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## A message from the Mayor

I am delighted to present this Annual Report to you, my first as Mayor of Nelson.

It is important that we take the time to look back and reflect on what the city has achieved in the past year. It is just as important that Council keeps the community informed of its performance against what the Council had signalled through the 2007/08 Annual Plan.

### New Council, new direction

With the new Council elected in October 2007, part way through this reported financial year, we have been working diligently to ensure it is business as usual while we develop a new positive direction for the city. Our Heart of Nelson central city strategy process is one example of Council's vision to encourage innovative development and to create a forward-looking blueprint for the future.

The new Council's direction was signalled through the 2008/09 Draft Annual Plan and earlier this year preliminary work began on the 2009 Long-term Council Community Plan, a plan that will chart Council priorities and work, over the next ten years. You will be asked to take part in developing this Community Plan at the beginning of 2009.

Complementing this long term approach for the central city, Council is taking climate change and related issues seriously. The time for scepticism is long past. Council has approved a new Sustainability Policy and developed a Climate Change Action Plan to coordinate its response to these critical issues. We would like to think that both documents reflect the predominant community view that action is needed in these areas.

Recent extreme weather events are a reminder that we need to be prepared for the consequences of climate change – record snows, floods and higher wind speeds. I should say that I was most impressed by the community, contractors and council staff efforts to clean up and restore services promptly when we had a mini cyclone event in late July.

One area I would like to highlight is the cleaning of the city's air. Air monitoring over the past year has shown continued improvement. The fire ban is in place, the air in the hospital valley is perceptibly cleaner and Council has launched a new scheme, with some Central Government funding, that will help to reinforce this positive trend. Council is now also turning its attention towards reducing industrial sources of air pollution.

Other highlights and activities worthy of mention in the past year:

- The Trafalgar St stormwater and sewerage upgrade was completed.
- An agreement was negotiated to acquire land for the Performing Arts and Conference Centre. The agreement has still to be finalised at year end.
- Council led the “best ever” Arts Festival in October 2007, followed by a stunning Summer Festival. Who could forget the once in a lifetime experience of the Dame Kiri te Kanawa concert last February?
- Our celebrated hanging baskets enjoyed an extended outing.
- There were great community planting days – including at Oyster Island and Wakapuaka – examples of Council working with enthusiastic locals to improve our city environment.
- A maturing relationship with iwi Maori, including the inclusion of contemporary designs on the re-built Aratuna Normanby Bridge telling the story of the Maitai River and its eel ponds.
- Ecofest continued to build on its previous successes.
- Council’s innovation in cycling was once again rewarded with top honours in the SPARC Cycle-Friendly Awards, while progress continued on the Atawhai shared pathway.
- The newly reviewed Regional Economic Development Strategy is up and running. Tasman District Council has joined Nelson city in co-funding the regional Economic Development Agency.
- The superb Chinese Gardens opened in November 2007.
- The first Trafalgar Park upgrade was completed in time for the Summer Festival, and on the other side of the river the Trafalgar Centre re-vamp began.
- Natureland was retained in a new and exciting guise.
- The final performance testing step was completed in the Nelson North wastewater plant upgrade. This means cleaner effluent being discharged into Tasman Bay with far fewer odour problems. The next stage is development of the wetlands, which are planned for 2009/10.
- The trial ‘free senior parking permit’ became a permanent fixture.
- The Neale Park skatepark opened in May with a huge crowd attending and is a great success.
- Wakefield Quay developments continued along our world-class water front.

- Work began on the new Saxton Field Indoor Stadium.
- Council received accreditation as a Building Consent Authority; one of the first wave of councils to meet these rigorous standards.
- The Suter Art Gallery became a Council-owned Organisation (CCO) after year end.

### **My thanks**

I appreciate the hard work of all Councillors over the past 12 months. Thanks to the previous Council for their part in representing the interests of our city and to the new Council for their energy and drive in working towards a better future for Nelson.

I also acknowledge the work of the Council staff who have managed the transition towards a new Council vision while maintaining already high workloads. In particular, I would like to acknowledge the work that Viesturs Altmants has capably overseen during his seven years as Chief Executive of the Council.

A handwritten signature in black ink, appearing to read 'Kerry Marshall', with a long horizontal line extending to the right.

Kerry Marshall MBE, JP





## A message from the Chief Executive

This will be the last Annual Report that I present to the people of Nelson as Chief Executive of the Nelson City Council. I am pleased that the organisation has continued to perform well over the past year, despite some challenges.

### Council performance over the 2007/08 year

#### Services

The storm at the end of July impacted on both the water supply and the parks of Nelson. It demonstrated that the vagaries of nature can be unpredictable and costly. The response was very quick and efficient from Council staff and contractors alike and this was appreciated by Council and the community. There were three breaks in the Maitai pipeline that took five days to repair, even with contractors and staff working around the clock. Council parks will take some years to recover, especially Isel Park.

#### Consultations

The list of Council's major consultations held over the past year emphasises the breadth of the functions and responsibilities of Council and Councillors:

- Heart of Nelson, central city strategy
- Bylaws review
- Port Noise variation
- Climate Change Action Plan
- Nelson Regional Arts Strategy
- Saxton Field Management Plan
- Nelson South/Richmond East Plan Change
- Regional Policy Statement
- Esplanade and Foreshore Management Plan
- Transit NZ North Nelson to Brightwater Corridor Study

#### Financial results for the year

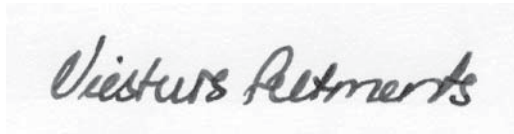
This year the net surplus was \$21.5 million, compared to the budget of \$17.8 million. The main reasons for this difference was the vested assets which were \$6.7 million above budget.

Finance costs were under budget by \$0.6 million due to delays in several major capital projects. The resulting lower level of borrowing meant interest costs were reduced.

There were other fluctuations in revenue and expenditure, but the totals were very close to the estimate.

## Thanks

My thanks go to the two Mayors, Paul Matheson and Kerry Marshall, with whom I have worked over the past year. I am also grateful for the work of the Councillors and staff for their dedication and efforts over the previous 12 months. I am satisfied that Council has continued to manage the city's assets responsibly and with the best interests of the community in mind, and I wish the Council and the incoming Chief Executive the very best for the years ahead.

A handwritten signature in black ink that reads "Viesturs Altmants". The signature is written in a cursive style and is centered within a light gray rectangular box.

Viesturs Altmants  
Chief Executive





## Statement of compliance and responsibility

### Compliance

Council and management confirm that all the statutory requirements in relation to the annual report as outlined in the Local Government Act 2002 have been complied with.

### Responsibility

Council and management accept responsibility for the preparation of the annual financial statements and the judgements used in them.

Council and management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management the annual financial statements for the year ended 30 June 2008 fairly reflect the financial position, operations and service performance of Council.



Kerry Marshall  
Mayor



Viesturs Altmants  
Chief Executive

Date: 2 October 2008

# Audit statement

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**AUDIT REPORT  
TO THE READERS OF  
NELSON CITY COUNCIL AND GROUP'S  
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2008**

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 an audit on his behalf. The audit covers the City Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the City Council and group for the year ended 30 June 2008, including the financial statements.

## Unqualified Opinion

In our opinion:

- The financial statements of the City Council and group on pages 26 to 86:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the City Council and group's financial position as at 30 June 2008; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the City Council and group on pages 87 to 164 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 2 October 2008, and 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 the Auditor, and explain our independence.

## Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

#### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This 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 Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the Long Term Council Community Plan and amendments to the Long Term Council Community Plan, we have no relationship with or interests in the City Council or any of its subsidiaries.



S M Tobin  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

## Being accountable to the community

### The need to be accountable

The Nelson community 'owns' the Council and the community elects councillors to represent them. As the owners, the community is entitled to know what it gets for the money it pays as rates. The Annual Report is the method used by the Council for reporting to the public on:

- Whether it completed the work that it committed to completing in the applicable LTCCP (Long Term Council Community Plan) and annual plan and
- Whether the Council was effective at achieving what the community wants.

To determine this, the Council has a two-part system for monitoring and reporting on its work. This system is explained below.

### Did we do what we said we would in the LTCCP or annual plan?

You can find the work that we intended to do listed as objectives for each of our significant activities or outputs in the LTCCP and annual plan. See below for an explanation of these documents.

The annual report states to what extent we met these objectives. The criteria we use to measure this are:

- **Timeliness.** Was the work done within the time specified?
- **Cost.** Was it done within the budget. If not, why not?
- **Location.** Was it done at the intended location or elsewhere?
- **Quantity.** Was as much of the work done as envisaged?
- **Quality.** Was the quality of the work done as envisaged?

We report major exceptions where we did not fulfil any of these criteria with an explanation where applicable.

### Community outcomes

#### Council's planning cycle

The 2006 LTCCP was the first fully-complying LTCCP setting out what Council plans to do for the next 10 years and how much this will cost. Annual plans are slimmer than the full LTCCP and update any changes to the LTCCP so the public can comment on new priorities or planned expenditure for that financial year.

Following the end of each financial year on 30 June, Council issues the annual report saying whether Council's spending and achievements took place as planned over the previous financial year. The annual report explains any significant differences from what was planned to provide accountability to the public. LTCCP years are followed by two annual plan years, so the next LTCCP will be released in 2009, with annual plans in 2010 and 2011.

The Council sets out its long-term objectives in its 10-year plan (Long-term Council Community Plan) and sets out each year's short term objectives (1-3 years) in the annual plan. The significant activities reports beginning on page 87 contain the Council's report on the objectives set in the 2006 LTCCP for the 2007/08 financial year.

### **Outcomes monitoring**

During 2005 the current six community outcomes were developed through an extensive public consultation process. These are described in the 2006/16 Long Term Council Community Plan and are described here beginning on page 16.

The Local Government Act 2002 requires Council to report on the progress towards these outcomes at least every three years. The Nelson City Council and Tasman and Marlborough District Councils together with the Nelson Marlborough District Health Board, Ministry of Social Development, Department of Labour and Nelson Marlborough Institute of Technology and other partners have established a working party to develop a framework for monitoring the outcomes. The working party has decided on 80 indicators and have had these reviewed by Statistics New Zealand. The data is now being gathered and a report on the outcomes is expected to be produced in late 2008.

### **Partnerships with neighbouring councils**

Council delivers a range of joint projects and programmes with other councils across the Top of the South (Te Tau Ihu o te Waka a Maui) region. These include the Top of the South wellbeing indicators project, which involves NCC, TDC and MDC with key government agencies including the Ministry of Social Development and the Nelson Marlborough DHB. Significant work took place during the 2007/08 year with Tasman District Council, including the following planning, programmes and services:





### Engineering/Infrastructure

- Nelson Regional Sewerage Business Unit (NRSBU), 50/50 ownership, which includes the facilities at Bells Island
- Port Nelson Limited (50/50 ownership)
- Nelson Airport Limited (50/50 ownership)
- Civil Defence and Emergency Management services and training (50/50 ownership)
- Road Safety programmes
- Application of consistent engineering standards
- Bylaws, including Tradewaste
- Total Mobility committee and funding
- Water demand planning – Waimea Basin Water Augmentation Strategy
- Regional transport planning
- Joint working party on solid waste issues

### Community Services

- Settlement Support project for refugees and migrants, funded by the Department of Labour
- Development of recreation facilities at Saxton Field (50/50 ownership)
- Nelson Tasman Tourism (Tourism Nelson Tasman Ltd) tourism services (50/50 ownership)
- Tasman Bays Heritage Trust – Provincial Museum (50/50 ownership)
- Policy development and implementation – positive ageing, regional physical activity plan
- Nelson Tasman Regional Arts Strategy development
- Implementation of the Regional Alcohol Strategy
- Regional Facilities Plan and Regional Funding Forum for major recreational and community facilities
- Cycleway development – Richmond to Stoke
- Rural fires management
- Events database, community services database, regional festivals and events

### Environment/planning

- Joint studies into industrial land needs, air quality management, bathing water monitoring, river hydrology monitoring and flood warnings
- Regional urban growth studies, including Nelson South/Richmond East and intensification
- Coastal oil spill contingency planning and management
- Liquor licensing
- Best practice workshops e.g. S36 Building Act
- Regional pest management under the Biosecurity Act

- Ecofest and environmental education

**Democracy and administration**

- Development and monitoring of community outcomes

*Note that this is an indicative list only and is not intended to be exhaustive. Some joint activities may have been omitted.*



## Community outcomes – goals for Nelson

### **Nāu te rourou, nāku te rourou, ka ora ngā tāngata**

Through our joint contributions the people will thrive

The following six ‘community outcomes’ are the long term goals that Nelson residents want for Nelson. They provide a vision of the sort of place where we would like to live in the future. They were drafted following consultation with Nelson residents during 2005. Progress towards the outcomes will be reported at least every three years, and they will be completely reviewed every six years. The next review begins in 2011.

In short, we have these six inter-related goals to guide Nelson City Council and other organisations’ decisions, plan and policies, including the LTCCP. The aim is to have everyone heading in the same direction, working together to make the outcomes happen.

These outcomes come from the whole community, not Council, so they belong to the whole community. They guide what Council does, just as they guide and coordinate other groups and organisations working to improve community wellbeing in Nelson. The LTCCP and annual plan is the Council’s response to these outcomes, but it can’t deliver everything. It takes the whole community to work towards making them happen.

### **Measuring progress toward achieving the outcomes**

Measurement of progress towards the six goals will primarily draw on Council’s own and other organisations’ measurement of community wellbeing. This includes workshops with community leaders to discuss progress.

There are a number of projects being run by Statistics NZ and Local Government NZ (LGNZ) to provide generic measures of progress towards community outcomes, with specific information relating to each Council area. When this improved information is available, it is likely that Council will adopt some or all of those measures.

The six community outcomes are listed on the following pages. Each includes the measures that will be used to monitor and report on progress towards achieving the community’s goals.

During 2007/08 some key contributions to the community outcomes and to the social, economic, environmental and cultural wellbeing of Nelson included:

- Ab grading for water treatment plant (social and economic).
- Stormwater upgrade, Trafalgar St (economic and social).



- Safer Routes and Community Road Safety programmes (social and economic).
- Clean Heat Warm Homes programme implementation (social and environmental).
- Saxton Field development (social).
- Regional Physical Activity Strategy implementation (social and cultural).
- Community Assistance Grants (social and cultural).
- Ecofest (environmental).
- Biodiversity Strategy implementation (environmental).
- Landfill gas use by the Hospital (environmental, social).
- Support for EDA and Latitude Nelson (economic).
- Recycling services through Nelmac (environmental).
- Increased support for the Suter Art Gallery and Museum (cultural).
- Implementation of the Memorandum of Understanding with Tangata Whenua (social, economic, environmental and cultural).



## Goal 1 - HEALTHY LAND, SEA, AIR, AND WATER

### We protect the natural environment

Includes:	Examples of how Council contributes to achieving this outcome:
<p>We treasure, protect and restore the special places, landscapes, native species and natural ecosystems of Nelson.</p> <p>Natural biodiversity is widely understood and valued. Introduced species have a place, and animal and plant pests are controlled.</p> <p>Open spaces and reserves are linked and productive land is protected. Waste and pollution are minimised so we have clean water, clean seas, clean air, and healthy flora, fauna and soils.</p> <p>The kaitiakitanga of tangata whenua iwi is recognised and the community is well informed and involved in caring for the environment, ngā taonga tuku iho.</p> <p>Nelson is a place where everyone can enjoy the natural environment while it is protected for the future.</p> <p>We recognise the importance of a healthy environment for tourism, and minimise the impacts of human activities on the environment.</p>	<ul style="list-style-type: none"> <li>• Water supply, sewage treatment and stormwater systems that protects the natural environment.</li> <li>• Transport planning.</li> <li>• Waste management facilities.</li> <li>• Resource management consents, education and planning.</li> <li>• Pollution monitoring and management.</li> <li>• Parks and reserves management.</li> </ul> <p><b>Central government and the community contribute too, including:</b></p> <ul style="list-style-type: none"> <li>• Kaitiakitanga.</li> <li>• Environmental advocacy.</li> <li>• Ecosystem protection.</li> <li>• Planting programmes.</li> <li>• Pest and weed management.</li> <li>• Community education and interpretation.</li> </ul>

## Goal 2 - PEOPLE-FRIENDLY PLACES

We build healthy, accessible and attractive places and live in a sustainable region

Includes:	Examples of how Council contributes to achieving this outcome:
<p>Urban and rural areas are designed to be child, family and people-friendly.</p> <p>We think and plan regionally and act locally within that context.</p> <p>We have good quality, sustainable, integrated, affordable and effective public transport, infrastructure, energy-use and transport networks.</p> <p>We are proud of our developing cycleway network. Growth is well managed and there is little waste or pollution.</p> <p>Attractive, safe, accessible and walkable ‘city villages’ provide for people of all ages and abilities through good urban design.</p> <p>There is a full range of affordable, healthy, attractive and energy-efficient housing and community facilities with more intensification in urban areas and a clear urban/rural boundary.</p> <p>We have a good range of sports and recreation facilities for all ages, including youth and older residents.</p> <p>We protect, enhance and interpret Nelson’s human heritage and historic sites.</p>	<ul style="list-style-type: none"> <li>• Parks and open spaces.</li> <li>• Community facilities.</li> <li>• City planning.</li> <li>• Water supply and sewage treatment systems that meet city and public health needs.</li> <li>• Cycle and walker-friendly routes around town and reduce cycling crash rates.</li> <li>• Waste management facilities to protect public health.</li> <li>• Liquor licensing and food premises monitoring.</li> <li>• Public artworks.</li> <li>• Crime prevention work.</li> </ul> <p><b>Central government and the community contribute too, including:</b></p> <ul style="list-style-type: none"> <li>• Attractive and people-friendly building design.</li> <li>• Advocacy for good urban design and historic site protection.</li> <li>• Energy efficient building expertise.</li> <li>• Public artworks.</li> </ul>

### Goal 3 – A STRONG ECONOMY

We all benefit from a sustainable, innovative and diversified economy

Includes:	Examples of how Council contributes to achieving this outcome:
<p>We all participate in the regional economy and it meets people’s needs.</p> <p>We are a business-friendly region, and economic activity is sensitive to the environment, heritage and people of Nelson.</p> <p>We are skilled and adaptable and we see the benefits of a wide range of high-value industries and businesses.</p> <p>We enjoy high quality employment, education and training opportunities. Small, locally-owned businesses are an essential part of the community and central city.</p> <p>Our youth can live, learn and work in Nelson.</p> <p>We invest in skills development and our people so we can enjoy balanced and healthy lives.</p> <p>We recognise, support and celebrate innovation and achievement.</p>	<ul style="list-style-type: none"> <li>• Economic and tourism support.</li> <li>• Support and funding for culture, heritage and the arts.</li> <li>• Water supply and sewage treatment for industry.</li> <li>• Transport planning.</li> <li>• Environmental management.</li> </ul> <p><b>Central government and the community contribute too, including:</b></p> <ul style="list-style-type: none"> <li>• Commercial, industrial and retail business and advocacy.</li> <li>• Information and promotion of NZ and the region overseas.</li> <li>• Business advice and training.</li> <li>• Education and apprenticeships.</li> <li>• Youth support and mentoring.</li> </ul>

## Goal 4 - KIND, HEALTHY PEOPLE

We are part of a welcoming, safe, inclusive and healthy community

Includes:	Examples of how Council contributes to achieving this outcome
<p>We are a tolerant, supportive and diverse community. We respect each other and what each contributes, including Māori culture, traditions and people.</p> <p>We take pride in the warm welcome we give to visitors and new arrivals.</p> <p>Everyone is included and involved, can participate in decision-making and is able to enjoy a good quality of life, wherever they come from and whatever their age, abilities or income.</p> <p>We nurture our young people so Nelson is a safe and healthy place for everyone to grow up and live.</p> <p>We have adequate policing and well-designed, accessible public spaces providing a feeling of safety and security in our homes and communities.</p> <p>We have high quality and accessible recreation, education, health and community facilities.</p> <p>There is more attention to health promotion with quality primary and secondary health care accessible to all.</p> <p>We are a resilient community, able to cope with disasters or emergencies.</p>	<ul style="list-style-type: none"> <li>• Water, sewage and waste facilities.</li> <li>• Accessible and safe active transport facilities.</li> <li>• Environmental management.</li> <li>• Civil defence management.</li> <li>• Consultation opportunities for whole community.</li> <li>• Promotion of Crime Prevention Through Environmental Design (CPTED).</li> <li>• Support for community groups.</li> <li>• Community events and celebrations.</li> <li>• Flood protection works that reduce risk to the community.</li> </ul> <p><b>Central government and the community contribute too, including:</b></p> <ul style="list-style-type: none"> <li>• Primary, secondary and tertiary health care.</li> <li>• Public health and healthy communities promotion.</li> <li>• Voluntary work.</li> <li>• Refugees and migrants support.</li> <li>• Policing and community patrols.</li> <li>• Support for disabled and other groups with specific needs.</li> </ul>

## Goal 5 - A FUN, CREATIVE CULTURE

We are proud of our creative local culture and regional identity

Includes:	Examples of how Council contributes to achieving this outcome:
<p>We are proud of our region, our communities and our diverse heritage.</p> <p>There is a wide range of recreation, arts and leisure opportunities for everyone to take part in.</p> <p>We have a strong sense of community, enhanced by activities, festivals, events and celebrations that reflect our distinct environment and people.</p> <p>We understand that our heritage contributes to our distinctive identity, so we value, protect, interpret and celebrate our human heritage and historic places - Māori and more recent.</p> <p>We value and support those things that make Nelson special and unique - our people, art and crafts, the café culture, the outdoors, local food and wines, boutique shops and the relaxed atmosphere.</p>	<ul style="list-style-type: none"> <li>• Community facilities.</li> <li>• Culture, heritage and arts support and grants.</li> <li>• Festivals and celebrations.</li> <li>• Parks and open space.</li> <li>• Recreation programmes.</li> <li>• Environmental protection.</li> <li>• Inner city enhancement.</li> <li>• Public artworks.</li> </ul> <p><b>Central government and the community contribute too, including:</b></p> <ul style="list-style-type: none"> <li>• Arts and craft, galleries.</li> <li>• Cafés and boutique shops.</li> <li>• Funding and grants.</li> <li>• Public artworks.</li> <li>• Heritage advocacy.</li> <li>• Clubs and sports groups.</li> </ul>

**Goal 6 - GOOD LEADERSHIP**

**Our leaders are proactive, innovative, and inclusive**

Includes:	Examples of how Council contributes to achieving this outcome:
<p>We work together as a region, think of the generations that will follow and listen to the full range of views.</p> <p>Everyone has the opportunity to participate in the community’s major decisions and information is easy to obtain.</p> <p>Leaders consult with and understand their communities and work for the good of all, including the wider region. Our leaders inspire respect, take responsibility for their decisions and act to improve the big issues facing our community.</p> <p>All sectors of the community and region work effectively together.</p> <p>We support and mentor our youth to become the leaders of the future.</p>	<ul style="list-style-type: none"> <li>• Local government elections.</li> <li>• Consultation on significant strategies and plans.</li> <li>• Regional collaboration and joint initiatives.</li> <li>• Support for youth development including the Youth Council.</li> <li>• Support for the Positive Ageing Forum.</li> </ul> <p><b>Central government and the community contribute too, including:</b></p> <ul style="list-style-type: none"> <li>• Education and training.</li> <li>• Parliamentary system.</li> <li>• Community leadership.</li> <li>• Leadership development, awards and recognition.</li> </ul>

## Opportunities for Māori to contribute to decision-making processes

Whakataka te hau ki te uru	Cease the winds from the west
Whakataka te hau ki te tonga	Cease the winds from the south
Kia mākinakina ki uta	Let the breeze blow over the land
Kia mātaratara ki tai	Let the breeze blow over the ocean
E hī ake ana te atakura	Let the red-tipped dawn come with a sharpened air
He tio, he huka, he hau hū.	A touch of frost, the promise of a glorious day.

Tihei mauri ora.

*From the action plan implementing the Memorandum of Understanding (MOU) between Tangata Whenua o Whakatu and the Nelson City Council*

In 2007 the groundwork and relationships developed over previous years culminated in a framework setting out processes and opportunities for Māori to contribute to Council decision-making. The most significant combined initiative during was the development of an action plan to implement the 2005 Memorandum of Understanding between Tangata Whenua o Whakatu and the Nelson City Council, which was adopted at the joint iwi/Council Kotahitanga Hui on 20 July 2007. It has since been implemented.

The Local Government Act 2002 requires Council in its annual report to include a summary of activities undertaken over the year to provide opportunities for Māori to contribute to its decision-making processes. This section sets out key accomplishments of Council with Māori for the year.

### **Kotahitanga Hui**

Three Kotahitanga Hui were held to provide rangatira (local iwi leaders) with the opportunity to meet with Council leaders and senior staff to discuss strategic and policy issues. The venue alternated between Whakatu Marae and the Council Chamber. It was through this forum that the Council and Tangata Whenua developed and adopted the action plan to implement the 2005 Memorandum of Understanding (MOU).

### **Council Kaumātua**

The Council Kaumātua advised the Mayor and Chief Executive on kawa, tikanga and ceremonial matters and assisted Council to meet its obligations to Māori as defined in the Local



Government Act 2002 and under the Treaty of Waitangi. Since his appointment in 2003, the Council Kaumātua has assisted Council in improving its relationship with Māori living in Nelson. The Kaumātua was involved in officiating at citizenship ceremonies, and met regularly with the Mayor and Chief Executive.

#### **Tiakina te Taiao Ltd and environmental issues**

The former Nelson Iwi Resource Management Advisory Kōmiti was replaced in late 2006 by the iwi-managed Tiakina te Taiao Ltd to support four of the Tangata Whenua iwi in the provision of kaitakitanga (guardianship) of taonga and natural resources in this area. This forum provided Tangata Whenua and Council staff with the opportunity to meet on a regular basis to discuss the environment, resource consents and consent processes, policies, plans, training and project work. Council also held hui with the other Tangata Whenua iwi on environmental issues, including regular hui with Ngati Kuia representatives.

#### **Tangata Whenua on Council working parties**

Tangata Whenua representatives were involved in a range of working parties including the implementation of the Heritage Strategy and Biodiversity Strategy.

#### **Iwi monitors and archeological sites**

Iwi monitors were engaged to safeguard iwi taonga (treasures) while major earthworks and other activities were carried out on or near significant sites in the Nelson rohe (area). These included monitoring the removal of pine trees from Oyster Island and earthworks for the Nelson North waste water treatment plant upgrade.

#### **Kaitautoko (support) staff**

To assist the many Council staff who work with Māori, 0.25 of one staff member's time is allocated to providing a point of contact between Council and Māori. They are employed to assist Council in working with Tangata Whenua and Māori generally, support the Council Kaumātua and to assist Council staff and Councillors to better understand Te Ao Māori (all things Māori). This role included providing advice to staff, maintaining a contact list to assist consultation with Māori organisations, organising hui and marae visits for staff, maintenance of Te Ao Māori resources on the Council intranet, supporting Kotahitanga Hui and implementing the MOU action plan.

## Statement of financial performance for the year ended 30 June 2008

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2008	2008	2007	2008	2007
		\$000	\$000	\$000	\$000	\$000
<b>REVENUE</b>						
Rates revenue	3	40,737	40,412	37,028	40,737	37,028
Other revenue	4	41,786	36,159	33,586	42,875	35,025
Profit on sale of shares in Port Nelson limited	18	0	0	9,685	0	0
Other gains	5	253	60	1,070	277	1,081
Total Operating Revenue		82,776	76,631	81,369	83,889	73,134
<b>EXPENDITURE</b>						
Employee benefit expenses	6	10,928	11,000	10,205	15,741	14,902
Depreciation and amortisation		13,519	13,671	13,005	14,034	13,543
Other expenses	7	34,030	33,031	29,722	32,597	27,524
Finance costs	8	2,699	3,164	2,633	2,699	2,633
Total Operating Expenditure		61,176	60,866	55,565	65,071	58,602
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>		21,600	15,765	25,804	18,818	14,532
Share of associate's surplus/(deficit)		0	2,052	0	4,222	3,711
		21,600	17,817	25,804	23,040	18,243
Taxation	9	52	1	87	327	267
<b>NET SURPLUS/(DEFICIT)</b>		21,548	17,816	25,717	22,713	17,976

The accompanying notes form part of these financial statements. See Note 33 on pages 82 - 86 for explanation of variations

## Movements in equity for the year ended 30 June 2008

Note	Council			Group	
	Actual	Estimate	Actual	Actual	Actual
	2008	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000
<b>Balance as 1 July</b>	<b>969,696</b>	<b>1,003,036</b>	<b>912,240</b>	<b>1,018,088</b>	<b>966,577</b>
Revaluation gains/(losses) taken to equity	34,453	25,517	31,739	43,844	33,535
Net income/(expense) recognised in equity	34,453	25,517	31,739	43,844	33,535
Surplus/(deficit) for year	21,548	17,816	25,717	22,713	17,976
Total recognised income/(expenditure) for the year	56,001	43,333	57,456	66,557	51,511
<b>EQUITY AT END OF YEAR</b>	<b>1,025,697</b>	<b>1,046,369</b>	<b>969,696</b>	<b>1,084,645</b>	<b>1,018,088</b>

Movements in equity

FINANCIALS

The accompanying notes form part of these financial statements. See Note 33 on pages 82 - 86 for explanation of variations.

## Balance sheet as at 30 June 2008

### Balance sheet

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2008	2008	2007	2008	2007
		\$000	\$000	\$000	\$000	\$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	10	6,538	8,813	10,844	7,461	11,771
Trade and other receivables	11	12,378	7,921	8,748	13,288	9,275
Inventories	12	451	407	348	708	545
Biological assets	12	161	262	208	161	208
Other financial assets	13	2,000	0	1,000	2,000	1,000
Taxation	11	123	0	0	123	0
<b>Total current assets</b>		<b>21,651</b>	<b>17,403</b>	<b>21,148</b>	<b>23,741</b>	<b>22,799</b>
<b>Non-current assets</b>						
Trade and other receivables	11	2,530	3,158	2,161	2,530	2,161
Property, plant and equipment	14	1,023,762	1,022,375	967,069	1,027,198	970,312
Intangible assets	15	996	723	842	1,027	857
Forestry assets	16	4,610	3,984	4,789	4,610	4,789
Investment properties	17	940	850	890	940	890
Investments in associates and subsidiaries	18	21,183	68,321	21,183	75,246	65,108
Other financial assets	13	140	140	140	370	335
Deferred Taxation	9	0	0	0	238	244
<b>Total non-current assets</b>		<b>1,054,161</b>	<b>1,099,551</b>	<b>997,074</b>	<b>1,112,159</b>	<b>1,044,696</b>
<b>Total assets</b>		<b>1,075,812</b>	<b>1,116,954</b>	<b>1,018,222</b>	<b>1,135,900</b>	<b>1,067,495</b>

The accompanying notes form part of these financial statements. See Note 33 on pages 82 - 86 for explanation of variations.

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2008	2008	2007	2008	2007
		\$000	\$000	\$000	\$000	\$000
<b>Current liabilities</b>						
Trade and other payables	20	10,293	9,275	9,818	10,770	10,051
Taxation payable		0	0	154	14	192
Provisions	21	0	0	0	11	11
Employee benefit liabilities	22	1,289	1,250	1,233	1,870	1,755
Borrowings	23	12,493	11,200	9,349	12,493	9,349
<b>Total current liabilities</b>		<b>24,075</b>	<b>21,725</b>	<b>20,554</b>	<b>25,158</b>	<b>21,358</b>
<b>Non-current liabilities</b>						
Provisions	21	1,311	1,267	1,167	1,311	1,167
Employee benefit liabilities	22	519	500	495	576	572
Borrowings	23	24,210	47,093	26,310	24,210	26,310
<b>Total non-current liabilities</b>		<b>26,040</b>	<b>48,860</b>	<b>27,972</b>	<b>26,097</b>	<b>28,049</b>
<b>Total liabilities</b>		<b>50,115</b>	<b>70,585</b>	<b>48,526</b>	<b>51,255</b>	<b>49,407</b>
<b>Total net assets</b>		<b>1,025,697</b>	<b>1,046,369</b>	<b>969,696</b>	<b>1,084,645</b>	<b>1,018,088</b>
<b>Equity</b>						
Retained earnings	24	270,475	992,227	247,201	283,246	258,807
Other reserves	24	755,222	54,142	722,495	801,399	759,281
<b>Total equity</b>		<b>1,025,697</b>	<b>1,046,369</b>	<b>969,696</b>	<b>1,084,645</b>	<b>1,018,088</b>

The accompanying notes form part of these financial statements. See Note 33 on pages 82 - 86 for explanation of variations.

## Cashflows as at 30 June 2008

### Cashflows

	PARENT			CONSOLIDATED	
	Actual	Estimate	Actual	Actual	Actual
	2008	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000
<b>Cash Flows From Operating Activities</b>					
Receipts from rates and other revenue	66,549	72,307	62,136	73,687	67,731
Interest received	838	51	834	929	893
Dividends received	2,258	193	2,123	-	0
Payments to suppliers and employees	(44,602)	(43,620)	(39,763)	(47,786)	(42,073)
Interest paid	(2,699)	(3,164)	(2,633)	(2,699)	(2,633)
Taxation paid/(refund)	(329)	261	330	(622)	165
Net GST movement	(330)	0	(70)	(346)	(54)
Net cash inflows from operating activities	21,685	26,028	22,957	23,163	24,029
<b>Cash Flows From Investing Activities</b>					
Sale of fixed assets	0	2,651	466	0	738
Sale of investments	0	690	12,500	0	12,500
Repayment of loans/advances	0	0	0	0	0
Goodwill on sale of business	0	0	0	0	0
Purchase of fixed assets	(25,924)	(43,833)	(28,439)	(17,233)	(27,598)
Purchase of investments	(1,000)	(9)	0	(11,284)	(1,677)
Loans and advances	(111)	(1,239)	(243)	0	(243)
Net cash outflow from investing activities	(27,035)	(41,740)	(15,716)	(28,517)	(16,280)
<b>Cash Flows From Financing Activities</b>					
Cash was provided from loans raised	10,100	25,686	0	10,100	0
Cash was applied to repayment of loans	(8,775)	(10,186)	(6,300)	(8,775)	(6,300)
Net cash inflows/outflows from financing activities	1,325	15,500	(6,300)	1,325	(6,300)
Net increase/(decrease) in cash held	(4,025)	(212)	941	(4,029)	1,449
Plus opening cash balance	10,295	8,107	9,354	11,222	9,773
Closing Balance	6,270	7,895	10,295	7,193	11,222
<b>Represented by:</b>					
Cash and cash equivalents	6,538	7,895	10,844	7,461	11,771
Bank Overdraft	(268)	0	(549)	(268)	(549)
	6,270	7,895	10,295	7,193	11,222

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements. See Note 33 on pages 82 - 86 for explanation of variations.

## Notes to accounts

### Note 1 - Accounting policies

#### Statement of accounting policies for the year ended 30 June 2008

##### Entity statement

Since 1 July 1992, the Council has been constituted 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, 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 International Financial Reporting Standards (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 2008. The financial statements were authorised for issue by Council on 2 October 2008.



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) and the Nelson Regional Economic Development Agency (REDA) are controlled by Council via the appointment of a majority of the trustees. The Trust and REDA has 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 Financial Performance 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

### Joint ventures

The Council does not have a controlling interest in the Regional Sewerage Business Unit (NRSBU), Civil Defence or Ridgeway Joint Venture. 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 Civil Defence, Nelson Regional Sewerage Business Unit and Tasman Bays Heritage Trust are based on unaudited financial statements.





**Revenue**

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

**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**

Nelson City Council receives government grants from Land Transport New Zealand, which subsidises part of Nelson 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 Nelson 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 includes 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. Heritage assets consist of Museum artefacts, collections and historic buildings.
- 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 2007. 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 – infrastructural assets excluding specialised Infrastructural assets have been valued internally at depreciated replacement cost by Council engineers as at 30 June 2008. The valuation methodology has been peer reviewed by Opus International Consultants Ltd.
- Specialist infrastructural assets – specialised infrastructural assets include dams, water reservoir and sewage treatment plants. These assets have been valued at depreciated replacement cost as at 30 June 2008 by Opus International Consultants Ltd.

- Nelson Regional Sewerage Business Unit – land is valued at market valuation (30 June 2006) by Quotable Value and is reviewed annually and revalued 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 2007 by Duffill Watts and Tse Ltd, consultant engineers.
- 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.
- Additions between valuations are recorded at cost except for vested assets.
- The 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 and land under roads at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.



Assets depreciated are as follows:

<b>Asset</b>	<b>Depreciable life (years)</b>
<b>Operational</b>	
Buildings	50 - 100
Improvements	Nil-20
Motor vehicles	7
Plant and equipment	2 - 30
Library books	3 - 10
Marina	30 - 50
<b>Restricted</b>	
Buildings	50 - 100
Improvements	Nil - 20
<b>Roading</b>	
Roads formation	n/a
Sub-base	n/a
Basecourse	5 - 80
Surfacing (sealed)	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
<b>Water</b>	
Pipeline	55 - 120
Manholes	55 - 120
Reservoirs and tanks	45 - 100
Dams	16 - 200
<b>Sewer</b>	
Pipeline	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation pond	22 - 139
<b>Stormwater</b>	
Pipeline	50 - 80
Bank protection	25 - 100
Manholes	90



<b>Asset</b>	<b>Depreciable life (years)</b>
<b>Solid waste</b>	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24

### **Forestry assets**

- Forestry – forestry assets are valued annually based on the estimated worth of maturing tree stocks in Council’s plantation. 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 2008.

Changes in the valuation of the assets are recognised in the statement of financial performance.

### **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 statement of financial performance.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 years	33%
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### **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 Financial Performance, and the value of work in progress, are established by assessment of individual contract taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on contracts are recognised immediately.

### **Financial instruments**

The Council and group is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank, 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 Financial Performance.

### **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.

### **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.

### **Investment property**

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.

### **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 financial performance.

### 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 financial performance. 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 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.

### 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 probably 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 financial performance, 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 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.

#### **Expenditure recognition**

Borrowing costs are expensed when incurred.

#### **Reserves and Trusts**

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 - 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 Financial Performance. To the extent that increases in value offset previous decreases debited to the Statement of Financial Performance, the increase is credited to the Statement of Financial Performance.



### 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 leases – an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The accounting policy of recognising operating lease payments in the periods in which they are incurred does not comply with NZ IAS 17 Para 33, which requires operating lease payments to be recognised on a straight-line basis over the lease term (or another systematic basis that is more representative of the time pattern of the user's benefit).

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

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to Nelson City Council include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard required information in the financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers

to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives Nelson City Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). Nelson City Council intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. Nelson City Council intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.
- NZ IRRS 3 Borrowing Combinations (revised 2008) and the amended NZ IAS 27 Consolidated and Separate Financial Statements are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
  - Partial acquisitions. Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
  - Step acquisitions: The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.



- Acquisition-related costs. Acquisition-related costs are generally recognised as expenses (rather than included in goodwill).

- Contingent consideration. Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other IFRSs, usually in profit or loss (rather than by adjusting goodwill).

Nelson City Council will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 30 June 2010, which will impact on business combinations that occur on or after 1 July 2009.

### **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 Nelson 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 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, which are not visible, for example storm water, wastewater and water supply pipes which 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 Nelson City Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk Nelson City 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 Nelson City Council's asset management planning activities, which gives Nelson City Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.



## Note 2 - Summary cost of service

Notes to accounts

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	Actual 2008 \$000	Estimate 2008 \$000	Actual 2007 \$000
<b>Income</b>			
Water supply	740	393	690
Sewage disposal	3,785	4,145	3,921
Stormwater and flood protection	574	220	474
Roading and transport	6,742	5,321	4,994
Solid waste management	2,295	2,320	2,251
Environmental management	288	176	257
Regulatory compliance	2,460	2,011	2,163
Parks and open spaces	1,402	692	1,338
Recreation and leisure	262	228	282
Community facilities	3,158	8,915	2,542
Economic and tourism support	10	0	3
Managing emergencies and natural hazards	27	14	14
Social development	296	290	402
Culture, heritage and arts	1,359	793	815
Democracy and administration	12,125	11,917	11,419
Reserves	2,524	1,784	3,138
Total activity income	38,047	39,219	34,703
Less: internal income remissions	(6,264) (82)	(7,842) (88)	(6,091) (92)
General rates allocated	20,681	21,539	19,281
Water rate	10,875	10,618	9,518
Sewerage rate	5,126	5,109	4,420
Stormwater rate	4,137	4,123	3,901
Profit on sale Port shares	0	0	9,685
Vested assets	9,835	3,000	5,612
Ridgeways joint venture	361	790	425
Sundry	60	163	7
<b>Total Income</b>	<b>82,776</b>	<b>76,631</b>	<b>81,369</b>

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Expenditure</b>			
Water supply	10,527	9,880	9,894
Sewage disposal	6,876	8,072	6,342
Stormwater and flood protection	3,975	3,611	3,517
Roading and transport	10,041	9,963	9,276
Solid waste management	2,106	2,526	2,175
Environmental management	2,379	2,470	2,221
Regulatory compliance	4,148	3,821	3,774
Parks and open spaces	5,018	4,597	4,668
Recreation and leisure	2,241	2,286	2,058
Community facilities	6,505	7,429	5,826
Economic and tourism support	641	661	605
Managing emergencies and natural hazards	323	320	277
Social development	871	872	986
Culture, heritage and arts	3,931	3,262	3,075
Democracy and administration	7,702	8,688	6,922
Reserves	88	150	71
Total activity expenditure	67,372	68,608	61,687
Less: internal income	(6,264)	(7,842)	(6,091)
remissions	(82)	(88)	(92)
Sundry	150	188	61
<b>Total expenditure</b>	<b>61,176</b>	<b>60,866</b>	<b>55,565</b>

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 Financial Performance, these transactions are eliminated as shown above.

### Note 3 - Rates revenue

	<b>Actual 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>
<b>General rates</b>	20,599	19,189
<b>Targeted rates:</b>		
Water	10,875	9,518
Sewerage	5,126	4,420
Stormwater	4,137	3,901
Total revenue from rates	<u>40,737</u>	<u>37,028</u>

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

- Community, sporting and other organisations to facilitate the ongoing provision of non-commercial community services and recreational opportunities.
- Rates penalties where payment had 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 very low value properties.

	<b>Actual 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>
<b>Total rates revenue</b>	40,819	37,120
<b>Rates remissions</b>		
Community, sporting and other organisations	42	48
Rates penalties where payment has not been received due to circumstances outside the ratepayers control.	18	15
Rates for residential properties in commercial/industrial areas.	6	4
Rates on land protected for natural, historic or cultural conservation purposes.	0	8
Rates on cemeteries.	15	16
Rates on low value properties.	1	1
Total remissions	<u>82</u>	<u>92</u>
Rates revenue net of remissions	<u>40,737</u>	<u>37,028</u>



## Note 4 - Other revenue

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
User charges	8,618	8,505	8,620	8,507
Land Transport NZ grants	3,226	1,827	3,226	1,827
Regulatory revenue	2,283	2,232	2,283	2,232
Rental income and investment properties	4,247	4,013	4,247	4,013
Infringments and fines	760	560	760	560
Petrol tax	337	311	337	311
Vested assets	9,835	5,612	9,835	5,612
Interest income	838	837	929	895
Dividend income	3,658	2,123	0	0
Development/Financial contributions	4,342	4,598	4,342	4,598
Grants/donations	2,232	1,766	3,247	2,380
Other	1,410	1,202	5,049	4,090
	<u>41,786</u>	<u>33,586</u>	<u>42,875</u>	<u>35,025</u>

## Note 5 - Other gains

	Note	Council		Group	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Gain on changes in fair value of forestry assets	16	0	806	0	806
Gain on disposal of property, plant and equipment	14	154	207	178	218
Gain on sale of investments		0	0	0	0
Provision discount unwinding		49	17	49	17
Gain on changes in fair value of investment property	17	50	40	50	40
<b>Total gains</b>		<u>253</u>	<u>1,070</u>	<u>277</u>	<u>1,081</u>

## Note 6 - Employee benefit expenses

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Salaries and wages	10,921	10,197	15,734	14,894
Employer contributions to multi-employer defined benefit plans	7	8	7	8
<b>Total employee benefit expenses</b>	<b>10,928</b>	<b>10,205</b>	<b>15,741</b>	<b>14,902</b>

## Note 7 - Other expenses

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Audit fees for financial statement audit	97	101	127	130
Audit fees for NZ IFRS transition	13	6	13	17
Audit fees for assurance and related services	0	3	0	3
Audit fees for other services	0	0	0	0
Audit fees for LTCCP and amendments	6	17	6	17
Impairments of receivables	52	0	49	13
Loss on disposal of property, plant and equipment (Note 14)	1,104	438	1,104	438
Loss on changes in fair value of forestry assets (Note 16)	179	0	179	0
Decrease in value of investments	0	0	25	0
Other operating expenses	32,579	29,157	31,094	26,906
<b>Total other expenses</b>	<b>34,030</b>	<b>29,722</b>	<b>32,597</b>	<b>27,524</b>

## Note 8 - Finance costs

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Interest on bank borrowings	2,628	2,633	2,628	2,633
Write down interest free loan	71	0	71	0
<b>Total finance costs</b>	<b>2,699</b>	<b>2,633</b>	<b>2,699</b>	<b>2,633</b>

## Note 9 - Taxation

	Council		Group	
	2008	2007	2008	2,007
	\$000	\$000	\$000	\$000
<b>Components of tax expense</b>				
Current tax expense	52	87	321	309
Deferred tax expense	0	0	6	(42)
<b>Income tax expense</b>	<b>52</b>	<b>87</b>	<b>327</b>	<b>267</b>
<b>Relationship between tax expense and accounting profit</b>				
Surplus/(deficit) before tax	21,600	25,804	23,040	18,243
Tax at 33%	7,128	8,515	7,603	6,020
Non taxable income	7,076	8,428	7,276	5,753
<b>Tax expense</b>	<b>52</b>	<b>87</b>	<b>327</b>	<b>267</b>
<b>Deferred tax assets/(liabilities)</b>				
Balance 1 July	0	0	244	202
Charged to profit and loss	0	0	-6	42
<b>Balance 30 June</b>	<b>0</b>	<b>0</b>	<b>238</b>	<b>244</b>

<b>Deferred taxation movements statement</b>	Property, Plant & Equipment	Provisions	Employee Entitlements	Other	Total
	Balance as at 1 July 2006	94	8	105	(5)
Current year charge	1	10	30	1	42
Closing balance 30 June 2007	95	18	135	(4)	244
Balance as at 1 July 2007	95	18	135	(4)	244
Current year charge	(12)	0	15	(9)	(6)
Closing balance 30 June 2008	83	18	150	(13)	238

## Note 10 - Cash and cash equivalents

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Cash at bank and in hand	238	894	1,161	1,821
Short term deposits maturing three months or less from date of acquisition (Note 13)	6,300	9,950	6,300	9,950
<b>Total cash and cash equivalents</b>	<b>6,538</b>	<b>10,844</b>	<b>7,461</b>	<b>11,771</b>

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	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Cash at bank and in hand	238	894	1,161	1,821
Short term bank deposits maturing within three months	6,300	9,950	6,300	9,950
Bank overdrafts (note 23)	(268)	(549)	(268)	(549)
<b>Total cash and cash equivalents</b>	<b>6,270</b>	<b>10,295</b>	<b>7,193</b>	<b>11,222</b>

## Note 11 - Trade and other receivables

	Note	Council		Group	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Rates receivables		4,870	4,369	4,870	4,369
Other receivables		2,885	2,108	3,795	2,574
Dividend receivable		1,400	0	1,400	0
Sundry debtors		2,453	1,686	2,453	1,747
		<u>11,608</u>	<u>8,163</u>	<u>12,518</u>	<u>8,690</u>
Less provision for impairment of receivables		52	0	52	0
		<u>11,556</u>	<u>8,163</u>	<u>12,466</u>	<u>8,690</u>
Prepayments		770	529	770	529
Community loans		1,716	1,400	1,716	1,400
Loans to related parties	28	866	817	866	817
		<u>14,908</u>	<u>10,909</u>	<u>15,818</u>	<u>11,436</u>
Less non-current portion:					
Loans to related parties		866	817	866	817
Community loans		1,664	1,344	1,664	1,344
		<u>2,530</u>	<u>2,161</u>	<u>2,530</u>	<u>2,161</u>
<b>Current portion</b>		<u>12,378</u>	<u>8,748</u>	<u>13,288</u>	<u>9,275</u>
<b>Taxation</b>					
Taxation in advance		<u>123</u>	<u>0</u>	<u>123</u>	<u>0</u>

The loan to related parties is a loan of \$1.2 million to Tasman Bays Heritage Trust at zero interest rates. The loan has been written down based on a discounted interest rate of 8.5% (8% in 2006/07).

### 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 receivables 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 four months after the due date for payment. If payment has not been made within three 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 2008 and 2007 are detailed below.

	2008			2007		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	9,968	0	9,968	6,978	0	6,978
Past due 1 - 60 days	886	0	886	637	0	637
Past due 61 - 120 days	610	0	610	440	0	440
Past due > 120 days	144	(52)	92	108	0	108
<b>Total</b>	<b>11,608</b>	<b>(52)</b>	<b>11,556</b>	<b>8,163</b>	<b>0</b>	<b>8,163</b>
<b>Group</b>						
Not past due	10,878	0	10,878	7,505	0	7,505
Past due 1 - 60 days	886	0	886	637	0	637
Past due 61 - 120 days	610	0	610	440	0	440
Past due > 120 days	144	(52)	92	108	0	108
<b>Total</b>	<b>12,518</b>	<b>(52)</b>	<b>12,466</b>	<b>8,690</b>	<b>0</b>	<b>8,690</b>

## Note 12 - Inventories and biological assets

	Council		Group	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Ridgeways properties	451	348	451	348
Civic Trust - flag stocks	0	0	3	5
Nelmac - stocks	0	0	148	124
Nelmac - work in progress	0	0	106	68
<b>Total inventories</b>	<b>451</b>	<b>348</b>	<b>708</b>	<b>545</b>
Biological assets - Nursery plants	161	208	161	208
<b>Total current biological assets</b>	<b>161</b>	<b>208</b>	<b>161</b>	<b>208</b>

## Note 13 - Other financial assets

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Current portion</b>				
<i>Loans and receivables</i>				
Short term deposits with maturities of 4-12 months	2,000	1,000	2,000	1,000
Total current portion	2,000	1,000	2,000	1,000
<b>Non-current portion</b>				
Unlisted shares - Civic Insurance Ltd	140	140	140	140
Civic Trust - 1st NZ Securities	0	0	230	195
<b>Total non current portion</b>	140	140	370	335

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

2008	Short term deposits Council \$000	Short term deposits Group \$000	Local authority stock, Council and Group \$000
Short term deposits (with maturities of 3 months or less)	6,300	6,300	0
<i>Weighted average effective interest rate</i>	<i>8.50%</i>	<i>8.50%</i>	
Other investments maturing within 1 year:	2,000	2,000	0
<i>Weighted average effective interest rate</i>	<i>8.85%</i>	<i>8.85%</i>	
	8,300	8,300	0
2007	Short term deposits Council \$000	Short term deposits Group \$000	Local authority stock, Council and Group \$000
Short term deposits (with maturities of 3 months or less)	9,950	9,950	0
<i>Weighted average effective interest rate</i>	<i>8.04%</i>	<i>8.04%</i>	
Other investments maturing within 1 year:	1,000	1,000	0
<i>Weighted average effective interest rate</i>	<i>8.38%</i>	<i>8.38%</i>	
	10,950	10,950	0

## Note 14 - Property, plant and equipment

Notes to accounts

2008	Cost/ revaluation 30 June 2007 \$000	Accumulated depreciation and impairment charges 1 July 2007 \$000	Carrying amount 30 June 2007 \$000	Current year additions \$000	Current year disposals transfers \$000
<b>Council operational assets</b>					
Land	65,881		65,881	790	(126)
Buildings	22,228	(5,472)	16,756	3,128	
Other improvements	746	(183)	563	1	
Landfill post closure	853	(332)	521		
Library books	3,867	(2,316)	1,551	338	(1)
Plant and equipment	13,380	(9,852)	3,528	277	(50)
Motor vehicles	973	(562)	411	139	(20)
Marina	6,079	(138)	5,941	36	
Total operational assets	114,007	(18,855)	95,152	4,709	(197)
<b>Council infrastructural assets</b>					
Sewerage system	100,446	(1,716)	98,730	6,179	
Water system	132,575	(3,191)	129,384	2,150	(3)
Drainage network	93,613	(1,396)	92,217	5,149	
Solid waste	4,462	(233)	4,229	155	(1)
Roading network	160,772	(3,093)	157,679	7,147	0
Roading land	268,792		268,792	2,134	(375)
Total infrastructural assets	760,660	(9,629)	751,031	22,914	(379)
<b>Council restricted assets</b>					
Land	88,352		88,352	403	20
Buildings	13,240	(2,811)	10,429	3,377	
Other improvements	23,231	(1,126)	22,105	5,653	
Total restricted assets	124,823	(3,937)	120,886	9,433	20
<b>Total NCC property, plant and equipment</b>					
	999,490	(32,421)	967,069	37,056	(556)
<b>Subsidiaries property, plant and equipment</b>					
Land	942	0	942	0	0
Buildings	800	(420)	380	100	0
Leasehold improvements	22	(5)	17	0	0
Plant and equipment	3,771	(2,292)	1,479	534	(234)
Motor vehicles	877	(524)	353	130	(37)
Capitalised work in progress	72	0	72	49	(72)
Total subsidiaries	6,484	(3,241)	3,243	813	(343)
<b>Total Group property, plant and equipment</b>					
	1,005,974	(35,662)	970,312	37,869	(899)

FINANCIALS



<b>Current year loss on disposal \$000</b>	<b>Current year depreciation \$000</b>	<b>Revaluation surplus \$000</b>	<b>Cost/ revaluation 30 June 2008 \$000</b>	<b>Accumulated depreciation and impairment charges 30 June 2008 \$000</b>	<b>Carrying amount 30 June 2008 \$000</b>
			66,545		66,545
	(601)		25,356	(6,073)	19,283
	(19)		747	(202)	545
	(7)		853	(339)	514
	(334)		4,198	(2,643)	1,555
	(632)		13,361	(10,222)	3,139
	(80)		1,006	(553)	453
	(135)		6,115	(272)	5,843
0	(1,808)	0	118,181	(20,304)	97,877
(180)	(2,271)	(1,230)	101,823	(595)	101,228
(417)	(3,183)	(3,049)	124,885	0	124,885
(179)	(1,409)	2,640	98,418	0	98,418
(5)	(241)	720	4,858	0	4,858
(323)	(3,036)	35,363	196,830	0	196,830
			270,700		270,700
(1,104)	(10,140)	34,444	797,514	(595)	796,919
			88,776		88,776
	(277)		16,618	(3,088)	13,530
	(1,097)		28,884	(2,224)	26,660
0	(1,374)	0	134,278	(5,312)	128,966
(1,104)	(13,322)	34,444	1,049,973	(26,211)	1,023,762
0	0	0	942	0	942
0	(36)	0	900	(456)	444
0	(2)	0	22	(7)	15
0	(386)	0	4,071	(2,477)	1,594
0	(91)	0	970	(578)	392
0	0	0	49	0	49
0	(515)	0	6,954	(3,518)	3,436
(1,104)	(13,837)	34,444	1,056,927	(29,729)	1,027,198

2007	Accumulated depreciation		Carrying amount 1 July 2006 \$000	Current year additions \$000	Current year disposals \$000
	Cost/ revaluation 1 July 2006 \$000	and impairment charges 1 July 2006 \$000			
<b>Council operational assets</b>					
Land	52,326	0	52,326	910	(196)
Buildings	21,427	(4,874)	16,553	801	
Other improvements	672	(164)	508	74	
Landfill post closure	853	(321)	532		
Library books	3,539	(2,003)	1,536	338	(1)
Plant and equipment	12,148	(9,186)	2,962	1,236	(1)
Motor vehicles	1,009	(579)	430	66	(16)
Marina	5,952	0	5,952	127	
Total operational assets	97,926	(17,127)	80,799	3,552	(214)
<b>Council infrastructural assets</b>					
Sewerage system	91,084	(932)	90,152	9,729	
Water system	129,520	0	129,520	3,054	(5)
Drainage network	90,206	0	90,206	3,407	
Solid waste	3,950	0	3,950	513	
Roading network	152,120	0	152,120	8,755	(100)
Roading land	261,413	0	261,413	113	(148)
Total infrastructural assets	728,293	(932)	727,361	25,571	(253)
<b>Council restricted assets</b>					
Land	77,122	0	77,122	657	
Buildings	12,703	(2,526)	10,177	537	
Other improvements	19,782	(142)	19,640	3,449	
Total restricted assets	109,607	(2,668)	106,939	4,643	0
<b>Total NCC property, plant and equipment</b>					
	935,826	(20,727)	915,099	33,766	(467)
<b>Subsidiaries property, plant and equipment</b>					
Land	873	0	873	0	0
Buildings	691	(356)	335	108	0
Leasehold improvements	22	(2)	20	0	0
Plant and equipment	3,479	(2,116)	1,363	493	(201)
Motor vehicles	797	(482)	315	125	(44)
Capitalised work in progress	186	0	186	72	(186)
Total subsidiaries	6,048	(2,956)	3,092	798	(431)
<b>Total Group property, plant and equipment</b>					
	941,874	(23,683)	918,191	34,564	(898)

Current year loss on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2007 \$000	Accumulated depreciation and impairment charges 1 July 2007 \$000	Carrying amount 30 June 2007 \$000
		12,645	65,881		65,881
	(598)		22,228	(5,472)	16,756
	(19)		746	(183)	563
	(10)		853	(332)	521
	(322)		3,867	(2,316)	1,551
	(669)		13,380	(9,852)	3,528
	(70)		973	(562)	411
	(138)		6,079	(138)	5,941
0	(1,826)	12,645	114,007	(18,855)	95,152
(90)	(2,174)	1,112	100,446	(1,716)	98,730
(61)	(3,130)		132,575	(3,191)	129,384
(44)	(1,352)		93,613	(1,396)	92,217
(9)	(224)		4,462	(233)	4,229
(234)	(2,863)		160,772	(3,093)	157,679
		7,408	268,792		268,792
(438)	(9,743)	8,520	760,660	(9,629)	751,031
		10,575	88,352		88,352
	(285)		13,240	(2,811)	10,429
	(986)		23,231	(1,126)	22,105
0	(1,271)	10,575	124,823	(3,937)	120,886
(438)	(12,840)	31,740	999,490	(32,421)	967,069
0	0	69	942	0	942
0	(64)	0	800	(420)	380
0	(3)	0	22	(5)	17
0	(346)	0	3,771	(2,292)	1,479
	(40)		877	(524)	353
0	0	0	72	0	72
0	(453)	69	6,484	(3,241)	3,243
(438)	(13,293)	31,809	1,005,974	(35,662)	970,312

NZ IAS 16 NZ 77.2(c) requires the total fair value of property, plant and equipment valued by each valuer for both the parent and group to be disclosed. An example could be;

Total fair value of property, plant and equipment by valuer:

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
M Devgun of Opus International Consultants Ltd	510	0	510	0
G Butterworth of QV Valuations	0	176	0	176
P Ollivier of Duffill Watts Tse Ltd	0	0	0	15

## Note 15 - Intangible assets

	Council		Group	
	Computer Software	Council Total	Computer Software	Group Total
	\$000	\$000	\$000	\$000
<b>Balance 1 July 2007</b>				
Cost	1,324	1,324	122	1,446
Accumulated amortisation and impairment	(482)	(482)	(107)	(589)
Opening carrying amount	842	842	15	857
Additions	351	351	16	367
Amortisation charge	(197)	(197)	0	(197)
Closing carrying amount	996	996	31	1,027
<b>Balance at 30 June 2008</b>				
Cost	1,675	1,675	138	1,813
Accumulated amortisation and impairment	(679)	(679)	(107)	(786)
Closing carrying amount	996	996	31	1,027
<b>Balance 1 July 2006</b>				
Cost	1,040	1,040	115	1,155
Accumulated amortisation and impairment	(317)	(317)	(102)	(419)
Opening carrying amount	723	723	13	736
Additions	284	284	7	291
Amortisation charge	(165)	(165)	(5)	(170)
Closing carrying amount	842	842	15	857
<b>Balance at 30 June 2007</b>				
Cost	1,324	1,324	122	1,446
Accumulated amortisation and impairment	(482)	(482)	(107)	(589)
Closing carrying amount	842	842	15	857

## Note 16 - Forestry assets

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Balance at 1 July	4,789	3,983	4,789	3,983
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	(179)	937	(179)	937
Decreases due to sales	0	(131)	0	(131)
Decrease due to harvest	0	0	0	0
<b>Balance 30 June</b>	<b>4,610</b>	<b>4,789</b>	<b>4,610</b>	<b>4,789</b>

The Nelson City Council owns 679.7 hectares of radiata pine, douglas fir and cupressus macrocarpa planted between 1976 and 2006. Stands of other species totalling 16.2 hectares were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2008. A discount rate of 7% has been used in discounting the present value of expected after tax cash flows. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvi-cultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the statement of financial performance.

The costs to maintain forestry assets are included in the statement of financial performance.

Refer to Note 31 for a summary of the loss of value resulting from the severe storm on 30 July 2008.

## Note 17 - Investment properties

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Balance at 1 July</b>	890	850	890	850
Additions from acquisitions	0	0	0	0
Disposals	0	0	0	0
Fair value gains/(losses) on valuation (Note 5)	50	40	50	40
<b>Balance at 30 June</b>	<b>940</b>	<b>890</b>	<b>940</b>	<b>890</b>

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	2008 \$000	2007 \$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
Nelmac	100%	2,353	2,353
<b>Council total</b>		21,183	21,183

### Group

	2008 \$000	2007 \$000
Port Nelson Limited	65,163	55,378
Tasman Bays Heritage Trust	7,330	7,421
Nelson Airport Limited	2,753	2,309
Tourism Nelson Tasman Limited	0	0
<b>Total Group Investment</b>	75,246	65,108

### Profit on sale of shares:

Port Nelson Ltd bought 2,815,315 shares at \$4.44 per share	0	12,500
Cost at \$1 per share	0	2,815
Profit per share	0	9,685

Nelmac is a fully owned subsidiary and has been consolidated line by line. Port Nelson Limited, Tasman Bays Heritage Trust, Nelson Airport Limited and Tourism Nelson Tasman Limited are all 50% owned associates and only the equity value is consolidated.

**Movements in the carrying amount of investments in associates:**

Opening balance	65,108	74,254
New investment	0	0
	<hr/>	<hr/>
	65,050	74,254
Disposals	0	12,500
	<hr/>	<hr/>
	65,050	61,754
Share of recognised revenues and expenses	4,268	3,681
Share of revaluations	9,394	1,709
	<hr/>	<hr/>
	78,711	67,144
Share of dividend	2,065	2,036
	<hr/>	<hr/>
<b>Balance as at 30 June 2008</b>	<b>76,646</b>	<b>65,108</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Assets	107,050	91,296
Liabilities	31,855	17,041
Equity	75,195	83,938
Revenues	22,238	18,610
Surplus/(deficit)	4,237	4,222



## Note 19 - Joint ventures

<b>2008</b>	<b>Regional Sewerage Scheme \$000</b>	<b>Ridgeways JV \$000</b>	<b>Civil Defence \$000</b>	<b>Total \$000</b>
Current assets	205	682	56	943
Non-current assets	15,591	0	46	15,637
Current liabilities	1,402	7	1	1,410
Non-current liabilities	3,000	0	0	3,000
Income	2,813	323	133	3,269
Expenses	2,252	45	151	2,448

<b>2007</b>	<b>Regional Sewerage Scheme \$000</b>	<b>Ridgeways JV \$000</b>	<b>Civil Defence \$000</b>	<b>Total \$000</b>
Current assets	862	443	83	1,388
Non-current assets	14,703	0	38	14,741
Current liabilities	542	46	1	589
Non-current liabilities	5,000	0	0	5,000
Income	3,288	364	133	3,785
Expenses	2,186	52	123	2,361

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

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

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

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

## Note 20 - Trade and other payables

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Trade payables	5,985	6,374	6,057	6,426
Deposits and bonds	501	445	501	445
Accrued expenses	583	992	731	1,107
Income in advance	1,245	1,095	1,502	1,161
Trust accounts	205	267	205	267
Amounts due to customers for contract work	83	33	83	33
Other	1,691	612	1,691	612
<b>Total trade and other payables</b>	<b>10,293</b>	<b>9,818</b>	<b>10,770</b>	<b>10,051</b>

## Note 21 - Provisions

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Current provisions are represented by:</b>				
Warranty provisions	0	0	11	11
<b>Total current provisions</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>11</b>
<b>Non-current provisions are represented by:</b>				
Landfill redemption	1,311	1,167	1,311	1,167
<b>Total non current provisions</b>	<b>1,311</b>	<b>1,167</b>	<b>1,311</b>	<b>1,167</b>
Balance 1 July	1,167	1,033	1,167	1,033
Provision for year based on consumption	42	52	42	52
Interest	102	82	102	82
<b>Balance 30 June</b>	<b>1,311</b>	<b>1,167</b>	<b>1,311</b>	<b>1,167</b>

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 1.399 million cubic metre (refuse, clean fill and cover). The estimated remaining life is 16 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 17 to 47 years time, (between 2024 and 2054). 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 8.5%, and an inflation rate of 2.5%.

## Note 22 - Employee liability benefits

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Accrued pay	447	450	580	599
Annual leave	762	710	1,151	1,058
Long service leave	257	242	310	289
Retirement gratuities	312	301	375	356
Sick leave	30	25	30	25
<b>Total employee benefit liabilities</b>	<b>1,808</b>	<b>1,728</b>	<b>2,446</b>	<b>2,327</b>
Comprising:				
Current	1,289	1,233	1,870	1,755
Non-current	519	495	576	572
<b>Total employee benefit liabilities</b>	<b>1,808</b>	<b>1,728</b>	<b>2,446</b>	<b>2,327</b>

## Note 23 - Borrowings

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Current</b>				
Bank overdraft	268	549	268	549
Secured loans	12,225	8,800	12,225	8,800
Lease liabilities	0	0	0	0
<b>Total current borrowings</b>	<b>12,493</b>	<b>9,349</b>	<b>12,493</b>	<b>9,349</b>
<b>Non-current</b>				
Secured loans	24,110	26,310	24,110	26,310
EECA loan	100	0	100	0
Lease liabilities				
<b>Total non-current borrowings</b>	<b>24,210</b>	<b>26,310</b>	<b>24,210</b>	<b>26,310</b>

The maturity dates for the above are:

	Nelson City Council	Regional Sewerage	Weighted average Total interest rate	Interest payable over remaining term	
	\$000	\$000	\$000	\$000	
September 2008	3,000		3,000	6.54%	42
October 2008	0	1,025	1,025	6.95%	21
March 2009	8,200		8,200	6.72%	414
August 2009	0	1,000	1,000	7.00%	79
February 2010	0	1,000	1,000	7.10%	116
March 2010	5,000		5,000	7.22%	617
April 2010	0	1,000	1,000	7.32%	131
June 2010	5,110		5,110	6.95%	696
March 2011	2,500		2,500	8.69%	589
March 2011	2,500		2,500	8.35%	566
June 2011	3,000		3,000	6.93%	615
March 2012	3,000		3,000	8.25%	878
	<b>32,310</b>	<b>4,025</b>	<b>36,335</b>		<b>4,764</b>

## Note 24 - Equity

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Retained earnings</b>				
As at 1 July	247,201	221,661	258,807	241,006
Transfers to:				
Restricted reserves	(2,382)	(2,951)	(2,382)	(2,951)
Transfers from:				
Asset revaluation reserve on disposal of property, plant and equipment				
Restricted reserves	4,108	2,776	4,108	2,776
Surplus/(deficit) for the year	21,548	25,715	22,713	17,976
<b>As at 30 June</b>	<b>270,475</b>	<b>247,201</b>	<b>283,246</b>	<b>258,807</b>
<b>Restricted reserves</b>				
As at 1 July	4,811	4,636	4,811	4,636
Transfers to:				
Retained earnings	(4,108)	(2,776)	(4,108)	(2,776)
Transfers from:				
Retained earnings	2,382	2,951	2,382	2,951
<b>As at 30 June</b>	<b>3,085</b>	<b>4,811</b>	<b>3,085</b>	<b>4,811</b>
<b>Hedging Reserve</b>				
Port Nelson Limited:				
As at 1 July	0	0	432	26
Fair value movement	0	0	(291)	606
Deferred tax movement	0	0	107	(200)
<b>As at 30 June</b>	<b>0</b>	<b>0</b>	<b>248</b>	<b>432</b>
<b>Contingency reserve</b>				
Regional Sewerage Scheme:				
As at 1 July	50	50	50	50
Fair value movement	0	0	0	0
<b>As at 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Asset revaluation reserve</b>				
As at 1 July	717,634	685,893	753,988	720,859
Revaluation gains/(losses)	34,453	31,741	44,028	33,129
Transfer of revaluation reserve to retained earnings on disposal of property, plan and equipment	0	0	0	0
<b>As at 30 June</b>	<b>752,087</b>	<b>717,634</b>	<b>798,016</b>	<b>753,988</b>
Asset revaluation reserve consists of:				
Nelson City Council:				
Land	146,002	146,002	146,002	146,002
Sewerage infrastructure	70,581	71,801	70,581	71,801
Water infrastructure	100,107	103,156	100,107	103,156
Drainage infrastructure	74,483	71,844	74,483	71,844
Solid waste infrastructure	3,866	3,146	3,866	3,146
Roading infrastructure	352,444	317,081	352,444	317,081
Regional Sewerage Scheme				
Land	725	725	725	725
Sewerage infrastructure	3,879	3,879	3,879	3,879
Port Nelson:				
Land	0	0	39,351	32,245
Wharves	0	0	4,991	2,340
Buildings	0	0	456	574
Tasman Bays Heritage Trust - land and buildings	0	0	564	696
Nelmac - land	0	0	567	499
	752,087	717,634	798,016	753,988
<b>Total other reserves</b>	<b>755,222</b>	<b>722,495</b>	<b>801,399</b>	<b>759,281</b>

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

	<b>Council</b>		<b>Group</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Surplus/(deficit) after tax</b>	21,548	25,717	22,713	17,976
<b>Add non-cash items:</b>				
Depreciation and amortisation	12,415	13,005	12,930	13,543
Impairment charges	1,104	438	1,104	438
Increase in deferred tax	0	0	6	(42)
Vested assets	(9,835)	(5,612)	(9,835)	(5,612)
Increase/(Decrease) in Associates equity	0	0	0	(1,664)
(Gains)/losses in fair value of forestry assets	179	(806)	179	(806)
(Gains)/losses in fair value of investment property	(50)	(40)	(50)	(40)
<b>Add/(less) items classified as investing or financial activities:</b>				
(Gains)/losses on disposal of property, plant and equipment	(154)	(207)	(178)	(218)
(Gains)/losses on disposal of investments classified as fair value through equity	0	(9,685)	0	0
<b>Add/(less) movements in working capital items:</b>				
Accounts receivable	(3,271)	73	(3,611)	119
Inventories	(56)	95	(116)	78
Prepayments	(241)	3	(241)	3
Accounts payable	429	(635)	646	(547)
Income tax payable	(277)	417	(301)	474
Provisions	56	110	115	149
Employee benefits	168	154	148	232
Net GST	(330)	(70)	(346)	(54)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>21,685</b>	<b>22,957</b>	<b>23,163</b>	<b>24,029</b>

## Note 26 - Capital commitments and operating losses

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Capital commitments</b>				
Capital expenditure commitments contracted for at balance date but not yet incurred for property, plant and equipment:				
Nelson City Council	6,484	3,570	6,484	3,720
Civic Trust			0	1
Tasman Bay Heritage Trust			0	0
Port Nelson Ltd			337	197
Nelson Airport Ltd			0	123
	<u>6,484</u>	<u>3,570</u>	<u>6,821</u>	<u>4,041</u>
<b>Operating leases as lessee - Group</b>				
Less than one year			92	126
One to five years			197	195
Over five years			12	0
			<u>301</u>	<u>321</u>
<b>Operating lease as lessor</b>				
Nelson Airport Limited			<u>606</u>	<u>612</u>



## Note 27 - Contingent liabilities

Guarantees of bank loans or loans presently in force are as follows:

	<u>2008</u>	<u>2007</u>
	<u>\$000</u>	<u>\$000</u>
<b>Council</b>		
Weather tight homes	200	350
Westpac Credit Card	42	42
Celtic Rugby Football Club	145	145
Maitai Bowling Club	200	200
	<u>587</u>	<u>737</u>
Nelson Regional Sewerage Business Unit	0	0
Combined Civil Defence Organisation	0	0
Ridgeways Joint Venture	0	0
	<u>587</u>	<u>737</u>
<b>Total Council</b>	<u>587</u>	<u>737</u>
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
	<u>587</u>	<u>737</u>

The Nelson City Council has four claims in relation to weather tight homes outstanding. The excess on the Council insurance is \$50,000 per claim and so the maximum contingent liability is \$200,000. It is hoped that the final cost will be significantly less than this.

**Note 28 - Related party transactions**

Nelson City Council is the ultimate parent of the group and controls three entities;

- Nelmac Limited
- Nelson Regional Economic Development Agency
- City of Nelson Civic Trust

It also has five associates;

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

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>2008</u>	<u>2007</u>
	\$000	\$000
<b>Nelmac Limited</b>		
Amounts paid by Nelson City Council	7,681	7,085
Amounts paid to Nelson City Council	365	319
Dividend paid to Nelson City Council	180	75
Amount payable by Nelson City Council	772	821
Amount payable to Nelson City Council	35	29
<b>Nelson Regional Economic Development Agency</b>		
Amounts paid by Nelson City Council	296	239
Amounts paid to Nelson City Council	18	18
<b>Port Nelson Limited</b>		
Amounts paid by Nelson City Council	16	41
Amounts paid to Nelson City Council	379	485
Dividend paid to Nelson City Council	1,950	1,850
Amount payable by Nelson City Council	1	10
Amount payable to Nelson City Council	12	104
<b>Nelson Airport Limited</b>		
Amounts paid to Nelson City Council	319	186
Dividend paid to Nelson City Council	115	212
Amount payable to Nelson City Council	15	28

Nelson Airport Limited leases the airport land from the Nelson City Council for one peppercorn

	<u>2008</u>	<u>2007</u>
	\$000	\$000
<b>Tasman Bays heritage Trust</b>		
Amounts paid by Nelson City Council	598	625
Loan advanced by Nelson City Council	1,200	1,200
<b>Tourism Nelson Tasman Limited</b>		
Amounts paid by Nelson City Council	341	310
Amounts paid to Nelson City Council	52	57
Amount payable by Nelson City Council	2	0
Amount payable to Nelson City Council	0	1
<b>Nelson Regional Sewerage Business Unit</b>		
Amounts paid by Nelson City Council	2,181	2,260
Amounts paid to Nelson City Council	83	100
Amount payable by Nelson City Council	140	39
Amount payable to Nelson City Council	679	403
<b>Nelson Tasman combined Civil Defence Organisation</b>		
Amounts paid by Nelson City Council	124	120
Amounts paid to Nelson City Council	11	11
Computer equipment rental payable to Nelson City Council	9	6
Amount payable by Nelson City Council	113	164
<b>Ridgeways Joint Venture</b>		
Amounts paid to Nelson City Council	38	475

**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 Management team received payment of \$3,000 for work carried out for the Council. (\$3,000 in 2006/07).

**Councillors**

During the 2007 year the Council entered into a land swap agreement with L.I.T.E. Housing Limited, a property development company in which Councillor Shaw and his partner owns a 20% share. During 2007/08 the Council paid L.I.T.E Housing Limited \$20,174. During 2006/07 L.I.T.E. Housing Limited paid the Council a net \$20,000.

Councillor Boswijk is a director of Boswijk Inc. Limited and during 2007/08 the Council paid the company \$1,800. (Nil in 2006/07).

Councillor Holmes is a director of Photomap NZ Limited and during 2007/08 the Council paid the company \$1,058. (Nil in 2006/07).

Councillor Rainey is a director of Eventiac Limited and during 2007/08 the Council paid the company \$20,823. (Nil in 2006/07).

Mayor Marshall is a trustee of the Cawthron Institute and during 2007/08 the Council paid the Cawthron Institute \$377,478.

These transactions are entered into on normal commercial terms.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (Nil in 2006/07).

**Key management personnel compensation:**

	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Salaries and other short term employee benefits	1,661	1,450
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	0

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

## Note 29 - Remuneration

The Chief Executive of Nelson City Council appointed under section 42 of the Local Government Act 2002 received a salary of \$214,782 (\$185,359 in 2006/07)

In terms of his contract, the Chief Executive also received the following additional benefits:

Cost during the financial year

	<u>2008</u>	<u>2007</u>
Vehicle (market value plus FBT)	14,000	12,700
Superannuation subsidy	3,120	3,120
Subscription reimbursement	1,406	1,130
Medical insurance	2,312	3,792
Koru Club	440	440

For the year ended 30 June 2008, the total annual cost including fringe benefit tax to the Nelson City Council of the remuneration package being received by the Chief Executive is calculated at \$235,992 (\$206,541 in 2006/07).

	<u>Council</u>		<u>Group</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Mayor Matheson	28,304	86,194	40,538	118,119
Mayor Marshall (current Mayor)	61,636	0	61,636	0
Councillor Aitken	11,565	35,566	11,565	35,566
Councillor Barker (current Councillor)	39,881	31,906	39,881	31,906
Councillor Boswijk (current Councillor)	20,547	0	20,547	0
Councillor Collingwood (current Councillor)	33,548	35,566	33,548	35,566
Councillor Cotton (current Councillor)	32,216	35,566	50,216	52,951
Councillor Davy	12,449	41,007	12,449	41,007
Councillor Ford	8,674	26,674	8,674	26,674
Councillor Fry	8,674	27,116	8,674	27,116
Councillor Henigan (current Councillor)	31,378	30,898	31,378	30,898
Councillor Holmes (current Councillor)	35,125	27,724	35,125	27,724
Councillor McAlpine (current Councillor)	20,547	0	20,547	0
Councillor Miccio (current Councillor)	20,547	0	20,547	0
Councillor Rainey (current Councillor)	25,574	0	25,574	0
Councillor Reese (current Councillor)	27,291	0	27,291	0
Councillor Shaw (current Councillor)	38,350	38,986	38,350	38,986
Councillor Thomas (current Councillor)	25,574	0	25,574	0
Councillor Thorne	8,674	26,674	8,674	26,674
Councillor Turley	8,674	28,477	8,674	28,477
	<u>499,228</u>	<u>472,354</u>	<u>529,462</u>	<u>521,664</u>

Mayor Matheson was a director of Port Nelson Limited and Nelson Airport Limited and received directors fees of:

	<u>2008</u>	<u>2007</u>
Port Nelson Limited	7,667	21,925
Nelson Airport limited	4,567	10,000

Councillor Cotton is a director of Nelmac Limited and received directors fees of \$18,000 (\$17,385 in 2006/07).

### Note 30 - Severance payments

For the year ended 30 June 2008 Nelson City Council made three (three in 2006/07) severance payments to employees totalling \$61,751. (\$42,778 in 2006/07).

The value of each of the severance pays was \$25,000, \$20,000 and \$16,751. (\$20,000, \$17,905 and \$4,873 in 2006/07).

### Note 31 - Events after the balance sheet date

On 30 July 2008 a destructive wind storm event hit Nelson with wind gusts of up to 151 kph recorded at Princes Drive. The costs of the wind damage was extensive and in report 689921 which was considered by the Infrastructure Committee on 4 September 2008 it was estimated that the cost of the damage could amount to \$1.48 million plus a loss of value of the Council's pine plantations of \$0.84 million. The Council has an emergency fund which had a balance of \$1.01 million as at 30 June 2008. This reserve will be used in the first instance, and any excess costs will be funded by borrowings. There were no significant events after balance date for the 2006/07 year.

## Note 32 - Financial instruments

### A. Financial instrument categories

	Council		Group	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Financial Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	6,538	10,844	7,461	11,771
Trade and other receivables	11,556	8,163	12,466	8,690
Other financial assets				
- term deposits	2,000	1,000	2,000	1,000
- community loans	1,716	1,400	1,716	1,400
- loans to related parties	866	817	866	817
Total loans and receivables	22,676	22,224	24,509	23,678
<b>Financial Liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	10,293	9,818	10,770	10,051
- bank overdraft	268	549	268	549
- secured loans	36,335	35,110	36,335	35,110
Total financial liabilities at amortised cost	46,896	45,477	47,373	45,710

### B. 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.

##### Interest rate risk

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

All borrowings are raised at fixed interest rates.

**Fair values**

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

**Credit risk**

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

The details of the \$12.4 million trade receivables are outlined in Note 11. The largest single debtor is \$266,346 owed by Tasman District Council. (\$227,350 by the Tasman District Council in 2006/07).

Details of the investments are outlined in Notes 13 and 18. \$8.3 million is invested with the major banks with the largest amount with any one bank being \$4.0 million (\$3.8 million in 2006/07).

Nelson City Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other local authorities are secured by charges over rates. Other than other local authorities, the group only invests with entities that have a strong standard and poor's credit rating.

Nelson City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

**Maximum exposure to credit risk**

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

	<b>Council</b>		<b>Group</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash at bank and term deposits	8,538	11,844	9,461	12,771
Trade and other receivables	11,556	8,163	12,466	8,690
Community and related party loans	2,582	2,217	2,582	2,217
Financial guarantees and possible claims	587	737	587	737
	<u>23,263</u>	<u>22,961</u>	<u>25,096</u>	<u>24,415</u>

**Credit quality of financial assets**

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 financial investments are with the five major banks.

Trade 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 trade and other receivables with reference to internal or external credit ratings. Nelson City Council has no significant concentrations of credit risk in relation to trade 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.



## 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 cash, the 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 the Bank of New Zealand.

In meeting its liquidity requirements, Nelson City Council maintains a target level of short term investments sufficient to cover its restricted reserves. Nelson City Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the Nelson City Council's long term council community plan.

Nelson City Council has an overdraft facility of \$200,000.

### 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.

	2008				2007			
	\$000		\$000		\$000		\$000	
	-100bps Other Profit	+100bps Other equity	-100bps Other Profit	+100bps Other equity	-100bps Other Profit	+100bps Other equity	-100bps Other Profit	+100bps Other equity
<b>Interest Rate Risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	(63)	0	63	0	(100)	0	100	0
Other financial assets:								
- local authority stock	0	0	0	0	0	0	0	0
<b>Financial liabilities</b>								
Borrowings:								
- bank overdraft	3	0	(3)	0	5	0	(5)	0
<b>Total sensitivity to interest rate risk</b>	<b>(60)</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>(95)</b>	<b>0</b>	<b>95</b>	<b>0</b>

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

### Statement of financial performance

Other revenue is \$3.7 million over budget mainly due to vested assets being \$6.7 above budget, and \$0.5 million additional in festivals. The proceeds from the sale of Ridgeway sections were \$0.5 million under budget. The budget provided for a return on investment of \$0.5 million from the Regional Sewerage Business Unit but instead the business unit provided a rebate on its charges. It was therefore a reduced cost, and the income was that much less than budget.

Other expenses are \$1.0 million over budget mainly due to: \$385,000 spent on clean up after the major flood event in May 2007, and \$640,000 additional spending on festivals, (which was matched by \$540,000 additional revenue).



Finance costs were \$575,000 under budget. This was mainly due to delays in a number of the major capital projects, resulting in lower borrowings and hence lower interest costs.

The share of associate's surplus is zero as the associates are now only consolidated in the Group Accounts as a result of the adoption of New Zealand International Financial Reporting Standards.

#### **Statement of movements in equity**

Due to the high inflation levels in infrastructural assets the revaluations were \$8.9 million over budget.

#### **Balance Sheet**

The investments in associates is showing as \$47 million under budget but is simply because the retained earnings in these companies have been taken out of the Council figures and are now just shown in the Group figure as a result of the adoption of New Zealand International Financial Reporting Standards.

Borrowings are \$21 million under budget mainly due to many of the capital expenditure projects not proceeding as quickly as planned.

The split of equity between retained earnings and other reserves show major variations. When the LTCCP was prepared the Council had intended to go to deemed cost, and all the revaluation reserves were transferred to retained earnings, but the Council has now decided not to do so.

#### **Activity Summaries:**

##### **Water supply:**

Water sales were \$258,000 (2.4%) over budget due to the dry summer.

Financial contributions were well up on budget due to the rush before the new development contribution policy was implemented.

Depreciation was \$490,000 over budget and this has resulted in a similar increase in the loan repayments.

The surplus in the water account has been used to reduce borrowings.

##### **Sewage disposal:**

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 well up on budget due to the rush before the new development contribution policy was implemented.

The other revenue budget allowed for a \$500,000 return on investment in the Regional Sewerage Business Scheme but instead this was provided as a rebate on its charges and so shows as reduced expenditure.

Capital expenditure is well under budget. This is mainly due to the Regional Scheme being \$2.3 million under budget as a result of delays in its upgrade, but the City's capital expenditure is \$860,000 over budget due to carry-overs from the previous year.

The transfer to reserve funds relates to the Nelson Regional Sewerage Scheme and is due to its upgrade not proceeding as quickly as planned.

The net reduction in loans raised and reduced loan repayments equates to the reduced capital expenditure.

#### **Stormwater and flood protection:**

Financial contributions were well up on budget due to the rush before the new development contribution policy was implemented.

Operating and maintenance expenses were \$381,000 over budget which was due to the \$385,000 clean up costs after major floods in May. The transfer from reserve funds is to fund these costs from the emergency fund.

Capital expenditure is well under budget due to delays in a number of the projects. As a result of this, the loans raised are well under budget.

#### **Roading and transport:**

Financial contributions were well up on budget due to the rush before the new development contribution policy was implemented.

Other revenue is well over budget which is mainly due to higher subsidies from Land Transport NZ. The most significant effect on this was the delay in the renewal of the Normanby Bridge of which \$1.7 million was carried forward from 2006/07.

Depreciation was \$464,000 over budget mainly in subsidised roading

Loans raised are well down due to the reduced capital expenditure, increased subsidies and increased depreciation.

#### **Managing solid waste:**

Operating and maintenance costs are \$522,000 under budget which is mainly due to savings in the operating contracts at the transfer station and landfill, (\$148,000), maintenance costs at the landfill (\$84,000), and savings in the disposal of green waste, (\$93,000).





**Environmental management:**

The “Clean Heat” loans did not proceed as fast as planned and so the loan investments are down by \$1 million and the loans raised are down by a similar amount.

**Regulatory compliance:**

Other revenue is \$449,000 over budget due to increased building services fees received, but there is a similar amount of additional operating costs due to the engagement of contractors to assist with processing building consents.

**Parks and open spaces:**

Other revenue was \$710,000 over budget, mainly due to additional grants from Tasman District Council towards the Saxton Field development, (\$297,000), a contribution from the Tennis Club which was budgeted to be received in the previous year, (\$128,000), a Canterbury Community Trust grant toward the Saxton Field development, (\$100,000), and donations towards the Chinese Gardens, (\$73,000).

Operating and maintenance is over budget by \$320,000 mainly in Esplanade and Foreshore Reserves and Sports Parks.

Depreciation is significantly higher, mainly in Sports Parks, and is a result of the revaluation on transition to New Zealand International Financial Reporting Standards.

Due to the high level of contributions to the subdivision reserve account it was possible to use these funds instead of raising loans.

**Recreation and leisure:**

No significant variations.

**Community facilities:**

The major variance in this activity was the capital expenditure being \$13.9 million under budget. The main areas of under spending were delays in Regional Community Facilities, (\$10.8 million due to delays in Saxton Field Stadium and the Trafalgar Centre), Community Housing (\$1.5 million for the Orchard Street redevelopment), and the marina, (\$1.3 million for the Akerston Street development). These delays have resulted in lower operating and maintenance, interest and depreciation costs. They also resulted in reduced borrowings and lower sales of assets, (Akerston Street properties).

**Economics and tourism support:**

No significant variations.

**Managing emergencies and natural hazards:**

No significant variations.

**Social development:**

No significant variations.

**Culture, heritage and arts:**

Both other revenue and operating and maintenance costs were over budget by over \$0.5 million due to additional revenue and costs in the festival account as a result of the Opera in the Park.

**Democracy and central administration.**

Other revenue is well over budget due to a change in accounting for an extra dividend of \$1.4 million from Port Nelson Limited. Under previous New Zealand Generally Accepted Accounting Practice (GAPP) Council recognised dividends as revenue when they were physically received (cash basis). NZ IAS 18, Revenue, requires that dividends be recognised when the shareholders right to receive payment has been established. This means that Council recognises dividend revenue when it is declared. Port Nelson Limited declared its final dividend on 20 June 2008 and so this dividend has been accrued as at 30 June 2008. As two final dividends have been accounted for during the year ended 30 June 2008, the second dividend has been transferred to the loan repayment reserve in line with Council policy.

Both internal interest received, and interest on loans are under budget by over \$1 million due to delays in major projects and the consequential reduced borrowings. Capital expenditure is under budget due to work on Civic House not proceeding as quickly as planned, and lower purchases and renewals of computer equipment.

The loans raised are \$2 million over budget due to the increase in transfers to reserves, the lower transfers from reserves, and the lower sales of section in the Ridgeways subdivision.

**Reserves and trusts**

Financial contributions were well up on budget due to the rush before the new development contribution policy was implemented. The net contributions and interest were transferred to the reserve account.



### Note 34 - Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets. The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

## Significant activities

The Council undertakes work on 16 'significant activities', which together contribute to the state of the local economy, the environment, community wellbeing and the identity of Nelson and its inhabitants. Each activity contains a summary of its sub-activities. For example the community facilities activity includes the sub-activities of libraries, halls, public toilets etc. The 16 Council activities are:

- Water supply
- Sewage disposal
- Storm water and flood protection
- Roads and transport
- Solid waste management
- Environment management
- Regulatory compliance
- Parks and open spaces
- Recreation and leisure
- Community facilities
- Economic and tourism support
- Managing emergencies and natural hazards
- Social development
- Culture, heritage and arts
- Democracy and administration
- Financial reserves and trusts

The Council's 2006 Long term Council Community Plan (LTCCP) set out the targets for each Council activity, the issues ahead and the objectives for the next three years. This Annual Report sets out the actual results for each target.

These targets and objectives have been chosen as suitable ways of measuring progress towards the Council's desired outcomes.

There are also reports on the following associated activities and investments, which are detailed in the section on Council Controlled Organisations beginning on page 171:

- Nelmac Limited
- Nelson Airport Limited
- Port Nelson Limited
- Nelson Tasman Tourism
- Ridgeways Joint Venture
- Nelson Regional Economic Development Agency



### Key to results

- ☺ Target met or exceeded,
- ☹ Close to target or on track for multi-year projects
- ☹ Target not achieved

If blank the Council has not assessed the results for this performance measure





## Water supply

### How the service is delivered to achieve the outcomes

The Council manages 364 km of water pipes and supplies urban and some rural areas of Nelson. There are two water supply sources - the Maitai and the Roding. A new water treatment plant opened in August 2004 and treats water from both rivers.

### What this includes

Water supply is managed as a single activity with no sub-activities. Components of this activity include:

- planning the sustainable management of Nelson's water supply;
- processing relevant consents and monitoring compliance with the consents once granted;
- operating and maintaining the water supply pumping and storage system, the reticulation/distribution system, and treatment facility; and
- Council requiring commercial property owners to prevent backflow into the reticulation system.

### Links to outcomes

Council supplying safe water to Nelson residents and businesses contributes to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	A city wide water system ensures that water resources are well managed and reduces the human impact on the environment.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	High quality water encourages businesses to move to Nelson. It also supports economic growth.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Clean drinking water prevents diseases and means healthier people.

Because a reliable water supply is an essential 'lifeline' utility, Council has established procedures to ensure continuity of supply, or a rapid return of service, in the event of a civil

emergency such as an earthquake. These provisions include locating a generator at the water treatment plant to provide an energy source should there be an interruption to electricity supplies.

### Highlights of the year

Highlights of the year included the reassessment in May 2008 of the water supply grading for the Tantragee Water Treatment Facility. The facility received a confirmed Ab grading, which is A at source, and b at the point of distribution, from the Ministry of Health.

During the year Council has also included seismic shutoffs to all major reservoirs and completed the Wastney Terrace pump station.

### Levels of service - water pressure, flow and reliability

Criteria	Service level	Performance measures and targets	Current results
Resident satisfaction	Residents' approval	80% satisfied or very satisfied	☹ The 2008 residents survey show this target as being slightly below target at 70%.
Water quality	Ministry of Health water supply grading	'A' for source and 'b' for distribution	☺ Achieved Ab grading confirmed in May 2008
Reliability	Provide residents with a reliable water supply	<ul style="list-style-type: none"> <li>• Maintain supply during 1 in 60 year drought</li> <li>• Provide continuity of supply &gt; 99.6% of time.</li> <li>• Maximum disruption time 24 hours</li> <li>• Usual disruption &lt; 8 hours.</li> </ul>	☺ All achieved <ul style="list-style-type: none"> <li>• 1 in 60 year drought security was maintained.</li> <li>• 99.85% (maximum outage for any one property was 13 hours 30 minutes) in the year.</li> <li>• Maximum outage was 9 hours 30 minutes</li> <li>• 1 disruption of 9 hours 30 minutes out of 363 shutdowns</li> </ul>

Criteria	Service level	Performance measures and targets	Current results
Pressure	Provide residents with a consistent water pressure and meet the NZ Fire Service standards	<ul style="list-style-type: none"> <li>• Min working pressure &gt;30m head</li> <li>• Max working pressure &lt;90m head.</li> </ul> <p>[Note: The service level was changed from &lt;95m head to align with water supply grading criteria]</p>	<p>☺ Achieved 281 properties have less than 30m head as they are close to reservoirs, so they have pumps or oversize pipes to provide enough pressure.</p> <p>☹ Not fully achieved. Note that the changed level of service from 95m to 90m head means more properties are included. 3812 of a total of over 17,600 properties received over 90m head, of which 1752 received over 95m head (compared to 2852 &lt;95m in 05/06). The trend is continuing improvement, despite threshold changing.</p>
Flow	Private residents with an acceptable flow of water	<ul style="list-style-type: none"> <li>• Min residential flow 30 litres/min</li> <li>• Min fire flow of 25 litres/ second at fire hydrants</li> </ul>	<p>☺ Achieved</p> <p>☹ Not fully met but less than 20 properties are now affected.</p>
Environmental quality	Resource consents	All resource consent conditions complied with	<p>☺ Achieved All conditions complied with for the resource consents held for the two sources of the City's water supply, the Maitai and Roding rivers.</p>

**Risk (from Asset Management Plan)**

Backflow is the highest risk to the Nelson water supply. The 2007 amendments to the Health Act requires water suppliers to prepare Public Health Risk Management Plans including the management of risk from backflow. Council will propose an action plan for this risk in the 2009 Community Plan.

The Maitai pipeline is the second highest risk and the impact of closing of this pipeline was emphasised when it was damaged during the storms in July 2008. The 2009 Community Plan will include funding for the duplication of this pipeline.

## Statement of financial performance

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Water charges	( 10,875)	( 10,618)	( 9,518)
Financial contributions	( 640)	( 300)	( 567)
Other revenue	( 100)	( 93)	( 123)
<b>Total revenue</b>	<b>( 11,615)</b>	<b>( 11,011)</b>	<b>( 10,208)</b>
<b>Expenses:</b>			
Operating and maintenance	4,384	4,181	4,013
Interest on loans	2,535	2,584	2,677
Depreciation	3,608	3,115	3,204
<b>Total operating expenses</b>	<b>10,527</b>	<b>9,880</b>	<b>9,894</b>
<b>Net (surplus)/deficit</b>	<b>( 1,088)</b>	<b>( 1,131)</b>	<b>( 314)</b>

## Statement of funding requirement

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	1,167	1,086	1,860
Non Cash profits and writeups	0	0	5
Repayment of loan principal	3,632	3,160	1,858
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>4,799</b>	<b>4,246</b>	<b>3,723</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	1,088	1,131	314
New loans raised	100	0	200
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	3,608	3,115	3,204
Sales of assets	3	0	5
<b>Total source of funds</b>	<b>4,799</b>	<b>4,246</b>	<b>3,723</b>

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

## Sewage disposal

### How the service is delivered to achieve the outcomes

Council maintains and operates reticulation, treatment and disposal systems in order to provide the wastewater disposal service for Nelson. Council manages 360 km of wastewater pipes, 27 pump stations and the Nelson North Wastewater Treatment Plant. This system serves the northern residential areas of the city. Nelson City Council also operates, as a joint venture with Tasman District Council, a second treatment plant at Bells Island. This facility, administered by the Nelson Regional Sewerage Business Unit (NRSBU), serves the Stoke and Tahunanui areas, several large industries, Richmond, the Waimea plains and Mapua.

### What this includes

1. Collecting, treating and disposing of sewage Nelson City Council.
2. Collecting, treating and disposing of sewage Regional Scheme (Bells Island), 50% NCC ownership.

### Links to outcomes

Council supplying sewage treatment and disposal to Nelson residents and businesses contributes to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through treatment and disposal of sewage to reduce the impact on the environment.
<b>People-friendly places</b> We build healthy accessible and attractive places and live in a sustainable region.	Through treatment and disposal of sewage to reduce harmful effects on the landscape and built environment.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through treatment of industrial waste allowing businesses to operate in Nelson, and protecting tourism.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	By minimising disease and health problems.

As reliable sewage disposal is an essential 'lifeline' utility, Council has established procedures to ensure continuity of supply, or a rapid return of service, in the event of a civil emergency such as an earthquake.

### Highlights of the year

The major project for the 2007/08 year was completing the upgrading of the Nelson North wastewater treatment plant in July 2008.

Council now has a network model of the sewer system, which became operational in August 2007. This enables better monitoring of the system's capacity and assists with the design of new infrastructure and developments.

### Levels of service – reliability and capacity

Criteria	Service levels	Performance measures and targets	Current results
Resident satisfaction	Results from 2004 residents' survey	80% satisfied or very satisfied	☺ Results of the 2008 residents survey show 86% satisfaction
Environmental quality	Odour events	No complaints after treatment plant upgrade  <3 complaints per annum re reticulation network	☹ There was one odour event from the Nelson North ponds which might have been a result of the work being undertaken as part of the upgrade. ☺ 1 verified complaint in 2007/08.
Capacity	Amount of flow during wet weather	Infiltration during wet weather < 10 times the flow during dry weather	☹ New monitoring systems installed at pump stations. Initial data shows that the wet weather flows might be as high as 15 times.
Reliability	The number of pump station overflows	< 2 dry weather overflows per annum	☺ No dry weather overflows recorded in 2007/08.
Reliability	Sewer blockages	< 100 blockages per 100 km of pipes	☺ 308 blockages in 366 km of pipes during 2007/08, which is 84 per 100km*
<i>* Note that odour complaints can also be logged because of blockages. These are addressed by renewals and upgrades as necessary, if persistent blockages occur.</i>			

Criteria	Service levels	Performance measures and targets	Current results
Customer response	Speed of response to problems raised by public	Respond and investigate emergency works within 30 minutes. Repair within 8 hours.	☺ Council aims to achieve these targets at least 90% of the time. 100% compliance with response within 30 minutes and 97% compliance with repair within 8 hours were achieved.
Environmental quality	Resource consents	All resource consent conditions complied with, once they take effect	The new resource consents came into effect once the new plant became operational in July 2008.

*\* Note that odour complaints can also be logged because of blockages. These are addressed by renewals and upgrades as necessary, if persistent blockages occur.*

## Levels of service – environmental impacts

### Risk (as identified in 2005-2008 Asset Management Plan)

- i. Overflow due to storm water infiltration (trunk mains). This high risk is being addressed by the network model. The door to door inspection programme looking for crossed and illegal storm water connections to sewer has been terminated following three rounds of the City. A new programme began involving investigating older private laterals that might be allowing infiltration into the system.
- ii. Overflow due to sewer blockages (trunk mains). Moderate risk. The Hansen system (Council's asset management database) has been used to identify locations of repeat blockages. Most of these are on smaller reticulation lines, often caused by tree roots on private property. Investigations are underway regarding renewing or rehabilitating these lines to reduce risk of overflows.
- iii. Reticulation pipe failure. Moderate risk.
- iv. Acid attack on rising mains. Moderate. This is still a known problem. Regular maintenance of air valves has been conducted. Investigations into the correct sizing, number and location of air valves have identified some shortfalls and a programme for improving this has been developed.
- v. Power and system failure at pump station. High risk. The renewal of electrics and controls at nearly all of the pump stations has seen a dramatic reduction in system faults. The In-Touch SCADA system allows remote control of pump station sites and accordingly greatly reduced risk of

- overflows as well as reduced costs. The gradual replacement of older pumps that are prone to blocking is also reducing the risk of overflows. Council can now monitor all pump stations remotely in the event of a power blackout.
- vi. Odours (pump stations). Moderate risk. The occurrence of pump station odour complaints has reduced significantly. In the last year Parkers No. 1 was the only station that generated odour complaints. These persisted for several weeks during the warmest weather. An activated carbon bio filter will be fitted to address this issue.
  - vii. Odours (treatment plant). Extreme risk. There were no reported odours from the treatment plant (ponds). The upgrade of the treatment plant is underway with construction completed in July 2008.
  - viii. Failure to achieve consents. Extreme risk. The treatment plant design and construction process was behind schedule and construction will not be complete in time to ensure compliance with the discharge consent conditions by the consented deadline of 24 November 2006. A variation to the consent was sought to cover the delay. Works are progressing (albeit behind schedule) and there are no anticipated significant consequences due to this non compliance with the consent.

### Capital projects – over \$500,000

Project	Estimate	Carried over	Total budget	Actual
	(\$000)	(\$000)	(\$000)	(\$000)
Nelson North Wastewater Treatment plant Stage one completed within budget. Remainder carried over for stage two (wetlands)	632	1,000	1,632	1,218

### Regional Sewerage Business Unit - NRSBU

Sewerage scheme (50%) Multi year project. Work delayed and will continue into 2008/09 and 2009/10.	74	2,543	2,617	187
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## Statement of financial performance

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Waste Water Rate	( 5,127)	( 5,109)	( 4,420)
Financial contributions	( 581)	( 250)	( 517)
Other revenue	( 3,204)	( 3,895)	( 3,404)
<b>Total revenue</b>	<b>( 8,911)</b>	<b>( 9,254)</b>	<b>( 8,341)</b>
<b>Expenses:</b>			
Operating	3,640	4,419	3,496
Interest	763	982	566
Depreciation	2,473	2,671	2,280
<b>Total operating expenses</b>	<b>6,876</b>	<b>8,072</b>	<b>6,342</b>
<b>Net (surplus)/deficit</b>	<b>( 2,035)</b>	<b>( 1,182)</b>	<b>( 1,999)</b>

Sewage disposal

## Statement of funding requirement

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	3,487	4,915	9,047
Repayment of loan	894	1,686	800
Transfer to reserve funds	696	0	405
<b>Total funding requirement</b>	<b>5,077</b>	<b>6,601</b>	<b>10,252</b>
<b>Source of funds:</b>			
Net surplus	2,035	1,182	1,999
New loans raised	567	2,654	5,365
Transfer from reserve funds	0	94	608
Transfer from financial contributions reserve	0	0	0
Non cash expenditure	2,473	2,671	2,280
Sales of assets	2	0	0
<b>Total funds provided</b>	<b>5,077</b>	<b>6,601</b>	<b>10,252</b>

SIGNIFICANT ACTIVITIES

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



## Storm water and flood protection

### How the service is delivered to achieve the outcomes

The Council manages 26km of rivers and streams, 167km of storm water pipes, 23km of river and stream bank protection, 2 storm water pump stations, 6 detention dams, channels, culverts, tide gates, access points, intakes, outfalls, accessholes, sumps and secondary flow paths. The purpose of these assets is to safely manage storm water flows from rainfall.

### What this includes

There are no sub-activities included in storm water and flood protection. It is managed as a single financial activity.

### Links to outcomes

Storm water management and flood protection for Nelson contributes to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through reducing the effects of floods on the environment.
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through reducing the likelihood of floods damaging homes, businesses or essential infrastructure.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through removing restrictions on developing land when adequate drainage is provided.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through reducing the likelihood of people being affected by a flood.

### Highlights of the year

During the year the Trafalgar St storm water upgrade project was completed.

### Levels of service targets

Criteria	Service level	Performance measures and targets	Current results
Customer approval	Resident satisfaction	80% satisfied or very satisfied	☺ The 2008 residents survey show 81% of residents are satisfied
Efficiency	Response times	Blocked inlet structures during rain complete repair within one hour 90% of time	☺ 97% compliance
Efficiency	Response times	Flooding and overtopping of streams and rivers, complete repair within 1 day 90% of the time	Data not yet collected
Efficiency		Clearance of obstructions from inlet structures, watercourses and outlet structures within 2 working days 90% of the time	☺ 100% compliance with target
Environmental quality	Resource consents	All resource consent conditions complied with, once they take effect	☺ Applications for 3 consents being processed (for freshwater, saltwater and stream structures)
Effective planning	Asset Management Plan	Planned for June 2006 but will be completed to align with 2009 LTCCP.	
Effectiveness	Managing floods	Activities meet Q <sub>15</sub> or Q <sub>50</sub> floods for Nelson rivers and streams	☹ The 1 in 50 year event in Stoke earlier this year overwhelmed some streams, except for those upgraded to the Q <sub>50</sub> standard

Capital projects – over \$500,000

Project	Estimate	Carried over	Total budget	Actual
	(\$000)	(\$000)	(\$000)	(\$000)
Arapiki Stream Two year project, ongoing in 2008/09	483	992	1,475	979
Orchard Creek Completed over two years in multiple staging, continuing in 2008/09. Some stage work was completed early to minimise tender price.	196	186	382	606
Cleveland terrace Work not yet completed. Remainder will be carried over to 2008/09 for completion.		633	633	343

## Statement of financial performance

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Revenue</b>			
Stormwater rates	( 4,137)	( 4,123)	( 3,901)
Financial contributions	( 560)	( 220)	( 446)
Other revenue	( 14)	0	( 28)
Total revenue	( 4,711)	( 4,343)	( 4,375)
<b>Expenses:</b>			
Operating and maintenance	1,206	824	910
Interest on loans	1,180	1,327	1,210
Depreciation	1,589	1,460	1,397
Total operating expenses	3,975	3,611	3,517
<b>Net (surplus)/deficit</b>	<b>( 736)</b>	<b>( 732)</b>	<b>( 858)</b>

## Statement of funding requirement

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	2,978	3,788	2,367
Repayment of loan principal	691	561	515
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>3,669</b>	<b>4,349</b>	<b>2,882</b>
<b>Source of funds:</b>			
Net surplus	736	732	858
New loans raised	959	2,115	446
Transfer from reserve funds	385	42	181
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	1,589	1,460	1,397
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>3,669</b>	<b>4,349</b>	<b>2,882</b>

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



## Transport

### What this includes

1. Provision of a road network including road safety and street cleaning
2. Footpaths
3. Cycle ways
4. Street lighting
5. Inner city parking and development
6. Subsidised public transport including the Total Mobility Scheme
7. Street gardens and trees

### Links to outcomes

Council-supplied transport infrastructure and transport planning contributes to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through providing a range of transport systems that minimise the impact on the environment.
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through taking into account the impact on public spaces when providing transport infrastructure.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through providing and effective and efficient transport system that meets the needs of residents and businesses.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through providing a safe transport network that provides for traffic, cyclists and pedestrians.

### Highlights of the year

Highlights of the past year have included, at a strategic level, completion of the Nelson North to Brightwater Corridor Study, and the preparation of the long awaited Regional Land Transport Strategy, incorporating a Passenger Transport Plan and Travel Demand Management Strategy.

At a projects level Council completed the Cordon Park cycleway (in conjunction with the construction of the Atawhai cycleway by Transit), the Airport cycleway, the Stansell Avenue upgrade, the Enner Glynn culverts, Cambria Street upgrade and commenced the Cleveland Terrace upgrade and the

footpath to Days Track, the Normanby Bridge and the Tahuna Beach enhancements.

**Transportation safety management**

The total number of fatal and serious casualties across the whole city was 23 in 2007, slightly higher than the five year average (2003-07) of 22.

The five year average (2003-07) crash rate per 10,000 population was 25 which is similar to comparable cities in New Zealand.

There were 22 cycle casualties in Nelson city in 2007, compared to a five year average (2003-07) of 25. With the exception of a peak of 37 in 2006 the number of cycle casualties is trending between 20 and 24 per year. The data shows that around 17% of all casualties are cyclists, which is greater than our peer group cities’ rate of around 10%.

There were six pedestrian casualties in the city in 2007, compared to a five year average (2003-07) of 13. This category of accidents has been progressively trending down since 1998 and Nelson’s rates are now lower than equivalent cities in New Zealand.

**Public Satisfaction**

The 2007 Residents Survey found the trend of increasing dissatisfaction with transport evident in 2004 has developed further, with a significant increase to more than half being dissatisfied. The increase appears to be driven by a considerable increase in the dissatisfaction with public transport and roads. Preliminary 2008 results show satisfaction increasing and dissatisfaction decreasing.

**Levels of Service**

Criteria	Service levels	Performance measures and targets	Current results
Residents’ survey	Resident satisfaction with:	target (% resident approval)	Result from the 2008 Residents’ Survey.
	Roads	80%	☺ 85%
	Cycle ways	80%	☺ 80%
	Public transport	80%	☹ 43%
	Footpaths	80%	☺ 81%












# Transport

## SIGNIFICANT ACTIVITIES

Criteria	Service levels	Performance measures and targets	Current results
	Car parking	80%	☹️ 72%
	Street lighting	80%	☺️ 87%
Reported crashes	Number of crashes	Reduce reported crashes in the region by 3% annually, measured over a five year period.	☹️ 107 injury crashes in the whole city in 2007. The five year average increased from 93 (1999-03) to 110 (2003-07)
Travel time to/ from Richmond	Minutes, compared to base time	Regularly monitor and work to reduce travel time.	☹️ Average travel time along Rocks Road is delayed by one to two minutes in the AM peak and one to three minutes in the PM peak. No analysis of changes since the Tahunanui roundabouts have been removed has been carried out to date. Along Waimea Road the AM peak delays averaged 2.5 minutes but have been up to 5 minutes. In the PM peak, delays range from one to three minutes. Since monitoring began in 2001 there is not conclusive trends in delays, either longer or shorter.
Public transport use	Numbers	Maintain existing patronage on 'The Bus' service.	☺️ Patronage on target at 45,466 (45,000 in 2007/08)
Structure loading	Strength of bridges	Maintain all bridges to full heavy normal (HN) loading restriction.	☺️ Normanby bridge upgrade completed in 2007/08.
Environmental quality	Resource consents	All resource consent conditions complied with.	☺️ Achieved



Criteria	Service levels	Performance measures and targets	Current results
Roads	Widen 2 km of road, resurface 8 km road, install 2 km of new kerb and channel and reconstruct 2 km of existing road each year.		Most close to achieved or exceeded  1.0km widened  4.9km resurfaced  1.9km new kerb and channel installed  1.0km road reconstructed
		Complete the Corridor Study and revision of the Regional Land Transport Strategy (RLTS).	 Corridor Study completed. Regional Land Transport Strategy under development
Structures	Monitor bridge condition annually.		 Visual inspection undertaken. Council is working towards if bridge assets within its Roding Asset Management database.
	Replace Normanby Bridge in 2006/07.		 Completed in 2008.
Footpaths	Construct on average 2km of new footpath and renew 4km of existing footpath each year. Target halved for 2006/07 due to reduction in capital expenditure. Aim is to have at least one footpath beside each street in Nelson by 2013.		 1.3km of new footpath.
Cycle ways	Review strategy in 2006.		 The cycle strategy was adopted in December 2006. 1.3km of new cycleway
Car parking	Council will consider the need for a car parking building in the central city on completion of the Corridor Study.		This will now be considered as part of the Central City Strategy.

### Capital projects – over \$500,000

Project	Estimate	Carried over	Total budget	Actual
	\$(000)	\$(000)	\$(000)	\$(000)
<b>Normanby Bridge</b> Project completed with some delays. Slightly over budget due to cost of moving telecom and water services and inclusion of art work.	1,501	10	1,511	1,585
<b>Campbell Street</b> Carried over. Work began July 2008.		818	818	28
<b>Parking:</b>				
<b>Land purchases</b> Strategic opportunity to enable purchase of property in Wakatu Square (transaction completed in following financial year)	376	0	376	690
<b>Collingwood Street</b> Project underway in 2008/09 so budget carried over		921	921	66



## Statement of financial performance

	<b>Actual 2008 \$000</b>	<b>Estimate 2008 \$000</b>	<b>Actual 2007 \$000</b>
<b>Revenue</b>			
Rates	( 5,355)	( 6,115)	( 5,659)
Financial contributions	( 587)	( 250)	( 486)
Other revenue	( 6,155)	( 5,071)	( 4,508)
<b>Total revenue</b>	<b>( 12,097)</b>	<b>( 11,436)</b>	<b>( 10,653)</b>
<b>Expenses:</b>			
Operating and maintenance	5,535	5,806	5,070
Interest on loans	948	1,063	919
Depreciation	3,558	3,094	3,287
<b>Total operating expenses</b>	<b>10,041</b>	<b>9,963</b>	<b>9,276</b>
<b>Net (surplus)/deficit</b>	<b>( 2,056)</b>	<b>( 1,473)</b>	<b>( 1,377)</b>

## Statement of funding requirement

	<b>Actual 2008 \$000</b>	<b>Estimate 2008 \$000</b>	<b>Actual 2007 \$000</b>
<b>Funds required</b>			
Capital expenditure	6,363	6,506	7,094
Non Cash profits and writeups	0	0	6
Repayment of loan principal	456	961	280
Transfer to reserve funds	272	69	78
<b>Total funds required</b>	<b>7,091</b>	<b>7,536</b>	<b>7,458</b>
<b>Source of funds:</b>			
Net surplus	2,056	1,473	1,377
New loans raised	573	2,733	1,981
Transfer from reserve funds	382	107	522
Transfer from financial contributions reserve	41	0	43
Non cash expenditure (depreciation)	3,558	3,094	3,287
Sales of assets	481	129	248
<b>Total source of funds</b>	<b>7,091</b>	<b>7,536</b>	<b>7,458</b>

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

## Solid waste management

### How the service is delivered to achieve the outcomes

The Council owns and operates the York Valley landfill and Pascoe Street transfer station including the hopper systems. Council provides facilities at the Transfer Station for reuse and the processing of recyclables and the diversion of greenwaste from the Landfill.

### What this includes

Council's solid waste management activity includes the following sub-activities:

1. Landfill.
2. Transfer station.
3. Recycling.
4. Green waste.
5. Waste minimisation and environmental education.

### Links to outcomes

Council's solid waste management activities contribute primarily towards achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through providing a waste management system that minimises waste being inappropriately disposed of and encourages reduction, reuse and recycling.
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through reducing the dumping of waste around the city and in parks and forests and protecting public health.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through providing a cost effective waste disposal service to residents and businesses.

### Highlights for the year

The highlights for this year included a continued reduction in waste tonnages disposed to landfill. From July 2007 to June 2008 tonnages dropped 7% to 36,318 tonne. This is a reduction of 10,000 tonne from the July 2005/June 2006 year. The reduction is attributed to a combination of waste shift to Tasman District Council's landfill, and the success of Council's recycling strategies.

Regionally (Nelson City Council and Tasman District Council) landfill tonnages combined has remained relative constant since June 2003 at around 65,000 tonne despite population growth.

In the latter half of the year Council upgraded its Civic House recycling systems replacing its rubbish bins with smaller receptacles and providing improved recycling and foodwaste facilities.

Nelson's recycling tonnages continued to increase and broke the 3,000 tonne barrier in the 2007/08 year.

Green waste diversion reduced from 1,800 to 1,491 tonne in the year, probably as a result of increased disposal charges at the Transfer Station.

## Targets from the Waste Management Plan and 2006 LTCCP

Criteria	Service levels	Performance measures and targets	Current results
Landfill volumes	Tonnes	Reduce rate of increase to 0% by June 2009.	☺ Achieved already Rate of decrease -15%; exceeding target.
Recycling	Participation	80% of households recycling at kerb side by June 2007.	☺ Achieved. Survey results from 2007 Residents Survey show 88% of residents have used kerbside recycling in the last three months.
Green waste diversion	Tonnes diverted to landfill	Additional tonnes diverted each year from June 2009.	☹ The amount diverted has reduced to 1,491 tonne.
Education and information	Programmes provided	Community and industry programmes prepared by April 2006.	☺ Achieved Programme implementation has been contracted to the Nelson Environment Centre under two areas: schools and businesses. E.g. 12 whole school waste audits conducted; rubbish free lunch challenges; and programme of business visits.
Environmental quality	Resource consents	All resource consent conditions complied with.	☺ Achieved One consent is held for the York Valley landfill.

## Statement of financial performance

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Rates	86	0	239
Financial contributions	( 19)	( 12)	( 15)
Other revenue	( 2,276)	( 2,308)	( 2,236)
<b>Total revenue</b>	<b>( 2,208)</b>	<b>( 2,320)</b>	<b>( 2,012)</b>
<b>Expenses:</b>			
Operating and maintenance	1,764	2,287	1,859
Interest on loans	59	79	44
Depreciation	283	160	272
<b>Total operating expenses</b>	<b>2,106</b>	<b>2,526</b>	<b>2,175</b>
<b>Net (surplus)/deficit</b>	<b>( 102)</b>	<b>206</b>	<b>163</b>

## Statement of funding requirement

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	155	47	513
Repayment of loan principal	246	216	89
Transfer to reserve funds	1	1	1
<b>Total funds required</b>	<b>402</b>	<b>264</b>	<b>603</b>
<b>Source of funds:</b>			
Net surplus	102	( 206)	( 163)
New loans raised	17	310	494
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	283	160	272
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>402</b>	<b>264</b>	<b>603</b>

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

## Environmental management

### How the service is delivered to achieve the outcomes

As a unitary authority, the Council is required to manage both district functions including subdivisions and land use, and regional functions such as air quality, fresh water, coastal management and biosecurity. The unusually wide span of Council's environmental functions includes planning advice, resource consent processing, building regulation, harbour activities, statutory and environmental policy development and implementation, environmental and compliance monitoring and enforcement.

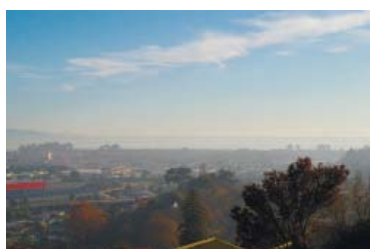
Council also promotes, protects and interprets the natural heritage of Nelson for residents and visitors. This knowledge increases the appreciation people have for Nelson's special environment and our history.

Both the Local Government Act 2002 and the Resource Management Act 1991 (RMA) require the Council to separate its regulatory functions from non-regulatory functions as far as practicable.

### What this includes

Council's environmental management activity includes:

1. Monitoring the state of the environment.
2. Pest management.
3. Environmental advocacy and policy advice.
4. Statutory planning - Resource management plans, Regional Policy Statement and plan changes.
5. Non-statutory planning - strategic land use planning (e.g. Nelson Urban Growth Strategy; Central City Strategy; Tahunanui Structure Plan).
6. Non-regulatory assistance e.g. 'Clean Heat-Warm Homes' scheme to assist with the replacement of solid fuel fires; assistance with fencing costs for protection of rural ecosystems.





## Links to outcomes

Council’s environmental management activities contribute to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through providing information on good environmental practices, undertaking pest management, developing environmental plans, and monitoring the environment.
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through provision of land use and subdivision planning and reducing pollution through programmes such as ‘Clean Heat Warm Homes’.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through providing an environment that supports sustainable business practices.

## Highlights for the year

Highlights for the year included the successful Clean Heat Warm Homes programme, which assisted a further 208 low income households to convert to cleaner heating options and upgrade insulation. The programme was reviewed to provide interest-free loans to assist another 2500 households to replace old wood burners in later financial years. This change was incorporated through the 2007 Annual Plan and LTCCP amendment process.

Ecofest continued to promote positive environmental outcomes for Nelson and Tasman.

Generally the monitoring targets were met or exceeded and planning document targets were generally met.

Staffing constraints meant the lower priority monitoring strategy and plan effectiveness report have been delayed.



**Levels of service**

Criteria	Service level	Performance measures and targets	Year to date
Air quality	Assistance for Clean Air Warm Homes programme contributes to National Environmental Standard (NES) air quality targets of 50 mg/m <sup>3</sup> PM <sub>10</sub>	Trends in PM <sub>10</sub> levels	<p>☺ 208 low income homes converted to clean heat options.</p> <p>☹ 26 breaches of the NES standard April - August 2006.</p> <p>☺ Downward trend in winter peak particle levels in airshed A. Trend in airshed B less clear, but expected to improve as industrial emissions reduce.</p>
Environmental quality	Nelson has high quality natural and physical environment	75% of residents rate their satisfaction with Councils' environmental management as "fairly satisfied" or better	<p>☹ The results of the 2008 residents' survey show 61% satisfaction</p>
Air quality		Air Quality Plan operative by June 2007	<p>☹ The Plan was deemed operative in March 2008 when the last appeal was resolved.</p>
Plan effectiveness		Resource Management Plan effectiveness report released by June 2008	<p>☹ This has been rescheduled to 2009.</p>
Air quality		Nelson air sheds air quality meets the National Environmental Standards straight line path towards 50 mg/m <sup>3</sup> by 2013	<p>☺ Downward trend in winter peak particle levels in Airshed A. Trend in airshed B is less clear. Industrial discharges are being targeted in 2008/09 and as these emissions reduce and Clean Heat Warm Homes converts more domestic burners, further improvements in airshed B are expected.</p>

Criteria	Service level	Performance measures and targets	Year to date
Water quality	Freshwater quality maintained or improves	Stream bank vegetation field assessments show increasing percentage and quality. Field assessments of aquatic animals (micro invertebrates) show improvement in index of stream health	☹️ The latest survey of water quality was in 2007 when a comprehensive report was produced.
Compliance	Time taken to make decisions on plans and policies	Decisions made within two years of public notification	☺️ Target met.
Compliance		Freshwater plan change decisions released by August 2006	☺️ Fresh Water Plan Change decisions were released in July 2006.
Compliance		Port noise variation operative by June 2008	☺️ Hearings were held in May 2008 and Council is awaiting the Commissioner's report
Sustainability	Use, development and protection of natural and physical resources is sustainable	Annual State of Environment report shows no unsustainable land-water management outcomes	☺️ Reported in 2004 State of the Environment Report.
Sustainability		Regional Pest Management Strategy reviewed August 2006	☺️ Review began in 2006 and was completed July 2007
Sustainability		Hearings held on Plan Change 05/02 by September 2006	☺️ Hearings held April 2007, decisions adopted July 2007
Sustainability		Nelson Urban Growth Strategy (NUGS) consequential plan changes notified by March 2007	☺️ Implementation co-ordinated with Tasman District Council, with possible plan changes notified in 2008.

Criteria	Service level	Performance measures and targets	Year to date
Sustainability		Management plan for Waimea Estuary prepared by June 2010	☺ On target for completion by deadline
Timeliness	Strategic planning documents exist	Nelson Urban Growth Strategy completed by August 2006	☺ Nelson Urban Growth Strategy adopted December 2006. Currently being implemented.
Timeliness		Tahunanui Structure Plan implemented in stages by 2010	Delayed by Corridor Study and Regional Land Transport Strategy processes.
Timeliness		Regional Policy Statement (RPS) reviewed by June 2007	Review began but further work will be undertaken once the NZ Coastal Statement has been released.
Timeliness		Review of Nelson Resource Management Plan by November 2014	On target for completion by deadline.
Informed community	Community understands concepts of sustainability	Run annual Ecofest. Schools adopt enviro-schools programme	☺ Increasing attendances at Ecofest. Waste education programme initiated in schools.
Informed community		Environmental education strategy developed by February 2007	☹ This strategy was put on hold to enable development of the Climate Protection Plan and the Sustainability Action Plan.
Informed community		Environmental monitoring strategy released by June 2008	☺ On target for completion by deadline

### Capital projects

There are no capital projects in environmental management.



## Statement of financial performance

	<b>Actual 2008 \$000</b>	<b>Estimate 2008 \$000</b>	<b>Actual 2007 \$000</b>
<b>Revenue</b>			
Rates	( 2,261)	( 2,141)	( 1,899)
Financial contributions	0	0	0
Other revenue	( 288)	( 176)	( 257)
<b>Total revenue</b>	<b>( 2,549)</b>	<b>( 2,317)</b>	<b>( 2,156)</b>
<b>Expenses:</b>			
Operating and maintenance	2,278	2,400	2,197
Interest on loans	85	55	8
Depreciation	16	15	16
<b>Total operating expenses</b>	<b>2,379</b>	<b>2,470</b>	<b>2,221</b>
<b>Net (surplus)/deficit</b>	<b>( 170)</b>	<b>153</b>	<b>65</b>

## Statement of funding requirement

	<b>Actual 2008 \$000</b>	<b>Estimate 2008 \$000</b>	<b>Actual 2007 \$000</b>
<b>Funds required</b>			
Capital expenditure	0	30	0
Repayment of loan principal	267	229	201
Loan investment	203	1,238	0
Transfer to reserve funds	0	1	0
<b>Total funds required</b>	<b>470</b>	<b>1,498</b>	<b>201</b>
<b>Source of funds:</b>			
Net surplus	170	( 153)	( 65)
New loans raised	203	1,267	250
Transfer from reserve funds	9	0	0
Transfer from financial contributions reserve	0	0	0
Non cash - invest write down	72	369	0
Non cash expenditure (depreciation)	16	15	16
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>470</b>	<b>1,498</b>	<b>201</b>

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

## Regulatory compliance

### How the service is delivered to achieve the outcomes

Council is required to carry out regulatory compliance responsibilities under a range of statutes, including the Local Government Act 2002, Health Act 1956, Sale of Liquor Act 1989, Hazardous Substances and New Organisms Act 1996, Building Act 2004 and Dog Control Act 1996.

Over the last few years there have been significant changes to legislation that have resulted in central government divesting more responsibility to local government. These include the Gambling Act 2003 and Local Government Law Reform Act (No.2) which relates to control of dangerous dogs and the Prostitution Reform Act 2003.

Changes to building compliance as set out in the Building Act 2004 have the potential to significantly change the way the Council undertakes its building control and inspection responsibilities with associated cost implications. Council obtained full building consent authority status in May 2008.

### What this includes

Council's regulatory compliance activity includes:

1. Dog and animal control.
2. Liquor licensing.
3. Food safety.
4. Storing and providing land information.
5. Processing and inspection of resource and building consents.
6. Harbour and coastal safety and navigation.
7. Pollution management.
8. Investigating complaints (noise, bylaws, private drains and illegal building works).



## Links to outcomes

Regulatory compliance contributes to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through providing a regulatory system that protects the environment.
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through implementation of policies and bylaws for areas such as dogs, noise and alcohol to protect social wellbeing.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through providing regulatory services in an efficient manner and therefore reducing business compliance costs.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through implementation of policies and bylaws for areas such as dogs, noise and alcohol to keep residents and visitors safe.

## Highlights for the year

Most targets for public health, licensed premises and complaints responses were met 2007/08 year. Council completed the requirements to be registered as a Building Consent Authority in May 2008.

Building and property inspections were hampered by staff and resource constraints, so that time limit targets were not always met. As well as staff shortages, the increasing complexity of processing building consents contributed to the overall increase in average processing times. This complexity was primarily because of changes to the legislation, including the Building Act 2004 and increasing emphasis on correct processes.

Resource consent processing times continued to be affected by staff turnover. There is considerable demand for qualified planners in New Zealand and Council is experiencing difficulty in attracting sufficient experienced staff to fill these short term vacancies.



## Levels of service

Criteria	Service levels	Performance measures and targets	Current results
Overall level of satisfaction	Level of public satisfaction with service provided by Council	80%	☺ The 2008 residents survey show 82% of residents are satisfied with Council's regulatory compliance activities
Compliance	Meet statutory requirements	Carry out at least one inspection of all licensed premises each year	☹ 12 premises were not inspected
Compliance	Meet public health standards	No more than five complaints per 100 food premises each year	☹ 5.26 complaints per 100 premises
Compliance	Safe, weather tight buildings	Audit 20% of all building warrants of fitness each year	☺ 21.9% of buildings were audited
Timeliness	Resident complaints addressed in a timely manner	Respond to high priority dog complaints within 30 minutes, 24 hours a day, 7 days a week. These include dogs attacking, biting or showing aggressive behaviour to people, barking complaints where notices have been serviced, and instances of gross cruelty to dogs	☺ There were 105 high priority dog complaints and 100% compliance with the target response time
Timeliness	Response times	Respond to pollution complaints within 30 minutes, 24 hours a day, 7 days a week	☺ There were 170 high priority pollution complaints and 100% compliance with target response time
Timeliness	Response times	All complaints regarding food premises investigated and actioned before the end of the next working day	☺ 100% compliance with target response time

Regulatory compliance

Criteria	Service levels	Performance measures and targets	Current results
Timeliness	Processing times	Complete 90% of all building consent applications within the timeframes set in the Building Act	☹ 63% were completed within timeframe set in Building Act
Timeliness		Complete 90% of all resource consents within the timeframes set by the Resource Management Act	☹ 45% were processed within time
<b>Applicable performance measures for documents and reviews</b>			
Review harbour safety bylaw by June 2007			☹ Review delayed until 2008/09
Complete Building Consent Authority registration by 30 November 2007			☹ Completed in May 2008
Implement Year 1 Actions in Alcohol Strategy by June 2007			☹ Not all actions have been implemented. Council reviewing the work required to implement this community strategy.
Implement programme of inspections and report on selection of properties for compliance with the Fencing of Swimming Pools Act, and balustrades, decks, and balconies under the Building Act 2004			Under way

## Statement of financial performance

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 1,712)	( 1,806)	( 1,628)
Financial contributions	0		0
Other revenue	( 2,460)	( 2,011)	( 2,163)
<b>Total revenue</b>	<b>( 4,172)</b>	<b>( 3,817)</b>	<b>( 3,791)</b>
<b>Expenses:</b>			
Operating and maintenance	4,138	3,807	3,764
Interest on loans	0	0	0
Depreciation	10	14	10
<b>Total operating expenses</b>	<b>4,148</b>	<b>3,821</b>	<b>3,774</b>
<b>Net (surplus)/deficit</b>	<b>( 24)</b>	<b>4</b>	<b>( 17)</b>

## Statement of funding requirement

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	123	0	80
Repayment of loan principal	0	0	0
Transfer to reserve funds	7	10	7
<b>Total funds required</b>	<b>130</b>	<b>10</b>	<b>87</b>
<b>Source of funds:</b>			
Net surplus	24	( 4)	17
New loans raised	0	0	0
Transfer from reserve funds	96	0	60
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	10	14	10
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>130</b>	<b>10</b>	<b>87</b>

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

## Parks and open spaces

### How the service is delivered to achieve the outcomes

Council owns and runs a reserves network to ensure Nelson is well provided with a green environment and has an attractive backdrop. The reserves network protects and enhances biodiversity and preserves heritage and coastal values. Reserves also provide a range of recreational opportunities. Council provides a network of parks and reserves throughout the city and the hills behind.

### What this includes

Council's parks and open space activity includes:

1. Horticultural parks.
2. Neighbourhood reserves.
4. Conservation reserves.
5. City landscape reserves.
6. Esplanade and foreshore reserves.
7. Heritage and park trees.
8. Walkways (those not in conservation reserves, landscape reserves or esplanade reserves).
9. Sports parks.

Broadly, Council's parks and open space responsibilities are split into planning, acquisitions, development and maintenance.

### Links to outcomes

The provision of parks and open space contributes to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through providing parks that include a range of environments that protect biodiversity.
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through providing well planned parks.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through tourism based on attractive surroundings and activities available in Nelson's parks and reserves.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through providing parks that encourage a range of physical activities.

**A fun, creative culture**  
 We are proud of our creative local culture and regional identity.

Through providing a range of parks and reserves that everyone can enjoy.



**Highlights for the year**

Key activities during the year included the replanting of both Oyster Island and the Grampians. Both these projects were well supported through community plantings although expenditure was higher than budgeted.

Council commenced planning with the community on the development of the new reserve at the Glen. Work continued on the Brook Waimarama Sanctuary Trust on the planning for the new sanctuary and the leasing of land for the community centre.

The roading changes at Tahunanui Beach were completed in conjunction with Transit and coastcare plantings were also undertaken.

At Saxton Field the football changing and social facilities were completed during the year, extensive work was undertaken on the roading and carparking infrastructure.

The Chinese Gardens were opened in November 2008 and have proved very popular with residents and visitors.

The Early Settlers Memorial Wall was completed with the community and design for the next stage between the Sealord Rescue Centre and Crop and Field building.

The Esplanade and Foreshore and Saxton Field reserve management plans were prepared and the Conservation and Landscape Reserves Management Plan commenced during 2007/08. These management plans are important as they contain the policies that demonstrate how Council manages its open space reserves.



## Levels of service

Criteria	Service level	Performance measures and targets	Current results
Provision	Sufficient reserves in residential areas	> 4 ha reserves per 1000 population	☺ 18.34ha/1000 population
Availability	Reserves open for use most of time	Reserves network open >95% of time	☺ Achieved. Training grounds were closed on two occasions.
Quality	Landscapes	>80% meet standards of function, aesthetics and shade	☺ Of 29 reserves surveyed in the last 12 months 27 were rated average or above condition (93%) with 16 in good condition (55%)
Neighbourhood reserves proximity	At least one reserve within 400 m of each home in residential area within 5km in rural area	<400m from all homes (residential) <5 km (rural)	☹ 95% of urban houses within 400m of parks ☺ 100% of rural households within 5km of parks
Sports and recreation area provision	Sufficient across Nelson City Council area	Maintain at > 2.5 ha/ 1000 people	☺ 2.38ha per 1000 population, not including the golf course
Informed community		Completion of reserve management plans	☹ One reserve management plan completed (Esplanade and Foreshore Reserves) and one commenced (Conservation and Landscape Reserves).

**Capital projects – over \$500,000 in detail**

<b>Project</b>	<b>Estimate</b>	<b>Carried over</b>	<b>Total budget</b>	<b>Actual</b>
	<b>\$(000)</b>	<b>\$(000)</b>	<b>\$(000)</b>	<b>\$(000)</b>
Neighbourhood parks: Land purchase: general reserves Funds were budgeted for Nelson North. Negotiations are underway but not yet included.	832	364	1,196	248
Landscape reserves:				
Tahuna enhancement Project management in tandem with intersection improvements. Costs slightly higher than projected.	83	594	677	717
Sportsfields:				
Saxton Field development Recoveries from Tasman District Council were \$297,000 over budget and a \$10,000 donation from Canterbury Community Trust covered the over-expenditure. Costs were higher than estimated, particularly bitumen costs.	(65)	384	319	1,163
Rutherford Park tennis court Project complete according to revised budget, increased to \$640,000 in 2007/08.	148	690	838	626

## Statement of financial performance

	Actual 2008 \$000	Estimate 2008 \$000	Actual 2007 \$000
<b>Revenue</b>			
Rates	( 4,370)	( 4,347)	( 4,380)
Financial contributions	0	0	0
Other revenue	( 1,402)	( 692)	( 1,338)
<b>Total revenue</b>	<b>( 5,772)</b>	<b>( 5,039)</b>	<b>( 5,718)</b>
<b>Expenses:</b>			
Operating and maintenance	3,949	3,629	3,616
Interest on loans	197	396	240
Depreciation	872	572	812
<b>Total operating expenses</b>	<b>5,018</b>	<b>4,597</b>	<b>4,668</b>
<b>Net (surplus)/deficit</b>	<b>( 754)</b>	<b>( 442)</b>	<b>( 1,050)</b>

## Statement of funding requirement

	Actual 2008 \$000	Estimate 2008 \$000	Actual 2007 \$000
<b>Funds required</b>			
Capital expenditure	4,523	4,509	3,611
Purchase investment	0	0	0
Repayment of loan principal	137	140	105
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>4,660</b>	<b>4,649</b>	<b>3,716</b>
<b>Source of funds:</b>			
Net surplus	754	442	1,050
New loans raised	0	2,380	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	3,034	1,255	1,854
Non cash expenditure (depreciation)	872	572	812
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>4,660</b>	<b>4,649</b>	<b>3,716</b>

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



## Recreation and leisure

### How the service is delivered to achieve the outcomes

Council encourages recreation and leisure activities for Nelson residents and visitors to the region through the ownership and operation of a range of facilities to provide recreation opportunities. In addition, Council staff organise programmes and events to encourage recreation and leisure activities to get more people more active more often. Funding is also provided through grants to groups that promote recreation and leisure opportunities.

### What this includes

Council’s recreation and leisure activity includes:

1. Recreation and reserves planning.
2. Trafalgar Centre.
3. Golf course.
4. Swimming pools.
5. Natureland.
6. Recreation grants (community assistance funding).
7. Coordinating and funding community programmes.
8. Community liaison – recreation.
9. Play facilities (playgrounds, youth parks, skate parks).
10. Community events

### Links to outcomes

Council-provided recreation and leisure services for Nelson residents and visitors contribute to achieving the following community outcomes:

Outcome	How the activity contributes
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through creating leisure, sports and living environments that provide for residents’ and visitors activities.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through recreation activities that draw people to Nelson and provide work and healthy lifestyles.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through providing recreation opportunities that maintain or build healthy communities.
<b>A fun, creative culture</b> We are proud of our creative local culture and regional identity.	Recreation pursuits are fun and give people a sense of belonging and well-being.



## Highlights of the year

Highlights and milestones over the year include the implementation of initiatives through the Nelson Tasman Physical Activity Plan. The opening of the new skatepark at Neale Park in this year provided a long needed facility for young people. During the year Council consulted on the future of Natureland and confirmed additional funding for this facility. Council has continued to support community recreation activities through the community assistance funding, physical activity fund and holiday programme funding. A wide range of programmes and activities are supported including Way2Go, preschool activity programmes youth activities.

In February Council ran the inaugural Anniversary Action day to encourage greater participation in physical activity.

## Levels of service

Criteria	Service level	Performance measure/ target	Current results
Quality	Partners' approval of service, event or facility Users' perceptions Public perceptions	High - above 80% (by survey) High - above 80% (sample) High - above 80% (by survey)	☺ The results of the 2008 residents survey shows 87% satisfaction
Effectiveness	Identify initiatives and programmes in place	Use rates (numbers) >80% approval of programme (by sampling)	not yet assessed
Efficiency	Perception of high benefits per dollar spent	Residents' survey questions show >80% agree	not yet assessed
Access	Accessible to all groups and individuals	Survey range of groups - agree access physical access and barriers minimised.	not yet assessed
Sustainability	Number and quality of key collaborative partnerships	Assess for programmes Aim to work with others, not in isolation	not yet assessed

Capital projects – over \$500,000 in detail

Project	Estimate	Carried over	Total budget	Actual
	\$(000)	\$(000)	\$(000)	\$(000)
Skatepark Project nearly complete. Final costs close to budget following completion in 2008/09.		312	312	522



## Statement of financial performance

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Rates	( 2,049)	( 2,094)	( 1,798)
Financial contributions	0	0	0
Other revenue	( 262)	( 228)	( 282)
<b>Total revenue</b>	<b>( 2,311)</b>	<b>( 2,323)</b>	<b>( 2,080)</b>
<b>Expenses:</b>			
Operating and maintenance	1,831	1,811	1,692
Interest on loans	67	107	62
Depreciation	343	368	304
<b>Total operating expenses</b>	<b>2,241</b>	<b>2,286</b>	<b>2,058</b>
<b>Net (surplus)/deficit</b>	<b>( 70)</b>	<b>( 37)</b>	<b>( 22)</b>

## Statement of funding requirement

	<b>Actual 2008</b>	<b>Estimate 2008</b>	<b>Actual 2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	1,570	1,390	244
Repayment of loan principal	30	34	155
Transfer to reserve funds	17	4	11
<b>Total funds required</b>	<b>1,617</b>	<b>1,428</b>	<b>410</b>
<b>Source of funds:</b>			
Net surplus	70	37	22
New loans raised	429	768	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	775	255	84
Non cash expenditure (depreciation)	343	368	304
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>1,617</b>	<b>1,428</b>	<b>410</b>

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

## Community facilities

### How the service is delivered to achieve the outcomes

Community facilities include libraries, public toilets, a marina, cemeteries, a crematorium, community housing, community halls and motor camps. Provision of these facilities contributes to achieving community outcomes by ensuring Nelson has a range of high quality facilities for residents and visitors.

### What this includes

1. Public libraries.
2. Cemeteries and crematorium.
3. Public toilets.
4. Marina.
5. Community properties.
6. Motor camps.
7. Community housing.
8. Regional Community Facilities.

### Links to outcomes

Council-provided community facilities for Nelson residents and visitors contribute to achieving the following community outcomes:

Outcome	How the activity contributes
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through providing attractive and useful community buildings and places where community services can be delivered.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through providing venues for the delivery of community services that contribute to the wellbeing of the community, and that provide employment.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through supporting the community and meeting a wide range of community needs.
<b>A fun, creative culture</b> We are proud of our creative local culture and regional identity.	Through providing venues that support our local culture and identity.



## Levels of service

### a. Public libraries

The Public Libraries' current five key goals are:

- accessing information, ideas and works of the imagination
- supporting independent lifelong learning and literacy
- enabling online access to the digital world
- building community identity and a sense of belonging
- working with others

The Nelson Public Libraries Strategic Plan was completed and developed new key goals including a focus on providing community spaces working collaboratively with the community and developing online information services.

Nelson Public Libraries continue to attract a high proportion of users. Approximately 75% of residents were registered as library customers in 2007/08. Council built an extension to the main Elma Turner Library in 2005 to meet the increasing space needed to cater for a greater population and changing customer demands. It is anticipated that this will be sufficient to meet demand until around 2014.

### Levels of service results

Criteria	Service levels	Performance measures and targets	Current results
Resident satisfaction with public libraries	Results from residents' survey	80% satisfied or very satisfied	The results of the 2008 residents survey show this target is being met with 87% satisfaction
Availability of information from Library systems	Wide range of materials available, number of hours opened etc.	Membership Borrowing Electronic media use Visitor numbers	2008 33,655 customers 890,169 issues 4,626,783 clicks 489,783 visitors

## b. Cemeteries and crematorium

The Marsden cemetery is Nelson's main cemetery. Some burials still occur at the Wakapuaka, Hira and Seaview cemeteries.

Criteria	Service levels	Performance measures and targets	Current results
Cemeteries cater for a wide range of cultures	Meets needs of all cultures	Bereaved families needs met	Information not yet collected
Complaints	Minimal complaints received	Number of complaints logged	Several complaints received. Moving to formal system for recording cemetery complaints
Location and distribution	Adequate access to crematorium and burial services	Meets demand. Council continues to own and operate the Marsden Valley cemetery and Wakapuaka Crematorium	Demand met. Achieved, continued in Council ownership

## c. Public toilets

Council has 11 public toilets in Stoke, Tahunanui and central Nelson

Criteria	Service levels	Performance measures and targets	Current results
Resident approval	Location of facilities - appropriate	>80% satisfied or very satisfied with the location of toilets from residents' survey	☺ The results of the 2008 residents survey show this target is being met with 87% satisfied
Resident approval	Number of facilities - sufficient	>80% satisfied or very satisfied with the number of toilets from residents' survey	☹ The results of the 2008 residents survey show this target as not quite being met with 75% satisfaction

**d. Marina**

During 2007/08 Council commenced work on the upgrade of the amenity blocks at the marina. Work is expected to be completed before the summer visitor season commences.

Criteria	Service levels	Performance measures and targets	Current results
Availability	Satisfactory availability	Marina users >80% satisfied with availability by survey	General user satisfaction data not yet available.

**e. Community properties**

Council provides community halls in Stoke and Whakapuaka. In addition, Council provides accommodation for a number of community organisations in a range of community properties throughout the city. Anecdotally, use figures have been relatively stable but there was little information collected in the past. New contractors will collect more complete user information so this can be monitored more closely.

Criteria	Service levels	Performance measures and targets	Current results
Affordability	Charges suit the needs of users, are appropriate and use of the halls increases over time	Suits the majority (>80%) of users as demonstrated by increasing use as a proportion of the population	Increasing bookings and user numbers for Whakapuaka Hall. Use of Stoke Hall similar to last year.

**f. Motor camps**

The Brook Motor Camp and Tahuna Beach Holiday Park are leased from the Council and run by Tahuna Beach Camp Inc. The Maitai Camp is leased out to other lessees. Every Christmas and New Year the Maitai Camp is predominantly operated as a youth camp as part of the Council's Safe Summer initiative. Refer to the Social Development activity section for more information.

Criteria	Service levels	Performance measures and targets	Current results
Visitor satisfaction	Users' approval of service and facilities	Majority of users approve (>80%)	☺ 95% of comments positive or neutral at Tahuna Camp.
Effectiveness	Council-owned camp facilities provide a good service to the public, established through lease agreements	Visitor satisfaction at least 80% and a camp provided for youth over summer	☺ Youth camp was provided 2007/08. Satisfaction levels not formally measured, but high approval anecdotally and no major incidents.



### g. Community Housing

Council provides 142 community housing units throughout the city. These are run on a cost recovery basis, not including upgrade costs.

Criteria	Service levels	Performance measures and targets	Current results
Tenant satisfaction	Annual survey of tenants	At least 80% of tenants are satisfied with services by survey	☺ 95% satisfied (31 May 2007)
Financial viability	Community Housing Asset run on cost recovery basis	Community Housing debt free by 2006/07 financial year	☺ Debt free from October 2006
Quality and service	Community housing will be maintained in a healthy condition	Community housing assets will be no less than Grade 3 level	☺ 100% of assets are Grade 3 or higher (2006)

### h. Regional facilities

During the year work commenced on the Trafalgar Centre upgrade and is progressing as planned and expected to be completed by the beginning of February 2009.

Criteria	Service levels	Performance measures and targets	Current results
Resident satisfaction	Results from residents' survey	>80% satisfied or very satisfied	☺ The results of the 2008 residents survey show this target being met with 82% satisfied.
Completion of Trafalgar Park upgrade	Building of additional stands and related facility improvements	Within budget and time frames	Not yet applicable. Project commenced August 2007.

### Review of existing service levels

The Community Facilities and Community Housing asset management plan processes included an assessment of service levels. Public feedback indicated that, in general, there were no major areas that need significant improvement in service levels.

Planning and funding for the Saxton Field indoor stadium was completed in June 2008 and work commenced early July 2008 with the project expected to be completed late 2009.

## Capital projects - over \$500,000 in detail

### Community facilities

Project	Estimate	Carried over	Total budget	Actual
	\$(000)	\$(000)	\$(000)	\$(000)
Marina				
Akersten Street development Carried over for completion in 2008/09	31	950	981	100
Community housing				
Orchard Street development Awaiting Housing Innovation Fund decision before assessment of viability		1,559	1,559	5
Regional Community Facilities				
Performing Arts Centre Delayed pending confirmation of site	(9)	635	626	49
Saxton Field stadium Carried over to 2008/09.	900	9,486	10,386	1,316
Trafalgar Park stand Completed. Additional work required on footpaths and building consent requirements.	1,360	0	1,360	1,588
Trafalgar Centre extension Carried over for completion in 2008/09.		4,750	4,750	2,666
Athletics track Carried over. Work began in 2008/09.		1,568	1,568	0

### SIGNIFICANT ACTIVITIES



## Statement of financial performance

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 3,974)	( 4,323)	( 3,841)
Financial contributions	0	0	0
Other revenue	( 3,158)	( 8,915)	( 2,542)
<b>Total revenue</b>	<b>( 7,132)</b>	<b>( 13,238)</b>	<b>( 6,383)</b>
<b>Expenses:</b>			
Operating and maintenance	4,782	5,037	4,171
Interest on loans	765	1,149	685
Depreciation	958	1,243	970
<b>Total operating expenses</b>	<b>6,505</b>	<b>7,429</b>	<b>5,826</b>
<b>Net (surplus)/deficit</b>	<b>( 627)</b>	<b>( 5,809)</b>	<b>( 557)</b>

## Statement of funding requirement

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	6,529	20,463	1,131
Purchase investment	202	0	300
Repayment of loan principal	825	1,740	854
Transfer to reserve funds	98	11	97
<b>Total funds required</b>	<b>7,654</b>	<b>22,214</b>	<b>2,382</b>
<b>Source of funds:</b>			
Net surplus	627	5,809	557
New loans raised	6,063	12,522	359
Transfer from reserve funds	5	138	71
Transfer from financial contributions reserve	0	0	424
Non cash expenditure (depreciation)	958	1,243	970
Sales of assets	1	2,502	1
<b>Total source of funds</b>	<b>7,654</b>	<b>22,214</b>	<b>2,382</b>

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

## Economic and tourism support

### How the service is delivered to achieve the outcomes

The Council has delegated its main business development functions to the Nelson Regional Economic Development Agency (EDA), which Council helped to establish in 2004. This organisation administers projects that foster economic development in Nelson City, and where outside funding is supplied, also projects in Tasman District. The Nelson Regional Economic Development Strategy provides a long-term vision for sustainable economic growth in Nelson. A review of this strategy began during the 2005/06 financial year and work continued through the 2006/07 year with consultation on a final draft taking place in the second half of 2007. The updated strategy will be the blueprint for economic development in the region over the next three to ten years, taking a broad and long term approach.

The Nelson City and Tasman District Councils are joint shareholders in Nelson Tasman Tourism (Tourism Nelson Tasman Ltd) to provide investment in destination marketing, destination management and provision of visitor information services. The two Councils own and provide funding for Nelson Tasman Tourism because its activities assist in coordinating the efficient destination marketing of the region. This in turn contributes to the region's economy through visitor expenditure.

### What this includes

Council's economic and tourism support activity includes:

1. Economic development.
2. Tourism support through Nelson Tasman Tourism.

### Links to outcomes

Council's delivery of economic and tourism support to the Nelson community contributes to achieving the following community outcomes:

Outcome	How the activity contributes
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through supporting organisations such as the Economic Development Agency and Nelson Tasman Tourism and providing good infrastructure service to businesses.

**Good leadership**

Our leaders are proactive, innovative and inclusive.

Through monitoring and facilitating economic activity and undertaking an advocacy role for Nelson with central government.

**Highlights of the year****Nelson Regional Economic Development Agency (EDA) Activities**

The EDA has continued to be involved in a number of activities and initiatives that encompass social, cultural, environmental and economic objectives.

The key strategic objectives are:

- Providing expert facilitation of projects that lead to national and international competitive advantage
- Providing regional economic development advice
- Providing an assessment of the region's performance

In line with these objectives, throughout 2007 – 2008 the EDA has been involved in a number of key initiatives;

**Nelson Tasman Regional Economic Development Strategy (REDS)**

The Nelson Tasman Regional Economic Development Strategy (REDS) was released in December 2007 after considerable consultation with industry, sectors, and key stakeholders. The recommendations in REDS will position the region well to face national and international competition. Prioritisation and alignment of the REDS recommendations with both Nelson City and Tasman District Councils' Long Term Council Community Plans will now be occurring.

**Nelson Marlborough Inforegion**

Rolling out the Information Communication Technology (ICT) benefits under the Ministry of Economic Development's funding projects under the Digital Strategy's Broadband Challenge has been a significant activity involving Councils and stakeholders across the Top of the South.

**Apple Futures**

Nelson EDA, in conjunction with Hawkes Bay and Otago, has developed the Apple Futures initiative which received \$2 million funding from New Zealand Trade and Enterprise. This initiative will significantly raise the profile of the quality of New Zealand apples with low/no residue in international markets. The EDA Chief Executive is a highly respected member on the national Steering Group for Apples Futures.

### **Work Force Development Strategy**

Facilitating many initiatives to address work force issues has and will continue to be another significant activity which the EDA works on with other stakeholders. Having reviewed the EDA's strategy the three key strategic directions have been confirmed as:

- Primary facilitator of economic development projects in the region that build national and international competitiveness
- Primary provider of economic advice in the region
- Provide an ongoing assessment of the region's performance.

Through the revision of the Work Force Development Strategy objectives, the CEO and Projects Manager have met with over fifty representatives from across the sectors. This has been a valuable opportunity to learn about industry opportunities and constraints and to share information on EDA activities.

### **Te Tau Ihu Regional Governance Group**

The Te Tau Ihu Regional Governance Group has acquired video conference facilities to link the EDA and the Marlborough Regional Development Trust. This facility will also be made available to Nelson businesses and industry particularly in relation to interviewing off shore potential migrants to the region.

### **Education for Enterprise (E4E)**

The EDA has continued to manage the Nelson Education for Enterprise (E4E) cluster which is funded by New Zealand Trade and Enterprise with support from the Ministry of Education. E4E works with all secondary schools and builds on partnerships with business, community, councils and other stakeholders. In conjunction with this, the EDA has continued as a Trustee on the Nelson Bays Education Business Partnership Trust who have explored the feasibility of aligning the structure of these activities under the EDA.

### **Well Being Measures**

The EDA along with others from councils, health board, Ministry of Social Development and Marlborough Regional Development Trust, have been developing a set of Top of the South Wellbeing Measures against which councils will monitor Community Outcomes progress. The EDA is in the process of incorporating these into Genuine Progress Indicators for the Nelson region.

The Nelson Tasman region did well to hold its growth in visitor nights this financial year in a climate of increasing fuel costs and concern at environmental impacts of long distance air travel. Most of the growth in guest nights (up 3.5%, an additional 44,046 guest nights regionally) came from domestic visitors, reversing the trend of the previous five years.

During the year there were over 350,000 visitors to the i-SITE visitor centres in Nelson and Golden Bay and \$3,344,085 of tourism products and services were sold. Operating grants totalling \$82,000 were provided to the Motueka and Murchison visitor information centres.

A new marketing initiative, Nelson Spring, was launched in August 2007 to address seasonality. The campaign attracted greater local business investment in 2008, which enabled television advertising for Nelson Tasman for the first time in five years.

Promotion and support for sustainable tourism continued to be a key focus, with 37 members signing the Charter. The international marketing alliance with Destination Marlborough achieved another successful year of trade marketing in Australia, UK, USA and Germany. Nelson Tasman Tourism hosted visits from 15 international tourism trade groups and arranged visiting media programmes for over 25 international and 8 domestic journalists. These visits resulted in excellent coverage of the region.

Tourism Nelson Tasman Ltd made an operating loss of \$63,618. While this was lower than the previous financial year (\$85,052), it exceeded budget by \$26,495. As a result, steps were taken to reduce costs, including reducing staffing levels by two FTEs and new sources of revenue were sought. Nelson Tasman Tourism will work with its shareholding Councils to address its long term funding.

### Levels of service targets from the 2006 LTCCP

Criteria	Service levels	Performance measures and targets	Current results
Resident satisfaction with how Nelson is coping with growth	% satisfied in residents' survey	At least 80%	Not assessed in 2008.

The results of the 2008 residents survey show 82% of residents were satisfied with Council's work for this activity. There is no capital expenditure by Council under its Economic and Tourism Support activity.



## Statement of financial performance

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 631)	( 661)	( 602)
Financial contributions	0	0	0
Other revenue	( 10)	0	( 3)
Total revenue	( 641)	( 661)	( 605)
<b>Expenses:</b>			
Operating and maintenance	641	661	605
Interest on loans	0	0	0
Depreciation	0	0	0
Total operating expenses	641	661	605
<b>Net (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Statement of funding requirement

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure - New	0	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
<b>Total funds required</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Source of funds:</b>			
Net surplus	0	0	0
New loans raised	0	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## Managing emergencies and natural hazards

### How the service is delivered to achieve the outcome

The Nelson City Council works with the Tasman District Council (TDC) through the Nelson Tasman Civil Defence Emergency Management (CDEM) Group to ensure Nelson is prepared for major emergencies such as natural disasters. As required by the CDEM Act 2002, the Group produced a joint Nelson Tasman Emergency Management Group Plan in 2005 and has been working towards achieving the objectives set out in that five year plan. The Plan is next due for review in 2010.

The Councils' joint approach has five elements:

1. reducing risks to the community;
2. being ready for emergencies;
3. being able to respond through a planned response system;
4. recovery from an event after it has happened; and
5. public education, public information.

The overall aim for the Nelson Tasman CDEM Group is a resilient community. The CDEM Group aims to achieve this by encouraging our community to understand their hazards and risks; enabling them to provide for their own safety; and leading the response to and recovery from emergency events.

The Nelson Tasman Emergency Management Office (EMO), based in the Trafalgar Centre, is responsible for leading delivery of the civil defence function. Nelson City Council is the Administering Authority for the EMO, although the EMO takes its direction the CDEM Group, which is a joint committee of the two Councils.

The mission of the EMO is to provide leadership, professional training and expert CDEM advice towards achieving the CDEM Group vision of a resilient community.

Related to emergency management (though organised and funded separately) is rural fire. Council contributes funds towards a fire management contract for its zone of responsibility within the Waimea Rural Fire District and pays an annual levy to the Waimea Rural Fire Committee, which has overall responsibility for rural fire prevention and suppression. Its stakeholders include Hancock Forest Management Ltd, Weyerhaeuser NZ Ltd, Federated Farmers, Tasman District Council, Nelson City Council, and the Department of Conservation.

The Rural Fire Network has the contract to manage rural fires. It is a stand-alone organisation that provides training,

equipment, fire permits, fire lookouts, prevention and rural fire coordination services to the Waimea Rural Fire Committee and its stakeholders.

### What this includes

There are two main strands to Council’s emergency management work:

- Civil defence emergency management; and Rural fire control.



### Links to outcomes

Emergency management is aligned not only with the Nelson’s community outcomes, but also the goals of other organisations that are involved, particularly TDC, The NZ Fire Service, The NZ Police and Nelson Marlborough District Health Board.

There are links to all six of Nelson’s community outcomes on pages 14 - 21, but particularly:

Outcome	How the activity contributes
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through developing a resilient community, able to cope with disasters or emergencies.

### Highlights of the year

As noted above, CDEM activities can be grouped under the four “R’s” of risk reduction, readiness, response, and recovery, as well as public education/information.

#### Reduction

The Nelson Tasman Engineering Lifelines Group has been re-formed in the past year and an updating of the 2002 Lifelines Project is underway. The lifeline utilities include communications, transport networks, power, fuel supplies, water supplies and sewerage services.

These utilities are critical to the functioning of the region and utility managers have specific duties under the Civil Defence Emergency Management Act 2002.

Every lifeline utility must, among other things, make sure it is able to function, albeit at a reduced level, during and after an emergency. The Council contributes towards building this capability by coordinating lifeline utilities’ cooperation before, during and in the recovery stage of an emergency.

A review of hazard information gaps based on the CDEM Group's 2005 Plan has been completed. This has enabled identification of areas of risk for which there is a need for further work as well as areas of work completed. This review will feed into the risk profiling to be done as part of the 2010 review of the CDEM Group Plan.

As with other parts of New Zealand, tsunami has been identified as an area for new research and planning. Work was initiated this year to identify at-risk areas in Nelson Tasman for warning and evacuation planning purposes.

### **Readiness and Response**

In September 2007 the CDEM Group undertook its largest Exercise in many years. Exercise Pandora was a South Island-wide event that ran for 28 hours and involved 140 personnel from our area. It tested the ability of the two councils, together with the Emergency Services, to respond to a major earthquake.

These major exercises drive work to lift the operational readiness of the civil defence structure in Nelson Tasman. Two major conclusions were that the Group Emergency Operation Centre (GEOC) is inadequate in its current form and that staff training needs improving. Work is being undertaken to address both of these issues.

The EMO is currently involved with rural communities in the development of civil defence "Community Response Plans". These will enable communities that are isolated to be better prepared to respond to an emergency.

Work was commenced on evacuation planning, which will address the response to emergencies such as extreme weather events and Tsunami. Work has also continued on Pandemic planning (especially welfare support aspects), in support of the Nelson Marlborough District Health Board.

The EMO has continued to support the CDEM Group's volunteer Response Team (known as NZ-RT2), which provides a specialist urban search and rescue capability for the region. We also maintained our ability to deliver a Welfare component as a part of our emergency response.

### **Recovery**

The CDEM Group developed and approved a new Recovery Plan for Nelson Tasman, which sets out detailed arrangements for returning the community to business as usual following an emergency. The Recovery Plan recognises the significant financial cost and time involved in the recovery phase following a disaster, as witnessed in recent events in places such as Matata, Northland and Milton. The Recovery Plan is

closely linked to the CEM Group Plan 2005 and was prepared in consultation with a wide range of government and local agencies.

#### **Public Education and Public Information**

The CDEM Group has been involved in supporting the Ministry of Civil Defence and Emergency Management public education campaign 'Get Ready – Get Thru'.

A public education and public information strategy, as required by the Emergency Management Plan, was adopted in early 2008. Key target audiences identified in this document include internal stakeholders and partners, the Nelson Tasman community, businesses, those most vulnerable to disaster (young, elderly, live-alones) and visitors.

General public information and education activity is planned throughout the year including activity at expos, activity in print media, and public relations. The key messages of Get Ready - Get Thru and What's the Plan Stan will align with national activities. Disaster week activity will be a key focus.

A dedicated website for Nelson Tasman region is in the process of being developed. This website will have a special emphasis on the development of networking and information sourcing between partners. At the same time it will have the capability and capacity to deliver information and planning needs to all identified external audiences throughout the cycle of readiness, reduction, response and recovery. It is expected that the website will guide public information activity into the future.

#### **Rural fire**

Over the last 12 months Council, along with other stakeholders, including the Tasman District Council and major forest owners, renegotiated the management contract for rural fire services with Rural Fire Network until 30 June 2009.

Following an extremely dry spring the remainder of the summer featured rainfall at good intervals providing a reduction in fire hazard when conditions were becoming dry. Within the Nelson City Council zone there was one wildfire event on 17 July 2007 in regenerating gorse at Walters Bluff. The probable cause was an electrical short from a rat climbing a power pole. The majority of these costs were recovered from the Rural Fire Fund administered by the National Rural Fire Authority.

**Capital projects**

CDEM capital projects for the 2008/2009 year include the development of a website for Emergency Management purposes, and the purchase of a replacement vehicle for the Response Team (NZ-RT2).

## Statement of financial performance

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 296)	( 307)	( 264)
Financial contributions	0	0	0
Other revenue	( 27)	( 14)	( 14)
<b>Total revenue</b>	<b>( 323)</b>	<b>( 321)</b>	<b>( 278)</b>
<b>Expenses:</b>			
Operating and maintenance	316	317	270
Interest on loans	2	0	2
Depreciation	5	3	5
<b>Total operating expenses</b>	<b>323</b>	<b>320</b>	<b>276</b>
<b>Net (surplus)/deficit</b>	<b>0</b>	<b>( 1)</b>	<b>( 1)</b>

## Statement of funding requirement

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	2	0	2
Repayment of loan principal	1	1	1
Transfer to reserve funds	3	3	3
<b>Total funds required</b>	<b>6</b>	<b>4</b>	<b>6</b>
<b>Source of funds:</b>			
Net surplus	( 0)	1	1
New loans raised	0	0	0
Transfer from reserve funds	1	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	5	3	5
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>6</b>	<b>4</b>	<b>6</b>

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





## Social development

### How the activity is delivered to achieve the outcomes

In 2003 Council developed its first Social Wellbeing Policy. This policy took a 'whole of Council' approach to enhancing Nelson's social wellbeing and is the main policy tool used by Council in achieving the community outcomes. This policy is now expected to be reviewed in 2008/09

The objectives of the 2003 Social Wellbeing Policy were to:

- mitigate the effects of deprivation and reduce levels of deprivation in the Nelson community;
- work to reduce the high levels of deprivation in Nelson by ensuring that the Nelson economy is strong and creates high value business, employment and training opportunities;
- work with organisations to improve the opportunities for every Nelson resident to achieve their full potential through education;
- improve the opportunities for Nelson residents to access quality affordable housing;
- help maintain a strong sense of community cohesion and create a safe community where all people have the opportunity to participate; and
- collectively monitor the social wellbeing of Nelson.

### What this includes

Council's social development activity includes:

- Social monitoring and advocacy
- Community liaison and support
- Community assistance funding
- Employment assistance
- Youth development
- Settlement Support for migrants and refugees
- Crime prevention (including administration of Safer Community Council).

## Links to outcomes

The provision of social development initiatives contributes to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Implementing the Council's social wellbeing policy.
<b>A fun, creative culture</b> We are proud of our creative local culture and regional identity	Through support for the benefits that a sense of belonging brings to residents
<b>Good leadership</b> Our leaders are proactive, innovative and inclusive.	By leading the development of Nelson's arts, culture and heritage.

## Highlights of the year

Council's Community Support and Liaison work included the provision of support and liaison to a range of community groups, liaison meetings with key partner agencies, support for The New Hub, and involvement in the Trustpower Volunteer Awards.

## Nelson Youth Council

Council staff facilitated Youth Council meetings and assisted with planning for new youth BBQ at Tahunanui beach. Work is due to commence end of September and the launch in December. The successful summer passport was produced again this year and 15,000 copies distributed.

## Youth support and events

The Youth Council ran the Live12 event at the Hub as part of the Nelson Arts Festival and also supported a Youth Guide to growing up which was distributed through high schools. The Youth Event Support (YES) scheme continued to provide assistance to youth events.

## Positive ageing strategy

Work on reviewing this strategy commenced with a positive ageing expo in April and a seminar of experts including overseas speakers to inform the policy discussion.

### **Summer Strategy – Passport and Street Ambassadors**

The Street Ambassador programme continued to be successful. This service provided five months of support to residents, visitors and young people socialising in Buxton Square and other inner city sites.

### **Crime Prevention through Environmental Design (CPTED)**

This work included support and advocacy of CPTED objectives through development of guidelines to assist Council and the community implement safer projects.

### **Safer Community Council**

During the year the Safer Community Council focused on the implementation of the Nelson Tasman Regional Alcohol Strategy.

### Levels of Service

Criteria	Service level	Performance measures and target	Current results
Quality	High levels of social good provided by Council programmes	Public perceptions indicated by residents' survey show >80% approval of programmes	The results of the 2008 residents survey show 77% of the community is satisfied with this activity.
Effectiveness	Participant perception of benefit Public perception of benefit	>80% approval, by survey >50% approval	Not currently being measured
Efficiency	Public perception of benefit/ dollars spent	Residents' survey questions show >80% agree	Not currently being measured
Access	Inclusive/accessible to all groups and individuals	Survey range of groups - agree physical access assessed and zero barriers	Not currently being measured
Sustainability	Number and quality of key collaborative partnerships	Number/programme >80% partners agree partnership is working.	Not currently being measured

## Statement of financial performance

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 555)	( 541)	( 561)
Financial contributions	0	0	0
Other revenue	( 296)	( 290)	( 402)
<b>Total revenue</b>	<b>( 851)</b>	<b>( 831)</b>	<b>( 963)</b>
<b>Expenses:</b>			
Operating and maintenance	867	869	983
Interest on loans	0	0	0
Depreciation	4	3	3
<b>Total operating expenses</b>	<b>871</b>	<b>872</b>	<b>986</b>
<b>Net (surplus)/deficit</b>	<b>20</b>	<b>41</b>	<b>23</b>

## Statement of funding requirement

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure - New	0	0	6
Capital expenditure - Renewals	0	0	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	4	4	2
<b>Total funds required</b>	<b>4</b>	<b>4</b>	<b>8</b>
<b>Source of funds:</b>			
Net surplus	( 20)	( 41)	( 23)
New loans raised	0	0	0
Transfer from reserve funds	20	41	28
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	4	4	3
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>4</b>	<b>4</b>	<b>8</b>

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

## Culture, heritage and arts

### How the service is delivered to achieve the outcomes

This activity includes Council support for heritage, festivals, funding for the Bishop Suter Art Gallery and community assistance for culture, heritage and arts organisations.

The Heritage Strategy was approved in December 2006.

### What this includes

Council's culture, heritage and arts activity includes:

1. Heritage and arts planning.
2. Support for the Tasman Bay Heritage Trust and the Bishop Suter Art Gallery.
3. Historic buildings and facilities such as Broadgreen Historic House, Isel Melrose and Founders Heritage Park.
4. Historic cemeteries (including Holloway, Wakapuaka, Hira, Seaview and others).
5. Arts and heritage grants (community assistance funding).
6. Festivals, events and street decorations.
7. Sister city links.

### Links to outcomes

Council support for culture, heritage and the arts contributes to achieving the following community outcomes:

Outcomes	How the activity contributes
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	By including beautiful and inspiring art, heritage and cultural activities as part of our surroundings.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through a thriving arts, cultural and heritage community that provides employment for many.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Implementing the Council's social wellbeing policy.
<b>Good leadership</b> Our leaders are proactive, innovative and inclusive.	By leading the development of Nelson's arts, culture and heritage.



## Highlights of the year

In arts, the first Nelson Whakatū Heritage Strategy was adopted by Council in December 2006, and Council has continued to work with the community on its implementation.

The Bishop Suter Art Gallery was transferred to a Council Controlled Organisation in 2008.

## Arts strategic plan

Development of the Nelson Tasman Regional Arts Strategy commencing during the year, including consultation workshops across the region. The draft strategy is expected to be completed in early 2009.

## Festivals

Sealord Opera in the Park 10th anniversary with Dame Kiri was extremely well received by the public with over 11,000 people attending.



## Levels of service

Criteria	Service level	Performance measure/ target	Current results
Quality	Participants' approval of event, service or facility	High, above 80% by representative survey	☹ Not currently being surveyed
Effectiveness	Participant perception of benefit Public perception of benefit	>80% approval, by survey >50% approval	☹ Not currently being surveyed
Efficiency	Public perception of benefit/dollars spent	Residents' survey questions show >80% agree	☹ Not currently being surveyed
Access	Inclusive/accessible to all groups and individuals	Survey range of groups - >80% agree physical access assessed and zero barriers	☹ Not currently being surveyed
Sustainability	Number and quality of key collaborative partnerships Maintenance of sites according to plans	Number/programme >80% partners agree partnership is working. Plans implemented	☹ Not currently being surveyed

The 2008 survey shows 77% of the public satisfied with this activity.

## Statement of financial performance

	Actual 2008 \$000	Estimate 2008 \$000	Actual 2007 \$000
<b>Revenue</b>			
Rates	( 2,685)	( 2,575)	( 2,257)
Financial contributions	0	0	0
Other revenue	( 1,359)	( 793)	( 815)
<b>Total revenue</b>	<b>( 4,044)</b>	<b>( 3,368)</b>	<b>( 3,072)</b>
<b>Expenses:</b>			
Operating and maintenance	3,685	3,036	2,827
Interest on loans	167	165	169
Depreciation	79	61	79
<b>Total operating expenses</b>	<b>3,931</b>	<b>3,262</b>	<b>3,075</b>
<b>Net (surplus)/deficit</b>	<b>( 113)</b>	<b>( 106)</b>	<b>3</b>

## Statement of funding requirement

	Actual 2008 \$000	Estimate 2008 \$000	Actual 2007 \$000
<b>Funds required</b>			
Capital expenditure	18	1	30
Loan investment	0	0	0
Non cash forestry and investment write up	49	60	17
Repayment of loan principal	49	43	31
Transfer to reserve funds	76	63	42
<b>Total funds required</b>	<b>192</b>	<b>167</b>	<b>120</b>
<b>Source of funds:</b>			
Net surplus	113	106	( 3)
New loans raised	0	0	0
Transfer from reserve funds	0	0	44
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	79	61	79
Sale of investment	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>192</b>	<b>167</b>	<b>120</b>

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



## Democracy and administration

### How the service is delivered to achieve the outcomes

#### Administration of Council activities

The Council has a number of responsibilities under administration and the provision of democratic processes. These include running the election process, supporting the Mayor and Councillors and their committee structure, running consultation processes, managing the Council's finances and ensuring that the Council's planning is co-ordinated.

The Council has an objective of ensuring that the decision making process is open and transparent and that Council documents are made available, unless there are grounds to withhold information under the Local Government Official Information and Meetings Act 1987.

#### What this includes

1. Costs of democracy, including: meetings, publicity, Councillor costs and elections.
2. Management of investments, including rental properties, forestry, Civic House, Port Company and the Ridgeway subdivision.
3. Forward planning and internal monitoring.

#### Links to outcomes

Council provision of democracy and administration services contributes to achieving the following community outcome:

Outcome	How the activity contributes
<b>Good leadership</b> Our leaders are proactive, innovative and inclusive.	Council's provision of these services supports all other Council activities, thereby contributing to the achievement of all six community outcomes.

#### Highlights of the year

Council and iwi have continued to work on the implementation of the Memorandum of Understanding and enhancing processes to involve Māori in Council decision making. Further information on the inclusion of Māori in Council decision making processes is included in the introduction on pages 24 to 25.

The annual Residents' Survey was completed in July 2008 and focused on Council's performance across Council activities and consultation and communication.

The elections were held in October 2007 and 50.7% of eligible voters participated in the elections.

As part of its annual plan process Council amended its long term Council Community Plan to make a number of rating changes.

Levels of service

Criteria	Service level	Target and performance measure	Current results
Residents' satisfaction with telephone contact	Residents' satisfied, measured by annual survey	At least 80% satisfaction	☹️ 79%
Residents' satisfaction with visits to Civic House	Residents' satisfied, measured by annual survey	At least 80% satisfaction	😊 88%
Residents' satisfaction with written contact	Residents' satisfied, measured by annual survey	At least 80% satisfaction	☹️ 73%
Residents' satisfaction with email	Residents' satisfied, measured by annual survey	At least 80% satisfaction	☹️ 74%



## Statement of financial performance

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	3,235	3,396	3,396
Financial contributions	0	0	0
Other revenue	( 12,125)	( 11,917)	( 11,419)
<b>Total revenue</b>	<b>( 8,890)</b>	<b>( 8,521)</b>	<b>( 8,023)</b>
<b>Expenses:</b>			
Operating and maintenance	4,785	4,698	3,992
Interest on loans	2,124	3,099	2,140
Depreciation	793	891	790
<b>Total operating expenses</b>	<b>7,702</b>	<b>8,688</b>	<b>6,922</b>
<b>Net (surplus)/deficit</b>	<b>( 1,188)</b>	<b>167</b>	<b>( 1,101)</b>

## Statement of funding requirement

	Actual 2008	Estimate 2008	Actual 2007
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	638	1,090	2,450
Investments	45	10	11
Non cash forestry and investment write up	0	0	978
Repayment of loan principal	8,935	8,715	1,410
Transfer to loan repayment reserve	1,253	456	26,250
Transfer to reserve funds	1,651	169	359
<b>Total funds required</b>	<b>12,522</b>	<b>10,440</b>	<b>31,458</b>
<b>Source of funds:</b>			
Net surplus	1,188	( 167)	1,101
New loans raised	10,254	8,236	0
Transfer from reserve funds	3	250	639
Transfer from loan repayment reserve	45	519	15,815
Sale of investments	0	690	12,900
Non cash forestry and investment write down	170	0	0
Non cash expenditure (depreciation)	793	891	790
Sales of assets	69	21	213
<b>Total source of funds</b>	<b>12,522</b>	<b>10,440</b>	<b>31,458</b>

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

## Financial reserves and trusts

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

### Statement of funding requirement

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

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



## Summary of capital expenditure

### Capital expenditure

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

### FINANCIALS

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

## Capital expenditure

## FINANCIALS

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



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



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

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

The organisations whose performance is summarised in this section are:

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

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

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

### Nelmac Limited

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

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

The financial performance for 2007/08 is as follows:

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

#### Financial Performance

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

## Performance Measures

### 1. Non-shareholder business

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

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

### 2. Equity ratio

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

### 3. Staff morale/turnover

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

### 4. Quality of service

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

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

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

### 5. Staff health and safety

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

Tertiary level ACC workplace safety management compliance maintained.

Actual time lost 0.66% of total workforce hours.

### 6. Environmental

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

## Nelson Airport Limited

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

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

### Financial Performance

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

**Performance Measures**

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

Achieved.

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

On target.

3. Achieve financial performance targets.

Achieved.

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

Achieved.

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

Achieved.

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

Underway.

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

Underway.

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

Underway.

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

Achieved.

## Nelson Tasman Tourism (Tourism Nelson Tasman Ltd)

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

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

### Performance Measures

#### Destination Marketing

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

#### Destination Strategic Management and Tourism Development

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

#### Future objectives include:

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



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

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

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

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

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

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

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

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

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

#### Visitor Information Provision

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

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

Mystery Shopper Survey, Nelson (March 07)

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

Mystery Shopper Survey, Golden Bay (April 08)

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

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

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

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

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

3. Revenue from visitor information services meets agreed targets

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

Revenue from Nelson & Golden Bay i-SITES:

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

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

### Organisation Management and Strategy

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

Statement of Financial Performance

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

2. The Company complies with all legislative requirements.

Legislative Compliance checklist

All legislative requirements met

- 3 To be a good employer

Adherence to relevant employment legislation

Staff satisfaction survey

All legislative requirements met

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



### Stoke Heights (Ridgeways) Joint Venture

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

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

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

### Performance Measures

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

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

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

### Port Nelson Ltd

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

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

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

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

## Nelson Regional Economic Development Agency (EDA)

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

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

### Financial Performance

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

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

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

### Performance Measures

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

consultation undertaken.

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

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

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

#### 5. NMi

Progress governance structure for Nelson Marlborough Inforegion (NMi)

Appropriate structure formed by June 2008

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

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

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

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

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

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

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

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

#### 8 Progress the Events Strategy

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



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



### Tasman Bays Heritage Trust (Provincial Museum)

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

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

### Financial Performance

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

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

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

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

### Performance Measures

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

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

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

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

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

## Equal employment opportunities

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

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

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

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

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

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

## Borrowing objectives and policies

### Objectives

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

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

### Policies

The Council's general policy for borrowing is to:

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

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

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

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

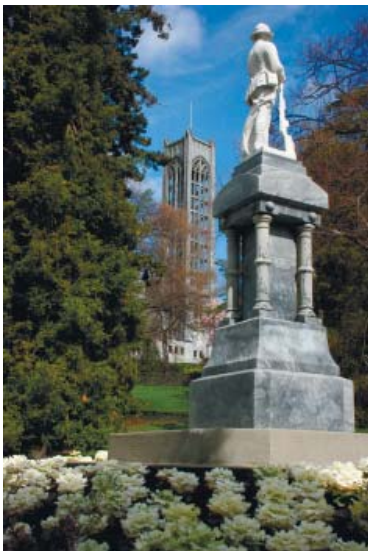
The Council's policy for liquidity risk management is to:

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

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

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

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





## Investment objectives and policies

### Objective

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

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

Policies supporting this:

### General policy

The Council's general policy on investments is that:

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

### Result

The Council has followed these general policies throughout the year.

### Specific policies

#### Port Nelson Limited

Nelson City Council's policy for Port Nelson is:

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

### Result

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

**Nelmac Limited**

The Council's policy for Nelmac is to:

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

**Result**

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

**Nelson Airport Limited**

The Council's policy for Nelson Airport is to:

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

**Result**

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

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

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

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

**Result**

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

## Individual rates

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

### Commentary on Individual rates

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

## Council information

### Council facilities

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

The office is open from 8.00am to 5.00pm.

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

### Correspondence

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

### Public attendance at meetings

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

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

### Public forums

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

### Deputations

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

### Petitions

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

**Notes**

**Notes**

**INFORMATION**