



NELSON CITY COUNCIL

ANNUAL REPORT SUMMARY 2009 - 2010

FOR THE YEAR ENDED 30 JUNE 2010



Nelson City Council

te kaunihera o whakatū

Annual Report Summary 2009-2010

It's been another eventful year for Nelson and one of increasing change for your Council.



The summary has to represent, fairly and consistently, the major issues covered in the annual report. It cannot provide as complete an understanding as the full annual report, which is available at Civic House, the Nelson Public Libraries or online at www.nelsoncitycouncil.co.nz

An annual report is an audited record of Council's performance and an important part of Council's accountability to its community. It sets out whether Council did what it said it would and, if not, why there were differences. For example, project budgets might have been underspent because of work delays.

The financial information included in the full annual report has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) as appropriate for a public benefit entity. This summary annual report complies with Financial Reporting Standards 43 (FRS-43): Summary Financial Statements.

Mayor's word

Tēnā koutou e te whānau ki Whakatū

As the new Mayor of Nelson, it's a pleasure to introduce a very positive Annual Report. The Nelson community can now enjoy the huge progress Council has made with service improvements and facility development. Highlights include the \$7.4 million transformation of Trafalgar Park to welcome the world in 2011, and the opening of Saxton Stadium, which promptly won awards for design. We won awards for innovative walking and cycling initiatives too. We improved resource consent turnaround time in leaps and bounds and opened a smart new customer service centre to provide a one-stop shop for council services. Our winter air quality was the best it has been since we started monitoring, and Solar Saver increased solar installations by 400%.

There was a long list of achievements over the year. Council and staff were justifiably proud and Nelson should be too. We've got plenty to work on though with a solution to our arterial roading issues, progress on a Performing Arts Centre, and the Rugby World Cup to dominate our attention. Bring it on!

Aldo Miccio
Mayor of Nelson



Working with Māori

Council continued to provide a range of opportunities for Māori to participate in its decision making, including Kotahitanga Hui. These regular hui provided 'rangatira to rangatira' discussions between Council and iwi leaders on issues of mutual interest.

The focus during the first six months of 2010 was on building the skills of Council staff, including knowledge of customs and language. This helped build the Council's capacity to respond to and involve Māori in Council's decisions and the delivery of its services.

As a reflection of the partnership between Crown and iwi, Treaty settlements with central government require action at the local government level. This has signalled some changes in the relationship between the iwi of Te Tau Ihu, the top of the South Island, and the Nelson City Council. To respond to these changes, the Memorandum of Understanding between Tangata Whenua o Whakatū and the Council was reviewed. Progress was also made towards reaching agreement on the associated action plan to implement the MOU.

Audit Report

To the readers of Nelson City Council and group's summary annual financial statements, service provision information and the other requirements for the year ended 30 June 2010.

We have audited the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 as set out in pages 2-6.

Unqualified Opinion

In our opinion:

- the summary financial statements, service provision information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, service provision information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements, service provision information and the other requirements from which they are derived.

We expressed an unqualified audit opinion, in our report dated 28 October 2010, on:

- the full financial statements;
- the service provision information; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than the audit and in carrying out the audit of long-term council community plan, and an amendment to the long-term council community plan, we have no relationship with or interests in the City Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 and we are responsible for expressing an opinion on those summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002. These responsibilities arise from the Local Government Act 2002.

Scott Tobin, Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand
16 November 2010

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

From the Chief Executive

A look through the audited annual report will confirm your City is doing well. Spending is not out of control, we don't waste your money, and there has been plenty of progress.

You can expect a prompt response to a complaint or service request, consent processing is much quicker and you can expect to get a whole lot of high quality services, assets and facilities for your rates.

FOCUSED ON: Financial Responsibility

This year, we lifted our rating surplus from \$0.8 million to almost \$1.3 million. Debt levels and rates per capita are both around the national average.

FOCUSED ON: Customer Service

Customers have said our customer service has improved. An independent survey of people who had contacted Council showed a lift in our 'net promoter score' from +40% to +60%

in just one year. That's a brilliant improvement in performance following the opening of the customer service centre in December 2009, together with subsequent system improvements.

FOCUSED ON: Inspired Staff Serving the City

A standard survey across public and private sector employers showed the proportion of fully 'engaged' staff at Council – those who are positively committed to their work – lifted from 21.5% to nearly 34%. That's a more than 50% lift above 2009 results.

This has been a very full and productive year for Council and staff. Residents can be satisfied that what was promised in 2009 in the Nelson Community Plan has substantially been

delivered.

We have set some very high standards to achieve; results for all of these show improvement right across the organisation and in the services we provide. And some of that improvement has been dramatic. Some changes are only just beginning to kick in and will bear fruit in later years.

We recognise there is a need to continue to strive to be better and better each year. You can be sure that we are keeping the momentum going and building on the progress already made.

Keith Marshall
Chief Executive



How did Council perform?

The following table is a summary of the Council's performance targets for each activity and shows the number of targets that were met as well as a sample service target. Details of all the targets are included in the full annual report.

ACTIVITY	NUMBER OF TARGETS MET	CLOSE TO TARGET OR ON TRACK	NUMBER OF TARGETS NOT ACHIEVED	TOTAL NUMBER OF TARGETS	EXAMPLE OF SERVICE LEVEL	TARGET FOR SAMPLE SERVICE LEVEL	RESULTS: ☺ ACHIEVED ☹ CLOSE/ON TRACK ⊖ NOT ACHIEVED
Water supply	9	-	-	9	Water supply grading	At least 'A' for source and 'b' at point of distribution	☺ Ab grading confirmed in May 2010
Waste water	1	1	4	6	resource consent conditions	All resource consent conditions are complied with	⊖ One condition breached due to 2009 odour event. Cause since addressed through improvement processes
Stormwater/ flood protection	1	2	2	5	Response times	Contractors respond to emergencies within 30 minutes	☺ 98% compliance recorded
Solid waste management	2	-	2	4	Reduce waste to landfill	Reduce the rate of increase to landfill to 0%	☺ Continuing rate of decrease between 2005 and 2010 of 24.4%
Environmental management	2	2	5	9	Stream health	Maintain class A and B waterbodies in current state and improve class C to B, and have no waterbodies worse than class C	⊖ 2008 water quality data shows ten stretches of river are worse than class C
Transport	2	2	3	7	Public transport services	80% of households within 400m (5 minutes walk) of a bus route by 2014	☹ Currently 79% of households are within 400m of a bus route
Regulatory compliance*	4	1	6	11	Public health protection services	All premises are inspected at least once per year and any failures reinspected	☺ All food premises, on, off and club licences received a minimum of one inspection
Parks, open space	3	-	2	5	Accessible parks	At least one neighbourhood park within 400m of each home in residential areas	⊖ Target met for all of Nelson except in The Wood. Options for acquiring land are being considered
Recreation and leisure	2	-	-	2	High quality visitor attractions	Visitor numbers at Natureland increase annually	☺ Increasing number of visitors each year with 36,555 projected for 2009/10
Community facilities	4	-	-	4	Public library membership	Membership as a % of population equals or betters the national average	☺ Library membership 85% of population (national average 50.2%)
Economic and tourism support	-	-	-	-	Resident satisfaction	Satisfaction target not yet set	In 2010, 43% of residents surveyed were satisfied with Council performance in economic and tourism support, 11% were dissatisfied and 37% were neither
Emergency management	7	-	-	7	Radio communications	Effective back-up communications and power	☺ Improvements made to extent and resilience of Group radio communications network
Social development	-	1	-	1	Social wellbeing policy	Revised social wellbeing policy adopted and implementation begun	☹ Social wellbeing policy was reviewed and is due for completion in 2010/11
Culture, heritage, arts	3	-	-	3	Customer satisfaction	Minimum 80% customer satisfaction	☺ 93% surveyed satisfied with the Nelson Arts Festival
Democracy and administration	3	1	-	4	Participation of Māori in Council decision making	Implementation of Memorandum of Understanding action plan according to agreed deadlines	☺ Memorandum of Understanding review under way for implementation in 2010/11
TOTALS	43	10	24	77			

*consents, licences, public health and monitoring

Key milestones and achievements for the year to June 2010

The year brought considerable change to the Council, challenges for the city and several notable milestones for multi-year projects.

Average rates including water charges rose by 3.17% for 2009/10. As well as delivering the core essential services and facilities residents and visitors expect every day across Nelson, Council delivered the new assets and milestones summarised in this section – all this and more made Nelson an even better place.

Key financial headlines include:

- Council's finances continued in good health
- Debt levels lower than forecast because of delays on some capital expenditure projects
- Interest costs were manageable at an average of 5.8% of rates and water charges
- Council signalled a policy change to take a longer term view on interest rates and to provide greater certainty of interest costs.

Transparency is important for public spending and therefore it was decided that the Mayor and Chief Executive would publish their credit card statements online. Other examples of Council's releases of information over the year included contaminated sites, audit reports on Council finances, comprehensive Chief Executive's reports that were tabled in public every six weeks and Councillors' remuneration and meeting attendances.

In the 2009 Nelson Community (Long Term or Ten year) Plan, Council set the following priorities

-  Put Nelson's regional identity on the radar
-  Sustainable economic development
-  Build and maintain strong relationships with iwi/Māori
-  Regional programmes, work cooperatively with TDC
-  Sustainability, particularly environmental sustainability
-  Nelson as a centre for arts creativity
-  Safeguard and promote our heritage
-  Develop community facilities and infrastructure

The icons show which priorities were achieved by each of the year's major milestones that are summarised here.

Air quality improved

A key highlight was seeing the continued improvement in air quality results. The long term programme that included replacing older wood burners and banning open fires began to show a dramatic improvement in air quality. This progress was the culmination of years of work by successive Councils and will continue, with the next burner phase out date in 2012. Results show we are almost at the target of 50 micrograms per cubic metre and one exceedance a year.

Solar Saver Scheme

The Council set the goal to make Nelson the solar centre of New Zealand. The initial focus has been to make it easier to install solar water heating (SWH) by waiving building consent fees and providing finance to help homeowners install SWH and pay it off while they benefit from reduced power bills. Compared to 37 installations in the six months before the scheme began, 150 SWH systems were installed during the first six months of the scheme.

Model Cities Cycle and Walking Funding

While Central Government chose not to fund Council's Model Cities cycle and walking application, this announcement was followed by the good news that Cycle Trails funding had been approved.

Trafalgar Park spruced up

The upgraded facility was officially reopened in August 2010. The \$7.4 million upgrade transformed the Park into a facility Nelson can be proud of. Improvements include eight new lighting towers, a new turf made of recycled glass sand, new toilets, entries and media facilities.

Saxton Stadium

The massive new Saxton Stadium was officially opened by the Governor General, His Excellency, The Hon Sir Anand Satyanand in October 2009. It has won awards for innovative use of timber and represents a great partnership between both Councils and the sporting codes. The stadium has space for five international-sized netball or basketball courts, 12 volleyball courts and a separate, purpose built table tennis area.

Arterial Traffic Study

The study was kicked off, up to stage 2 and is poised for a decision early in the term of the next Council. Subsequently, in August 2010, 31 key stakeholder organisations spent two days with the Arterial Traffic Study (ATS) decision-making team and unanimously recommended the team drops Options H and I. Option H would have created four lanes on Rocks Road and Option I would have created four lanes on Waimea Road.

The decision-making team will consider the recommendation as it continues working through all the options toward a final decision before the end of 2010.

Bells Island and Maitai pipe duplication

Both projects are major, big ticket infrastructure investments for the future of the city.

Bells Island for waste water is budgeted to cost \$19.5 million – consultation and planning is complete and building will be done in 2011.

Maitai pipeline for water supply is budgeted to cost \$13.5 million – designs are well advanced and the pipeline is to be constructed over three years beginning in 2011/12.

Rugby World Cup 2011

Planning and preparation for the event in 2011 is well under way.

Resource Management Plan Changes

Programme for building a better Nelson. Most ground work for a suite of plan changes was completed over the year. Since then, 11 Plan Changes were publicly notified on 25 September 2010, with submissions invited until 3 December 2010.

Consents processing times improved

There was a tough economic environment over the year but there has been some recovery. On average in 2009/10, 82% of non-notified consents were processed within statutory timeframes. In 2008/09, the average was 78%.

Waimea Inlet Strategy

Coming out of the Biodiversity Strategy, the strategy for Waimea Inlet involved both TDC, NCC and many other key groups and organisations. It took only nine months from initiation to approval in August 2010.

Customer Service Centre opened

The one stop facility on the ground floor of Civic House opened in early December 2009 and has had predominantly positive feedback.

Kaihautū on board

Relationships with Māori in Nelson advanced significantly with the establishment of a dedicated Kaihautū position to further strengthen the relationship between Council and Māori.

Civil Defence

Staff were involved in the Tapawera flood response, working to support TDC. The regional civil defence group also received a very positive report during the year from the Ministry of Civil Defence and Emergency Management.

Heritage Inventory

Work on a full inventory, including a separate assessment involving iwi representatives, was well advanced over the year.



Financial results for the year

Council recorded a surplus (before revaluations) for the year ending 30 June 2010 of \$17.6 million, which was \$4.2 million over budget.

As used here, 'surplus' refers to an accounting surplus, which is a net increase in the value of Council assets. It is different from a rating surplus, which refers to surplus funds raised through rates that were either not spent because of project delays or cost savings, or if excess revenue was earned beyond what was expected. A rating surplus is carried over to reduce the funding in the

following financial year. Council posted a rating surplus of \$1.3 million, largely due to savings in Council's activities.

Council borrowings at \$51.5 million were lower than the budgeted \$87.4 million because of delays with capital projects such as the Regional Sewerage Scheme upgrade, the Performing Arts Centre and other community facilities.

Summary of financial performance for the year ended 30 June 2010

Statement of comprehensive income for the year ended 30 June 2010

	Council		Group		
	Actual 2010 \$000	Estimate 2010 \$000	Actual 2009 \$000	Actual 2010 \$000	Actual 2009 \$000
Total Operating Revenue	90,942	87,576	86,482	93,508	98,306
Total operating expenditure*	73,279	74,194	68,442	77,343	72,166
Surplus/(deficit before tax)	17,663	13,382	18,040	16,165	26,140
Share of Associates surplus/deficit	0	0	0	1,864	4,065
Less taxation	(50)	(1)	4	(432)	(257)
Net surplus	17,613	13,381	18,044	17,596	29,948
Gains/(Losses) on property revaluation	14,163	23,565	25,264	14,485	24,539
Total Comprehensive Income	31,776	36,946	43,308	32,082	54,487

Movements in equity for the year ended 30 June 2010

Equity at start of year	1,069,005	1,068,150	1,025,697	1,139,132	1,084,645
Total Comprehensive Income	31,776	36,946	43,308	32,082	54,487
EQUITY AT END OF YEAR	1,100,781	1,105,096	1,069,005	1,171,214	1,139,132

Balance Sheet as at 30 June 2010

Current assets	16,471	21,303	23,020	19,359	25,201
Non-current assets	1,153,362	1,185,467	1,108,285	1,222,276	1,177,526
Total assets	1,169,833	1,206,770	1,131,305	1,241,635	1,202,727
Current liabilities	26,700	22,741	15,832	27,957	17,019
Non-current liabilities	42,352	78,933	46,468	42,464	46,576
Total liabilities	69,052	101,674	62,300	70,421	63,595
Total net assets	1,100,781	1,105,096	1,069,005	1,171,214	1,139,132

Equity					
Retained earnings	307,324	300,133	289,747	331,983	314,422
Other reserves	793,457	804,963	779,258	839,231	824,710
Total equity	1,100,781	1,105,096	1,069,005	1,171,214	1,139,132

Statement of cashflows for the year ended 30 June 2010

Cashflows from operating activities	29,178	22,917	23,423	29,968	24,776
Cashflows from investing activities	(36,795)	(50,698)	(34,644)	(37,659)	(35,749)
Cashflows from financing activities	(30)	29,132	15,100	(36)	15,151
Net increase/(decrease) in cash held	(7,647)	1,351	3,879	(7,727)	4,178
Plus opening cash balance	10,149	6,522	6,270	11,371	7,193
CLOSING BALANCE	2,502	7,873	10,149	3,644	11,371

Represented by:					
Cash and cash equivalents	2,502	7,873	10,149	3,644	11,371
Bank overdraft	0	0	0	0	0
	2,502	7,873	10,149	3,644	11,371

* Includes finance costs of:	4,732	3,141	3,248	4,738	3,254
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** refer to the commentary on financial results for further explanation of the surplus

Events after the balance sheet date

Subsequent to 30 June 2010, Council announced a significant organisational restructure focused on improving the efficiency and effectiveness of Council as a whole. This involved realigning functions and roles across Council. The intent is to minimise any job losses by offering redeployments to all people in potentially disestablished roles. There is no significant financial impact.

Notes: These summary financial statements have been prepared in compliance with 'Financial Reporting Standard No. 43 Summary Financial Statements' issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants (May 2007). The financial information is shown in New Zealand dollars.

This Summary has been authorised for issue by the Mayor and Chief Executive on 16 November.

This Summary Financial Report has been extracted from the Nelson City Council 2009/10 Annual Report, dated 28 October 2010 and was audited by Audit New Zealand, which issued an unqualified opinion dated 16 November.

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

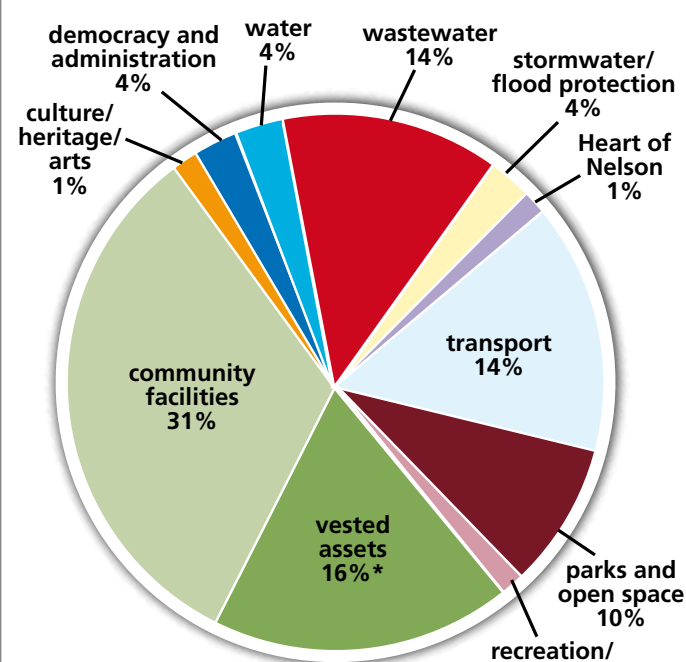
Capital expenditure

The full annual report explains all the major variances from what had been budgeted.

Total capital expenditure for 2009/10 was \$45.5 million compared to the estimate of \$54.2 million.

In comparison, the previous year's capital spending was \$41.8 million. Most of the increased investment went into developing community facilities, including \$6.7 million on Trafalgar Park and \$1.8 million on the Hockey/Softball Pavilion at Saxton Field.

Most of the shortfall between what was actually spent compared to budget was due to delays in a number of major capital projects, so there was less borrowing and lower interest costs. Delayed projects included the regional sewerage scheme at Bells Island, the Performing Arts and Conference Centre and the cricket/athletic/football pavilion at Saxton Field.



*Subdivision infrastructure gifted to the city.

Capital spent on council activities 2009/10

There was no capital expenditure on Social Development. Environmental Management, Economic and Tourism Support, Managing Emergencies and Regulatory Compliance were less than 1%.

There have been no changes in accounting policies during the financial year except that the Council has adopted NZ IAS 1, Presentation of Financial Statements (revised). The revised standard required information in the financial statements to be aggregated on the basis of shared characteristics and introduced a statement of comprehensive income.



Want to know more?

This document is a summary of the 207 page Annual Report. The full report is available from Nelson City Council, Civic House, 110 Trafalgar Street, Nelson. Phone 546 0200 if you would like a hard copy or CD copy posted out to you.

Hard copies and CDs are also available at all Nelson Public Libraries and you can view and also download a copy of the full document online at www.nelsoncitycouncil.co.nz (search phrase = annual report 2010).





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