

## Financial reserves and trusts

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Rates	0	0	0
Financial contributions	( 1,986)	( 1,334)	( 2,566)
Other revenue	( 538)	( 450)	( 572)
<b>Total revenue</b>	<b>( 2,524)</b>	<b>( 1,784)</b>	<b>( 3,138)</b>
<b>Expenses:</b>			
Operating and maintenance	88	150	71
Interest on loans	0	0	0
Depreciation	0	0	0
<b>Total operating expenses</b>	<b>88</b>	<b>150</b>	<b>71</b>
<b>Net (surplus)/deficit</b>	<b>( 2,436)</b>	<b>( 1,634)</b>	<b>( 3,067)</b>

### Statement of funding requirement

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure - New	0	0	0
Capital expenditure - Renewals	0	0	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	2,436	1,634	3,067
<b>Total funds required</b>	<b>2,436</b>	<b>1,634</b>	<b>3,067</b>
<b>Source of funds:</b>			
Net surplus	2,436	1,634	3,067
New loans raised	0	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>2,436</b>	<b>1,634</b>	<b>3,067</b>

See Note 33 on pages 82 - 86 for explanation of variations

## Summary of capital expenditure

### Capital expenditure

	Carry Over 2006/07 \$000	Estimate 2007/08 \$000	Available 2007/08 \$000	Actual 2007/08 \$000
<b>Water supply</b>				
Wastney Tce pump	115	137	252	258
Lifelines Seismic Valve	102	0	102	102
Ridermains	0	126	126	133
Maitai Pipeline Duplication	19	100	119	0
Lee Valley Scheme	0	100	100	50
Sundry	( 39)	94	55	144
Renewals	0	530	530	480
Total water supply	197	1,087	1,284	1,166
<b>Sewage disposal</b>				
NCC:				
North Nelson wastewater plant	632	1,000	1,632	1,274
Pump stations	130	104	234	116
Sundry	68	91	159	189
Renewals	513	967	1,480	1,444
	1,344	2,162	3,506	3,023
Nelson Regional				
Sewerage Scheme (50%)	74	2,543	2,617	290
Renewals	0	208	208	174
Total Sewage disposal	1,418	4,913	6,331	3,487
<b>Stormwater and flood protection</b>				
Arapiki Stream	79	992	1,071	979
Orchard Creek	195	186	381	606
Private drains	46	104	150	42
Piping ditches	27	104	131	38
Campbell/Brunner	( 1)	401	400	92
Maitai	( 5)	129	124	24
Cleveland Terrace	( 1)	633	632	343
Nayland Road / Saxton	147	20	167	27
Cambria cul de sac	13	99	112	116
Trafalgar Street: Bridge-Hardy	118	372	490	252
Pump Station Generators	0	200	200	159
Sundry	240	341	581	217
Renewals	11	208	219	83
Total stormwater & flood protection	869	3,789	4,658	2,978

### FINANCIALS

	Carry Over 2006/07 \$000	Estimate 2007/08 \$000	Available 2007/08 \$000	Actual 2007/08 \$000
<b>Transport and roading</b>				
<b>Subsidised:</b>				
Drainage control	0	205	205	103
Minor safety project	0	235	235	320
Normanby Bridge	1,501	10	1,511	1,585
Pavement reconstruction	0	307	307	180
Corridor Study	0	300	300	0
<b>Unsubsidised:</b>				
Sundry land purchases	0	240	240	106
Council share development contribution	0	205	205	74
Tukuka Street	123	1	124	1
Campbell Street	0	818	818	28
Cambria (cul-de-sac)	0	109	109	109
Tahuna Shopping	205	0	205	239
EnnerGlynn Culverts	(11)	100	89	109
<b>Footpaths:</b>				
Cleveland Tce	14	400	414	245
Stansell Ave	0	0	0	127
Other footpath upgrade	0	153	153	276
<b>Cycleways:</b>				
Airport cycleway	115	0	115	140
Waimea Rd to Beatson Rd	0	370	370	0
Corder Park Cycleway	180	0	180	182
<b>Parking:</b>				
Land purchases	375	0	375	690
Achillies Avenue	0	106	106	56
Collingwood Street	4	921	925	95
Wakatu Square	0	256	256	0
Sundry	191	523	10	576
Renewals	0	1,231	1,231	1,122
<b>Total transport and roading</b>	<b>2,697</b>	<b>6,490</b>	<b>8,483</b>	<b>6,363</b>
<b>Managing solid waste</b>				
Sundry	75	36	111	155
Renewals	24	10	34	32
<b>Total managing solid waste</b>	<b>99</b>	<b>46</b>	<b>145</b>	<b>187</b>
<b>Environmental management</b>				
Monitoring	0	30	30	0
	0	30	30	0
<b>Regulatory compliance</b>				
Dog pound	20	0	20	123
	20	0	20	123

## Capital expenditure

## FINANCIALS

	Carry Over 2006/07 \$000	Estimate 2007/08 \$000	Available 2007/08 \$000	Actual 2007/08 \$000
<b>Parks and open spaces</b>				
<b>Horticultural Parks</b>				
Lighting/signs	7	114	121	42
Chinese Garden	0	42	42	166
Anzac toilets	0	156	156	0
<b>Neighbourhood Parks</b>				
Land Purchase: general reserves	832	364	1,196	247
Branford Park	177	156	333	112
<b>Landscape reserves</b>				
Grampians	10	75	85	269
<b>Esplanade &amp; foreshore</b>				
Planting	(23)	100	77	99
Wakefield Quay	207	260	467	142
Tahuna enhancement	83	594	677	717
Acessway/carparks	80	110	189	46
Oyster Island	21	100	121	194
<b>Sportsfields</b>				
Saxton Field development	232	384	616	1,163
Rutherford Park tennis court	(195)	690	495	626
Greenmeadow toilet/changing	0	150	150	1
Victory Square	0	135	135	82
Lower Greenmeadows res dev	8	250	258	0
Sundry	156	656	812	569
Various renewals	0	173	173	46
<b>Total parks and open spaces</b>	<b>1,595</b>	<b>4,507</b>	<b>6,102</b>	<b>4,523</b>
<b>Recreation and leisure</b>				
<b>Natureland</b>				
Capital development	0	150	150	0
<b>Trafalgar Centre</b>				
Fire System	0	0	0	118
<b>Play facilities</b>				
Playgrounds	109	182	291	277
Skatepark	283	312	595	522
Sundry	101	15	116	90
Various renewals	0	731	731	563
<b>Total recreation and leisure</b>	<b>493</b>	<b>1,390</b>	<b>1,883</b>	<b>1,570</b>

	Carry Over 2006/07 \$000	Estimate 2007/08 \$000	Available 2007/08 \$000	Actual \$000 \$000
<b>Community facilities</b>				
<b>Library</b>				
Book purchases	0	281	281	270
<b>Marsden Cemetery</b>				
Building upgrade	64	240	304	19
<b>Marina</b>				
Akersten Street development	31	950	981	100
Toilet/shower facility	46	190	236	117
Talisman	0	150	150	2
<b>Community Housing</b>				
Orchard development	0	1,559	1,559	5
<b>Regional Community Facilities</b>				
Performing Arts Centre	(9)	635	626	49
Saxton Field stadium	900	9,486	10,386	1,316
Trafalgar Park stand	1,370	0	1,370	1,588
Trafalgar Centre extension	0	4,750	4,750	2,666
Athletics track	0	1,568	1,568	0
Sundry	30	289	319	240
Renewals	0	375	375	156
<b>Total community facilities</b>	<b>2,431</b>	<b>20,474</b>	<b>22,905</b>	<b>6,529</b>
<b>Culture, heritage and arts</b>				
Renewals	0	1	1	18
<b>Total culture, heritage and arts</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>18</b>
<b>Democracy and central administration</b>				
Civic House - buildings	0	229	229	23
plant and equipment	0	104	104	103
Renewals	86	758	844	512
<b>Total democracy and central admin</b>	<b>86</b>	<b>1,090</b>	<b>1,176</b>	<b>638</b>
<b>Total Capital Expenditure</b>	<b>9,906</b>	<b>43,816</b>	<b>53,017</b>	<b>27,582</b>

## Statement of financial involvement in CCTOs and other companies or organisations

This section covers Council's involvement in Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs). Some CCOs are owned fully by the Nelson City Council, while others are in shared ownership. Full details are available for each organisation in their respective Annual Reports.

The organisations whose performance is summarised in this section are:

- CCTOs - Nelmac Ltd, Nelson Airport Ltd (50%), Port Nelson Ltd (50%), Tourism Nelson Tasman Ltd (Nelson Tasman Tourism – 50%), Stoke Heights (Ridgeways) Joint Venture,
- CCOs - Nelson Regional Economic Development Agency, and the Tasman Bays Heritage Trust (Nelson Provincial Museum – 50%).

Unless stated otherwise, the results reported here are from each organisation's draft (unaudited) 2008 Annual Report and are measured against targets set in their 2007/08 Statement of Intent.

Note that the Bishop Suter Art Gallery is in the process of becoming a CCO, but as that process was not complete at 30 June 2008, it is not yet included in this section.

### Nelmac Limited

Nelmac Limited was formed in 1995 and is 100% owned by the Nelson City Council. The main activity and objective of the company is to provide the City with high quality maintenance and construction services for its utility infrastructure, parks, reserves and sportsfields.

	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>	11,667	10,281
Net Profit Before Taxation	829	541
Provision for Taxation	(274)	(180)
Net Income for Year after Taxation	555	361
Retained Earnings Brought Forward	1,382	1,096
	1,937	1,457
Less: Ordinary Dividend Provision	180	75
<b>Retained earnings carried forward</b>	<b>1,757</b>	<b>1,382</b>

The financial performance for 2007/08 is as follows:

	Achieved	Target
	\$000	\$000
Gross Revenue	11,736	9,800
Operating expenditure	10,907	9,400
Profit before taxation	829	400
Taxation	274	133
Net deficit after tax	555	267
Tax paid return on opening shareholders funds	16.40%	8.22%
Tax paid return on trading activities	4.72%	2.72%

**Financial Performance**

	<b>SOI Target</b>	<b>Actual</b>
	<b>2007/08</b>	<b>2007/08</b>
	<b>\$000</b>	<b>\$000</b>
Gross revenue	\$11,736	\$9,800
Net profits before tax	\$829	\$400
Exceeded financial targets		
Dividend paid:	\$180,292 in 2007/08.	

## Performance Measures

### 1. Non-shareholder business

Maintain the current ratio of Nelson City Council work to non-Nelson City Council work. Achieved 34.2% from other work (target 32.0%).

Ensure that all non-Nelson City Council work contributes to the profitability of the company. Achieved.

### 2. Equity ratio

Financial risk will be limited by maintaining a ratio of shareholders funds to total assets of no less than 65%. Achieved 70%.

### 3. Staff morale/turnover

Staff turnover (excluding retirement, redundancy and internal transfers) does not exceed 10% for the year ending 30 June 2008. Not achieved. Actual turnover 13.6%.

### 4. Quality of service

The company will maintain its ISO 9001:2000 accreditation. Achieved.

Achieve compliance with the Nelson City Council contract key performance measures for the year ending 30 June 2008, reported on monthly. Achieved.

In addition, Nelmac is working towards achieving Bronze level Enviromark accreditation. Its register of compliments and complaints showed compliments exceeded complaints by a ratio of 18 to 1.

### 5. Staff health and safety

The company shall continue to actively promote health and safety within the workplace with the aim of achieving less than 1% workday losses to accidents. Achieved.

Tertiary level ACC workplace safety management compliance maintained.

Actual time lost 0.66% of total workforce hours.

### 6. Environmental

An environmentally responsible business fully compliant with all relevant statutory and contractual obligations. Achieved.



## Nelson Airport Limited

The Council owns 50% of Nelson Airport Ltd with the Tasman District Council owning the other half. The main objective of the company is to operate a successful airport business that meets the needs of the Nelson Tasman region.

	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Operating Revenue	4,404	3,741
Operating Expenses	2,720	2,446
Operating Surplus/(Deficit)	1,684	1,295
Taxation	564	427
Net Income for Year after Taxation	1,120	868
Retained Earnings Brought Forward	2,218	1,721
	3,338	2,589
Dividend	231	371
<b>Retained earnings carried forward</b>	<b>3,107</b>	<b>2,218</b>

### Financial Performance

	<b>SOI Target</b>	<b>Actual</b>
	<b>2007/08</b>	<b>2007/08</b>
	<b>\$000</b>	<b>\$000</b>
Gross revenue	\$3,153	\$4,404
Profit before tax	\$780	\$1,684
Exceeded financial targets		

**Performance Measures**

1. Pass all Civil Aviation certification audits at a satisfactory standard.

Achieved.

2. Complete the review of the company's Aerodrome Certificate Exposition by December 2008.

On target.

3. Achieve financial performance targets.

Achieved.

4. Hold regular meetings of the Nelson Airport Noise Environment Advisory Committee and provide this committee with the appropriate monitoring information.

Achieved.

5. Ensure the company complies with all employment related legislation.

Achieved.

6. Implement the recommendations of the Airport Environmental Management Plan on fuel storage and stormwater by December 2008.

Underway.

7. Integrate general aviation fuel outlets and relocate fuel storage to the Northern airfield by December 2008.

Underway.

8. Complete the second stage of the McLaren Drive extension by December 2009.

Underway.

9. Grow the Runway Refurbishment Reserve Fund to \$2 million by June 2009.

Achieved.

## Nelson Tasman Tourism (Tourism Nelson Tasman Ltd)

The Council owns 50% of Tourism Nelson Tasman Limited, with the Tasman District Council owning the other half. The company undertakes destination marketing, destination management and provision of visitor information services. It co-ordinates the marketing and promotion of the Nelson Tasman region as a visitor destination, provides tourism education and product development and manages the visitor information centres throughout the region.

	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Operating Revenue	1,765	1,712
Operating Expenses	1,829	1,797
Operating Surplus/(Deficit)	(64)	(85)
Retained Earnings Brought Forward	(38)	47
<b>Retained earnings carried forward</b>	<b>(102)</b>	<b>(38)</b>

### Performance Measures

#### Destination Marketing

- Increase the total economic value and total spend the region derives from tourism
  - Total economic value of tourism to region (as reported by EDA)
  - 2006 – Value-added GDP \$134m
  - (source: BERL Regional Cluster Analysis 2006. Further data expected from Nelson REDA 2008)*
  - Total visitor expenditure
  - 2006 – Total visitor expenditure \$301.6m
  - (source: Ministry of Tourism – Tourism Satellite Account. Further data expected 2008)*
- Increase the tourism sector investment in destination marketing
  - Total tourism sector direct investment in Nelson Tasman Tourism programmes
  - Total investment 2008 = \$354,492 (2007 = \$323,354) + 9% .

#### Destination Strategic Management and Tourism Development

- Provide strategic direction to the region's tourism sector, working towards an agreed vision and goals
  - Leadership via Nelson Tasman Tourism Strategy implementation
  - Released July 2007. The Strategy has not been formally adopted by shareholder councils and shareholders have declined the Company's request to fund Strategy implementation. The Strategy will be reviewed in September 2008 and actions re-prioritised.
- Ensure that Nelson Tasman region is a leader in adopting environmentally sustainable tourism practices
  - Continuation of Sustainable Tourism Charter and adoption of relevant new sustainable tourism initiatives
  - 37 Sustainable Tourism Charter members as at 30 June 2008 (2007 = 23).

#### Future objectives include:

- Continue working with existing charter members
- Assist tourism businesses achieve well in Qualmark Green

3. Liaise with other regional organisations/agencies to coordinate sustainable development for all businesses in an efficient manner

4. Improve the reputation of Nelson Tasman as a visitor friendly destination

Visitor and/or ratepayer visitor opinion via annual surveys  
TDC ratepayer survey 2008 showed 87% of residents feel impact tourism has on their region is very good (47%) or good (40%).

NCC ratepayer survey 2008 showed 87% of residents feel the impact tourism has on their region is very good (42%) or good (45%).

5. Take account of the priorities of Tangata Whenua in tourism issues and to encourage their involvement in the industry

Liaison with iwi, Maori tourism businesses and regional and national level Maori tourism organisations

Ongoing liaison with the Te Ara a Maui Maori Tourism organisation.

Support for the production of 'Living Landscapes' video production - a Maori dimension to Top of the South as a tourism destination.

Rename to Nelson Tasman Tourism - added a Maori name for our organisation – Te Manaaki Tapoi.

#### **Visitor Information Provision**

1. To provide comprehensive, objective information which meets visitors' expectations

Visitor satisfaction with services (measured by i-SITE independent six-monthly surveys)

Mystery Shopper Survey, Nelson (March 07)

Customer Service:	81%
Office Presentation:	90%
Telephone Service:	100%
Average:	86%

Mystery Shopper Survey, Golden Bay (April 08)

Customer Service:	96%
Office Presentation:	100%
Telephone Service:	100%
Average:	97%

- 2 To ensure that all publications and web site information meets the needs of users and reached target audiences.

Number of web site unique user sessions and page views - distribution of publications

Website unique user sessions 1 Jul 07 – 30 Jun 08 was 114,799 (2007 =79,374) and page views was 1,676,622 (2007 = 940,253).

Publications distributed to agreed plan; Nelson regional distribution, national distribution (including all i-SITES around NZ and selected Inbound offices, and through Jasons Distribution - 554 locations throughout NZ) and International (Tourism New Zealand offices, NZ Embassies and wholesalers on request).

3. Revenue from visitor information services meets agreed targets

Revenue from VIC bookings, display services, web site and publication advertising

Revenue from Nelson & Golden Bay i-SITES:

	2008	2007
Budget (target)	-\$ 89,158	-\$138,873
Net Cost:	-\$146,814	-\$139,990

(Note: Display advertising revenue fell short of target by >\$40,000)

### Organisation Management and Strategy

1. To operate within the budgets agreed with the shareholders.

Statement of Financial Performance

Budgeted deficit \$37,123, actual deficit \$63,618

2. The Company complies with all legislative requirements.

Legislative Compliance checklist

All legislative requirements met

- 3 To be a good employer

Adherence to relevant employment legislation

Staff satisfaction survey

All legislative requirements met

Staff satisfaction survey completed August 07, with 73% of staff rating the company above average as an employer.



### Stoke Heights (Ridgeways) Joint Venture

The Council owns and controls 50% of The Ridgeways joint venture, with Homedale Holdings Limited (previously Residential Land Nelson Ltd) owning the other half. The joint venture is responsible for developing, subdividing and marketing sections on Council-owned land known as Stoke Heights.

The subdivision and development work has been completed for some time with the sale of sections the only outstanding issue for the joint venture. The 2006/07 Statement of Intent forecast that all sections would be sold by 31 March 2008. It is now expected that the last of the sections will not be sold until March 2010.

	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Operating Revenue	761	863
Operating Expenses	204	239
Operating Surplus/(Deficit)	557	624
Retained Earnings Brought Forward	794	970
	1,351	1,594
Distribution	0	800
<b>Retained earnings carried forward</b>	<b>1,351</b>	<b>794</b>

### Performance Measures

	Forecast	2006/07	2007/08
Number of sections sold	18	3	4
Number of sections available	28	5	32
Ratio partners funds to total assets	90%	100%	100%

The ratio of total section sales value to total listed selling price for 2006/07 was 98%, compared to 89% in 2007/8.

The joint venture had a target that it would document any issues or complaints received by the JV or Nelson City Council, relating to activities covered by the joint venture agreement. All complaints and issues received were documented and addressed by the joint venture.

### Port Nelson Ltd

Port Nelson is defined as a Port Company and is covered by the Port Companies Act 1988. This Act imposes obligations on Port Nelson Ltd almost identical to those imposed on CCTOs by the Local Government Act 2002 (including the provision of an annual Statement of Corporate Intent).

Nelson City Council owns 50% of Port Nelson Ltd with the Tasman District Council owning the other half. The company provides port services for the Nelson Tasman region including the provision of berths, leasing of land and the warehousing and storage of goods.

	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>	36,214	33,023
Net Surplus Before Taxation	10,664	9,743
Provision for Taxation	(3,173)	(3,018)
Net Surplus for Year after Taxation	7,491	6,725
Retained Earnings Brought Forward	31,860	29,035
	39,351	35,760
Less: Dividend	(3,800)	(3,900)
Adjustment to Opening Equity	-	-
	35,551	31,860
Plus Transfer from Asset Revaluation Reserve	1,598	-
<b>Retained earnings carried forward</b>	<b>37,149</b>	<b>31,860</b>

<b>Performance Measures</b>	<b>Target</b>	<b>Actual</b>	<b>Achieved</b>
Lost time injury frequency rate*	< 1.5	2.9	No
Net debt/equity ratio	<66.7%	30.5%	Yes
Dividends declared	3.8m	\$3.8m	Yes
Return on funds employed	9.0%	8.6%	Yes
Return on average shareholders funds	6.0%	6.1%	No
Capital expenditure	<\$6.6m	\$10.1m	No
Incidents leading to pollution of harbour	Nil	Nil	Yes
Compliance with consent conditions	Full	Full	Yes
Compliance with NZ Maritime Safety Standards	Full	Full	Yes
<b>Activity Measures</b>			
Cargo throughput (cargo tonnes)	2.65m	2.68m	Yes
Shipping tonnes (gross tonnes)	8.1m	8.3m	Yes
Ship visits	948	921	No
Revenue	\$31.5m	\$36.2m	Yes
*Lost time injury frequency rate = $\frac{\text{lost time injuries}}{\text{Total hours worked in period}} \times 100,000$			



## Nelson Regional Economic Development Agency (EDA)

Nelson City Council owns 100% of the EDA. The purpose of the EDA is to drive the smart sustainable economic growth of the region by promoting employment and income growth encouraging investment that enhances economic vitality and diversity while taking into account cultural and environmental values, rather than making a financial return.

	<u>2008</u>	<u>2007</u>
	<u>\$000</u>	<u>\$000</u>
Operating Revenue	1,349	891
Operating Expenses	1,313	872
Operating Surplus/(Deficit)	36	19
Retained Earnings Brought Forward	199	180
<b>Retained earnings carried forward</b>	<u>235</u>	<u>199</u>

### Financial Performance

	Actual 2007/08 \$000	Budget 2007/08 \$000	Actual 2006/07 \$000
Revenue	\$1,349	\$274	\$891
Operating expenses	\$1,313	\$315	\$872
Operating surplus (deficit)	\$36	\$41	\$19

The total revenue of \$1,349,266 was made up of:

Operational grants	\$180,497
Project grants	\$1,113,788
Interest received	\$42,666
Donated goods and services	\$7,100
Other income	\$5,215

### Performance Measures

1. Complete the review and update of the Regional Economic Development Strategy (REDS)  
REDS report completed by December 2007  
Final document was released on 19 December 2007
2. Prioritise and progress REDS recommendations  
Implementation plans confirmed for agreed projects by June 2008  
EDA requested Nelson City and Tasman District Council to advise their priorities. As a result both Councils agreed prior to June 2008 to set up a Council Liaison Group with two representatives from each Council to progress the implementation plans. This Liaison Group has now been formed.
3. Progress integration of REDS into Long Term Council Community Plans  
Plans to integrate REDS into LTCCPs confirmed and agreed by March 2008  
Because of the delay to setting up the Council Liaison Group plans have not been confirmed however discussion is underway as to how this can be best carried out. Councils and EDA have agreed that the information from REDS is beneficial to the LTCCPs because of the widespread

consultation undertaken.

#### 4. Implementation of Broadband Challenge (BBC) project

Meet milestones and project tasks of Ministry of Economic Development Broadband Challenge by February 2008.

Milestones and project tasks relating to the laying of fibre optic cable have all been met. The final milestone (commissioning of the Internet Exchange) has been extended by the Ministry of Economic Development to allow for confirmation of the most appropriate arrangements for this to occur. This is a highly complex task with technology changing rapidly and it is important for the Region to ensure its needs are met.

#### 5. NMi

Progress governance structure for Nelson Marlborough Inforegion (NMi)

Appropriate structure formed by June 2008

The EDA has presented its recommendations to the Top of the South Councils who are now considering the structure under which NMi should be lead. The EDA and Marlborough Regional Development Trust continue to lead and facilitate projects until a decision can be made by the three Councils.

#### 6. Quantify and benchmark economic progress against other regions

Confirm key measurements as determined by the Well Being Measures Group by June 2008

This is progressing in conjunction with the Well Being Measures Group and an indicative set of indicators has been agreed.

EDA has confirmed the economic indicators against which the Nelson region will be compared. Work continues with key regional stakeholders with regard to the reporting and presentation of these measures.

#### 7. Further develop and promote the benefits of Nelson being recognised as the Wellness Centre of New Zealand

Wellness Cluster brand and membership confirmed and Cluster launched by June 2008

The Nelson Wellness Cluster was formally launched in November 2007 with a logo and website having been developed. In conjunction with OnCue and Nelson Tasman Tourism the Cluster has organised the Inaugural New Zealand Wellness Tourism Symposium to be held in Nelson in September 2008.

#### 8 Progress the Events Strategy

Implement initial activity for two Signatory Events as identified in the Events Strategy by June 2008



Memorandums of Understanding were developed with Lead Agents for the proposed two Signatory Events. These are now being considered within the overall structure and committee comprising EDA, Nelson Tasman Tourism and Nelson City Council. Council has asked to review the criteria for the Events Strategy in late 2008.

### Tasman Bays Heritage Trust (Provincial Museum)

The Tasman Bays Heritage Trust was established in 2000 as a Council-Controlled Organisation owned 50% by the Nelson City Council and 50% by the Tasman District Council. The Trust took over the operation of the Nelson Provincial Museum, which was based then in Stoke. It is responsible for providing museum services and protecting the collections of treasures held on behalf of the Nelson Tasman region. The new museum exhibition facility on the corner of Trafalgar and Hardy Sts was opened in late 2005.

Note	2008	2007
	\$000	\$000
Operating Revenue	2,092	1,595
Operating Expenses	2,166	1,928
Operating Surplus/(Deficit)	(74)	(333)
Retained Earnings Brought Forward	13,499	13,832
<b>Retained earnings carried forward</b>	<b>13,425</b>	<b>13,499</b>

### Financial Performance

The Trust was expected by its shareholding Councils to make progress towards achieving a more sustainable financial basis during the 2006/07 year. While this was not fully achieved, there was considerable progress made to reduce expenditure while at the same time positioning the museum to attract growing visitor numbers.

Additional one off funding of \$106,000 was requested from the two Councils in February 2007 to cover specific items where it had not been possible to cut costs quickly enough to stay within the 2006/07 budgets. This funding was provided by the Nelson City and Tasman District Councils.

The Trust is expected to be on a firmer financial footing by the end of the 2007/08 financial year.

	Actual 2006/07 \$000	Budget 2006/07 \$000	Actual 2005/06 \$000
Council operating grants	1,245	1,132	725
Sale of goods	53	36	0
Interest	12	0	21
Other revenue	350	417	1,336
Total income	1,660	1,585	2,082
Total expenses	1,833	1,664	1,970
Surplus/(Deficit)	(173)	(79)	112

### Performance Measures

During the period the Museum encountered financial difficulties and was without a Chief Executive for five months. 21 of the 46 originally proposed performance objectives were fully achieved.

- Museum open 363 days/year.  
Achieved.
- Museum to attract 75,000 visitors/year.  
Not achieved (37,587 visitors)
- Develop membership programme for the community.  
Not achieved.
- Formalise FO TA445 group by 10 December 2006.  
Not achieved.
- Generate sponsorship, collection donations, and additional grant income to exceed \$100,000.  
Not achieved.
- Meet Council's heritage staff re Regional Heritage Policy development.  
Achieved.
- Hold discussions with Tangata Whenua re ongoing care of and access to taonga Maori.  
Achieved.
- Meet with Iwi Liaison Komiti not less than four times.  
Achieved.
- Complete Memorandum of Understanding with Tangata Whenua.  
Achieved. The Memorandum of Understanding was signed on 14 April 2007.
- Operate within annual budget.  
Not achieved.
- Ensure draft budgets for 2007/08 and 2008/09 are accurate.  
Achieved.

12. Review annual staff performance process by 31 March 2007.  
Not achieved.
13. Increase retail revenue 10%; receive \$20,000 from art sales.  
Not achieved.
14. Sales from Isel research and collection to exceed \$20,000/year.  
Not achieved.
15. Develop digitisation project plan and funding by 31 March 2007.  
Achieved.
16. Review Trust policies including delegated authority, staff induction, house rules and communication policies by 31 March 2007.  
Partly achieved, delegated authority policy reviewed.
17. Complete and finalise annual draft business plan by 28 February 2007.  
Not achieved.
18. Submit four grant applications for research, exhibition development and education projects totally \$100,000 by 30 June 2007.  
Grant applications totalling \$317,095 were applied for.
19. Develop and display five exhibitions receiving \$30,000 donations.  
Donations for the year were \$50,366.
20. Deliver monthly board papers four days before meetings.  
Not achieved.
21. Review OSH committee, with monthly checks.  
Not achieved.
22. Explore options and establish an Endowment Trust by 25 February 2007 and launch by 17 May 2007.  
Not achieved.
23. Facilitate access to the collections through satisfying information requests at not less than 80% within 21 days.  
Achieved.
24. Review 25,000 collection entries on computerised collection management system.  
Not achieved.
25. Generate at least four internal exhibitions per year.  
Achieved. Exhibitions were "Sole Obsession", "Clay", "Maungatapu Murderers", "100 Summers".

26. Seek external funding for projects relating to care of Museum collection from three bodies.  
Achieved. Funding received from CCT (\$50,000), Lotteries and Heritage (\$189,595), Network Tasman Trust (\$2,000).
27. Continue to explore partnerships with community for development of regional library, archive, photographic and regional storage facility.  
Not achieved.
28. Review accession, deaccession and collection policies.  
Achieved.
29. Review in-house cleaning guide to exhibitions.  
Achieved.
30. Refresh permanent exhibition at not less than three monthly intervals.  
Not achieved.
31. Present one externally sourced exhibition by 30 June 2007.  
Achieved.
32. Maintain non-gallery spaces to high standard.  
Achieved. Nelson Yacht Club Anniversary display and St John's Anniversary display.
33. Develop long term programme of special exhibitions by 31 December 2006.  
Not achieved.
34. Develop relationship with schools and youth groups  
Achieved via LEOTC contract with Ministry of Education and with the LEOTC reference group (comprises principals of schools in region).
35. Develop eight mini-window displays for TA445.  
Achieved.
36. Produce and develop Museum's quarterly newsletter.  
Not achieved.
37. Review strategic plan by 30 November 2006.  
Not achieved.
38. Annual survey on visitor satisfaction.  
Not achieved.
39. Survey specific exhibitions during year.  
Not achieved.
40. Further develop and administer Museum website.  
Not achieved.
41. Finalise volunteer handbook by 30 June 2007.  
Not achieved.
42. Develop volunteer programme to provide 1500 hours per year.  
Achieved.

43. Provide educational programmes involving LEOTC for 6,000 students.  
Achieved. 7041 students attended.
44. Organise 20 events with guest speakers/public lectures.  
Not achieved.
45. Organise two community programmes to support professional development of regional museum colleagues.  
Achieved in conjunction with Te Papa National Services.
46. Develop outreach policy for regional museums and heritage organisations by 30 June 2007.  
Not achieved.



## Equal employment opportunities

The Nelson City Council regards the following Equal Employment Opportunity principles as essential in managing staff resources:

- the elimination of any discrimination;
- the provision of equal opportunities; and
- selection based on merit.

It is council policy that no employee or potential employee shall gain advantage, or suffer any disadvantage, by reason of the following: their gender (including the effects of pregnancy and childbirth), marital status, religious beliefs, ethical belief, colour, race, ethnic or national origin, age, political opinion, employment status, family status or sexual orientation, involvement in union activities and personal disabilities where these are not related to the person's ability to carry out the job.

The Council has an Equal Employment Opportunity programme of positive action based on adopting policies and practices for equal opportunities in all aspects of employment including:

- recruitment;
- selection and appointment;
- education;
- training and development;
- career path planning;
- promotion;
- employment conditions; and
- disciplinary action.

Council's personnel policies apply equally to all staff whether salaried or waged employees.

## Borrowing objectives and policies

### Objectives

Nelson City Council's broad objectives in managing the borrowing which it needs to carry out its functions are to:

- a. Minimise the cost of the Council's borrowing.
- b. Manage borrowing in a manner which minimises the risk to the Council of fluctuations in financial markets and interest rates.
- c. Maintain prudent levels of security and debt servicing for borrowing.

### Policies

The Council's general policy for borrowing is to:

- a. Use long-term debt to fund major expenditure on infrastructural assets and strategic investments.
- b. Raise short-term debts to fund capital developments, the cost of which is expected to be recovered in the short to medium-term.
- c. Fund social objectives and responsibilities mainly from revenue rather than from borrowing.
- d. Use borrowing to help achieve intergenerational equity (spreading costs over generations of people so that the costs fall during the years the benefits are enjoyed)

The Council's policy for borrowing limits is to adhere to the following targets.

Item	Borrowing limit	Actual as at 30/06/08
Total interest payable on net external debt that is funded from rates.	20% of total annual rates plus water by meter (and similar) charges.	6.6%
Net external public debt that is funded from rates	2.0 times the total annual rates plus water by meter (and similar) charges \$1,500 per capita (adjusted for inflation from 1 July 2003), whichever applies first.	0.89 times \$826 per capita

The actual figures show that the Council's borrowing as at 30 June 2008 was well within the designated limits.

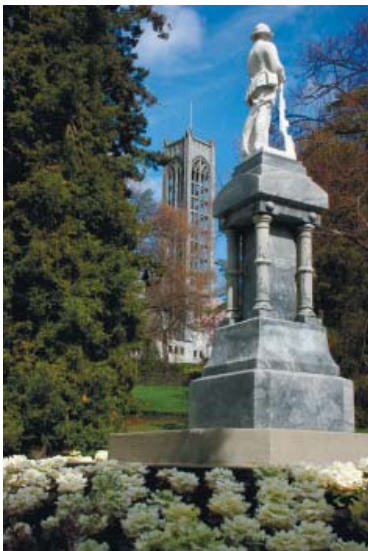
The Council's policy for liquidity risk management is to:

- i. Ensure that the Council's loans mature over a wide time period.

- ii. Ensure that the Council has access to committed lines of credit of not less than \$2 million.

The Council's rules for managing liquidity risk are that:

No more than 40 percent of the Council's total external debt may mature in any financial year.	33.6% will mature in 2008/09.
The weighted average of the term to maturity of the Council's external debt is to be between 12 and 24 months.	As at 30/6/08, the average term to maturity was 25.2 months.



## Investment objectives and policies

### Objective

The Council's primary objectives for the investments the Council needs to effectively carry out its functions are to:

- i. Protect the Council's investments and ensure they are risk averse and secure; and
- ii. ensure the investments benefit the Council's ratepayers.

Policies supporting this:

### General policy

The Council's general policy on investments is that:

- The Council may hold property, forestry, and equity investments if there are strategic, economic or other valid reasons (e.g. where it is the most appropriate way to administer a Council function).
- The Council will not be involved in investments for purely income earning purposes except for short-term investment of surplus funds. In this case it will aim for maximum return for minimum risk.
- The Council will keep under review its approach to all major investments, the viability of equities and the credit rating of approved financial instructions.
- The Council will review its policies on holding investments at least once every three years.

### Result

The Council has followed these general policies throughout the year.

### Specific policies

#### Port Nelson Limited

Nelson City Council's policy for Port Nelson is:

- Retain the council's 50% ownership for the present.
- Review future options while still retaining community control of the port.
- Continue using Port Nelson dividends to ease the burden on the ratepayer.
- Continue using any capital proceeds to reduce or replace debt.

### Result

The Council has retained 50% ownership and the results of the company's operations are summarised on page 180.

**Nelmac Limited**

The Council's policy for Nelmac is to:

- Retain ownership.
- Renew capital restructuring options with the intention of reducing the Council's exposure to risk.
- Negotiate an ongoing partnership agreement with Nelmac for the provision of certain strategic services to the Council.
- Require Nelmac to compete directly with other providers of similar services.

**Result**

The Council has retained 100% ownership and the results of the company's operations are summarised on page 171.

**Nelson Airport Limited**

The Council's policy for Nelson Airport is to:

- Retain 50% ownership in a new airport company owned jointly with Tasman District Council.
- The Council will pay for its share in the new company through external borrowing.

**Result**

Both policies were met when Nelson Airport Limited commenced operations on 1 April 1999.

**Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism)**

The Council's policy for Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism) is to:

- Enter into a contract of service with Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism) on a three-year rolling basis to establish a specified 'floor level' of funding, to help it promote tourism in the region, and
- Consider the funding requirements for Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism) each year as part of its estimates and annual planning process, in case the 'floor level' funding needs increasing.

**Result**

The Council has entered into a three-year funding agreement with Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism).

## Individual rates

	<b>General Account</b>	<b>Water Account</b>	<b>Sewerage Account</b>	<b>Stormwater Account</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>		<b>\$000</b>
Balance 1 July 2007	917	0	0	0	917
Rate Take/Water charges 2007/08	20,681	10,875	5,127	4,137	40,819
	21,598	10,875	5,127	4,137	41,736
Net Expenditure 2007/08	20,568	10,875	5,127	4,137	40,706
<b>Balance 30 June 2008</b>	<b>1,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,030</b>

### Commentary on Individual rates

The 2008/09 annual plan and estimates forecast a brought forward balance of \$1,158,000 and so there is a shortfall of \$128,000 in the funds available in 2008/09. This shortfall should to some extent be balanced by savings in interest and depreciation costs in 2008/09 resulting from the project being completed later than planned.

## Council information

### Council facilities

Civic House  
110 Trafalgar Street  
PO Box 645  
Nelson  
Telephone (03) 546 0200  
Facsimile: (03) 546 0239

The office is open from 8.00am to 5.00pm.

Council operates a 24 hour, seven days a week telephone service on (03) 546 0200.

### Correspondence

Written correspondence to the Council should be addressed to the Chief Executive and can be posted to P O Box 645, Nelson 7040 or faxed to (03) 546 0239.

### Public attendance at meetings

Meetings are advertised in the Nelson Mail. Members of the public are welcome to attend meetings of the Council and its Standing and Special Committees.

The public, however, will be asked to leave a meeting if a resolution to that effect is passed, pursuant to the Local Government Official Information and Meetings Act 1987.

### Public forums

There is a Public Forum at the beginning of each Standing Committee meeting where up to 5 minutes will be available for members of the public to address the Committee on matters of concern. Prior arrangements should be made with an Administration Adviser, telephone (03) 546 0200.

### Deputations

Groups or organisations sometimes wish to have a deputation make representation to a Committee of the Council. There is a formal procedure for such a presentation and a request for a deputation to appear (including the subject to be raised by the deputation) should be made in writing at least 10 days before the meeting. All enquiries should be directed to an Administration Adviser, telephone (03) 546 0200.

### Petitions

The presentation of a petition to Council or its Standing Committees is also subject to certain rules of conduct. Again all enquiries should be directed to an Administration Adviser, telephone (03) 546 0200.