

# ANNUAL REPORT

**NELSON  
2014/15**



**Nelson City Council**  
te kaunihera o whakātū

**FOR THE YEAR ENDED 30 JUNE 2015**

**Front cover image:** Friends of the Maitai, DoC and Fish and Game are working with Council to monitor the health of the Maitai River

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## FOREWORD: MAYOR

Welcome to the Nelson City Council's 2014/15 Annual Report. In this document, we look back on the past 12 months and report on Council's performance.

Our goal is to make Nelson an even better place for everyone. Council owns \$1.4 billion of assets and in 2014/2015, \$128 million was spent on projects and services that helped to meet that goal.

Council's financial position remains strong, with total Council net assets of \$1.3 billion. Council's financial performance for 2014/15 has seen us meet the goals of our financial strategy, which focuses on prudence, stability, service and planning for the future. Our external borrowing and level of rates are within the limits set by the strategy.

A focus for 2014/15 was developing the Long Term Plan 2015-25. We are fortunate to live in an attractive, growing region that people are proud to call home. The 10 Year Plan creates a solid foundation that will provide a platform for success in the future. Council received 594 submissions to the Consultation Document for the Long Term Plan and we thank everyone who provided valuable feedback on how we can realise our potential.

For the 2014/15 year, development of the City's core infrastructure, which is vital to the day-to-day running of our city, included completing the Maitai Pipeline duplication project. The 8km duplicate pipeline has

been built to provide protection to the drinking water supply as it travels from the Maitai dam to the Tantragee Water Treatment Plant. Along with this, the Corder Park Pump Station upgrade began and several sewers were upgraded.

As a unitary authority, Nelson has a wider range of functions than most councils. A highlight for the 2014/15 year was finalising our biodiversity protection programme, Nelson Nature. This gives effect to the Nelson Biodiversity Strategy and will provide a more extensive and targeted approach to ensure habitats in our region are protected and enhanced.

Another notable success in 2014/15 was hosting three ICC 2015 Cricket World Cup games which, as well as providing Nelson with an international audience, demonstrated that our sports facilities are world-class.

We have continued to focus on providing greater value to our communities across all Council activities. Our achievements over the past 12 months have been possible because of the combined work of Councillors and staff, working in close partnership with the community. A sincere thanks to everyone who is working to make Nelson an even better place to live.

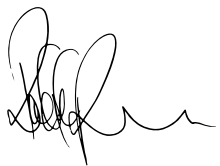


A handwritten signature in black ink, appearing to read 'Rachel Reese', written in a cursive style.

**Rachel Reese**  
Mayor of Nelson

## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

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



**Rachel Reese**  
MAYOR OF NELSON



**Clare Hadley**  
CHIEF EXECUTIVE

## Independent Auditor's Report

### To the readers of Nelson City Council and group's annual report for the year ended 30 June 2015

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

- the financial statements of the City Council and group that comprise:
  - the balance sheet as at 30 June 2015 on pages 84 and 85;
  - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 83, 84 and 86;
  - the funding impact statement of the City Council on page 87; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 96 to 155;
- the statement of service provision (referred to as Council activities: year ended 30 June 2015) of the City Council and the funding impact statements in relation to each group of activities of the City Council on pages 15 to 77;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 20 to 82; and
- the disclosures of the City Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 89 to 93.

In addition, the Auditor-General has appointed me to report on whether the City Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on page 131;
  - council-controlled organisations on pages 156 to 174;
  - reserve funds on pages 135 to 136;
  - each group of activities carried out by the City Council on pages 15 to 77;
  - remuneration paid to the elected members and certain employees of the City Council on page 142;

- employee staffing levels and remuneration on page 143;
- severance payments on page 143;
- rating base units on page 94; and
- insurance of assets on page 153;
- a report on the activities undertaken by the City Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 13; and
- a statement of compliance signed by the mayor of the Council, and by the City Council and group's chief executive on page 5.

## **Opinion**

### **Audited information**

In our opinion:

- The financial statements of the City Council and group on pages 83 to 86 and 96 to 155:
  - present fairly, in all material respects:
    - the City Council and group's financial position as at 30 June 2015;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand.
- The funding impact statement of the City Council on page 87, present fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan.
- The statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 20 to 82, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long-term plan or annual plan.
- The statement of service performance of the City Council on pages 15 to 77:
  - presents fairly, in all material respects, the City Council's levels of service for the year ended 30 June 2015, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan;
    - the reasons for any significant variances between the actual service and the expected service; and

- complies with generally accepted accounting practice in New Zealand.
- The funding impact statements in relation to each group of activities of the City Council on pages 20 to 76, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.
- The disclosures on pages 89 to 93 represent a complete list of required disclosures and accurately reflects the information drawn from City Council's audited information.

### **Compliance with the other requirements of schedule 10**

The City Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 15 October 2015. This is the date at which our opinion is expressed.

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

### **Basis of opinion**

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

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

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;



- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

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

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the City Council's compliance with the requirements of schedule 10.

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

## **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and statement of service performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - present fairly the City Council and group's financial position, financial performance and cash flows;
  - present fairly its service performance, including achievements compared to forecast;
  - a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

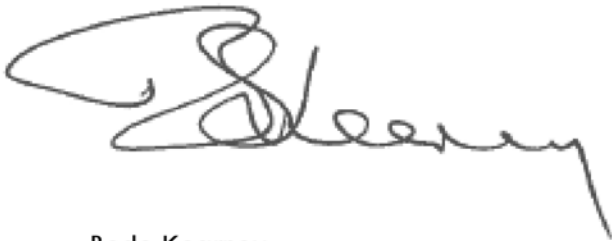
The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

### **Independence**

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, the audit of the City Council's 2015-25 Long Term Plan and an independent assurance review of the City Council's Debenture Trust Deed, we have no relationship with, or interests, in the City Council or any of its subsidiaries.

A handwritten signature in black ink, appearing to read 'Bede Kearney', with a large, stylized initial 'B'.

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

## COMMUNITY OUTCOMES AND COUNCIL PRIORITIES

The Nelson Long Term Plan 2012-22, set six community outcomes and seven Council priorities which reflect Council's understanding of what the community wants for its future.

This Annual Report reflects these outcomes and priorities, and reports on how well we are doing in meeting these.

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

### Community outcomes:

- Healthy land, sea, air and water
- People-friendly places
- A strong economy
- Kind, healthy people
- A fun, creative culture
- Good leadership.

Council also developed a number of priorities which form the key focus areas in its work towards the community outcomes. More details on these priorities can be found in the Nelson Long Term Plan 2012-22.

### Council priorities:

- A leading lifestyle
- A rich diverse community
- Developing community hubs
- Easy access to an active lifestyle
- The Nelson edge
- The natural environment
- A creative city.

The Nelson Long Term Plan 2015-2025 has updated these outcomes, including giving more emphasis on outcomes to be achieved at a regional level. These new outcomes are explained in detail in the Long Term Plan 2015-2025 and are those that will be reported against in future Annual Reports.

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

- The Long Term Plan, updated every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over the coming ten years.
- The Annual Plan is developed each year to update the Long Term Plan budget and work programme forecasts, and to invite community feedback and suggestions.
- The Annual Report is produced each year to evaluate how Council performed against its targeted budget and work programme and report any variations.

## FINANCIAL OVERVIEW: YEAR ENDED 30 JUNE 2015

Council is required under the provisions of the LGA 2002 (s.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 2015 of \$8.9 million, which was \$2.4 million less than budget. The surplus was \$15.4 million for the 2013/14 financial year. Explanation of this variance can be found in note 35 in the Notes to Accounts section.

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

Council's borrowings as at 30 June 2015 were \$72.7 million.

The rating surplus as at 30 June 2015 was \$6.3 million and was largely due to a greater than expected rating surplus from 2013/14 of \$3.4 million and the remaining \$2.9 million was related to 2014/15 savings in operating expenditure, particularly financing costs, staff costs and maintenance costs.

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

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, certain infrastructural assets, investment property and biological assets.

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

The financial statements of Nelson City Council are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 15 October 2015.

Council works with iwi and Māori to ensure there are opportunities to contribute to decision-making. Iwi representatives, Mayor and Councillors and staff continue to look for ways to adapt processes to ensure they work well.

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

Council believes that by working in partnership with iwi and Māori it will create benefits for the whole community. Council grows this partnership by encouraging active participation in local government wherever possible.

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

### Council actions to successfully foster Māori participation and actions during 2014/15 included:

- Council Kaumatua (Māori Elder) assisting the Mayor and Council on official occasions providing cultural support for citizenship ceremonies, welcoming dignitaries, and as a cultural support for the whole organisation.
- Kotahitanga (unity or as one) hui explaining Te Ao Māori (Māori world view) to elected members, Council staff and the community. Council looks to the Kotahitanga forum for advice on tikanga (values and protocols) and kawa (ways of doing things). The changes brought by the Treaty of Waitangi Settlements Act for Te Tau Ihu, has resulted in the Te Waka a Māui Iwi Chairs agreeing to establish a new forum for Chairs and Mayors to discuss governance issues.

- The Kaihautū<sup>1</sup> staff position, a conduit between Council and iwi, being used by the wider community to bridge the gap to iwi. Council recognises the importance of this role, particularly post Treaty of Waitangi Settlements, and discussed the priorities for liaison with Te Tau Ihu iwi leaders.
- Council working with the eight Te Tau Ihu iwi to establish relationships and fora to support implementation of the settlements and provide input into Council's governance and decision-making processes. This is a work in progress.
- Treaty settlement and legislative workshop training for Council officers, Council contractors and consultants and iwi to enhance understanding of tikanga and Council's legislative obligations.
- An integrated GIS website being developed by Council. This contains the statutory acknowledgements of Te Tau Ihu and also raises awareness and access to information in the community.
- Meetings held with iwi to seek input on the content of the Long Term Plan 2015-25 and share priorities for the ten years.
- Council initiating a review of its statutory resource management planning documents (Whakamahere Whakatū The Nelson Plan). An iwi working group was established and is funded to provide input into the development of the Nelson Plan.
- Completing initial work to get an agreed process with iwi to tender for cultural impact assessment work for infrastructure resource consents.

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

## COUNCIL ACTIVITIES: YEAR ENDED 30 JUNE 2015

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

For a fuller description of Council activities, including ten year estimates of spending, scope, assets, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels, refer to the Nelson Long Term Plan 2012-22. This is available in Nelson Public Libraries, through the Council website at [www.nelson.govt.nz](http://www.nelson.govt.nz), by contacting our customer service centre on Telephone 546 0200 or in person at 110 Trafalgar Street, Nelson.

### The activity groups for reporting are:

- Transport\* Page 15
- Water supply\* Page 22
- Wastewater\* Page 28
- Stormwater\* Page 33
- Flood protection\* Page 38
- Environment Page 43
- Social Page 52
- Parks and active recreation Page 59
- Economic Page 67
- Corporate Page 73

*\* It is mandatory for Council to report on these activities following the amendments to the Local Government Act in 2010. This is to enable performance comparisons between Councils.*

## ABOUT COUNCIL TRANSPORT ACTIVITIES

The transport activity of Council covers the provision, operation and maintenance of physical infrastructure and the environment, on road reserves for driving, cycling and walking as well as safety, parking control, traffic control and public transport services.

## COUNCIL'S TRANSPORT ACTIVITIES INCLUDE:

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

## HIGHLIGHTS FOR 2014/15

The resurfacing of a major portion of Waimea Road, the region's busiest road, was completed along with other portions of the network totalling 21.1 lane kilometres. This equates to 4.8% of the total sealed network.

There has been an improvement in road roughness across all road classifications since measurements began two decades ago. Roughness in 2014/15 on the arterial network saw a significant improvement in road roughness following the asphalt resurfacing of a large section of Waimea Road and has been relatively static (to improving) across all other classifications. The smooth travel exposure measure, that is a new Level of Service in the Long Term Plan 2015-2025, has a historical performance of 87% in 2013/2014 and more recently 89% in 2014/2015.

Footpaths are an issue of particular focus for Council and footpath rehabilitations were undertaken to sections of Trafalgar Street, Beach Road, and Tahunanui Drive. In 2014/15, Council shifted its focus to deliver a smooth flat path for pedestrians, with the trade-off of an often more abrupt transition for vehicles accessing property to better cater for pedestrians and mobility scooters. Improvements to footpaths have also been aimed at those people in the community, including the elderly and those with sight impediments, for whom uneven surfaces are an extra barrier. The current performance in relation

to roughness of footpaths was measured in 2014. It showed that 95% of the footpath network by length has a condition rating less than three. Footpaths graded above three require maintenance to either rehabilitate the surface or fix trip hazards in the short term.

Capacity improvements were made to Main Road Stoke, near Champion Road between the two roundabouts, to minimise the evening peak hour delay.

Safety improvements were made to the pedestrian crossing on Haven Road outside Auckland Point School.

The Stock Effluent Facility, located near Richmond, was constructed in 2014/15. This is needed as part of a network of facilities to avoid safety and environmental hazards caused by spillage of waste from stock transport trucks.

A number of projects were progressed to encourage walking and cycling. Willow Walk next to Central and St Josephs School was widened, as was the Maitai Path between Akersten and Trafalgar Streets. LED lighting upgrades were completed to several isolated Railway Reserve road intersections in Stoke. Complete sections of road LED lighting were upgraded in locations of high pedestrian demand on Hardy Street and Nile Streets. An electronic speed reduction sign was implemented on Tahunanui Drive to improve the safety of Tahunanui Primary School students getting to school.

2015 marked the completion of the reinstatement of the 28 slips that restricted access to Cable Bay Road following the December 2011 extreme weather event.

Council's roading operations and maintenance contractor secured the 2015 Civil Contractors' New Zealand Award for a routine maintenance contract.

The New Zealand Transport Agency has agreed to extend the current timeframe for the use of the R funding (Regional funding) that Council receives to June 2021 to allow availability of funding to match the timing of projects.

Council undertook two parking trials. One of these provided free winter parking, and the second gave a free first hour for motorists parking in the CBD. The first hour free trial started in October 2014 and has now been retained as an ongoing initiative. While no formal parking surveys have been undertaken,

officer and parking warden observations show that the changed regime has increased the parking turnover and is ensuring that there are available short term spaces in the central city.

Respondents to the 2014 Residents' Survey were asked how satisfied they were with Nelson City Council in the area of Transport, which includes roads, cycle lanes, footpaths, and public transport. Just over half (55%) were satisfied, or very satisfied, in 2014. This is similar to recent years (52% in 2013 and 57% in 2012).

The highest levels of satisfaction with Council's transport network were for shared pathways, with

79% of residents satisfied, or very satisfied. Increases were seen in satisfaction ratings for street lighting (64% compared with 56% in 2012) and cycle lanes (60% compared with 53% in 2012). All other measures were similar with previous years' results.

If respondents were dissatisfied, or very dissatisfied, they were asked why. Dissatisfaction was generally about poor condition of roads, footpaths and walkways. Dissatisfaction about public transport was driven by the perception that it was not extensive enough. Concerns about cycle lanes were that they were narrow and dangerous.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Healthy land, sea, air and water	The network provided a range of active travel modes, including those with minimal impact on the environment. Designs for upgrades and renewals endeavoured to limit environmental impact.
People-friendly places	Transport infrastructure took into account its impact on public spaces and accessibility, including a bylaw amendment to provide for additional variable speed school zones.
A strong economy	The transport network provided efficient movement of people and goods to meet the needs of residents, visitors and businesses.
Kind, healthy people	Improved designs and promotion increased safety for drivers, cyclists and pedestrians.



## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Walking and cycling are easy and attractive transport choices	Percentage of the community that travel to work by walking or cycling based on Annual Survey of Residents and/or national census	18%	Not measured	This target could not be measured as there was no census or Residents' Survey data available. Based on Census 2013 results, 8.7% cycled to work and 9.6% walked or jogged. Based on 2013/14 Residents' Survey 8.6% walked or ran and 8.6% cycled. The Residents' Survey has a maximum margin of error of +/- 4.8% at the 95% confidence interval.
An efficient transport system that enables people and freight to move efficiently	Average AM and PM peak hour travel times on Waimea Road and the State Highway between Annesbrook and Haven Road roundabout, based on the RLTS annual monitoring report	Average peak hour travel time delays are no greater than 5 minutes above uncongested travel times	Not measured	The data collection has been carried out, however the methodology was changed midyear. This has resulted in a much larger and statistically robust data set. Presenting a full year of data is necessary to account for seasonal variation. This data will be available for the 2015/16 annual report.  The 2013/14 car survey showed that the average travel time delays ranged from one minute on the Rocks Road route in the morning, to almost three minutes on the Waimea Road route in the morning.
Minimised social and economic costs of crashes on the transport network	Total five year average social cost of urban crashes (injury and non-injury) at the worst ten intersections	The annual total social cost is below the previous five year average	Achieved	The social cost for 2014 worst ten intersections was \$3.8 million compared with an average of \$5.4 million for the previous five years.  This is based on NZ Transport Agency social crash cost and the CAS database which is populated by the Police and managed by NZTA. The result is given for a calendar year to allow complete years to be assessed given the lag in data being entered into the database by NZ Transport Agency.  Council's contribution to the social cost reduction is unable to be measured as crash reductions are a result of rare, random occurrences combined with the work of many agencies, businesses, and individuals such as Police enforcement, ACC promotion, and the improving vehicle fleet to name a few. Council's contribution ensures that road network markings and signs provide clear and consistent guidance, and that the road surface provides the appropriate level of traction through timely resurfacing and repairs. Council also monitors crash trends and emerging hotspots to ensure timely interventions are scheduled and delivered.

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Public transport services that meet the transport needs of the community with an equitable sharing of costs	The fare recovery ratio	30-35%	Achieved	The fare recovery ratio was 64%. This was due to more people using public transport than forecast in 2012.
Supply and pricing of short stay parking managed to encourage commercial activity in the city centre	Percentage of short stay parking spaces occupied in midweek peak in December	95%	Not measured	Surveys in 2012 showed that 81% of short stay parking spaces were occupied in midweek peak in December.  No survey completed in 2013/14. Data is collected on a four-yearly cycle.
Supply and pricing of long stay parking managed to incentivise greater use of transport options other than cars	Availability of long stay parking spaces between peak travel times as a percentage of the total long stay spaces within a 20min walk of the central city, excluding CBD long stay spaces	No less than 5%	Not measured	Surveys on the CBD in 2012 showed that, during peak times, about 30% of the total numbers of long stay car parks are not occupied.  No survey was completed in 2013/14. Data is collected on a four-yearly cycle.  In 2014/15 Council undertook two parking trials. One which provided free winter parking, and the second giving a free first hour for motorists parking in the CBD. The first hour free trial started in October 2014 and a decision in the Long Term Plan 2015-2025 has retained this as an ongoing initiative. While no formal parking surveys have been undertaken, officer and parking warden observations show that the changed regime has increased the parking turnover and is ensuring that there are available short term spaces in the central city.

## FINANCIAL PERFORMANCE - TRANSPORT INCLUDING ROADS AND FOOTPATHS

### Transport Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	8,417	8,729	8,440	9,106
Operating income	5,651	5,685	4,925	4,895
Capital income	2,801	4,814	4,642	5,929
<b>Total revenue</b>	<b>16,869</b>	<b>19,228</b>	<b>18,007</b>	<b>19,930</b>
<b>Expenses</b>				
Payments to staff and suppliers	9,099	9,117	8,928	9,235
Finance costs	1,258	1,468	1,404	1,347
Depreciation	5,110	5,386	5,258	5,394
<b>Total operating expenses</b>	<b>15,467</b>	<b>15,971</b>	<b>15,590</b>	<b>15,976</b>
<b>Net surplus/(deficit)</b>	<b>1,402</b>	<b>3,257</b>	<b>2,417</b>	<b>3,954</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	8,532	10,209	12,252	11,066
Non cash profits and write-ups	0	0	0	0
Increase (decrease) in reserves	(6)	0	(1,450)	(1,446)
Increase (decrease) in investments	0	0	0	0
<b>Total funds required</b>	<b>8,526</b>	<b>10,209</b>	<b>10,802</b>	<b>9,620</b>
<b>Source of funds</b>				
Net surplus/(deficit)	1,402	3,257	2,417	3,954
Non cash expenditure	5,110	5,386	5,258	5,394
Increase (decrease) in debt	1,994	1,545	3,106	(117)
Gross proceeds from sales of assets	20	21	21	2
Non cash losses and write-downs	0	0	0	387
<b>Total source of funds</b>	<b>8,526</b>	<b>10,209</b>	<b>10,802</b>	<b>9,233</b>

## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	8,417	8,729	8,440	9,106
Targeted rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	1,825	1,797	1,971	1,955
Fees, charges, and targeted rates for water supply	0	0	1,819	1,253
Internal charges and overheads recovered	503	503	250	222
Local authorities fuel tax, fines, infringement fees, and other receipts	3,826	3,888	1,135	1,464
<b>Total operating funding</b>	<b>14,571</b>	<b>14,917</b>	<b>13,615</b>	<b>14,000</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	9,099	9,117	8,846	8,556
Finance costs	157	171	171	142
Internal charges and overheads applied*	1,604	1,800	1,565	1,497
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>10,860</b>	<b>11,088</b>	<b>10,582</b>	<b>10,195</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>3,711</b>	<b>3,829</b>	<b>3,033</b>	<b>3,805</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	2,617	4,625	4,453	3,240
Development and financial contributions	184	189	189	212
Increase (decrease) in debt	1,994	1,545	3,107	(117)
Gross proceeds from sale of assets	20	21	21	2
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>4,815</b>	<b>6,380</b>	<b>7,770</b>	<b>3,337</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	1,344	2,384	1,587	130
- to improve level of service	4,993	4,783	5,705	3,120
- to replace existing assets	2,195	3,042	4,961	5,338
Increase (decrease) in reserves	(6)	0	(1,450)	(1,446)
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>8,526</b>	<b>10,209</b>	<b>10,803</b>	<b>7,142</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(3,711)</b>	<b>(3,829)</b>	<b>(3,033)</b>	<b>(3,805)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,711	3,829	3,033	3,805
Subsidies and grants for capital expenditure	2,617	4,625	4,453	3,241
Development and financial contributions	184	189	189	212
Vested assets	0	0	0	2,477
Gains/(losses) on disposal	0	0	0	(387)
Depreciation	(5,110)	(5,386)	(5,258)	(5,394)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	0
Non cash write downs and losses on revaluation	0	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	1,402	3,257	2,417	3,954

### Funding Impact Statement Variances against Budget

Government grants from NZTA are \$1.3 million under budget due to changes to the capital expenditure programme.

Vested Assets of \$2.4 million have been received in this activity. The total budget for vested assets sits in the Corporate activity.

Other capital expenditure is \$3.7 million under budget. Some walking/cycling projects and associated works have been delayed because of concerns raised by the community and some funding issues. Savings in the region of \$500,000 have been realised from the Cable Bay Road recovery project this year.

Additional rates of \$666,000 were required in this activity as a result of the change in car parking policy which led to reduced fees and charges revenue.

Losses on disposal relate to abandoned assets.

The \$3.2 million difference in borrowings required is a result of the decreased capital expenditure and accounting for the vested assets in the activity.

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

# WATER SUPPLY

## ABOUT COUNCIL WATER SUPPLY ACTIVITIES

This activity covers the supply of high quality water to Nelson households and businesses through a piped network. The work in this area includes maintaining water pump stations, water treatment plants, dams and reservoirs.

To provide water for Nelson City, Council manages 320km of water pipes, two main water sources at the Maitai and Roding dams, the Water Treatment Plant and associated pumping and storage facilities. A number of rural properties provide their own water or use a privately owned water supply. Water is metered so it is used efficiently and supply costs are shared fairly.

## HIGHLIGHTS FOR 2014/15

In 2014/15 approximately \$3.6 million was spent on new capital and renewal projects. A major area of work was the modification of the Water Treatment Plant to accommodate a fifth train of filtration membranes. Design work for the duplication of the line from the Water Treatment Plant to the city also began. Construction is to be undertaken in the next two years.

Development of the City's core infrastructure included completing the Maitai Pipeline duplication project. The 8km duplicate pipeline has been built to provide protection to the drinking water supply as it travels from the Maitai dam to the Tantragee Water Treatment Plant.

The programme to renew older asbestos cement pipes continued and pipes were replaced on the following three streets: Kea, Kaka and Louisson Ave. These pipes are prone to failure, which can disrupt significant areas of the city.

Preliminary investigations were carried out for siting a new reservoir to serve the North of the city. This reservoir will allow the residential development in the area to continue with a secure water supply.

Additional work was undertaken on a further stage of installing backflow prevention devices to commercial and industrial properties, to help secure the network from contamination. There is a further 10 years of work programmed.

While a number of smaller projects to improve the network for fire flows were completed during the year the project to reduce water pressures across the city has lead to some streets in these areas experiencing reduced fire flows. Some adjustment to the pressures will be undertaken in 2015/16.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Healthy land, sea, air and water	Ensured water resources are well managed and reduced the human impact on the environment. Council is required to comply with water consent conditions to protect the environment.
A strong economy	Supported economic development, business and tourism sector in Nelson with a quality and reliable water supply.
Kind, healthy people	Provided safe drinking water, which prevents disease and improves public health. Water testing is carried out regularly.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Good quality water	Grading under Drinking Water Standards for NZ 2005/08 sampling and test standards	Maintain Ab grading	Achieved	The water grading of Ab was re-confirmed by the Ministry of Health in 2014/15. This grading was also achieved in 2013/14.
A reliable supply of water	Day to day continuity of supply	1 in 60 year drought security for at least the next 50 years	Achieved	<p>Maximum daily demand of 29,500m<sup>3</sup> was recorded in January 2015. Maximum daily supply capacity is approximately 40,000m<sup>3</sup> This compares with 27,902m<sup>3</sup> in February 2014.</p> <p>The dam holds approximately 3,000,000m<sup>3</sup> which is enough to supply the city for 107 days with no rain. The city currently has enough water to cover off 1 in 60 year drought security.</p> <p>Completion of the Maitai duplicate pipeline and treatment filters can lift supply capacity to close to 50,000m<sup>3</sup> per day and improve supply security.</p>
Acceptable water pressure	Percentage of customers with acceptable pressure, defined as minimum 30m head, max 90m head and maximum fluctuation <35%	87% in 2014/15	Not achieved	<p>Computer modelling identified 83.4% of properties had acceptable water pressure in 2014/15 (and 83% in 2013/14). Council balances acceptable water pressure against the negative impacts of higher pressure such as pipe damage and water loss from leaks.</p> <p>Although no physical measure was taken in 2014/15, the computer modelling has been checked and confirmed as providing accurate results. The most recent calibration was February 2015. The computer model allows water pressure to be checked at every point in the network at the same time.</p> <p>The annual pipe renewal programme includes measures to improve pressure such as replacing older pipes that leak and specific projects to construct a high level reservoir at Atawhai in 2021-22 and pressure enhancement works in 2019-21.</p>

*Table continued >*

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Adequate flows of water	Proportion of properties with NZ Fire Service fire minimum flows of 24 litre/s and therefore adequate domestic, commercial, industrial minimum flows	99.5% in 2014/15	Not achieved	Computer modelling identified 99% of properties had acceptable water flows, compared with 98.6% in 2010/11 and 2011/12, and 99.1% in 2012/13 and 2013/14.
A prompt emergency response	Meet response times for emergencies identified in external works contract	Maximum 24 hour outage (all) Supply 99.6% available at any property	Achieved	<p>There were seven water main shut downs recorded that exceeded eight hours, none of these exceeded 24 hours. This compares with six shut downs that exceeded eight hours in 2013/14.</p> <p>Incidents involving failures in 150mm pipes were mainly a result of high pressure spikes and aged infrastructure. This is being addressed by upgrading fittings at time of repair, and a comprehensive pressure reduction programme.</p> <p>Supply of 99.7% is available at any property.</p>
A network that protects the natural environment	Level of compliance with resource consents	100% compliance	Not achieved	<p>Compliance reporting from contractor is for the 2013/14 financial year (data is received one year in arrears from the contractor who provide the reports).</p> <p>Maitai River results showed flow conditions were met. Temperature conditions were not met on three occasions during the year. Roding River showed two breaches of the minimum flows. In 2012/13 temperature conditions were not met on ten occasions.</p>



## FINANCIAL PERFORMANCE – WATER SUPPLY

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	0	0	0	0
Operating income	11,449	12,117	11,960	11,901
Capital income	625	640	240	718
<b>Total revenue</b>	<b>12,074</b>	<b>12,757</b>	<b>12,200</b>	<b>12,619</b>
<b>Expenses</b>				
Payments to staff and suppliers	5,793	6,064	5,953	5,901
Finance costs	1,527	1,747	1,677	1,577
Depreciation	4,126	4,306	4,331	3,868
<b>Total operating expenses</b>	<b>11,446</b>	<b>12,117</b>	<b>11,961</b>	<b>11,346</b>
<b>Net surplus/(deficit)</b>	<b>628</b>	<b>640</b>	<b>239</b>	<b>1,273</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	7,902	4,850	3,660	3,885
Non cash profits and write-ups	0	0	0	0
Increase (decrease) in reserves	0	0	0	(203)
Increase (decrease) in investments	0	0	0	0
<b>Total funds required</b>	<b>7,902</b>	<b>4,850</b>	<b>3,660</b>	<b>3,682</b>
<b>Source of funds</b>				
Net surplus/(deficit)	628	640	239	1,273
Non cash expenditure	4,126	4,306	4,331	3,868
Increase (decrease) in debt	3,148	(96)	(910)	(1,635)
Gross proceeds from sales of assets	0	0	0	0
Non cash losses and write-downs	0	0	0	176
<b>Total source of funds</b>	<b>7,902</b>	<b>4,850</b>	<b>3,660</b>	<b>3,682</b>

## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	10	10	10	0
Targeted rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges, and targeted rates for water supply	11,365	11,926	11,950	11,830
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	74	181	0	71
<b>Total operating funding</b>	<b>11,449</b>	<b>12,117</b>	<b>11,960</b>	<b>11,901</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,793	6,064	5,756	5,523
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,527	1,747	1,874	1,779
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>7,320</b>	<b>7,811</b>	<b>7,630</b>	<b>7,302</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>4,129</b>	<b>4,306</b>	<b>4,330</b>	<b>4,599</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	(0)
Development and financial contributions	625	640	240	262
Increase (decrease) in debt	3,148	(96)	(910)	(1,635)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>3,773</b>	<b>544</b>	<b>(670)</b>	<b>(1,373)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	510	178	1,443	1,295
- to improve level of service	5,393	939	739	781
- to replace existing assets	1,999	3,733	1,478	1,353
Increase (decrease) in reserves	0	0	0	(203)
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>7,902</b>	<b>4,850</b>	<b>3,660</b>	<b>3,226</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(4,129)</b>	<b>(4,306)</b>	<b>(4,330)</b>	<b>(4,599)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,129	4,306	4,330	4,599
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	625	640	240	262
Vested assets	0	0	0	456
Gains/(losses) on disposal	0	0	0	(176)
Depreciation	(4,126)	(4,306)	(4,331)	(3,868)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	0
Non cash write downs and losses on revaluation	0	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	628	640	239	1,273

### Funding Impact Statement Variances against Budget

Vested assets of \$456,000 have been received in this activity. The total budget for vested assets sits in the Corporate activity.

Capital expenditure is under budget by \$231,000, largely as a result of savings.

The use of reserves to fund capital expenditure along with savings have reduced the need to borrow.

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

# WASTEWATER

## ABOUT COUNCIL WASTEWATER ACTIVITIES

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

Council manages 370 km of wastewater pipes, 26 pump stations and the Nelson Wastewater Treatment Plant, which serves the northern residential area of the city from Bishopdale, the Port Hills and the central city to Atawhai. For most of the rest of the city, wastewater is discharged to the Nelson Regional Sewerage Scheme (Bell Island), which Council has 50% ownership with Tasman District Council.

## HIGHLIGHTS FOR 2014/15

In 2014/15 approximately \$4 million of new capital projects were undertaken across the city. The large express sewer main, installed to direct flows from the Arapiki/Ridgeway/Panorama Drive area to the new Songer Street pump station, was completed.

Works to address the odour issues at Nelson Wastewater Treatment Plant continued with the completion of the de-sludging of the oxidation pond. Planning for a multi-year project to reduce stormwater infiltration into sewers continued. The first stage of the on-site inspections will begin in 2015/16.

Construction of the new pump station at Corder Park was started. This project will replace the existing small pump station with a larger facility that can work in tandem with the main station at Neale Park to transfer wastewater from the city to the Nelson Wastewater Treatment Plant adjacent to the Boulder Bank.

Construction of the first stage of the upgrade to the Ngawhatu Valley trunk main was completed.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Healthy land, sea, air and water	Reticulated wastewater and treatment plants reduced the impact of the city on the environment.
People-friendly places	Controlling wastewater reduced harmful effects on people as well as the natural and built environment.
A strong economy	Controlling wastewater allowed businesses to operate safely in Nelson and protected the tourism sector from negative impacts.
Kind, healthy people	Controlling wastewater minimised disease and health problems.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
A fully operational wastewater treatment plant	Level of compliance of treatment plant with resource consent conditions	100% compliance	Not Achieved	<p>Four biochemical oxygen demand readings exceeding 50g/m<sup>3</sup> were recorded in July, August and October 2014 (the Resource Consent allows for one). This compares with one reading exceeding 50g/m<sup>3</sup> in 2013/14. Seven odour complaints were received during the year.</p> <p>Council isolated the probable source as decomposition of sludge in the bottom of the oxidation ponds and process odours from the trickling filter tank. The response has been installing aerators to the surface of the oxidation pond, de-sludging the base of the pond and installing covers to the previously open trickling filter tank.</p>
Emergency response	Time taken to respond and investigate emergencies	Respond and investigate emergency works within 30 minutes and repairs within eight hours	Not achieved	<p>A total of 97 emergency works were recorded. Two incidents were not investigated within 30 minutes. This compares with two incidents in 2013/14.</p> <p>There were no reported instances of overflowing manholes not resolved in eight hours and there were no significant discharges.</p>
Environmental protection	Level of compliance with resource consent conditions for accidental discharges from the network	100% compliance	Achieved	Pump station discharges were sampled within the required timeframes.
	Number of confirmed odour complaints per annum associated with a pump station	No more than three confirmed odour complaints a year associated with a pump station	Not achieved	There were five complaints associated with pump stations in 2014/15 (compared with four complaints in 2013/14). The causes of these were faulty filters and fans, which Council had repaired.

## FINANCIAL PERFORMANCE – WASTEWATER

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	6,514	6,954	6,993	7,036
Operating income	4,036	4,114	3,049	3,159
Capital income	553	566	250	938
<b>Total revenue</b>	<b>11,103</b>	<b>11,634</b>	<b>10,292</b>	<b>11,133</b>
<b>Expenses</b>				
Payments to staff and suppliers	8,984	6,050	5,832	6,003
Finance costs	669	768	502	0
Depreciation	3,992	4,147	4,054	4,101
<b>Total operating expenses</b>	<b>13,645</b>	<b>10,965</b>	<b>10,388</b>	<b>10,104</b>
<b>Net surplus/(deficit)</b>	<b>(2,542)</b>	<b>669</b>	<b>(96)</b>	<b>1,029</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	4,173	5,977	7,610	5,428
Non cash profits and write-ups	0	0	0	0
Increase (decrease) in reserves	(350)	0	(3,390)	199
Increase (decrease) in investments	0	0	0	0
<b>Total funds required</b>	<b>3,823</b>	<b>5,977</b>	<b>4,220</b>	<b>5,627</b>
<b>Source of funds</b>				
Net surplus/(deficit)	(2,542)	669	(96)	1,029
Non cash expenditure	3,992	4,147	4,054	4,101
Increase (decrease) in debt	2,373	1,161	262	215
Gross proceeds from sales of assets	0	0	0	0
Non cash losses and write-downs	0	0	0	282
<b>Total source of funds</b>	<b>3,823</b>	<b>5,977</b>	<b>4,220</b>	<b>5,627</b>

## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	6,514	6,954	6,993	7,036
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	2,096	3,511
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	4,036	4,114	953	(352)
<b>Total operating funding</b>	<b>10,550</b>	<b>11,068</b>	<b>10,042</b>	<b>10,195</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	8,984	6,050	5,732	5,624
Finance costs	584	522	412	0
Internal charges and overheads applied*	85	246	190	97
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>9,653</b>	<b>6,818</b>	<b>6,334</b>	<b>5,721</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>897</b>	<b>4,250</b>	<b>3,708</b>	<b>4,474</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	1
Development and financial contributions	553	566	250	389
Increase (decrease) in debt	2,373	1,161	262	215
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>2,926</b>	<b>1,727</b>	<b>512</b>	<b>605</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	258	372	518	646
- to improve level of service	2,932	3,876	5,862	3,747
- to replace existing assets	983	1,729	1,230	487
Increase (decrease) in reserves	(350)	0	(3,390)	199
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>3,823</b>	<b>5,977</b>	<b>4,220</b>	<b>5,079</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(897)</b>	<b>(4,250)</b>	<b>(3,708)</b>	<b>(4,474)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	897	4,250	3,708	4,474
Subsidies and grants for capital expenditure	0	0	0	1
Development and financial contributions	553	566	250	389
Vested assets	0	0	0	548
Gains/(losses) on disposal	0	0	0	(272)
Depreciation	(3,992)	(4,147)	(4,054)	(4,101)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	0
Non cash write downs and losses on revaluation	0	0	0	(10)
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	(2,542)	669	(96)	1,029

### Funding Impact Statement Variances against Budget

Finance costs \$412,000 lower than budgeted as NRSBU borrowings are through Council, therefore there is no external interest cost.

Vested assets of \$548,000 have been received in this activity. The total budget for vested assets sits in the Corporate activity.

Other capital expenditure is \$2.7 million less than budgeted, \$1.4 million relates to the scheduling changes for the Corder Park pump station and significant savings have been realised on the Arapiki/Quarantine Road trunk main project.

The budgeted decrease in reserves did not occur as capital expenditure was not at a sufficient level to require it.

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



## ABOUT COUNCIL STORMWATER ACTIVITIES

This activity disposes of stormwater through a system that has two parts: a natural component of 27km of rivers and streams and a constructed stormwater system of mains, pump stations and outfalls to rivers, streams or the sea.

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

### HIGHLIGHTS FOR 2014/15

In 2014/15 approximately \$2 million was spent renewing, expanding and upgrading the network. Major projects were upgrading a further section of the Tasman Street stormwater, between Nile Street and Manuka Street, carrying out detailed design for upgrades to Washington Valley and constructing a new box culvert on Salt Water Creek at Haven Road.

Washington Valley has a number of areas subject to flooding and slips that will be addressed with network upgrades.

Design work for upgrading pipe work to Nile Street East was also completed. This work will install larger diameter pipes from the outfall to Cleveland Terrace and will improve stormwater protection for properties in Clouston Terrace.

Investigation of stormwater issues for the Tahunanui hillside from The Cliffs to Bisley Avenue was also completed. This will allow Council to extend the network to areas needing a piped service and reduce surface water flows that can lead to slips.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Healthy land, sea, air and water	Council reduced effects of excess rainfall on the environment by complying with resource consent conditions. New works took into account natural and recreational needs.
People-friendly places	Upgrade and remedial works reduced the likelihood of excess rainfall damaging homes, businesses or essential infrastructure.
A strong economy	Programmed upgrading of streams helped remove restrictions on developing land by ensuring adequate drainage is provided.
Kind, healthy people	Upgrade and remedial works reduced the likelihood of people being affected by excess rainfall. Council has emergency management systems in place to protect people and property.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Environmental protection for the built and natural environment from flooding and stormwater discharges	Level of compliance with resource consent conditions	100% compliance	Achieved	Ongoing monitoring of stormwater from six urban catchments was completed for 2014/15 and there were no reports of non-compliance with consent conditions which is consistent with the compliance rate of the previous year. Monitoring of the urban catchments is a long term programme aimed at identifying the level and nature of material discharged to streams and rivers. While the year's monitoring showed that historical contaminants were present at some sites there was no overall decline in water quality trends.
	Ensure appropriate stormwater disposal options are available throughout the city	Planned work programme completed to improve network, targeting highest risk areas	Not achieved	Delay in finalising easements led to construction works being re-programmed for future years.
<b>Reliability:</b> An operational stormwater network	Number of blockages per 100km of pipes on an annual basis	Less than 25 blockages per 100km of pipes on an annual basis	Achieved	There were 36 stormwater blockages within the entire network for 2014/15. There were 199.9km of pipes and 5.8km of culverts in the stormwater network. The 36 blockages equate to approximately 18 per 100km. This is the same as 2013/14.
<b>Emergency response:</b> Provide a prompt, reliable and timely response to service requests and system failures	Time that contractors take to respond to emergencies	Contractors respond to emergencies within 30 minutes	Achieved	A total of 56 emergency works were recorded in 2014/15. There were no instances recorded that took longer than 30 minutes. In 2013/14 there were four instances longer than 30 minutes.

## FINANCIAL PERFORMANCE – STORMWATER

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	3,914	4,149	3,865	4,031
Operating income	0	0	0	5
Capital income	612	627	175	1,387
<b>Total revenue</b>	<b>4,526</b>	<b>4,776</b>	<b>4,040</b>	<b>5,423</b>
<b>Expenses</b>				
Payments to staff and suppliers	949	985	1,169	1,126
Finance costs	936	1,023	950	886
Depreciation	2,030	2,141	1,746	1,974
<b>Total operating expenses</b>	<b>3,915</b>	<b>4,149</b>	<b>3,865</b>	<b>3,986</b>
<b>Net surplus/(deficit)</b>	<b>611</b>	<b>627</b>	<b>175</b>	<b>1,437</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	3,282	2,256	3,004	3,026
Non cash profits and write-ups	0	0	0	0
Increase (decrease) in reserves	0	0	(199)	(29)
Increase (decrease) in investments	0	0	0	0
<b>Total funds required</b>	<b>3,282</b>	<b>2,256</b>	<b>2,805</b>	<b>2,997</b>
<b>Source of funds</b>				
Net surplus/(deficit)	611	627	175	1,437
Non cash expenditure	2,030	2,141	1,746	1,974
Increase (decrease) in debt	641	(512)	884	(436)
Gross proceeds from sales of assets	0	0	0	0
Non cash losses and write-downs	0	0	0	22
<b>Total source of funds</b>	<b>3,282</b>	<b>2,256</b>	<b>2,805</b>	<b>2,997</b>

## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	0	0	0	155
Targeted rates (other than a targeted rate for water supply)	3,914	4,149	3,865	3,876
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0	5
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>3,914</b>	<b>4,149</b>	<b>3,865</b>	<b>4,036</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	949	985	1,037	1,000
Finance costs	0	0	0	(0)
Internal charges and overheads applied*	936	1,023	1,082	990
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,885</b>	<b>2,008</b>	<b>2,119</b>	<b>1,990</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>2,029</b>	<b>2,141</b>	<b>1,746</b>	<b>2,046</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	1
Development and financial contributions	612	627	175	224
Increase (decrease) in debt	641	(512)	884	(436)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>1,253</b>	<b>115</b>	<b>1,059</b>	<b>(211)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	3,045	2,130	2,934	1,856
- to replace existing assets	237	126	70	8
Increase (decrease) in reserves	0	0	(199)	(29)
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>3,282</b>	<b>2,256</b>	<b>2,805</b>	<b>1,835</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(2,029)</b>	<b>(2,141)</b>	<b>(1,746)</b>	<b>(2,046)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,029	2,141	1,746	2,046
Subsidies and grants for capital expenditure	0	0	0	1
Development and financial contributions	612	627	175	224
Vested assets	0	0	0	1,162
Gains/(losses) on disposal	0	0	0	(22)
Depreciation	(2,030)	(2,141)	(1,746)	(1,974)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	0
Non cash write downs and losses on revaluation	0	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	611	627	175	1,437

### Funding Impact Statement Variances against Budget

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

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

Borrowings budgeted to fund this capital expenditure were therefore not required.

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

# FLOOD PROTECTION

## ABOUT COUNCIL FLOOD PROTECTION ACTIVITIES

Council's flood protection assets include river and stream bank protection, stormwater detention dams/ponds, protection systems and flooding response and maintenance. These operations focus on the rivers and streams in the urban area of Nelson City.

## HIGHLIGHTS FOR 2014/15

In 2014/15 capital projects with a combined value of approximately \$1 million were completed. Detailed designs for works at Waimea Road/Nelson College (Little Go Stream), Orphanage Stream and Saxton Creek were developed. Construction works are programmed for 2015/16. The works at Orphanage Stream will begin with additional bunding around the lower levels of Saxton Field adjacent to Main Road Stoke in order to create a detention pond that will help protect the Wakatu Industrial Estate from future flood events.

Further flood modelling was undertaken for the Brook Stream and York Stream catchments. This work will be used for hazard studies and to identify future upgrade works for these streams. Development of flood models will be undertaken in future years for the rest of the urban streams.

Design work was completed for additional gravel extraction points to Poorman Valley Stream, Saxton Creek and Orphanage Stream. These streams were heavily impacted by the April 2013 storm event that deposited large quantities of gravel in the stream channels.

Surveys of recreational use and gravel production in the Maitai River catchment were completed. These will be used for future design of flood protection projects.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Healthy land, sea, air and water	Stream and river upgrade and remedial works reduced the effects of floods on the environment. Stream remedial works took into account natural and recreational needs.
People-friendly places	Stream and river upgrade and remedial works reduced the likelihood of floods damaging homes, businesses or essential infrastructure.
A strong economy	Proposed capacity upgrades will reduce restrictions on developing land as adequate drainage capacity will be provided.
Kind, healthy people	Reduced likelihood of people being affected by a flood.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Protection for the urban built and natural environment from Q50 floods	Damage to urban property from stream flooding is minimised	Begin design works of three urban streams Q50 capacity	Achieved	Construction work started on Little Go Stream. Design and consents continued for Saxton Creek and Orphanage Stream. Construction in 2015/16.
	Damage to urban property from Maitai River flooding is minimised	Begin design works for Maitai River Q50 capacity	Achieved	Computer model of Maitai River completed and this is part of design works. Recreational use survey completed. Gravel management survey completed. Construction in 2018/19.
Integration of ecological and stormwater requirements in urban sections of streams and rivers	Fish passage in streams is maximised and ecological impact of structures is minimised	Begin construction of fresh water quality improvements to one urban stream channel and start catchment management plan for one urban stream	Not Achieved	A number of projects established to improve freshwater quality in the Maitai river were completed. Instead of catchment management plans, Council's approach is now to complete catchment improvement plans, which focuses on environmental outcomes.

## FINANCIAL PERFORMANCE - FLOOD PROTECTION

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	158	268	458	459
Operating income	0	0	0	0
Capital income	0	0	0	0
<b>Total revenue</b>	<b>158</b>	<b>268</b>	<b>458</b>	<b>459</b>
<b>Expenses</b>				
Payments to staff and suppliers	130	144	812	318
Finance costs	28	124	109	68
Depreciation	0	0	138	128
<b>Total operating expenses</b>	<b>158</b>	<b>268</b>	<b>1,059</b>	<b>514</b>
<b>Net surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>(601)</b>	<b>(54)</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	321	3,060	4,540	1,430
Non cash profits and write-ups	0	0	0	0
Increase (decrease) in reserves	0	0	(600)	(175)
Increase (decrease) in investments	0	0	0	0
<b>Total funds required</b>	<b>321</b>	<b>3,060</b>	<b>3,940</b>	<b>1,255</b>
<b>Source of funds</b>				
Net surplus/(deficit)	0	0	(601)	(54)
Non cash expenditure	0	0	138	128
Increase (decrease) in debt	321	3,060	4,403	1,181
Gross proceeds from sales of assets	0	0	0	0
Non cash losses and write-downs	0	0	0	0
<b>Total source of funds</b>	<b>321</b>	<b>3,060</b>	<b>3,940</b>	<b>1,255</b>



## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	158	268	458	459
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>158</b>	<b>268</b>	<b>458</b>	<b>459</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	130	144	801	316
Finance costs	0	0	0	0
Internal charges and overheads applied*	28	124	120	70
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>158</b>	<b>268</b>	<b>921</b>	<b>386</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>0</b>	<b>0</b>	<b>(463)</b>	<b>74</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	321	3,060	4,403	1,181
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>321</b>	<b>3,060</b>	<b>4,403</b>	<b>1,181</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	321	3,060	4,540	1,430
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	(600)	(175)
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>321</b>	<b>3,060</b>	<b>3,940</b>	<b>1,255</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>0</b>	<b>0</b>	<b>463</b>	<b>(74)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	0	(463)	74
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested assets	0	0	0	0
Gains/(losses) on disposal	0	0	0	0
Depreciation	0	0	(138)	(128)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	0
Non cash write downs and losses on revaluation	0	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	0	0	(601)	(54)

### Funding Impact Statement Variances against Budget

Capital expenditure is \$3.2 million less than budgeted. The Saxton Creek and Orphanage Stream projects and other flood mitigation work have all been delayed. These are complex projects requiring resource consents and negotiations with landowners, both of which can impact timing.

Payments to staff and suppliers is \$485,000 under budget mainly due to less spend than budgeted in relation to unprogrammed expenses for recovery from the 2011 weather event. This also impacted transfers from reserves.

The \$3.1 million difference in borrowings required is as a result of the decreased capital expenditure.

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

## ABOUT COUNCIL'S ENVIRONMENT ACTIVITIES

Council's environmental functions include planning and service delivery, advice, monitoring, education, advocacy and enforcement. The environment activities include solid waste management, environmental management, regulatory compliance and managing emergencies.

### HIGHLIGHTS FOR 2014/15

#### *Solid waste management*

Council's solid waste management activity included:

- Landfill at York Valley
- Transfer station at Pascoe St, Tahunanui
- Recycling
- Green waste
- Waste minimisation and environmental education.

The amount of waste going to landfill (residual waste) has trended downward over the last ten years. The residual waste going to landfill during 2014/15 was 38% less than at the peak in 2004/05. Tonnages of recycled material have remained stable.

Waste minimisation initiatives included two Second Hand Sundays, compost workshops and cardboard and food waste avoidance programmes. Almost 6,000 students are now involved with Enviroschools in Nelson and the year saw seven out of 20 Enviroschools attain a Bronze or Silver Award.

#### *Environmental management*

As one of the country's six unitary authorities, Nelson City Council manages territorial authority functions like subdivisions and land use, as well as regional functions like air quality, fresh water, coastal management and biosecurity. Council's environmental functions include:

- Monitoring the state of the environment
- Pest management
- Environmental advocacy and education
- Events and awards
- Policy development, implementation and advice
- Statutory and non statutory planning
- Non-regulatory assistance.

The 2014/15 year saw continual improvement in air quality. The number of times national air quality standards were exceeded in Nelson's most polluted airshed (Airshed A) decreased from four in 2013/14 to two in 2014/15. The maximum PM<sub>10</sub> concentration for 2014/15 was 57ug/m<sup>3</sup> compared with 2013/14 level of 54 ug/m<sup>3</sup>. Progress towards improving air quality has been levelling off since 2010, however based on data, Council is on-track to meeting national standards.

During the year, 10,550 plants were provided to 37 landowners and 525m of stock exclusion stream fencing was completed using Council's rural fencing grants scheme. The Taiwan cherry tree was targeted as a pest plant species and year one of a five-year management programme took place.

A Hazardous Industries and Activities List (HAIL) site database was established.

A total of 15 heritage building owners received funding through Council's Heritage Project Fund with the total allocated being \$64,000.

In 2014/15 Council commenced Project Maitai/Mahitahi, a project to improve the river's health. Activity included: riverside planting events with 6,500 plants put into the ground, repairing three wastewater leaks into the river via the stormwater system, cleaning up rubbish in Saltwater Creek by the Wakatu Rotary group and a contractor, installations at Almond Tree Flats ford to prevent inappropriate use of the ford, enhancing an existing inanga (whitebait) spawning site, and installing fish passages beside the Maitai dam. Project Maitai/Mahitahi partners include iwi and the Friends of the Maitai.

Monitoring programmes and sites for hydrology, water quality and recreation bathing water quality were reviewed to align with the National Objective Framework for Freshwater Management.

The Nelson fish distribution and spawning areas were reviewed and this information is used to determine Sites of Aquatic Significance for the Nelson Plan review. Maitai River tributaries including York Stream, Little Go Stream and the creek in Pipers Park Reserve (upper Emano Street), were a focus for fish passage and stream habitat enhancement.

Progress was made on developing an integrated resource management plan (Whakamahere Whakatū The Nelson Plan), which combines the Nelson Resource Management Plan, the Nelson Air Quality Plan and the

Nelson Regional Policy Statement. In 2014/2015 Council identified Nelson's significant resource management issues and strategic outcomes. An iwi Working Group was established to ensure that the development of the Nelson Plan is undertaken in partnership with iwi and engagement with key stakeholders occurred throughout 2014/2015.

Council commenced a process of consolidating seven existing bylaws into one and adopted all of these bar one provision, relating to sandwich boards. In addition, Plan Change 16 (Inner City Noise) and Plan Change 18 (Nelson South) were made operative in 2014/15.

### **Regulatory Compliance**

Regulatory compliance activities include:

- Dog and animal control
- Liquor licensing
- Swimming pool compliance
- Food premises monitoring
- Processing and inspection of resource and building consents
- Land Information Memoranda
- Parking enforcement
- Harbour and coastal safety and navigation
- Pollution management
- Investigating complaints about noise, bylaws, private drains and illegal building works.

The resource consents team achieved 99.7% for processing timeframes of non-notified consents in 2014/15 and the average processing time for consents is the lowest ever at 12 days. The processing time for notified/limited notified consents averaged 83%.

Although the overall level of consents activity in general was similar to previous years, there were fewer

numbers of building consent applications received over the last financial year (down by 146 applications) but an increase in resource consent applications (up by 62 applications). The Building Consent Authority was externally audited by IANZ. This was a thorough audit which looked at processes and technical aspects of the delivery of the service. The Authority was commended for improvements it had made to achieving Best Practice Standards and developing its systems for fairness and efficiency over the last two years. Accreditation was achieved, and there were no Corrective Action Requests. Parking enforcement adapted to the changes trialled in the central business district.

### **Managing Emergencies**

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

Key staff are trained to operate an emergency operations centre (EOC) with Tasman District Council staff in the event of a disaster. A regional EOC has been established in conjunction with Tasman District Council. This facility is the base for emergency management staff and is used for training and exercising.

Council is responsible for rural fire management under the Forest and Rural Fires Act 1977. It contracts this activity to the Waimea Rural Fire Authority, which is primarily responsible for rural fire prevention and suppression. A key issue to emerge in the past year has been a national review of fire services, with outcomes expected later in 2015. This has the potential to lead to significant changes in Council's involvement in rural fire activities.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Healthy land, sea, air and water	Regulatory controls through consents and enforcement helped protect the environment, minimise waste and ensure it was disposed of safely.
People-friendly places	Policies and bylaws controlled threats to public safety caused by negative effects of dogs, noise and alcohol use. The city and its surroundings were protected from damaging disposal of waste, which ensured Nelson is a safe and attractive place to live in and visit. Non-regulatory programmes encouraged people to reduce, re-use and recycle.
A strong economy	Policies and bylaws were implemented to keep residents and visitors safe from dogs, noise or alcohol use. A reliable, comprehensive and cost-effective waste disposal service was provided for residents, the tourism service sector and businesses. Non-regulatory support was provided to the business sector.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Cleaner water	Health of Nelson's freshwater environments measured by water body classification	Maintain class A and B water bodies in current state	Achieved	Overall there was no significant change in water quality at sites, compared with long term grades. The benchmark is 2002-2012.
		Decrease number of water bodies classified as D or E by Year 3 (2014/15)	Achieved	However, there were improvements compared to the previous year with 14 sites graded A or B in 2014 compared with 12 in 2013 <sup>2</sup> .  A total of seven sites were worse than grade C in 2014, compared with 12 sites in 2013.  The improvement (decrease) in degraded sites is partly explained by 2013 being a 'wetter' year than 2014, with more rain (and run-off from land) in summer and autumn.  A programme of work focused on improving the health of the Maitai River was initiated in 2013/14 and the outcomes are long term, expected over the next five to ten years.

*Table continued >*

<sup>2</sup> For freshwater, the grading is for the calendar year, not Council year, thus creating a lag in results.

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
	Level of compliance with swimming water quality standards	Increase the number of monitored swimming areas that meet the swimming quality standards	Not achieved	<p>Five of the ten recreation bathing monitoring sites had at least one red alert bacteria for the 2014/15 summer. These are often because sampling is undertaken when stormwater runoff following weather events have contaminated bathing sites. In 2013/14 all ten sites had at least one red alert.</p> <p>There were minor improvements in Suitability for Recreation Grades for Hira and Paremata Flats Reserve due to exclusion of stock<sup>3</sup>. Collingwood Street Bridge grade remains at 'very poor'. This is due to contamination from sewerage and other sources such as dogs and wildfowl.</p>
Cleaner air	Level of compliance with national standard for air quality	Continue to comply with the national standard in Airshed B & C	Achieved	Airshed C complies with the national standard. Airshed B also complies as there were no breaches of the national standard in 2014/15. After September 2016, Airshed B must not breach the standard more than once in any year. Airshed B breached the national standard once in 2013/14.
		Airshed A breaches will decline from prior year	Achieved	<p>There were two breaches in Airshed A in the 2014/15 year, down from four in the 2013/14 year. Airshed A must achieve no more than three breaches by September 2016, and after 2020 no more than a single breach per year.</p> <p>Council instigated a review of the Nelson Air Quality Plan and will notify changes in March 2016.</p>
A well-planned city that meets communities' current and future needs and responds to national policy direction	Resource management plans updated to implement national policy changes and Council's strategic direction	Complete existing plan changes and respond to national policy changes	Achieved	<p>Council progressed its integrated review of its management plan (Whakamahere Whakatū The Nelson Plan), which combines the Nelson Resource Management Plan, the Nelson Air Quality Plan and the Nelson Regional Policy Statement.</p> <p>Plan Change 16 (Inner City Noise) and Plan Change 18 (Nelson South) were completed and made operative.</p> <p>Adopted Urban Environments Bylaw in June 2015.</p>

<sup>3</sup> Exclusion of stock improves quality of water and overall grading

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Reduced waste to landfill	The amount (in tonnes) of waste per resident disposed of at landfill	Continue each year to decrease the per capita amount of waste from the Council area disposed of at landfill, in tonnes	Achieved	<p>The average waste disposed of at York Valley (excluding contaminated soil) is recorded as 0.584 tonne per person in 2014/15; down slightly from 0.619 tonne last previous year.</p> <p>Other initiatives included two Second Hand Sundays, compost workshops, and cardboard and food waste avoidance programmes.</p>
Buildings are a safe and healthy environment for current and future building users	Building consents and code compliance certificates issued within 20 working days	100% of building consents and code compliance certificates issued within 20 working days	Not achieved	<p>In 2014/15, 99% of building consents, code compliance certificates and certificates of acceptance were issued in 20 working days. Council granted 745 building consents and amendments in 2014/15; seven of these breached the 20 day working limit. This is an improvement from the previous financial year and is accepted by IANZ as being substantively compliant.</p> <p>In 2013/14, 98% of building consents and 100% of code of compliance certificates were issued in 20 working days.</p>
	Implementation of the Earthquake Prone and Dangerous Building Policy	Review and implementation of the Earthquake Prone and Dangerous Building Policy meets deadlines specified in the Policy	On hold	<p>The policy was reviewed to reflect the changes from 2014 legal precedent around not requiring 67% of new Building Standard.</p> <p>The Building (earthquake prone building) Bill 2015 is awaiting enactment and will over-ride the current Policy for earthquake prone buildings. The Bill will result in an increased number of buildings to review and has the potential to increase costs to Council. In addition, Council's Earthquake Prone Building Policy will require change and all existing Earthquake Prone Building Notices will need to be reissued. All IL3 and IL4 buildings have been identified for Initial Seismic Assessments and most have provided these. A total of 107 IL3 and IL4 buildings were identified in an Earthquake Prone Building Register (after bridges and network utilities are excluded); 63 of these do not require further assessment, either due to Council regulatory review determining low risk, or as result of seismic assessment reporting; and six have not yet been reviewed.</p>

*Table continued >*

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
	Level of customer satisfaction as measured by a survey of building and resource consent customers	60% of customers are satisfied or very satisfied with the building and resource consent services	Not measured	A Residents' Survey was not conducted in 2014/15. The Building Unit has continuous improvement measures including customer focus and has built a close relationship by regular interactions with the Customer Services Team to highlight areas for improvements for the customer experience.
Resource consents processing service	Level of compliance with statutory timeframes for processing resource consents	100% of non-notified resource consents processed within 20 working days. 100% of notified/ limited notified consents processed within 75 working days (or less as required by the RMA)	Not achieved	In 2014/15, 99.7% of non-notified consents processed on time (average of 12 working days) for the 378 non-notified consents. A total of 83% notified/ limited notified consents were on time (one out of 15 consents did not comply with the timeframe) with an average of 59 working days. These are the most compliant annual results in ten years. In addition, no decisions issued were objected to or appealed.
An effective and timely CDEM response to support our community following emergency events	Ability to operate an effective Emergency Operations Centre (EOC) for Nelson Tasman	Effective EOC is operating for Nelson Tasman	Achieved	The regional EOC has been successfully used for exercises, training staff and in response to emergency events.



## FINANCIAL PERFORMANCE – ENVIRONMENT

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	6,457	6,761	6,758	6,269
Operating income	9,899	10,348	7,133	6,707
Capital income	12	13	5	3
<b>Total revenue</b>	<b>16,368</b>	<b>17,122</b>	<b>13,896</b>	<b>12,979</b>
<b>Expenses</b>				
Payments to staff and suppliers	15,162	16,017	13,217	12,311
Finance costs	217	202	195	189
Depreciation	364	374	485	430
<b>Total operating expenses</b>	<b>15,743</b>	<b>16,593</b>	<b>13,897</b>	<b>12,930</b>
<b>Net surplus/(deficit)</b>	<b>625</b>	<b>529</b>	<b>(1)</b>	<b>49</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	102	209	1,895	1,174
Non cash profits and write-ups	0	0	0	174
Increase (decrease) in reserves	281	87	(1,308)	(710)
Increase (decrease) in investments	(14)	(15)	(679)	(671)
<b>Total funds required</b>	<b>369</b>	<b>281</b>	<b>(92)</b>	<b>(33)</b>
<b>Source of funds</b>				
Net surplus/(deficit)	625	529	(1)	49
Non cash expenditure	364	374	485	430
Increase (decrease) in debt	(620)	(622)	(576)	(602)
Gross proceeds from sales of assets	0	0	0	0
Non cash losses and write-downs	0	0	0	90
<b>Total source of funds</b>	<b>369</b>	<b>281</b>	<b>(92)</b>	<b>(33)</b>

## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	5,848	6,211	6,725	6,218
Targeted rates (other than a targeted rate for water supply)	609	608	33	51
Subsidies and grants for operating purposes	213	194	162	239
Fees, charges, and targeted rates for water supply	0	0	6,894	6,193
Internal charges and overheads recovered	2,081	2,210	2,431	2,198
Local authorities fuel tax, fines, infringement fees, and other receipts	7,605	7,944	77	101
<b>Total operating funding</b>	<b>16,356</b>	<b>17,167</b>	<b>16,322</b>	<b>15,000</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	13,081	13,865	13,023	12,009
Finance costs	0	0	0	0
Internal charges and overheads applied*	2,298	2,412	2,820	2,599
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>15,379</b>	<b>16,277</b>	<b>15,843</b>	<b>14,608</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>977</b>	<b>890</b>	<b>479</b>	<b>392</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	12	13	5	3
Increase (decrease) in debt	(620)	(622)	(576)	(602)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(608)</b>	<b>(609)</b>	<b>(571)</b>	<b>(599)</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	36	1,564	846
- to improve level of service	0	0	230	255
- to replace existing assets	102	173	101	72
Increase (decrease) in reserves	281	87	(1,308)	(710)
Increase (decrease) in investments	(14)	(15)	(679)	(671)
<b>Total applications of capital funding</b>	<b>369</b>	<b>281</b>	<b>(92)</b>	<b>(207)</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(977)</b>	<b>(890)</b>	<b>(479)</b>	<b>(392)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	977	890	479	392
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	12	13	5	3
Vested assets	0	0	0	0
Gains/(losses) on disposal	0	0	0	(90)
Depreciation	(364)	(374)	(485)	(430)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	174
Non cash write downs and losses on revaluation	0	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	625	529	(1)	49

### Funding Impact Statement Variances against Budget

Fees and charges were \$701,000 less than budget as landfill volumes were significantly less than anticipated.

Expenditure on staff and suppliers was \$1 million under budget as weathertight homes claims were \$354,000 less than provided for, landfill maintenance and ETS levies \$315,000 less than budgeted, and building services were \$284,000 under budget largely due to staff vacancies.

There was a \$721k less spend on capital due to the construction of a weighbridge at the landfill being delayed until 2015/16.

Although capital expenditure was less than expected, the borrowings requirement was close to budget as funds available from reserves were less than anticipated.

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

## ABOUT COUNCIL'S SOCIAL ACTIVITIES

Council provides services that contribute to the quality of life and wellbeing of residents. This activity is very diverse and includes heritage houses, settlement support, a museum, festivals and public libraries, and other facilities.

## HIGHLIGHTS FOR 2014/15

### Community facilities

Council's community facilities include:

- Public libraries
- Marsden cemetery and crematorium
- Public toilets
- Marina
- Community properties
- Motor camps in Tahunanui, the Brook and Maitai Valley
- Community housing
- Regional community facilities at Saxton Field.

The Nelson Marina had occupancy of 95% in 2014/15. During the year a new finger and pedestrian access ramp was added to 'K' pontoon. Non-slip matting was put on half of existing pedestrian access ramps pontoons and the Akersten Street (Iron Duke) toilet and shower facilities were upgraded.

Demand for cremations continues to increase and the crematorium is at the highest level of use since records began in 2000.

Public toilets received considerable attention in 2014/15 with refurbishment of Victory Park, Beach Cafe and Buxton Square toilets.

During 2014/15 there were 276,000 visits to Saxton Stadium by spectators and users.

Libraries continue to be well used by the Nelson community with 89% of residents being active users of the library. During 2014/15 the Library has focused on growing the range of learning and literacy programmes it delivers whilst continuing to provide the more established services.

Council commenced a campground review to better understand what services were currently being

delivered, and to understand future demands and trends for supply of campground services. The consultant carrying out this review has been asked to recommend to Council changes that could be made to improve the effectiveness, efficiency and benefits from the city's campgrounds.

Council also began developing a Reserve Management Plan for the Brook Recreation Reserve area, which includes the Brook campground. The Reserve Management Plan will set out Council's strategic vision for the area and how competing uses for the reserve (including both casual and long term camping) can best be accommodated. It is expected to be adopted by Council in October 2015.

### Social development

Council's social development activities include:

- Community liaison and support
- Community assistance funding
- Nelson Tasman Connections Service
- Youth development
- Older adults and positive ageing
- Safer City Nelson Project, funded by the Ministry of Justice.

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

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

Community Assistance Funding administered by Council provided \$388,700 through 68 contracts and 24 one-off grants for community organisations to provide services in the Nelson community.

The Nelson Tasman Connections Service was provided to enable all young people, up to the age of twenty years, who have left school, to be supported and connected into employment, training or education.

Support was provided for Nelson Youth Council, Youth Nelson, Youth Development Funding and youth recreation and events. The Youth Council had a regular presence at Council meetings and events.

Older adults were supported through a partnership with the Positive Ageing Expo and representation at the Positive Ageing Forum. Community groups were provided resources and services to help maintain quality of life.

The Safe City Project, funded by Ministry of Justice, included Street Ambassadors in the central city between November and April, CPTED (Crime Prevention Through Environmental Design) workshops to community and industry professionals and support to the Keep Victory Safe project. Financial and staff support contributed to the Nelson Tasman Alcohol Related Harm research project.

### **Heritage and arts**

Council's heritage and arts activities include:

- Heritage and arts planning and support
- Support for Tasman Bays Heritage Trust (Nelson Provincial Museum)
- Suter Art Gallery
- Historic buildings and facilities such as Broadgreen House, Isel and Melrose historic houses
- Founders Heritage Park
- Historic cemeteries including Hallowell, Whakapuaka, Hira, Seaview
- Festivals, events and street decorations.

Council supported a number of cultural events during the year, including the annual Heritage Week. The World War One Commemoration activities in Nelson saw a capacity crowd attend an Anzac Service in Trafalgar Park.

New interpretive panels were installed around Nelson City and the Riverside Murals Project was completed, with eight murals forming an external gallery along the Maitai Walkway.

Council assisted Project Butterfly, a community art project around helping families cope with the loss of a child. Two sections of the mosaic pathway at Fairfield Park were completed and the project won the supreme award in the Trust Power Community regional awards.

The Arts Council Nelson is a long-term recipient of community assistance funding and Council also continued to support the Refinery Gallery, as an important community art space in Nelson.

The 20<sup>th</sup> Nelson Arts Festival in October 2014 was well attended and highlights were the Masked Parade and the More FM Carnival, Stage One and Granary sessions. Summer festival events included the Lantern Celebration, Summer movies *Al Fresco*, New Year's Eve concert, and the Teddy Bears' Picnic.

Council worked with the Nelson School of Music on its earthquake strengthening and refurbishment project. A project manager has been appointed and design work commenced. The Nelson School of Music Board is continuing its fundraising efforts.

Redevelopment of the Suter Art Gallery began in January 2015 and will be completed by the end of 2016. The redevelopment has been made possible due to the Suter Art Gallery, with support from Council, undertaking a successful fundraising project which saw it raise \$6 million. This matches Council's \$6 million commitment to the project.

The temporary Suter Art Gallery on Halifax Street is a popular attraction for visitors and residents and is adjacent to the Nelson Public Library. The library expanded the range of regular literacy, lifelong learning, and IT programmes and hosted visits by Victory and Tahunanui communities.

Founders Heritage Park and the three Council-owned heritage houses continue to deliver a range of services, programmes and events to the Nelson community. These include KaiFest and Book Fair at Founders, and Rose Day at Broadgreen House.

The Tasman Bays Heritage Trust, which manages the Provincial Museum, had a successful year, with increased visitor numbers over the summer period. It played a significant role in the WW100 commemorations and a Strategic Review was conducted to guide the Trust as it sets future priorities.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
People-friendly places	Funded and/or provided a range of community services and inspiring arts and heritage events that have involved residents and visitors and promoted community cohesion.
A strong economy	Supported a range of organisations through the Community Assistance Fund. Provided venues for delivering community services that contribute to the wellbeing of the community and provide employment.
Kind, healthy people	Council-funded community services and arts and heritage events supported the development of community cohesion and encouraged the development and enjoyment of healthy lifestyles.
A fun, creative culture	Worked with and funded community organisations that support cultural diversity, events and festivals.
Good leadership	Provided leadership in developing Nelson's arts, culture and heritage through events such as the Arts Festival, Opera in the Park and Heritage Week. Funded and facilitated community arts projects.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Work with the community to secure the future of the city's significant arts infrastructure	Assuming Council takes ownership of the Nelson School of Music and Theatre Royal measures will be building condition assessments and delivery of community outcomes	Earthquake strengthening work on Nelson School of Music continuing	Ongoing	While the issue of ownership is no longer being actively pursued, Council is providing significant support to the Nelson School of Music development project. Project Manager appointed and detailed design work has commenced.  The Theatre Royal received an operating grant to assist with running costs.
Libraries that are well used, welcoming and safe environments	The level of satisfaction with the libraries as determined by residents' survey	Maintain at least 80% of customers satisfied or very satisfied with libraries and 75% of population are library members	Not measured	A Residents' Survey was not conducted in 2014/15.  A total of 89% of the population are library members (the same as 2013/14). This is much higher than other New Zealand libraries.
	Trends in membership, door counts	Door counts continue to increase each year	Not achieved	The door count was 490,340, which is down 7.2% on 2013/14. This is attributed to greater use of off-site web based library services and less visitors using the library for internet access during summer months, due to an increased in the availability of personal internet plans, and access to free internet services elsewhere, including free WiFi in Nelson CBD.
A regional art gallery that engages, educates and entertains the regional community	The level of satisfaction of customers with the Suter Art Gallery as measured by a residents' survey	80% of users satisfied or very satisfied with the Suter Art Gallery	Not measured	A Residents' Survey was not conducted in 2014/15.  A total of 71% of users were satisfied or very satisfied with the Suter Art Gallery, in the 2013/14 Residents' survey prior to the move to current temporary premises.

## FINANCIAL PERFORMANCE – SOCIAL

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	10,474	11,033	10,120	9,689
Operating income	2,801	2,884	2,711	3,048
Capital income	0	0	6,396	82
<b>Total revenue</b>	<b>13,275</b>	<b>13,917</b>	<b>19,227</b>	<b>12,819</b>
<b>Expenses</b>				
Payments to staff and suppliers	11,560	11,930	11,333	11,425
Finance costs	441	667	408	381
Depreciation	1,293	1,314	1,234	1,170
<b>Total operating expenses</b>	<b>13,294</b>	<b>13,911</b>	<b>12,975</b>	<b>12,976</b>
<b>Net surplus/(deficit)</b>	<b>(19)</b>	<b>6</b>	<b>6,252</b>	<b>(157)</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	1,716	2,668	9,999	3,422
Non cash profits and write-ups	0	0	0	262
Increase (decrease) in reserves	256	303	205	55
Increase (decrease) in investments	(13)	4,444	2,819	(13)
<b>Total funds required</b>	<b>1,959</b>	<b>7,415</b>	<b>13,023</b>	<b>3,726</b>
<b>Source of funds</b>				
Net surplus/(deficit)	(19)	6	6,252	(157)
Non cash expenditure	1,293	1,314	1,234	1,170
Increase (decrease) in debt	685	6,095	5,537	2,711
Gross proceeds from sales of assets	0	0	0	2
Non cash losses and write-downs	0	0	0	0
<b>Total source of funds</b>	<b>1,959</b>	<b>7,415</b>	<b>13,023</b>	<b>3,726</b>



## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	10,474	11,114	10,120	9,689
Targeted rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	398	349	349	400
Fees, charges, and targeted rates for water supply	0	0	2,091	2,137
Internal charges and overheads recovered	0	0	5	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,403	2,535	261	248
<b>Total operating funding</b>	<b>13,275</b>	<b>13,998</b>	<b>12,826</b>	<b>12,474</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	11,560	12,011	11,175	11,266
Finance costs	0	0	0	0
Internal charges and overheads applied*	441	667	561	540
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>12,001</b>	<b>12,678</b>	<b>11,736</b>	<b>11,806</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>1,274</b>	<b>1,320</b>	<b>1,090</b>	<b>668</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	6,396	82
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	684	6,095	5,537	2,711
Gross proceeds from sale of assets	1	0	0	2
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>685</b>	<b>6,095</b>	<b>11,933</b>	<b>2,795</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	625	617	541	500
- to improve level of service	729	1,707	13,119	2,210
- to replace existing assets	362	344	339	711
Increase (decrease) in reserves	256	303	205	55
Increase (decrease) in investments	(13)	4,444	(1,181)	(13)
<b>Total applications of capital funding</b>	<b>1,959</b>	<b>7,415</b>	<b>13,023</b>	<b>3,463</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(1,274)</b>	<b>(1,320)</b>	<b>(1,090)</b>	<b>(668)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,274	1,320	1,090	668
Subsidies and grants for capital expenditure	0	0	6,396	82
Development and financial contributions	0	0	0	0
Vested assets	0	0	0	0
Gains/(losses) on disposal	0	0	0	0
Depreciation	(1,293)	(1,314)	(1,234)	(1,169)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	262
Non cash write downs and losses on revaluation	0	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	(19)	6	6,252	(157)

### Funding Impact Statement Variances against Budget

Capital expenditure is \$10.6 million under budget. This is due to the Theatre Royal and the Nelson School of Music transfer of assets not proceeding as budgeted and the Suter redevelopment schedule.

Subsidies and grants for capital expenditure are \$6.3 million less than budget because the Theatre Royal and Nelson School of Music transfer of assets did not occur.

Decrease in investments was also affected by this transaction not going ahead.

The \$2.8 million difference in borrowings required is mainly a result of the Suter redevelopment scheduling.

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

## ABOUT COUNCIL'S PARKS AND ACTIVE RECREATION ACTIVITIES

The parks and active recreation activity manages parks and open spaces to help protect Nelson's biodiversity, heritage, rivers and coast. It provides active recreation opportunities through its provision of infrastructure such as walkways and cycle ways, expanding cycle trails, sports and recreation facilities, parks and open space, services and events.

## HIGHLIGHTS FOR 2014/15

### *Parks and Open Space*

Council's parks and open space activity includes:

- Horticultural parks
- Neighbourhood parks
- Conservation reserves
- Landscape reserves
- Sportsfield reserves
- Esplanade and foreshore reserves
- Heritage and park trees
- Other walkways not in parks or reserves.

Neighbourhood parks and playgrounds highlights included a joint project with the City of Nelson Civic Trust. Outdoor exercise equipment has been installed along the Maitai River Walkway.

Landscape reserves were enhanced in the city. School planting days were held at Pipers Park, Paremata Flats, Tahunanui Reserve, Whakatu Drive, Orphanage Creek, the Haven foreshore and Glenduan Reserve. There were also five successful public planting days at Wakapuaka Reserve, Pioneer Park, the Railway Reserve and the Maitai River (two).

Enhancement of sports fields during 2014/15 included developing the Alliance block at Saxton Field, replacing the wood on stands at sports parks, installing irrigation at Victory Square and upgrading the practice field at Trafalgar Park.

Pipers Park, a section of land between the top of Emano Street and Princes Drive, has been opened up with the construction of a new walking and mountain

biking track. The idea for the track was initiated by the Victory Community Group and the Nelson Mountain Bike Club.

Stoke is Nelson's fastest growing suburb and a needs analysis was conducted in 2014/15 to understand the suburb's community and recreation needs. This included a community survey, stakeholder meetings and focus groups. Council has set aside \$6.1 million for a new community facility at Greenmeadows Reserve, which will be built in 2015/16.

A draft Brook Recreation Reserve Management Plan was prepared to define activities that can take place in the Brook Recreation Reserve. This Council-owned land includes the Brook Motor Camp.

### *Recreation and Leisure*

Council's recreation and leisure activity includes:

- Trafalgar Centre
- Natureland Zoo in Tahunanui
- Waahi Taakaro golf course
- Play facilities
- Riverside and Nayland swimming pools.

Progress was made toward reopening of the Trafalgar Centre, including more certainty around ground improvements and structural upgrades.

In the later part of 2014, Council reviewed all the structural and geotechnical information with its technical specialists. It was clear that there was still significant uncertainty in the geotechnical information to progress with strengthening options for the Trafalgar Centre. To address this uncertainty Council undertook further geotechnical investigations in March/April 2015 to more accurately determine the likely ground behaviour beneath and adjacent to the Trafalgar Centre. The results of this work resulted in a reduced scale of ground improvement and provided more certainty to the structural strengthening required. An early Contractor Involvement process was undertaken in April/May 2015 to engage a suitable contractor to contribute to the detailed design process of the project. This detailed design phase continued through to the end of June 2015.

In 2014/15 Council purchased 6,000 temporary seats that will be used to support events across Nelson. These have been initially used to create two additional stands at Trafalgar Park, increasing the seating capacity there to 8,000.

During 2014/15 opening hours for community aquatic facilities were reviewed and hours open to the public were extended at Riverside Pool. In addition, Riverside Pool was painted and a new disability hoist installed.

Council has a five year lease and funding contract with Natureland Wildlife Trust, which includes an annual operating grant of \$200,000 per annum, to operate Natureland Zoo. The year saw upgrading of facilities

and enclosures and a re-branding exercise.

Council supported several recreation programmes including:

- Recreation and physical activities at community events, delivered by Saxton Stadium, The Truck and the Youth and Community Facility Trust.
- Youth nights, delivered by Sport Tasman.
- Summer recreation events, delivered by Community Leisure Management.
- Older Adults' Day at Saxton Stadium.
- Other recreation opportunities for older persons.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Healthy land, sea, air and water	Planting, restoration and weed and pest control programmes made steady progress on protecting and enhancing Nelson's special places.
People-friendly places	The reserves network provided a great range of opportunities and experiences for Nelson residents.
Kind, healthy people	Well developed public parks, reserves and recreation facilities provided enhanced social wellbeing for members of the community.
A fun, creative culture	Parks and reserves were developed to maximise enjoyment and creativity. For example the Hockey Reserve Playground and Tahunanui Youth Park.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
A connected network of parks and reserves throughout the city to protect and enhance the natural environment, provide enjoyment and a range of leisure and recreation opportunities for residents and visitors	Area in hectares of parks and reserves per 1000 residents	Maintain current levels of parks and reserves provision, at least 245 hectares per 1000 residents, no reduction to this except where divestment offers clear net benefits to the community	Not achieved	Current levels 227.5 ha per 1,000 residents. This compares with 239 ha in 2013/14.  It is expected that these levels will continue to decrease as the population increases.
	Level of resident satisfaction	Maintain levels of resident satisfaction, at least 80%	Not measured	A Residents' Survey was not conducted in 2014/15.  There was 75% satisfaction in the 2013/14 Residents' Survey, based on the average of 88% satisfaction with parks and open spaces and 63% satisfaction with recreation and leisure.
Sustainably managed parks and reserves	Level of improvement in key species and habitats in priority reserve areas	Establish Council-wide system for monitoring key species and habitats, with baseline data collected in 2012/13 and demonstrate improvement in key species and habitats in priority reserve areas by 2015	Not measured	Not able to be measured in 2014/15 due to insufficient data.  The Nelson Nature programme, which commences in 2015/16, includes baseline monitoring on Council-owned property.

*Table continued >*

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
	Level of use of electricity, diesel/ oil, water and toxic substances per hectare across parks and reserves	Current use of electricity, diesel/ oil, water and toxic substances reduced by 5% per ha by 2015	Not measured	Not able to be measured in 2014/15 due to insufficient data and inadequate resource allocation.
Neighbourhood parks within walking distance of all homes, providing play opportunities, open space and amenity values	Level of neighbourhood park distribution	One neighbourhood park within reasonable walking distance (500m radius or ten minute walk) of urban residential properties, easily accessible, ideally from more than one road frontage	Not achieved	Topography in some areas and limited opportunities for land acquisition.
Maximised use of the Trafalgar Centre across a range of users	Number of people using the Trafalgar Centre and total hours used	At least maintain annual number of users  Annual use hours exceeds 2,500 per year	Not achieved	Not achieved as the venue was closed throughout 2014/15.
Swimming pools that meet the needs of users and provide opportunity for aquatic based recreation activities and learn to swim programmes	Level of accessibility of public swimming pools	Provision of a swimming pool that is within 10km driving/ cycling distance of 80% of Nelson's population	Achieved	97% of dwellings are within 10km of a public swimming pool (not including the ASB Aquatic Centre, which is owned by TDC).

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
	Annual user satisfaction surveys	60% of customers satisfied or very satisfied with the swimming pools	Not measured	A Residents' Survey was not conducted in 2014/15.  79% of pool users were satisfied or very satisfied with their overall pool experience in 2014.
	Yardstick benchmarking comparison	Admissions per m <sup>2</sup> per annum above average of peer group as measured by Yardstick	Not measured	In 2013/14 Riverside pool was above Yardstick average use per m <sup>2</sup> of water space (193 versus 186). Nayland Pool was below average (26 versus 37). Nayland is an outdoor seasonal pool.  Council didn't participate in Yardstick in 2014/15 due to inadequate resource allocation.
Financially sustainable marina facility	Level of self funding of the marina	No cost to rates to operate the marina - fees and charges cover the maintenance and renewal of marina facilities	Achieved	Marina had an operational surplus in 2014/15.

## FINANCIAL PERFORMANCE - PARKS AND ACTIVE RECREATION

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	12,870	13,755	11,827	11,705
Operating income	2,868	2,971	2,905	3,077
Capital income	2,243	65	28	16
<b>Total revenue</b>	<b>17,981</b>	<b>16,791</b>	<b>14,760</b>	<b>14,798</b>
<b>Expenses</b>				
Payments to staff and suppliers	9,781	10,152	10,428	9,709
Finance costs	3,032	3,628	2,746	2,564
Depreciation	3,457	3,611	2,738	2,629
<b>Total operating expenses</b>	<b>16,270</b>	<b>17,391</b>	<b>15,912</b>	<b>14,902</b>
<b>Net surplus/(deficit)</b>	<b>1,711</b>	<b>(600)</b>	<b>(1,152)</b>	<b>(104)</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	12,966	10,271	9,345	4,991
Non cash profits and write-ups	0	0	0	72
Increase (decrease) in reserves	(1,612)	(1,581)	(1,092)	(1,995)
Increase (decrease) in investments	0	0	0	0
<b>Total funds required</b>	<b>11,354</b>	<b>8,690</b>	<b>8,253</b>	<b>3,068</b>
<b>Source of funds</b>				
Net surplus/(deficit)	1,711	(600)	(1,152)	(104)
Non cash expenditure	3,457	3,611	2,738	2,629
Increase (decrease) in debt	6,186	5,679	6,667	131
Gross proceeds from sales of assets	0	0	0	0
Non cash losses and write-downs	0	0	0	412
<b>Total source of funds</b>	<b>11,354</b>	<b>8,690</b>	<b>8,253</b>	<b>3,068</b>



## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	12,870	13,755	11,827	11,705
Targeted rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges, and targeted rates for water supply	0	0	2,640	2,785
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,868	2,971	265	219
<b>Total operating funding</b>	<b>15,738</b>	<b>16,726</b>	<b>14,732</b>	<b>14,709</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	9,781	10,152	10,385	9,266
Finance costs	0	0	0	0
Internal charges and overheads applied*	3,032	3,628	2,789	2,594
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>12,813</b>	<b>13,780</b>	<b>13,174</b>	<b>11,860</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>2,925</b>	<b>2,946</b>	<b>1,558</b>	<b>2,849</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	2,243	65	28	16
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	6,186	5,679	6,667	131
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>8,429</b>	<b>5,744</b>	<b>6,695</b>	<b>147</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	3,325	3,320	4,232	2,107
- to improve level of service	7,322	5,071	3,336	1,769
- to replace existing assets	2,319	1,880	1,777	1,115
Increase (decrease) in reserves	(1,612)	(1,581)	(1,092)	(1,995)
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>11,354</b>	<b>8,690</b>	<b>8,253</b>	<b>2,996</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(2,925)</b>	<b>(2,946)</b>	<b>(1,558)</b>	<b>(2,849)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,925	2,946	1,558	2,849
Subsidies and grants for capital expenditure	2,243	65	28	16
Development and financial contributions	0	0	0	0
Vested assets	0	0	0	0
Gains/(losses) on disposal	0	0	0	(412)
Depreciation	(3,457)	(3,611)	(2,738)	(2,629)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	72
Non cash write downs and losses on revaluation	0	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	1,711	(600)	(1,152)	(104)

### Funding Impact Statement Variances against Budget

Payments to staff and suppliers are \$1.1 million less than budgeted. A grant to Tasman District Council for capital development at Saxton Field (cycle track) of \$830,000 was not made as the project has been rescheduled for the 2015/16 financial year. The project for the dredging of the marina spans two financial years and a saving of \$189,000 in 2014/15 reflects a change in scheduling to coincide with the Port Nelson dredging programme.

Capital expenditure is \$4.4 million less than budgeted due to the Trafalgar Centre remediation and land purchases not occurring as scheduled.

Debt is \$6.5 million less than budgeted as a result of less capital expenditure and more funding available from reserves.

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

## ABOUT COUNCIL ECONOMIC ACTIVITIES

Council has a role in creating an economically successful city and contributes to this through provision of key city infrastructure, services and a focus on economic development. Key agencies are the Economic Development Agency and Tourism Nelson Tasman Ltd, which trades as Nelson Tasman Tourism. Both are based in Millers Acre Centre, Taha o te Awa.

## HIGHLIGHTS FOR 2014/15

Council hosted three pool matches as part of the Cricket World Cup (CWC) 2015. A total of 12,000 tickets were sold for the CWC three games and around 13% of spectators were international visitors. The region received significant international exposure and the support from Tourism New Zealand ensured Nelson received good exposure from international media.

There was positive growth in the commercial accommodation sector. Total guest nights increased by 4.8%, with an increase of 5.0% in international guest nights and 4.7% in domestic guest nights. Also encouraging was an increase in the average length of visitor stay from 2.20 nights to 2.34 nights.

During the year Nelson hosted five cruise ship visits, 115 individual international tour wholesalers and 22 independent visits. They also hosted 34 international media outlets including magazine, and press and online journalists, conducted trade training with 540 travel agents in New Zealand and 586 agents offshore.

A significant increase in domestic leisure and conference marketing resulted in domestic visitor growth. Nelson retained its 3% market share of convention events and ranked 10th out of 13 regions actively working in the convention market.

In 2014/15 Tourism Nelson Tasman Ltd developed the 'See Nelson in a New Light' winter event festival

campaign promoting the Nelson Art Expo, Nelson Winter Festival and Light Nelson. It also hosted ten professional conference organisers, handled 63 conference bid and conference enquiries and attended seven conference and business events.

The Economic Development Agency (EDA) continued work on behalf of Council to assist enterprises, allocate events funding, provide economic advice and manage programmes funded by third parties. It completed the six-monthly 'Tracking the Nelson Regional Economy'. The EDA also presented its annual Economic Summit to stakeholders and facilitated the Mayors' Taskforce for Jobs Graduation Ceremony.

'Innovate', a collaborative initiative between Council, EDA and NMIT to support businesses to be more innovative and entrepreneurial, was successfully launched.

The Regional Business Partner Network for the Nelson/Tasman/Marlborough area continued and, in partnership with the Nelson Tasman and Marlborough Chambers of Commerce, \$1,036,314 was made available to regional businesses. All funds allocated were spent.

A Mayoral Delegation, including business leaders, to Nelson's Sister City of Huangshi and Friendly City, Yangjiang as well as other Chinese cities took place. A number of Chinese and other international delegations to Nelson were hosted to create mutually beneficial economic opportunities.

The EDA administered the Nelson Events and Marketing Fund on behalf of Council. The Events Strategy continued to be implemented and funds were allocated to eight promising events with a value of \$179,783.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
A strong economy	Ownership and part-funding of the Economic Development Agency and, with TDC, joint ownership and funding of Nelson Tasman Tourism supported the local economy. Council also provides reliable infrastructure on which local businesses depend.
Good leadership	Monitored and facilitated economic activity and advocated for the Nelson economy with central government.

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Infrastructure to provide for a sustainable local and regional economy	Council investment in infrastructure networks as measured by total value of network assets (transport, water supply, wastewater and stormwater) at net present value (\$)	Total value of Council's network assets is maintained or increased	Achieved	The net present value calculation included in the performance measure has not been done. However the valuation of infrastructure assets increased from \$1,041 million at June 2014 to \$1,061 million at June 2015.
	Value of capital projects completed each year	Total value of capital projects is maintained or increased compared to previous year	Not Achieved	The value of capital projects was \$21.1 million at June 2015 against \$27.0 million at June 2014.  The capital programme for 2014/15 included four projects over \$1 million in value against seven in 2013/14.  In the 2014/15 programme there have been delays to Saxton Creek Upgrade (\$1.9 million under budget) and Corder Park Pump Station (\$1.4 million under budget). These projects will continue during 2015/16. The 2013/14 programme contained two significantly large projects, the Maitai Pipeline \$4.3 million and the Maitai Shared Path \$2.8 million.

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Facilitate economic development for the benefit of the community	Amount of government business support funding accessed for the region	Government business support funding is maintained or increased and budgeted grants for research and development, and capability development are fully allocated to businesses	Achieved	Council accessed \$1,036,314 of government funding for the region, compared with \$691,678 in 2013/14. All funds allocated were spent.
Promotion of Nelson to increase the economic value of tourism	Number of tourism guest nights annually	Increase the number of tourism guest nights annually	Achieved	Total guest nights increased 4.8% on 2013/14; international guest nights up by 5.0%, and domestic guest nights by 4.7%. There were 1,299,279 guest nights in 2014/15, compared with 1,240,052 in 2013/14.
	Number of tourism guest nights in the off-peak months	Increase the number of tourism guest nights in the off-peak months	Not Achieved	There was a small increase in guest nights in both October and April, which shoulder the peak months. July resulted in a higher increase, which is attributed to a marketing campaign to attract visitors to attend the Nelson Art Expo, Nelson Light Festival and the Nelson Winter Music Festival. In all other months during the off-peak season, there was a fall in numbers.

## FINANCIAL PERFORMANCE – ECONOMIC

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	1,513	2,061	2,219	2,046
Operating income	0	0	591	731
Capital income	0	0	0	0
<b>Total revenue</b>	<b>1,513</b>	<b>2,061</b>	<b>2,810</b>	<b>2,777</b>
<b>Expenses</b>				
Payments to staff and suppliers	1,501	2,048	2,797	2,686
Finance costs	12	13	13	13
Depreciation	0	0	0	0
<b>Total operating expenses</b>	<b>1,513</b>	<b>2,061</b>	<b>2,810</b>	<b>2,699</b>
<b>Net surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	0	0	0	0
Non cash profits and write-ups	0	0	0	0
Increase (decrease) in reserves	0	0	0	78
Increase (decrease) in investments	0	0	0	0
<b>Total funds required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>
<b>Source of funds</b>				
Net surplus/(deficit)	0	0	0	78
Non cash expenditure	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sales of assets	0	0	0	0
Non cash losses and write-downs	0	0	0	0
<b>Total source of funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>

## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,513	2,061	2,219	2,046
Targeted rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	591	728
Fees, charges, and targeted rates for water supply	0	0	0	1
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	2
<b>Total operating funding</b>	<b>1,513</b>	<b>2,061</b>	<b>2,810</b>	<b>2,777</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,501	2,048	2,794	2,678
Finance costs	0	0	0	0
Internal charges and overheads applied*	12	13	16	21
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,513</b>	<b>2,061</b>	<b>2,810</b>	<b>2,699</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	0	0	0	0
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	78
Increase (decrease) in investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(78)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	0	0	78
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested assets	0	0	0	0
Gains/(losses) on disposal	0	0	0	0
Depreciation	0	0	0	0
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	0
Non cash write downs and losses on revaluation	0	0	0	0
Net Surplus/(Deficit) before taxation in Statement of Financial Performance	0	0	0	78

### Funding Impact Statement Variances against Budget

The Cricket World Cup generated \$137,000 more subsidies and grants income than expected.



## ABOUT COUNCIL CORPORATE ACTIVITIES

The corporate activity of Council provides governance services and the running of Council organisation. This includes elections, finances and administration, strategic documents and Councillor support.

Council's corporate activities include:

- Cost of democracy including meetings, publicity, Councillor costs and elections
- Management of investments including rental properties, forestry, Civic House, the Port Company, Airport and Nelmac
- The Ridgeway subdivision
- Long-term planning, strategy development and internal monitoring.
- Financial reserves.

## HIGHLIGHTS FOR 2014/15

During 2014/15, Council consulted on its Long Term Plan 2015-25. A total of 594 submissions were received and 182 submitters asked to speak at Council hearings.

Statutory performance is reviewed at least annually, and progress against the top five risks are identified and reported to senior management. In 2014/15, all progress reports were on-time and appropriate actions taken to reduce risk.

Council prioritised sound financial management and tracked performance over the year, including operating

budgets, significant individual capital projects and total capital budget. This is reported to Council's Audit, Risk and Finance Committee meetings. All financial key performance measures were met in 2014/15.

In 2014/15, customer satisfaction was measured by a survey of customers who used Council services during the year, with 77% of customers saying they were satisfied, or very satisfied, with the overall service they received. This compares with 75% in 2013/14.

Customer complaints decreased this year, with 38 received in 2014/15 compared with 67 in 2013/14.

The Office of the Ombudsman was contacted 16 times about Council during 2014/15. There were nine complaints under the Local Government Official Information and Meetings Act 1987 (LGOIMA), three complaints under the Ombudsmen Act 1975 and four other contacts.

The Office of the Ombudsman completed nine matters about Council during the year (some of which were received during the previous year). One of these was a LGOIMA request (withdrawn during the course of the investigation). A total of four were complaints made under the Ombudsmen Act 1975 (three were not investigated, one was investigated with an administrative deficiency identified but no recommendation made). The remaining four were other contacts not requiring investigation.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Good leadership	Corporate services provided functions and support to enable Council to meet all Community Outcomes and requirements of the Local Government Act (2002).

## SERVICE LEVELS AND PERFORMANCE

### Measures from Year 3 of the Nelson Long Term Plan 2012-22

What Council will provide	Performance measures	Targets	Results 2014/15	Comments
Effective and impartial election administration service that meets or exceeds legislative requirements	Completion of election processes in 2013, 2016 and 2019	NA – not an election year	Not available	Not available.
Effective engagement and consultation	Proportion of residents satisfied with opportunities to take part and amount of information provided by Council – measured every three years	At least 70% satisfied with opportunities to take part. At least 70% 'about right' amount of information	Not measured	A Residents' Survey was not conducted in 2014/15.
Opportunities for participation in Council decisions – a Council organisation that listens and understands	Evaluation by participants taking part in range of processes – documented evaluation across focus groups, web based consultation, workshops and other techniques	At least 60% satisfied or better	Not measured	No consistent organisational data has been recorded, and the measure has been amended for the LTP 2015-25.
Participation of Māori in decision making	Level of iwi/Māori representatives <sup>4</sup> satisfaction with participation opportunities	At least 90% satisfied or very satisfied	Not measured	Survey in 2013/14 had too a low a response rate to be able to measure iwi satisfaction with participation opportunities.
Council Controlled Organisations that deliver net benefit to the community	Refer to CCO section for specific measures for each CCO	Council satisfied with attainment of six monthly SOI targets for all CCOs	Achieved	Council is satisfied with the performance results received from CCOs.  Individual measures are contained within the CCO section.

<sup>4</sup> Kotahitanga Hui participants

## FINANCIAL PERFORMANCE – CORPORATE

### Cost of Service Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Revenue</b>				
Rating income	1,010	756	(420)	(461)
Operating income	13,312	15,107	14,214	15,356
Capital income	9,401	9,707	3,800	1,825
<b>Total revenue</b>	<b>23,723</b>	<b>25,570</b>	<b>17,594</b>	<b>16,720</b>
<b>Expenses</b>				
Payments to staff and suppliers	6,899	6,913	6,554	10,108
Finance costs	5,537	6,946	5,617	4,714
Depreciation	1,231	1,327	1,403	1,401
<b>Total operating expenses</b>	<b>13,667</b>	<b>15,186</b>	<b>13,574</b>	<b>16,223</b>
<b>Net surplus/(deficit)</b>	<b>10,056</b>	<b>10,384</b>	<b>4,020</b>	<b>497</b>

### Statement of funding requirement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Funds required</b>				
Capital expenditure	10,962	9,255	5,959	1,059
Non cash profits and write-ups	0	0	0	273
Increase (decrease) in reserves	2,024	1,641	1,067	3,118
Increase (decrease) in investments	17,988	17,661	22,263	1,091
<b>Total funds required</b>	<b>30,974</b>	<b>28,557</b>	<b>29,289</b>	<b>5,541</b>
<b>Source of funds</b>				
Net surplus/(deficit)	10,056	10,384	4,020	497
Non cash expenditure	1,231	1,327	1,403	1,401
Increase (decrease) in debt	19,687	16,846	23,866	(730)
Gross proceeds from sales of assets	0	0	0	29
Non cash losses and write-downs	0	0	0	4,344
<b>Total source of funds</b>	<b>30,974</b>	<b>28,557</b>	<b>29,289</b>	<b>5,541</b>

## Funding Impact Statement

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,185	935	(236)	(461)
Targeted rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	2	2	202	2
Fees, charges, and targeted rates for water supply	0	0	677	833
Internal charges and overheads recovered	9,151	10,916	9,735	9,194
Local authorities fuel tax, fines, infringement fees, and other receipts	3,982	4,010	3,466	5,164
<b>Total operating funding</b>	<b>14,320</b>	<b>15,863</b>	<b>13,844</b>	<b>14,732</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,899	6,913	6,294	5,635
Finance costs	4,407	5,685	4,523	3,527
Internal charges and overheads applied*	1,128	1,261	1,404	1,426
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>12,434</b>	<b>13,859</b>	<b>12,221</b>	<b>10,588</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>1,886</b>	<b>2,004</b>	<b>1,623</b>	<b>4,144</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	1,536	1,573	800	0
Development and financial contributions	0	0	0	1,825
Increase (decrease) in debt	19,687	16,846	23,866	(730)
Gross proceeds from sale of assets	0	0	0	29
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>21,223</b>	<b>18,419</b>	<b>24,666</b>	<b>1,124</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	123	133	565	229
- to improve level of service	1,370	138	931	223
- to replace existing assets	1,604	850	1,463	607
Increase (decrease) in reserves	2,024	1,641	1,067	3,118
Increase (decrease) in investments	17,988	17,661	22,263	1,091
<b>Total applications of capital funding</b>	<b>23,109</b>	<b>20,423</b>	<b>26,289</b>	<b>5,268</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(1,886)</b>	<b>(2,004)</b>	<b>(1,623)</b>	<b>(4,144)</b>
Funding balance	0	0	0	0

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

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

	Long Term Plan 2014 (\$000)	Long Term Plan 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2015 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,886	2,004	1,623	4,144
Subsidies and grants for capital expenditure	1,536	1,573	800	0
Development and financial contributions	0	0	0	1,825
Vested assets	7,865	8,134	3,000	0
Gains/(losses) on disposal	0	0	0	0
Depreciation	(1,231)	(1,327)	(1,403)	(1,401)
Targeted capital rates	0	0	0	0
Non cash write ups and gains on revaluation	0	0	0	273
Non cash write downs and losses on revaluation	0	0	0	(4,344)
<b>Net Surplus/(Deficit) before taxation in Statement of Financial Performance</b>	<b>10,056</b>	<b>10,384</b>	<b>4,020</b>	<b>497</b>

### Funding Impact Statement Variances against Budget

Dividends received were \$755,000 more than budget and included a special dividend of \$500,000 from Port Nelson Ltd. Utility recoveries and forestry sales were \$336,000 more than anticipated.

Internal interest received was less than anticipated as internal borrowings were significantly less than expected.

Payments to suppliers and staff were \$769,000 less than budget. The contingency provision of \$150,000 was not required, staff expenses were \$240,000 less than anticipated, general operating expenditure was under budget by \$146,000, and programmed consultancy work of \$118,000 was delayed.

The \$1.0 million extra income for development and financial contributions is from greater than anticipated contributions for subdivision reserves. The timing of these contributions is difficult to predict.

Capital expenditure was \$1.9 million less than budgeted. Renewals and upgrades to Civic House have been delayed, and the \$638,000 budget for earthquake remediation was spent in other activities to a total of \$454,000.

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

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

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

Project	Carry over 2013/14 (\$000)	Estimate 2014/15 (\$000)	Available 2014/15 (\$000)	Actual 2014/15 (\$000)
<b>Transport</b>				
<b>Roads: Subsidised</b>				
Bishopdale to The Ridgeway shared path	0	600	600	201
Emergency 2011 Cable Bay Road	(53)	2,164	2,111	1,825
Emergency 2011 response	256	0	256	299
Integration activities	0	150	150	0
Maitai shared path (Akerston St to Trafalgar St)	0	50	50	624
Maitai shared path (Collingwood St to Nile St)	0	625	625	6
Manuka St minor improvements	0	0	0	127
Minor improvements programme	0	222	222	35
Minor Improvements to retaining walls	0	468	468	442
Other walk/cycle projects	0	450	450	0
Railway Reserve/Princes Dr extension overbridge	18	500	518	0
Renewal: Cable Bay Rd	0	330	330	()
Road renewals: friction course replacement	0	1,441	1,441	1,440
Road renewals: resurfacing	0	602	602	585
Road renewals: traffic services	0	130	130	135
Rocks Rd cycling and walking project	(37)	200	163	121
School approach and frontage treatments	0	200	200	11
School frontage Nelson Intermediate	49	55	104	118
School frontage St Josephs and Central (Willow Walk)	22	100	122	156
Streetlights	0	250	250	246
The Brook shared path	0	465	465	2
<b>Roads: Unsubsidised</b>				
Renewals: footpaths	0	500	500	528
Renewals: streetlights	0	134	134	131
Stock effluent facility	6	259	265	257
Sundry land purchases - growth	0	150	150	0
Tasman St (Nile to Bronte)	(58)	657	599	124
Vested assets	0	0	0	2,477
<b>Inner City Enhancement - Car Parks</b>				
Bridge St enhancement	23	200	223	74
Maitai shared path (Akerston St to Trafalgar St)	23	587	611	13
Maitai Walkway connection across Trafalgar St	0	126	126	65
Sundry	37	637	674	1,025
<b>Total Transport</b>	<b>287</b>	<b>12,252</b>	<b>12,540</b>	<b>11,066</b>

Project	Carry over 2013/14 (\$000)	Estimate 2014/15 (\$000)	Available 2014/15 (\$000)	Actual 2014/15 (\$000)
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### Water Supply

Backflow prevention	0	376	376	373
Fire flow upgrades	8	99	107	89
Kaka St renewal	0	0	0	207
Kea St renewal	0	0	0	120
Maitai resource consent renewal	0	80	80	129
New water treatment plant membrane	0	1,200	1,200	1,081
Polstead Road renewal	0	0	0	294
Renewals: commercial meters	0	302	302	267
Renewals: water pipes	0	838	838	4
Ridermains	0	155	155	0
Vested assets	0	0	0	456
Sundry	66	609	675	866
<b>Total Water Supply</b>	<b>74</b>	<b>3,660</b>	<b>3,733</b>	<b>3,885</b>

### Wastewater

Arapiki/Quarantine trunk main	0	1,635	1,635	938
Beatson Road renewal	0	325	325	60
Corder Park pump station	3	3,600	3,603	2,158
Neale Park pump station	0	215	215	102
Nelson wastewater treatment plant	0	100	100	105
Nelson wastewater treatment plant trickling filter cover	0	110	110	183
Ngawhatu Valley trunk main	0	500	500	536
Renewals: NRSBU	0	359	359	169
Renewals: pump stations	31	130	161	88
Wastewater pipe renewals	0	225	225	75
Vested assets	0	0	0	548
Sundry	65	410	475	467
<b>Total Wastewater</b>	<b>99</b>	<b>7,610</b>	<b>7,709</b>	<b>5,428</b>

### Stormwater

Montcalm/Arrow/Washington Valley/Hastings	14	279	293	246
North Esk/Beccles	0	165	165	56
Piping ditches	25	112	137	11
Public/private drains	0	315	315	5
Salt Water Creek/Haven Rd culvert	0	850	850	545
Stanley/Beachville	18	270	288	13
Tahuna slip public/private drains	0	0	0	167
Tasman St (Nile to Bronte)	0	330	330	331
Vested assets	0	0	0	1,162
Sundry	69	685	753	491
<b>Total Stormwater</b>	<b>126</b>	<b>3,005</b>	<b>3,131</b>	<b>3,026</b>

*Table continued >*

Project	Carry over 2013/14 (\$000)	Estimate 2014/15 (\$000)	Available 2014/15 (\$000)	Actual 2014/15 (\$000)
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### Flood Protection

Flood mitigation	10	458	468	81
Hampton St East- Little Go Stream	0	233	233	107
Orphanage Stream upgrade	38	500	538	196
Saxton Creek upgrade	0	0	0	118
Saxton Creek upgrade	0	2,500	2,500	575
Todds Valley Stream	0	123	123	28
York catchment strategy	0	150	150	107
Sundry	0	576	576	217
<b>Total Flood Protection</b>	<b>48</b>	<b>4,540</b>	<b>4,588</b>	<b>1,430</b>

### Environmental Management

<b>York Valley Landfill</b>				
Road extension and weighbridge	0	1,545	1,545	749
<b>Monitoring The Environment</b>				
Maitai upgrade & enhancement	0	200	200	0
Sundry	4	150	154	425
<b>Total Environmental Management</b>	<b>4</b>	<b>1,895</b>	<b>1,899</b>	<b>1,174</b>

### Social

<b>Heritage and Arts Planning</b>				
Art works programme	0	125	125	24
<b>Suter Gallery</b>				
Suter Redevelopment	0	0	0	1,900
<b>Melrose House</b>				
Earthquake prone building remediation	0	0	0	350
<b>Founders Park</b>				
Earthquake prone building remediation - Energy Centre	0	0	0	105
<b>Nelson School of Music</b>				
Land and Buildings	0	1,885	1,885	0
Refurbishment/seismic strengthening	0	150	150	0
<b>Theatre Royal</b>				
Buildings	0	6,800	6,800	0
<b>Libraries</b>				
Book purchases	0	377	377	389
<b>Crematorium</b>				
Building upgrade	0	120	120	0
Sundry	52	542	594	654
<b>Total Social</b>	<b>52</b>	<b>9,999</b>	<b>10,051</b>	<b>3,422</b>



Project	Carry over 2013/14 (\$000)	Estimate 2014/15 (\$000)	Available 2014/15 (\$000)	Actual 2014/15 (\$000)
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## Parks and Active Recreation

<b>Neighbourhood Parks</b>				
Land purchase: general reserve	0	1,676	1,676	681
Reserve development	50	107	157	163
Toilet Basin Reserve	0	177	177	0
<b>Esplanade &amp; Foreshore Reserves</b>				
Acessway/carpark	0	107	107	107
Planting	0	141	141	143
Tahunanui modellers pond	12	120	132	3
<b>Walkways</b>				
Walkway lighting	0	120	120	39
<b>Sports Parks</b>				
Greenmeadow redevelopment	0	200	200	79
Temporary Seating	0	0	0	836
<b>Trafalgar Centre</b>				
Trafalgar Centre reopening	466	3,000	3,466	638
<b>Pools</b>				
Nayland remodelling	0	258	258	0
<b>Play Facilities</b>				
Playground development programme	0	161	161	112
<b>Marina</b>				
Pontoon renewal programme	0	160	160	95
<b>Saxton Field</b>				
General development	0	161	161	171
Land purchase (Daelyn)	0	689	689	0
Walkways/cycleways	0	107	107	1
Sundry	31	2,159	2,190	1,923
<b>Total Parks and Active Recreation</b>	<b>559</b>	<b>9,344</b>	<b>9,903</b>	<b>4,991</b>

## Corporate

<b>Civic House</b>				
Air conditioning	0	154	154	1
Earthquake prone buildings	51	639	690	0
Floor 1 upgrade	0	450	450	25
Verandah renewal	0	350	350	4
<b>Rental Properties</b>				
Hunter Furniture roof renewal	0	200	200	0
<b>Administration</b>				
Hardware/desktops	(6)	531	525	390
Sundry	408	636	1,044	638
<b>Total Corporate</b>	<b>453</b>	<b>2,959</b>	<b>3,412</b>	<b>1,059</b>

*Table continued >*

Project	Carry over 2013/14 (\$000)	Estimate 2014/15 (\$000)	Available 2014/15 (\$000)	Actual 2014/15 (\$000)
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### Financial Reserves and Trusts

Vested assets	0	3,000	3,000	0
<b>Total Financial Reserves and Trusts</b>	<b>0</b>	<b>3,000</b>	<b>3,000</b>	<b>0</b>

<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,703</b>	<b>58,263</b>	<b>59,966</b>	<b>35,481</b>
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# NELSON CITY COUNCIL FINANCIAL STATEMENTS

## Statement of comprehensive revenue and expense for the year ended 30 June 2015

	Note	Council			Group	
		Actual 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Actual 2014 (\$000)
<b>Revenue</b>						
Rates other than targeted rates for water supply	2	50,650	50,261	48,372	50,650	48,372
Fees and charges	2,4	28,443	28,168	28,849	37,920	39,681
Development and financial contributions	6	2,915	1,659	2,126	2,915	2,126
Grants, donations and subsidies	3	6,716	14,151	8,159	8,357	9,242
Vested assets	6	4,644	3,000	5,912	4,675	5,940
Interest received	5	82	52	112	228	216
Dividend received	6	3,576	2,821	2,881	0	0
Other revenue	6	4,042	3,484	5,771	5,166	4,755
<b>Total operating revenue</b>		<b>101,068</b>	<b>103,596</b>	<b>102,182</b>	<b>109,911</b>	<b>110,332</b>
<b>Expenditure</b>						
Employee benefit expenses	7	15,549	16,620	15,718	28,705	27,546
Depreciation and amortisation	15,16	21,143	21,386	20,260	22,181	21,285
Other expenses	8	51,759	49,221	46,983	48,883	43,148
Finance costs	5	3,668	5,106	3,788	3,740	3,854
<b>Total operating expenditure</b>		<b>92,119</b>	<b>92,333</b>	<b>86,749</b>	<b>103,509</b>	<b>95,833</b>
Operating surplus/(deficit)		8,949	11,263	15,433	6,402	14,499
Share of associate's surplus/(deficit)	20	0	0	0	3,924	4,730
<b>Surplus (deficit) before taxation</b>		<b>8,949</b>	<b>11,263</b>	<b>15,433</b>	<b>10,326</b>	<b>19,229</b>
Taxation	9	0	86	0	308	374
<b>Net surplus/(deficit)</b>		<b>8,949</b>	<b>11,177</b>	<b>15,433</b>	<b>10,018</b>	<b>18,855</b>
Gains/(Losses) on property revaluation	15	11,051	17,164	92,645	11,051	92,645
Other comprehensive income		0	0	0	0	0
Share of associates revalued movements	20	0	0	0	(273)	531
<b>Total comprehensive revenue for year</b>		<b>20,000</b>	<b>28,341</b>	<b>108,078</b>	<b>20,796</b>	<b>112,031</b>

The accompanying notes form part of these Financial Statements.

Explanations of significant variances against budget are detailed in note 35.

## Statement of changes in equity for the year ended 30 June 2015

	Note	Council			Group	
		Actual 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Actual 2014 (\$000)
<b>Balance as at 1 July</b>		1,296,312	1,195,772	1,188,234	1,379,905	1,267,874
Recognition of Tourism Nelson Tasman equity on full acquisition		0	0	0	67	0
Total comprehensive revenue		20,000	28,341	108,078	20,796	112,031
<b>Equity at end of year</b>	26	1,316,312	1,224,113	1,296,312	1,400,768	1,379,905

The accompanying notes form part of these Financial Statements.

Explanations of significant variances against budget are detailed in note 35.

## Balance Sheet as at 30 June 2015

	Note	Council			Group	
		Actual 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Actual 2014 (\$000)
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	10	372	408	338	1,759	1,771
Trade and other receivables	11	11,182	14,535	10,242	12,398	11,552
Inventories	12	128	40	150	875	786
Other financial assets	14	768	792	735	5,069	4,210
Taxation	11	0	33	57	10	0
Derivative financial instruments	13	95	0	15	95	15
<b>Total current assets</b>		12,545	15,808	11,537	20,206	18,334
<b>Non-current assets</b>						
Trade and other receivables	11	0	0	0	0	0
Property, plant and equipment	15	1,362,731	1,301,586	1,338,902	1,380,035	1,355,484
Intangible assets	16	1,682	1,652	1,771	2,034	1,924
Forestry assets	18	5,244	5,450	5,095	5,244	5,095
Investment properties	19	980	988	960	980	960
<b>Investments in Council controlled entities and other similar entities</b>						
Investments in associates and subsidiaries	20	21,183	24,752	21,183	85,906	85,431
Other financial assets	14	5,207	5,313	5,417	6,011	6,025
Deferred taxation	9	0	0	0	211	184
Derivative financial instruments	13	0	0	1,011	0	1,011
<b>Total non-current assets</b>		1,397,027	1,339,741	1,374,339	1,480,421	1,456,113
<b>Total assets</b>		1,409,572	1,355,549	1,385,876	1,500,627	1,474,447

The accompanying notes form part of these Financial Statements.

Explanations of significant variances against budget are detailed in note 35.

	Note	Council			Group	
		Actual 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Actual 2014 (\$000)
<b>Current liabilities</b>						
Bank overdraft	10	0	0	0	0	0
Trade and other payables	22	12,589	14,518	13,296	16,103	15,695
Taxation payable	22	0	0	0	0	9
Provisions	25	0	0	0	0	0
Employee benefit liabilities	24	1,677	1,810	1,471	3,027	2,742
Borrowings	23	9,916	38,270	37,831	9,918	37,831
Derivative Financial Instruments	13	39	20	27	39	27
<b>Total current liabilities</b>		24,221	54,618	52,625	29,087	56,304
<b>Non-current liabilities</b>						
Trade and other payables	22	878	0	935	904	986
Provisions	25	1,185	1,030	1,136	1,185	1,136
Employee benefit liabilities	24	215	370	313	272	361
Borrowings	23	62,860	74,127	33,960	64,510	35,160
Derivative Financial Instruments	13	3,901	1,291	595	3,901	595
<b>Total non-current liabilities</b>		69,039	76,818	36,939	70,772	38,238
<b>Total liabilities</b>		93,260	131,436	89,564	99,859	94,542
<b>Total net assets</b>		1,316,312	1,224,113	1,296,312	1,400,768	1,379,905
<b>Equity</b>						
Retained earnings	26	366,065	358,623	357,154	404,874	394,660
Other reserves	26	950,247	865,490	939,158	995,894	985,245
<b>Total equity</b>		1,316,312	1,224,113	1,296,312	1,400,768	1,379,905

The accompanying notes form part of these Financial Statements.  
Explanations of significant variances against budget are detailed in note 35.

## Statement of cash flows for the year ended 30 June 2015

	Note	Council			Group	
		Actual 2015 (\$000)	Annual Plan 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Actual 2014 (\$000)
<b>Cash Flows From Operating Activities</b>						
Rates and Other Revenue		92,177	90,825	95,530	104,572	105,903
Interest received		82	52	112	207	219
Dividends received		2,818	2,821	3,381	2,371	2,925
Payments to suppliers and employees		(63,349)	(65,775)	(61,657)	(72,303)	(69,761)
Interest paid		(3,577)	(5,106)	(3,836)	(3,650)	(3,902)
Taxation (paid)/refunded		57	(86)	(24)	(266)	(475)
Net GST movement		(10)	0	(84)	(118)	117
<b>Net cash inflows from operating activities</b>	27	28,198	22,731	33,422	30,813	35,026
<b>Cash Flows From Investing Activities</b>						
Sale of fixed assets		243	21	34	1,565	111
Sale of investments		826	0	666	953	666
Cash introduced on acquisition of business combination		0	0	0	351	0
Repayment of loans/advances		0	992	0	0	0
Goodwill on sale of business		0	0	0	0	0
Purchase of fixed assets		(29,775)	(47,220)	(37,195)	(34,000)	(38,747)
Purchase of intangibles		(443)	0	(521)	(518)	(2,335)
Purchase of investments		0	(4,811)	(83)	(581)	(588)
Loans and advances		0	0	0	0	0
<b>Net cash outflow from investing activities</b>		(29,149)	(51,018)	(37,100)	(32,230)	(40,894)
<b>Cash Flows From Financing Activities</b>						
Cash was provided from loans raised		24,017	28,915	36,340	24,442	37,040
Cash was applied to repayment of loans		(23,032)	(628)	(32,732)	(23,037)	(30,751)
<b>Net cash inflows/outflows from financing activities</b>		985	28,287	3,608	1,405	6,289
Net increase/(decrease) in cash held		34	0	(70)	(12)	421
Plus opening cash balance		338	408	408	1,771	1,350
<b>Closing Balance</b>		372	408	338	1,759	1,771
<b>Represented by:</b>						
Cash and cash equivalents	10	372	408	338	1,759	1,771
Bank overdraft	10	0	0	0	0	0
		372	408	338	1,759	1,771

The accompanying notes form part of these Financial Statements.  
 Explanations of significant variances against budget are detailed in note 35.

## Funding Impact Statement for the year ended 30 June 2015

	Annual Plan 2013/14 (\$000)	Annual Report 2013/14 (\$000)	Annual Plan 2014/15 (\$000)	Annual Report 2014/15 (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	37,791	37,574	39,105	39,227
Targeted rates (other than a targeted rate for water supply)	11,272	10,798	11,349	11,423
Subsidies and grants for operating purposes	2,703	2,983	3,274	3,375
Fees, charges, and targeted rates for water supply	11,263	10,887	11,927	28,443
Interest and dividends from investments	2,701	2,993	2,873	3,658
Local authorities fuel tax, fines, infringement fees, and other receipts	22,048	21,669	19,532	3,274
<b>Total operating funding</b>	<b>87,778</b>	<b>86,904</b>	<b>88,060</b>	<b>89,400</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	70,880	61,959	65,841	61,605
Finance costs	4,068	3,788	5,106	3,668
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>74,948</b>	<b>65,747</b>	<b>70,947</b>	<b>65,273</b>
<b>Surplus/(Deficit) of operating funding</b>	<b>12,830</b>	<b>21,157</b>	<b>17,113</b>	<b>24,127</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	11,546	5,117	11,677	3,340
Development and financial contributions	1,987	2,126	859	2,915
Increase (decrease) in debt	23,295	3,608	21,499	(373)
Gross proceeds from sale of assets	22	34	21	33
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>36,850</b>	<b>10,884</b>	<b>34,056</b>	<b>5,915</b>
<b>Sources of capital funding</b>				
Capital Expenditure				
- to meet additional demand	8,562	4,901	10,450	5,754
- to improve level of service	37,545	22,176	33,396	15,391
- to replace existing assets	10,073	8,988	11,419	9,691
Increase (decrease) in reserves	(5,391)	(3,122)	(6,768)	(110)
Increase (decrease) in investments	(1,110)	(903)	2,672	(684)
<b>Total applications of capital funding</b>	<b>49,679</b>	<b>32,041</b>	<b>51,169</b>	<b>30,042</b>
<b>Surplus/(Deficit) of capital funding</b>	<b>(12,829)</b>	<b>(21,156)</b>	<b>(17,113)</b>	<b>(24,127)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	Annual Plan 2013/14 (\$000)	Annual Report 2013/14 (\$000)	Annual Plan 2014/15 (\$000)	Annual Report 2014/15 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	12,829	21,157	17,113	24,127
Subsidies and grants for capital expenditure	11,546	5,117	11,677	3,340
Development and financial contributions	1,987	2,126	859	2,915
Vested assets	3,000	5,912	3,000	4,644
Gain/(Loss) on disposal of assets	0	(533)	0	(1,362)
Revaluation of derivatives	0	1,715	0	(4,249)
Investment write-up	0	349	0	687
Investment write-down	0	(209)	0	(10)
Depreciation	(21,028)	(20,260)	(21,386)	(21,143)
<b>Net Surplus/(Deficit) before taxation in Statement of Comprehensive Income</b>	<b>8,334</b>	<b>15,374</b>	<b>11,263</b>	<b>8,949</b>

The accompanying notes form part of these Financial Statements.

Explanations of significant variances against budget are detailed in note 35.



## Report on Financial Prudence Annual report disclosure statement for the year ended 30 June 2015

### What is the purpose of this statement?

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

Council is required to include this statement in its Annual Report in accordance with the Local

Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

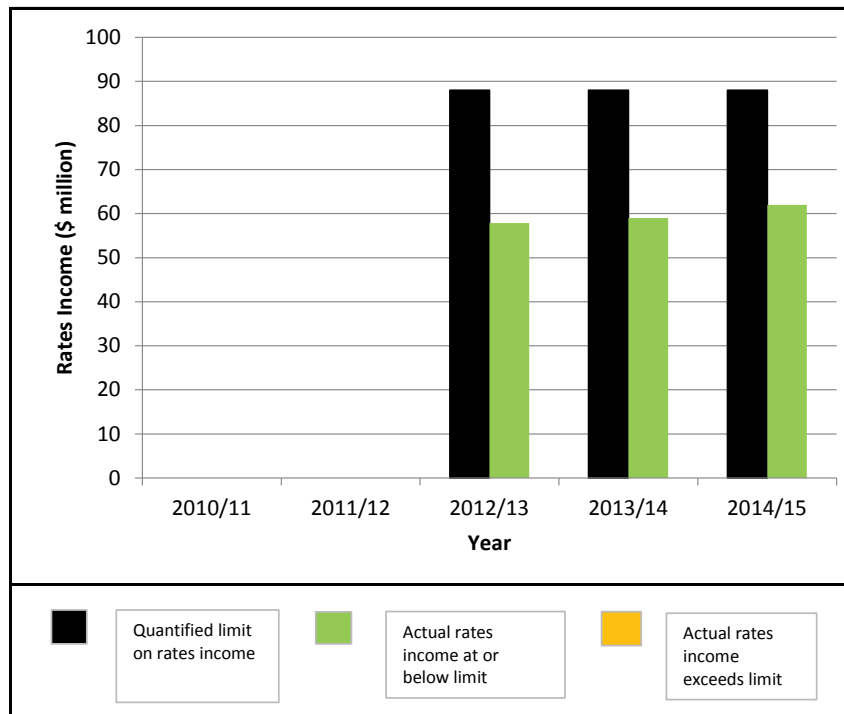
### Rates affordability benchmark

Council meets the rates affordability benchmark if:

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

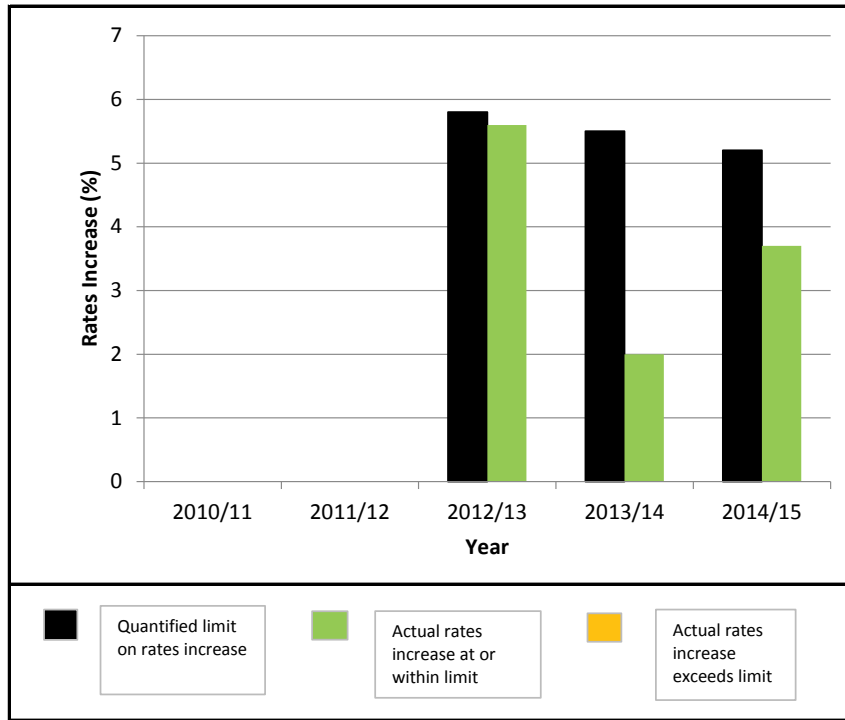
### Rates (income) affordability

The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long Term Plan. The quantified limit is \$88 million.



## Rates (increases) affordability

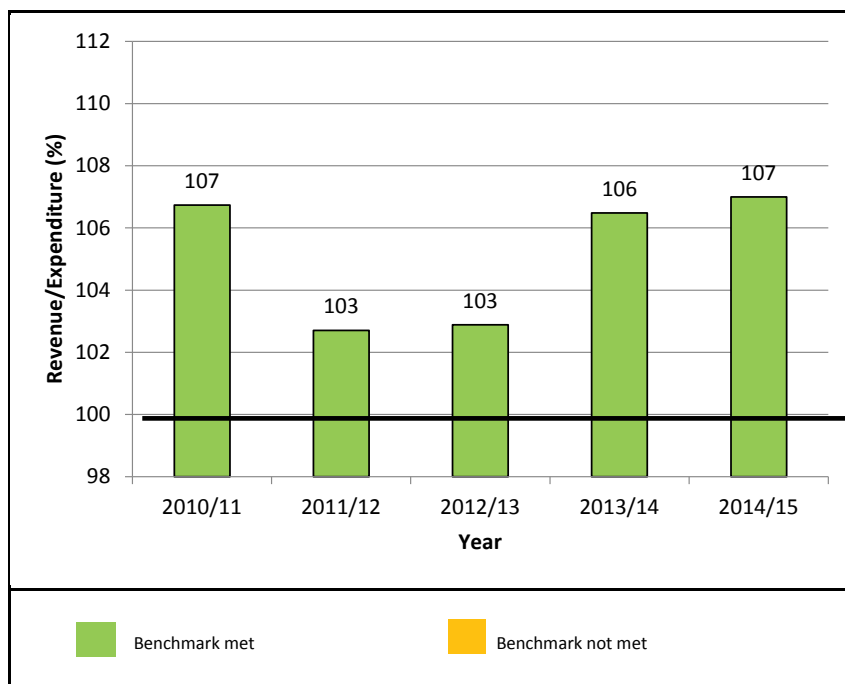
The following graph compares Council's actual rates increases (including growth) with a quantified limit on rates increases included in the financial strategy included in Council's Long Term Plan. The quantified limit is the local government cost index plus 2% for each year of the Long Term Plan.



## Balanced budget benchmark

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

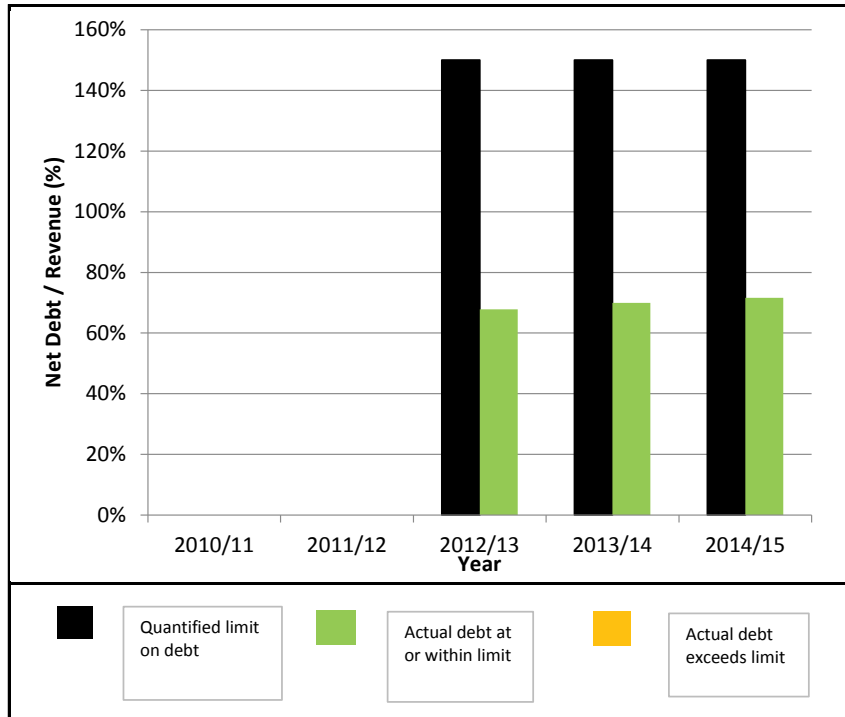
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



## Debt affordability benchmark

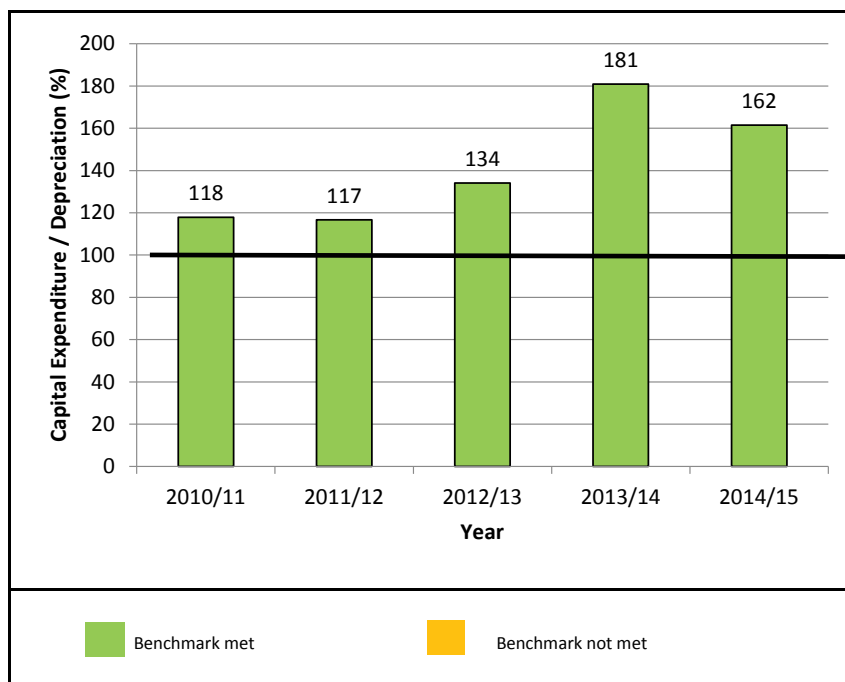
Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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



## Essential services benchmark

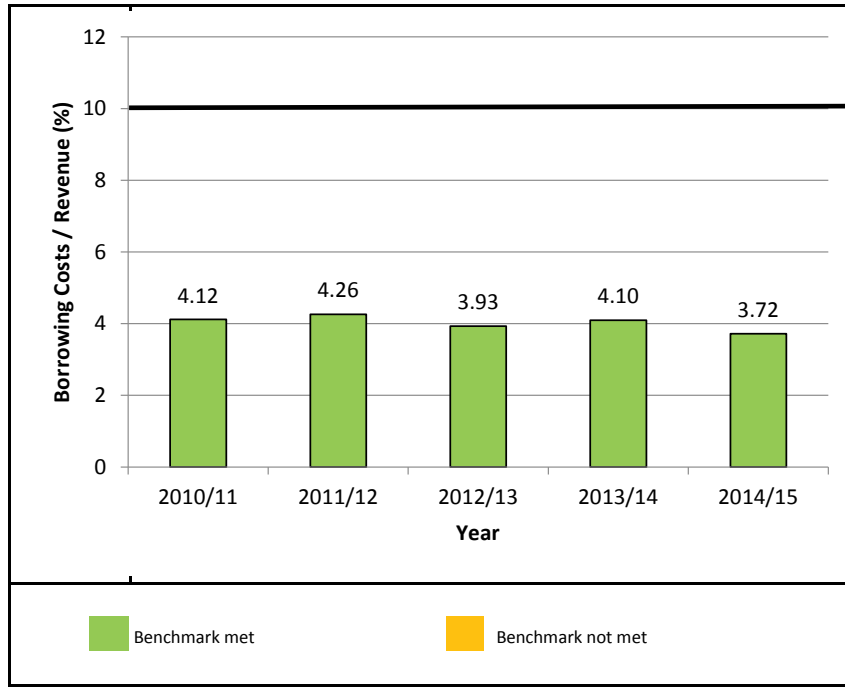
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than expected depreciation on network services.



## Debt servicing benchmark

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

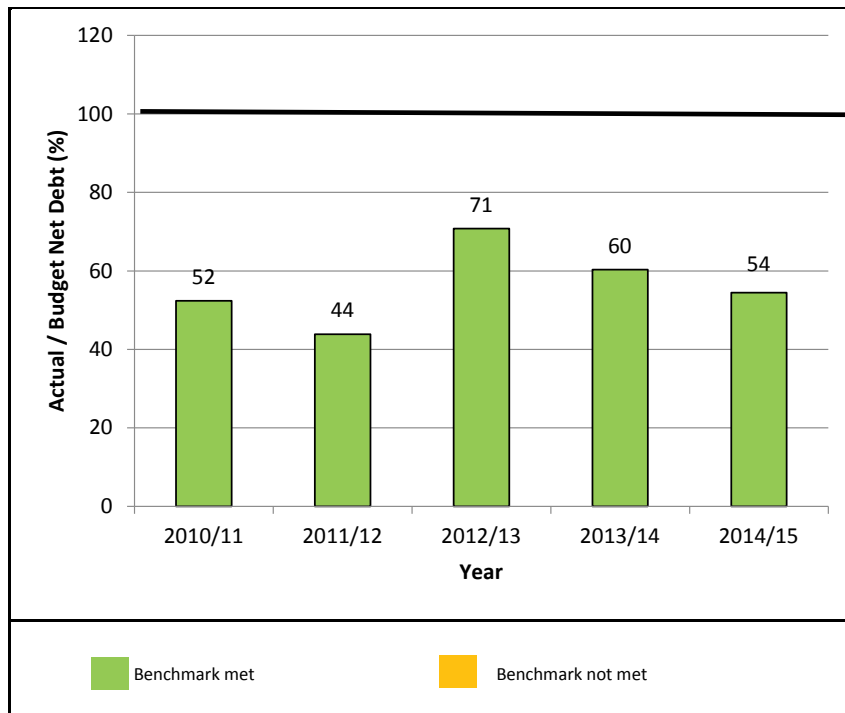
Because Statistics New Zealand projects Nelson's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## Debt control benchmark

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

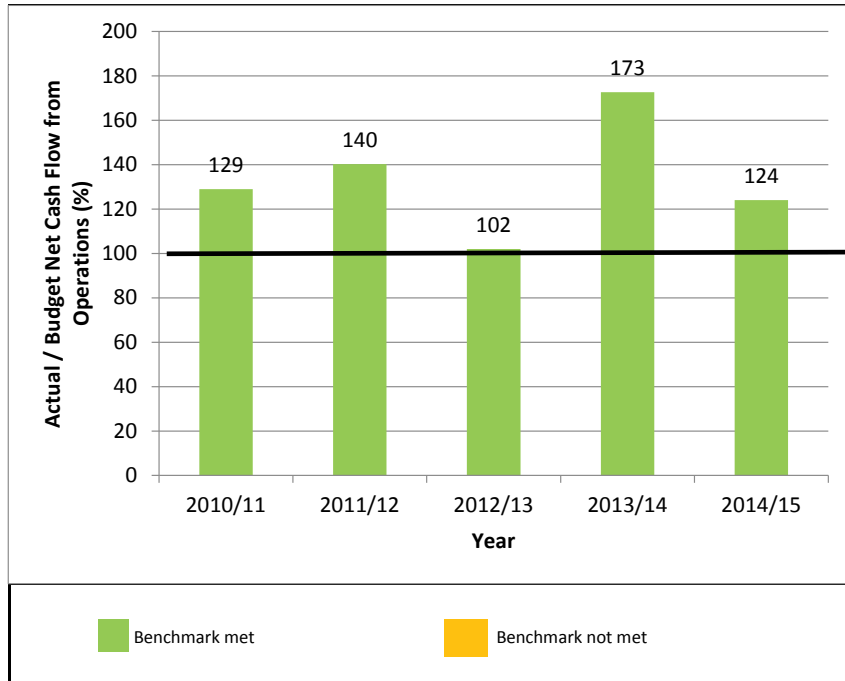
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## Operational control benchmark

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

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



## SUMMARY OF INDIVIDUAL RATES AND UNIFORM ANNUAL CHARGES

	General Account (\$000)	Water Account (\$000)	Sewerage Account (\$000)	Stormwater Account (\$000)	
Balance 1 July 2014	5,517	0	0	0	
Rate take/water charges 2014/15	39,509	11,783	7,036	3,876	
	45,026	11,783	7,036	3,876	
Net Expenditure 2014/15	38,737	11,783	7,036	3,876	
<b>Balance 30 June 2015</b>	<b>6,289</b>	<b>0</b>	<b>0</b>	<b>0</b>	

The 2015 - 25 Long Term Plan forecast a brought forward balance at 30 June 2015 of \$5,652,000 and so there is a surplus of \$637,000 in the funds available in 2014/15.

### Rating base information

Under the Local Government Act 2002, Council is required to disclose the following rating base information:

	Actual 2015
Number of rating units	21,735
Capital value of rating units (\$ million)	10,157
Land value of rating units (\$ million)	4,793

	<b>Flood Protection Account (\$000)</b>	<b>Solar Account (\$000)</b>	<b>Total (\$000)</b>
	0	0	5,517
	459	52	62,715
	459	52	68,232
	459	52	61,943
	<b>0</b>	<b>0</b>	<b>6,289</b>

# NOTES TO ACCOUNTS

Including policies, assets, investment, explanation of variances and more (notes 1-38)

## NOTE 1 – ACCOUNTING POLICIES

### Statement of accounting policies for the year ended 30 June 2015

#### Reporting Entity

Since 1 July 1992, Council has been constituted as a unitary authority and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations includes the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002.

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

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

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

Council has designated itself and the group as Public Benefit Entities (PBEs) for financial reporting purposes.

The financial statements for Council and Group are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 15 October 2015.

#### Basis of Preparation

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

#### Statement of compliance

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

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

These financial statements comply with PBE standards.

These financial statements are the first financial statements prepared in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 38.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

#### Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board (XRB) issued a new suite of external accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. Council will apply these updated standards in preparing its 30 June 2016 financial statements. Council expects there will be minimal or no change in applying the updated accounting standards.

#### Summary of Significant Accounting policies

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets. The following particular accounting policies, which materially affect the reported results, have been applied.



## **Changes in accounting policies**

This is the first year that the financial statements have been prepared under PBE IPSAS. The new standards have been applied consistently throughout the year.

## **Basis of Consolidation**

### **Subsidiaries**

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

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

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

### **Associate entities**

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

Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

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

The investment in the associate is carried at cost in Council's parent entity financial statements. As Council does not have a controlling interest in any of the

following, they have been accounted for using the equity method:

- Port Nelson Limited (PNL)
- Nelson Airport Limited
- Tasman Bays Heritage Trust.

### **Joint ventures**

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

## **Revenue**

Revenue is measured at the fair value of consideration received or receivable.

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

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

### **Rates Revenue**

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. All rates with the exception of water by meter are non-exchange transactions.

- General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised when payable, at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis. Water by meter is an exchange transaction.
- Rate remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remissions policy.
- Rates arising from late payment penalties are recognised as revenue when the penalty is charged. Penalties are charged on dates stated in the rates resolution for the year applicable.

## **Government grants**

Council receives government grants from the NZ Transport Authority, which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Government grants are generally non-exchange transactions.

## **Provision of commercially based services**

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

## **Vested assets**

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

## **Sales of goods**

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

## **Traffic and parking infringements**

Traffic and parking infringements are recognised when paid. This income is non-exchange revenue.

## **Interest and dividends**

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Interest and dividends are considered income from exchange transactions.

## **Development and financial contributions**

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development/financial contributions are not recognised as liabilities until such time Council provides, or is able to provide, the service. Development and financial contributions are non-exchange transactions.

## **Housing New Zealand suspensory loan**

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

## **Expenditure**

### **Borrowing costs**

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

### **Foreign currency transactions**

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### **Grants**

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

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

### **Operating leases**

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

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

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

## **Cash and cash equivalents**

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

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

## **Receivables**

Receivables are recorded at their face value, less any provision for impairment.

## Derivative financial instruments

Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently re-measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The valuation at balance date was performed by Hedgebook Limited.

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

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

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

## Fixed assets

Property, plant and equipment consist of the following categories:

- Operational Assets – these include land, buildings, improvements, motor vehicles, plant and equipment, library books, forestry and the marina.
- Restricted Assets – restricted assets are land, buildings and improvements, which are owned by Council but which benefit or service the community
- Heritage assets consist of museum artefacts, collections and historical buildings and monuments.
- Infrastructural Assets – infrastructural assets are the fixed utility systems owned by Council. These include the roading, water, sewer, and stormwater networks.

## Revaluation

All asset classes are carried at depreciated historical cost with the exception of infrastructure assets apart from land under roads and land (operational and restricted). These are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. The carrying values of infrastructure assets are assessed annually, and land assets (including infrastructure land with a title, but excluding land under roads) at least every five

years, to ensure that the values do not differ materially from the assets' fair values. If there is a material difference, then land assets may be revalued mid-cycle.

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

## Additions

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

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

Property, plant and equipment are initially recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

## Disposals

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

## Subsequent costs

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

## Depreciation

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

Assets depreciated are as follows:

<b>Asset</b>	<b>Depreciable life (years )</b>
<b>Operational</b>	
Buildings	50 - 100
Improvements	Nil-20
Motor vehicles	7
Plant and equipment	2 - 30
Library books	3 - 10
Marina	30 - 50
<b>Restricted</b>	
Buildings	50 - 100
Improvements	Nil – 20
<b>Roading</b>	
Roads formation	n/a
Sub-base	n/a
Basecourse	5 - 80
Surfacing (sealed)	1 - 50
Surfacing (unsealed)	n/a
Bridges	20 - 100
Retaining/sea walls	30 - 100
Box culverts	60 - 90
Footpaths	5 - 100
Streetlights	20 - 60
Signs	15
<b>Water Supply</b>	
Pipeline	55 - 120
Manholes	58 - 110
Reservoirs and tanks	100
Dams	10 - 200
<b>Wastewater</b>	
Pipeline	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation pond	15 - 151
<b>Stormwater</b>	
Pipeline	50 - 90
Bank protection	25 - 100
Manholes	90
<b>Solid waste</b>	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24

## Other fixed assets include biological assets, intangible assets, investment property and work in progress.

### Biological Assets

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2015. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

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

### Intangible assets

#### Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Intangible Asset	Useful life (yr)	Amortisation Rate %
Computer software	3 - 10	10 – 33

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

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

## Inventory

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

## Work in progress

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

## Investment property

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

## Other financial assets

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

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

For the purposes of measurement, financial assets of Council and group are classified into the following categories:

- Fair value through surplus or deficit
- Loans and receivables

- Held to maturity investments
- Fair value through other comprehensive revenue and expense.

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

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

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

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

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

### **Loans and receivables**

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

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

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

### **Held to maturity investments**

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

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

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

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

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

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

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

### **Impairment of financial assets**

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

### **Loans and receivables, and held to maturity investments**

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Surplus or Deficit. When the receivable is uncollectable,

it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

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

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

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

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

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

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

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

## **Borrowings**

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

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

## **Payables**

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

## **Employee entitlements**

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

## **Superannuation schemes**

### ***Defined contribution schemes***

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

## **Landfill provision**

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

## **Income tax**

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

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

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of transaction, affects neither accounting profit nor taxable profit.

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

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

## Goods and services tax (GST)

All amounts in the accounts are exclusive of GST except for debtors and creditors which are shown inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

## Budget figures

The budget figures are those approved by Council in its 2014/15 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

## Allocation of overheads – significant activities

All overheads by way of the job costing system have been allocated to Council's significant activities. This allocation has been mainly on the basis of time spent, but where items of expenditure clearly relate to particular activities, then they are allocated on that basis.

## Equity

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

- Accumulated funds
- Restricted reserves
- Council created reserves
- Property revaluation reserves.

## Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be:

**Restricted reserves** – subject to specific conditions accepted as binding by Council, and which may not be revised by Council without reference to the courts or a third party. Transfer from these reserves may be made only for certain specified purposes or if certain specified conditions are met.

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

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

## Critical accounting estimates and assumptions

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

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

### Landfill aftercare provision

Note 25 presents an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

### Infrastructural assets

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



These include:

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates.
- The revaluation of infrastructural assets is carried out in-house by Council engineering staff, and is then peer-reviewed by experienced independent valuers.

## NOTE 2 – RATES REVENUE

	Actual 2015	Actual 2014
	\$000	\$000
<b>General rates</b>	39,227	37,574
<b>Targeted rates:</b>		
Sewerage	7,036	6,836
Stormwater	3,876	3,509
Flood protection	459	392
Solar saver	52	61
<b>Rates revenue</b>	<b>50,650</b>	<b>48,372</b>
Water by meter	11,783	10,887
<b>Rates revenue including water</b>	<b>62,433</b>	<b>59,259</b>

## Rates remissions

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

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

	Actual 2015	Actual 2014
	\$000	\$000
<b>Total rates revenue</b>	<b>62,715</b>	<b>59,569</b>
<b>Rates remissions</b>		
Community, sporting and other organisations	77	82
Rates penalties	39	48
Rates for residential properties in commercial/ industrial areas	9	9
Rates on land protected for natural, historic or cultural conservation purposes	0	0
Rates on cemeteries	26	24
Rates on low value properties	1	1
Heritage	67	64
Clean heat warm homes	54	54
Dependent relative	1	1
Land affected by natural calamity	8	27
<b>Total remissions</b>	<b>282</b>	<b>310</b>
<b>Rates revenue net of remissions</b>	<b>62,433</b>	<b>59,259</b>

## NOTE 3 – SUBSIDIES AND GRANTS

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
NZ Transport Authority grants	5,064	6,260	5,064	6,260
Housing New Zealand suspensory loan (note 22)	59	59	59	59
Other central government grants	441	445	441	445
Other capital grants	138	889	749	1,359
Other operating grants <sup>1</sup>	1,014	506	2,044	1,119
	6,716	8,159	8,357	9,242

<sup>1</sup> - *Grants/Donations*

Includes Cricket World Cup subsidies of \$728,000 (2014: \$nil)

## NOTE 4 – FEES AND CHARGES

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Sales of goods and services	8,331	9,406	17,776	20,184
Water by meter	11,783	10,887	11,783	10,887
Regulatory revenue	3,030	2,918	3,030	2,918
Rents received	5,299	5,638	5,331	5,692
	28,443	28,849	37,920	39,681

## NOTE 5 – INTEREST REVENUE AND FINANCE COSTS

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Interest Revenue</b>				
Interest on interest rate swaps	24	0	24	0
Other interest received	58	112	204	216
<b>Total interest revenue</b>	82	112	228	216

<b>Finance Costs</b>				
Interest on commercial paper	290	1,012	290	1,012
Interest on floating rate notes	2,125	592	2,125	592
Interest on interest rate swaps	635	928	635	928
Interest on other secured borrowings	451	833	523	833
Other finance costs	167	423	167	489
Write down interest free loans	0	0	0	0
<b>Total finance costs</b>	3,668	3,788	3,740	3,854

## NOTE 6 – OTHER REVENUE

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Infringements and fines	1,016	790	1,016	790
Petrol tax	338	330	338	330
Vested assets	4,644	5,912	4,675	5,940
Dividend received	3,576	2,881	0	0
Development/Financial contributions	2,915	2,126	2,915	2,126
Insurance proceeds	515	1,503	515	1,503
Gain on changes in fair value of forestry assets	149	0	149	0
Gain on revaluation of financial derivatives	95	1,715	95	1,715
Gain on disposal of property, plant and equipment	2	0	989	43
Gain on sale of investments	0	0	0	0
Gain in fair value of investments	0	0	0	50
Provision discount unwinding	459	191	594	191
Gain on changes in fair value of investment property	20	20	20	20
Other	1,448	1,222	1,450	113
<b>Total other revenue</b>	<b>15,177</b>	<b>16,690</b>	<b>12,756</b>	<b>12,821</b>

## NOTE 7 – EMPLOYEE BENEFIT EXPENSES

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Salaries and wages	14,973	15,518	28,076	27,062
Kiwisaver/Superannuation schemes employer contributions	468	443	494	453
Increase (decrease) in employee benefit liabilities	108	(243)	135	31
<b>Total employee benefit expenses</b>	<b>15,549</b>	<b>15,718</b>	<b>28,705</b>	<b>27,546</b>

## NOTE 8 – OTHER EXPENSES

	Note	Council		Group	
		2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Payments to auditors for financial statement audit		127	125	216	184
Payments to auditors for other services		2	2	2	2
Payments to auditors for Long Term Plan and amendments		81	0	81	0
Legal and consultancy costs		1,899	1,849	1,899	1,849
Insurance		1,190	1,228	1,190	1,228
Electricity		1,740	1,829	1,740	1,829
Maintenance		18,123	20,833	18,139	20,846
Minimum lease payments under operating leases		156	224	470	470
Impairments of receivables		12	2	12	2
Loss on disposal of property, plant and equipment	15	1,362	533	3,096	538
Loss on changes in fair value of forestry assets	18	0	70	0	70
Loss on changes in fair value of financial derivatives	13	4,344	0	4,344	0
Decrease in value of investments		0	0	0	0
Service provision		16,739	16,290	11,514	11,064
Other operating expenses		5,984	3,998	6,180	5,066
<b>Total other expenses</b>		<b>51,759</b>	<b>46,983</b>	<b>48,883</b>	<b>43,148</b>

Audit fees of \$10,530 paid by the Bishop Suter Trust for 2015 were paid separately to their auditors Crowe Horwath.

Service provision refers to the external costs of delivering certain services and events to the community. These costs are often by means of a contract or a subsidy for: services such as public transport, wastewater, economic development, civil defence, and many regulatory activities; grants and subsidies for organisations including the museum, Natureland, Theatre Royal, and School of Music; and events such as the Cricket World Cup and festivals.

## NOTE 9 – TAXATION

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Components of tax expense</b>				
Current tax expense	0	0	330	344
Deferred tax expense	0	0	(22)	30
<b>Income tax expense</b>	<b>0</b>	<b>0</b>	<b>308</b>	<b>374</b>

<b>Relationship between tax expense and accounting profit</b>				
Surplus/(deficit) before tax	8,949	15,374	10,326	19,169
Tax at 28%	2,506	4,305	2,891	5,367
Non taxable income/adjustments	(2,506)	(4,305)	2,583	4,993
<b>Tax expense</b>	<b>0</b>	<b>0</b>	<b>308</b>	<b>374</b>

<b>Deferred tax assets/(liabilities)</b>				
Balance 1 July	0	0	184	215
Opening balance adjustment	0	0	5	(1)
Charged to profit and loss	0	0	22	(30)
<b>Balance 30 June</b>	<b>0</b>	<b>0</b>	<b>211</b>	<b>184</b>

<b>Deferred taxation movements statement - Group</b>	<b>Property, Plant &amp; Equipment</b>	<b>Provisions</b>	<b>Employee Entitlements</b>	<b>Other</b>	<b>Total</b>
Balance as at 1 July 2013	22	18	186	(10)	216
Opening balance adjustment	(2)	0	0	0	(2)
Current year charge	(58)	5	49	(26)	(30)
<b>Closing balance 30 June 2014</b>	<b>(38)</b>	<b>23</b>	<b>235</b>	<b>(36)</b>	<b>184</b>

Balance as at 1 July 2014	(38)	23	235	(36)	184
Opening balance adjustment	5	0	0	0	5
Current year charge	(15)	1	31	5	22
<b>Closing balance 30 June 2015</b>	<b>(48)</b>	<b>24</b>	<b>266</b>	<b>(31)</b>	<b>211</b>

## NOTE 10 – CASH AND CASH EQUIVALENTS

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Cash at bank and in hand	372	338	1,736	1,612
Short term deposits maturing three months or less from date of acquisition	0	0	23	159
<b>Total cash and cash equivalents</b>	372	338	1,759	1,771
Bank overdraft	0	0	0	0

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Cash and bank overdrafts include the following for the purpose of the cash flow statement.

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Cash at bank and in hand	372	338	1,736	1,612
Short term bank deposits maturing within three months	0	0	23	159
Bank overdrafts	0	0	0	0
<b>Total cash and cash equivalents</b>	372	338	1,759	1,771

## NOTE 11 – TRADE AND OTHER RECEIVABLES

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Rates receivables	2,346	2,454	2,346	2,454
Other receivables	4,883	4,391	5,973	5,616
Dividend receivable	1,858	1,100	1,858	1,100
Sundry debtors	1,834	2,356	1,947	2,431
Receivables prior to impairment	10,921	10,301	12,124	11,601
Less provision for impairment of receivables	14	253	15	255
<b>Total receivables</b>	10,907	10,048	12,109	11,346
Prepayments	275	194	289	206
<b>Total receivables and prepayments</b>	11,182	10,242	12,398	11,552
Current Taxation Asset	0	57	10	0
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates.	5,039	5,283	5,065	5,294
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.	5,868	4,765	7,044	6,052

The status of receivables as at 30 June 2014 and 2015 are detailed below:

	2015			2014		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	8,900		8,900	8,202		8,202
Past due 1 - 60 days	1,340		1,340	1,295		1,295
Past due 61 - 120 days	541		541	445		445
Past due > 120 days	140	(14)	126	359	(253)	106
<b>Total</b>	<b>10,921</b>	<b>(14)</b>	<b>10,907</b>	<b>10,301</b>	<b>(253)</b>	<b>10,048</b>

<b>Group</b>						
Not past due	9,903		9,903	9,314		9,314
Past due 1 - 60 days	1,510		1,510	1,470		1,470
Past due 61 - 120 days	571		571	458		458
Past due > 120 days	140	(15)	125	359	(255)	104
<b>Total</b>	<b>12,124</b>	<b>(15)</b>	<b>12,109</b>	<b>11,601</b>	<b>(255)</b>	<b>11,346</b>

### **Fair value**

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

### **Impairment**

Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the end of the financial year. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

## NOTE 12 – INVENTORIES

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Ridgeways properties	128	149	128	149
Civil Defence inventories		1		1
Civic Trust - flag stocks			3	6
The Bishop Suter Gallery stocks			26	17
Tourism Nelson Tasman stocks			17	
Nelmac - stocks			502	374
Nelmac - work in progress			199	239
<b>Total inventories</b>	<b>128</b>	<b>150</b>	<b>875</b>	<b>786</b>

## NOTE 13 – DERIVATIVE FINANCIAL INSTRUMENTS

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Current liability</b>				
Interest rate swaps	39	27	39	27
<b>Total current liability</b>	<b>39</b>	<b>27</b>	<b>39</b>	<b>27</b>
<b>Non-current liability</b>				
Interest rate swaps	3,901	595	3,901	595
<b>Total non-current liability</b>	<b>3,901</b>	<b>595</b>	<b>3,901</b>	<b>595</b>
<b>Current asset</b>				
Interest rate swaps	0	15	0	15
Forward foreign exchange contracts	95	0	95	0
<b>Total current asset</b>	<b>95</b>	<b>15</b>	<b>95</b>	<b>15</b>
<b>Non-current asset</b>				
Interest rate swaps	0	1,011	0	1,011
<b>Total Non-current asset</b>	<b>0</b>	<b>1,011</b>	<b>0</b>	<b>1,011</b>
<b>Total derivative financial instrument liabilities</b>	<b>3,940</b>	<b>622</b>	<b>3,940</b>	<b>622</b>
<b>Total derivative financial instrument assets</b>	<b>95</b>	<b>1,026</b>	<b>95</b>	<b>1,026</b>

### Information about interest rate swaps

Council has \$95.5 million notional principal of interest rate swaps (2014: \$76 million), with maturity dates between April 2016 and November 2024. Fixed interest rates range from 3.22% to 5.25% (2014: 2.77% to 5.365%) and the weighted average interest rate of the swap portfolio is 4.42% (2014: 4.41%).

\$24.5 million (2014 \$3 million) of that notional principal are forward start swaps, with a start dates between July 2015 and August 2016.

### Information about forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts were \$1.0 million (2014: \$nil).



## NOTE 14 – OTHER FINANCIAL ASSETS

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Current portion</b>				
<i>Loans and receivables</i>				
Short term deposits with maturities of 4-12 months	0	0	4,291	3,433
Community loans	668	710	668	710
Loans to related parties	100	25	100	25
Civic Trust - Current portion of 1st NZ Securities	0	0	10	42
<b>Total current portion</b>	<b>768</b>	<b>735</b>	<b>5,069</b>	<b>4,210</b>
<b>Non-current portion</b>				
Unlisted shares -NZ LG Insurance Corp Ltd	140	140	140	140
Local Government Funding Agency borrower notes	400	240	400	240
Community loans	4,078	4,546	4,078	4,546
Loans to related parties	589	488	589	488
Civic Trust - 1st NZ Securities	0	0	804	608
Emissions Trading Scheme (ETS) credits	0	3	0	3
<b>Total non current portion</b>	<b>5,207</b>	<b>5,417</b>	<b>6,011</b>	<b>6,025</b>

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

Civic Trust investments include shares in public listed companies and fixed interest securities. These are valued at fair value.

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

The loan to related parties is a loan of \$1.1 million to Tasman Bays Heritage Trust with a remaining term of 25 years.

The loan is at a 0% interest rate, and a discount rate of 5.25% (2014: 6.25%) has been used.

Community loans include the following:

- Solar Saver \$0.6 million (2014: \$0.7 million). Remaining terms up to seven years, interest rates of 7.8% and 6.9%
- Clean Heat Warm Homes, face value \$2.3 million (2014: \$2.8 million), remaining terms up to seven years, zero interest rate. The loan has been written down based on a discounted interest rate of 5.25% (2014: 6.25%)
- Theatre Royal, face value \$1.5 million (2014: \$1.5 million), term 25 years, zero interest rate. The loan has been written down based on a discounted interest rate of 5.25% (2014: 6.25%)
- Others \$1.2 million (2014: \$1.3 million), various repayment terms and interest rates.

## NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

2015	Cost/ revaluation 30 June 2014 (\$000)	Accumulated depreciation and impairment charges 1 July 2014 (\$000)	Carrying amount 30 June 2014 (\$000)	Current year additions purchased (\$000)	Current year additions transferred (\$000)	Current year net disposals/ transfers (\$000)
<b>Council operational assets</b>						
Land	70,740		70,740	1		
Buildings	33,759	(10,104)	23,655	2,449		(1)
Other improvements	4,107	(614)	3,493	43		
Landfill post closure	853	(442)	411			
Library books	5,929	(4,068)	1,861	467		(2)
Plant and equipment	18,005	(14,399)	3,606	1,311		(1)
Motor vehicles	1,067	(548)	519	79		(29)
Marina	10,024	(1,209)	8,815	320		
Total operational assets	144,484	(31,384)	113,100	4,670		(33)
<b>Council infrastructural assets</b>						
Sewerage treatment & facilities	39,856		39,856	500		
Sewerage other	114,646		114,646	4,378	548	
Water treatment & facilities	14,855		14,855	1,088		
Water other	134,867		134,867	2,341	456	
Stormwater	117,835		117,835	1,864	1,162	
Flood protection	10,522		10,522	1,430		
Solid waste	6,144		6,144	965		
Roading infrastructure	321,533		321,533	8,510	1,534	
Carpark infrastructure	957		957			
Roading land	279,575		279,575	50	941	
Total infrastructural assets	1,040,790	0	1,040,790	21,126	4,641	0
<b>Council restricted assets</b>						
Land	93,078		93,078	653		
Buildings	49,959	(7,630)	42,329	1,306		(210)
Other improvements	61,565	(11,960)	49,605	2,564		
Total restricted assets	204,602	(19,590)	185,012	4,523	0	(210)
<b>Total Council property, plant and equipment</b>	<b>1,389,876</b>	<b>(50,974)</b>	<b>1,338,902</b>	<b>30,319</b>	<b>4,641</b>	<b>(243)</b>

	Current year loss on disposals (\$000)	Current year depreciation (\$000)	Revaluation Surplus (\$000)	Cost/ revaluation 30 June 2015 (\$000)	Accumulated depreciation and impairment charges 30 June 2015 (\$000)	Carrying amount 30 June 2015 (\$000)
				70,741		70,741
	(93)	(857)		36,140	(10,987)	25,154
		(106)		4,151	(721)	3,430
		(13)		853	(455)	398
		(405)		6,371	(4,448)	1,923
	0	(848)		19,311	(15,240)	4,071
		(115)		1,043	(561)	482
		(162)		10,344	(1,371)	8,973
	(93)	(2,506)	0	148,954	(33,783)	115,171
	0	(1,199)	1,058	40,215		40,215
	(272)	(2,863)	2,231	118,668		118,668
		(780)	281	15,444		15,444
	(176)	(3,085)	4,022	138,425		138,425
	(22)	(1,972)	2,317	121,184		121,184
		(128)	207	12,031		12,031
		(359)	96	6,846		6,846
	(387)	(5,157)	839	326,872		326,872
				957		957
				280,566		280,566
	(857)	(15,543)	11,051	1,061,209	0	1,061,209
				93,731		93,731
	(412)	(951)		50,637	(8,575)	42,062
		(1,611)		64,129	(13,571)	50,558
	(412)	(2,562)	0	208,497	(22,146)	186,351
	(1,362)	(20,611)	11,051	1,418,660	(55,929)	1,362,731

*Table continued >*

2015	Cost/ revaluation 30 June 2014 (\$000)	Accumulated depreciation and impairment charges 1 July 2014 (\$000)	Carrying amount 30 June 2014 (\$000)	Current year additions purchased (\$000)	Current year additions transferred (\$000)	Current year profit on disposals (\$000)
<b>Subsidiaries property, plant and equipment</b>						
Land	1,117	(1)	1,116	1,157		
Buildings	3,934	(867)	3,067	1,895	617	494
Leasehold improvements	22	(20)	2			
Plant and equipment	8,424	(4,702)	3,722	898	227	
Motor vehicles	2,434	(1,039)	1,395	161		
Art collection	7,155	0	7,155	266		
Capitalised work in progress	125	0	125	19		
<b>Total subsidiaries</b>	<b>23,211</b>	<b>(6,629)</b>	<b>16,582</b>	<b>4,396</b>	<b>844</b>	<b>494</b>
<b>Total Group property, plant and equipment</b>	<b>1,413,087</b>	<b>(57,603)</b>	<b>1,355,484</b>	<b>34,715</b>	<b>5,485</b>	<b>524</b>

The above cost includes \$15.9 million work in progress, (\$26.9 million in 2013/14) for Council and \$15.9 million (27.0 million in 2013/14) for the group.

	Current year loss on disposals (\$000)	Current year depreciation (\$000)	Revaluation Surplus (\$000)	Cost/ revaluation 30 June 2015 (\$000)	Accumulated depreciation and impairment charges 30 June 2015 (\$000)	Carrying amount 30 June 2015 (\$000)
				1,713	0	1,713
		(77)		3,256	(321)	2,935
		(2)		22	(22)	0
		(753)		9,064	(5,247)	3,817
		(158)		2,600	(1,202)	1,398
		0		7,421	0	7,421
		0		20	0	20
	0	(990)	0	24,096	(6,792)	17,304
	(1,362)	(21,601)	11,051	1,442,756	(62,721)	1,380,035

## Infrastructure assets

Replacement Costs	Most recent estimate \$000	Date of estimate
Roads and footpaths	717,639	30 June 2015
Sewerage treatment & facilities	41,463	30 June 2015
Sewerage other	229,741	30 June 2015
Water treatment & facilities	22,547	30 June 2015
Water other	244,870	30 June 2015
Stormwater	173,851	30 June 2015
Flood protection	13,896	30 June 2015

## Work in progress

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

	Council and Group	
	2015 (\$000)	2014 (\$000)
Wastewater	3,961	1,289
Stormwater	2,507	1,096
Water supply	1,873	14,554
Roading	1,935	8,266
Solid waste	105	94
Flood protection	1,868	438
Marina	0	50
Plant and equipment	3	123
Land and buildings	3,677	1,093
Intangible assets	3	0
<b>Total work in progress</b>	<b>15,932</b>	<b>27,003</b>

## Earthquake Prone Buildings

Council is required to undertake seismic assessments of some of its buildings in accordance with the Building Act and its own Policy for Earthquake Prone, Dangerous and Insanitary Buildings. These assessments are being undertaken by independent consultants. Initial assessments of all of Council's buildings has been completed. Detailed assessments were completed on 38 buildings that rated below 34% National Building Standard (NBS) following an initial assessment.

Out of the 38 detailed assessments, 28 buildings require no further action under the Building Act (17 buildings achieved above 34% NBS following detailed assessments, nine buildings have been strengthened to achieve above 34% NBS, one building rated below 34% NBS has been demolished and another building rated below 34% NBS is scheduled to be demolished in the 15/16 financial year and has been impaired in the current financial year). A total of ten buildings

will require additional work to either strengthen the building to 34% NBS or otherwise remove the risk. With the exception of two, these buildings have been issued with Section 124 notices. The Long Term Plan 2012-22 established a budget of \$500,000 per year for potential remediation works.

Council expects that further detailed assessments will be completed on moderate risk buildings, i.e buildings provisionally rated between 33 and 67% NBS following initial assessment. This may lead to impairment of further buildings in coming years.

## Asset Valuation

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

- Land – operational and restricted land, and infrastructure land with a title has been valued at net current value by Quotable Value NZ as at 30 June 2014.
- Infrastructural Assets – excluding specialised infrastructural assets and infrastructure land without a title have been valued internally at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2015. The valuation methodology has been peer reviewed by Opus International Consultants Ltd. Revaluations are updated annually.
- Specialist infrastructural assets – including dams, water reservoirs and wastewater treatment plants have been valued by Opus International Consultants Ltd at depreciated replacement cost with assets optimised using least cost alternative as at 30 June 2015. Revaluations are updated annually.
- Nelson Regional Sewerage Business Unit – land is valued at market valuation as at 30 June 2014 by Quotable Value and is reviewed every five years or if there is a material movement. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2015. The valuation methodology has been peer reviewed by Opus International Consultants Ltd. Revaluations are updated annually.
- New Council assets that are added between valuations are recorded at cost except for vested assets.
- Vested assets (current year additions transferred) are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the city on completion of the subdivision. These have been valued based on the actual quantities of infrastructure components and the current "in the ground" cost of providing identical services.



## NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

2014	Cost/ revaluation 30 June 2013 (\$000)	Accumulated depreciation and impairment charges 1 July 2013 (\$000)	Carrying amount 30 June 2013 (\$000)	Current year additions purchased (\$000)	Current year additions transferred (\$000)	Current Yr net disposals/ transfers (\$000)	Current year profit on disposal (\$000)
<b>Council operational assets</b>							
Land	69,112		69,112	1,397			
Buildings	31,029	(9,351)	21,678	2,733		(1)	
Other improvements	3,910	(508)	3,402	198		0	
Landfill post closure	853	(425)	428				
Library books	6,128	(4,355)	1,773	453		0	
Plant and equipment	17,735	(13,733)	4,002	489		(13)	
Motor vehicles	1,145	(607)	538	140		(35)	3
Marina	9,828	(1,042)	8,786	197			
Total operational assets	139,740	(30,021)	109,719	5,607		(49)	3
<b>Council infrastructural assets</b>							
Sewerage treatment & facilities	39,767		39,767	989			
Sewerage other	105,055		105,055	3,218	720		
Water treatment & facilities	14,832		14,832				
Water other	120,049		120,049	6,616	403		
Stormwater	101,550		101,550	1,771	901		
Flood Protection	9,867		9,867	846	396		
Solid waste	5,876		5,876	94			
Roading infrastructure	253,888		253,888	12,657	2,511		
Carpark infrastructure	905		905	594			
Roading land	278,762		278,762	255	977		
Total infrastructural assets	930,551		930,551	27,040	5,908		
<b>Council restricted assets</b>							
Land	93,216		93,216	44			
Buildings	49,651	(6,694)	42,957	309			
Other improvements	58,244	(10,216)	48,028	3,321			
Total restricted assets	201,111	(16,910)	184,201	3,674			
<b>Total Council property, plant and equipment</b>	<b>1,271,402</b>	<b>(46,931)</b>	<b>1,224,471</b>	<b>36,321</b>	<b>5,908</b>	<b>(49)</b>	<b>3</b>



	Current year loss on disposal (\$000)	Current year depreciation (\$000)	Revaluation Surplus (\$000)	Cost / revaluation 30 June 2014 (\$000)	Accumulated depreciation and impairment charges 30 June 2014 (\$000)	Carrying amount 30 June 2014 (\$000)
			231	70,740		70,740
		(753)		33,759	(10,104)	23,655
		(107)		4,107	(614)	3,493
		(17)		853	(442)	411
		(365)		5,929	(4,068)	1,861
	(40)	(832)		18,005	(14,399)	3,606
		(127)		1,067	(548)	519
		(167)		10,024	(1,209)	8,815
	(40)	(2,368)	231	144,484	(31,384)	113,100
	(32)	(1,222)	354	39,856		39,856
	(20)	(2,577)	8,250	114,646		114,646
		(1,204)	1,227	14,855		14,855
	(32)	(2,838)	10,669	134,867		134,867
	(22)	(1,684)	15,320	117,835		117,835
		(128)	(458)	10,522		10,522
		(334)	508	6,144		6,144
	(387)	(4,785)	57,650	321,533		321,533
		(37)	(505)	957		957
			(419)	279,575		279,575
	(493)	(14,809)	92,596	1,040,790	0	1,040,790
			(182)	93,078		93,078
		(937)		49,959	(7,630)	42,329
		(1,744)		61,565	(11,960)	49,605
		(2,681)	(182)	204,602	(19,590)	185,012
	(533)	(19,858)	92,645	1,389,876	(50,974)	1,338,902

*Table continued >*

2014	Cost/ revaluation 30 June 2013 (\$000)	Accumulated depreciation and impairment charges 1 July 2013 (\$000)	Carrying amount 30 June 2013 (\$000)	Current year additions purchased (\$000)	Current year additions transferred (\$000)	Current Yr net disposals/ transfers (\$000)	Current year profit on disposal (\$000)
<b>Subsidiaries property, plant and equipment</b>							
Land	1,123	0	1,123	0		(6)	
Buildings	4,087	(978)	3,109	58		4	
Leasehold improvements	22	(17)	5	0		0	
Plant and equipment	7,439	(4,222)	3,217	1,266		(37)	
Motor vehicles	1,781	(916)	865	689		0	
Art collection	7,105	0	7,105	50		0	
Capitalised work in progress	609	0	609	125		(609)	
<b>Total subsidiaries</b>	<b>22,166</b>	<b>(6,133)</b>	<b>16,033</b>	<b>2,188</b>		<b>(648)</b>	
<b>Total Group property, plant and equipment</b>	<b>1,293,568</b>	<b>(53,064)</b>	<b>1,240,504</b>	<b>38,509</b>	<b>5,908</b>	<b>(697)</b>	<b>3</b>

Council is required to undertake seismic assessments of some of its buildings in accordance with the Building Act and its own Policy for Earthquake Prone, Dangerous and Insanitary Buildings. These assessments are being undertaken by independent consultants. Initial assessment of all Council's 94 buildings have been completed, and 41 of those require detailed assessments as their initial ratings were less than 34% of the New Building Standard. 23 detailed assessments have been completed and 14 Section 124 Building Act notices have been received to date. One building has been demolished. Council expects that the detailed assessments may lead to impairment of further buildings in coming years. Council expects that all required detailed assessments will be completed by 30 June 2015.

### Infrastructure assets

Replacement Costs	Most recent estimate \$000	Date of estimate
Roads and footpaths	700,287	30 June 2014
Sewerage treatment & facilities	15,732	30 June 2014
Sewerage other	210,220	30 June 2014
Water treatment & facilities	22,105	30 June 2014
Water other	224,576	30 June 2014
Stormwater	167,292	30 June 2014
Flood protection	13,624	30 June 2014

	Current year Loss on disposal (\$000)	Current year depreciation (\$000)	Revaluation Surplus (\$000)	Cost / revaluation 30 June 2014 (\$000)	Accumulated depreciation and impairment charges 30 June 2014 (\$000)	Carrying amount 30 June 2014 (\$000)
		(1)		1,117	(1)	1,116
		(104)		3,934	(867)	3,067
		(3)		22	(20)	2
	(15)	(709)		8,424	(4,702)	3,722
		(159)		2,434	(1,039)	1,395
		0		7,155	0	7,155
		0		125	0	125
	(15)	(976)		23,211	(6,629)	16,582
	(548)	(20,834)	92,645	1,413,087	(57,603)	1,355,484

## NOTE 16 – INTANGIBLE ASSETS

	Council Computer Software (\$000)	Council Total (\$000)	Subsidiaries/ Associates Computer Software (\$000)	Group Total (\$000)
<b>Balance at 30 June 2014</b>				
Cost	4,166	4,166	382	4,508
Accumulated amortisation and impairment	(2,395)	(2,395)	(213)	(2,584)
Closing carrying amount	1,771	1,771	169	1,924
<b>Balance at 30 June 2015</b>				
Cost	4,609	4,609	613	5,222
Accumulated amortisation and impairment	(2,927)	(2,927)	(261)	(3,188)
Closing carrying amount	1,682	1,682	352	2,034
<b>Balance 1 July 2013</b>				
Cost	3,645	3,645	275	3,920
Accumulated amortisation and impairment	(1,993)	(1,993)	(155)	(2,148)
Opening carrying amount	1,652	1,652	120	1,772
<b>Balance at 30 June 2014</b>				
Cost	521	521	90	611
Disposals	0	0	(23)	(23)
Amortisation charge	(402)	(402)	(34)	(436)
Closing carrying amount	1,771	1,771	153	1,924
<b>Balance at 30 June 2014</b>				
Cost	4,166	4,166	342	4,508
Accumulated amortisation and impairment	(2,395)	(2,395)	(189)	(2,584)
Closing carrying amount	1,771	1,771	153	1,924

## NOTE 17 – DEPRECIATION AND AMORTISATION EXPENDITURE BY GROUP OF ACTIVITY

	Council	
	2015 (\$000)	2014 (\$000)
<b>Directly attributable depreciation and amortisation expense by group of activity</b>		
Corporate	526	427
Parks & active recreation	2,629	2,647
Social	1,169	1,145
Economic	0	0
Transport	5,394	5,062
Environmental management	430	419
Wastewater	4,101	3,843
Stormwater	1,974	1,686
Water supply	3,869	4,052
Flood protection	128	128
	20,220	19,409
Depreciation and amortisation not directly related to group of activities	923	851
<b>Total depreciation and amortisation expense</b>	<b>21,143</b>	<b>20,260</b>

## NOTE 18 – FORESTRY ASSETS

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Balance at 1 July</b>	5,095	5,165	5,095	5,165
Increases due to purchases	0	0	0	0
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to physical changes and price changes	544	737	544	737
Decreases due to sales	0	0	0	0
Decrease due to harvest	(395)	(807)	(395)	(807)
<b>Balance 30 June</b>	<b>5,244</b>	<b>5,095</b>	<b>5,244</b>	<b>5,095</b>

Council owns 585 hectares, (557 at 30 June 2014), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1981 and 2014. Other stands totalling 33.2 hectares, (8.6 at 30 June 2014), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2015. A discount rate of 7%, (7% in 2013/14), has been used in discounting the present value of expected after tax cash flows.

## NOTE 19 – INVESTMENT PROPERTIES

	Note	Council		Group	
		2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Balance at 1 July		960	940	960	940
Additions from acquisitions		0	0	0	0
Disposals		0	0	0	0
Fair value gains/(losses) on valuation	6	20	20	20	20
<b>Balance 30 June</b>		<b>980</b>	<b>960</b>	<b>980</b>	<b>960</b>

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

## NOTE 20 – INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Council	Proportion of ownership	2015 (\$000)	2014 (\$000)
<b>Investment at cost in:</b>			
Port Nelson Limited	50%	12,708	12,708
Tasman Bays Heritage Trust	50%	4,922	4,922
Nelson Airport Limited	50%	1,200	1,200
Tourism Nelson Tasman Limited	100%	0	0
Nelson Regional Economic Development Agency	100%	0	0
Nelmac	100%	2,353	2,353
The Bishop Suter Trust	100%	0	0
The Civic Trust	100%	0	0
<b>Council total</b>		<b>21,183</b>	<b>21,183</b>

Group	2015 (\$000)	2014 (\$000)
<b>Share of net equity:</b>		
Port Nelson Limited	72,341	72,187
Tasman Bays Heritage Trust	7,890	8,021
Nelson Airport Limited	5,675	5,155
Tourism Nelson Tasman Limited	0	68
<b>Total Group investment</b>	<b>85,906</b>	<b>85,431</b>

Nelmac, The Bishop Suter Trust, Nelson Regional Economic Development Agency, Tourism Nelson Tasman Limited and the Civic Trust are fully controlled subsidiaries and have been consolidated line by line.

The 50% shareholding of Tourism Nelson Tasman Limited held by Tasman District Council was transferred to Council on 2 September 2014, for nil consideration. As it has become a fully controlled subsidiary, it has been consolidated line by line for the 2014/15 reporting period.

Port Nelson Ltd, Tasman Bays Heritage Trust and Nelson Airport Ltd are all 50% owned associates and only the equity value is consolidated.

	<b>2015</b>	<b>2014</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Movements in the carrying amount of investments in associates:</b>		
Opening balance	85,431	82,595
Prior period adjustment	0	0
New investment	0	0
	85,431	82,595
Disposals	(68)	0
	85,363	82,595
Share of recognised revenues and expenses	3,924	4,730
Share of revaluations	(273)	531
	89,014	87,856
Share of dividend	3,108	2,425
<b>Balance as at 30 June</b>	<b>85,906</b>	<b>85,431</b>

	<b>2015</b>	<b>2014</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>The total assets and liabilities of the associates are as follows:</b>		
Assets	214,735	220,691
Liabilities	42,924	49,827
Equity	171,811	170,864
Revenues	49,646	52,237
Surplus/(deficit)	8,833	9,214

## NOTE 21 – JOINT VENTURES

Council's interest in the Regional Sewerage Scheme, Ridgeways and Civil Defence joint ventures is accounted for as a jointly controlled operation. Council's interests in the jointly controlled operation are as follows:

	2015 (\$000)	2014 (\$000)	2013 (\$000)
<b>Regional Sewerage</b>			
Current assets	613	270	125
Non-current assets	27,788	27,664	27,527
Current liabilities	976	9,315	9,487
Non-current liabilities	8,000	0	0
Income	3,775	3,925	4,132
Expenses	2,816	3,110	3,096
<b>Ridgeways JV</b>			
Current assets	147	236	277
Non-current assets	0	0	0
Current liabilities	8	0	11
Non-current liabilities	0	0	0
Income	171	262	281
Expenses	69	93	95
<b>Civil Defence</b>			
Current assets	323	213	222
Non-current assets	215	251	130
Current liabilities	3	4	2
Non-current liabilities	0	0	0
Income	400	408	361
Expenses	329	298	266
<b>Total Joint Ventures</b>			
Current assets	1,083	719	624
Non-current assets	28,003	27,915	27,657
Current liabilities	988	9,319	9,500
Non-current liabilities	8,000	0	0
Income	4,346	4,595	4,774
Expenses	3,214	3,501	3,457

The Ridgeways Joint Venture has a balance date of 31 March, whereas the rest of the joint ventures and joint committees have dates of 30 June.

The Ridgeways Joint Venture is a 50/50 venture with Homedale Holdings Limited to develop the Ridgeways subdivision.

The Regional Sewerage Scheme is a 50/50 joint committee with Tasman District Council that provides sewerage disposal services to South Nelson, Richmond and surrounding areas.

The Civil Defence Organisation is a 50/50 joint committee with Tasman District Council to coordinate services in the event of an emergency.



## NOTE 22 - TRADE AND OTHER PAYABLES

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Current payables are represented by:</b>				
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables	9,346	9,910	9,401	9,685
Accrued expenses	758	1,155	796	1,179
Income in advance	1,320	1,168	1,531	1,303
Amounts due to customers for contract work	9	16	9	16
Other	87	164	516	611
	11,520	12,413	12,253	12,794
<i>Payables and deferred revenue under non-exchange transactions</i>				
Suspensory loan	59	59	59	59
Redevelopment grants	0	0	2,781	2,018
Deposits and bonds	941	747	941	747
Trust accounts	69	77	69	77
	1,069	883	3,850	2,901
<b>Total current trade and other payables</b>	<b>12,589</b>	<b>13,296</b>	<b>16,103</b>	<b>15,695</b>
<b>Non-current payables are represented by:</b>				
<i>Payables and deferred revenue under non-exchange transactions</i>				
Suspensory Loan	878	935	878	935
Bishop Suter Trust other term liabilities	0	0	26	51
<b>Total non-current payables</b>	<b>878</b>	<b>935</b>	<b>904</b>	<b>986</b>
Taxation payable	0	0	0	0

Trade payables in general will be settled in 30 days and are shown at fair value.

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

## NOTE 23 – BORROWINGS AND OTHER FINANCIAL LIABILITIES

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Current</b>				
Secured loans	0	8,100	0	8,100
Commercial paper	9,916	29,731	9,916	29,731
Finance leases	0	0	2	0
<b>Total current</b>	<b>9,916</b>	<b>37,831</b>	<b>9,918</b>	<b>37,831</b>
<b>Non-current</b>				
Secured loans	7,860	8,960	7,860	8,960
Floating rate notes	55,000	25,000	55,000	25,000
Nelmac loans	0	0	1,650	1,200
<b>Total non-current</b>	<b>62,860</b>	<b>33,960</b>	<b>64,510</b>	<b>35,160</b>

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

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

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

As at 30 June 2015 Council had borrowing facilities of \$20 million with Westpac Banking Corporation (2014: \$52.5 million) and \$15 million with ANZ National Limited (2014: \$15 million). At balance date \$7.9 million of the total \$35 million facility was drawn down (2014: \$17.2 million).

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

The interest rates on Council borrowings range from 3.39% to 4.30% (2014: 3.48% to 4.52%). The weighted average interest rate on the above loans was 4.02% (2014: 3.91%).

## Internal borrowings and interest

Internal borrowings and interest are charged to activities then eliminated on consolidation in Council's financial statements.

Activity	01 July (\$000)	Loans Drawn (\$000)	Loans Repaid (\$000)	30 June (\$000)	Interest (\$000)
<b>2015</b>					
Transport	21,442	2,608	(2,725)	21,325	1,205
Water supply	30,280	0	(1,635)	28,645	1,577
Wastewater	702	8,315	0	9,017	433
Stormwater	16,646	0	(436)	16,210	886
Flood protection	881	1,181	0	2,062	68
Environmental management	3,793	74	(676)	3,191	189
Social	6,143	2,921	(211)	8,853	381
Parks and active recreation	46,963	1,298	(1,167)	47,094	2,564
Economic	238	0	0	238	13
Corporate	18,341	23	(480)	17,884	1,188
<b>Total internal loans</b>	<b>145,429</b>	<b>16,420</b>	<b>(7,330)</b>	<b>154,519</b>	<b>8,504</b>
<b>2014</b>					
Transport	17,230	5,529	(1,317)	21,442	905
Water supply	27,940	2,340	0	30,280	1,393
Wastewater	0	702	0	702	0
Stormwater	17,060	0	(414)	16,646	832
Flood protection	112	769	0	881	22
Environmental management	4,460	0	(667)	3,793	207
Social	5,920	544	(321)	6,143	292
Parks and active recreation	49,282	856	(3,175)	46,963	2,330
Economic	238	0	0	238	12
Corporate	15,315	3,141	(115)	18,341	828
<b>Total internal loans</b>	<b>137,557</b>	<b>13,881</b>	<b>(6,009)</b>	<b>145,429</b>	<b>6,821</b>

## NOTE 24 - EMPLOYEE BENEFIT LIABILITIES

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Accrued pay	605	481	854	809
Annual leave	848	837	1,925	1,761
Long service leave	224	227	253	254
Retirement gratuities	164	194	216	234
Sick leave	51	45	51	45
<b>Total employee benefit liabilities</b>	<b>1,892</b>	<b>1,784</b>	<b>3,299</b>	<b>3,103</b>
Comprising:				
Current	1,677	1,471	3,027	2,742
Non-current	215	313	272	361
<b>Total employee benefit liabilities</b>	<b>1,892</b>	<b>1,784</b>	<b>3,299</b>	<b>3,103</b>

## NOTE 25 - PROVISIONS

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Non-current provisions are represented by:</b>				
Landfill redemption	1,185	1,136	1,185	1,136
<b>Total non-current provisions</b>	<b>1,185</b>	<b>1,136</b>	<b>1,185</b>	<b>1,136</b>
Balance 1 July	1,136	1,010	1,136	1,010
Reassessment of liability	(69)	28	(69)	28
Provision for year based on consumption	52	50	52	50
Interest	66	48	66	48
<b>Balance 30 June</b>	<b>1,185</b>	<b>1,136</b>	<b>1,185</b>	<b>1,136</b>

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

The remaining capacity of the site is 1.289 million cubic metres (refuse, clean fill and cover).

The estimated remaining life is 26 years.

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

The cash outflows for landfill post closure are expected to occur in 26 to 55 years time, (between 2041 and 2070). The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6.5% (6.5% in 2013/14), and an inflation rate of 2.5% (2.5% in 2013/14).

## NOTE 26 - EQUITY

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Retained earnings</b>				
As at 1 July	357,154	341,402	394,660	375,196
Tourism Nelson Tasman brought forward equity as at 1 July 2015	0	0	19	0
Transfers to:				
Restricted reserves	(2,056)	(1,473)	(2,056)	(1,473)
Transfers from:				
Asset revaluation reserve on disposal of property, plant and equipment	0	0	215	291
Restricted reserves	2,018	1,792	2,018	1,792
Surplus/(deficit) for the year	8,949	15,433	10,018	18,855
Associates revaluation	0	0	0	0
<b>As at 30 June</b>	<b>366,065</b>	<b>357,154</b>	<b>404,874</b>	<b>394,660</b>
<b>Restricted reserves</b>				
As at 1 July	1,033	1,352	1,033	1,352
Tourism Nelson Tasman brought forward reserves as at 01 July 2015	0	0	48	0
Transfers to:				
Retained earnings	(2,018)	(1,792)	(2,018)	(1,792)
Transfers from:				
Retained earnings	2,056	1,473	2,056	1,473
<b>As at 30 June</b>	<b>1,071</b>	<b>1,033</b>	<b>1,119</b>	<b>1,033</b>
<b>Hedging Reserve</b>				
Port Nelson Limited:				
As at 1 July	0	0	(394)	(759)
Fair value movement	0	0	(375)	508
Deferred tax movement	0	0	105	(143)
<b>As at 30 June</b>	<b>0</b>	<b>0</b>	<b>(664)</b>	<b>(394)</b>
<b>Contingency reserve</b>				
Regional Sewerage Scheme:				
As at 1 July	50	50	50	50
Fair value movement	0	0	0	0
<b>As at 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Asset revaluation reserve</b>				
As at 1 July	938,075	845,430	984,556	892,036
Revaluation gains/(losses)	11,051	92,645	10,833	92,811
Share of associates revaluation			0	0
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	0	0	0	(291)
<b>As at 30 June</b>	<b>949,126</b>	<b>938,075</b>	<b>995,389</b>	<b>984,556</b>
Asset revaluation reserve consists of:				
<b>Nelson City Council:</b>				
Land	146,678	146,678	146,678	146,678
Sewerage infrastructure	111,899	109,405	111,899	109,405
Water infrastructure	125,157	120,855	125,157	120,855
Drainage infrastructure	97,094	94,777	97,094	94,777
Flood protection infrastructure	(201)	(409)	(201)	(409)
Solid waste infrastructure	6,104	6,008	6,104	6,008
Roading infrastructure	451,034	450,195	451,034	450,195
<b>Regional Sewerage Scheme:</b>				
Land	829	829	829	829
Forestry	16	16	16	16
Plant and equipment	3	3	3	3
Sewerage infrastructure	10,513	9,719	10,513	9,719
<b>Port Nelson:</b>				
Land	0	0	39,242	39,242
Wharves	0	0	6,087	6,087
Buildings	0	0	456	456
Associate's revaluation reserve	0	0	0	0
<b>Tasman Bays Heritage Trust - land:</b>	<b>0</b>	<b>0</b>	<b>478</b>	<b>481</b>
<b>Nelmac - land:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>215</b>
Total asset revaluation reserve	949,126	938,076	995,389	984,557
<b>Total Reserves</b>	<b>950,247</b>	<b>939,158</b>	<b>995,894</b>	<b>985,245</b>
<b>Total Equity</b>	<b>1,316,312</b>	<b>1,296,312</b>	<b>1,400,768</b>	<b>1,379,905</b>

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

<b>Name 2015</b>	<b>Activity</b>	<b>Purpose</b>	<b>Balance 1 July \$000</b>	<b>Deposited to fund \$000</b>	<b>Withdrawn from fund \$000</b>	<b>Balance 30 June \$000</b>
Art Council Loan Fund	Parks and active recreation	Fund sport and recreation grants	10	0	0	10
Dog Control Reserve	Environmental	Dog Control	182	0	60	122
Events Contestable Fund Reserve	Economic	EDA grants	92	80	0	172
Founders Park Reserve	Social	Development projects	111	106	125	92
L C Voller Bequest	Social	Nelson Library	19	1	0	20
Nellie Nightingale Bequest	Social	Tahuna Library	127	6	0	133
Nelson 2000 Trust	Parks and active recreation	Esplanade Reserves	165	0	0	165
Nelson Institute Funds	Social	Nelson Library	8	0	0	8
Roading Contributions	Transport	Meet development commitments	87	16	0	103
Saxton/Suffolk Stormwater	Stormwater	Meet development commitments	99	6	0	105
Sport & Recreation Grants	Parks and active recreation	Fund sport and recreation grants	11	1	0	12
Subdivisions Reserve	Parks and active recreation	Reserve Contributions	0	1833	1833	0
Walker Bequest	Parks and active recreation	Parks in southern Stoke	66	3	0	69
Wastney Terrace Stormwater Reserve	Stormwater	Meet development commitments	56	4	0	60
<b>Total restricted reserves 2015</b>			<b>1033</b>	<b>2056</b>	<b>2018</b>	<b>1071</b>

Name 2014	Activity	Purpose	Balance 1 July \$000	Deposited to fund \$000	Withdrawn from fund \$000	Balance 30 June \$000
Art Council Loan Fund	Parks and active recreation	Fund sport and recreation grants	10	0	0	10
Dog Control Reserve	Environmental	Dog Control	198	0	16	182
Events Contestable Fund Reserve	Economic	EDA grants	0	201	109	92
Founders Park Reserve	Social	Development projects	134	106	129	111
L C Voller Bequest	Social	Nelson Library	18	1	0	19
Nayland Rd Sewerage	Sewerage	Meet development commitments	95	1	96	0
Nayland Rd Stormwater	Stormwater	Meet development commitments	251	4	255	0
Nellie Nightingale Bequest	Social	Tahuna Library	124	4	1	127
Nelson 2000 Trust	Parks and active recreation	Esplanade Reserves	190	0	25	165
Nelson Institute Funds	Social	Nelson Library	8	0	0	8
Roading Contributions	Transport	Meet development commitments	87	0	0	87
Saxton Sewer	Sewerage	Meet development commitments	16	0	16	0
Saxton/Suffolk Stormwater	Stormwater	Meet development commitments	95	4	0	99
Sport & Recreation Grants	Parks and active recreation	Fund sport and recreation grants	10	7	6	11
Subdivisions Reserve	Parks and active recreation	Reserve Contributions	0	1,139	1,139	0
Walker Bequest	Parks and active recreation	Parks in southern Stoke	62	4	0	66
Wastney Terrace Stormwater Reserve	Stormwater	Meet development commitments	54	2	0	56
<b>Total restricted reserves 2014</b>			<b>1,352</b>	<b>1,473</b>	<b>1,792</b>	<b>1,033</b>



## NOTE 27 - RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Surplus/(Deficit) after tax</b>	8,949	15,433	10,018	18,855
<b>Add non-cash items:</b>				
Depreciation and amortisation	21,143	20,260	22,181	21,285
Write down interest free loan	0	0	0	0
Revaluation of derivative instruments	4,249	(1,715)	4,249	(1,715)
Impairment charges	0	0	0	0
Provision for discount unwinding	(459)	(191)	(506)	(191)
Increase in deferred tax	0	0	(28)	32
Vested assets	(4,644)	(5,912)	(4,675)	(5,940)
Housing NZ suspensory loan	(59)	(59)	(59)	(59)
Associated (surplus) ex dividends	0	0	(1,310)	(2,340)
(Gains)/losses in fair value of forestry assets	(149)	70	(149)	70
(Gains)/losses in fair value of investments	(20)	(20)	(108)	(54)
Movement in landfill liability	(49)	126	(49)	126
<b>Add/(less) items classified as investing or financial activities:</b>				
(Gains)/losses on disposal of property, plant and equipment	1,332	545	2,561	506
(Gains)/losses on disposal of investments classified as fair value through equity	0	0	0	0
(Gains)/losses on fair value of investments	0	0	0	0
Transfer from Equity	0	0	0	0
Movement in non-current provisions	(98)	0	(89)	(12)
Movement in capital creditors	(545)	885	(832)	885
Movement in borrowings related accrual	0	0	0	0
Movement in investment related accounts receivable	(190)	(475)	(190)	(475)
<b>Add /(less) movements in working capital items:</b>				
Accounts receivable	(1,009)	5,986	(845)	5,616
Inventories	22	36	(89)	32
Accounts payable	(538)	(1,281)	467	(1,522)
Income tax payable	57	(24)	(19)	(102)
Employee benefits	206	(243)	285	30
<b>Net cash inflow/(outflow) from operating activities</b>	<b>28,198</b>	<b>33,422</b>	<b>30,813</b>	<b>35,026</b>

## NOTE 28 - CAPITAL COMMITMENTS AND OPERATING LEASES

### Capital commitments

Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment:

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Nelson City Council	12,197	4,369	12,197	4,369
Civic Trust	0	0	2	6
Nelmac	0	0	0	251
Nelson Regional Economic Development Agency	0	0	0	0
The Bishop Suter Trust	0	0	0	0
Tasman Bay Heritage Trust	0	0	0	0
Tourism Nelson Tasman Ltd	0	0	0	0
Port Nelson Ltd	0	0	1,107	60
Nelson Airport Ltd	0	0	115	146
	12,197	4,369	13,421	4,832

### Operating leases as lessee

Council leases land in the normal course of its business. These leases have non-cancellable terms of between six and 35 years.

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

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

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Less than one year	180	176	440	385
One to five years	738	697	907	1,003
Over five years	969	1,086	969	1,086
	1,887	1,959	2,316	2,474

Leases can be renewed at Council and group's option, with rents set by reference to current market rates.

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

### Operating leases as lessor

Land and buildings owned by Council and group are let under operating leases. Non-cancellable terms vary between nine months and 50 years, with the majority under six years.

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

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Less than one year	1,288	1,439	3,841	4,397
One to five years	3,002	2,622	8,487	9,549
Over five years	4,619	4,949	6,801	7,365
	8,909	9,010	19,129	21,311

## NOTE 29 - CONTINGENCIES

### Contingent liabilities:

	2015 (\$000)	2014 (\$000)
<b>Council</b>		
New Zealand Local Government Funding Agency Ltd guarantee	0	0
Celtic Rugby Football Club	145	145
<b>Total Council</b>	<b>145</b>	<b>145</b>
<b>Port Nelson Limited</b>		
Port Nelson Limited	0	0
The Bishop Suter Trust	0	132
<b>Total Group</b>	<b>145</b>	<b>277</b>

#### **Local Government Funding agency guarantee:**

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Standard and Poor's have given the entity a credit rating of AA+ which is equal to New Zealand Government sovereign rating. Council is a guarantor of all of LGFA borrowings in the event of default. At balance date LGFA had borrowings totalling \$4,955 million (2014: \$3,695 million). In such an event, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's rates income. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge. Council has been unable to determine a sufficiently reliable fair value for the guarantee and has therefore not recognised a liability. Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote.

#### **Celtic Rugby Football Club**

Council acts as guarantor for an overdraft facility for the club.

#### **Port Nelson**

**2015:** The Calwell Slipway basin, which has been fully impaired, contains contaminated seabed sediments. Port Nelson has title to this area of seabed. While the marine engineering and vessel coating industries in and around the slipway area are now controlled the historical contamination still persists in the sediments. The on-going sedimentation of the basin now requires dredging to allow for the on-going operation of the slipway. Port Nelson, together with Council, continues

to seek certainty around the quantification of any liability associated with the eventual remediation works.

During 2013 Port Nelson, together with the Council, obtained funding from the Ministry for the Environment (MFE) to undertake remediation planning (Phase Three) work to establish a preferred approach for remediation of the contaminated sediments. The work required under Phase Three was completed during the 2014 financial year.

During the 2015 financial year Port Nelson and MFE signed a letter of intent that proposes the commencement of remediation in the 2017 financial year. Prior to remediation occurring (Phase Four), further remedial planning work is required in Phase Three to confirm the feasibility of the suggested remedial option, develop cost estimates and apply for resource consent. Port Nelson obtained further funding from MFE in June 2015 to carry out this additional remedial planning. That work will occur in the 2016 financial year.

**2014:** The Calwell Slipway basin contains contaminated seabed sediments. Port Nelson has title to this area of seabed. While the marine engineering and vessel coating industries in and around the slipway area are now controlled the historical contamination still persists in the sediments. The on-going sedimentation of the basin now requires dredging to allow for the on-going operation of the slipway. Port Nelson, together with Council, continues to seek certainty around the quantification of any liability associated with the eventual remediation works.

During 2013 Port Nelson, together with Council, obtained funding from the Ministry for the Environment (MFE) to undertake remediation planning (Phase Three) work to establish a preferred approach for remediation of the contaminated sediments. The work required under Phase Three was not completed during the 2013 financial year.

Remediation Planning (Phase Three) of the Contaminated Sites Remediation Fund project (Ministry for the Environment) is now complete. However given the significant costs estimates for remediation, Port Nelson are continuing to explore options.

### **The Bishop Suter Trust**

**2015:** The Trust annual report states: The Trust legal advice is that demolition of much of the premises, including the McKee Gallery and Grabham studio occupied by the Nelson Suter Art Society (NSAS) has crystallised the contingent liability and frustrated historic deeds. BST and NSAS are working together to

replace the historic arrangement with a new one that better reflects the new context while preserving an equitable regime for continued occupation and use of part of the redeveloped complex by NSAS into the foreseeable future.

**2014:** The Trust has a contingent liability with the Nelson Suter Art Society, as per a Deed of Agreement made in 1978. This liability comes into effect only if the Trust breaches the term of the deed. The current agreed value of the liability is \$132,004. There is an addition to the contingent liability of \$5,403 in this financial period (2013: \$126,601).

## **Contingent assets:**

	<b>2015 (\$000)</b>	<b>2014 (\$000)</b>
<b>Council</b>		
Ministry of Civil Defence and Emergency Management	555	0
<b>Total Council</b>	<b>555</b>	<b>0</b>

### **Ministry of Civil Defence and Emergency Management**

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

## **NOTE 30 - RELATED PARTY TRANSACTIONS**

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

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

### **Related party transactions required to be disclosed**

#### **Tasman Bays Heritage Trust related party loan**

Council made a loan to the trust of \$1.2 million, initially repayable over 30 years at 0% interest. Repayments on the loan have been renegotiated, and the loan has been recalculated as required under PBE IPSAS to net present value. A discount rate of 5.25%

(2014: 6.25%) has been used. This has resulted in an asset to Council (see note 14) of \$689,000, with the last payment currently scheduled for the year 2038. A loan repayment of \$25,000 was received in 2014/15, and repayments of \$100,000 per annum are scheduled for the following three years.

#### **Grants to subsidiaries and associates**

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

	<b>Type of grant</b>	<b>Frequency</b>	<b>2015 Expenditure 000s</b>
Bishop Suter Trust	Maintenance grant	Annual	104
Economic Development Agency	Contestable events fund	Annual	350

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

### **Nelmac maintenance of utility services contract**

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

The contract for utility services was not tendered and the value of the contract for the 2014/15 financial year was \$3.2 million. As the contract was not tendered and there is no benchmarking available for these very

individualised services, Council is unable to determine that the contract is at arm's length.

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

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

## **Key management personnel compensation**

	<b>2015 (\$000)</b>	<b>2014 (\$000)</b>
<i>Councillors including the Mayor</i>		
Remuneration	613	570
Full-time equivalent members	13.0	13.0
<i>Other key management personnel</i>		
Remuneration	1,661	1,805
Full-time equivalent members	8.5	8.1
<b>Total key management personnel remuneration</b>	<b>2,274</b>	<b>2,375</b>
<b>Total full-time equivalent personnel</b>	<b>21.5</b>	<b>21.1</b>

Key management personnel include the Mayor and Councillors along with the Chief Executive and Senior Leadership Team, and key advisors to those groups.

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

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

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

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

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

## NOTE 31 - REMUNERATION

### Chief Executive

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

Chief Executive remuneration for the year to 30 June 2015 was \$300,866 (\$294,629 in 2013/14).

### Elected representatives

Total remuneration:

	Council		Group	
	2015	2014	2015	2014
Mayor Reese	124,935	94,869	124,935	94,869
Mayor Miccio	0	36,328	0	36,328
Councillor Barker	45,359	39,565	45,359	39,565
Councillor Rainey	44,559	39,546	44,559	39,546
Councillor Shaw	0	11,256	0	11,256
Councillor Copeland	36,675	34,876	36,675	34,876
Councillor Davy	44,559	39,925	44,559	39,925
Councillor Fulton	37,315	34,876	37,315	34,876
Councillor Matheson	51,345	44,500	51,345	44,500
Councillor Ward	36,675	34,857	36,675	34,857
Councillor Lawrey	36,675	24,061	36,675	24,061
Councillor Skinner	37,475	24,061	37,475	24,061
Councillor Acland	36,675	24,061	36,675	24,061
Councillor McGurk	44,559	28,750	44,559	28,750
Councillor Noonan	36,675	24,061	36,675	24,061
Councillor Rackley	0	10,815	0	10,815
Councillor Boswijk	0	13,239	0	13,239
Councillor Collingwood	0	10,796	0	10,796
<b>Net cash inflow/(outflow) from operating activities</b>	<b>613,481</b>	<b>570,442</b>	<b>613,481</b>	<b>570,442</b>

The total remuneration figures include the following payments for commissioner hearings:

	2015	2014
Councillor Barker	800	
Councillor Shaw		460
Councillor Davy		360
Councillor Fulton	640	
Councillor Skinner	800	
	<b>2,240</b>	<b>820</b>

### Council employees

On 30 June 2015, Council employed 245 staff (220 30 June 2014). Those staff are represented by the following full time equivalents (FTEs):

	2015	2014
Full time employees	164.0	146.0
All other employees	46.6	44.0
<b>Total FTE</b>	<b>210.6</b>	<b>190.0</b>

The total remuneration paid to the 245 staff as at 30 June 2015 (220 staff 30 June 2014) in bands of \$20,000 and over \$60,000 are as follows:

2015		2014	
Range of earnings for year	No.	Range of earnings for year	No.
\$220,000 to \$319,999	2	\$120,000 to \$299,999	6
\$120,000 to \$219,999	6	\$100,000 to \$119,999	14
\$100,000 to \$119,999	17	\$80,000 to \$99,999	35
\$80,000 to \$99,999	34	\$60,000 to \$79,999	63
\$60,000 to \$79,999	76	Under \$60,000	102
Under \$60,000	110		
	<b>245</b>		<b>220</b>

## NOTE 32 - SEVERANCE PAYMENTS

For the year ended 30 June 2015 Council made three (four in 2013/14) severance payments to employees totalling \$42,957 (\$18,029 in 2013/14).

The value of each of the severance payments was as follows:

\$24,457
\$4,500
\$14,000

## NOTE 33 - FINANCIAL INSTRUMENTS

### A. Financial instrument categories

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Financial Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	372	338	1,759	1,771
Trade and other receivables	10,907	10,048	12,109	11,346
Other financial assets				
- term deposits	0	0	4,291	3,433
- community loans	4,746	5,256	4,746	5,256
- loans to related parties	689	513	689	513
<b>Total loans and receivables</b>	<b>16,714</b>	<b>16,155</b>	<b>23,594</b>	<b>22,319</b>
<b>Fair value through surplus or deficit that are not hedge accounted</b>				
Derivative financial instruments	95	1,026	95	1,026
Civic Trust - investments	0	0	814	650
<b>Held to maturity</b>				
Other financial assets				
- Local Government Funding Agency borrower notes	400	240	400	240
<b>Fair value through other comprehensive income</b>				
Shares in NZ Local Govt Insurance Corp Ltd	140	140	140	140
	17,349	17,561	25,043	2,056

The shares in NZ LG Insurance Corp Ltd are valued at cost as the net asset value would not be materially different. Civic Trust investments include shares in public listed companies and fixed interest securities. These are valued at fair value.



	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	12,147	13,063	15,476	13,309
Nelmac loans	0	0	1,650	1,200
Bank overdraft	0	0	0	0
Floating rate notes	55,000	25,000	55,000	25,000
Commercial paper	9,916	29,731	9,916	29,731
Secured loans	7,860	17,060	7,860	17,060
Finance leases	0	0	2	0
<b>Total financial liabilities at amortised cost</b>	<b>84,923</b>	<b>84,854</b>	<b>89,902</b>	<b>86,300</b>
<b>Fair value through surplus or deficit that are not hedge accounted</b>				
Derivative financial instruments	3,940	622	3,940	622
<b>Total fair value through profit and loss</b>	<b>3,940</b>	<b>622</b>	<b>3,940</b>	<b>622</b>

## B. Fair value hierarchy disclosures

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

**Level 1** - quoted market price - financial instruments with quoted prices for identical instruments in active markets.

**Level 2** - Valuation technique using observable inputs - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Level 3** - Valuation techniques with significant non-observable inputs - financial instruments valued using models where one or more significant inputs are not observable.

	Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
<b>2015 Council</b>				
<b>Financial assets</b>				
Derivative financial instruments	95	0	95	0
Shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140

<b>Financial liabilities</b>				
Derivative financial instruments	3,940	0	3,940	0

<b>2015 Group</b>				
<b>Financial assets</b>				
Derivative financial instruments	95	0	95	0
Shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
Civic Trust - 1st NZ Securities	814	814	0	0

<b>Financial liabilities</b>				
Derivative financial instruments	3,940	0	3,940	0

	Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
<b>2014 Council</b>				
<b>Financial assets</b>				
Derivative financial instruments	1,026	0	1,026	0
Shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140

<b>Financial liabilities</b>				
Derivative financial instruments	622	0	622	0

<b>2014 Group</b>				
<b>Financial assets</b>				
Derivative financial instruments	1,026	0	1,026	0
Shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
Civic Trust - 1st NZ Securities	650	650	0	0

<b>Financial liabilities</b>				
Derivative financial instruments	622	0	622	0

## C. Financial instrument risks

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established approved Liability and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market risk

#### Price risk

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

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

#### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council has exposure through the occasional purchase of foreign exchange denominated goods and services.

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

As at 30 June 2015, Council have contracts hedging a total of USD712,567, (2014: nil) with maturities between September and December 2015.

#### Interest rate risk

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

This includes entering into rate options or interest rate swap agreements. As at 30 June 2015 Council

had entered into interest swap agreements to a value of \$ 95.5 million (2014: \$76 million) at interest rates between 3.22% and 5.25% (2014: 2.77% and 5.365%).

The weighted average effective interest rate on Council deposits of less than three months is 2.7% (2014: 2.6%).

The interest rates on Council borrowings are disclosed in Note 23.

#### Fair values

The fair value of financial instruments is their carrying amount as stated in the Balance Sheet.

#### Credit risk

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

The details of the \$11 million debtors are outlined in Note 11.

Details of the investments are outlined in Notes 14 and 20. Council holds no investments or term deposits with the major banks (nil in 2013/14).

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

Council is exposed to credit risk as a guarantor of all the LGFA's borrowings. Information about this exposure is contained in Note 29.

#### Community Loans

Council has \$4.7 million of community loans (2014: \$5.3 million) and there is a risk that some of these could be defaulted on. Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk, except for a mortgage securing a community loan with a face value of \$1.5 million, (\$1.5 million in 2013/14).

### Maximum exposure to credit risk

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

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Cash at bank and term deposits	372	338	6,050	5,204
Trade and other receivables	10,907	10,048	12,109	11,601
Community and related party loans	5,435	5,769	5,435	5,769
Financial guarantees and possible claims	145	145	145	277
Local Government Funding Agency borrower notes	400	240	400	240
Derivative financial instruments	95	1,026	95	1,026
	17,354	18,736	24,234	24,117

### Credit quality of financial assets

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

	Council		Group	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Counterparties with Credit Ratings</b>				
Cash and cash equivalents:				
AA-	372	338	1,642	1,771
BB+	0	0	157	0
Other financial assets - LGFA borrower notes				
AA+	400	240	400	240
Other financial assets - loans and receivables				
AA-	0	0	4,251	3,433
Derivative financial assets				
AA-	95	1,026	95	1,026
<b>Counterparties without credit ratings</b>				
Community loans:				
Existing counterparty with no defaults in the past	4,746	5,256	4,746	5,256
Loans to related parties:				
Existing counterparty with no defaults in the past	0	0	0	0
Existing counterparty defaulted at 30 June 2012, loan arrangements reviewed and complied with	689	513	689	513
Unlisted shares:				
Existing counterparty with no defaults in the past	140	140	140	140
Investments:				
Existing counterparty with no defaults in the past	0	0	814	650

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit rating or to historical information about counterparty default rates. All cash investments are with the major banks.

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

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient availability of funding through an adequate amount of committed credit facility to close out market positions. Council aims to maintain its flexibility in funding by keeping committed credit lines available with Westpac and ANZ National Bank Limited.

Council provide security via a Debenture Trust Deed signed 10 December 2010 and as at 30 June 2015 had security stock issued of \$112 million and debenture stock issued of \$nil. These stock amounts provide security for bank facilities, swap facilities, floating rate notes and commercial paper.

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

Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 29.

Council has an overdraft facility of \$200,000, against which \$nil was drawn at balance date (2014: \$nil).

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>2015 Council</b>					
<b>Contractual maturity analysis of financial assets</b>					
Cash and cash equivalents	372	372			
Trade and other receivables	10,907	10,907			
Other financial assets					
- term deposits	0				
- community loans	4,746	668	644	1,731	1,703
- loans to related parties	689	100	90	126	373
- Local Government Funding Agency borrower notes	400				400
Derivative financial instruments	95	95			
	17,209	12,142	734	1,857	2,476
<b>Contractual maturity analysis of financial liabilities</b>					
Creditors and other payables	12,147	12,147			
Bank overdraft	0				
Floating rate notes	55,000		10,000	15,000	30,000
Commercial paper	9,916	9,916			
Secured loans	7,860			7,860	
Finance leases	0				
Derivative financial instruments	3,940	39	61	1,711	2,129
	88,863	22,102	10,061	24,571	32,129

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>2015 Group</b>					
<b>Contractual maturity analysis of financial assets</b>					
Cash and cash equivalents	1,759	1,759			
Trade and other receivables	12,109	12,109			
Other financial assets					
- term deposits	4,291	4,291			
- community loans	4,746	668	644	1,731	1,703
- loans to related parties	689	100	90	126	373
- Local Government Funding Agency borrower notes	400				400
Derivative financial instruments	95	95			
	24,089	19,022	734	1,857	2,476
<b>Contractual maturity analysis of financial liabilities</b>					
Creditors and other payables	15,476	15,476			
Bank overdraft	0				
Floating rate notes	55,000		10,000	15,000	30,000
Commercial paper	9,916	9,916			
Secured loans	7,860			7,860	
Nelmac loans	1,650	1,650			
Finance leases	2	2			
Derivative financial instruments	3,940	39	61	1,711	2,129
	93,844	27,083	10,061	24,571	32,129

## Sensitivity analysis

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date.

Council	2015 (\$000)				2014 (\$000)			
	-100bps		+100bps		-100bps		+100bps	
	Profit	Other equity	Profit	Other equity	Profit	Other equity	Profit	Other equity
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	0	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0	0	0
Other financial assets:								
- Local Government Funding Agency Floating rate notes	0	0	0	0	0	0	0	0
- Community loans	125	0	(113)	0	131	0	(119)	0
- Loans to related parties	59	0	(51)	0	60	0	(52)	0
<b>Financial liabilities</b>								
Borrowings:								
- bank overdraft	0	0	0	0	0	0	0	0
Derivative financial instruments	(4,200)	0	3,943	0	(2,666)	0	3,149	0
<b>Total sensitivity to interest rate risk</b>	<b>(4,016)</b>	<b>0</b>	<b>3,779</b>	<b>0</b>	<b>(2,475)</b>	<b>0</b>	<b>2,978</b>	<b>0</b>

Group	2015 (\$000)				2014 (\$000)			
	-100bps		+100bps		-100bps		+100bps	
	Profit	Other equity	Profit	Other equity	Profit	Other equity	Profit	Other equity
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	0	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0	0	0
Other financial assets:								
- Local Government Funding Agency Floating rate notes	0	0	0	0	0	0	0	0
- Community loans	125	0	(113)	0	131	0	(119)	0
- Loans to related parties	59	0	(51)	0	60	0	(52)	0
<b>Financial liabilities</b>								
Borrowings:								
- bank overdraft	0	0	0	0	0	0	0	0
Derivative financial instruments	(4,200)	0	3,943	0	(2,666)	0	3,149	0
<b>Total sensitivity to interest rate risk</b>	<b>(4,016)</b>	<b>0</b>	<b>3,779</b>	<b>0</b>	<b>(2,475)</b>	<b>0</b>	<b>2,978</b>	<b>0</b>

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

## NOTE 34 - EVENTS AFTER BALANCE DATE

No material post balance date events have been identified.

## NOTE 35 - EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from Nelson City Council's estimated 2014/15 figures are as follows:

### Statement of comprehensive revenue and expense

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

Grants, donations, and subsidies were \$7.4 million less than budgeted, \$6.4 million attributable to the transfer of the Theatre Royal and Nelson School of Music assets not happening and \$1.3 million capital subsidies not received from the New Zealand Transport Agency due to changes in the capital programme.

Vested assets were \$1.6 million over budget and development and financial contributions were \$1.3 million more than budget, both reflecting the level of development activity.

Dividend received was \$0.8 million above budget, including a special dividend from Port Nelson Ltd which was used to repay debt.

Other revenue was \$0.5 million more than budget, including \$0.8 million accounting revaluation of community and related party loans receivable.

#### **Total operating expenditure was \$0.2 million under budget:**

Employee costs were \$1.1 million lower due to a number of staff vacancies which took some time to fill.

Finance costs were \$1.4 million favourable to budget. Overall interest costs were well within budget reflecting lower than expected overall borrowings and the still favourable interest rate environment.

The other expenses are \$2.5 million unfavourable to budget. Detail of this can be seen in the activities, the most significant items being:

- \$1.5 million savings in maintenance expenditure (not including emergency response and remediation). Budgets for reactive maintenance were not required in their entirety, the timing of some major maintenance items moved to 2015/16, and some savings were realised.

- \$4.3 million of expenditure recorded for the revaluation of interest rate derivatives, which is not budgeted for.
- \$1.4 million of expenditure for abandoned assets and losses on asset disposal, which is also not budgeted.
- General operating expenses were \$0.6 million better than budget, including such items as insurance, phones, photocopying, and advertising and marketing.
- \$0.5 million savings in legal and other consultancy.
- \$0.8m capital grant budgeted to be paid to Tasman District Council for the velodrome at Saxton Field was delayed until 2015/16.

#### **Other comprehensive revenue**

The infrastructure assets are revalued every year to smooth out the large fluctuations. The revaluation as at 30 June 2015 resulted in an increase in asset value of \$11 million, less than budget by \$6 million. Asset revaluations are affected by a lower asset base than that forecast due to changes in the capital programmes of 2013/14 and 2014/15 and inflation rate differences from those forecast.

### Balance Sheet

The most significant variation was in property, plant and equipment, which was \$61 million more than budget due to vested assets \$1.6 million more than budget, offset by asset revaluations being \$6 million less than budget, capital additions \$24.4 million less than budget, disposals \$1.4 million more than budgeted and the balance at 1 July 2014 being \$91 million more than forecast at the time of setting the 2014/15 budget.

Borrowings, including derivative financial instruments and net of cash and cash equivalents, were \$37.1 million below budget, mainly due to capital additions less than budgeted, and a significant decrease in the valuation of derivative financial instruments offset by a lower than budgeted surplus for the year.

Reserves are \$84.8 million more than budgeted. This is largely accounted for by the asset revaluation being \$6 million less than budget and the 1 July 2014 balance was \$90.8 million more than forecast at the time of setting the 2014/15 budget.

Retained earnings are \$7.4 million more than budget. The surplus for the year is \$2.3 million less than budget and the 01 July 2014 balance was \$9.7 million more than forecast at the time of setting the 2014/15 budget.



## NOTE 36 - INSURANCE

### Insurance on Assets

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

### Water, Wastewater, Stormwater, Flood Protection and Solid Waste Assets

These activities have a total book value of \$452,814,000. Repairs to these assets following a significant event are covered 40% through the Local Authority Protection Programme (LAPP) fund with a large deductible, with the remaining 60% being funded by Central Government. Council has a disaster recovery fund intended to cover the deductible or Council's 40% share if the event is lower than the deductible. Due to recent emergency events, there are no funds available as at 30 June 2015, and any funding required would be by way of loans until a balance is built up in the disaster recovery fund.

### Roading Assets

Subsidised roading assets have a total book value of \$593,056,828 (including land under roads). For these assets, Council would receive a minimum of 44% subsidy from the NZTA, with the remaining portion of the loss to be funded through the disaster recovery fund and loan funding.

Unsubsidised roading assets have a total book value of \$15,339,172. This includes such items as footpaths, walkways and car parks. These items are not insured, and Council would fund any loss through the disaster recovery fund or loan funding.

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

These assets have a total asset book value of \$301,040,000.

The sum insured for non-residential property material damage is \$261,455,669. [Note: Council is part of a Top of the South collective with total property insured of \$765,301,063, but is limited to \$250,000,000 for natural disaster damage]. Assets are insured for reinstatement value or indemnity value except for fire (\$75,000,000

limit over collective for any one loss and in the aggregate).

Residential property (material damage) is insured to a value of \$21,267,000 with limits of indemnity of \$500,000 for capital additions, construction/alterations of \$1,000,000, landslip \$1,000,000 and subsidence of \$1,000,000.

Forestry is insured to a value of \$5,716,536.

Tahunanui Beach Holiday Park assets are insured to a value of \$17,612,700.

### Vehicles

The total book value of vehicles belonging to Council is \$482,000. All vehicles are insured for market value or replacement value (if vehicle is less than 12 months old). The sum insured is \$598,750.

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

Council has a reserve used to cover deductibles, excesses, and small assets not on the material damages schedule. The value of this reserve as at 30 June 2015 is \$403,000.

## NOTE 37 - CAPITAL MANAGEMENT

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

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

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

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

Council has the following Council-created reserves:

- Reserves for different areas of benefit
- Self-insurance reserves
- Trust and bequest reserves.

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

Self-insurance reserves are built up annually from general rates and are made available for specific

unforeseen events. The release of these funds can generally be approved only by Council.

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

## NOTE 38 - RECLASSIFICATION AND RESTATEMENT

Council and Group has adjusted its comparative year financial statements for the year ended 30 June 2014 due to reclassification adjustments, transition to the new PBE accounting standards, and the correction of prior period errors.

The effect of the changes to income are shown in the table below:

	Note	Actual 2014				
		Before adjustments (\$000)	Reclassification (\$000)	PBE transition adjustments (\$000)	Correction of error (\$000)	After adjustments (\$000)
<b>Council</b>						
Trade and other receivables	(a)	16,011	(5,769)			10,242
Other financial assets	(a)	383	5,769			6,152
Fees, charges and targeted rates for water supply	(b)	10,887	17,962			28,849
Other revenue	(b),(c)	21,807	(16,036)			5,771
Other gains	(c)	1,926	(1,926)			0
Trade and other payables	(d)	13,237		994		14,231
Retained earnings brought forward	(d),(e)	342,455		(1,053)		341,402
Subsidies and grants	(e)	8,100		59		8,159
<b>Group</b>						
Trade and other receivables	(a)	17,321	(5,769)			11,552
Other financial assets	(a)	4,466	5,769			10,235
Fees, charges and targeted rates for water supply	(b)	10,887	28,794			39,681
Other revenue	(b),(c)	31,530	(26,775)			4,755
Other gains	(c)	2,019	(2,019)			0
Trade and other payables	(d)	15,687		994		16,681
Retained earnings brought forward	(d),(e)	376,249		(1,053)		375,196
Subsidies and grants	(e)	9,183		59		9,242

## Explanatory notes

### Reclassification adjustments

- (a) For Council and Group, community loans and loans to related parties of \$5.77 million have been reclassified to other financial assets as this category is considered to be more appropriate than trade and other receivables due to the long term nature of the assets.
- (b) For Council and Group, revenue from rentals, regulatory activities and sales of goods and services have been reclassified from other revenue.
- (c) For Council and Group, gains have been reclassified to other revenue, as Council has decided to no longer distinguish between gains and other revenue on transition to the new PBE accounting standards.

### Adjustments on transition to new PBE accounting standards

- (d) Trade and other payables as at 30 June 2014 Have increased by \$994,000 due to the recognition of a suspensory loan liability. Council considers that the \$1.17 million suspensory loan received from Housing

- New Zealand in relation to social housing is, in substance, a grant with conditions attached. PBE IPSAS 23 Revenue from Non-Exchange Transactions requires revenue from the suspensory loan to be recognised when the conditions of the loan are met. Council considers that it is appropriate to recognise revenue on a straight-line basis over the period of the loan as it provides social housing during the 20-year term of the loan. The proceeds of the loan had been recorded immediately to revenue under NZ IFRS (PBE). Therefore the loan has been reclassified from accumulated funds to a liability (trade and other payables) and reduces each year on a straight-line basis over the 20-year term.
- (e) Subsidies and grants revenue for the year ended 30 June 2014 has increased by \$59,000 on transition to the new PBE accounting standards due to the recognition of revenue from the Housing New Zealand suspensory loan, which reflects a reduction in the suspensory loan liability. The accounting for this liability is explained further in (d) above.

## PERFORMANCE OF COUNCIL OWNED COMPANIES

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. The eight organisations that Council owns or part owns to achieve agreed community outcomes are:

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

Full details are available for each organisation in their respective Annual Reports.

### PORT NELSON LTD

Council owns 50% of Port Nelson Ltd, with Tasman District Council owning the other half. Port Nelson Ltd is covered by the Port Companies Act 1988, which imposes obligations on the Port almost identical to those imposed on Council Controlled Trading Organisations by the Local Government Act 2002, including the provision of an annual Statement of Corporate Intent.

The company provides core port services for the Nelson region and also the following:

- Marine services which include pilotage, towage and navigation aids for the arrival, berth and departure of vessels to the Port
- Berths to accommodate vessels at the Port
- Wharves, plant and other services to facilitate the discharge and loading of vessels
- Container terminal handling services
- Cargo logistics including warehousing and storage of goods
- Vessel slipping services.

### PERFORMANCE TARGETS – PORT NELSON LTD

Measures	Target	Result for 2014/15	Comment
Lost time injury frequency rate (lost time injuries divided by hours worked in period multiplied by 100,000).	<1.5	Not Achieved	Rate 2.99.
Net Debt / Equity Ratio.	<45.0%	Achieved	Ratio 14.4%.
Dividends declared.	\$4.2 million	Achieved	Dividend \$5.7 million.
Cargo throughput (cargo tonnes).	2.6m tonnes	Achieved	Actual 2.6m tonnes.
Shipping tonnes (gross registered tonnes).	8.5m tonnes	Achieved	Actual 9.2m tonnes.
Ship visits.	697	Achieved	747 visits.
Revenue.	\$39.0 million	Achieved	Revenue \$42.2 million.

Measures	Target	Result for 2014/15	Comment
Return on Average Shareholders' Funds (based on the Net Surplus earnings figure prior to Other Comprehensive Income).	4.0%	Achieved	Return 5.1%.
Return on funds employed.	6.0%	Achieved	Return 7.1%.
Capital expenditure.	\$4.0 million	Not achieved	Expenditure \$3.6 million.
Incidents leading to pollution of harbour.	Nil	Achieved	Nil incidents.
Compliance with all Resource Consent conditions.	100%	Achieved	Full compliance.
Compliance with NZ Maritime Safety Standards.	100%	Achieved	Full compliance.

## FINANCIAL PERFORMANCE – PORT NELSON LTD

Port Nelson Limited is 50% owned by the Council and is self administered.

	2015 (\$000)	2014 (\$000)
Revenue	42,227	43,290
Expenses	31,838	32,414
Net surplus before taxation	10,389	10,876
Provision for taxation	(2,855)	(3,286)
Net Surplus for year after taxation	7,534	7,590
Other comprehensive income	(1,047)	278
Total comprehensive Income	6,487	7,868
Shareholder's funds brought forward	146,986	143,318
Dividend	(5,700)	(4,200)
<b>Shareholder's funds carried forward</b>	<b>147,773</b>	<b>146,986</b>

## NELMAC LTD

Nelmac was established in 1995 and is 100% owned by Council. The main activity and objective of the company is to provide the City with high quality management, maintenance and construction of its natural and built environment. This includes water, wastewater, refuse, facilities, green spaces, ecology and conservation.

### PERFORMANCE TARGETS – NELMAC LTD

Measures/ Targets	Result for 2014/15	Comment
<b>Non-shareholder business</b>		
Ensure that all non-Council work contributes to the profitability of the company.	Achieved	Non-Council work contributed to profitability.
<b>Equity ratio</b>		
Financial risk limited by maintaining a ratio of Shareholder Funds to Total Assets. In the range of 55%-65%.	Achieved	Ratio was 61%.
<b>Quality of Service</b>		
Company will maintain its AS/NZS ISO 9001:2008 accreditation.	Achieved	Maintained.
Achieve compliance with Council contract key performance measures for the year ending 30 June, to be monitored monthly.	Achieved	Complied.
Nelmac will maintain a record of the number of complaints and congratulations received each year and the results will be reviewed regularly by the Board.	Achieved	Maintained.
<b>Staff</b>		
Staff morale/turnover excluding retirement, redundancy and internal transfers to be within range of 5-15% for the year ending 30 June 2015.	Achieved	Actual turnover 12.4%.
Staff health and safety – continue to actively promote health and safety in the workplace with the aim of achieving less than 1% workday losses to accidents.	Achieved	Actual workday losses 0.27%.
Nelmac to maintain the tertiary level of ACC workplace safety management practice.	Achieved	Maintained.
<b>Sustainability</b>		
Environmentally responsible business, fully compliant with all relevant statutory and contractual obligations and responsibilities.	Achieved	As far as known, compliant with all relevant legislation.
Ensure that the Nelmac sustainability policy is implemented and utilised as a compass for guiding company decisions.	Achieved	Sustainability policy implemented and utilised.
Implement further training and development for all Nelmac staff in sustainability issues and how to apply the company's Sustainability Policy.	Achieved	Further training and development implemented for all Nelmac staff.
Each department to regularly review its use of resources, especially non-renewable resources, with a view to reducing waste in delivering services.	Achieved	Resource use reviewed.

## FINANCIAL PERFORMANCE – NELMAC LTD NELSON MAINTENANCE & CONSTRUCTION LIMITED

Nelson Maintenance & Construction Limited (NelMAC) commenced operations on 1 July 1995 following the corporatisation of the Operations Business Unit. The company is fully owned by Council.

	2015 (\$000)	2014 (\$000)
Revenue	26,441	24,810
Expenses	24,250	23,507
Net surplus before taxation	2,191	1,303
Provision for taxation	(305)	(367)
Net Surplus for year after taxation	1,886	936
Retained earnings brought forward	6,212	5,732
Revaluation	0	0
Dividend	(468)	(456)
<b>Retained earnings carried forward</b>	<b>7,630</b>	<b>6,212</b>

## NELSON AIRPORT LTD

Council owns 50% of Nelson Airport Ltd with 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.

### PERFORMANCE TARGETS – PORT NELSON LTD

Measures/ Targets	Result for 2014/15	Comment
Achieve financial performance targets.	Achieved	See below (financial performance).
Increase car parking revenue post completion of the car park redevelopment in line with financial performance targets.	Achieved	Financial target for parking revenue exceeded by 2.7%.
Complete the construction and commissioning of the new terminal access and car park extension during the 2014/15 financial year.	Not Achieved	Terminal Access Project and Carpark Redevelopment projects re-phased pending confirmation of basic design and footprint of redeveloped terminal.
Review five year forecast, including developments, at least annually.	Achieved	Forecasts reviewed in November 2014, January 2015 and June 2015.
Exploit opportunities for business diversification and development.	Achieved	Progressed upgrade to airport cafe, improved advertising contract terms and received expressions of interest to establish a service station on Airport land.
Pass all Civil Aviation Authority certification audits with no findings and fully consider any recommendations.	Achieved	All audits passed with no findings.

Measures/ Targets	Result for 2014/15	Comment
Complete essential works (if any) on the terminal as identified in the seismic engineering report.	Not applicable	No essential works identified to be completed in the 2014/15 year.
Facilitate regular airport security meetings to ensure compliance with aviation security requirements	Achieved	Regional security meeting held annually and all aviation security requirements fully met.
Continue to work with the appropriate authorities to ensure an appropriate level of management is achieved in respect of the birdstrike risk in the vicinity of the airport.	Achieved	Firearms policy revised. An initiative employing remote controlled gas powered bird scaring guns implemented in coordination with Airways.
Measure and report on "good employer" key indicators.	Achieved	No mediation, no personal grievances, no dismissals. One retirement and one amicable resignation.
Maintain a safe working environment for employees.	Achieved	All staff linked to GOSH Safety and Security system. Nil lost time injuries and nil medical treatments.
Facilitate regular meetings of the Nelson Airport Noise Environment Advisory Committee and provide this Committee with appropriate monitoring data, advice and information.	Achieved	Regular meetings setup. Monitoring information and data provided to Committee members.
Comply with the Noise Management Plan noise level requirements.	Achieved	Complied.

## FINANCIAL PERFORMANCE – NELSON AIRPORT LTD

On 31 March 1999 Nelson Airport Limited purchased the airport assets and commenced operating the airport. The company is 50% owned by Council, and is currently administered by Council.

	2015 (\$000)	2014 (\$000)
Revenue	5,403	5,249
Expenses	3,242	3,130
Net surplus before taxation	2,161	2,119
Provision for taxation	(605)	(594)
Net Income for year after taxation	1,556	1,525
Retained earnings brought forward	7,909	7,034
Dividend	(515)	(650)
<b>Retained earnings carried forward</b>	<b>8,950</b>	<b>7,909</b>



## NELSON TASMAN TOURISM LTD

### (Tourism Nelson Tasman Ltd)

Council now owns 100% of Tourism Nelson Tasman Limited (NTT), after Tasman District Council transferred their shares to Council on 2 September 2014 (for nil consideration). The company undertakes destination marketing, destination management and provides visitor information services. It coordinates marketing and promotion of the Nelson Tasman region as a visitor destination, provides tourism education and product development and manages the regional visitor information centres.

### PERFORMANCE TARGETS – NELSON TASMAN TOURISM LTD

Measures/ Targets	Result for 2014/15	Comment
<b>Regional Marketing</b>		
Achieve growth in international and domestic guest nights.	Achieved	Growth in total guest nights 4.8%. International guest nights +5.0%, domestic guest nights up 4.7%.
Achieve growth international guest nights (%) against South Island average.	Not Achieved	Region 5.0% growth. South Island average was 7.1% mainly attributed to Chinese visitors going to Queenstown.
Achieve growth in domestic guest nights (%) against South Island average.	Not Achieved	Region 4.7% growth. South Island average was 5.2%.
Increase visitor length of stay from 2.17 to 2.18 nights.	Achieved	Length of stay increased to 2.34 guest nights.
Increase visitor transactions from emerging markets by 5%, measure Regional Tourism Indicators (RTOs).	Achieved	China - 78% increase. India - 144% increase. Hong Kong - 12% increase. North American luxury agent training.
Increase total private sector investment by 2%.	Not Achieved	Actual \$291,433, compared with \$295,877 in 2013/14
Achieve international marketing group investment of \$50,000 minimum.	Not Achieved	Actual \$48,093. Changed financial year from July-June to Jan-Dec and loss of three members.
Achieve convention bureau marketing group investment of \$25,000.	Not Achieved	Actual \$22,275. Trafalgar Centre unavailable and loss of one member.
Improve from 12th NZ Convention Bureau ranking to 11th in NZ market .	Achieved	10th ranking out of 13 regions.
Achieve \$18,000 website listing revenue.	Achieved	Actual revenue \$19,614.
Increase number of website page visits by 3%.	Achieved	Website page visits increased by 8.1%.
Increase visits by mobile devices from 20%.	Achieved	Access to website via mobile devices 22.8%.

*Table continued >*

Measures/ Targets	Result for 2014/15	Comment
<b>Tourism Development</b>		
Nelson Tasman Regional Tourism Strategic Plan updated by 30 June 2014.	Not Achieved	Project date pushed out due to uncertainty in operating environment. Project completed June 2015.
Increase visitor spend by 3% per annum, measure Regional Tourism Estimates (RTEs).	Achieved	Annual visitor spend year-end March 2014 increased by 6.3%.
80% of ratepayers surveyed value tourism.	Not Measured	Council did not undertake a ratepayer survey in 2014/15.
Meet with local Iwi to assist and promote participation in tourism investment.	Achieved	Met with Iwi representatives through ANZ Māori Business Key Insights Seminar.
Meet with other Māori organisations to discuss participation in tourism investment.	Achieved	Communication with Ngati Apa kit e Ra To and NZ Māori Tourism Council.
<b>Nelson i-SITE</b>		
Commercial revenue meets agreed budgets.	Achieved	Actual \$388,775 and budget \$388,345.
Exceeds Qualmark minimum compliance standards.	Achieved	Silver Qualmark accreditation renewed.
<b>Company Management</b>		
Net profit before tax meets budget.	Achieved	Net profit \$21,163 and budget \$18,224.
Working capital by 30 June 2015 \$50,000.	Not Achieved	Working capital \$(2,920).
Maintain equity level by 30 June 2015 of at least \$120,000.	Achieved	Equity \$157,685.
Show an increase in survey respondents on a per segment basis.	Achieved	125 respondents in 2014/15 and 72 respondents in 2013/14.
Formal processes are accurate, informative and timely.	Achieved	Approved SOI 2014/17, Six-Month Report and Annual Report 2013/14.
All legislative requirements are met.	Achieved	All legislative requirements met.
Overall staff satisfaction survey is 80%.	Achieved	Staff satisfaction 86%.

## FINANCIAL PERFORMANCE – NELSON TASMAN TOURISM LTD

### TOURISM NELSON TASMAN LIMITED

	2015 (\$000)	2014 (\$000)
Revenue	1,444	1,682
Expenses	1,423	1,657
Net surplus before taxation	21	25
Provision for taxation	0	(22)
Prior year tax adjustment	2	0
Net Surplus for year after taxation	23	3
Retained earnings brought forward	135	132
<b>Retained earnings carried forward</b>	<b>158</b>	<b>135</b>

## STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

Council owns and controls 50% of the Ridgeways joint venture, with Homedale Holdings Ltd owning the other half. The joint venture is responsible for developing, subdividing and marketing sections on Council-owned land in Stoke. The joint venture is a Council-controlled Trading Organisation set up for the purpose of making a profit.

The subdivision and development work was completed several years ago and the sale of as yet unsold sections is the only stage to be completed. The current expectation is that the last sections will not be sold until 31 March 2019.

### PERFORMANCE TARGETS – STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

Measures/ Targets	Result for 2014/15
Number of sections sold compared to forecast and previous two years' performance.	2012/13 3 sections sold (forecast 4). 2013/14: 1 section sold (forecast 2). 2014/15: 2 section sold (forecast 2).
Number of serviced sections available for sale but not unconditionally sold compared with previous two years.	2012/13:12 sections (includes two withdrawn for earthworks). 2013/14: 11 sections (includes two with earth works and drainage now completed). 2014/15: 9.
Ratio of actual sale prices of total section sales to total listed selling price.	2014/15: 100%.
Document issues or complaints received by the joint venture or Council relating to activities covered by joint venture agreement.	Achieved.
Forecast completion date: 31 March 2019.	On track.

### FINANCIAL PERFORMANCE – STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

The Ridgeways Joint Venture is 50% owned by Council and is self administered.

	2015 (\$000)	2014 (\$000)
Revenue	341	504
Expenses	138	186
Net surplus before taxation	203	318
Retained earnings brought forward	475	533
Prior period adjustment	0	24
Distribution	(400)	(400)
<b>Retained earnings carried forward</b>	<b>278</b>	<b>475</b>

# NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY

The Nelson Regional Economic Development Agency (EDA) is a Council Controlled Organisation. The EDA mission statement is to 'facilitate sustainable development of the region that enhances economic vitality, taking into account the region's cultural and environmental values'. The EDA is funded by both the Nelson and Tasman councils.

This agency led the development of the Nelson-Tasman Regional Economic Development Strategy (REDS). The EDA Board stated its intent to continue to pursue its three operational strategic objectives, which were stated in the 2009 Nelson Community Plan:

- Facilitate economic development projects that build national and international competitiveness
- Provide economic advice to the region
- Provide ongoing assessment of the region's performance.

The performance of the EDA is linked to and measured against these three objectives. Refer to the Economic activity section of this report for more information on the EDA's wider contribution to Nelson's economy.

## PERFORMANCE TARGETS – REGIONAL ECONOMIC DEVELOPMENT AGENCY

Measures/ Targets	Result for 2014/15	Comment
<b>Primary facilitator of economic development projects</b>		
Regional Economic Development Strategy (REDS).	Ongoing	REDS released July 2014. Key initiatives identified and work plans incorporated into business activity.
Regional companies supported to utilise NZTE capability development vouchers and Callaghan Innovation's R&D Grants programmes.	Ongoing	The Regional Business Partner programme is currently under review the contract has been extended by an extra 6 months to December 2015.
Education: Closer relationships between business sector, NMIT and research organisations. Education Nelson established and strategy developed.	Ongoing	Engagement with NMIT, Cawthron Institute and business sector on potential opportunities. Hosted visiting business delegations from China. Education Nelson Tasman strategy work and business plan completed.
Aquaculture/Seafood/Marine: Marine City concept progresses through to scoping exercise.	Ongoing	Scoping completed and stakeholder group established. Participated in discussion on Aquaculture developments, supported NMIT's aquaculture training and provided advice to the sector.
Support industry clusters: Engineering, Aviation, Horticulture, Forestry and Tourism.  Support Marlborough Food & Beverage Innovation (FBI) cluster by providing access to R&D grants and linking in Nelson Tasman companies where appropriate.	Ongoing	Administrative support for Engineering and Aviation cluster and advice when requested. Supported IT and key regional sectors through development of a digital strategy.  Engaged with tourism sector through Nelson Tasman Cycle Trails Trust.  Supported the Food and Beverage Innovation cluster initiative based at Marlborough Research Centre.

Measures/ Targets	Result for 2014/15	Comment
SME Development: New, emerging and existing business ventures provided with appropriate assistance to facilitate development.	Ongoing	Supported businesses through sponsorship at Bridge Street Collective, Regional Business Partner network, and referral to business support agencies. Engaged in development of Innovate - an innovation hub at NMIT. Ongoing advice, facilitation and closer alignment with NMIT and Cawthron Institute.
Youth Employment: YES, graduation and MSD Youth Employment Project completed.  New work stream identified and implemented.	Ongoing	YES programme successful in 2015 and participated in judging Dragon's Den. The 2014 ITO Graduation was successfully completed. EDA completed MSD contract to engage with regional businesses around youth employment and is a member of Top of the South Trades Academy Governance Board.  Completed the REDS Education to Employment initiative project plan, engaged with Ministry of Education to improve youth pathways, participated in Mayors' Task Force for Jobs local forum, distributed 'Into the Future, and managed the Nelson-Tasman Connections Service.
Events Strategy: Contract with Council well managed. Suitable events identified, contracted and managed.	Ongoing	Ten projects have been approved for funding and eight events funded to date.
Establish closer relationships between business, industry and government; opportunities identified.	Ongoing	Regular South Island EDA collaborative meetings.
International business opportunities, key market China: regional profile raised and generation of business interests with Nelson region.	Ongoing	Trip to China in April 2015 with Nelson Mayor and CEO, NMIT and Cawthron CEOs. Hosted delegations from Sister City Huangshi, and Yangjiang, assisted business delegations from China, and responded to trade inquiries. Hosted visits from the Chinese Consulate including the Consul-General.
Regional Identity Project: Working group produces a regional identity strategy and proposal for delivery.	Ongoing	Supported DNA (Dedicated Nelson Associates) on 'Nelson Shines' regional identity strategy rollout. Produced White paper to frame the concept of appellation/branding for the region.
Aged: Ageing Workforce event is a success. Initiatives and work plan for delivering outcomes to aged white paper identified.	Ongoing	58 attendees attended Ageing Workforce event with local and national speakers and is facilitating the Community Plan for an Ageing Population project.
Māori economic development: Facilitate investment within region to build assets for regional iwi.	Ongoing	EDA part of a planning group for a Māori Economic Summit to be held in November 2015.

*Table continued >*

Measures/ Targets	Result for 2014/15	Comment
Oil and gas industry: In conjunction with Taranaki, Otago and Southland regions identify opportunities in servicing the oil & gas industry.	Ongoing	Assisted in gaining an oil exploration permit for Tasman District.
Cricket World Cup 2015: Regional profile raised as a result of hosting CWC2015.	Ongoing	Commissioned an Economic Impact Assessment which showed about \$2.3 million in visitor expenditure was injected into the Nelson/Tasman economy. This directly contributed \$1.1 million to regional GDP and generated an additional 27 full-time jobs for one year.
Attracting investment: Potential investors have access to information, contacts and introductions to make informed investment decisions.	Ongoing	Provided regional information for the NZTE Capital Investment website and hosted a Foreign Direct Investment Master Class on behalf of NZTE for EDAs from the upper South Island. Engaged with MBIE Immigration executives on attracting migrant investors and with parties seeking investment opportunities. Assisted settlement of one international investor.
<b>Primary provider of economic advice</b>		
Economic connection and catalyst: Requests for information, reports and papers are delivered in a timely manner with relevant information to support Council and industry in making sound business decisions.	Ongoing	Provided advice, connections, statistical reports and information as requested. Provided information through publications and regular consultation.  CEO is a member of Nelson Digital Council, assisted with the Lee Valley Dam project, facilitated the Nelson Business Leaders group, advisor to Tasman Regional Transport Committee and a member of the Māori Economic Summit Working Committee.
Summit and workshops: Annual Economic Summit organised and held with good attendance and positive feedback. Other workshops successfully delivered.	Achieved	The 2015 Economic Summit, with the theme of Innovation, had 135 attendees. Presented at, and was sponsor of, the Motueka Economic Summit. Sponsored the Commerce Nelson ASPIRE Event and Business Awards.
Lee Valley Water Augmentation Project: Lee Valley Dam is approved for construction.	Ongoing	EDA submitted in support of the dam and commissioned an economic assessment of the benefits of the dam.

## FINANCIAL PERFORMANCE – NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY

	2015 (\$000)	2014 (\$000)
Revenue	1,178	1,231
Expenses	1,203	1,232
Net surplus before taxation	(25)	(1)
Provision for taxation	(5)	(7)
Net Surplus for year after taxation	(30)	(8)
Retained earnings brought forward	359	367
<b>Retained earnings carried forward</b>	329	359

## TASMAN BAYS HERITAGE TRUST (Nelson Provincial Museum)

The Tasman Bays Heritage Trust (TBHT) was established in 2000 as a Council Controlled Organisation owned 50% by Nelson City Council and 50% by Tasman District Council. It is responsible for providing museum services and protecting the collections of historic treasures held on behalf of the Nelson Tasman region. The museum exhibition facility on the corner of Trafalgar and Hardy Streets was opened in late 2005 providing a combination of permanent and temporary exhibitions. It is well used by schools for part of their learning experiences outside the classroom (LEOTC) programmes.

### PERFORMANCE TARGETS – TASMAN BAYS HERITAGE TRUST

Measures/ Targets	Result for 2014/15	Comment
Finalise review of TBHT's long-term operating facilities and needs including exhibitions, storage, collection and research facilities. This is to ensure a strategic basis for effective and visionary museum operations in the long term, to enhance storage and to reduce risk to collections held by the Tasman Bays Heritage Trust.	Achieved	Review undertaken by Walker and Associates (known as the 'Walker Report'). Strategic priorities identified and agreed to by the Board.
Continue to improve the financial position of the Tasman Bays Heritage Trust by maintaining the debt repayment agreed with Councils and by tight cost control.	Achieved	2014/15 repayment targets met and an increased repayment schedule to Councils agreed. Tight cost control meant debt from other sources reduced and full repayment of secured loan ahead of target.
Register with the Charities Commission constitutional amendments to the Deed of Trust to align with the Local Government Act 2002 and the Memorandum of Understanding with the Trust's Iwi partners.	Not Achieved	Deferred to 2015/16 due to impending governance and management changes.
Increase level of funding support received from sources other than the two councils.	Achieved	Secured grants for projects in excess of \$90,000 in 2014/15; an increase of over \$30,000 from the previous year.

*Table continued >*

Measures/ Targets	Result for 2014/15	Comment
Ensure that objectives are achieved within budget.	Achieved	Reporting approved at monthly Board meetings, end of year report subject to audit by Audit NZ, and mid-year reports presented to both councils.
Allocate resources to transfer objects stored in unstable environmental conditions at Founders Historic Park and in containers at the Research Facility (RF) to more suitable storage either at the Research Facility or in off-site storage. Report half yearly.	Ongoing	<p>Objects continue to be brought back from Founders Park for re-housing at the RF or Elms Street off-site store.</p> <p>RF mostly used for temporary storage or treating objects requiring specialist attention. One of the two containers at RF was emptied, with objects inventoried and moved into storage at RF or Elms Street.</p> <p>All objects have a collection management database record, are photographed and all are recorded along with physical aspects and location details.</p>
Seek advice from Te Tai Ao Komiti in relation to taonga and Te Tai Ao Komiti report annually.	Ongoing	New acquisitions [categorised as taonga tuku iho] are blessed on arrival, and where possible prior to processing. Advice is sought from of Te Tai Ao Komiti about potential donations and purchases, taonga already in the collection, and reporting.
Continue the Glass Plate Relocation and Digitisation Project (5,000 images relocated and digitised per quarter) progressively making data available on-line. Report six monthly on project targets and budget status.	Ongoing	In June 2015 the number of plates re-housed in steel drawers was 118,600. These have been digitised as part of the process and 55,000 of these images are now on-line through the Museum's website.
Actively work towards resolving building issues so that staff can maintain the care and preservation of collection objects held in storage and on public display following currently accepted museum standards and practices.	Ongoing	Security was improved at the RF with four security cameras attached to the building exterior. Environmental conditions in the main storerooms at the RF are monitored both physically and digitally. The environment at the Elms Street is monitored but cannot be actively controlled.
Process donations according to Standard Operating Procedures and create a record in Vernon CMS for new acquisitions within six months of being accessioned into the permanent collection.	Achieved	Donations and accessions processed according to operating procedures and reported monthly along with status of major projects.



Measures/ Targets	Result for 2014/15	Comment
Update the Integrated Exhibition Plan including refreshment of the permanent exhibition gallery, the Forward Exhibition Programme of changing exhibitions in the upstairs gallery and other spaces; and including marketing displays in window spaces and elsewhere. Report quarterly on progress.	Achieved	<p>Planning for the Regional History Gallery was delayed pending the appointment of a new CEO.</p> <p>A significant upgrade of lighting in the cave exhibition took place. The Exhibition schedule was reviewed quarterly by the Exhibitions Advisory Committee of the Trust Board. The Museum's exterior appearance was smartened and branding clarified.</p>
Deliver a Forward Exhibition Programme including both internally produced and externally sourced exhibitions that seeks to meet the needs and interests of a broad audience, aligned with the Exhibition policy.	Achieved	<p>Plans were discussed quarterly with the Exhibition Advisory committee. Internally produced and touring exhibitions involved a sustainable level of work and mix of themes for the wider population. There was an 18% increase in visitor numbers in 2014/15.</p>
Seek to maximise community engagement with exhibitions and programming associated with the Centenary of World War One. This engagement to include the use of the stories of local people to tell the broader history.	Achieved	<p>Local visitor numbers strong since launch of the WW1 exhibition in August 2014. The number of families who have recorded remembrance of their forbears is nearly one-third of the 2,900 names in the Community Hall. A lecture on Gallipoli and Turkey by Damien Fenton co-hosted with Nelson Historical Society was attended by almost 150 people.</p>
Use the Visitor Survey as a means of ascertaining levels of Visitor Satisfaction with Services, Exhibitions and Programmes [target 80% or better rate their experience as 8,9,10 on a 10 point scale] and the success of campaigns to attract repeat visits from the regional population. Report six monthly and compare annually with data obtained by Council surveys and Museums Aotearoa survey.	Achieved	<p>Satisfaction with the Services and Facilities was in excess of 95% using a 1-5 rating scale (this matches the Museums Aotearoa Survey). Ratings on satisfaction with the Regional History Gallery range from 80% to 90%+. Although ratings of the exhibitions in the upstairs gallery vary, the overall satisfaction rating is well above the target of 80%.</p> <p>Data from internal surveys is triangulated with the Museums Aotearoa Survey and completed for 100 visitors over a one week period.</p>
Invite participation from selected groups of regional and other visitors in a review of the permanent exhibition. Use this input to help prioritise the sections to be worked on in the next three years.	Not Achieved	<p>Work delayed pending appointment of new CEO.</p>
Seek input from the manawhenua iwi on updating the six iwi cases and obtain advice and guidance regarding stories of Māori involvement in World War One.	Ongoing	<p>Aim to complete work on two iwi cases each year starting with Te Atiawa and Ngati Kuia by the end of 2015. Initial contact has been made.</p>

*Table continued >*

Measures/ Targets	Result for 2014/15	Comment
<p>Continue to seek partnerships from the community and other institutions including other regional heritage assets that add value to the education work of the Museum. Seek guidance from the Education Advisory Committee and transmit reports from that group to the TBHT.</p>	<p>Achieved</p>	<p>A Memorandum of Understanding (MOU) reached with Nelson Historical Society for the WW1 Commemoration.</p> <p>The MOU with Brook Waimarama Sanctuary Trust saw almost 400 students attend Museum exhibitions [Plants and Parrots] followed by visits to the Sanctuary.</p> <p>An MOU is being prepared with the Nelson RSA which will see their archive come under the care and protection of TBHT.</p> <p>An exhibition on WW1 and Technology at the Motueka Technology Education Centre at Parklands School was attended by almost 500 regional year 7 and eight students.</p>
<p>Provide education opportunities to regional school students to support their NZ Curriculum studies based on our exhibitions and resources. Target of at least 5000 students.</p>	<p>Achieved</p>	<p>A total of 6,880 students participated in programmes by Museum education staff - includes Outreach programmes at Richmond Library, MOTEC in Motueka and the Brook Sanctuary. A total of 40 of the region's 52 schools sent classes to the Museum in 2014/15.</p>
<p>Maximise promotional opportunities by implementing joint marketing strategies with other regional museums, supported by our two Council stakeholders.</p>	<p>Achieved</p>	<p>Quarterly meetings of local heritage attractions are now managed by Council staff, rather than the Museum. Exhibitions and resources were made available for display in Havelock, Collingwood, Takaka, Motueka, Hokitika, Richmond Library and Murchison.</p>
<p>Engage with the community through informative content on the Museum's website and monthly email newsletter and develop social media opportunities as part of a strategy to increase public awareness of exhibitions, education and public programmes, and the work of staff. Seek to add at least 200 new email addresses annually from amongst local and regional visitors.</p>	<p>Achieved</p>	<p>The email newsletter was migrated to MailChimp.</p> <p>The Museum website attracted 28,690 visitors with over 137,000 page views. The Collections On-Line section of the website attracted 6,122 visitors who viewed 230,000 pages. The WW1 portal attracted 1,844 users and they have taken in 2,600 pages.</p> <p>Nelson Photo News is hosted by MeBooks and attracted 38,250 users who have collectively viewed 344,000 pages. The Museum contributed to this website.</p> <p>The on-line contribution by the Museum continues to rise steadily.</p> <p>The Early Settlers Database, which was taken over from Council, is used by the public.</p>

Measures/ Targets	Result for 2014/15	Comment
Add content to the Museum's electronic public access catalogue - Collections Online (500 images and records per quarter). Make this information available through a public kiosk in both venues and on the worldwide web. Enhance the kiosks by adding access to more heritage information websites and databases and investigate the placement of kiosks at other venues.	Achieved	<p>The on-line catalogue increased in 2014/15, largely due to records added through the Glass Plate Negative and Collection Inventory Projects. There are over 55,000 records on-line and 6,122 users made 230,000 page views in the last 12 months.</p> <p>Public kiosks at the Museum and RF venues are well used with the assistance of visitor host staff.</p> <p>Work continues on making material available electronically at the RF.</p> <p>The Museum is working with DigitalNZ to make New Zealand digital content easy to find, share and use.</p>
Develop an e-commerce capability for selected products and services. Report 6 monthly on costs and benefits.	Achieved	The Museum uses PayPal and direct debits particularly for photographic orders. The website e-commerce capability is pending redevelopment of the website.
Re-activate the Regional Museum Network and the Tasman Bays Regional Heritage Disaster Response Team. Disseminate the knowledge and experience of this Museum by participation in presentations and workshops, contributing to the regional development of professional standards and practice. Include knowledge gained during the disaster related events of 2013. Brief reports from such activities will be summarized to the TBHT and its committees as appropriate.	Ongoing	<p>Two workshops were held; the first was run by National Services and the second by Museum staff.</p> <p>The Regional Museums continued to meet.</p> <p>The Museum assisted staff from other regional institutions on a regular basis.</p> <p>The Museum actively supported digital issues through the National Digital Forum.</p>

## FINANCIAL PERFORMANCE – TASMAN BAYS HERITAGE TRUST

	2015 (\$000)	2014 (\$000)
Revenue	2,031	2,016
Expenses	2,288	1,920
Net surplus before taxation	(257)	96
Other comprehensive income	0	0
	(257)	96
Revaluation	848	0
Equity brought forward	18,673	18,577
<b>Equity carried forward</b>	<b>19,264</b>	<b>18,673</b>

# THE BISHOP SUTER TRUST

## (Suter Gallery)

In 2008, The Bishop Suter Trust became a Council Controlled Organisation to govern The Suter Art Gallery. The Trust is responsible for providing public art gallery services and protecting a significant collection of artworks on behalf of the Nelson Tasman region. The Suter complex comprises exhibition galleries, a shop, café and theatre. It is also the home of the Nelson Suter Art Society, on its own site adjacent to the Queen's Gardens and Albion Square which it has occupied since 1898. It provides a programme of regularly changing exhibitions and activities and is well used by schools for part of their Learning Experiences Outside the Classroom (LEOTC) programmes.

### PERFORMANCE TARGETS – THE BISHOP SUTER TRUST

The Bishop Suter Trust, in partnership with Council, commenced its project to redevelop The Suter Art Gallery at its historic Bridge Street site. This is a multi-year build and the Redevelopment Project is estimated at \$12 million. The redevelopment has the objectives of ensuring The Suter's nationally significant art collection is displayed in facilities that are fit for purpose, with better accessibility and made to last for future generations.

Construction began in January 2015 and during the re-build period, The Suter has set up a temporary home in Halifax Street that includes exhibition areas, office space, the cafe and shop as well as storage.

Reporting on the Statement of Intent reflects that exhibitions were held at The Suter (Bridge Street) from 1 July to the end of November 2014, although by then, only one gallery space had artworks displayed in it. Public access was increasingly restricted as the Collection was packed for moving. Exhibitions and educational activity resumed at 'The Suter on Halifax' from February 2015.

Measures/ Targets	Result for 2014/15	Comment
<b>Governance: Operate a well managed successful visual arts centre and public art gallery</b>		
Successfully implement the Suter Art Gallery Redevelopment Project in partnership with Council.	Achieved	Tight fiscal control has been exercised over the project design, tender process, selection of construction contractor, move off-site and fit-out of the Gallery's temporary Halifax premises.
Provide a public art gallery experience during redevelopment.	Achieved	Visitors to The Suter complex to 31 December 2014: 42,894. Visitors to The Suter exhibition galleries to 31 December 2014: 10,023. Visitors to The Suter and to experiences provided by or at The Suter 1 July 2014 - 30 June 2015: 61,926.
Ensure that the Suter is well managed and operates within its agreed plans.	Achieved	Risks identified and mitigated during demolition and construction include security and protection of heritage building and Theatre.
Develop a 10 year strategic plan for the Bishop Suter Gallery.	Ongoing	Initial planning sessions held by Bishop Suter Trust Board.
Develop a Marketing Plan which focuses on the attracting visitors and developing resourcing for the Redeveloped Suter (refer also 3.4); Report on progress.	Ongoing	Activity included: bequest brochure produced, new patrons' scheme formulated and website development.
Develop an asset management plan in relation to the new Suter facilities. Plan prepared by 2016/17 for the ongoing maintenance of the redeveloped Suter.	To be commenced	The bulk of planning will be undertaken in the 2015/16 financial year.

Measures/ Targets	Result for 2014/15	Comment
Be a good employer by maintaining good employer policies and practices; report on observance of policies, health & safety, turnover and related statistics.	Achieved	No accidents reported. Positions to be reviewed in relation to requirements of the redeveloped Suter.
<b>VISITOR EXPERIENCE: Engage, educate and entertain the regional community and visitors through visual arts' programmes: Exhibitions and life-long learning opportunities:</b>		
During Redevelopment facilitate and deliver exhibition projects that contribute to significant cultural events; Projects are delivered in relation to Light Nelson 2014, Nelson Arts Festival, Waitangi Day 2015 and Centenary of World War One.	Achieved	Roots Project delivered for the Nelson Arts Festival at Founders Heritage Park.  An artist's project developed for Light Nelson 2014 for The Suter Theatre, but was cancelled due to technical difficulties and public safety concerns about access.  During Waitangi weekend 2015, a contemporary Māori art exhibition, He Kitenga A Glimpse [of a vision] was installed at Founders Heritage Park. Partners included NMIT, NCC, Founders, Toi Māori Aotearoa Whakatu Marae and Nelson Regional Economic development Agency. 2,100 people visited this exhibition.
During Redevelopment provide displays/ exhibitions, potentially in the Suter Off-site premises and in various other spaces as opportunities arise; Displays are in locations accessible to the public, Report quarterly on progress.	Achieved	See above visitor numbers.
Develop a suite of exhibitions for the opening of the Redeveloped Suter; Research undertaken and loans of artworks secured. Report quarterly on progress.	Achieved	The theme of The Promised Land established for the first suite of exhibitions. Loan applications made to other public collections.
Develop a forward exhibition programme that is diverse and stimulating, for the Redeveloped Suter including internally produced and externally sourced exhibitions; Exhibitions scheduled that meet the needs and interests of a broad audience. Report on progress quarterly.	Achieved	Schedule prepared for 2016-2020.
Provide public programmes which enhance appreciation and enjoyment of the visual arts; A minimum of 20 talks/ events/ activities are held per annum.	Not achieved	15 events held. This compares with 29 events for the same period 2014.

*Table continued >*

Measures/ Targets	Result for 2014/15	Comment
Provide learning experiences for regional school students that support their NZ curriculum studies based on the Suter's programmes and resources; Target is 3,000 students from 25 schools as per the Ministry of Education LEOTC Contract milestones and post visit evaluations indicate 90% satisfaction ratings of 'fine' to 'great'. At least one Education Advisory committee meeting held per annum.	Achieved	<p>2,647 students attended 120 Suter Educator led programmes at 208 Bridge St to 31 December 2014.</p> <p>1,068 students attended 44 Suter Educator led programmes (Halifax St) to 30 June 2015.</p> <p>1,771 students attended 75 Suter Educator led programmes off-site 1 January 2015 to 30 June 2015.</p> <p>A total of 5,486 students attended 228 Suter Educator led programmes; from 32 schools 1 July 2014 to 30 June 2015. They were accompanied by 1096 teachers and helpers and achieved 100% satisfaction rating.</p> <p>Two meetings of Education Advisory Committee held; LEOTC monitoring visit occurred and Milestone Reports submitted.</p>
Seek to obtain a further LEOTC Contract; the current LEOTC contract expires on December 31 2015. Report on progress.	Ongoing	Proposal prepared and submitted 2 July 2015 to Ministry of Education via GETS.
Provide out-of-school art educational activities; 50 sessions of Suter Kids Club are delivered per annum.	Achieved	1,002 attendees at 93 Suter Kids Club sessions delivered from 1 July 2014 to 30 June 2015.

## FINANCIAL PERFORMANCE – THE BISHOP SUTER TRUST

	2015 (\$000)	2014 (\$000)
Revenue	1,658	1,486
Expenses	2,934	885
Net surplus before taxation	(1,276)	601
Retained earnings brought forward	11,792	11,191
<b>Retained earnings carried forward</b>	<b>10,516</b>	<b>11,792</b>

### COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays except Thursdays (open 9.00am to 5.00pm on Thursdays).

Located in Civic House, corner Halifax and Trafalgar Streets, 110 Trafalgar Street, PO Box 645, Nelson.

Telephone 546 0200 (24 hour, 7 day service).  
Fax 546 0239.

### WEBSITE AND EMAIL

Visit [www.nelson.govt.nz](http://www.nelson.govt.nz) or email [enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

### CORRESPONDENCE

Address written correspondence to the Council to:  
Chief Executive, PO Box 645, Nelson 7040 or  
fax to 546 0239.

### ATTEND A COUNCIL MEETING

Council meetings are advertised in Live Nelson. Members of the public are welcome to attend meetings of the Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

### PUBLIC FORUMS

here is a Public Forum at the beginning of most ordinary Council meeting where up to five minutes will be available for members of the public to speak to Councillors. You need to book a time before the meeting by contacting a Council Administration Adviser on 546 0200.

### DEPUTATIONS

Groups or organisations may form a deputation to make a representation to a Council or Committee meeting. There is a formal procedure for such a presentation. A request for a deputation to appear, including the subject to be raised, must be made in writing at least 10 days before the meeting. Contact a Council Administration Adviser on 546 0200.

### PETITIONS

The presentation of a petition to Council or its Standing Committees must conform to certain rules. Contact a Council Administration Adviser on 546 0200.



**Nelson City Council**

*te kaunihera o whakatū*

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