

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011



Nelson City Council
te kaunihera o whakatū

Tiago at the grand re-opening
of Trafalgar Park, August 2010.
PHOTO BY THE LATE JUNGLE PAYNE.



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MAYOR'S WORD

Tēnā koutou te whānau ki Whakatū

WHAT A YEAR IT HAS BEEN

Looking back to June 2010 so much has happened in our city, and as this financial year closed we were poised to host our Rugby World Cup 2011 teams and games.

There has been a great community effort to prepare for this once in a lifetime event and Council has led from the front to ensure Nelson was ready.

This is the first Annual Report of the current term of Councillors, and my first as Mayor. While there are three new and three recycled faces around the Council table, we all bring the same passion for making Nelson better still.

FACILITIES TO BE PROUD OF

Highlights for me in the past year were completing the Trafalgar Park upgrade, which means we now have a fantastic facility that we can be proud of and the ongoing investment in sports facilities at Saxton Field, including the cricket, athletics and football pavilion and the hockey and softball pavilion.

RATES RESTRAINT

In recognition of the tough economic times, the average rates rise that we set for 2011/12 was a very restrained 3.48% and was achieved without sacrificing service levels or increasing debt levels.

IMPROVING SERVICE

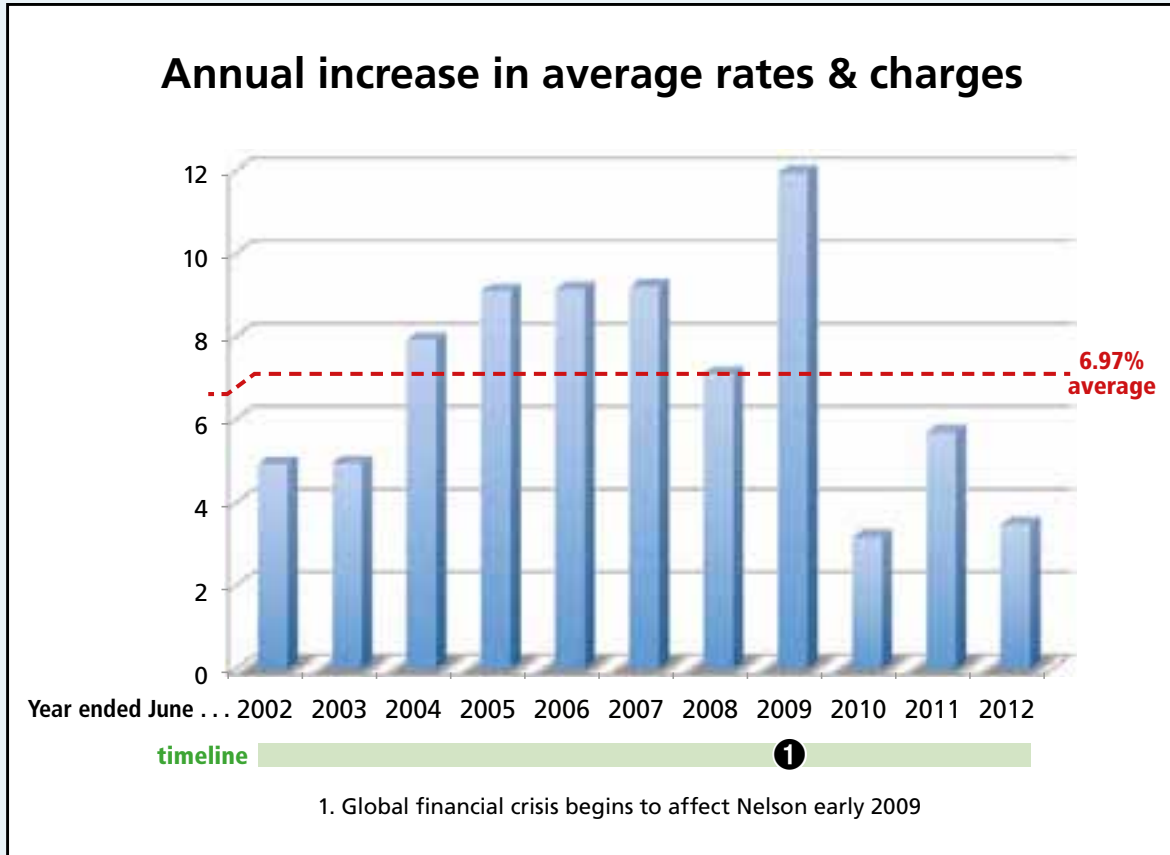
Council also put extra effort into improving customer service, with pleasing increases in satisfaction levels in both the annual residents and counter customer surveys. Add that to an incredibly busy year thanks to a mix of planned and unplanned work and I believe we can be proud of our achievements.

SOUND RESULTS

The Annual Report is our report card for our residents and ratepayers. Did we achieve what we set out in the Annual Plan? I believe the results speak for themselves.

My special thanks to Councillors, staff and our Chief Executive for their support over the past year in making Nelson the best place it can be.

Aldo Miccio
MAYOR OF NELSON



This graph shows the annual percentage increase in average rates and charges over the last decade, including the rate set for the current 2011/12 year. It shows significantly reduced percentages over the last three years mainly in response to the global financial crisis.



CHIEF EXECUTIVE'S WORD

GREAT SERVICE AND GOOD VALUE TOO

This Annual Report shows Council has really lifted its game on the key issues of great service and value for money.

Council has raised surveyed residents' satisfaction with Council service performance by 6% in the past year, as well as increasing their perception of value for money by 7%.

Our across-the-counter customer satisfaction has lifted to over 84%, up from 40% two years ago, while the increase in our customers' satisfaction is also mirrored by our staff. The number of positively engaged staff has lifted from just over 20% two years ago to just below 40% this year. These results are nothing short of amazing!!

CAREFUL SPENDING TO EXPAND CITY'S ASSETS

We have been keeping a close eye on the purse strings while maintaining or building levels of service. Despite tough economic times, Council has completed some major projects over the last year. These are just some examples from the extensive list that have either been progressed or completed:

- Way finding signs and tidying up the lower Maitai Walkway to enhance the city centre
- Nelson North Wastewater Treatment Plant wetlands
- The Stoke high level water supply reservoir to ensure 24 hours of water storage for Stoke if there is an outage
- Trafalgar Centre western side upgrade
- Significant progress on the Jenner Rd / St Vincent St stormwater and road upgrade

And the outstanding financial management and performance within the organisation allowed Council to propose its lowest rates rise in nearly two decades for the draft Annual Plan.

This Annual Report shows the Council's net worth at the end of the year was \$1.15 billion – a \$45 million increase from the previous year. The Council received a total income of \$91 million for the year, which included \$51 million in rates, and spending totalled \$76 million. These numbers confirm Council has been taking every care with its financial management.

THANKS TO THE TEAM

I would like to pay tribute to the team here at Council. Without their dedication and skill our results for 2010/11 would be much different. Recognition must also be made of the arduous workloads of the Mayor and Councillors. Running a city is not an easy or small task and I acknowledge the time and effort made by all to ensure Nelson is the best city it can be.

IN REMEMBRANCE

On a sad note, I would like to acknowledge the passing of Jungle Payne, a much-loved member of our Council staff whose contribution to our organisation and to the city was a credit to his life.



Keith Marshall
CHIEF EXECUTIVE

**STATEMENT OF COMPLIANCE
AND RESPONSIBILITY**

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



Aldo Miccio
MAYOR OF NELSON



Keith Marshall
CHIEF EXECUTIVE

Independent Auditor's Report

To the readers of Nelson City Council and group's Annual Report for the year ended 30 June 2011

The Auditor General is the auditor of Nelson City Council (the City Council) and group. The Auditor General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, non financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the City Council and group on her behalf.

We have audited:

- the financial statements of the City Council and group on pages 105 to 173, that comprise the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and particular information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the City Council and group on pages 29 to 103 that includes particular information required by schedule 10 of the Local Government Act 2002.
- the other information required by schedule 10 of the Local Government Act 2002 that comprises community outcomes – goals for Nelson, involving Maori and statement of financial involvement in CCOs and other companies or organisations on pages 22 to 25 and pages 175 to 193.

Opinion on the financial statements, non-financial performance information and other information

In our opinion:

- The financial statements of the City Council and group on pages 105 to 173:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the City Council and group's financial position as at 30 June 2011; and
 - the results of its operations and cash flows for the year ended on that date.
- The non-financial performance information of the City Council and group on pages 29 to 103:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the City Council and group's levels of service for the year ended 30 June 2011, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.

- The other information of the City Council and group in the financial statements and the non-financial performance information on pages 22 to 25 and pages 175 to 193 under the headings community outcomes – goals for Nelson, involving Maori and statement of financial involvement in CCOs, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 13 October 2011. 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 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 financial statements, non financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non financial performance information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the City Council and group's financial statements, non financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit 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 all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and 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 non financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the City Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to its forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, and in carrying out an amendment to the long-term council community plan, we have no relationship with or interests in the City Council or any of its subsidiaries.



Scott Tobin
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

FOR WEBSITE AND CD VERSIONS

Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and the other information

This audit report relates to the financial statements, non-financial performance information and the other information of Nelson City Council (the City Council) and group for the year ended 30 June 2011 included on the City Council's website. The Council is responsible for the maintenance and integrity of the City Council's website. We have not been engaged to report on the integrity of the City Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other information since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other information as well as the related audit report dated 13 October 2011 to confirm the information included in the audited financial statements, non-financial performance information and the other information presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

OVERVIEW OF THE YEAR – JULY 2010 TO JUNE 2011

WHAT COUNCIL DELIVERED

The 12 months ending June 2011 signalled another very full year for Nelson City Council. Staff delivered the majority of what had been planned for the year, as well as responding to the additional demands of natural disasters, preparations for Rugby World Cup 2011 and adjusting to a new organisational structure, which came into effect from November 2010. A record high number of submissions on the draft Annual Plan for 2011/12 meant extra work. And the triennial local government elections took place within this period, resulting in six new elected representatives among the 12 Councillors and a new Mayor.

The average rates including water charges increased by 5.69% in 2010/11. Much of the increase was due to higher interest costs and the charges for the Regional Sewerage Scheme at Bell Island. It was less than the 8% forecast for 2010/11 in the 2009 Nelson Community Plan, mainly due to the deferral of the proposed Performing Arts and Conference Centre. Key financial headlines include:

- Council continued its sound financial management
- The net surplus before revaluations was \$15.1 million, which was \$6.8 million over budget
- Debt levels were \$59.7 million, compared to \$51.1 million in 2009/10. Debt had been budgeted to be \$104 million (net of deposits) and was significantly less mainly because of delayed capital projects

For the full financial summary, see pages 100-171.

To ensure the open and transparent sharing of information, Council released a range of information throughout the year, including:

- Mayor and Chief Executive credit card statements, available for public scrutiny through the Council website
- Chief Executive reports, regularly presented at Council meetings with Quarterly Reports summarising Council performance
- Environmental scorecards on the state of our natural environment

MAKING NELSON A BETTER PLACE – COST EFFECTIVELY

Council delivered a wide range of projects, services and programmes over the year, at an average individual rates cost of \$34 per week. Some of these services were invisible, like the treatment and disposal of sewage and wastewater, but are delivered continuously and are crucial to protect the health of residents and visitors to Nelson. For an average of less than \$5 a day per property, Council provided a range of public goods, services and facilities, including:

- a reliable wastewater system
- an extensive stormwater network and flood protection
- monitoring of environmental quality and trends, including air and freshwater quality
- control of pests and weeds
- a transport network, other than the state highway
- parks, reserves and off street cycle ways
- recreation programmes
- sports facilities and grounds
- the very popular public libraries

- part funding towards economic development and tourism promotion
- civil defence and emergency management
- festivals, public art works and heritage sites
- investment in cultural facilities such as the Theatre Royal, School of Music, the Provincial Museum and The Suter Art Gallery

AND MORE...

Major capital projects that Council began, progressed or completed over the year include:

- Way finding signs and lower Maitai Walkway to enhance the city centre
- Arapiki Stream stormwater upgrade to improve flood capacity
- Founders Heritage Park stormwater upgrade project, stage II to reduce flooding risk
- Nelson North Wastewater Treatment Plant wetlands construction
- Stoke high level water supply reservoir to ensure 24 hours of water storage can be provided for Stoke if there is an outage
- Enner Glynn water supply renewals to address water pressure and pipe failures
- Point Rd, Monaco, water supply renewals to replace old asbestos cement pipes and ensure sufficient water flows
- Orphanage Creek combined stormwater and transport project to provide a culvert under Main Rd Stoke with a cycle way to Saxton Field
- Locking St combined transport and sewer upgrade to create a residential shared zone, which is a low speed street environment
- Atawhai Drive combined transport, stormwater and sewer upgrade to improve its flood capacity and footpaths
- Iwa Rd combined transport, stormwater and sewer upgrade, in conjunction with the Founders Park stormwater upgrade
- St Vincent / Jenner Rd combined transport and stormwater upgrade to reduce traffic speeds and provide a safe walking and cycling route and improved stormwater system
- Seymour Ave combined transport and stormwater upgrade to bring the road infrastructure to an acceptable standard
- Weka St combined stormwater and sewer upgrade to renew wastewater pipes and install new stormwater pipes from Collingwood St to North Rd
- Greenmeadows development in Stoke to remove the old rubber bowling green, resurface the tennis courts, improve the car park, remove the Marsden Recreation Ground tennis courts and upgrade the Isele Park car park
- Saxton Field cricket, athletics and football pavilion, a shared facility for these sports codes, was constructed over the year, with completion programmed for August 2011
- Saxton Field hockey and softball pavilion to provide shared changing, viewing and social facilities for these sports codes
- Trafalgar Centre western side improvements to upgrade the changing rooms, replace the original stage with seating and complete external improvements
- Trafalgar Park upgrade to bring the facility up to a sufficient standard to become Nelson's major outdoor events centre.

WHAT COUNCIL DID – OUTPUTS

Output results and totals for the year ended June 2011 show Council:

- assisted a monthly average of 6,627 people through the Customer Service Centre and answered 5,388 phone calls – an annual total of nearly 80,000 customers and 65,000 calls
- delivered 25 issues of Live Nelson, Council's official information publication, to over 19,000 households every fortnight
- worked with 1,950 students from 69 classes and 15 schools to plant 13,500 trees in reserves and parks around the city
- assisted 540 residents to plant 16,800 trees at six community planting days: Botanical Hill, Glenduan Reserve, Hockey Reserve in the Brook Valley, Paremata Flats, Marsden House on the Railway Reserve and at Tahunanui Beach
- provided 4,000 households with Civil Defence bags and Get Ready Get Thru brochures, reaching around 10,400 residents
- delivered 64 Get Ready Get Thru workshops to rest homes, Neighbourhood Support Groups, community groups, clubs, large business workplaces and early childhood centre, reaching approximately 2,000 people
- provided approximately 2,541 volunteer hours to the Canterbury region from our Civil Defence response team (NZ-RT2) in addition to the 2,149 hours the team spent training locally
- issued 445 resource consents, 81 more than the previous year, with 3,648 hours of staff time on monitoring resource consents and activities permitted by the Nelson Resource Management Plan
- issued 382 Land Information Memoranda (LIMs), 61 more than the previous year
- responded to 4,156 requests to investigate noise, dog, pollution, bylaw and livestock issues
- maintained 37.74 ha of cemeteries, 10,181 ha of conservation reserve, 259.5 ha of esplanade/foreshore reserve, 17.8 ha of horticultural parks, 445.48 ha of landscape reserves, 98 individual neighbourhood parks totalling 88 ha, 124.74 ha of sports areas, 148 street gardens together totalling 24.99 ha and 80 walkways around the city
- ran the Saxton Stadium, which included five basketball courts, 12 volleyball courts, a floor area of over 5,000m² and saw 212,000 visitors
- had 120,000 visits to the Riverside and Nayland swimming pools
- managed 200 community development contracts and administered funding for 74 community groups
- ran approximately 70 festivals and events, five exhibitions, and over 50 community programmes
- worked closely with around 15 government departments and 80 community groups regularly on community development alone
- managed 25 tenancies as well as venue and event bookings
- welcomed 90,000 visitors to Founders Heritage Park
- upgraded 273 Nelson houses with heat pumps and/or insulation and facilitated 95 solar hot water installations

- coordinated the development of five new interpretative panels, installed 13 shoreline plaques, and launched five new arts and heritage walks
- welcomed 3% more library visitors than the previous year with 413,490 people into the Elma Turner Library where the busiest day on 5 January 2011 had 2,301 through the door, 161,332 at Stoke Library and 27,783 at the Nightingale Library in Tahunanui
- delivered 9,081 books and library items to those confined at home through illness or disability
- boasted a library membership of 75%, among the highest in the country with 34,666 members in June 2011 out of a current Nelson population projection of 45,500 – the national average is just over 50%.

COMMUNITY OUTCOMES

All these examples and many more were delivered to achieve long term goals expressed as six community outcomes. These goals are described in more detail in a following section on page 22. The mix of what Council delivered over the year, including the highlights on the following pages, combined to bring Nelson closer to achieving its long term goals. All Council activities and projects contributed to at least one and sometimes many or all of these outcomes.

The six community outcomes that together drove everything Council did over the year were:

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

THE YEAR THAT WAS... OVERVIEW OF 2010/11

MAJOR PIPE WORK AND BELL ISLAND IMPROVEMENTS

A substantial section of the duplicate wastewater pipeline from Monaco to Bell Island was installed with TDC sharing half the cost and is programmed to be operational before December 2011 at a cost of \$13 million. Once operational, the existing pipeline can be isolated and high risk pipe joints replaced, which will extend the life of the old main pipe by at least 25 years. The outfall from the Bell Island plant was also upgraded over the year to increase its capacity, within resource consent limits.

Since the completion of the Bell Island wastewater treatment plant upgrade in June 2010, the production of biosolids has increased by more the 50%. Independent assessment showed there was an economic benefit for the plantation owners from application of biosolids into forests on Rabbit Island and Bell Island. Irrigation of treated wastewater at Bell Island by a private contractor diverted nearly 1,760kg of nitrogen from the Waimea Inlet, bringing significant environmental, cultural and social benefits.

WATER SUPPLY

The water supply delivered by Council to the majority of the city was confirmed as being of a very high quality Ab grading. 'A' is the quality at water treatment source, on a scale of A1-E. The 'b' refers to the quality at point of distribution, the tap at the end of the pipe network, on a scale of a-e. A = completely satisfactory, extremely low level of risk and b = satisfactory, very low level

of risk. The grading report noted that this Ab grade had been consistently obtained since the commissioning of the Tantragee Water Treatment Plant in 2004 and was maintained for the grading period 1 April 2010 to 31 March 2011.

The design work for a duplicate water supply pipe down the Maitai Valley was completed during the year. Once constructed over the next few years, this pipeline will provide a more secure water supply and increased capacity.

ARTERIAL TRAFFIC STUDY COMPLETED

The Arterial Traffic Study was completed in early 2011 and forwarded to NZ Transport Agency for sign off. Council agreed with the study findings that new roading capacity would not be required in Nelson within the next 25 years. It also decided to protect the southern arterial transport corridor to keep options open for the future as well as going ahead with a new Rocks Rd walkway and cycle way to connect to the Tahunanui cycle and walkway network.

BIGGER AND BETTER MARINA FACILITIES

The large berths project kicked off over the year to provide berth facilities for larger vessels up to 30m in length within the marina. Since the end of the financial year, the marina office and changing facilities incorporating public toilets were completed on time and to budget and are now in use.

EARTHQUAKES AND OTHER DISASTERS

Council had a significant role in the Canterbury earthquakes' aftermath, including Nelson's specialist urban rescue team, NZRT2, being deployed to assist following the 22 February 2011 earthquake. Council also provided an initial response to assist the many Christchurch people who left the city immediately after that quake.

A recent national survey showed the top of the south, including Nelson, is the most prepared at home, at 51% compared to a national average of 32%. Eighty percent of respondents reported having an emergency survival kit compared to only 43% in 2010 and a national average of 63%. It is an indication that the intensive communication efforts of staff and media awareness of the earthquakes' effects have assisted residents to prepare for emergency events.

RUGBY WORLD CUP 2011 PREPARATIONS

The year up to June 2011 included substantial preparations for a successful event running in September and October 2011. Council's role in the event expanded with the addition of an extra match after damage to Christchurch's facilities from the February 2011 earthquake ruled it out as a venue. Facilities and systems were tested over the winter of 2011 with the Crusaders playing several of their matches in Nelson as a result of earthquake damage to their home venue.

PROPOSAL ON THE UNION OF THE NELSON AND TASMAN COUNCILS

In the lead up to the proposal released in June 2011 by the Local Government Commission, Council responded to numerous requests for information by the media and the Commission. Council placed a submission on the initial proposal and presented at the Local Government Commission hearings. The Commission agreed with most of the points made in that submission and subsequently released a decision proposing a draft reorganisation scheme for further consultation.

SUSTAINABILITY STRATEGY AND MAYORAL TASKFORCE

The groundwork was laid for the Sustainability Strategy with the establishment of a Mayoral Taskforce on Sustainability. Council consulted extensively with interested people and organisations on this significant policy development that aims to develop a long term vision for Nelson.

INFORMATION ON REDUCING AND MANAGING GREENHOUSE GAS EMISSIONS

This year, Council has again included information on its monitoring and efforts to manage greenhouse gas emissions. The most recent results of the monitoring showed a 1% increase in total monitored emissions compared to the previous year and a 2% reduction compared to the year before that. The target has been to stabilize emissions.

BUILDING CONSENT AUTHORITY RE-ACCREDITATION

In early 2011, an independent audit and review re-accredited Council's Building Unit as a Building Consent Authority (BCA). The assessment identified no non-compliances and required significant preparation, including competency assessments of all relevant staff and customer service officers and a review and audit of all systems and processes in the BCA and quality assurance (QA) management manual.

RESOURCE CONSENT PROCESSING TIMES IMPROVED

Over the year, there was a significant improvement in resource consent timeframe compliance. In some months towards the end of the period, 100% of all consents were processed on time, assisted by a full team, improved systems and staff commitment to high quality customer service. The national average is around 70% processed on time. Five years ago, Council averaged only 45% on time.

MOUNTAIN BIKING FACILITIES EXPANDED AND IMPROVED

Significant active recreation projects included completion of the new Involution mountain bike track at the top of Marsden Valley and major improvements to the Dun Mountain Trail walkway and cycle track as part of the national cycleway project. These enviable facilities will cater for the high proportion of locals who mountain bike as well as attracting visitors to enjoy Nelson's trails.

LIBRARIES, COMPUTERS AND THE STOKE LIBRARY UPGRADE

Nelson Public Libraries continued to be well used and appreciated by Nelson residents over the year, with an 85% satisfaction rating in the 2011 Council survey of residents. There was some concern voiced in submissions on Council's draft Annual Plan about open access computers in the libraries. However, the majority support and anticipated benefits meant Council decided to continue mainly Government-funded internet access in Nelson Public Libraries.

Preparations for improvements to the very popular Stoke Library meant work could be completed for the re-opening in August 2011.

THRIVING PARTNERSHIPS WITH IWI MĀORI

Council's relationship with Iwi Māori has continued to go from strength to strength, with the updated Memorandum of Understanding with local iwi completed for each to ratify. Kotahitanga Hui provided the main forum for 'rangatira to rangatira' discussions between Council and iwi leaders, supported by the office of the Kaihautū in Council. Other progress over the year on opportunities for Māori to be involved in Council decision making are summarised in the section beginning on page 25.

WORKING ON ECONOMIC DEVELOPMENT

Council established an economic development committee in late 2010. A Mayoral Summit for Jobs was held in May, run by the Nelson Economic Development Agency (EDA). The EDA also allocated funding for events including the decision to contribute towards the movie 'Kiwi Flyer', which was subsequently filmed in and around Nelson in August 2011.

STRATEGIC LAND PURCHASES

Council completed negotiations to secure the buildings and assets of the Maitai Club during the year to protect the long term interests of the site. It also completed another strategic land purchase next to the Wakatu car park on Ajax Avenue.

SUCCESSFUL PARTNERSHIPS TO MAKE NELSON A BETTER PLACE

As in previous years, Council worked with literally hundreds of organisations around the city to assist in enhancing the city's environmental, economic, social and cultural wellbeing. Council worked with diverse organisations across all sectors: environmental, economic, social and cultural. Examples include Government Ministries and organisations, The Police, NZ Transport Agency, community groups like the Nelson Multi Ethnic Council, the Community and Whanau Group, Victory Urban Community, the Chamber of Commerce and Uniquely Nelson. Environmental groups include the Biodiversity Forum and Sustainability Forum. Cultural organisations supported by Council included The Suter Gallery, School of Music, Theatre Royal and the Provincial Museum.

WHAT COUNCIL DID NOT ACHIEVE

HEART OF NELSON PROJECTS

Many of the capital projects in the 2009 Nelson Community Plan (LTCCP) have not progressed at the rate that had initially been planned. An example is the delay in beginning a major upgrade of the lower Maitai Walkway, which was deferred to avoid conflict with Rugby World Cup 2011 events.

The Trafalgar St bridge and the Maitai River are the main gateway into central Nelson from the northeast. Work to tidy up the Bridge has been delayed as some materials were not immediately available. Work is planned to re-start after Rugby World Cup 2011.

MONTGOMERY SQUARE

In the Heart of Nelson Strategy, Council aimed to make Montgomery Square more attractive for the large numbers of locals and visitors who use the area, including the high profile Nelson Market on Saturday mornings. The work had been planned for completion before Rugby World Cup 2011 events but was the subject of legal proceedings. The subsequent judgement required Council to undertake further consultation before making any further decision to upgrade the Square.

FRESHWATER QUALITY

Council's new way of reporting on environmental quality through scorecards showed Nelson is falling short on fresh water quality and the health of water courses. Swimming water quality standard targets were not achieved and Council is looking at how best to respond to these results. Scorecard results are available through Council's website or by request through the Customer Service Centre.

GREEN WASTE

Successive Nelson councils have set a goal to divert green waste away from the York Valley landfill by offering a reduced charge at the transfer station. Green waste collected from there was sent for processing into compost. What wasn't anticipated, at the time targets were set, was the level of private diversion of green waste. The amount actually diverted is considerably greater than what is collected at the transfer station and composting at home reduces inputs. New targets will be set to minimise the amount of green waste going to landfill as it takes up limited space and causes methane emissions. Council-supported promotions to encourage composting of garden and kitchen waste by residents have significantly increased composting levels since 2005, as shown in surveys of residents. See the graph on page 43.

The contractor who processed separated green waste for Council was unable to receive green waste from early May 2011 as a result of resource consent issues. As a result, over 200 tonnes of separated green waste collected at the Pascoe Street transfer station had to be sent to the landfill at York Valley. This was around 11% of the annual amount that was diverted from the landfill. Council has appointed a new contractor to re-establish green waste processing so it no longer goes to the landfill.

NELSON NORTH WASTEWATER PLANT

On three occasions over the year the wastewater treatment plant's oxidation ponds failed, releasing unpleasant odours that were very noticeable to residents and passersby. Council responded to these events by engaging a consultant to review operating procedures for the plant and work with the Nelson North Wastewater Treatment Plan contractor to determine causes and assess lasting solutions.

PERFORMING ARTS AND/OR CONFERENCE FACILITIES

Council abandoned a performing arts and conference facility proposal after thorough evaluation and robust feedback from the community. The \$58 million package, which included associated improvements, was included in the draft 2011/12 Annual Plan in early 2011. In June, following full consideration of submissions and background information including an economic assessment, Council decided not to proceed with the proposed facilities. Council decided to fund other improvement work and planning for Rutherford Park, the Trafalgar Centre and the surrounding area.

AKERSTEN ST, PORT NELSON

Although some progress had been planned for Akersten St improvements near the marina in 2010/11, it was later decided to put that project on hold until the outcomes of the Heart of Nelson Strategy and Arterial Traffic Study were available.

SOLAR SAVER UPTAKE LOWER THAN EXPECTED

Uptake by home owners of the solar saver scheme was significantly less than Council had planned for due to the economics of the scheme. Council based its planning on up to 500 installations, but only 95 were actually installed over 2010/11. In response, Council reduced the interest rate to assist in making the scheme more attractive financially and ran an active promotion to increase awareness of its benefits.

CAPITAL EXPENDITURE (CAPEX) UNDERSPENT

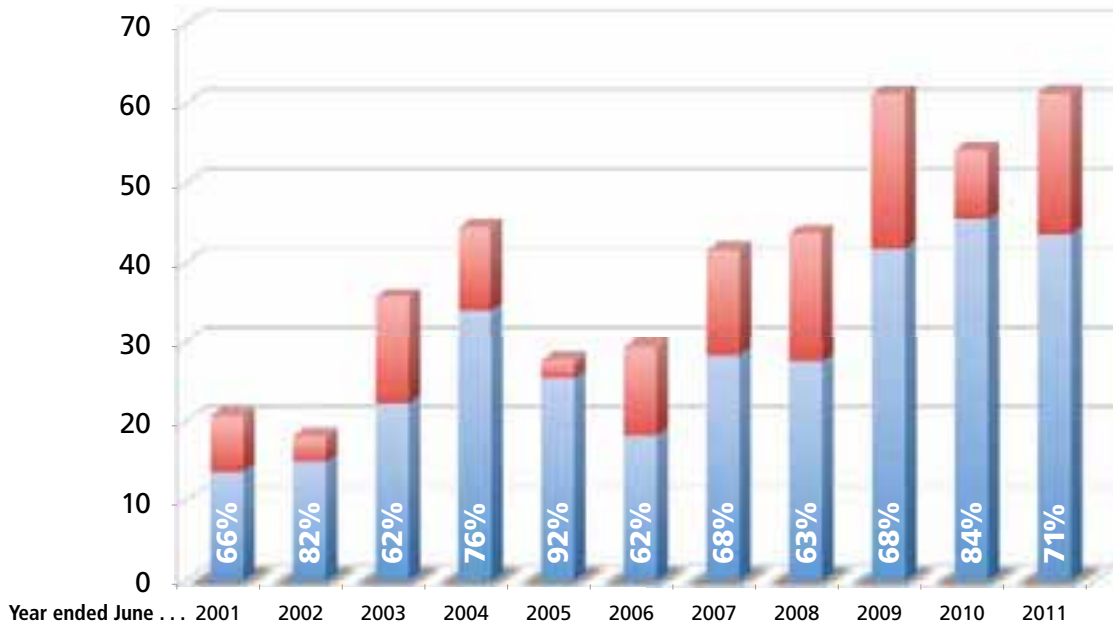
In 2010/11, 71% of the capital budget was spent. Capital expenditure (capex) includes new construction works, renewals when old assets are replaced, land purchases and associated resource and building consents to build new assets for the city – our roads, facilities and water pipelines etc. An important aspect of capital and renewal delivery includes consultation. Each year a proportion of what had been budgeted actually gets spent. The reasons for some works not being completed when planned include, for example, extraordinary storm events, Council re-prioritising resources or deferring specific projects, further consultation being required, cheaper than expected contracts or unforeseen services or ground conditions during construction causing delays. When budgeted capex is not all spent, it may be carried over to the following year, subject to Council approval, which reduces the amount that has to be collected through rates in that next year.

TAHUNANUI LEFT BEHIND?

Council is aware that considerable effort has been focused on the Victory and Stoke areas over the last few years and some are concerned that Tahunanui in particular could be falling behind. The Tahunanui Structure Plan has not yet been implemented as intended. This is one of many initiatives that are to be considered in the draft Long Term Plan process in the first half of 2012.

Total capital budget and percentage actually spent

Expenditure
(\$million)



INVESTMENT IN BUILDING THE CITY'S ASSETS

This graph shows the proportion of the capital budget that was spent over the last decade to build new city assets. Each year, only a proportion of what was budgeted actually gets spent due to delays including bad weather during construction, unforeseen site conditions especially affecting underground services and consultation delays. Changes in scope, priority or a lack of required materials can also delay construction, causing projects not to be completed in the year for which they had originally been budgeted and some of the under spending was due to budgets being revised downwards to limit rates increases.

PERFORMANCE SHORTFALLS

From the performance tables in the Council activities sections later in this Annual Report, the following areas showed shortfalls between what Council aimed to achieve and actual results from the year ended June 2011:

- The number of Clean Heat Warm Home installations in 2010/11 (260) was lower than targeted (560), mainly because it was not a phase-out year so there was less immediate incentive for home owners to act
- The share of weekday commuting trips on public transport (1%) is well below the target of 10%, as is the share of walking or cycle commuting at 14% against a target of 25% by 2018 – the trend has been static over the last three years and high levels of dissatisfaction with transport generally continued
- The earthquake prone building programme is behind due to limited capacity, although there was some progress over the last year
- Not all Council-Controlled Organisation reporting met required deadlines and different performance reporting layouts were used by Council's eight CCOs – the Arms Length Organisation Review is on hold as the outcome is not known of the proposed reorganisation of the two Councils.

BEING ACCOUNTABLE TO THE COMMUNITY

ACCOUNTABLE TO THE COMMUNITY

1. **ac-count-a-ble** Adjective/ə'kountəbəl/ 1. (of a person, organisation, or institution) Required or expected to justify actions or decisions; responsible. 2. Explicable; understandable.

WHY COUNCIL HAS TO BE ACCOUNTABLE

Nelson ratepayers 'own' the City's assets. The Council that manages those assets to deliver what residents, businesses and visitors need. All councils have to manage their finances in a reasonable and conservative way. Elected Councillors oversee where the money goes and are answerable to the community through the election process. Ratepayers and residents, as Council's ultimate owners and funders, are entitled to know what they get for the money paid as rates, which raise around half of Council's income. An audited Annual Report is the main method used by Council to report to the public:

- the extent to which Council completed all the work that it promised in the applicable Long Term Plan and Annual Plan for that year; and
- whether Council was effective at achieving what the community wanted.

THE ACCOUNTABILITY CYCLE

Annual Reports mainly deal with Council's performance; both its financial results for the year just ended and what it actually achieved compared to what it had planned. To provide this information, Council has a two part system for monitoring and reporting on its performance. First, it prepares Long Term Plans, updated in Annual Plans for each financial year so the public can give feedback on new priorities or expenditure. Then, after the year ends, it compares actual results with what had been planned and provides this information in the Annual Report. Councils' financial years all end on 30 June and they have to complete an audited Annual Report by the end of October each year to ensure prompt disclosure of their performance. The independent audit step provides the community with reassurance that the information provided by Council is complete and accurate.

HOW DO YOU KNOW WE DID WHAT WE SAID WE WOULD?

You can find out what we intended to do in the applicable Long Term Plan. In the case of the year just ended, from July 2010 to June 2011, this was the Nelson Community Plan 2009. As 2010/11 was year two of this plan, an Annual Plan was adopted in June 2010 to strike the rates for that year based on what had changed since the Community Plan, or LTCCP as it was then known. The LTCCP mapped out Council's plans for the decade ahead.

This Annual Report compares Council's performance to both the 2009 Nelson Community Plan and the Annual Plan for 2010/11 that was based on it. From 2012 onwards Council has to prepare a Long Term Plan or LTP but the annual reporting requirements for the end of each financial year will remain much the same.

The Annual Report includes an explanation of any major exceptions where there was a difference between what had been planned and what was actually delivered, either financially or according to other performance targets. For each Council activity in the 2009 Nelson Community

Plan, there is a section in this Annual Report that comments on whether targets and budgets were achieved as planned and further comment where that would help explain variations. Where Council has fallen short of its targets, we explain what it plans to do in response to perform better in the future.

DID WE ACHIEVE OUR LONG TERM GOALS?

Council also has to include the results of monitoring community outcomes. These are long term goals for Nelson that were developed with the community and are explained in the following section. Outcomes monitoring provides a check on whether we are heading in the right direction as a City and getting the lasting results we want from our investment in Council assets and services. A Council project can contribute towards achieving more than one outcome. Taken together, the aim is to keep making Nelson an even better place through delivering the mix of projects and programmes Council funds each year. Community outcomes also recognise that Council is a key player in shaping our community and increasing community wellbeing, along with many other groups, organisations and Government departments.

The most recent comprehensive report on community outcomes was the baseline report released in September 2009. It was based on a set of quality of life indicators and reported across all three top of the south councils: Marlborough, Nelson and Tasman. The *Top of the South Indicators Report 2009* is available through the Council website at www.nelsoncitycouncil.co.nz or you can ask for a copy through our customer service centre in Civic House.

The reporting requirements for community outcomes have changed since the Local Government Act was updated. Future requirements will be explained in the draft 2012 Long Term Plan, which will be released in early 2012 for public comment.

COMMUNITY OUTCOMES – GOALS FOR NELSON

Nāu te rourou, nāku te rourou, ka ora ngā tāngata
(Through our joint contributions the people will thrive)

SIX GOALS FOR NELSON

The following six community outcomes are the long term goals that Nelson residents want for their city. Together, they provide a vision of the sort of place we would like to live in the future. These six goals were drafted following extensive consultation with Nelson residents in 2005. More specific goal statements were grouped under the following themes. The idea was that they were all important for community wellbeing, encompassing environmental, social, cultural and economic wellbeing. The full set of outcome statements is available through the Council's website or on request.

- Healthy land, sea, air and water – we protect the natural environment
- People-friendly places – we build healthy, accessible and attractive places and live in a sustainable region
- A strong economy – we all benefit from a sustainable, innovative and diversified economy
- Kind, healthy people – we are part of a welcoming, safe, inclusive and healthy community
- A fun, creative culture – we are proud of our creative local culture and regional identity
- Good leadership – our leaders are proactive, innovative and inclusive.

These six inter-related goals aimed to guide Nelson City Council and the 2009 Nelson Community Plan, to align everything Council did with what the community wanted us to achieve. The Council's programme of work, as expressed in the Community Plan and relevant Annual Plan, was its response to deliver on these outcomes.

MEASURING PROGRESS TOWARD ACHIEVING GOALS

Demonstrating progress towards the six goals was mainly done through Council's own and other organisations' measurement of indicators of community wellbeing. This information was complemented by workshops with community leaders to compare progress. Statistics NZ and Local Government NZ (LGNZ) ran long term projects to provide information on progress towards achieving community outcomes, with information on each council's area. There are also the 'big city' quality of life reports annually to provide benchmarking and comparisons across the country, but they do not include Nelson. The indicators used in these reports helped inform Council's choice of indicators for the Top of the South Indicators Report 2009. You can find out more about the big cities Quality of Life project, indicators and more at www.bigcities.govt.nz

Indicators of quality of life are grouped under the following headings, which also relate to Nelson's community outcomes:

- People (demographics)
- Knowledge and skills
- Economic standard of living (households)
- Economic development

- Housing
- Health
- Built environment
- Natural environment
- Safety
- Social connectedness
- Civil and political rights

These indicators are closely aligned with the determinants of public health as monitored by the Ministry of Health, many of which are strongly influenced by councils' decisions, priorities and investment.

REPORTING ON PROGRESS HERE

More detailed information is included in a report on measuring progress towards community outcomes, which included Nelson City Council's contribution towards community wellbeing. The Top of the South Indicators Report was released in September 2009 and is available on the Nelson City Council website at www.nelsoncitycouncil.co.nz

This report brought together baseline information on environmental, social, cultural and economic wellbeing across the Top of the South, including Nelson. In general, results showed that economic wellbeing was strongly affected by the global recession and therefore the future is unclear, social wellbeing was good, cultural wellbeing was difficult to assess and environmental wellbeing was improving.

Social indicators included life expectancy, housing affordability and road safety data. Environmental indicators included air quality, water quality and solid waste volumes per capita. Cultural indicators included the proportion of speakers of te reo Māori and employment in the cultural sector. Economic indicators included business confidence and the proportion of internet access.

Of course, the whole of Nelson City – residents, businesses, government and non-government organisations and more – contributed to community wellbeing. Nelson City Council's contribution to improving Nelson's social, cultural, environmental and economic wellbeing is detailed in each of the activity sections, later in this Annual Report. Some examples are included here.

PROGRESS IN NELSON OVER THE YEAR

Everything included in this Annual Report contributed to a greater or lesser extent towards making Nelson a better place. During 2010/11, examples of some of the things Council did to promote the social, economic, environmental and cultural wellbeing of the Nelson community included:

- Supplying safe drinking water (social, economic)
- Stormwater system upgrades (environment, economic, social)
- Safer Routes to School and community road safety programmes (social, economic)
- Arterial Traffic Study (social, economic, environment)
- Heart of Nelson Strategy implementation (social, cultural, economic, environment)
- More and better sports facilities at Saxton Field (social)
- Community Assistance grants (social, cultural, environment)

- Annual Ecofest expo (environment, social)
- Biodiversity Strategy implementation (environment)
- Core funding for the Nelson Regional Economic Development Agency and Tourism Nelson Tasman Ltd (economic)
- Recycling services delivered through Nelmac Ltd (environment, social)
- Review of the Memorandum of Understanding with Tangata Whenua (social, economic, environmental, cultural)
- Sustainability Strategy ground work (social, economic, environment, cultural)
- Mountain biking track expansion (social, economic)
- Environmental scorecards (environment)

INVOLVING MĀORI

Council has lifted its range of opportunities for Māori to participate in its decision making to the next level. Over the last year it focused on broadening representation of Māori on key Council working groups and increasing the capacity of staff to engage with Māori effectively. Training included a Treaty workshop, te reo Māori and preparation for a staff marae visit involving the Māori commercial sector.

High level advisory groups that now have Māori representatives include the Heart of Nelson/ Arts/Heritage advisory group, the Nelson Regional Sewerage Business Unit and the Land Transport Committee. Involvement of such representatives builds strong ongoing relationships and ensures the effective consideration of Te Ao Māori in all key decisions. This is reinforced by a prompt in Council's report template that specifically includes consultation with Māori as a basic supporting information requirement for all decisions.

Council supports a voice for rangitahi, young Māori, through two representatives on the Nelson Youth Council.

Te Kotahitanga Hui continues to be the primary conduit for 'rangatira to rangatira' discussions, involving iwi leaders, Mata Waka representatives and Council leaders. It is through these hui that work on an updated Memorandum of Understanding has progressed over the year, but still awaits agreement between iwi for final sign off.

It was through Kotahitanga Hui that Council discussed the draft Annual Plan for 2011/12 in early 2011. Feedback from iwi Māori representatives was that such consultation is helpful and timely.

Another key partnership is Council's very positive relationship with Wakatu Incorporation – a key property-owning entity of four of the six Nelson iwi.

With the announcement of the proposed union of the Nelson and Tasman Councils, iwi representatives have discussed potential representation models, including a Māori ward and Māori Community Board. Iwi leaders have been united in supporting the union of the two Councils for many years.

Issues for the future include finding strategies to provide adequate funding for those representing iwi Māori, who are over worked and generally not funded for their considerable and valued contribution and advice.

COUNCIL'S COMMITMENT TO SUSTAINABILITY AND REPORTING ON GREENHOUSE GAS EMISSIONS

In October 2008 Council made the commitment to monitor and report on Council's greenhouse gas emissions, assess opportunities for reductions and take action to achieve these reductions. The medium term target was to stabilise Council's emissions by 2012.

The greenhouse gas inventory has been carried out for the past four years including the 2010/11 financial year. The first year was a set up and learning year, so the data from that inventory is less comparable than the inventories of the following three years.

The inventories for each financial year are carried out in August, once all the electricity invoices for the previous financial year have been received. The 2010/11 inventory used the 2009 emissions factors, now available on the Ministry for the Environment website. These factors have also been used to recalculate the emissions for the 2008/09 and 2009/10 inventories.

Emissions for the 2010/11 year increased by one percent compared with the previous year but are two percent lower than two years ago.

GREENHOUSE GAS EMISSIONS INVENTORY						
Scope	Activity	Unit	2009/10		2010/11	
			Number	Tonnes of carbon emissions	Number	Tonnes of carbon emissions
1	Heating of Civic House	Litres of diesel	17,832	47.3	14,035	37.2
1	Fuel for crematorium	Litres of diesel	17,675	46.8	19,798	52.5
1	Marsden Cemetery	Litres of diesel	2,088	5.5	2,331	6.2
1	Vehicle fleet	Litres of petrol	22,326	52.7	18,032	42.6
1	Vehicle fleet	Litres of diesel	12,133	32.6	13,442	36.2
2	Electricity, from Trustpower, Contact and Meridian accounts	Kilowatts	9,882,536	1,571.3	10,067,625	1,600.8
3	Electricity losses	Kilowatts	9,882,536	153.2	10,067,625	156.0
3	Flights – domestic travel	Kilometres	163,040	28.3	175,011	30.3
3	Flights – trans Tasman	Kilometres	6,629	0.6	22,748	2.2
3	The Bus service	Litres of diesel	31,422	84.5	31,422	84.5
3	Paper use by Civic House and Elma Turner library	Kilograms	12,623	23.6	9,550	17.8
	TOTAL			2,046.5		2,066.3

WATER USE

Data is also collected on water use as an indicator of the council's environmental sustainability. Water use in 2010/11 increased by 1,572m³, one percent higher than the previous year. More water was used at Trafalgar Park and Saxton Field due to increased use of these facilities compared with the previous year. Water use has decreased at Nayland Pool for the last two years due to an ongoing leak resolution program. A new irrigation system has been installed for Isel Park and has resulted in a significant decrease in water use there.

ACTIVITIES TO REDUCE AND MANAGE GREENHOUSE GAS EMISSIONS

COUNCIL ELECTRICITY USE

The biggest contributor to Nelson City Council's carbon footprint is electricity use, which contributes 85 percent of total carbon emissions. Council's use of electricity increased overall between 2009/10 and 2010/11 by two percent or 185,000 kilowatts.

WATER SUPPLY – INCREASED

The overall increase in electricity for water supply activity is largely driven by an increase in electricity used by the Water Treatment Plant, up 147,000 kilowatts. Although the total volume of clear water processed actually decreased compared to previous years, heavy rain and flooding in the year to June 2011 may have increased the amount of pre-treatment needed.

NELSON REGIONAL SEWERAGE BUSINESS UNIT (NRSBU) BELL ISLAND – DECREASED

The NRSBU recorded an overall decrease in electricity use of almost 285,000 kilowatts, of which Nelson City Council is responsible for 38 percent. This is due to an upgrade of the Wastewater Treatment Plant which has resulted in more solids being diverted to produce biosolids and, consequently, less use of the aeration basin.

TRAFALGAR PARK – INCREASED

The Trafalgar Park substation used almost 65,000 kilowatts more in the 2010/11 year than the previous year. The park was able to be used more this year, following construction work the year before, and also hosted several rugby games.

SAXTON STADIUM – INCREASED

The main stadium used almost 80,000 more kilowatts in 2010/11 than the previous year. This was the second year of use and first full year for the stadium and there was an increase in summer activity.

FOUNDERS PARK – DECREASED

Founders Park used just over 45,000 less kilowatts in 2010/11 than the previous year. This could be due to a change in the cost recovery from tenants towards electricity and changes in businesses based at Founders Park. There were also fewer events held at the park and a warmer winter may have reduced the amount of heating used.



COUNCIL ACTIVITIES

The following sections cover everything that Council does, organised into financial activities. For a full description of each Council activity, ten year estimates of spending, demand management initiatives and more, refer to the 2009 Nelson Community Plan available online at www.nelsoncitycouncil.co.nz, on request through Council's customer service centre or phone 546 0200. These are the 17 Council financial activities that applied in 2010/11:

The three water services

- Water supply page 30
- Wastewater page 35
- Stormwater and flood protection page 39

Other activities

- Solid waste management page 42
- Heart of Nelson page 46
- Environmental management page 49
- Transport page 56
- Regulatory compliance page 62
- Parks and open spaces page 67
- Recreation and leisure page 71
- Community facilities page 75
- Economic and tourism support page 80
- Managing emergencies and natural hazards page 84
- Social development page 88
- Culture, heritage and arts page 91

Corporate services

- Democracy and administration page 95
- Financial reserves and trusts page 99

This year's results for each activity are described in the following sections, including significant milestones, performance and financial results for the twelve months ended 30 June 2011.

A NOTE ON SURVEY RESULT TARGETS

The relevant survey of residents satisfaction percentage targets will be updated in the 2012 Draft Long Term Plan service level and performance measure information. The percentage targets set in the 2009 Nelson Community Plan, the relevant LTCCP applying to 2010/11, were based on a three point satisfaction scale: very/fairly/not very satisfied. Current residents satisfaction survey results cannot be meaningfully compared to the Community Plan targets as they are now based on a five point scale from very satisfied to very dissatisfied. Across the board, the actual and prior year results all used the same updated methodology which typically results in 30-40% of respondents saying they were 'neither' (satisfied nor dissatisfied). In previous (pre-2009) surveys they had to choose one way or the other as there was no 'neither' option, and 75% was a good target. Actual results are still reported here as a total percentage of those saying they were satisfied and very satisfied, but a reasonable equivalent % satisfied target would be less than 75% for post-2009 results, which had a large proportion choosing the 'neither' option.

WATER SUPPLY

Council supplies water to most Nelson households and businesses through a piped system. A number of rural properties provide their own water or use a privately owned water supply. In order 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.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Work completed over the year

In the 2010/11 year there were two major projects in hand. A new water storage reservoir was completed on the York Valley / Marsden Valley saddle. The reservoir, which will hold 2500 cubic metres of water, was constructed from bolted steel plates – the first of its kind for Nelson City.

Design work was completed for the duplicate water supply trunk main from the Maitai dam to the treatment plant at the Tantragee saddle. Tenders for Stage One of the duplicate Maitai water pipeline have since been advertised. The duplicate pipeline will provide an alternative supply line for water from the dam and will allow water to be supplied if the aging concrete pipeline is damaged or being maintained.

Water pressure

Work continued over the year to install pressure reducing valves to increase the proportion of properties receiving water at acceptable pressure. This is part of a continuing programme, set out in the asset management plan (AMP) to help reduce the risk of pipe failures and water leaks.

What residents said

The results of the May 2011 Council survey of residents showed that water supply is a Council activity that received high satisfaction ratings. It had the fourth highest rating of 14 activities with a total of 70% saying they were satisfied or very satisfied, 7% who said they were dissatisfied or very dissatisfied and 22% who said neither. The satisfaction rating had dropped very slightly from 73% in 2010, but this is within the + or – 4.9% margin of error.

Of the few who were dissatisfied with Council's water supply activity, the main reasons given were the cost and taste. Council will continue its programme of reticulation improvements to replace old pipes, which is one of the factors that can affect the taste of water. The cost is a function of a range of factors. Council plans to continue charging for water as part of its strategy to limit demand for water.

Refer to the graph on the next page, which shows how resident satisfaction with the water supply has changed over time.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council has a legal duty to provide safe water services, so its provision of water is a major part of its core business. A good quality, reliable water supply is essential for community, economic and



environmental wellbeing. Human health, tourism and industry need a safe, reliable water supply and Council continued to deliver high quality Ab grade water throughout the year.

Council supplying safe water to Nelson homes and businesses contributed to achieving the following community outcomes over the year.

Healthy land, sea, air and water

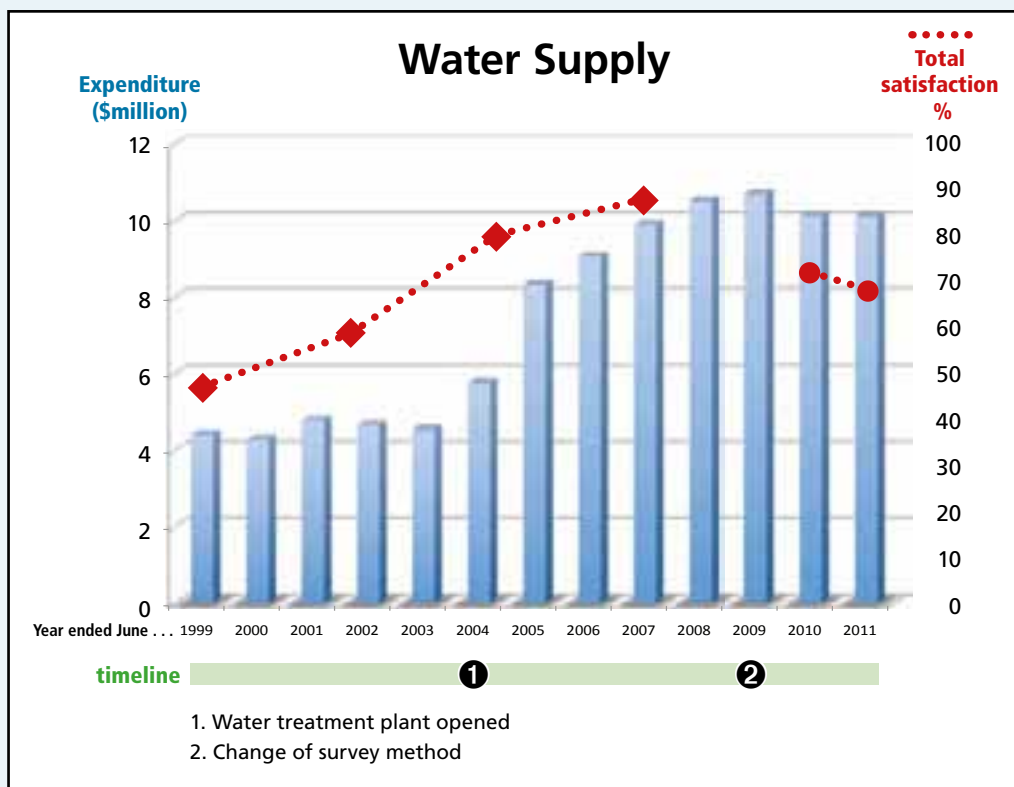
The city-wide water system ensured that water resources were well managed and reduced the human impact on the environment.

A strong economy

A reliable supply of high quality water enabled businesses to operate in Nelson and supported economic development.

Kind, healthy people

Clean drinking water prevented water-borne diseases, a fundamental requirement of good public health and social wellbeing.



IMPROVED RESIDENT SATISFACTION WITH WATER SUPPLY

The bars on this graph show the total amount spent annually on Council’s water supply since 1999, with the most significant increase due to the \$26 million Tantragee Saddle water treatment plant, which was officially opened in August 2004. Before the plant began operating, the Ministry of Health water quality grade was ‘Ed’ – any grading under Cc is unsatisfactory. After one year of plant operation, it was re-graded to ‘Ab’, which has been maintained since. The dotted line shows the percentage of residents in annual surveys who said they were satisfied with Council’s water supply. There were low levels of satisfaction before the plant opened and much higher satisfaction after 2004. While there was an apparent drop between 2007 and 2010, the survey question was asked in a different way so around 70% is a very good total satisfaction result, approximately equivalent to the 2007 result.

CAPITAL PROJECTS OVER \$500,000

Project	Carry over from 2009/10 \$000	Estimate for 2010/11 \$000	Total budget available for 2010/11 \$000	Actual spent in 2010/11 \$000
Renewals – asbestos cement pipes	6	873	879	758
Stoke high level reservoir	302	709	1,011	878

See the Summary of Capital Expenditure on page 100 for a full list of all capex projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council promised	Measures	Target(s)	2010/11 results	Comments
A good quality water supply that meets or exceeds national standards	Water grading	2009/10 Ab 2010/11 Ab 2011/12 Ab 2012/13 Ab 2013/14-2018/19 Aa	Achieved, maintaining high water quality result	2010/11 Grading confirmed as Ab, 'satisfactory, very low level of risk' An AMP programme in place to address reticulation and backflow prevention, which would result in a lift in water quality to highest level of Aa
A reliable water supply for residents and commercial use	Drought security and provision of water services	1:60 year drought security	Achieved	Maitai Dam has storage capacity to easily cover peak use and provides drought security Currently able to supply 42,000m ³ /day, peak one day usage was 27,000m ³ /day in 2010, well within capacity
		Max 24 hr outage (all)	Achieved	Maximum continuous outage was 10 hours
		Supply 99.6% available any property	Achieved	Continuity of supply was 99.6%
	A secure water supply	Redundancy (duplication) provided for all key pipe work	On track to meet target	Design work for upgrading Port Hills link for supply to Port Nelson 95% complete in 2010 with construction programmed for 2011/12 Maitai duplicate pipe line under way, as programmed



What Council promised	Measures	Target(s)	2010/11 results	Comments
A sustainable water supply	Peak demand for water	Capping total demand to less than 50,000m ³ a day, the treatment plant capacity	Achieved	Peak one day demand during the summer of 2010/11 was 27,000m ³ compared to February 2010 when the peak demand was 28,167m ³
	Compliance with resource consents	Council complies with all resource consents	Achieved	Compliance report from contractor confirmed consent conditions for Maitai and Roding Rivers were met
A water supply that meets residents' needs	Water pressure Council expects that all properties will have: Min working pressure >30m head Max working pressure <90m head	Acceptable pressure 2010/11 – 79% 2011/12 – 79% 2012/13 – 85% and by 2018/19 – 100%	Achieved	80% of properties had acceptable pressure in 2010/11 It was 79% in 2009/10 Modeling shows 1.4% of properties have pressure less than 300kpa and 18.4% of properties have pressure in excess of 900kpa Excess pressure areas reducing through installation of pressure reducing valves
	Water flow	Acceptable water flow for fire fighting – 25 litre/s 2009/10 – 99.4% 2010/11 – 99.9% and by 2018/19 – 100%	Not achieved	1.3% below target for 2010/11 It was 99.3% in 2009/10 Modeling shows 98.6% of properties have access to flows complying with NZ Fire Service requirements in 2010/11 Staff are investigating what is required to bring the network up to full compliance

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Water charges	(10,426)	(10,465)	(10,225)
Financial contributions	(385)	(309)	(454)
Other revenue	(85)	(473)	(114)
Total revenue	(10,895)	(11,247)	(10,794)
Expenses:			
Operating and maintenance	4,842	5,156	4,535
Interest on loans	1,625	1,704	1,813
Depreciation	3,666	3,708	3,787
Total operating expenses	10,133	10,568	10,135
Net (surplus)/deficit	(762)	(679)	(659)

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	2,105	3,033	1,778
Non Cash profits and write-ups	0	0	0
Repayment of loan principal	2,474	1,354	2,668
Transfer to reserve funds	0	0	0
Total funds required	4,579	4,387	4,446
Source of funds:			
Net surplus/(deficit)	762	679	659
New loans raised	2	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure	3,816	3,708	3,787
Sales of assets	0	0	0
Total source of funds	4,579	4,387	4,446

See Note 33 for explanation of variations

WASTEWATER

Council's wastewater activity included the collection, treatment and disposal of sewage and other wastewater that is discharged into Nelson's sewers. Council manages 366km of wastewater pipes, 25 pump stations and the Nelson North wastewater treatment plant, which serve the northern residential area of the city from Bishopdale, the Port Hills and the central city to Atawhai. Wastewater management by Council includes collecting, treating and disposing of wastewater through the Nelson City Council system; and collecting, treating and disposing of wastewater through the Regional Scheme (Bell Island) where Council has 50% ownership with Tasman District Council.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

The 2010/11 year saw the start of planning for the upgrade of the main sewer pump station at the northern end of Neale Park. The current programme would see construction from 2017-19, with completion by 2019. It pumps wastewater from Nelson City to the treatment plant at Nelson North. This pump station has been in operation since the mid 1960s and is coming to the end of its service life. The upgrade of this station will also look at improving odour control at the pump station and ways to extend the life of the sewer trunk main from the pump station to the treatment plant.

Nelson Regional Sewerage Business Unit (Bell Island)

The regional pipeline upgrade project is on programme for completion by December 2011 at a revised total cost estimate of just under \$13 million. It had originally been costed at \$19.5 million. Council shares this cost 50% with TDC.

Since the completion of the Bell Island wastewater treatment plant upgrade in June 2010, the production of biosolids has increased by more than 50%. Over 4,500m³ of biosolids was applied to Tasman District Council and Nelson City Council forests on Rabbit and Bell Islands during 2010/11. Independent assessment showed there was an economic benefit for the plantation owners with a measurable increase in tree growth.

Irrigation of treated wastewater at Bell Island by a private contractor diverted nearly 1,760kg of nitrogen from the Waimea Inlet, bringing significant environmental and social benefits.

What residents said

Council's wastewater activity received a 54% satisfaction rating, seventh out of 14 activities. The result was slightly higher than 51% in 2010, but the difference was within the 4.9% margin of error. Wastewater received the fourth highest dissatisfaction rating at 6%, slightly up on 2% in 2010. Of the 13 people who commented, most were concerned about the smells coming from the Nelson North wastewater treatment plant, which had happened just before the survey interviews. Council has responded to these concerns by engaging a consultant to review operating procedures for the plant and, working with the Nelson North Wastewater Treatment Plan contractor, to ascertain the causes of the odours and assess lasting solutions.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council has a legal duty to provide wastewater services to protect public health. Adequate treatment of wastewater, particularly sewage, is essential for community wellbeing. Human health, the environment, tourism and industry depend on the reliable provision of this public good.

Council's wastewater network and services contributed to achieving the following community outcomes over the year.

Healthy land, sea, air and water

The treatment and disposal of wastewater reduced the impact on the environment, particularly waterways and Tasman Bay.

People-friendly places

Treatment and disposal of wastewater reduced potentially harmful effects on the landscape and built environment, ensuring we continue to enjoy attractive surroundings.

A strong economy

Treatment of industrial waste allowed businesses to operate successfully here, and protected tourism from the negative effects of untreated wastewater.

Kind, healthy people

The wastewater treatment and disposal network continued to protect public health by limiting water borne diseases and associated health problems.

CAPITAL PROJECTS OVER \$500,000

Project	Carry over from 2009/10 \$000	Estimate for 2010/11 \$000	Total budget available for 2010/11 \$000	Actual spent in 2010/11 \$000
Pipes 2.50mm renewals	153	823	976	623
Nelson regional sewerage scheme	568	10,349	10,917	3,060

See the Summary of Capital Expenditure on page 100 for a full list of all capex projects over \$100,000.



Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	Results 2010/11	Comments
A fully operational wastewater treatment plant and network reticulation/ pipes	Number of complaints about odour	No odour events for the Nelson North Wastewater plant	Not Achieved	Three odour events at North Nelson Wastewater Plant. Consultant engaged to review operating procedures
	Number of dry weather overflows from pump stations	No dry weather overflows from pump station failures	Achieved	No dry weather overflows from pump stations
		No more than three odour event complaints associated with any individual pump station	Achieved	Two odour events from central Nelson pump station
	Response time to emergencies	Provide a prompt and reliable response to service requests and system failures Respond and investigate emergency works within 30 minutes and undertake repairs within eight hours	Achieved	Contractor records 100% response within 30 minutes for emergency works and 100% response within two hours for other non-urgent investigations All repairs undertaken within eight hours
Compliance with resource consent conditions	All resource consent conditions are complied with	Not Achieved	Complied with all existing conditions for discharge consents. Breached odour conditions for Nelson North Wastewater Treatment Plant Application lodged for resource consent for accidental discharges from the network, not yet processed	

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Waste Water Rate	(6,675)	(6,632)	(5,668)
Financial contributions	(676)	(257)	(669)
Other revenue	(4,031)	(3,301)	(3,281)
Total revenue	(11,382)	(10,190)	(9,618)
Expenses:			
Operating	5,001	5,559	4,207
Interest	459	994	576
Depreciation	3,291	3,170	3,015
Total operating expenses	8,751	9,723	7,798
Net (surplus)/deficit	(2,630)	(467)	(1,820)

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	4,198	13,674	6,095
Repayment of loan	3,498	911	0
Transfer to reserve funds	0	0	0
Total funding requirement	7,696	14,585	6,095
Source of funds:			
Net surplus	2,630	467	1,820
New loans raised	1,500	10,948	1,195
Transfer from reserve funds	253	0	65
Transfer from financial contributions reserve	0	0	0
Non cash expenditure	3,312	3,170	3,015
Sales of assets	0	0	0
Total funds provided	7,695	14,585	6,095

See Note 33 for explanation of variations

STORMWATER AND FLOOD PROTECTION

The Nelson stormwater system has two parts – the natural waterways and a constructed stormwater system. The natural rivers and streams support aquatic ecosystems, provide areas for recreation and public use and channel stormwater flows when it rains heavily. The constructed stormwater network includes channels to drain stormwater and rainfall from roads and properties in urban areas, pipes and overland flow paths that carry stormwater to waterways and the sea. Pump stations and debris filters are also included. 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.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

In the 2010/11 year the two major highlights in the stormwater activity were the completion of the shared stormwater / cycle underpass to Saxton Field at Main Road Stoke and the completion of another stage in the Wood area stormwater management project.

The culvert at Main Road Stoke was needed to improve stormwater flows in Orphanage Creek and to prevent flooding of the surrounding area in high rainfall events. The Wood stormwater work required the construction of a large stormwater pipe along Weka Street from Collingwood Street to the Wood stormwater pump station at the Weka Street end of Neale Park.

What residents said

Council's stormwater and flood protection services received a 45% satisfaction rating, which was ninth out of the 14 activities and similar to the 2010 rating of 49%. It was low in dissatisfaction ratings, with only 3% saying it was the activity they were most dissatisfied about. Of the five who commented, all were concerned about potential flooding in specific areas. Council will consider these concerns when reviewing its programme to upgrade stormwater systems across the network.

CONTRIBUTION TO COMMUNITY OUTCOMES

Adequate provision for stormwater flows and protection from flooding during high rainfall is essential for community wellbeing. The costs of providing this service, as well as the benefits, are spread across the whole community. We all benefit from being able to move safely around the city during heavy rain in all but the most extreme weather events. Council has a programme in place to continue to improve the network to safely manage storm flows.

Council's stormwater and flood control network contributed to achieving the following community outcomes over the year.

Healthy land, sea, air and water

The network limited the effects of floods on the environment. Designs for upgraded parts of the network took into account the environment and recreational uses of water courses.

People-friendly places

The network continued to be improved to limit the risk of flood damage to homes, businesses or essential infrastructure.

A strong economy

Providing an adequate stormwater network enabled new subdivisions to be safely developed and reduced the costs of disruption in the event of flood events.

Kind, healthy people

Continuing the programme of improvements to the network reduced the risk and costs to residents in the event of flood events.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	Results 2010/11	Comments
Protection for the built and natural environment from flooding and stormwater discharges	Compliance with resource consent conditions	All resource consent conditions are met	Achieved for Wood and Centennial Road pump stations	Monitoring of street stormwater discharges in progress
	Stream and river stormwater capacity	Streams and rivers to meet Q50 capacity by 2018	Ongoing programme on track to achieve by target date	Further stage of Arapiki Stream upgrade completed in 2010/11 Maitai River flood capacity model completed 2010/11
	Ensure appropriate stormwater disposal options are available throughout the city	Ongoing provision of appropriate stormwater reticulation or disposal options	Ongoing programme on track to improve network, targeting highest risk	Land Development Manual 2010 released, including appropriate stormwater systems for new subdivisions This target will be reviewed for 2012
Provide a prompt and reliable response to service requests and system failures	Response and investigation of problems	Contractors respond to emergencies within 30 minutes	Not achieved	98% response within 30 minutes Three events out of 138 did not meet target – two were just over target time, one was a delay of an hour due to a failure to recognise response requirement – change of call centre will improve this
Integration of recreational uses of rivers and streams with ecological and stormwater disposal requirements	Levels of recreational use of rivers and edges of waterways	River and stream work that recognises and where possible enhances ecological and recreational values	Ongoing programme on track to improve outcomes progressively	Stormwater designs incorporate provision for recreation uses and ecological values, for example the shared stormwater / cycle way underpass to Saxton Field under Main Rd Stoke

STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Revenue			
Stormwater rates	(4,021)	(3,975)	(3,789)
Financial contributions	(356)	(226)	(479)
Other revenue	(11)	0	(2)
Total revenue	(4,388)	(4,201)	(4,270)
Expenses:			
Operating and maintenance	1,025	1,004	788
Interest on loans	1,103	1,240	1,165
Depreciation	1,753	1,731	1,727
Total operating expenses	3,881	3,975	3,680
Net (surplus)/deficit	(507)	(226)	(590)

Statement of funding requirement

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Funds required			
Capital expenditure	3,105	3,893	1,815
Repayment of loan principal	0	0	502
Transfer to reserve funds	0	0	0
Total funds required	3,105	3,893	2,317
Source of funds:			
Net surplus	507	226	590
New loans raised	726	1,936	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure	1,872	1,731	1,727
Sales of assets	0	0	0
Total source of funds	3,105	3,893	2,317

See Note 33 for explanation of variations

SOLID WASTE MANAGEMENT

Council's solid waste management activity included:

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

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

The amount of waste going to the York Valley landfill has continued the downward trend that has been observed over the past six years. The amount of residual waste going to landfill for the region is well below the peak experienced in mid-2008.

The contractor who processed separated green waste for Council was unable to receive green waste from early May 2011 as a result of resource consent issues and a new contract is not yet in place. As a result, over 200 tonnes of separated green waste collected at the Pascoe Street transfer station had to be sent to the landfill at York Valley. This was around 11% of the annual amount that was diverted from the landfill. Council worked with the contractor to re-establish green waste processing so it no longer goes to the landfill.

Further ground movement along the future access road for the York Valley landfill resulted in a review of the long term viability of the access road. Council is investigating alternative routes.

What residents said

The solid waste activity received a satisfaction rating of 54% in the 2011 Council survey of residents, which was eighth out of 14 core Council activities. This result was similar to the previous year.

The dissatisfaction rating was 6%, slightly up from the previous year but within the margin of error. Of the 13 who commented, some mentioned the hassle and expense of using the service. Others wanted to see more promotion of recycling or were concerned about leachates and 'fly tipping' when people dump rubbish on roadsides.

Council will continue with waste minimisation and waste education and is working with TDC towards developing a joint waste management and minimisation plan.

CONTRIBUTION TO COMMUNITY OUTCOMES

The effective management of solid waste is essential to protect the health of residents and visitors, the local economy and the environment. Council has a legal obligation to plan for the effective and efficient implementation of its waste management activities and to carry out a Waste Assessment, which was completed jointly with Tasman District Council.

Council's solid waste management assets and services contributed to achieving the following community outcomes over the year.



Healthy land, sea, air and water

Council provided a waste management system that minimised waste, ensured it was disposed of safely and encouraged reduction, re-use and recycling.

People-friendly places

The city and its surroundings were protected from the inappropriate disposal of waste, which ensured Nelson continued to be a safe and attractive place to live and visit.

A strong economy

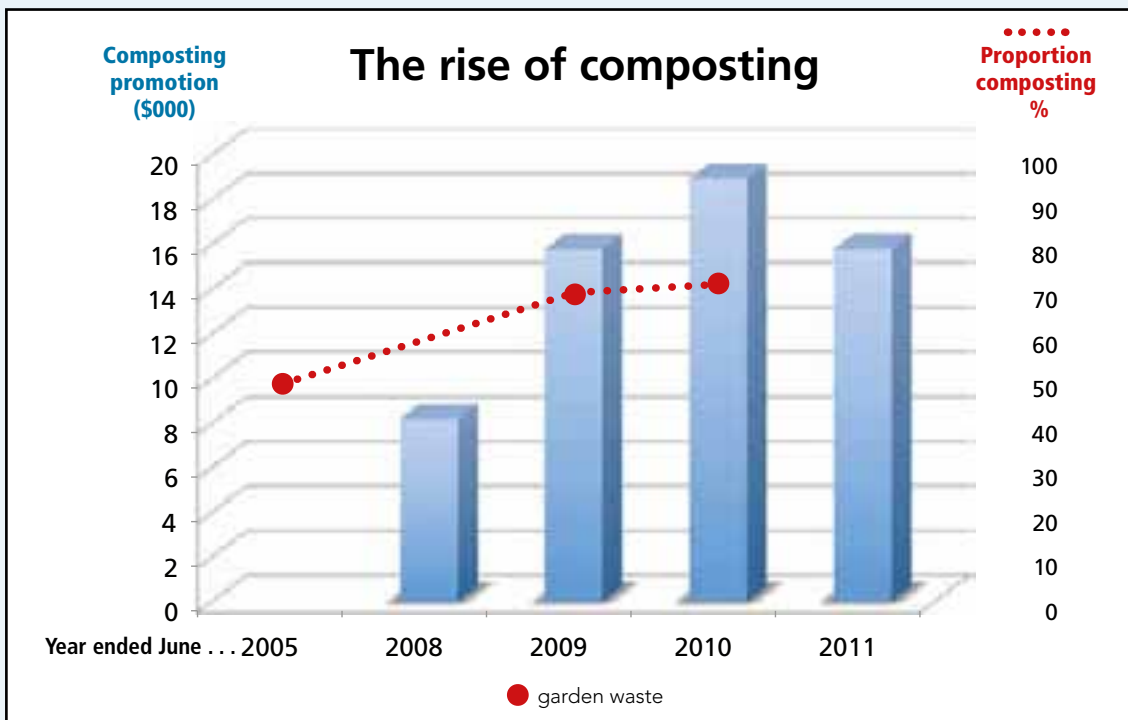
Council continued to provide a reliable, comprehensive and cost-effective waste disposal service for residents, the tourism service sector and businesses.

Kind, healthy people

A safe solid waste disposal system protected public health from the risk of harmful effects of the inappropriate disposal of waste.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.



A GREAT CITY FOR COMPOSTING

Aiming to increase the number of households that compost organic waste, Council decided several years ago to support residents' composting efforts. Workshops, information and campaigns were targeted to encourage more people to compost their food and garden waste. The graph shows the level of composting in 2005 rising significantly after the Create Your Own Eden campaign began.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	Results 2010/11	Comments
Measures to encourage the community to reduce waste to landfill	Rate of increase of waste going landfill	Reduce the rate of increase to landfill to 0%	Achieved: Rate of decrease from 2004/05 of 30.2% was recorded (36.7% when the amount from outside the region is discounted)	Council will continue with its waste minimisation and waste education activities
Provide facilities for the separation and diversion of green waste from landfill (provided costs are no greater than equivalent landfill disposal costs)	Amount of green waste diverted from the landfill	Divert additional tonnages of green waste from landfill each year 2009/10 2000t then from 2010/11 2500t p.a.	Not achieved	Green waste diverted from landfill through voluntary separation of green waste peaked at less than 2,100 t per annum. During 2010/11 1,533t of separated green waste was diverted, refer also to page 42 A commercial green waste receiving station, set up in 2010, that charges less than Council, diverted a further 300 t of green waste The development of a Joint NCC/TDC Waste Management and Minimisation Plan will enable Council to formulate a coordinated regional approach to manage green waste
Solid waste activity uses sustainable practices	Compliance with resource consents	All resource consent conditions are met	Achieved	Contractors report confirms compliance with all conditions
Recycling services	Fortnightly kerbside collection of glass	100% of urban households provided with kerbside recycling collection	Achieved Also high level of use of the collection services by residents – 89% use the service regularly (most recent results from 2010)	Council provides fortnightly collection of glass and on the alternative week collection of plastics, tin and paper Council aims to continue to provide current services

STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2011	Estimate 2011	Actual 2010
	\$000	\$000	\$000
Revenue			
Rates	(2)	0	0
Financial contributions	(10)	(12)	(12)
Other revenue	(3,013)	(3,372)	(2,890)
Total revenue	(3,026)	(3,384)	(2,902)
Expenses:			
Operating and maintenance	2,525	3,097	2,439
Interest on loans	0	0	0
Depreciation	333	287	320
Total operating expenses	2,857	3,384	2,759
Net (surplus)/deficit	(168)	0	(143)

Statement of funding requirement

	Actual 2011	Estimate 2011	Actual 2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	82	412	109
Repayment of loan principal	0	0	0
Transfer to reserve funds	419	0	354
Total funds required	501	412	463
Source of funds:			
Net surplus	168	0	143
New loans raised	0	0	0
Transfer from reserve funds	0	125	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	333	287	320
Sales of assets	0	0	0
Total source of funds	501	412	463

See Note 33 for explanation of variations

HEART OF NELSON

The Central City Strategy activity was set up for the first time in the 2009 Nelson Community Plan to coordinate the implementation of this cross organisation set of projects. There were 104 different projects that aimed to maintain the success of our central city while responding positively to changing uses and growth pressures and build a sense of Nelson's identity into the city.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

The main Heart of Nelson projects designed and/or completed in 2010/11 were:

- work on the Trafalgar Street bridge
- the pedestrian raised crossings
- tidying up the Maitai walkway
- upgrading Trafalgar Street for Rugby World Cup 2011
- way finding signs
- tree planting in CBD; and
- the selection of an artist for the QEII gateway sculpture.

What residents said

Because the Heart of Nelson activity covers a range of projects under other Council activities, there are no specific questions on the central city in the survey of residents. Some general comments covered parking, cleanliness and the provision of public toilets in central Nelson.

CONTRIBUTION TO COMMUNITY OUTCOMES

Implementation of the Heart of Nelson projects across central Nelson aims to continue to improve the central city for shoppers, residents and visitors. Projects have been designed to make the city more attractive and easier to get around. Several were brought forward to ensure the city was prepared for the Rugby World Cup 2011.

Council's Heart of Nelson projects contributed to achieving the following community outcomes over the year.

Healthy land, sea, air and water – we protect the natural environment

Project designs ensured good environmental protection features were included in the construction phase. Sustainability and local sourcing of components was a feature of the way-finding signs, for example.

People-friendly places

Attractive, well designed projects ensured locals and visitors could easily use, enjoy and navigate around the city. Crime prevention through environmental design (CPTED) features were built into projects where applicable.

A strong economy

Local businesses and retailers benefited through an increasingly attractive built environment attracting more people to the city centre.

Fun, creative culture

Designs incorporated local materials and creative expression, including the way finding signs which celebrated local stories and culture.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

There are no separate service levels or performance measures set for this financial activity of Council. All central city projects are managed under other Council activities, which have associated levels of service and performance reporting.

STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Revenue			
Rates	(122)	(204)	(154)
Financial contributions		0	0
Other revenue		0	0
Total revenue	(122)	(204)	(154)
Expenses:			
Operating and maintenance	81	105	149
Interest on loans	41	99	5
Depreciation	0	0	0
Total operating expenses	122	204	154
Net (surplus)/deficit	0	0	0

Statement of funding requirement

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Funds required			
Capital expenditure - New	960	2,159	352
Repayment of loan principal	0	0	0
Transfer to reserve funds	0	0	0
Total funds required	960	2,159	352
Source of funds:			
Net surplus	0	0	0
New loans raised	960	2,159	352
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
Total source of funds	960	2,159	352

See Note 33 for explanation of variations



ENVIRONMENTAL MANAGEMENT

As one of the country's six unitary authorities, Nelson City Council manages both local authority functions like subdivisions and land use, and regional functions like air quality, fresh water, coastal management and biosecurity. Council's environmental functions include planning advice, policy development and implementation, pest management, monitoring the environment and environmental education.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

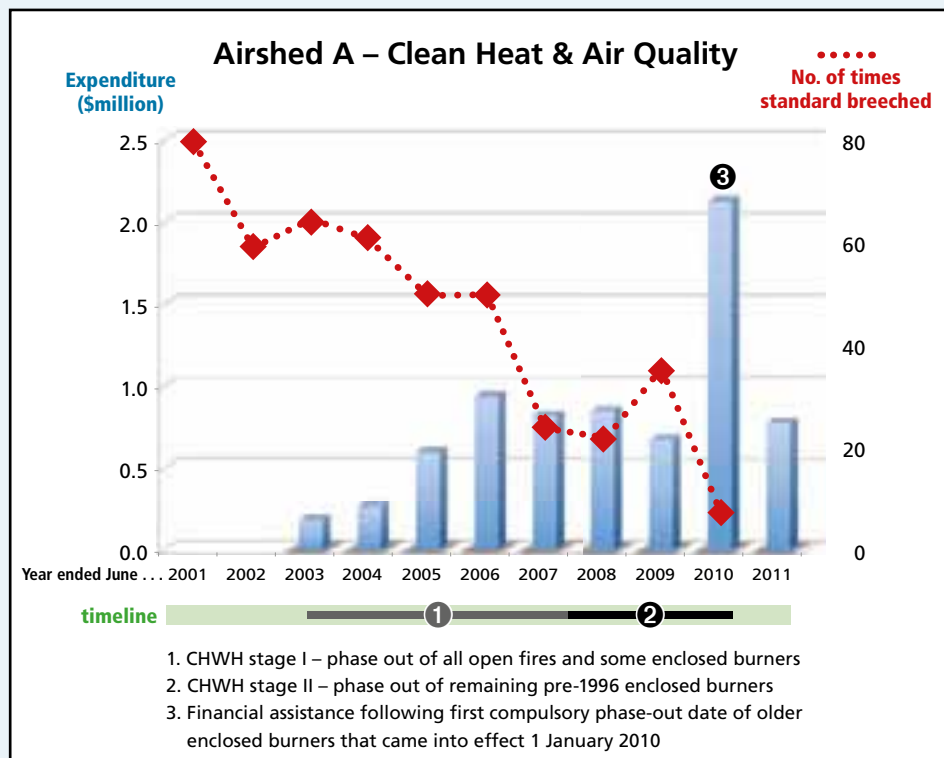
Air quality

Significant improvements in Nelson's air quality continued over the past year. The national air quality standards had only been exceeded three times by the end of June 2011, which was the same as the winter of 2010 but significantly fewer compared to when the programme began, in June 2001, when there were 27 breaches. The maximum PM₁₀ concentration for June 2011 was 58µg/m³, slightly below 2010 levels of 59µg/m³ and not far above the national standard of 50µg/m³. The Council Air Plan states Council's priority is to aim for 66% of the standard or better. By comparison, June 2001 had a maximum concentration of 156µg/m³. Council reports any exceedences in *Live Nelson* and air quality results are available on the Council website by searching for 'air quality – annual monitoring summary'.

INVESTMENT TO CLEAR THE AIR

The bars on this graph shows the investment Council has put into improving air quality since the monitoring programme began in 2001. The programme included a new Air Quality Plan, promotions, a ban on open fires and funding for the Clean Heat Warm Homes scheme to help homeowners to replace old enclosed burners with cleaner alternatives. The dotted line shows the number of 'exceedences', which are the number of times each winter when the maximum air pollutant standard was breached.

The target is set at 50 micrograms (µg) of PM₁₀ – the very small smoke particles that cause health problems when breathed in – per cubic metre of air. The Council has to achieve not more than three breaches of the national standard per winter by 2016 and one by 2020.



Water quality

The Council is increasing its efforts to improve Nelson's water quality. A bid to the Ministry for the Environment's Community Environment Fund has secured \$92,000 over two years for the Stoke Streams Rescue project. The funding will support a programme aimed at raising awareness in the Stoke area to improve water quality in four streams that flow into the Waimea Inlet. The project is part of implementing the Waimea Inlet Strategy that was approved in 2010/11.

Sustainability initiatives

The Council extended the national Enviroschools programme in Nelson with 33% of Nelson schools now signed up to the programme. Ecofest 2010 and the Solar Saver Scheme were shortlisted as two of three finalists for the Local Government section of the Green Ribbon awards. The Sustainability Business Adviser established by Council has been working towards the introduction of a biodiesel supply facility to Nelson. While the ground work for providing biodiesel to commercial consumers has been done, the service is not anticipated to begin until late 2011.

Other achievements in 2010/11

The LoveNZ public place recycling promotion was launched in Nelson as part of Rugby World Cup 2011 preparations.

Funding was gained from the Biodiversity Condition Fund for the removal of Old Mans Beard from an important alluvial forest remnant at Kokorua.

Council introduced environmental scorecards covering monitoring trends for air quality, river and stream health and recreational bathing water quality to assist the public to understand environmental quality.

What residents said

In the 2011 Council survey of residents, Council's environmental management activity ranked eleventh out of the 14 activities with a satisfaction rating of 37%, which was a drop from 49% in the 2010 survey. Dissatisfaction levels were relatively low for this activity, averaging around 5% of people saying they were most dissatisfied of all Council activities over the last three years. Direct customer surveys will be used to find out how to improve satisfaction and reduce dissatisfaction. Of the twelve people who commented on their reasons for dissatisfaction with Council's environmental management activity, air pollution in Brook Valley, car pollution, freedom camping, the proposed performing arts centre, protection of trees and sewage treatment were concerns. Some of these don't fall within the environmental management activity.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council's environmental management activities enabled the sustainable use of resources, ensuring there were high quality urban and rural environments to meet the present and future needs of residents, businesses and visitors.

Council's environmental management services contributed to achieving the following community outcomes over the year.

Healthy land, sea, air and water

Council continued to provide information to the community on good environmental practices, pest management and environmental monitoring.

People-friendly places

Council provided land-use and subdivision planning services and reduced air pollution through the Clean Heat Warm Homes programme.

A strong economy

Council provided an environment that supported sustainable business practices.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	Results 2010/11	Comments
Cleaner air	Quality of air in Nelson	Meet or exceed current national air quality targets Clean Heat Warm Homes installations planned are: 2009/10 580 2010/11 560 2011/12 370 2012/13 281	On track to meet national standard by due date of 2020, refer page 49 for targets Not achieved Below target in 2010/11, 260 installations	Exceeded on 7 days in 2010 compared to 81 in 2001 at programme start The 'below target' for CHWH installations is explained by 2010/11 not being a phase-out year for burners. People leave replacing their wood burners until just before they have to. In 2009/10, 675 were installed as it was a phase out year. Council is increasing promotion to ensure the required number of wood burner conversions take place by due dates
Well-planned city that meets the community's needs	Projects included in the LTCCP are implemented on time and within budget	Implement current programme of plan changes	Not achieved	Behind on programme of plan changes as they require more work than was programmed. Progress being made with 11 plan changes to be completed by end of 2011
	Residents' satisfaction with Nelson's environment.	75% of residents rate their satisfaction with Nelson's environmental management as "fairly satisfied" or better	Results not able to be compared to target	The 75% target no longer applies as it used a different survey method Results showed 37% of residents were satisfied or very satisfied with Council environmental management activities (49% in 2010), 40% of those interviewed said they were neither satisfied nor dissatisfied, 13% were dissatisfied/very dissatisfied, 10% said don't know
Cleaner water	Quality of Nelson's coastal and freshwater	Meet swimming water quality standards Stream health: maintain class A and B waterbodies in current state and improve class C to B, and have no waterbodies worse than class C	Not achieved 2010/11 results: Wakapuaka River at Hira Reserve, Paremata Flats and Maitai River at Collingwood St do not meet national standards Not achieved Maitai at Groom confluence went from B to D, Wakapuaka at Hira went from A to B, only Teal River improved from C to B, six other C streams showed no improvement, 13 streams worse than class C	The results are largely the same as for 2009/10. This year Council focused on working with land owners in the Wakapuaka catchment to exclude stock to improve water quality. Further actions, such as improving stormwater quality will be considered in the Long Term Plan 2012-22 Nelson stream health is still better than many parts of the country. Council is increasing research and education work addressing stream health in 2011/12, and is preparing a Maitai Catchment Plan. The next Long Term Plan 2012-22 will also consider new initiatives to improve stream health. The targets will also be reviewed as to how realistic they are



What Council will provide	Measures	Target(s)	Results 2010/11	Comments
Protect and restore native biodiversity	Biodiversity in the Nelson area	Implement Council actions in Nelson biodiversity action plans	Achieved Waimea Estuary Strategy complete in 2010, Waimea Estuary Forum began meeting early 2011	There are other biodiversity projects under way for the Brook Stream and within the Whangamoia River catchment. Eco-sourced plant material is used in council plantings where possible
	Results from the Land Cover Database produced by the Ministry for the Environment five yearly	Area of Nelson covered in native vegetation remains the same or increases between 2005 and 2010	Achieved Area covered in native vegetation has been the same since 2000 based on aerial survey	Continuing work with landowners to protect biodiversity on private land, programmes include fencing, enhancement planting and weed control, also reviewing regulatory controls
Identify, promote, and protect Nelson's heritage	Support of the Nelson Heritage Strategy	Implement Council actions in Nelson Heritage Strategy 90% of residents rate their satisfaction with heritage management as "fairly satisfied" or better	Achieved Increased subscription to the Remission of Rates for Heritage Maintenance from 43% to 55.7% Applications totalling \$181,081.13 have been made to the Heritage Project Fund (HPF) for 2010/11 (\$39,045 available) Results not able to be compared to target	Council increased Heritage Project Fund by \$20,000 for 2011-12 year. Council considering options for implementing the Heritage Inventory Project and archaeological sites report recommendations Review of heritage strategy on hold due to other priorities Most recent resident survey on heritage in 2009 found 69% of residents were satisfied or very satisfied with heritage management (refer to methodology change comment, page 29)
Sustainability advocacy	Council and community greenhouse gas emissions	Stabilise the Council and community's greenhouse gas emissions by 2012 and reduce by 40% in 2020 compared with 2001	Not achieved	The Council's carbon emissions were 2,066 tonnes in 2010/11, and 2,046 tonnes in 2009/10, compared to 2,097 tonnes in 2008/09 No inventory of community carbon emissions yet carried out Voluntary targets will be considered during the development of the Nelson Sustainability Strategy in 2011/12
		Implement Climate Change and Sustainability action plans	Achieved	Actions include: Council greenhouse gas inventory, solar initiatives, support for the Sustainability Forum, employing an Eco Design Adviser, establishment of a Sustainable Business Advisor, waste minimisation initiatives and education Climate Change and Sustainability action plans to be reviewed and incorporated in the development of the Nelson Sustainability Strategy in 2011/12

STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2011	Estimate 2011	Actual 2010
	\$000	\$000	\$000
Revenue			
Rates	(2,443)	(2,485)	(2,621)
Financial contributions	0	0	0
Other revenue	(631)	(1,989)	(1,788)
Total revenue	(3,074)	(4,474)	(4,409)
Expenses:			
Operating and maintenance	2,694	4,667	4,166
Interest on loans	246	450	936
Depreciation	16	16	16
Total operating expenses	2,956	5,133	5,118
Net (surplus)/deficit	(118)	659	709

Statement of funding requirement

	Actual 2011	Estimate 2011	Actual 2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	0	0	0
Repayment of loan principal	464	409	118
Loan investment	1,424	4,568	2,644
Non cash - invest write up	179	133	97
Transfer to reserve funds	16	16	16
Total funds required	2,083	5,126	2,875
Source of funds:			
Net surplus	118	(659)	(709)
New loans raised	1,424	4,568	2,618
Transfer from reserve funds	61	79	23
Transfer from financial contributions reserve	0	0	0
Non cash - invest write down	-	712	783
Non cash expenditure (depreciation)	16	16	16
Sale of investment	464	409	144
Sales of assets	0	0	0
Total source of funds	2,083	5,126	2,875

See Note 33 for explanation of variations



TRANSPORT

Nelson City, as a unitary authority, does the transport planning for Nelson and is responsible for maintenance, construction and renewal of all roads and other parts of the transport network including cycle ways, but not State Highways. The State Highway network is managed separately by the NZ Transport Agency, which replaced Transit NZ, and is 100% funded by central government. Council manages and maintains 248 km of roads, of which 232 km are sealed and 16 km are unsealed; 102 bridges; 16 km of off-road cycle lanes; 871 car parks in the central city and 237 car parks in Stoke. Council's transport activities include:

- a road network including road safety, street cleaning, lighting
- footpaths, cycleways
- some public transport
- subsidised public transport including the Total Mobility Scheme to provide access for people with disabilities
- inner city parking regulation and Central Business District development
- management of properties on road reserve.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Arterial traffic study

This year has seen a significant amount of work carried out on the arterial traffic study. The three stage report was released, and intensive community consultation has taken place. This study will conclude in the early part of the 2011/12 financial year.

Progress on transport network projects

Council continued to upgrade and improve existing transport assets funded through Council's capital expenditure including progress on the Locking Street upgrade, Atawhai Drive, Iwa Road, Seymour Avenue and St. Vincent Street/Jenner Road. While none of these were completed by June 2011, they all had significant work done. Projects completed included the Main Rd Stoke footpath and Nile St/Tasman St roundabout safety improvements.

Completed minor improvement projects include:

- Stoke School pedestrian refuge
- Hampden St school crossing and footpath

Only half of the minor improvement budget was spent because of projects put on hold until the outcome of the arterial traffic study was known. They can now proceed, following Council's decision.

Expanding cycle network

A new cycle way was constructed under Main Road Stoke as part of the Orphanage Creek culvert upgrade.

The cycle network was expanded with the connection of the Trafalgar 200 route to the Collingwood St bridge, including Sovereign St and Wainui St intersection improvements, which were partially completed. Another cycle project was the improvement of the link between Hardy St and the Vanguard/Gloucester roundabout. The shared walk/cycle path protocol was adopted and additional signs and path markings were installed on the shared paths throughout the city.

Road and transport network maintenance

Road resealing of \$690,000 was completed on budget and road renewals costing \$700,000 were completed at the Saxton Rd roundabout, Putaitai St, Quarantine Rd/Pascoe St intersection, Tui Glen Rd, Bridge St and the Wildman Rd/Hay St intersection. Other work included upgrading the street lighting on Waimea Rd and in Todd Valley. New bus shelters were installed at several key locations in Atawhai, Tahunanui and Main Road Stoke.

Other work

The Temporary Traffic Management Plan for Rugby World Cup 2011 was completed. This year has also seen reviews of the Speed Limit Bylaw and the Parking Bylaw.

Public transport policy developments

The Regional Land Transport Committee completed the Regional Land Transport Strategy and Regional Land Transport Programme, which were adopted by Council in June 2009. To implement these, funding was provided for an improved transitional public transport service to improve commuter services within the City area and between Nelson and Richmond from 2010 to 2012. However, the publication of the National Land Transport Programme in August 2009 indicated there would be changes in funding rules for Passenger Transport which resulted in no Central Government passenger transport funding increase. This resulted in insufficient funds being available for Council to introduce the service improvements that had been planned.

Improving public transport

In response to the Central Government funding shortfall, Council consulted through the draft 2011/12 Annual Plan on a proposal to increase parking fees in the parking squares by 50c an hour to go towards public transport. This proposal was subsequently approved and the revenue from this fee increase will go towards funding improved bus services. The service improvements will include more frequent services between Nelson and Richmond and improvements to the local Nelson bus routes from early 2012.

Getting around by public transport, walking and cycling

Public transport use in Nelson is very low, at only around 1% of commuting trips, according to the annual survey of residents. Council consultation has highlighted this as an area where residents would like a greater level of service. Currently, Council funds 'The Bus' community bus service. The private sector provides commercial public transport services between Nelson and Richmond. The Ministry of Education provides subsidised school bus services. Council, with Tasman District Council, also provides the Total Mobility Scheme, a door to-door transport service to assist people with disabilities who are unable to use public transport. Nelson has relatively high numbers of pedestrians and cyclists per capita compared with the rest of the country. Council has progressively developed footpaths and cycle facilities. Cycling and walking are considered to be important transport options to provide for an increasing population and to improve physical activity levels while reducing environmental impacts.

Transport safety

Fewer people were killed or seriously injured on roads in Nelson City in 2010 with 25 reported casualties compared to 34 in the previous year. However the NZ Transport Agency (NZTA) five year trend data (2006-2010) showed an upward trend in both fatal and serious injury crashes on local roads and an upward trend in fatal crashes on the state highway, where there was a downward trend in serious injury crashes.

It was encouraging that there were only 17 reported cycle casualties in 2010 compared to 31 the previous year. There was one less pedestrian casualty, with nine in 2010 compared to 10 in 2009. 'Casualties' refers to the total number of people in injury or fatal crashes. Nelson has a high and steadily increasing proportion of cyclists, at 45% measured by the 2011 survey of residents. NZTA reports identify cyclist and pedestrian safety as issues needing ongoing road safety focus. Motorcycle casualties and crashes at urban intersections continue to be over represented in Nelson City.

New road safety initiatives

In line with the national road safety strategy priority for reducing fatalities and serious injuries in young drivers, Council partnered with Rotary and delivered an intensive one day road safety package (RYDA) to over 1,100 year 11 students from across the region.

In partnership with TDC and Accident Compensation Corporation (ACC), Council has worked to develop, procure and deliver motorcycle skills training courses. Delivery of these over the last 12 months has seen a proportionally higher number of trained motorcyclists (116) than most other areas in NZ.

What residents said

For the last several years, Council's transport activity has consistently received the lowest satisfaction rankings of Council activities as well as having the highest dissatisfaction ratings by a large margin. Even so, the last three years have shown that satisfaction with transport overall is increasing, now at 40%, up from 22% in mid-2010. Likewise dissatisfaction with transport has dropped again in mid-2011, to 33% from the high of 49% in 2007.

There are many reasons why people are dissatisfied with Council's transport activities, but the most often cited is the lack of adequate public transport. The poor condition of some roads is also mentioned frequently. With the proposal to fund an increased level of public transport from early 2012, it will not be until another few years have passed that annual surveys of residents results could indicate whether these initiatives have led to a sustained improvement in satisfaction levels and reduced dissatisfaction.



CONTRIBUTION TO COMMUNITY OUTCOMES

Council provided transport infrastructure to ensure there is safe, convenient, efficient and affordable access for residents, visitors and businesses. It has long been a responsibility of local authorities to provide and develop roads and transport planning in their area.

Council’s transport network contributed to achieving the following community outcomes over the year.

Healthy land, sea, air and water

Designs for upgrades and renewals limited environmental impact and the network provided a range of travel modes that included promotion of those with a minimal impact on the environment.

People-friendly places

Transport infrastructure was provided in a way that took into account the impact on public spaces and accessibility.

A strong economy

The transport network provided for efficient and effective movement of people and goods to meet the needs of residents, visitors and businesses.

Kind, healthy people

The transport network included improved designs to provide increasing safety for drivers, cyclists and pedestrians.

CAPITAL PROJECTS OVER \$500,000

Project	Carry over from 2009/10 \$000	Estimate for 2010/11 \$000	Total budget available for 2010/11 \$000	Actual spent in 2010/11 \$000
<i>Subsidised</i> Renewals: sealed road resurfacing	(1)	717	716	124
<i>Subsidised/Unsubsidised</i> St Vincent/Jenner Rd	(22)	1,254	1,232	1,081
<i>Unsubsidised</i> Locking St	20	838	858	659

() = a negative carry over due to overspending in previous financial year.

See the Summary of Capital Expenditure on page 100 for a full list of all capex projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2010/11	Comments
Public transport services	Increasing use of public transport	Increase share of weekday journey to work trips by public transport to at least 10% by 2018	Not achieved	1% of all weekday journey to work trips by public transport (2010 and 2011 surveys of residents). Initiatives now in place to expand bus services – no increase in use over the previous three years, Council expanding services in 2011/12 In 2010/11 we had 50,714 trips on 'The Bus' up from 45,343 in 2009/10
		80% households within 400m (5 min walk) of a bus route by 2014	On track	79% of households within 400m of a bus route in 2011 and 2010 Provision and location of bus stops will be re-assessed following adoption of the Regional Public Transport Plan around late 2011
Walkways and cycle ways that meet residents' needs	Increased walking and cycling	Increase the number of vehicles with more than one occupant in the peak period across the Waimea Rd/Rocks Rd screen line to at least 10% by 2018 Increase share of weekday journey to work trips by walking and cycling to at least 25% by 2018	Achieved Not achieved Results static over last three years	Vehicle occupancy survey in March 2011 showed an average of 25% of vehicles carried more than one occupant (24% the previous year), in a survey of Rocks Road and Waimea Road during peak times. Council will continue to support travel demand management including car pooling and school travel plans 14% total – cycle 8% and walking 6% in mid-winter 2011 (survey of residents) Total was 18% in 2010 and 15% in 2009 – margin of error +/- 5% Continued improvements and extensions to the cycle and walkway network to enable more cycle/walking commuting
Walkways and cycle ways that are safe	Number of accidents	Reduce the number of injury pedestrian and cyclist casualties by at least 20% by 2018 compared with 2008	Achieved [Safety results depend on public behaviour and choices as well as Council initiatives and facilities]	Target is total pedestrian and cyclist casualties to be no more than 28 by 2012. In 2010 it was 28 and in 2009 the number of casualties was 45. Cycle way development and safety programmes including 0800CYCLECRASH continue
Well maintained road network	Residents' satisfaction	At least 75% resident satisfaction with roads	Results not able to be compared to target	In mid-2011, 45% of residents were satisfied or very satisfied with roads/streets Ongoing programme of maintenance and renewals to help improve satisfaction ratings
	Road roughness achieves New Zealand Transport Agency Standards	Maximum average road roughness: Arterial/principal 90-100 Collector 110 Local 120-140 Rural sealed 110-140 Rural unsealed 110-140	Achieved	Maximum average road roughness targets have been met across all road categories Ongoing programme of maintenance and renewals to maintain the quality of the road network

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Rates	(6,709)	(7,109)	(6,955)
Financial contributions	(472)	(257)	(438)
Other revenue	(5,561)	(5,781)	(6,142)
Total revenue	(12,742)	(13,147)	(13,535)
Expenses:			
Operating and maintenance	7,095	7,198	6,595
Interest on loans	803	1,159	994
Depreciation	4,208	4,132	4,576
Total operating expenses	12,106	12,489	12,165
Net (surplus)/deficit	(637)	(658)	(1,371)

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	6,054	9,307	6,472
Non Cash profits and write-ups	0	0	0
Repayment of loan principal	1,909	130	520
Transfer to reserve funds	446	535	1,508
Total funds required	8,409	9,972	8,500
Source of funds:			
Net surplus	637	658	1,371
New loans raised	2,938	4,581	894
Transfer from reserve funds	291	498	1,503
Transfer from financial contributions reserve	80	0	81
Non cash expenditure	4,438	4,132	4,576
Sales of assets	26	103	76
Total source of funds	8,409	9,972	8,500

See Note 33 for explanation of variations

REGULATORY COMPLIANCE (consents, licences, public health)

Council's consents, licensing and monitoring activities include:

- Dog and animal control
- Liquor licensing
- Food premises monitoring
- Storing and providing land information
- Processing and inspection of resource and building consents
- Controlling subdivision of land
- Harbour and coastal safety and navigation
- Pollution management
- Investigating complaints about noise, bylaws, private drains and illegal building works.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Building Unit accreditation reviews

Council's building unit was audited and reviewed for all building control functions in the first half of 2011. The successful Technical Review was completed over four days by the Department of Building and Housing in January 2011, covering the Council building unit's Territorial Authority functions. A public report on this review is to be released later this year.

Council was assessed and re-accredited by International Accreditation NZ (IANZ) for its Building Consent Authority (BCA) and quality assurance (QA) system over three days. Council is awaiting receipt of the relevant certificate.

Both reviews identified no non-compliances and required significant preparation, including competency assessments of all relevant staff and customer service officers and a review and audit of all systems and processes in the BCA and QA management manual.

Other achievements over the year

Council formalised coastal permits for occupation of the coastal marine area it administers for swing moorings in Nelson Harbour.

The review of the Harbour Safety Bylaw saw progress, with a new bylaw awaiting final Council approval.

Preparation of an Enforcement Plan and enforcement measures for RWC 2011 included the appointment of an Enforcement Manager and Compliance Manager.

What residents said

Thirty percent of those surveyed in mid-2011 were satisfied with Council's regulatory compliance work, which was 10% less than the year before, 37% were neither and 23% were dissatisfied or very dissatisfied. The dissatisfaction rating for Council's regulatory compliance activity increased from 8% in 2010 to 15% in 2011. Most comments were about the time and cost involved, much of which are due to legal requirements. To improve consents customer service, Council has improved its duty planner system with the addition of bookable appointments. Processing times have steadily improved, meeting statutory deadlines 100% of the time in recent months. There has been a reduction in objections to consent decisions, suggesting an improvement in decision making quality. A customer survey is planned to begin distribution in late 2011 to ask those who have applied for consents for specific improvement feedback.

CONTRIBUTION TO COMMUNITY OUTCOMES

Regulatory and compliance services were provided to promote healthy and safe environments for all. Council also implemented regulations that sought to protect the wellbeing of the community. Council's range of regulatory compliance services contributed to achieving the following community outcomes over the year.

Healthy land, sea, air and water

Implementing a regulatory system of consents and enforcement contributed to protecting environmental quality.

People-friendly places

Policies and bylaws controlled threats to public safety caused by negative effects of dogs, noise and alcohol use.

A strong economy

The majority of regulatory services were provided within statutory timeframes to increase efficiency and reduce compliance costs for businesses.

Kind, healthy places

Policies and bylaws were implemented to reduce threats from dogs, noise and alcohol use and to keep residents and visitors safe.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2010/11	Comments
Building Control team to ensure buildings are built to provide a safe and healthy environment for current and future building owners/ users	Compliance with Building Act 2004	100% compliance	Achieved	No non-compliances were identified in a Technical Review conducted by Dept of Building & Housing, January 2011
	Meet statutory timeframes under the Building Act 2004	100% compliance with Building Act requirements	Not achieved [but see IANZ opinion]	Code Compliance Certificates: 99% completed within 20 working days, average 3 days Building Consents: 90% completed within 20 working days, average 11 days Considered to be substantial compliance by IANZ in June 2011
Building Consent Authority accreditation services & Quality Assurance (QA)	Retention of BCA Accreditation	Assessment by IANZ June 2009 and every two years thereafter Retain Accreditation and obtain Quality Assurance	Achieved	Accreditation assessment completed in June 2011, four corrective actions identified Corrective actions addressed and cleared by IANZ. Accreditation and Quality Assurance retained by Building Consent Authority
Reduce risk and ensure life safety of the public in buildings if an earthquake occurs	Implementation of Earthquake Prone Building Policy	Priority 1 building owners to be notified by June 2009	Achieved	Policy implemented Priority 1 buildings identified via desk-top review Policy due for review, including review of timeframes for upgrade Review and response limited to 0.4 of a full time position. Building owners notified
		Priority 2 building owners to be notified by December 2009	Not achieved	Most priority 2 buildings have been identified via desktop review and building owners have been notified Buildings are also reviewed when building consents are lodged for alteration and/or change of use
		Priority 3 building owners to be notified by December 2010	Not achieved due to staffing shortfall, now catching up	Some heritage buildings have been identified (NRMP) and some building owners notified Voluntary IEP reports are encouraged Buildings also reviewed when building consents lodged for alteration and/or change of use
		Priority 4 building owners to be notified by December 2011	Not achieved due to staffing shortfall, now catching up	Some priority 4 buildings have been identified – these are the majority of commercial buildings Some building owners have been notified Voluntary IEP reports are encouraged Buildings also reviewed when building consents lodged for alteration and/or change of use



What Council will provide	Measures	Targets	Results 2010/11	Comments
Resource Consent processing services	Number of consents processed within statutory timeframes	100% of consents processed within statutory timeframes The average days to process a non-notified consent is equal to or less than 20 days	Not achieved Not achieved	90% of non-notified consents processed within statutory timeframes 75% of notified/limited notified consents were on time The average processing days for non-notified consents was 23 days The average processing days for notified consents was 86 days – the aim is to be equal to or less than 70 days and Council has refined its systems to enable it to meet its deadlines. Delays can still occur outside Council’s control
Public health protection services including food and liquor licensing and inspections	The percentage of premises inspected each year	All premises are inspected at least once per year and any failures re-inspected	Achieved	All current premises inspected 100% compliance for liquor on, off and club licence inspections
Response to complaints (e.g. pollution response, dogs)	The percent of priority complaints responded to within 30 minutes. High priority complaints are complaints that require immediate response due to a serious imminent threat to the environment or person	100% of high priority complaints are responded to within 30 minutes, including dogs attacking or showing aggressive behaviour and pollution complaints	Not achieved	68 out of 70 high priority complaints were responded to within 30 minutes (97%) with an average response time of 9 minutes The two exceptions took 36 and 60 minutes
Noise control	The percent of priority complaints responded to within 30 minutes	80% of high priority complaints are responded to within 30 minutes	Achieved	86% compliance High priority complaints are those in the early hours of the morning

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Rates	(1,995)	(1,975)	(2,146)
Financial contributions	0	0	0
Other revenue	(2,845)	(3,254)	(3,086)
Total revenue	(4,840)	(5,229)	(5,232)
Expenses:			
Operating and maintenance	4,767	5,165	4,930
Interest on loans	0	0	0
Depreciation	22	25	17
Total operating expenses	4,789	5,190	4,947
Net (surplus)/deficit	(51)	(39)	(285)

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	6	0	81
Repayment of loan principal	0	0	0
Transfer to reserve funds	67	64	221
Total funds required	73	64	302
Source of funds:			
Net surplus	51	39	285
New loans raised	0	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	22	25	17
Sales of assets	0	0	0
Total source of funds	73	64	302

See Note 33 for explanation of variations

PARKS AND OPEN SPACES

Council's parks and open spaces activities include:

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

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Sporting facilities

Council did not provide any additional sportsfields over the past year, concentrating mainly on developing support facilities for existing sites. The hockey-softball pavilion at Saxton Field was completed with no budget over run and construction of the combined athletics, cricket and football pavilion began. Facilities supporting cricket at Saxton Field were improved.

The upgrade of Trafalgar Park, including all-weather turf, lighting and support facilities, was completed to make this a national standard event facility. This was a two year project with a budget of \$7.4 million. It was completed 1% over budget due to minor scope increases to meet Rugby World Cup 2011 requirements.

The tennis courts at Greenmeadows, Stoke, were upgraded within budget.

Recreation areas

A major upgrade of the Tahunanui Beach reserve was completed within budget, as was development of the Glen Reserve.

Other significant projects include development of the Involution mountain bike track and significant improvements to the Dun Mountain Trail walkway/cycle track as part of the national cycleway project. The Isel Park car park upgrade was also completed.

What residents said

Council's parks and open spaces activity consistently scores well in annual surveys of residents. The most recent survey in 2011 had this activity ranked as number one of the 14 activities with a 82% satisfaction rating – 7% points higher than the previous year. Many of the positive comments in the report mentioned this Council activity: 'parks and grounds are kept really well.'

The parks and open spaces activity also had the lowest dissatisfaction level – 1%. Only two people commented; one concerned about broken glass and the other wanting better facilities.

Audits for safety were completed as programmed monthly by Nelmac, with a full independent survey every six years, the next due in 2014.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council owns and manages a wide range of reserves and other areas to meet the recreational needs of residents and visitors, while also protecting landscape and natural values such as biodiversity protection.

Council parks and open spaces management contributed to achieving the following community outcomes over the year.

Healthy land, sea, air and water

Council parks, reserves and open spaces protected a range of environments and biodiversity.

People-friendly places

The parks network enabled people to easily get into the outdoors for which Nelson is well known.

A strong economy

Active recreation including mountain biking in Council parks has become another draw card for visitors as well as local residents, benefiting the local economy.

Kind, healthy people

Attractive parks and open spaces enabled many to enjoy the health and social benefits of physical activity and other leisure opportunities.

A fun, creative culture

Parks provided venues for a range of community events, including the Lantern Spectacular in the Botanics and community festivals at Victory Square.

CAPITAL PROJECTS OVER \$500,000

Project	Carry over from 2009/10 \$000	Estimate for 2010/11 \$000	Total budget available for 2010/11 \$000	Actual spent in 2010/11 \$000
Land purchases Neighbourhood parks	(2)	2,771	2,769	1,845

() = a negative carry over due to overspending in previous financial year.

See the Summary of Capital Expenditure on page 100 for a full list of all capex projects over \$100,000.



Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2010/11	Comments
Neighbourhood parks well distributed throughout the city for residents use and enjoyment	Neighbourhood park distribution	At least one neighbourhood park within 400m of each home in residential area and within 5km in rural small holdings zone	Not achieved	Target met for all of Nelson, except in The Wood where no suitable land is available to address shortfall Council is seeking sites to provide a park within The Wood; other non-neighbourhood park recreation areas nearby include the Botanics, Queens Gardens, Maitai Walkway and Neale Park
Sufficient sportsfield reserves provided to support community's organised sport needs	Area of sportsfield reserves	Maintain at least 2.5 ha of sportsfield reserves per 1000 residents	Achieved	Target met for all of Nelson – 2.77 ha per 1000 people in 2010 and 2011
Well designed and safe play facilities are located within walking distance of every house in the urban area	Playground location distribution Internal and independent audits monitor safety and design standards	Play facilities located within 800m of every house in the urban area Audits occur according to agreed schedule and recommendations are implemented	Not achieved Achieved	Target met, except for Brook and Todd's Valley Two playgrounds are being developed in mid and upper Brook Valley by the end of 2012 and one in Todd's Valley, delayed due to residents feedback Audits for safety were completed as programmed, monthly by Nelmac with a full independent survey every six years, next due in 2014
Threats to significant biodiversity values within Conservation and Landscape Reserves are actively monitored	Monitoring system for key species and habitats	Regular system of monitoring of key species and habitats implemented for Conservation and Landscape Reserves and findings reported to Council and community	Not achieved	Prioritisation framework was developed in 2009/10 Monitoring and reporting programme yet to be developed Development of monitoring and reporting programme scheduled for 2011/12
City's parks and reserves managed in a sustainable manner	Key indicators show improvement in sustainability	Council-wide system for monitoring sustainability indicators established and targets set for key indicators in parks and reserves	Achieved	Monitoring system established in 2009/10 Actions are set each year through Sustainability Action Plan, implemented by Council and Nelmac, Council's contractor Reports show progress towards reducing inputs

STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Revenue			
Rates	(5,997)	(6,020)	(5,539)
Financial contributions	0	0	0
Other revenue	(698)	(447)	(453)
Total revenue	(6,695)	(6,467)	(5,992)
Expenses:			
Operating and maintenance	4,583	4,841	4,477
Interest on loans	372	587	226
Depreciation	1,628	989	1,289
Total operating expenses	6,583	6,417	5,992
Net (surplus)/deficit	(112)	(50)	0

Statement of funding requirement

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Funds required			
Capital expenditure	5,590	10,043	4,627
Purchase investment	0	0	0
Repayment of loan principal	159	0	0
Transfer to reserve funds	0	0	0
Total funds required	5,749	10,043	4,627
Source of funds:			
Net surplus	112	50	0
New loans raised	2,333	7,895	2,345
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	1,675	1,109	991
Non cash expenditure (depreciation)	1,628	989	1,289
Sales of assets	0	0	2
Total source of funds	5,749	10,043	4,627

See Note 33 for explanation of variations

RECREATION AND LEISURE

Nelson's Council-provided leisure and recreation facilities include:

- the Trafalgar Centre
- Natureland
- the Waahi Taakaro golf course
- play facilities
- two swimming pools, Riverside and Nayland

Sports grounds and parks were in Parks and Open Space. Public libraries and Saxton Field facilities were included in Council's Community Facilities activity.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Successful recreation programmes

The 'Get moving' project was successfully funded by SPARC with \$300,000 over three years to improve collaboration between clubs and community to deliver walking, cycling and running initiatives in Nelson and Tasman with other partner organisation including the District Health Boards (DHB) and Bike Nelson.

Nelson Kindergarten was funded to host Children's Day at Saxton stadium. Over 1,500 people attended the event.

The Way2Go programme was funded to deliver a very successful cycle skills programme to schools through the Physical Activity fund and the Physical Activity Plan for the cycle skills trailer and bikes.

Council provided leveraged funding to support 'Kiwisport' and with the District Health Board provided funding to assist Whakatu Marae to deliver the Ki-o-Rahi programme to primary and secondary schools.

Council was involved in smaller scale events as well. The Victory Community Centre was supported in collaboration with NZ police to deliver the 'Victory dance initiative' targeting youth at risk. Council funded the Victory Community Centre to provide the 'Swimming in Victory Project' and the Tahunanui Community Centre was supported to host the 'steppin out in Tahuna' activity day – a collaborative initiative between local business and sport clubs.

The Physical Activity Fund provided funding assistance for 16 organisations to deliver physical activity in the community.

Trafalgar Centre progress

The upgrade of the changing facilities and toilets on the west and east sides of the Trafalgar Centre were completed.

Natureland Zoo

Natureland is managed by the Orana Wildlife Trust. The Trust's finances have been affected by physical impacts from the Christchurch earthquakes and resultant drop in visitors to their Christchurch facility. They have had to adopt a 'get through' plan with reduced advertising and some redundancies. The Council is providing an additional \$50,000 for the 2011/12 financial year to help reduce some of the flow on impacts on Natureland.

What residents said

The recreation and leisure activity is one of the consistently higher scoring for resident satisfaction. In the 2011 survey, it was third out of 14 activities with a 68% satisfaction rating – similar to the previous year, which was 64%.

Dissatisfaction levels were correspondingly very low, at only around 2%. Of the five people who commented, user charges, funding priorities and requests for more facilities were mentioned.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council provided or supported a range of recreation and leisure opportunities because the health, economic and community benefits are shared by the whole community. Council continues to be well placed to coordinate physical activity initiatives, working with other organisations. Council's recreation and leisure facilities and programmes contributed to achieving the following community outcomes over the year.

People-friendly places

Council continued to create, support or maintain leisure and sports facilities for residents and visitors.

A strong economy

Providing a range of recreational opportunities and facilities helped to draw people to Nelson to visit and live.

Kind, healthy people

Providing a range of recreational opportunities helped to build and maintain healthy communities.

A fun, creative culture

Providing or supporting recreation and leisure programmes and facilities meant people could have fun together and develop a sense of belonging and wellbeing.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.



Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2010/11	Comments
Natureland established as a high quality visitor attraction	Visitor numbers	Visitor numbers increase annually	Not achieved Visitor numbers static: 33,950 visitors 2007/8 35,959 visitors 2008/9 33,381 visitors 2009/10	Improvements to the access road and path layout at Tahuna Beach Reserve have now been completed Natureland is managed by the Orana Park Wildlife Trust. The Trust's overall operations and finances have been affected by a drop in visitors to its Christchurch headquarters due to the earthquakes. Council has accepted that the Trust is in a 'holding pattern' over the coming year, and has provided \$50,000 additional funding in 2011/12
Trafalgar Centre as a venue that continues to meet needs of the community and attract visitors	Bookings	Bookings increase annually	Achieved Local sport bookings reducing as Saxton Stadium builds patronage as planned – 59 bookings in 2010, estimated 14 in 2011 National sport events increasing – 22 in 2010, estimated 26 in 2011 Entertainment increasing – 11 in 2010, estimated 18 in 2011 Commercial bookings increasing – 5 in 2010, estimated 11 in 2011	With Saxton Stadium coming on line, low value local sports training bookings are generally being replaced with higher value events bookings such as shows, national sports and exhibitions. This is in line with the Trafalgar Centre moving to an events-based venue rather than local sports-based venue, which are being accommodated at Saxton Stadium

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Rates	(2,788)	(3,007)	(2,799)
Financial contributions	0	0	0
Other revenue	(610)	(605)	(478)
Total revenue	(3,398)	(3,612)	(3,277)
Expenses:			
Operating and maintenance	2,258	2,489	2,197
Interest on loans	411	450	463
Depreciation	721	668	632
Total operating expenses	3,390	3,607	3,292
Net (surplus)/deficit	(9)	(5)	15

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	489	1,408	503
Repayment of loan principal	578	253	260
Non cash - invest write up	5	0	0
Purchase investment	0	0	90
Transfer to reserve funds	56	5	148
Total funds required	1,127	1,666	1,001
Source of funds:			
Net surplus	9	5	(15)
New loans raised	143	707	90
Transfer from reserve funds	159	0	19
Transfer from financial contributions reserve	83	273	259
Non cash expenditure - investment write down	0	0	16
Non cash expenditure (depreciation)	721	668	632
Sale of investment	13	13	0
Sales of assets	0	0	0
Total source of funds	1,127	1,666	1,001

See Note 33 for explanation of variations

COMMUNITY FACILITIES

Council provided community facilities include:

- Public libraries
- Marsden cemetery and crematorium
- Public toilets
- Marina
- Community properties
- Motor camps (Tahunanui, Brook and Maitai)
- Community housing
- Regional community facilities – the Trafalgar Centre and Saxton Field.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Major projects completed

New toilets were constructed at Greenmeadows in Stoke, Neale Park and at the Glen. Additional large berths were developed at the marina. A project to upgrade the Orchard Street community housing also began during the year, with an expected completion date of mid-December 2011.

What residents said

Council's community facilities activity is also popular with residents. Results from the 2011 survey rated it second behind parks and open spaces with a 73% satisfaction rating, eleven percentage points higher than 62% in 2010.

Dissatisfaction ratings were in the low to mid range, around 5%, compared to 8% in 2007. Most of the eight comments expressed concern about the poor condition of toilets. Council has improved servicing, refurbishment and replacement programmes in response.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council continued to provide, extend and maintain a network of community facilities for a diverse range of community uses and services. Council community facilities contributed to achieving the following community outcomes over the year.

People-friendly places

Attractive and useful community buildings, gathering areas and places where services could be delivered continued to be provided, often in collaboration with other groups and organisations.

A strong economy

Council continued to provide venues for a range of community uses that benefitted community wellbeing and provided employment.

Kind, healthy people

Council provision of community facilities enabled the delivery of services that benefitted residents' health and wellbeing and met a wide range of community needs.

A fun, creative culture

Council-provided venues supported the expression of local culture and identity.

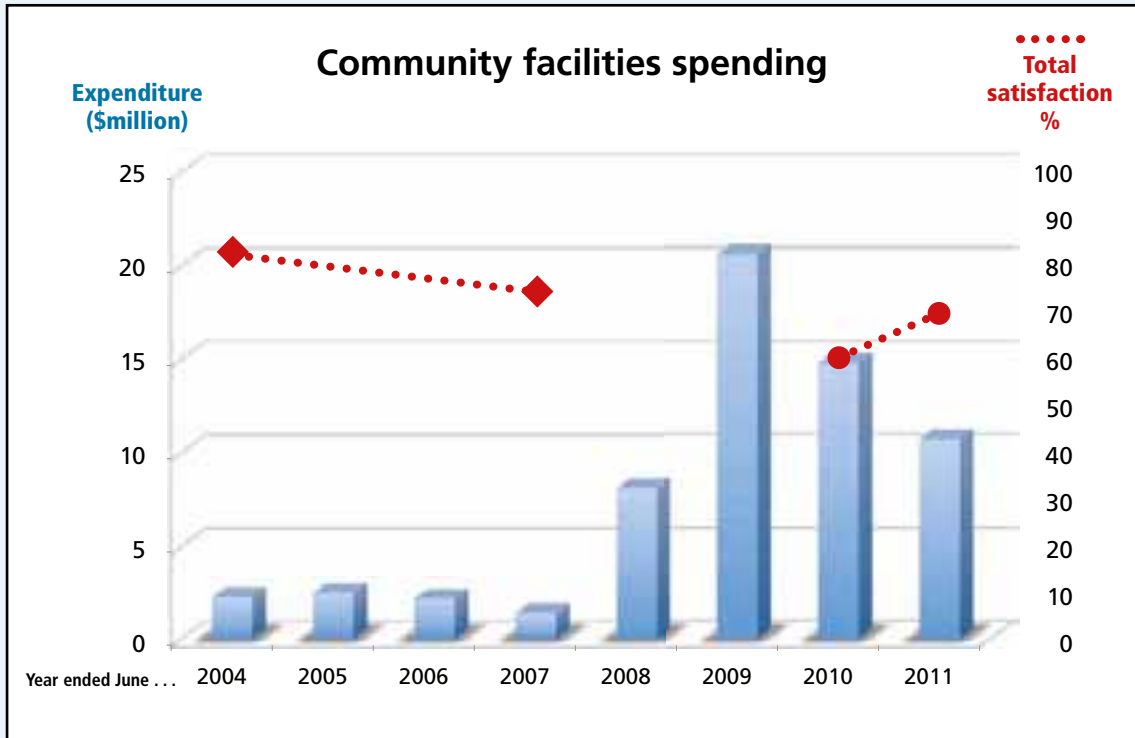
CAPITAL PROJECTS OVER \$500,000

Project	Carry over from 2009/10 \$000	Estimate for 2010/11 \$000	Total budget available for 2010/11 \$000	Actual spent in 2010/11 \$000
Marina large berths	31	759	791	504
Saxton Fields cricket/athletics pavilion	37	2,370	2,407	2,335
Trafalgar Centre west side	(3)	834	831	792
Trafalgar Park	286	400	686	781

() = a negative carry over due to overspending in previous financial year.

See the Summary of Capital Expenditure on page 100 for a full list of all capex projects over \$100,000.





COMMUNITY FACILITIES CATCHING UP

In recent years, an increased proportion of capital spending to build new city assets has shifted towards new and improved community facilities like those at Saxton Field. The bars on this graph show the total amount spent on these facilities, while the dotted line shows the percentage of residents in annual surveys who said they were satisfied with community facilities. The graph shows that, since 2008, there has been a significant increase in spending. Residents appear to be much happier with the new and expanded facilities, with a significant increase in satisfaction over the last year. While there was an apparent drop between 2007 and 2010, the survey question was asked in a different way, so around 70% is a very good total satisfaction result.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2010/11	Comments
Well-managed facilities with appropriate services for a variety of uses by the community	Residents survey	Minimum of 80% satisfaction with facilities	Results not able to be compared to target Increasing trend From survey of residents, 73% of residents were satisfied or very satisfied with community facilities in May 2011 (62% in 2010)	The 80% satisfaction level was the target set in 2009, using a different survey method The satisfaction level improved 11% points from 2010 Residents Survey Council will continue to analyse use trends and seek feedback from customers and user groups to make improvements Facilities managers bench-mark services internally and with reference to other bodies providing the same or similar services Refurbishment & replacement programmes will be maintained
Nelson Public Libraries are well used and offer a range of services that satisfy the needs of the community	Membership figures. Issues per capita compared to national average. Holdings per capita compared to national average. Residents survey	Membership as % of population equals or better national average. Items per capita, holdings per capita equal or better national average. 85% minimum satisfaction with libraries	Achieved	Library membership 75% of population (national average 50.2%) issues per capita 22.7 (national average 12.76) holdings per capita 3.35 (national average 2.8) From survey of residents, 85% of residents were satisfied or very satisfied with the public library service in May 2011 (84% in July 2010)
Provide low cost, self-funding community housing for older persons	Condition assessments. Cost to rates	Community housing maintained to a level 3 (average) standard and at no cost to rates	Achieved All units Grade 3 level or higher Not achieved Currently community housing rents do not cover maintenance and operations costs	Detailed condition assessments will begin 2011/12 Further work is proposed to look at the financial sustainability of community housing

STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2011	Estimate 2011	Actual 2010
	\$000	\$000	\$000
Revenue			
Rates	(5,302)	(5,713)	(4,897)
Financial contributions	0	0	0
Other revenue	(5,116)	(4,270)	(6,638)
Total revenue	<u>(10,418)</u>	<u>(9,983)</u>	<u>(11,535)</u>
Expenses:			
Operating and maintenance	5,098	5,105	4,479
Interest on loans	2,136	2,105	2,073
Depreciation	1,311	1,285	1,004
Total operating expenses	<u>8,545</u>	<u>8,495</u>	<u>7,556</u>
Net (surplus)/deficit	<u>(1,873)</u>	<u>(1,488)</u>	<u>(3,979)</u>

Statement of funding requirement

	Actual 2011	Estimate 2011	Actual 2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	7,463	9,133	14,264
Purchase investment	300	0	1,201
Repayment of loan principal	550	369	76
Non cash - invest write up	0	0	0
Transfer to reserve funds	(30)	0	128
Total funds required	<u>8,283</u>	<u>9,502</u>	<u>15,669</u>
Source of funds:			
Net surplus	1,873	1,488	3,979
New loans raised	3,788	6,226	10,183
Transfer from reserve funds	107	73	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure - investment write down	204	0	564
Non cash expenditure (depreciation)	1,311	1,285	943
Sale of investment	0	121	0
Sales of assets	1,000	309	0
Total source of funds	<u>8,283</u>	<u>9,502</u>	<u>15,669</u>

See Note 33 for explanation of variations

ECONOMIC AND TOURISM SUPPORT

Council supports economic development in Nelson by providing the economic environment and infrastructure so businesses can operate effectively. Other Council services include staff advice, information and assistance for elected members and the community. Council coordinates economic development initiatives by funding the activities of Council controlled agencies such as the Nelson Regional Economic Development Agency and Tourism Nelson Tasman Ltd, which trades as Nelson Tasman Tourism based in the Council's Millers Acre Centre, Taha o te Awa.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Preparations for Rugby World Cup 2011 gathered pace with an additional match and more team hosting being secured following the Canterbury earthquakes. The economic legacy of hosting these events in Nelson was a significant driver for funding these activities.

The Council's new Economic Development Committee began to establish its role in the second half of this financial year. This is centred on two aspects, the first being to consider Council's role in economic development in preparation for the LTP and to develop a draft statement of expectation for the Nelson Regional Economic Development Agency and the second to provide leadership, support and advice in relation to business legacy for RWC 2011.

Consideration of economic impact was an important aspect of developing a proposal for a Performing Arts/Conference facility.

The Events Strategy continued to be implemented, with funds allocated during the year to promising events including Oi, You!, Marchfest, Escape from Tane's Forest and Nelson School of Music Winter Festival. In addition, Council agreed to allocate \$70,000 from the contestable events fund to Kiwi Flyer Productions towards the production of Kiwi Flyer, a film based on the Trolley Derby.

Nelson regional economic development agency (EDA) highlights

The EDA continued its work on behalf of Council to assist enterprise, allocate events funding, provide economic reporting and manage programmes funded by third parties to support economic development in the local economy. There was a Mayoral Forum on Employment in May 2011, which the EDA ran.

The EDA continued as the administration agent for the Te Tau Ihu Regional Governance Group for NZ Trade and Enterprise (NZTE) and Ministry of Economic Development funding for projects across the Top of the South. Projects funded by NZTE are:

- Green Port/Black Boats – in conjunction with three marine businesses NZTE funded an in-depth feasibility study into the development of an eco friendly marine precinct.
- Aviation Cluster – developed a cluster of key aviation sector businesses across the Top of the South to work together to grow business through the sector.
- Nutrition Valley – completed a study into the development of a natural products business park.

- Project Braveheart – facilitated a project to establish marketing and distribution channels into North America for several Top of the South wineries.

The EDA administered the allocation of Events Strategy funding for nine events that were considered to have economic potential.

The *Tracking the Nelson Regional Economy* report to measure the performance of the region was released every six months. The EDA continued to run Venture Accelerator Network meetings to support entrepreneurs and potential investors. It also coordinated implementation of the Work Force Development Strategy.

The EDA managed and engaged contractors for four programmes funded by third parties:

- The Sustainable Business Advisor – A contract with the Ministry for the Environment, the Nelson City Council and the Tasman District Council to provide a free Sustainable Business Advisory Service.
- Nelson Tasman Connections – A contract to provide a monitoring and advisory service for all 15 to 19 year old school leavers in the Nelson Tasman region, funded by the Ministry for Social Development, the Nelson City Council and the Tasman District Council.
- The Regional Business Partner Network – A network of 14 regional partners throughout New Zealand who are contracted to NZTE and the Ministry of Science and Innovation (MSI) to provide business services, programmes and funding. The NZTE services are to build business capability and the MSI programmes are to assist businesses with funding to engage in research and development. The EDA holds the contract for the Nelson/Tasman/Marlborough area and delivers the services in partnership with the Nelson Tasman and Marlborough Chambers of Commerce.
- The Young Enterprise Scheme (YES) – A programme that works with secondary school students to develop an understanding of the value of enterprise and of the contribution that the individual can make both personally and collectively to businesses, to the economy and to society.

Tourism Nelson Tasman Ltd

Refer to the Annual Report by Tourism Nelson Tasman Ltd for a full account of its achievements. Its financial and performance results are summarised in the CCO section towards the end of this Annual Report.

What residents said

Council's economic and tourism support activity showed results in the mid-range for both satisfaction ratings and dissatisfaction levels. It ranked tenth out of 14 activities with a satisfaction rating of 41%. This result was similar to the previous year's results of 43%.

Dissatisfaction levels were reasonably low at around 6%. Of the 13 who commented, there was a mix of those wanting more investment in this area and those wanting less. Some wanted more promotion of Nelson to encourage tourists to visit. Council has responded by continuing funding for the EDA and Nelson Tasman Tourism to facilitate economic development and tourism promotion, respectively.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council recognises that the local economy needs the right economic environment to flourish. The development of smart, sustainable businesses benefits everyone living in and visiting the area. A strong economy also depends on having sound and reliable infrastructure, much of which continued to be provided by Council over the year.

Council's support for economic development, including the tourism sector, contributed to achieving the following community outcomes over the year.

A strong economy

Council continued to own and part-fund the Nelson Regional Economic Development Agency (EDA) and, with TDC, jointly own and fund Nelson Tasman Tourism, and provided reliable infrastructure on which local businesses depend.

Good leadership

Council monitored and facilitated economic activity and advocated for the Nelson economy with central government.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council promised	Measures	Targets	Results 2010/11	Comments
Coordination and promotion of economic development.	Resident satisfaction	Resident satisfaction with Council performance >80%	Results not able to be compared with target	The target was set using a different survey method 2011 results showed 33% are satisfied with Council performance in this area, with 8% very satisfied 41% said they were neither satisfied nor dissatisfied and a total of 9% were dissatisfied or very dissatisfied 9% did not know
Effective Council Controlled Organisations (CCOs) and infrastructure that provide for a sound local economy	Detailed targets for CCOs (EDA and Tourism Nelson Tasman) are in relevant Statements of Intent		Achieved	For full Council controlled organisation results refer to relevant CCO's Annual Report; results are summarised in a section later in this document

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Rates	(1,666)	(1,533)	(1,163)
Financial contributions	0	0	0
Other revenue	(76)	(20)	(30)
Total revenue	(1,742)	(1,553)	(1,193)
Expenses:			
Operating and maintenance	1,740	1,553	1,193
Interest on loans	2	0	0
Depreciation	0	0	0
Total operating expenses	1,742	1,553	1,193
Net (surplus)/deficit	0	0	0

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure - New	146	0	0
Capital expenditure - Renewals	0	0	0
Purchase investment	0	0	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	0	0	0
Total funds required	146	0	0
Source of funds:			
Net surplus	0	0	0
New loans raised	146	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
Total source of funds	146	0	0

See Note 33 for explanation of variations

MANAGING EMERGENCIES AND NATURAL HAZARDS

Not only do councils have key responsibilities because of the essential infrastructure and services they provide, they are also obliged to improve their communities' awareness of how to prepare for a disaster and how to recover afterwards. Council staff are trained to operate an emergency operations centre (EOC) in the event of a disaster. The full emergency management service provided by the Council, with other members of the Civil Defence Emergency Management Group (CDEMG), is set out in the Nelson Tasman Civil Defence Emergency Management Group Plan. The group's staff is based out of the Trafalgar Centre in Nelson, administered by the Nelson City Council, but their responsibilities cover the wider Nelson Tasman region.

Council is also responsible for rural fire management and therefore contributed funds to the Waimea Rural Fire Committee, which is primarily responsible for rural fire prevention and suppression.

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Canterbury and regional emergencies

It was an exceptionally busy year for emergency management personnel, Council staff and the regional urban search and rescue team (NZ-RT2). Our staff and volunteers were activated in response to the Canterbury earthquakes, assisting both in Christchurch and providing support to people arriving from Canterbury. In addition, the largest region-wide floods in decades occurred during the December holiday break, requiring a sustained response and recovery operation.

Being prepared

A national survey completed for the Ministry of Civil Defence and Emergency Management in 2011 demonstrated that Council's Civil Defence public education efforts are hitting the mark and that residents in our region are better prepared for emergencies than many other New Zealand communities. Nelson/Marlborough residents were surveyed together and the results showed they are more likely to be fully prepared for emergencies, at 37% compared to the national average of 18%, and more likely to be prepared at home for emergencies, with 51% compared to the 32% national average. Eighty percent of residents were more likely to have an emergency survival kit compared to only 43% of residents in 2010 and a national average 63% in 2011.

What residents said

Of the 14 Council activities, civil defence lay in the upper mid-range with a 43% satisfaction rating. It had the largest 'don't know' rating of 24%, suggesting a lack of knowledge of Council's role in emergency management, rather than dissatisfaction with Council's performance in this area.

Dissatisfaction ratings were extremely low at around 1%, with only three people commenting, all referring to a lack of preparation by the Council. In fact, results show an extensive network and planning is in place.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council's obligation to provide emergency management is shared across the region with Tasman District Council. As such, civil defence, emergency and natural hazard management is not directly linked to Nelson's community outcomes. Nevertheless, provision of these services does contribute to the following community outcome.

Kind, healthy people

Council assisted the community to be prepared in the event of a disaster and increased its capacity to be able to manage and recover afterwards.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2010/11	Comments
Sustainable communities – able to understand and reduce vulnerability to emergencies		Adequate hazard and risk information for Civil Defence Emergency Management (CDEM) planning	Achieved	Results of a regional risk analysis were incorporated into the review of the CDEM Group Plan to guide priorities based on identified risks
Communication with the community	Public preparedness for emergencies	Promotion of personal readiness for emergencies	Achieved	Public education campaigns were delivered, national survey showed our region well above national average Very high level of public interest following the Canterbury earthquakes, requiring increased resources for public education and community planning
		Ability to keep public informed in an emergency	Achieved	Regional CDEM website maintained and new system to be in use by late 2011
Emergency management planning	Effective CDEM planning for Nelson Tasman region	Review of CDEM Group plan	Achieved	Draft CDEM Group Plan completed for public consultation, some delay to this project due to local and Canterbury emergencies
Self-reliant communities prepared to respond to emergencies	Ability to operate effective CDEM Group Emergency Operations Centre (EOC) for Nelson Tasman, and Alternate EOC		Not achieved	Current arrangements for the Group EOC have been identified as inadequate, therefore funding for a new EOC has been provided for in 2011/12
Co-ordination with emergency management services	CDEM staff are adequately trained for their roles		Achieved	Targets exceeded as Civil Defence teams assisted in both Canterbury earthquakes and responded to major regional floods
	Radio communications network in place	Effective back-up communications and power	Achieved	Upgrade of radios completed, new satellite communications added
	Exercises programmed every year, together with partner agencies		Achieved	Two multi-agency exercises held to test and improve tsunami and earthquake responses
	Full strength, accredited rescue team (NZ-RT2) is maintained	Maintain specialist volunteer rescue team	Achieved	Targets exceeded as the team deployed to both Canterbury earthquakes in September 2010 and February 2011

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Rates	(488)	(420)	(380)
Financial contributions	0	0	0
Other revenue	(29)	(42)	(35)
Total revenue	(517)	(461)	(415)
Expenses:			
Operating and maintenance	511	425	409
Interest on loans	1	3	1
Depreciation	5	3	5
Total operating expenses	517	431	415
Net (surplus)/deficit	0	(30)	1

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	0	125	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	5	(35)	5
Total funds required	5	90	5
Source of funds:			
Net surplus	0	30	(1)
New loans raised	0	57	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	5	3	5
Sales of assets	0	0	0
Total source of funds	5	90	5

See Note 33 for explanation of variations

SOCIAL DEVELOPMENT

Council's social development work included:

- Community liaison and support
- Community assistance funding
- Employment initiatives, including the Connections Youth Transition Service
- Youth development
- Settlement Support (Dept. of Labour funded)
- Safer City Nelson Project (Ministry of Justice funded)

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Youth initiatives

The first year of the Ministry of Youth Development funded Tomorrow's Leaders Today project provided leadership training for young people involved in community organisations, and assisted them to follow up the training with specified projects.

Ministry of Justice funding provided for a one year project on Reducing Access to Alcohol for Minors, which focussed on encouraging parents to reduce the provision of alcohol to their underage teenagers.

Support for community organisations

Community Assistance Funding provided \$436,284 through 48 contracts and 39 one off grants for community organisations to provide services in the Nelson community. The previous year, \$416,196 was provided through 43 contracts and 24 one off grants.

What residents said

Results from the 2011 annual survey show social development with the third from lowest ranking with satisfaction of 28%. In combination with a high proportion of 'neither' and 'don't know', and still moderate levels of dissatisfaction, it suggests that the issue is mostly around residents not knowing what Council's role is in social development, its activities and what has been achieved in that area. The satisfaction rating showed a drop of 5% points from 2010, but dissatisfaction remained steady around 11-13%.

When asked about the activity residents were most dissatisfied about, only 3% cited social development, with eight comments covering a mix of feedback mostly wanting more emphasis on this as a priority for funding. Council has a series of projects, actions and work programmes in place for youth, positive ageing and affordable housing.



CONTRIBUTION TO COMMUNITY OUTCOMES

Council is the only organisation in Nelson with overall responsibility for the wellbeing of its residents. Under the Local Government Act, Council’s purpose is to enhance the overall wellbeing of the people in this area. Social wellbeing is one of the four components of community wellbeing. As a public good with a variety of shared benefits for the community, it requires the coordinated and collective provision of services to be effective.

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

Kind, healthy people

Council’s provision of social development activities supported residents in enjoying a good quality of life.

Good leadership

Council continued its leadership and coordination of social development work in the community.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council promised	Measures	Targets	Results 2010/11	Comments
Council policy framework that supports the social wellbeing of residents	Social wellbeing policy reviewed according to schedule	Revised social wellbeing policy adopted (by Yr 1) and implementation begun (Yrs 2-3)	Achieved	Revised social wellbeing policy was adopted in 2010/11 and is being implemented through series of projects and work programmes guided by high-level principles for youth, positive ageing and affordable housing

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Rates	(815)	(736)	(779)
Financial contributions	0	0	0
Other revenue	(339)	(201)	(326)
Total revenue	(1,154)	(937)	(1,105)
Expenses:			
Operating and maintenance	1,172	962	1,120
Interest on loans	2	5	3
Depreciation	19	10	19
Total operating expenses	1,193	977	1,142
Net (surplus)/deficit	40	40	37

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	0	36	0
Repayment of loan principal	14	7	14
Transfer to reserve funds	5	1	5
Total funds required	19	44	19
Source of funds:			
Net surplus	(40)	(40)	(37)
New loans raised	0	31	0
Transfer from reserve funds	40	43	37
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	19	10	19
Sales of assets	0	0	0
Total source of funds	19	44	19

See Note 33 for explanation of variations

CULTURE, HERITAGE AND ARTS

Council's culture, heritage and arts activities include:

- Heritage and arts planning
- Support for the Tasman Bay Heritage Trust, which manages the Provincial Museum, and the Suter Art Gallery
- Historic buildings and facilities such as Broadgreen House, Isel and Melrose historic houses and Founders Park
- Historic cemeteries including Hollowell, Wakapuaka, Hira, Seaview and others
- Festivals, events and street decorations

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Festivals

Nelson's Arts Festival was held in October 2010. Highlights included Apollo 13 and Zeitgeist, two exciting large scale interactive theatre/dance works and a range of smaller scale emerging theatre works held at the Suter.

The Summer Festival was held in January 2011 and highlights were Opera in the Park, which included a number of top New Zealand performers and the Buskers Festival and Lantern Celebration, both of which had record numbers of attendees. The Buskers Festival entertained around 14,000 plus street performances and four shows. The Lantern Celebration involved 3,200 participants.

Heritage and creative communities

The Council initiated the Art Walks programme by launching the Wakefield Quay Art Walk and more Art Walks are planned for 2011/12, adding to the range of heritage walks for residents and visitors to enjoy.

The Council, in partnership with Creative New Zealand, continued its support for the Creative Communities programme. In 2010/11 there was an increase in the number of these creative arts projects approved with a focus on Te Ao Māori.

Nelson's second Heritage Week was held 17-25 April 2011 with a water theme. The installation of new interpretative panels was celebrated at The Boathouse and Riverside Pool, pou whenua carved from heritage timber were unveiled, exhibitions were enjoyed at several historic houses and a variety of guided walks were enjoyed, such as ones tracing the 1840s shoreline in the city.

Founders Heritage Park

Founders Heritage Park welcomed close to 90,000 visitors into the park in the last 12 months. Of these visitors, 12,000 were paying visitors from outside the region, and just over 10,000 were Nelson and Tasman visitors. The other 68,000 visitors into the park were 60,000 attendees at events and 8,000 visitors for functions in park venues.

What residents said

Council's culture, heritage and arts activity was ranked fifth out of the 14 activities on 61% satisfaction. This was a significant 16% point increase from the 2010 survey.

Dissatisfaction levels were the same as the previous year at 6%. Of the 11 comments, some wanted more investment in this sector and others wanted less. A review of cost versus visitor numbers will take place in 2011/12.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council invested in Nelson's culture, heritage and arts because of the significant benefits that come from Nelson being a socially cohesive, attractive and thriving place. Council helped foster and encourage local creativity, build residents' sense of belonging and pride in their city and region, and brought enhanced social and economic benefits for the community.

Council's culture, heritage and arts activities contributed to achieving the following community outcomes over the year.

People-friendly places

Council incorporated arts, heritage and cultural activities and projects into our surroundings.

A strong economy

Monitoring of economic indicators showed a trend towards viability of the arts, culture and heritage sector.

Kind, healthy places

Council provided facilities and events that supported the development of community cohesion.

Good leadership

Council lead the development of Nelson's arts, culture and heritage activities, including through its implementation of the Arts Policy and accompanying fund.

CAPITAL EXPENDITURE

This Council activity had no major projects over \$500,000 in 2010/11. Refer to page 100 for a summary of capital projects over \$100,000.



Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council promised	Measures	Targets	Results 2010/11	Comments
Support for arts access, participation and visibility and facilitation of the arts as a major economic driver for Nelson	Regional Arts Strategy and Arts Policy	Nelson Tasman Regional Arts Strategy and Nelson Arts Policy developed (Yr 1) and implementation begun (Yrs 2-3)	Achieved	Arts Policy developed and published in July 2010, implemented since then The Arts Activity Management Plan is being updated in 2011/12 and will be aligned with the Arts Policy
Delivery of a range of arts events and festivals that provide entertainment and education for the community	Customer surveys undertaken during events and festivals	Minimum 80% customer satisfaction	Achieved 87% customer satisfaction with the Arts Festival	A study began towards the end of 2010/11 of Council-funded arts festivals to inform future planning and decision making Recommendations will inform the review of the Arts Activity Management Plan
Heritage assets that are managed to ensure their protection and ongoing financial sustainability	Condition assessment of heritage assets, cost to rates, visitor numbers	Heritage assets maintained to a level 3 (average) or better condition. Comparison across all heritage assets shows cost of maintaining heritage attractions is commensurate with visitor numbers	Achieved	All four NCC heritage assets – Founders Park, Isel House, Broadgreen and Melrose House – were maintained at a better than level 3 average condition – the average was 2.6, which is better condition The Heritage Activity Management plan will be reviewed over 2011/12 to reassess balance of cost vs visitor numbers

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Rates	(3,445)	(3,756)	(3,186)
Financial contributions	0	0	0
Other revenue	(986)	(920)	(1,068)
Total revenue	(4,431)	(4,676)	(4,254)
Expenses:			
Operating and maintenance	4,076	4,324	4,009
Interest on loans	170	175	153
Depreciation	89	82	82
Total operating expenses	4,335	4,581	4,244
Net (surplus)/deficit	(96)	(95)	(10)

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	192	261	316
Loan investment	0	25	0
Non cash forestry and investment write up	73	87	69
Purchase of investment	25	0	0
Repayment of loan principal	73	44	0
Transfer to reserve funds	129	89	137
Total funds required	492	506	522
Source of funds:			
Net surplus	96	95	10
New loans raised	173	167	392
Transfer from reserve funds	134	159	38
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	89	85	82
Sale of investment	0	0	0
Sales of assets	0	0	0
Total source of funds	491	506	522

See Note 33 for explanation of variations

DEMOCRACY AND ADMINISTRATION

Three sub-activities were included under democracy and administration:

- Cost of democracy including meetings, publicity, Councillor costs and elections
- Management of investments, including rental properties, forestry, Civic House, the Port Company and the Ridgeway subdivision
- Long-term planning and internal monitoring

Refer to the 2009 Nelson Community Plan for a description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. All this information will be updated in the draft 2012 Long Term Plan for the ten years from 2012/13.

WHAT WE DID IN 2010/11

Elections 2010

The elections process was completed successfully in October 2010. Voter returns were 51.4% made up of 17,361 ballot papers excluding special votes. A new Mayor and 12 Councillors were elected, with the final results posted on 15 October 2010. For this election, Council appointed an independent Electoral Officer from electionz.com.

Draft Annual Plan process

The largest consultation process that Council ran during the year was the preparation of and public consultation process for the draft Annual Plan 2011/12. The proposed Performing Arts/Conference facilities generated a high level of interest and contributed to a record number of submissions (1,704). Subsequently, Council decided not to proceed with that proposal. Several other funding changes took place, with the final average rates and charges increase, including water and trade waste charges, of 3.48% excluding GST.

Staff numbers

As at 30 June 2011, Nelson City Council employed 260 people, 15 more staff than the same time last year. These full and part time staff were employed in just over 225 full time equivalent positions (FTEs). There were also vacancies totalling 11 FTEs, bringing the total FTEs to just over 236. This is a similar rate of vacancy FTEs as the year before.

New initiatives

Over the past year Council has been successfully participating in social media to enhance the relationship with our customers. So far Council has launched two Facebook pages that are steadily growing in popularity and further expansion on other platforms such as Twitter is planned.

The Rugby World Cup 2011 Facebook page has proved to be very successful. It provided locals and visitors with valuable information on Nelson as a major destination during Rugby World Cup 2011. Over the past 12 months the number of subscribers to this page has more than doubled, with hundreds of people from all over the world viewing and interacting with the site daily.

The Nelson City Council Facebook page was created in April 2011 and the online community has grown five fold since. Council has been able to quickly inform customers of any issues that might affect them. The Council page also provided people with a place to report problems and give feedback on Council services. This kind of feedback proved to be invaluable so staff could quickly respond to any issues.

There is a growing expectation for Council to engage more with customers in a way that is open and timely and social media is proving to be a very cost effective way of doing this.

Chief Executive's performance indicators

The 2009 Nelson Community Plan and subsequent Annual Plan for 2010/11 set out the Chief Executive's key performance indicators for the year, focused on improving the Council organisation's overall performance. Results for 2010/11 are:

- Statutory duties – achieved. Statutory compliance process in place and highest priority improvements identified. Audit, Risk and Finance Committee overseeing compliance
- Economic performance – not achieved. Capital budgets under spent, at 71% of budget
- Customer satisfaction – achieved. Significant increase in satisfaction with service received at Nelson Public Libraries and Customer Service Centre
- Residents' satisfaction – achieved. Significant increases in perception of value for money and satisfaction with overall Council performance
- Staff satisfaction – achieved. Staff survey showed improved results, 94% of staff completed the survey

Making the boat go faster

The Council organisation introduced improved or extended initiatives to assist it to meet its Key Performance Indicators above. These initiatives included:

- An internal statutory compliance reporting framework
- An integrated strategic policy framework
- A request for service system and programme office
- A quality management system (QMS) based on enhanced process mapping
- A focus on leadership development

Improved customer and staff satisfaction results show the effort and investment within the organisation is beginning to show a positive effect.

What residents said

The Council survey of residents for 2011 covered some aspects of Council's decision making processes and sought feedback on communication and consultation. Overall results showed an improvement in key indicators, including total residents' satisfaction with overall Council performance, which, at 51%, was up by 6% points on the previous year's survey. There was a significant increase in those very satisfied to 14%, up 8% points, and corresponding decrease in total dissatisfaction levels to 11%, down four 4% points from the previous year.

Survey results will be further analysed by staff to determine what improvements could be made across all Council activities.

An independent customer survey reported high levels of satisfaction among Council customers at the Customer Service Centre, which began operation in December 2009, and Nelson Public Libraries.

CONTRIBUTION TO COMMUNITY OUTCOMES

Council democratic, corporate and administrative services underpinned the delivery of all six community outcomes and primarily contributed to achieving the following community outcome over the year.

Good leadership

Council provision of these services supported the delivery of all Council's activities and contributed to the achievement of all six community outcomes. Running the election process in October 2010 ensured elected representatives were in place to provide leadership for the city.



CAPITAL PROJECTS OVER \$500,000

Project	Carry over from 2009/10 \$000	Estimate for 2010/11 \$000	Total budget available for 2010/11 \$000	Actual spent in 2010/11 \$000
Rental property Clifford property	–	–	–	3,160
Computer equipment	(30)	656	626	669

() = a negative carry over due to overspending in previous financial year.

See the Summary of Capital Expenditure on page 100 for a full list of all capex projects over \$100,000.

Service levels and performance measures from the 2009-19 Nelson Community Plan

What Council promised	Measures	Targets	Results 2010/11	Comments
An effective and impartial elections administration service that meets or exceeds legislative requirements	Elections held in 2010 without any significant problems	Completion of election process on target and within budget	Achieved	Council contracted ElectionNZ, based in Christchurch, to administer the election process, which was completed without any significant problems, on target and within budget
Community engagement processes that meet or exceed good practice and enable community participation in Council decision making	Public satisfaction with community engagement by Council	Run optimum number of consultation processes according to best practice	Achieved	Series of consultations ran over the year, the largest of which was on the draft 2011/12 Annual Plan attracting 1,704 submissions Major consultations ran through Live Nelson and the Council website Survey of residents results showed 52% satisfied with opportunities to take part in decision making and 69% thought the amount of information was 'about right'
Participation of Māori in decision making	Implementation of the Memorandum of Understanding with Nelson Iwi	Implementation of MOU action plan according to agreed deadlines	Not Achieved	MOU review still to be finally signed off by all iwi representatives – Council's part of process complete Refer to pages 16 and 25 for more on this
Efficient and prudent administration of Council assets and control of Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO)	Completion of CCO statements of intent	All CCO statements of intent and annual reporting requirements met	Not achieved Most CCO/ CCTOs met annual reporting requirements in 2010/11, delay in Financial Statements by Ridgeways JV	The independent Arms Length Organisation Review will not be implemented until the result of the union proposal for the Nelson and Tasman Councils is known Statements of Expectation in place only for Nelmac, The Suter, and Tasman Bays Heritage Trust

STATEMENT OF FINANCIAL PERFORMANCE

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Revenue			
Rates	1,168	1,974	2,558
Financial contributions	0	0	0
Other revenue	(11,913)	(13,315)	(12,184)
Total revenue	(10,744)	(11,341)	(9,626)
Expenses:			
Operating and maintenance	6,467	6,503	5,014
Interest on loans	4,264	4,523	3,047
Depreciation	874	985	862
Total operating expenses	11,606	12,011	8,923
Net (surplus)/deficit	862	670	(703)

Statement of funding requirement

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Funds required			
Capital expenditure	4,520	2,874	1,918
Investments	8	6	8
Non cash forestry and investment write up	120	0	427
Repayment of loan principal	0	7,810	20,981
Transfer to loan repayment reserve	2,317	325	518
Transfer to reserve funds	0	187	173
Total funds required	6,966	11,202	24,025
Source of funds:			
Net surplus	(862)	(670)	703
New loans raised	2,678	10,062	7,041
Transfer from loan repayment reserve	3,005	0	2
Transfer from reserve funds	0	325	14,913
Sale of investments	150	480	500
Non cash derivative instrument revaluation	1,058	0	0
Non cash forestry and investment write down	35	0	0
Non cash expenditure (depreciation)	874	985	862
Sales of assets	28	20	4
Total source of funds	6,967	11,202	24,025

See Note 33 for explanation of variations

FINANCIAL RESERVES AND TRUSTS

Financial reserves are part of Council equity, generally representing a particular use to which parts of equity have been assigned. These reserves can be restricted reserves, Council-created reserves or revaluation reserves.

CAPITAL PROJECTS OVER \$500,000

Project	Carry over from 2009/10 \$000	Estimate for 2010/11 \$000	Total budget available for 2010/11 \$000	Actual spent in 2010/11 \$000
Vested assets	0	5,148	5,148	7,389

See the Summary of Capital Expenditure on page 100 for a full list of all capex projects over \$100,000.

STATEMENT OF FINANCIAL PERFORMANCE

The following financial report summarises all the transactions to or from various reserves other than transfers from Council's other financial activities.

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Revenue			
Rates	0	0	0
Financial contributions	(9,219)	(5,948)	(8,478)
Other revenue	(156)	(475)	(154)
Total revenue	(9,375)	(6,423)	(8,632)
Expenses:			
Operating and maintenance	74	158	104
Interest on loans	0	0	0
Depreciation	0	0	0
Total operating expenses	74	158	104
Net (surplus)/deficit	(9,301)	(6,265)	(8,528)

Statement of funding requirement

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Funds required			
Capital expenditure	7,389	5,148	7,199
Repayment of loan principal	0	0	0
Transfer to reserve funds	1,912	1,117	1,329
Total funds required	9,301	6,265	8,528
Source of funds:			
Net surplus	9,301	6,265	8,528
New loans raised	0	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
Total source of funds	9,301	6,265	8,528

See Note 33 for explanation of variations

SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000

	Carry Over 2009/10 \$000	Estimate 2010/11 \$000	Available 2010/11 \$000	Actual 2010/11 \$000
Water supply				
Renewals: misc pipes & fittings	53	57	110	102
Renewals: 50 & 100 AC	6	873	879	758
Renewals: meters	0	273	273	65
Renewal: pipe re Founders train	0	100	100	14
Ridermains	19	139	158	126
Stoke trunk main	0	305	305	0
System improvements	27	104	131	115
Stoke high level reservoir	302	709	1,011	878
Princes Drive link	0	103	103	33
Backflow prevention	0	340	340	0
Sundry	46	31	77	15
Total water supply	454	3,033	3,487	2,105
Waste water				
NCC:				
Pipe renewals: <150mm	153	823	976	623
Renewal rising/swallows	(18)	396	378	0
Renewals: pump stations	48	191	239	24
Awatere Place PS	50	463	513	3
North Nelson wastewater plant	4	427	431	271
Neale Park pump station	73	103	176	73
Marsden Valley TM	(17)	515	498	32
Quarantine/Songer TM	5	129	134	62
Sundry	96	277	373	50
	394	3,325	3,719	1,137
Nelson Regional Sewerage Scheme (50%)	568	10,349	10,917	3,060
Total waste water	962	13,674	14,636	4,198
Stormwater and flood protection				
Hampden/Wigzel	(6)	440	434	0
Weka St: Collingwood-Tasman	20	575	595	410
New pumps	0	144	144	103
Freshwater improvement	9	257	266	1
St Vincent/Jenner	0	257	257	254
Seymour	0	124	124	270
Arapiki Stream	39	293	332	292
Private drains	183	111	294	49
Piping ditches	151	111	262	19
Maitai	60	51	112	99
Iwa Rd	1	266	267	225
Atawhai Dr	1	224	225	266
Orphanage Creek	84	704	788	476
Founders Park	59	0	59	448
Sundry	128	334	462	194
Total stormwater	727	3,893	4,621	3,105
Solid waste management				
Landfill road extension	13	162	175	7
Sundry	21	250	271	75
Total solid waste management	34	412	446	82
Heart of Nelson				
Trees and plants	145	0	145	135
Pocket parks	(20)	808	788	368
Maitai River walkway	(12)	135	123	80
Gateway improvements	0	175	175	84
Montgomery Sq Market	9	120	129	1
Speed tables	18	230	248	51
Sundry	18	691	709	242
Total Heart of Nelson	158	2,159	2,317	960

	Carry Over 2009/10 \$000	Estimate 2010/11 \$000	Available 2010/11 \$000	Actual 2010/11 \$000
Transport				
Subsidised:				
Renewals: drainage	(1)	240	238	124
Renewals: sealed roads surfacing	(1)	717	716	765
Renewals: pavement rehabilitation	(68)	335	267	1
Renewals: traffic service				121
Renewals: associated improvements	(19)	226	208	145
Renewals: bridge/retaining walls	2	293	295	11
Renewals: streetlights				123
St Vincent/Jenner Rd	0	168	168	913
Locking St	0	155	155	155
Waimea/Motueka Jct	33	772	805	24
Minor improvements	(23)	328	305	186
Saxton Field underpass	5	309	314	314
Unsubsidised:				
Sundry land purchases	184	103	286	135
Footpaths	1	182	183	204
Street lights	1	124	125	0
St Vincent/Jenner Rd (unsub top up)	(22)	1,086	1,064	168
Nile/Tasman roundabout upgrade	0	150	150	150
Rocks Rd/Days Track	0	191	191	311
Locking St	20	838	858	659
Iwa Rd	(0)	496	496	300
Brougham St	(6)	397	391	0
Seymour St	2	377	379	210
Atawhai Dr	2	365	367	235
Council share development contribution	72	216	288	153
Sundry	(36)	918	882	647
Total transport	144	8,986	9,130	6,054
Regulatory compliance				
Sundry	0	0	0	6
Total regulatory compliance	0	0	0	6
Parks and open spaces				
Horticultural parks				
Renewals: Cawthron Steps	1	110	111	101
Park upgrades	39	82	122	87
Chinese garden	(1)	100	99	102
Neighbourhood parks				
Land purchase: general reserves	(2)	2,771	2,769	1,845
Upgrade accessways/carparks	121	35	156	72
Glen toilet & development	(31)	206	176	166
Basin Reserve toilet	(0)	180	180	15
Reserve development	0	600	600	205
Esplanade & foreshore				
Wakefield Quay	(5)	991	986	478
Tahuna RMP implementation	140	246	386	384
Accessway / carparks	(17)	289	272	85
Planting	70	186	256	146
Wakapuaka sandflat	0	220	220	27
General artworks	67	71	138	5
Pocket park Akersten St	0	206	206	0
Walkways				
Upgrade accessways / carparks	19	147	166	(13)
Walkway development	23	82	106	67
National cycleway development				193

SUMMARY OF CAPITAL EXPENDITURE

	Carry Over 2009/10 \$000	Estimate 2010/11 \$000	Available 2010/11 \$000	Actual 2010/11 \$000
Sportsfields				
Greenmeadows redevelopment	(5)	232	227	134
Services	7	165	171	119
Rutherford Park redevelopment	5	700	705	19
Southern Neale Park	(5)	150	145	148
Renewals accessways/carparks				137
Resurface netball courts	20	185	205	265
Tennis lights	0	150	150	1
Bell Island water pipe	0	285	285	0
Sundry	42	1,654	1,697	803
Total parks and open spaces	490	10,044	10,534	5,590
Recreation and leisure				
Natureland				
Capital development	0	180	180	98
Pools				
Renewals: minor assets	42	82	125	72
Play facilities				
Playgrounds	31	293	324	75
Play equipment	10	154	165	39
Youth park	0	190	190	18
Sundry	107	509	616	187
Total recreation and leisure	191	1,409	1,600	489
Community facilities				
Library				
Renewals: specialised library equipment	0	190	190	47
Book purchases	16	319	336	305
Stoke library refurbishment	0	137	137	11
Marina				
Talisman	2			127
Akersten St development	42	525	567	305
Toilet / shower facility	2	380	382	185
Large berths construction	31	759	791	504
Torsion bar replacement	85	120	205	21
Community housing				
Renewals	83	75	158	270
Orchard St development	6	1,110	1,116	441
Saxton Field				
Cricket / athletics pavilion	37	2,370	2,407	2,335
Walkways and cycleways	0	100	100	0
General development	40	360	400	327
Soccer ground drainage	0	130	130	102
Hockey / softball pavilion	224	0	224	160
Regional community facilities				
Performing arts centre	99	500	599	(37)
Saxton Field stadium	174	0	174	100
Trafalgar Centre west side	(3)	834	831	792
Trafalgar Park	286	400	686	781
Athletics track	151	0	151	162
Sundry	260	823	1,082	526
Total community facilities	1,537	9,132	10,667	7,463
Economics and tourism support				
Lee Dam	0	146	146	146
Total Economics and tourism support	0	146	146	146
Managing emergencies				
Fire station	0	125	125	0
Total managing emergencies	0	125	125	0



	Carry Over 2009/10 \$000	Estimate 2010/11 \$000	Available 2010/11 \$000	Actual 2010/11 \$000
Social development				
Sundry	0	36	36	0
Total social development	<u>0</u>	<u>36</u>	<u>36</u>	<u>0</u>
Culture, heritage and arts				
Heritage and arts planning				
Art works	0	125	125	35
Founders				
Covered extension to workshop	106	0	106	39
Sundry	4	136	140	117
Total culture, heritage and arts	<u>110</u>	<u>261</u>	<u>371</u>	<u>192</u>
Democracy and administration				
Council publicity				
Major signage	80	170	250	41
Civic House				
Civic House - buildings	109	1,664	1,773	347
Plant and equipment	30	132	162	75
Rental Properties				
Clifford Property				3,160
Administration				
Motor vehicles	48	115	163	116
Computer equipment	(30)	656	626	669
Sundry	137	307	445	112
Total democracy and administration	<u>374</u>	<u>3,044</u>	<u>3,418</u>	<u>4,520</u>
Financial reserves and trusts				
Vested assets	0	5,148	5,148	7,389
Total financial reserves and trusts	<u>0</u>	<u>5,148</u>	<u>5,148</u>	<u>7,389</u>
Total Capital Expenditure	<u><u>5,180</u></u>	<u><u>61,503</u></u>	<u><u>66,680</u></u>	<u><u>42,299</u></u>



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2011	2011	2010	2011	2010
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates revenue	3	51,163	51,150	48,039	51,163	48,039
Other revenue	4	39,882	36,161	42,357	42,341	44,890
Other gains	5	329	560	546	365	579
Total Operating Revenue		91,373	87,871	90,942	93,869	93,508
Expenditure						
Employee benefit expenses	6	15,136	15,145	13,646	22,451	20,655
Depreciation and amortisation	14,15	17,969	17,093	16,899	18,670	17,597
Other expenses	7	38,576	43,099	38,062	34,214	34,414
Finance costs	8	4,566	4,180	4,732	4,573	4,738
Total Operating Expenditure		76,248	79,517	73,339	79,907	77,404
		15,126	8,354	17,604	13,962	16,104
Share of associate's surplus/(deficit)	18	0	0	0	3,922	1,864
Operating surplus before taxation		15,126	8,354	17,604	17,884	17,968
Taxation	9	8	148	50	301	431
Net Surplus		15,119	8,206	17,554	17,583	17,536
Gains/(Losses) on property revaluation	14	27,255	24,146	14,163	27,255	14,485
Share of associates revalued movements	18	0	0	0	243	0
Total comprehensive income for year		42,373	32,352	31,717	45,080	32,021

The accompanying notes form part of these financial statements
See Note 33 on page 170 for explanations of variations against budget

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Note	Council			Group	
		Actual 2011	Estimate 2011	Actual 2010	Actual 2011	Actual 2010
		\$000	\$000	\$000	\$000	\$000
Balance at 1 July				1,069,005		1,139,132
Effect of restatement	24			<u>2,581</u>		<u>2,581</u>
Balance as 1 July Restated		1,103,302	1,105,032	1,071,586	1,173,734	1,141,713
Total comprehensive income		42,373	32,352	31,717	45,080	32,021
Equity at end of year	24	<u>1,145,676</u>	<u>1,137,384</u>	<u>1,103,302</u>	<u>1,218,814</u>	<u>1,173,734</u>

The accompanying notes form part of these financial statements
See Note 33 on page 170 for explanations of variations against budget

BALANCE SHEET AS AT 30 JUNE 2011

	Note	Council			Group	
		Actual 2011	Estimate 2011	Actual 2010	Actual 2011	Actual 2010
		\$000	\$000	\$000	\$000	\$000
Assets						
Current assets						
Cash and cash equivalents	10	98	8,836	2,502	1,692	3,644
Trade and other receivables	11	13,922	10,905	12,904	14,748	13,761
Inventories	12	237	322	245	688	748
Other financial assets	13	0	0	0	419	386
Non-current assets held for sale	14a	0	820	820	0	820
Taxation	11	104	37	0	0	0
Total current assets		14,361	20,921	16,471	17,547	19,359
Non-current assets						
Trade and other receivables	11	6,664	11,569	5,490	6,664	5,490
Property, plant and equipment	14	1,174,062	1,201,953	1,122,994	1,187,747	1,136,202
Intangible assets	15	1,249	884	1,139	1,272	1,169
Forestry assets	16	4,142	3,780	4,061	4,142	4,061
Investment properties	17	840	910	875	840	875
Investments in associates & subsidiaries	18	21,183	21,183	21,183	78,489	76,422
Other financial assets	13	140	140	140	402	404
Deferred Taxation	9	0	0	0	180	173
Total non-current assets		1,208,281	1,240,419	1,155,883	1,279,736	1,224,796
Total assets		1,222,642	1,261,340	1,172,354	1,297,283	1,244,155

The accompanying notes form part of these financial statements

See Note 33 on page 170 for explanations of variations against budget

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2011	2011	2010	2011	2010
		\$000	\$000	\$000	\$000	\$000
Current liabilities						
Bank overdraft	10	172	0	0	172	0
Trade and other payables	20	14,816	9,144	15,549	15,139	15,875
Taxation payable	20	0	0	50	0	232
Provisions	21	0	0	0	15	18
Employee benefit liabilities	22	1,331	1,054	1,071	2,188	1,795
Borrowings	23	9,953	10,600	10,030	10,010	10,037
Total current liabilities		26,272	20,798	26,700	27,522	27,957
Non-current liabilities						
Provisions	21	588	553	468	588	468
Employee benefit liabilities	22	313	448	409	382	483
Borrowings	23	49,792	102,157	41,475	49,973	41,513
Total non-current liabilities		50,694	103,158	42,351	50,944	42,463
Total liabilities		76,966	123,956	69,052	78,467	70,421
Total net assets		1,145,675	1,137,384	1,103,302	1,218,816	1,173,735
Equity						
Retained earnings	24	324,958	310,397	309,844	352,806	334,503
Other reserves	24	820,718	826,987	793,457	866,009	839,231
Total equity		1,145,675	1,137,384	1,103,302	1,218,816	1,173,735

The accompanying notes form part of these financial statements
See Note 33 on page 170 for explanations of variations against budget

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	PARENT			CONSOLIDATED	
		Actual	Estimate	Actual	Actual	Actual
		2011	2011	2010	2011	2010
		\$000	\$000	\$000	\$000	\$000
Cash Flows From Operating Activities						
Rates Revenue		81,037	69,461	77,627	87,077	82,991
Interest received		101	8,824	319	183	372
Dividends received		2,408	2,370	2,643	2,114	2,104
Payments to suppliers and employees		(53,152)	(52,796)	(48,644)	(57,129)	(52,416)
Interest paid		(3,253)	(4,892)	(3,368)	(3,256)	(3,374)
Taxation (paid)/refunded		(162)	(50)	127	(541)	(110)
Net GST movement		(961)	0	474	(1,056)	401
Net cash inflows from operating activities	25	26,018	22,917	29,178	27,394	29,968
Cash Flows From Investing Activities						
Sale of fixed assets		936	350	96	968	115
Sale of investments		567	761	2,144	567	2,095
Repayment of loans/advances		0	221	0	0	0
Goodwill on sale of business		0	0	0	0	0
Purchase of fixed assets		(35,076)	(48,575)	(33,586)	(36,212)	(34,413)
Purchase of intangibles		(339)	0	0	(342)	0
Purchase of investments		0	0	(4,992)	(1,880)	(4,992)
Loans and advances		(1,863)	(3,455)	(457)	0	(464)
Net cash outflow from investing activities		(35,776)	(50,698)	(36,795)	(36,900)	(37,659)
Cash Flows From Financing Activities						
Cash was provided from loans raised		19,923	39,242	25,110	20,124	25,110
Cash was applied to repayment of loans		(12,741)	(10,110)	(25,140)	(12,741)	(25,146)
Net cash inflows/outflows from financing activities		7,182	29,132	(30)	7,382	(36)
Net increase/(decrease) in cash held		(2,576)	1,351	(7,647)	(2,124)	(7,727)
Plus opening cash balance		2,502	6,522	10,149	3,644	11,371
Closing Balance		(74)	7,873	2,502	1,520	3,644
Represented by:						
Cash and cash equivalents	10	(74)	7,873	702	1,520	1,844
Short term deposit	10	0	0	1,800	0	1,800
		(74)	7,873	2,502	1,520	3,644

The accompanying notes form part of these financial statements

See Note 33 on page 170 for explanations of variations against budget



NOTES TO ACCOUNTS

The following notes include the accounting policies Council used to prepare the Annual Report and other summary information on its accounts, income, assets and payments made. This is to enable open scrutiny of Council's financial management.

There are 33 Notes:

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NOTES TO ACCOUNTS

Note 1 – Accounting Policies

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

Entity Statement

Since 1 July 1992, the Council has been constituted as a unitary authority assuming the responsibilities of the former Nelson Marlborough Regional Council and City Council.

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

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

Accounting policies

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and Standards issued by the Institute of Chartered Accountants of New Zealand.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 2011. The financial statements were authorised for issue by Council on 13 October 2011.

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.

Consolidation

Subsidiaries in which the Council has a controlling interest are consolidated by separate line-by-line aggregations of like items of assets, liabilities, equity, revenue, expense and cash flows into the consolidated financial statements. All significant inter-entity transactions are eliminated upon consolidation. Nelmac Limited is a fully owned subsidiary and has 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.

Associate entities

Associate organisations are accounted for the Group by the equity method, which records the Council's share of surpluses and deficits for the period in the Statement of Comprehensive Income and shows the amount of equity held in Investments in the Statement of Financial Position. An associate organisation is one in which the Council has an equity interest of between 20% and 50% and the capacity to significantly influence the policies of that organisation. As the Council does not have a controlling interest in any of the following, they have been accounted for using the equity method.

- Port Nelson Limited (PNL)
- Nelson Airport Limited
- Tasman Bays Heritage Trust
- Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism)

Joint ventures

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

The figures incorporated in these financial statements for the Nelson Tasman Combined Civil Defence Organisation, Nelson Regional Sewerage Business Unit are based on unaudited financial statements. Tasman Bays Heritage Trust figures are based on audited financial statements.

Revenue

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

Rates Revenue

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

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.

Government grants

The City Council receives government grants from the NZ Transport Authority, which subsidises part of the City 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.

Provision of 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.

Vested assets

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

Sales of goods

Revenue from sales of goods is recognised when a product is sold to a customer.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued.

Interest and dividends

Interest income is recognised using the effective interest method.

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

Development contributions

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

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.

Fixed assets and other assets

Fixed assets 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 the Council but which benefit or service the community. ts, collections and historical buildings and monuments.
- Infrastructural Assets – infrastructural assets are the fixed utility systems owned by the Council. These include the roading, water, sewer, and stormwater networks.

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

- Land – operational and restricted land (with the exception of Walters Bluff and Ridgeway subdivisions) has been valued at net current value by Quotable Value NZ as at 30 June 2010. Quotable Value NZ has confirmed this as being appropriate for financial reporting purposes.
- Land under Roads – land under roads has been valued at net current value by Telfer Young registered valuers as at 30 June 2006. This is now considered to be deemed cost.



- Infrastructural Assets – excluding specialised Infrastructural assets have been valued internally at depreciated replacement cost by Council engineers as at 30 June 2011. The valuation methodology has been peer reviewed by Opus International Consultants Ltd and revaluations are updated annually.
- Specialist infrastructural assets – include dams, water reservoirs and wastewater treatment plants. These assets have been valued at depreciated replacement cost as at 30 June 2011 by an independent registered valuer and will be revalued annually.
- Nelson Regional Sewerage Business Unit – land is valued at market valuation as at 1 September 2009 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 an independent valuer. The latest valuation was conducted as at 30 June 2011 by C.P.G. New Zealand Ltd, consultant engineers and will be revalued annually.
- Heritage Assets – museum assets have been valued on the basis of what a willing buyer would be prepared to pay a willing seller. The valuation was undertaken by Dunbar Sloane registered valuer as at 30 June 1999. The Cawthron Steps and Broadgreen House have been valued on the basis of depreciated replacement cost by Quotable Value at 30 June 2002. Founders Park has been valued on the basis of depreciated replacement cost by Telfer Young at 30 June 2002. The Cawthron Steps, Broadgreen House and Founders Park were included in 2002 for the first time and are deemed to be at cost.
- New Council assets that are added between valuations are recorded at cost except for vested assets.
- Vested assets 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.

Valuations are performed with sufficient regularity to ensure the carrying amount of property, plant and equipment does not materially differ from fair value.

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:

ASSET	DEPRECIABLE LIFE (YEARS)
Operational	
Buildings	50 - 100
Improvements	Nil-20
Motor vehicles	7
Plant and equipment	2 - 30
Library books	3 - 10
Marina	30 - 50
Restricted	
Buildings	50 - 100
Improvements	Nil - 20
Roading	
Roads formation	n/a
Sub-base	n/a
Basecourse	5 - 80
Surfacing (sealed)	2 - 50
Surfacing (unsealed)	n/a
Bridges	20 - 100
Retaining/sea walls	75 - 150
Box culverts	60 - 90
Footpaths	5 - 100
Carparks	10 - 100
Streetlights	30 - 60
Signs	15
Water	
Pipeline	55 - 120
Manholes	55 - 120
Reservoirs and tanks	45 - 100
Dams	16 - 200
Sewer	
Pipeline	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation pond	22 - 139

ASSET	DEPRECIABLE LIFE (YEARS)
Stormwater	
Pipeline	50 - 80
Bank protection	25 - 100
Manholes	90
Solid waste	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24

BIOLOGICAL ASSETS

- Forestry – forestry assets are valued annually. 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 2010.

Changes in the valuation of the forestry assets are recognised in the Statement of Comprehensive Income.

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 Nelson City 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 Statement of Comprehensive Income. 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	33%

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 Statement of Comprehensive Income, 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

Nelson City 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 Ian McKeage of Telfer Young (Nelson) Limited and changes in valuation are recognised in the Statement of Comprehensive Income.

Financial instruments

The Council and group is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and cash equivalents, accounts receivable and payable, investments, and loans which have all been recognised in the financial statements. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Income.

Derivative financial instruments

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

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 Statement of Comprehensive Income 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.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment 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.

Investments

The activities of associated entities have been included in the parent financial statements at cost on acquisition.

Other investments are stated at cost, except the shares in the Local Government Insurance Corporation, which are recorded at their net asset value.

Other financial instruments

All other financial instruments, including cash, and bank and accounts payable, are recognised at their fair value.

Loans are recorded at cost.

Impairment of financial assets

At each balance sheet date Nelson City Council assesses whether there is any objective evidence that a financial assets or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Income.

Loans and other receivables

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

Properties intended for sale

Properties intended for sale are valued at the lower of cost and net realisable value.

Borrowing costs

The Council and group has elected to defer the adoption of NZ IAS 23 *Borrowing Costs (Revised 2007)* in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Employee entitlements

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

Landfill

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

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 Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Good and services tax (GST)

All amounts in the accounts are exclusive of GST except for debtors and creditors which are shown inclusive of GST.

Allocation of overheads – significant activities

All overheads by way of the job costing system have been allocated to the 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.

Financial 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 the Council, and which may not be revised by the 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 the Council. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Revaluation reserves – The results of revaluing land, infrastructural assets 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 Statement of Comprehensive Income. To the extent that increases in value offset previous decreases debited to the Statement of Comprehensive Income, the increase is credited to the Statement of Comprehensive Income.

Statement of cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council or group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made of the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council and group.

Leases

Finance leases are leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset are transferred to the Council. The leased assets are recognised as non current assets in the Statement of Financial Position and are depreciated over the period the company is expected to benefit from their use. The corresponding liability is also recognised in the Statement of Financial Position.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the period in which they are incurred.

Changes in accounting policies

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

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations but not yet effective that have not been early adopted, and which are relevant to the Council and group, are:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The City Council has not yet assessed the effect of the new standard and expects it will not be early adopted.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012. The City Council has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

Critical accounting estimates and assumptions

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

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

Landfill aftercare provision

Note 21 presents an analysis of the exposure of the City Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

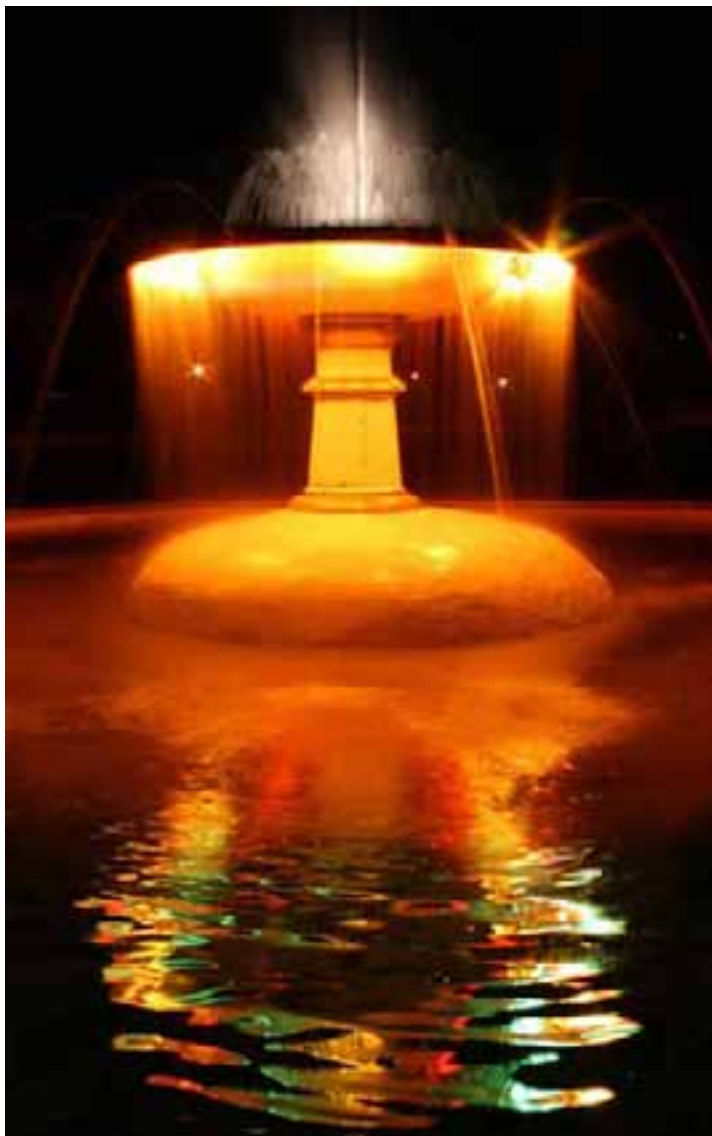
Infrastructural assets

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 the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are

underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

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



Note 2 - Summary cost of service

	Actual	Estimate	Actual
	2011	2011	2010
	\$000	\$000	\$000
Income			
Water supply	470	782	568
Sewage disposal	4,707	3,558	3,949
Stormwater and flood protection	367	226	481
Roading and transport	6,033	6,038	6,580
Solid waste management	3,023	3,384	2,902
Environmental management	631	1,989	1,788
Regulatory compliance	2,845	3,254	3,086
Parks and open spaces	698	447	453
Recreation and leisure	610	605	478
Community facilities	5,116	4,270	6,638
Economic and tourism support	76	0	30
Managing emergencies and natural hazards	29	42	35
Social development	339	201	326
Culture, heritage and arts	986	920	1,068
Democracy and administration	11,913	13,315	12,184
Reserves	9,375	6,423	8,632
Heart of Nelson	0	196	0
Total activity income	47,217	45,650	49,198
Less: internal interest	(7,018)	(8,220)	(6,762)
remissions	(194)	(137)	(141)
General rates received	30,237	29,437	28,496
Water rate	10,424	10,465	10,226
Sewerage rate	6,675	6,632	5,669
Stormwater rate	4,021	3,975	3,789
Civil Defence	4	0	8
Ridgeways joint venture	154	575	532
Sundry	(147)	(505)	(74)
Total Income	91,373	87,871	90,942

	Actual 2011 \$000	Estimate 2011 \$000	Actual 2010 \$000
Expenditure			
Water supply	10,133	10,568	10,135
Sewage disposal	8,751	9,723	7,798
Stormwater and flood protection	3,881	3,975	3,680
Roading and transport	12,106	12,489	12,165
Solid waste management	2,857	3,384	2,759
Environmental management	2,956	5,133	5,118
Regulatory compliance	4,789	5,190	4,947
Parks and open spaces	6,583	6,417	5,992
Recreation and leisure	3,390	3,607	3,292
Community facilities	8,545	8,495	7,556
Economic and tourism support	1,742	1,553	1,193
Managing emergencies and natural hazards	517	431	415
Social development	1,193	977	1,142
Culture, heritage and arts	4,335	4,581	4,244
Democracy and administration	11,606	12,011	8,923
Reserves	74	158	104
Heart of Nelson	122	196	154
Total activity expenditure	83,581	88,692	79,617
Less: internal interest	(7,018)	(8,220)	(6,762)
remissions	(194)	(137)	(141)
taxation	(8)	-	(50)
Civil Defence	(44)	-	(19)
Ridgeways	56	50	277
Sundry	(125)	(868)	417
Total expenditure	76,248	79,517	73,339

Each activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer note 3). In order to fairly reflect the total external operations for the Council in the Statement of Comprehensive Income, these transactions are eliminated as shown above.

Note 3 - Rates revenue

	Actual 2011	Actual 2010
	\$000	\$000
General rates	30,043	28,355
Targeted rates:		
Water	10,424	10,226
Sewerage	6,675	5,669
Stormwater	4,021	3,789
Total revenue from rates	<u>51,163</u>	<u>48,039</u>
Rates remissions		
Rates revenue is shown net of rates remissions. NCC's rates remissions policy allows NCC 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.		
	Actual 2011	Actual 2010
	\$000	\$000
Total rates revenue	51,357	48,180
Rates remissions		
Community, sporting and other organisations	62	55
Rates for residential properties in commercial/industrial areas.	9	8
Rates on land protected for natural, historic or cultural conservation purposes.	0	0
Rates on cemeteries.	19	19
Rates on low value properties.	1	1
Heritage	63	44
Clean heat warm homes	38	12
Dependent relative	2	2
Total remissions	<u>194</u>	<u>141</u>
Rates revenue net of remissions	<u>51,163</u>	<u>48,039</u>

Note 4 - Other revenue

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
User charges	9,812	9,399	10,011	9,535
NZ Transport Authority grants	2,874	2,873	2,874	2,873
Regulatory revenue	2,677	2,859	2,677	2,859
Rental income and investment properties	5,235	4,878	5,294	4,942
Infringements and fines	739	684	739	684
Petrol tax	335	341	335	341
Vested assets	7,389	7,199	7,389	7,199
Interest income	100	300	198	353
Dividend income	2,394	2,757	0	7
Development/Financial contributions	3,728	3,332	3,728	3,332
Grants/donations	¹ 3,166	5,952	3,661	6,691
Other	1,432	1,783	5,434	6,074
	<u>39,882</u>	<u>42,357</u>	<u>42,341</u>	<u>44,890</u>

1 - Grants/Donations

Includes contributions from Tasman District Council and others for Saxton Field and other regional developments of \$1.5 million (\$3.6 million in 2010).

Note 5 - Other gains

	Note	Council		Group	
		2011	2010	2011	2010
		\$000	\$000	\$000	\$000
Gain on changes in fair value of forestry assets	16	81	355	81	355
Gain on disposal of property, plant and equipment	14	17	25	40	44
Gain on sale of investments		0	0	0	0
Gain in fair value of investments		0	0	12	14
Provision discount unwinding		231	166	231	166
Gain on changes in fair value of investment property	17	0	0	0	0
Total gains		329	546	365	579

Note 6 - Employee benefit expenses

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Salaries and wages	15,136	13,646	22,451	20,655
Employer contributions to multi-employer defined benefit plans	0	0	0	0
Total employee benefit expenses	15,136	13,646	22,451	20,655

Note 7 - Other expenses

	Note	Council		Group	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
Audit fees for financial statement audit		121	111	175	134
Audit fees for NZ IFRS transition		0	0	0	0
Audit fees for assurance and related services		0	0	0	0
Audit fees for other services		0	0	0	0
Audit fees for LTCCP and amendments		5	4	5	4
Impairments of receivables		41	14	41	14
Loss on disposal of property, plant and equipment	14	790	472	790	472
Loss on changes in fair value of forestry assets	16	0	0	0	0
Decrease in value of investment properties	17	35	0	35	0
Provision of services and other operating expenses		37,584	37,461	33,168	33,790
Total other expenses		38,576	38,062	34,214	34,414

Note 8 - Finance costs

	Council		Group	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Interest on bank borrowings	3,305	3,368	3,311	3,374
Revaluation on derivative instruments	1,058	0	1,058	0
Write down interest free loans	204	1,364	204	1,364
Total finance costs	4,566	4,732	4,573	4,738

Note 9 - Taxation

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Components of tax expense				
Current tax expense	8	50	308	352
Deferred tax expense	0	0	(7)	79
Income tax expense	8	50	301	431

Relationship between tax expense and accounting profit

Surplus/(deficit) before tax	15,126	17,663	17,884	18,875
Tax at 30%	4,538	5,299	4,830	5,590
Non taxable income/adjustments	4,530	5,249	4,529	5,159
Tax expense	8	50	301	431

Deferred tax assets/(liabilities)

Balance 1 July	0	0	173	252
Charged to profit and loss	0	0	7	(79)
Balance 30 June	0	0	180	173

Deferred taxation movements statement - Group	Property, Plant & Equipment	Provisions	Employee Entitlements	Other	Total
Balance as at 1 July 2009	85	19	159	(11)	252
Opening balance adjustment	(1)	0	0	0	(1)
Current year charge	12	2	11	(14)	11
Adj for change in taxation rate	(7)	(2)	(11)	2	(18)
Adj for building depreciation change	(71)	0	0	0	(71)
Closing balance 30 June 2010	18	19	159	(23)	173
Balance as at 1 July 2010	18	19	159	(23)	173
Current year charge	4	(2)	17	(12)	7
Closing balance 30 June 2011	22	17	176	(35)	180

Note 10 - Cash and cash equivalents

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Cash at bank and in hand	98	702	1,692	1,844
Short term deposits maturing three months or less from date of acquisition (Note 13)	0	1,800	0	1,800
Total cash and cash equivalents	98	2,502	1,692	3,644
Bank overdraft	(172)	0	(172)	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	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Cash at bank and in hand	98	702	1,692	1,844
Short term bank deposits maturing within three months	0	1,800	0	1,800
Bank overdrafts	(172)	0	(172)	0
Total cash and cash equivalents	(74)	2,502	1,520	3,644

Note 11 - Trade and other receivables

Note	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Rates receivables	2,138	1,751	2,138	1,751
Other receivables	6,445	5,539	7,248	6,363
Dividend receivable	1,600	1,614	1,600	1,614
Sundry debtors	2,752	2,945	2,779	2,981
	12,936	11,849	13,766	12,709
Less provision for impairment of receivables	0	0	4	4
	12,936	11,849	13,762	12,705
Prepayments	427	645	427	646
Community loans	6,102	4,852	6,102	4,852
Loans to related parties	1,121	1,048	1,121	1,048
	20,586	18,394	21,412	19,251
Less non-current portion:				
Loans to related parties	1,121	1,048	1,121	1,048
Community loans	5,543	4,442	5,543	4,442
Total non-current portion	6,664	5,490	6,664	5,490
Current portion	13,922	12,904	14,748	13,761
Current Taxation Asset	104	0	0	0

The loan to related parties is a loan of \$1.2 million to Tasman Bays Heritage Trust at zero interest rate. The loan has written down based on a discounted interest rate of 6.5% (7.0% in 2009/10).

Community loans include the following:

- Solar Saver \$0.9m (2010: \$0.3m). Term 10 yrs, interest rates of 7.8%
- Clean Heat Warm Homes, Face value \$3.8m (2010: \$3.4m), term 10 yrs, zero interest rate. The loan has been written down based on a discounted interest rate of 6.5% (2010: 7.0%)
- Theatre Royal. Face value \$1.5m (2010: \$1.2m), term 25 years, zero interest rate. The loan has been written down based on a discounted interest rate of 6.5% (2010: 7.0%)
- Others \$1.4m (2010: \$1.4m), various repayment terms and interest rates.

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

Nelson City 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 Nelson City Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Nelson City Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The status of receivables as at 30 June 2011 and 2010 are detailed below:

	2011			2010		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	10,674	0	10,674	9,661	0	9,661
Past due 1 - 60 days	1,447	0	1,447	1,158	0	1,158
Past due 61 - 120 days	815	0	815	957	0	957
Past due > 120 days	0	0	0	73	0	73
Total	12,936	0	12,936	11,849	0	11,849
Group						
Not past due	11,342	0	11,342	10,403	0	10,403
Past due 1 - 60 days	1,597	(3)	1,594	1,262	0	1,262
Past due 61 - 120 days	824	0	824	963	0	963
Past due > 120 days	2	(1)	1	80	(4)	76
Total	13,766	(4)	13,762	12,709	(4)	12,705

Note 12 - Inventories

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Ridgeways properties	237	245	237	245
Civic Trust - flag stocks	0	0	3	5
The Bishop Suter Gallery Stocks	0	0	26	33
Nelmac - stocks	0	0	287	251
Nelmac - work in progress	0	0	135	214
Total inventories	237	245	688	748

Note 13 - Other financial assets

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Current portion				
<i>Loans and receivables</i>				
Short term deposits with maturities of 4-12 months	0	0	419	386
Total current portion	0	0	419	386
Non-current portion				
Unlisted shares -NZ LG Insurance Corp Ltd	140	140	140	140
Civic Trust - 1st NZ Securities	0	0	262	264
Total non current portion	140	140	402	404

The maturity dates for all other financial assets with the exception of equity investments, and advances to subsidiaries and associates are as follows:

2011	Short term deposits	Short term deposits	Local authority stock, Council and Group
	Council	Group	
	\$000	\$000	\$000
Short term deposits (with maturities of 3 months or less)	0	0	0
<i>Weighted average effective interest rate</i>	0.00%	0.00%	
Other investments maturing within 1 year:	0	0	0
<i>Weighted average effective interest rate</i>	N/A	N/A	
	0	0	0
2010			
	Short term deposits	Short term deposits	Local authority stock, Council and Group
	Council	Group	
	\$000	\$000	\$000
Short term deposits (with maturities of 3 months or less)	1,800	1,800	0
<i>Weighted average effective interest rate</i>	3.40%	3.40%	
Other investments maturing within 1 year:	0	0	0
<i>Weighted average effective interest rate</i>	N/A	N/A	
	1,800	1,800	0

Note 14 - Property, plant and equipment

2011	Cost/ revaluation 30 June 2010 \$000	Accumulated depreciation and impairment charges 1 July 2010 \$000	Carrying amount 30 June 2010 \$000	Current year additions \$000	Current Yr net disposals/ transfers \$000	\$000
	Council operational assets					
Land	66,372	0	66,372	1,370	(998)	
Less land held for sale (Note 14a)	(820)	0	(820)		820	
	65,552	0	65,552	1,370	(178)	
Buildings	25,847	(7,389)	18,458	2,765		
Other improvements	1,063	(255)	808	348		
Landfill post closure	853	(341)	512	221		
Library books	4,945	(3,293)	1,652	394		
Plant and equipment	15,235	(11,507)	3,728	898		
Motor vehicles	1,044	(543)	501	144	(28)	
Marina	7,330	(515)	6,815	721	715	
Total operational assets	121,869	(23,843)	98,027	6,861	509	
Council infrastructural assets						
Sewerage system	120,337	0	120,337	5,160	63	
Water system	123,379	0	123,379	2,948	100	
Drainage network	110,557	0	110,557	4,145	148	
Solid waste	4,782	0	4,782	82		
Roading network	222,215	0	222,215	8,111	(1,026)	
Roading land	273,789	0	273,789	2,700	(26)	
Total infrastructural assets	855,059	0	855,059	23,146	(741)	
Council restricted assets						
Land	90,518	0	90,518	1,879		
Buildings	43,482	(3,914)	39,569	4,724		
Other improvements	44,938	(5,116)	39,823	5,821		
Total restricted assets	178,938	(9,029)	169,910	12,424	0	
Total NCC property, plant and equipment	1,155,866	(32,872)	1,122,995	42,431	(232)	
Subsidiaries property, plant and equipment						
Land	1,408	0	1,408	0	0	
Buildings	3,945	(655)	3,290	83	0	
Leasehold improvements	22	(11)	11	0	0	
Plant and equipment	4,849	(3,112)	1,737	739	(13)	
Motor vehicles	1,154	(727)	427	181	0	
Art Collection	6,215	0	6,215	284	0	
Capitalised work in progress	120	0	120	25	(120)	
Total subsidiaries	17,713	(4,505)	13,208	1,312	(133)	
Total Group property, plant and equipment	1,173,579	(37,377)	1,136,203	43,743	(365)	

The above cost includes \$17.7 million work in progress, (\$13.05 million in 2009/10).

Current year profit on disposal \$000	Current year Loss on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2011 \$000	Accumulated depreciation and impairment charges 30 June 2011 \$000	Carrying amount 30 June 2011 \$000
	(137)			66,607		66,607
				0		0
	(137)	0	0	66,607	0	66,607
	(22)	(635)	(1)	28,562	(7,997)	20,565
		(42)		1,411	(297)	1,114
		(140)		1,074	(481)	593
1		(365)		5,326	(3,644)	1,682
		(703)	2	16,123	(12,197)	3,925
7		(90)		1,077	(543)	534
		(142)	0	8,767	(658)	8,109
8	(159)	(2,117)	1	128,948	(25,817)	103,130
	(21)	(3,259)	5,366	127,646	0	127,646
	(150)	(3,655)	3,792	126,414	0	126,414
	(120)	(1,751)	3,407	116,386	0	116,386
		(314)	527	5,076	0	5,076
	(229)	(3,987)	14,162	239,246	0	239,246
9				276,472	0	276,472
9	(520)	(12,966)	27,254	891,240	0	891,240
				92,397		92,397
		(840)	0	48,206	(4,754)	43,453
	(111)	(1,690)	0	50,648	(6,806)	43,843
0	(111)	(2,530)	0	191,251	(11,560)	179,692
17	(790)	(17,613)	27,255	1,211,439	(37,377)	1,174,062
		0	0	1,408	0	1,408
		(105)	0	4,027	(760)	3,267
		(2)	0	22	(13)	9
		(480)	0	5,575	(3,592)	1,983
		(114)	0	1,335	(841)	494
		0	0	6,499	0	6,499
		0	0	25	0	25
0	0	(701)	0	18,891	(5,206)	13,685
17	(790)	(18,314)	27,255	1,230,330	(42,583)	1,187,747

Note 14 - Property, plant and equipment (continued)

2010	Cost/ revaluation 30 June 2009 \$000	Accumulated depreciation and impairment charges 1 July 2009 \$000	Carrying amount 30 June 2009 \$000	Current year additions \$000	Current Yr net disposals/ transfers \$000
Council operational assets					
Land	68,426	0	68,426	178	(1,679)
Less land held for sale (Note 14a)	(820)	0	(820)		
	<u>67,606</u>	<u>0</u>	<u>67,606</u>	<u>178</u>	<u>(1,679)</u>
Buildings	26,586	(6,650)	19,936	3,185	(3,914)
Other improvements	748	(222)	526	315	
Landfill post closure	853	(340)	513		
Library books	4,555	(2,963)	1,592	404	0
Plant and equipment	14,391	(10,817)	3,574	844	
Motor vehicles	1,015	(486)	529	79	(13)
Marina	6,157	(272)	5,885	1,173	(120)
Total operational assets	<u>121,910</u>	<u>(21,750)</u>	<u>100,161</u>	<u>6,178</u>	<u>(5,726)</u>
Council infrastructural assets					
Sewerage system	108,675	0	108,675	7,337	
Water system	129,537	0	129,537	2,606	
Drainage network	107,414	0	107,414	3,045	
Solid waste	5,025	0	5,025	109	
Roading network	207,272	0	207,272	8,215	1,679
Roading land	271,762	0	271,762	1,961	(76)
Total infrastructural assets	<u>829,685</u>	<u>0</u>	<u>829,685</u>	<u>23,273</u>	<u>1,603</u>
Council restricted assets					
Land	88,895	0	88,895	510	
Buildings	34,879	(3,441)	31,438	4,696	3,907
Other improvements	34,384	(3,584)	30,801	10,434	120
Total restricted assets	<u>158,158</u>	<u>(7,025)</u>	<u>151,134</u>	<u>15,640</u>	<u>4,027</u>
Total NCC property, plant and equipment	<u>1,109,753</u>	<u>(28,774)</u>	<u>1,080,980</u>	<u>45,091</u>	<u>(96)</u>
Subsidiaries property, plant and equipment					
Land	1,408	0	1,408	0	0
Buildings	3,904	(557)	3,347	41	5
Leasehold improvements	22	(9)	13	0	0
Plant and equipment	4,642	(2,950)	1,692	525	(9)
Motor vehicles	1,126	(616)	510	29	(1)
Art Collection	6,076	0	6,076	111	28
Capitalised work in progress	23	0	23	120	(23)
Total subsidiaries	<u>17,201</u>	<u>(4,132)</u>	<u>13,069</u>	<u>826</u>	<u>0</u>
Total Group property, plant and equipment	<u>1,126,954</u>	<u>(32,906)</u>	<u>1,094,049</u>	<u>45,917</u>	<u>(96)</u>

The above cost includes \$13.05 million work in progress, (\$17.04 million in 2008/09).

Correction of a prior period error as disclosed in note 24

In property, plant & equipment, 2010 opening balances are increased by \$2,580,801, being the net book value of assets recognised. Extra depreciation of \$60,810 for the year ended 30 June 2010 increases accumulated depreciation. The net effect on property, plant and equipment as at 30 June 2010 is therefore an increase of \$2,519,991 on that previously disclosed.

Current year profit on disposal \$000	Current year Loss on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2010 \$000	Accumulated depreciation and impairment charges 30 June 2010 \$000	Carrying amount 30 June 2010 \$000
			(553)	66,372		66,372
				(820)		(820)
0	0	0	(553)	65,552	0	65,552
		(749)	0	25,847	(7,389)	18,458
		(33)		1,063	(255)	808
		(1)		853	(341)	512
	0	(344)		4,945	(3,293)	1,652
		(690)		15,235	(11,507)	3,728
	0	(94)		1,044	(543)	501
		(123)		7,330	(515)	6,815
0	0	(2,034)	(553)	121,870	(23,843)	98,026
	(16)	(2,967)	7,308	120,337	0	120,337
	(15)	(3,762)	(4,987)	123,379	0	123,379
	(40)	(1,686)	1,824	110,557	0	110,557
		(289)	(63)	4,782	0	4,782
	(401)	(3,954)	9,404	222,215	0	222,215
25			117	273,789	0	273,789
25	(472)	(12,658)	13,603	855,059	0	855,059
			1,113	90,518		90,518
		(473)		43,482	(3,914)	39,569
		(1,532)		44,938	(5,116)	39,823
0	0	(2,005)	1,113	178,938	(9,029)	169,910
25	(472)	(16,697)	14,163	1,155,867	(32,872)	1,122,994
		0	0	1,408	0	1,408
		(103)	0	3,945	(655)	3,290
		(2)	0	22	(11)	11
		(471)	0	4,849	(3,112)	1,737
		(111)	0	1,154	(727)	427
		0	0	6,215	0	6,215
		0	0	120	0	120
0	0	(687)	0	17,713	(4,505)	13,208
25	(472)	(17,384)	14,163	1,173,580	(37,377)	1,136,202

Note 14a - Non-current assets held for sale

Nelson City Council held land in Akerston Street which was sold during the year.

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
Land	0	820	0	820
Total non-current assets held for sale are:	0	820	0	820

Note 15 - Intangible assets

	Council Computer Software \$000	Council Total \$000	Group Computer Software \$000	Group Total \$000
Balance 1 July 2010				
Cost	2,209	2,209	157	2,366
Accumulated amortisation and impairment	(1,070)	(1,070)	(127)	(1,197)
Opening carrying amount	<u>1,139</u>	<u>1,139</u>	<u>30</u>	<u>1,169</u>
Additions	336	336	3	339
Amortisation charge	(226)	(226)	(10)	(236)
Closing carrying amount	<u>1,249</u>	<u>1,249</u>	<u>23</u>	<u>1,272</u>
Balance at 30 June 2011				
Cost	2,545	2,545	160	2,705
Accumulated amortisation and impairment	(1,296)	(1,296)	(137)	(1,433)
Closing carrying amount	<u>1,249</u>	<u>1,249</u>	<u>23</u>	<u>1,272</u>
Balance 1 July 2009				
Cost	1,752	1,752	150	1,902
Accumulated amortisation and impairment	(868)	(868)	(117)	(985)
Opening carrying amount	<u>884</u>	<u>884</u>	<u>33</u>	<u>917</u>
Additions	457	457	7	464
Amortisation charge	(202)	(202)	(10)	(212)
Closing carrying amount	<u>1,139</u>	<u>1,139</u>	<u>30</u>	<u>1,169</u>
Balance at 30 June 2010				
Cost	2,209	2,209	157	2,366
Accumulated amortisation and impairment	(1,070)	(1,070)	(127)	(1,197)
Closing carrying amount	<u>1,139</u>	<u>1,139</u>	<u>30</u>	<u>1,169</u>

Note 16 - Forestry assets

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Balance at 1 July	4,061	3,706	4,061	3,706
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	496	634	496	634
Decreases due to sales	0	0	0	0
Decrease due to harvest	(415)	(279)	(415)	(279)
Balance 30 June	4,142	4,061	4,142	4,061

The Nelson City Council owns 580 hectares, (557 at 30 June 2010), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1976 and 2010. Stands of other species totalling 8.6 hectares, (10.6 at 30 June 2010), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2011. A discount rate of 7%, (7% in 2009/10), has been used in discounting the present value of expected after tax cash flows.

Note 17 - Investment properties

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Balance at 1 July	875	875	875	875
Additions from acquisitions	0	0	0	0
Disposals	0	0	0	0
Fair value gains/(losses) on valuation (Note 7)	(35)	0	(35)	0
Balance at 30 June	<u>840</u>	<u>875</u>	<u>840</u>	<u>875</u>

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

Note 18 - Investments in associates and subsidiaries

Council	Proportion of ownership	2011	2010
		\$000	\$000
Investment in:			
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	50%	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
Council total		21,183	21,183
Group		2011	2010
		\$000	\$000
Port Nelson Limited		67,371	65,963
Tasman Bays Heritage Trust		7,346	7,331
Nelson Airport Limited		3,753	3,122
Tourism Nelson Tasman Limited		20	6
Total Group Investment		78,489	76,422

Nelmac, The Bishop Suter Trust and the Civic Trust are fully controlled subsidiaries and have been consolidated line by line. Port Nelson Ltd, Tasman Bays Heritage Trust, Nelson Airport Ltd and Tourism Nelson Tasman Ltd are all 50% owned associates and only the equity value is consolidated.

Movements in the carrying amount of investments in associates:

	2011	2010
	\$000	\$000
Opening balance	76,422	76,448
New investment	0	0
	<u>76,422</u>	<u>76,448</u>
Disposals	0	0
	<u>76,422</u>	<u>76,448</u>
Share of recognised revenues and expenses	3,922	1,864
Share of revaluations	243	321
	<u>80,588</u>	<u>78,633</u>
Share of dividend	2,100	2,211
	<u>2,100</u>	<u>2,211</u>
Balance as at 30 June 2011	<u><u>78,489</u></u>	<u><u>76,422</u></u>

The total assets and liabilities of the associates are as follows:

	2011	2010
	\$000	\$000
Assets	223,077	218,109
Liabilities	66,098	63,383
Equity	156,979	152,845
Revenues	46,632	46,099
Surplus/(deficit)	7,844	3,727

Note 19 - Joint Ventures

2011	Regional	Ridgeways	Civil	Total
	Sewerage	JV	Defence	
	Scheme	\$000	\$000	\$000
	\$000	\$000	\$000	\$000
Current assets	211	292	47	550
Non-current assets	24,117	0	98	24,215
Current liabilities	1,938	12	1	1,951
Non-current liabilities	6,500	0	0	6,500
Income	3,622	171	226	4,019
Expenses	2,738	73	195	3,005

2010	Regional	Ridgeways	Civil	Total
	Sewerage	JV	Defence	
	Scheme	\$000	\$000	\$000
	\$000	\$000	\$000	\$000
Current assets	302	342	71	715
Non-current assets	19,475	0	43	19,518
Current liabilities	1,675	11	1	1,687
Non-current liabilities	4,500	0	0	4,500
Income	3,318	554	222	4,094
Expenses	2,480	286	200	2,966

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 Ridgeway' subdivision.

The Regional Sewerage Scheme is a 50/50 joint venture 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 20 - Trade and other payables

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Trade payables	10,728	11,916	10,554	11,934
Deposits and bonds	589	547	589	547
Accrued expenses	1,085	630	1,135	641
Income in advance	1,973	1,809	2,419	2,106
Trust accounts	133	244	133	244
Amounts due to customers for contract work	116	134	116	134
Derivative revaluations	0	0	0	0
Other	193	269	193	269
Total trade and other payables	14,816	15,549	15,139	15,875
Taxation	0	50	0	232

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

Note 21 - Provisions

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Current provisions are represented by:				
Warranty provisions	0	0	15	18
Total current provisions	0	0	15	18
Non-current provisions are represented by:				
Landfill redemption	588	468	588	468
Total non current provisions	588	468	588	468
Balance 1 July	468	532	468	532
Reassessment of liability	78	(112)	78	(112)
Provision for year based on consumption	18	34	18	34
Interest	25	14	25	14
Balance 30 June	588	468	588	468

Nelson City Council gained a resource consent in March 1999 to operate the York Valley Landfill. Nelson City 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 1.341 million cubic metre (refuse, clean fill and cover).

The estimated remaining life is 23 years.

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

The cash outflows for landfill post closure are expected to occur in twenty one to fifty one years time, (between 2031 and 2061). 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% (7.0% in 2009/10), and an inflation rate of 2.5% (2.5% in 2009/10)

Note 22 - Employee Benefit Liabilities

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Accrued pay	225	161	407	297
Annual leave	974	832	1,609	1,395
Long service leave	238	270	278	309
Retirement gratuities	169	187	238	247
Sick leave	38	30	38	30
Total employee benefit liabilities	1,644	1,480	2,570	2,278
Comprising:				
Current	1,331	1,071	2,188	1,795
Non-current	313	409	382	483
Total employee benefit liabilities	1,644	1,480	2,570	2,278

Note 23 - Borrowings

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Current				
Secured loans	0	10,000	0	10,000
Commercial Paper	9,923	0	9,923	0
EECA loan	30	30	30	30
The Bishop Suter Gallery loans	0	0	57	7
Lease liabilities	0	0	0	0
Total current borrowings	9,953	10,030	10,010	10,037
Non-current				
Secured loans	48,610	41,410	48,610	41,410
Derivative Financial Instruments	1,147	0	1,147	0
EECA loan	35	65	35	65
The Bishop Suter Gallery loans	0	0	181	38
Lease liabilities	0	0	0	0
Total non-current borrowings	49,792	41,475	49,973	41,513

The Council's and Regional Sewerage secured loans and Commercial Paper are secured over the city's rates. As at 30 June 2011 the Council had borrowing facilities of \$70 million with Westpac Banking Corporation and \$15m with ANZ National Limited.

The interest rates on the Council and regional Sewerage loans range from 3.12% to 8.25%. The weighted average interest rate on the above loans was 4.46%, (5.23% in 2009/10).

The Council has \$61m notional principal of interest rate swaps, with maturity dates between December 2012 and May 2020. Fixed interest rates range from 3.45% to 5.365%

Note 24 - Equity

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Retained earnings				
As at 1 July	309,844	292,328	334,503	317,003
Transfers to:				
Restricted reserves	(1,988)	(1,530)	(1,988)	(1,530)
Transfers from:				
Asset revaluation reserve on disposal of property, plant and equipment	0	51	162	51
Restricted reserves	1,982	1,443	1,982	1,443
Surplus/(deficit) for the year	15,119	17,552	17,583	17,536
Associates revaluation	0	0	563	0
As at 30 June	324,958	309,844	352,806	334,503
Restricted reserves				
As at 1 July	2,432	2,345	2,432	2,345
Transfers to:				
Retained earnings	(1,982)	(1,443)	(1,982)	(1,443)
Transfers from:				
Retained earnings	1,988	1,530	1,988	1,530
As at 30 June	2,438	2,432	2,438	2,432
Hedging Reserve				
Port Nelson Limited:				
As at 1 July	0	0	(637)	(477)
Fair value movement	0	0	(61)	(229)
Deferred tax movement	0	0	19	69
As at 30 June	0	0	(680)	(637)
Contingency reserve				
Regional Sewerage Scheme:				
As at 1 July	50	50	50	50
Fair value movement	0	0	0	0
As at 30 June	50	50	50	50

Note 24 - Equity (continued)

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Asset revaluation reserve				
As at 1 July	790,975	776,863	837,386	822,792
Revaluation gains/(losses)	27,255	14,163	27,255	14,645
Share of associates revaluation	0	0	(278)	0
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	0	(51)	(162)	(51)
As at 30 June	818,230	790,975	864,201	837,386
Asset revaluation reserve consists of:				
Nelson City Council:				
Land	146,628	146,628	146,628	146,628
Sewerage infrastructure	86,848	83,638	86,848	83,638
Water infrastructure	105,566	101,774	105,566	101,774
Drainage infrastructure	84,977	81,570	84,977	81,570
Solid waste infrastructure	4,521	3,994	4,521	3,994
Roading infrastructure	381,858	367,696	381,858	367,696
Regional Sewerage Scheme				
Land	840	840	840	840
Forestry	16	16	16	16
Plant and equipment	3	3	3	3
Sewerage infrastructure	6,972	4,816	6,972	4,816
Port Nelson:				
Land	0	0	39,222	39,352
Wharves	0	0	5,123	5,124
Buildings	0	0	456	456
Associate's revaluation reserve	0	0	93	401
Tasman Bays Heritage Trust - land and buildings	0	0	511	511
Nelmac - land	0	0	567	567
Total asset revaluation reserve	818,230	790,975	864,201	837,386
Total Other Reserves	820,718	793,457	866,009	839,231
Total Equity	1,145,676	1,103,302	1,218,815	1,173,734

Correction of a prior period error

During 2010, the Council discovered that \$2,714,401 of improvements had been made by the operators to the Tahuna Beach Holiday Park, owned by the Council. These improvements were made between 2005 and 2010. The cost of the improvements have been adjusted for depreciation, and brought into the 2010/11 accounts as prior year opening equity. The financial statements for 2010, which are presented as comparative information in the 30 June 2011 financial statements, have been restated to correct the error. The effect of this restatement on those financial statements is as follows.

Council Effect on 2010

	Previously Reported	Adjustment Restatement	
	\$000	\$000	\$000
Opening retained earnings as at 01 July 2009	289,747	2,581	292,328
Depreciation and amortisation expenses	16,838	61	16,899
Property, plant and equipment for year ended 30 June 2010	1,120,475	2,520	1,122,995
Retained Earnings 30 June 2010	307,324	2,520	309,844
Total Equity	1,100,781	2,520	1,103,301

Group Effect on 2010

	Previously Reported	Adjustment Restatement	
	\$000	\$000	\$000
Opening retained earnings as at 01 July 2009	314,422	2,581	317,003
Depreciation and amortisation expenses	17,536	61	17,597
Property, plant and equipment for year ended 30 June 2010	1,133,683	2,520	1,136,203
Retained Earnings 30 June 2010	331,983	2,520	334,503
Total Equity	1,171,214	2,520	1,173,734

Opening retained earnings in 2010 are increased by \$2,580,801 being the net book value of assets recognised. The 2010 surplus is decreased by extra depreciation in relation to those assets, resulting in closing retained earnings and total 2010 Equity being increased by a net of \$2,519,991.

Note 25 - Reconciliation of net surplus/(deficit) after tax to net cash flows from operating activities

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Surplus/(deficit) after tax	15,119	17,554	17,583	17,536
Add non-cash items:				
Depreciation and amortisation	17,969	16,899	18,670	17,597
Write down interest free loan	204	1,364	204	1,364
Impairment charges	0	472	0	472
Provision for discount unwinding	(231)	(166)	(231)	(166)
Increase in deferred tax	0	0	(7)	100
Vested assets	(7,389)	(7,199)	(7,389)	(7,199)
Non cash donations/grants	0	(1,284)	0	(1,284)
Associated (surplus) ex dividends	0	0	(1,808)	347
(Gains)/losses in fair value of forestry assets	(81)	(355)	(81)	(355)
(Gains)/losses in fair value of investment property	35	0	35	0
Movement in landfill liability	121	(65)	121	(64)
Add/(less) items classified as investing or financial activities:				
(Gains)/losses on disposal of property, plant and equipment	773	(25)	750	(44)
(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	-12	0
Revaluation on derivative instruments	1,058	0	1,058	0
Movement in non current provisions	0	0	0	0
Movement in capital creditors	23	(3,022)	102	(3,023)
Movement in borrowings related accrual	0	0	0	0
Movement in investment related accounts receivable	1,323	2,650	1174	2,650
Add/(less) movements in working capital items:				
Accounts receivable	(2,192)	(4,814)	(2,161)	(5,013)
Inventories	8	197	60	111
Prepayments	0	0	0	0
Accounts payable	(733)	6,760	(736)	6,598
Income tax payable	(154)	177	(232)	222
Employee benefits	164	36	292	119
Net GST	0	0	0	0
Net cash inflow/(outflow) from operating activities	26,018	29,178	27,394	29,968

Note 26 - Capital commitments and operating leases

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Capital commitments				
Capital expenditure commitments contracted for at balance date but not yet incurred for property, plant and equipment:				
Nelson City Council	5,424	3,369	5,424	3,369
Civic Trust	0	0	16	0
Nelmac	0	0	68	0
The Bishop Suter Trust	0	0	0	0
Tasman Bay Heritage Trust	0	0	0	0
Tourism Nelson Tasman Ltd	0	0	2	24
Port Nelson Ltd	0	0	299	0
Nelson Airport Ltd	0	0	1,382	0
The Bishop Suter Trust	0	0	0	0
	<u>5,424</u>	<u>3,369</u>	<u>7,191</u>	<u>3,393</u>
Operating leases as lessee				
Less than one year	0	0	160	144
One to five years	0	0	223	73
Over five years	0	0	0	0
	<u>0</u>	<u>0</u>	<u>384</u>	<u>217</u>
Operating lease as lessor				
Nelson City Council	57	56	57	56
Nelson Airport Limited	0	0	749	658
Port Nelson Limited	0	0	13,196	14,610
	<u>57</u>	<u>56</u>	<u>14,002</u>	<u>15,324</u>

Note 27 - Contingent Liabilities

Contingent liabilities are as follows:

	2011	2010
	\$000	\$000
Council		
Weather tight homes	172	350
Celtic Rugby Football Club	145	145
Housing NZ Loan for Orchard Flats refurbishment	392	0
	709	495
Nelson Regional Sewerage Business Unit	0	0
Combined Civil Defence Organisation	0	0
Ridgeways Joint Venture	0	0
Total Council	709	495
Port Nelson Limited	0	0
Nelson Airport Limited	0	0
Tasman Bays Heritage Trust	0	0
Tourism Nelson Tasman Limited	0	0
Nelmac Limited	0	0
Nelson Regional Economic Development Agency	0	0
City of Nelson Civic Trust	0	0
The Bishop Suter Trust	109	108
	818	603

Weather Tight Homes:

During the 2010 and 2011 financial years the Board of RiskPool made calls for \$172,454 in each year. These have been expensed in the year ended 30 June 2010 and 30 June 2011. When initially invoicing the \$172,454 in 2010 the Board noted that there were likely to be similar calls in each of the two subsequent years, but pointed out that the actual calls would "... depend upon the evolution of the liability environment and the flow-on effect on open claim provisions." One of these calls has subsequently occurred and was expensed in June 2011. It would therefore appear that there is still a contingent liability of approximately \$172,000.

Housing NZ Loan for Orchard Flats Refurbishment

The City Council provides affordable housing for people on low incomes, for the elderly and people with disabilities. The refurbishment is funded by a suspensory loan on a contingency basis. If the housing NZ loan is not spent on social housing then the amount is to be paid back.

Port Nelson:

2011: The contingent asset associated with UNIMAR in 2010 and the vessel the Marsol Pride was not realised. Port Nelson continues to have an obligation to Stage 3 property owners to provide technical advice, where requested, and to consider providing financial assistance for mitigation works (50% of costs). The decision on whether to provide financial assistance will be based on a recommendation made to Port Nelson by the Port Noise Liaison Committee. Port Nelson cannot currently quantify the cost of this obligation at 30 June 2010. The Noise Variation within the Nelson City Resource Management Plan was notified with effect on 14 July 2008. Port Nelson is required to make offers to either fully fund noise mitigation work or to purchase 11 closest properties in the residential zone adjacent to the port. (These are houses that are exposed to night time Ldn from port generated noise of 65 dBa or more). For properties in the 55 to 59.9dBa and 60 to 64.9 dBa areas, offers have been made by Port Nelson to owners in these areas to cover 50 percent of the noise mitigation cost. There is no offer for the purchase of these properties required. For properties in the 60 to 64.9dBa area Port Nelson is required to approach all owners with this offer. For properties in the 55 to 59.9 dBa area the owners are required to approach Port Nelson and seek approval for this. Offers will include 50 percent of the costs of building work, any professional fees, building consents, preparation of drawings and project management.



2010: Port Nelson has a contingent asset arising through its associate UNIMAR having a claim on the vessel Marsol Pride. This claim has been submitted against Marine Logistics Solutions (Marsol) LLC, the owner of the vessel Marsol Pride. This claim arises from defects to the vessel when delivered into the charter, and Port Nelson's shares represent 25% of a total \$962,052. Should this claim be disputed, provision is made in the charter between the two entities for arbitration in Singapore following the Lloyds Maritime Arbitration.

Port Nelson has an obligation under the Nelson City Resource Management Plan to stage three property owners to provide technical advice, where requested, and to consider providing financial assistance for mitigation works (50 percent). The decision on whether to provide financial assistance will be based on a recommendation made to Port Nelson by the Port Noise Liaison Committee. Port Nelson cannot currently quantify the cost of this obligation at 30 June 2010.

Note 28 - Related party transactions

Nelson City Council is the ultimate parent of the group and controls four entities:

Nelmac Limited
 Nelson Regional Economic Development Agency
 City of Nelson Civic Trust
 The Bishop Suter Trust

It also has five associates:

Port Nelson Limited
 Port Nelson Trust
 Nelson Airport Limited
 Tasman Bays Heritage Trust
 Tourism Nelson Tasman Limited

and three joint ventures:

Nelson Regional Sewerage Business Unit
 Nelson Tasman Combined Civil Defence Organisation
 Ridgeways Joint Venture

The following matters are therefore disclosed:

	<u>2011</u>	<u>2010</u>
	<u>\$000</u>	<u>\$000</u>
Nelmac Limited		
Amounts paid by Nelson City Council	10,691	9,848
Amounts paid to Nelson City Council	476	496
Dividend paid to Nelson City Council	294	539
Amount payable by Nelson City Council	1,765	1,529
Amount payable to Nelson City Council	38	42
Nelson Regional Economic Development Agency		
Amounts paid by Nelson City Council	741	566
Amounts paid to Nelson City Council	36	33
Amount payable by Nelson City Council	10	0
Amount payable to Nelson City Council	1	1
The Bishop Suter Trust		
Amounts paid by Nelson City Council	527	510
Amounts paid to Nelson City Council	3	4
Port Nelson Limited		
Amounts paid by Nelson City Council	12	21
Amounts paid to Nelson City Council	433	430
Dividend paid/payable to Nelson City Council	2,050	2,000
Amount payable by Nelson City Council	2	8
Amount payable to Nelson City Council	8	15

	<u>2011</u>	<u>2010</u>
	<u>\$000</u>	<u>\$000</u>
Nelson Airport Limited		
Amounts paid to Nelson City Council	296	534
Dividend paid/payable to Nelson City Council	0	161
Amount payable to Nelson City Council	13	22
Nelson Airport Limited leases the airport land from the Nelson City Council for one peppercorn		
Tasman Bays Heritage Trust		
Amounts paid by Nelson City Council	762	749
Loan from Nelson City Council	1,200	1,200
Tourism Nelson Tasman Limited		
Amounts paid by Nelson City Council	480	406
Amounts paid to Nelson City Council	57	58
Amount payable by Nelson City Council	0	0
Amount payable to Nelson City Council	0	0
Nelson Regional Sewerage Business Unit		
Amounts paid by Nelson City Council	2,701	2,453
Amounts paid to Nelson City Council	144	166
Amounts paid to Nelson City Council as return on investment	884	481
Amount payable by Nelson City Council	0	0
Amount payable to Nelson City Council	2,661	1,739
Nelson Tasman combined Civil Defence Organisation		
Amounts paid by Nelson City Council	225	214
Amounts paid to Nelson City Council	12	12
Computer equipment rental payable to Nelson City Council	11	9
Amount payable by Nelson City Council	98	88
Ridgeways Joint Venture		
Amounts paid to Nelson City Council	184	544

Key management personnel

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Nelson City Council (such as rates, purchase of rubbish bags etc).

The partner of one of the Executive team received payment for work carried out for the Council.

Note 28 - Related party transactions (continued)

Councillors

Councillor Boswijk is a director of Boswijk Inc. Limited and during 2010/11 the Council paid the company \$nil (\$113 in 2009/10)

Councillor Boswijk's partner Eelco Boswijk is a 50% owner of Marchfest Ltd and during 2010/11 the Council paid the company \$9,059 (\$12,056 in 2009/10)

Councillor Rainey is a director of Eventiac Limited and during 2010/11 the Council paid the company \$5,750 (\$12,375 in 2009/10)

Councillor Copeland provided design services through her company, Divine Design and during 2010/11 the Council paid Divine Design \$1,000 (\$1,000 in 2009/10)

Councillor Copeland's partner Hubert Waagen provides event production services to council and during 2010/11 the Council paid him \$18,937 (\$23,638 in 2009/10).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2009/10 \$Nil).

Key management personnel compensation:

	2011	2010
	\$000	\$000
Salaries and other short term employee benefits	2,090	1,958
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	69	0

Key management personnel include the Mayor, Councillors, Chief Executive and Executive Team.

Note 29 - Remuneration

Chief Executive

The Chief Executive of Nelson City Council is appointed under section 42 of the Local Government Act 2002 and he received a salary of:

1/7/10 to 30/6/11 - \$288,542 (\$273,662 in 2009/10).

Elected representatives

Total remuneration:

	Council		Group	
	2011	2010	2011	2010
Mayor Marshall (Mayor to Oct 2010)	30,977	91,655	30,977	91,655
Mayor Miccio (Mayor from Oct 2010)	82,144	30,055	82,144	30,055
Councillor Barker	35,782	31,245	35,782	31,245
Councillor Boswijk	36,260	32,219	36,260	32,219
Councillor Collingwood	36,755	31,313	36,755	31,313
Councillor Cotton	8,505	30,055	9,198	48,055
Councillor Henigan	8,505	30,055	8,505	30,055
Councillor Holmes	10,627	37,827	10,627	37,827
Councillor McAlpine	8,505	30,055	8,505	30,055
Councillor Thomas	10,627	37,555	10,627	37,555
Councillor Rainey	36,260	35,392	36,260	35,392
Councillor Reese	40,737	43,909	40,737	43,909
Councillor Shaw	30,636	31,075	30,636	31,075
Councillor Copeland	20,665	0	20,665	0
Councillor Davy	20,665	0	20,665	0
Councillor Fulton	20,665	0	20,665	0
Councillor Matheson	20,665	0	20,665	0
Councillor Rackley	20,665	0	20,665	0
Councillor Ward	20,665	0	20,665	0
	<u>500,310</u>	<u>492,410</u>	<u>501,003</u>	<u>510,410</u>

Councillor Cotton was a director of Nelmac Limited and received directors fees of \$693 (\$18,000 in 2009/10).

This is included in the group total remuneration above

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

	2011	2010
Councillor Barker	527	1,190
Councillor Collingwood	1,649	1,258
Councillor Holmes	0	272
Councillor Reese	1,785	1,381
Councillor Shaw	723	1,020
	<u>4,684</u>	<u>5,121</u>

Note 29 - Remuneration (continued)

The salaries paid to the Executive Team during the year ended 30 June 2011 in bands of \$10,000 and over \$100,000 are as follows:

Range of earnings for year	No.
\$280,000 - 290,000	1
\$170,000 - 180,000	2
\$160,000 - 170,000	4
\$150,000 - 160,000	1
\$130,000 - 140,000	1

Note 30 - Severance payments

For the year ended 30 June 2011 Nelson City Council made 4 (2 in 2009/10) severance payments to employees of \$117,173 (\$42,504 in 2009/10).

The value of each of the severance pays was \$69,371 and \$1,500 and \$10,000 and \$36,302 (\$36,504 and \$6,000 in 2009/10)

Note 31 - Events after the balance sheet date

There were no significant post balance date events.

Note 32 - Financial instruments

A. Financial instrument categories

	Council		Group	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Financial Assets				
Loans and receivables				
Cash and cash equivalents	98	2,502	1,692	3,644
Trade and other receivables	12,936	11,849	13,766	11,091
Other financial assets				
- term deposits	0	0	419	386
- community loans	6,102	4,852	6,102	4,852
- loans to related parties	1,121	1,048	1,121	1,048
Total loans and receivables	20,257	20,251	23,100	21,021
Fair value through surplus or deficit that are not hedge accounted				
Derivative financial instruments	0	0	0	0
Fair value through other comprehensive income				
shares in NZ Local Govt Insurance Corp Ltd	140	140	140	140
Civic Trust - 1st NZ Securities	0	0	262	264
	20,397	20,391	23,502	21,425

The above shares in NZ LG Insurance Corp Ltd and 1st NZ Securities are valued at cost. The net asset value would not be materially different.

Financial Liabilities

Financial liabilities at amortised cost

Creditors and other payables	14,816	15,549	15,139	15,875
- bank overdraft	172	0	172	0
- EECA loan	65	95	65	95
- commercial paper	9,923	0	9,923	0
- secured loans	48,610	51,410	48,610	51,410
Total financial liabilities at amortised cost	73,586	67,054	73,908	67,380
Fair value through surplus or deficit that are not hedge accounted				
Derivative financial instruments	1,147	0	1,147	0
Total fair value through profit and loss	1,147	0	1,147	0

Note 32 - Financial instruments (continued)

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.

2011 Council

	Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
Financial Assets				
Derivative financial instruments	0	0	0	0
shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
Financial Liabilities				
Derivative financial instruments	1,147	0	1,147	0

2011 Group

	Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
Financial Assets				
Derivative financial instruments	0	0	0	0
shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
Civic Trust - 1st NZ Securities	262	0	0	262
Financial Liabilities				
Derivative financial instruments	1,147	0	1,147	0

2010 Council

	Total	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
Financial Assets				
Derivative financial instruments	0	0	0	0
shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
Financial Liabilities				
Derivative financial instruments	0	0	0	0

2010 Group

	Total	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
Financial Assets				
Derivative financial instruments	0	0	0	0
shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
Civic Trust - 1st NZ Securities	264	0	0	264
Financial Liabilities				
Derivative financial instruments	0	0	0	0

C. Financial instrument risks

Nelson City council has a series of policies to manage the risks associated with financial instruments. Nelson City Council is risk averse and seeks to minimise exposure from its treasury activities. Nelson City Council has established Council 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. Nelson City 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. Nelson City Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Note 32 - Financial instruments (continued)

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 2011 the Council had entered into interest swap agreements to a value of \$ 61 million at interest rates between 3.45% and 5.365%, (nil in 2009/10).

The interest rates on Nelson City Council investments are disclosed in Note 13 and on Nelson City Council borrowings in note 23

Fair values

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

Credit risk

Credit risk is the risk that a third party will default on its obligation to Nelson City Council, causing the Council to incur a loss. Principally, any risk is in respect of cash and bank, debtors and investments. The details of the \$13.1 million debtors are outlined in Note 11. The largest single debtor is \$542,200 owed by the Tasman District Council (\$645,666 by the Energy & Conservation Agency in 2009/10). Details of the investments are outlined in Notes 10 and 18. There are no investments held with the major banks (\$2.3 million in 2009/10).

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

Community Loans

Nelson City Council has \$5.236 million of community loans and there is a risk that some of these could be defaulted on. Nelson City 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, (\$1.2 million in 2009/10).

Maximum exposure to credit risk

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

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Cash at bank and term deposits	98	2,502	2,111	4,030
Trade and other receivables	12,936	11,849	13,766	11,091
Community and related party loans	7,223	5,900	7,223	5,900
Financial guarantees and possible claims	709	495	709	495
Derivative financial instruments	0	0	0	0
	20,966	20,746	23,809	21,516

Credit quality of financial assets

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

	Council		Group	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Counterparties with Credit Ratings				
Cash and cash equivalents:				
AA	98	2,502	1,692	3,644
Other financial assets held to maturity				
AA	0	0	419	790
Derivative financial assets				
AA	0	0	0	0
Counterparties without credit ratings				
Community Loans:				
Existing counterparty with no defaults in the past	6,102	4,852	6,102	4,852
Loans to related parties:				
Existing counterparty with no defaults in the past	1,121	1,048	1,121	1,048
Unlisted shares:				
Existing counterparty with no defaults in the past	140	140	140	140

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 Nelson City 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. Nelson City 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 Nelson City Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Note 32 - Financial instruments (continued)

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Nelson City 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. Nelson City 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 2011 had security stock issued of \$124m and debenture stock issued of \$10m. These stock amounts provide security for bank facilities, swap facilities and commercial paper.

Nelson City Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy. These policies were reviewed during the 2011/12 Annual Plan as an amendment to the Long Term Council Community Plan and came into effect on 23 June 2011 when the 2011/12 Annual Plan was adopted by Council.

Nelson City Council has an overdraft facility of \$200,000, of which \$172,000 was drawn at balance date (2010: nil).

2011 Council	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Contractual maturity analysis of financial assets					
Cash and cash equivalents	98	98			
Trade and other receivables	12,936	12,936			
Other financial assets					
- term deposits	0	0			
- community loans	6,102	559	609	1,692	3,242
- loans to related parties	1,121	0	1,121		
Derivative financial instruments	0	0			
	<u>20,257</u>	<u>13,593</u>	<u>1,730</u>	<u>1,692</u>	<u>3,242</u>

Contractual maturity analysis of financial liabilities					
Creditors and other payables	14,816	14,816			
- bank overdraft	172	172			
- EECA loan	65	30	35		
- commercial paper	9,923	9,923			
- secured loans	48,610	0	41,610	7,000	
Derivative financial instruments	1,147	0	9	549	589
	<u>74,733</u>	<u>24,941</u>	<u>41,654</u>	<u>7,549</u>	<u>589</u>

2011 Group	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Contractual maturity analysis of financial assets					
Cash and cash equivalents	1,692	1,692			
Trade and other receivables	13,766	13,766			
Other financial assets					
- term deposits	419	419			
- community loans	6,102	559	609	1,692	3,242
- loans to related parties	1,121	0	1,121		
Derivative financial instruments	0	0			
	<u>23,100</u>	<u>16,436</u>	<u>1,730</u>	<u>1,692</u>	<u>3,242</u>

Contractual maturity analysis of financial liabilities

Creditors and other payables	15,139	15,139		
- bank overdraft	172	172		
- EECA loan	65	30	35	
- commercial paper	9,923	9,923		
- secured loans	48,610	0	41,610	7,000
Suter Loans	238	57	181	
Derivative financial instruments	1,147	0	9	549 589
	<u>75,293</u>	<u>25,320</u>	<u>41,835</u>	<u>7,549 589</u>

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 Nelson City Council's financial instrument exposures at the balance date.

	2011 \$000		2010 \$000	
	-100bps	+100bps	-100bps	+100bps
	Other Profit	Other equity	Other Profit	Other equity
Interest Rate Risk				
Financial assets				
Cash and cash equivalents	0	0	(18)	0 18 0
Derivative financial instruments	0	0	0	0 0
Other financial assets:				
- local authority stock	0	0	0	0 0 0 0
Financial liabilities				
Borrowings:				
- bank overdraft	0	0	0	0 0 0 0
Derivative financial instruments	(3,681)	1,228	0	0 0 0 0
Total sensitivity to interest rate risk	<u>(3,681)</u>	<u>0 1,228</u>	<u>0</u>	<u>0 0 18 0</u>

A movement in market interest rate on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Note 33

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from Nelson City Council's estimated 2010/11 figures are as follows:

Statement of comprehensive performance

Other revenue was \$3.7 million favourable to budget mainly due to vested assets being \$2.2 million above budget and financial contributions being \$1.9 million over budget. There were many other unders and overs that tended to net off. The major ones were:

- Water supply down \$340,000 due to the decision not to proceed with the backflow prevention programme in 2010/11. There was a similar reduction in capital expenditure.
- Waste water favourable to budget, where trade waste charges were \$200,000 over budget due to increased volumes, with remaining variance in the Bell Island Regional Scheme.
- Regulatory compliance down \$409,000 where consent numbers were lower than budgeted due to the economic environment, also reflecting non chargeable staff time due to the Christchurch September 2010 and February 2011 earthquakes and preparation for DBH technical review January 2011 and BCA accreditation in June 2011.
- Environmental management down, at \$1.4 million under budget due to a slower than planned uptake on the solar saver scheme and clean heat warm homes scheme. There was a similar decrease in expenditure.
- Community facilities was \$391,000 over, where the Housing NZ loan for Orchard Street Flats refurbishment was treated as a grant.

Depreciation was \$812,000 unfavourable to budget mainly due to 30 June 2010 asset revaluations, the effect of which was underestimated in the budget.

Finance costs were \$386,000 unfavourable to budget mainly due to a derivative revaluation of \$1.058 million, offset by interest savings due to both lower than planned capital expenditure and interest rates.

The other expenses are \$4.5 million favourable to budget due to:

- Water supply being \$314,000 under budget mainly due to reduced maintenance and electricity savings.
- Waste water being \$558,000 under budget mainly due to reduced charges to Council of \$448,000 from the Bell Island Regional Scheme.
- Solid Waste being \$572,000 under budget due to reduced throughput through the transfer station which is offset by lower than expected revenue.
- Environmental management was \$2 million under due to slower than planned uptake on solar save and clean heat warm homes schemes which more than offsets revenue variance, above.
- Regulatory compliance was \$398,000 below budget which offsets revenue variance, above.

The infrastructure assets are re-valued every year to smooth out the large fluctuations. The revaluation as at 30 June 2011 resulted in an increase in asset value of \$27.3 million.

Balance Sheet

The most significant variation was in property, plant and equipment, which was \$28 million below budget mainly due to the capital expenditure being significantly less than budget.

Borrowings, net of cash and cash equivalents, were \$44 million below budget, mainly due to many of the capital expenditure projects not proceeding as quickly as planned.

ACTIVITY SUMMARIES

Water supply

Water other revenue was \$388,000 unfavourable to budget mainly due to the decision not to proceed with the \$340,000 backflow prevention programme in 2010/11. There was a similar reduction in capital expenditure. Financial contributions were \$76,000 over budget.

The operating costs were \$314,000 favourable to budget, mainly in maintenance but also due to a \$75,000 saving in electricity at the water treatment plant.

Capital expenditure was \$928,000 below budget due the delay in backflow prevention as noted above, and due to the Stoke Trunk Main not proceeding and delays in commercial meter replacement project.

The loans repaid were \$1.1 million above budget reflecting lower capital expenditure.

Wastewater

This account is a consolidation of the Nelson City's sewerage operation plus the city's share of the Nelson Regional Sewerage Scheme.

Financial contributions were \$419,000 favourable to budget.

Other revenue was \$730,000 above budget including trade waste revenue \$200,000 due to increased volumes, with remaining variance in the Bell Island Regional Scheme.

Operating expenses were \$558,000 under budget mainly in the Regional Scheme charge to Council.

Interest costs were \$535,000 under budget due to both savings and delays in capital expenditure in the Bell Island Regional Scheme.

Capital expenditure was well below budget. This was mainly due to the Bell Island Regional Scheme being \$7.9 million below budget as a result of delays in the pipeline upgrade but also savings, and the City's capital expenditure was \$2.6 million below budget mainly due to cut backs on renewals and delays in projects.

The reduction in loans raised and increased loan repayments reflects the reduced capital expenditure and increased financial contributions.

Stormwater and flood protection

Financial contributions were \$130,000 favourable to budget.

Capital expenditure was \$1.5 million below budget due to the Council's decision to postpone capital expenditure taking account of the economic climate. As a result of this new loans raised were \$1.2 million below budget.

Transport

Interest costs were \$356,000 favourable to budget as reduced funding was required due to both the timing of capital expenditure and financial contributions being \$215,000 greater than budgeted.

Capital expenditure was \$2.9 million below budget, of which \$749,000 was due to Waimea/Motueka Street intersection being delayed awaiting Arterial Traffic Study release, the renewals program was below budget by \$522,000, and Brougham Street \$397,000 project being cut.

Managing solid waste

The amount of waste going to the landfill and transfer station was well down on previous years with revenue down by \$360,000, but expenditure was down by even more at \$572,000. The combined quantity of waste going to Nelson City Council and Tasman District Council facilities was well down on previous years indicating that this trend was not a result of waste flight between the two Councils, but can be attributed to the downturn in the economy. The Ministry for the Environment reports a similar trend across New Zealand.

Heart of Nelson

Capital expenditure was \$1.2 million below budget due to delays with many of the projects.

Environmental management

Other revenue was \$1.4 million unfavourable to budget, but operating expenditure was favourable by \$2 million due to a slower than planned uptake on the solar saver scheme and clean heat warm homes schemes.

Regulatory compliance

Other revenue was \$409,000 unfavourable to budget due to the impact of economic environment on consent numbers. Operating expenses were favourable to budget by \$398,000.

Parks and open spaces

Other revenue was \$251,000 favourable to budget mainly due to the \$182,000 contribution from the National Cycleway Fund not being included in the budget.

Operating expenses were \$258,000 favourable to budget due to maintenance cuts.

Capital expenditure was \$4.9 million below budget, mainly in neighbourhood parks due to delays in land purchases and reserve development. As a result of this as well as higher financial contributions and higher depreciation, the loans raised were \$5.6 million below budget.

Recreation and leisure

No significant variations.

Community facilities

Other revenue was \$846,000 favourable to budget which includes the \$391,000 Housing NZ grant for Orchard Street flats refurbishment and \$100,000 marina berth fees. Capital expenditure was \$1.7 million below budget, due to some delays in the Orchard Flats refurbishment and the Performing Arts and Conference Centre not proceeding, leading to lower level of loans raised.

Economics and tourism support

No significant variations.

Managing emergencies and natural hazards

No significant variations.

Social development

No significant variations.

Culture, heritage and arts

Operating expenses were \$248,000 favourable to budget due to the Museum archive feasibility study (\$87,000), and Founders Railway water pipe (\$45,000) in the Founders sub-activity.

Democracy and central administration:

Other revenue was unfavourable to budget by \$1.4 million mainly due to internal interest at \$1.2 million and the Airport dividend of \$200,000 not being declared before balance date.

Operating expenses were \$513,000 favourable to budget mainly in contingency (\$166,000), discounts (\$115,000), Civic House expenses (\$278,000), forestry (\$208,000) and forward planning (\$148,000). However these are offset to some extent by additional costs of \$327,000 in administration.

Interest was \$259,000 favourable to budget due to delays in capital projects and lower interest rates, offset by the derivative revaluation of \$1.058m.

Capital expenditure was \$1.5 million above budget mainly due to the Clifford property purchase (\$3.1 million) offset by \$1.3 million saving due to delays in the Civic House upgrade.

Financial reserves and trusts

The vested assets were \$2.2 million over budget at \$7.4 million, and contributions to the reserve fund were \$0.8 million over budget.



STATEMENT OF FINANCIAL INVOLVEMENT IN CCOS AND OTHER COMPANIES OR ORGANISATIONS

This section covers Council's involvement in Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs).

Some CCOs are owned fully by the Nelson City Council, while others are in shared ownership with Tasman District Council (TDC). Full details are available for each organisation in their respective Annual Reports.

The organisations whose performance is summarised in this section are:

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

Unless stated otherwise, the results reported here are from each organisation's draft (unaudited) 2011 Annual Report and are measured against targets set in their applicable Statement of Intent.

PORT NELSON LTD

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

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

Financial results

Port Nelson Limited is 50% owned by the Nelson City Council and is self administered.

	2011	2010
	\$000	\$000
Revenue	38,326	37,949
Expenses	28,346	28,243
Net Surplus Before Taxation	9,980	9,706
Provision for Taxation	(3,396)	(6,282)
Net Surplus for Year after Taxation	6,584	3,424
Other comprehensive income	426	801
Total comprehensive Income	7,010	4,225
Retained Earnings Brought Forward	133,935	133,810
Dividend	(4,200)	(4,100)
Deferred tax adjustment	6	
Retained earnings carried forward	136,751	133,935

Performance

Port Nelson Ltd's objectives are:

1. To operate as a successful business
2. To be a good employer
3. The debt equity ratio not to exceed 66.67% (40/60)
4. To aim to grow the business through stimulation of throughput, added value services and related business activities, so leading to increased revenue
5. To achieve a commercially acceptable rate of return on shareholders' funds in accordance with meeting the objectives herein.
6. To ensure that Port development takes place which meets the needs of the region
7. To ensure that high environmental standards are maintained
8. To strive for continuous improvement in everything that we do.

Measures	Target	2011	2010	2009	Target met?
Lost Time Injury Frequency Rate *	<1.5	3.9	2.8	3.9	No
Net Debt / Equity Ratio	<66.67%	28.4%	27.1%	31.1%	Yes
Dividends Declared	\$4.2m	\$4.2m	\$4.1m	\$4.0m	Yes
Cargo Throughput (Cargo Tonnes)	2.67m	2.71m	2.75m	2.78m	Yes
Shipping Tonnes (Gross Registered Tonnes)	7.9m	7.8m	8.2m	8.3m	No
Number of Ship Visits	808	849	841	922	Yes
Revenue	\$36.0m	\$38.3m	\$38.0m	\$38.0m	Yes
Return on Average Shareholders' Funds**	6.0%	2.6%	2.6%	3.7%	No
Return on Funds Employed	9.0%	7.2%	7.2%	6.1%	No
Capital Expenditure	<\$3.7m	\$9.0m	\$3.2m	\$8.5m	No
Incidents Leading to Pollution of Harbour	Nil	Nil	Nil	1***	Yes
Compliance with all Resource Consent Conditions	Full	Full	Full	Full	Yes
Compliance with NZ Maritime Safety Standards	Full	Full	Full	Full	Yes

* Lost Time Injury Frequency Rate = Lost Time Injuries / Hours Worked in Period x 100,000

** The Return on Average Shareholders' Funds is based on the Net Surplus earnings figure prior to Other Comprehensive Income

*** Refer to the Environmental section of the Port Nelson Ltd Annual Report 2011

NELMAC LTD

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

Financial results

Nelson Maintenance & Construction Limited (NeIMAC) commenced operations on 1 July 1995 following the corporatisation of the Operations Business Unit. The company is fully owned by the Nelson City Council.

	2011	2010
	\$000	\$000
Revenue	15,044	14,429
Expenses	14,071	13,460
Net Surplus Before Taxation	973	969
Provision for Taxation	(293)	(382)
Net Surplus for Year after Taxation	680	587
Retained Earnings Brought Forward	2,105	2,057
Dividend	(294)	(539)
Retained earnings carried forward	2,491	2,105

Performance – Nelmac Ltd

Measures/targets	Result 2010/11	Target met?
Non-share holder business. Maintain the current ratio of non-Nelson City Council work (target 32.3%) Ensure that all non-Nelson City Council work contributed to the profitability of the company	29.3% from other work	Not achieved
Equity ratio – financial risk will be limited by maintaining a ratio of shareholders funds to total assets of not less than 65%	The actual rate was 65.1%	Achieved
Staff morale/turnover. Staff turnover (excluding retirement, redundancy and internal transfers) to be between 5% and 15%	Actual turnover was 8.4%.	Achieved
Quality of service The company will maintain its ISO 9001:2000 accreditation Achieve compliance with the Nelson City Council contract key performance measures for the year ending 30 June 2011, reported on monthly In accordance with its Statement of Intent NELMAC Ltd kept a register of congratulations and complaints Target 2 congratulations/month, 2 complaints/month	Maintained Complied Congratulations averaged 3 per month, complaints registered were 1 per month	Achieved
Staff health and safety The company has continued to actively promote health and safety within the workplace with the aim of achieving less than 1% workday losses to accidents	In the year to 30 June 2011 time lost to work related accidents was 0.28% Tertiary level ACC workplace safety management compliance was also maintained	Achieved
Environmental An environmentally responsible business fully compliant with all relevant statutory and contractual obligations	In addition, NELMAC has adopted a sustainability policy as a compass for guiding company decisions	Achieved

NELSON AIRPORT LTD

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

Financial results

On 31 March 1999 Nelson Airport Limited purchased the airport assets and commenced operating the airport. The company is 50% owned by the Nelson City Council, and is currently administered by the Council.

	2011	2010
	\$000	\$000
Revenue	4,558	4,412
Expenses	2,729	2,447
Net Surplus Before Taxation	1,829	1,965
Provision for Taxation	(568)	(1,822)
Net Income for Year after Taxation	1,261	143
Retained Earnings Brought Forward	3,844	4,022
Dividend	0	(321)
Retained earnings carried forward	5,105	3,844

Performance – Nelson Airport Ltd

- 1. Pass all Civil Aviation certification audits at a satisfactory standard**
All Audits were passed with no findings. The continuous improvement model was achieved.
- 2. Achieve Financial Performance Targets as represented in Annual Plan**
Income and Expenditure targets were met, however the change in depreciation on buildings will result in a small increase in tax payable for the financial year ending 30 June 2012 due to changes already made under IFRS.
- 3. Hold regular meetings of the Nelson Airport Noise Environment Advisory Committee and provide this Committee with the appropriate monitoring information**
Regular meetings of the Nelson Airport Noise Environment Advisory Committee have been held and appropriate monitoring information has been recorded and provided.
- 4. Ensure the Company complies with all Employment related legislation**
The company continues to monitor employment legislation and reviews its contracts accordingly. No breaches have been identified.
- 5. Ensure long term airport development requirements are identified as much as possible and advise shareholders of such plans and that an implementation timetable is developed**
A five year projection of major development and maintenance expectations has been provided to shareholders.
- 6. Continue to support the expansion of the aviation service industry in Nelson through the Nelson Aviation Cluster and the Top of the South Aviation Strategy (TOTS)**
Full participation in TOTS opportunity identification and strategic planning is continuing.
- 7. Complete a long term development plan for the airport by April 2011**
Draft Plan released May 2011 for consultation.
- 8. Take positive steps to record and reduce our carbon footprint**
Nelson Airport Ltd measures and records carbon emissions utilising Carbon Conscious structure and has made positive steps in a number of areas towards reducing carbon emissions.
- 9. Redesign terminal traffic access in a manner that takes account of and reduces both security and safety issues by October 2010**
A long term strategy and plan for terminal access has been developed and stages towards implementation have been identified.
- 10. Complete the company's Strategic Plan by September 2010**
The development of the company's Strategic Plan has been delayed to allow recognition of and integration with the Long Term Development Plan to be taken into consideration.

NELSON TASMAN TOURISM (TOURISM NELSON TASMAN LTD)

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

Financial results

	<u>2011</u>	<u>2010</u>
	<u>\$000</u>	<u>\$000</u>
Revenue	1,885	1,802
Expenses	<u>1,858</u>	<u>1,778</u>
Net Surplus Before Taxation	27	24
Retained Earnings Brought Forward	<u>13</u>	<u>(11)</u>
Retained earnings carried forward	<u><u>40</u></u>	<u><u>13</u></u>

Performance – Nelson Tasman Tourism

DESTINATION MARKETING

1. Increase the total economic value and total spend the region derives from tourism at a rate that at least matches the region's other economic driver industries

The New Zealand tourism industry has faced a challenging and difficult period in 2010/2011 due to unprecedented global and national natural disasters and the ongoing global economic crisis. The Nelson Tasman region has held up remarkably well during this period and has produced a marginal -1.3% decline in total guest nights over the past twelve months compared to the national average of -1.6%. On a per market basis, international guest nights produced a small -0.9% result compared to a national decline of -5.0%, and domestic guest nights produced a -1.5% result against a national growth rate of 0.9%. This decline in domestic guest nights is attributed to the Canterbury earthquakes and visitation during the summer season. (Source: Statistics NZ, June 2011)

Total economic value of tourism to region therefore shows zero growth. The latest Regional Economic Development Report (2010) report suggests a net GDP of \$128 million and tourism expenditure of \$349.5 million. The four other driver industries all measured a decline in GDP over the period. However, anecdotal feedback from the Economic Development Agency suggests the forestry and horticulture industries may have experienced some growth over the 2010 period.

2. Increase the tourism sector investment in destination marketing

Total tourism sector direct investment in Nelson Tasman Tourism programmes for 2010 increased by 2.5%, which was a good result in a challenging environment. The increase is mainly due to the improved communication and profile the organisation has gained with industry, in-house production of the 2011-2012 Nelson Tasman Trade & Convention Planner, in-house production of the Official Visitor Guide 2012, and increased membership of the Convention and International marketing groups.

DESTINATION STRATEGIC MANAGEMENT AND TOURISM DEVELOPMENT

1. Provide strategic direction to the region's tourism sector, working towards an agreed vision and goals

A revision of Nelson Tasman Tourism Strategy was deferred until 2011/2012. The process to update and rewrite the regional tourism strategy will commence in October 2011. All key stakeholders will be asked for input to ensure the Plan is aligned with Council's plans, new infrastructure development and market trends.

Progress has been made in other strategic areas of tourism development and marketing:

- Preparation and marketing of the RWC2011 to international and domestic markets
- New website launched www.nelsonnz.com
- New high definition film library on website
- Marketing of the cycle ways project has commenced internationally and domestically.
- Marketing Nelson City as a cruise and super-yacht destination has commenced
- Range of new marketing collateral developed – official visitor guide, trade & convention planner, presentation folders, editorial, pen-stiks, double A4 brochure, posters, conference delegate packs, map pad and media profiles.

2. Improve the region's extreme tourism seasonality

In February 2011 NTT launched a new tourism positioning: "...where it's all here, all year". The purpose is to highlight we are a twelve month destination. Nelson Tasman Tourism made a submission to Nelson City Council in support of public investment in the development of a convention centre. NTT has actively been promoting the city as an incentive and convention destination. Latest commercial accommodation monitor results from Statistics NZ show we have seen good growth during April, May and June 2011.

Indicator	April 11	May 11	June 11
Total Guest Nights	0.5%	4.9%	18.2%
International	1.1%	9.4%	14.7%
Domestic	0.1%	2.2%	20.0%

Source: Statistics NZ June 2011

3. Ensure that Nelson Tasman region is a leader in adopting environmentally sustainable tourism practices

Nelson Tasman Tourism is a member of the sustainability forum, which brings together diverse stakeholders to discuss sustainability issues. We also encourage tourism businesses to adopt sustainable, environmentally friendly best practice in daily operations, and support the nationally recognisable Qualmark Enviro Award accreditation process. Nelson Tasman Tourism acknowledges through their newsletters sustainable awards received by tourism businesses in the Nelson Tasman region.

4. Improve the reputation of Nelson Tasman as a visitor friendly destination – visitor and/or ratepayer visitor opinion via annual surveys

No tourism questions were included in the 2010 or 2011 residents surveys carried out by Nelson City Council and Tasman District Council.

NTT has worked hard over the past year to improve and strengthen relationships with key stakeholders and the community. Regional industry update workshops were held in Motueka, Murchison and Golden Bay in October 2010. Since December 2010, five additional industry and community group updates have been delivered and visits to over 113 operators conducted between December 2010 and June 2011. Meetings were also held with the Joint Shareholders Committee on 23 March 2011 and with Tasman District Council in December 2010 and on 19 May 2011. Three presentations were made to the Economic Development Committee from Nelson City Council during Feb-June 2011. In addition, NTT has also made presentations to HANZ, MANZ, B & B Association, Rotary Clubs, Chamber groups, business associations and district community councils/boards and industry tourism groups across the region. These meetings exclude the annual process of submissions during the Councils' annual planning process.

STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

The Council owns and controls 50% of the Ridgeways joint venture, with Homedale Holdings Ltd (previously Residential Land Nelson Ltd) owning the other half. The joint venture is responsible for developing, subdividing and marketing sections on Council-owned land in Stoke. The joint venture is a Council-controlled Trading Organisation (CCTO) set up for the purpose of making a profit.

The balance date for this joint venture is 31 March each financial year. In the past financial year it breached reporting dates for a six monthly report, the preparation of its financial statements within three months of its balance date, which would have been by 30 June 2011, and for the delivery of a draft statement of intent (SOI) on or before 1 March each year. However, its financial statements have now been prepared and presented to Council and are the basis for this summary.

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 approximately March 2013, given the current economic climate. In 2010 there were 21 sections available for sale and four sold. In 2011, 19 were available and two sold. It is forecast that five of the remaining sections would be sold in the next reporting period.

Financial results

The Ridgeways Joint Venture is 50% owned by the Nelson City Council and is self administered.

	2011	2010
	\$000	\$000
Revenue	342	1,107
Expenses	145	581
Net Surplus Before Taxation	197	526
Retained Earnings Brought Forward	662	1,136
Distribution	(300)	(1,000)
Retained earnings carried forward	559	662

Performance – Ridgeways Joint Venture

	2009/10	Forecast 2010/11	Actual 2010/11
Number sections sold	4	2	2
Number available	21	17	19
Partners funds:total assets	98%		94.6%

The ratio of total section sales value to total listed selling price for the year ending 31 March 2011 was 94.6%.

The joint venture had a target that it would document any issues or complaints received by the joint venture or the Nelson City Council, relating to activities covered by the joint venture agreement. No complaints relating to the joint venture were received through the Council. The Financial Statements record that all complaints and issues received were documented and addressed by the joint venture. The Ridgeways Joint Venture received an insurance claim for damage to an adjacent property, which it claimed was caused as a result of earthworks undertaken by the joint venture. The joint venture will defend the claim. This was the only liability at the balance date.

NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY (EDA)

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

Financial results

	<u>2011</u>	<u>2010</u>
	\$000	\$000
Revenue	1,224	1,242
Expenses	<u>1,157</u>	<u>1,235</u>
Net Surplus Before Taxation	67	7
Retained Earnings Brought Forward	<u>255</u>	<u>248</u>
Retained earnings carried forward	<u><u>322</u></u>	<u><u>255</u></u>

Performance – Nelson Regional Economic Development Agency (EDA)

Intended Achievement	Measurement	Date	Progress
EDA Strategic Objective: Facilitate economic development projects that build national and international competitiveness			
Facilitate the development of the Horoirangi Aquaculture project	A successful application for Enterprise Partnership Funding to MED	November 2010	Government funding of \$1.69 million has been confirmed for Cawthron's project portion. Discussions in progress for balance of the project
Assist with the Lee Valley Water Augmentation project	Successful funding application	March 2011	The EDA has completed a cost benefit analysis of the project
Facilitate feasibility study to investigate the opportunity to develop an industrial park / incubator for the Natural Products Sector	Feasibility study completed	August 2009	This project has been successfully completed
Facilitate projects that inform potential new businesses of the advantages Nelson-Tasman offers	Reported new jobs and businesses that are sustainable and suitable for the region	Ongoing	The EDA continues to identify opportunities on a regular basis and works with both NCC and TDC informing potential businesses
Review regional economic development strategy (REDS) recommendations identified for action by EDA	Recommendations implemented	Ongoing	All recommendations were reviewed and implemented where appropriate. The EDA continues to advise both NCC and TDC of recommendations that could have further input
Investigate and manage development of a Top of the South Aquaculture strategy	Funding application approved and project completed	June 2011	Project turned down for funding
Facilitate Stage 2 of the Green Port Black Boats project	Funding application approved and project completed	June 2011	Project turned down for funding
Broaden the scope of the Work Force Development Strategy to be more inclusive of industry sectors	Workforce strategy plans aligned with key government agencies and industry	Ongoing	Focus Forum has held with six key work streams identified
Facilitate a food & beverage (primarily wine) marketing and distribution project for the Top of the South region	Funding application approved and project completed	October 2011	Funding approved with project tracking well
Facilitate further development and identify opportunities for NMI (ICT)	NMI has appropriate structure and direction confirmed. Update Broadband Atlas	March 2011	The Broadband Atlas has been completed
Facilitate the Events Strategy in conjunction with Nelson City Council and Nelson Tasman Tourism	Identify and assist with development of suitable events	June 2011	Several events have been approved including SI Masters games and Oi You urban art show
Continue involvement in the Apples Future Initiative in conjunction with the Otago and Hawkes Bay regions	Raise the profile of the quality of NZ apples with low/no residue in international markets	July 2010	Project successfully completed and now part of Pipfruit New Zealand's normal function

Intended Achievement	Measurement	Date	Progress
Establish potential opportunities under the Immigration Investment Policy for Nelson	Nelson businesses identified to receive potential investment	March 2011	No further activity to date
Manage the Education for Enterprise (E4E) project subject to gaining further funding	Implementation by the region's secondary schools of the enterprising curriculum practices reflecting the region's key industries	June 2011	Funding for E4E is finished and the programme is now part of the curricula for the region's high schools
Facilitate the Venture Accelerator Network	High potential business ventures provided with appropriate assistance to facilitate development	Ongoing	Networking events are held regularly with high profile guest speakers to inform and motivate
Actively contribute to the development of economic legacies that maximize the benefits of the region's involvement in Rugby World Cup 2011	Opportunities identified for the region's business sector to benefit from RWC 2011	November 2011	The EDA is involved in significant activity associated with Rugby World Cup
EDA Strategic Objective: Provide economic advice to the Region			
Ensure the region's Councils are given the most appropriate information to enable them to make informed decisions on issues that affect the retention of existing business and the capacity for business growth	Where Council decisions are made that affect regional business retention or growth, the EDA has informed decision makers of any relevant information and/or the consequences of their decisions	Ongoing	Council Liaison Group made up of councillors from both councils acted as an information group and the EDA continues to work with all Councillors to provide information as required
Encourage the region's councils to provide or advocate to central government for key infrastructure that can deliver future economic benefit to the region	Upgrade of Transit roads, developing sustainable energy infrastructure, construction of a convention centre, increased telecommunication capacity, developing water storage projects	June 2010	EDA is a member of both Nelson and Tasman regional transport committees
Arrange economic Hui for Nelson Iwi	Successful well attended Hui	December 2010	EDA has been working with Iwi and it is planned for a Hui to take place in October/November 2011
Investigate the opportunity to establish NREDA as the regional provider to Kiwi Expat Association (KEA)	NREDA accepted as KEA's local provider	June 2011	Discussions held with KEA
EDA Strategic Objective: Provide ongoing assessment of the Region's performance			
Provide six monthly key statistical information to Councils and the community on relevant performance measures	Information is received to key personnel that is relevant and timely, and is in a form that allows for informed decision making	Ongoing	Tracking the Nelson Regional Economy is released every six months
EDA Strategic Objective: Business Strategic Goals			
Research economic development institutions in comparable regions both in New Zealand and overseas.	Report outlining how the Nelson Regional EDA compares to economic development institutions in similar regions and recommendations for improvement	June 2011	Research has been undertaken and a report is under way

TASMAN BAYS HERITAGE TRUST (PROVINCIAL MUSEUM)

The Tasman Bays Heritage Trust was established in 2000 as a Council-Controlled Organisation owned 50% by the Nelson City Council and 50% by the Tasman District Council. The Trust took over the operation of the Nelson Provincial Museum, which was initially based in Stoke. 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. It provides a combination of permanent displays and changing exhibitions. It is well used by schools for part of their learning experiences outside the classroom (LEOTC) programmes.

Financial results

	Note	<u>2011</u>	<u>2010</u>
		\$000	\$000
Revenue		1,887	2,270
Expenses		<u>1,915</u>	<u>2,063</u>
Net Surplus Before Taxation		(28)	207
Other comprehensive income		<u>0</u>	<u>1,776</u>
		(28)	1,983
Retained Earnings Brought Forward		<u>16,602</u>	<u>14,619</u>
Retained earnings carried forward		<u><u>16,574</u></u>	<u><u>16,602</u></u>

Performance – Tasman Bays Heritage Trust / Museum

MUSEUM COLLECTIONS – CARE AND PUBLIC ACCESS

1. Increase public awareness of the care, display and management of Museum collections

Each month we [i.e. the Museum] highlight a specific image from our Photographic Collection in the e-news. In the foyer of the Research Facility we have a slide show which covers the range of work undertaken by our Collections staff. Public kiosks are planned for both Museum venues which will greatly increase public access and visibility of the Collections and the Research Facility.

2. Based on the review and within existing resources assess the public access to the Isel Park Research Facility

A major research study was undertaken and a full written report was presented to the TBHT Board. On the basis of that research changes were made to the opening hours at Isel Park research facility to give a greater certainty to prospective users and longer blocks of available research time. A number of changes have been implemented which have improved conditions for the Collection, for visitors and for staff.

3. Continue the relocation of the Photographic Collection

Work has continued on stabilising the environmental conditions in the photographic cool store. Once this is achieved then the temperature sensitive negatives can be re-housed. The Glass Plate Negative Collection is the focus of a major project which was initiated in November 2010. In the first six months approximately 25,000 plates have been digitised and re-housed and over 3000 images from those plates are now part of the on-line Collection resources. Ongoing funding of this nationally significant project has been achieved through the NZ Lottery Grants Board and a generous local donor.

4. Continue with the identification and reduction of risk factors associated with the collections

Based on reports from OPUS and the Fire Safety Board a number of improvements were recommended related to the security of the building and the safety of staff and the collections. A significant number of these have been achieved in the past year with financial assistance from organisations such as Network Tasman. Some other changes have more significant financial implications. Any major changes will be determined as part of planning associated with the next phase of the Feasibility Study commissioned from OCTA [project management consultants] and financed by Nelson City Council. This report has been completed and tabled at Board and Council level. The next step involves submissions related to the Long Term Plan of 2012.

5. Develop procedures related to collection, storage and preservation of digital heritage items such as images, video and audio files using examples such as the Crete oral histories and Nunn's musical instruments as case studies

This is work in progress. A number of digitally-born items have been added to the collection and the policies that support such items have been the subject of staff review and discussion. Guidance is being sought from national organisations involved in the same processes.

MUSEUM EXHIBITIONS AND THE VISITOR EXPERIENCE

6. Based on visitor research seek to add or modify elements of the permanent exhibition in order to maintain a strong interest amongst local visitors

In the past year the changeover of light sensitive paper and fabric objects has continued. Improvements have been made to the lighting in the Cave, new projectors have greatly enhanced the slide show displays of early residents and iwi Māori, and significant improvements have been made to the godwit migration story module. Visitor surveys continue to show strong support for the quality of the exhibition. A new case has been installed in which some very significant new acquisitions have been displayed; notably, a small CF Goldie painting, superb portraits of an early Riwaka family and an original diary written by Dr Lidbetter who travelled to New Zealand on the Lord Auckland in 1841-42. Each of these has gained significant local media interest.

7. **Deliver a forward programme including both internally produced and externally sourced exhibitions that seeks to meet the needs and interests of a broad audience**

The exhibition schedule has included a good mix of themes and exhibition styles. These range from small loan exhibitions such as the multimedia rich Future Foods display, small in-house displays such as the HATS exhibition created by Education staff, to major internally curated exhibitions such as Port Nelson Haven Ahoy! which was built and installed by our own staff with significant local sponsorship support. In addition we staged Treaty2U from Te Papa, a locally produced YMCA exhibition and an exhibition based on the research of a local teacher about NZ soldiers in Crete during WWII.

8. **Prepare a report on the logistics and finances for touring exhibitions, eg. Butterflies and Appo Hocton**

This report has been completed. Essentially the small exhibitions that we create in-house can be toured successfully but if we want to continue with this we will need to invest in a more substantial substrate for text panels. It is clear that decisions about making exhibitions available to other venues needs to be made early in the planning process. If this were ever intended to become a major revenue source, significant additional staff resources would need to be available. There are only a very small number of museums creating exhibitions for touring to other venues.

MUSEUM SCHOOLS EDUCATION PROGRAMME

9. **Provide education opportunities to regional school students to support their NZ Curriculum studies based on our exhibitions and resources. A target of at least 5,000 students**

A total of 7,544 students attended booked education programmes in the past year and brought with them an additional 1,639 accompanying adults. In all, this represents 21% of our total visitor numbers. By far the bulk of the students are from regional schools. For the Port Nelson Haven Ahoy! exhibition it is estimated that an astonishing one in three primary aged children attended the programmes run by education staff which included an innovative and highly successful drama programme. This year 25 different programmes were available for schools including a number delivered bilingually and biculturally which has been greatly appreciated by schools.

10. **Seek financial support to continue the development of education resources that enhance the exhibition programme and meet National curriculum needs**

We were fortunate to secure a major grant from the Community Organisation Grants scheme of the Lottery Board which effectively paid the majority of education costs associated with the highly successful Port Nelson Haven Ahoy! exhibition. In essence this has made up for the lower grant received from the Ministry of Education for our learning experiences outside the classroom (LEOTC) Contract.

MUSEUM PUBLIC INFORMATION

- 11. Continue to strategically digitize the collection by digitizing objects used in exhibitions, publications and reproductions as well as participation in collaborative projects such as The Prow**

The Glass Plate Negative Project has been reported elsewhere. Not only does it improve the quality of care we are able to give this nationally significant collection it has also meant that an increasing number of images are available for on-line research. The Port Nelson Haven Ahoy! exhibition saw 200 Collection objects on display all of which were researched and digitised so that they could become part of the on-line resource available through the Vernon Collection Management System that the Board invested in several years ago. Our Museum was a partner in the Nelson PhotoNews digitisation project which was successfully completed this year and is now available to be researched on-line.

- 12. Continue the development of a monthly email newsletter and measure its effect on driving visitation by regional visitors**

The monthly email newsletter is now sent to over 2000 addresses each month. The number of people withdrawing from the subscription is very low and the feedback is very positive. Evidence of the success of the newsletter may be judged by the fact that lectures and events can be fully subscribed by promotion through this means alone.

- 13. Continue to expand the digital content on the museum website, enhance information on visitor programmes and create links to regional institutions where our Museum has a specific collection presence**

As reported above the digital content is expanding at a significant rate. The storage of the data is something that creates its own challenges. Even a few years ago the prospect of storing 15 terabytes of data would have been almost inconceivable outside of a major commercial business or research organisation. It is now common for up to a thousand individuals a month to access our Nelson Provincial Museum website and this can be expected to grow significantly in the next few years as our material becomes recognised for its intrinsic value.

THE BISHOP SUTER TRUST (SUTER GALLERY)

Council established the Bishop Suter Trust in 2008 as a Council Controlled Organisation to run the Suter Art Gallery. Its first Statement of Intent was adopted in June 2009. The art gallery is also part of the learning experiences outside the classroom (LEOTC) programme for schools.

Financial performance

	2011	2010
	\$000	\$000
Revenue	1,051	1,080
Expenses	895	834
Net Surplus Before Taxation	156	246
Retained Earnings Brought Forward	9,924	9,678
Retained earnings carried forward	10,080	9,924

Performance – The Bishop Suter Trust

1. Manage and Operate The Suter Art Gallery			
Objective & Goal	Target	Achievement	Compared 2009/10
1.1 Operate The Suter as an Arts Centre			
1.1.1 Total number of visits to all parts of The Suter	80,000 p.a.	75,014 – *As recorded at reception, and does not include all after-hours activity, Nelson Suter Art Society (NSAS) activities or entry via the Cafe	79,502*
1.2 Ensure sufficient resources			
1.2.1 The Suter operates within its Annual Plans	Meets/exceeds income target:	\$929,636	\$905,582
1.2.2	Generates 20% revenue	Achieved: 34% revenue generated, \$323,574	36%
1.2.3 The Suter operates sustainably	Sustainability plan by 2010	Drafted, but yet to be approved by Trust Board	n/a
1.3 Residents and visitors are satisfied			
1.3.1	80% good/very good in NCC Survey	Not met as The Suter has not been included in NCC Residents' Survey to date	n/a
1.4 Maintain and develop The Suter			
1.4.1 Prioritise and undertake deferred maintenance	Plan by 30 Dec 2010	Plan developed and approved by Trust Board. Cafe roof and flooring repairs achieved Original Gallery restoration project began	n/a
1.4.2 Establish a Gallery redevelopment plan	Plan by 30 Dec 2010	Brief prepared, to enable Council to manage process of commissioning an architectural plan during 2011/12 financial year	n/a

2. Inform and Engage				
Objective & Goal	Target	Achievement		Compared 2009/10
2.1 Present a diverse programme				
2.1.1	15 exhibitions p.a.	18		20
2.1.2	30,000 visits to exhibition galleries	30,712		32,719
2.2 Provide public programmes				
2.2.1	20 events offered	38 Suter initiated/hosted talks/activities(not including 14 magic shows or NSAS openings)		47
2.3 Provide learning experiences				
2.3.1 Deliver LEOTC	3,000 students from 25 schools	4,203 students in LEOTC Educator led classes;4,854 school students in classes accompanied by 1,032 teachers and helpers, from 32 schools		2,187
	Satisfaction 90% + fine to great	Achieved: 100% satisfaction		Achieved
2.3.2 Provide out of school activities	55 sessions p.a.	103 sessions with 951 attendees		61
3. Collect and Preserve			*YTD = year to date	
Objective & Goal	Target	Target YTD*	Achievement YTD	Compared YTD 2009/10
3.1 The Collection is developed and managed				
3.1.1 Collection developed in line with policy	Acquisitions comply with policy	Achieved		Achieved
3.1.2 Acquisitions fund maintained and developed	Acquisitions Fund meets/exceeds budget	Achieved: Fund met budget(including G Appleby bequest)		Fund initiated
3.1.3 Collection maintained for long term preservation	Conditions meet standards	Achieved in collection store room, but not in galleries		Same as 2010/11
3.1.4 Information is available	100% of Collection imaged by 2012	Imaging >95% completed		>80%

4. Partnerships				
Objective & Goal	Target	Target YTD	Achievement YTD	Compared YTD 2009/10
4.1 Engage in partnerships to support programmes and develop projects				
4.1.1 Suter's relationship with Iwi is strengthened	MoU with KTP is honoured	Memorandum of Understanding (MoU) signed with Ko Te Pouaranga. Openings supported.		Draft MoU prepared
4.1.2 Suter engages in partnerships	Minimum of two projects initiated	3 50/50 in conjunction with NSAS; NMIT 2010 graduate exhibition; Tohora Whales, floortalk		3
4.2 Suter staff contribute to other arts initiatives				
4.2.1	Contribute to local/regional initiatives	Contributed expertise to City Gateways Sculpture Project; Judge Nelson Community Arts Fibre Art Awards; Judge Peters Doig Marlborough Art Awards		Contribution to development of Regional Arts Strategy

EQUAL EMPLOYMENT OPPORTUNITIES

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

- The elimination of any discrimination
- The provision of equal opportunities
- Selection based on merit

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

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

- Recruitment
- Selection and appointment
- Education
- Training and development
- Career path planning
- Promotion
- Employment conditions
- Disciplinary action

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

LIABILITY MANAGEMENT POLICY, INCLUDING BORROWING POLICIES

New Borrowing Policies

The following section was updated as part of the draft Annual Plan process in early 2011. It includes the borrowing policies and updates the Nelson Community Plan 2009, which otherwise still applies to the 2010/11 financial year. Because the Annual Plan was adopted 23 June 2011, these new limits apply as at 30 June 2011. The full, updated Liability Management Policy follows.

Interest rate exposure

Interest rate exposure refers to the impact that changes in interest rates can have on the Council's cash flow. The Council's policy for interest rate risk management is to take a conservative, risk-averse approach by requiring a certain percentage of the Council's borrowing to be fixed rate or hedged borrowing. Both the long-term nature of the Council's assets and the need for intergenerational equity mean it is important that the Council should:

- Have predictable interest costs and
- Avoid increases in annual rates caused by interest rate rises

How interest rate risk is managed: the rules

The Council's core net debt should be within the following fixed/floating interest rate risk control limits:

Master Fixed / Floating Risk Control Limits	
Minimum Fixed Rate	Maximum Fixed Rate
55%	95%

"Fixed Rate" is defined as an interest rate re-pricing date beyond 12 months forward on a continuous rolling basis.

"Floating Rate" is defined as an interest rate re-pricing within 12 months.

The percentages are calculated on the rolling 12 month projected net debt level calculated by management and signed off by the Council's Chief Executive. Net debt is the amount of total debt net of cash or cash equivalents. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.

The fixed rate amount should be within the following maturity bands:

Fixed Rate Maturity Profile Limit		
Period	Minimum Cover	Maximum Cover
1 to 3 years	20%	60%
3 to 5 years	20%	60%
5 years plus	10%	60%

- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months
- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased). Otherwise both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate 'in-the-money'
- Purchased borrower swaptions mature within 12 months
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation

The forward start period on swaps and collar strategies is to be no more than 24 months, and the underlying cap or swap starts within this period.

Risk management instruments

The following instruments may be used for interest rate risk management activity

Category	Instrument
Interest rate risk management	Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> • Bank bills • Government bonds Interest rate swaps including: <ul style="list-style-type: none"> • Forward start swaps (start date <24 months) • Swap extensions and shortenings Interest rate options on: <ul style="list-style-type: none"> • Bank bills (purchased caps and one for one collars) • Government bonds • Interest rate swaptions (purchased swaptions and one for one collars only)

- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate 'in-the-money'
- Purchased borrower swaptions and swaption collars mature within 12 months
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation
- Forward start period on swaps to be no more than 24 months from deal date

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

Liquidity and funding risk management

Liquidity risk management refers to the practice of making sure funds can be available when needed, without incurring penalties for breaking investments before time. The Council does not hold all its reserves in cash and must anticipate and plan for drawings against reserves.

The Council's objective for funding risk management is to minimise the risk of large concentrations of debt being reissued at a time when interest rates are high for reasons beyond the Council's control.

Policy

The Council's policy for liquidity and funding risk management is:

- Ensure that the Council's committed debt facilities and term loans mature over a wide time period
- Term loans and committed debt facilities must be maintained at an amount of 110% over projected peak net debt levels over the next 12 months
- Diversify borrowing over a range of bank and debt capital market lenders

Rules

The Council's rules for managing liquidity and funding risk are that the maturity profile of the total committed funding in respect to all loans and committed debt facilities is to be controlled by the following system:

Period	Minimum Cover	Maximum Cover
0 to 3 years	20%	60%
3 to 5 years	20%	60%
5 years plus	0%*	60%

*a minimum of at least 10% should core debt amounts increase above \$50 million.

A maturity schedule outside these limits will require specific Council approval.

Credit exposure

The Council imposes a minimum long term credit rating on its bank lenders of A+ or better, as determined by Standard and Poor's or equivalent international credit rating agency. Hedging facilities are only with organisations that have a long term A+ or better credit rating.

Debt repayment

The Council repays borrowings from rates, debt raising, surplus funds, proceeds from the sale of investments and fixed assets.

Note that the proceeds from sales of fixed assets and investments may also be used for the acquisition of other fixed assets.

Borrowing mechanisms

The Council will borrow through a variety of market mechanisms including approved financial instruments as follows:

Category	Instrument
Cash management and borrowing	<ul style="list-style-type: none"> • Bank overdraft • Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) • Uncommitted money market facilities • Retail and Wholesale Fixed Rate Bond and Floating Rate Note (FRN) issuance • Commercial paper (CP)

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

Specific borrowing limits

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

Item	Borrowing Limit
Net interest expense on external debt as a percentage of total revenue to be less than:	15%
Net interest expense on external debt (secured by rates) as a percentage of rates revenue to be less than:	20%
Net external debt (secured by rates) as a percentage of total revenue to be less than:	150%
Net external debt (secured by rates) as a percentage of equity to be less than:	20%

Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes non government capital contributions (e.g. developer contributions and vested assets).

Net debt is defined as total debt less liquid cash or cash equivalents.

Security policy

Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally or *pari passu* (on equal terms in all respects, at the same rate, or proportionately) with other lenders.

From time to time, with Council and Trustee approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance)
- Council considers a charge over physical assets to be appropriate
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed

INVESTMENT POLICY

OBJECTIVE

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

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

Policies supporting this are described in this section.

General policy on investments

The Council's general policy on investments is that:

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

Result

The Council has followed these general policies throughout the year.

SPECIFIC POLICIES

PORT NELSON LIMITED

Nelson City Council's policy for Port Nelson is:

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

Result

The Council has retained 50% ownership and the results of the company's operations are summarised on page 175.

NELMAC LIMITED

The Council's policy for Nelmac is to:

- Retain ownership
- Renew capital restructuring options with the intention of reducing the Council's exposure to risk

- Negotiate an ongoing partnership agreement with Nelmac for the provision of certain strategic services to the Council
- Require Nelmac to compete directly with other providers of similar services.

Result

The Council has retained 100% ownership and the results of the company's operations are summarised on page 177.

NELSON AIRPORT LIMITED

The Council's policies for Nelson Airport are to:

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

Result

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

TOURISM NELSON TASMAN LIMITED (TRADING AS NELSON TASMAN TOURISM)

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

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

Result

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

SUMMARY OF INDIVIDUAL RATES AND UNIFORM ANNUAL CHARGES

	<u>General Account</u>	<u>Water Account</u>	<u>Sewerage Account</u>	<u>Stormwater Account</u>	<u>Total</u>
	\$000	\$000	\$000	\$000	\$000
Balance 1 July 2010	1,289	0	0	0	1,289
Rate Take/Water charges 2010/11	51,142	10,426	6,675	4,021	51,163
	52,431	10,426	6,675	4,021	52,452
Net Expenditure 2010/11	51,684	10,426	6,675	4,021	51,705
Balance 30 June 2011	746	0	0	0	746

The 2010/11 Annual Plan and Estimates forecast a brought forward balance of \$907,000 and so there is a deficit of \$194,000 in the funds available in 2011/12.

CONTACT US

COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays in Civic House, corner Halifax and Trafalgar St,
110 Trafalgar Street

PO Box 645

Nelson

Telephone 546 0200 24 hour, 7 day service

Fax 546 0239

WEBSITE AND EMAIL

www.nelsoncitycouncil.co.nz or email enquiry@ncc.govt.nz

CORRESPONDENCE

Written correspondence to the Council should be addressed to the Chief Executive, PO Box 645,
Nelson 7040 or fax to 546 0239

ATTENDING 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

There is a Public Forum at the beginning of most ordinary Council meeting where up to five minutes will be available for members of the public to speak to 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, needs to 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 also conform to certain rules. Contact a Council Administration Adviser on 546 0200

NELSON CITY COUNCILLORS OCTOBER 2010-



Top L-R: Crs Kate Fulton, Ruth Copeland, Eric Davy, Paul Matheson, Derek Shaw, Jeff Rackley, Mike Ward.

Seated L-R: Crs Pete Rainey, Ian Barker, Ali Boswijk (Deputy Mayor), Aldo Miccio (Mayor), Gail Collingwood, Rachel Reese.



In Memoriam

JUNGLE PAYNE

13 December 1952 – 1 September 2011

NOW AT PEACE

*Acknowledging his great contribution
to Nelson and beyond*