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PLANNING
NELSON'S FUTURE

Summary Annual Report 2016/17

For the year end 30 June 2017

A copy of Council's full 2016/17
Annual Report is available from
nelson.govt.nz

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Your Say

FOREWORD: MAYOR AND CHIEF EXECUTIVE

Welcome to Nelson City Council's Annual Report 2016/17, where we highlight Council's performance during the 2016/17 year.

Some of the highlights of the past 12 months include the Trafalgar Centre reopening, Suter redevelopment, and the start of construction of the Greenmeadows Centre.

The Trafalgar Centre was a major strengthening and upgrade project for Council. It is the largest indoor multi-purpose events centre in our region, capable of seating 2500 people and it is wonderful to have it fully open once more. We have a stronger, safer venue that has been brought up to date and is significantly more functional and appealing for events of all sizes. Nelson now has a venue that will serve us well for generations to come.

We also continued our programme of core infrastructure improvements, completing the final stage of the Maitai Pipeline duplication from the Water Treatment Plant to the city; commissioning the Corder Park Pump station for our wastewater; and upgrading stormwater systems at York Stream, Little Go Stream and Saxton Creek, just to list a few of the many infrastructure projects that were carried out during the year.

We all know Nelson is an amazing place to live, with an enviable climate, a diverse range of people and a visually stunning natural environment.

Whilst this annual report only provides a snapshot of the last year, Council's commitment in the natural environment space has been significantly increased over the last four years. The Council has invested in its regional council functions across biodiversity, biosecurity, freshwater, the coast and air quality. The delivery through Nelson Nature and Project Maitai/Mahitahi in particular is making significant progress towards achieving Council's commitment to making our environment even more special. Being awarded the New Zealand River award for long term macroinvertebrate improvements for the Maitai/Mahitahi River demonstrates that with hard work reward will follow. Whilst we have made gains, we know we still have ongoing work to do to meet all our environmental targets and Council commitment is for the long term given improvement only shows over time.

We have seen some impressive economic performances in our region, with Nelson continuing to be one of the fastest growing regions in the country.

We have supported economic development by planning ahead, partnering with others, and promoting the value of our region to attract talent, visitors and investment.

Council has actively worked to encourage inner city development, through actions like development contribution waivers for inner city residential accommodation and encouraging Special Housing Areas. As a result, we have a number of developers investing in the heart of our city, everything from office space through to residential apartments.

As part of this, we have extended our Housing Accord with the government, and approved 13 Special Housing Areas. These Special Housing Areas will help provide much needed housing supply to our city and continue Nelson's momentum.

We continue to work in partnership with our community on projects, for example through our Community Investment Fund; and with our neighbours – Tasman District Council - with the new regional landfill business unit operational from 1 July 2017 and with work on the new National Policy Statement on Urban Development Capacity.

Our work has ensured Council's financial position is healthy and I'd like to thank you all for your consolidated efforts that help our city to thrive. Your efforts go a long way to making Nelson an even better place.



Rachel Reese
MAYOR OF NELSON



David Hammond
ACTING CHIEF EXECUTIVE

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Annual Report Summary provides an overview of Council's activities, services and finances for the year 1 July 2016 to 30 June 2017. The information is taken from Council's audited Annual Report 2016/17, adopted by Council on 31 October 2017. Complete information about Council's financial position and operation is provided in the full Annual Report 2016/17.

A copy of the full Annual Report 2016/17 is available to read online at nelson.govt.nz, from all Council libraries and from the Customer Service Centre.

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Independent Auditor's Report

To the readers of Nelson City Council's summary of the annual report for the year ended 30 June 2017

The summary of the annual report was derived from the annual report of the Nelson City Council (the City Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 7 to 21:

- the summary statement of financial position at 30 June 2017;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017; and
- the summary key achievements and service performance.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 31 October 2017.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

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



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
15 December 2017

OUR ACTIVITIES

COUNCIL HAS TEN ACTIVITIES:

| | |
|-----------------------------|----|
| Transport | 7 |
| Water Supply | 8 |
| Wastewater | 8 |
| Stormwater | 9 |
| Flood protection | 9 |
| Environment | 10 |
| Social | 12 |
| Parks and active recreation | 13 |
| Economic | 14 |
| Corporate | 15 |

KEY ACHIEVEMENTS AND SERVICE PERFORMANCE

For more detailed information please refer to the full Annual Report 2016/17.



Transport

In 2016/17, the capital expenditure in the transport activity was approximately \$5.1m (including both subsidised and unsubsidised roading projects).

Key renewal and maintenance activities that occurred on the existing transport network during 2016/17 included: 0.7 lane km of pavement rehabilitations, structures maintenance and renewal including Gibbs and Poleford Bridges (Maitai Valley), Covent Pedestrian Walkway bridge repairs, Palisade Wall on The Cliffs and Oldham Bridge replacement, 13.8 lane km of road resurfacing (at Nayland Road, Central city and Todd Bush), 3.9km of footpath resurfacing across the city, often in conjunction with the ultra-fast broadband roll out to achieve savings, 102 streetlight poles replaced, and 0.6 km of kerb and channel renewed (at Maitland Avenue and Bridge Street).

Respondents to the 2016/17 Residents' Survey were asked how satisfied they were with Council, in the area of transport, which includes roads, cycle lanes, footpaths and public transport. 48% of residents were satisfied or very satisfied with transport activities. Reasons for dissatisfaction with transport activities include public transport being limited, the roads being poor and needing improvement and the cycleways needing improvement.

Council investigated options for improvements at Church Street, with the capital works now scheduled to take place in 2017/18. Funding for this work comes from the Central Business District Enhancement Fund,

that Council set aside in the Long Term Plan 2015-25 for capital projects to enhance the central city. Council is working in partnership with the local businesses in this area.

The Tahunanui Cycleway project commenced. Initial public consultation for the project was undertaken and analysis of findings completed. Three routes, including a preferred route, were identified for further investigation during this first project phase. Feedback was received from over 90 people. The next phase includes determining a final route that will be presented to Council for approval.

The average peak hour travel time exceeded the upper limit as follows: 33 weeks in the Waimea Road northbound AM peak; 2 weeks in the Waimea Road southbound peak; 4 weeks in the Rocks Road northbound AM peak; and 4 weeks in the Rocks Road southbound PM peak. The 2015/16 exceedances were 24 weeks, 9 weeks, 11 weeks and 27 weeks respectively.

There were 16 crashes in the 2016 calendar year that resulted in death or serious injury. This is higher than the 11 crashes in the 2015 calendar year that resulted in death or serious injury. The number of cycle crashes in the 2016 calendar year was also higher than the recorded number in 2015 (16) and 2014 (13).

5.6% of the sealed road network was resurfaced in 2016/17.



Water Supply

In 2016/17, the capital expenditure in the water supply activity was approximately \$7.5m.

The resource consent applications for the city water supply from the Maitai River and Roding River were lodged in the middle of 2016. These consents will provide the city with certainty about its water supply for future years. The consent renewal for the Roding was granted during the year. The Maitai consent is pending.

The final stage of the Maitai Pipeline duplication, from the Water Treatment Plant to the city was completed. This project had a total budget of \$4.97m and provides improved water pipeline security for the city's water supply.

The water grading of Ab was re-confirmed by the Ministry of Health in September 2016. This grading was also achieved in 2013/14 and 2014/15. The 2016-17 review of the city water supply by the Drinking Water Assessment Unit of the Ministry of Health confirmed that compliance with part 4 of the drinking water standards (bacterial compliance) was achieved for both the source and distribution network and compliance with part 5 of the drinking water standards (protozoal compliance) was confirmed for the source.

Investigations continued into complaints of discoloured water. The best understanding of this is that the source of discolouration can be traced back to iron oxides which largely result from lengths of cast iron and steel pipes in the network.

In 2016/17, demand was 288 litres per person per day, up from 268 litres per day in 2015/16.

Operating a water supply network that protects the natural environment ties in with Council's environmental goals. Council complied 100% with resource consents conditions relating to water take.

Wastewater

In 2016/17, the capital expenditure in the wastewater activity was approximately \$2.4m.

The Corder Park Sewer Pump Station Upgrade was completed and commissioned in April 2017. The project was constructed over two years at a total cost of \$5.3m. Now completed, the pump station handles current and future demand safely and efficiently and will provide improved emergency storage capacity in this location.

The tender for the construction work at the Neale Park Pump Station was advertised in April, following the completion of detailed design and resource consent processing. It is expected this project will be completed before the end of 2018.

Design work on the Awatea Place pump station is underway and scheduled to extend into 2017/18. This project is to replace the two pump stations on Parkers Road with a single pump station at the end of Awatea Place.

Other wastewater renewals carried out in 2016/17 include design for the following projects: flow meters renewal, Stansell and Princes Drive Sewer Renewal, Jenner Road sewer renewal and St Vincent Street sewer renewal.

Investigation of options for the re-direction of wastewater from the Wakatu area was undertaken. This Gracefield beheading project is expected to resolve overflows from the main in Gracefield Street.

Levels of inflow and infiltration of stormwater into the wastewater network continued to be investigated. This included work using CCTV to inspect the condition of gravity sewer pipes in the Central Business District. The results will help with planning the network renewal programme for the next three years.

There were 16 complaints per 1000 connections during 2016/17 on swewage odour, sewage system faults, sewerage system blockages and Council's response to



issues with the sewerage system. The total number of complaints was 358. This is slightly down from last year's 19 complaints per 1000 connections during 2015/16 and total number of complaints of 417.

Stormwater

In 2016/17, the capital expenditure in the stormwater activity was approximately \$1.2m.

The Railway reserve/Saxton Road West to Dryden Street Stormwater Upgrade, to improve on the existing discharge to soakage in the area and alleviate localised flooding was completed during 2016/17.

Design for Wastney Terrace piping from the south end of Wastney Terrace to Corder Park to upgrade the public stormwater system to serve the future development potential was completed. The resource consent for future works and access agreements are expected to be completed in 2017/18.

Other stormwater work included investigation of the Vanguard Street Stormwater, commencing work on the Tahunanui Hills Stormwater Moana Avenue to Rocks Road concept design work and investigation work to confirm final options for detailed design at Airlie Street stormwater.

The private public drains programme continued, with projects including Waimea road stormwater, Tahuna to Chamberlain safety improvements and Otterson to Pascoe Street Stormwater options investigation.

The Fifeshire Crescent Stormwater upgrade was completed. The stormwater portion of the Days Track Recovery project also commenced and has since been completed.

A stormwater project, to finalise options for upgrades for the stormwater network, including secondary flowpaths in the Arapiki Road/Marsden Road/Main Road Stoke area, was carried out over the year. This is the first year of the project which will be continued through the Long Term Plan 2018-28.

Although Council did not achieve its target to complete 80% of the capital expenditure programme in the stormwater activity, this was partially the result of savings on the Railway Reserve (Saxton Road West – Dryden Street) and Fifeshire Stormwater projects. A total of \$425,000 was saved between these two projects that were completed during 2016/17. 63% (\$1.136m out of a total budget of \$1.8m) of the capital expenditure in this activity was spent.

There were 52 blockages per 100km of pipes during 2016/17. The total number of blockages was 168. This is down slightly from 53 blockages per 100km of pipes during 2015/16.

Flood Protection

In 2016/17, the capital expenditure in the flood protection activity was approximately \$5.4m.

A major project carried out during the year was the upgrade of Hampden Street Little Go Stream (along with water supply and wastewater renewals).

The stormwater portion within Waimea Road for the Little Go Stream upgrade Stage 1 was completed, with the road open in time for Christmas. Future stages will link this work to the Rutherford Street network and improve intake protection in the Grampians.

The York Stream Channel upgrade was completed in 2016/17. This project is a multi-year project to install a large stormwater pipe in Bishopdale. During 2016/17 the new pipeline down Kawai Street was tendered and physical works will be carried out during 2017/18.

Work on Saxton Creek upgrade Stage 2 commenced in December 2016. The concrete weir, pedestrian bridge and box culvert were completed. It is expected that this stage of the upgrade work will be completed in August 2017.

Initial design on the Saxton Creek Culvert to Sea project, to address under sized stormwater culverts that cause excessive surface flooding was carried out. Further design and consents are expected in 2017/18



with construction timing to be considered through the Long Term Plan 2018-28.

Work on flood models continued in 2016/17, with detailed flood models to confirm flood capacity and support future work received for eleven streams and rivers.

Other work included Orphanage Stream upgrade, to address flood risk to the Wakatu Industrial estate, the Brook Stream fish passage improvements, Maire Stream repairs, and the Nile Street East project's resource consent.

Work was also carried out on a Code of Practice for working in streams, and global consent for maintenance and repair works within rivers, including culvert and bridge maintenance works, vegetation removal and gravel extraction. In 2016/17, Council was granted a global consent for the repair and maintenance of streams. This will ensure future works can be undertaken as soon as practicable.

Fish Passage improvements were designed in 2016/17 and a trial of a range of these will be undertaken in 2017/18 to 2019/20.

There were no flood events in 2016/17 requiring repairs. Repairs to Orphanage Stream from the 2013 event were designed in 2016/17 for construction in 2017/18.

Environment

In 2016/17 there was an exceedance of the National Environmental Standards for air quality (NES) of no more than 50µg/m³ in Airshed A (51µg/m³ recorded at St Vincent St site on 2 July 2016) and in Airshed B1 (116µg/m³ recorded at Blackwood Street site on 20 March 2017). The NES requirement of no more than one breach per year in any airshed has been met.

The 2016/17 recreation monitoring programme was completed at the end of March, with 6 of the 10 recreation sites maintaining good water quality standards (<5% Red alert bacteria exceedances).

The exceptions were Wakapuaka at Hira Reserve, Wakapuaka at Paremata Flats Reserve, Collingwood St Bridge, and Nelson Haven at Atawhai. All recreation sites except Cable Bay had at least one Red Alert bacteria exceedance, mainly attributed to water samples taken during rainfall events, when samples were contaminated by stormwater land runoff. The bacteria grades and percentage of Red Alert exceedances calculated for LAWA are based on the last three year's summer monitoring (n=61 samples).

One hundred and fifty heritage building owners received a total of \$68,273 in Rates Remissions for Heritage Maintenance. During 2016/17, nine heritage building owners received funding through Council's Heritage Project Fund, with the total allocated being \$100,000.

The Nelson Nature Programme delivered on some high priority projects, most notably an increased focus on the removal of wilding conifers in the Dun Mountain Ultramafic Zone. Due to the incremental increase in costs for removal of wildings for every year that they are left to grow, transferring funding from less urgent projects to the Dun Mountain Project will be more cost effective in the long term, helping to ensure the preservation of this nationally significant landscape.

The volunteer community is an integral part of the Nelson Nature programme. To support volunteers working on environmental projects, Nelson Nature has facilitated workshops on Health and Safety for Volunteers, and a practical workshop on dealing with the regions worst weeds. Volunteers were celebrated through Nature's Hero awards, and through an event on Poorman Valley Stream which thanked a range of volunteer groups working along this important urban stream, and also connected groups together which has resulted in more joint efforts taking place this second half of the year.

Year three of Project Maitai/Mahitahi was successfully delivered. Key highlights included the removal of the Almond Tree Flat Ford; the New Zealand River Award



for long term macroinvertebrate improvements; the stormwater drain painting at the Countdown supermarkets; the planting of 15 sites alongside the river and its tributaries; the design and resource consent for the Groom Creek Wetland; and the involvement of nine Nelson schools in one or more projects. The Maitai catchment showed meaningful trend improvement in monitoring indicators on the Land Air Water Aotearoa (LAWA) website.

Fish passages have been installed in Orphanage, Poorman Valley, Arapiki, Jenkins, York and the Lower Brook streams and Nile Street Culvert.

There was a slight decrease in classification standards at water body sites graded A or B from 53% in 2015 to 50% in 2016. Additional monitoring was started to target and prioritise action to address this.

Feedback on the draft Regional Policy Statement and significant technical work was used to inform the drafting of the new Nelson Plan. The Planning Team continued to engage with Iwi, Freshwater groups, requiring authorities, the Port, developers and professional groups in drafting the Plan. Draft Plan content was workshopped with elected members during February – September, prior to it being included in a full draft of the Plan for public release in 2018.

Additionally, targeted engagement with land owners potentially affected by flood, liquefaction and fault hazards was undertaken, including over 7,700 letters sent out, four well-attended public meetings held, and the handling of numerous queries. Feedback from landowners will inform the risk based approach in the Nelson Plan. Landowners with recognised heritage, landscape and biodiversity values and notable trees on their properties were also engaged with during the course of the year.

A plan change to the operative Nelson Air Quality Plan that allows 1600 Ultra Low Emission Burners in Airsheds B2 and C was made operative, without attracting any references to the Environment Court.

The Housing Accord under the Housing Accord and Special Housing Areas Act 2013 (HASHAA) was amended and extended by the Mayor and Minister of Building and Construction until 16 September 2021.

Thirteen Special Housing Areas (SHAs) were approved by Council and gazetted by Cabinet. Consent applications were received for eleven of these. The eleven SHAs being processed under HASHAA have significant capacity for residential growth and are expected to yield approximately 469 residential units. All Nelson SHAs have been in place for less than 12 months, and new housing supply from these will come on-stream in the next one to two years. A further twelve SHAs are currently in process to be gazetted prior to the national elections.

Council prepared and consulted on a City Amenity Bylaw to address gaps in Council bylaws. The purpose of the proposed Bylaw is to protect, promote and maintain public health and safety and amenity in the City centres.

The Nelson City Council Building Consent Authority (BCA) was assessed against the Building (Accreditation of Building Consent Authorities) Regulations 2006 by International Accreditation New Zealand (IANZ) in June. IANZ found that all requirements were being met and issued no corrective actions and reported favourably.

There were a total of 1000 building consents and amendment applications received in 2016/17, 211 more than the 2015/16 total of 789. This equates to a 21.1% increase in the number of applications received. The Building Consent Authority has not seen this level of consenting activity since the 2012/13 Stoke rain event when the total for that year was 1015 applications. Statutory time limits continue to be met for building consents.

Resource consent processing for the year is higher than 2015/16. The number of notified and limited notified consents has increased from 9 in 2015/16 to 11 in 2016/17 and non-notified consents have increased



from 450 to 458. 98% of non-notified consents were processed on time with consents being processed in an average of 16 days. For notified and limited notified consents, 82% were processed on time with the average number of days to process being 101. Objections or appeals on decisions or costs for the year remains low at 1.5% of decisions issued.

Council agreed to establish a regional landfill business unit with Tasman District Council. This business unit and a joint committee for governance was set up. The Terms of Reference and Deed of Agreement were agreed to and the Commerce Commission approved the arrangement. The joint landfill arrangement has now been operating since 1 July 2017.

The amount of waste per resident disposed of at landfill during 2016/17 was 690kg per resident. This represents an increase of 85kg per person over the previous year.

During 2016/17, Council changed the way that recycling was collected. Council delivered around 19,500 new recycling wheelie bins to residential properties all over Nelson during August and September 2016 with new collection starting in October.

The most significant CDEM event in the past year was the Kaikoura earthquake and subsequent tsunami alert. The Nelson Tasman CDEM Group provided personnel in response to this emergency and has been closely involved in monitoring the consequences for the region's roading network with SH1 now being closed. The CDEM Group also provided personnel to assist in Marlborough after the earthquake and also in Edgecombe following floods there.

Social

Council approved additional budget at Greenmeadows following the tender process so that the physical works could commence. Council commenced the project on site in December 2016. The diversion of and upgrade of stormwater commenced in early 2017 and is now

complete. Construction on the facility is now underway and the project is due to be completed in early 2018.

The community investment funding panel allocated Community Investment Funding and Youth Development project funding in 2016/17. Seven Youth Development Agreements were allocated funding, as were 21 Community Investment Fund Grants and 19 Community Investment Agreements, totalling \$189,250.00. These were allocated in addition to previously allocated multi-year funding.

Support was provided for Nelson Youth Council, Youth Nelson, the Youth Development Fund and youth recreation activity. Ministry of Youth Development funding was received for youth events and engagement as a partnership with Volunteer Nelson and TDC.

Council supported older adults through its contribution to the Positive Ageing Expo and partnering with Age Concern and Tasman District Council to run a series of workshop on breaking isolation and loneliness.

The water tanker provided healthy beverage options at 12 community events, in partnership with Nelson Marlborough District Health Board and Nelmac.

Council held a welcome home event for Paralympic champion Liam Malone following the Paralympics in October.

More support for community housing tenants was provided by way of an award of management contract with additional emphasis on tenant support.

Attendance at Council events has increased this year across all events, notably, summer festival events (55% in 2016/17 compared to 43% in 2015/16) and arts festival events (27% in 2016/17 compared to 22% in 2015/16). While not statistically significant, attendance of the masked parade (39%) has also increased by 5% during 2016/17.

The Founders Bookfair in 2016/17 was the largest Bookfair to date. Other events held at Founders



included the Kai Fest and the Cider fest as well as a number of other events. Founders spaces were leased to capacity. The Isel Café commenced operating in 2016/17.

The Arts Festival Transition Group was formed to investigate future governance for the Festival, in light of the commitment made in the Long Term Plan 2015-25 to move the Nelson Arts Festival to an independent governance structure. The Arts Festival Transition Group has recommended the establishment of a Council Controlled Organisation (CCO) to run it and public feedback was sought on this option in June.

In the libraries, the recreation area re-set was completed, the youth area was re-done, the wifi coverage was expanded and improved, the best sellers collection was launched, the recently returned displays were improved and the plans were completed for the refurbishment of Nightingale Library Memorial, which will take place in 2017/18. The library door count for 2016/17 was 505,792 made up of 351,068 at Elma Turner Library, 138,324 at Stoke Library and 16,400 at Nightingale Library Memorial. This compares to 500,116 in 2015/16 and 492,638 in 2014/15.

The Suter Art Gallery Te Aratoi o Whakatū was re-opened in October following a \$12million extensive re-development and upgrade. The project is a partnership between Nelson City Council and the Bishop Suter Trust and has been underway since early 2015. The Suter now has the ability to attract significant travelling exhibitions and borrow art works to supplement its own unique collection. Fifty-nine per cent of residents have visited the Suter Art Gallery in the past two years - either in its temporary location, or the redeveloped gallery. This year's result is a significant increase in usage from last year (59% compared to 48%). Amongst users of the Suter Art Gallery, 85% are satisfied or very satisfied with it. Online usage continues to increase. Online usage in 2016/17 was 987,077. This is compared to 914,209 in 2015/16 and 778,242 2014/15.

Nelson Anniversary Day, held on 30 January, marked 175 years since the first European settlers landed in Nelson with arrival of the first New Zealand Company Boat, The Fifeshire, in 1842. Council supported a family friendly event, linking with Nelson's history, and celebrating the history of Stoke to celebrate this event.

Parks and Active Recreation

Council continued work with mountain biking trails by reinstating existing tracks at Codgers, destroyed in the storm of 2015. Two additional tracks were begun linking the future Mountain Bike Hub on Andrews Farm to the Dun Mountain Trail. Planning, resource consents and archaeological assessments were undertaken for a downhill track on Fringed Hill. The Parks and Reserves Off-Road Tracks Strategy was approved by Council. This strategy sets the way forward for the development of off road tracks and trails in Nelson.

Council approved the Brook Recreation Reserve Management Plan in principle. A hearings Panel met in September to hear and deliberate on submissions. Following this, Council sought further feedback from the community on the proposed re-classification of the reserve. Gazettal processes for classification and re-classification of land have been completed. The road stopping is currently in front of the Environment Court for a decision.

Fitness machines were installed at Orchard Reserve and Saxton Field to enhance recreation opportunities and to help the community to improve physical health and wellbeing.

Although the Trafalgar Centre was partially reopened in 2015/16 to allow the Nelson Giants to play their games there during the basketball season, the new space at the northern end of the Trafalgar Centre was completed in 2016/17. An open day for the Trafalgar Centre was held in April. The Trafalgar Centre is the largest indoor multi-purpose events centre in the Nelson / Tasman Region, capable of seating 2,500



people. The northern end now provides a more versatile and attractive space for a wide range of events. 31,542 visitors used the Trafalgar Centre during the 2016/17 year, despite it not being open for a full year.

During the year, Council confirmed the preferred option for the Modellers Pond was to modify the pond at a cost of \$1.2 million. Council established a Project Group and agreed Terms of Reference. Funding for the project will also come from the Nelson Society of Modellers and other entities. Council now has Resource Consent for work around the pond. Detailed design is proceeding.

For the busy summer season, and with extra visitor numbers as a result of the Kaikoura earthquakes, Council also provided three additional temporary inner city freedom camping areas at Akersten Street hardstand, Rutherford Park beside the Trafalgar Centre and Haven Road beside Anzac Park. The sites were provided between December and April 2017. They had rubbish and toilet facilities available and free wifi was available at the Akersten and Rutherford Park sites. The Brook Valley Holiday Park, both cabins and campsites, reopened in December 2016 to help meet accommodation demand.

At the Marina, the Marina hardstand purchase was confirmed on 1 July 2016. Council purchased approximately 3000m² of land at Akersten Street at a cost of \$1.6 million. The purchase included the existing hardstand facility, a wharf, jetty and the travel lift (for lifting and moving vessels). This hardstand and travel lift is now in operation.

In the 2016/17 Residents' Survey, the majority of residents (82%) are satisfied or very satisfied with parks and recreation, including gardens, sports grounds, sports venues, pools, playgrounds and reserves. This compares to 86% in the 2015/16 Residents' Survey.

During 2016/17, land was purchased within the subdivision at Montebello to meet the gap indicated in

the Ngawhatu Valley. Further land is to be acquired as opportunities arise. During 2016/17 97% of all homes in the residential zone were within walking distance of a neighbourhood park.

Economic

2016/17 was the first year that the new Nelson Regional Development Agency (NRDA) was in operation. The agency is a merger of the former Nelson Regional Economic Development Agency and Nelson Tasman Tourism.

The key objective of the NRDA is to provide effective facilitation of regional development by making a measurable difference to areas it gets involved in.

The NRDA commenced a project to identify the Regional Identity for Nelson and talked to a number of stakeholders and community members through this process. As well as this, ongoing work continued, such as tracking the regional economy reports, regional marketing, tourism development, monitoring and managing the i-site.

Council hosted a Miyazu delegation for the 40th anniversary re-signing of the sister city relationship.

The NRDA administered the Nelson Events and Marketing Fund on behalf of Council. \$462,940 was allocated during 2016/17 to thirteen different approved events in 2016/17. This was up from \$277,000 in 2015/16 (12 events). Of the total allocated in 2016/17, \$120,000 was for Year 1 of the Netball New Zealand Tournament.

Total visitor spend in 2016/17 (the year ended June 2017) was \$657m, an increase of 9.1% over 2015/16.

Council provided a grant of \$50,000 to the Nelson Cycle Lift Society Incorporated for further development of the business case for the proposed Gondola project.

Following an approach from the Tahunanui Beach Camp, Council agreed to provide a financial contribution of \$15,000 from the Special Economic



Projects fund for a temporary beach bus service. This ran over the Christmas period from the central city to Tahunanui Beach.

Seven days of international cricket were played in Nelson over summer. Preparation is underway for further matches to be held during 2017/18.

Regional businesses supported to access Callaghan Innovation's Research and Development Grants programmes and New Zealand Trade and Enterprise capability development vouchers resulting in \$1,260,508 of government funding to local businesses.

Corporate

The local body election was carried out on 8 October 2016. The voter return was 52.12%, being 18,853 votes. Following the election, an induction process for councillors was carried out.

The results of the residents' survey conducted in 2016/17 show overall, 55% of residents are satisfied or very satisfied with Council, 32% are neither satisfied nor dissatisfied, while 11% are dissatisfied or very dissatisfied. This compares with 55% in 2015/16. A new question in the 2016/17 Residents' Survey asked if residents had direct contact with Council staff in the past year. More than half of residents (53%) had contact, while 46% had not. Residents who had contacted Council in the past 12 months were asked how satisfied they were with the service they received. Sixty-seven per cent of residents were satisfied or very satisfied. Fourteen per cent were neither satisfied nor dissatisfied, 17% were dissatisfied or very dissatisfied.

In November, Standard and Poor's retained Council's credit rating at AA. This reflects Council's very strong budgetary flexibility, strong financial management and liquidity and low contingent liabilities.

At 30 June 2017, Council employed 261 staff compared with 251 at the same time in 2016. This includes full

and part time employees, with 175 being full-time employees .

The Eelco Boswijk Civic Awards were held and seven individuals and organisations that helped Council to achieve goals were awarded in the categories of community hero, change maker, leadership, kaitiakitanga, smart living and community spirit. A number of other people and organisations were also recognised for their input to Nelson.

During 2016/17, 1841 rates rebates interviews were completed at Civic House, in the community and in people's homes.

The Haven Precinct Project commenced in 2016/17 with early stages of investigation and providing concept plans for the development, which covers the section from the former Reliance Engineering building to the Boathouse. A public feedback session was held in October. Budget is now included in the 2017/18 Annual Plan in support of further investigative work on this project in 2017/18.

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 2016/17, 24 reviews were undertaken and reported to the Audit Risk and Finance Subcommittee. Reviews were undertaken on a number of areas including Port Nelson, Nelson Airport, libraries and building consents and inspection services. In total, 28 reviews have now been undertaken, with the remainder in progress or scheduled.

The Chief Executive resigned from Council in June 2017. An Acting Chief Executive has been appointed while recruitment is underway.

AREAS OF NON-PERFORMANCE

The transport activity had the highest proportion of measures that were not achieved (61%). Issues included peak travel times, road safety, the social cost of crashes and the number of crashes involving pedestrians. Arterial road traffic options and cause and intervention analysis will be key to achieving targets in the future. The lowest levels of satisfaction related to public transport, with residents feeling the service is not extensive enough and more buses are needed.

The environment activity (which includes environmental management, solid waste and a range of compliance functions) was the next lowest

in terms of achievement with approximately a third of measures not met. The non achievement in the resource consents area was a result of exceeding the statutory processing timeframe by one day.

Overall Council's non-financial performance was on a par with the 2015/16 year with 74% of performance targets met. These results demonstrate that for the majority of its activities Council is meeting the expectations set out in the Long Term Plan 2015 – 2025.



Financial overview

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

Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break-even).

The Annual Report shows that Council recorded a net surplus before revaluations for the year ended 30 June 2017 of \$13.2 million, which was \$8.9 million more than budget. An explanation of this variance can be found in note 39 in the Notes to Accounts section. The surplus was \$12.7 million for the 2015/16 financial year.

It should be noted that the word 'surplus' is an accounting term, and is different from the rating surplus. The accounting surplus includes capital items such as road subsidies and grants relating to capital projects, revaluations and vested assets which are required to be treated as income for accounting purposes.

Council's borrowings as at 30 June 2017 were \$92.4 million.

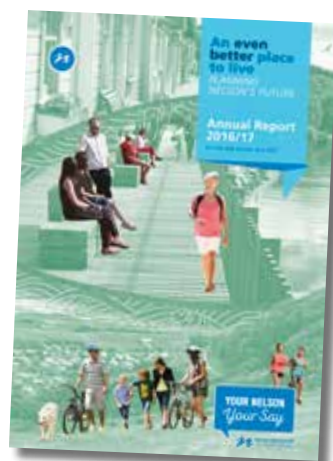
The full Annual Report was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied with International Public Sector Accounting Standards (IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

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 2017. The financial statements were authorised for issue by Council 31 October 2017.

You can find a copy of the full Annual Report 2016/17 on Council's website nelson.govt.nz or at Council's Libraries or customer service centre.



FINANCIAL STATEMENTS

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

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

SUMMARY OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

| | Council | | | Group | |
|---|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| | Actual 2017 (\$000) | Annual Plan 2017 (\$000) | Actual 2016 (\$000) | Actual 2017 (\$000) | Actual 2016 (\$000) |
| Statement of comprehensive revenue and expense for the year ended 30 June 2017 | | | | | |
| Total operating revenue | 115,590 | 101,579 | 100,598 | 124,824 | 112,378 |
| Total operating expenditure * | 102,409 | 97,317 | 87,909 | 113,264 | 99,330 |
| Surplus/(deficit) before tax | 13,181 | 4,262 | 12,689 | 11,560 | 13,048 |
| Share of Associates surplus/(deficit) | 0 | 0 | 0 | 7,027 | 3,052 |
| Less taxation | 0 | 0 | 0 | (306) | (280) |
| Net surplus | 13,181 | 4,262 | 12,689 | 18,281 | 15,820 |
| Gains/(Losses) on property revaluation | 47,756 | 15,652 | 3,590 | 47,756 | 3,590 |
| Share of Associates revalued movements | 0 | 0 | 0 | 11,034 | 17,272 |
| Total Comprehensive Revenue | 60,937 | 19,914 | 16,279 | 77,071 | 36,682 |
| *includes finance costs of: | 4,217 | 5,515 | 3,834 | 4,325 | 3,903 |
| Movements in equity for the year ended 30 June 2017 | | | | | |
| Equity at start of year | 1,350,424 | 1,342,478 | 1,316,312 | 1,455,284 | 1,400,769 |
| Recognition of opening equity on full acquisition | 0 | 0 | 0 | (133) | 0 |
| Equity released on disestablishment | 0 | 0 | 0 | 370 | 0 |
| Prior year adjustment | 0 | 0 | 0 | 255 | 0 |
| Transfer from reserves | (40) | 0 | 17,833 | (40) | 17,833 |
| Total Comprehensive Revenue | 60,937 | 19,914 | 16,279 | 77,071 | 36,682 |
| Equity at end of year | 1,411,321 | 1,362,393 | 1,350,424 | 1,532,807 | 1,455,284 |
| Balance Sheet as at 30 June 2017 | | | | | |
| Current assets | 13,370 | 12,844 | 15,702 | 18,111 | 22,520 |
| Non-current assets | 1,512,641 | 1,502,490 | 1,446,343 | 1,634,188 | 1,551,318 |
| Total assets | 1,526,011 | 1,515,334 | 1,462,045 | 1,652,299 | 1,573,838 |
| Current liabilities | 16,822 | 25,814 | 40,931 | 19,208 | 45,792 |
| Non-current liabilities | 97,868 | 127,127 | 70,690 | 100,284 | 72,762 |
| Total liabilities | 114,690 | 152,941 | 111,621 | 119,492 | 118,554 |
| Total net assets | 1,411,321 | 1,362,393 | 1,350,424 | 1,532,807 | 1,455,284 |
| Retained earnings | 414,580 | 384,315 | 400,966 | 462,162 | 442,907 |
| Other reserves | 996,741 | 978,078 | 949,458 | 1,070,645 | 1,012,377 |
| Total equity | 1,411,321 | 1,362,393 | 1,350,424 | 1,532,807 | 1,455,284 |

| | Council | | | Group | |
|---|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | Actual 2017 (\$000) | Annual Plan 2017 (\$000) | Actual 2016 (\$000) | Actual 2017 (\$000) | Actual 2016 (\$000) |
| Statement of cashflows for the year ended 30 June 2017 | | | | | |
| Cashflows from operating activities | 24,213 | 23,947 | 32,022 | 26,324 | 32,934 |
| Cashflow from investing activities | (37,351) | (44,249) | (38,575) | (40,058) | (40,132) |
| Cashflows from financing activities | 10,950 | 20,277 | 8,624 | 11,678 | 8,857 |
| Net increase/(decrease) in cash held | (2,188) | (25) | 2,071 | (2,056) | 1,659 |
| Plus opening cash balance | 2,443 | 396 | 372 | 3,418 | 1,759 |
| Closing balance | 255 | 371 | 2,443 | 1,362 | 3,418 |
| Represented by: | | | | | |
| Cash and cash equivalents | 255 | 371 | 2,443 | 1,362 | 3,418 |
| Bank overdraft | - | - | - | - | - |
| | 255 | 371 | 2,443 | 1,362 | 3,418 |

| | Council | | Group | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Actual 2017 (\$000) | Actual 2016 (\$000) | Actual 2017 (\$000) | Actual 2016 (\$000) |
| Commitments and contingencies as at 30 June 2017 | | | | |
| Commitments under: | | | | |
| Capital contracts | 7,649 | 16,410 | 27,474 | 21,543 |
| Operating leases as lessor | 7,870 | 8,584 | 29,620 | 27,867 |
| Operating leases as lessee | 1,688 | 1,697 | 2,147 | 1,935 |
| Contingent assets | | | | |
| Claim lodged with Ministry of Civil Defence and Emergency Management for emergency recovery works | 0 | 555 | 0 | 555 |
| Contingent liabilities | | | | |
| No quantifiable contingent liabilities | - | - | - | - |

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statements of comprehensive revenue and expense

Total operating income \$14 million more than budget:

Fees and charges are \$5 million more than budget. More details can be seen in the activities section, however the most significant items are:

- \$3.2 million unbudgeted income, \$2.7 million from forestry harvesting after the completion of the forestry activity review and \$520,000 from the sale of Emissions Trading Scheme units.
- \$943,000 extra income from resource and building consents, reflecting activity in the sector.
- \$628,000 extra income from landfill charges attributed to the level of activity in the building sector.

Subsidies and grants are \$1.3 million more than budget reflecting the timing of the subsidy received from the Ministry of Civil Defence and Emergency Management for expenditure around the 2011 emergency event (\$555,000), the receipt of donations for the indoor cricket/smallbore rifle facility at Saxton Field (\$493,000) and contributions from utilities providers for infrastructure (\$184,000).

Other revenue is \$4.6 million more than budget with both vested assets and development/subdivision reserves contributions well ahead of budget (\$3.4 million and \$794,000 respectively) reflecting development activity around the city.

Other gains of \$2.8 million with no budget reflect the revaluation of interest rate swaps (\$3 million gain) along with unbudgeted gains and losses on sale and revaluations.

Total operating expenditure was \$5.1 million more than budget:

Personnel costs were 1.1 million less than budget. Some vacancies were backfilled using unbudgeted temporary resource at the cost of \$339,000, reflected in other expenses.

Other expenses were over budget by \$7.3 million. More details can be seen in the activities section, however the most significant items are:

- maintenance expenditure under budget by \$849,000. \$539,000 of budget has been carried forward to 2017/18 for items programmed but not completed within the 2016/17 financial year.
- service provision over budget by \$4.8 million, including \$1.7 million unbudgeted forestry harvesting costs, \$1.1m for the rollout of the new recycling bins (change in accounting treatment from that assumed in budget), \$1 million relating to timing differences in the Nelson School of Music earthquake strengthening project, and \$574,000 unbudgeted expenditure for contracting resource to support increased workflows through the Resource Consents activity.
- \$1.5 million over budget relates to a consolidation adjustment in respect of the Nelson Regional Sewerage Business Unit.
- unbudgeted expenditure for temporary/consultancy resource \$534,000.

Other comprehensive income

The infrastructure assets are revalued every year to smooth out the large fluctuations, and land is revalued when its fair value diverges materially from its carrying value. The revaluation as at 30 June 2017 resulted in a total increase in asset value of \$47.8 million, \$32.1 million more than budget. Council revalued land as at 30 June 2017, amounting to \$28.3 million of the total revaluations.

Statements of financial position

Trade and other receivables \$820,000 more than budget with dividends receivable and accrued revenue both higher than had been anticipated.

Property, plant, and equipment was \$6 million less than budget. The opening balance at 1 July was \$32 million less than forecast at the time of setting the 2016/17 budget, asset revaluations were \$32.1 million more than budget, capital additions were \$6.7 million less than budget, disposals and impairments were \$2.8 million more than budget, and vested asset additions were \$3.4 million more than budget.

Investments accounted for using the equity method are \$14.4 million greater than budget due to the difference in the opening balance at 1 July.

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Borrowings net of cash and cash equivalents, were \$39.5 million below budget due to the difference in the opening balance at 1 July (\$30.3 million), the utilisation of brought forward cash balances (\$2.2 million) and lower capital investment.

Reserves are \$18.7 million more than budgeted. The opening balance at 1 July was \$13.6 million less than forecast at the time of setting the 2016/17 budget, the asset revaluation was \$32.1 million less than budget, and \$372,000 of revaluation reserve was released to equity relating to the disposal of assets.

Accumulated funds are \$30.3 million more than budget. The surplus for the year is \$8.9 million more than budget, and the 1 July opening balance was \$21.5 million more than forecast at the time of setting the 2016/17 budget.



EXPENDITURE SUMMARY

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



- Parks and Active Recreation: **19.6c**
- Water Supply: **16.7c**
- Social: **16.2c**
- Transport: **16.6c**
- Wastewater: **10.3c**
- Environmental Management: **10.3c**
- Stormwater and Flood protection: **7.3c**
- Economic: **2.5c**
- Corporate: **0.5c**

COUNCIL CONTROLLED ORGANISATIONS

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

CONTACT US

A copy of the full Annual Report 2016/17 is available online at nelson.govt.nz, from all Council Libraries and from the Customer Service Centre.

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Nelson City Council

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