m	\$45.5m
Return on average shareholders' funds	3.0%	3.6%
Return on funds employed	5.0%	7.1%
Capital expenditure	\$22.7m	\$15.3m
Incidents leading to pollution of harbour	Nil	Nil
Compliance with all resource consent conditions	100%	100%
Compliance with Maritime New Zealand safety standards	100%	100%

## FINANCIAL PERFORMANCE – PORT NELSON LTD

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

	2016 (\$000)	2015 (\$000)
Revenue	45,503	42,227
Expenses	37,569	31,838
Net surplus before taxation	7,934	10,389
Provision for taxation	(2,667)	(2,855)
Net Surplus for year after taxation	5,267	7,534
Other comprehensive income	(1,618)	(1,047)
Total comprehensive Income	3,649	6,487
Shareholder's funds brought forward	147,773	146,986
Dividend	(4,800)	(5,700)
<b>Shareholder's funds carried forward</b>	<b>146,622</b>	<b>147,773</b>



## NELMAC LTD

Nelmac was established in 1995 and is 100% owned by Nelson City Council. The main activity is to provide the city with high quality management, maintenance and construction of its natural and built environment. This includes managing facilities, infrastructure such as water and waste, parks, reserves and sports fields.

### PERFORMANCE TARGETS – NELMAC LTD

Performance measure	Result for 2015/16	Result 2015/16
<b>Non-shareholder business</b>		
To ensure all non-Nelson City Council work contributes to the profitability of the company.	Meet performance measure	The establishment of a Branch manager into the Marlborough operation has assisted in developing further growth opportunities.
<b>Equity ratio</b>		
Financial risk limited by maintaining a ratio of Shareholder Funds to Total Assets.	In the range of 55%-65%	59%
<b>Quality of Service</b>		
Company will maintain its AS /NZS ISO 9001:2008 accreditation	Meet performance measure	An annual audit was conducted by Telarc in May 2016.
Achieve compliance with Nelson City Council contract key performance measures for the year ending 30 June, to be monitored monthly.	Meet performance measure	No issues have been raised by the NCC Utilities Contract Manager and no financial penalties have been applied.
Nelmac will maintain a record of the number of complaints and congratulations received each year and the results will be reviewed regularly by the Board.	Meet performance measure	Achieved Maintained a record of the number of complaints and congratulations received each year and the results will be reviewed regularly by the Board.
<b>Staff</b>		
Staff turnover, excluding retirement, redundancy and internal transfers.	Turnover within 5-15%	15.4%. Whilst this result was just outside the SOI target, we note that industry benchmarks for voluntary turnover are around 15.7% in the private sector.
Staff health and safety: continue to actively promote health & safety in the workforce.	<1% workday losses to accidents	0.37% Nelmac's health & safety record continues to improve with a significant reduction in lost time injuries and demonstrating the effectiveness of the company's continued drive to create a safe and healthy workplace for all.
Maintain the Tertiary level of ACC workplace safety management practices.	Meet performance measure	Achieved. The biannual audit was conducted in August 2015.



Performance measure	Result for 2015/16	Result 2015/16
<b>Sustainability</b>		
Environmentally responsible business, fully compliant with all relevant statutory and contractual obligations and responsibilities.	Meet performance measure.	Achieved Systems have been maintained that, as far as the Company is aware, ensured that Nelmac complied with all environmental legislation.
Ensure that the Nelmac sustainability policy is implemented and utilised as a compass for guiding decisions.	Meet performance measure.	Achieved Nelmac has maintained memberships with the NZ Sustainable Business Network (SBN), the NZ Green Building Council (NZGBC), and Water NZ (WNZ).
Implement further training and development for all Nelmac staff in sustainability issues and how to apply the company's Sustainability Policy.	Meet performance measure.	Achieved Implemented further training and development for all Nelmac staff in sustainability issues and how to apply the company's Sustainability Policy.
Each department to regularly review its use of resources, especially non-renewable resources with a view to reducing waste in delivering services.	Meet performance measure.	Achieved The company has moved to replace a paper based timesheets with an electronic equivalent.

## FINANCIAL PERFORMANCE – NELMAC LTD NELSON MAINTENANCE & CONSTRUCTION LIMITED

Nelson Maintenance & Construction Limited (NelMAC) commenced operations on 1 July 1995 following the corporatisation of the Operations Business Unit. The company is fully owned by the Nelson City Council.

	2016 (\$000)	2015 (\$000)
Revenue	26,570	26,441
Expenses	25,591	24,250
Net surplus before taxation	979	2,191
Provision for taxation	(280)	(305)
Net Surplus for year after taxation	699	1,886
Retained earnings brought forward	7,630	6,212
Revaluation	0	0
Dividend	(449)	(468)
<b>Retained earnings carried forward</b>	<b>7,880</b>	<b>7,630</b>



## NELSON AIRPORT LTD

Council owns 50% of Nelson Airport Ltd with Tasman District Council owning the other 50%. The airport is a strategic asset in accordance with Council's Significance and Engagement policy. The main objective of the Company is to operate a successful airport business that meets the needs of the Nelson Tasman region.

### PERFORMANCE TARGETS – NELSON AIRPORT LTD

Objective, Performance Measure	Target 2015/16	Result 2015/16
<b>Customers and revenue</b>		
Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$3.0m	EBITDA of \$3.4m achieved.
Ground transport revenues	+ 8%	The increase delivered over July 2015 annualised is 39%.
Advertising revenue	+ 50%	Advertising revenue was taken in house from October 2015, having previously been outsourced. After bringing this function in house the business delivered an increase in advertising revenues of 510% over 2014/15.
Number of Passengers through airport.	815,000	Total passenger count through the airport for the 2015/16 year was 865,000. This is an increase of 16% over 2014/15.
<b>Environment and Operations</b>		
Number of Nelson Airport Noise Environment Advisory Committee Meetings held.	4	The Company set up four meetings for the Nelson Airport Noise Environment Advisory Committee. Due to lack of third party attendees three of these instances failed to attract a quorum. The committee has resolved to move to a schedule of two meetings per year.
Bird-strike incidents.	5% reduction.	Actual bird strikes increased by 11, equating to a 39% increase over 2014/15. The majority of bird strikes in the 2015/16 year involved small birds, of less risk to aviation than larger varieties. The airport is currently handling record flight numbers thus increasing the potential for bird strikes. The airport uses benchmarking reporting from Civil Aviation Authority (CAA) to monitor our bird strike rate. CAA currently classifies Nelson Airport as low risk but trending upward.

Objective, Performance Measure	Target 2015/16	Result 2015/16
<b>Environment and Operations continued...</b>		
Civil Aviation audit report findings.	None	Two Civil Aviation Audits were held during the 2015/16 year, one safety and one security. There were no findings for either audit.
Lost time injuries.	None	No lost time injuries were sustained during the 2015/16 year.
<b>Infrastructure and Assets</b>		
Master Plan to 2035 completed.	By June 2016	The Master Plan was in its final stages as at 30 June 2016 and was approved on 26th July 2016.
Detailed design of ground transport facilities completed.	By June 2016	Developed design was completed by 30 June 2016 with detailed design commencing July 2016.
Detailed design of redeveloped terminal and control tower completed.	By June 2016	Developed design for the terminal was completed by 30 June 2016 with detailed design commencing July 2016. Concept design for Airways' Control Tower was completed by 30 June 2016 with Request for Proposals for design and build issued by August 2016.
<b>People &amp; Corporate Services</b>		
Performance review process implemented.	By Dec 2015	Staff performance review system established and in place by December 2015.
Risk management framework, including risk registers developed.	By June 2016	Risk registers were not developed by June 2016. NAL instigated a major review of Health and Safety, including risk management. A new Health and Safety Charter and Policy are in development and a broadbrush risk analysis workshop was held by the business during the 2015/16 year as one of the initiatives within the wider Health and Safety programme review. Work will continue during the 2016/17 year to establish a fully comprehensive risk management framework.
<b>Financial Performance</b>		
Total Revenue	\$5.6m	Total Revenue \$6.3m for the 2015/16 year. A new record for Nelson Airport Ltd.

*Table continued >*



Objective, Performance Measure	Target 2015/16	Result 2015/16
<b>Financial Performance continued...</b>		
Earnings before interest and tax (EBIT).	\$2.3m	<p>EBIT achieved was \$1.6m however this is calculated on a Fair Value basis whereas the target of \$2.3m was set utilising depreciation based on historical cost (as was the practise at the time). For a meaningful comparison the original target requires adjustment to calculation on a Fair Value basis.</p> <p>The EBIT target adjusted to Fair Value, by applying actual depreciation, is \$1.6m. Actual EBIT achieved, utilising the same depreciation figure, was \$1.6m.</p>
Profit after tax.	\$1.7m	<p>Profit after tax was \$1.2m however this was calculated on a Fair Value basis whereas the target of \$1.7m was set utilising depreciation based on historical cost (as was the practise at the time). For a meaningful comparison the original target requires adjustment to calculation on a Fair Value basis.</p> <p>The Profit after tax target adjusted to Fair Value, by applying actual depreciation, is \$1.0m. The actual profit after tax achieved, utilising the same depreciation figure was \$1.2m.</p> <p>The profit after tax figure achieved was after recognising loss on impairments of \$430.8k. \$238k of the impairments relate to plans to replace the existing terminal with a new facility and the associated write down of the existing facility which is now assumed to have a significantly reduced life due to facing demolition. At the time the above target was set the Terminal Development Project was in its Explore and Options Phase and therefore no terminal related impairment was assumed.</p>

Objective, Performance Measure	Target 2015/16	Result 2015/16
<b>Financial Performance continued...</b>		
Capital expenditure.	\$2.8m	Capital additions for the 2015/16 year totalled \$2.2m. The majority of this (\$1.9m) related to capital works in progress with over 90% of that spend relating to the new terminal development and related landside projects. During the 2014/15 year the terminal development project saw completion of concept design and near completion of developed design.
Return on equity.	18%	Return on Equity at 30 June 2016, post revaluations and recognising Total Comprehensive Income, is 78%. This high return is driven by revaluation gains net of taxation of \$38m, recorded in the current year on the adoption of Fair Value Accounting. The challenge for the business now is to steadily grow Return on Equity without the one-time windfall of other comprehensive income enjoyed on adoption of fair values.
Total ordinary dividend payable.	\$587.6k	Total ordinary dividend declared and paid of \$600k.

## FINANCIAL PERFORMANCE – NELSON AIRPORT LTD

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

	2016 (\$000)	2015 (\$000)
Revenue	6,401	5,403
Expenses	4,709	3,242
Net surplus before taxation	1,692	2,161
Provision for taxation	(517)	(605)
Net surplus for year after taxation	1,175	1,556
Other comprehensive income	38,043	0
Total comprehensive Income	39,218	1,556
Retained Earnings Brought Forward	8,950	7,909
Dividend	(600)	(515)
<b>Retained earnings carried forward</b>	<b>47,568</b>	<b>8,950</b>



# NELSON TASMAN TOURISM LTD

## (Tourism Nelson Tasman Ltd)

During 2015/16, Council owned 100% of Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism) (NTT), after Tasman District Council transferred its shares to Nelson City Council in 2014. The company undertook destination marketing, destination management and provision of visitor information services. It coordinated the marketing and promotion of the Nelson Tasman region as a visitor destination, provided tourism education and product development and managed the Nelson i-SITE.

*Note that Tourism Nelson Tasman Ltd and Nelson Regional Economic Development Agency were merged to form the Nelson Regional Development Agency (NRDA) on 1 July 2016.*

## PERFORMANCE TARGETS – NELSON TASMAN TOURISM LTD

Measures/ Targets	Result for 2015/16
<b>Regional Marketing</b>	
Achieve growth in international and domestic guest nights.	Achieved international guest nights +6.5%, domestic guest nights up 8.8%, and total guest night growth 8.0%.
Achieve growth international guest nights (%) against average result of regional competitors Dunedin, Hawkes Bay, Bay of Plenty, Waikato and West Coast.	Region achieved 6.5% growth. Average regional competitor growth was 8.9%. Major growth from the China market stayed in Waikato, Canterbury and Queenstown.
Achieve growth in domestic guest nights (%) against average result of regional competitors Dunedin, Hawkes Bay, Bay of Plenty, Waikato and West Coast.	Region achieved 8.8% growth. Average regional competitor growth was 4.3%.
Achieve higher visitor length of stay compared to regional competitors Dunedin, Hawkes bay, Bay of Plenty, Waikato and West Coast.	Region achieved 2.33 nights. Average regional competitor length of stay was 1.6 nights.
Invest in conference and domestic marketing to achieve growth in CAM results July-Oct and April-June.	Growth achieved July 8.5%, Aug 22.5%, Sep 12.1%, Oct 11.7%. Growth achieved Apr 2.9%, May 10.6%, June 15.4%.
Invest emerging markets from China and India and increase visitor spend.	China: 48% increase in visitor spend (YE April 2016). India: 30% increase in visitor spend (YE April 2016).
Promote Nelson events, develop integrated marketing campaign and achieve growth in targeted months.	Integrated event and private sector campaign 'Discover the HeART of Nelson' promoting Nelson Art Expo and Nelson Arts Festival for October 2015 and 'See Nelson in a New Light' promoting Light Nelson & Feast of the Senses (all work done pre 1 July 2016).
Monitor unplanned marketing activities and measure results e.g. The Royal Visit Nov 2015, Air NZ Wine Awards Nov 2015, Godzone Event Apr 2016.	TNTL team led development of The Royal Visit, 7 Nov 2015 with five events within 4-hour period hosting Prince Charles and Duchess Camilla. Also significant domestic and international coverage from assisting Air NZ Wine Awards and Godzone multi-sport event.
Increase total private sector investment by 2%.	Actual \$403,640 Previous year \$358,001.
Achieve international marketing group investment of \$50,000 minimum.	Actual \$50,137.
Achieve convention bureau marketing group investment of \$25,000.	Actual \$20,475.

Measures/ Targets	Result for 2015/16
Maintain 10th ranking NZ Convention Bureau and host 6 Professional Conference Organisers (PCOs).	Achieved 10th ranking out of 13 regions. Hosted 10 PCOs.
Achieve \$25,000 website listing revenue.	Actual revenue \$26,550.
Increase number of website page visits by 5%.	Data for increase in website page visits was not available due to launch of new website 27 July 2015 and unable to compare year-to-year results.
Increase visits by mobile devices by 10%.	Access to website via mobile devices was 42.6 %. Previous year was 39.4%. NB: New website did not go live till end July so 11 month reporting against previous 12 month reporting.
<b>Tourism Development</b>	
Establish and commence implementation of Nelson Tasman Regional Tourism Strategy, renamed Nelson Tasman Visitor Strategy 2015-2025.	Project completed June 2015. Establish KPIs with CAM, MRTEs Visitor spend and Qrious monitoring.
Promote and showcase new projects like Tasman Great Taste Trail, Dun Mountain Trail, Trafalgar Centre, Brook Waimarama Sanctuary, proposed Nelson Gondola project, Kohatu Motorsport Park.	Reporting: promoted key projects to industry and stakeholders through various communication channels including at 14 Sep 2015 and 12 April 2016 tourism industry forums.
Assist to facilitate new airline routes to/from Nelson.	Target: 1 new airline by 30 June 2016. Achieved 3 airlines, Originair, Kiwi Regional Airlines and Jetstar.
Facilitate growth in cruise ship visits	Target: Increase number of visits. In season YE April 2015 (5 visits), YE April 2016 (5 visits scheduled - 2 visits due to poor weather in Fiordland and itinerary changed, YE April 2017 (8 visits).
Seek strategic partnerships to assist with promotion and investment e.g. Tourism NZ, Air NZ, Jetstar, Kiwi Regional Airlines (KRA), Interislander, SOUTH, NZMCA.	Achieved new China Regional Development Program investment with Tourism NZ. Achieved increases promotion with Air NZ and new promotion with Jetstar and KRA. Retained Interislander investment with event billboards. Achieved SOUTH additional investment for Wilsons Abel Tasman and Grand Mercure Monaco promotions in China.
Work with NREDA to assist with achieving REDs outcomes and show increase in tourism GDP contribution over previous REDs value of \$102m (Source: REDS 2014).	An updated REDs GDP report has not been made available.
Increase total annual visitor spend by 2%.	Achieved 9.2% growth as per MBIE Monthly Regional Tourism Estimates YE April 2016.
Meet with local Iwi to assist and promote participation in tourism investment.	Intended discussions did not eventuate during 2015-2016.
<b>Nelson i-SITE</b>	
Commercial revenue meets agreed budgets.	Actual \$386,266. Budget \$404,433.
Exceeds Qualmark minimum compliance standards.	Silver Qualmark accreditation renewed
<b>Company Management</b>	
Net profit before tax meets budget.	Net profit \$(48,627). Budget \$4,503.
Increase revenue by 3%.	Booking sales achieved 2.3% growth, brochure display advertising, map-pad and retail income targets not achieved.

*Table continued >*



Measures/ Targets	Result for 2015/16
<b>Company Management</b>	
Working capital by 30 June 2016 \$50,000.	Not applicable for reporting due to NRDA transition.
Maintain equity level by 30 June 2016 of at least \$120,000.	Equity of \$109,057.
Show an increase in survey respondents.	Survey respondent 104 in 2015-2016. 125 respondents in 2014-2015. NB: Previous survey conducted in Dec, current survey conducted June 2016.
Two industry forums per year.	Achieved - 14 Sep 2015 and 12 April 2016.
Formal processes are accurate, informative and timely.	Approved SOI 2015-2018, approved 6-Month Report and approved Annual Report 2015-2015.
All legislative requirements are met.	All legislative requirements met.
Overall staff satisfaction survey is 80%.	Staff survey not conducted due to merge with TNTL and NREDA merge into Nelson Regional Development Agency (NRDA).

## FINANCIAL PERFORMANCE – NELSON TASMAN TOURISM LTD

### TOURISM NELSON TASMAN LIMITED

	2016 (\$000)	2015 (\$000)
Revenue	1,364	1,444
Expenses	1,389	1,423
Net surplus before taxation	(25)	21
Provision for taxation	0	0
Prior year tax adjustment	0	2
Net Surplus for year after taxation	(25)	23
Retained earnings brought forward	158	135
<b>Retained earnings carried forward</b>	<b>133</b>	<b>158</b>



## STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

Council owns and controls 50% of the Ridgeways joint venture, with Homedale Holdings Ltd owning the other half. The joint venture is responsible for developing, subdividing and marketing sections on Council-owned land in Stoke. The joint venture is a Council Controlled Trading Organisation (CCTO) set up for the purpose of making a profit.

The final sections have been sold subsequent to 30 June 2016 and the Joint Venture is being wound up.

### PERFORMANCE TARGETS – STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

Measures/ Targets	Result for 2014/15
Number of sections sold compared to forecast and previous two years' performance.	2013/14: 1 section sold (forecast 2) 2014/15: 2 section sold (forecast 2) 2015/16: 1 section sold (forecast 2)
Number of serviced sections available for sale but not unconditionally sold compared with previous two years.	2013/14: 11 sections (includes two with earth works and drainage now completed) 2014/15: 9 2015/16: 8
Ratio of actual sale prices of total section sales to total listed selling price	2014/15: 100% 2015/16: 100%

### FINANCIAL PERFORMANCE – STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

The Ridgeways Joint Venture is 50% owned by Council and is self administered.

	2016 (\$000)	2015 (\$000)
Revenue	132	341
Expenses	91	138
Net surplus before taxation	41	203
Retained earnings brought forward	278	475
Prior period adjustment	100	0
Distribution	0	(400)
<b>Retained earnings carried forward</b>	<b>419</b>	<b>278</b>



## NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY

During 2015/16, the Nelson Regional Economic Development Agency (EDA) was a Council Controlled Organisation. The EDA mission statement was to 'facilitate sustainable development of the region that enhances economic vitality, taking into account the region's cultural and environmental values'. Its three operational strategic objectives were:

- Facilitate economic development projects that build national and international competitiveness
- Provide economic advice to the region
- Provide ongoing assessment of the region's performance.

The EDA was funded by both Nelson and Tasman Councils. This agency led the development of the Nelson-Tasman Regional Economic Development Strategy (REDS), which was updated in 2014.

Refer to the Economic activity section of this report for more information on the EDA's wider contribution to Nelson's economy during 2015/16.

*Note that Tourism Nelson Tasman Ltd and Nelson Regional Economic Development Agency were merged to form the Nelson Regional Development Agency (NRDA) on 1 July 2016.*

### PERFORMANCE TARGETS – REGIONAL ECONOMIC DEVELOPMENT AGENCY

Performance measure	Target	Result 2015/16
<b>Primary facilitator of economic development projects</b>		
Regional Economic Development Strategy (REDS).	To be determined by Action Item responsibilities and timelines.	Next REDS planned for 2017.
Regional Business Partner (RBP) Programme, NZTE and Callaghan Innovation (CI).	Regional companies supported to utilise NZTE capability development vouchers and Callaghan Innovation's R&D Grants programmes.	In the 2015/16 financial year regional businesses have received \$660,368.89 in Callaghan R&D funding, and \$197,848.69 in capability development voucher funding.
Education.	Closer relationships between business sector, NMIT and research organisations established.	CEO continued engagement with NMIT on China and Business programmes. CEO engaged with NMIT, Cawthron Institute & business sector on a number of potential opportunities including hosting several visiting business delegations from China.
	Education Nelson group established and strategy developed.	Education New Zealand funding secured December 2015 and a Governance Board established, of which EDA is a member. Additional schools have joined the group and an initial relationship-building visit to China took place in May 2016. Into the Future update planned for 2016/17.

Performance measure	Target	Result 2015/16
<b>Primary facilitator of economic development projects continued...</b>		
Aquaculture / Seafood / Marine.	Marine City concept progresses through to completion of scoping exercise with further development to be determined.	This activity has been placed on hold pending the development of a Business Plan for the new organisation that will be formed from the merger of EDA and NTT.
	Ongoing participation in meetings and appropriate advice provided.	CEO continues to participate in meetings and discussion on Aquaculture developments.
Cluster and Sector Support.		Ongoing support as needed.
Clusters: Engineering, Aviation.	Continued support of industry clusters such as the Engineering Cluster and the Aviation Cluster.	Ongoing support as needed.
Sectors: Horticulture, Forestry, Tourism.	Horticulture, forestry and tourism sectors provided with advice and information as required and requested.	Ongoing support as needed.
	Support Marlborough Food & Beverage Innovation (FBI) cluster by providing access to R&D grants and linking in Nelson Tasman companies where appropriate.	Achieved Continuing to liaise with FBI through the Regional Business Partners programme. Engaged with Tourism sector through Nelson Tasman Cycle Trails Trust.
SME Development.	New, emerging and existing business ventures provided with appropriate assistance to facilitate development.	Successfully bid for the new Regional Business Partner contract, now doubled in size of service delivery and resource has increased from 0.5 FTE to 1.0 FTE. Innovate launched successfully and is fully engaged and operational. Ongoing relationships with NMIT and Cawthron. Ongoing engagement with SMEs and start up companies.
Youth Employment.	Young Enterprise Scheme successfully delivered in 2015.	EDA participated in judging Dragon's Den prelims and final.
	Graduation successfully completed.	No Industry Training Organisation Graduation ceremony was held this year. EDA CEO remains a member of Top of the South Trades Academy Governance Board. Activity on hold pending the establishment of the new NRDA agency.

*Table continued >*



Performance measure	Target	Result 2015/16
<b>Primary facilitator of economic development projects continued...</b>		
	New work stream identified and implemented. Recommendations and work plan identified.	Continuing to participate in the Ministry of Education Cross Sector Forum on Raising Achievement  Continuing to support the Mayors' Task Force for Jobs local forum and to participate in working groups. Draft plans formulated and submitted for Mayoral consideration.  Update to Into the Future planned for 2016/17.  Nelson Tasman Connections Service was managed until the termination of the service by NCC on 30th June 2016.
Events Strategy.	Contract with NCC well managed.  Suitable events identified, contracted and managed.	12 Events were approved for funding with a total of \$277,000 committed. This is an increase of 4 events and \$97,000 on the previous year.  All events except one have completed their draw down and all within budget.
Inter-regional Collaboration.	Closer relationships established between business, industry and government; opportunities identified.	South Island EDA collaborative meetings are attended regularly. To date opportunities for collaboration between regions have been identified in the following areas:  Airline alliances/international connectivity; immigration / workforce development; iwi relationships; digital connectivity. Working groups to be set up in due course.
International business opportunities; Key market: China.	Regional profile raised and business interests generated within Nelson region.	Trip to China in May 2016 with Education Nelson-Marlborough. Assisted the group with introductions and networking with agents, schools and government officials.  Assisted Nelson businesses with contacts and opportunities in China.  The EDA hosted a number of visits from the Chinese Consulate including the Consul-General.
Regional Identity Project.	Working group produces a regional identity strategy and proposal for delivery.	Contract resource engaged by EDA to follow up on white paper. Initial report delivered to NRDA Establishment Board for consideration.

Performance measure	Target	Result 2015/16
<b>Primary facilitator of economic development projects continued...</b>		
Aged.	Ageing Workforce event is a success.	Initial research work with service providers and consumers was completed.
	Initiatives and work plan for delivering outcomes to aged white paper identified.	Project placed on hold December 2015 at the request of NCC and TDC representatives, pending the reassessment of Council activity in this area.
Māori Economic Development.	Facilitate investment within region to build assets for regional iwi.	Māori Economic Summit held in November 2015. EDA continues to hold funds on behalf. Next Summit likely to be held in 2017.
Oil and Gas industry.	In conjunction with Taranaki, Otago and Southland regions identify opportunities in servicing the oil & gas industry.	EDA continues to participate in this programme.
Attracting Investment.	Potential investors have access to information, contacts and introductions to make informed investment decisions.	EDA is engaged with senior MBIE Immigration executives via a Regional Partnership Agreement on the attraction of migrant investors to the region. Continuing to meet with and assist potential overseas investors, especially from China. Work on China conducted in previous years is now starting to bear fruit in the form of the establishment in Nelson of the New Zealand headquarters of a large Chinese import-export company. Assisted with the 2016 NZTE Regional Investment Profile.
<b>Primary provider of economic development advice</b>		
Economic Connection and Catalyst.	Requests for information, reports and papers are delivered in a timely manner with relevant information to support Council and industry in making sound business decisions.	In addition to regular publications and reports, EDA provided advice, connections, statistical reports and information as requested. Examples include: review of MBIE regional report; statistics and narrative for mayoral reports, interviews and speeches; ad hoc data provision to local businesses such as real estate; provision of forecasting data for council long term plan. CEO facilitates Nelson Business Leaders group. CEO is an advisor to Tasman Regional Transport Committee. CEO is a member of the Maori Economic Summit Working Committee. CEO is a member of Nelson Digital Council and assists with the Lee Valley Dam project.

*Table continued >*



Performance measure	Target	Result 2015/16
<b>Primary provider of economic development advice continued...</b>		
Summit and Workshops.	Annual Economic Summit organised and held with good attendance and positive feedback.	No Economic Summit was held in 2015/16. It was decided to wait for the new organisation to determine future direction.  EDA presented at and was a sponsor of the Motueka Economic Summit.  EDA sponsored the Commerce Nelson ASPIRE Event and Business Awards.
Lee Valley Water Augmentation project.	Lee Valley Dam is approved for construction.	Not achieved. EDA continues to participate in this programme.
<b>Primary provider of ongoing assessment</b>		
Tracking the Economy: provide six monthly key statistical information to Councils and the community on relevant performance measures.	Publication of high quality Tracking the Economy report every six months.	Reports released in November 2015. Next release to be July/August 2016, after which the future direction of this type of publication will be reassessed.
Management of the Nelson Tasman Connections Service.	Provision of service as contracted with Nelson City Council.	Contract delivered for 2015/16. NCC have now terminated the service effective from 30 June 2016.  EDA provided in-kind support to supplement much-reduced funding.  Ongoing membership of the Youth Strategies forum to be reassessed for 2016/17.

## FINANCIAL PERFORMANCE – NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY

	2016 (\$000)	2015 (\$000)
Revenue	1,071	1,178
Expenses	1,400	1,203
Net surplus before taxation	(329)	(25)
Provision for taxation	0	(5)
Net Surplus for year after taxation	(329)	(30)
Retained earnings brought forward	329	359
<b>Retained earnings carried forward</b>	<b>0</b>	<b>329</b>



# TASMAN BAYS HERITAGE TRUST

## (Nelson Provincial Museum)

The Tasman Bays Heritage Trust (TBHT) was established in 2000 as a Council Controlled Organisation owned 50% by Nelson City Council and 50% by Tasman District Council. The Trust is responsible for providing museum services and protecting the collections of historic treasures held on behalf of the Nelson Tasman region.

The museum exhibition facility on the corner of Trafalgar and Hardy Streets was opened in late 2005 providing a combination of permanent and temporary exhibitions. It is well used by schools for part of their learning experiences outside the classroom (LEOTC) programmes. It is current Council policy to retain its share of ownership of Tasman Bays Heritage Trust.

### PERFORMANCE TARGETS – TASMAN BAYS HERITAGE TRUST

Performance Measure	Target 2015/16	Result 2015/16
<b>Objective 1: To grow visitor numbers and increase the impact of the organisation in the wider community</b>		
To grow the number of visitors to the exhibition venue.	10% growth (based on 37,500) overall per year.  Including a 20% increase in visitors from Tasman (on and off-site).	Visitation is approximately 25% up on the projected total.  The final total figure of 59,076 (including school visits) is above projection of 47,050.  Percentage of Tasman visitors has not been recorded in prior years. Base measurements will be taken from June 2016 allowing this to be measured and reported on in the future.
To actively participate in the broad range of activities and events and to report both the Museum input and the community impacts and outcomes.	At least one event per quarter.	Achieved - See TBHT Annual Report for details on events.
To devise a methodology for determining off-site visitation and impact.	Set up trial by end of 2015.	New measures in place for on-line and social media engagement. Some Facebook posts have reached over 20,000 remote visitors.  Regional meetings have discussed best way to measure visitor satisfaction with off-site exhibitions. Survey is in development for 2016/17 year.
Monitor the level of satisfaction of visitors with exhibitions, services and facilities, triangulating results with the annual NCC/TDC Community surveys and Museums Aotearoa survey.	Maintain dashboard reporting to TBHT and cumulative reports to Councils at mid and end of year.  Ensure 80% satisfaction with museum visit.	Dashboard figures reported monthly to TBHT, and six-monthly to Council  85% of visitors were satisfied with their museum visit (source Museums Aotearoa National Visitor Survey undertaken 22-28 February 2016). 15% rated their visit as 'neutral' and 0% were dissatisfied.

*Table continued >*



Performance Measure	Target 2015/16	Result 2015/16
<b>Objective 2: To consolidate, expand and diversify partnerships and relationships</b>		
Play a lead role in maintaining and activating the Museum and gallery network of the Nelson-Tasman region.	Consult in first quarter with regional network to create a plan of meeting dates, venues and topics for the coming year.	Organised three meetings with regional museums: <ul style="list-style-type: none"> <li>• 19th October 2015 Pigeon Valley Heritage Park Focus on: Collection Policy</li> <li>• 15th February 2016 The Grange, Motueka &amp; Motueka Museum Focus on: Collaboration</li> <li>• 20th June 2016 Founders Park Focus on: Marketing.</li> </ul>
Develop a TBHT partnership & relationship strategy & plan including social, educational, cultural, economic & environmental.	TBHT Board to identify prospects and targets for coming years.	Development of new strategy and vision in progress following on from the 2014 Strategic Review including Triple Bottom Line objectives.
Consolidate and increase the value of Nelson Provincial Museum [“the Museum”] to stakeholder Councils.	Consult with staff of both Councils to identify Council strategies and alignment opportunities.	As a result of a strategic review conducted in the 2014/15 financial year the Trust signalled changes in its strategic direction in its Statement of Intent for 2015/16 to improve alignment with Council’s outcomes. Council spend per visitor has decreased from the projected \$36.95 per visitor (at 47,050 projected visitors) to \$29.43 per visitor at final visitation of 59,076, without compromising customer satisfaction.
Consolidate & expand iwi partnerships and relationships in social, educational, cultural, economic and environmental sectors.	Te Ātiawa and Ngāti Kuia as first two iwi in the process based around refresh of Iwi cases in Regional History Gallery – one by end of 2015, second by mid 2016.	Discussions in progress with Te Ātiawa and Ngāti Kuia under the umbrella of Te Tai Ao Kōmiti committee.  Working with Ngāti Rārua and Te Ātiawa to support their exhibition at Motueka Museum opening in late 2016, with a view to hosting the exhibition in 2017.
Maintain & expand the value of the Museum to educational agencies (including Ministry of Education, NMIT, Kura Kaupapa Maori, Schools, pre-school, formal and informal regional adult education providers etc).	Exceed LEOTC targets by 10% (current base 5500) each year.  Renegotiate LEOTC contract (expiring 2016).	LEOTC target of 5,500 met. Actual visitation of 6,270 achieved against target of 6,050.  LEOTC application submitted by deadline; outcome has not been advised by Ministry at time of writing (5/8/16).
Develop partnership & relationship protocols & processes.	Work with existing partners to develop MOU’s and other relationship protocol agreements. Two partnerships per year to be formalised.	MOU’s in place with Brook Waimarama Sanctuary and Nelson Historical Society.

Performance Measure	Target 2015/16	Result 2015/16
<b>Objective 3: To maintain, grow and diversify the revenue sources</b>		
Ensure revenue generation is integrated into operational planning and priorities.	Revenue, sponsorship, partnership and retail opportunities to be part of each exhibition and project proposal.	Exhibition sponsorship and grants of \$28,690 achieved <ul style="list-style-type: none"> <li>• Retail revenue of \$13,071 is above budget</li> <li>• Photography reproduction sales brought in \$12,198</li> <li>• Admission revenue totals \$45,009</li> </ul>
Ensure costs are effectively managed in line with stakeholder expectations.	Operate within budget.	Overspend approximately \$14,758. Discounting interest on Council loans and fair value calculation, there is an overspend of approximately \$14,758. The overspend is the result of significant CEO recruitment costs and H&S expenditure.
Increase Museum generated revenue.	2015/2016 \$131,689.	2015/2016 actual revenue: \$160,263 (excluding Council, MSD and LEOTC funding).
<b>Objective 4: To professionally manage and maintain all TBHT assets, including the Regional Heritage Collection</b>		
The Trust will complete a review of all Collection Policies to ensure appropriate collection development, management & research standards are achieved and maintained.	All TBHT policies to be reviewed and revised (as needed) by 2018.  Reviewed policies made available on-line.  Deaccession, Acquisition policies to be completed by the end of 2015/16.	Collection & Heritage Sub-Committee formed by TBHT to revise Collection policies pending adoption of new strategy and vision statement.  New website launched July 2016, and all revised policies to be uploaded.  Review completed, but with further work expected to revise in line with redeveloped strategy.
The Trust will work with Councils and other major stakeholders to continue the development of planning for the redevelopment of Research & Collection storage facilities.	Full development plan complete by the end of 2016.	Delayed by resignation of former CEO and recruitment of replacement. This work has been rescheduled in the 2016 – 19 SOI to December 2017.
H&S of staff, visitors and volunteers is taken into consideration through policy and practice and is specifically reported.	H&S Committee meets every second month and reports monthly to TBHT through the CEO.  Statutory reporting and annual checks to be described in a plan of work.	H&S Committee, 3 members plus CEO, meets monthly. Minutes and action table reported to TBHT monthly by CEO.  Achieved Hazard Identification workshop attended by key Museum staff and rolled out through organization.
To monitor and maintain the conditions under which the Collections are cared for and stored.	Collections Services staff to report annually [December] to TBHT outlining concerns and suggestions for the coming year.	Collections staff report monthly to TBHT via CEO, and highlighted issues dealt with as a priority.  The Research Facility environmental conditions are monitored weekly. Air conditioning units at the RF are scheduled for replacement in the 2016/17 financial year, as they are now over 15 years old.

*Table continued >*



Performance Measure	Target 2015/16	Result 2015/16
<b>Objective 4: To professionally manage and maintain all TBHT assets, including the Regional Heritage Collection continued...</b>		
Ensure Human Resources systems are managed in a way that support organisational culture and is aligned with the operation of the Trust as a good employer.	Ensure staff satisfaction survey is undertaken and a benchmark established for future surveys.	<ul style="list-style-type: none"> <li>Employee H&amp;S review undertaken</li> <li>Employee Assistance Programme (EAP) in place for all staff in March 2016</li> <li>Mindfulness programme run for all staff June 2016</li> <li>Contracts in process of being updated to bring them in line with best practice as a good employer</li> <li>Staff satisfaction survey on hold pending completion of structural realignment.</li> </ul>
<b>Objective 5: To promote an organisation wide operating environment that supports the strategic plan</b>		
Undertake genuine consultation with manawhenua iwi of Whakatu with respect to acquisition, care and display of taonga .	Seek to review the way Te Tai Ao Komiti meetings are structured.	Te Tai Ao Komiti gives iwi guidance to the Museum. Iwi representatives drive this process. Komiti feedback received that Komiti meetings are working for iwi.
Actively encourage and support targeted training and development opportunities for staff, Trustees and volunteers.	Specific attention to needs related to H&S matters – H&S Committee reports six monthly.	Staff have attended numerous training and development opportunities, including H&S related.
Maintain involvement of Advisory Committees in respect of Education and matters relating to our Manawhenua iwi.	Set meeting dates for each year by end of July. Both committees to report to TBHT at least annually.	Both committees have met and reported as required.
<b>Objective 6: Develop programmes that demonstrates an understanding of our communities</b>		
Broaden the range of experiences (including exhibition, virtual, online, events, public programmes, education etc) to ensure the focused and strategic use and activation of the Trust collections and resources.	A plan to be presented to TBHT and advisory groups at start of each calendar year.	Variety of exhibitions and public events presented which target a variety of demographics. Visitor Experience Committee established to review and devise exhibition and visitor engagement strategy.
Review the Regional History gallery and increase its appeal and level of engagement.	Visitor targets: 40,000 2015/2016.	Visitor number targets exceeded. The following methods have been used to increase visitor engagement in the regional gallery: <ul style="list-style-type: none"> <li>Frequent regional history gallery talks</li> <li>Family activity trails</li> <li>Children's art competition</li> <li>Exhibition lighting upgraded</li> <li>Content refreshed in line with topical interest (display on the South Island kokako installed after alleged sightings in Cable Bay).</li> </ul>

Performance Measure	Target 2015/16	Result 2015/16
<b>Objective 6: Develop programmes that demonstrates an understanding of our communities continued...</b>		
Maximise the use of the Museum's touring exhibition resources.	On-line access across digital platforms to be part of the planned website redevelopment. Review the current access to the Research Facility and report by end of 2015.	As at 30 June 2016: <ul style="list-style-type: none"> <li>84,283 object records are available for viewing on Collections Online, against 54,000 in April 2015</li> <li>Current hours viable with public, with visitors able to book times outside of advertised hours if required.</li> </ul>
<b>Objective 7: To optimise opportunities provided by on-line and social media activity</b>		
Process donations according to guidelines in Collections. Management Policy including progressively providing access to a broad range of Collection records on-line.	Increase visitors to on-line resources to 70,000 in 2015/2016.	52,223 visitors to Photo News. 10, 123 visitors to Collections Online. 30,432 visits to the Nelson Provincial Museum website itself.
Progressively increase and monitor the engagement of the regional community through e-news and social media marketing.	Increase e-news subscribers to 3,600 in 2015/2016.  Increase Facebook and twitter by 10% each year.	Number of E-news subscribers increased to 3,527, following re-prioritisation of social media strategy.  Facebook page likes increased by 100%, with some posts reaching over 20,000. Twitter followers increased by 60%.

## FINANCIAL PERFORMANCE – TASMAN BAYS HERITAGE TRUST

	2016 (\$000)	2015 (\$000)
Revenue	1,987	2,031
Expenses	2,239	2,288
Net surplus before taxation	(252)	(257)
Revaluation	0	848
Equity brought forward	19,264	18,673
<b>Equity carried forward</b>	<b>19,012</b>	<b>19,264</b>



# THE BISHOP SUTER TRUST

## (Suter Gallery)

Council established the Bishop Suter Trust in 2008 as a Council Controlled Organisation to run the Suter Art Gallery. Its first Statement of Intent was adopted in June 2009. The art gallery is also part of the learning experiences outside the classroom programme for schools. It is current Council policy to retain the Suter Gallery as a Council Controlled Organisation managed by the Bishop Suter Trust.

### PERFORMANCE TARGETS – THE BISHOP SUTER TRUST

The Bishop Suter Trust, in partnership with Nelson City Council, commenced its project to redevelop The Suter Art Gallery at its historic Bridge Street site. This is a multi-year build and the Redevelopment Project is estimated at \$12 million. The redevelopment has the objectives of ensuring The Suter's nationally significant art collection is displayed in facilities that are fit for purpose, with better accessibility and made to last for future generations.

Construction began in January 2015 and during the re-build period, The Suter set up a temporary home in Halifax Street that included exhibition areas, office space, the cafe and shop as well as storage.

Reporting on the Statement of Intent reflects that exhibitions and educational activity operated from 'The Suter on Halifax' from February 2015.

Measures	Target	Result 2015/16
Governance: Operate a successful visual arts centre and public art gallery.	Successfully implement the Suter Art Gallery Redevelopment Project in partnership with NCC; Ensure that the overall Project design/ costs remain within the \$12 million budgeted and that The Suter is completed to plan, budget and timeframe.	<p>The Suter is due to open on 1 and 2 October 2016 and at 30 June the Council had contributed their \$6 million to the Project and The BST was drawing down on its funds.</p> <p>The project is within budget and on time.</p> <p>Major funding has come from the Regional Museums' Fund grant and the New Zealand Lottery Grants Board. All of The Suter 2000 Appeal Trust funds were transferred to the Bishop Suter Trust in October 2015. Two further grants approved from Mainland Foundation towards an hydraulic lift and New Zealand Community Trust for a mobile working platform hoist in the financial year. A further donation is pledged from the Rata Foundation.</p> <p>Memorandum of Understanding and Agreement to Lease signed between the Nelson Suter Art Society and BST, with respect to NSAS continued occupation of a gallery space, studio and storage area, and other considerations.</p>
	Provide a public art gallery experience during Redevelopment'; Report six monthly with visitor statistics and response.	Year to date to 30 June 2016; 39,820 people have had "Suter" provided experiences including 34,320 people who have visited the temporary site at 28 Halifax Street.
	Ensure that The Suter is well managed and operates within its agree plans: Reports, plans and budgets meet set deadlines. The Risk Management Plan is reviewed annually and mitigation strategies identified are implemented.	The risk management plan has been reviewed and identified risks eliminated or mitigated where possible.

Measures	Target	Result 2015/16
	Develop a 10 year strategic plan for the BST/The Suter.	The planning for this informed the 2016-19 Statement of Intent.
	Develop a Marketing Plan which focusses on the attracting visitors and developing resourcing for the redeveloped Suter; Report on progress.	A marketing plan for the opening has been developed. Redesign of The Suter website www.thesuter.org.nz to operate across multiple platforms is underway. Regular E-newsletter instigated and regular updates on social media including Facebook, Instagram and Twitter also initiated.
	Develop an asset management plan in relation to the new Suter facilities; Plan prepared by 2016/17 for the ongoing maintenance of the redeveloped Suter.	The asset management plan is being developed in consultation with the Redevelopment Project Management cognisant of the systems, cladding, roofing, furnishing and fittings maintenance regimes.
	Be a good employer by maintaining good employer policies and practices; Report on observance of policies, health and safety, turnover and related statistics.	During the year there were two resignations; Front of house Weekend and the Curator/ Collection Manager. New Curator/ Collections Manager appointment made. New contractor engaged to deliver Suter Kids Club. No health & safety incidents. Health & Safety regular agenda item on staff meetings.
Visitor experience: Engage, educate and entertain the regional community and visitors through visual arts' programmes; Exhibitions and Life-long learning opportunities:	During Redevelopment facilitate and deliver exhibition projects that contribute to significant cultural events; Projects are delivered in relation e.g. to Light Nelson 2016, Nelson Arts Festival, Waitangi Day 2016, Centenary of WW1.	The Rembrandt Remastered project was the joint Suter Nelson Provincial Museum/Suter contribution to the Nelson Arts Festival 2015. It was very successful for both.
	During Redevelopment provide displays/exhibitions, potentially in The Suter Off-site premises and in various other spaces as opportunities arise; Displays are in locations accessible to the public, Report quarterly on progress.	Top Art 14 June- 23 June; Philip Trusttun BOO opened 6 May - 3 July following Euan Macleod- Painter 19 February - 1 May replacing Kowhaiwhai 20th November 2015 – 14 February 2016. Rembrandt Re-mastered 4 weeks in October/ November 2015; followed Wood from the Trees exhibition. Barry Cleavin The Exact Enigma, a Suter curated exhibition, opened at the Millennium Gallery, Blenheim. A display is ongoing at Nelson Airport.
	Develop a suite of exhibitions for the opening of the redeveloped Suter; Research undertaken and loans secured. Report quarterly on progress.	A suite of exhibitions planned: Loan requests to Te Papa, Christchurch Art Gallery, Hocken Gallery and Auckland Art Gallery approved pending satisfactory in-depth facilities' reports. Collection artworks selected for opening exhibitions including strategic acquisitions.

*Table continued >*



Measures	Target	Result 2015/16
	Develop a forward exhibition programme that is diverse and stimulating, for the redeveloped Suter including internally produced and externally sourced exhibitions; Exhibitions scheduled that meet the needs and interests of a broad audience. Report on progress quarterly.	The initial forward programme will feature Suter collection works in curated thematic exhibitions supplemented with loans from other public collections. Other exhibitions are under negotiation/ in planning for 2017/18.
	Provide public programmes which enhance appreciation and enjoyment of the visual arts; A minimum of 20 talks/ events/activities are held per annum.	18 Suter events of which four were openings and two were exclusive to Legacy/ FoTS were held.
	Provide learning experiences for regional school students that support their NZ curriculum studies based on the Suter's programmes and resources; Target is 3,000 students from 25 schools as per the Ministry of Education LEOTC Contract milestones and post visit evaluations indicate 90% satisfaction ratings of "fine" to "great". At least one Education Advisory Committee meeting held per annum.	Educator has led 211 classes, 5,029 students with 1,167 helpers – note this is The Suter's reporting year not LEOTC which corresponds with the school/calendar year; and reflects actual numbers attending Suter Educator led programmes. Under LEOTC reporting requirements a class that visits twice during the year can only be reported once. LEOTC delivery evaluated by Ministry of Education contracted evaluator. 100% satisfaction rating for education delivery.  Two Education Advisory committee meetings held.
	Seek to obtain a further LEOTC contract; the current LEOTC contract expires on December 32 2015. Report on progress.	The new contract for provision of LEOTC runs from 1 January 2016-31 December 2018. The funding allows for .5 Educator.
	Provide out-of-school art educational activities; 50 sessions of Suter Kids Club are delivered per annum.	YTD 75 Suter Kids Club sessions held; Term 3 2015: 3 sessions per week [per week], Term 4 2015: 2 sessions per week Terms 1 & 2 2016; 2 sessions per week.
Collection: Collect, record, interpret and preserve the artistic heritage of the Nelson/ Tasman region and New Zealand.	Develop the Suter's Collection in accordance with The Suter's Collection Policy; All acquisitions and de-accessions approved by the Trust and reported annually.	See summary of acquisitions. 2 artworks accepted on long-term loan. 34 art works gifted by the Candys in 2000 have been received into The Suter's care.

Measures	Target	Result 2015/16
	Maintain and develop the Acquisitions Fund and Collection Bequests to allow active collecting to occur; the acquisitions' funds meet or exceed budget and all such funds are used for the purposes so designated.	Legacy Group initiated (embracing the 10x10 and 5 x 40 donors), The World of Wearable Art Trust wound up and made a donation to The Suter and several pledges made to the 5x40. Negotiated a bequest to the collection of 2 art works.
	The Collection is safely stored during the period of redevelopment, and post-redevelopment is safely moved and installed into new storage; the Collection is stored in environmental conditions that are in line with accepted museum practice (including temperature 18-22 degrees Celsius/ relative humidity 50-55%, pest control, archival materials, security and fire monitoring). There are no handling mishaps or other damage occurs to Collection items.	Three easel paintings treated by painting's conservator. All new acquisitions framed and those works that have been to the conservators.
	Collection records are significantly upgraded to increase accessibility and usability as part of a long term strategy to provide on-line access to the Collection and to enhance the reputation of the significance of the collection; All collection items are imaged; Collection items are uploaded to internet sites including NZ Museums; Lon and other collection requests are met.	200 collection artwork records, including their geographic locations (where relevant) by John Gully, JC Richmond, Irvine Major, Toss Woollaston, Jane Evans and others have been uploaded to NZ Museums on Line.  Copyright approval records have been updated and further records have been prepared for uploading.  All Candy collection artworks and artworks intended as illustrations in the forthcoming publication plus all new acquisitions and any works that went to the conservators have been professionally photographed.
	Initiate collection related research projects, involving community groups, to enhance knowledge about the Collection and engage the community directly with the Collection. Advance subject indexing of the Collection. Disseminate knowledge of the Collection: Collection related items in media; Participate in compiling the Nelson 'craft' story as a contribution to a NZ craft history project administered by Auckland Museum; Progress reported six monthly.	Work continues on improving collection records, artist files and exhibition history records. Important archival material has been identified and appropriately re-housed. Volunteers have assisted with these projects as well as improving and indexing other Suter archives.  A publication of collection works has been prepared to coincide with the opening of the redeveloped Gallery.  Nelson craft story project with Auckland Museum cancelled.

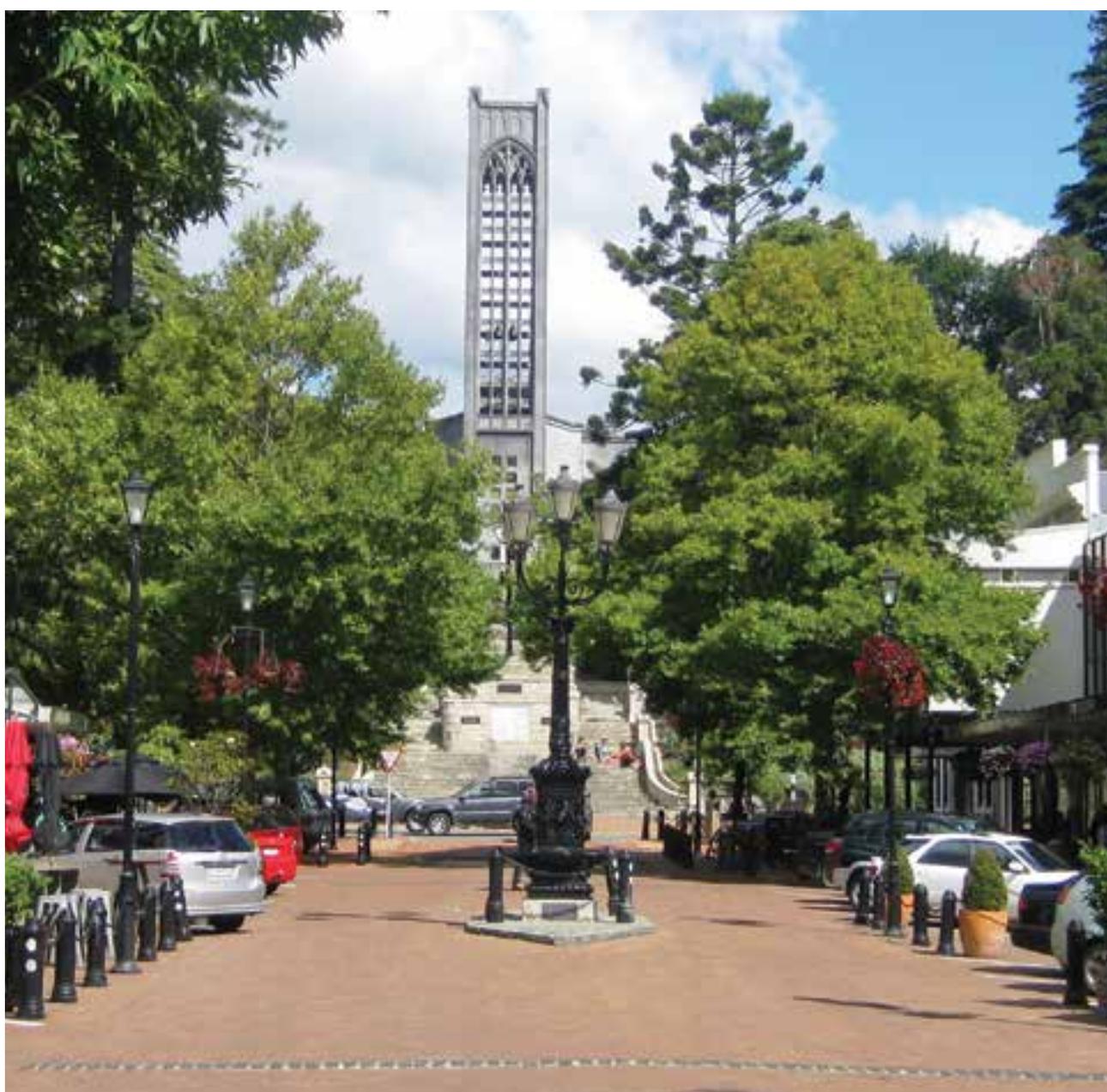
*Table continued >*



Measures	Target	Result 2015/16
Partnerships: Partnerships that sustain The Suter.	Strengthen The Suter's relationship with Iwi and Maori; Honour the kaupapa of the MoU with Ko Te Pouaranga; the Redevelopment reflects the relationship.	The Iwi supplied kowhaiwhai designs have been prepared by artist Robin Slow for production in timber. Kaitiaki Manu (birds) designs have been selected by each Iwi for pou (carved pillars) in the new Suter Foyer. Iwi input to a design for the outside ramp, taaniko patterns for window and door manifests. Bilingual internal signage is the next project. Iwi support and participation in exhibition openings.
	Actively engage in collaborate partnerships to support the programmes of The Suter, the Redevelopment and subsequent project and programmes; Sufficient resources are achieved to support projects.	<i>Rembrandt Remastered</i> - support gained via efforts of TBHT and Addo Mulders. NZ Post support in-kind with <i>Kowhaiwhai</i> . P Holland supported the public programme of Grant Banbury's illustrated lecture on Doris Lusk and Nelson Decorative & Fine Art Society and Ministry for Inspiration assisted with Anthony Penrose "The boy who bit Picasso" event  The Jane Evans Degustation Dinner & Auction raised funds for the exhibitions' programme.
	The Friends of The Suter (FOTS) is enhanced and a patronage scheme is developed; FOTS membership and activities is reported 6 monthly; progress on patronage scheme reported.	As at 30 June 2016 there were 455 memberships. Legacy Group established. FoTS membership categories reviewed with changes taking effect in the 2016/17 subscription year.
	The Suter contributes to other organisations and initiatives to promote Nelson/Tasman visual arts and heritage and provides leadership in fields of expertise to support the Council's provision of cultural wellbeing: Report on contribution to the implementation of the Regional Arts Strategy, Heritage Strategy, regional museums network and other related initiatives; report on contribution nationally in areas of expertise.	Director participated in the Arts Selection Panel projects consultation and meetings- new public art projects underway. Attended NHAG AGM and forums. Director advised final year students NMIT for their exhibition. Attended regional museums' meetings Suter supported fundraising initiative for the Nelson School of Music [NSOM] and provided letters supporting the NSOM application for a Lottery grant and for an application to the Ministry for Culture & Heritage.  The <i>Wood from the Trees</i> exhibition was used as a setting for the launch of Nelson Nature.  Suter staff invited to provide presentations to community organisations on and off-site.  A structured Volunteers' programme has been initiated and Peter Millward appointed as Volunteer Co-ordinator. Volunteers are being trained for roles such as visitor hosts and exhibition tour guides for the new Gallery, in addition to the archival research and curatorial tasks and front desk activities already carried out by volunteers.

## FINANCIAL PERFORMANCE – THE BISHOP SUTER TRUST

	2016 (\$000)	2015 (\$000)
Revenue	4,195	1,658
Expenses	1,192	2,934
Net surplus before taxation	3,003	(1,276)
Retained Earnings Brought Forward	10,516	11,792
Prior year adjustment	63	0
Equity injection	6,000	0
<b>Retained earnings carried forward</b>	<b>19,582</b>	<b>10,516</b>







## CONTACT US

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PO Box 645, Nelson, 7040  
[enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

03 546 0200

[nelson.govt.nz](http://nelson.govt.nz)

### COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays except Thursdays (open 9.00am to 5.00pm on Thursdays).

Located in Civic House, corner Halifax and Trafalgar Street. 110 Trafalgar Street, PO Box 645, Nelson.

Telephone 546 0200 (24 hour, 7 day service).  
Fax 546 0239.

### WEBSITE AND EMAIL

Visit [nelson.govt.nz](http://nelson.govt.nz) or email [enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

### CORRESPONDENCE

Address written correspondence to Council to:

Chief Executive, PO Box 645, Nelson 7040 or  
fax to 546 0239.

### ATTEND A COUNCIL MEETING

Council meetings are advertised in Our Nelson. Members of the public are welcome to attend meetings of Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

### PUBLIC FORUMS

There is a public forum at the beginning of most ordinary Council meeting where up to five minutes will be available for members of the public to speak to Council. Book a time before the meeting by contacting a Council Administration Adviser on 546 0200.

### DEPUTATIONS

Groups or organisations may form a deputation to make a representation to a Council or Committee meeting. There is a formal procedure for such a presentation. A request for a deputation to appear, including the subject to be raised, must be made in writing at least 10 days before the meeting. Contact a Council Administration Adviser on 546 0200.

### PETITIONS

The presentation of a petition to Council or its Standing Committees must conform to certain rules. Contact a Council Administration Adviser on 546 0200.



**Nelson City Council**  
*te kaunihera o whakatū*

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## **PHOTOS**

Many of the beautiful Nelson images in this publication were kindly provided by Dom Channon, Phillip Rollo and Tim Cuff.