



An even better place to live

PLANNING
NELSON'S FUTURE

Summary Annual Report 2017/18

For the financial year ending 30 June 2018

A copy of Council's full 2017/18
Annual Report is available from
nelson.govt.nz

YOUR NELSON
Your Say

FOREWORD: MAYOR

Whakatu tēnā koutou

Ngā mihi nui ki a koutou katoa.

The 2017/18 year, like many others, was filled with both challenges and successes at Te Kaunihera o Whakatū (Nelson City Council). We rallied around after significant weather events, faced some difficulties with major projects, but continued to deliver a wide range of services to the people of Whakatū.

This year Council welcomed our new Chief Executive, Pat Dougherty and new members of the senior leadership team. Their focus has positively influenced how Council approaches and delivers its business, which has been reflected in our next planning document, the 2018-28 Long Term Plan.

How the community responded to the significant weather events in February showed how strong and resilient we are as a city. Cyclones Fehi and Gita wreaked havoc in the Nelson-Tasman region, with the unbudgeted response and repairs cost in the millions for the region. Challenges are a way of life, and we did our best to respond to an ever changing environment. The storms had an impact on our stormwater results, consistent with national trends some of our transport goals were not met, and the wet summer also impacted some of our freshwater targets.

On the infrastructure front, providing infrastructure and services for a city can be difficult and complex. With over 100 projects undertaken each year (and spending of around \$40 million), sometimes not all of those projects meet our expectations. The Greenmeadows facility was one project that fell short on delivery. Significant concerns were raised during the building process and the contractor is now working to remedy the issues that have been highlighted. We appreciate the patience of the Stoke Community and look looking forward to delivering on our commitment - a high quality facility that the whole community can be proud of for many years to come.

While not all goals were hit, we still made great progress for our city. This included major infrastructure upgrades at the Neale Park Pump Station and Saxton Creek flood protection. Work continued to minimise water losses from our network and investigations occurred to determine how best to reduce the amount of stormwater that enters into our wastewater system.

The streets are brighter with the conversion of many of our street lights to LED's, reducing the city's energy usage and carbon footprint. This is a great example of our ongoing investment in smart infrastructure.

A strong economy is important for the region and this Annual Report shows that our region is a desirable destination for both domestic and overseas visitors. We delivered many successful events such as the Summer Events Programme including Opera in the Park and the Nelson Arts Festival. Feedback from the public on the Upper Trafalgar Street pedestrian zone trial over the summer months was overwhelmingly positive. It proved to be a great drawcard.

Reading through the pages of this Annual Report you will see that restoring and enhancing our natural environment has been a focus of our environmental activity during the year but there is still much more we want to do. Highlights in this space are the completion of the wetland at Groom Creek under Project Maitai/Mahitahi and the launch of Wakapuaka Bursting into Life to restore the ecological values of this catchment. We continue our recognition of the importance of our natural environment by making it one of the four priorities in the 2018-28 Long Term Plan.

We have continued to invest in the region while maintaining a healthy financial position including retaining our AA Standard & Poor's long term credit rating (stable outlook) and ensuring debt and rates remain within our caps. This Annual Report is a snapshot of the work we did during the last 12 months.

Through the dedication and determination of our people and partners, we have accomplished a great deal.

Our sincere thanks to all those who helped us to make Nelson an even better place to live.

Ngā mihi nui



Rachel Reese
MAYOR OF NELSON



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Annual Report Summary provides an overview of Council's activities, services and finances for the year 1 July 2017 to 30 June 2018. The information is taken from Council's audited Annual Report 2017/18, adopted by Council on 25 October 2018. Complete information about Council's financial position and operation is provided in the full Annual Report 2017/18. The summary Annual Report was authorised by the Chief Executive of the Nelson City Council on 21 November 2018.

A copy of the full Annual Report 2017/18 is available to read online at nelson.govt.nz, from all Council libraries and from the Customer Service Centre.

Civic House, 110 Trafalgar Street, Nelson

PO BOX 645, Nelson, 7040

enquiry@ncc.govt.nz

03 546 0200

nelson.govt.nz



Independent Auditor's Report

To the readers of Nelson City Council's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Nelson City Council (the City Council) and group for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 20 to 26:

- the summary balance sheet and the statement of commitments and contingencies as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of movements in equity and statement of cashflows for the year ended 30 June 2018;
- the notes to the summary financial statements that include other explanatory information; 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 accounting 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.

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.

In addition to reporting on the summary annual report, we have reported on the full annual report, we have audited the City Council's 2018-28 long term plan and performed a limited assurance engagement related to the City Council's debenture trust deed. Other than this reporting and these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.



Jacques Coetzee
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
21 November 2018

OUR ACTIVITIES

COUNCIL HAS TEN ACTIVITIES:

Transport	7
Water Supply	8
Wastewater	9
Stormwater	9
Flood protection	10
Environment	10
Social	13
Parks and active recreation	15
Economic	16
Corporate	17

KEY ACHIEVEMENTS AND SERVICE PERFORMANCE

For more detailed information please refer to the full Annual Report 2017/18.



Transport

In 2017/18, the capital expenditure in the transport activity was approximately \$6.08 million (including both subsidised and unsubsidised roading projects).

Key renewal and maintenance activities that occurred on the existing transport network during 2017/18 included 2,728 lane metres of pavement rehabilitations, 8,538 metres of full width road resurfacing, 2,044 metres of footpath resurfacing across the city, (often in conjunction with the ultra-fast broadband roll out to achieve savings) and replacement of 97 streetlight poles.

The LED lighting programme aims to convert all of Nelson's street lights with LED lighting. The programme started in the north of Nelson and Atawhai. By 30 June, 1,060 lights had been replaced, with 2,700 scheduled for replacement in 2018/19. This project is expected to provide annual cost savings of approximately \$90,000, with an expected repayment period of 9-16 years. New Zealand Transport Agency funding is approximately 85% of the total cost of the upgrade.

As with previous years, Council completed and carried out work on a significant number of walking and cycling projects during 2017/18. Work included consultation on the Tahunanui Pathways project and the Nelson East Connections project, completion of the Anzac Park cycle path and the Bronte Street footpath

extension. Work was also carried out on footpath improvements, walkway connections and pedestrian islands in other areas of the city.

Work in the year also included the New Zealand Transport Agency project, Maitai to Rocks Road Shared Pathway, which links the existing Maitai River shared path, along Queen Elizabeth II Drive, Haven Road and Wakefield Quay, which began in February. This will be a new three metre wide shared path for cyclists and pedestrians.

Following the storms in February, significant reactive maintenance was required, including repairing a slip at Stansell Avenue, revetment repairs at Seafield Terrace and Akersten Street, and repairs to the Wakefield Quay walkway structure (including Seafarers, Early Settlers Memorial, Friendship Walkway, steps and ladders at Rocks Road and the Bollards and Chain Link Fence). Storm damage repairs also occurred at Monaco and Glenduan.

As well as a number of other projects, resealing of the section of Waimea Road from the Hampden Street intersection to Cox Lane was carried out during the year, as was the replacement of Oldham Creek Bridge including road alignment and footpath improvements.

There were 18 crashes¹ in the 2017 calendar year that resulted in death or serious injury and 23 cycle

¹ There were 18 crashes, resulting in 18 serious injuries. No fatalities were recorded.



crashes. Both of these results are higher than Council would like. The 2017 crash result is a continuation of the trend since 2014 and reflects a national trend of increased crashes in 2017.

In the 2017/18 Residents' Survey, 42% of residents were satisfied or very satisfied with transport activities including roads, cycleways, footpaths and public transport. This compares to 2016/17, where 48% were either satisfied or very satisfied.

The percentage of people (recorded in the Residents' Survey) that travel to work by bicycle has decreased from 10% in 2016/17 to 8% in 2017/18. Bus patronage also decreased to 397,398 in 2017/18 from 426,257 in 2016/17. Part of this bus patronage decrease was due to the stopping of the Stoke Loop in 2017/18, which has since re-started. All NBus routes are now included on Google Maps, which should assist residents with travel planning. In addition, Council is planning a survey of residents about public transport use, which will help us understand what improvements are needed with the service. Further, the timetable has had some revisions to make the buses more usable and low ride buses have been introduced.

The Nelson Regional Land Transport Plan (NRLTP) 2015–21 had a mid-term review and the draft was released for submissions from the community in December 2017. Following consultation, the Regional Land Transport Committee completed hearings, deliberations and reviewed the NZ Transport Agency's work programme. The information from these sources was used to update Council's transport work programme. The revised Nelson Regional Land Transport Plan and 2018 Regional Public Transport Plan was adopted by Council in June 2018.

A trial closure of Upper Trafalgar Street was carried out from December 2017 through to the end of March 2018. The closure created an inviting pedestrian-friendly space for Nelsonians and visitors to enjoy and was supported by retailers within Upper Trafalgar Street and the public in general. Council provided seating and shade for the community spaces, and

businesses extended their outdoor dining areas in the street. The closure was chosen as a finalist in the Keep New Zealand Beautiful Award for the Best Street category. Since then, on 9 August 2018, Council again considered and approved a proposal to close Upper Trafalgar Street during the coming summer. The pedestrian zone will be in place from 8 November 2018 to 30 April 2019.

Water Supply

In 2017/18, the capital expenditure in the water supply activity was approximately \$2.54 million.

Two of the membrane trains at the water treatment plant were renewed in 2017/18. There are five trains of membranes installed at the treatment plant. Three of these trains have new membranes in place and planning is underway to renew the remaining two trains in 2018/19.

The water loss reduction programme continued with projects to investigate the volume of un-accounted for water usage in the city (approximately 2.7 million m³) and fix issues as they are found. Work to allow the city to be isolated into a number of District Metered Areas began. Night-time flows into these areas can be checked to identify leaks. The citywide leak detection project was completed with leaks, that contribute to approximately 270,000m³/year of water loss, being identified and repaired. Initial contact was also made with groups that take water from fire hydrants in order to ensure the volume of water that is taken is recorded. This programme of work addresses un-accounted for water, with the goal of more accurately identifying the volume of water taken or lost, and reducing this over time.

During the year, discoloured water was reported at several locations. Council has undertaken investigation into these problems and a programme has been developed to address the causes. In the interim, contractors have increased flushing of the mains in the affected areas.



Council completed upgrades of three older water mains at Hilliard Street, Mules Street and Suter Street. Stage one of the Brooklands Road Watermain renewal was also completed.

In 2017/18, water demand was 259 litres per person per day. The total metred supply was 4.9 million m³ for the year. This is similar to 2016/17 which had a demand of 268 litres per person per day.

Wastewater

In 2017/18, the capital expenditure in the wastewater activity was approximately \$4.98 million.

The Nelson Wastewater Treatment Plant sludge removal project, which will transfer sludge removed from the wastewater treatment plant to the landfill, is currently underway and expected to be completed in September 2021. The sludge was dredged from the oxidation pond in 2014 and has been stored within geotextile bags at the treatment plant for the past four years to aid drying.

The major upgrade of Corder Park Wastewater Pump Station was completed and the pump station commissioned. Some ongoing odour issues in the rising main have been identified and further investigations have been undertaken to identify the best long term solution to address odours within the network.

The major upgrade of the Neale Park Wastewater Pump Station is progressing. This upgrade will have significant benefits including increased pumping capacity for future growth, treatment of odour, and resilience to potential wastewater overflows. This project is expected to be completed in December 2018.

Natural hazard risk assessment has been an ongoing focus of Council since the Christchurch Earthquakes of 2011. In 2017/18 further work was carried out on the risk assessment for the Nelson Wastewater Treatment Plant looking at the types of events that will impact on the operation of the plant. This project will support

the work for the future new resource consent for the plant which is due to commence in 2019/20.

There was 100% compliance in the 2017/18 year for the wastewater treatment plant resource consent conditions. There were four odour complaints registered to the Nelson Waste Water Treatment Plant in 2017/18, but investigation indicates these are more likely to be related to issues experienced at Corder Park Pump Station during commissioning.

Council has a target that there are less than 10 dry weather sewerage overflows from the sewerage system per 1000 connections. During the year, there were six dry weather overflows per 1000 connections and there was a total of 127 dry weather overflows. This compares to last year's eight dry weather overflows per 1000 connections and total number of dry weather overflows of 187.

Stormwater

In 2017/18, the capital expenditure in the stormwater activity was approximately \$307,000. Capital expenditure completed during 2017/18 in the stormwater activity was 12.6% of the total budget. The majority of the under-expenditure was related to three projects - Little Go Stream (where delays to capital expenditure were caused by additional modelling), Tahunanui Hills Stormwater-Moana Avenue to Rocks Road (where delays to capital expenditure were caused by detailed investigation) and Wastney Terrace (where delays were the result of landowner negotiations).

Further investigation was also carried out to identify the most appropriate option to complete the Little-Go stream project in Waimea Road.

Work commenced on the Nile Street Stormwater upgrade, which is expected to be completed in 2018/19. This project is to upgrade the stormwater on Nile Street East to match the capacity of the Cleveland Terrace stormwater system. It involves a new 1600



diameter concrete pipe along Nile Street East and a new outlet structure within the banks of the Maitai River, near Clouston's Bridge.

Debris barriers were constructed around a number of stormwater intakes along the Tawa Track on the Grampians. This work is expected to provide improved stormwater control in the Grampians track from Endeavour Street to Allan Street.

There were no incidents of flooding of habitable floor space during the 2017/18 period that resulted from failure of the stormwater network. However, Council is aware of flooding to 20 to 30 properties from tidal inundation caused by ex-tropical Cyclone Fehi.

Flood Protection

In 2017/18, the capital expenditure in the flood protection activity was approximately \$4.64 million.

The third and fourth stages of the York Stream Stormwater Upgrade were completed during 2017/18. The third stage linked the previous stages of work completed at the intersection of Tipahi Street/Kawai Street South in 2013 and across Waimea Road into Boundary Road in 2016. It involved the installation of 1800mm diameter concrete stormwater pipes, along with the installation and relocation of other utility services. The fourth stage was the construction of a new stormwater intake structure for York Stream, with associated pipe works and landscaping in the Bishopdale Reserve, near the Market and Waimea Road intersection. This project improves stormwater infrastructure to reduce the risk of flood damage to roads and property in heavy rain events. The project also included provision for fish passage through the new intake structure.

Stage Three of the upgrade of Saxton Creek was completed. This stage involved upgrading the existing channel and detention pond from Main Road Stoke through to the south boundary of Saxton Field. Preliminary and detailed design of Stage Two — linking this last stage to the work completed

downstream of Champion Road was also carried out during 2017/18.

During the storm event of April 2013 significant flooding was experienced in properties in lower Stoke. As a result Council began a local program of work in Orphanage Stream. A stormwater detention area was established at Saxton Field and the existing Orphanage Creek culvert at Saxton Road was widened. Investigation of options for further works to improve the culvert at Suffolk Road also commenced during the year.

Flood models were started in 2016/17 and further refined in 2017/18. These models show the likely extent and velocity of flood waters from the larger of the streams and rivers in the city. These results will be used to inform the hazards section of the Nelson Plan - Whakamahere Whakatū, and will form the basis of flood risk assessments that will be completed for each of the rivers to inform wider community discussions about the shape of future flood response works.

Brook Stream fish passage trials were completed. The two trial installations near Miro Street and Larges Lane aim to improve fish passage and habitat and will be monitored for durability and effectiveness.

In the flood protection area, there was 100% compliance with resource consent conditions for channel maintenance works during 2017/18. There were no known breaches or infringements for maintenance carried out in waterways in 2017/18.

Environment

Nelson Nature partnered with Landcare Trust to improve water quality outcomes in the Wakapuaka catchment through a project branded 'Wakapuaka: Bursting into Life!' The majority of land in the catchment is in private ownership, so the focus has been on working with rural landowners on riparian planting, weed control, stock exclusion, septic tank use, encouraging the use of rainwater collection and awareness of water quality issues.



Project Maitai/Mahitahi was completed with key highlights for the year including the completion of the wetland at Groom Creek, the installation of fish passage through the lengthy St Vincent Street culvert, the Walk the Chalk walking symposium at York Stream, the analysis of five years' worth of cyanobacteria research and data, and the planting of 11,372 native plants in the Maitai catchment (7,439 at Groom Creek itself, the remainder through the catchment including York and Brook streams).

Funding of \$60,000 was secured by Forest and Bird from the Department of Conservation Community Fund to help support Nelson Nature's weed control programmes on Dun Mountain. The funding will be spent across three years and will hasten the removal of invasive wilding conifer, gorse and heath from the area, reducing the long term costs of these control programmes.

The volunteers working to restore the ecosystem at Council's Paremata Flats Reserve and the surrounding Delaware Bay area recently celebrated an impressive milestone – the removal of 8,000 pests since work began in 2007. In fact, the total is 8,122 pests, which includes 1,044 rats, 6663 mice, 147 stoats, 69 weasels and 41 rabbits. The dedicated team of 41 volunteers has committed 4,649 hours to the trapping programme, with more than 280 traps in action.

The New Zealand River Awards recognises continued success in Freshwater Management. Orphanage Stream was awarded most improved river in the region at the New Zealand River Awards. This award recognises the trend improvement in E.coli (a bacteria) levels in Orphanage Stream – a lowland stream that runs through the Saxton Field area in Stoke. Monitoring results showed an impressive 19.8% per annum trend decline in E.coli levels over the last 10 years. The reduction in E.coli levels has gone hand in hand with community and Council efforts to improve the water quality of the streams in the Stoke area, including the planting of a riparian buffer along both sides of the

stream, which is now well established in the lower reaches of Orphanage stream.

The 2017/18 recreation monitoring programme was undertaken from November 2017 to March 2018. Two (Maitai Camp and Sunday Hole) of the six river bathing sites maintained water quality standards satisfactory for swimming. Nelson had almost double the summer rainfall from 2016/17, and wet weather days with elevated flows and contaminated stormwater accounted for 40% of water sampling days, explaining the reduced number of bathing sites graded suitable for recreation. All five beach bathing sites maintained water quality standards satisfactory for swimming. Rain events were prolonged and intense, including Cyclones Fehi and Gita, with almost double the summer rainfall recorded in 2016/17. Permanent signage will be installed to remind people not to swim when water is discoloured, and infrastructure projects are planned to reduce wastewater overflows due to rain. A project is underway in the Wakapuaka catchment to identify the source of E.coli affecting swimming sites in the Wakapuaka River and to guide community actions.

In 2017/18 there were two exceedances of the National Air Quality Standards for air quality (NES) in Airshed A (Nelson South) which meets the NES requirement of no more than three exceedances per year by 2020. There were two exceedances in Airshed B1 (Tahunanui) this year which are likely to be dust-related, given the time of day and time of year that they occurred. The NES requirement for this airshed is no more than one exceedance for 2018 which has not been met. There were no exceedances recorded in Airshed B2 (Stoke) or Airshed C (monitored at Brook Valley and Dodson Valley) in the 2017/18 year.

Council carried out a number of other programmes to improve the operation of domestic burners in 2017/18 related to air quality, including a Best Woodshed competition, a promotion reminding people to buy wood before Christmas, a Burn Bright campaign and



the eco-homes advisor being able to assist people with advice on how to heat homes efficiently. Environmental officers also carried out morning and evening patrols checking for excessively smoky burners and providing information to people as required.

Enviroschools regional coordination was brought in-house from January. New facilitation contracts were signed with schools in December 2017 and January 2018, which include both waste minimisation and active transport components.

The 1000th home was insulated under the Warmer Healthier Homes Scheme.

A wide range of technical work and stakeholder engagement has also occurred throughout 2017/18 on the Nelson Plan. This has included engagement with landowners on site specific zoning, heritage, biodiversity, and landscape values along with ongoing discussions with landowners affected by natural hazards. Additional technical work has been undertaken to refine freshwater values, attributes, objectives and limits and understand coastal erosion and inundation and slope risk as well as natural hazard mapping.

Meetings have continued with the Iwi Working Group and Freshwater Management Unit groups to inform the development of draft plan provisions. Draft Water Quality Primary Contact (Swimmability) targets were also approved. These draft targets are for E.coli levels in medium sized (fourth order) rivers, including the Whangamoia, Wakapuaka, Maitai and Roding Rivers. Nelson's draft target is that 100 per cent of our fourth order rivers continue to be swimmable, i.e. meet national primary contact E.coli limits.

Council prepared, consulted on and adopted a Freedom Camping Bylaw which was in place from December 2017. During the summer period from 1 December 2017 to 31 March 2018, a total of 718 verbal warnings were given and 220 infringement notices were issued.

During the year, 18 Special Housing Areas were gazetted, and a further eight have been approved by Council but are not yet gazetted by Government. To date, 32 qualifying development consents have been granted (this includes consents for some developments that require multiple or staged consents), with a consented yield of 371 housing units. Four sites are either under construction or complete.

The draft Nelson Tasman Land Development Manual and the draft plan change practice notes that accompany it, have been completed and public feedback is being sought.

City centre stakeholder meetings have separately been held with hospitality groups, retailers and landlords/developers to understand and explore the issues in the city centre, and to inform the City Centre Programme Plan currently being developed.

Building consent applications, although 9% lower than 2016/17, were still higher than 2013/14, 2014/15, and 2015/16. In the last 12 months, 908 building consents and amendments have been applied for and 874 granted. The estimated value of work consented for the year totalled \$167 million compared with \$186 million in 2016/17 and \$122 million in 2015/16. The Inspection team has undertaken 7,443 inspections over the 12 months which is the highest number over the last five years.

The successful prosecution for the discharge of sediment laden water to Maire stream resulted in a fine of \$90,000 with 90% of the fine to be paid to Council.

The Deputy Harbourmaster has carried out safety checks on around 2,000 vessels this summer and organised a number of successful education campaigns. The harbourmaster was involved in the rescue of nine people over six different occasions.

The Nelson City Council and Tasman District Council Regional Landfill started as a joint operation from 1 July 2017. Each Council has a 50% share of the joint



landfill and on 1 July 2017, Tasman District Council paid Nelson City Council \$4.2 million, reflecting the higher value of the York Valley landfill. The regional landfill is managed in accordance with the Terms of Reference for the Nelson Tasman Regional Landfill Business Unit.

The amount of waste per person disposed of at landfill (excluding contaminated soil and waste from outside the region) during 2017/18 was 645kg per person. This is a decrease of 18kg from the 663kg per person recorded in 2016/17. This is possibly due to a slowing down of economic activity.

Council has responsibilities under the Civil Defence Emergency Management Act 2002 requiring it to provide for Civil Defence Emergency Management in its area. The Nelson Tasman Civil Defence and Emergency Management Group is a partnership between Nelson City and Tasman District Councils and key partner agencies including Police, fire, ambulance, Nelson Marlborough District Health Board, the Ministry of Social Development, local iwi and the Ministry of Civil Defence and Emergency Management.

There were two storm events during the 2017/18 year, resulting in the Emergency Operations Centre being activated:

- **Ex-tropical Cyclone Fehi** (1 February): A high storm surge coincided with a king tide to produce water levels around 500mm above the high tide. Wave action and high water levels caused coastal inundation across the region resulting in significant property damage at Rocks, Monaco, Ruby Bay and Mapua. The Emergency Operations Centre was activated for two days.
- **Ex tropical Cyclone Gita** (20 February): The Emergency Operations Centre was activated and fully staffed ahead of the cyclone arriving and continued to be activated for ten days. Several areas of high intensity rainfall occurred throughout the Tasman region.

Ex-Tropical Cyclones Fehi and Gita, coupled with two

smaller storm events in February, resulted in the most damaging sequence of storms for the region since the 2011 floods. A Declaration of Emergency was made for ex tropical cyclone Gita, the first in the Nelson Tasman region since 2011. The Gita response, in particular, was the largest operation undertaken by the Group Emergency Operations Centre (EOC) for many years, with numerous Civil Defence Centres open, welfare support provided to hundreds of residents and visitors, and many dozens of field teams deployed from the EOC to undertake impact and needs assessments following the storm. The isolation of Golden Bay by road, and subsequent need for barging of supplies and rationing of fuel, made this a unique event that many valuable learnings have been taken from.

Social

Stoke is the fastest growing area in Nelson and Council has recognised the need for appropriate facilities and services to support the current and future growth. After extensive consultation with the community, Council approved plans for a new sport and community facility at Greenmeadows Reserve.

During the year, Council approved additional funding to enable the completion of the Greenmeadows centre and to extend the functionality of the kitchen and add extra wiring to allow the facility to be powered by a generator during an emergency. A dawn blessing for the facility was held on Saturday 23 June.

Since then, a number of issues with the construction of the building have been identified. The contractor has committed to completing the Greenmeadows Centre to a high standard. Further work has occurred outside the 2017/18 year with Council commissioning an independent assessment of the construction works which has led to a remediation plan that is being overseen by a Council-appointed clerk of works.

Council supported older adults through its contribution to the Positive Ageing Expo and partnering with Age Concern and Tasman District Council to deliver the Summer Activities for Seniors series.



Nelson's Youth Strategy was adopted in 2017/18, after preparation and community engagement in 2016/17. During the year, work continued on the Youth Strategy Action Plan and its implementation with the focus on setting up a Youth Sector Leadership Group and other activities in the Plan.

The Community Investment Funding Panel again allocated Community Investment Funding (CIF) in 2017/18. 27 Community Investment Fund Grants and 13 Community Investment Agreements, totalling \$123,820 were awarded. 36 CIF agreement applications were received, seeking a total of \$318,890 from a pool of \$73,820. These were allocated in addition to previously awarded multi-year agreements which totalled \$183,380. A small grants fund, totalling \$50,000 was also allocated in 2017/18 for grants under \$2,500 each.

Founders Heritage Park welcomed over 120,000 visitors in 2017/18. 44,400 enjoyed the Park as a visitor attraction, 14,300 attended functions including conferences and 62,000 attended events including the International Kai Festival, Marchfest and the New Zealand Cider Festival.

Work with people experiencing housing vulnerability has been undertaken and included funding the Salvation Army to work with those in need. Work streams are underway with the Top of the South Impact Forum and the Emergency Housing Forum, and individual initiatives such as the Male Room research on homeless men have been supported. Nelson has been included in the Housing First initiative there will be further work required in this area in 2018/19.

The Strengthening Community Governance project, an ongoing project, was carried out, during 2017/18. Council worked in partnership with the Rātā Foundation, Department of Internal Affairs and Volunteer Nelson to understand further the governance needs of the voluntary sector organisations in Nelson. A monthly 'Governance Bites' session started during the year, which offers governance training to the sector.

2017/18 was the 23rd year of the Arts Festival, which includes the Masked Parade and Carnival, and the Page and Blackmore Readers and Writers programme. Council has decided that future Festivals will be delivered by an external trust, the Nelson Festivals Trust (the Trust) and as part of the process of transitioning to this new arrangement, Council's delivery of the 2018 Festival will be shadowed by the Trust.

During the 2017 Arts Festival, there were 66 different events totalling 122 performances from 11 to 27 October. Forty percent of the shows were free and performed by locals. Eighty-one percent of the shows were sold out. There were 3,270 enrolments in the Masked Parade, including entries from schools, early childhood centres, youth organisations, community groups and individuals.

The Summer Events programme included New Year's Eve Countdown, Lantern celebration, Teddy Bear's Picnic, Summer Movies Al Fresco, Buskers Festival and Tahuna Summer Sounds as well as Opera in the Park.

China Week was held in November, and celebrated Nelson's close relationship and historical links with China, through Sister Cities Huangshi and Yangjiang. Events held during the week included sessions on Doing Business with China, a Tai Chi demonstration, a Theatre and Music Night and other activities including the Confucius Institute presenting Chinese calligraphy, Chinese knot making and Chinese lantern making, food and refreshments, music, art displays, table tennis, performances from visiting schools and more.

New Christmas banners were produced and a Christmas tree installed for Christmas in 2017. Local artists and volunteers from Community Art Works and the Light Nelson Collective worked with Council to create the new Christmas decorations, including a public display inside the Cathedral.

In April 2018 the Nelson Centre of Musical Arts (previously called the Nelson School of Music) opened its doors after being closed since 2013 due



to earthquake risk. Grant funding of \$125,000 for operating expenses was provided during the year to the Centre. In addition, in March 2018, Council approved and provided a loan of up to \$680,000 to the Centre which is repayable to Council by June 2020. Since opening in April, community involvement has expanded, providing rehearsal and meeting facilities on a regular weekly basis to seven local choirs and orchestras and providing community rates to a further 12 music and performance groups.

Libraries continue to deliver quality services while adjusting to changes within the library and information environment. The door count across the three libraries was 460,237 for the year, with 318,719 of these visits being to the Elma Turner Library.

There were 721,690 item checkouts during the year, 76% of which were from Elma Turner. The number of WiFi sessions at Nelson libraries increased dramatically from 2016/17 when there were 65,430 sessions, to 2017/18 when there were 197,771 sessions.

In September, Nelson Public Libraries celebrated 175 years of service to the public - Nelson is the first and oldest public library in the country. The library was established at sea on one of the three Wakefield settlers' ships on its way to Aotearoa.

The refurbishment of the Nightingale Library Memorial building took six weeks through September and October 2017 and the library was closed to the public for that period. The hallway area is now a bright and welcoming space which has been much enjoyed by the public, and the new layout in the main library has been well received.

58% of residents say they have visited the Suter Art Gallery in the last year. Of the residents that have visited, 85% are very satisfied/satisfied with the Suter.

Parks and Active Recreation

Council approved a site at Andrews Farm, for the development of additional recreation facilities in

the Brook Valley area. The development included approximately 30 carparks and a toilet and wash down facility for bikes on the site. The development of the Brook Mountain Bike Hub is currently underway and expected to be completed in December 2018.

Council and the Nelson Mountain Bike Club have cemented their long-standing working relationship with the official signing of a Memorandum of Understanding. The agreement gives direction as to how the organisations will work together, and establishes a working group to ensure good communication on both sides.

October 2017 saw the opening of the new mountain bike trail on Fringed Hill, which has been named Te Ara Koa Trail (trail to happiness). It is one of the longest purpose-built single track mountain bike trails in the country and is an intermediate grade track that is 5.1km long and descends 700 vertical metres.

Ministry of Business, Innovation and Employment announced that it has allocated \$2.4m to extend and upgrade the Great Taste Trail. The funding will see the track extended to become a multi-day ride. This is the first major investment to be made through the Nga Haerenga, the New Zealand Cycle Trail Enhancement and Extension Fund. The Nelson Tasman Cycle Trails Trust has worked with landowners to secure the land needed for the extended trail. As well as the \$2.4 m from MBIE, funding for Stage 2 is being provided from Tasman District and Nelson City Councils, New Zealand Transport Agency, corporate sponsorships, volunteers and grants.

The construction of a 640 metre shared path within Saxton Field, which runs from the cricket oval to the indoor stadium, was completed. This work involved 1,400m² of concrete and 180m² of asphalt. The path has now greatly improved the safety and usability of Saxton Field for all users.

The official opening of the Saxton Velodrome was in February 2018. The velodrome is a joint project between Tasman District Council, Nelson City Council



and the Saxton Velodrome Trust. This is a new regional facility to replace the existing track at Trafalgar Park. With a 333 metre long sealed competition track and a learn-to-ride area, the velodrome is for all ages and abilities to enjoy.

Council decided to bring forward expenditure to replace the turf at Trafalgar Park. The replacement process involved removing the surfaces and levelling the field before installing slit drains, a sand carpet and sowing the field. Council also took the opportunity to improve the irrigation system while this work was being done. Following the turf replacement, work was undertaken to prepare the park for its first All Blacks test in September.

During the year, Council upgraded the Octopus's Garden playground at Ngawhatu Reserve in Stoke. The upgrade included four 'traditional' playground items, three natural play spaces and new landscaping, including wheelchair accessible paths to access the swing and slide and more than 1,000 new plants and grasses.

During the year, the Days Track pedestrian access from Moana Avenue to Grenville Terrace was reconstructed and reinstated. Part of the opening included the Days Track Group unveiling the new Community Couch. A heritage panel was also unveiled at the Moana Avenue end of the track, outlining the history of the track. This section of the track had been closed since the rain event in December 2011.

The Trafalgar Centre, which opened in April 2017 following improvements, had a busy year with over 36,000 participants visiting the centre for a wide range of events from the Chamber of Commerce Business Awards to the Cancer Society Ball to Nelson Giants Basketball games. The venue is being managed by Community Leisure Management (CLM). The total number of users for 2017/18 was 36,307 and the total number of hours was 1,267.

A new hybrid cathodic protection treatment was used on the Trafalgar Park Footbridge, which is designed

to give the bridge a 50 year life. The contact with the tidal salt water makes this location a tough environment for reinforced concrete.

The total land in parks and reserves in 2017/18 was 11,250. No reserves were divested during the year. No reserves were divested in 2016/17 either. Council's parks provision also complied with the target of neighbourhood parks within walking distance for 95% of all homes.

Economic

Council's economic activity includes funding to the 100% Council-owned organisation, the Nelson Regional Development Agency (NRDA) to enhance the sustainable economic vitality of the Nelson Tasman Region. The main focus areas of the NRDA this year have been establishing the Nelson Tasman identity story framework and tools, enhancing the NRDA role in the Nelson Tasman innovation ecosystem, supporting the initial phases of the region's economic development strategy, and continuing to promote the destination as an extraordinary place to visit, explore, play, grow careers and enjoy family life.

NRDA attracted over \$1.53m of business development and research and development investment funding to the region in 2017/18, an increase of 21% since 2016/17. This funding reached 350 companies. Collaboration with the Nelson Tasman Chamber of Commerce and Nelson Marlborough Institute of Technology has created the Mahi Tahī Colab regional innovation and collaboration hub at Nelson Marlborough Institute of Technology.

The initial phases of the region's economic development strategy Te Tau Ihu 2077 are underway to provide access to the Provincial Growth Fund. Partnering with the visitor sector and other stakeholders has seen an 8% increase in the value of tourism to the region this year and a significant improvement in the seasonality statistics.



Council adopted an Events Strategy following consultation. The Events Strategy will provide clearer direction for funding and also helps ensure that ratepayers receive the best return on investment.

The NRDA administered the Nelson Events Fund on behalf of Council. Allocations were made to Marchfest, Ocean Swim Series, Festival of Golf, Wairua Warrior, Art Expo Nelson, NZ Cider Festival, Cricket One Day International and the All Blacks amongst others. In addition, community events that were funded included Race Unity Day, Santa Parade, and Isel Twilight Market amongst others.

Visitors to Nelson are an important part of the economy. Total regional visitor spend in 2017/18 was \$379m, an increase of \$28m or 8% over 2016/17.

For Nelson, off-peak guest nights in 2017/18 (i.e. excludes December to February) were 486,624 compared to 442,825 in 2016/17 which is an increase of 9.9%.

For Nelson Tasman combined, off-peak guest nights in 2017/18 (i.e. excludes December to February) were 846,040 compared to 789,066 in 2016/17 which is an increase of 6%.

Activity related to Sister Cities in 2017/18 included an intern from the Japan Local Government Centre visiting Council in October, a visitor from Fortuna visiting Nelson in March, and six secondary school students visiting Yangjiang as guests of the Liangyang Senior High School and staying in the school and attending classes for five days. They were accompanied by members of the Nelson Branch of the New Zealand China Friendship society.

The Nelson Tasman Business Trust operated in 2017/18 offering assistance to start-up and existing businesses in the region. The Regional Business Partner programme is a partnership between central government, the Nelson Tasman Chamber of Commerce, Marlborough Chamber of Commerce, Nelson Tasman Business Trust and Business Trust

Marlborough. It also provides support for business development and innovation in the region.

Uniquely Nelson, which promotes over 600 Nelson City shops, businesses, cafés and restaurants, continued to support and strengthen existing partnerships and develop strategies for all year round business resilience and success. Uniquely Nelson launched the new Uniquely Nelson website during the year.

Council provided a contribution of \$15,000 for a temporary beach bus service which ran over the Christmas period from the central city to Tahunanui Beach.

Saxton Oval held international games of cricket during 2017/18, with both Pakistan and the West Indies playing there.

Council undertook a special consultative procedure in 2017/18 to seek community feedback on a proposal to contribute funding to the Waimea Dam project in the Tasman District. Following this consultation, Council decided to allocate \$5 million for a grant to the Waimea Dam project in year three (2020/21) of the Long Term Plan 2018-28 subject to a number of conditions. The Waimea Dam is included in the economic activity section of the Long Term Plan 2018-28.

Corporate

During 2017/18, Council prepared, consulted on, and adopted the Long Term Plan 2018-28, which sets the work programme for the next ten years. Through this process, Council received 434 submissions. The final Long Term Plan was adopted on 21 June 2018.

As well as the Long Term Plan, eleven Asset and Activity Management Plans were prepared and draft plans approved by Council.

Standard and Poors affirmed Council's long-term credit rating at AA, stating that the outlook on this rating remains stable. This reflects Council's sound management and institutional framework, high level of budgetary flexibility and moderate debt burden.

Council received its Local Government New Zealand Excellence Programme report in October 2017, following assessment in February 2017. Council was awarded a BB rating in this assessment and has asked to participate in a further review of performance as part of the priority of 'Lifting Council Performance' in the Long Term Plan 2018-28.

During 2017/18, 1,699 rates rebates interviews were completed at Civic House, in the community and in homes.

In the 2017/18 Residents' Survey, 36% of residents were satisfied or very satisfied with opportunities to provide feedback and take part in Council's decision making in their community. This compares to 42% in 2016/17.

Council received six-monthly reports from its Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO) and is satisfied with their performance. There are no remedial actions that have arisen from the six-monthly reports. CCO and CCTO Annual Reports will be available on their websites when they have been completed and adopted.



WORKING WITH IWI AND MĀORI

Council works with iwi and Māori to ensure there are structures for partnership and opportunities to contribute to decision-making processes. More information about how Council does this is included in the Māori contribution to decision-making processes section in the Long Term Plan 2015-25.

During the year, a number of actions were undertaken to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of Council, including:

- A Māori world view on the Planning and Regulatory Committee was provided through an appointed representative with insight into Te Ao Māori.
- A review of the Nelson Plan is underway and as part of this an iwi working group continued to meet to contribute to the development of the Nelson Plan during the 2017/18 year.
- Council's Kaihautū officer position was appointed in April and Council's Chief Executive and Kaihautū met with a number of iwi Chairs and General Managers to discuss the direction of a co-constructed and collaborative partnership.



PERFORMANCE MEASURES

The Long Term Plan 2015-25 contains performance measures across all Council activities. Overall, 58% of the targets that Council set for 2017/18 when it prepared the 2015-25 Long Term Plan were achieved in the year.

The activities that had the highest percentage of measures achieved were; wastewater and flood protection which had all measures achieved, six and seven measures respectively. The next highest was the water activity which had 83% of measures achieved (10 out of 13), and the economic activity (four of five measures). Parks and active recreation had 69% (nine of thirteen) measures achieved, and corporate 67% (two of three) measures achieved.

The stormwater activity had the greatest percentage of measures where targets were not achieved, with 67% of the targets not being met. Of the four targets that were not met, two were related to the weather events that occurred in February 2018 which resulted in a significant increase in the number of service requests for the utilities team to follow up, impacting on the results for blockages and complaints.

The transport activity also had a high proportion of measures that were not met (67%). Issues included travel to work, peak travel times, road safety (including the number of deaths and serious injuries, the number of crashes, the social cost of crashes and the number of crashes involving pedestrians and cyclists), road roughness and the percentage of road re-sealed, parking spaces and public satisfaction with the transport activity. Some of these results are following national trends and are not just specific to Nelson. Work is underway to improve on results for future years. In some areas, the targets have been revised or changed through the Long Term Plan 2018-28 to targets that Council has a greater control over. In the transport area, there were also three targets where results were not reported against as a result of there being a new method of data collection.

In the environment and social activities, half of the targets set for the year were met.

In the environment area, targets that were not met included some for volumes of waste to landfill and meeting statutory timeframes for resource consent processing. In addition, there was a breach to the air quality standards in Airshed B1, during very windy conditions, most likely caused by dust, not smoke. Nelson Plan timeframes were not met.

During the year, all rivers met the national bottom line for Ecosystem Health and Human Health for recreation. All five beach bathing sites maintained water quality standards satisfactory for swimming, and two of the six river bathing sites also maintained this standard. Nelson had almost double the summer rainfall from 2016/17, and wet weather days with elevated flows and contaminated stormwater accounted for 40% of water sampling days, explaining the reduced number of bathing sites graded suitable for recreation. There were also results that were not achieved as a result of a reduction in number of sites graded at A or B and an increase in the number of sites graded at D or E. The decrease in A and B sites was primarily because of poor water clarity, which is only one parameter measured. The data show maintenance or improvement across other parameters. The increase in D and E sites was also related to water clarity, and to dissolved nitrates. Actions to minimise sediment effects include messaging to the contracting community after a successful prosecution, the review of the Nelson Plan to incorporate targeted erosion and sediment controls as objectives and rules (currently in the Land Development Manual), real-time continuous turbidity monitoring at core hydrometric sites (Orphanage trial underway) to enable prompt response to pollution reports, and the construction of a treatment wetland at Groom Creek. Water quality improvement trends are best identified through long term (5 or 10 year) data sets, and annual variation can occur related to one-off events.

In the social area, areas of non-performance related to the attendance at events, satisfaction with public art and library membership and door count. Although the door count at the library was lower than target, the online usage at the library, which includes the website, catalogue, e-books and audio books, increased from 2016/17.

According to the 2018 Residents Survey 36% of residents were satisfied or very satisfied with the opportunities to provide feedback to Council. This target of maintaining on the 2014/15 result of 53% has not been met for the last three years and actions to improve on this result, including using information also provided in the 2018 Residents' Survey about how people like to be contacted, will be considered by Council.

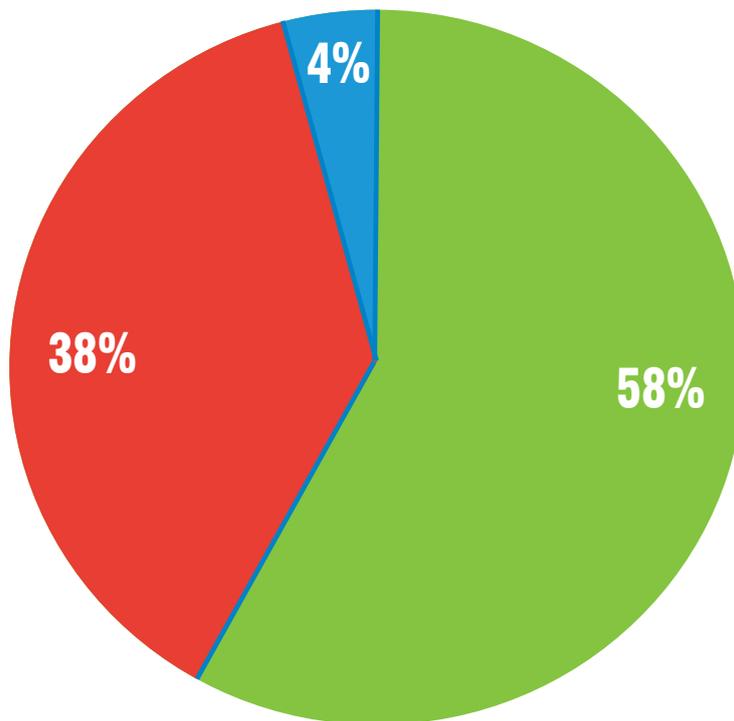
Overall Council's non-financial performance was lower than that of previous years. There were several reasons



for this – the weather impacted some results, Council programmes have changed in some areas since the targets were set in 2015, and in some areas national trends were also reflected in our results. Where results are within Council’s control, work is being undertaken to improve our performance for future years. As part

of the development of the Long Term Plan 2018-28, measures and targets were reviewed and improved. These will be reported on in the next Annual Report. Overall performance for the 2017/18 year is shown in the pie chart below:

Council’s overall performance 2017/18



■ Achieved
 ■ Not Achieved
 ■ Not Measured

Note that measures that are not applicable (5) are not shown in this chart.

KEY FINANCIAL INFORMATION

Financial overview

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

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

The Annual Report shows that Council recorded a net surplus before revaluations for the year ended 30 June 2018 of \$11.4 million, which was \$4.4 million less than budget. Further explanation of this variance can be found on page 25. The surplus was \$13.2 million for the 2016/17 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 net of deposits and cash as at 30 June 2018 were \$84 million.

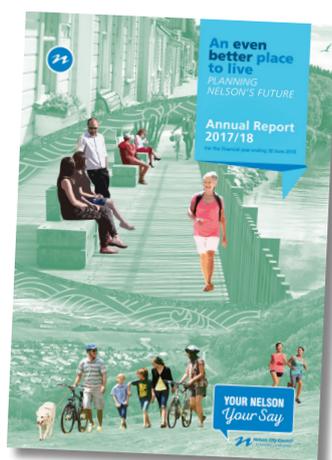
This full Annual Report 2017/18 was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied with International Public Sector Accounting Standards (IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

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 2018. The financial statements were authorised for issue by on Council 25 October 2018.

You can find a copy of the full Annual Report 2017/18 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.

The summary financial statements comply with PBE Standards as they relate to summary financial statements.

Summary of financial performance for the year ended 30 June 2018

	Council			Group	
	Actual 2018 (\$000)	Annual Plan 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Statement of comprehensive revenue and expense for the year ended 30 June 2018					
Total operating revenue	114,697	114,589	115,590	124,070	124,824
Total operating expenditure *	103,340	98,822	12,409	114,754	113,264
Surplus/(deficit) before tax	11,357	15,767	13,181	9,316	11,560
Share of Associates surplus/(deficit)	0	0	0	9,005	7,027
Less taxation	0	0	0	(318)	(306)
Net surplus	11,357	15,767	13,181	18,003	18,281
Gains/(Losses) on property revaluation	42,935	16,916	47,756	42,935	47,756
Share of Associates revalued movements	0	0	0	4,905	11,034
Total Comprehensive Revenue	54,292	32,683	60,937	65,843	77,071
*includes finance costs of:	4,320	4,670	4,217	4,431	4,325
Movements in equity for the year ended 30 June 2018					
Equity at start of year	1,411,321	1,371,263	1,350,424	1,532,807	1,455,284
Equity released on disestablishment	0	0	0	0	(133)
Equity adjustment on establishment	(878)	0	0	(878)	370
Prior year adjustment	0	0	0	(68)	255
Transfer from reserves	533	0	(40)	378	(40)
Total Comprehensive Revenue	54,292	32,683	60,937	65,843	77,071
Equity at end of year	1,465,268	1,403,946	1,411,321	1,598,082	1,532,807
Balance Sheet as at 30 June 2018					
Current assets	26,887	15,913	13,370	32,194	18,111
Non-current assets	1,562,031	1,540,581	1,512,641	1,694,459	1,634,188
Total assets	1,588,918	1,556,494	1,526,011	1,726,653	1,652,299
Current liabilities	24,751	37,732	16,822	27,435	19,208
Non-current liabilities	98,899	114,816	97,868	101,136	100,284
Total liabilities	123,650	152,548	114,690	128,571	119,492
Total net assets	1,465,268	1,403,946	1,411,321	1,598,082	1,532,807

Table continued >

	Council			Group	
	Actual 2018 (\$000)	Annual Plan 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Retained earnings	422,811	423,474	414,580	476,893	462,162
Other reserves	1,042,457	980,472	996,741	1,121,189	1,070,645
Total equity	1,465,268	1,403,946	1,411,321	1,598,082	1,532,807

Statement of cashflows for the year ended 30 June 2018

Cashflows from operating activities	37,516	32,502	24,213	38,774	26,324
Cashflow from investing activities	(34,389)	(51,742)	(37,351)	(35,917)	(40,058)
Cashflows from financing activities	4,050	19,384	10,950	4,229	11,678
Net increase/(decrease) in cash held	7,177	144	(2,188)	7,086	(2,056)
Plus opening cash balance	255	2,350	2,443	1,362	3,418
Closing balance	7,432	2,494	255	8,448	1,362
Represented by:					
Cash and cash equivalents	7,432	2,494	255	8,448	1,362
Bank overdraft	0	0	0	0	0
	7,432	2,494	255	8,448	1,362

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Commitments and contingencies as at 30 June 2017				
Commitments under:				
Capital contracts	7,240	7,649	20,602	27,474
Operating leases as lessor	8,302	7,870	28,578	29,620
Operating leases as lessee	1,440	1,688	1,794	2,147
Contingent assets				
Claim lodged with Ministry of Civil Defence and Emergency Management for emergency recovery works	0	0	0	0
Contingent liabilities				
No quantifiable contingent liabilities	0	0	0	0

Events occurring after the balance date

On 25 July 2018 the Nelson Airport Limited board declared a dividend of \$750,000, to be paid equally to its shareholders Nelson City Council and Tasman District Council. The funds were received on 30 July 2018.

On 26 September 2018 Port Nelson Limited declared a special dividend of \$1.5 million relating to the 2017/18 financial year, to be paid equally to its shareholders Nelson City Council and Tasman District Council. The funds were received on 27 September 2018.

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statements of comprehensive revenue and expense

Total operating revenue \$108,000 more than budget:

Fees and charges are \$2.9 million more than budget. More details can be seen in the activities section of the full Annual Report 2017/18, however the most significant items are:

- \$1.0 million unbudgeted income arising from a change to the consolidation methodology for the regional sewerage business units, offset in expenditure.
- \$0.3 million extra rental income, particularly from the Tahuna camp ground
- \$1.0 million greater than budgeted income from landfill due to higher volumes and a different mix of income streams than anticipated. Greater expenditure than budgeted was also recorded.

Subsidies and grants are \$0.7 million less than budgeted. NZTA subsidies are \$1.5m less than budget due to less spent on the Transport capital programme than anticipated; offset by the gifting to Council of the indoor cricket and smallbore rifle facility at Saxton Field which was unbudgeted.

Other revenue is \$1.3 million less than budget. Development and subdivision reserves contributions are \$1.2 million higher than anticipated and the value of assets vested to Council by developers is \$1.1 million less than budget. Both items reflect development activity in the city, at different stages of development. \$1.1 million of gains on sale and revaluation of forestry assets was budgeted in this category in error, with \$653,000 actual gains on sale and revaluation reflected in other gains.

Other gains of \$1.1 million less than budget reflect unbudgeted gains and losses on valuation and disposal of assets, including losses on abandoned assets and interest rate swap valuations, offset by fair value gains on asset revaluations (other than PPE).

Total operating expenditure was \$4.5 million more than budget:

Personnel costs were \$0.7 million less than budget. Some vacancies were backfilled using unbudgeted

temporary resource at the cost of \$0.4 million, reflected in other expenses.

Other expenses were over budget by \$5.7 million. More details can be seen in the activities section of the full Annual Report 2017/18, however the most significant items are:

- \$1.4m more expenditure in the Nelson Regional Sewerage Business Unit (NRSBU) was offset by over budget income in fees and charges and other revenue categories due to a change in consolidation methodology
- \$0.8 million for response to the storm events in February 2018 partly funded through the disaster recovery fund. Insurance claims have been made and the proceeds of those claims will be credited to the fund in the 2018/19 financial year
- \$0.3 million greater than budget consolidated expenditure from the regional landfill was offset by increased income
- Other over budget reactive maintenance items included water reticulation and leak detection repairs, tree maintenance and Modellers Pond maintenance costs (due to delays in finding a permanent solution to the algae issues at the pond)
- Activities relating to the Nelson Plan were over budget by \$555,000 including the engagement of contractors to cover staff vacancies, and to enable the release of the draft plan as approved by resolution of Council
- Asset impairments of \$0.8 million, and expenditure related to non capitalisable project costs (scoping, feasibility, engagement. options identification) \$0.4 million greater than budgeted
- Unbudgeted expenditure for temporary/consultancy resource \$0.4 million due to and offset by vacancies in permanent staff

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 2018 resulted in a total increase in asset value of \$42.9 million, \$26 million more than budget. Council last revalued land as at 30 June 2017.

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statements of financial position

Current assets are \$11 million greater than budget relating to the on call deposit of \$5 million, unbudgeted cash surpluses and a short term deposit of \$5 million offsetting the prefunding of term borrowings terminating in March 2019.

Property, plant, and equipment was \$21.2 million more than budget. The opening balance at 1 July was \$23 million more than forecast at the time of setting the 2017/18 budget, asset revaluations were \$26 million more than budget, capital additions were \$22.7 million less than budget, disposals and impairments were \$5.3 million more than budget, depreciation \$0.7 million less than budget and vested asset additions were \$1.1 million less than budget.

Forestry assets are \$761,000 less than budget due to greater volumes harvested than budgeted for.

Current trade and other payables are \$2.3 million less than budget. The opening balance at 1 July was \$5.6m

less than forecast at the time of setting the 2017/18 budget, and trade payables and other creditors balances have increased over the year including new transactions related to the Nelson Tasman Regional Landfill Business Unit (NTRLBU) and the IT hardware replacement programme.

Total borrowings were \$25.0 million below budget due to the difference in the opening balance at 1 July (\$9.7 million) and lower capital investment than budgeted, offset by the prefunding of \$5 million of existing debt that is terminating in March 2019 (held on deposit until required).

Reserves are \$61 million more than budgeted. The opening balance at 1 July was \$32.3 million more than forecast at the time of setting the 2017/18 budget, the asset revaluation was \$26 million more than budget, \$7.7 million more than budget was transferred to reserves from equity (particularly for forestry, landfill and solid waste reserves) and \$4 million of revaluation reserve was released to equity relating to the disposal of assets.



EXPENDITURE SUMMARY

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



● Parks and Active Recreation: 19c	● Environmental Management: 11c
● Water Supply: 16c	● Stormwater and Flood protection: 8c
● Social: 17c	● Economic: 2c
● Transport: 14c	● Corporate: 3c
● Wastewater: 10c	

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, The Bishop Suter Trust and the City of Nelson Civic Trust.

**A copy of the full Annual Report 2017/18
is available online at nelson.govt.nz, from
all Council Libraries and from the Customer
Service Centre.**



Nelson City Council
te kaunihera o whakatū

Civic House, 110 Trafalgar St, Nelson
PO Box 645, Nelson, 7040
enquiry@ncc.govt.nz
03 546 0200

nelson.govt.nz